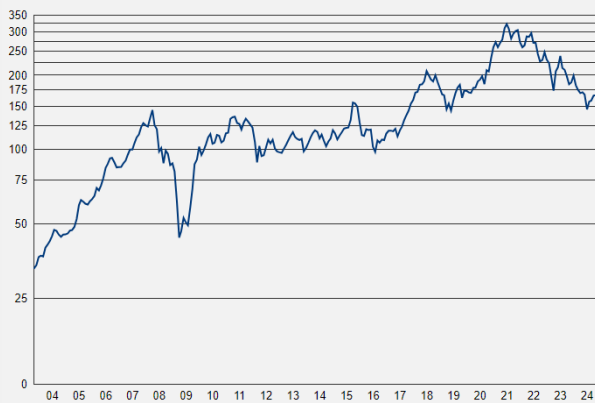


Figures as of	June 28, 2024
Net Asset Value	USD 160.75, CHF 112.74, EUR 192.31
Fund Size	USD 127.9 million
Inception Date*	May 27, 2003
Cumulative Total Return	388.8% in USD
Annualized Total Return	7.8% in USD

\* 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%)	(3.8%)	(14.0%)	388.8%
CHF Class	(3.8%)	3.3%	(14.2%)	232.1%
EUR Class	(1.8%)	(0.6%)	(12.9%)	432.5%

### Largest Holdings

Midea Group	6.8%	<div style="width: 6.8%;"></div>
TSMC	6.6%	<div style="width: 6.6%;"></div>
China Yangtze Power	6.5%	<div style="width: 6.5%;"></div>
Ping An	6.0%	<div style="width: 6.0%;"></div>
Alibaba Group	5.7%	<div style="width: 5.7%;"></div>
Tencent Holdings	5.5%	<div style="width: 5.5%;"></div>

### Exposure

Consumer Discretionary	30.4%	<div style="width: 30.4%;"></div>
Information Technology	20.1%	<div style="width: 20.1%;"></div>
Consumer Staples	13.7%	<div style="width: 13.7%;"></div>
Financials	10.5%	<div style="width: 10.5%;"></div>
Communication Services	9.8%	<div style="width: 9.8%;"></div>
Cash	2.8%	<div style="width: 2.8%;"></div>

## Newsletter June 2024

- Notable shift in PBOC's monetary policy approach
- HSZ China Fund was down 3.1% in June
- Alibaba's "618" festival boosted customer loyalty
- Eastroc Beverage is expanding into the southwestern market
- Tencent's new game title DnF exceeds USD 270mn in 30 days

**Notable shift in PBOC's monetary policy approach.** The People's Bank of China (PBOC) looks to play a more active role in the government bond market. Governor Pan Gongsheng recently indicated the PBOC intends to conduct secondary market trading of sovereign debt instruments - a tool that has not been employed in China for decades. PBOC may move towards a single short-term benchmark rate to serve as the primary market guide, narrowing the permissible fluctuation range for market-determined rates. These changes signal a gradual loosening of the PBOC's direct control over interest rates, allowing market forces a greater say. Pan also mentioned that policymakers will now pay less attention to aggregate loan growth figures. This reflects the PBOC's recognition that credit demand from real estate developers and local governments has been declining, as the broader economy undergoes a structural transition.

**HSZ China Fund was down 3.1% in June.** The biggest positive contribution came from the utilities sector and semiconductor industry, namely Yangtze Power, TSMC and AMEC. The biggest negative contribution came from the consumer discretionary sector, namely PDD Holdings, Man Wah and Anta Sports.

**Alibaba's "618" festival boosts customer loyalty.** The leading e-commerce giant has been successful in cultivating loyal customers and supporting small and medium-sized merchants during the festival. The company's Taobao and Tmall platforms saw 365 brands surpass CNY 100 million in sales, highlighting the robust performance of various businesses on Alibaba's ecosystem. Additionally, the 88VIP membership program reached a new high in terms of user scale, indicating strong customer loyalty and engagement.

**Eastroc Beverage is expanding into the southwest** by establishing a new subsidiary, Kunming Eastroc Vitamin Beverage Company, in the Yunnan province. By leveraging Yunnan's rich tea and coffee resources, improving logistics, and reducing costs, Eastroc aims to strengthen its foothold in the southwest, where it currently generates only 10% of its revenue. With an investment of CNY 1 billion, the project is expected to be completed within two years. This move is part of Eastroc's strategy to drive growth and become one of China's top beverage companies.

**Tencent's new game title DnF exceeds USD 270 million in 30 days.** Dungeon & Fighter (DnF) Mobile, its latest mobile game title, recorded more than doubled the sales of longstanding best-seller Honour of Kings in its first month in China. DnF Mobile brought in USD 270m on iOS platform in the first 30 days after its launch, taking the top spot in both downloads and revenue in China. On an annualized level, this translated into 15% of Tencent's domestic games sales, not considering income from the Android camp.

## 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
CHF Class	Bloomberg HSZCHID SW Equity ISIN CH0026828068, Valor 2682806 WKN A0LC15
EUR Class	Bloomberg HSZCFCH SW Equity 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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