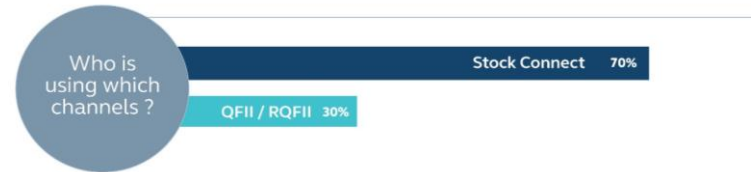
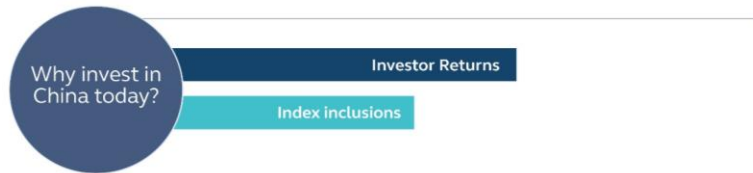




China Inbound Investments

Industry Research Findings

China inbound investments



Our research



250 institutions across North America, Europe and Asia-Pacific

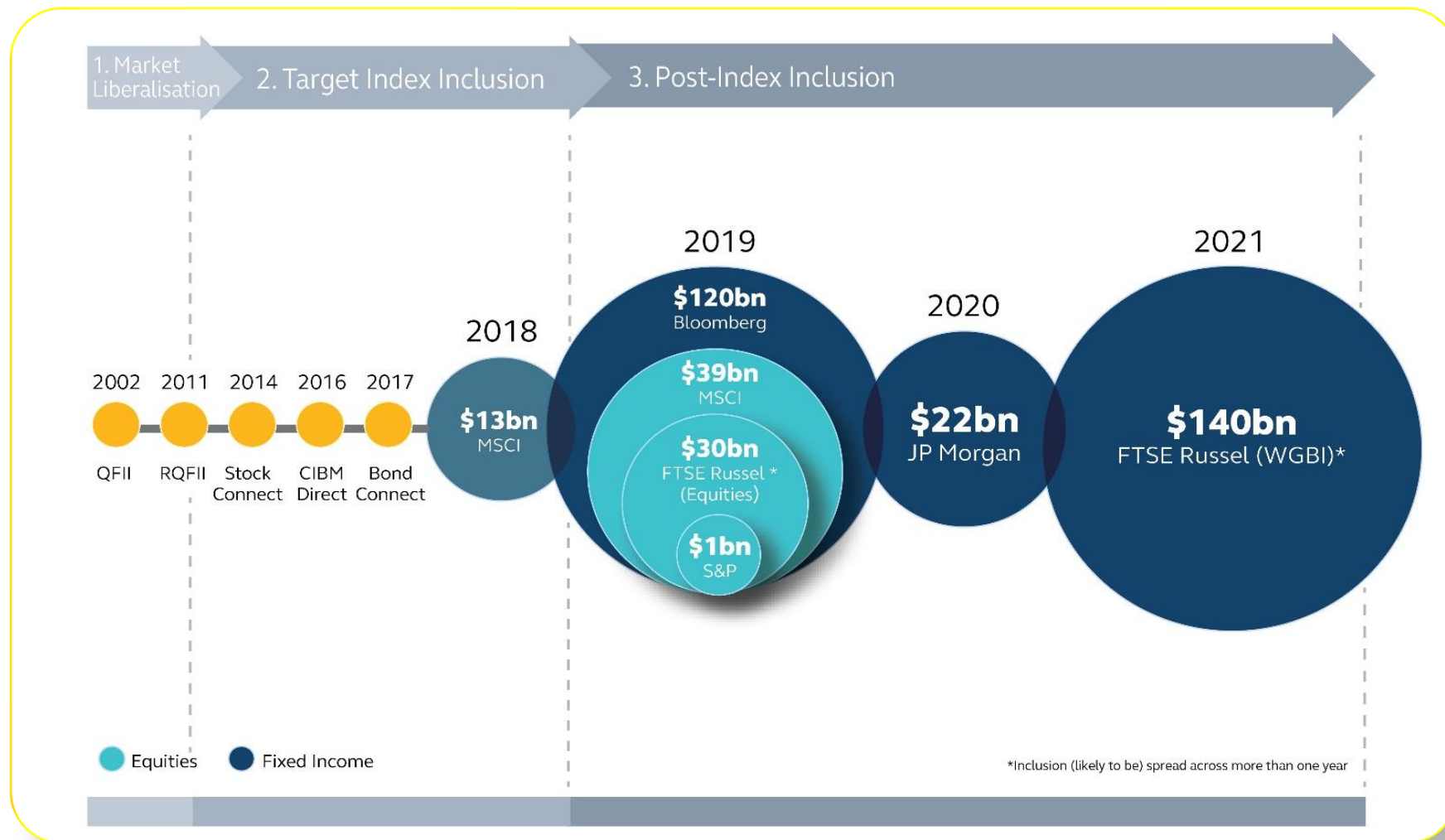


October/November 2021 survey



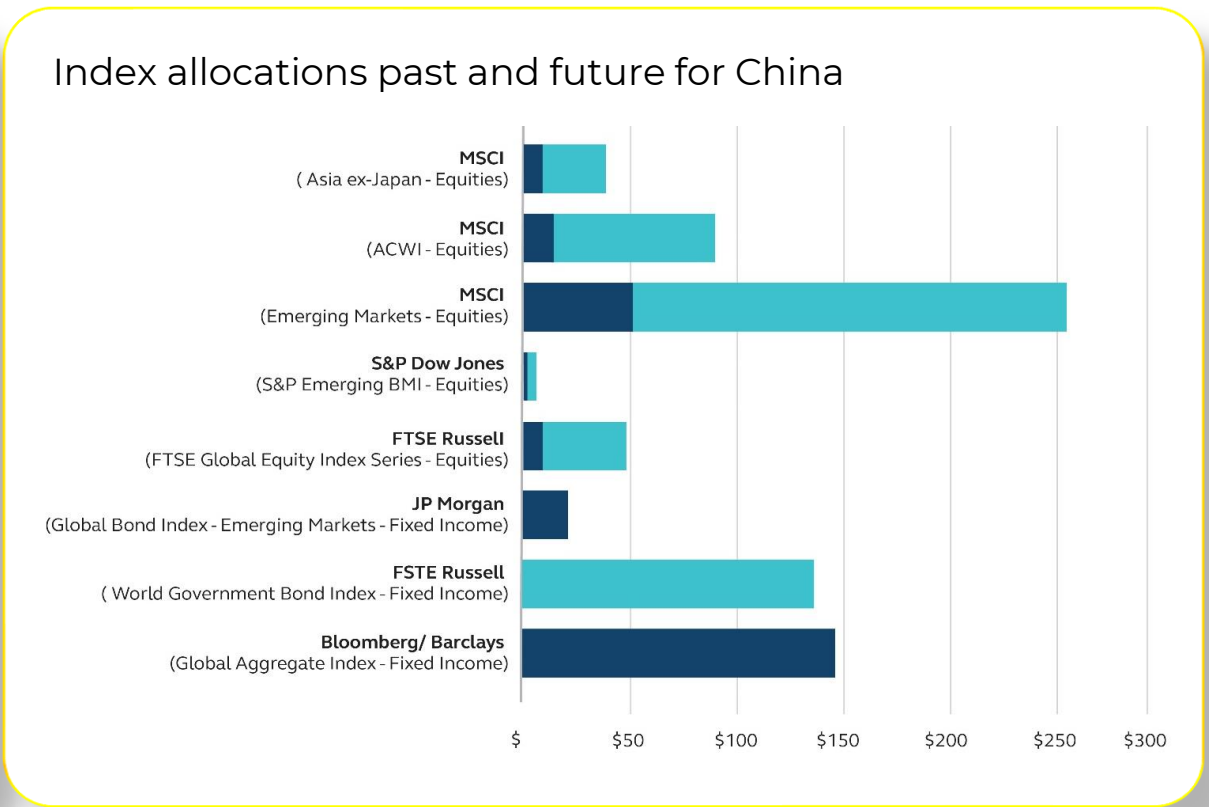
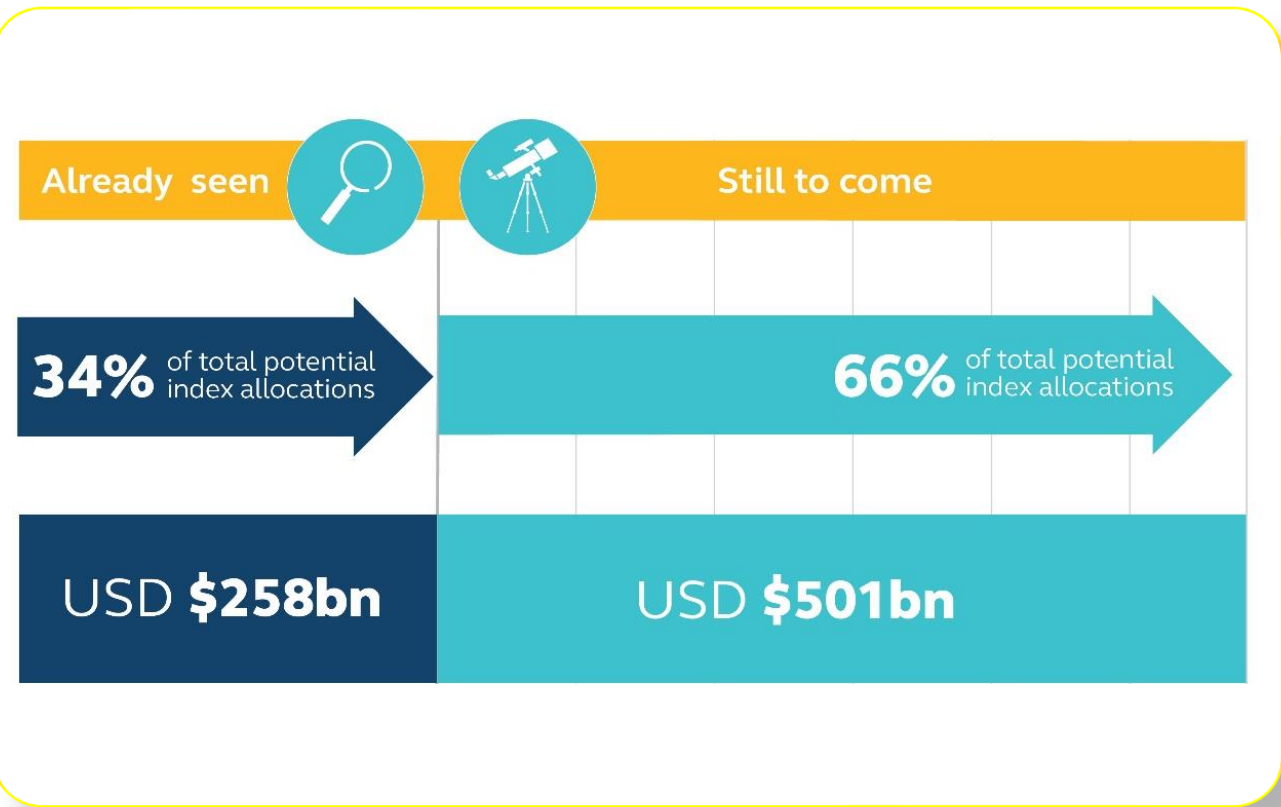
the journey so far

