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China Quantitative Strategy | Asia Pacific

# Chinese Growth/Tech – Active Fund Flows and Short Interest

Market sentiment on the Chinese Growth/Tech segment has been stabilizing MTD – both the Hang Seng Tech Index and the Nasdaq Golden Dragon China Index have outperformed MSCI China. Yet long-only managers did not participate much in the recent rally.

### Long-Only Fund Flows:

- According to EPFR data, US and EU active managers have net sold US \$1.48bn of Chinese equities in November MTD, vs. US\$3.06bn in October. There is still no sign of a slowdown in the selling from active managers, but passive outflows are seemingly starting to stabilize ( [Exhibit 8](#) ).
- Per our estimates, active long-only managers have net sold US\$1.5bn on major Chinese Growth/Tech names MTD, in which Alibaba dominated, counting US\$0.94bn from that. ( [Exhibit 1](#) & [Exhibit 3](#) ).
- Besides Alibaba, Tencent and Baidu were among the names being net sold the most ( [Exhibit 3](#) ).
- For YTD cumulative fund flows, Meituan, Tencent and JD.com have been sold the most, while NetEase, Kuaishou, and PDD Holdings were net bought the most ( [Exhibit 3](#) ).

### Short Interest:

- Outstanding short positions in the broader China/HK equities have increased marginally in November MTD. ( [Exhibit 2](#) )
- Short interest flows on Chinese Growth/Tech segment has been largely flat MTD. ( [Exhibit 6](#) )
- At the sector level, Communication Services, Industrials, and Financials saw additions of outstanding short positions, while Chinese ADRs and the Healthcare sector led the short covering. ( [Exhibit 2](#) )
- At the issuer level, new shorts were mostly added toward Alibaba MTD; according to IHS Markit data, with outstanding short positions of Alibaba increasing by US\$200m during the month as of 20 November. ( [Exhibit 5](#) )
- On the flip side, PDD Holdings and JD.com were being short covered the most. ( [Exhibit 5](#) )
- There was no sign of broad based short squeeze in the market – "Short interest" as a factor did not help differentiating price leaders and laggards ( [Exhibit 9](#) ). We believe the recent market uptrend was mostly driven by hedge fund long buying, which is different to the trading scenario in November last year ( [Exhibit 7](#) ).

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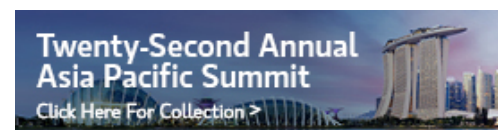
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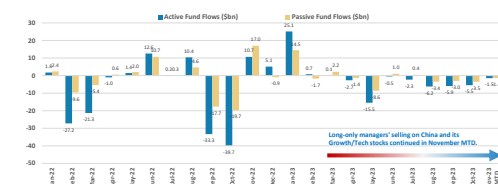
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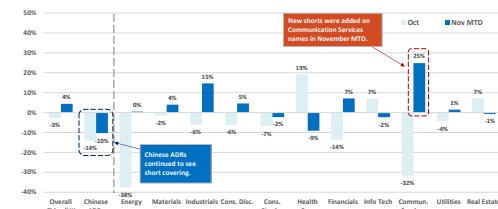


**Exhibit 1 :** Long-only: Monthly mutual fund flows for Chinese Growth/Tech stocks



Source: FactSet, Morningstar, EPFR, Morgan Stanley Research; data as of November 20, 2023. Fund flows include HK shares and ADRs.

**Exhibit 2 :** Hedge funds: Changes in outstanding short positions in Chinese/HK equities



Source: IHS Markit, Morgan Stanley Research; data as of November 20, 2023. Note: % change based on the shorted number of shares of an issuer and aggregated to the GICS level by taking the free float market cap-weighted average.

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# Active Fund Flows in Chinese Tech Stocks

**Exhibit 3:** Stock-level active managers' fund flows (US\$m) since October 2022 – top 30 issuers in the Nasdaq Golden Dragon China Index

