

Figures as of	July 29, 2022
Net Asset Value	USD 231.52, CHF 172.16, EUR 290.80
Fund Size	USD 236.0 million
Inception Date*	May 27, 2003
Cumulative Total Return	603.9% 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)



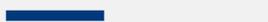
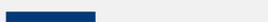
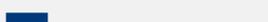
Performance

	July	YTD	1 Year	May 2003
USD Class	(6.6%)	(21.8%)	(14.9%)	603.9%
CHF Class	(7.1%)	(18.4%)	(10.4%)	407.1%
EUR Class	(4.5%)	(13.3%)	(0.7%)	705.2%

Largest Holdings

Luxshare Precision	6.2%	
TSMC	6.1%	
Sungrow Power	6.1%	
Midea Group	6.0%	
Ping An	5.7%	
Sunny Optical	5.2%	

Exposure

Industrials	24.7%	
Information Technology	23.5%	
Consumer Discretionary	17.1%	
Consumer Staples	9.1%	
Real Estate	8.3%	
Cash	3.9%	

Newsletter July 2022

- ADR primary listing at HKEx to access Stock Connect
- HSZ China Fund performance was down 6.6% in July
- Centre Testing 1H22 net profit grows c.20% year over year
- CYP further consolidated its world-leading position
- Yum China operating resilience during the pandemic

ADR primary listing at HKEx to access Stock Connect. The e-commerce tech giant Alibaba made an application to change its listing status from a secondary listing to a primary listing on the Main Board of the Hong Kong Stock Exchange. The company expects this to become effective prior to the end of 2022. A primary listing at HKEx is one of the requirements to be granted access for the Southbound Stock Connect, meaning mainland retail investors could invest in Alibaba. This would also apply to other Chinese ADRs, including JD.com, Netease, Baidu, Bilibili, Yum China, Trip.com, Huazhu and Nio.

HSZ China Fund's performance was down 6.6% in July. The biggest positive contribution came from Sungrow, our holding in the renewable energy sector, followed by the semiconductors with our exposure in TSMC. The largest negative contribution came from properties related stocks, including Oriental Yuhong and A-Living Services, as well as from the consumer downgrade theme which hurt Sunny Optical.

Centre Testing 1H22 net profit grows 20% year over year. The Chinese leading testing and certification provider announced its preliminary result for the 1H22, which was in line with market expectations. The Company indicated its net profit grew 18-21% to CNY 355-365 million in the first half of 2022, implying it had maintained a steady net profit growth of 19% in the second quarter. Despite the logistic impacts from lockdowns in Shanghai, with over 150 labs in more than 90 cities in China, the company was able to make use of the testing labs besides Shanghai to overcome the lockdown restrictions.

CYP further consolidated its world-leading position. China Yangtze Power's (CYP) announced acquisition of 100% equity stake of Yunchuan Hydropower was approved by the State Council. After completion, CYP added Wudongde and Baihetan hydropower stations into their portfolio with a total of six hydropower stations, which implied the company will generate over 71 GW per year, an increase of 57% year-over-year.

Yum China demonstrated operating resilience during the pandemic. During the month, Yum China, the operator of the KFC and Pizza Hut brands in mainland China, announced upbeat quarterly results. While the market expected an operating loss due to lockdowns, Yum China surprisingly reported an operating profit of USD 81 million by innovating its delivery business and online promotion. The management's solid execution, decisiveness, and agility will continue to help the company outperform when Covid measures are further relaxed.

General Information

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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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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