China A-shares opportunities after the tech sell-off

November 2026



Chris Liu
Senior Portfolio Manager,
China A-shares

A sharp correction in global tech stocks since October, and in China's A-share tech sector, has raised questions about whether the AI-driven rally has run its course. In this Q&A, Chris Liu, Senior Portfolio Manager, China A-shares, shares his view on what drove the sell-off, how investors are interpreting China's new market stabilization policies, and which A-share sectors he is constructive on.

Since October, global stock markets, especially tech stocks, have undergone a sharp correction. Do you think this tech bull market has ended?
The sell-off has mostly hit the upstream chip supply chain, and the SOX Semiconductor Index has seen a significant drawdown from its peak.[1] Even as US tech stocks plunged, money didn't leave the market. It rotated into non-AI sectors, which is why the Dow Jones and S&P 500 didn't fall much.[2]

The pressure on chips comes down to financing. AI capital expenditure needs capital market funding, which may be a constraint in the short term, so the upstream chip industry chain could go through a period of adjustment.

Further down the chain, though, demand for AI applications remains strong. Large model capabilities keep breaking through, and new use cases are being created and rolled out, consistently delivering commercial value.

Many companies that are actively applying AI are starting to benefit from lower costs and efficiency gains, so AI investment is beginning to show economic returns. This is why, in the next phase of market development, the focus may shift from upstream companies benefiting from capital expenditure to downstream companies that can turn AI investment into revenue, profit and cash flow.

How do you view the recent sharp correction in the A-share tech stocks and what do you think is next for China's tech sector?
The sharp rise in A-share tech in the first half of the year was concentrated in the upstream part of the chip industry chain, such as optical modules, PCBs (printed circuit boards) and storage, and funds crowded into the sector quite heavily.

The deleveraging in overseas tech sectors, especially South Korea's semiconductor sector, triggered a significant correction in A-shares in late June. We believe it is quite likely that domestic insurance funds and institutional funds such as "fixed income+" funds passively reduced positions after net value drawdowns, which intensified the pullback.

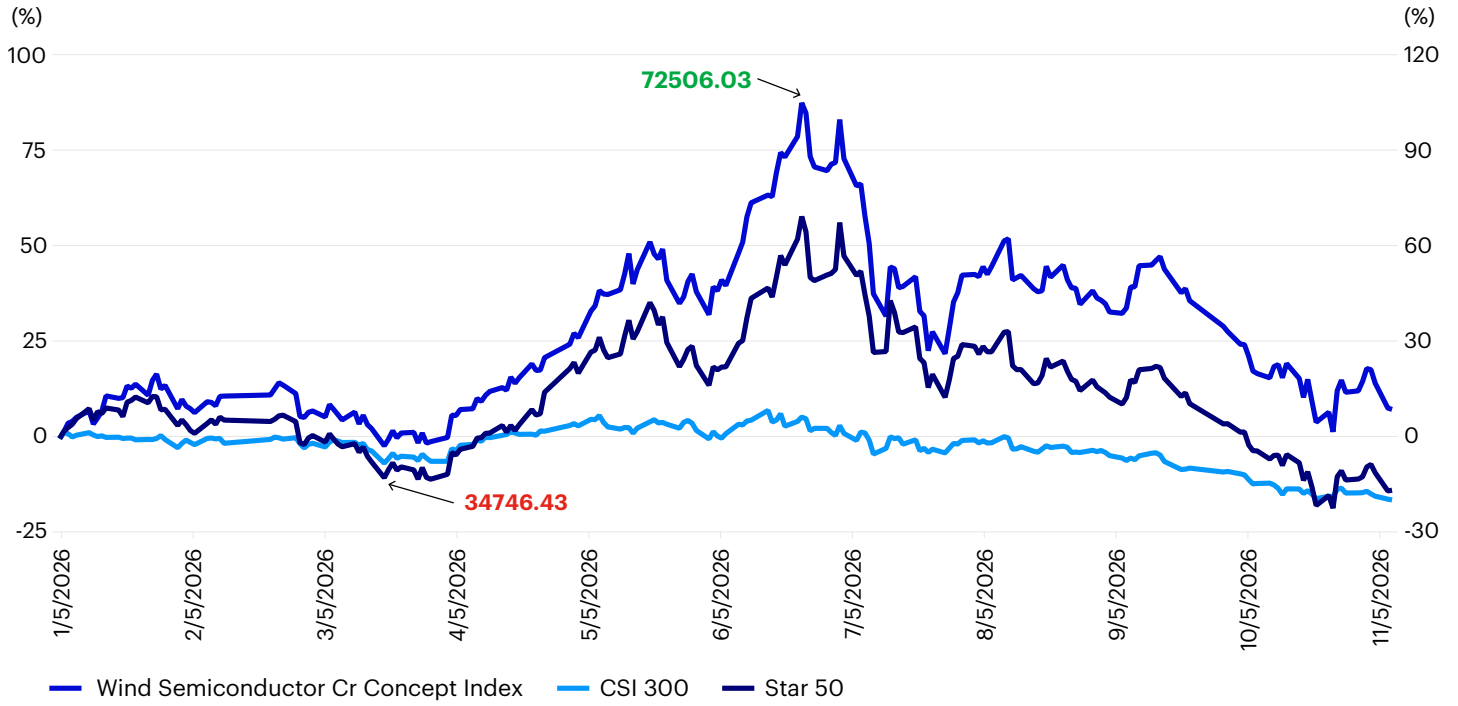
1. Bloomberg, data as of November 2026.
2. Bloomberg, data as of November 2026