20 years of preparation & 4 years of action



what lies ahead

we've barely just begun



the case for investing in China

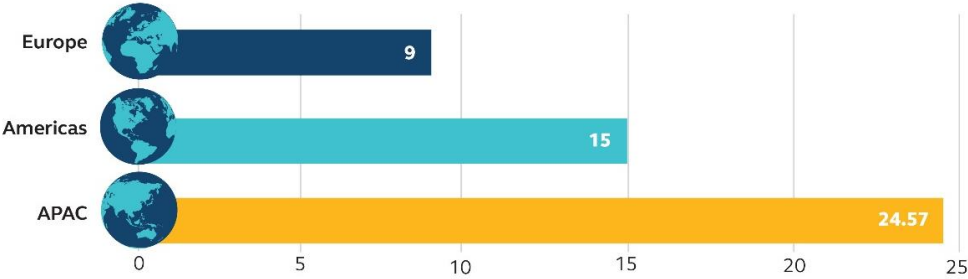
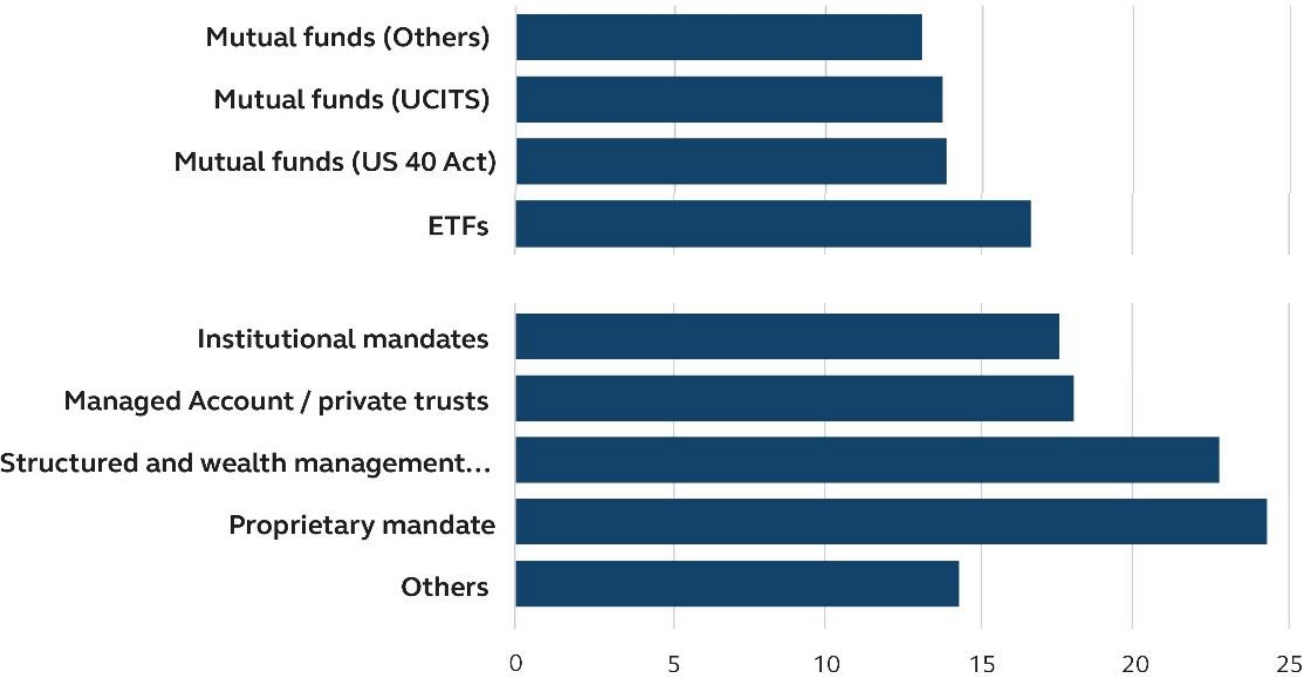
we're entering the post-index inclusion era



who is in?

