



# China Innovation:

## Completing Global Innovation and Emerging Markets Equity Allocations

### Executive Summary

For many global investors, China<sup>1</sup> exposure is still framed narrowly: as a cyclical macro trade, a geopolitical risk bucket or a handful of large internet names. At Matthews, we believe this framing misses a key structural shift: China has evolved into a broad innovation ecosystem, with opportunities across semiconductors, power generation, health care, and the application of new technologies across traditional industries. A growing subset of Chinese companies is also increasingly competing on the global stage, expanding internationally, and exporting innovative products, solutions and intellectual property.

As the world's second-largest economy and one of the largest and deepest equity markets, China offers more than a recovery or domestic consumption story. In our view, its innovation capacity is now too large to ignore, reflected in rising frontier research output, patent activity and a diverse set of innovative companies across sectors and market caps. We believe this makes China innovation exposure appropriate not only for investors seeking to deepen their China exposure within Emerging Markets (EM) but also for those building a more complete global innovation allocation.

From a portfolio construction perspective, China's innovative companies can broaden exposure beyond U.S. mega-cap technology firms, diversify sources of growth within global equities, complement EM and Asia allocations, and provide access to under-researched small- and mid-cap companies across the innovation value chain.

We believe this approach to China's equity market can offer attractive alpha potential over economic cycles supported by companies with more durable growth profiles and higher-quality fundamentals than the broader benchmark.

<sup>1</sup>China includes the People's Republic of China, its administrative regions and other districts, such as Hong Kong, as well as Taiwan (collectively "China").

## Part 1—Why Invest in China Innovation

### China innovation as a structural, long-duration opportunity


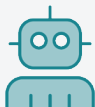




Enduring investment themes are typically anchored in large, persistent problems that usually require scalable solutions. In China—and in many economies globally—population aging is reshaping labor supply and consumption patterns, while rising incomes and longer life expectancy are driving increased demand for health care. At the same time, geopolitics and supply-chain reconfiguration have elevated China’s self-sufficiency to a strategic priority in critical industries.

Together, these structural forces, in our view, are likely to influence capital allocation, policy direction and corporate earnings over a multi-year horizon. Innovation is central to addressing these challenges, which are unlikely to be resolved through incremental change alone. In our view, aging societies benefit from automation, robotics and other productivity-enhancing technologies. Expanding health-care demand underscores the need for advances in diagnostics, therapies and care delivery. Strategic self-sufficiency,

in turn, typically requires localized manufacturing ecosystems, domestic technological capabilities and a broader innovation base spanning hardware, software and alternative energy systems.

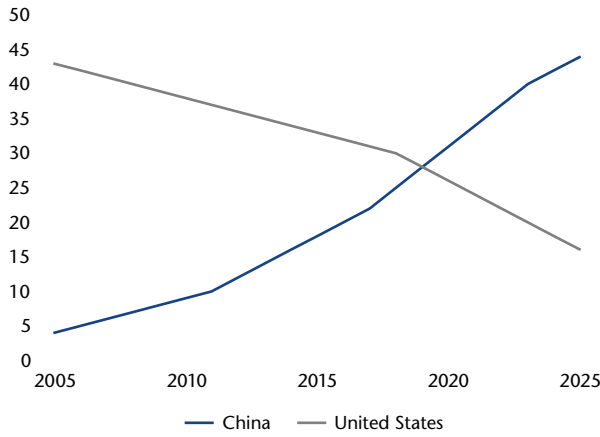
This structural shift is increasingly reflected in the composition of China’s equity market and the broadening of its opportunity set beyond legacy growth, such as property, banks, and state-owned enterprises, and toward a more diversified set of innovation- and technology-enabled industries. Investors who continue to view China primarily through the lens of low-value manufacturing or a narrow group of internet platforms may underappreciate the breadth of expanding opportunities, including electric vehicles, robotics, AI infrastructure, new energy, semiconductors, and health care.

In addition, problem solving companies that are addressing critical needs, in our view, tend to be less sensitive to common investor concerns, such as worries over China’s economic growth in areas like consumer spending or a sluggish property market.

 <p><b>SMART EVS</b></p> <ul style="list-style-type: none"> <li>• China sold over 12.8 million electric vehicles (EVs) in 2025, and EVs accounted for half of domestic light-duty vehicle (LDV) sales;</li> <li>• About 15 million new cars in China were fitted with L2+ advanced driver assistance systems (ADAS) in 2025</li> </ul>	 <p><b>ROBOTICS</b></p> <ul style="list-style-type: none"> <li>• China represented 54% of global industrial robot deployments in 2024, with 295,000 installations</li> </ul>	 <p><b>AI</b></p> <ul style="list-style-type: none"> <li>• China-based inventors filed over 38,000 GenAI inventions from 2014–2023, roughly six times the U.S. level</li> </ul>
 <p><b>NEW ENERGY</b></p> <ul style="list-style-type: none"> <li>• China’s share of all major solar-panel manufacturing stages exceeds 80% globally</li> </ul>	 <p><b>SEMICONDUCTORS</b></p> <ul style="list-style-type: none"> <li>• China and Taiwan are central to foundry capacity: TrendForce estimates Taiwan at 44% and China at 28% of global foundry capacity in 2024, with Taiwan at 66% of advanced-process foundry capacity</li> </ul>	 <p><b>HEALTH CARE</b></p> <ul style="list-style-type: none"> <li>• China approved a record 48 Class-1 innovative drugs in 2024, with more than 70% developed by Chinese pharmaceutical companies</li> </ul>

