

HSZ China Fund

Investment Fund under Swiss Law (type: «other funds for traditional investments»)

Annual Report per December 31, 2021

2 **HSZ China Fund**

Annual Report as at December 31, 2021

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Management and Statutory Bodies

Management Company

Credit Suisse Funds AG, Zürich

Boards of Directors

- Dr. Thomas Schmuckli, Chairman
- Luca Diener, Vice President
- Ruth Bültmann, Member (until May 12, 2021)
- Patrik Marti, Member
Managing Director, Credit Suisse (Schweiz) Ltd.
- Jürg Roth, Member
Managing Director, Credit Suisse (Schweiz) Ltd.
- Raymond Rüttimann, Member
Managing Director,
Credit Suisse Asset Management (Schweiz) Ltd.
- Christian Schärer, Member
Managing Director, Credit Suisse (Schweiz) Ltd.

Executive Board

- Thomas Schärer, CEO
- Patrick Tschumper, Deputy CEO and Head Fund Solutions
- Gilbert Eyb, Member, Legal
- Thomas Federer, Member, Performance & Risk Management
- Michael Dinkel, Member, Fund Services
- Hans Christoph Nickl, Member, COO
- David Dubach, Member, Oversight & ManCo Services
- Thomas Vonaesch, Member, Real Estate Fund Management
- Gabriele Wyss, Member, Compliance

Custodian Bank

UBS Switzerland AG

Audit Company

PricewaterhouseCoopers AG, Zürich

Information on Third Parties

Delegation of Investment Decisions

The investment decisions of the investment fund have been delegated to HSZ (Hong Kong) Limited, Unit 605A, 6/F, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, Hong Kong SAR, as the investment manager. HSZ (Hong Kong) Limited is a company incorporated under Hong Kong law.

Delegation of Other Specific Tasks

The Fund Management Company has delegated the distribution and marketing duties of the investment fund to Carnegie Fund Services SA, 11 rue du Générale-Dufour, CH-1204 Geneva, as the main distributor. Precise details of how its remit is to be fulfilled are laid down in an agreement between the Fund Management Company and the main distributor.

The fund management company has delegated certain fund administration duties to the following group companies of Credit Suisse Group AG:

- Credit Suisse AG, Switzerland: specific tasks such as providing legal and compliance advice, facility management and the Management Information System (MIS).
- Credit Suisse (Switzerland) Ltd., Switzerland: specific tasks such as providing compliance advice, human resources, Collateral Management, IT services and First Line of Defense Support (FLDS).
- Credit Suisse Asset Management (Switzerland) Ltd., Switzerland: real estate administration (including fund and real estate accounting and estate management).
- Credit Suisse Services AG, Switzerland: specific tasks such as providing compliance advice, managing the fund management company's finances and tax advice.
- Credit Suisse Fund Services (Luxembourg) S.A., Luxembourg: specific tasks relating to fund accounting and assistance in monitoring the investment regulations.
- Credit Suisse (Poland) Sp.z.o.o., Poland: Duties in relation to fund accounting, Information Management (product master data, price publications, factsheet production, KIID production and report preparation), Legal Reporting (preparation of the annual report) and other support tasks.

Precise details of how the remit is to be fulfilled are laid down in an agreement between the fund management company and the aforementioned group companies. Further specific tasks may be delegated to the aforementioned group companies.

Unaudited report on activities from January 1, 2021 to December 31, 2021*

Review

2021 was a remarkable year for China. Global supply chains and shipments have faced more challenges with COVID-19 causing worldwide shortages and concerning manufacturers. While the domestic COVID-19 situation and economic activities were largely stable, China has made big moves to address social issues, enhance data security and tackle climate changes.

Common prosperity is the central theme in China's long-term development. After months of probe starting in 2020, the long-simmering anti-competitive problem in the internet sector has finally been addressed, by fining major platforms for violating the anti-monopoly law and rectifying the exclusivity arrangements. At the same time, the government compelled all industries to abolish the illegal working policy and improve employee benefits. In October, as a part of the campaign to narrow the yawning wealth gap, the Chinese Government also planned to implement a pilot property tax scheme in selected regions. In the next decades, China is expected to focus more on addressing inequality, redistributing wealth, and creating more opportunities for upward social mobility under the theme of common prosperity.

Data security and privacy are of utmost importance. In July, the Chinese Government launched an investigation into the local ride hailing giant Didi on data security grounds, days after its mega US IPO. The new Data Security Law and Personal Information Protection Law soon followed, regulating how companies collect, use, and transfer users' personal data while setting up the assessment procedure of transferring data overseas and doing foreign IPOs. With increasing emphasis on national security and data security, Hong Kong is expected to benefit as an alternative to overseas listings for Chinese companies.

Cultivation of the younger generation is of vital interest to China's rejuvenation. With an aim to promote educational equality, China embarked on reforms to its educational system by banning for-profit private tutoring on school curriculum and the foreign capital investment in disciplinary training institutions. The reform overhauled China's tutoring industry and put industry leaders like New Oriental and TAL Education under pressure. Children's game addiction issue was further addressed by limiting the amount of time that they can spend on video games to a maximum of one hour per day on any day and up to three hours per week during school terms. Nevertheless, while the reforms are in place, the government was simultaneously promoting vocational education to upskill China's workforce.

Combating climate change is a must in the new era. In the COP26 summit, China and the US surprisingly made a joint declaration to cooperate on climate issues over the next decade even with increasing confrontation and technological competition between them. With an ambition of hitting the carbon emission peak before 2030 and becoming carbon neutral before 2060, China launched the world's largest carbon trading market in Shanghai to cut carbon emission growth. The Chinese Government is expected to roll out more policies to regulate polluting commodity industries, transportation pollution, and household waste.

