Guotai Junan Greater China Growth Fund

*Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Oct 2026

國泰君安資產管理(亞洲)
GUOTAI JUNAN ASSETS (ASIA)

Important Information

Guotai Junan Greater China Growth Fund (The "Fund") may invest in listed securities of companies that derive a significant portion of their revenues from goods produced or sold, investments made or services performed in the Greater China region, which includes the People's Republic of China (PRC), the Hong Kong & Macau Special Administrative Regions and Taiwan.

The Fund may invest in the Greater China securities markets, which are emerging markets. As such, the Fund may involve a higher degree of risk and is usually more sensitive to price movements. The Fund may also be exposed to risks associated with the PRC market, small- and mid-capitalisation companies, and the concentration of investments in the Greater China region. As a result, the value of the Fund may experience significant volatility.

The value of the Fund can be volatile and could go down substantially within a short period of time.

The investment decision is yours. You should not invest unless the intermediary who sells this Fund to you has advised you that this Fund is suitable for you and has explained why, including how investing in it would be consistent with your investment objectives.

Investors should not make investment decisions based on this material alone. Please refer to the explanatory memorandum, including the risk factors involved.

Investment involves risks. The price of units of the Fund may go up as well as down. Past performance is not indicative of future performance. Investors should refer to the Fund's Explanatory Memorandum for details, including the risk factors, before making any investment decision.

The Manager may at its discretion pay dividends out of or effectively out of the capital of the Fund. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

Investment Objective and Investment Strategy

The Fund seeks to provide investors with medium to long term capital appreciation over time. The Manager intends to make investments primarily through a portfolio consisting of listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China (PRC), the Special Administrative Regions of Hong Kong and Macau and Taiwan.

Fund Facts

Manager	Guotai Junan Assets (Asia) Limited
Inception Date	19 Nov 2007
Domicile	Hong Kong
Trustee & Registrar	HSBC Institutional Trust Services (Asia) Limited
Auditor	Ernst & Young
Dealing Frequency	Each Hong Kong Business Day
Base Currency	Hong Kong Dollar
NAV	HKD 110.67
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

Source: Guotai Junan Assets (Asia) Limi Last update: 31 Oct 2026

Subscription and Redemption

Min. Initial Subscription	HKD 10,000
Subscription Fee	Up to 5%
Annual Management Fee	1.5% p.a.
Redemption Fee*	
Less than 6 mths	1%
6 mths or more but less than 12 mths	0.75%
12 mths or more but less than 18 mths	0.50%
18 mths or more but less than 24 mths	0.25%
24 mths or more	Waived

*Please refer to the Explanatory Memorandum for fee details

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^The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HKSAR

Fund Performance (Class A)[1, 2]

Calendar Year Performance	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
The Fund (%)	18.42	12.02	1.37	-6.99	-8.66	27.53	-16.33	13.85	42.28	-6.00	-19.49	-13.36	15.08	25.08
Hang Seng Total Return Index (%) [3]	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-0.29	-11.83	-12.54	-10.46	22.93	32.51

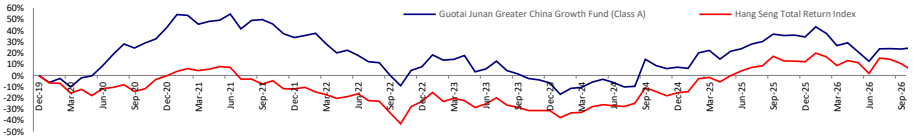
1. Calculated since 1 Jan 2012 2. Measured as of 31 Oct 2026. Source: Guotai Junan Assets (Asia) Limited

3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD	1 Yr	3 Yrs	5 Yrs
The Fund (%)	0.93	0.75	-3.46	-7.23	-8.05	28.08	-14.49
Hang Seng Total Return Index (%) [3]	-5.22	-9.24	-7.42	-6.53	-7.16	52.27	10.05

Last update: 31 Oct 2026 The performance is measured in NAV-to-NAV in fund currency with net income reinvested

Fund Performance (Since 2020)



Source: Guotai Junan Assets (Asia) Limited Last update: 31 Oct 2026

The performance is measured in NAV-to-NAV in fund currency with net income reinvested

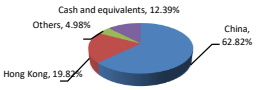
Top Five Holdings[4]

China Construction Bank-H	9.86%
China Mobile Ltd-H	8.93%
Hsbc Holdings Plc	8.66%
Ind & Comm Bk Of China-H	7.59%
Bank Of China Ltd-H	7.48%

Last update: 31 Oct 2026

4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

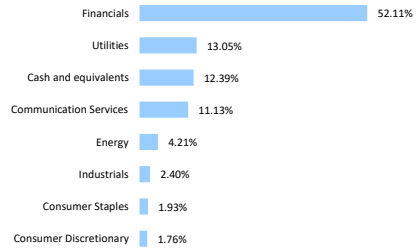
Exposure by Major Revenue Source[5]



Last update: 31 Oct 2026. Percentages may not add up to 100% due to rounding.

5. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Industry Allocation[6]



Last update: 31 Oct 2026. Percentages may not add up to 100% due to rounding.

6. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

Monthly Market Review and Outlook

Hong Kong equities extended their decline in October, marking a third consecutive monthly loss. The Hang Seng Index fell 5.36% to close at 23,294.42, while the Hang Seng Tech Index significantly underperformed, declining 11.73% to 3,754.90. More importantly, market dynamics shifted notably on the capital flow front. Southbound funds recorded a net outflow of approximately HKD 28.0 billion during the month, a sharp reversal from the HKD 60.8 billion net inflow seen in September and the largest monthly outflow since August 2021. The rare occurrence of 13 consecutive trading days of net selling suggests that the shift in Southbound investor behavior was a key factor behind the weakness in Hong Kong equities during October.

In September, Southbound investors broadly adopted a "buy-the-dip" approach as technology shares continued their correction, with the technology sector attracting approximately HKD 22.6 billion of net inflows. This was widely interpreted as a sign of confidence that valuations had reached attractive levels. October's reversal, however, challenged the notion that Southbound capital provides a reliable counter-cyclical support. As mark-to-market losses accumulated and global USD liquidity conditions tightened, capital outflows accelerated, particularly in the second half of the month. Over 13 trading days, Southbound investors sold approximately HKD 37.3 billion worth of Hong Kong equities, with names such as SMIC, Alibaba, Xiaomi, and Hua Hong Semiconductor experiencing varying degrees of net selling pressure. The fact that many of September's most actively purchased technology stocks became key selling targets in October suggests that a considerable portion of prior inflows represented tactical positioning rather than long-term strategic allocation. Meanwhile, Tencent continued to attract net inflows of HKD 5.9 billion, while AIA received approximately HKD 3.9 billion of net buying. This divergence highlights a broader rotation toward defensive assets, with investors favoring companies characterized by stronger cash flow visibility, shareholder return support through dividends or buybacks, and more resilient business models over higher-beta growth and semiconductor-related names.

On the domestic front, economic indicators showed signs of renewed weakness in October. Manufacturing PMI, which had briefly returned to expansion territory in September, fell back to 49.3, indicating contraction. Growth in industrial production slowed from 5.5% year-on-year in September to 4.8%, while retail sales growth decelerated further to 0.4% from 1.1%. Fixed asset investment also weakened, with the cumulative year-to-date decline widening to 8.1%. These figures contrasted sharply with the stabilization narrative that had emerged in September following stronger PMI data and policy support measures. The latest data suggest that September's improvement was driven largely by quarter-end seasonality and policy expectations rather than a sustained recovery in underlying domestic demand. Although high-tech manufacturing output grew 17.6% year-on-year and equipment manufacturing expanded 10.6%, the divergence between stronger strategic industries and weaker traditional sectors continued to widen. For Hong Kong equities, this implies that domestic macro fundamentals are unlikely to provide meaningful support against ongoing pressure from tighter global liquidity conditions and deteriorating investor sentiment in the near term.

Globally, the U.S. Federal Reserve left interest rates unchanged at its October meeting, maintaining the federal funds target range at 3.75%-4.00%, in line with market expectations. However, the decision was accompanied by increasing signs of internal policy divergence, as two voting members dissented in favor of a further 25-basis-point rate hike. Chair Jerome Powell emphasized that the pause was intended to allow policymakers to gather additional information rather than signal the end of the tightening cycle. Financial conditions, while tighter than before, were judged as not restrictive enough to ensure a timely return of inflation to target. As a result, markets continued to assign a high probability to an additional rate hike in December. For Hong Kong equities, this means valuation pressure from higher discount rates has not disappeared but merely shifted from certainty around realized hikes to uncertainty regarding the timing of future tightening. The sharp decline in the Hang Seng Tech Index reflects investors' sensitivity to interest rate uncertainty, as long-duration growth assets remain particularly vulnerable to shifts in rate expectations.

Geopolitical developments also remained a source of volatility. Negotiations surrounding the U.S.-Iran relationship made intermittent progress but repeatedly encountered obstacles. While shipping conditions in the Strait of Hormuz improved marginally and crude exports from Gulf producers recovered, security incidents persisted, including multiple attacks on commercial vessels during the month. Brent crude oil remained elevated within a range of approximately USD 100–115 per barrel, ending October near the upper end of that range. Persistently high oil prices have mixed implications for Hong Kong equities. On one hand, elevated energy costs support inflation expectations and reduce the Federal Reserve's flexibility to adopt a more dovish stance. On the other hand, rising transportation, insurance, and compliance costs are increasingly becoming a structural feature of global trade rather than a transitory shock. This poses additional challenges for logistics, industrial, and export-oriented companies listed in Hong Kong.

Looking ahead, the outlook for Hong Kong equities remains challenging. A meaningful improvement in geopolitical tensions and a consequent moderation in oil prices could provide temporary relief by easing inflation concerns and interest rate expectations. However, recent economic data suggest that domestic fundamentals are unlikely to become a meaningful driver of market recovery in the near term. Against a backdrop of shifting capital flow dynamics, subdued economic momentum, and unresolved external liquidity pressures, we do not believe conditions are yet in place for a broad-based market reversal. In this environment, defensive positioning remains preferable to pursuing cyclical beta. High-quality dividend-paying companies with stable cash flows continue to offer attractive defensive characteristics and may serve as core portfolio holdings. For November, investors should closely monitor three key themes: (1) market expectations regarding the Federal Reserve's policy trajectory, (2) developments in U.S.-Iran negotiations and their impact on oil prices, and (3) incoming Chinese economic data, particularly whether they continue to confirm the ongoing K-shaped divergence between high-growth strategic sectors and weaker traditional industries.

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