active investors are still leading the way

Global Investors' portfolio allocations to China



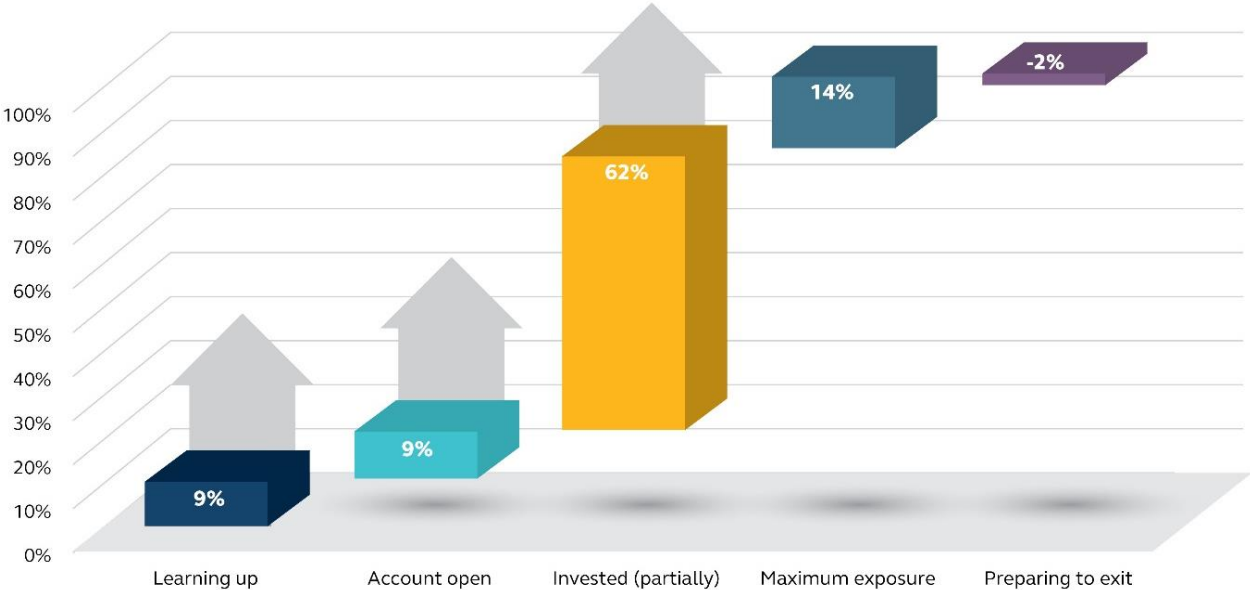
Investor Profile	Investment style / activity	Participation today	Likely Participation tomorrow
Central Banks	Buy and hold	\$\$\$	++++
	Repo / IRS		
Asset Owners	Portfolio investing	\$\$\$	++++
	FDI (PE/RE)		
Tier 1 Fund managers	Portfolio investing (long-only)	\$\$\$	++++
Tier 2 Fund managers	Portfolio investing (long-only)	\$	+++
Hedge fund managers	Portfolio investing (long-short)	\$	+++
	FDI (PE/RE)		
Investment Banks	Treasury management	\$\$\$	++++
	Proprietary investments (Prime & Structured products)		
Wealth Managers	Managed accounts and structured products	\$	+++



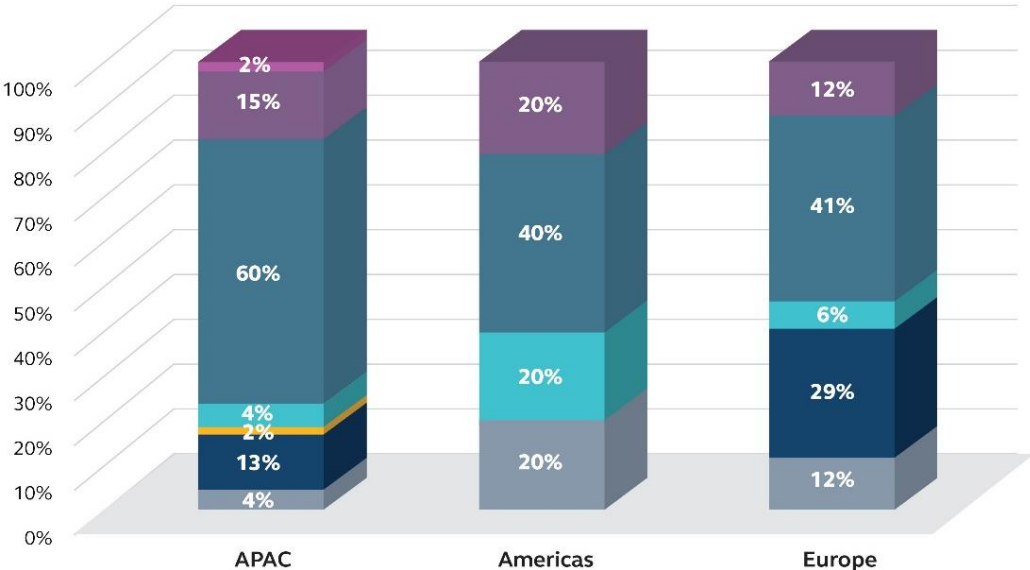
who else is coming in?

98% of investors will see their China investments grow

Global investors' current status on China



Global investors' current status on China (by region)



