ASIA INDEX STRATEGY

FTSE China Index Series Review and Flow Implications (September 2026)

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What Happened? FTSE Russell announced the results of its quarterly index review for the FTSE China Index Series after the market closed on September 2 (Wednesday). All changes will take effect after market close on September 18 (Friday).

Constituent Changes: For the **FTSE China 50**, **Hua Hong Semi (H)** (1347) and **Montage Technology (H)** (6809) will replace **Kuaishou Technology (B)** (1024), **S.F. Holding (H)** (6936). For the **FTSE China A50**, **Shengyi Technology (A)** (600183) and **Adv. Micro-Fabri. Equip. (A)** (688012) will replace **Wanhua Chemical (A)** (600309) and **Muyuan Foods (A)** (002714). Weight adjustments will be around 3.4% for China 50 and 3.3% for China A50. (Exhibit 3)

Index Implications: Following the rebalancing, FTSE China 50 index's forward 12-month P/E is expected to shift from 9.0x to 9.1x, trailing dividend yield will remain unchanged at 3.4%, and EPS growth (2026-27 CAGR) will increase from 10.0% to 10.7%, respectively. For China A50 index, the corresponding metrics would change from 11.7x to 12.1x (fP/E), 2.7% to 2.6% (D/Y), and 18.1% to 18.2% (EPS growth). (Exhibit 1)

Sector Implications: Tech Hardware & Semis (+US$450mn) is poised to see the largest passive inflows, while Banks (-US$550mn), Consumer Staples (-US$110mn), Chemicals (-US$110mn) may face the biggest outflows. These changes reflect rebalancing for existing and pending constituents in FTSE China 50/A50, combined with potential flows from FTSE GEIS. Overall, we estimate that the FTSE rebalancing could generate over US$1.9bn in gross two-way passive flows for China. (Exhibit 2)

Historical vs. Current Patterns: For the FTSE China 50, current additions have outperformed deletions amid elevated volatility; post-announcement performance has typically been volatile and mildly negative around/after the effective date (Exhibit 4). FTSE China A50 additions traded flat vs. deletions, with the strong gain seen three weeks before the announcement erased by a sharp drawdown. Historical trends suggest a post-announcement performance reversal, followed by a recovery around the effective date (Exhibit 5).



Investors should consider this report as only a single factor in making their investment decision. Fo
certification and other important disclosures, see the Disclosure Appendix, or go to
www.gs.com/research/hedge.html.

Exhibit 1: FTSE Russell announced the quarterly review results for the China Index Series, with 2/2 stock changes in the China 50/A50, effective after market close on September 18

	FTSE China Index Series	Sep 2026 Review Summary	
		China 50	China A50
Stock Changes	Current # Constituents	50	50
	# Stocks Added / Deleted	**2 / 2**	**2 / 2**
	% Weight Rebalanced	**3.4%**	**3.3%**
Liquidity	Proforma Index Cap (US$bn)	1,590	857
	Proforma % Change	-1.4%	+0.8%
	Proforma 3M ADVT (US$bn)	10.9	51.1
	Proforma % Change	+6.3%	+5.0%
Valuations / Growth	NTM P/E (x) (Current / Proforma)	9.0x / 9.1x	11.7x / 12.1x
	LTM Dividend Yield (%) (Current / Proforma)	3.4% / 3.4%	2.7% / 2.6%
	2026-27 EPS Growth (%) (Current / Proforma)	10.0% / 10.7%	18.1% / 18.2%
Passive Flows (+FTSE GEIS)	Potential Gross Passive Buying + Selling (Two-way) (US$mn)	1,256	633
Trading Pattern Prior to Announce.	Return Since 20D Prior to Ann. (Additions / Deletions)	-10.1% / -16.0%	+7.1% / +5.3%
	Share Turnover % Chg (Median 20D vs. Prior 3M) (Add / Del)	-16% / -27%	-17% / -9%

Note: Potential passive flows consider both FTSE China and Global Index rebalancing impact. Pricing is as of Sep 3, 2026

Source: FTSE Russell, FactSet, Refinitiv, EPFR, Goldman Sachs Global Investment Research

Exhibit 2: Tech Hardware & Semis are poised to see the largest passive inflows, while Banks, Consumer Staples, Chemicals may face the biggest outflows

Current vs. Proforma Sector Weights and Changes in FTSE China 50 / A50, and Aggregate Potential Passive Flows

