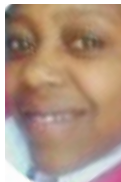




# China A Shares Remain A Strong Long Term Bet Even With A Trump Presidency

22 November 2016

By **Nyambura Tabitha**  
Markets Reporter



The election of Donald Trump as US president last week came as a big surprise and some markets especially Mexico took a tumble. However, it seems China remains strong and for long term investors, there couldn't be any better Equities than Chinese A

shares.

China opened stock trading in the Shanghai and Shenzhen Stock Exchange in 1991. Since then, the market has grown immensely and with a market capitalization of nearly \$7.5 trillion and over 2900 listed company, the Chinese Equity market is only second to the US. However, until recently the Chinese market had been closed for global investors but things are changing for the better.

Chinese A shares are not only

large, they are quite volatile and more often than not, they have shown a negative correlation with Global benchmark indices. For example, while the Global MSCI Emerging Markets indices have shown a 15% rise in dollar terms, the Chinese A shares have dropped 14% this year. Despite these challenges, the true value of Chinese A shares has remained relatively better compared to other emerging markets and even countries in the West.

◀ According to experts, value factors including the trailing price-to-book multiple and dividend yield have proved to be quite effective in forecasting the value of Chinese A shares over the last decade. With this kind of approach, A shares seem to outperform major markets and as such, investor going with a value investment strategy can look forward to great returns in the future.

In addition to this, although in 2015 there was a sudden stock market crash, it seems the market is learning from previous mistakes and if current reforms are to go by, it's only a matter of time before A shares and the regulations of trading become all too familiar for global investors. Experts agree that A shares are more mature and more progressive than perceived by global investors and while many

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fundamental issues still exist, the progress made so far has been quite commendable.

### **Value Investing Strategy For A Shares**

The play for any global investors for Chinese stocks is to go for a value investing strategy. This is simply looking for relatively underpriced stocks and waiting for them to grow over time. Unlike many western markets, it is believed that Chinese A shares are often traded at a significant discount to NAV and

a long term value investing play could really work. Additionally, the volatility of Chinese stocks is very high and short term gains may not necessarily come along.

### **Investing In A Shares With JPMorgan China Region Fund**

If you are planning on diversifying your portfolio investing in A shares, you can do so through a managed portfolio at the JPMorgan China Region Fund. The company is a closed end fund that invests in equity securities of companies in Hong Kong, Taiwan, Macau, and Mainland China. The Fund is trading at the NYSE under the ticker symbol JFC. Investing under a managed portfolio is the easiest way of gaining entry into China's equities and JPMorgan China Region Fund offers you this opportunity.