ACTIVE FUND INTELLIGENCE · EMERGING MARKETS UNIVERSE

China & HK: **The Long Road Back**

China’s headline weight remains depressed, but active positioning is turning.

August 15, 2026

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Country Positioning

China & HK's average weight has fallen a long way from its historic dominance within EM active portfolios. From peaks above 30% in 2020–21, allocations now stand at 20.14%, and as recently as last month China still ranked behind both Taiwan and South Korea. Its return to second place is notable, but also highlights just how far positioning had fallen. China's benchmark relative positioning stands close to South Korea, with just under half of managers positioned ahead of the MSCI EM index, while around 20% are overweight Taiwan and India. However, the direction of travel is important here, with China & HK's underweight the narrowest for almost a decade, and the percentage of funds overweight spiking higher in recent months.

Chart 1: EM Country Exposures

Absolute and Relative Ownership Metrics

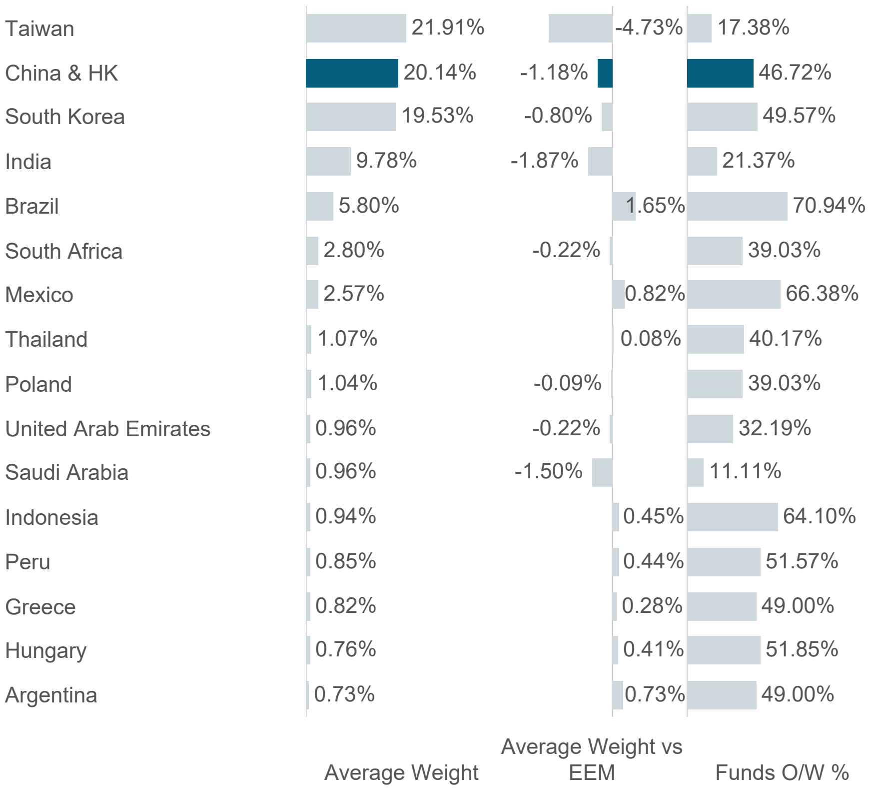


Chart 2a: China & HK

Average fund weight

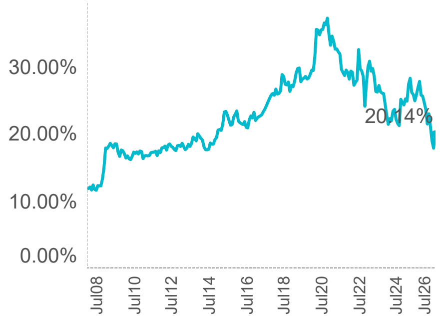


Chart 2b: China & HK

Average fund weight vs EEM

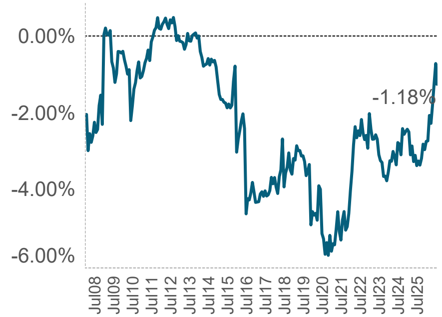


Chart 2c: China & HK

Percentage of Funds Invested

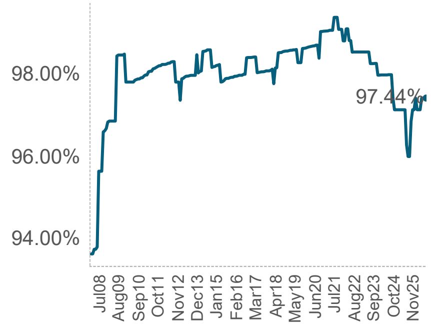


Chart 2d: China & HK

Percentage of Funds Overweight

China & HK: The Long Road Back

Set against its EM Big 4 peers, China & HK's decline in weight has been the steepest, though India has suffered a similar fate from a lower base. Meanwhile, the rise of Taiwan and South Korea has fundamentally reshaped the Big 4 complex. Relative positioning tells a different story. Taiwan's rising weight but falling overweight has largely been structural, reflecting UCITS limits on TSMC, while India's falling weight alongside a declining overweight points to a genuine de-rating. The opposite is true of China & HK and South Korea: managers have increasingly moved overweight Korea as weights have risen, while China's falling absolute weight has been met with greater overweight positioning — effectively buying into weakness.

Chart 3: EM Big 4 Country Exposure
Average Weight - time-series

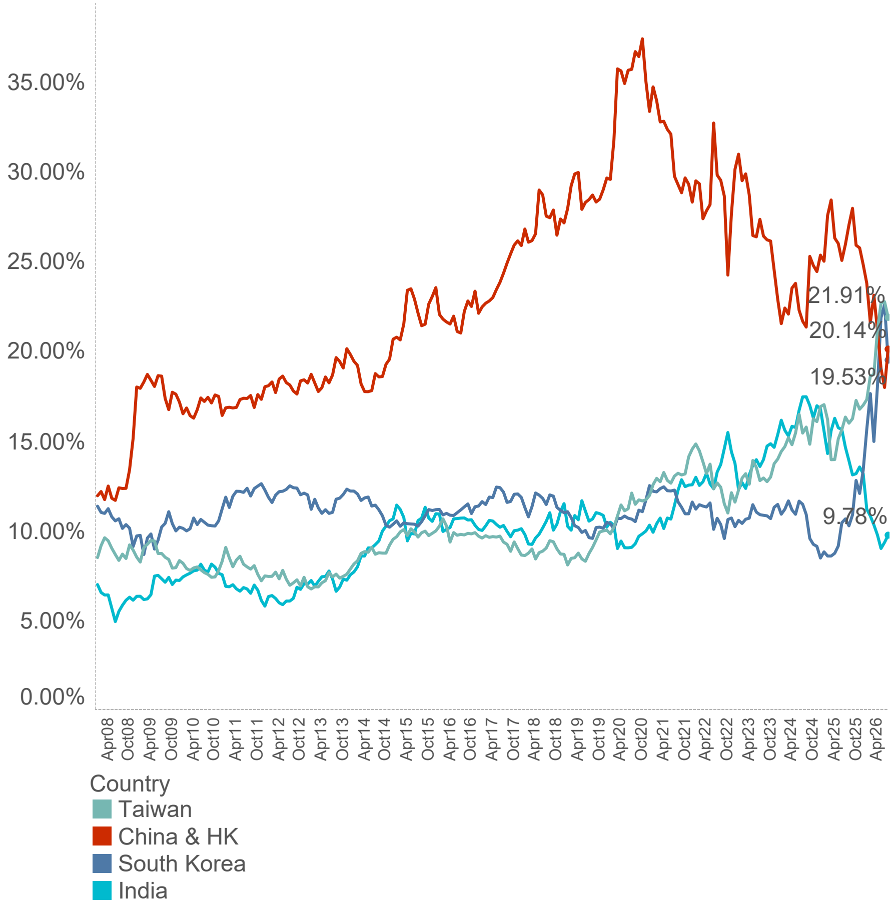
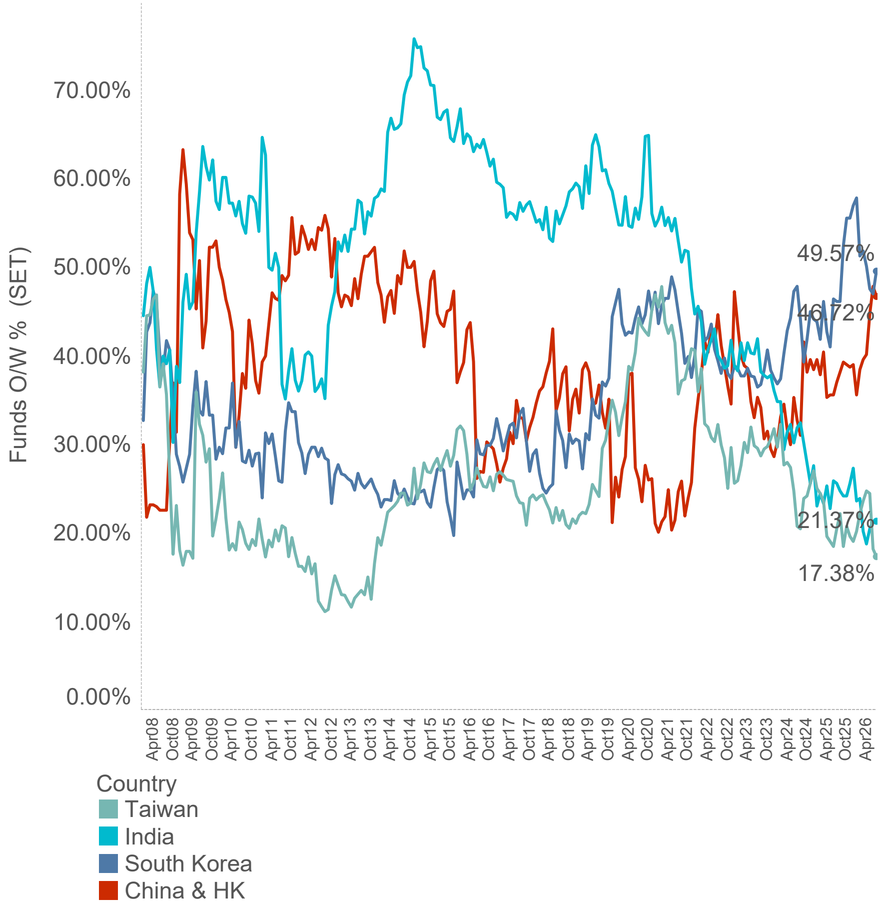


