China A-shares Equity Strategy

Onshore flows remain subdued, but AI still anchors the growth side of our barbell approach

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Domestic liquidity in A-shares remains subdued, with velocity, margin financing and ETF flows at low levels, and we have yet to see signs of meaningful funding injection into the A-share market by central government-backed financial institutions (Figure 23 and Figure 24). Under the prevailing style, we continue to favor a barbell approach, with high yielders (Figure 12) on the defensive side, and AI (Figure 10) and CXO/Innovative drugs (Figure 11) on the growth side. While healthcare and high yielders have been outperforming in the past month or so, the big debate is the positioning in AI. We acknowledge that geopolitical concerns do weigh on AI valuations, and that momentum money participation in AI, though still at an elevated level on a cross-sector basis, has been declining (Figure 4 and Figure 5). We see AI sub-sectors with reasonable valuations as a cushion against downside risks: **Memory and Server/switch ODM/OEM (JPM top pick: Huaqin) are two verticals with fair FTM P/S and decent FTM sales y-y (Figure 1, Figure 2 and Figure 3).** We also believe that if domestic policy makers later specify a meaningful upward revision to AI capex target, it would be a clear positive for the industry, particularly for the domestic supply chain.

- **Geopolitical concerns weighing on A-share AI infrastructure trade.** Recent client feedback points toward rising concerns that an FCC rule, or broader import limits on Chinese products, would hit the A-share AI global supply chain, and that the MATCH Act would put pressure on the A-share AI domestic supply chain. **The optimistic camp of clients offers various counter arguments:** 1) China AI players have been delivering strong near-term earnings growth, as evidenced by CSI-300 IT expected to deliver +53% FTM EPS y-y on Wind consensus. 2) There is no quick replacement for Chinese players' supply, amidst genuine global demand. Lumentum's CEO noted the company's optical components are "completely sold out" through early 2029, and disruption to the supply chain would be taken as a negative, as Chinese players take c70% of US transceiver market share. 3) China has leverage on indium phosphide, a must-have laser material, which relies on indium mostly from China, now under export control. That said, none of these counter arguments can fully remove the worry about A-share AI infrastructure companies' sales and earnings beyond 2028/29. Until the shoe drops, we believe it is then a matter of risk-reward, or in other words, whether valuation is reasonable to provide enough cushion on the geopolitical downside. Figure 1 and Figure 2 show that IDC/telecom operators, Server/Switch ODM/OEM, Cable, OSAT, Foundry, Cooling and Power supply are subsectors with FTM P/S below 5x; while Cable, Design services/IP, CPU/GPU/AI ASIC, IDC, server/switch ODM/OEM, and Memory are verticals with FTM P/S below their respective historical mean. Figure 10 shows the Screen on China A-share AI infrastructure sub-industries with free-float (FFL) market cap>US$3bn.

- **Positioning in A-share AI names yet to bottom, capping the strength of any rebound.** Domestic liquidity indicators show a tug-of-war between waning momentum money participation in AI (Figure 4, Figure 5) and ETF inflows into semiconductors and STAR Board (Figure 25 and Figure 27). Semiconductors and tech hardware still rank high in momentum, but their scores are falling (Figure 6). In terms of price reaction, it seems that the departure of momentum money has played a bigger role as AI themes fell almost across the board, with optical modules down 16.8%, optical chips -15.5%, GPU -14.2%, HBM -14.1%

See page 15 for analyst certification and important disclosures, including non-US analyst disclosures.

and optical communication -14.3% over the past five trading days (vs. CSI-300 -4.6%). The 20-day view looks the same, with GPU, FP8, AI servers and consumer electronics OEM at the bottom, and Relative Strength Index (RSI) readings stuck in the territory near 30 to 40 (Figure 7 and Figure 8). Meanwhile the leaders were high-yielders such as banks and hydropower, cyclicals such as shipping, and policy speculation proxies (e.g. property). On balance, we would see better risk-reward when A-share market crowding (Figure 21) and the A-share momentum breadth tracker (Figure 22) move back to the lower end of their historical ranges.

- **Policy support: the New Quality Productivity Directive marks positive progress, yet market excitement awaits specified funding size.** China issued guidelines on developing new quality productive forces on 9 October, likely explaining the A-share market rebound in the afternoon session that day. We note that the guidelines focus on execution of the 15th Five Year Plan industrial blueprint. On industry scope, the guideline re-anchors strategically important industries noted in the 15th FYP, mapping emerging and future industries to the plan almost verbatim. That said, we note that the guideline has a dedicated Article 10 to elaborate on implementation of "AI+" action, and pairing it with concrete execution levers such as computing, algorithms, data supply, industry pilots, and safety governance. Such structural emphasis signals a clear policy-priority setting for the AI sector, in our view. One thing to note is that the document has not given an explicit funding figure, leaving budgets to later annual plans. We believe later-rolled-out budget amounts, which could lift our China domestic AI capex forecast, could be a positive catalyst.

- **JPM Asia Equity Strategy team remains confident on global AI fundamentals.** Our regional strategists note that the economics of the AI hardware layer are very positive at the moment, with supply-demand tightness (expected at least through 2028) leaving Asian firms with significant pricing power to go with volume growth, driving ecosystem net income to over US$1trn by 2028. Specifically on the question on the duration of the spending cycle, which depends largely on how well AI is monetized at the hyperscalers, AI models, and applications, they note that ROI is at above 30% at the hyperscaler layer and the funding constraints can be overcome, keeping the current momentum in AI capex intact – and there are sufficient pathways for the model layer to deliver on monetization.

- **Strong EPS growth remains the key to support share price when valuation contracts in a US rate hiking cycle**: Our study on the UST YTM yield increases' impact on CSI300 and sector indices (Figure 37) shows that TTM P/E multiples stay resilient under circumstances of UST bear steepener with UST 2Y YTM increasing slower than UST 10Y YTM; and tend to contract during periods of bear flattener with UST 2Y YTM increasing faster than UST 10Y YTM, often amidst a policy rate hike cycle. Meanwhile, we also find that while valuation multiple contraction averaged -38% for CSI300: 1) high yielders tend to be less sensitive on TTM P/E contraction; and 2) outstanding TTM EPS growth can offset this on sector level. Current consensus estimates on FTM EPS growth show that IT (+53%) is the most likely sector to have EPS growth offsetting P/E contraction, if any.

