

|                         |                                    |
|-------------------------|------------------------------------|
| Figures as of           | September 30, 2022                 |
| Net Asset Value         | USD 196.83, CHF 150.06, EUR 257.31 |
| Fund Size               | USD 193.2 million                  |
| Inception Date*         | May 27, 2003                       |
| Cumulative Total Return | 498.4% in USD                      |
| Annualized Total Return | 9.7% in USD                        |

\* The track record is the combination of two consecutive track records of China Investment Corporation (CIC) and HSZ China Fund (HCF). From May 27, 2003 to November 17, 2006, it is the performance of CIC, a trust account managed by HSZ (Hong Kong) Limited for listed Chinese equities. Since the launch of HCF on November 17, 2006 it is the performance of HCF.

Net Asset Value (Monthly)



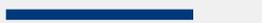
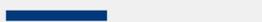
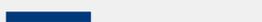
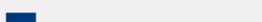
### Performance

|           | September | YTD     | 1 Year  | May 2003 |
|-----------|-----------|---------|---------|----------|
| USD Class | (12.0%)   | (33.5%) | (25.5%) | 498.4%   |
| CHF Class | (12.1%)   | (28.9%) | (22.0%) | 342.0%   |
| EUR Class | (10.3%)   | (23.3%) | (11.8%) | 612.5%   |

### Largest Holdings

|                    |      |   |
|--------------------|------|---|
| Ping An            | 6.6% |  |
| Sungrow Power      | 6.3% |  |
| Midea Group        | 6.2% |  |
| Luxshare Precision | 6.2% |  |
| ESR                | 5.9% |  |
| TSMC               | 5.9% |  |

### Exposure

|                        |       |   |
|------------------------|-------|---|
| Industrials            | 26.0% |  |
| Information Technology | 22.2% |  |
| Consumer Discretionary | 18.7% |  |
| Consumer Staples       | 10.1% |  |
| Real Estate            | 8.5%  |  |
| Cash                   | 3.0%  |  |

## Newsletter September 2022

- Hong Kong gradually scraps quarantine measures
- HSZ China Fund's performance was down 12.0% in September
- CATL showcased its ESS product at the RE+ show
- China Education Group reaffirms strong cashflow performance
- CSA announced to purchase 40 aircrafts from Airbus

Hong Kong gradually scraps quarantine measures. Hong Kong has decided to relax its quarantine measures for incoming travelers, including the PCR test within 48 hours. Arriving passengers will be allowed to self-monitor for three days instead. It is expected that further relaxation of the measures will come soon. These steps could also act as an illustration for a way out of the zero-Covid policy for the mainland. The People's Bank of China has announced to lower the personal housing lending rate by 0.15 percentage points, an additional support to stabilize the property market.

HSZ China Fund's performance was down 12.0% in September. The biggest negative contribution came from the information technology sector, followed by the consumer discretionary sector, whose performance reflects the weak consumer confidence in China on the back of the zero-Covid policy and the weak housing market. In addition, there was a significant impact from the foreign exchange as the US Dollar appreciated 300 basis points versus the Chinese Yuan in September.

CATL showcased its ESS product at the RE+ show. The leading Chinese electric vehicle battery maker revealed its latest energy storage system (ESS) product at the Re+ show, the largest renewable energy show in North America. The company's ESS product has a high energy density with 250kWh/sqm and the liquid cooled components reduced the floor space by 35% compared to the traditional air cooled ESS. CATL also claims that its ESS charging cycle is about 12,000 times and will target to increase it up to 18,000 in the future.

China Education Group reaffirm its strong cashflow performance. The Chinese leading privately-owned higher vocational education operator announced a 99.9% completion of the buyback of its convertible bond which is worth HKD 2.25 billion. The management also indicates that the company could enjoy a 0.7% interest rate loan offered by the central government's education fund in the future. Moreover, the CEO promised to propose for a final dividend with the rule of having the highest payout ratio among peers for the upcoming fiscal year.