	GICS Sector/Industry	China 50			China A50			Passive Flows (US$mn)		
		Current %	Proforma %	Chg (bps)	Current %	Proforma %	Chg (bps)	Gross Buying	Gross Selling	Net Flows
Financials	Banks	26.7%	25.3%	-144	19.6%	19.2%	-40	16	-558	-542
	Insurance & Other Financials	10.1%	10.4%	+32	8.8%	8.7%	-7	30	-15	14
	Real Estate	0.9%	0.9%	+4	0.0%	0.0%	+0	3	-1	3
Domestic / Global Cyclicals	Capital Goods	2.6%	2.7%	+10	10.5%	10.4%	-9	9	-13	-3
	Transportation	0.5%	0.4%	-7	2.1%	2.1%	-2	1	-14	-13
	Autos & Components	3.3%	3.4%	+13	2.3%	2.3%	-2	12	-5	7
	Consumer Retail & Services	22.0%	22.1%	+4	0.9%	0.9%	-1	31	-53	-22
	Tech Hardware & Semis	5.9%	6.8%	+84	27.6%	30.6%	+309	498	-56	442
	Software & Services	0.0%	0.0%	+0	0.0%	0.0%	+0	0	0	0
	Internet/Media & Entertainment	15.2%	14.8%	-41	0.0%	0.0%	+0	132	-142	-10
Commodities	Energy	5.0%	5.2%	+19	4.9%	4.9%	-4	18	-8	10
	Metals & Mining	3.7%	3.8%	+13	4.9%	4.9%	-4	12	-11	1
	Chemicals & Other Materials	0.0%	0.0%	+0	1.2%	0.0%	-115	0	-103	-103
Defensives	Consumer Staples	0.8%	0.8%	+3	10.4%	9.2%	-120	3	-109	-106
	Health Care	2.9%	3.0%	+8	3.3%	3.3%	-3	7	-24	-17
	Utilities	0.3%	0.4%	+1	3.4%	3.4%	-3	1	-3	-2
	Telecommunication Services	0.0%	0.0%	+0	0.0%	0.0%	+0	0	0	0

Note: Potential passive flows consider both FTSE China and Global Index rebalancing impact. Pricing is as of Sep 3, 2026

Source: FactSet, Refinitiv, EPFR, Goldman Sachs Global Investment Research

Exhibit 3: FTSE China 50/A50: Stocks that may experience the most significant net passive buying or selling flows following the FTSE China and Global Equity Index Series (GEIS) rebalancing