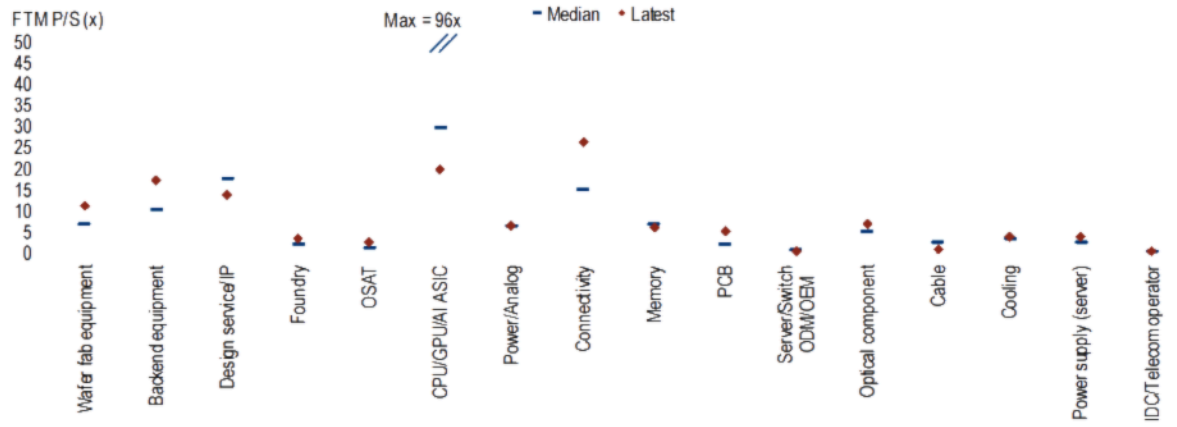
- **We maintain our end-2026 base case target for the CSI-300 at 5,200,** underpinned by 19% consensus FTM year-over-year EPS growth projections. Domestic interbank liquidity remains abundant, though market-level indicators have been fluctuating around subdued levels, with no strong signals of central-

government backed fund injection. The global liquidity tightening cycle appears to have added downward pressure on CSI-300 FTM P/E, with CME FedWatch expecting one/three more hikes through end-2026/27. We maintain the barbell approach under such a circumstance, with growth themes such as AI infrastructure and CXO/innovative drugs on the growth end, and high yielders on the other end. Chinese policy makers' initiatives to balance equity issuance and buybacks may also lend support to the higher shareholder return theme in coming quarters.

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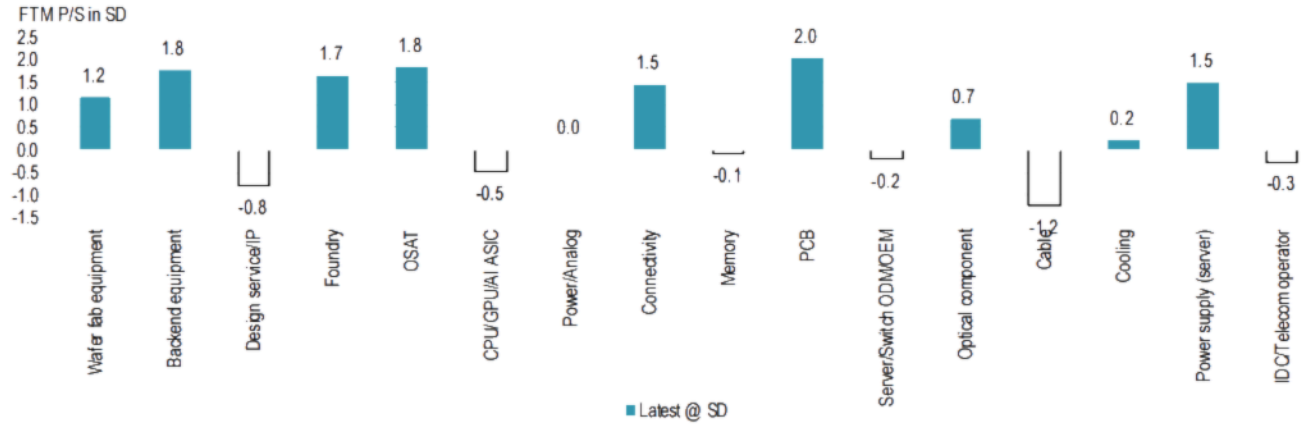
Charts in focus

Figure 1: A-share AI stock FTM P/S by subsector



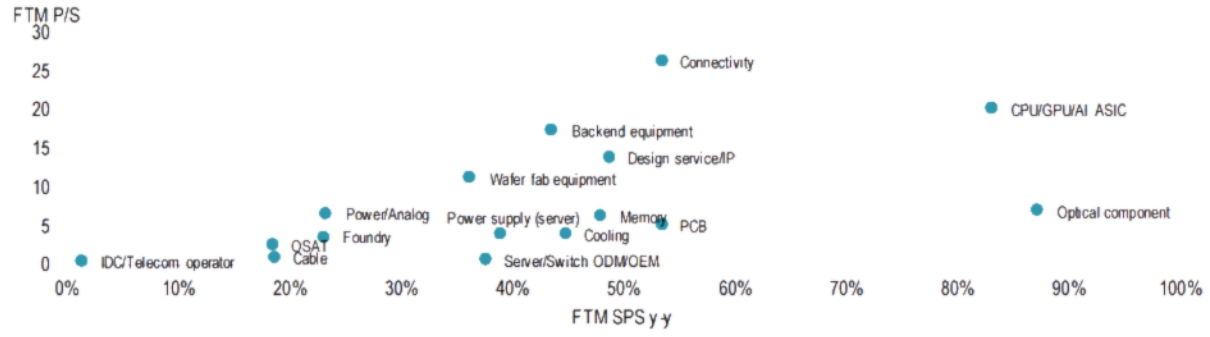
Source: LSEG Workspace (8 Oct 2026)

Figure 2: A-share AI stock FTM P/S standard deviation by subsector



Source: LSEG Workspace (8 Oct 2026)

Figure 3: A-share AI stock FTM P/S vs FTM SPS y-y

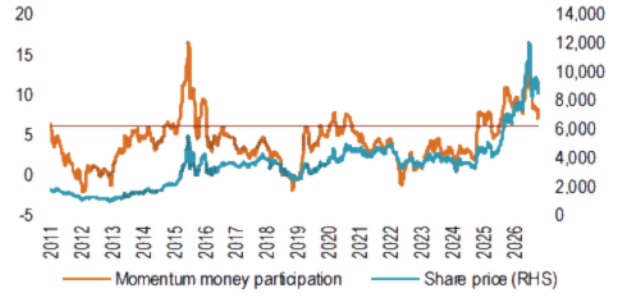


Source: LSEG Workspace (8 Oct 2026)

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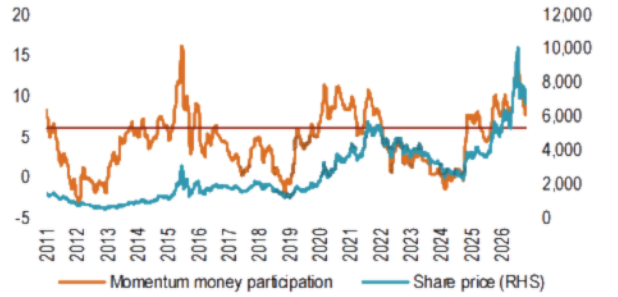
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Figure 4: Momentum tracker: A-share tech hardware



Source: Wind (8 Oct 2026)

Figure 5: Momentum tracker: A-share semiconductor



Source: Wind (8 Oct 2026)

