

FEBRUARY 2026

Galloping ahead – what our China Equity team expects from the Year of the Horse

As China welcomes the Year of the Horse on 17 February 2026, anticipation is building. The Horse, symbolizing strength, freedom, and speed, points to a year likely marked by vitality and dynamic change. Traditionally, the Year of the Horse is associated with progress and noteworthy achievements. It embodies traits such as optimism and resilience, suggesting individuals and businesses alike may take a bold and energetic approach to new opportunities as they arise.

In this spirit, our China Equity Portfolio Management Team is pleased to share their expectations for the year ahead, what they are most looking forward to, and how they plan to navigate the opportunities and challenges of the Year of the Horse.

and robotics. Add in the potential for successful reusable rocket launches and the rise of grassroots sports leagues like the Jiangsu Football City League and the Guizhou Village League, and the year ahead promises plenty of positive momentum.



SHAO PING GUAN
Head of China Equity

I'm looking forward to a year packed with meaningful progress across policy, technology, and culture. Fiscal reforms could help shift local government focus from manufacturing toward services and consumption, while the expansion of the defined contribution pensions system strengthens both retirement security and capital markets. We may also see significant progress in strategic technologies – from DUV (deep ultra-violet) lithography, used in semiconductor manufacturing, to foundation AI models and World Model based autonomy in driving



KEVIN YOU
Portfolio Manager

I'm looking forward to seeing China develop large-scale, fully automated AI factories. These "lights out" facilities would use advanced AI agents to manage production, coordinate robots, handle supplies, maintain equipment, and ensure quality. Linking these systems across industries would turn today's factories into highly autonomous smart facilities. With China's strong manufacturing base, robotics capacity, fast networks, and domestic AI models, this level of automation looks achievable – cutting costs, and strengthening control over core industrial technology.





CHRISTINA CHUNG

Portfolio Manager

I recently toured a fast growing data center component maker's factory, and the scale-up has been remarkable. The site now runs with more than 1,000 robotic arms, an evolution from their early adoption of robotics more than 15 years ago. In that time, the workforce has dropped 40% while revenue has climbed by a similar margin. They've recently opened a new Thailand facility for next gen products, though ramping up has been challenging due to a shortage of skilled engineers in control systems and process optimization. With more Chinese manufacturers expanding overseas, I plan to visit these new production hubs in the coming year which should reveal fascinating insights into how China's industrial footprint is globalizing.



STEPHEN CHOW

Portfolio Manager and
Research Analyst

I'm excited for the upcoming launch of the highly anticipated foldable phone from the Cupertino based global smartphone leader, which is currently being produced in China. It's

expected to generate huge demand, marking one of the company's most significant design advances in years, with a rumoured crease free display that showcases its trademark craftsmanship. The larger screen, combined with the brand's intuitive operating system, could meaningfully boost productivity and create a standout user experience.



CATHERINE CHAN

Research Analyst

A key trend in the coming year is likely to be the further rise in demand for commodities driven by new technology trends – AI, electric vehicles, charging networks, humanoid robots, and next generation batteries such as solid state technology. While many may see commodities as relatively dull and low growth, the build out of AI infrastructure, energy storage, and ultra high voltage transmission is sharply increasing the need for copper, aluminum, tungsten, and glass fibre. With global supply still tight, I'm looking forward to seeing metal prices push to new highs this year.



THOMAS ZHU

Research Analyst

One thing I look forward to is the upcoming launch of the third

generation Optimus, Tesla's humanoid robot. This new version is expected to deliver human level hand dexterity and learn autonomously by watching human demonstrations – bringing it much closer to becoming a truly capable, general purpose assistant for dangerous, repetitive, or mundane tasks. It also opens the door for Chinese industrial suppliers to benefit, leveraging their strength in high quality, low cost mass production as global demand for advanced robotics accelerates.



MANDY SHEK

Research Analyst

Artificial Intelligence in China continues to gallop (pun intended), and we'll likely see a wave of fresh large language model (LLM) updates around Chinese New Year and in the months ahead. The annual Spring Festival Gala should also bring more entertaining humanoid robot performances and interactive moments for viewers. As local LLM players close the gap with global peers, 2026 should deliver more consumer facing applications – making photo and video editing, food ordering, trip planning, and even e commerce purchases just a few clicks away. I'm excited to see how AI will keep shaping our daily lives.



ZICHEN XU

Research Analyst

I see the coming year as one marked by rising optimism. After several years of cautious sentiment, Chinese households are turning more positive – moving savings into brokerage accounts and buying market linked insurance products. With property no longer the sole pillar of wealth, a younger generation may finally break free from the shackle of 30-year mortgages and build larger portions of their savings through the equity market. If this shift takes hold, it could mark a fresh beginning for China’s households and financial markets.



ALEC SO

Research Analyst

One thing I look forward to is the rapid progress in autonomous mobility and humanoid robotics. Robotaxi pilots are scaling quickly across China, pushing the technology closer to meaningful commercial use. At the same time, optimism around humanoid robots is set to build as the industry approaches key mass

production milestones later this year. Together, these developments could unlock new applications and spark another wave of innovation across China’s smart manufacturing and AI ecosystem.



TERRANCE LIU

Research Analyst

Following an intense food delivery price war in 2025, I expect to see a clear rebound in offline consumer traffic across China in 2026. Policy support should also strengthen, with the government likely to roll out more favourable measures, such as targeted subsidies, for service sector businesses. This combination sets the stage for a broader consumption recovery, especially in the catering industry, which I believe the market has underestimated.



SHIRLEY NG

Research Analyst

I look forward to seeing Chinese consumer brands continue to redefine themselves on the global stage. At the recent Consumer Electronics Show (CES), one of the world’s most well

known exhibitions for technology and innovation, we saw a wave of smart home and AI products from China – from household cleaners that are no longer constrained by stairs to AI robot pets designed to provide companionship and emotional value. Meanwhile, Chinese electric vehicles and even lifestyle products like pop toys are becoming increasingly visible around the world. This evolution shows how perceptions are shifting – from low cost, low quality to more affordable products with strong design and technology. It will be exciting to watch Chinese brands gain recognition not just for price, but for quality and creativity.



ALEX JIANG

Research Analyst

One thing I’m looking forward to is the continued rise of China’s biotech sector, which has made impressive strides in drug innovation. Licensing out partnerships with well-known global pharmaceutical companies are expanding rapidly, and many of these pipeline drugs should deliver strong clinical data in the coming year, with some even approaching potential FDA approval. This growing global recognition – paired with accelerating R&D capabilities – sets the stage for another exciting year for China’s biotech ecosystem.

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