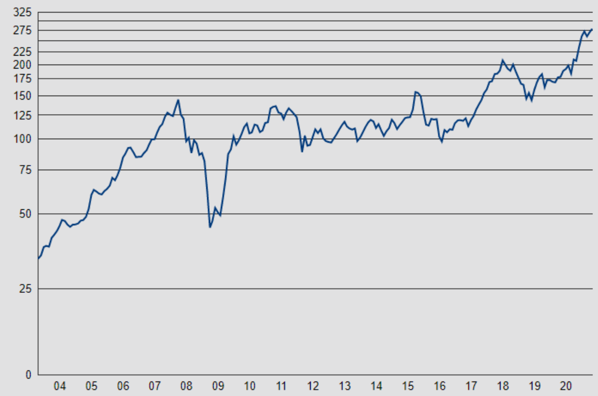
HSZ China Fund

Signatory of: PRI Principles for Responsible Investment

Figures as of	November 30, 2020
Net Asset Value	USD 278.83, CHF 196.19, EUR 298.21
Fund Size	USD 287.5 million
Inception Date*	May 27, 2003
Cumulative Total Return	747.8% in USD
Annualized Total Return	13.0% 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

	November	YTD	1 Year	May 2003
USD Class	3.3%	47.8%	56.4%	747.8%
CHF Class	1.9%	37.7%	41.3%	477.9%
EUR Class	0.7%	38.3%	43.7%	725.7%

Largest Holdings

CATL	8.6%
China Merchants Bank	6.9%
Geely Automobile	6.0%
Ping An (A)	5.9%
China Education Group	5.4%
Haidilao International	5.0%

Exposure

Consumer Discretionary	20.8%
Consumer Staples	20.2%
Industrials	18.2%
Health Care	15.1%
Financials	12.8%
Cash	4.7%

Newsletter November 2020

- China and ASEAN move closer together with the RCEP deal
- Alibaba Health turns profitable for first time
- Proya's brand with huge untapped potential
- China Southern Airlines returned to profitability in the third quarter

China and ASEAN move closer together with the RCEP deal. After eight years of negotiations, 15 countries signed the Regional Comprehensive Economic Partnership (RCEP) trade and investment agreement on 15 November. The RCEP is made up of the ten ASEAN states plus Australia, China, Japan, South Korea and New Zealand, accounting for about 1/3 of the world population and 30% of world GDP. The RCEP is expected to come into effect by early 2022. RCEP has 37 schedules to eliminate at least 92% of tariffs on goods traded amongst members over many years. China, Korea and Japan are expected to be the major beneficiaries of the agreement. The RCEP's investment chapter aims to encourage FDI (foreign direct investment) and intellectual property protection. The dispute settlement chapters could become Asia's standard and rules that in the longer term could challenge the dominance of the US and EU.

Alibaba Health turns profitable for first time. The healthcare arm of Alibaba Group reported its 1H21 results with revenue up 74% year over year to CNY 7.2 billion and showed its first net profit with CNY 283 million. Annual active users reached 250 million. The company is redefining medical services by promoting its Dr. Deer App as a preliminary contact point for any health-related problem. Any serious disease is handled by local medical service teams. In addition, Ali-Health built an online pharmacy collaboratively with the Qingdao government, dedicated to the public medical insurance, while Ali-Health's Guangzhou model involves collaboration with internet hospitals.

Proya's brand with huge untapped potential. During the recent Double 11 Shopping Festival in November, Proya was ranked number two domestic brand in Alibaba's Tmall Hey Box, showing strong brand recognition. Proya enhanced its product image by successfully launching higher-end products to better access new segments of the mass market. As China continues to recover in the post-pandemic era, Proya's online sales showed strong growth also outside Tmall for example achieving 100% growth on the JD.com platform.

China Southern Airlines (CSA) returned to profitability in the third quarter. CSA, the largest airline operator in China has suffered during the pandemic. However, in recent months the domestic air passenger numbers in China have recovered to the 2019 level. Thanks to its strong domestic market position and its cargo business, the company's Q3 revenue substantially increased by 48% from the previous quarter to CNY 26.4 billion and in addition, CSA recorded a net profit of CNY 711 million, compared to a net loss of CNY 2.91 billion in Q2. CSA is the first among the three major airlines in China to become profitable again post Covid-19.

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	Credit Suisse Funds AG
Custodian Bank	UBS Switzerland AG
Investment Manager	HSZ (Hong Kong) Limited
Auditors	PricewaterhouseCoopers AG
Management Fee	1.5% 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
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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 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 particular 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.