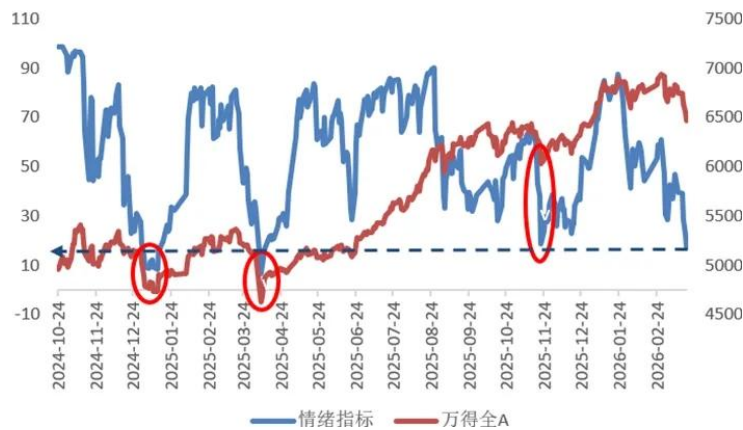


Selective investing has never been more important as sentiment indicators approach extremes

Whether considering the intricate geopolitical landscape or the economic scale, religious history, and geographic factors involved in recent conflicts, a swift resolution may be unlikely. Compared with geopolitical events earlier this year, the visibility of the current conflict is lower, and its impact on capital markets may unfold progressively along a chain: safe-haven demand → stagflation concerns → liquidity changes → reassessment of economic impact.

For Chinese assets, the probability that higher oil prices will push up inflation and trigger domestic liquidity tightening remains relatively low. **The market's real concern may lie in the dual pressure of slowing global growth on export chains and risk appetite.** In recent years, exports have been an important pillar supporting fundamentals. If global markets reacted to liquidity last week, the adjustment in A-shares seemed more like a response to concerns about external demand, which may partly explain why A-shares underperformed other emerging markets.

However, **two opposing forces are currently at play.** On one hand, a higher oil price center raises cost-push inflation and constrains demand. On the other hand, supply-side constraints highlight the advantages of China's well-established supply chain, potentially recreating the narrative of export share gains seen during 2020–2021.



Sentiment Indicator Source: Wind, Rosefinch Fund

From a sentiment perspective, **the GLMS sentiment indicator, defined as the proportion of all A-shares closing above their 30-day moving average, has fallen to its lowest level since last November**, entering an empirically observed bottom range. Against a backdrop of stable domestic fundamentals and moderately accommodative liquidity, concerns about external demand uncertainty may have been largely priced in.

Although the approach of quarter-end tends to intensify institutional competition for performance, contributing to short-term volatility, a medium-term perspective still favors confidence in the resilience of Chinese assets. In addition, as the annual reporting season begins, **weaker sentiment combined with earnings verification may further widen differentiation across sectors and individual stocks.**

Investors should also recognize that traditional safe-haven logic may lose effectiveness at this stage. Increased volatility in assets such as gold, long-duration bonds, and the Japanese yen suggests that simply avoiding risk may no longer be sufficient to navigate the evolving environment.

Looking back at more than 30 years of the A-share market, the first two decades witnessed China's urbanization, WTO accession, industrialization, informatization, and consumption upgrade. Over the past 15 years, the market has shifted from "cyclical bulls" during high-growth periods to "industry-driven, technology-driven, and value-divergence" markets during structural transformation. Sectors such as new energy, new materials, semiconductors, innovative pharmaceuticals, and AI have stepped onto the global stage. Looking ahead, emerging themes including AGI, embodied intelligence, commercial space, nuclear fusion, quantum computing, and domestic consumption remain promising.

At the China Development Forum on March 22, Premier Li Qiang emphasized that China is committed to being a "cornerstone of certainty" and a "haven of stability" for the world. The 15th Five-Year Plan is not only a new blueprint for China's development but also a new opportunity for global growth.

Amid the "clouds" of internal and external uncertainties, the optimal strategy may be neither exiting entirely out of fear nor making aggressive bets in the fog. Instead, maintaining moderate exposure while practicing careful selection and prudence may be preferable. High-quality equity assets that align with the needs of the era and drive progress can serve not only as ballast in asset allocation but also as strategic core holdings for capturing long-term certainty in a period of profound change.

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