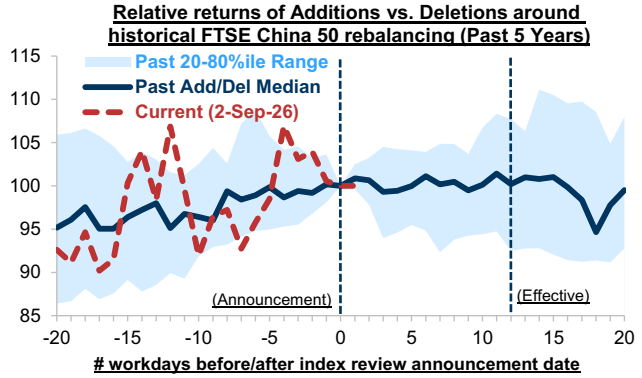
BBG Ticker	Company Name	Sector	Listed Mkt Cap (US$mn)	3M ADVT (US$mn)	Potential Passive Flows (US$mn)			Net Passive Flows (US$mn)	Net Flows / 3M ADVT (days)	S3's Short Interest 20D Chg (pp)	Days to Cover (1M ADVT)	S3's HF Long Interest 20D Chg (pp)	Return since 20D prior to ann.	Return since 10D prior to ann.	Share Turnover % Chg (Median 20D vs. Prior 3M)	Corporate Event Dates	
					China 50	China A50	All Cap / World									Expected Next Report	Ex-Dividend
FTSE China 50/A50 Stocks with net passive buying following FTSE China and GEIS rebalancing								(ranked)	>0.1								
1347 HK	**Hua Hong Grace Semiconductor (H)**	**Tech Hardware & Semis**	**20,507**	**791**	84	-	(1)	83	0.1	-	-	0.0%	(17%)	3%	(26%)	Nov 6	
6809 HK	**Montage Technology (H)**	**Tech Hardware & Semis**	**2,547**	**195**	11	-	58	68	0.4	-	-	-	(3%)	(3%)	(7%)	Aug 28	
3986 HK	Giga Device Semiconductor (H)	Tech Hardware & Semis	2,016	360	7	-	37	44	0.1	-	-	-	(3%)	(5%)	19%	Oct 28	
600183 C1	**Shengyi Technology (A)**	**Tech Hardware & Semis**	**52,194**	**1,626**	-	153	(0)	153	0.1	-	-	-	18%	16%	1%	Oct 28	Sep 24
688012 C1	**Adv. Micro-Fabri. Equip. (A)**	**Tech Hardware & Semis**	**49,954**	**1,601**	-	143	3	146	0.1	-	-	-	(4%)	(8%)	(35%)	Oct 29	
FTSE China 50/A50 Stocks with net passive selling following FTSE China and GEIS rebalancing																	
1288 HK	Agricultural Bank of China (H)	Banks	25,521	62	(53)	-	(332)	(385)	(6.2)	(0.2%)	10.7	0.0%	11%	6%	(5%)	Aug 28	
939 HK	CCB (H)	Banks	294,351	271	(58)	-	(7)	(65)	(0.2)	(0.3%)	5.0	(0.0%)	10%	7%	(13%)	Aug 28	
1398 HK	ICBC (H)	Banks	85,067	166	(35)	-	(5)	(39)	(0.2)	(0.4%)	7.4	0.0%	7%	4%	(14%)	Aug 28	
1024 HK	**Kuaishou Technology (B)**	**Internet/Media & Entertainment**	**16,187**	**337**	(100)	-	67	(33)	(0.1)	1.1%	8.3	-	(26%)	(11%)	(15%)	Nov 16	
6936 HK	**S.F. Holding (H)**	**Transportation**	**1,836**	**7**	(7)	-	(1)	(8)	(1.3)	0.5%	8.6	(0.0%)	(6%)	(5%)	(39%)	Aug 28	
600309 C1	**Wanhua Chemical Group (A)**	**Chemicals & Other Materials**	**35,874**	**438**	-	(103)	(0)	(103)	(0.2)	-	-	-	1%	2%	(4%)	Aug 24	
002714 C2	**Muyuan Foods (A)**	**Consumer Staples**	**20,695**	**349**	-	(100)	(0)	(101)	(0.3)	-	-	-	10%	8%	(13%)	Oct 30	Oct 16
601328 C1	Bank of Communications (A)	Banks	28,551	204	-	(23)	(22)	(45)	(0.2)	-	-	-	7%	4%	(25%)	Aug 28	
	China 50 Median		**25,894**	**99**						**(0.2%)**	**8.3**	**(0.0%)**	**1%**	**2%**	**(20%)**		
	China A50 Median		**50,764**	**520**						**-**	**-**	**-**	**(0%)**	**1%**	**(21%)**		

Note: FTSE China 50/A50 additions and deletions are highlighted in light blue and grey, respectively. Pricing is as of Sep 3, 2026

Names highlighted in blue or grey indicate additions or deletions.

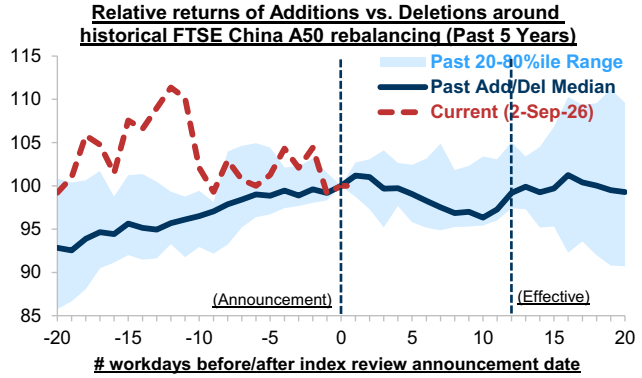
Source: FactSet, Refinitiv, Bloomberg, EPFR, Goldman Sachs Global Investment Research

Exhibit 4: FTSE China 50: Current additions have outperformed deletions amid elevated volatility; post-announcement performance has typically been volatile and mildly negative around/after the effective date



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 5: FTSE China A50: Current additions traded flat vs. deletions, with the strong gain seen three weeks before the announcement erased by a sharp drawdown. Historical trends suggest a post-announcement performance reversal, followed by a recovery around the effective date



Source: FactSet, Goldman Sachs Global Investment Research