# Why China Still Remains A Good Bet For Long Term Investments In Asia

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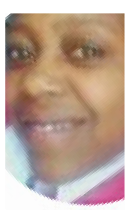

The Chinese stock market has endured a torrid period in recent times. Stock prices have fallen to new lows and the economy seems to have slowed. However, before you spell doom and gloom for what is already the second largest economy on earth, you may want to take a back step and assess your prospects on the long term.

China is a still a big bet for value investor's looking for long term capital appreciation, but even then, we cannot ignore the slump in Chinese stocks. This month alone Chinese stocks have been blowing hot and cold but mostly cold. And it seems a return to the highs of two years ago could take much longer than we expected. Hong Kong However has remained steady as crude oil prices soared in May. But there is still hope in China. The government has also launched a comprehensive stimulus program for the economy and to be fair, it's starting to pay off.

## So Why Is China Still A Great Option For Long Term Investments?

Long term investment prospects in China are still looking good despite the turmoil in the market seen recently. Here are some of the reasons why you shouldn't give up on China just yet:

### China Is Still An Authentic Economic Powerhouse

China managed to maintain double digit growth for the best part of two decade. Additionally, while the economy has slowed its still performing relatively better compared to other western economic giants and of course the other emerging markets. The IMF says that China's GDP in 1980 was just $300 Billion, in 2015 the economy of China is valued at $11 Trillion. No other country has ever grown that fast. Besides, it is a little hypocritical to expect China to maintain this rapid growth especially when you consider that not any other economy in the big leagues has managed to outpace China in the last two decades.

### Emerging Middle Class Population

One of the biggest stories that are currently playing out in China as we speak is the rapidly expanding middle class population. According to Data from the OECD by 2030 the global middle class population will increase to 4.9 Billion up from 1.8 Billion in 2009. Much of this growth will come from Asia and China in particular. An emerging middle class in china will play a big role in supporting a diversified economy in the long term. Analysts say that China's consumer economy still has a big potential and the services and local consumption sector could still provide more impetus for growth in coming years.

### Reasonable Long Term Stock Prospects

On the long term perspective, stock prices often reflect growth in earnings. This can be divided into three major areas: Inflation, growth in real productivity, and dividend yield. According to data from the IMF, inflation in china averaged 4.5% each year from 1990 – 2014. The IMF has also predicted an average of 2.4% annually in the next five years. Additionally, real productivity growth in china averaged 8.8% from 1990 – 2014. In the next five years, real productivity is expected to maintain a growth of 5.7% which is reasonably good. Finally, since China is definitely in the category

of mature economies, long term dividend yields would definitely resemble those of a mature economy – so roughly 2% dividend yield. All these three variables look positive and for long term investors the potential for a good return on investment is there.

### Chinese Stocks Are Low

At the moment many Chinese shares are low so it's a great time to pick up a bargain. There is definitely a risk involved but the upside potential is bigger. The market might not pick up anytime soon though but then again, there is no doubt in the long term you are likely to make a good return.

### How To Enter The China Stock Market

For most investors the most realistic way to gain exposure into China is through buying into a fund. JPMorgan China Region Fund, Inc. (JFC) is one of the major closed end funds that focus on China. The fund's objective is to achieve long term capital appreciation through investing in equity securities of companies that have considerable assets or revenues coming from Mainland China, Hong Kong, Macau and Taiwan. The company offers investors a chance to invest in Chinese stocks through a managed portfolio. The Fund is already listed in the New Your Stock Exchange (NYSE), Ticker JFC.

### JPMorgan China Region Fund, Inc. (JFC) Outlook On China

JPMorgan China Region Fund, Inc. (JFC) expects the Chinese central bank to maintain a pro growth stance in 2016. Improvement on sensitive sectors of the economy and inflecting growth data will help push China's Market recovery from then slump witnessed this year. However, Government tightening of specific asset markets seems inevitable especially with the increased frequency of bubbles.

Well, China is still a good investment destination, it's risky at the moment yes, but it's definitely a long term play you should consider seriously.

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