Issuer Name	GICS Industry Group	Total Net Flows by Active Managers YTD 2023	Total Net Flows by Active Managers since Jan 2022	Nov-23 MTD	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Tencent Holdings	Media & Entertainment	(5,491.6)	(51,935.3)	(375.6)	(1,801.5)	(1,758.8)	(1,959.7)	(858.7)	159.6	(5,948.0)	(755.8)	(216.2)	(11.4)	8,034.4	(820.4)	3,308.4	(11,707.0)
Alibaba Group Holding	Retailing	525.6	(13,271.0)	(943.6)	(1,528.4)	(1,366.0)	(1,540.0)	(1,015.1)	1.6	(2,228.1)	(938.1)	(7.4)	(1.9)	10,085.8	134.4	2,023.7	(8,149.4)
Meltan	Retailing	(5,039.3)	(15,072.9)	(58.5)	(359.5)	(1,038.4)	(899.3)	94.9	591.9	(3,537.2)	(159.6)	225.9	179.4	(78.9)	70.6	1,234.0	(5,173.9)
JD.com	Retailing	(3,656.0)	(8,415.6)	(88.0)	(569.5)	(643.0)	(818.5)	(34.4)	(151.9)	(732.4)	(308.6)	(547.8)	(596.6)	834.6	(1,309.3)	1,243.7	(4,225.4)
Baidu	Media & Entertainment	(547.6)	(2,920.7)	(185.9)	(1,057.9)	(273.0)	(304.3)	(139.9)	0.6	222.9	(195.2)	(3.6)	(2.4)	1,321.1	(142.8)	417.7	(2,883.4)
Pinduoduo	Retailing	1,563.6	9,833.2	49.8	179.8	(23.5)	269.7	(100.6)	93.8	(231.5)	(72.4)	77.4	68.3	1,252.9	6,671.6	460.1	(605.7)
Kuaishou Technology	Media & Entertainment	(113.8)	(291.8)	35.5	(288.4)	(28.0)	(45.4)	33.9	198.6	89.4	(37.9)	39.1	(1.9)	(108.7)	127.9	221.1	(622.0)
NetEase	Media & Entertainment	1,418.6	(4,549.5)	113.1	396.3	(188.7)	(204.0)	(192.3)	(7.2)	(522.2)	8.5	160.3	51.2	1,803.5	(319.2)	461.4	(3,015.8)
Kanzhun	Media & Entertainment	(180.5)	(474.7)	2.3	(5.5)	(6.2)	(68.9)	(12.8)	0.5	(242.4)	(3.5)	(2.2)	4.2	153.9	7.4	67.7	(203.4)
Trip.com Group	Consumer Services	(891.7)	(857.5)	(20.8)	(108.3)	(383.8)	(96.2)	(17.5)	19.8	(693.4)	(54.1)	20.4	10.4	431.9	(279.0)	374.7	(850.1)
KE Holdings	Real Estate	11.3	(769.0)	(4.5)	(50.1)	(109.7)	(12.6)	(42.2)	(0.1)	(177.5)	(37.4)	8.5	14.5	422.4	(841.8)	143.7	(927.0)
Full Truck Allin	Transportation	(146.7)	9,868.3	(2.4)	(26.5)	15.1	(28.0)	2.9	(47.1)	(52.3)	(19.4)	6.4	1.3	3.4	9,940.4	61.0	(141.2)
JD Health International	Retailing	(399.9)	(635.0)	12.0	(42.9)	(33.6)	(90.1)	12.8	(0.3)	(131.2)	(4.0)	8.2	(3.2)	(127.6)	(169.7)	96.9	6.8
Bilibili	Media & Entertainment	(465.2)	(3,069.8)	1.8	(7.3)	(18.4)	(37.8)	(4.1)	(249.5)	(197.4)	(13.5)	19.6	2.1	39.4	(109.0)	76.0	(296.1)
Vipshop Holdings	Retailing	(68.7)	(67.1)	(14.9)	(88.7)	21.2	(108.5)	(17.5)	76.8	(156.7)	7.0	4.4	6.0	202.2	(18.5)	106.3	(171.1)
Lufax Holding	Diversified Financials	106.0	(284.3)	0.9	(4.6)	(9.8)	(20.0)	(9.6)	103.2	(36.4)	(3.2)	(5.3)	2.9	88.0	63.4	6.5	(109.8)
Kingsoft	Media & Entertainment	(205.9)	(682.8)	0.6	(20.7)	(59.3)	(35.4)	(11.7)	(1.7)	(228.4)	(20.6)	55.6	2.8	112.9	(13.5)	9.4	103.8
Alibaba Health Information Technology	Retailing	(48.0)	(249.0)	6.3	(6.2)	7.0	(18.1)	(2.0)	(0.0)	(56.9)	0.8	0.3	0.6	20.1	11.5	40.2	(15.3)
Tencent Music	Media & Entertainment	31.4	242.4	6.2	48.3	(24.9)	(7.7)	21.5	44.4	(60.1)	(11.3)	7.5	0.0	7.5	382.3	88.6	(56.3)
TAL Education Group	Consumer Services	45.7	63.6	4.3	(3.9)	60.5	(6.4)	(0.9)	0.1	(10.4)	(1.1)	(0.8)	0.1	4.3	62.0	5.4	(8.8)
Autohome	Media & Entertainment	(8.9)	(226.1)	(7.0)	(36.4)	14.3	(20.6)	(6.8)	0.2	(14.5)	(10.1)	6.2	0.3	65.5	(284.9)	20.1	(73.9)
Tongcheng Travel	Consumer Services	(218.3)	(266.7)	(11.8)	(57.4)	(35.8)	(16.9)	3.5	(2.5)	(41.0)	(2.1)	7.1	(1.9)	(59.6)	(48.3)	51.4	(177.0)
Zhongnan Online P&C Insurance	Insurance	14.3	(2.4)	5.4	(2.8)	(0.3)	(2.4)	(2.1)	(0.1)	(5.0)	0.1	0.7	0.5	20.4	(1.1)	4.8	(9.2)
China Literature	Media & Entertainment	(15.6)	(201.2)	(2.7)	(14.3)	(18.3)	(12.0)	(10.4)	(0.0)	(69.7)	(4.6)	5.6	2.9	108.1	(52.8)	13.6	(10.9)
JOYY	Media & Entertainment	7.3	(1,945.2)	1.1	2.2	5.8	(0.6)	3.5	2.6	(31.7)	(0.2)	(1.2)	0.7	25.2	(1,699.8)	8.5	(6.2)
iQIYI	Media & Entertainment	(66.2)	(1,047.7)	0.7	(2.4)	(7.9)	(18.2)	(2.3)	(0.3)	(60.1)	1.0	(0.4)	0.9	22.8	(399.2)	3.5	(19.0)
360 DigiTech	Diversified Financials	(77.1)	(227.2)	(0.5)	(7.3)	(22.7)	(26.5)	(4.9)	8.8	(107.6)	(4.7)	(2.2)	2.6	87.9	2.0	22.7	(51.6)
Weibo	Media & Entertainment	(37.8)	(287.3)	(0.7)	(6.4)	(3.1)	(17.0)	(3.7)	9.7	(64.1)	(4.5)	(0.8)	1.7	51.1	(42.4)	14.6	(82.0)
Ping An Healthcare and Technology	Retailing	(14.6)	(131.3)	0.5	(0.2)	(3.2)	(1.6)	(0.5)	0.4	(6.0)	(0.1)	1.2	(0.1)	(5.0)	(2.5)	8.1	(2.7)
Ming Yuan Cloud Group Holdings	Software & Services	0.1	(194.0)	(0.4)	(2.2)	(3.7)	(3.6)	15.5	0.9	(8.5)	(1.3)	(0.7)	0.3	3.7	(4.3)	6.0	(13.3)
<b>Total Flows (US\$m)</b>		<b>(13,969.5)</b>	<b>(88,067.4)</b>	<b>(1,476.8)</b>	<b>(5,472.6)</b>	<b>(5,936.2)</b>	<b>(6,150.6)</b>	<b>(2,301.4)</b>	<b>849.6</b>	<b>(15,338.7)</b>	<b>(2,646.1)</b>	<b>(134.2)</b>	<b>(265.9)</b>	<b>24,903.3</b>	<b>10,914.9</b>	<b>10,599.7</b>	<b>(39,497.1)</b>