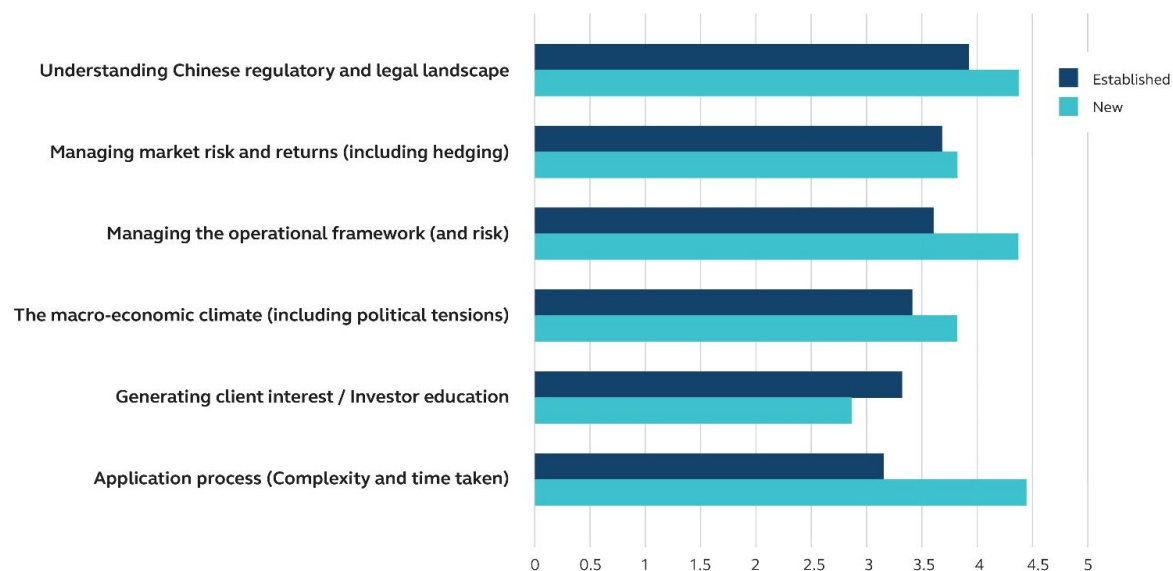
- Preparing to exit
- Maximum exposure
- Invested (partially)
- Account open (but not trading yet)
- Pending approvals
- Learning up
- No plans to enter China



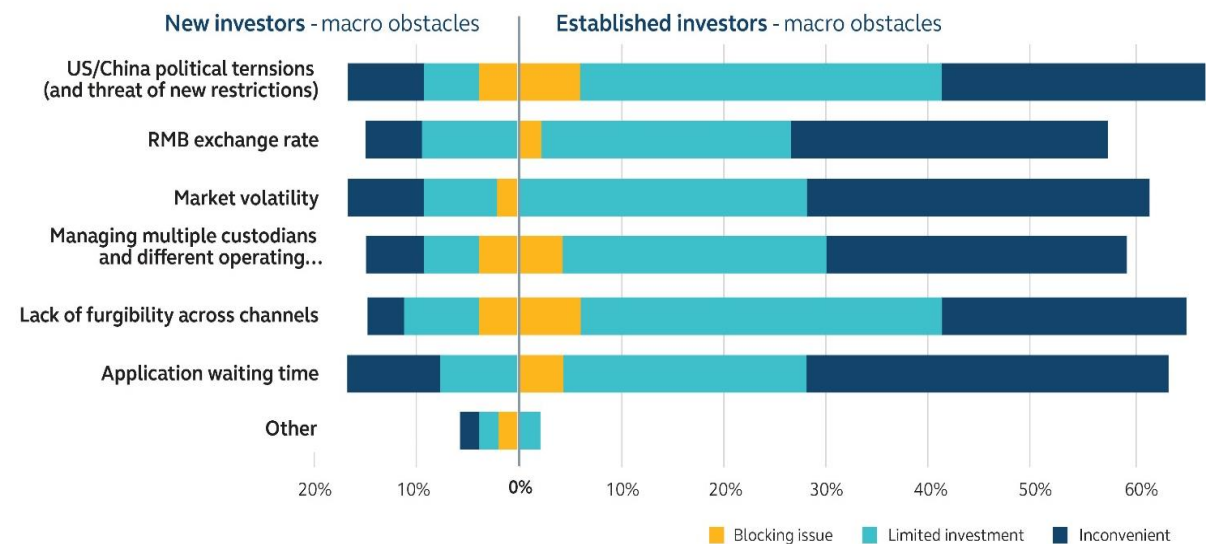
what are we struggling with?

Clarity is still an issue – but so is market complexity

Key Challenges in Investing in China



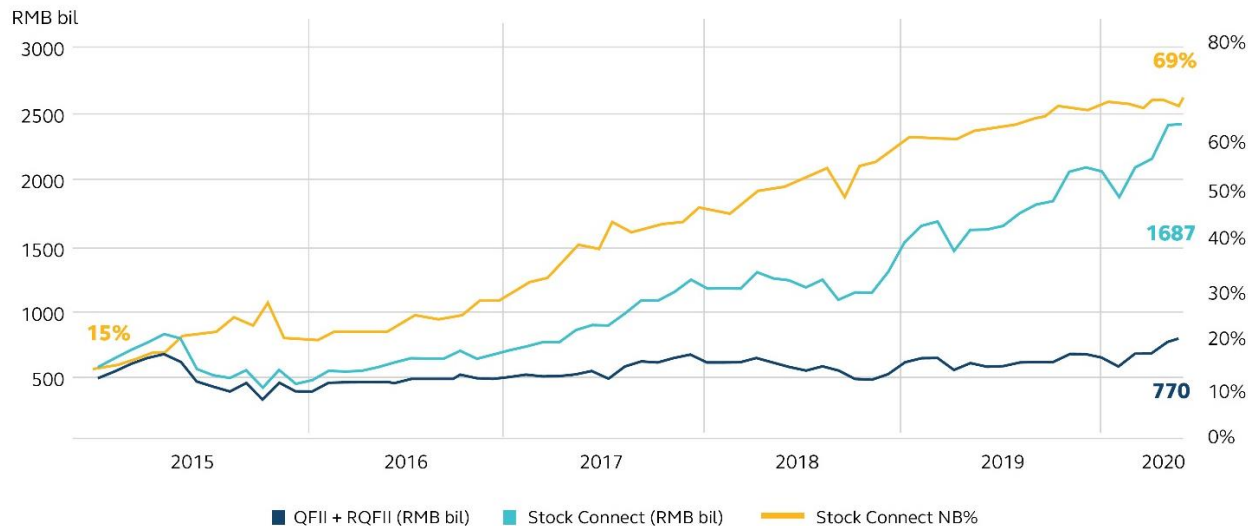
Key Obstacles to Growing Investment flows



