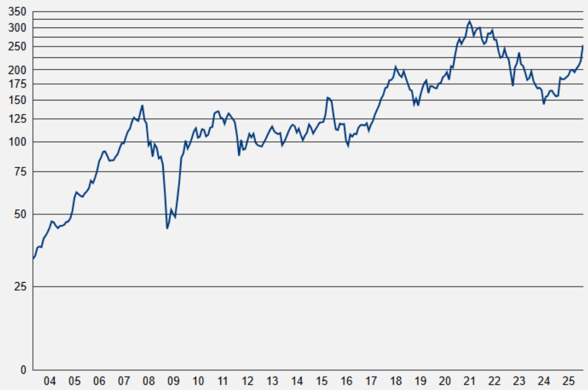
HSZ China Fund

Signatory of: PRI Principles for Responsible Investment

Figures as of	August 29, 2025
Net Asset Value	USD 250.12, CHF 156.35, EUR 274.40
Fund Size	USD 173.1 million
Inception Date*	May 27, 2003
Cumulative Total Return	669.6% in USD
Annualized Total Return	9.6% 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

	August	YTD	1 Year	May 2003
USD Class	14.8%	34.1%	60.2%	669.6%
CHF Class	13.1%	18.8%	51.3%	366.0%
EUR Class	12.5%	19.6%	52.1%	669.2%

Largest Holdings

Envicool Technology	10.9%
Leader Drive	5.8%
Tencent Holdings	5.7%
Nongfu Spring	5.4%
Horizon Robotics	4.9%
AMEC	4.7%

Exposure

Industrials	26.1%
Consumer Discretionary	23.9%
Consumer Staples	13.2%
Information Technology	9.6%
Financials	8.6%
Cash	4.4%

Newsletter August 2025

- China rolled out an economic policy package
- HSZ China Fund was up 14.8% in USD in August
- Envicool benefits from surging global demand for liquid cooling
- Horizon Robotics maintains rapid growth
- Nongfu Spring outperforms expectations in H1 2025

China rolled out an economic policy package. Key measures include accelerating ultra-long bond issuance for infrastructure and urbanization, expanding special bonds to fund housing acquisitions, and offering loan interest subsidies to spur spending. The government is also fostering innovation—through "AI+" and industrial upgrades—while implementing welfare programs like childcare subsidies and free preschool. These coordinated fiscal and monetary policies aim to boost domestic demand, create new growth engines, and support high-quality economic development.

HSZ China Fund was up 14.8% in USD in August. The biggest positive contribution came from Shenzhen Envicool Technology and Horizon Robotics. The biggest negative contribution came from Meituan and Yum China.

Envicool benefits from surging global demand for liquid cooling. According to its first-half 2025 filing, the company's liquid cooling products—including quick disconnects, manifolds, cold plates, coolants, and leakage detection systems—are gaining recognition and seeing volume adoption from several leading chipmakers and computing equipment manufacturers (customer names undisclosed). Recently, Envicool was selected as one of the five certified global partners in the Intel UQD Compatibility Alliance, established in August 2025. The company is also actively recruiting and investing in Southeast Asia and the United States to enhance its global operational capabilities.

Horizon Robotics maintains rapid growth. Horizon Robotics is experiencing accelerated growth, delivering impressive financial and operational results in the first half of 2025. Revenue reached CNY 1.6 billion, a year-on-year increase of 67.6%, with a gross margin of 65.4%. The company's product and solution business saw revenue surge 3.5 times, with total shipments reaching 2.0 million units—nearly half of which were mid-to-high-end solutions. Cumulative shipments of the Journey series chips have exceeded 10 million units, reinforcing the company's leadership in the industry.

Nongfu Spring outperforms expectations in H1 2025. Nongfu Spring reported better-than-expected results in the first half of 2025. Management has guided double-digit sales growth for the full year, alongside expanded gross and net profit margins. The company noted that its water business has stabilized following last year's social media challenges and continues to ramp up production capacity. In the beverage segment, Nongfu will continue to focus on rolling out successful new products and has sustained its investment in strengthening its upstream agricultural supply chain.

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
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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.