Figure 6: A-share sector momentum tracker, ranked by the latest score

	Momentum tracking score				No.1 weighted A-share constituents in Wind industry indices	
Industry	Latest	4 weeks ago	Change	Share perf over past 4 weeks	Ticker	Company
Semiconductors & Semiconductor Equipment	7.6	8.7	-1.0	-6.1	688256.SH	CAMBRICON
Technology Hardware & Equipment	6.9	8.1	-1.2	-10.5	300308.SZ	ZHONGJI INNOLIGHT
Coal	5.1	5.6	-0.5	1.1	601088.SH	CSEC/CHINASHENHUA
Non Ferrous Metal	4.7	6.3	-1.6	-5.5	601899.SH	ZIJIN MINING
Construction Materials	4.6	5.2	-0.6	-5.6	600176.SH	CJS
Paper & Packaging	4.5	4.5	0.0	0.2	002078.SZ	SUN PAPER
Consumer Durables & Apparel	4.2	3.8	0.4	2.9	603816.SH	KUKA
Chemical	4.2	4.8	-0.6	-0.7	600309.SH	WANHUA
Pharmaceuticals, Biotechnology & Life Sciences	4.1	3.6	0.5	6.0	603259.SH	WUXI APPTEC
Real Estate Management & Development	4.0	2.7	1.2	7.8	600048.SH	PDH
Telecommunication Services	1.2	1.2	0.0	1.8	601728.SH	CHINA TELECOM
Steel	1.2	1.5	-0.3	-1.0	600019.SH	BAOSTEEL
Financial Services & Insurance	1.3	2.1	-0.7	-2.7	601318.SH	PING AN
Transportation	1.9	2.0	-0.1	1.1	601816.SH	BJ-SH HIGH SPEED RAILWAY
Automobiles & Components	2.1	2.1	0.0	-0.5	002594.SZ	BYD
Banking	2.1	2.1	0.0	0.2	600036.SH	CMB
Construction	2.6	3.0	-0.3	-2.1	601668.SH	CSCEC
Health Care Equipment & Services	2.7	2.6	0.0	2.3	300760.SZ	MINDRAY
National Defense	2.7	3.4	-0.8	-8.5	600893.SH	AECC AP
Industry Trade & Conglomerates	2.7	3.5	-0.8	-5.2	300475.SZ	SHANNON SEMI

Source: Wind (9 Oct 2026)

Figure 7: A-share thematic top/bottom performers on 5d return

Theme	5d	10d	20d	60d	RSI14
Top 10					
Bank	3.3	2.1	1.3	14.2	56
Shipping	3.3	2.9	4.8	24.7	59
Real Estate	3.2	12.8	10.3	12.2	63
Lithium Positive Electrode	3.0	3.0	-0.3	-8.1	61
Electricity	2.9	-0.3	1.4	5.8	58
Central SOEs Banking	2.8	2.5	1.3	14.4	62
Hydropower	2.5	-1.4	4.1	14.0	56
Sodion Battery	2.3	1.1	0.0	-6.8	54
Fujian Free Trade Zone	2.2	1.8	7.8	21.5	59
Thermal Power	1.9	-1.7	0.0	2.8	48
Bottom 10					
Optical Module	-16.8	-13.8	-5.8	-12.4	34
Vector Network Analyzer	-16.6	9.1	6.3	1.7	49
Optical Chip	-15.5	-11.6	-8.4	-19.3	34
Aluminum Nitride	-14.7	-14.4	-3.6	-18.3	35
LiDAR	-14.6	-11.6	-10.7	-14.2	33
OCS	-14.4	-10.2	-7.0	-8.4	38
Optical Communication	-14.3	-12.6	-5.4	-9.7	36
GPU	-14.2	-7.7	-12.0	-32.1	34
Synthetic Diamond	-14.2	-12.2	3.9	-18.6	40
HBM	-14.1	-11.1	-7.3	-28.8	34

Source: Wind (8 Oct 2026)

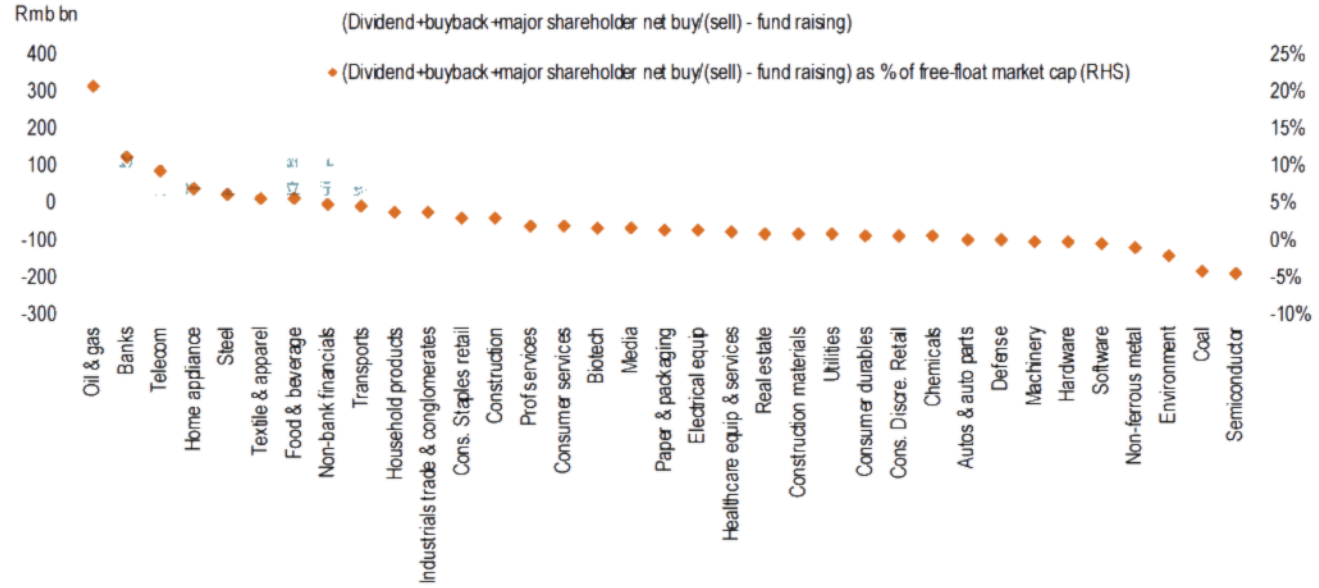
Figure 8: A-share thematic top/bottom performers on 20d return

Theme	5d	10d	20d	60d	RSI14
Top 10					
CRO	-5.4	6.3	12.8	31.4	55
Real Estate	3.2	12.8	10.3	12.2	63
Medical Services	-4.0	5.5	8.9	24.3	56
Printed Circuit Board	-12.6	-9.3	8.2	-2.6	43
Fujian Free Trade Zone	2.2	1.8	7.8	21.5	59
CCL	-11.7	-9.9	6.8	-9.6	43
Vector Network Analyzer	-16.6	9.1	6.3	1.7	49
Vaccine	-0.1	9.3	5.3	16.5	63
CSSC & CSIC	1.4	4.1	5.2	13.1	54
Shipping	3.3	2.9	4.8	24.7	59
Bottom 10					
Tungsten Hexafluoride	-13.1	-14.8	-14.4	-35.7	30
Gold & Jewelry	-5.7	-9.6	-13.6	-0.2	43
Stablecoin	-5.9	-4.3	-12.7	4.8	48
Sub-new Stocks	-11.3	-6.1	-12.6	-28.0	33
Consumer Electronics OEM	-9.0	-6.6	-12.1	-12.5	32
GPU	-14.2	-7.7	-12.0	-32.1	34
Stock Software	-9.7	-6.2	-11.2	-7.4	47
FP8	-12.2	-8.9	-11.1	-25.5	32
Helium	-9.0	-8.9	-10.9	-25.7	32
Computer Server	-10.2	-9.6	-10.8	-19.6	33

Source: Wind (8 Oct 2026)

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Figure 9: A-share net shareholder return YTD by Wind level 2 industry



Source: Wind (8 Oct 2026).

