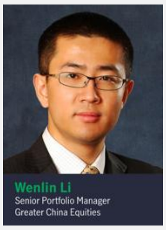


Greater China equities rallied strongly during the first three quarters of 2025, with the third quarter delivering solid gains, with upward earnings revisions. Heading into the final quarter of the year, we remain constructive, supported by the US Federal Reserve (the Fed) interest rate cutting cycle, Mainland's demand-side stimulus, potential strategic priorities in the 15th Five-Year Plan, continued recovery in corporate earnings and robust fund inflows. While tariffs remain one of the major risks, we think Mainland has sufficient ways to manoeuvre various scenarios with strong localisation and global capabilities.

Greater China Equities: Perspective for Q4 2025

Market review

Greater China equities rallied strongly in the first nine months of 2025, with the MSCI China Index + 42% and the MSCI Golden Dragon Index + 35%[1]. There was a notable rally during the third quarter, when offshore China equities, China A-share and Taiwan equities were up by +21%, +15%, and +13%, respectively[2]. Sectors, such as Chinese hardware, semiconductor, materials, and health care, outperformed with upward earnings revisions. Sectors where earnings results lagged included consumer discretionary, energy, utilities, etc. Furthermore, we observed sector rotations from defensive to growth-oriented areas in the third quarter of 2025.

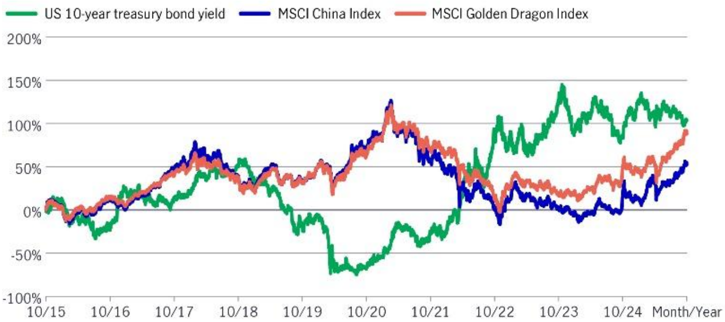
On the macro front, Mainland's first-half 2025 gross domestic product (GDP) growth reached 5.3%. Despite potentially slower GDP growth in the second half of 2025 due to the front-loading of export growth, we believe that the Chinese government is ready to roll out more stimulus measures and pursue "high-quality growth".

Going into the fourth quarter of 2025, we maintain a positive view of Greater China equity markets and believe that the current trend could continue due to five reasons:

1. **The Fed's 2025 first rate cut has been announced**

In September 2025, the Fed made its first rate cut of this year (25 basis points). With lower US yields, global investors may seek higher returns in emerging markets (EM), such as Greater China.

US 10-year Treasury bond yield versus Greater China equity indices change (Historical 10 years)



Source: Bloomberg, as of 30 September 2025. MSCI China index and MSCI Golden Dragon index changes are presented in price returns in index currencies. Past performance is not indicative of future performance.

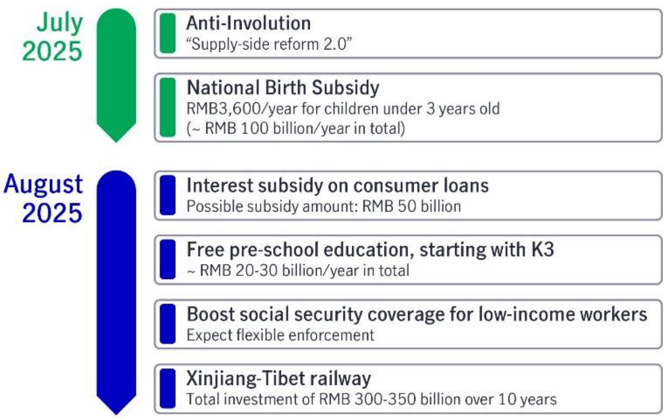
[1] Source: Bloomberg, data as of 30 September 2025. Total returns in US dollar. Past performance is not indicative of future performance.
[2] Source: Bloomberg, data as of 30 September 2025. Total returns in US dollar. Offshore China equity market is represented by MSCI China index. China A-share equity market is represented by Shanghai stock exchange composite index HK equity market is represented by Hang Seng index Taiwan equity market is represented by Taiwan stock exchange weighted index Past performance is not indicative of future performance.