Source: FactSet, Morningstar, EPFR, Morgan Stanley Research; data as of November 20, 2023.

# Passive Fund Flows in Chinese Tech Stocks

**Exhibit 4:** Stock-level passive managers' fund flows (US\$m) since October 2022 – Top 30 Issuers in Nasdaq Golden Dragon China Index

Issuer Name	GICS Industry Group	Total Net Flows by Passive Managers YTD 2023	Total Net Flows by Passive Managers since Jan 2022	Nov-23 MTD	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Tencent Holdings	Media & Entertainment	(1,802.2)	(10,983.7)	(358.2)	(874.5)	(680.7)	(990.1)	81.0	234.8	(2,949.5)	(350.5)	(470.3)	301.0	4,254.7	17.8	4,522.7	(5,180.3)
Alibaba Group Holding	Retailing	1,333.2	(1,815.9)	(308.1)	(803.9)	(842.3)	(733.4)	92.6	232.4	(901.1)	(424.8)	191.4	36.1	4,794.2	41.5	2,818.3	(3,443.6)
Meltan	Retailing	(3,103.7)	(5,432.7)	(88.0)	(221.4)	(724.1)	(621.1)	(6.9)	119.9	(2,091.8)	(90.7)	(10.2)	1.3	629.0	79.7	1,893.9	(2,889.6)
JD.com	Retailing	(1,218.5)	(766.0)	(144.0)	(393.9)	(308.4)	(508.8)	25.3	178.1	(439.7)	(151.5)	73.5	61.4	389.6	149.5	1,948.1	(2,002.9)
Baidu	Media & Entertainment	(713.7)	(1,840.4)	(245.0)	(682.6)	(147.6)	(195.1)	7.2	101.1	117.5	(130.1)	(81.5)	(211.0)	753.3	(65.4)	759.6	(1,660.6)
Pinduoduo	Retailing	1,614.2	2,475.2	23.5	122.0	170.9	302.3	(7.1)	127.1	(164.0)	(53.5)	(1.5)	(3.4)	1,097.8	(1,028.2)	1,020.1	(504.3)
Kuaishou Technology	Media & Entertainment	(681.7)	(555.2)	(152.9)	(423.1)	(58.4)	(49.8)	8.7	(15.4)	92.3	(48.9)	42.5	9.4	(86.0)	66.4	667.8	(709.8)
NetEase	Media & Entertainment	553.4	(912.4)	48.3	163.3	(112.2)	(78.1)	0.3	(119.6)	(243.3)	4.7	60.1	(110.7)	940.6	(132.4)	618.1	(1,223.2)
Kanzhun	Media & Entertainment	(106.5)	(292.8)	(4.6)	(11.0)	13.9	(51.6)	(8.6)	(20.0)	(147.2)	(2.5)	(4.6)	(16.5)	146.2	(53.0)	142.4	(151.5)
Trip.com Group	Consumer Services	(149.2)	354.8	(23.3)	(57.4)	(84.9)	(7.8)	1.6	82.6	(223.3)	(16.0)	12.8	(22.3)	188.9	80.1	381.8	(341.0)
KE Holdings	Real Estate	1.0	186.5	(16.0)	(38.7)	(75.5)	(3.3)	(16.7)	(32.1)	(125.3)	(25.8)	2.6	(42.2)	373.9	(66.8)	301.4	(562.8)
Full Truck Allin	Transportation	(75.8)	129.4	(8.4)	(20.9)	14.4	(16.2)	(0.7)	(5.2)	(49.0)	(8.3)	2.5	(2.1)	18.2	54.9	163.5	(121.8)
JD Health International	Retailing	(616.4)	(246.4)	(29.5)	(77.8)	(40.9)	(136.5)	0.0	(9.6)	(220.2)	(5.3)	13.6	13.8	(123.9)	58.8	374.9	(44.0)
Bilibili	Media & Entertainment	(205.3)	(912.5)	(4.8)	(12.0)	(43.2)	(61.6)	25.5	64.0	(241.2)	(15.2)	16.9	(8.9)	75.2	(7.3)	212.5	(242.7)
