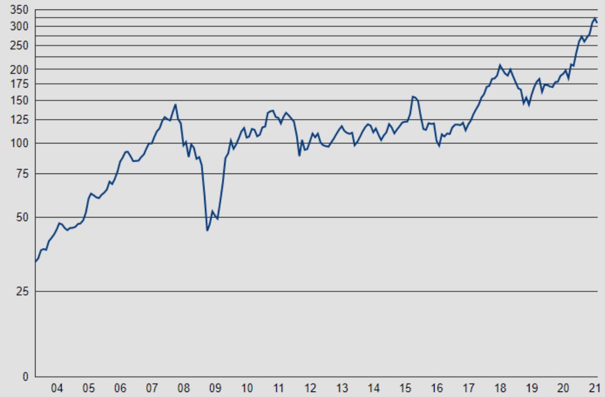
Newsletter February 2021

Figures as of	February 26, 2021
Net Asset Value	USD 308.78, CHF 217.83, EUR 325.65
Fund Size	USD 361.4 million
Inception Date*	May 27, 2003
Cumulative Total Return	838.8% in USD
Annualized Total Return	13.4% 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

	February	YTD	1 Year	May 2003
USD Class	(4.2%)	(0.4%)	55.7%	838.8%
CHF Class	(2.5%)	2.3%	46.1%	541.6%
EUR Class	(4.5%)	0.8%	41.4%	801.7%

Largest Holdings

China Merchants Bank	7.2%
Geely Automobile	6.0%
CATL	5.7%
Ping An (A)	4.8%
Haitian Flavouring & Food	4.7%
Alibaba Health	4.6%

Exposure

Industrials	23.1%
Consumer Staples	19.4%
Consumer Discretionary	18.1%
Health Care	13.9%
Financials	12.0%
Cash	4.9%

- Local retail consumption remains strong in China
- CATL was picked as Hyundai Motor's battery supplier
- Geely announced business collaboration with Volvo Cars
- SF Holding to take over Kerry Logistics

Local retail consumption remains strong in China. Chinese local consumption recorded a strong rebound during the Chinese New Year holiday. During the 7-day Chinese New Year holiday, the local retail consumption amounted to CNY 821 billion, a 28.7% year-over-year increase over 2020. This was mainly pushed by a "stay local" Chinese New Year, the "double holiday effect" combining Chinese New Year with the Valentine's Day, and the fast adoption of new technologies like 5G and the digital CNY. Across categories, jewelry and clothes consumption recorded the strongest growth, increasing by 161% and 107% year over year, respectively

CATL was picked as Hyundai Motor's battery supplier. CATL will supply the battery cells for two of the three models planned by Hyundai starting from 2023. Hyundai has an Electric Global Modular Platform (E-GMP) which was co-developed in 2020 with California startup Canoo. The first glimpse of the E-GMP from Hyundai is IONIQ 5 EV, expected to be deliver in the first half of 2021. Hyundai has several additional EVs in development through 2024 which will all be powered by the E-GMP. The Korean company aims to sell over 1 million electric vehicles per annum by 2025 with a 10% global market share in the EV market.

Geely announced a business collaboration with Volvo Cars, instead of a merger. The collaboration will include merging their powertrain operations and jointly developing a hybrid system. The two companies will develop and share their electric vehicle platforms, including Geely's SEA and Volvo Cars' SPA 2. They will also share electrification technologies, autonomous driving technologies, and carry out joint procurement to reduce costs. In the future, Lynk will utilize Volvo Cars' distribution networks in Europe and the United States. In the process of industry transformation, all of these actions will help the two companies to generate synergies and reduce costs.

SF Holding to take over Kerry Logistics. The largest Chinese premium express delivery service provider is seeking to acquire control of tycoon Robert Kuok's Kerry Logistics at a consideration of HKD17.6 billion for its global expansion. The Chinese courier plans to buy a 51.8% stake in Kerry Logistics. The deal will help SF Holding to boost its distribution network and supply-chain services as it gains a footprint across Asia. Kerry Logistics offers air freight, trucking and ocean cargo services as well as customs brokerage and cross-border logistics for e-commerce companies. Its clients include fashion brands, food and beverage distributors, consumer goods companies, electronics manufacturers, and other companies throughout the region.

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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General Information

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.