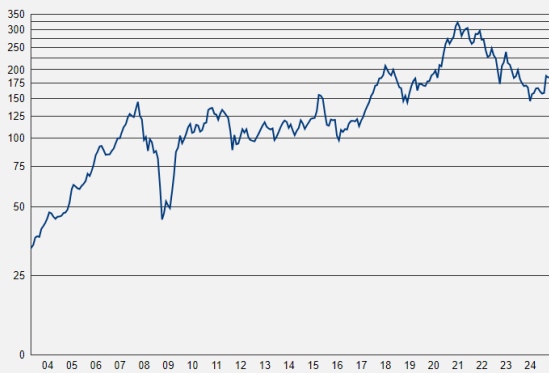


Figures as of	December 31, 2024
Net Asset Value	USD 188.83, CHF 133.17, EUR 232.32
Fund Size	USD 133.1 million
Inception Date*	May 27, 2003
Cumulative Total Return	474.1% in USD
Annualized Total Return	8.4% in USD

* 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.

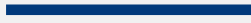





Net Asset Value (Monthly)









Performance

	December	YTD	1 Year	May 2003
USD Class	2.0%	13.0%	13.0%	474.1%
CHF Class	4.7%	22.0%	22.0%	292.3%
EUR Class	3.4%	20.1%	20.1%	543.3%

Largest Holdings

Envicool Technology	9.6%	
Nongfu Spring	6.9%	
Eastroc Beverage	6.7%	
Midea Group	6.0%	
China Yangtze Power	5.6%	
Tencent	5.3%	

Exposure

Consumer Discretionary	21.3%	
Consumer Staples	18.5%	
Information Technology	18.3%	
Industrials	12.7%	
Communication Services	11.8%	
Cash	0.2%	

Newsletter December 2024

- The CEWC reveals a more pro-growth stance for its 2025 economic policy
- HSZ China Fund was up 2.0% in USD in December
- Alibaba sells Intime Department Store
- KFC China announces price hike
- Tencent is in discussions with Apple for AI collaboration

The CEWC reveals a more pro-growth stance for its 2025 economic policy. The Central Economic Working Conference (CEWC) reaffirmed that achieving a 5% economic growth target for 2024 was within reach at its last meeting in 2024. Compared to previous years, the meeting guided a more aggressive fiscal policy for 2025, including a higher fiscal deficit ratio. The wording from the press release included "sustained effort and stronger support" compared to last year's approach of "moderate reinforcement and qualitative improvement." Additionally, the CEWC described its 2025 monetary policy as "moderately loose." Lastly, The CEWC prioritized expanding domestic demand as the foremost task. Industry policies will focus on stabilizing the real estate market, boosting consumption, encouraging technological innovation, and minimizing internal competition.

HSZ China Fund was up 2.0% in USD in December. The biggest positive contribution came from Eastroc Beverage and Envicool Technology. The biggest negative contribution came from Advanced Micro-Fabrication and Tuhu.

Alibaba sells Intime Department Store. On December 17, Alibaba announced the sale of 100% of its shares in Intime Department Store to the Youngor Group. Intime Department Store was a new retail business, in which Alibaba began investing in 2014. Starting in 2024, Alibaba began divesting non-core assets to reshape its business structure. This sale is part of Alibaba's strategic adjustment for long-term development goals. In the future, the company will continue to adjust and focus its core business on e-commerce and cloud computing.

KFC China announces price hike. On December 24, KFC China, a brand of Yum China, initiated a price adjustment, marking the first product price change in two years. The average increase is reported to be 2%, with specific adjustments ranging from CNY 0.5 to CNY 2. Popular promotional packages, such as "Crazy Thursday," remain unchanged. This price increase is strategic, with KFC aiming to attract different consumer groups through its marketing strategy.

Tencent is in discussions with Apple for AI collaboration. Apple is considering integrating the AI models from Tencent and ByteDance into its Apple Intelligence services to better cater to the needs of the Chinese market, such as enhancing the functionality of the voice assistant Siri. The discussions include Tencent's HunYuan AI model and ByteDance's Doubao model. If Apple successfully implements these collaborations, it will provide Tencent with a significant advantage in the artificial intelligence market.

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: pfcslux@pictet.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 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.

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