

Figures as of	April 29, 2022
Net Asset Value	USD 227.32, CHF 171.80, EUR 275.37
Fund Size	USD 256.3 million
Inception Date*	May 27, 2003
Cumulative Total Return	591.2% in USD
Annualized Total Return	10.7% 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.

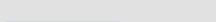
Net Asset Value (Monthly)



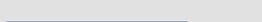
Performance

	April	YTD	1 Year	May 2003
USD Class	(6.5%)	(23.2%)	(22.9%)	591.2%
CHF Class	(1.9%)	(18.6%)	(17.8%)	406.0%
EUR Class	(1.8%)	(17.9%)	(11.8%)	662.5%

Largest Holdings

TSMC	5.5%	
ESR	5.4%	
Luxshare Precision	5.3%	
China Yangtze Power	5.0%	
Longi Green Energy	4.9%	
Fuling Zhacai	4.8%	

Exposure

Information Technology	19.4%	
Industrials	19.4%	
Consumer Discretionary	11.2%	
Consumer Staples	10.9%	
Real Estate	9.1%	
Cash	13.6%	

Newsletter April 2022

- China pushes for a pension reform
- HSZ China Fund performance was down 6.5% in April
- Centre Testing's growth is to be further unleashed
- Dian Diagnostics benefited from the COVID testing services
- OWC delivered the world's first low-frequency submarine cables

China pushes for a pension reform. The State Council announced an draft for the introduction of a private pension scheme. This is a significant step forward in offering more retirement funding options for China's rapidly ageing population. Under the new scheme, employees may make voluntary contributions of up to CNY 12'000 a year which will qualify for tax relief. The Chinese pension system is currently dominated by state-run schemes, with private pension assets only accounting for less than 6% in 2020.

HSZ China Fund performance was down 6.5% in April. The biggest negative contribution came from our holdings in the industrial sector, followed by information technology. The appreciation of the USD against the CNY contributed further to the negative performance. The only positive contribution came from the fund's consumer staples positions.

Centre Testing's growth is to be further unleashed by the rapid-growing drug and medical services segment. In its annual report for the year 2021, Centre Testing first disclosed its newly-setup drug and medical service segment, the revenue of which gained 78% year-over-year. The segment includes drug testing, health checks, compatibility test, pre-clinical test, and other services related to medical, showing its strong total addressable market (TAM) expansion ability.

Dian Diagnostics benefited from COVID testing services. Dian recently announced FY2021 result in line with market expectations. Revenues increased by 23% to CNY13 billion while its net profit increased by 45% to CNY1.2 billion. Coronavirus related testing business contributed CNY 2.6 billion. Apart from this, Dian's diagnostic services and agent business continued to perform well, with growth rates of 32% and 21% respectively. Dian continues to assist local governments in implementing the dynamic zero strategy. In the first quarter, the company's revenue rose 62% and net profit rose 123% due to higher-than-expected revenues from coronavirus testing services.

Orient Wires and Cables (OWC) delivered the world's first low-frequency submarine cable. Recently, OWC successfully delivered a low-frequency submarine cable system applied to a 35 kV multi-terminal flexible low-frequency transmission demonstration project in Zhejiang Province of China. The cable has a total length of around 27 km. Compared with the traditional, the low-frequency submarine cable has lower transmission frequency, higher capacitive reactance, lower transmission loss, and more stability. Therefore, using low-frequency transmission of electric energy has become a more economical solution.

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: pfc.lux@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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