

Enter your search terms here



Advanced search

[Home](#) / [Books](#) / [International Finance Review](#) / [Global Banking, Financial Markets and Crises, Volume 14](#)/ [What are the challenges and problems facing china's outward portfolio Investment? evidence from the qualified domestic instituti](#)

To read this content please select one of the options below:



Access through your institution

Access and purchase options 

What are the challenges and problems facing china's outward portfolio Investment? evidence from the qualified domestic institutional investor scheme

[Aidan Yao, Honglin Wang](#)[Global Banking, Financial Markets and Crises](#)ISBN: 978-1-78350-170-0, eISBN: 978-1-78350-171-7
(International Standard Book Number.)
Publication date: 24 October 2013
Book

Abstract

Since their inception in late 2007, the Qualified Domestic Institutional Investor (QDII) funds, which help Chinese investors to invest in foreign capital markets, have experienced significant portfolio losses and persistent fund outflows. While these losses are large in absolute terms, QDII funds, on average, performed better than Chinese A-share funds, but slightly worse than a group of foreign mutual funds. Our study focuses on the QDII industry, and asks three interrelated questions: (1) why have there been large fund outflows from the industry? (2) what explains QDII funds' poor performance? and (3) why have QDII funds been so heavily exposed to the Hong Kong market? Our empirical analysis shows that the persistent capital outflows were primarily a result of disappointing fund performance. This poor performance can, in turn, be explained by the deficiency of knowledge required of QDII fund managers to successfully invest in foreign capital markets and manage global portfolios. Finally, our study goes some way to explain the phenomenon of QDII funds' large asset allocation in the Hong Kong market. This 'Hong Kong bias' is shown to be consistent with the well-documented 'home bias' behaviour in cross-border portfolio investment, but is greatly exacerbated by the lack of global investing experience of QDII managers.

Keywords

[China economy](#)[Capital account liberalisation](#)

We are using cookies to give you the best experience on our website, but you are free to manage these at any time. To continue with our standard settings click "Accept". To find out more and manage your cookies, click "Manage cookies".

Accept [Manage cookies](#)

Acknowledgements

Acknowledgments

The authors thank Dong He and an anonymous referee for their constructive comments on the chapter, and Jonathan Kam and Michael Dai for research assistance.

The views expressed in this chapter are those of the authors, and do not necessarily reflect those of the Hong Kong Monetary Authority, Hong Kong Institute for Monetary Research, its Council of Advisers or the Board of Directors.

Citation

Yao, A. and Wang, H. (2013), "What are the challenges and problems facing china's outward portfolio Investment? evidence from the qualified domestic institutional investor scheme", Global Banking, Financial Markets and Crises (International Finance Review, Vol. 14), Emerald Group Publishing Limited, Leeds, pp. 211-242.

[https://doi.org/10.1108/S1569-3767\(2013\)0000014011](https://doi.org/10.1108/S1569-3767(2013)0000014011)

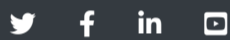
 [Download as .RIS](#)

Publisher: Emerald Group Publishing Limited

Copyright © 2013 Emerald Group Publishing Limited

[Support & Feedback](#) ▲ [Manage cookies](#)

 Emerald logo



© 2024 Emerald Publishing Limited. All rights reserved, including rights for text and data mining, artificial intelligence training and similar technologies.

Services

[Authors](#)

[Editors](#)

[Librarians](#)

[Researchers](#)

[Reviewers](#)

About

[About Emerald](#)

[Working for Emerald](#)

[Contact us](#)

[Publication sitemap](#)

Policies and information

[Privacy notice](#)

[Site policies](#)

[Modern Slavery Act](#)

[Chair of Trustees governance statement](#)

[Accessibility](#)