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Figure 10: Screen on China A-share AI infrastructure sub-industries with free-float (FFL) market cap>US$3bn

RIC Code	Security Name	Industry	CSI-300 constituent	FFL market cap (US$ bn)	3m ADT (US$ mn)	Current price (LCU)	2026 P/B (x)	2026 P/E (x)	2026 EPS y-y (%)	2027 EPS y-y (%)	P/E percentile rank in history (%)
688012.SH	AMEC	Wafer fab equipment	Y	34	1,186	311	10.4	77.4	82	26	30
002371.SZ	NAURA	Wafer fab equipment	Y	33	1,008	594	9.6	59.7	31	48	43
688072.SH	PIOTECH	Wafer fab equipment	Y	16	703	616	15.5	89.9	116	39	33
688361.SH	SKYVERSE	Wafer fab equipment		12	523	342	22.4	454.5	351	141	N/A
688120.SH	HWATSING	Wafer fab equipment		10	476	225	12.2	80.1	29	33	85
688037.SH	KINGSEMI	Wafer fab equipment		7	283	308	20.9	309.2	180	108	97
688082.SH	ACMSH	Wafer fab equipment	Y	5	286	266	8.6	68.7	35	31	73
300604.SZ	CCTECH	Backend equipment		15	925	228	17.5	67.6	64	48	27
688200.SH	ACCOTEST	Backend equipment		6	298	351	14.4	89.5	47	40	68
688521.SH	VERISILICON	Design service/IP	Y	9	618	152	19.1	583.6	126	407	N/A
688981.SH	SMIC	Foundry	Y	29	1,027	108	5.6	124.5	48	28	62
688347.SH	HUA HONG GRACE	Foundry		16	845	193	8.1	353.1	181	45	63
688249.SH	NEXCHIP	Foundry		4	170	30	2.7	84.1	13	57	77
688820.SH	SJSEMI	OSAT		31	306	112	10.3	185.3	22	56	11
600584.SH	JCET	OSAT	Y	13	1,513	63	3.7	51.9	38	34	45
002156.SZ	TFME	OSAT		10	1,198	56	5.1	47.1	54	15	7
688256.SH	CAMBRICON	CPU/GPU/AI ASIC	Y	43	1,974	986	36.8	108.6	177	114	0
688041.SH	HYGON	CPU/GPU/AI ASIC	Y	27	954	220	18.8	113.5	77	54	52
688802.SH	METAX	CPU/GPU/AI ASIC		17	228	464	13.9	1,262.1	119	717	3
688795.SH	MOORE THREADS	CPU/GPU/AI ASIC		13	228	377	15.3	-1,097.9	84	427	N/A
688469.SH	UNT	Power/Analog		6	182	9	5.3	144.4	184	65	N/A
300661.SZ	SGMICRO	Power/Analog	Y	6	225	96	8.7	68.5	76	49	43
688536.SH	3PEAK	Power/Analog		4	162	286	5.8	63.6	260	55	19
688141.SH	JOULWATT	Power/Analog		3	291	87	35.8	-89.2	38	151	N/A
688396.SH	CRM	Power/Analog	Y	3	199	52	2.8	55.6	88	35	49
688008.SH	MONTAGE TECHNOLOGY	Connectivity	Y	31	1,446	198	13.5	67.6	60	38	46
688702.SH	CENTEC COMMUNICATIONS	Connectivity		6	492	265	47.7	2,321.4	131	879	N/A
688825.SH	CXMT	Memory		517	NULL	51	12.7	19.9	9,168	72	1
603986.SH	GIGADEVICE	Memory	Y	28	2,937	326	7.1	19.0	635	26	6
688525.SH	BIWIN STORAGE	Memory		9	968	181	5.1	7.5	1,254	3	N/A
301308.SZ	LONGSYS	Memory	Y	8	853	284	6.0	8.8	938	-17	N/A
001309.SZ	TWSC	Memory		6	984	337	6.3	6.6	1,585	-18	N/A
600183.SH	SYTECH	PCB	Y	23	1,432	124	14.3	43.1	110	54	95
002463.SZ	WUS	PCB	Y	22	982	112	9.7	33.2	70	59	82
300476.SZ	VGT	PCB	Y	17	1,253	203	7.7	23.4	98	70	62
002916.SZ	SCC	PCB	Y	13	546	347	11.1	40.3	79	48	85
601138.SH	FII	Server/Switch ODM/OEM	Y	27	1,077	56	5.4	17.9	76	37	83
000063.SZ	ZTE	Server/Switch ODM/OEM	Y	13	702	29	1.7	23.7	4	14	95
000977.SZ	IEIT	Server/Switch ODM/OEM	Y	10	1,085	65	3.6	19.9	98	34	6
000938.SZ	UNIS	Server/Switch ODM/OEM	Y	9	1,359	30	4.9	26.8	92	35	15
603296.SH	HUAQIN TECHNOLOGY	Server/Switch ODM/OEM	Y	4	286	75	3.6	20.2	38	22	43
300308.SZ	ZHONGJI INNOLIGHT	Optical component	Y	93	4,534	775	13.3	27.7	205	93	40
300502.SZ	EOPTOLINK	Optical component	Y	64	2,960	370	13.6	25.5	113	77	25
300394.SZ	TFC	Optical component	Y	21	1,623	235	31.3	72.4	75	66	95
688498.SH	YUANJIE SEMICONDUCTOR	Optical component		15	1,005	1,206	45.1	146.1	438	79	23
002475.SZ	LUXSHARE-ICT	Cable	Y	32	920	48	3.4	17.6	26	36	5
002837.SZ	ENVICOOL	Cooling	Y	5	426	51	15.0	57.7	116	84	89
002851.SZ	MEGMEET	Power supply (server)		6	571	103	7.3	75.6	446	113	94
600941.SH	CHINA MOBILE	IDC/Telecom operator	Y	11	148	98	1.5	16.2	-4	3	60
600050.SH	CHINA UNICOM	IDC/Telecom operator	Y	10	91	4	0.8	17.7	-17	7	29
601728.SH	CHINA TELECOM	IDC/Telecom operator	Y	8	109	6	1.3	20.1	-11	3	84
300442.SZ	RANGE TECHNOLOGY	IDC/Telecom operator	Y	6	283	59	6.0	31.5	-40	31	2

Source: LSEG Workspace (9 Oct 2026), Wind (9 Oct 2026)

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Figure 11: Screen on China A-share innovative drug and CXO names with free-float market cap>US$3bn

