

Hong Kong

MSCI China A 50 Connect Index



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What is China A 50 Connect Index?

Top 50

Derived from Hong Kong MSCI China A Index and represents the performance of the 50 largest China A-Shares.

Diversification

It uses a sector-neutral approach which mirrors how the sectors naturally appear in the broader market.

Basis

It serves as a foundation for ETFs, ETNs and other financial products.

Top 5 Industries in China A 50 Connect Index*

*As of 31 January 2025



Financials
23.0%



Information Technology
17.6%



Industrials
15.2%



Consumer Staples
11.2%



Materials
8.8%

Source: MSCI

Top 5 Companies in China A 50 Connect Index*

*As of January 2025



Contemporary Amperex Technology
Industrials

6.98%



贵州茅台
KWEICHOW MOUTAI

Kweichow Moutai
Consumer Staples

6.28%



Zijin Mining Group
Materials

5.15%



Hygon Information Technology
Information Technology

4.48%



招商銀行
CHINAMERCHANTS BANK

China Merchants Bank
Financial

3.89%

What is Hong Kong China A 50 Connect Index Futures?



A futures contract which underlying is the Hong Kong MSCI China A 50 Connect Index.

It is a futures contract listed on the Hong Kong Stock Exchange (HKEX).

It enables precise hedging for China portfolios due to its high correlation and low tracking error to the CSI 300 and MSCI China A Index.

Why Trade Hong Kong China A 50 Connect Index Futures?

Exposure

Gain exposure to China's real economy which represents the 50 largest China A-Shares.



Risk Management

Investors can manage risks effectively by hedging their portfolio against market volatility.

High Liquidity

It is a highly liquid contract with an average daily volume of USD900 million in notional value.



Contract Specifications

MSCI China A 50 Connect Index Futures

Underlying Instrument

MSCI China A 50 Connect Index

Contract Code

MCA

Contract Size

USD 25

Minimum Fluctuation

0.2 index point

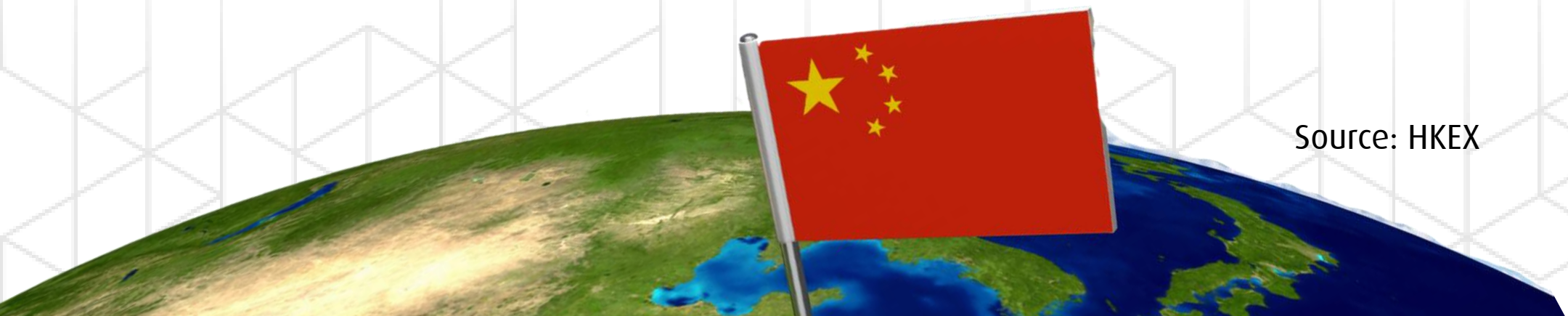
Contract Month

Spot month, next calendar month and the following 4 quarterly months

Settlement Method

Cash

Source: HKEX



Trading Examples



**8 Apr
2025**

You think the price of MCA
will go up and
BUY 1 lot@1,869.2



**15 Apr
2025**

The market is bullish and you
want to close position. You
SELL 1 lot@2,053.8



Gross Profit

$$\begin{aligned} &= \text{Price difference} \times \text{Contract size} \\ &= (2,053.8 - 1,869.2) \times \text{USD } 125 \\ &= \textbf{USD 23,075 (~RM 101,908)} \end{aligned}$$

Factors Affecting MSCI China A 50



Economic Indicators

An increase in China's GDP signals an economic uptrend and often leads to an increase in the HSCEI.