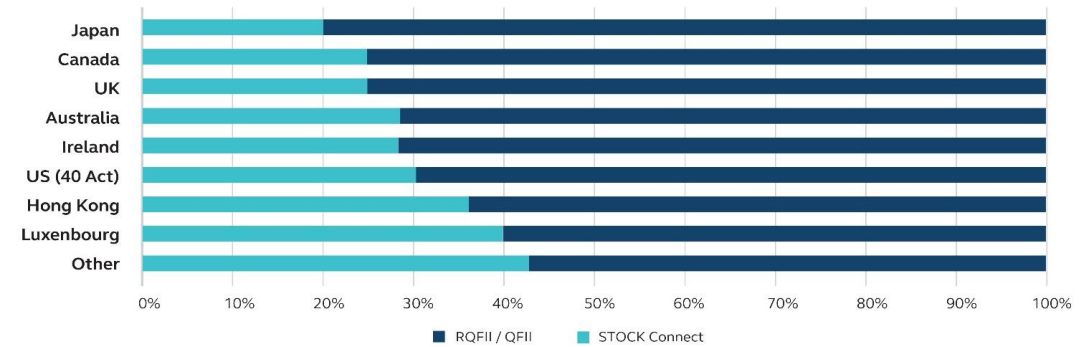
how are investors accessing A-shares?

Stock Connect is an increasingly robust mechanism

Global Investor flows into A-Shares



How are global fund managers accessing A-shares?

