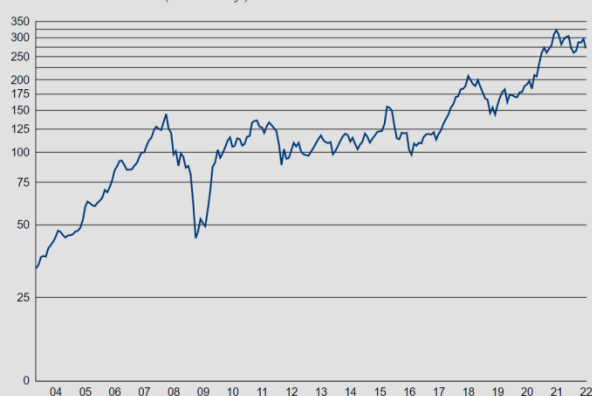


Figures as of	January 28, 2022
Net Asset Value	USD 270.61, CHF 196.58, EUR 311.36
Fund Size	USD 319.9 million
Inception Date*	May 27, 2003
Cumulative Total Return	722.8% in USD
Annualized Total Return	11.9% in USD

\* 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.

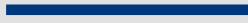





Net Asset Value (Monthly)






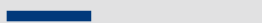
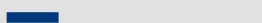
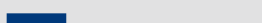
## Performance

	January	YTD	1 Year	May 2003
USD Class	(8.6%)	(8.6%)	(16.0%)	722.8%
CHF Class	(6.8%)	(6.8%)	(12.0%)	479.0%
EUR Class	(7.1%)	(7.1%)	(8.6%)	762.1%

## Largest Holdings

Ningbo Orient Wires	7.8%	
China Southern Airlines	6.7%	
Luxshare Precision	6.6%	
SF Holding	6.3%	
Nongfu Spring	5.4%	
TSMC	5.4%	

## Exposure

Industrials	27.0%	
Information Technology	22.3%	
Consumer Staples	17.6%	
Consumer Discretionary	8.8%	
Health Care	5.4%	
Cash	6.2%	

## Newsletter January 2022

- China's policy shifting from tightening to easing
- HSZ China Fund was down 8.6% in January
- China Southern Airlines gradually resume full operations
- ESR completed its milestone acquisition
- OWC received orders of over CNY 1 billion

China's policy shifting from tightening to easing. The People's Bank of China (PBOC) lowered the interest rate on CNY700 billion worth of the one-year medium-term lending facility, a key policy rate, by 10 basis points to 2.85% to reduce corporate financing costs. The interest rate of seven-day reverse repurchase agreements was also trimmed by 10 basis points to 2.1%. This shows that China's monetary policy is heading the opposite direction compared to most western economies where fiscal and monetary stimulus is starting to be restrained and rate hikes are back on schedule.

HSZ China Fund was down 8.6% in January. Main negative contributors were Information Technology, Consumer Staples and Consumer Discretionary. The biggest underperformer was China Education Group, hit by panic selling due to false rumors about education policy changes. Only OWC, CSA and CATL were up for the month.

China Southern Airlines gradually resume full operations (CSA). CSA has significantly increased flights during the Chinese Spring Festival travel season in 2022 which lasts for 40 days from Jan 17 to Feb 25. Most residents have been encouraged to stay local for the past Spring Festival. With relaxed restrictions this year, passenger traffic is expected to surpass the level in 2020 and 2021. China Southern Airlines plans to carry out 110,000 flights to meet the increasing demand for home visits and tourism. This is a significant increase from 60,000 flights in 2021, which will boost its first-quarter result in 2022.

ESR completed its milestone acquisition. In January, ESR concluded its acquisition of ARA Asset Management and became the third-largest real estate investment manager globally, with a gross asset under management of USD 140 billion. Owning the largest new economy real estate portfolio and 14 listed REITs, ESR can take advantage of the low financing cost and offers comprehensive investment solution to capital partners. This will also allow ESR to divest Grade A commercial properties and re-deploy back into New Economy real estate via ESR and LOGOS platforms.

OWC received orders of over CNY 1 billion. Orient Wires and Cables (OWC) announced that it won several tenders of which land cable system exceeded CNY 440 million, submarine cable system exceeded CNY 574 million, and the total bid winning amount was about CNY 1.0 billion. The performance of the above winning projects will have a positive impact on the company's future business performance. In the first three quarters of 2021, the total operating revenue of OWC was CNY 5.8 billion, a year-on-year increase of 64%. We expect that the company's submarine cable system business will contribute more than half of the revenue in 2021.

## 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	FundPartner Solutions (Suisse) S.A.
Custodian Bank	Banque Pictet & Cie SA
Investment Manager	HSZ (Hong Kong) Limited
Auditors	PricewaterhouseCoopers AG

Management Fee	1.35% 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	Banque Pictet & Cie SA Client Services Tel: +352 46 71 71 7666 Email: pfcslux@pictet.com
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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.

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