

Explore the MSCI China A 50 Connect Index - Episode 2

Featuring:

Julia Wu, Managing Director, MSCI

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Q:

How is the MSCI China A 50 Connect Index significant to the economic development of China? What does it mean to international institutional investors?

Julia:

The MSCI China A 50 Connect Index is designed to be part of the changing dynamics of the China market, and play a part in the ongoing development of a financial ecosystem that is important to the continued economic opening of China.

Many Institutional investors want to invest in China as part of their global portfolios. They may find the index attractive as the basis of financial products because it is a sector-balanced approach that reflects China's economic development. The 50 constituents are all mega-cap stocks with track records in performance, transparency and liquidity.

The Index is suitable as the basis for ETFs, derivatives and structured products. These products will provide investors with more tools for portfolio construction and risk management in China investing. Importantly, this means the index will enable the creation of more hedging tools that global investors are asking for, so they can invest in China with greater confidence.

By facilitating increased participation from institutional investors, the MSCI China A 50 Connect Index is designed to contribute to the enhancement of the A-share market's stability, long-termism, internationalization, and institutionalization, resulting in an A-share market that is more attractive to global as well as local investors.

We have already seen the success and momentum of the HKEX futures contract, as well as the ETF launches in Mainland China, all based on the MSCI China A 50 Connect Index. Judging from the market response, the index has apparently filled a gap in the A-share market. We are confident that it will foster even more product creation to grow the financial ecosystem.

Q:

How can the MSCI China A 50 Connect (USD) Index Futures facilitate the internationalization of China's A-share market?

Kevin:

We've seen explosive growth of institutional investors from around the world investing in the A-share market.

Currently, we're standing at between USD2.5 trillion and USD3 trillion of assets under custody.

And this needs to be risk-managed.

And that's why we're incredibly pleased to be able to offer this great risk management tool in the A 50 Connect, partnered with MSCI.

What this will do is allow for an accelerated growth of the international institutional players into the China A-share market.

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