This marketing material is intended only for Professional Clients in Dubai, Jersey, Guernsey, Isle of Man, Ireland, Continental Europe (as defined in the important information at the end) and the UK; for Qualified Clients/Sophisticated Investors in Israel; for Sophisticated or Professional Investors in Australia; for Professional Investors in Hong Kong; for Institutional Investors and/or Accredited Investors in Singapore; for certain specific Qualified Institutions and/or Sophisticated Investors only in Taiwan; for Qualified Institutional Investors and/or certain specific institutional investors in Thailand; for certain specific sovereign wealth funds and/or Qualified Domestic Institutional Investors approved by local regulators only in the People's Republic of China; for certain specific institutional investors in Malaysia upon request; for certain specific institutional investors in Brunei; for Qualified Professional Investors in Korea; for certain specific institutional investors in Indonesia; for qualified buyers in Philippines for informational purposes only; for Qualified Institutional Investors in Japan; for wholesale investors (as defined in the Financial Markets Conduct Act) in New Zealand, for Institutional Investors in Chile and Peru; for Institutional or Professional Investors in Colombia; for Institutional Investors in the USA. The document is restricted to Institutional Investors and Advisors in Canada. It is not intended for and should not be distributed to, or relied upon, by the public or retail investors.

China A-shares opportunities after the tech sell-off

November 2026

Figure 1 - Sharp correction in China's A-share tech market in October



Source: WIND, data as of November 17, 2026.

Looking ahead, we believe the AI technology revolution is a medium- to long-term industry trend. After significant adjustments, valuations in the tech sector have fallen back to reasonable ranges, and the room for further contraction may be limited. Valuation support for the market is beginning to emerge.

We're optimistic about domestic computing power chains. Domestic substitution is a long-term structural driver for China's semiconductor industry chain, and it's less affected by fluctuations in overseas computing power chains. At the same time, AI is spreading quickly to the application side, and the investment opportunities there are also worth tracking.

How are investors interpreting China's new market stabilization policies?
In October, the monthly net inflow intensity to ETFs from the "national team" (state-backed and government-linked funds) rose sharply, which strengthened market liquidity and confidence.[3]

The People's Bank of China (PBoC) has also stepped up its stock buyback and re-lending policies, lowering the re-lending rate by 0.25 percentage points to 1% from 4 November 2026.[4] Listed companies are also repurchasing more shares and the third batch of swap facilitation operations has been implemented, with several securities firms already confirming winning bids.[5]

Together, these policies form a combined support for the market, and we expect A-shares to potentially stabilize and rebound.

