

MZ Asset Management Limited

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This brochure provides information about the qualifications and business practices of MZ Asset Management Limited. If you have any questions about the contents of this brochure, please contact us at +852 3461 9427 or email at alex@mzasset.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about MZ Asset Management Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This is MZ Asset Management Limited's brochure filing for 2021 annual amendment. There are no material changes.

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Item 4: Advisory Business

Our Firm

MZ Asset Management Limited (“MZ”, “we” or the “Firm”) is a company limited by shares incorporated in Hong Kong on 18 July 2014. MZ is licensed by the Securities and Futures Commission in Hong Kong to conduct Type 9 (Asset Management) activities.

Up to the date of this filing, MZ has provided discretionary investment management and advisory services to MZ Asia Fund LP (the “Fund”), a privately pooled investment vehicle incorporated in the Cayman Islands as an exempted limited partnership (the “Fund”). The Fund is exempted from registration under the Investment Company Act of 1940.

MZ has been registration with the SEC as an investment advisor since 21 July 2017.

Principal Owners

MZ is 100% owned and controlled by Eric Hsin-Yi Shiung.

Client Types

MZ serves as a manager of the Fund, which is exempted from registration under the Investment Company Act of 1940, and provides advisory and discretionary services to separately managed accounts (“**SMA**”). MZ may seek to provide advisory and discretionary services to other exempt funds and/or SMA in future.

Types of Services Offered

MZ provides investment management services to investors in the Fund and any SMAs (“**Investors**”) in accordance with the investment objective described in the Fund’s offering documents or investment mandate as amended and supplemented from time to time (“**Offering Materials**”). Investors may impose restrictions on investing in certain securities or types of securities by virtue of letter agreements or other similar agreements (“**Side Letters**”) providing different rights and benefits.

As of 30 September 2021, MZ managed approximately \$332,227,972 of regulatory assets on a discretionary basis.

Item 5: Fees and Compensation

Management Fee

The fees applicable to the Fund are set forth in detail in the Fund's Offering Materials; with respect to all share classes, the Firm receives an annual management fee ranging up to 1% per annum in respect of the net asset value ("NAV") of the Fund ("Management Fee"). The Management Fee is payable monthly in arrears.

The Fund pays for organizational and initial offering expenses as well as all costs of its investments, including but not limited to, accounting, auditing, tax preparation, legal, administration and applicable trading costs. The Fund will incur brokerage and other transaction costs.

The management fees applicable to the clients with SMAs are agreed with clients in the IMAs. The clients with SMAs will incur all investment expenses related to trading or dealing in the assets of the SMAs including custodial fees, brokerage commissions, clearing fees, transfer or stamp taxes, and other transaction costs.

Item 6: Performance-Based Fees and Side-By-Side Management

Some shares classes of the Fund are charged a fee based on the performance of the Fund ("Performance Fee"). Performance Fee is subject to a hurdle rate and high-water mark, and range up to 15% of the increase in NAV attributable to investment performance. Performance Fee is calculated and payable on an annual basis.

The Performance Fee of clients with SMAs will be negotiated on a case-by-case basis. Clients with SMAs will be charged a Performance Fee for returns that are in excess of the MSCI AC Far East Ex Japan Index in US dollars . Performance Fee is generally calculated and payable on an annual basis and subject to high-water mark.

Item 7: Types of Clients

MZ provides investment advice to the Fund and SMAs. Investors in the Fund must qualify as accredited investors and/or qualified purchasers, primarily consisting of institutional investors, family offices, high net worth individuals, pooled investment vehicles (fund of funds), and internal capital.

The minimum initial investment amount for the Fund is US\$500,000. In certain circumstances, the General Partner of the Fund may, in their sole discretion, determine the minimum subscription per investor in a case or generally subject to all applicable legal requirements.

All SMA clients will be required to enter into an Investment Management Agreement ("IMA") with the Firm. The Firm may require a minimum account size to be determined on a case by case basis.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Objective

The Firm will make investment decisions based on the investment objectives and strategy for the Funds as described in the Funds' offering document or in an SMA's IMA.

