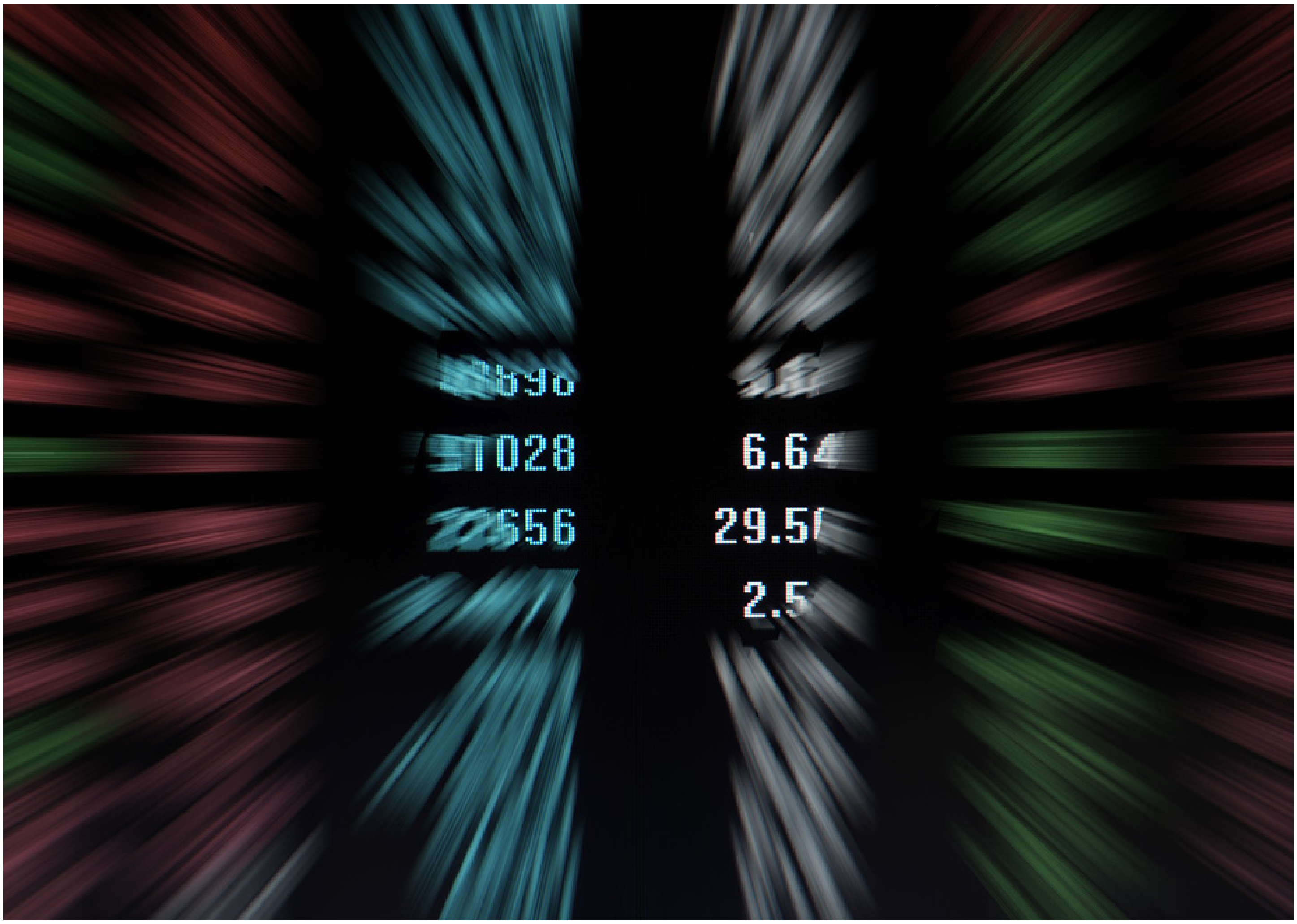

Chinese Stocks Rise For Third Week Running As Investors Pin Hopes On Reforms In State Owned Companies

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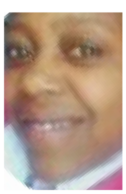
Markets Reporter



Chinese shares rose for a third week running underpinning the growing stability of the market in recent times. Despite a negligible dip on Friday, the CSI300 and the SSEC gained 0.4% last week continuing a slew of gains over the last three weeks.

The Chinese market has been relatively stable in recent months as investors pin their hopes on ongoing reforms in state owned companies. Although the market has had some major short term risks, market reforms that have so far been undertaken by Beijing have been seen as the long term solution to increased volatility that has been there over the past few years.

Improved Performance For Chinese Companies

Most Chinese industrial companies saw profits drop significantly in September amidst weak performance in the industrial and manufacturing sector. But even then, a poll done by the Reuters news agency confirmed that October performance for industrial firms is set to marginally improve, contributing to the ongoing narrative about Chinese stabilizing economy and its positive effect on the stock market. In addition to this, third quarter results for firms in the financial sector were quite positive lifting up the sector all together.

In particular, the China Construction Bank Corp confirmed that the number of bad loans declined for the third quarter, the first time this has happened since 2012. This indicates that the quality of assets in many state owned commercial banks has improved progressively compared to a few months ago. Reforms in state owned companies are very crucial in unlocking the potential of the Chinese stock market and looking at the commitment of the government in initiating meaningful positive change things are definitely on the right track.

Easing Investor Sentiment

The slowed economic growth that China has experienced over this year has been a major cause of concern for investors. However, there are some indications that the slowed

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growth is not really going to be long term if anything, economist believe that the Chinese economy is transitioning into a more stable slow growth state that is characteristic of many economies in the west. In addition to this, Chinese firms in a wide range of sectors seem to have weathered the economic storm and are now returning back to profitability as the year comes to an end.

What's In It for Global Investors?

Many analysts agree that China has a number of short term risks for global investors. Having said that, there is no doubt the Chinese stock market is one of the fastest growing in the world and it's only a matter of time before investors get their full returns. Economic conditions in the country have eased off and the progress is very commendable so far. If you are a value investor looking to diversify your portfolio by investing on long term bets, then China offers the best opportunity.

Investing in Chinese equities is now possible for international investors. The JPMorgan China Region Fund is a closed End fund that offers an investment opportunity for you through a managed portfolio. The company invests in equity securities of companies in China, Macau, Hong Kong and Taiwan and it's the gateway for investors looking to put their money on promising Chinese stocks. The JPMorgan China Region Fund is trading on the NYSE under the ticker symbol JFC so feel free to buy in.