3. China's National Team Ramps Up ETF Buying to Record High, Bloomberg, November 2026.
4. PBOC cuts share buyback funding rate to 1% and raises banks' FX reserve requirement, The Asian Banker, November 2026.
5. Central Bank to Conduct Third Swap Facility Operation, Caixin Global, November 2026.

China A-shares opportunities after the tech sell-off

November 2026

Which A-share sectors are you constructive on?
In AI, we like the domestic computing power supply chain. Domestic substitution is a long-term structural driver that's less affected by overseas geopolitical factors, and valuations have returned to a reasonable range.

We're also optimistic about the domestic robot industry chain. We expect a significant increase in humanoid robot output next year, and Chinese companies have strong cost competitiveness.

Outside AI, innovative drugs look relatively attractive. This year is another big year for Chinese innovative drugs going global, and next year, overseas approvals are expected to become the most important catalyst for the sector.

China A-shares opportunities after the tech sell-off

November 2026

Investment risks
The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important information
This document is for Professional Clients only in Dubai, Jersey, Guernsey, Isle of Man, Ireland, Continental Europe (as defined below) and the UK; for Qualified Clients/Sophisticated Investors in Israel; for Institutional Investors only in the United States, for Sophisticated or Professional Investors in Australia; in New Zealand for wholesale investors (as defined in the Financial Markets Conduct Act); for Institutional Investors in Chile and Peru; for Institutional or Professional Investors in Colombia; for Professional Investors in Hong Kong; for Qualified Institutional Investors in Japan; in Taiwan for Qualified Institutions/Sophisticated Investors; in Singapore for Institutional/Accredited Investors; for Qualified Institutional Investors and/or certain specific institutional investors in Thailand; for certain specific sovereign wealth funds and/or Qualified Domestic Institutional Investors approved by local regulators only in the People's Republic of China; for certain specific institutional investors in Malaysia upon request; for certain specific institutional investors in Brunei; for Qualified Professional Investors in Korea; for certain specific institutional investors in Indonesia; for qualified buyers in Philippines for informational purposes only; for Institutional Investors and Advisors in Canada. It is not intended for and should not be distributed to, or relied upon by, the public or retail investors. Please do not redistribute this document.

For the distribution of this document, Continental Europe is defined as **Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden** and **Switzerland.** This is marketing material and not financial advice. It is not intended as a recommendation to buy or sell any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/ investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication.

This overview contains general information only and does not take into account individual objectives, taxation position or financial needs. Nor does this constitute a recommendation of the suitability of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions. It is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy to any person in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it would be unlawful to market such an offer or solicitation. It does not form part of any prospectus. While great care has been taken to ensure that the information contained herein is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon.

The opinions expressed are those of the individuals expressing them personally and may differ from the opinions of other Invesco investment professionals. Opinions are based upon current market conditions, and are subject to change without notice. As with all investments, there are associated inherent risks. Please obtain and review all financial material carefully before investing. Asset management services are provided by Invesco in accordance with appropriate local legislation and regulations.

This material may contain statements that are not purely historical in nature but are "forward-looking statements." These include, among other things, projections, forecasts, estimates of income, yield or return or future performance targets. These forward-looking statements are based upon certain assumptions, some of which are described herein. Actual events are difficult to predict and may substantially differ from those assumed. All forward-looking statements included herein are based on information available on the date hereof and Invesco assumes no duty to update any forward-looking statement. Accordingly, there can be no assurance that estimated returns or projections can be realized, that forward-looking statements will materialize or that actual returns or results will not be materially lower than those presented.

By accepting this document, you consent to communicate with us in English, unless you inform us otherwise.

All information is sourced from Invesco, unless otherwise stated.

All data as of November 2026, unless otherwise stated. All data is USD, unless otherwise stated.