Vipshop Holdings	Retailing	(123.7)	(7.1)	(21.3)	(57.4)	(10.2)	(61.1)	(5.5)	5.7	(104.4)	3.3	(0.7)	(16.7)	144.6	(2.2)	172.4	(101.9)
Lufax Holding	Diversified Financials	63.7	(65.3)	(2.8)	(7.1)	(8.8)	(22.0)	45.3	1.3	(46.0)	(3.7)	(0.5)	(13.7)	121.7	(1.2)	17.1	(92.5)
Kingsoft	Media & Entertainment	(184.2)	(571.7)	(9.0)	(23.5)	(53.8)	(20.2)	-	12.9	(180.6)	(13.7)	35.2	(9.1)	77.6	0.5	18.6	70.8
Alibaba Health Information Technology	Retailing	(2.0)	27.5	(8.8)	(22.1)	24.4	(40.6)	134.8	5.8	(137.6)	(0.7)	0.1	(5.7)	48.4	(26.4)	237.6	(28.3)
Tencent Music	Media & Entertainment	46.6	(25.9)	13.4	40.6	(21.1)	(3.6)	2.8	43.9	(61.5)	(10.1)	5.5	(4.8)	41.4	(33.6)	208.8	(51.0)
TAL Education Group	Consumer Services	(16.5)	138.1	(5.9)	(14.8)	24.3	(20.8)	13.5	8.0	(36.0)	(3.7)	(8.9)	(3.6)	31.4	(1.6)	45.2	(21.0)
Autohome	Media & Entertainment	(1.0)	106.5	(7.9)	(21.1)	3.5	(9.8)	(0.1)	(0.1)	(9.7)	(3.9)	2.0	(5.9)	52.0	56.8	23.5	(27.4)
Tongcheng Travel	Consumer Services	(100.8)	(34.6)	(11.6)	(31.4)	(9.7)	(10.4)	0.1	2.5	(29.3)	(1.1)	4.1	1.5	(15.6)	3.8	68.7	(78.9)
Zhongnan Online P&C Insurance	Insurance	(4.7)	56.4	(6.6)	(17.2)	(2.6)	(10.0)	0.5	5.0	(42.3)	(0.8)	2.6	(8.5)	75.3	(0.4)	52.9	(41.5)
China Literature	Media & Entertainment	(11.0)	(93.7)	(3.2)	(7.6)	(10.0)	(8.9)	-	1.8	(49.5)	(3.5)	6.0	(8.7)	72.7	(1.6)	37.8	(7.4)
JOYY	Media & Entertainment	(0.2)	(212.4)	(0.2)	0.2	9.4	(0.6)	(0.3)	2.7	(38.7)	(0.5)	(1.0)	(3.8)	32.7	(96.5)	22.0	(6.4)
iQIYI	Media & Entertainment	(73.5)	(148.2)	(1.7)	(3.7)	(9.8)	(25.9)	9.6	(3.4)	(111.7)	(6.1)	0.1	(10.6)	89.8	(7.1)	26.5	(32.0)
360 DigiTech	Diversified Financials	(45.2)	(118.9)	(2.5)	(6.1)	(15.9)	(16.4)	(0.1)	1.6	(58.1)	(2.6)	(2.5)	(7.6)	65.2	11.0	45.5	(34.9)
Weibo	Media & Entertainment	4.8	(97.1)	(2.0)	(4.9)	(3.1)	(10.2)	33.8	(4.5)	(41.3)	(3.0)	(1.1)	(5.2)	46.3	1.5	29.5	(58.1)
Ping An Healthcare and Technology	Retailing	(33.1)	(63.3)	(0.6)	(0.7)	(9.3)	(2.5)	(0.0)	0.6	(20.8)	(0.4)	1.9	0.1	(1.5)	(0.8)	36.0	(4.1)
Ming Yuan Cloud Group Holdings	Software & Services	(21.3)	(112.8)	(0.5)	(1.2)	(4.0)	(3.7)	(0.0)	(1.8)	(13.2)	(1.8)	(2.2)	(0.9)	8.1	(15.7)	32.7	(21.2)
<b>Total Flows (US\$m)</b>		<b>(5,673.2)</b>	<b>(21,834.5)</b>	<b>(1,381.6)</b>	<b>(3,510.0)</b>	<b>(3,015.9)</b>	<b>(3,417.6)</b>	<b>436.3</b>	<b>1,020.3</b>	<b>(8,566.5)</b>	<b>(1,370.9)</b>	<b>(111.6)</b>	<b>(97.5)</b>	<b>14,341.8</b>	<b>(917.8)</b>	<b>16,899.7</b>	<b>(19,613.9)</b>