Corporate Earnings

An increase in corporate earnings strengthens investor confidence, driving higher demand for its shares and subsequently pushing index prices up.



Factors Affecting MSCI China A 50



Government Policies

Reducing interest rates or implementing tax incentives by China tend to boost investor confidence, thus leading to a rise in the index.

Currency Exchange Rate

When the Chinese yuan depreciates against the U.S. dollar, the index declines as companies involved in international trade experience reduced profitability.



Factors Affecting MSCI China A 50



Geopolitics

The index will rise when China establishes stronger economic partnership with other nations, which is advantageous to listed companies.

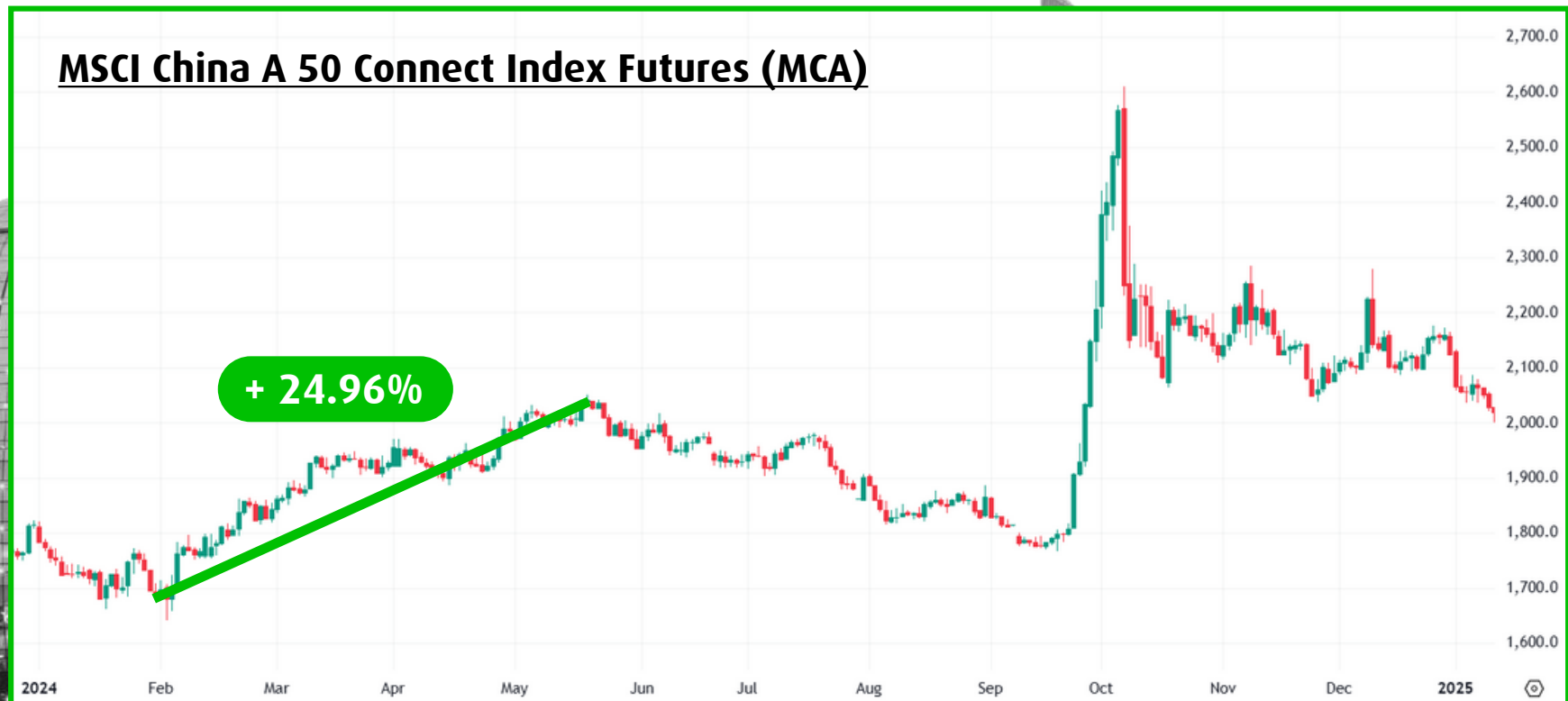
Global Events

Global events like China's export demand will either cause a rise or slowdown in China's economy.



