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BNP Paribas Investment Partners' update on Emerging Markets Issue #10 – June 16th, 2016

CHINA A-SHARES FLASH: MSCI, SEE YOU NEXT YEAR FOR SURE

On 14 June, MSCI decided not to include China A-shares in its regional and global indices for the time being, citing three concerns :

- capital repatriation limits
- trading suspensions
- pre-approval of products associated with an index including A-shares

Caroline Yu Maurer and Arthur Kwong of BNP Paribas Investment Partners assess the impact of this decision.



Caroline Yu Maurer, Head of Greater China Equities

We believe that Chinese onshore bonds and equities are under-owned by foreign investors, with less than 2% held by overseas institutions. Index inclusion will undoubtedly lead to longer term inflows. MSCI estimate that A-shares could ultimately account for almost 20% of the index.

Arthur Kwong, Head of Asia-Pacific Equities

Given the pace of regulatory change, we expect



Please [click here](#) to read the full China A-Shares flash note.



MSCI to include A-shares within the next 12 months. This is likely to take place following the launch of the Shenzhen-Hong Kong stock connect program. We believe that A-shares will eventually become an indispensable market for global investors.

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