Source: FactSet, Morningstar, EPFR, Morgan Stanley Research; data as of November 20, 2023.

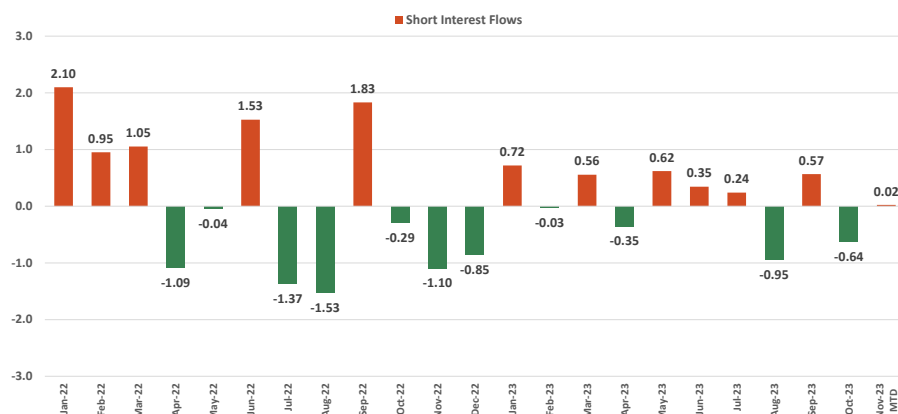
# Short Interest Flows in Chinese Tech Stocks

