

press release

Global investors eye on new China investment channels, clarity on rules is the key, Standard Chartered survey shows

Demand for China access continues to grow

3 June 2016, Hong Kong – Standard Chartered today announced its first survey results under the *RMB Investor Forum* initiative, which revealed that industry professionals are still keen on investing in China despite continuing market changes.

China remains a fundamental choice for global investors, regardless of short term market sentiment, regulatory uncertainty and cost concerns, the survey showed. Most institutional investors expect to expand their exposure to China in the future – 67% expect to boost the level of their investments in a year and 62% are confident the investment environment in China will be better in 12 months.

“Statistically it is fascinating the disconnect between what has been going on in the market and how fundamentally positive everyone is. When this survey was going around in March, we were literally right in the thick of it in terms of how volatile China was and yet zero percent said they would reduce their exposure,” said Barnaby Nelson, Managing Director of Investors and Intermediaries for North East Asia and Greater China at Standard Chartered Bank.

Investors are making good use of access routes available to them and looking forward to new initiatives and channels that are unanimously perceived as enhancements to the China market. Some 62% of investors rely on QFII and 31% use RQFII, while 51% use Hong Kong-Shanghai Stock Connect to invest in RMB products. The numbers change significantly when looking at the channels investors would consider using in the future with a majority of 69% saying they would consider Hong Kong-Shanghai Stock Connect compared to 40% for RQFII and 36% for QFII, suggesting that we may witness a shift in the coming months. CIBM Direct, a channel that is only now opening up, is on the radar of 33% of investors who would

consider using it in the future and is likely to generate more enthusiasm as its machinations become clearer.

For investors, the biggest issues when choosing a vehicle to invest in China are clarity of the rules (98%), cost (80%) and eligibility requirements (73%) for specific programmes. “While the market is developing and growing, the path to maturity is likely to be bumpy. What market practitioners would very much like to see is a greater degree of predictability, in terms of regulation and the actions of regulators. Sudden shifts in strategy, direction and rules do little to reassure investors – even if the changes are made with the best of intentions,” said Barnaby Nelson.

The *RMB Investors Forum* is a new initiative to help our clients better understand the impact of the changes underway in the Chinese market. Members of the Forum included top flights professionals from across the investment cycle in Singapore, Taiwan and Hong Kong, all with long experience in the China market. The Forum carried out an independent survey, which was distributed to more than 900 market participants and industry professionals around the global, in March and April.

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Standard Chartered

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