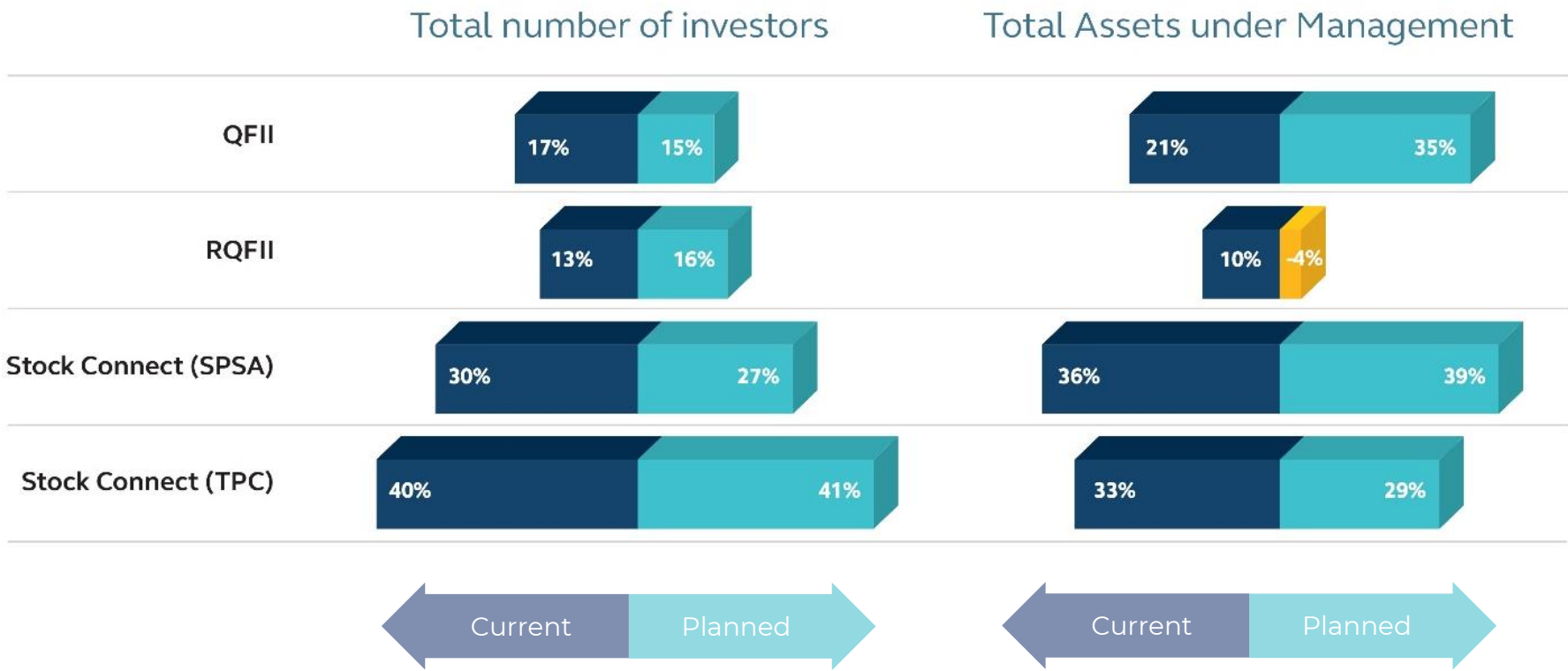


	Central Banks	Pension Funds / Insurers	Tier 1 Real Money Funds	Tier 2 Real Money Funds	Hedge Funds	Banks
RQFII / QFII		<ul style="list-style-type: none"> Only mechanism available pre-2018 Wider asset reach Connectivity to China ecosystem 	<ul style="list-style-type: none"> High visibility to China ecosystem Wider asset reach: Evidence of 'China commitment' Quota-free trading (for ETFs) vs Stock Connect 	<ul style="list-style-type: none"> RQFII programmes around the world helped those entering pre-2018 	<ul style="list-style-type: none"> (Unable to join until 2020): Securities lending and financing 	<ul style="list-style-type: none"> Only mechanism available pre-2018 Wider asset reach Connectivity to China ecosystem
Stock Connect	<ul style="list-style-type: none"> Speed and ease of account opening / Globally consistent model "Anonymity" of passing through Hong Kong 	<ul style="list-style-type: none"> Speed and ease of account opening / Globally consistent model Served by global brokers and banks 	<ul style="list-style-type: none"> Speed and ease of account opening / Globally consistent model Served by global brokers and banks 	<ul style="list-style-type: none"> Speed and ease of account opening / Globally consistent model Served by global brokers and banks 	<ul style="list-style-type: none"> Speed and ease of account opening / Globally consistent model Served by global brokers and banks 	<ul style="list-style-type: none"> Speed and ease of account opening / Globally consistent model Served by global brokers and banks

where are the channels going?

all channels continue to thrive

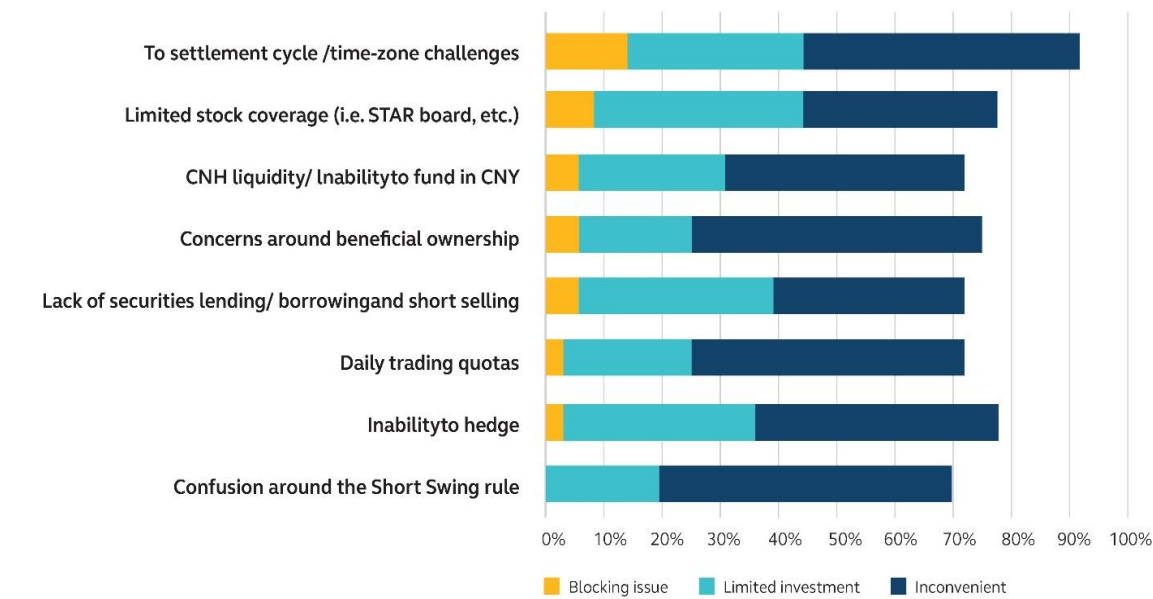
Current and planned access channel usage



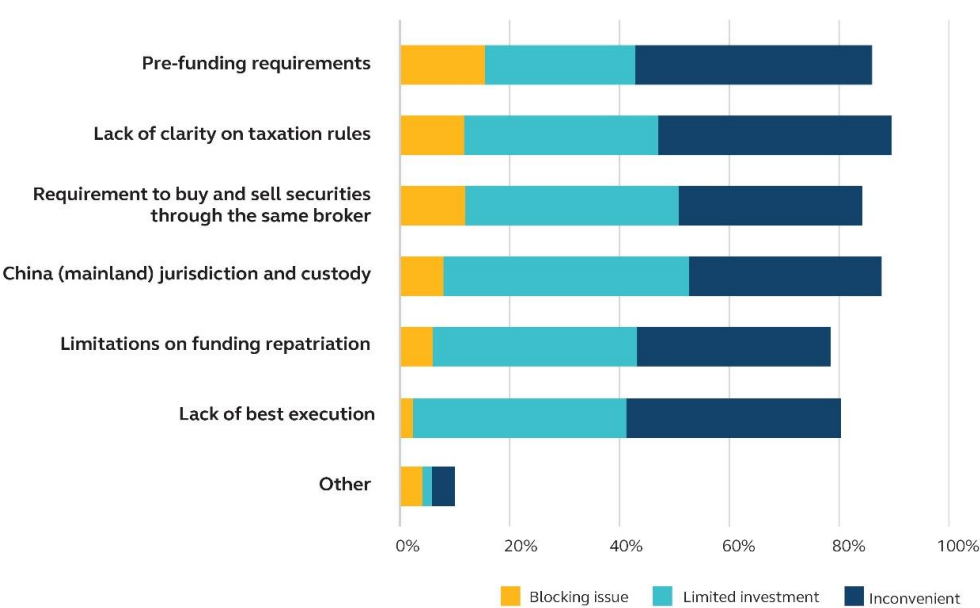
what would drive more flows?

