

Figures as of	February 28, 2022
Net Asset Value	USD 270.57, CHF 194.36, EUR 308.98
Fund Size	USD 320.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	722.7% in USD
Annualized Total Return	11.9% 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.

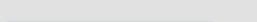
Net Asset Value (Monthly)



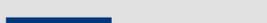
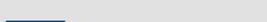
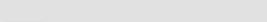
Performance

	February	YTD	1 Year	May 2003
USD Class	0.0%	(8.6%)	0.0%	722.7%
CHF Class	(1.1%)	(7.9%)	0.0%	472.5%
EUR Class	(0.8%)	(7.8%)	0.0%	755.5%

Largest Holdings

Luxshare Precision	6.2%	
SF Holding	6.1%	
Longi Green Energy	5.8%	
Nongfu Spring	5.7%	
Haitian Flavouring	5.3%	
TSMC	5.1%	

Exposure

Industrials	24.3%	
Information Technology	21.9%	
Consumer Staples	18.9%	
Consumer Discretionary	9.8%	
Health Care	5.5%	
Cash	3.7%	

Newsletter February 2022

- China's home prices stabilized
- HSZ China Fund performance was flat in February
- Dian Diagnostic's 2021 result show steady growth
- Nongfu Spring becomes a Hang Seng Index constituent
- Sungrow benefits from China's latest green development policy

China's home prices stabilize. New home prices in the four first-tier cities Beijing, Shanghai, Shenzhen and Guangzhou, edged up 0.6% month on month in January, according to data from the National Bureau of Statistics. After a series of regulations aimed at reining in debt in the property sector, authorities have since stepped in with a slew of measures to boost sales and sentiment, including requiring smaller down-payments for first-time home buyers and allowing commercial banks to lower mortgage rates.

HSZ China Fund performance was flat in February. Main positive contribution came from our Consumer Staples, Industrials and Utilities holdings, while Information Technology and Consumer Discretionary detracted from the fund performance. Best performing stocks in our portfolio were Longi Green Energy, the dominating global solar wafer and modules manufacturer, Sungrow (see paragraph below) and pickle producer Chongqing Fuling Zhacai, after preannouncing annual results above market expectations based on stronger demand for its products and the company's ability to increase prices.

Dian Diagnostic's 2021 result show steady growth. The leading diagnostic company disclosed its preliminary results with net profit between CNY 1.1 to 1.3 billion, implying a growth between 38% to 56% year over year. Diagnostic revenues have achieved rapid growth due of epidemic prevention in various places while agency business maintained steady growth under the enriched product lines and upgraded supply chain management. Sales of own products also achieved high growth through own distribution network and diagnostic services. Dian will continue its integrated solution provider strategy to provide one-stop solutions for medical institutions.

Nongfu Spring becomes a Hang Seng Index constituent. Nongfu Spring, the leading water and beverage brand in China, will become a constituent for Hong Kong's Hang Seng Index effective March 7, 2022, with a weight of 0.69% in the index. The inclusion is estimated to cause a USD 150 million capital flow from passive funds, roughly 5 times Nongfu's average daily trading volume.

Sungrow benefits from China's latest green development policy. In early February, the National Development and Reform Commission and the National Energy Administration issued opinions on "Improving Institutional Mechanisms and Policy Measures for Green and Low-Carbon Energy Transition", with the aim to improve the price compensation mechanism to support the operation of adjustable power sources such as flexible coal-fired and gas-fired power units, hydropower, solar thermal power generation, and energy storage.. We believe Sungrow, stands to greatly benefit from this policy.

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.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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