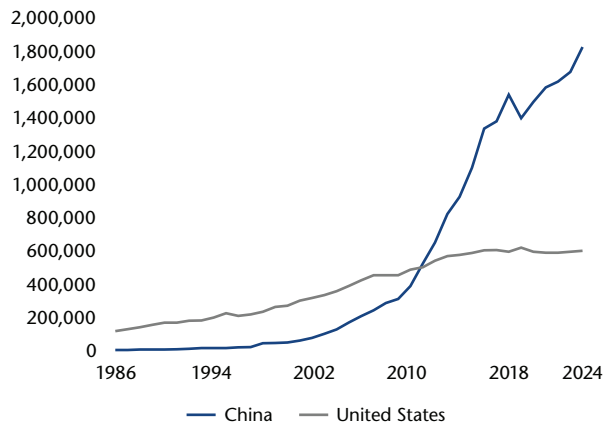
Sources: The International Energy Agency (IEA), International Federation of Robotics (IFR), China Daily, World Intellectual Property Organization (WPO), The Organisation for Economic Co-operation and Development (OECD), TrendForce, International Council on Clean Transportation (ICCT), South China Morning Post.

PUBLICATION RATE OF TOP 10% PUBLICATIONS



Sources: Publication Rate from Australian Strategic Policy Institute (ASPI), Patent Application from World Intellectual Property Organization (WIPO) Database, November 2025

PATENT APPLICATION BY COUNTRY



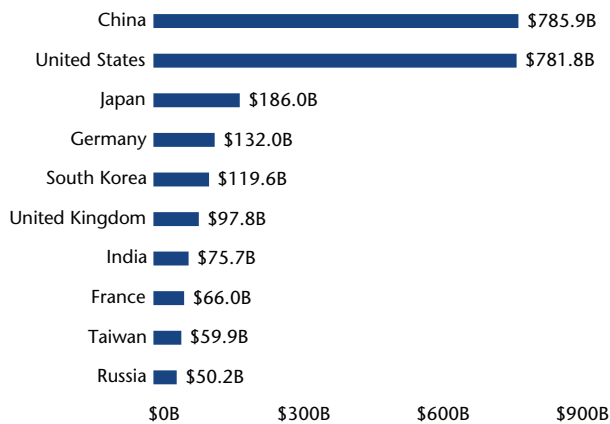
Sources: Publication Rate from Australian Strategic Policy Institute (ASPI), Patent Application from World Intellectual Property Organization (WIPO) Database, November 2025

The breadth and depth of China’s innovation capacity

China’s innovation intensity has increased significantly in the past 20 years. Its share of top-tier professional and academic research output rose nine times from 2005 to 2025 while annual patent applications have climbed to 1.8 million in 2024 from 105,317 in 2003. The country has also overtaken the U.S. for the first time in leading global R&D expenditure.

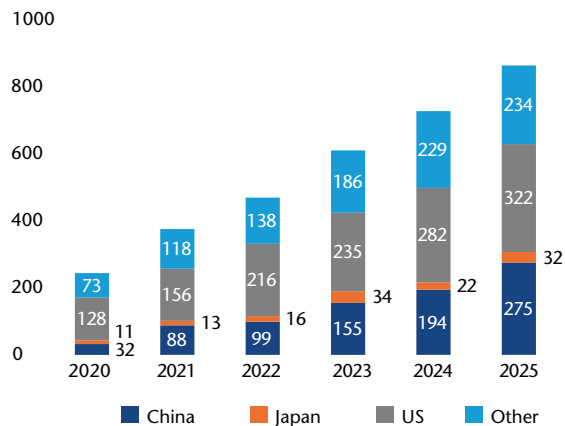
For investors, the implication is not only that innovation activity is accelerating but also that the opportunity set is deepening and broadening. As innovation expands across sectors and industries, the investable landscape requires deep expertise and a clear, disciplined framework to capture this potential.

CHINA OVERTAKES U.S. IN GLOBAL R&D



Sources: World Intellectual Property Organization (WIPO), The Organisation for Economic Co-operation and Development (OECD) March 2026 release

