

Figures as of	May 31, 2021
Net Asset Value	USD 301.75, CHF 211.96, EUR 317.11
Fund Size	USD 367.8 million
Inception Date*	May 27, 2003
Cumulative Total Return	817.5% in USD
Annualized Total Return	13.1% 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.

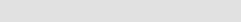
Net Asset Value (Monthly)



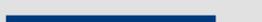
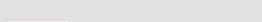
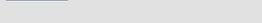
Performance

	May	YTD	1 Year	May 2003
USD Class	2.3%	(2.7%)	45.8%	817.5%
CHF Class	1.4%	(0.5%)	36.3%	524.3%
EUR Class	1.6%	(1.8%)	32.7%	778.0%

Largest Holdings

CATL	6.7%	
Haitian Flavouring & Food	5.8%	
SF Holding	5.5%	
China Education Group	5.2%	
Longi Green Energy	4.8%	
China Southern Airlines	4.6%	

Exposure

Industrials	25.2%	
Consumer Discretionary	21.1%	
Consumer Staples	20.2%	
Health Care	11.0%	
Financials	6.0%	
Cash	1.2%	

Newsletter May 2021

- China is taking actions to ban crypto mining
- HSZ China Fund was up 2.3% in May
- Alibaba Health turned profitable in the latest fiscal year
- CATL is going to launch a sodium-ion battery
- Haidilao introduced a share reward scheme

China is taking actions to ban crypto mining. Inner Mongolia, an autonomous region in northern China, issued draft guidelines on its plans to ban crypto mining, offering the first details about how authorities intend to execute this latest stage of the crypto crackdown. Under the rules, big data centers and cloud computing firms will see preferential policies from the government withdrawn, while telecommunication companies, internet firms, and cyber cafes will have their business license revoked or operation suspended if the entities are found to have engaged in crypto mining.

HSZ China Fund was up 2.3% in May. Main performance contributors were industrials, followed by consumer staples, information technology and financials. Among our industrial holdings, CATL, our biggest position in the fund was the major performance driver ahead of SF Holdings our third largest holding. In the consumer staples area, our investments in Haitian Flavouring & Food and Nongfu Spring contributed the most to the monthly performance.

Alibaba Health turned profitable in the latest fiscal year. Thanks to the online pharmaceutical business, the company's revenue grew 62% year over year to CNY15.5 billion and it reported a profit of CNY 342 million. Looking forward, the company will be allocating more resources to drug sales, including OTC and prescription drugs. In addition, the company will strengthen its app "Dr. Deer" in the areas of health literacy and availability of medical resources across the country in order to minimize information asymmetry and to build a vast database to support future development.

CATL is going to launch a sodium-ion battery. CATL's Chairman Mr. Zeng announced that the leading electric vehicle battery supplier is going to bring sodium-ion batteries to the market starting from July this year. The advantages of sodium-ion batteries are the huge supply of sodium in the earth's crust and its low cost. If sodium batteries can be commercialized, it could become an ideal solution for storage of the renewable energy from solar farm and wind farms. This will solve the remaining bottleneck for a complete green energy solution and hence may speed up the transition from the use of conventional energy to renewable energy.

Haidilao introduced a share reward scheme to over 1,500 employees. The grant of shares is to recognize and reward the contributions made to the company, encourage and motivate talent, and incentivize qualifying employees to make a long-term contribution to the company. As Haidilao is undergoing rapid expansion, the scheme is believed to align the interests of employees and the company. This also addresses the company's operating paradigm of "aligned interests and disciplined management".

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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