JANUARY - MAY 2024

+ 24.96%



China government planned to inject 2 trillion yuan from offshore accounts and 300 billion yuan in local funds, aiming to stabilize onshore shares, which boosted investor confidence.

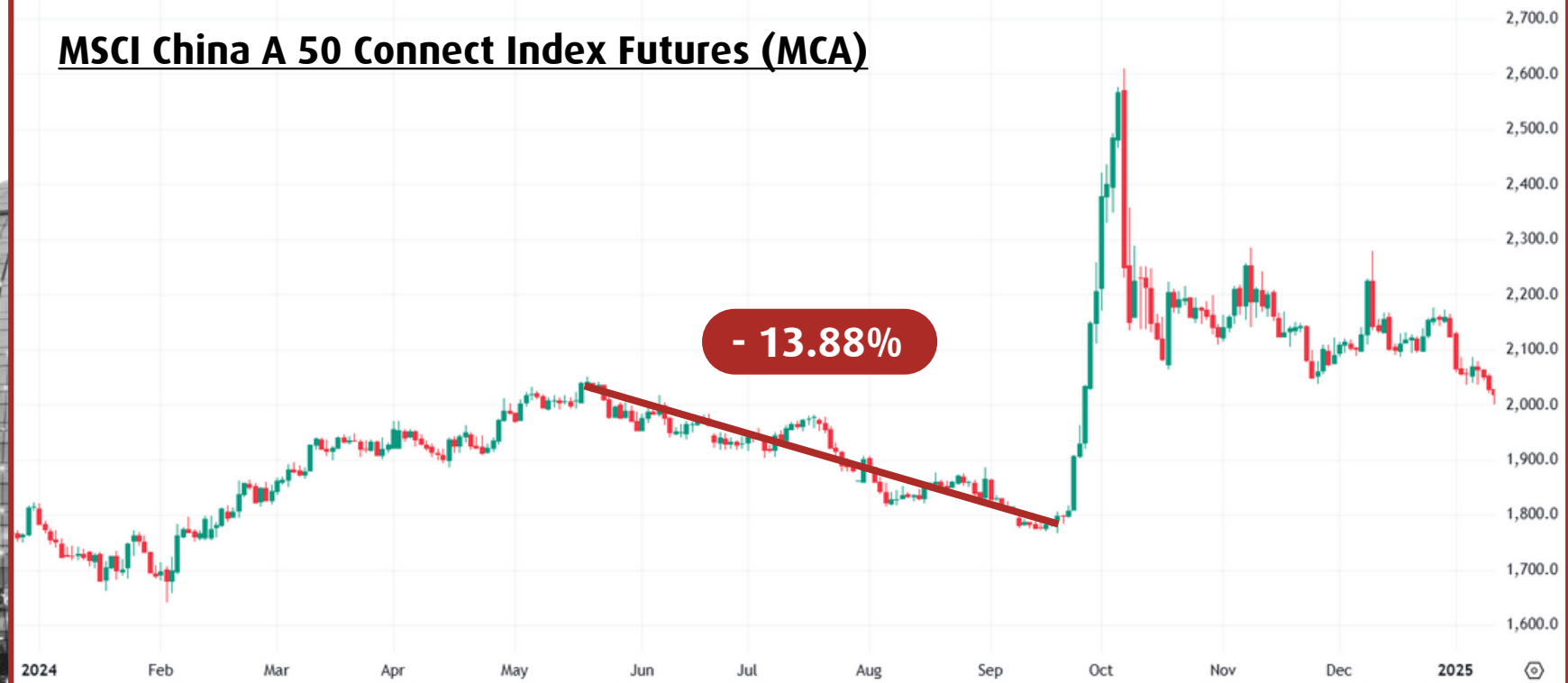
The Bank of China cut reserve ratio requirement for banks, thus providing 1 trillion yuan in long-term capital that encouraged lending.