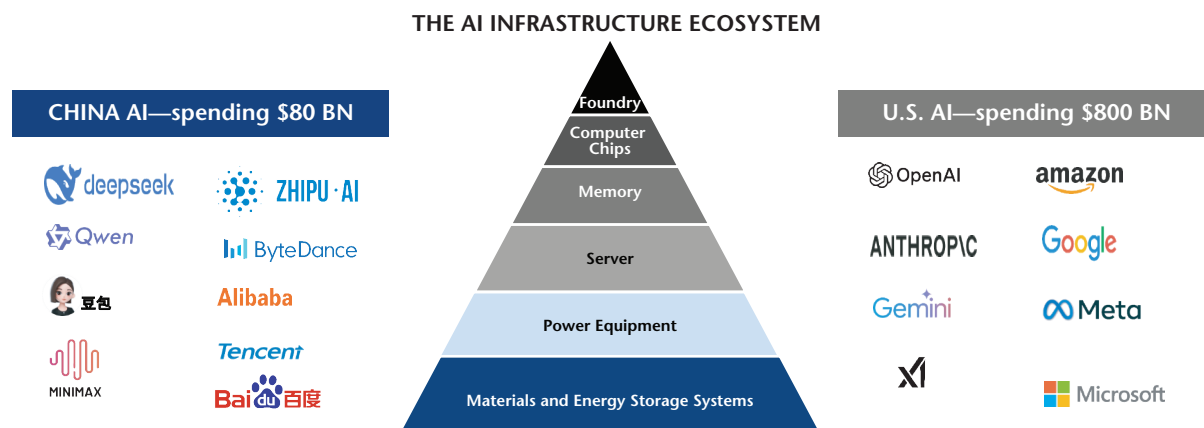
MAJOR CONTRIBUTORS TO GLOBAL FIRST-IN-CLASS DRUGS



Source: NextPharma as of December 2025

**U.S. VS. CHINA: THE AI VALUE CHAIN RUNS THROUGH ASIA**

Over 60% of AI infrastructure spending flows through the enabling layer



Source: Matthews. As of 2/28/2026 accounts managed by Matthews Asia hold positions in the following securities: Tencent Holdings, Ltd., Baidu, Inc., and Alibaba Group Holding, Ltd. Accounts managed by Matthews Asia do not hold any positions in Amazon, Google, Meta, Microsoft, OpenAI, DeepSeek, Google Gemini, Anthropic, OpenAI, xAI, MiniMax, Zhipu, ByteDance or Qwen. For the latest list of securities held by Matthews Asia, please visit [matthewsasiasia.com](https://matthewsasiasia.com).

At Matthews, we evaluate China’s innovation through a simple framework: innovation enablers and adopters. Innovation enablers are foundational companies that develop the critical tools, technologies and infrastructure required for broader innovation. These include semiconductor manufacturers, hardware producers, AI infrastructure suppliers, and power-equipment makers. These firms provide the essential building blocks for the global innovation economy, powering everything from advanced computing to next-generation energy systems.

Innovation adopters, by contrast, can emerge in any sector. They apply cutting-edge technologies to transform their industries. Examples include health care companies leveraging AI to accelerate drug discovery

and development, as well as businesses utilizing digital tools to enhance logistics, customer experience or operational efficiency.

At Matthews, we believe this framework is powerful because it expands opportunity mapping beyond traditional labels. A company may not be classified as “technology” at the sector level, but if it is leveraging AI, automation, digital infrastructure, or new materials to solve a meaningful customer problem, it can still be part of the innovation opportunity set. In practice, some of the most attractive innovation exposures may sit in industrials, health care, materials, or consumer-facing sectors, rather than in pure software or internet-related businesses.

**MATTHEWS CHINA INNOVATORS FUND THEMATIC FOCUS: POWERING THE NEXT INDUSTRIAL CYCLE**

China monetizes two demand sources: local consumption growth and global grid modernization

Why Demand is Rising	China’s Edge	Investable Opportunities
<ul style="list-style-type: none"> <li>• AI &amp; Data Centers</li> <li>• Renewables and New Power Stack</li> <li>• Grid Modernization and Resilience</li> <li>• Electrification &amp; Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• <b>China in the enabling layer</b> Chinese and Taiwanese firms supply grid, cooling, storage and industrial components globally</li> <li>• <b>Domestic demand drives scale &amp; innovation</b> China’s AI, renewables, EV and digital buildout accelerates scaling, cost reduction and iteration for leading firms</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Grid equipment &amp; transmission</b>  </li> <li>• <b>Power solution &amp; cooling</b>  </li> <li>• <b>Energy storage &amp; battery systems</b>  </li> <li>• <b>Next-generation supply chain</b>  </li> </ul>
<b>Enabling-Layer (Pick-and-Shovels, Not Commodity Price-Driven)</b>		

Source: Matthews. As of 2/28/2026 accounts managed by Matthews Asia hold positions in the following securities: Siyuan Electric Co., Delta Electronics, Inc., AURAS Technology Co., Sungrow Power Supply Co., Contemporary Amperex Technology Co, Ltd. (CATL), Dongfang Electric Corp., Hongfa Technology and Fortune Electric. Accounts managed by Matthews Asia do not hold any positions in Jentech, Asia Vital Components Co. (AVC), LONGi Green Energy Technology or Goldwind Science & Technology. For the latest list of securities held by Matthews Asia, please visit [matthewsasiasia.com](https://matthewsasiasia.com). This information is solely to illustrate Matthews Asia’s investment process. Parameters set by Matthews Asia are subject to change.