2. The recent Chinese government support is tilted to the demand side

The anti-involution policies, announced in July 2025, are positive because they guide industry players to pursue rational growth over capacity or excessive growth. Over the medium-to-longer term, we believe that industry profitability may improve, resulting in higher return on equity (ROE).

Furthermore, the Chinese government has announced policies that are more demand-side driven, e.g., a national birth subsidy (RMB 3,600 per year for children under three years old), as well as civil services, which may also drive consumption appetite with better discretionary incomes and social welfare.

Mainland's recent policies



Source: Manulife Investment Management, MS Research, September 2025

3. Mainland's 15th Five-Year plan

Furthermore, we believe that Mainland may focus on the following areas in its 15th Five-Year Plan: (1) technology and innovation, and (2) renewable energy. During the recent United Nations Climate Summit on 24 September, 2025, President Xi announced Mainland's new climate plans for 2035, aiming to: (1) cut greenhouse gas emissions by 7% to 10% off the peak, (2) increase the non-fossil fuel mix in energy consumption to over 30% (target for 2030 is 25%), and (3) expand wind and solar capacity to 3600GW by 2035 versus 1700GW now. We see equipment makers and energy storage system (ESS) players are key beneficiaries of the trend.

4. First half 2025 upward earnings revision with bright spots

For the first half of 2025's Greater China earnings season, sectors that experienced notable upward earnings revisions included China tech, hardware, semiconductors, industrials, and biotech. Hardware and semiconductor companies benefited from domestic growth due to localisation demand.

As DeepSeek sparks demand for artificial intelligence (AI) inferencing, we see a proliferation of AI adoption in different industries, not limited to e-commerce, gaming, local services, etc. We continue to see Generative AI take a front seat, driving AI demand along the next generation of supply chain. The outperformance of AI-related sectors aligned with our team's belief, as suggested in the 2025 Greater China equity outlook. Also, Mainland platform companies observed efficiency gains, with revenue re-acceleration driven by AI adoptions.

On the other hand, Mainland's semiconductor localisation demand remains intact. For example, Mainland's foundries and fabrication equipment companies benefit from optimism about domestic graphics processing units (GPUs). The development of Edge AI devices, such as AI wearables/glasses, is faster than expected this year, now with a few dominant emerging global and Mainland players.

For the first half of 2025 Taiwan region earnings season, we also observed earnings upgrades among local technology companies, as 70-80% of firms raised guidance for the next quarter[3].

[3] Source: Manulife Investment Management, October 2025

For foundries, new production plans in the pipeline (a leading global chip manufacturer is scheduled to start the mass production of two-nanometre chips in the second half of 2025), potential wafer pricing hikes, and new product cycles are major catalysts for local hardware supply chains going into the fourth quarter of 2025 and 2026.

For memory, we see a stronger fifth-generation double data rate memory (DDR5) outlook driven by cloud servers' rush orders and, hence, multiple new drivers for the memory sector, including graphics double data rate 7 (GDDR7) and high bandwidth memory (HBM). NOR flash memory should benefit from a mainstream memory supply mismatch due to strong AI demand in 2026.

5. **Continued strong fund inflows supported by domestic institutional and retail investors, while foreign investors have returned to Greater China/Hong Kong equity markets**

Greater China/Hong Kong market liquidity in the second half of 2025 remains strong, driven by: (1) a strong Hong Kong IPO pipeline and (2) elevated southbound net inflows. More high-quality A-share companies should list in Hong Kong in 2025 and 2026. As of the end of September 2025, the market share of Southbound reached 23.7%, steadily rising throughout 2025 with year-to-date net inflows reaching USD150 billion by 3 October, 2025 [4]. If earnings growth becomes more broad-based and spills over to other sectors, we think Greater China/Hong Kong equities have more upside potential.

Conclusion

We think Greater China equity market is in a better position at this point versus last year.

During the third quarter of 2025, Mainland stepped up its supportive measures by announcing various policies, ranging from property to consumption, infrastructure, and technology. We see various growth opportunities in Mainland, ranging from healthcare, advanced manufacturing and AI to autonomous driving and humanoid robotics. Furthermore, opportunities for innovation in healthcare remain abundant, as demand for out-licensing is still intact.

