

Figures as of	May 31, 2023
Net Asset Value	USD 183.88, CHF 130.59, EUR 220.69
Fund Size	USD 183.9 million
Inception Date*	May 27, 2003
Cumulative Total Return	459.1% in USD
Annualized Total Return	9.0% 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)



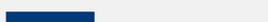
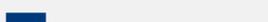
Performance

	May	YTD	1 Year	May 2003
USD Class	(7.5%)	(14.7%)	(20.2%)	459.1%
CHF Class	(6.1%)	(15.7%)	(24.3%)	284.7%
EUR Class	(4.8%)	(14.7%)	(19.8%)	511.1%

Largest Holdings

Ping An	8.2%	
Yum China	5.8%	
Midea Group	5.8%	
Alibaba Group	5.7%	
TSMC	5.5%	
Centre Testing	5.2%	

Exposure

Consumer Discretionary	24.7%	
Industrials	20.8%	
Information Technology	19.2%	
Consumer Staples	11.4%	
Financials	8.2%	
Cash	3.7%	

Newsletter May 2023

- The C919 completed its maiden flight
- HSZ China Fund was down 7.5% in May
- Alibaba Group plans to finish its restructuring within 18 months
- Tencent delivered 11% revenue growth in 1Q23
- Yum China's profit growth started to accelerate

The C919 completed its maiden flight. The first passenger jet made in China completed its first commercial flight in a symbolic moment for Chinese aviation history. The single-aisle C919 flew from Shanghai to Beijing. It was built by Commercial Aircraft Corporation of China (COMAC), who has already received more than 1'000 orders from 32 customers. While the aircraft is currently reliant on foreign suppliers for critical components, domestic players are expected to endeavor to create a breakthrough by offering a new option for airlines globally.

HSZ China Fund was down 7.5% in May. The biggest positive contribution came from our holdings in the information technology sector, namely TSMC, OPT Machine Vision and Luxshare Precision. The biggest negative contribution came from our holdings in the financial sector, namely Ping An. China's economic recovery was slower than expected but the trend of recovery remains positive.

Alibaba Group plans to finish its restructuring within 18 months. In May, the board of directors of Alibaba Group approved the plans for the spin-off of its cloud computing business, the IPO of logistics unit Cainiao and retail business Freshippo, as well as the external capital raising for its international e-commerce business unit. It is noteworthy that the spin-off of the cloud computing business will be done via stock dividend distribution to shareholders. All restructurings are supposed to be completed within 6-18 months.

Tencent delivered 11% revenue growth in 1Q23. Thanks to the regulatory approval of new video games, the Chinese leading social network and online games provider recorded a revenue growth of 11% in the first quarter 2023. In addition to the tight cost control, the core net profit of the company surged 154% year-over-year to CNY 22.5 billion. It is striking how much Tencent is investing in its artificial intelligent (AI) capabilities and cloud infrastructure to embrace opportunities brought by foundation models, meaning large pre-trained language models that serve as the basis for a wide range of natural language processing tasks.

Yum China's profit growth started to accelerate. In May, Yum China announced its first quarter results, providing a first glimpse into its stunning recovery performance. Revenue of the Yum grew by 9.3% year-over-year in USD terms and 17% year-over-year in CNY terms. While the company's management believes it is still in the early stage of recovery, the operating profit of KFC and Pizza Hut gained 91% and 85% year-over-year respectively. Yum's restaurant margin stood at 20.3%, a historic high since its IPO.

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: pfc.lux@pictet.com
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