Chart 4: EM Big 4 Country Relative Positioning
Funds Overweight - time-series



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Country Rotation

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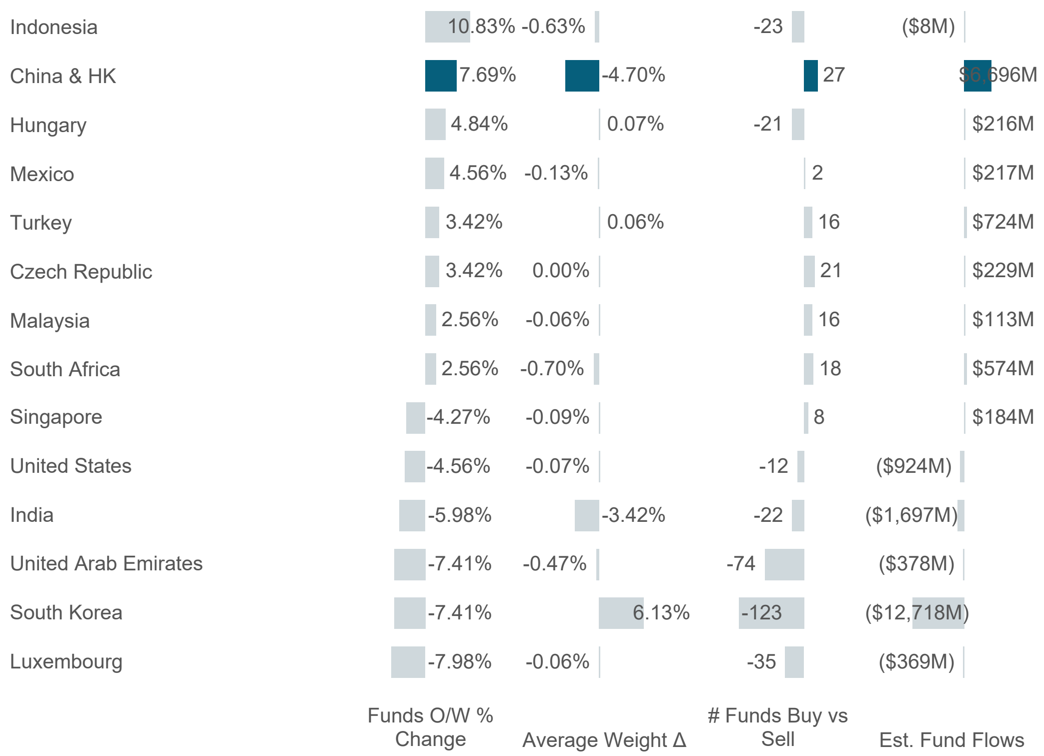
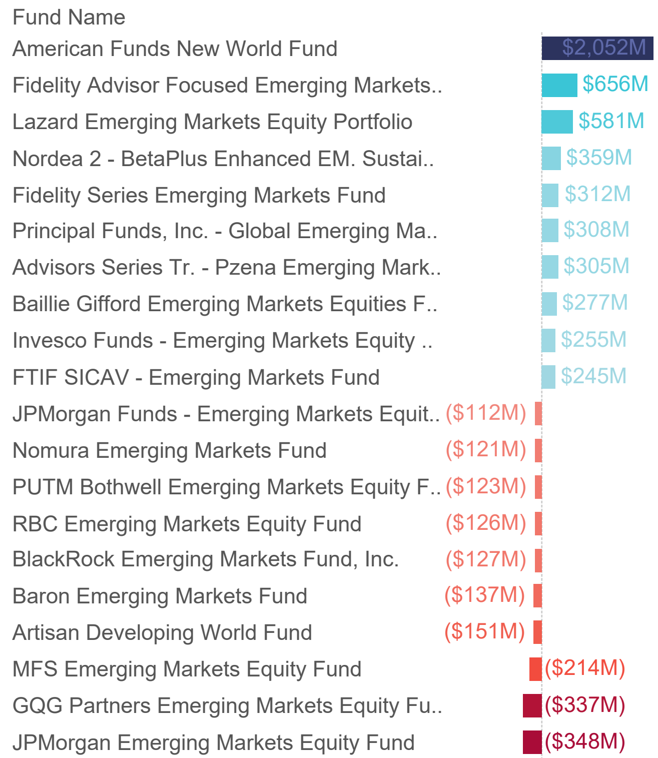
Despite China & HK's average weight fall of 4.7% over the seven months to July, a net 27 more funds added than trimmed, net estimated flows turned positive at $6.7bn and 7.7% of funds switched to overweight — the second-largest improvement in funds o/w of any country, behind only Indonesia. South Korea shows the opposite pattern: weight rose 6.13% even as 123 more funds sold than bought and $12.7B left the market - a clearer sign of selling in to strength as you'll see. American Funds New World Fund led the buying in China with a $2.05B increase; JP Morgan EM Equity the largest seller, selling down $348M.