For the Taiwan region, the tariff overhang on semiconductors is removed as the semiconductor tariff rule announced by the US is favourable to local tech companies that are investing in or intend to invest in the US. AI demand remains robust, and we see various global cloud service providers increasing their investments in AI, which is encouraging. We continue to favour foundries, AI application-specific integrated circuits (ASICs), thermal cooling, co-packaged optics (CPO), and network switches.

The major risks for Greater China equity markets in the fourth quarter of 2025 include: (1) a worse-than-anticipated outcome from the tariff negotiations and (2) potential investment restrictions from the US. However, we think Mainland has sufficient ways to manoeuvre various scenarios with strong localisation and global capabilities.

[4] Source: GS Research, October 2025

Thought Leadership Disclosure

Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

The information provided does not take into account the suitability, investment objectives, financial situation, or particular needs of any specific person. You should consider the suitability of any type of investment for your circumstances and, if necessary, seek professional advice.

This material is intended for the exclusive use of recipients in jurisdictions who are allowed to receive the material under their applicable law. The opinions expressed are those of the author(s) and are subject to change without notice. Our investment teams may hold different views and make different investment decisions. These opinions may not necessarily reflect the views of Manulife Investment Management or its affiliates. The information and/or analysis contained in this material has been compiled or arrived at from sources believed to be reliable, but Manulife Investment Management does not make any representation as to their accuracy, correctness, usefulness, or completeness and does not accept liability for any loss arising from the use of the information and/or analysis contained. The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline, or other expectations, and is only current as of the date indicated. The information in this document, including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife Investment Management disclaims any responsibility to update such information.

Neither Manulife Investment Management or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained here. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife, Manulife Investment Management, nor any of their affiliates or representatives is providing tax, investment or legal advice. This material was prepared solely for informational purposes, does not constitute a recommendation, professional advice, an offer or an invitation by or on behalf of Manulife Investment Management to any person to buy or sell any security or adopt any investment strategy, and is no indication of trading intent in any fund or account managed by Manulife Investment Management. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Diversification or asset allocation does not guarantee a profit or protect against the risk of loss in any market. Unless otherwise specified, all data is sourced from Manulife Investment Management. Past performance does not guarantee future results.

Manulife Investment Management

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. We draw on more than a century of financial stewardship to partner with clients across our institutional, retail, and retirement businesses globally. Our specialist approach to money management includes the highly differentiated strategies of our fixed-income, specialized equity, multi-asset solutions, and private markets teams—along with access to specialized, unaffiliated asset managers from around the world through our multimanager model.

This material has not been reviewed by, is not registered with any securities or other regulatory authority, and may, where appropriate, be distributed by the following Manulife entities in their respective jurisdictions. Additional information about Manulife Investment Management may be found at manulifeim.com/institutional

Australia: Manulife Investment Management Timberland and Agriculture (Australasia) Pty Ltd., Manulife Investment Management (Hong Kong) Limited. **Canada:** Manulife Investment Management Limited, Manulife Investment Management Distributors Inc., Manulife Investment Management (North America) Limited, Manulife Investment Management Private Markets (Canada) Corp. **Mainland China**: Manulife Overseas Investment Fund Management (Shanghai) Limited Company. **European Economic Area** Manulife Investment Management (Ireland) Ltd. which is authorised and regulated by the Central Bank of Ireland **Hong Kong:** Manulife Investment Management (Hong Kong) Limited. **Indonesia:** PT Manulife Aset Manajemen Indonesia. **Japan:** Manulife Investment Management (Japan) Limited. **Malaysia:** Manulife Investment Management (M) Berhad 200801033087 (834424-U) **Philippines**: Manulife Investment Management and Trust Corporation. **Singapore:** Manulife Investment Management (Singapore) Pte. Ltd. (Company Registration No. 200709952G) **South Korea:** Manulife Investment Management (Hong Kong) Limited. **Switzerland:** Manulife IM (Switzerland) LLC. **Taiwan:** Manulife Investment Management (Taiwan) Co. Ltd. **United Kingdom:** Manulife Investment Management (Europe) Ltd**.** which is authorised and regulated by the Financial Conduct Authority **United States:** John Hancock Investment Management LLC, Manulife Investment Management (US) LLC, Manulife Investment Management Private Markets (US) LLC and Manulife Investment Management Timberland and Agriculture Inc. **Vietnam:** Manulife Investment Fund Management (Vietnam) Company Limited.

4899829