# CHINA INNOVATION

## MADE IN ASIA: GLOBAL AI INFRASTRUCTURE LAYER

Innovation enablers—AI picks and shovels



Source: Matthews. As of 2/28/2026 accounts managed by Matthews Asia hold positions in the following securities: Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC), Samsung Electronics Co., Ltd., SK Hynix, Inc., Hon Hai Precision Industry Co., Ltd., Quanta Computer, Inc., Wiiwynn Corp., Alibaba Group Holding, Ltd., MediaTek, Inc., MMG, LG Energy Solution, Sungrow Power Supply, BYD, Mitsubishi Electric, Hyundai Electric, Delta Electronics, Sieyuan Electric Co., Contemporary Amperex Technology Co. (CATL), Cambricon Technologies, Baidu, Inc., and CMOC Group. Accounts managed by Matthews Asia do not hold any positions in Wistron Corp., Huawei Technologies Co., Ltd., Semiconductor Manufacturing International Corporation (SMIC), Shanghai Biren Technology, MetaX Integrated Circuits or Mitsubishi Materials. For the latest list of securities held by Matthews Asia, please visit [matthewsasiasia.com](http://matthewsasiasia.com).

Together, innovation enablers and adopters form a connected ecosystem. Enablers provide the foundational technologies and infrastructure that make innovation possible, while adopters apply these tools to transform products, services, and business models within their respective industries.

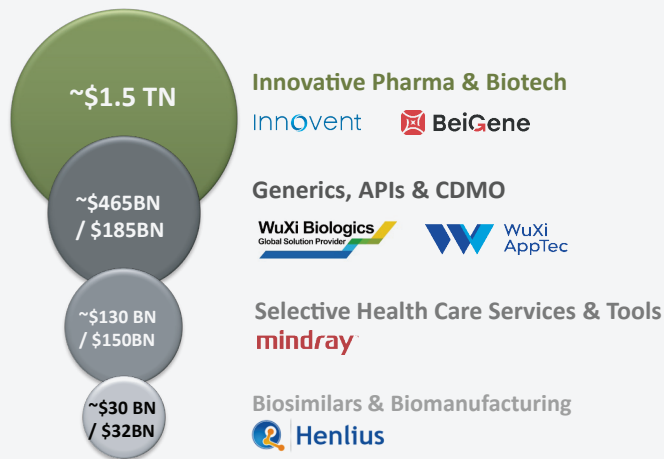
In our view, China innovation should not be viewed as a single sector bet. It represents a broad ecosystem spanning sectors, business models and market capitalizations. For investors, this can create a significantly larger and more diverse opportunity set than is often reflected in conventional China exposure, which tends to be concentrated in a small group of mega-cap internet companies.

We are increasingly finding companies in traditional industries that are developing their existing technology to solve new problems in innovative, high growth industries, which could potentially catalyze their growth prospects. These companies tend to be uncovered, or covered by sell-side research analysts that tend to be focused on more traditional sectors, which in our view can be an alpha generating opportunity for our specialised team.

While this expanding opportunity in China innovation is structural in nature, the timing of capital recognition is often uneven. This creates periods where long-term innovation trends and short-term market pricing may diverge.

## MATTHEWS CHINA INNOVATORS FUND THEMATIC FOCUS: CHINA HEALTH CARE

Global reach, local innovation, where active management matters



- Near-term preference—Drugs: driven by the global patent cliff, faster innovation cycles, and higher returns on innovation
- Potential implications for international portfolios—Active management can uncover underappreciated niches, add diversified high-return potential, and access China firms with lower correlation to U.S. and European health care leaders

CDMO = Contract Development and Manufacturing Organization

Source: Matthews. As of 2/28/2026 accounts managed by Matthews Asia hold positions in the following securities: Innovent Biologics, WuXi AppTec, and WuXi Biologics Cayman. Accounts managed by Matthews Asia do not hold any positions in Mindray, Henlius or BeiGene. For the latest list of securities held by Matthews Asia, please visit [matthewsasiasia.com](http://matthewsasiasia.com). This information is solely to illustrate Matthews' investment process. Parameters set by Matthews are subject to change. There is no guarantee estimates or future projections will be realized.

## Part 2—Why Now

### The structural and fundamental catalysts accelerating China innovation

Given this structural backdrop and expanding opportunity set, the question becomes why innovation in China is critical now. At Matthews, we believe there are three near-to-medium-term catalysts.

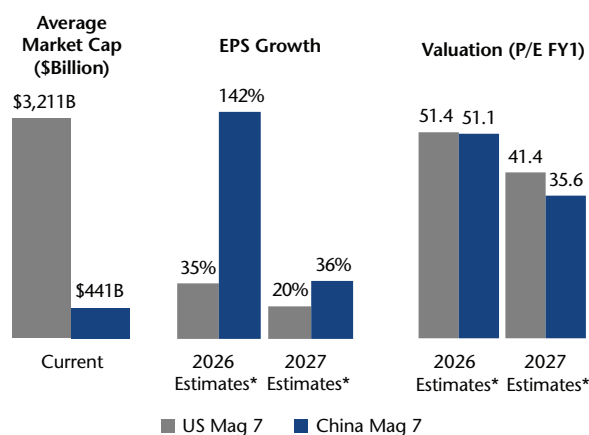
First, the global AI build-out is expanding demand beyond models and software into the enabling layer—semiconductors, memory, servers, networking, materials, power equipment, and energy systems—where Asia, and in many areas China, is central to the infrastructure stack.

Second, geopolitical decoupling is elevating advanced semiconductors from a commercial product to a strategic asset. While often viewed through a risk lens, this drive for self-sufficiency can also function as a catalyst for domestic innovation, supply-chain localization, and investment in critical industries.