Chart 5: Largest Changes in Country Positioning
Change in funds O/W, average weight, net buy/sell and est. fund flows*



*Between 12/31/2025 and 7/31/2026

Chart 6: Funds with the Largest Increases in China & HK Weight
Change in Fund Weight*



*Between 12/31/2025 and 7/31/2026

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Sector Exposure

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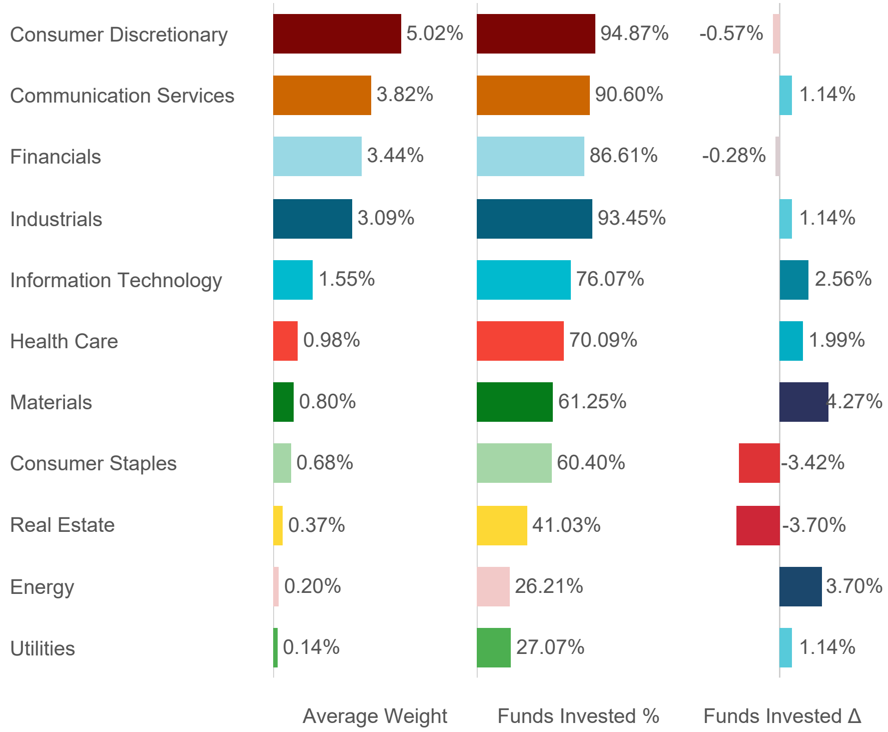
Consumer Discretionary remains China & HK's largest sector exposure at 5.02% average weight and 94.87% of funds invested, though ownership has drifted slightly lower this year. Materials (+4.27% funds invested), Information Technology (+2.56%) and Health Care (+1.99%) have all gained participation, while Real Estate (-3.70%) and Consumer Staples (-3.42%) continue to lose it — Real Estate ownership is now close to an all-time low. The shift favours China's hard-technology and advanced-manufacturing complex — semiconductor equipment, batteries and biotech — over the property and defensive-consumer names that led the last cycle.

Chart 7: Largest Sector Exposures

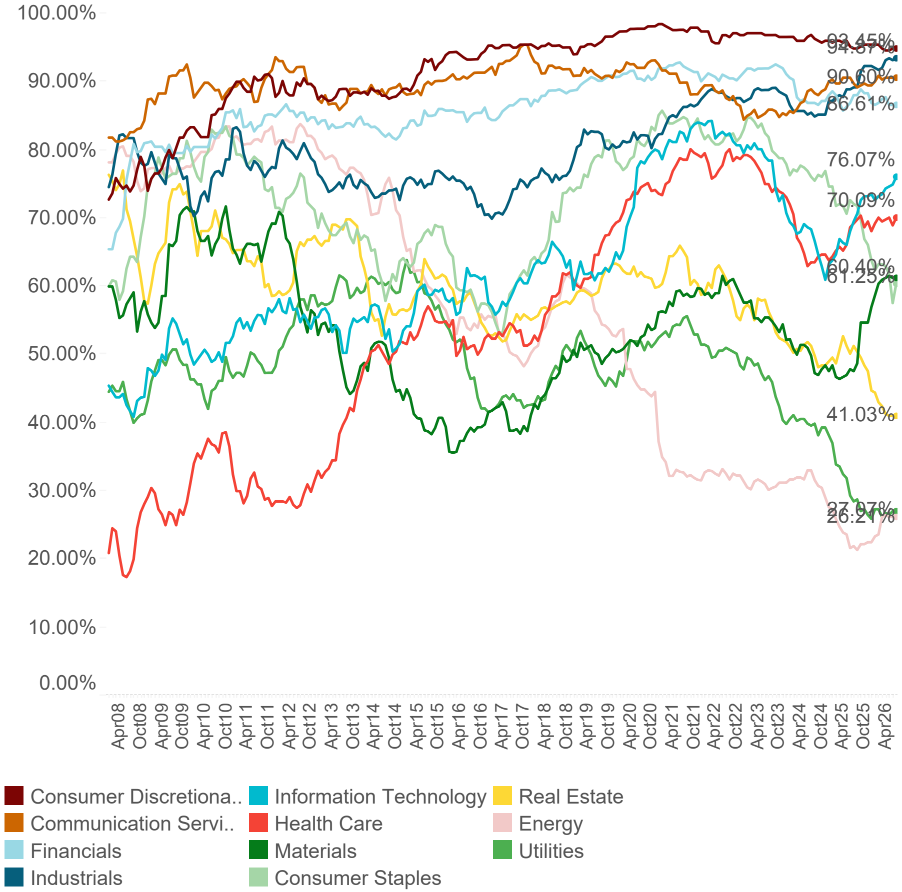
China & HK Sector: Average fund weights / Funds Invested / Funds Invested Change* per Country



*Between 12/31/2025 and 7/31/2026

Chart 8: China & HK Sector Ownership Evolution

Funds Invested per Sector



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Value managers carry the largest China & HK exposure of any style group, averaging 24.82% against 22.55% for Yield and just 17.62% for GARP. The Style Evolution chart shows Value's overweight versus EEM swinging from a trough near -12% in late 2020 to +3.50% today - the sharpest rebound of any style, and currently the largest positive tilt in the group. Yield is the only other style running an overweight, at +1.23%, while Growth, Aggressive Growth and GARP all remain underweight. The holdings distribution is centred around the 17% to 25% range, where 65% of the EM managers in our analysis reside.

Chart 9: Clustering and Extremes in China & HK Exposures
Histogram of fund weights - colour represents fund style

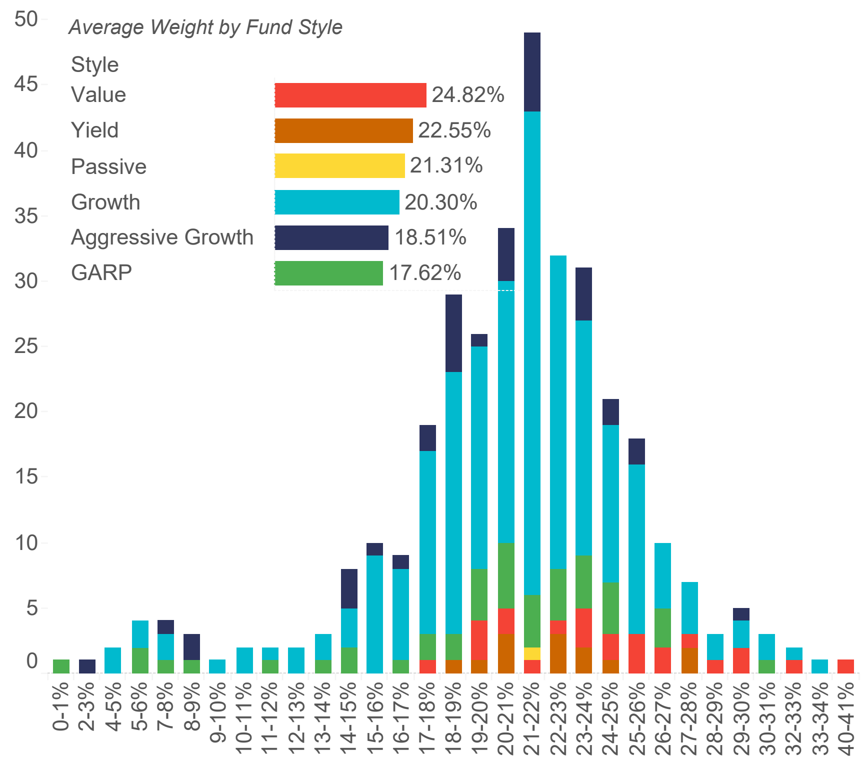
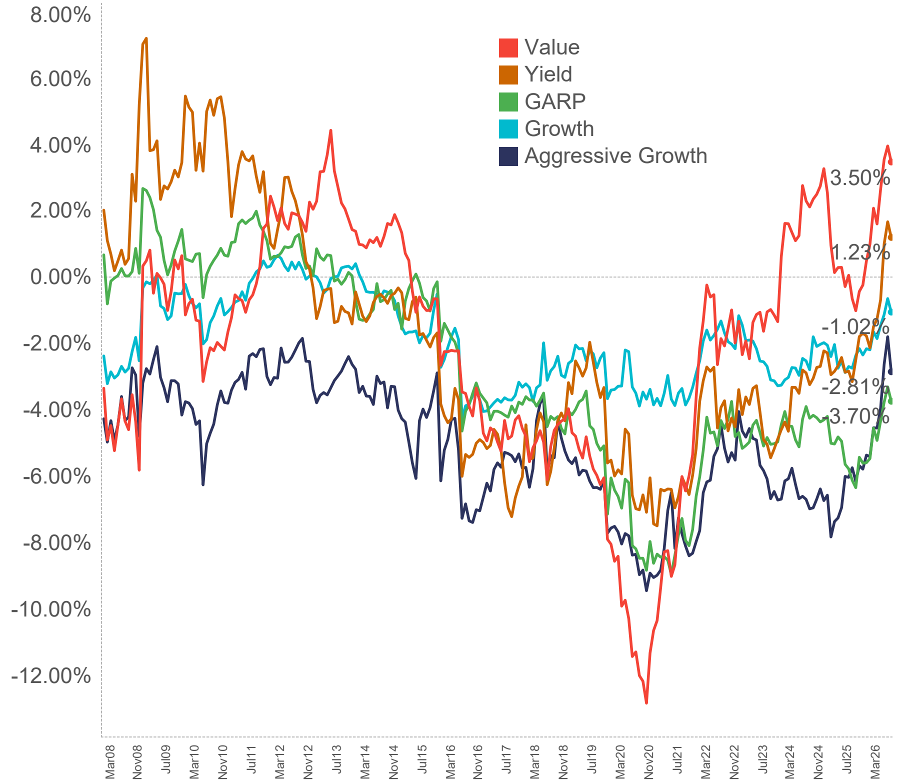


