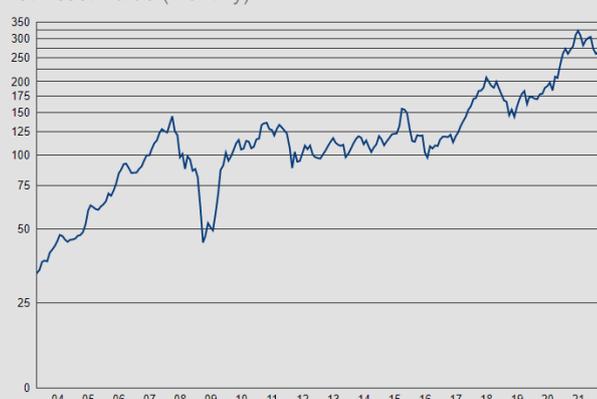


Figures as of	October 29, 2021
Net Asset Value	USD 287.12, CHF 203.93, EUR 315.19
Fund Size	USD 347.4 million
Inception Date*	May 27, 2003
Cumulative Total Return	773.0% in USD
Annualized Total Return	12.5% in USD

* 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

	October	YTD	1 Year	May 2003
USD Class	8.6%	(7.4%)	6.4%	773.0%
CHF Class	5.9%	(4.2%)	5.9%	500.7%
EUR Class	8.0%	(2.4%)	6.4%	772.7%

Largest Holdings

Longi Green Energy	6.7%	<div style="width: 6.7%;"></div>
Ningbo Orient Wires	6.3%	<div style="width: 6.3%;"></div>
SF Holding	5.9%	<div style="width: 5.9%;"></div>
Haitian Flavouring & Food	5.7%	<div style="width: 5.7%;"></div>
Proya Cosmetics	5.5%	<div style="width: 5.5%;"></div>
China Southern Airlines	5.5%	<div style="width: 5.5%;"></div>

Exposure

Industrials	22.3%	<div style="width: 22.3%;"></div>
Consumer Staples	19.1%	<div style="width: 19.1%;"></div>
Information Technology	18.8%	<div style="width: 18.8%;"></div>
Consumer Discretionary	14.3%	<div style="width: 14.3%;"></div>
Health Care	5.7%	<div style="width: 5.7%;"></div>
Cash	8.3%	<div style="width: 8.3%;"></div>

Newsletter October 2021

- Property tax reform alters China's economic model
- HSZ China Fund up 8.6% in October
- CEG's strategy strongly aligned with the national education policy
- Dian Diagnostic's third quarter result is better than expected
- OWC will benefit from commercialization of offshore wind power

Property tax reform alter China's economic model. China's State Council will expand pilot schemes on property tax from Shanghai and Chongqing to more cities across China. The strong growth contributed by real estate development in the past will become history as the Chinese government is seeking sustainable development and common prosperity. The reform intends to reshape government revenue streams from land sales to taxes and deterring property speculation.

HSZ China Fund up 8.6% in October. Main positive contributors were our holdings in industrials, most notably our recently added holding of Ningbo Orient Wires (OWC), up over 50%, followed by CATL and China Southern. Consumer staples, Proya, Fuling Zhacai and Haitian also had a strong month. The latter benefitted from its announcement to raise prices to compensate for the increased input costs.

CEG's strategy strongly aligned with the national education policy. China's State Council issued "Opinions on Promoting the High-quality Development of Modern Vocational Education" in October, saying that as opposed to after-school tutorial, high quality vocational education plays an important role for the Chinese economy. The policy aims to upskill the Chinese workforce and train it to meet the needs of high-end manufacturing. China Education Group (CEG) as the largest listed higher and vocational education provider has a promising future as China moves toward common prosperity.

Dian Diagnostic's third quarter result is better than expected. The company's third quarter revenue increased by 18% to CNY 3.5 billion and net profit increased by 27% to CNY 506 million. The reoccurrence of Covid-19 cases in China since August has brought growing revenue to the coronavirus testing business. Moreover, other diagnostic services and agency business continue to recover strongly. To date, 34 of the 38 laboratories have turned into profit making and their successful operation is expected to improve the overall profitability of the company.

OWC will benefit from commercialization of offshore wind power. In October, over 600 wind power producers across the country jointly launched an action plan to strive for realization of the non-subsidized generation of offshore wind power by 2024. Its mission is to provide stable renewable energy for the sustainable economic development in China's coastal areas. As a leading company in the design and manufacturing of submarine cable systems, OWC is expected to benefit from offshore wind development in the future.

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 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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