Third, fundamentals appear more supportive than many investors assume, across earnings momentum, shareholder returns, and valuations. In our view,

#### PERCEPTION VS. FUNDAMENTALS

U.S. and China innovation exposure offer fundamentally different growth profiles



\*Note: 'U.S. MAG 7' securities refers to a group of highly influential, large-cap technology stocks that have been significant drivers of the U.S. stock markets growth. 'China MAG 7' includes the top 7 innovation-related securities from the MSCI China and MSCI Taiwan indexes and includes the following securities: TSMC, Tencent, Alibaba Group, BYD, Semiconductor Manufacturing International Corp. (SMIC), Xiaomi Corp., and Cambrian Technologies. For illustrative purposes only and does not constitute a recommendation to buy or sell any securities mentioned. The P/E Ratio is the share price of a stock as of the report date, divided by the forecasted earnings per share for a 12-month period (FY1). 2026 and 2027 data are estimates and there is no guarantee that projections or estimates will be realized. Indexes are unmanaged and it is not possible to invest directly in an index. There is no guarantee that the composition of the index will remain unchanged, or that the companies in the index will achieve their forecasted EPS.

Source: Bloomberg; data as of April 28, 2026

investors can access both innovation enablers and adopters at valuations that remain reasonable relative to their earnings-growth potential and versus comparable U.S. innovation exposures. The divergence highlighted in the chart below underscores the gap between perception and fundamentals: the market-cap disparity remains large even as China's leading innovators are expected to deliver faster earnings growth.

China remains susceptible to geopolitical headlines and sentiment-driven volatility, but short-term fluctuations do not alone negate the long-term innovation thesis. Volatility can create mispricing in businesses whose earnings are ultimately driven by product leadership, market-share gains, and execution.

Markets may take time to reflect structural shifts, but "proof-point moments"—such as in January 2025, when DeepSeek captured global attention—can rapidly change investor perceptions and capital flows.

## Part 3—What China Innovation Brings to Portfolios

### Completing innovation exposure beyond U.S. and Asia mega-cap companies

Many global portfolios already have exposure to innovation but in practice this is often concentrated in a small group of U.S. and emerging-Asian market mega-cap companies. This concentration can leave portfolios over-exposed to a narrow segment of the innovation ecosystem, primarily the platform, software, and foundational model layer, while underweighting other significant parts of the value chain.

China can serve as a complement to existing exposure. China is an important part of the global innovation enabling layer, particularly across hardware manufacturing, semiconductor foundries, power equipment, renewable infrastructure, and robotics.

Viewed in this way, a broader China innovation allocation introduces differentiated drivers of return, different earnings cycles, and a wider mix of end markets. For investors whose innovation exposure is largely associated with a narrow basket of developed market stocks, broad China exposure can help increase the overall opportunity set.

China innovation can also complement EM and broader Asia regional active and passive allocations. While many EM and Asia portfolios already include China exposure, it is often benchmark-driven, mega-cap heavy, or tilted toward legacy sectors. By contrast, we believe an innovation-focused approach provides access to a more differentiated segment of the market.

This differentiation is reflected in portfolio overlap metrics. The Matthews China Innovators portfolio, for example, has low overlap with MSCI China (8.26%), MSCI EM (10.9%), MSCI EAFE (2.79%), MSCI ACWI ex U.S. (7.63%), with a higher but still moderate overlap with MSCI Asia ex Japan (13.7%) as of Q1 2026. The Matthews China Innovators Fund, therefore, adds differentiated exposure rather than duplicating investors’ existing regional allocations.

From a portfolio construction perspective, we believe this relatively low overlap is meaningful because it reflects a distinct underlying opportunity set—a low correlation with commonly held indices. At the holdings level, the average Matthews China Innovators Fund correlation is 0.20, reflecting diversification across companies and a greater risk discipline in comparison.

**MATTHEWS CHINA INNOVATORS FUND: DIFFERENTIATED EXPOSURE AND LOW CORRELATION**

	Matthews China Innovators Fund	NASDAQ 100	S&P 500 Index	MSCI EM Index	STOXX Europe 600 Index
Matthews China Innovators Fund	1	0.22	0.26	0.46	0.35
NASDAQ 100		1	0.96	0.65	0.7
S&P 500 Index			1	0.69	0.79
MSCI EM Index				1	0.86
STOXX Europe 600 Index					1

Source: Bloomberg; data as of January 1, 2026– March 31, 2026. Past performance is no guarantee of future results. Indexes are unmanaged and it is not possible to invest directly in an index.

Another important feature of China’s innovation universe is that many innovative businesses are not yet the largest benchmark constituents. A significant number of tomorrow’s innovation leaders may still be in earlier stages of development. Therefore, investors who primarily focus on mega-cap internet and semiconductor names may overlook the small- and mid-cap (SMID) universe that is less researched, but home to a large number of innovation enablers and adopters with attractive earnings growth potential.

This matters for alpha generation because market inefficiency is often greatest where research coverage is thin. The China equity universe is widely under covered by sell-side analysts: among approximately 5,000 China-listed equities tracked by FactSet Research Systems,

most are covered by five or fewer analysts, and almost a third have no sell-side coverage. This coverage gap can create opportunities for fundamental active managers with local research capabilities, language fluency and the ability to triangulate public and private company data.