**Exhibit 5:** Stock-level short interest flows (US\$m) since October 2022 – Top 30 Issuers in Nasdaq Golden Dragon China Index

Issuer Name	GICS Industry Group	Nov-23 MTD	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Tencent Holdings	Media & Entertainment	(14.2)	(128.5)	72.7	(27.9)	3.7	196.0	(133.5)	8.3	50.4	(398.1)	368.5	(11.6)	(31.1)	(214.1)
Alibaba Group Holding	Retailing	199.8	(334.2)	495.3	(577.5)	49.1	499.0	688.1	(169.0)	(53.2)	(358.4)	556.0	37.4	(375.3)	54.7
Meituan	Consumer Services	(8.4)	(41.4)	(139.1)	153.9	(28.5)	(30.1)	(230.2)	138.9	180.8	49.0	(40.9)	(48.4)	(19.2)	(183.4)
JD.com	Retailing	(53.6)	127.8	30.3	(227.3)	(83.0)	222.4	156.9	118.1	(146.8)	15.6	34.4	(195.6)	12.2	(169.2)
Baidu	Media & Entertainment	(27.0)	(221.6)	6.1	(146.9)	(23.9)	(115.0)	202.1	(169.7)	(22.8)	451.7	106.8	(106.3)	(194.2)	(82.3)
PDD Holdings	Retailing	(67.2)	(39.5)	227.6	145.3	241.5	(44.9)	91.3	(66.5)	198.5	43.1	(82.1)	(21.2)	(183.7)	192.3
Kuaishou Technology	Media & Entertainment	47.6	27.6	(32.4)	(144.3)	50.7	142.5	(29.3)	24.2	(22.3)	21.9	(19.7)	(273.4)	95.1	34.9
NetEase	Media & Entertainment	(14.2)	(5.9)	(125.4)	(170.4)	71.4	(93.6)	(135.3)	(28.4)	107.2	223.2	(17.7)	(25.9)	129.9	(3.1)
Kanzhun	Media & Entertainment	(23.7)	31.7	22.6	21.3	(9.0)	43.9	(3.3)	(47.4)	(22.6)	(36.6)	(17.7)	3.4	(17.6)	(23.8)
Trip.com Group	Consumer Services	(9.1)	(0.4)	2.8	4.9	(8.3)	(41.3)	(31.9)	(44.2)	40.4	58.6	(94.6)	(5.6)	(73.1)	96.8
KE Holdings	Real Estate	15.8	57.5	6.8	(14.3)	14.2	(8.5)	1.0	(49.9)	36.3	(52.5)	51.2	(175.9)	(60.8)	(129.0)
JD Health International	Retailing	(25.8)	(7.9)	(23.7)	34.0	(47.6)	78.9	39.7	0.4	59.5	(18.1)	(71.3)	(180.6)	110.9	70.3
Bilibili	Media & Entertainment	7.5	(28.8)	28.4	96.9	(6.1)	81.3	(27.1)	(35.1)	68.8	20.5	(11.7)	(3.0)	(5.6)	7.5
Vipshop Holdings	Retailing	1.8	(0.5)	(33.4)	0.4	24.5	(92.2)	106.0	7.4	5.8	(1.0)	(35.4)	12.2	(34.3)	12.5
Lufax Holding	Financial Services	(2.8)	2.8	3.0	8.9	(8.9)	(4.1)	3.7	11.5	(3.5)	2.4	18.5	0.1	6.0	(44.6)
Kingsoft	Media & Entertainment	5.0	2.6	(6.4)	(55.6)	(58.4)	52.9	(34.8)	48.7	105.0	12.0	11.5	(13.7)	(23.9)	27.4
Alibaba Health Information Technology	Retailing	4.2	(6.7)	28.3	35.1	(83.3)	(39.0)	(14.5)	42.9	19.7	133.8	41.3	(15.5)	(112.4)	26.8
Tencent Music Entertainment	Media & Entertainment	5.5	(4.4)	(0.6)	(50.2)	54.7	(61.4)	(26.8)	(24.6)	17.2	(54.2)	(47.2)	116.5	(33.6)	(8.6)
TAL Education Group	Consumer Services	(2.3)	(12.5)	(7.4)	(18.0)	(2.6)	28.6	10.9	2.6	12.5	5.1	(54.6)	34.6	(34.1)	28.8
Autohome	Media & Entertainment	(1.4)	(7.6)	(13.0)	(1.6)	6.9	6.1	21.6	(12.2)	0.5	3.3	1.3	(2.4)	(48.8)	21.8
Tongcheng Travel	Consumer Services	(1.0)	(0.9)	(10.3)	(2.6)	5.8	7.2	(0.9)	0.1	(1.6)	(7.2)	(26.7)	(12.6)	(15.5)	3.5
Zhongan Online P&C Insurance	Insurance	0.3	(5.4)	(4.4)	4.7	(20.7)	(37.4)	(13.4)	6.4	(14.5)	(35.4)	39.1	(4.0)	(28.7)	12.7
China Literature	Media & Entertainment	(0.8)	(0.8)	(8.2)	11.8	(24.5)	7.2	(5.9)	2.3	6.6	26.6	55.1	6.0	(8.4)	(3.6)
JOYY	Media & Entertainment	(8.8)	(39.4)	48.1	6.3	(0.9)	(28.4)	0.6	9.1	2.3	(2.0)	(7.4)	(1.9)	(48.8)	12.4
iQIYI	Media & Entertainment	14.2	22.3	1.1	12.0	0.5	49.3	(19.1)	(1.7)	67.8	1.3	(158.1)	(11.3)	(15.8)	12.5
Qifu Technology	Financial Services	2.7	(3.2)	1.0	(1.7)	(22.8)	1.6	2.3	(7.5)	12.5	(22.5)	(11.0)	14.1	(18.4)	5.0
Weibo	Media & Entertainment	2.3	(7.0)	3.5	1.2	14.0	2.7	2.6	(2.7)	(25.5)	10.0	(38.7)	33.3	(17.4)	2.8
Ping An Healthcare and Technology	Retailing	(8.8)	(7.3)	(7.1)	(2.4)	2.5	(15.0)	(3.2)	(5.8)	(33.5)	(10.2)	(51.5)	134.2	(43.5)	(86.9)
Ming Yuan Cloud Group Holdings	Software & Services	(5.1)	(3.6)	2.5	(2.8)	(1.9)	(0.1)	6.0	2.7	11.7	(11.4)	(7.2)	(51.7)	(23.0)	16.9
Weimob	Software & Services	(9.0)	0.6	(1.7)	(41.1)	(13.1)	(0.6)	(3.6)	12.5	33.2	9.9	(4.0)	(49.7)	7.5	20.2
<b>Total Short Interest Flows (US\$m)</b>		<b>23</b>	<b>(635)</b>	<b>567</b>	<b>(948)</b>	<b>96</b>	<b>808</b>	<b>620</b>	<b>(353)</b>	<b>555</b>	<b>(36)</b>	<b>727</b>	<b>(818)</b>	<b>(1,106)</b>	<b>(289)</b>

