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# QUARTERLY NEWSLETTER

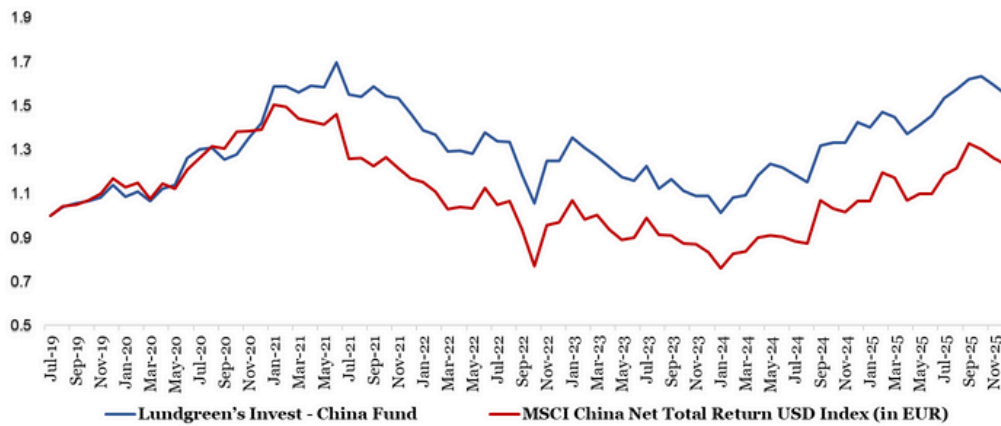
## Q4 | 2025

Co-produced with Yiyi Capital Limited,  
a China specialist based in Hong Kong.





► **CUMULATIVE RETURN (IN EUR)**



► **TOP 5 POSITIONS**

	Weight %
Tencent Holdings Ltd	7.74%
China Suntien Green Energy	5.45%
Bj Jíngneng Clean Energy	4.50%
ZJ Express	4.21%
Towngas Smart Energy	3.22%

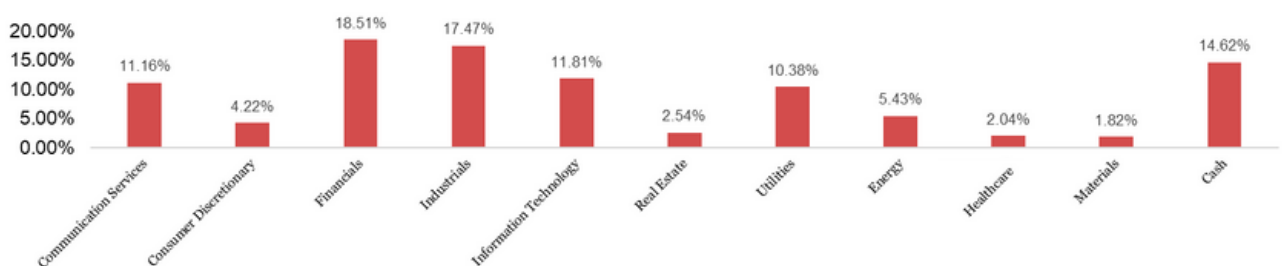
► **PERFORMANCE**

	3 months	6 months	1 year
Lundgreen's Invest - China Fund	-4.40%	6.47%	8.76%
MSCI China Index	-7.21%	12.05%	15.67%

► **STATISTICS**

	Since Inception	Annualized Return	Annualized Volatility	Sharpe Ratio
Lundgreen's Invest - China Fund		7.06%	18.33%	0.121
MSCI China Index		3.29%	23.37%	-0.066

► **ALLOCATION BREAKDOWN**





The fund delivered a strong performance against the MSCI China Index in the fourth quarter of 2025, despite posting a modest loss. This result highlights the fund's enduring downside protection, a feature evident since inception. This resilience was driven by a combination of tactical cash holdings and a broadly diversified portfolio with relatively low concentration in its largest positions.

The top ten holdings accounted for nearly 38% of the net asset value at quarter-end, down from over 40% in the prior quarter, while the total number of positions remained stable. As noted in previous commentaries, quarter-end cash levels may appear elevated, but this does not imply that cash was held at similarly high levels throughout the period. Trading activity remained frequent, and we gradually reduced cash levels from Q2 to Q3. During market pullbacks, we took the opportunity to establish new positions, reflecting our constructive outlook for 2026.

Sector-wise, we increased exposure to Financials at the expense of Information Technology and Materials. Many of our recent trades in companies related to digital assets, detailed in the last quarterly commentary, fall within the Financials sector. While we did not add to this theme during Q4, we actively traded around existing positions to lower our average cost. Our primary addition within Financials was Hong Kong Exchanges and Clearing (HKEx). IPO activity in Hong Kong gained considerable momentum in 2025, and we expect this trend to continue to strengthen in 2026. HKEx stands to benefit directly as the most obvious beneficiary. Moreover, strong performance in Chinese equities has attracted growing interest from both domestic and international investors, supporting higher trading volumes. A key catalyst has been China's encouragement for large A-share companies listed in Shanghai and Shenzhen to pursue dual listings in Hong Kong, improving international investors' access to Chinese companies. Overall, Chinese banks, brokers, and insurers performed well during the quarter, contributing meaningfully to the fund's outperformance. We plan some rebalancing within Financials in Q1 2026, but do not intend to significantly reduce the sector's weighting.

In Healthcare, we reduced our Shanghai Conant position by half. Our investment in this company had more than doubled over the preceding ten months. We remain optimistic about the company's prospects as a world-leading optical lens manufacturer, particularly given its positioning to benefit from the expected surge in AI-driven smart devices such as AI glasses. Valuation remains reasonable, and we are attentive to potential re-entry opportunities should the share price consolidate.

CMOC Group, a major Chinese mining company, was the fund's single largest performance contributor in both Q3 and Q4. We initiated the position 18 months ago and have since more than tripled our investment. In December, we trimmed the position by 60% to realize some gains. The company remains a compelling holding given its role as a key supplier to the renewable energy and AI-related industries. Separately, we exited our position in JinkoSolar, a leading photovoltaic manufacturer. Despite strong demand for energy from data centers, competition in solar panel manufacturing remains intense. Additionally, the "One Big Beautiful Bill" signed by President Trump in July 2025, terminated the 30% federal residential solar tax credit after December 2025. We continue to monitor opportunities across the power infrastructure value chain.

Looking ahead to Q1 2026, in addition to anticipated rebalancing within Financials, we will closely monitor new AI-related listings in Hong Kong. Several GPU chip designers, cloud integration suppliers, and large language model providers have recently applied for listings in the city. We also plan to add to our position in Xiaomi if sentiment toward the stock softens further.