The Fund seeks to achieve long-term capital appreciation by investing in a concentrated long-only portfolio of 10 to 15 listed equities issued by companies with some or all of the following characteristics:

- a) Pricing power resulting from a unique barrier to entry or business franchise;
- b) Attractive returns on capital, both historically and prospectively;
- c) Strong balance sheet with ability to self-finance future growth;
- d) Consistent free cash flow generation; and/or
- e) Shareholder-focused actions especially in capital allocation.

The Firm's research process begins with an in-depth review of historical primary source data (e.g. annual reports, operating metrics, track record of how the controlling shareholder treats minority shareholders) to identify companies with high quality business franchises run by superior management. Visits to the company's facilities and in-person discussions with management are often employed to better understand operating trends and certain business decisions, but may be omitted if a company possesses an easily understandable business model and a long track record as a publicly listed company.

The research process continues with a detailed financial analysis of a company's historical results, focusing on quantitative measures of pricing power, returns on net operating assets, balance sheet strength, free cash flow generation, dividends and share repurchases. This quantitative analysis is paired with a qualitative evaluation of the historical reasons why a company is able to generate superior financial returns, and whether these reasons are sustainable into the future when factoring in current competitive landscape and industry trends.

Subsequently, a near-term financial forecast is made to estimate the prospective total return to shareholders, which is defined as (i) earnings per share growth plus (ii) net dividend yield. This estimated total return is then compared with a hurdle rate for new investments. At the same time, the financial and operating assumptions required for the company to achieve the forecast total shareholder return are clearly identified and archived. A judgment is then made as to whether the likelihood of such assumptions coming true are favorable or not.

At this stage, each company is subjected to a risk analysis using the following framework: (i) what are recent key business fundamentals and are they on an improving or deteriorating trend; (ii) what is balance sheet gearing and are leverage ratios improving or deteriorating; (iii) what is the historical record of capital allocation and what are recent trends in this area; and (iv) what is the market's valuation of the company's stock and how does this valuation compare to historical valuation levels, to current valuations of industry peers, and to future earnings growth rates.

Finally, the decision whether to invest is made after considering multiple subjective factors, including the quality and durability of the business franchise; the attractiveness of forecasted total return to shareholders; and the historical track record of the controlling shareholder and/or management. The size and weighting of an investment in the portfolio is primarily a function of the level of conviction; i.e. the higher the conviction level, the larger the size of the position in the portfolio.

The foregoing describes the bottom-up process of researching and identifying an investment in the Fund's portfolio. Once the portfolio is formed through the bottom-up stock selection process, a top-down review is made to identify whether the portfolio is exposed to any over-concentration of risk to any single economic factor. The end goal of the bottom-up stock selection and top-down factor-risk review is to construct a portfolio of diverse businesses in different industries with generally uncorrelated operating results.

The Fund's portfolio holdings are closely monitored for any structural or permanent deterioration in a company's business fundamentals. If the Firm determines that a portfolio company's fundamentals have deteriorated, the holding will be reduced or sold completely. For portfolio holdings where a company's business fundamentals have improved markedly, the Fund will allow such holdings to increase in size and weighting in the portfolio so as to maximize the long-term gains from successful stock picks, subject to limits on position size resulting from factor-risk considerations.

The Firm does not hedge currencies, sell short securities or use leverage. The Firm also does not use "expert networks" in its research process.

The Firm will manage SMAs using the same strategy, research process and portfolio construction methods as used in managing the Fund.

Risk Factors

Investing in securities involves risk of loss that investors should be prepared to bear. An investment in the Fund and SMAs carries a high degree of risk. There can be no assurance that the investment objective of the Fund and SMAs will be achieved. Because of the risks involved, investment in the Fund and SMAs is only suitable for sophisticated investors who are able to bear the loss of a substantial portion or even all of the money they invest in the Fund.

The following risks are non-exhaustive and should be carefully evaluated before making an investment in the Fund and SMAs.