From an alpha-generation perspective, market inefficiency is often greatest where research coverage is thin. In China’s innovation space, this dynamic is particularly relevant given the breadth of the SMID-cap opportunity set.

**THIRD-PARTY ANALYST COVERAGE OF CHINESE STOCKS**

Percent of companies covered by third-party analysts within China’s broader stock universe	Number of third-party analysts providing coverage
25%	5+ analysts
69%	5 or fewer analysts
64%	4 or fewer analysts
59%	3 or fewer analysts
52%	2 or fewer analysts
44%	1 or fewer analysts
32%	Zero analysts

Source: FactSet Research Systems as of 3/31/2026

Additionally, we believe an all-share approach can more fully capture the breadth of the innovation ecosystem in China than an A-shares-only framework. Restricting the universe to a single listing venue can exclude critical parts of the value chain which are often represented in H-shares, and ADRs.

A-shares are primarily domestically owned and historically retail-driven, which can create behavioral inefficiencies and sharp dislocations. H-shares, by contrast, tend to have greater foreign institutional participation, while ADRs are more directly influenced by U.S. investor sentiment, regulation, and liquidity conditions.

Taiwan is especially important from an innovation perspective. Taiwan remains central to many enabling layers, especially in advanced foundry and packaging. For investors, a broader universe allows participation in both domestic mainland China innovation and its other administrative regions’ and districts’ ecosystems that supports U.S. and global technology buildout.

An all-share approach also allows portfolio managers to compare similar businesses across listing venues and seek the most attractive risk-adjusted opportunities.

Finally, the IPO market is another important source of potential opportunity. Outside the U.S., the venture capital base is small, and innovative companies often come to market earlier in their lifecycle when their addressable markets are rapidly expanding and generalist investor understanding remains incomplete. In this context, specialist investors with deep public-private company access can better assess whether an IPO candidate is a durable innovator, a cyclical concept stock or a business facing disruption from private competitors.

## Part 4—Why Matthews

### Our investment philosophy begins with a core principle: we invest in innovative problem solvers.

We believe companies can deliver enduring shareholder value when they address large, meaningful structural problems. The scale of the opportunity increases with the scale of the problem.

Some of the world’s most pressing structural challenges—including aging populations, rising health care demand and geopolitically driven self-sufficiency needs—represent investment opportunities. At Matthews, we believe solving these challenges demand innovation as conventional, incremental approaches are no longer sufficient to address their complexity and scale. It also requires a thorough and disciplined investment process.

### Our research process

Once we have identified innovative problem solvers addressing structural challenges, we apply a rigorous, time-tested process to select investments with the highest probability of delivering long-term returns. Our approach combines thematic conviction with fundamental discipline.

### Our edge

We believe our edge rests on three differentiated pillars: on-the-ground investment teams, alternative data and unique public-and-private company access.

First, our research offices are in Silicon Valley and Hong Kong, China, close to two global innovation hubs. Our research resources are organized into knowledge platforms organized by country and industry specialization providing real-time insight into emerging technologies and business models. This localized presence is invaluable for identifying both innovation enablers and adopters early. Our Chinese-language capabilities and local networks are especially important in a market where company disclosures, private-company intelligence, supply-chain data, and management access can be difficult for global investors to interpret from afar.

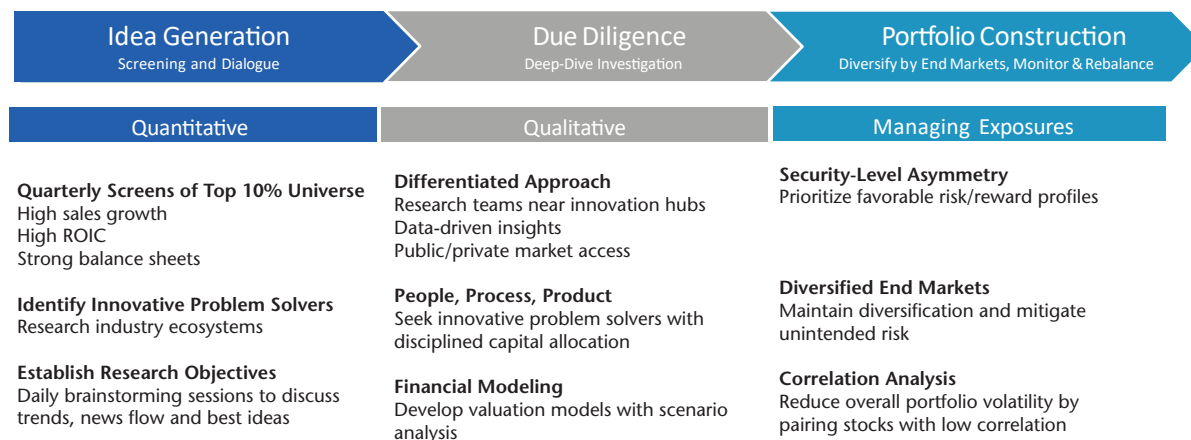
Second, we harness alternative data to complement human judgment. While computers excel at processing vast datasets quickly, human judgement provides context and interpretation. By combining proprietary and third-party alternative data—ranging from supply-chain signals to industry-specific metrics—we seek to identify trends and validate company trajectories in a more timely and informed manner.