Chart 10: China & HK Style Evolution Over Time
Average Weight vs EEM by Fund Style, Time-Series



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Top Investors

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Polunin Funds - Developing Countries carries the largest China & HK weight in the peer group at 40.71%, spread across 74 holdings, while Oaktree's Emerging Markets Equity fund runs a more concentrated 33.53% across 27 names. The style mix among the top China bulls is more mixed than the aggregates might suggest, with some of the largest allocators in the Growth camp despite the net underweight.

Chart 11: Funds with the Largest China & HK Portfolio Weight
Latest fund weights and number of holdings per fund.

Fund Name	Style	Market Cap Focus	Active Category	ESG	Fund Weight	# Stocks Held
Polunin Funds - Developing Countries	Value	Blend	High Active	Non-ESG	40.71%	74
Oaktree (Lux.) Funds - Emerging Markets Equity	Growth	Large/Megacap	Mid Active	Non-ESG	33.53%	27
VP Bank Risk Optimised ESG Eq. Fd. - Emerging Markets Equities	Growth	Large/Megacap	Mid Active	ESG	32.79%	29
Neuberger Emerging Markets Equity Fund	Value	Blend	High Active	Non-ESG	32.06%	13
Brookfield Invt. Funds - Oaktree Emerging Markets Equity Fund	Growth	Large/Megacap	Mid Active	Non-ESG	30.80%	26
Nordea 1 - Stable Emerging Markets Equity Fund	GARP	Large-cap	Mid Active	Non-ESG	30.29%	28
UBS Investment Funds ICVC - Global Emerging Markets Equity	Growth	Large-cap	Mid Active	Non-ESG	30.06%	20
BL - Equities Emerging Markets	Aggressive Growth	Large/Megacap	Mid Active	Non-ESG	29.74%	18
PIMCO RAE Emerging Markets Fund	Value	Large-cap	High Active	Non-ESG	29.45%	84
Advisors Series Tr. - Pzena Emerging Markets Value Fund	Value	Large-cap	High Active	Non-ESG	29.45%	19
Fidelity Funds SICAV - Emerging Markets Equity ESG Fund	Growth	Large/Megacap	Mid Active	ESG	29.45%	16
Brown Advisory Emerging Markets Select Fund	Growth	Large/Megacap	Low Active	Non-ESG	29.43%	34
Vontobel Fund II - MTX Sustainable Emerging Markets Leaders X	Growth	Large/Megacap	Mid Active	ESG	28.79%	14
Orbis SICAV - Emerging Markets Equity Fund	Value	Large/Megacap	High Active	Non-ESG	28.74%	9
DWS Invest - ESG Global Emerging Markets Equities	Growth	Large/Megacap	Mid Active	ESG	28.31%	26
JPMorgan Fund ICVC - Emerging Markets Income Fund	Yield	Large/Megacap	Mid Active	Non-ESG	27.93%	24
JPMorgan Funds - Emerging Markets Dividend Fund	Yield	Large/Megacap	Mid Active	Non-ESG	27.92%	24
KBI Funds ICAV - Emerging Markets Equity Fund	Growth	Large/Megacap	Mid Active	Non-ESG	27.60%	27
Omnis Portfolio Investments ICVC - Global EM Equity Lead. Fund	Growth	Large/Megacap	Mid Active	Non-ESG	27.42%	16
Virtus NFJ Emerging Markets Value Fund	Value	Large/Megacap	Low Active	Non-ESG	27.25%	24
LO Funds - Emerging High Conviction	Growth	Large/Megacap	Mid Active	Non-ESG	27.18%	19
JSS Investmentfonds - Systematic Equity Emerging Markets	Growth	Large/Megacap	Mid Active	Non-ESG	27.12%	38
AB SICAV I - Emerging Markets Low Volatility Equity Portfolio	GARP	Large/Megacap	Mid Active	Non-ESG	26.86%	19
Allianz Global Investors Fund - Emerging Markets Equity SRI	GARP	Large/Megacap	Low Active	ESG	26.84%	57
Polar Capital Funds Plc - Emerging Market Stars Fund	Growth	Large/Megacap	Mid Active	ESG	26.53%	16
Invesco Developing Markets Fund	Growth	Large/Megacap	Mid Active	Non-ESG	26.49%	18
Sparinvest Value Emerging Markets	Value	Large/Megacap	Mid Active	Non-ESG	26.26%	16
AB FCP I - Emerging Markets Growth Portfolio	Growth	Large/Megacap	Mid Active	Non-ESG	26.22%	24
Artemis Investment Funds ICVC - Global Emerging Markets	GARP	Large/Megacap	Mid Active	Non-ESG	26.13%	30
Pzena Value Funds Plc - Emerging Markets Focused Value Fund	Value	Large/Megacap	High Active	Non-ESG	26.08%	18

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Stock Holdings & Activity

Tencent and Alibaba remain the anchor holdings, held by 82.34% and 78.06% of funds respectively, with CATL now the third most widely owned name at 64.10%, up from a standing start in 2019. The largest ownership gains sit in semiconductor equipment and AI infrastructure — NAURA Technology (+8.55%), Zhongji Innolight (+7.98%), Advanced Micro-Fabrication Equipment (+6.27%), alongside a $1.7B inflow into CATL, the largest dollar increase in the market. On the negative side, funds have been closing positions in the post-reopening winners: Trip.com (-15.95%, -$907M), Xiaomi (-12.25%), Tencent Music (-10.83%) and Meituan (-8.55%).

Chart 12: China & HK Popular Stock Holdings

Aggregate Stock Ownership Data [ranked by most widely held]

