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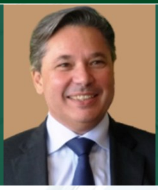
Investments - Flash

M. Alain Freymond - Partner & CIO



21.6% INCREASE IN INDUSTRIAL PROFITS IN CHINA

Chinese stocks still offer diversification opportunities

Chinese equities are trading at a discount to global markets and even to other emerging markets or the S&P 500 (25.6x). The price-to-earnings ratios of the Hang Seng (12.8x) and CSI 300 (16.5x) suggest significant upside potential. After several years of underperformance due to regulatory uncertainty, the real estate crisis, and geopolitical tensions, valuations have clearly become particularly attractive. Chinese equity markets have posted YTD gains of +31% and +19%, but the outlook remains positive. Since our recommendation to favorably reconsider Chinese equities in an internationally diversified investment policy, this strategy has proven successful and remains valid. While US technology stocks (PE 37x) often make the headlines in the financial media, it is often forgotten that Chinese technology is becoming increasingly efficient and capable of competing on many fronts with that of industrialized countries. On the stock market front, the measures taken by the Chinese authorities should stimulate consumption and domestic demand. These measures include lowering the benchmark interest rate, reducing the reserve ratio for banks, supporting and easing financing conditions and access to real estate, and other aid designed to revitalize domestic growth. The Chinese economy remains fragile, but industrial production is holding up and industrial profits in September posted their strongest increase since 2023 (+21.6%/year). In this context, we still believe that Chinese equities have a place in a diversified strategy and should benefit from a return of Western investors who are still very little exposed to this important market.