# CB Greater China Portfolio (USD)
# Report Q2 2026

FALCOM | Crossbow Partners Experience & Discipline

## Target

Profit from developments in Asia-Pacific with a focus on China, while reducing the risk of equity market corrections.

## Concept

The portfolio invests in specialised long/short funds that invest in Asian companies that will be among the regional winners of the future and sell short shares in companies where they expect a negative development.

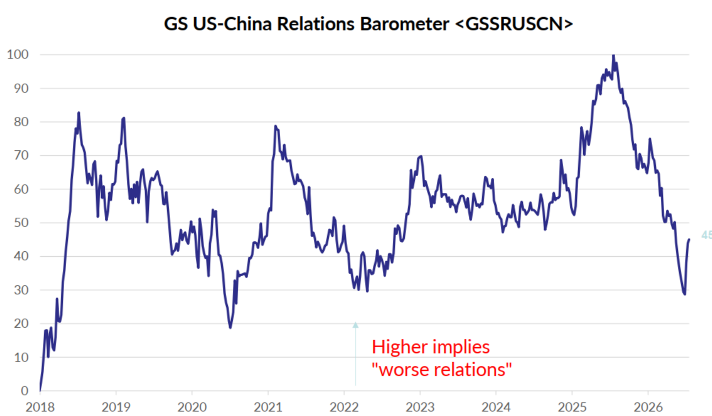
## Use

For investors who prefer to hold a partially hedged portfolio in Asian equities instead of riskier "long only" equity positions.

## How this has worked so far:

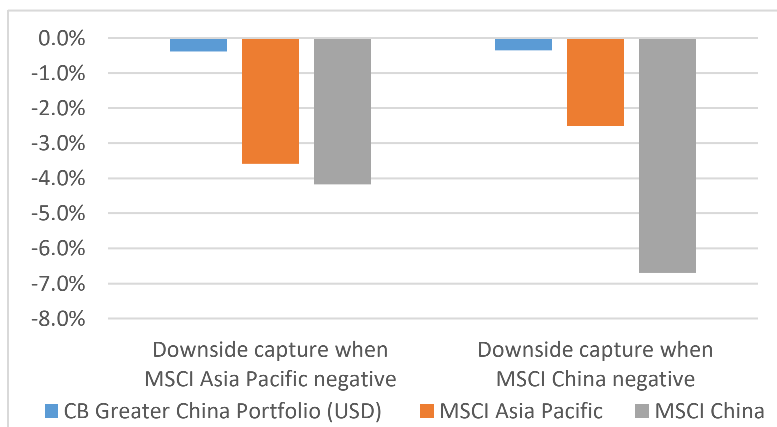
| | Return | | | | Risk: Volatility | | Risk: Max. loss | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2026 | YTD 2026 | 3 years | 5 years | 3 years | 5 years | 3 years | 5 years |
| **CB Greater China Portfolio (USD)** | **9.08%** | **9.89%** | **10.20%** | **6.55%** | **6.94%** | **6.54%** | **-5.20%** | **-7.20%** |
| MSCI Asia Pacific | 21.48% | 21.47% | 21.38% | 8.08% | 16.23% | 17.40% | -13.00% | -32.28% |
| MSCI China | -6.57% | -14.91% | 7.96% | -6.46% | 23.55% | 28.29% | -24.18% | -55.93% |

## Potential return




US-China relationship has improved in 2026. During Q2 2026, the US and China held a presidential summit, maintained a trade truce, agreed to establish a bilateral Board of Trade and began considering tariff reductions on about $30 billion of goods, while also addressing critical-mineral supply concerns.

## Hedging




The choice of defensive hedge funds reduces the loss in negative markets.

## Commentary 2nd Quarter 2026

The managers of the CB Greater China Portfolio achieved a positive net return of +9.1% in the second quarter of 2026, with gains of +5.53% in April and +4.04% in May, followed by a modest decline of -0.64% in June. The MSCI AC Asia Pacific Index returned approximately +21.5%, while the MSCI China Index declined by approximately -6.6% during the quarter. The portfolio therefore materially outperformed Chinese equities but lagged the broader Asia-Pacific market.

Chinese equities remained volatile during Q2. The market continued to face weak domestic demand, pressure in the property sector and stress in the labour market. China's economic growth slowed during the quarter, although the managers considered the economy broadly on track to achieve approximately 5% growth in 2026. Consumption weakened as government subsidies faded, particularly in the automobile market. Property prices showed initial signs of stabilisation in the largest cities, but conditions remained weaker in lower-tier markets. Strong export growth provided the main positive offset and continued to exceed expectations.

Within the broader MSCI AC Asia Pacific universe, notably in Korea, market returns were substantially stronger than in China. The portfolio participated in the regional recovery while retaining a lower-risk long/short structure. China and Hong Kong remained the portfolio's largest regional allocation.

Fundamental long/short managers benefited from improved equity-market conditions in April and May, while their diversified regional exposure reduced reliance on the weak Chinese index. The portfolio's positive quarterly result, despite the decline in the MSCI China Index, confirms that stock selection, short positioning and exposure outside China contributed meaningfully.