Ticker	Stock Name	Funds Invested ..	Average Weight %	Holder Ave. Wgt	Ave Wgt vs Bmark	Fund AUM $
700-HK	Tencent Holdings Ltd.	82.34%	2.87%	3.98%	-0.26%	$19,535M
9988-HK	Alibaba Group Holding Ltd.	78.06%	1.74%	3.12%	-0.35%	$10,770M
300750-CN	Contemporary Amperex Tec..	64.10%	0.99%	1.10%	0.86%	$6,277M
2318-HK	Ping An Insurance (Group) C..	50.71%	0.58%	1.64%	0.17%	$3,470M
NTESF-US	NetEase, Inc.	48.43%	0.51%	1.21%	0.12%	$4,131M
939-HK	China Construction Bank Cor..	41.31%	0.55%	1.70%	-0.28%	$3,513M
9961-HK	Trip Com Group Ltd	38.46%	0.26%	1.01%	0.03%	$1,680M
1299-HK	AIA Group Limited	36.47%	0.53%	1.99%	0.53%	$3,925M
BIDU-US	Baidu Inc Sponsored ADR Cl..	30.77%	0.21%	1.26%	-0.02%	$1,590M
1211-HK	BYD Company Limited Class..	27.92%	0.21%	0.88%	-0.16%	$1,350M
9618-HK	JD.com, Inc. Class A	27.64%	0.22%	1.11%	-0.09%	$1,234M
3968-HK	China Merchants Bank Co., ..	26.78%	0.20%	1.03%	0.00%	$1,192M
000333-CN	Midea Group Co. Ltd. Class A	26.21%	0.25%	1.07%	0.23%	$2,311M
1810-HK	Xiaomi Corp. Class B	25.93%	0.13%	0.88%	-0.39%	$670M
2899-HK	Zijin Mining Group Co., Ltd. ..	25.64%	0.21%	0.57%	-0.01%	$1,263M
YUMC-US	Yum China Holdings, Inc.	24.50%	0.15%	1.08%	0.02%	$978M
1398-HK	Industrial and Commercial B..	24.50%	0.18%	1.34%	-0.34%	$839M
3690-HK	Meituan Class B	24.22%	0.14%	1.44%	-0.35%	$943M
PDD-US	Pinduoduo, Inc. Sponsored ..	23.36%	0.15%	0.96%	-0.27%	$901M
2328-HK	PICC Property & Casualty C..	22.79%	0.16%	0.65%	0.04%	$1,486M
175-HK	Geely Automobile Holdings L..	22.79%	0.14%	0.63%	0.00%	$540M
2359-HK	WuXi AppTec Co., Ltd. Class..	21.08%	0.14%	0.52%	0.07%	$1,003M
2020-HK	ANTA Sports Products Ltd.	21.08%	0.14%	0.84%	0.03%	$598M
002371-CN	NAURA Technology Group ..	20.80%	0.20%	0.55%	0.16%	$1,128M
992-HK	Lenovo Group Limited	20.51%	0.18%	0.76%	-0.01%	$1,159M
1801-HK	Innovent Biologics, Inc.	20.23%	0.08%	0.45%	-0.05%	$649M
300124-CN	Shenzhen Inovance Technol..	19.94%	0.13%	0.89%	0.12%	$1,101M
2628-HK	China Life Insurance Co. Ltd...	19.66%	0.10%	0.85%	-0.14%	$887M
6160-HK	BeiGene Ltd	19.37%	0.09%	0.53%	-0.08%	$1,062M
2269-HK	Wuxi Biologics (Cayman) Inc.	19.09%	0.11%	0.82%	-0.04%	$350M

Chart 13: China & HK Stock Rotation

Largest changes in fund ownership*

Ticker	Stock Name	Funds Invested % Δ	Ave Wgt % Δ	Fund Flows, $
002371-CN	NAURA Technology Group Co Ltd ..	8.55%	0.10%	$409M
300308-CN	Zhongji Innolight Co., Ltd. Class A	7.98%	0.06%	$255M
9901-HK	New Oriental Education & Technol..	7.12%	0.02%	$75M
300750-CN	Contemporary Amperex Technolog..	6.27%	0.12%	$1,696M
688012-CN	Advanced Micro-Fabrication Equip..	6.27%	0.08%	$154M
966-HK	China Taiping Insurance Holdings ..	4.84%	0.01%	$60M
1801-HK	Innovent Biologics, Inc.	4.56%	0.02%	$226M
ZTO-US	ZTO Express (Cayman), Inc. Spon..	4.56%	0.01%	$35M
YUMC-US	Yum China Holdings, Inc.	4.56%	-0.01%	$74M
688008-CN	Montage Technology Co., Ltd. Cla..	4.27%	0.04%	($101M)
002463-CN	WUS PRINTED CIRCUIT (KUNSH..	4.27%	0.02%	$122M
000792-CN	Qinghai Salt Lake Industry Co., Ltd..	4.27%	0.01%	$92M
BIDU-US	Baidu Inc Sponsored ADR Class A	3.99%	-0.03%	$541M
000338-CN	Weichai Power Co., Ltd. Class A	3.99%	0.03%	$323M
992-HK	Lenovo Group Limited	3.70%	0.12%	$178M
9626-HK	Bilibili, Inc. Class Z	-3.42%	-0.02%	$1M
300760-CN	Shenzhen Mindray Bio-Medical Ele..	-3.70%	-0.05%	$10M
1109-HK	China Resources Land Limited	-3.70%	0.01%	$116M
ATHM-US	Autohome, Inc. Sponsored ADR Cl..	-3.70%	0.00%	($4M)
QFIN-US	360 DigiTech, Inc. ADR Class A	-4.27%	-0.01%	($11M)
NTESF-US	NetEase, Inc.	-4.27%	-0.13%	$449M
PDD-US	Pinduoduo, Inc. Sponsored ADR C..	-4.56%	-0.13%	($873M)
YMM-US	Full Truck Alliance Co. Ltd. Sponso..	-4.84%	-0.07%	($360M)
1024-HK	Kuaishou Technology Class B	-5.41%	-0.05%	($40M)
2328-HK	PICC Property & Casualty Co., Ltd...	-6.84%	-0.05%	$113M
9992-HK	Pop Mart International Group Limit..	-7.12%	-0.04%	($54M)
3690-HK	Meituan Class B	-8.55%	-0.11%	($595M)
TME-US	Tencent Music Entertainment Grou..	-10.83%	-0.11%	($331M)
1810-HK	Xiaomi Corp. Class B	-12.25%	-0.20%	($589M)
9961-HK	Trip Com Group Ltd	-15.95%	-0.37%	($907M)

*Between 12/31/2025 and 7/31/2026

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Fund-Level Stock Positioning

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Tencent dominates individual positions too, led by Baillie Gifford Overseas Growth & Emerging Markets at 7.39% of the fund. The more distinctive bets sit outside Tencent: Vaughan Nelson's largest position is Alibaba at 9.14%, Overstone's 6.54% holding in China Mengniu and Orbis EM's 8.86% holding in Jardine Matheson Holdings all stand out. Vaughan Nelson stands out for opening three large new positions over the period in Alibaba, NAURA Technology and CATL, while Alibaba has seen decent-sized closures from TT, Neuberger and PIMCO RAE.

Chart 14: Funds with the Largest China & HK Stock Positions

Largest stock-level fund weights

Fund Name	Stock Name	Fund Weight, %
Vaughan Nelson Emerging Markets Fund	Alibaba Group Holding Ltd.	9.14%
Hirtle Callaghan Emerging Markets Portfolio	Xtrackers Harvest CSI 300 China A-S..	9.05%
Orbis SICAV - Emerging Markets Equity Fund	Jardine Matheson Holdings Limited	8.86%
Baillie Gifford Overseas Growth Fund - Emer...	Tencent Holdings Ltd.	7.39%
Polen Capital Invts. Funds plc - Emerging Ma..	Contemporary Amperex Technology C..	7.33%
Skagen Kon Tiki	Ping An Insurance (Group) Company ..	7.27%
Overstone Fund PLC - Emerging Markets Eq..	China Mengniu Dairy Co., Ltd.	6.54%
Ashmore Emerging Markets Active Equity Fu..	Tencent Holdings Ltd.	6.11%
Flossbach von Storch - Global Emerging Mar..	Tencent Holdings Ltd.	6.08%
Overstone Fund PLC - Emerging Markets Eq..	Alibaba Group Holding Ltd.	5.93%
Handelsbanken Tillvaextmarknad Tema	Tencent Holdings Ltd.	5.89%
Polar Capital Funds Plc - Emerging Market St..	Tencent Holdings Ltd.	5.88%
JOHCM Emerging Markets Opportunities Fund	Tencent Holdings Ltd.	5.73%
Artisan Developing World Fund	Tencent Holdings Ltd.	5.67%
DWS Invest - ESG Global Emerging Markets ..	Tencent Holdings Ltd.	5.65%
Alquity SICAV - Future World Fund	Tencent Holdings Ltd.	5.57%
Ashmore SICAV - Emerging Markets Equity E..	Tencent Holdings Ltd.	5.56%
SELECT EQUITIES - Schroder Global Emerg..	Tencent Holdings Ltd.	5.51%
First Sentier Invts ICVC - FSSA Global Emer..	Tencent Holdings Ltd.	5.50%
Nordea 1 SICAV - Emerging Stars Equity Fund	Tencent Holdings Ltd.	5.48%
Skagen Kon Tiki	JD.com, Inc. Class A	5.36%
UBS Investment Funds ICVC - Global Emergi..	Tencent Holdings Ltd.	5.35%
Virtus SGA Emerging Markets Equity Fund	Tencent Holdings Ltd.	5.29%
ClearBridge Emerging Markets Fund	Tencent Holdings Ltd.	5.27%
Schroder ISF - Global Emerging Market Oppo..	Tencent Holdings Ltd.	5.24%
Edmond de Rothschild Fund - Strategic Emer..	Tencent Holdings Ltd.	5.22%
Orbis SICAV - Emerging Markets Equity Fund	NetEase, Inc.	5.20%
BNY Mellon Emerging Markets Fund	Tencent Holdings Ltd.	5.18%
Pro Fonds (Lux) - Emerging Markets Fund	Tencent Holdings Ltd.	5.18%
Ashmore Emerging Markets Equity Fund	Tencent Holdings Ltd.	5.17%

