# HSZ China Fund

Signatory of: PRI Principles for Responsible Investment

# Newsletter June 2026

- Regulators aim to strengthen markets and fund innovation
- HSZ China Fund was up 3.1% in USD in June
- Cambricon benefits from rising domestic AI compute demand
- Changchuan Technology’s profit to more than double in 1H26
- Montage sent next-generation game changer chips to customers

Regulators aim to strengthen markets and fund innovation. The China Securities Regulatory Commission (CSRC) said at the Lujiazui Forum it will accelerate the development of patient capital, including pension and insurance funds, and boost equity market participation. The People’s Bank of China (PBOC) plans to refine the interest rate adjustment mechanism, strengthen short-term rate management, and improve monetary policy transmission. The National Financial Regulatory Administration (NFRA) emphasized enhancing the technology-finance service framework and directing funds to emerging industries.

HSZ China Fund was up 3.1% in USD in June. The biggest positive contribution came from Leaderdrive and Naura. The biggest negative contribution came from Xingyu Automotive and Laopu Gold.

Cambricon benefits from rising domestic AI compute demand. China’s large language model (LLM) landscape is shifting from general Q&A to long-context reasoning, agentic collaboration, and practical engineering uses, driving rapid growth in model calls. Cambricon’s GPU architecture supports both training and inference, offers strong ecosystem compatibility, and has achieved Day 0 adaptation with leading models such as Zhipu GLM 5.2. As major internet firms increase domestic AI compute spending and developers favor local platforms, commercialization of homegrown GPUs is set to accelerate, benefiting Cambricon as China’s leading GPU provider.

Changchuan Technology’s profit to more than double in 1H26. The company expects first-half 2026 net profit of CNY 900 million to 1.0 billion, implying year-on-year growth of 111%–134%. The increase reflects returns from earlier R&D investment and stronger high-end downstream demand, which drove sales across several product lines, especially digital testers, supporting revenue expansion and margin improvement. Changchuan holds about 35% of China’s domestic tester market, with digital testers continuing to deliver robust sales.

Montage sent next-generation game changer chips to customers. The DDR5 sixth-generation RCD chip, RCD06, supports data rates of up to 9,200 MT/s, 15% above the previous generation, addressing the bandwidth needs of next-generation server platforms. Current shipments are mainly second- and third-generation products, while third- and fourth-generation volumes rose rapidly in 1Q26. MRCD/MDB chips remain in pilot-scale trials for the second generation, but with new CPUs now supporting these products, production is expected to ramp up over the next two to three years.

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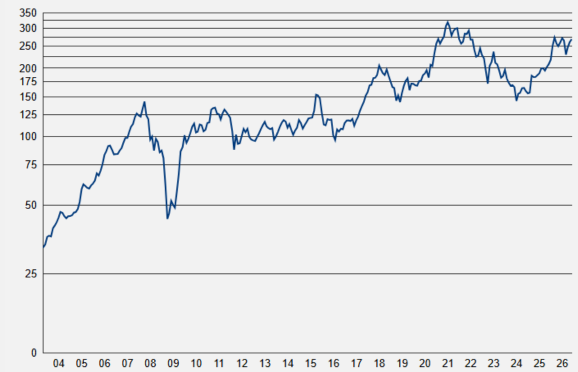
| Figures as of | June 30, 2026 |
| Net Asset Value | USD 268.10, CHF 169.30, EUR 301.25 |
| Fund Size | USD 186.3 million |
| Inception Date* | May 27, 2003 |
| Cumulative Total Return | 725.0% in USD |
| Annualized Total Return | 9.6% in USD |

* 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

| | June | YTD | 1 Year | May 2003 |
|---|---|---|---|---|
| USD Class | 3.1% | 3.0% | 28.7% | 725.0% |
| CHF Class | 6.5% | 5.1% | 30.6% | 404.6% |
| EUR Class | 5.3% | 6.1% | 32.3% | 744.5% |

Largest Holdings

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|---|---|
| Naura Technology | 8.6% |
| Montage Technology | 7.1% |
| Leaderdrive | 6.7% |
| Changchuan Technology | 6.6% |
| Envicool Technology | 5.1% |
| Avary Holding | 4.9% |

Exposure

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| Information Technology | 32.0% |
| Industrials | 21.9% |
| Consumer Discretionary | 18.5% |
| Consumer Staples | 6.0% |
| Health Care | 4.7% |
| Cash | 5.8% |

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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 |

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| 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 |

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| 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 |

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