

Figures as of	May 31, 2022
Net Asset Value	USD 230.30, CHF 172.43, EUR 275.16
Fund Size	USD 235.6 million
Inception Date*	May 27, 2003
Cumulative Total Return	600.2% in USD
Annualized Total Return	10.8% 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	1.3%	(22.2%)	(23.7%)	600.2%
CHF Class	0.4%	(18.3%)	(18.6%)	407.9%
EUR Class	(0.1%)	(17.9%)	(13.2%)	661.9%

Largest Holdings

Luxshare Precision	6.1%	<div style="width: 6.1%;"></div>
Longi Green Energy	6.0%	<div style="width: 6.0%;"></div>
TSMC	5.7%	<div style="width: 5.7%;"></div>
China Yangtze Power	5.6%	<div style="width: 5.6%;"></div>
ESR	5.6%	<div style="width: 5.6%;"></div>
Ningbo Orient Wires	5.1%	<div style="width: 5.1%;"></div>

Exposure

Industrials	22.3%	<div style="width: 22.3%;"></div>
Information Technology	22.1%	<div style="width: 22.1%;"></div>
Consumer Staples	11.4%	<div style="width: 11.4%;"></div>
Consumer Discretionary	10.9%	<div style="width: 10.9%;"></div>
Real Estate	9.8%	<div style="width: 9.8%;"></div>
Cash	6.4%	<div style="width: 6.4%;"></div>

Newsletter May 2022

- Shanghai set to reopen on June 1
- HSZ China Fund performance was up 1.3% in May
- The parent company of A-Living Services shows healthy signs
- CSA benefited from the improving industry environment
- Midea expands its business in new energy

Shanghai set to reopen on June 1. The Shanghai provincial government heads for the exit from the lockdown and all unnecessary curbs on businesses will be removed from June 1. Shanghai is close to zero Covid cases. The government's top priority will now shift to help all manufacturers and exporters to resume operations. Container handling capacity of Shanghai port is getting ready to resume full capacity. In addition, the government is going to launch 50 measures to support its economy, including subsidies on the purchase of electric vehicles and issuance of consumption vouchers. The Chinese authorities expect Q3 to show a strong rebound.

HSZ China Fund performance was up 1.3% in May. The biggest positive contribution came from our holdings in the renewable energy sector, namely Ningbo Orient Wires, Longi Green Energy and Sungrow Power. The expectation of Shanghai reopening also was favorable to industrial and logistic companies which will resume normal operations and deliver orders.

The parent company of A-Living Services shows healthy signs. Agile Group, A-Living Services' parent company, a major national property developer in Mainland China, announced on May 20 that it had fully repaid one bank loan of HKD3.3 billion and one of USD60 million. Since the start of property crisis in 2021, Agile Group committed to repay all its debts on time. After repayment, the net debt ratio of Agile Group was further reduced to 50.8%, better than most of the property developers in the Mainland.

CSA benefited from improving industry environment. With the improving epidemic situation in China, flight volume has recovered significantly in May. Flights of the major three airlines rose 37% vs. April. China also started to reopen international flights. China Southern Airlines (CSA) obtains additional flight routes between China to Kyrgyzstan, Tajikistan, and Turkey, which are expected to commence at the end of June. Moreover, the government deploys a CNY350 billion package of financial support measures to reduce the cash flow burden of the civil aviation industry.

Midea expands its business into new energy. In May, the home appliance leader Midea announced the acquisition of 30% ownership in Shenzhen Clou Electronics. Clou specializes in the research and development of new energy equipment, including energy storage, NEV infrastructure, and smart grid. By acquiring Clou, Midea aims to expand its product offerings in the NEV supply chain and create synergy in its 2B business.

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.s.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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