

Figures as of	July 31, 2020
Net Asset Value	USD 259.58, CHF 183.87, EUR 280.03
Fund Size	USD 228.2 million
Inception Date*	May 27, 2003
Cumulative Total Return	689.3% in USD
Annualized Total Return	12.8% 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)



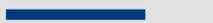
Performance

	July	YTD	1 Year	May 2003
USD Class	10.8%	37.6%	50.1%	689.3%
CHF Class	5.6%	29.0%	37.6%	441.6%
EUR Class	4.7%	29.9%	40.9%	675.4%

Largest Holdings

CATL	9.4%	
TAL Education	7.0%	
Alibaba Group	6.8%	
SMIC	5.7%	
Tencent Holdings	5.3%	
Jiinyu Bio-Tech	4.7%	

Exposure

Information Technology	30.1%	
Consumer Discretionary	21.5%	
Consumer Staples	15.9%	
Health Care	13.9%	
Industrials	11.9%	
Cash	1.5%	

Newsletter July 2020

- Q2 GDP up 3.2 YoY and foreign direct investment up 8.4%
- SMIC received fresh capital through listing on STAR market
- Kweichow Moutai showed resilience during the Covid pandemic
- SSY plans to list part of its business in the China A-shares market

In the second quarter China's GDP was up by 3.2% and foreign direct investments by 8.4% year-over-year (YoY). China showed a quick recovery from Covid-19 with its GDP rising 3.2% YoY in Q2 amid domestic demand and resilient exports. Also in Q2, China saw an increase of 8.4% in foreign direct investment. According to data released by the Ministry of Commerce, China saw a YoY increase by 8.4 percent in foreign direct investment (FDI) in Q2. The actual investment from the USA grew by 6 percent YoY in the first half of 2020 despite heightening tensions between the two superpowers. It demonstrates that the expectations and confidence of foreign investors remain stable and positive after China has rapidly contained the coronavirus epidemic and taken the lead in resuming work and production. Noticeably, Exxon Mobil, Honeywell, Tesla, Wal-Mart and other companies have been expanding investment or strengthening cooperation with China since 2000.

SMIC received fresh capital through its listing on the STAR market. Besides Hong Kong, China's largest computer chipmaker SMIC is now also listed on Shanghai's new STAR market. In the process it raised over CNY 46 billion. The funds will be used for SMIC's latest 12-inch wafer plants and technology research. The contract semiconductor manufacturer is seen as a key player in China's ambitions to become more self-sufficient and the capital injection could help SMIC to catch up with its rivals TSMC and Samsung Electronics, two chipmakers with far more advanced capabilities. While its technology lags behind the likes of TSMC, SMIC has been hiring industry veterans from its competitors. Its Co-CEO since the end of 2017 is Liang Mong-song, an ex-TSMC and Samsung executive.

Kweichow Moutai showed resilience during the Covid pandemic. Despite going through the pandemic lockdown and logistic disruption, the company's revenue grew by 11.3% year-over-year to CNY 44.0 billion in the first half, reaching the highest level since its IPO in 2001. Net profit amounted to CNY 22.6 billion, increasing by 13.29% YoY. Sales of its flagship Feitian Moutai grew by 12.8% YoY driven by optimization in the sales channel and product mix. The Company is on track to reach its annual sales target.

SSY plans to list part of its business in the China A-share market. SSY announced that it is considering a possible spin-off and separate listing of its business of bulk pharmaceuticals and medical materials in Mainland China. At present, the decision has been approved by the board of directors and is being processed. As the second largest player of intravenous infusion solution products, this action can help SSY to improve its awareness among Chinese investors and increase its trading liquidity.

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	Credit Suisse Funds AG
Custodian Bank	UBS Switzerland AG
Investment Manager	HSZ (Hong Kong) Limited
Auditors	KPMG AG
Management Fee	1.5% 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
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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 particular 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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