Chart 15: China & HK Stock Rotation

Largest changes in fund-level stock weight*

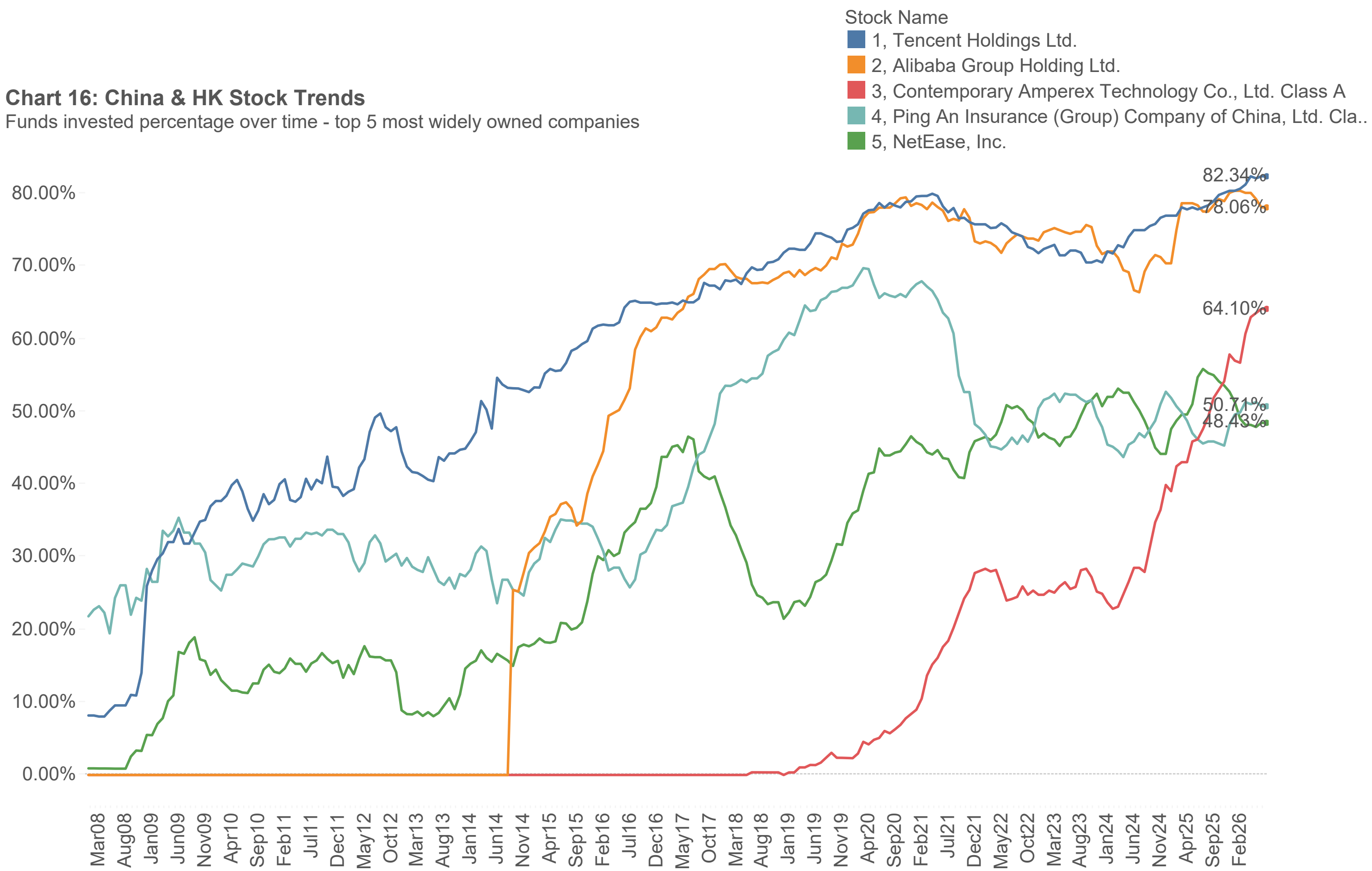
Fund Name	Stock Name	New or Closed	Fund Weight Change
Vaughan Nelson Emerging Markets Fund	Alibaba Group Holding Ltd.	New	9.14%
Eastspring Investments - Global Emerging Mar..	Tencent Holdings Ltd.	New	4.80%
Alquity SICAV - Future World Fund	Hesai Group Class B	New	4.70%
Vaughan Nelson Emerging Markets Fund	NAURA Technology Group Co ..	New	4.43%
Vaughan Nelson Emerging Markets Fund	Contemporary Amperex Techn..	New	3.88%
Danske Invest Emerging Markets Equity Fund ..	Tencent Holdings Ltd.	New	3.82%
Polen Emerging Markets Growth Fund	Tencent Holdings Ltd.	New	3.67%
Neuberger Emerging Markets Equity Fund	China Resources Land Limited	New	3.63%
Morgan Stanley Invt. Fds. - Emerging Leaders ..	Tencent Holdings Ltd.	New	3.33%
Walter Scott Emerging Markets Fund	Contemporary Amperex Techn..	New	3.31%
Seafarer Overseas Growth & Income Fund	NARI Technology Co., Ltd. Cla..	New	3.28%
WCM Focused Emerging Markets Fund	Jiangsu Zhongtian Technology ..	New	3.16%
Virtus Emerging Markets Opportunities Fund	Industrial and Commercial Ban..	New	3.00%
Mobius SICAV - Emerging Markets Fund	Atour Lifestyle Holdings Ltd. Sp..	New	2.97%
John Hancock Emerging Markets Equity Fund	NAURA Technology Group Co ..	New	2.96%
UBS Global Emerging Markets Opportunity Fu..	Tencent Holdings Ltd.		-3.66%
LO Funds - Emerging High Conviction	Tencent Holdings Ltd.		-3.67%
Axiom Investors Trust - Emerging Markets	Tencent Holdings Ltd.		-3.69%
John Hancock Emerging Markets Equity Fund	Tencent Holdings Ltd.		-3.74%
PIMCO RAE Emerging Markets Fund	Alibaba Group Holding Ltd.	Close	-3.77%
Liontrust Investment Funds II - Emerging Mark..	Tencent Holdings Ltd.		-3.78%
PGIM Jennison Emerging Markets Equity Opp..	Tencent Holdings Ltd.		-3.94%
Neuberger Emerging Markets Equity Fund	Alibaba Group Holding Ltd.	Close	-4.14%
AB FCP I - Emerging Markets Growth Portfolio	Tencent Holdings Ltd.		-4.21%
Jupiter Asset Mgmt. Series Plc - Global EM Fo..	Tencent Holdings Ltd.		-4.42%
Aubrey Capital Mgmt. Access Fund - Global E..	Tencent Holdings Ltd.		-4.53%
Quilter Investors OEIC - Emerging Markets Eq..	Tencent Holdings Ltd.		-5.35%
Mobius SICAV - Emerging Markets Fund	Trip Com Group Ltd	Close	-5.52%
TT International Funds Plc - Sustainable EM E..	Alibaba Group Holding Ltd.	Close	-5.55%
AB SICAV I - Emerging Markets Low Volatility ..	Tencent Holdings Ltd.		-6.33%

*Between 12/31/2025 and 7/31/2026

China & HK: The Long Road Back

Tencent (82.34%) and Alibaba (78.06%) both sit close to their historical ownership highs, having recovered most of the ground lost during the 2021-22 regulatory crackdown. CATL's rise is the standout structural story, moving from negligible ownership before 2019 to 64.10% today as it has become the default EM proxy for battery and EV supply chains. Ping An and Netease have remained in a tight ownership band of between 40% and 55% for the past 5-years.

