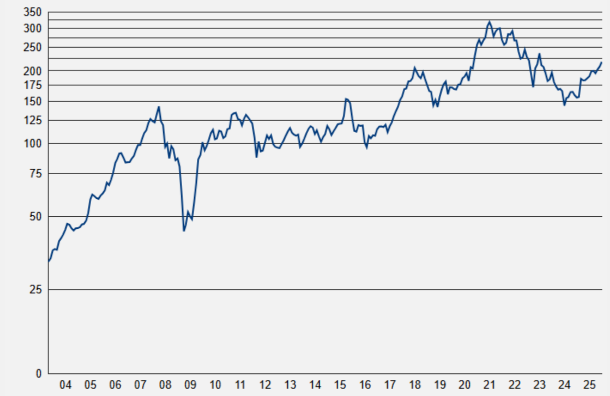
HSZ China Fund

Signatory of: PRI Principles for Responsible Investment

Figures as of	July 31, 2025
Net Asset Value	USD 217.83, CHF 138.23, EUR 243.97
Fund Size	USD 151.1 million
Inception Date*	May 27, 2003
Cumulative Total Return	570.2% in USD
Annualized Total Return	8.9% 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

	July	YTD	1 Year	May 2003
USD Class	4.5%	16.7%	40.4%	570.3%
CHF Class	6.6%	5.0%	29.6%	312.0%
EUR Class	7.1%	6.3%	32.9%	583.9%

Largest Holdings

Envicool Technology	9.0%
Tencent Holdings	6.0%
Nongfu Spring	5.6%
China Yangtze Power	5.1%
Alibaba Group	5.1%
AMEC	5.0%

Exposure

Consumer Discretionary	29.1%
Industrials	20.8%
Consumer Staples	14.0%
Financials	9.3%
Information Technology	9.0%
Cash	2.9%

Newsletter July 2025

- The Politburo meeting outlined economic tasks for 2H2025
- HSZ China Fund was up 4.5% in USD in July
- Alibaba unveiled its Quark AI Glasses
- Eastroc Beverage continues launching innovative products
- Meituan launched its centralized food delivery kitchen project

The Politburo meeting outlined economic tasks for 2H2025. The meeting focused on implementing a more proactive fiscal policy and an appropriately accommodative monetary policy. Measures discussed include the accelerated issuance of ultra-long special bonds and local government special bonds, advancement in restructuring implicit debt, support for consumption and urban renewal initiatives, and the introduction of childcare subsidies and free preschool education. According to the newly released Childcare Allowance Implementation Plan, all infants under age 3 will receive an annual subsidy of CNY 3,600 per child starting in 2025, provided until the child turns three, as part of a standardized national program.

HSZ China Fund was up 4.5% in USD in July. The biggest positive contribution came from Shenzhen Envicool Technology and Nongfu Spring. The biggest negative contribution came from Eastroc Beverage and Laopu Gold.

Alibaba unveiled its Quark AI Glasses. The AI glasses incorporate multimodal interaction, integration with Alibaba's ecosystem, and hardware developments. This launch marks Alibaba's extension of its AI-to-consumer strategy from software to various hardware formats. At the same time, Alibaba presented its comprehensive AI capabilities, covering its entire technology system—from foundational chips and cloud operating systems to large models and end-user applications. The company also stated plans to invest CNY 380 billion in AI and cloud infrastructure over the next three years.

Eastroc Beverage continues launching innovative products. Eastroc launched a sugar-free Eastroc Special Drink on Tmall, using a new food ingredient and setting a premium price. They also introduced a summer-limited "Ice Blast Mint" flavor for their electrolyte brand to meet demand related to warmer weather. In the first half of 2025, the company reported revenue of CNY 10.7 billion, an increase of 36.4% year-over-year, and net profit of CNY 2.4 billion, up 37.2% from the previous year, attributing these results to product development and distribution improvements.

Meituan launched its centralized food delivery kitchen project. The project called “Raccoon Canteen” brings together chains such as Quan Ju De and Lao Xiang Ji to offer “multi-store orders with unified delivery.” It implements features like live-streamed kitchens, ingredient traceability, and a “Food Safety Diary” to increase transparency in food delivery services. Over the next three years, Meituan plans to set up 1,200 of these facilities, providing more than 10,000 merchants with cost-effective access to compact stalls and integrated supply chain resources.

General Information

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 Bloomberg HSZCHID SW Equity
CHF Class	ISIN CH0026828068, Valor 2682806 WKN A0LC15 Bloomberg HSZCFCH SW Equity
EUR Class	ISIN CH0026828092, Valor 2682809 WKN A0LC14 Bloomberg HSZCHEU SW Equity
Orders via Banks	Banque Pictet & Cie SA Client Services Tel: +352 46 71 71 7666 Email: pfcs.lux@pictet.com

Contact & Website	HSZ (Hong Kong) Limited Unit 605A, 6/F, Tower 2 Lippo Centre, 89 Queensway Hong Kong Tel: +852 2287 2300 Fax: +852 2287 2380 www.hszgroup.com mail@hszgroup.com

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 volume of funds 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 as 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.