Third is our public-private market integration. A defining feature of our process is deep engagement across both public and private companies. In China, approximately 99.99% of companies remain private, and for many high-growth innovators, the greatest long-term competitive threats often emerge from private startups rather than established incumbent.

We therefore conduct extensive on-the-ground research with private competitors, suppliers and customers to cross-validate our assessment of a company’s people, process and product, and seek to eliminate blind spots.

## INVESTMENT PROCESS

Balancing stock selection with methodical portfolio construction



This information is solely to illustrate Matthews’ investment process for informational purposes only. Parameters set by Matthews are subject to change.

## Portfolio construction and risk management

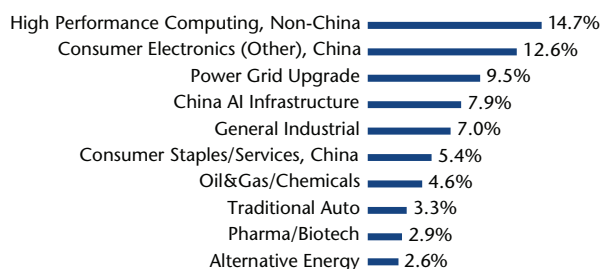
Our knowledge platform teams build proprietary financial models incorporating three bullish, base, and bearish case scenarios. This scenario analysis defines clear intrinsic-value boundaries and helps identify the most asymmetric opportunities: those with significantly greater upside potential than downside risk.

Matthews China Innovators Fund Portfolio Manager, Tiffany Hsiao, CFA, brings long/short equity and

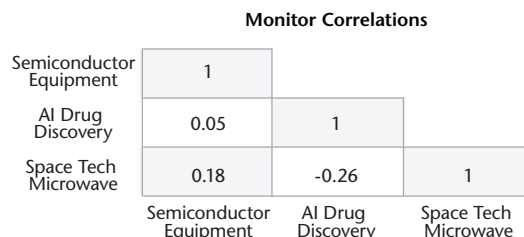
private equity experience that reinforces a strong risk-management mindset. The objective is not only to identify high-quality businesses, but also to understand where earnings expectations, end-market exposures, valuation, and correlation risks may be mispriced. Proprietary mapping of end-market exposures and correlation analysis is used to help ensure the portfolio is not simply a collection of compelling narratives, but rather a diversified set of idiosyncratic return drivers.

### RISK MANAGEMENT THROUGH END MARKET EXPOSURE CONTROL

Top end market exposure for Matthews China Innovators Fund



Example: Correlation Matching  
Pair securities with low correlation



Source: Matthews; data as of April 30, 2026. Past performance is no guarantee of future results.

Low correlations across portfolio holdings can reduce concentration risk

	Semiconductor wet processing equipment	Cleanroom / engineering integration	Semiconductor automation equipment	Semiconductor assembly & packaging equipment	Lifestyle hotel operator	Semiconductor test equipment	Auto components / die casting	Environmental services / waste-to-energy	Property management services	Engine manufacturer	Advanced materials	Restaurant chain
Semiconductor wet processing equipment		0.15	0.08	0.24	0.29	0.27	0.35	-0.06	0.16	0.25	0.09	0.14
Cleanroom / engineering integration	0.15		0.14	0.28	0.18	0.47	0.33	0.23	0.01	0.15	0.23	0.05
Semiconductor automation equipment	0.08	0.14		0.23	0.19	-0.07	0.06	0.02	0.09	0.00	0.01	-0.03
Semiconductor assembly & packaging equipment	0.24	0.28	0.23		0.17	0.30	0.35	0.14	0.17	0.22	0.32	0.17
Lifestyle hotel operator	0.29	0.18	0.19	0.17		0.03	0.18	0.20	0.34	0.18	0.20	0.33
Semiconductor test equipment	0.27	0.47	-0.07	0.30	0.03		0.46	-0.04	0.24	0.10	0.27	0.24
Auto components / die casting	0.35	0.33	0.06	0.35	0.18	0.46		-0.02	0.20	0.15	0.31	0.14
Environmental services / waste-to-energy	-0.06	0.23	0.02	0.14	0.20	-0.04	-0.02		0.17	0.05	0.37	0.07
Property management services	0.16	0.01	0.09	0.17	0.34	0.24	0.20	0.17		-0.04	0.44	0.32
Engine manufacturer	0.25	0.15	0.00	0.22	0.18	0.10	0.15	0.05	-0.04		0.07	0.12
Advanced materials	0.09	0.23	0.01	0.32	0.20	0.27	0.31	0.37	0.44	0.07		0.29
Restaurant chain	0.14	0.05	-0.03	0.17	0.33	0.24	0.14	0.07	0.32	0.12	0.29	

Source: Matthews. This information is solely to illustrate Matthews' investment process. This information is for illustrative purposes only and is not representative of the results of any particular security or product. Parameters set by Matthews are subject to change.

