

Figures as of	August 31, 2023
Net Asset Value	USD 182.23, CHF 125.37, EUR 214.70
Fund Size	USD 161.4 million
Inception Date*	May 27, 2003
Cumulative Total Return	454.1% in USD
Annualized Total Return	8.8% 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)



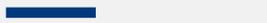
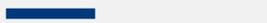
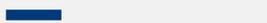
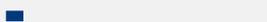
## Performance

	August	YTD	1 Year	May 2003
USD Class	(8.5%)	(15.5%)	(18.5%)	454.1%
CHF Class	(7.3%)	(19.1%)	(26.6%)	269.3%
EUR Class	(7.2%)	(17.0%)	(25.2%)	494.5%

## Largest Holdings

PDD Holdings	8.0%	
Alibaba Group	7.1%	
Ping An	6.7%	
Centre Testing	5.8%	
Sungrow Power	4.8%	
SF Holding	4.8%	

## Exposure

Consumer Discretionary	32.1%	
Industrials	22.3%	
Information Technology	10.9%	
Consumer Staples	10.8%	
Financials	6.7%	
Cash	2.1%	

## Newsletter August 2023

- Stabilization in China-US relations
- HSZ China Fund was down 8.5% in August
- Yangtze Power's revenue better than expected
- Nongfu Spring capitalized on post-reopening dynamics
- PDD Holdings' strong 2Q23 earnings beat.

**Stabilization in China-US relations.** Various visits of exponents of the US government to China, most recently of Gina Raimondo, the Commerce Secretary, in late August, have led to a clear improvement and stabilization in China-US relations. China's Caixin manufacturing PMI rose to 51.0 in August from 49.2 in July, suggesting improving activity in manufacturing sector. Following the Politburo meeting in late July, there have been various modest property easing measures, but on August 31, a nationwide reduction of the minimum downpayment requirement for both 1st and 2nd mortgages was announced. In addition, banks have been asked to lower mortgage interest rates for existing mortgages across the board starting on September 25. The expectation is that both measures will revive the demand for properties.

**HSZ China Fund was down 8.5% in August.** The biggest positive contribution came from the consumer discretionary sector, namely PDD holdings, which is our top holding in the portfolio. The biggest negative contribution came from our positions in Fuling Zhacai, Lianchuang Electronic and SF Holding.

**Yangtze Power's revenue better than expected.** Yangtze Power has released its first half result of 2023, which was better than market expectations. The company's revenue slightly decreased by 1.5% YoY to CNY31 billion due to weak water intake at its Three Gorges, Xiluodu, and Xiangjiaba plants. Despite the acquisition of Wuhai, hydropower production only grew by 8.5% to reach 103 billion kWh. Although power generation growth was less than capacity growth, the seasonal impact will fade in the second half of the year.

**Nongfu Spring capitalized on post-reopening dynamics and delivered a strong financial performance.** In August, Nongfu, China's beverage market leader, reported a 23.3% year-over-year growth in revenue, boosted by increased outdoor activities. The tea segment, driven by the high growth in unsweetened tea, emerged as the second growth driver and delivered a 59.8% growth rate. The result underscores Nongfu Spring's resilience and adaptability, positioning it favorably in the beverage market's outlook.

**PDD Holdings' strong 2Q23 earnings beat.** The Chinese value-for-money e-commerce leader recorded a revenue growth of 66% year-over-year in the second quarter of 2023, while net profit surged 47% to CNY 13 billion. The company is a beneficiary of the consumer downgrade theme for the domestic market, where there is upside for GMV growth and monetization. TEMU, the overseas arm of PDD, remains at the high growth stage as the company is replicating its success formulas to its overseas operation. The upfront investment in the overseas markets is manageable.

## 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.

#### Disclaimer

This newsletter is for information purposes only and has been provided to you upon request. It may not be reproduced or redistributed to any other person. As a consequence, the information and data presented in this newsletter are not to be considered as an offer or solicitation to buy, sell or subscribe to the Fund. This newsletter relies on information obtained from sources deemed reliable but it does not engage the responsibility of HSZ (Hong Kong) Limited or any other party mentioned in the newsletter. The value and income of any of the securities or financial instruments mentioned in this newsletter may fall as well as rise and, as a consequence, investors may receive back less than originally invested. Risk factors are listed in the fund's prospectus and are not intended to be reproduced in full in this newsletter. Past performance is neither a guarantee nor a reliable indicator of future results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This marketing material is not intended to be a substitute for the fund's full documentation or for any information which investors should obtain from their financial intermediaries acting in relation to their investment in the fund mentioned in this document. The latest versions of the Fund's prospectus and fund contract, semi-annual and annual reports as well as the Key Investor Information Documents (KIID) must be read before investing. They are available free of charge at the office of the Management company, FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73. The depositary bank of the Fund is Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneva 73.

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: pfcslux@pictet.com
------------------	---

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
-------------------	--