The Gross Domestic Product (GDP), imports and exports grew more than expected, which indicated strong economic growth.

JUNE - SEPTEMBER 2024

- 13.88%

MSCI China A 50 Connect Index Futures (MCA)



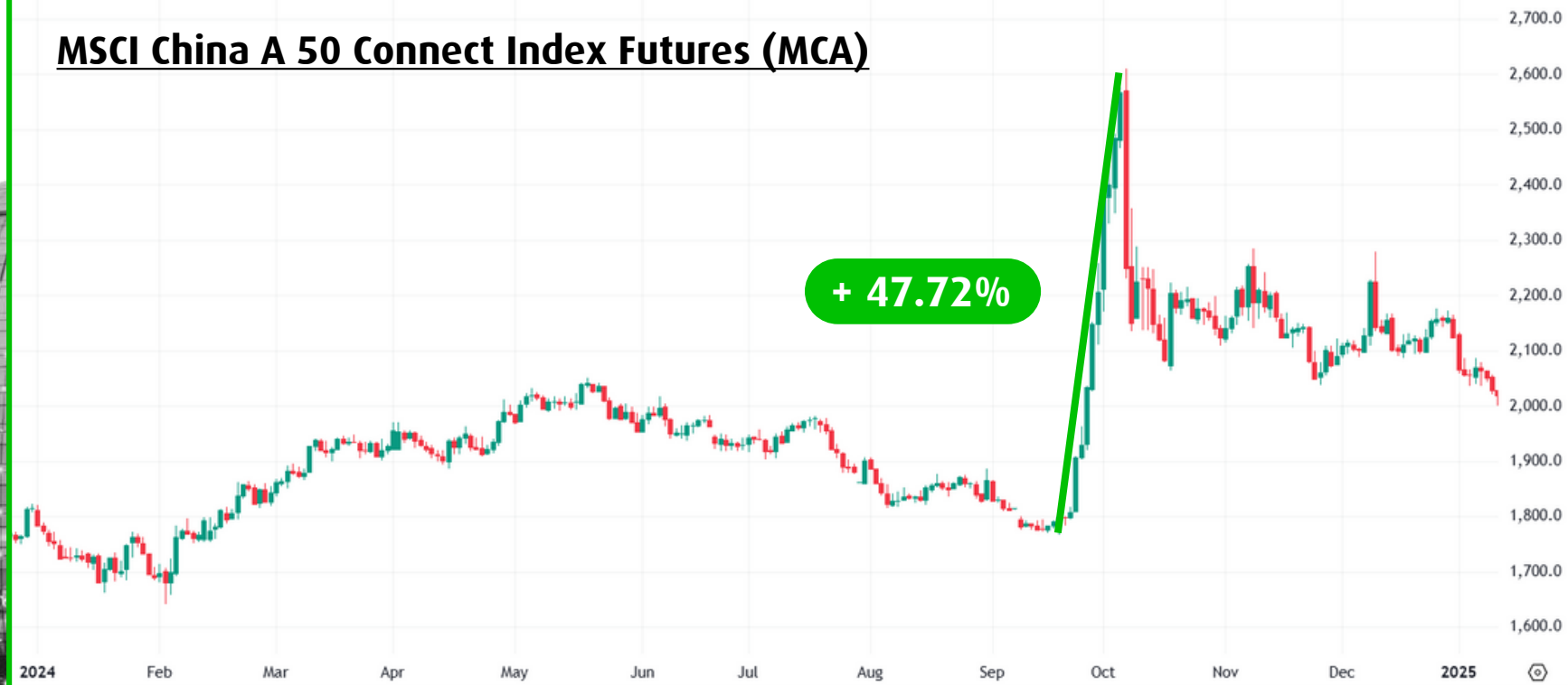
Both inflation rate and Consumer Price Index (CPI) rose lower than forecasted, indicating a weak economy.

China's central bank's decision to cut interest rates including Reserve Repurchase Rate and Loan Prime Rate indicated economic uncertainty.

