

Figures as of	August 31, 2020
Net Asset Value	USD 272.37, CHF 192.07, EUR 293.36
Fund Size	USD 238.4 million
Inception Date*	May 27, 2003
Cumulative Total Return	728.1% in USD
Annualized Total Return	13.0% 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.

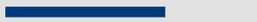
Net Asset Value (Monthly)



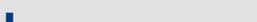
Performance

	August	YTD	1 Year	May 2003
USD Class	4.9%	44.4%	59.8%	728.1%
CHF Class	4.5%	34.8%	46.1%	465.8%
EUR Class	4.8%	36.1%	48.3%	712.3%

Largest Holdings

CATL	8.9%	
Alibaba Group	7.5%	
Haitian Flavouring & Food	5.6%	
Meituan Dianping	5.5%	
China Education Group	5.4%	
Inner Mongolia	5.2%	

Exposure

Information Technology	29.7%	
Consumer Discretionary	18.0%	
Consumer Staples	17.9%	
Health Care	13.3%	
Industrials	12.3%	
Cash	0.8%	

Newsletter August 2020

- China aims to launch the world's first official digital currency
- Dian Diagnostics 1H20 net profit up by 102% YoY
- Alibaba Group's FinTech arm Ant Group is going for IPO
- Haidilao took advantage of low rents and outperformed its peers

China aims to launch the world's first official digital currency. China's central bank has been working on the digital Yuan (CNY) since 2014, with the plan to build a centralized and permissioned network. The digital CNY may not only bring cost-effective solutions for the circulation of money and support the fight against money laundering but it is also part of China's long-desired goal to internationalize the CNY. As more dollar-driven crises emerge in developing countries, it's possible that the CNY will emerge as an alternative and compete with the USD. Currently, China is running a pilot program of the digital CNY in several regions, including Beijing, Shenzhen, Hong Kong, and Chengdu.

Dian Diagnostics 1H20 net profit up by 102% YoY. The company reported positive interim results, with revenue up by 12% year-over-year (YoY) to CNY 4.47 billion and net profit up 102% to CNY 501 million. COVID-19 had a mixed impact on the company's agency services and diagnosis service. Due to the strict enforcement of the lockdown, the hospital agency services revenue was down 10% YoY to CNY 2.3 billion while revenues from diagnosis service segment increased by 55% YoY to CNY 2 billion. Among all laboratories, 36 laboratories are able to provide third-party services for coronavirus nucleic acid testing, covering 30 provinces. Up to June 30th, Dian Diagnostics has tested 8 million samples and we expect this to move the profitability of the laboratories business ahead of schedule.

Alibaba Group's FinTech arm Ant Group is going for IPO. Ant Group or previously named as Ant Financial, the FinTech arm of Alibaba Group, announced its plans to list on the Shanghai and Hong Kong stock exchanges. Ant's flagship service, Alipay, has been a key driver for the explosion of online payment and online lending in China in recent years. Ant Group could potentially be worth more than USD 200 billion where Alibaba Group has a 33% stake in Ant. The Alibaba Group ecosystem remains strong and dominates many online activities together with Tencent.

Haidilao took advantage of low rents and outperformed its peers. Haidilao, the renowned hot pot chain restaurant, recorded better-than-expected performance. In the first half of 2020, Haidilao's performance was negatively hit by the Covid-19 pandemic and recorded 16.5% YoY drop in revenues. However, the Company was able to take advantage of low rents. It opened 173 new stores in the first half and is expected to open another 400 new stores by the end of 2020, outperforming the industry. The company reiterated its confidence in opening 1,000 new stores in the following two years.

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
CHF Class	Bloomberg HSZCHID SW Equity ISIN CH0026828068, Valor 2682806 WKN A0LC15
EUR Class	Bloomberg HSZCFCH SW Equity ISIN CH0026828092, Valor 2682809 WKN A0LC14
Orders via Banks	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.

Disclaimer

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