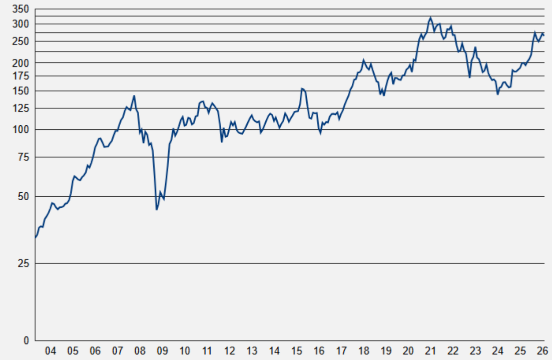
| | |
|---|---|
| Figures as of | February 27, 2026 |
| Net Asset Value | USD 264.72, CHF 159.58, EUR 287.35 |
| Fund Size | USD 187.6 million |
| Inception Date* | May 27, 2003 |
| Cumulative Total Return | 714.5% in USD |
| Annualized Total Return | 9.6% in USD |

* 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

| | February | YTD | 1 Year | May 2003 |
|---|---|---|---|---|
| USD Class | (2.4%) | 1.7% | 32.9% | 714.6% |
| CHF Class | (1.9%) | (0.9%) | 13.8% | 375.7% |
| EUR Class | (1.4%) | 1.2% | 17.2% | 705.5% |

Largest Holdings

| | |
|---|---|
| Xingyu Automotive | 6.8% |
| Alibaba Group | 6.2% |
| Leader Drive | 6.1% |
| Tencent Holdings | 4.6% |
| NAURA | 4.5% |
| Sieyuan Electric | 4.4% |

Exposure

| | |
|---|---|
| Consumer Discretionary | 27.3% |
| Industrials | 20.3% |
| Consumer Staples | 15.0% |
| Information Technology | 10.2% |
| Health Care | 7.8% |
| Cash | 3.4% |

# Newsletter February 2026

- China has conducted a series of diplomatic engagements
- HSZ China Fund was down 2.4% in USD in February
- Alibaba Group unveiled RynnBrain
- Laopu raised the prices of its products by 25% in February
- Sieyuan Electric expands in North America’s power grid market

China has conducted a series of diplomatic engagements. President Xi Jinping and German Chancellor Friedrich Merz met in Beijing, agreeing to deepen cooperation, strengthen economic and trade ties, and boost collaboration in advanced manufacturing and green development. Foreign Minister Wang Yi addressed the Munich Security Conference, presenting China’s perspective on global governance with an emphasis on strengthening the United Nations and promoting multilateralism. China, as host of APEC 2026, launched the "APEC China Year" by holding the first Senior Officials’ Meeting in Guangzhou in early February. Regarding Africa relations, President Xi extended his congratulations to the African Union Summit by announcing that, effective May 1, zero-tariff treatment will be granted to 53 African countries with diplomatic relations. Additionally, he declared the launch of the "China-Africa Year of People-to-People Exchanges."

HSZ China Fund was down 2.4% in USD in February. The biggest positive contribution came from Xingyu Automotive and Yum China. The biggest negative contribution came from Alibaba and Tencent.

Alibaba Group unveiled RynnBrain. This is an embodied AI brain foundational model designed to serve as the "brain" for robots, enabling them to understand the physical world, recognize objects, and perform spatiotemporal reasoning. RynnBrain endows robots with temporal-spatial memory and spatial reasoning capabilities, significantly advancing robot intelligence. The model has established new state-of-the-art results on 16 open-source benchmarks for embodied intelligence, surpassing leading industry models including Google’s Gemini Robotics ER 1.5.

Laopu raised the prices of its products by 25% in February. Driven by Spring Festival holidays and price hike expectations, the brand’s high end cultural heritage jewelry continued to sell out rapidly at flagship stores, with long queues reported in major cities in February. In addition, the stock was included in the Hang Seng Index after the index provider's quarterly review announced on February 13, with the change taking effect on March 9.

Sieyuan Electric expands in North America’s power grid market. In February, the company signed three non-binding letters of intent (LOIs) with three major U.S. power utilities for its AI-optimized data center transformers and mobile substations — one for AI data center infrastructure and two for grid modernization projects. Additionally, Sieyuan Electric has applied for listing on the Hong Kong Stock Exchange. The proceeds will contribute to enhancing the company's capacity expansion initiatives and advancing its global growth strategy.

# General Information

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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<br>WKN A0LC13<br>Bloomberg HSZCHID SW Equity |
| CHF Class | ISIN CH0026828068, Valor 2682806<br>WKN A0LC15<br>Bloomberg HSZCFCH SW Equity |
| EUR Class | ISIN CH0026828092, Valor 2682809<br>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: pfcs.lux@pictet.com |


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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.