- **Concentration Risk:** The Fund and SMAs managed by the Firm will invest in a highly concentrated portfolio. As such, the Fund may be exposed to losses disproportionate to those incurred by the market in general if any of the Fund's portfolio companies suffers from a deterioration in its business fundamentals and decline in earnings power.
- **Business Risk:** The companies invested by the Fund or SMAs may have their competitive position and earnings power negatively impacted by disruptive industry trends, changes in consumer behavior, increased competition or other market factors. Such a structural deterioration in business fundamentals usually results in a permanent decrease in the company's market valuation.
- **Liquidity Risk:** The investment mandate has no restrictions with regard to liquidity risk management. While the Fund and SMAs will seek to invest in sufficiently liquid securities of established companies, in the event of a major market dislocation or sell-off, trading volumes and overall market liquidity tend to decline significantly.
- **Investment in Asia:** Certain economies in Asia tend to be inefficient and less liquid than certain other markets, and are subject to political and other factors which do not typically affect more developed economies. The Fund and SMAs may sustain

major losses as a result of market inefficiencies or interference in these markets which would not commonly take place in more developed markets.

- **Volatility Risk:** The value of the assets in which the Fund and SMAs will invest may be volatile. The Fund and SMAs will be subject to the risk that inflation, economic recession, changes in the general level of interest rates or other market conditions over which the Firm will have no control may affect the operating results of the Fund and SMAs.
- **Directional Trading Risk:** Certain positions taken by the Fund and SMAs may be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

The Firm is not registered as either commodity pool operator or commodity trading adviser with the Commodity Futures Trading Commission and the National Futures Association.

Other Material Relationships

MZ is not an investor in the Fund and SMAs; however, the Firm's principals are investors in the Fund; and, the related party of MZ i.e. the General Partner of the Fund (disclosed in ADV Part I) is also an investor in the Fund.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Participation or Interest in Client Transactions

The Firm serves as the investment manager to the Fund and SMAs. The owner and/or employees, affiliates and relatives of the employees may make investment in the Fund. The Firm may or may not receive any compensation from such investments from employees.

We and our affiliates and employees have a financial interest in the Fund through an incentive allocation or a direct investment interest in the Fund. As such, the Firm could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

SMA accounts will be traded on a pari passu basis with the Fund with full transparency. The trading and investment will be done so as not to disadvantage the Fund over the SMA clients or vice versa. This is disclosed to the SMA clients prior to the execution of an IMA.

Code of Ethics and Personal Account Dealing

Pursuant to Rule 204A-1 of the Advisers Act, MZ has adopted a Compliance Manual and a Personal Account Dealing Policy that establishes various procedures with respect to investment transactions in accounts in which employees of MZ or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The Compliance Manual was adopted to avoid actual and possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and partners' (or similar) trading activities.

The foundation of the Compliance Manual is based on the underlying principles that:

- Employees of MZ must at all times place the interests of clients first;
- Employees of MZ must make sure that all personal securities transactions are conducted consistent with this Compliance Manual and the Personal Account Dealing Policy contained in this Compliance Manual. All transactions should avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility; and
- Employees of MZ should not take unfair advantage of their positions. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with MZ could call into question the exercise of an employee's independent judgment.

Generally, all employees are required to disclose to the Firm existing investment holdings upon joining and at least annually thereafter.

All relevant Employees are required to hold all personal investments for at least 30 days, unless prior written approval of the Compliance Officer or other persons designated by senior management is given for an earlier disposal.

The relevant Employees are required to, within 21 days of commencing employment at MZ, disclose details of their outside broking accounts to the Compliance Officer, and ensure that copies of records and statements of personal transactions entered into by them are submitted to the Compliance Officer.

Employees are required to obtain pre-clearance from the Compliance Officer prior to any personal share dealing transaction.

The Firm will provide a copy of the Firm's personal account dealing policies to any clients or prospects upon request.

Item 12: Brokerage Practices

Best Execution

The firm will regularly review the brokers' performance to ensure best execution in the interests of clients. In selecting brokers and negotiating commission rates, MZ will seek to obtain the best overall terms available and evaluate based on a variety of factors, such as the financial stability and reputation of the broker, the quality of investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and

other services provided by such broker. These factors are general guidelines only and are not exhaustive.

Brokerage Fees

The Fund and SMAs are responsible for paying all brokerage commissions and related costs of securities transactions.