Source: IHS Markit, FactSet, Morgan Stanley Research; data as of November 20, 2023

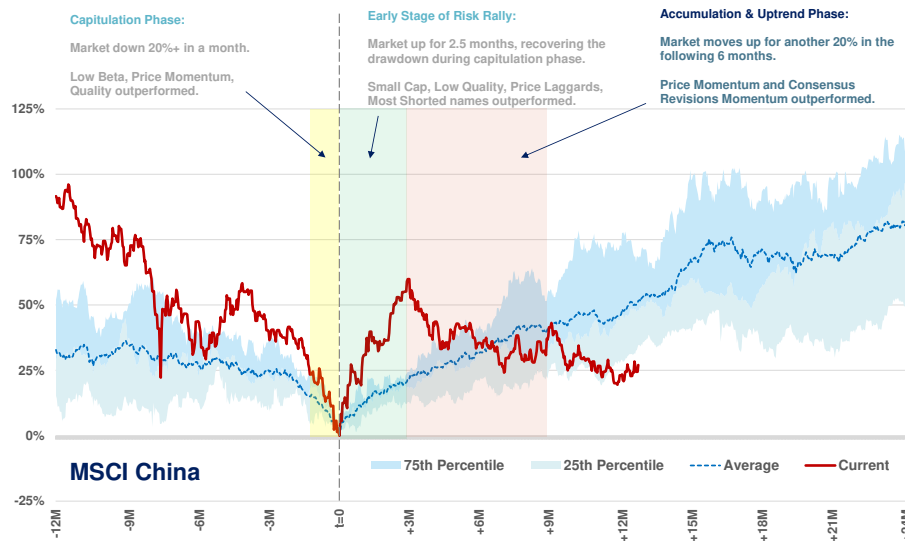
**Exhibit 6:** Monthly short interest flows (US\$bn) since January 2022 – all Chinese Growth/Tech issuers in Nasdaq Golden Dragon China Index