Ticker	Company	CSI-300 constituent	FFL market cap (US$ bn)	3m ADT (US$ mn)	Current price (LCU)	2026 P/B (x)	2026 P/E (x)	2026 EPS y-y (%)	2027 EPS y-y (%)	P/E percentile rank in history (%)
603259.SH	WUXI APPTEC	Y	48	1,197	158	4.93	21.4	17	22	32
600276.SH	HENGRUI PHARMA	Y	24	610	47	4.47	33.8	19	16	17
002422.SZ	KELUN PHARMA	Y	6	209	40	2.45	31.0	20	22	67
300759.SZ	PHARMARON	N	6	451	43	4.66	39.1	22	28	48
002821.SZ	ASYMCHEM	N	5	297	178	3.44	46.3	23	29	76
600196.SH	FOSUN PHARMA	Y	4	96	24	1.21	16.5	14	18	22
688235.SH	BEONE MEDICINES	N	4	197	249	10.63	72.1	265	59	1
300347.SZ	TIGERMED	N	4	154	55	2.26	80.0	-33	115	100
603087.SH	GAN & LEE	N	4	125	76	3.62	31.9	24	19	32
300142.SZ	WALVAX	N	3	218	15	N/A	576.2	-77	261	66
000661.SZ	CCHT	N	3	100	72	1.26	26.3	621	22	N/A

Source: Wind (9 Oct 2026)

Figure 12: Screen on China A-share names with free-float market cap>Rmb20bn, positive TTM FCF, MRQ P/B<1.5x, TTM dividend yield>4%

Ticker	Company	Industry	FFL mkt cap (Rmb bn)	TTM FCF (Rmb mn)	MRQ P/B (x)	TTM dividend yield (%)	2026 cons. NP y-y	2027 cons. NP y-y
600036.SH	CMB	Bank	439	144,821	0.9	4.9	1.4	4.1
601166.SH	INDUSTRIAL BANK	Bank	273	776,714	0.5	5.9	-1.3	3.1
600919.SH	BANK OF JIANGSU	Bank	177	6,720	0.8	4.6	6.2	10.2
600000.SH	SPD BANK	Bank	115	33,822	0.4	4.4	3.2	7.2
601229.SH	BOSC	Bank	89	21,441	0.5	5.4	0.9	2.5
601825.SH	SHRCB	Bank	48	4,609	0.6	5.2	1.4	2.2
601998.SH	CNCB	Bank	44	122,712	0.7	4.2	0.9	3.8
601916.SH	CZBANK	Bank	42	145,232	0.4	4.5	-1.9	2.0
601838.SH	BANK OF CHENGDU	Bank	42	3,502	0.9	7.3	4.9	6.4
600015.SH	HUAXIA BANK	Bank	32	31,085	0.3	6.7	-5.1	4.2
601577.SH	BANK OF CHANGSHA	Bank	23	14,184	0.5	4.6	5.2	6.1
601668.SH	CSCEC	Building	76	11,116	0.4	6.2	-4.6	2.3
601318.SH	PING AN	Financial Services & Insurance	512	123,568	0.9	5.2	12.1	9.5
601336.SH	NCI	Financial Services & Insurance	40	510	1.4	4.8	3.6	6.1
601555.SH	SCS	Financial Services & Insurance	29	16,550	0.9	4.4	9.0	11.3
002736.SZ	GUOSEN SECURITIES	Financial Services & Insurance	28	52,747	1.0	4.6	3.4	9.0
000651.SZ	GREE	Household Appliances II	163	14,358	1.5	7.7	-0.1	4.2
000157.SZ	ZOOMLION	Machinery	28	4,498	0.9	6.6	9.4	21.8
601857.SH	PETROCHINA	Petroleum And Petrochemical	132	3,080	1.3	4.4	20.2	-2.2
600941.SH	CHINA MOBILE	Telecommunication Services	84	7,872	1.5	4.8	-4.2	2.6

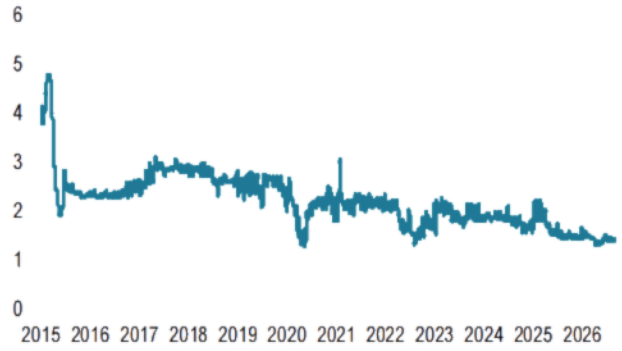
Source: Wind (9 Oct 2026)

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Flows & Positioning

1. Macro indicators

Figure 13: Rolling 5-day DR007



Source: Wind (8 Oct 2026).

Figure 14: M1, M2, and M1-M2



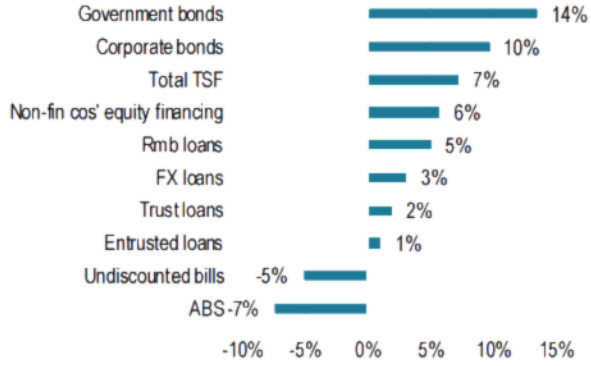
Source: Wind (8 Oct 2026).

Figure 15: China total social financing (TSF) balance y-y



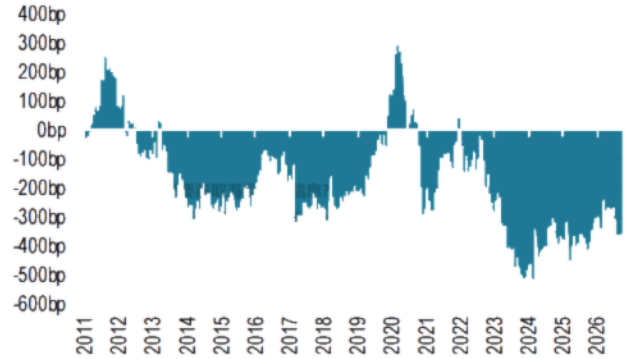
Source: Wind (8 Oct 2026).

Figure 16: China TSF balance y-y by segment in June



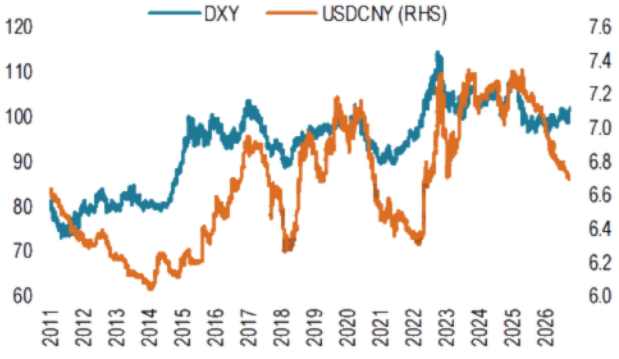
Source: Wind (8 Oct 2026).