a strongly positive outlook

Key Challenges and Triggers for Flows (Stock Connect)



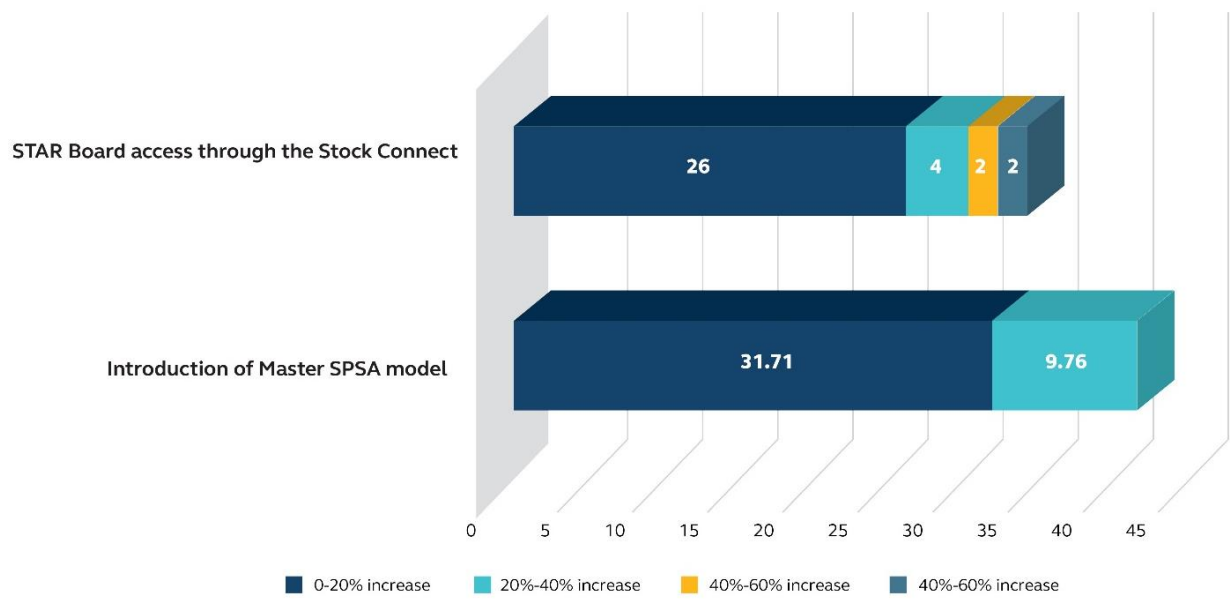
Key Challenges and Triggers for Flows (QFI)



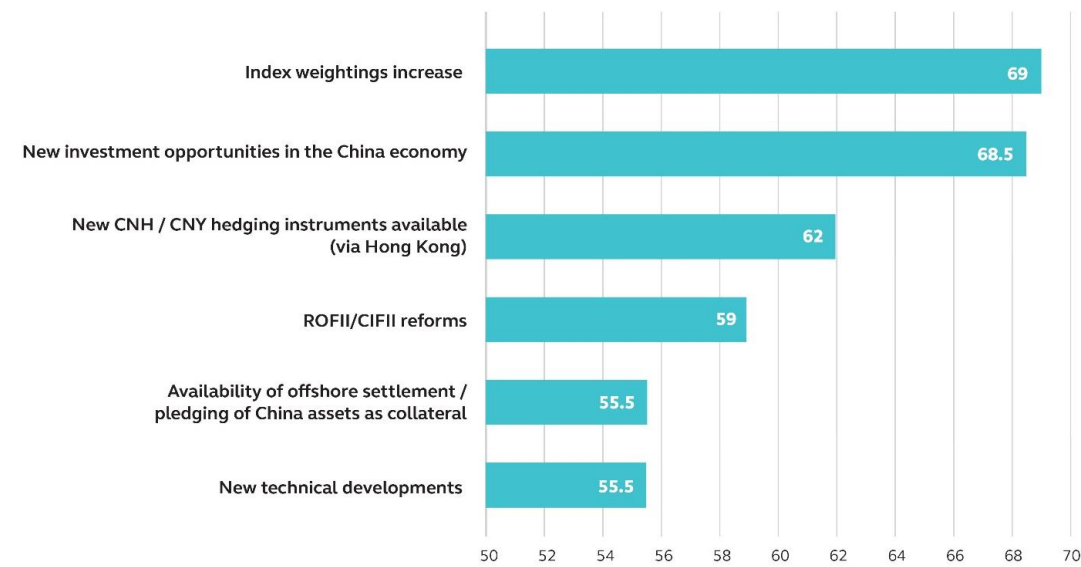
what would drive more flows?

operational simplification does trigger growth

Impact on expected trading volumes of recent market changes



Triggers of future investment flows



benchmarks
community
impact
thevalueexchange.co



thevalueexchange.co