

Figures as of	May 31, 2024
Net Asset Value	USD 165.88, CHF 117.23, EUR 195.93
Fund Size	USD 132.1 million
Inception Date*	May 27, 2003
Cumulative Total Return	404.3% in USD
Annualized Total Return	8.0% 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.

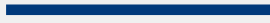




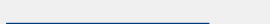
Net Asset Value (Monthly)





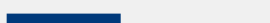
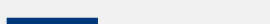
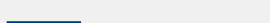
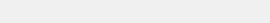
Performance

	May	YTD	1 Year	May 2003
USD Class	0.2%	(0.7%)	(9.8%)	404.4%
CHF Class	(0.3%)	7.4%	(10.2%)	245.3%
EUR Class	(0.9%)	1.3%	(11.2%)	442.5%

Largest Holdings

Midea Group	6.6%	
Ping An	6.5%	
Tencent Holdings	5.9%	
Alibaba Group	5.9%	
China Yangtze Power	5.8%	
Cathay Pacific Airways	5.0%	

Exposure

Consumer Discretionary	31.4%	
Information Technology	16.2%	
Consumer Staples	13.5%	
Financials	10.8%	
Industrials	8.8%	
Cash	2.6%	

Newsletter May 2024

- China unveils additional measures to stabilize the property sector
- HSZ China Fund was up 0.2% in May
- AMEC to benefit from Phase III of the Semiconductor Fund
- PDD Holdings reported strong growth in overseas markets
- Proya had a strong start to the 618-shopping festival

China unveils additional measures to stabilize the property sector. The government has announced CNY 300 billion in funds to help clear excess housing inventory and to protect the financial system from systemic risk. The central bank has announced a CNY 300 billion loan program, directing local governments to purchase unsold homes from struggling developers and convert them into public housing. In addition, mortgage rules have been eased, with banks now allowed to set their own rates, minimum down payments reduced to 15% for first-time buyers and 25% for second home.

HSZ China Fund was up 0.2% in May. The biggest positive contribution came from the consumer discretionary and financial sectors, namely PDD Holdings and Ping An. The biggest negative contribution came from the information technology sector, namely OPT Machine Vision and Transsion.

AMEC to benefit from Phase III of the Semiconductor Fund. The Chinese government has launched the third semiconductor funds, worth CNY 344 billion (USD 47 billion) to counter U.S. efforts to limit its access to advanced technology, followed by phase I investment of CNY 140 billion in 2014 and phase II investment of CNY 200 billion in 2019. The latest round of funding is expected to finance research and development projects that enhance AI capabilities using existing chipmaking technology. AMEC, the Chinese leading etching and deposition machines maker in the semiconductor field, is expected to be one of the beneficiaries of this central government effort.

PDD Holdings reported strong growth in overseas markets. The Chinese leading e-commerce discount store platform reported strong financial results for the first quarter of 2024. Total revenues were up 131% year over year to CNY 87 billion and net income up 202% year over year to CNY 31 billion. The significant growth in revenue was driven by strong performance in transaction service fees both in China and overseas market, especially the U.S. The improvement in overall profitability was due to narrow loss in the overseas segment.

Proya had a strong start to the 618-shopping festival, ranking as the number one cosmetics brand on Tmall and number one skincare brand on Douyin during the initial sales period. This impressive start was fueled by the newly upgraded original repair cream 2.0, which saw a whopping 300% year-over-year sales growth in the first quarter. Building on this momentum, Proya is set to launch a range of new products, including a skin brightening line under the Inaugurating Intensive Series and two sun protection products in the second half of the year. Management remains optimistic about its 2024 performance, expecting to meet initial growth targets.

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 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: pfc.lux@pictet.com
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