Figure 17: China-US real 10-year government bond yield spread



Source: Wind (8 Oct 2026).

Figure 18: DXY and USD/CNY

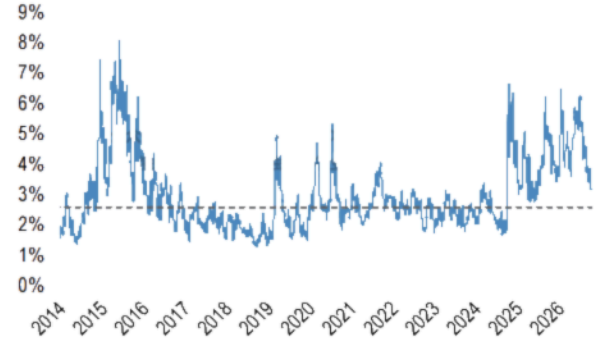


Source: Wind (8 Oct 2026).

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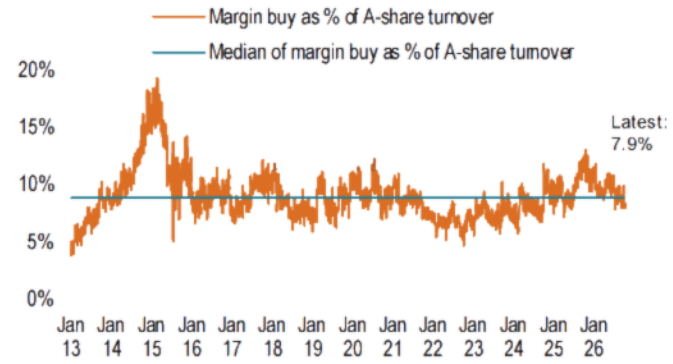
2. A-share flows and positioning

Figure 19: A-share velocity



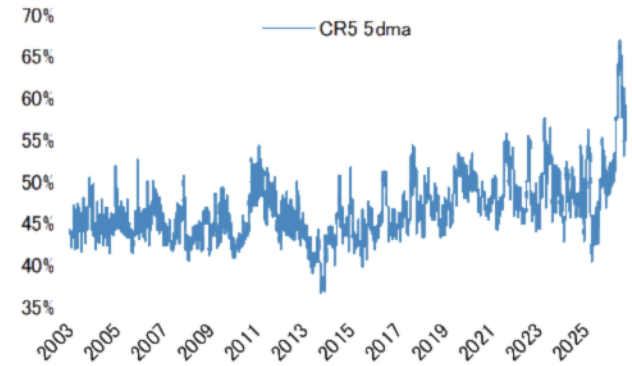
Source: Wind (8 Oct 2026)

Figure 20: A-share margin financing



Source: Wind (8 Oct 2026)

Figure 21: A-share crowding on CR5 of Wind Level 2 industry indices' turnover



Source: Wind (8 Oct 2026)

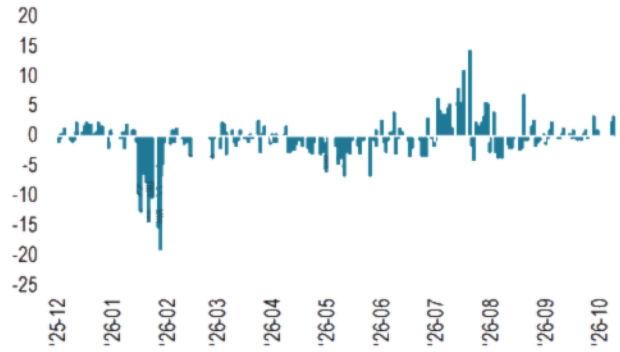
Figure 22: A-share momentum tracker on level 2 industry breadth



Source: Wind (8 Oct 2026)

Figure 23: A-share ETF daily inflows

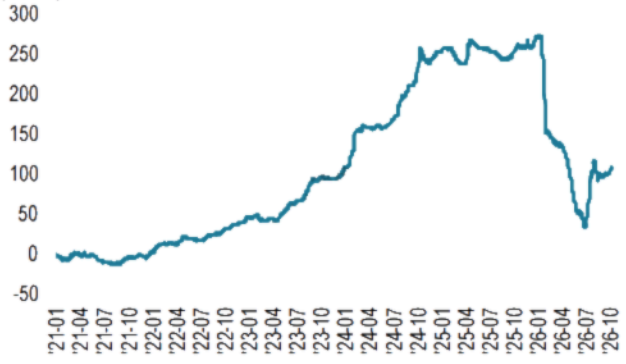
(US$ bn)



Source: Wind (9 Oct 2026)

Figure 24: A-share ETF cumulative inflows

(US$ bn)



Source: Wind (9 Oct 2026)

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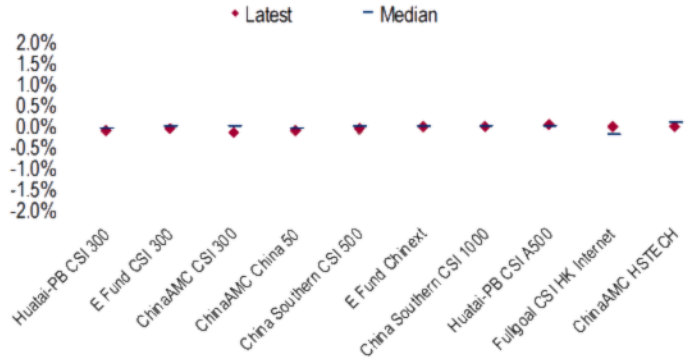
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Figure 25: 800-plus A-share ETFs' net flow by key benchmark

Inflows in (Rmb bn)	18 Dec 2023 - 9 Feb 2024	19 Feb 2024 - 9 Jan 2026	3Q26	Oct MT
CSI300	254.3	356.7	35.7	1
SSE50 + A50	35.1	30.0	1.1	0
A500	0.0	204.9	39.4	1
CSI500	32.5	31.6	17.3	1
CSI1000	29.8	58.0	19.3	4
CSI2000	6.2	-5.4	3.7	0
Chinext	24.6	-15.1	43.5	5
STAR	9.4	-71.0	76.6	10
Yield	12.2	60.5	-17.3	-0
Consumers	-2.4	33.0	-2.1	0
Semis	-0.4	-25.4	132.1	4
IT hardware	0.0	0.7	29.8	-0
Rest	-0.9	184.2	91.4	8
TOTAL	400.3	842.6	470.5	35

Source: Wind (9 Oct 2026).

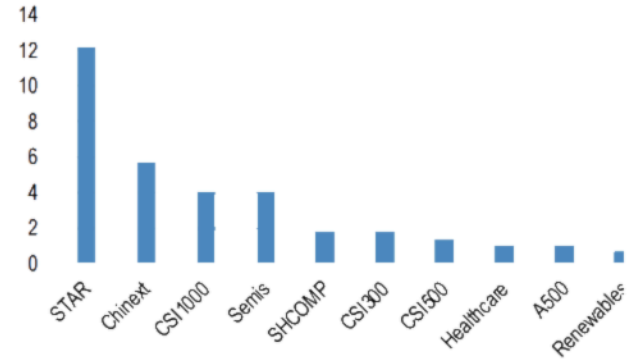
Figure 26: Select A-share ETFs' premium/discount ratios



Source: Wind (9 Oct 2026).