## Our team

Tiffany Hsiao, CFA, is the portfolio manager of the Matthews China Innovators strategy. She was born in Taiwan, raised in Silicon Valley and traveled extensively across China with her father as he built and invested in technology businesses. Tiffany began her career as a technology equity analyst and managing a global communications fund at Franklin Templeton and later worked in Hong Kong and Tokyo from 2007 to 2013 at Goldman Sachs, focusing on Asia Pacific long/short equity investments with an emphasis on China equities.

She first joined Matthews in April 2014 and left in August 2020 to launch a China-focused public and private equity hybrid fund at Artisan Partners. Tiffany returned to Matthews in November 2025 to manage the China Innovators and Asia Innovators strategies, bringing with her the two analysts, Kerry Cheng and Nina Zhang, who worked alongside her at Artisan.

This combination of personal background and professional experience gives Tiffany a distinctive perspective on the intersection of technology, geopolitics, and Asian markets.

## MATTHEWS CHINA INNOVATORS FUND

### Portfolio Manager



Tiffany Hsiao, CFA  
25 years of experience

### China Knowledge Platform



Tiffany Hsiao, CFA  
Tech hardware & software,  
health care



Nina Zhang\*  
Consumer, logistics, real estate  
and communication services



Kerry Cheng\*  
Renewable, industrial automation,  
power equipment



Andrew Mattock, CFA  
Financials (including FinTech),  
cyclicals



Kathy Xu  
China A-Shares, all sectors

■ Located in Asia

\* Effective April 30, 2026

Note: Years of industry experience as of January 2026

## Conclusion

China's equity story has evolved. Today, it reflects a broader innovation ecosystem shaped by structural needs and supported by rising innovation capacity across both foundational enablers and fast-moving adopters.

For investors, this can create an opportunity that is both strategic and actionable. It is strategic in that it provides exposure to one of the world's largest centers of technological developments. It is actionable in that it can complement investors' existing global innovation exposure, broaden diversification and provide access to less-recognized parts of the market where tomorrow's giants may still be in earlier stages in their journey. While volatility remains a feature of the asset class, many innovation companies are increasingly expanding both domestically and internationally, which may support longer growth runways over time.

In our view, the question is no longer whether China can innovate—it is whether portfolios are positioned to participate.

An investment in Matthews Asia Funds is subject to risks. Please refer to the below disclosures for a more detailed outline of the associated risks.

### Important Information

The Fund is a sub-fund of Matthews Asia Funds SICAV, an umbrella fund, with segregated liability between sub-funds, established as an open-ended investment company with variable capital and incorporated with limited liability under the laws of Luxembourg.

Investment involves risk. Past performance is no guarantee of future results. The value of an investment in the Fund can go down as well as up. This document is not a Prospectus/Offering Document and does not constitute an offer to the public. No public offering or advertising of investment services or securities is intended to have taken effect through the provision of these materials. This is not intended for distribution or use in any jurisdiction in which such distribution, publication, issue or use is not lawful. Investors should not invest in a Fund solely based on the information in this document.

An investment in Matthews Asia Funds may be subject to risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Additionally, investing in emerging and frontier securities involves greater risks than investing in securities of developed markets, as issuers in these countries generally disclose less financial and other information publicly or restrict access to certain information from review by non-domestic authorities. Emerging and frontier markets tend to have less stringent and less uniform accounting, auditing and financial reporting standards, limited regulatory or governmental oversight, and limited investor protection or rights to take action against issuers, resulting in potential material risks to investors. The current prospectus, Key Investor Information Document or other offering documents (“Offering Documents”) contain this and other information and can be obtained by visiting [global.matthewsasia.com](http://global.matthewsasia.com). Please read the Offering Documents carefully before investing as they explain the risks associated with investing in international and emerging markets.

It is the responsibility of any persons wishing to subscribe for shares to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of shares, and any foreign exchange restrictions that may be relevant thereto.

An investment in the Matthews Asia Funds is not available in all jurisdictions. The Fund’s shares may not be sold to citizens or residents of the United States or in any other state, country or jurisdiction where it would be unlawful to offer, solicit an offer for, or sell the shares. No securities commission or regulatory authority has in any way passed upon the merits of an investment in the Fund or the accuracy or adequacy of this information or the material contained herein or otherwise. Matthews Asia is the brand for Matthews International Capital Management, LLC and its direct and indirect subsidiaries.

Matthews International Capital Management is the Investment Manager to the Matthews Asia Funds, and is a U.S.-based investment adviser registered with the U.S. Securities and Exchange Commission who has not represented and will not represent that it is otherwise registered with any other regulator or regulatory body. Registration does not imply a certain level of skill or training.

The information contained herein has been derived from sources believed to be reliable and accurate at the time of compilation, but no representation or warranty (express or implied) is made as to the accuracy or completeness of any of this information. Matthews Asia and its affiliates do not accept any liability for losses either direct or consequential caused by the use of this information.

The views and information discussed herein are as of the date of publication, are subject to change and may not reflect current views. The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles.

In the UK, this document is only made available to professional clients and eligible counterparties as defined by the Financial Conduct Authority (“FCA”). Under no circumstances should this document be forwarded to anyone in the UK who is not a professional client or eligible counterparty as defined by the FCA. Issued in the UK by Matthews Global Investors (UK) Limited (“Matthews Asia (UK)”), which is authorised and regulated by the FCA, FRN 667893.

