

Figures as of	June 30, 2022
Net Asset Value	USD 247.85, CHF 185.28, EUR 304.47
Fund Size	USD 253.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	653.6% in USD
Annualized Total Return	11.1% 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	7.6%	(16.3%)	(18.4%)	653.6%
CHF Class	7.5%	(12.2%)	(15.1%)	445.8%
EUR Class	10.7%	(9.2%)	(6.8%)	743.0%

### Largest Holdings

Longi Green Energy	6.7%	<div style="width: 6.7%;"></div>
Midea Group	6.2%	<div style="width: 6.2%;"></div>
Ping An	6.0%	<div style="width: 6.0%;"></div>
Sunny Optical	5.8%	<div style="width: 5.8%;"></div>
Luxshare Precision	5.8%	<div style="width: 5.8%;"></div>
TSMC	5.4%	<div style="width: 5.4%;"></div>

### Exposure

Information Technology	23.7%	<div style="width: 23.7%;"></div>
Industrials	22.9%	<div style="width: 22.9%;"></div>
Consumer Discretionary	15.8%	<div style="width: 15.8%;"></div>
Consumer Staples	9.2%	<div style="width: 9.2%;"></div>
Real Estate	8.9%	<div style="width: 8.9%;"></div>
Cash	2.1%	<div style="width: 2.1%;"></div>

## Newsletter June 2022

- China's COVID policy has been gradually eased
- HSZ China Fund performance was up 7.6% in June
- CEG records substantial increases in the enrollment quota
- CSA's number of daily flights continues to increase
- Midea topped 618 home appliance sales

China's COVID policy has been gradually eased. On June 28, the Chinese government revised its COVID prevention and control plan. The new plan adjusts the quarantine time of close contacts and inbound personnel from 21 days to 10 days. In addition, on June 29, the Chinese government also announced that the "asterisk" marking function of the travel code between cities will be cancelled, which means that the domestic travel restrictions in different cities will be greatly reduced.

HSZ China Fund performance was up 7.6% in June. The biggest positive contribution came from our holdings in the renewable energy sector, namely Ningbo Orient Wires and Longi Green Energy, followed by the consumer discretionary sector with the vocational education names, which made a sharp recovery. In general, the opening of Shanghai and its neighboring cities gave a boost to the manufacturing orders.

CEG records substantial increases in the enrollment quota. As the leading provider of higher and vocational education, Chine Education Group (CEG) reported an enrollment quota of 78'157 for the upcoming academic year 2022/23, an increase of 32% year over year. It is noteworthy that 47% of the enrollment quota is for the bachelor's degree programs and 31% of the enrollment quota is for the top-up degree programs. With a record of 11.93 million students taking university entrance exams this year, high quality bachelor's degree programs remain a scarcity which creates opportunities for all private school operators.

CSA's number of daily flights continues to climb up. While China slashes quarantine measures as COVID cases dropped, China Southern Airlines (CSA) gradually resumes its flights schedule with the utilization rate climbing. From June 20th to 24th, the company's average daily flight increased by 12.7% week over week. As China finally overcomes the epidemic and relaxes anti-epidemic policies such as the removal of asterisk on travel code of visitors, this stimulates travel demand for the upcoming summer vacations. CSA plans to schedule more than 160,000 flights for this summer, with average daily flights exceeding 2,200.

Midea topped 618 home appliance sales. In June, China has its second-largest shopping festival, called "618". During the past 618 shopping extravaganza, Midea was ranked as the top brand in home appliances on JD.com, Alibaba's Tmall, and Suning. Its Gross Merchandise Value across all brands amounted to more than CNY 12.5 billion, increasing by 53% year-over-year.

## 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

Orders via Banks	Banque Pictet & Cie SA Client Services Tel: +352 46 71 71 7666 Email: pfc.lux@pictet.com
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Contact & Website	HSZ (Hong Kong) Limited Unit 605A, 6/F, Tower 2 Lippo Centre, 89 Queensway Hong Kong Tel: +852 2287 2300 Fax: +852 2287 2380 www.hszgroup.com mail@hszgroup.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 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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