Figure 27: 800-plus A-share ETFs' top verticals of net inflow MTD

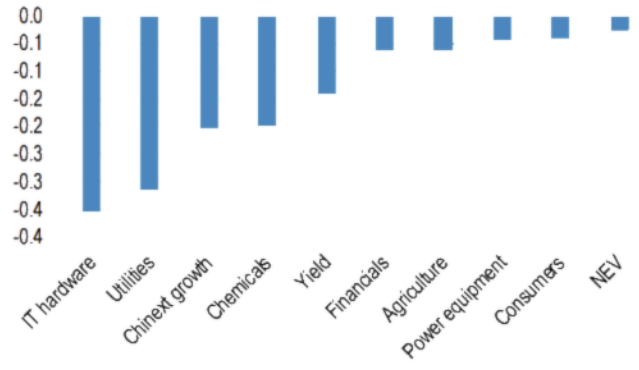
(Rmb bn)



Source: Wind (8 Oct 2026).

Figure 28: 800-plus A-share ETFs' top verticals of net outflow MTD

(Rmb bn)



Source: Wind (8 Oct 2026).

Figure 29: Onshore mutual funds' percentage sector positioning

Sector	06 '26	12 '25	06 '25	12 '24	06 '24	12 '23	06 '23	12 '22	06 '22	12 '21	06 '21	12 '20	06 '20	12 '19	06 '19	12 '18	06 '18	12 '17	06 '17	12 '16	06 '16	12 '15	06 '15	12 '14	06 '14	12 '13	06 '13
IT	46	28	26	23	20	22	24	19	17	19	17	18	23	21	16	15	14	15	15	16	20	23	20	13	16	14	11
Industrials	12	15	14	15	15	14	15	17	16	16	14	13	10	10	9	11	9	13	14	18	17	16	16	15	14	15	13
Materials	11	14	8	8	9	9	9	11	15	15	13	12	6	7	5	6	9	10	10	10	11	9	7	7	6	6	5
Healthcare	9	13	15	14	14	18	15	16	14	13	16	14	21	13	12	12	14	9	11	11	11	10	11	9	16	15	14
Cons Discre	5	10	13	13	11	10	9	9	10	10	11	13	11	13	13	12	14	14	14	13	12	14	11	11	13	14	12
Cons Staples	3	5	7	7	8	10	9	12	11	10	11	13	13	12	16	11	11	10	6	5	6	4	4	5	7	9	8
Financials	2	3	4	4	3	3	2	2	3	4	5	5	3	8	10	10	6	9	8	5	4	4	6	16	4	5	6
Energy	1	1	1	2	2	2	1	1	1	1	1	1	0	1	1	2	2	1	1	2	2	2	1	1	1	2	2	2
Utilities	0	1	1	1	3	2	2	2	2	2	1	0	0	1	1	2	1	1	3	3	3	3	2	2	1	1	2
Real Estate	0	1	1	1	1	1	1	1	1	1	1	1	1	4	3	3	2	2	2	2	2	2	3	7	3	3	6
Comm Svs	0.3	0.8	1.5	1.4	1.5	0.9	0.4	0.3	0.3	0.1	0.2	0.0	0.1	0.1	0.2	0.3	0.1	0.2	0.8	0.7	0.2	0.2	0.3	0.3	0.3	0.3	0.3

Source: Wind (2 Sep 2026)

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Figure 30: Onshore mutual funds' sector holding on standard deviation vs respective history

Sector	06 '26	12 '25	06 '25	12 '24	06 '24	12 '23	06 '23	12 '22	06 '22	12 '21	06 '21	12 '20	06 '20	12 '19	06 '19	12 '18	06 '18	12 '17	06 '17	12 '16	06 '16	12 '15	06 '15	12 '14	06 '14	12 '13	06 '13
IT	3.5	1.2	0.9	0.5	0.0	0.3	0.6	-0.1	-0.4	-0.1	-0.4	-0.2	0.6	0.1	-0.5	-0.8	-0.9	-0.7	-0.7	-0.5	0.1	0.5	0.1	-0.9	-0.5	-0.9	-1.3
Industrials	-0.9	0.4	-0.1	0.6	0.5	0.1	0.5	1.2	1.0	0.9	0.0	-0.4	-1.6	-1.5	-2.0	-1.2	-2.0	-0.6	0.0	1.7	1.1	0.8	0.8	0.3	0.0	0.6	-0.3
Materials	0.7	1.8	-0.4	-0.5	0.0	0.1	0.0	0.5	1.9	1.9	1.4	0.9	-1.1	-0.9	-1.4	-1.2	0.1	0.3	0.2	0.4	0.6	0.0	-0.8	-0.8	-1.1	-1.0	-1.3
Healthcare	-1.5	-0.2	0.7	0.2	0.4	1.6	0.7	0.9	0.1	-0.2	0.8	0.4	2.7	0.0	-0.3	-0.3	0.3	-1.7	-1.0	-0.8	-1.0	-1.3	-0.7	-1.4	1.0	0.5	0.1
Cons Discre	-3.3	-0.9	0.5	0.6	-0.5	-1.0	-1.1	-1.1	-0.5	-0.9	-0.2	0.5	-0.2	0.6	0.5	0.2	1.2	1.0	1.2	0.9	0.1	1.2	-0.1	-0.4	0.7	1.0	0.1
Cons Staples	-1.8	-1.1	-0.6	-0.5	-0.2	0.3	0.2	1.0	0.8	0.4	0.7	1.4	1.3	1.0	2.3	0.7	0.6	0.3	-0.7	-1.2	-0.8	-1.3	-1.3	-1.2	-0.5	0.1	-0.1
Financials	-1.1	-0.7	-0.4	-0.5	-0.6	-0.8	-0.9	-0.9	-0.7	-0.5	-0.2	0.0	-0.8	0.8	1.5	1.4	0.3	1.0	1.0	-0.2	-0.4	-0.6	0.1	3.1	-0.3	-0.1	0.2
Energy	-0.5	-0.6	-0.8	0.3	2.1	3.6	0.1	0.1	-0.1	-1.2	-0.9	-1.6	-1.9	-0.4	-0.4	1.1	1.0	0.0	-0.4	-0.8	0.6	-1.0	-0.9	0.0	0.4	0.8	1.9
Utilities	-1.4	-1.2	-0.8	-0.1	1.9	0.3	0.4	0.1	0.0	0.6	-1.2	-1.5	-1.6	-0.9	-0.5	0.9	-0.2	-0.3	1.4	1.2	1.9	1.2	-0.1	0.5	-0.6	-0.3	0.3
Real Estate	-1.0	-0.9	-0.7	-0.7	-0.7	-0.8	-0.8	-0.5	-0.5	-0.6	-0.8	-0.7	-0.5	0.9	0.5	0.9	0.1	0.2	-0.2	-0.3	-0.2	-0.1	0.4	3.1	0.6	0.8	2.5
Comm Svs	-0.4	0.7	2.5	2.2	2.5	1.1	-0.2	-0.4	-0.4	-0.7	-0.5	-0.9	-0.8	-0.9	-0.5	-0.3	-0.8	-0.5	0.7	0.5	-0.6	-0.6	-0.4	-0.4	-0.2	-0.4	-0.4