SEPTEMBER - OCTOBER 2024

+ 47.72%

MSCI China A 50 Connect Index Futures (MCA)

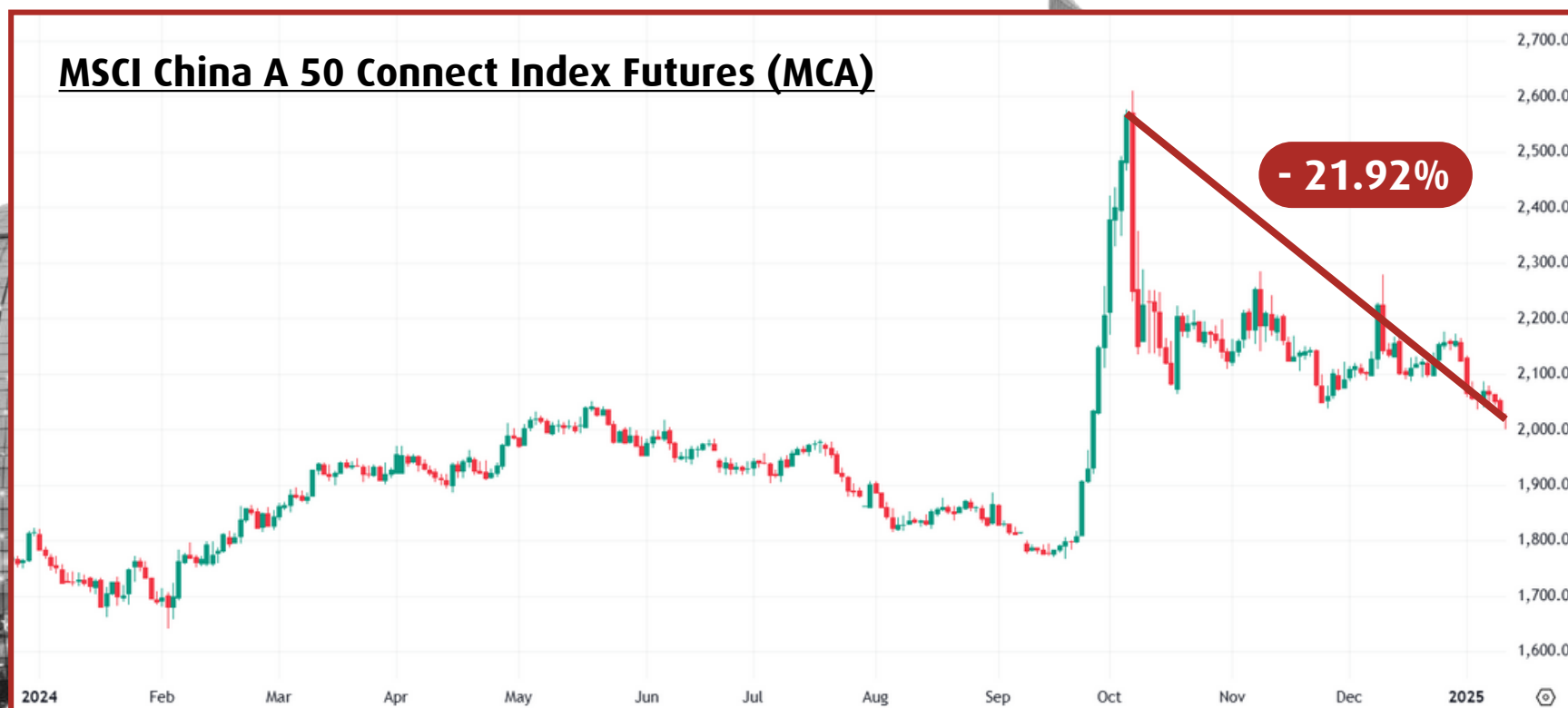


China's central bank introduced a swap facility, providing institutional investors access to financing and injecting 800 billion yuan in liquidity, boosting the index.

China's central bank's rate cuts including the medium-term lending facility, 7-day reverse repurchase rate and reserve requirement ratio boosted the index by increasing liquidity and enhancing investor purchasing power.

OCTOBER - DECEMBER 2024

- 21.92%



The index fell as the National Development and Reform Commission outlined economic measures without major new stimulus, which reduced market appeal.

The index declined as China's export and import data showed weaker-than-expected growth, signaling an economic slowdown.

The index declined as the absence of major new solutions to address the housing crisis dampened investor confidence.



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