

Figures as of	March 31, 2021
Net Asset Value	USD 281.34, CHF 206.76, EUR 307.23
Fund Size	USD 338.0 million
Inception Date*	May 27, 2003
Cumulative Total Return	755.4% in USD
Annualized Total Return	12.8% 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)



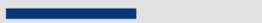
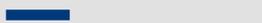
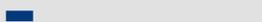
Performance

	March	YTD	1 Year	May 2003
USD Class	(8.9%)	(9.3%)	52.9%	755.4%
CHF Class	(5.1%)	(2.9%)	49.6%	509.0%
EUR Class	(5.7%)	(4.9%)	43.3%	750.7%

Largest Holdings

CATL	6.9%	
Haitian Flavouring & Food	5.5%	
China Southern Airlines	5.2%	
Alibaba Health	5.0%	
Geely Automobile	5.0%	
China Education Group	4.9%	

Exposure

Industrials	24.2%	
Consumer Discretionary	19.8%	
Consumer Staples	19.7%	
Health Care	12.1%	
Financials	5.9%	
Cash	2.5%	

Newsletter March 2021

- China sets GDP growth target of over 6% for 2021
- HSZ China Fund declined 8.9% in March
- Ali Health tap into immense health management market
- ESR is entering into data center and cold chain businesses
- Tencent launched virtual sim service

China sets GDP growth target of over 6% for 2021. In early March, the Chinese Premier Li Keqiang revealed the target of 6% GDP growth at the "Two Sessions" annual parliamentary gathering, which sets economic and political national priorities for the year ahead. Li expressed the need to seek a balance between growth, income, and employment, while avoiding high energy consumption and heavy pollution.

HSZ China Fund declined 8.9% in March. Signs of a strong recovery of the global economy from Covid-19, triggered concerns of rising price levels and eventually interest rates. These factors led to a sharp correction also in the Chinese equities markets. Most notably among stocks with high P/E ratios such as consumer staples, consumer discretionary, information technology and healthcare.

Ali Health to tap into immense health management market by investing into an online oncology platform. Recently, Ali Health completed its strategic investment in a local unicorn company called LinkDoc which is an oncology big data company providing hospitals and pharmaceutical companies with big data, AI assistant systems and patient management services. The two parties will actively explore the innovative service model of specialty oncology drugs and build an online and offline oncology platform for patients in China. We believe that its innovation model can support the company's sustainable long-term growth.

ESR is entering into data center and cold chain businesses. ESR Cayman is one of the largest logistics property developers in the Asia Pacific region, demonstrating strong track record in commercial property development and asset management. The company just reported better-than-expected 2020 earnings, with asset under management achieving USD 30 billion, one year ahead of its original target. Leveraging on its strength, ESR announced business expansion plan in the fast-growing data center and cold chain across Asia, aiming to become the one-stop solution provider for its clients.

Tencent launched virtual sim service. The Chinese internet giant partnered with China Unicom to launch virtual SIM service which allow users to have a second phone number to solve the privacy issue under today complex design of the internet world. The second virtual number can better protect against scam calls and against the primary phone number being circulated by third parties for cold call purposes. The virtual SIM service is charged at CNY 10 per month per virtual number and could lead to a big change for consumers to manage the social network. This could further lead to a change for marketing agencies trying to search for target customers.

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
Orders via Banks	UBS Switzerland AG IB Execution Hub Tel: +4144 239 1977

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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.

Disclaimer

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