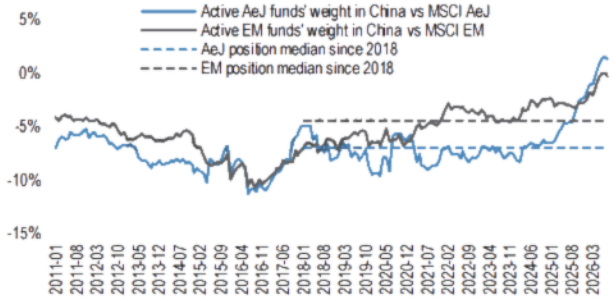
Source: Wind (2 Sep 2026)

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3. Offshore investors' positioning and flow in China equities

Figure 31: Active regional funds' position in China relative to MSCI benchmarks



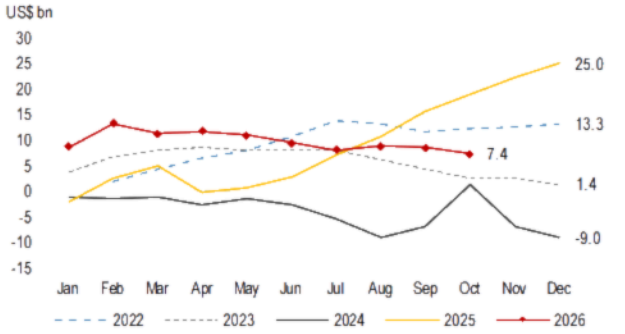
Source: EPFR Global (31 Aug 2026), MSCI (31 Aug 2026), J.P. Morgan estimates

Figure 32: Active global funds' position in China relative to MSCI benchmarks



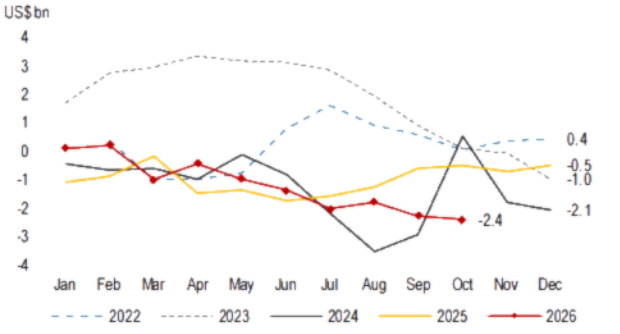
Source: EPFR Global (31 Aug 2026), MSCI (31 Aug 2026), J.P. Morgan estimates

Figure 33: EPFR stock barometer tracked cumulative offshore fund flows into China equities YTD



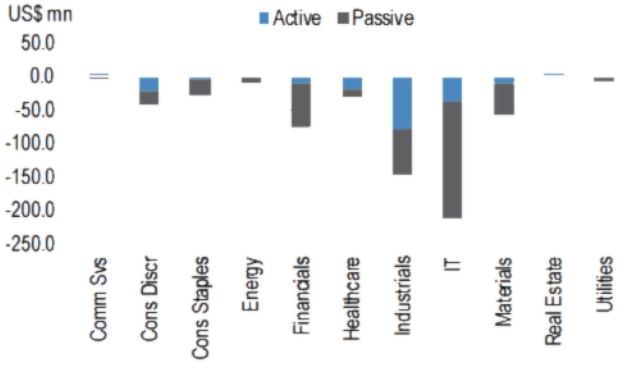
Source: EPFR Global (8 Oct 2026).

Figure 34: EPFR stock barometer tracked cumulative offshore fund flows into A-share equities YTD



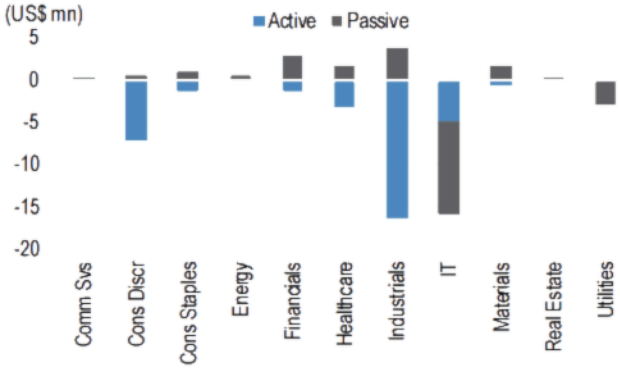
Source: EPFR Global (8 Oct 2026).

Figure 35: EPFR stock barometer tracked flows into A-shares by sector (31 Aug – 2 Oct)



Source: EPFR Global (8 Oct 2026).

Figure 36: EPFR stock barometer tracked flows into A-shares by sector (5-8 Oct)



Source: EPFR Global (8 Oct 2026).



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Figure 37: CSI-300 and sector indices' performance during selected periods of UST 10Y YTM rising by at least 50bps

TTM P/E	AVERAGE	Since 2017 Bear steepener	Bear flattener
CSI300	-18.6	10.5	-38.0
Energy	4.8	11.1	0.6
Materials	-37.2	6.5	-66.3
Industrials	-13.2	9.8	-28.5
ConsDisc	9.7	78.8	-36.4
ConsStaples	-9.3	-5.8	-11.7
HealthCare	-26.8	-12.9	-36.1
IT	5.7	34.7	-23.3
CommSvs	10.0	37.9	-17.9
Utilities	8.5	0.6	13.7
RealEstate	74.4	26.5	106.4
Financials	-2.0	25.3	-29.2

TTM EPS	AVERAGE	Since 2017 Bear steepener	Bear flattener
CSI300	25.3	-5.2	45.7
Energy	31.9	-7.7	58.3
Materials	116.1	3.4	191.3
Industrials	14.6	1.5	23.4
ConsDisc	11.6	-10.3	26.2
ConsStaples	3.8	5.0	3.0
HealthCare	45.1	13.0	66.5
IT	17.4	3.4	31.5
CommSvs	18.8	-14.6	52.1
Utilities	-1.9	-0.2	-3.0
RealEstate	-22.7	-22.9	-22.6
Financials	15.1	-2.3	32.5

Price	AVERAGE	Since 2017 Bear steepener	Bear flattener
CSI300	-8.5	2.0	-15.6
Energy	13.4	2.4	20.7
Materials	-7.0	-1.1	-11.0
Industrials	-10.2	-3.8	-14.5
ConsDisc	-10.3	4.0	-19.8
ConsStaples	-7.9	-2.4	-11.5
HealthCare	-10.5	-1.6	-16.4
IT	20.0	39.2	0.8
CommSvs	21.3	17.8	24.8
Utilities	2.2	0.1	3.7
RealEstate	-17.8	-5.2	-26.2
Financials	8.1	22.3	-6.2

Source: Wind, data as of 12 Oct 2026.