Source: IHS Markit, FactSet, Morgan Stanley Research; data as of November 20, 2023

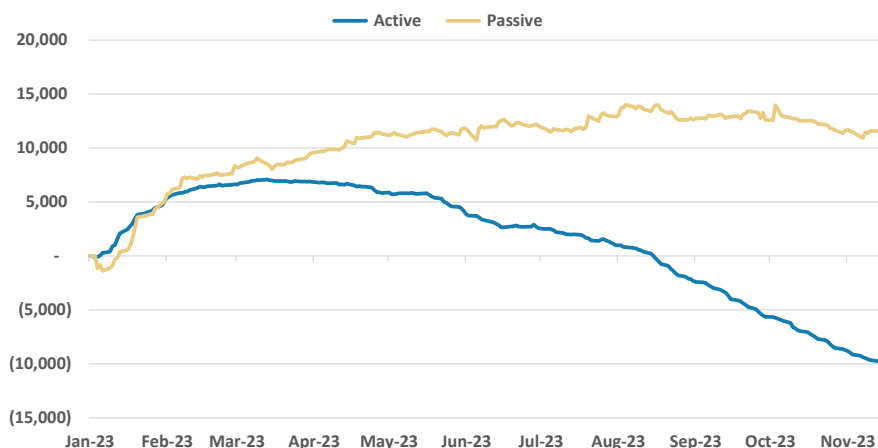
# Other Related Charts

**Exhibit 7:** Historical MSCI China performance before and after major market troughs



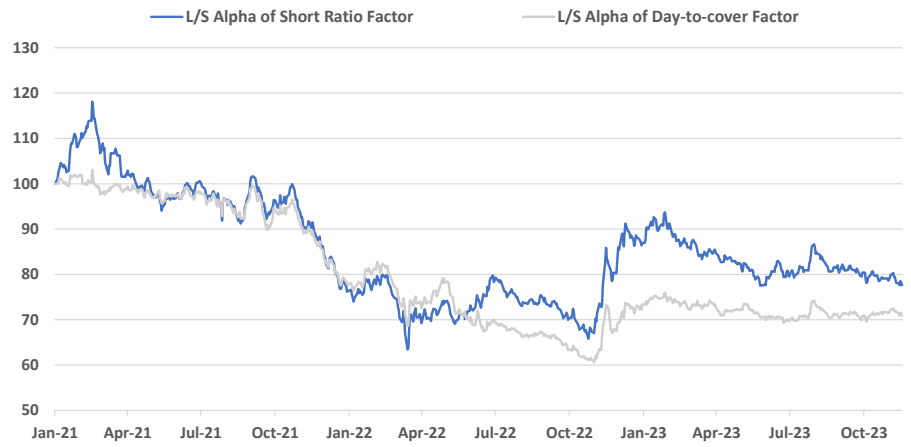
Source: FactSet, Bloomberg, MSCI, Morgan Stanley Research. Note: data coverage is from Jan 1, 1995 to Nov 20, 2023, covering 10 market capitulation scenarios of MSCI China - Sep 10, 1998, Oct 3, 2001, Oct 10, 2002, May 17, 2004, Jun 13, 2006, Mar 2, 2009, Oct 4, 2011, Jan 21, 2016, Oct 29, 2018, Mar 23, 2020. The red line is MSCI China return in current cycle; we fit the timeline based on MS Asia Risk Sentiment Indicator and drawdown trajectory. Details of our "Market Troughing Playbook" is [here](#). Past performance is no guarantee of future results.

**Exhibit 8:** YTD cumulative net fund flows of China equities by active and passive funds



Source: EPFR, Morgan Stanley Research; data coverage: from Jan 1, 2023 to Nov 20, 2023

**Exhibit 9:** Cumulative L/S alpha of short interest-related factors



Source: IHS Markit, FactSet, Morgan Stanley Research; data as of November 20, 2023. Note: Short ratio is calculated by "outstanding stock loan / free float market cap"; utilization ratio is calculated by "outstanding stock loan / available inventory in stock loan market".

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(as of October 31, 2023)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1337	37%	270	43%	20%	594	39%
Equal-weight/Hold	1664	46%	299	47%	18%	700	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	588	16%	61	10%	10%	220	15%
Total	3,592		630			1515	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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