Chart 16: China & HK Stock Trends
Funds invested percentage over time - top 5 most widely owned companies



China & HK: The Long Road Back

August 15, 2026

Stock Trends - Repositioning

COPLEY FUND RESEARCH

NAURA Technology and Zhongji Innolight have built ownership from close to zero over the past two years into the high-teens to mid-20s range. New Oriental is a re-accumulation trade in a sector heavily sold down after 2021, while Yum China Holdings moves to the top of its 3 year ownership range. Trip.com, Xiaomi, Tencent Music and Meituan have all fallen well off their peaks after multi-year periods as some of the more popular names in EM.

Chart 17: China & HK Stocks With Positive Rotation This Year
Funds Invested Time-Series

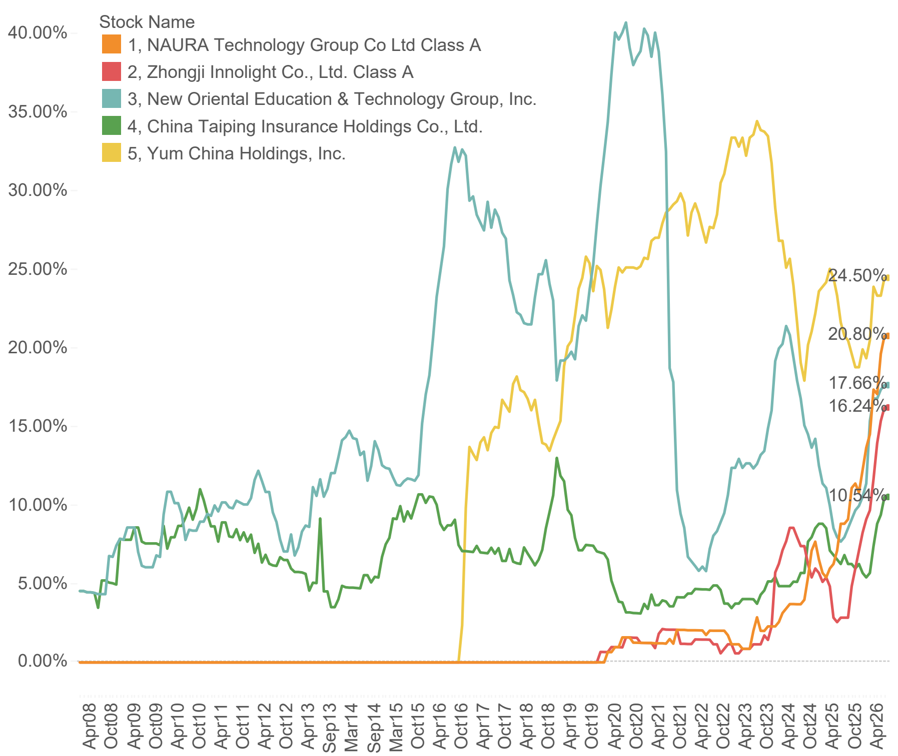
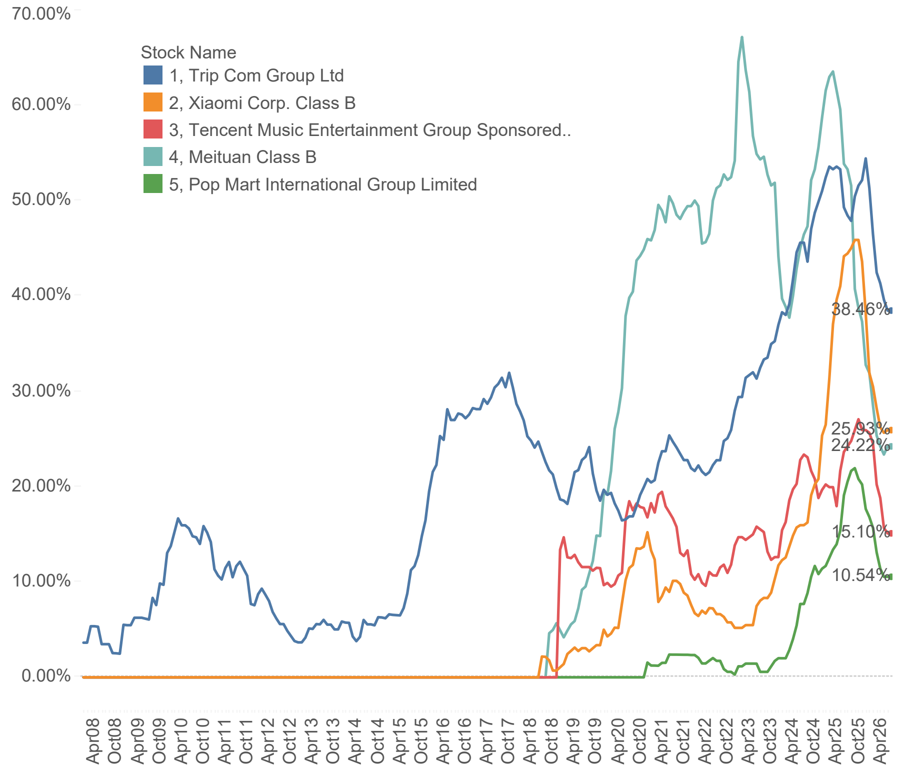


Chart 18: China & HK Stocks With Negative Rotation This Year
Funds Invested Time-Series



China & HK: The Long Road Back

Advanced Micro-Fabrication Equipment has gone from effectively unowned to 17.38% of funds invested in just 3 years, alongside Bank of Ningbo, Cambricon Technologies, China Pacific Insurance and China Resources Mixc Lifestyle - a cohort with almost no ownership history in these portfolios before 2020. Sinopec and China Shenhua Energy have fallen furthest from peak ownership as the state-owned energy names that dominated the 2008-2013 commodity supercycle continue to unwind, alongside Meituan and JD.com, both well off their post-reopening peaks. CNOOC's collapse to near-zero is separate: a 2021 US investment ban forced divestment by US-linked funds. Between the two charts, the rotation out of old-economy state enterprises and post-reopening winners and into semiconductor equipment is a clear expression of how the China thesis has changed.

Chart 19: China & HK Rising Stars
Record Positioning - held by more than 5% and less than 20% of funds. Funds Invested %

