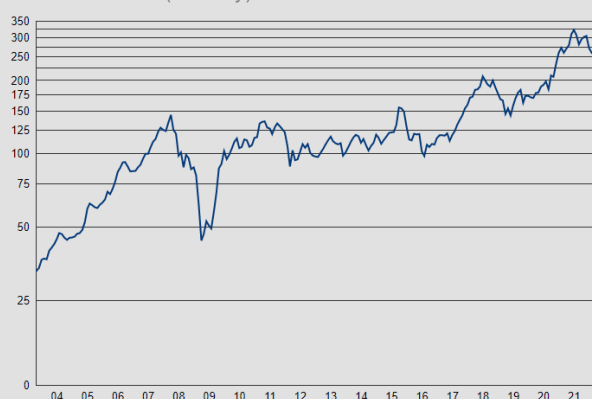


Figures as of	September 30, 2021
Net Asset Value	USD 264.34, CHF 192.48, EUR 291.85
Fund Size	USD 323.9 million
Inception Date*	May 27, 2003
Cumulative Total Return	703.7% in USD
Annualized Total Return	12.0% in USD

* 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.

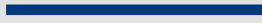





Net Asset Value (Monthly)



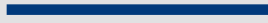





Performance

	September	YTD	1 Year	May 2003
USD Class	1.8%	(14.7%)	1.8%	703.7%
CHF Class	3.8%	(9.6%)	3.1%	467.0%
EUR Class	3.8%	(9.6%)	2.9%	708.1%

Largest Holdings

SF Holding	6.4%	
Longi Green Energy	6.0%	
Haitian Flavouring & Food	5.7%	
Sunny Optical	5.2%	
China Southern Airlines	5.1%	
Proya Cosmetics	5.0%	

Exposure

Industrials	21.9%	
Consumer Staples	18.7%	
Information Technology	16.1%	
Consumer Discretionary	15.7%	
Health Care	5.9%	
Cash	9.7%	

Newsletter September 2021

- The Chinese Approach to Deal with Evergrande
- HSZ China Fund was up 1.8% in September
- CSA reported its 1H21 result better than expected
- Haitian's upcoming price hike will help with its recovery.
- OWC completed the installation of a remarkable cable project

The Chinese Approach to Deal with Evergrande. The largest Chinese property developer China Evergrande caught the limelight of Chinese and global investors equally and continues to be a major concern. The Chinese government is proceeding very reasonably. On one hand, an example should be made regarding excessive debt management. Most likely banks and bondholders will have to take a haircut, while home buyers who have already made down-payments for their future apartments, workers and contractors should be protected. Evergrande's land bank and unfinished projects might be liquidated to repay the debt.

HSZ China Fund was up 1.8% in September. Main positive contributors were our holdings in consumer staples such as Haitian (see separate paragraph) and Proya Cosmetics and our industrials SF Holding and a new position in Orient Wires and Cables (see paragraph below), followed by our utility holding and healthcare, while financials underperformed due to concerns over Evergrande and other financially weak real estate developers.

China Southern Airlines (CSA) reported its 1H21 result better than expected. Its revenue grew 32% to CNY51.6 billion while the net loss shrunk 43% from last year. Domestic passenger flights recovered to before pandemic level. Meanwhile, cargo business continues to benefit from the strong logistics demand with an increase of 16%. Management expects the local market recovery to continue while international flights remain uncertain.

Haitian's upcoming price hike will help with its recovery. In September, Haitian said that it planned to adjust selling prices across products, including soy sauce, oyster sauce, and other condiments. Since the pandemic, condiment producers have suffered from the hike in commodity prices, transportation prices, and energy prices. The upcoming price hike is likely to alleviate Haitian's pressure on operation margin due to rising costs.

Orient Wires and Cables (OWC) completed the installation of a remarkable cable project. A project team composed of OWC, China Three Gorges Renewables, Shanghai Investigation Design and Research Institute successfully completed the world's first shallow sea anti-typhoon floating wind power dynamic cable system at Shaba Offshore Wind Farm in Yangjiang City, Guangdong Province, on September 1, 2021, after one year of work. This indicates that the project will soon be put into operation. OWC was responsible for the design, manufacturing, installation, and testing of dynamic cables and related accessories of the project.

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

This newsletter is for information purposes only and is not to be regarded as an offer for the purchase or sale of the fund's units. The fund may not be marketed, either directly or indirectly, in the United States of America or sold to US persons. The value of units can fall as well as rise.

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