The Firm may enter into agreements under which brokerage, research services and other products or services are obtained by the Firm from or through a broker in exchange for the brokerage commissions from transactions. Where a product or service obtained with commission dollars provides both research and non-research assistance to the Firm, the Firm will make a reasonable allocation of the cost that may be paid for with commission dollars.

The Firm will only enter into a “soft dollar” arrangement if the amount of commissions is reasonable in relation to the value of all the brokerage, research services and other products or services provided by such broker. MZ generally intends to accept research and related services falling within the safe harbour for fiduciaries’ use of commissions arising from clients’ portfolio transactions established by Section 28e, although MZ may in its discretion make use of research and services outside the safe harbour if not prohibited by the Employee Retirement and Income Security Act of 1974 (“ERISA”).

Principal Transactions / Cross Trades

In a “principal transaction”, an investment adviser, acting for its own account, buys a security from, or sells a security to, a client’s account. The Firm does not maintain “own accounts” / proprietary accounts. The Firm does not engage in cross trades.

Research and Soft Dollar Arrangements

The Firm will only enter into a “soft dollar” arrangement if the amount of commissions is reasonable in relation to the value of all the brokerage, research services and other products or services provided by such broker. MZ generally intends to accept research and related services falling within the safe harbour for fiduciaries’ use of commissions arising from clients’ portfolio transactions established by Section 28e, although MZ may in its discretion make use of research and services outside the safe harbour if not prohibited by the Employee Retirement and Income Security Act of 1974 (“ERISA”).

Item 13: Review of Accounts

Review of Accounts

The Fund and SMAs are reviewed and reconciled on a daily basis with daily trade and cash reconciliations performed by the Fund’s independent administrator. In addition, the Firm also monitors the Fund to help ensure conformity with investment objectives and guidelines.

The Fund’s administrator will prepare monthly unaudited investor statements reviewing the Fund’s performance for the month.

Reporting

The Fund will be audited on an annual basis by an independent auditor. The Fund will prepare its annual financial statement in accordance with International Financial Reporting Standards ("IFRS"). Copies of the audited financial statements will be issued to all investors within 3 months after the Fund's fiscal year-end, ending on 31 December.

The Fund's administrator will issue unaudited monthly account statement to investors within the period of 15 days following the end of each calendar month, or as agreed under SMA guidelines.

Item 14: Client Referrals and Other Compensation

The Firm or any related person of the Firm does not compensate any person who is not MZ's supervised persons for client referrals.

No person who is not a client of the Firm provides an economic benefit to MZ for providing investment advisory or other services to MZ's clients.

The Firm currently does not engage the services of third-party placement agent firms.

Item 15: Custody

MZ does not maintain direct custody over client funds or securities. All assets are held at qualified custodians. The Fund has its own fund administrator and custodian who are independent of the firm. Investors in the Fund receive monthly account statements from the fund administrator. MZ urges investors in the Fund to carefully review such statements and compare such official records to the reports that MZ may provide to such investors.

Item 16: Investment Discretion

MZ possesses discretionary portfolio management authority over the Fund and SMAs with respect to asset allocations and direct investments as per the investment advisory agreement and offering document in place.

MZ has the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of securities to be purchased or sold for the client account.

Item 17: Voting Client Securities

Where the Firm has responsibility for voting proxies, the Firm will take measures reasonably designed to ensure that they are voted in the best interest of its clients, which generally means voting with a view to enhancing the value of client securities. Financial interest of clients is the primary consideration in determining how their proxies should be voted. The Firm may refrain from voting in certain circumstances.

Below are some voting principles that the Firm may take into account in voting proxies whilst each situation must be judged on its own merits:

- In the absence of evidence to the contrary, the Firm will give considerable weight to management recommendations, except in the case of issues directly affecting the interests of management itself, such as management compensation;
- The Firm will in general support management recommendations about the internal operations of the company. Whilst proposal which is likely to have significant economic effect on the relevant company and its security-holders will be subject to greater scrutiny on a case-by-case basis;
- The Firm favours having strong independent directors and supports the delegation of key functions (such as compensation, audit and nominating committees) to independent directors and the Firm will in general oppose classification of directors.

Item 18: Financial Information

MZ has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.