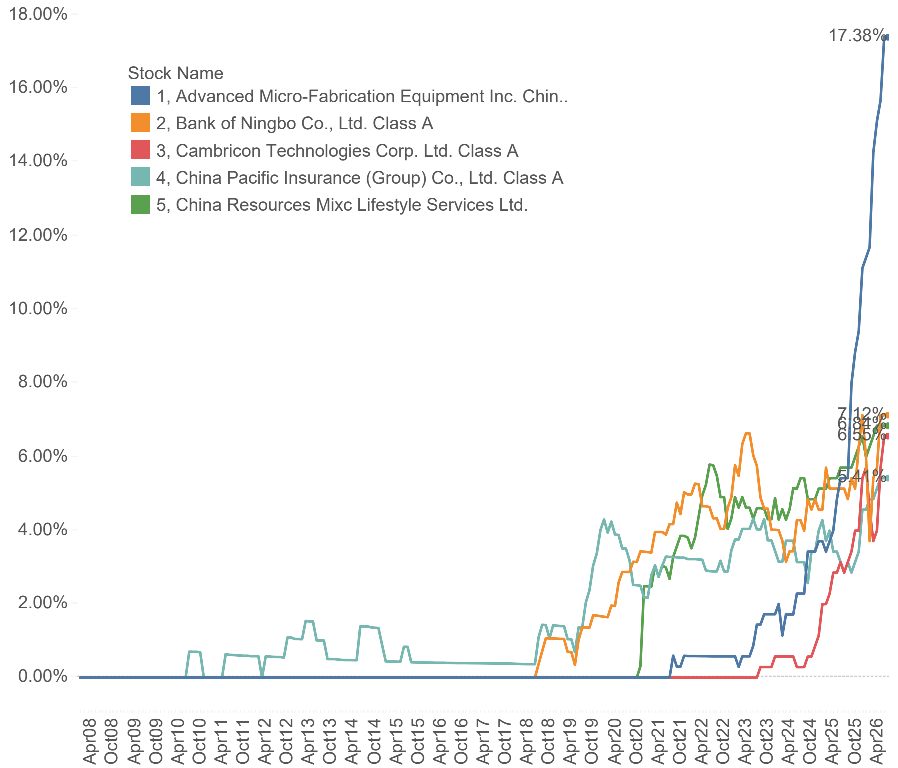
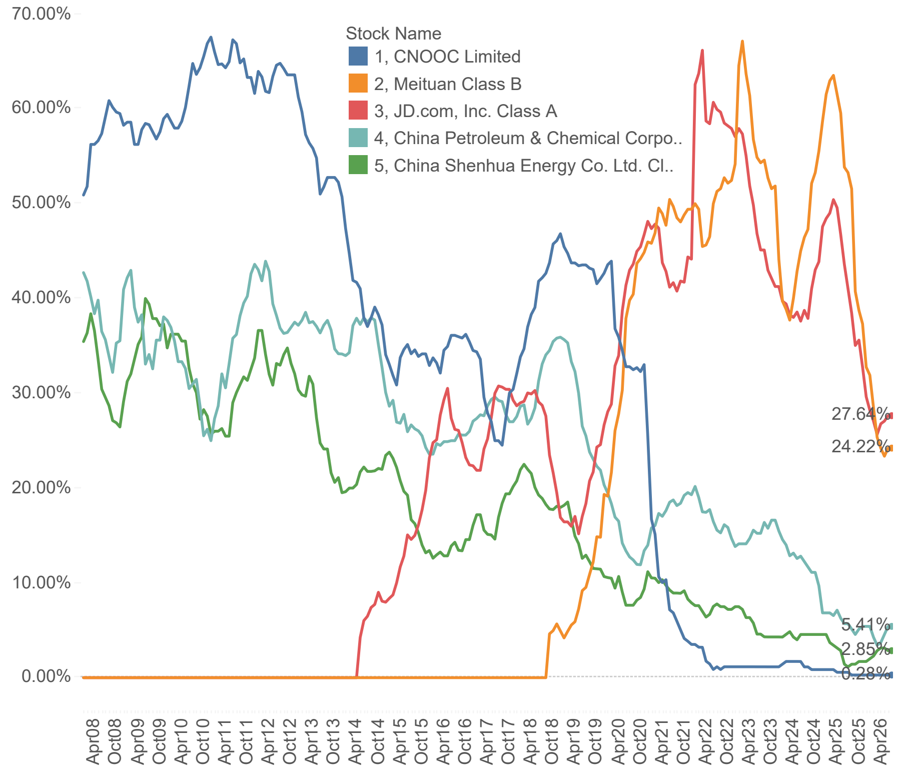


Chart 20: China & HK Fallen Angels
Largest Declines from Max Ownership. Funds Invested %



Summary & Conclusions

It is difficult to overstate China & HK’s readjustment within the EM investment landscape. Having been so dominant for so long, to now sit broadly in line with South Korea and Taiwan would have been almost unimaginable five years ago, when China was at its zenith. The Ownership Cycle chart opposite shows blended positioning — absolute and index-relative — towards the middle of its historical range, with low absolute weights offset by rising relative positioning. Momentum is now net positive, with the large declines in absolute weight giving way to net inflows and more buyers than sellers this year. Our data is fairly unequivocal: active EM managers are not exiting China; they are selectively rotating into this market dislocation.

Value managers have led the way, with the style’s average overweight swinging from -12% in 2022 to +3.5% today — the sharpest style move in the market. A growing share of active managers are running overweight positions even as headline weights remain depressed. In other words, they are buying into weakness, and the data supports that.

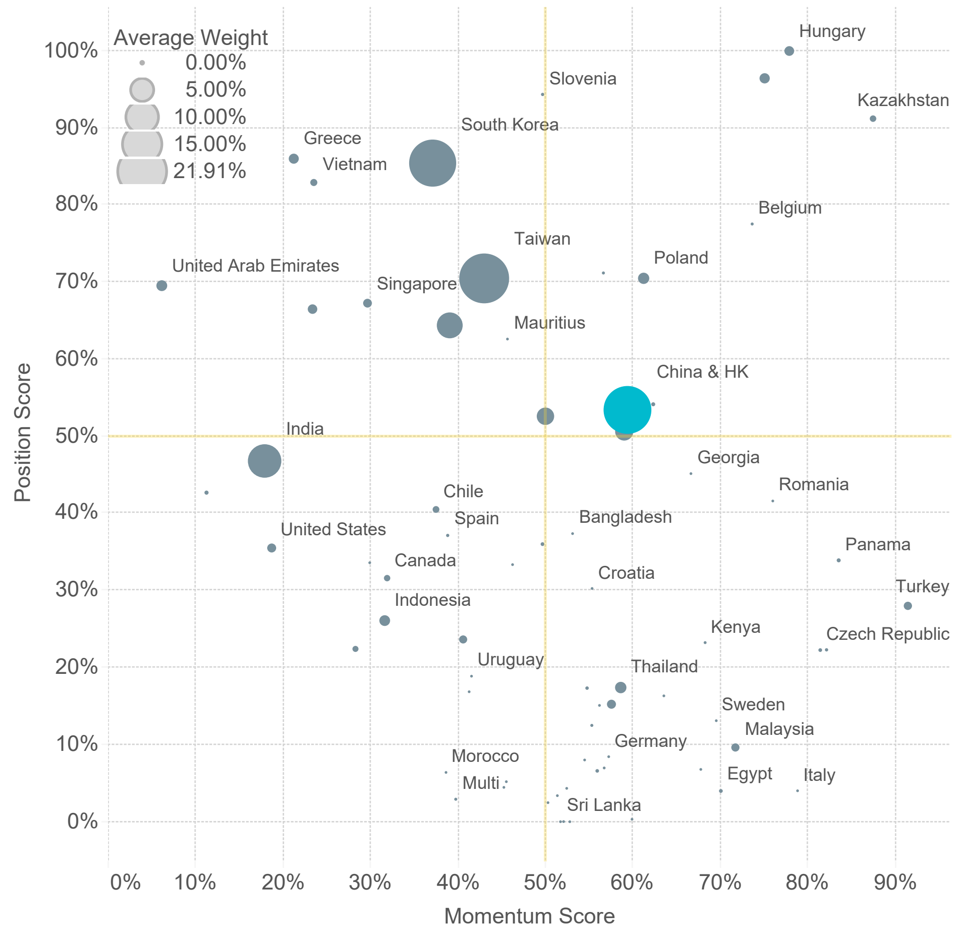
The composition of the buying may matter more than the scale of it. Funds are exiting the post-reopening consumer-platform winners: Trip.com, Xiaomi, Meituan, Tencent Music, Pop Mart, while building new positions in semiconductor equipment and AI-infrastructure names that barely existed in portfolios a few years ago: NAURA Technology, Zhongji Innolight, Advanced Micro-Fabrication Equipment, Cambricon. Combined with the $1.7B added to CATL, the largest single flow in the market, this looks like a technology self-sufficiency trade funded in part by selling last cycle's winners.

Tencent and Alibaba sit apart from all of this: held by 82.34% and 78.06% of funds and close to their own historical ownership highs, neither features among the largest ownership moves anywhere in the rotation data. They have been the untouched core of the China thesis throughout the readjustment, but their weights remain well below those of TSMC and Samsung Electronics.

A simpler explanation may be diversification. Taiwan's weight is now largely a TSMC and supply-chain position; South Korea's is increasingly concentrated in two AI-memory names, Samsung Electronics and SK Hynix. Both look more like single-theme bets than broad country exposures. China & HK's ownership, spread across platforms, banks, EVs and now semiconductor equipment, is the more genuinely diversified way to hold EM large-cap risk, and the flow data suggests managers are treating it that way.

It's also worth stating plainly: China & HK carries roughly the same active weight today as Taiwan or South Korea individually, despite an economy and equity market several times the size of either - a gap that on its own might suggest the current order of play is temporary, not sustainable.

Chart 21: Country Ownership Cycles
Momentum Score between 12/31/2025 and 7/31/2026



The Ownership Cycle Grid plots long-term positioning (Y-axis, as a Z-score against history dating to September 2012) against short-term momentum (X-axis, capturing changes in average weight, funds invested and net buyers-to-sellers over the past 12 months). Bubble size reflects current average weight. Scores above 50% on either axis indicate above-average positioning or increasing ownership; scores near 100% indicate historical peaks.