

Figures as of	January 31, 2023
Net Asset Value	USD 239.49, CHF 173.43, EUR 283.47
Fund Size	USD 232.76 million
Inception Date*	May 27, 2003
Cumulative Total Return	628.2% in USD
Annualized Total Return	10.6% 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

	January	YTD	1 Year	May 2003
USD Class	11.1%	11.1%	(11.5%)	628.2%
CHF Class	11.9%	11.9%	(11.8%)	410.8%
EUR Class	9.5%	9.5%	(9.0%)	684.9%

### Largest Holdings

Ping An	7.0%	<div style="width: 7.0%;"></div>
Alibaba Group	7.0%	<div style="width: 7.0%;"></div>
TSMC	6.6%	<div style="width: 6.6%;"></div>
Longi Green Energy	6.5%	<div style="width: 6.5%;"></div>
Midea	6.1%	<div style="width: 6.1%;"></div>
Luxshare Precision	6.0%	<div style="width: 6.0%;"></div>

### Exposure

Consumer Discretionary	26.0%	<div style="width: 26.0%;"></div>
Information Technology	22.6%	<div style="width: 22.6%;"></div>
Industrials	20.4%	<div style="width: 20.4%;"></div>
Consumer Staples	11.6%	<div style="width: 11.6%;"></div>
Real Estate	7.6%	<div style="width: 7.6%;"></div>
Cash	0.3%	<div style="width: 0.3%;"></div>

## Newsletter January 2023

- China's economy recovering from Covid
- HSZ China Fund's performance was up 11.1% in January
- A-Living Services' shares benefit from refinancing of parent
- Centre Testing reported profit growth of 21% YoY in FY22
- ESR strengthened its Vietnam

China's economy recovering from Covid. The number of severe Covid cases and deaths in China is trending significantly downward. Latest data as of 23 January showed 5.5% of people tested were COVID positive compared to 29.2% on 25 December 2022. Public life is getting back to normal. The PMI came in at 50.1 in January, ending a string of contractions and up from 47.0 in December. On the provincial level, most of the local governments aim for economic growth of above 5% this year. We expect a sharp rebound in economic activities after the Chinese New Year holidays.

HSZ China Fund's performance was up 11.1% in January. The biggest positive contribution came from our holdings in the consumer discretionary, namely Alibaba Group and China Education Group, as well as TSMC under the information technology sector. The biggest negative contribution came from our holdings in ESR Group and Ningbo Orient Wires.

A-Living Services' shares benefit from refinancing of parent. On January 18, Agile Group, the parent company of A-Living Services, raised CNY 1.2 billion with a 3-Year bond at an interest rate of 4.7%. The 3-Year bond is fully and unconditionally guaranteed by the state-owned China Bond Insurance Corporation. Since 2022, under the pressure of tight financing and gloomy sales in the property sector in Mainland China, Agile Group has strived to maintain the balance between debt repayment and operation and has repaid nearly CNY 15 billion of debt in total, without any default or delay in debt repayment.

Centre Testing reported profit growth of 21% YoY in FY22. The leading testing, inspection and certification provider released its FY22 preliminary results with net profit up by 21% year over year to CNY 900 million. This implies an increase of 23% in profit for the fourth quarter. Despite disruptions caused by the pandemic and macro events, the company's profit growth has remained steady and in line with its longer-term growth guidance.

ESR strengthened its Vietnam presence. In January, the logistics asset manager ESR announced it will invest USD 208 million for an initial 10.89% stake in BW Industrial, a leading Vietnamese logistics and industrial player. BW holds Vietnam's largest industrial land bank of more than 8mn sqm and more than 2mn sqm of gross floor area (GFA) in operation and under development, with over 85% in the key tier-1 cities of Greater Hanoi and Ho Chi Minh City. The acquisition deepens ESR's presence in the fast-growing Vietnam logistics market, a prime beneficiary of supply chain shifts to the country.

## 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.s.lux@pictet.com

Contact & Website	HSZ (Hong Kong) Limited Unit 605A, 6/F, Tower 2 Lippo Centre, 89 Queensway Hong Kong Tel: +852 2287 2300 Fax: +852 2287 2380 www.hszgroup.com mail@hszgroup.com
-------------------	--

### 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.

#### Disclaimer

This newsletter is for information purposes only and has been provided to you upon request. It may not be reproduced or redistributed to any other person. As a consequence, the information and data presented in this newsletter are not to be considered as an offer or solicitation to buy, sell or subscribe to the Fund. This newsletter relies on information obtained from sources deemed reliable but it does not engage the responsibility of HSZ (Hong Kong) Limited or any other party mentioned in the newsletter. The value and income of any of the securities or financial instruments mentioned in this newsletter may fall as well as rise and, as a consequence, investors may receive back less than originally invested. Risk factors are listed in the fund's prospectus and are not intended to be reproduced in full in this newsletter. Past performance is neither a guarantee nor a reliable indicator of future results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This marketing material is not intended to be a substitute for the fund's full documentation or for any information which investors should obtain from their financial intermediaries acting in relation to their investment in the fund mentioned in this document. The latest versions of the Fund's prospectus and fund contract, semi-annual and annual reports as well as the Key Investor Information Documents (KIID) must be read before investing. They are available free of charge at the office of the Management company, FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73. The depositary bank of the Fund is Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneva 73.