China A-shares opportunities after the tech sell-off

November 2026

Restrictions on distribution

Australia
This document has been prepared only for those persons to whom Invesco has provided it. It should not be relied upon by anyone else. Information contained in this document may not have been prepared or tailored for an Australian audience and does not constitute an offer of a financial product in Australia. You may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco.

The information in this document has been prepared without taking into account any investor's investment objectives, financial situation or particular needs. Before acting on the information the investor should consider its appropriateness having regard to their investment objectives, financial situation and needs.

You should note that this information:
- may contain references to dollar amounts which are not Australian dollars;
- may contain financial information which is not prepared in accordance with Australian law or practices;
- may not address risks associated with investment in foreign currency denominated investments;
- and does not address Australian tax issues.
- Issued in Australia by Invesco Australia Limited (ABN 48 001 693 232), Level 26, 333 Collins Street, Melbourne, Victoria, 3000, Australia which holds an Australian Financial Services Licence number 239916.

Canada
In Canada this document is restricted to Institutional Investors and Advisors, is for educational purposes only, does not constitute investment, tax or legal advice and should not be relied on as such. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment making decision. As with all investments there are associated inherent risks. Please obtain and review all financial material carefully before investing. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed.

- Issued in **Canada** by Invesco Canada Ltd., 130 King Street West, Suite 1900, Toronto, Ontario M5X 1E3 Canada.

Further information is available using the contact details shown:
- Issued in **Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, the Netherlands, Spain, Sweden, Luxembourg, Norway** and **Portugal** by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg.
- Issued in **Switzerland** and **Liechtenstein** by Invesco Asset Management (Schweiz) AG, Talacker 34, 8001 Zurich, Switzerland.
- Issued in the **Isle of Man, Ireland, Jersey, Guernsey, Israel and the United Kingdom** by Invesco Asset Management Limited which is authorised and regulated by the Financial Conduct Authority. Invesco Asset Management Ltd, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, RG9 1HH, UK.
- Issued in **Dubai** by Invesco Asset Management Limited. Index Tower Level 6 -Unit 616, P.O. Box 506599, Al Mustaqbal Street, DIFC, Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority.

Israel
This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Neither Invesco Ltd. Nor its subsidiaries are licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder.

Hong Kong
- Issued in **Hong Kong** by Invesco Hong Kong Limited 景順投資管理有限公司, 45/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

Japan
- Issued in **Japan** by Invesco Asset Management (Japan) Limited, Roppongi Hills Mori Tower 14F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6114; Registration Number: The Director-General of Kanto Local Finance Bureau (Kin-sho) 306; Member of the Investment Management Association of Japan and the Japan Securities Dealers Association.

China A-shares opportunities after the tech sell-off

November 2026

New Zealand
This document is issued only to wholesale investors (as defined in the Financial Markets Conduct Act) in New Zealand to whom disclosure is not required under Part 3 of the Financial Markets Conduct Act. This document has been prepared only for those persons to whom it has been provided by Invesco. It should not be relied upon by anyone else and must not be distributed to members of the public in New Zealand. Information contained in this document may not have been prepared or tailored for a New Zealand audience. You may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco.

This document does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for, an opinion or guidance on Interests to members of the public in New Zealand. Any requests for information from persons who are members of the public in New Zealand will not be accepted.

- Issued in **New Zealand** by Invesco Australia Limited (ABN 48 001 693 232), Level 26, 333 Collins Street, Melbourne, Victoria, 3000, Australia, which holds an Australian Financial Services Licence number 239916.

Singapore
- Issued in **Singapore** by Invesco Asset Management Singapore Ltd, 9 Raffles Place, #18-01 Republic Plaza, Singapore 048619.

Taiwan
- Issued in **Taiwan** by Invesco Taiwan Limited, 22F, No.1, Songzhi Road, Taipei 11047, Taiwan (0800-045-066). **Invesco Taiwan Limited is operated and managed independently.**

United States
- Issued in the **United States** by Invesco Advisers, Inc., 1331 Spring Street, N.W., Suite 2500, Atlanta, Georgia, 30309.

202611-6140564-GLR