CSA announced to purchase 40 aircrafts from Airbus. Since the beginning of this year, China Southern Airlines (CSA) has purchased 96 aircrafts to replace the outdated version and to catch up with its original expansion plan which got delayed due to COVID. This is a positive sign for a recovery in the aviation industry as its peers are taking the same steps. Meanwhile, the market expects a substantial easing in Covid policy after October's 20th Party Congress, which will help to restore company's international business.

## General Information

### Investment Opportunity

Once the world's largest trading power, China's gradual decline during the second millennium culminated in the Maoist purgatory. However, since the 1980s economic development has taken center stage. China has become the engine of the fastest growing region in the world attracting substantial foreign investments and developing into the world's manufacturing hub. Furthermore, an increasing middle class is fueling demand for consumer products. The growth momentum is set to continue as China strives to catch up with mature economies, producing attractive investment opportunities.

### Investment Strategy

The objective of HSZ China Fund is to create sustained shareholder value by acquiring and managing equity and equity-linked investments in a select number of high-quality companies that are rooted in China. At least two-thirds of the total assets are to be invested in companies which are domiciled in China or participate as holding companies in enterprises domiciled there. At most one-third of the total fund volume can be invested in equity-oriented stocks and money market instruments of issuers worldwide. Based on fundamental analysis and a bottom-up approach, investment opportunities are identified that are assessed to provide above-average return on invested capital, have strong earnings per share growth and are priced attractively.

### Risk Management

The Chinese stock market has many of the risks and characteristics of emerging markets. HSZ (Hong Kong) Limited exerts itself for reducing specific risks by accurately screening and monitoring high quality assets. That is why the long-lived experience of its specialists based locally is invaluable for investors. The fund is well diversified to avoid concentration risk. The weight of each position in the portfolio is subject to a maximum limit of 15%. No portfolio leverage is employed. The fact that HSZ China Fund invests in listed equity provides the investor with a reasonable degree of liquidity.

### Investment Manager

HSZ (Hong Kong) Limited is a Hong Kong based independent investment management company. Its investment team has been managing Asian equity portfolios since 1994.

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|        |  |
|--------|--|
| Name   | HSZ China Fund   |
| Theme  | Entrepreneurial China  |
| Nature | Long-only equity fund, actively managed                            |
| Focus  | Listed Chinese equities focusing on privately controlled companies |

|                  |   |
|------------------|---|
| Structure        | Swiss investment fund, regulated by FINMA, open-ended   |
| Distributions    | Income annually   |
| Fiscal Year End  | December 31   |
| Reporting        | Semi-annually in USD                                    |
| Currency Classes | USD, CHF, EUR (all unhedged)                            |
| Trading          | Daily issuance and redemption, based on net asset value |

|                    |                                     |
|--------------------|-------------------------------------|
| Fund Manager       | FundPartner Solutions (Suisse) S.A. |
| Custodian Bank     | Banque Pictet & Cie SA              |
| Investment Manager | HSZ (Hong Kong) Limited             |
| Auditors           | PricewaterhouseCoopers AG           |

|                 |  |
|-----------------|--|
| Management Fee  | 1.35% annually                               |
| Performance Fee | 10% above hurdle rate of 5%, high water mark |
| Issuance Fee    | None   |
| Redemption Fee  | None   |

|           |  |
|-----------|--|
| USD Class | ISIN CH0026828035, Valor 2682803 WKN A0LC13<br>Bloomberg HSZCHID SW Equity |
| CHF Class | ISIN CH0026828068, Valor 2682806 WKN A0LC15<br>Bloomberg HSZCFCH SW Equity |
| EUR Class | ISIN CH0026828092, Valor 2682809 WKN A0LC14<br>Bloomberg HSZCHEU SW Equity |

|                  |   |
|------------------|---|
| Orders via Banks | Banque Pictet & Cie SA<br>Client Services<br>Tel: +352 46 71 71 7666<br>Email: pfcslux@pictet.com |
|------------------|---|

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|-------------------|--|
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