Given the goal of net-zero carbon emissions by 2060, the renewable energy sector outperformed others in 2021. The MSCI China Index lost 22.4% in USD terms.

Stock Market and Investment Policy

HSZ China Fund lost 4.5% in the reporting period. The best performers were Contemporary Amperex Technology (CATL), an industry-leading electric vehicles lithium-ion battery manufacturer, Ningbo Orient Wires & Cables, a submarine, and land cable manufacturer for renewable energy, and Sunny Optical, a leading handset camera module manufacturer.

CATL topped our portfolio and gained 72.1% in 2021. The company's electric vehicle battery installation expanded rapidly on the fast-growing electric vehicle shipment. Being an innovation-driven company, it is ready to commercialize EV batteries with an expected lifespan of 1.2 million miles or 16 years before it needs replacement. CATL's management team has the ambition to bring down battery costs and make it accessible to the world.

Ningbo Orient Wires & Cables recorded a 96.2% total return in 2021. The company accelerated its business development of submarine cables on the rapid expansion of offshore wind power installation in China. Leveraging its technological edge in submarine cable technology and production capacity, Ningbo Orient is set to play a vital role in the ongoing green transformation of China.

Sunny Optical generated a 45.3% total return in 2021. The company's performance was boosted by the upcoming automotive lens installation boom, thanks to a surge in electric vehicles sales and consumers' growing preference for greener, cleaner vehicles. Backed by its strong research capability in both hardware and software, Sunny Optical has the vision to expand its smart optical system to smartphones, drones, autonomous driving, and the internet of things.

The fund performance was slightly dragged by the individual stocks namely Alibaba Health, an app-based online healthcare solution platform, Hengrui Medicine, a pharmaceutical company transforming from generic drug production to innovative drug development, and Alibaba Group, China's dominant e-commerce and internet platform.

Alibaba Health recorded a -54.0% total return in 2021. With growing emphasis on data security, internet healthcare platforms' monetization ability was increasingly limited and doubted, and ultimately led to a sizeable correction in the industry.

Hengrui Medicine recorded a -43.8% total return in 2021. The government-led volume-based procurement brought down the price of generic drugs and negatively impacted Hengrui's performance.

Alibaba Group recorded a -44.4% total return in 2021. The antitrust regulation from the government impacted the sector's performance broadly. In the meantime, Alibaba's e-commerce traffic was also cannibalized by other rising platforms.

Outlook

Moving into 2022, we expect the Chinese economy will gradually be stabilized and gain back its traction. With the new regulatory framework taking shape, top policymakers have reaffirmed that the policy focus will shift from de-risking towards growth supporting, likely with easing measures in both monetary and fiscal policy, and improved transparency in policy implementation. The measures are also expected to add fuel to the ongoing upturn in technology innovation and the green energy revolution. Domestic innovation will be the next driver of China's economy. China has already released the 14th five-year plan for intelligent manufacturing, with aims to foster breakthroughs in intelligent manufacturing and high-end technology, as well as be self-sufficient in and less reliant on foreign technology, including semiconductors, biotech, quantum computing, 5G, AI, etc. Meanwhile, China is also seeking to diversify supply chains globally to ensure the reliability of food and energy supply. After a deep correction in the Chinese financial market in 2021 due to the unprecedented regulatory tightening, we believe the valuation of Chinese equities is attractive given its solid long-term prospects. The valuation discount compared to global equities is likely to attract more foreign capital into renminbi-denominated assets, as well as high-growth and well-managed Chinese enterprises. Our bottom-up approach allows us to discover companies with strong fundamentals and management capabilities. Even in a challenging environment, companies with franchise values can overcome difficulties and generate lucrative returns.

* The information stated relates to the period under review and is not indicative of future returns.

Highlights

Key figures	Currency	31.12.2021	31.12.2020	31.12.2019
Consolidation				
Net assets in millions	USD	349.88	350.15	172.81
Unit Class A USD				
Total net assets in millions	USD	89.55	92.20	70.57
Asset value per share	USD	296.08	310.06	188.66
Unit Class A CHF				
Total net assets in millions	USD	43.51	52.25	27.46
Asset value per share	CHF	210.97	212.95	142.48
Unit Class A EUR				
Total net assets in millions	USD	1.40	2.22	0.50
Asset value per share	EUR	335.26	322.99	215.59
Unit Class C USD				
Total net assets in millions	USD	45.01	65.95	8.15
Asset value per share	USD	306.21	319.24	193.62
Unit Class C CHF				
Total net assets in millions	USD	40.09	44.95	9.10
Asset value per share	CHF	218.82	219.89	146.69
Unit Class I USD				
Total net assets in millions	USD	30.62	-	-
Asset value per share	USD	306.21	-	-
Unit Class I CHF				
Total net assets in millions	USD	99.70	92.58	57.03
Asset value per share	CHF	216.84	217.90	145.34

Appropriation out of Net Income

Distribution per unit								
1. For unitholders domiciled in Switzerland								
Distribution 2021		Unit Class A USD		Unit Class A CHF		Unit Class A EUR		Unit Class C USD
Gross Distribution out of earnings	USD	0.00	CHF	0.00	EUR	0.00	USD	0.00
Less 35% Swiss withholding tax	USD	0.00	CHF	0.00	EUR	0.00	USD	0.00
Net distribution out of earnings	USD	0.00	CHF	0.00	EUR	0.00	USD	0.00
Coupon no. earnings		10		9		10		5
2. For unitholders domiciled outside Switzerland (with affidavit)								
Distribution 2021		Unit Class USD		Unit Class CHF		Unit Class EUR		Unit Class C USD
Bruttoauschüttung aus Ertrag	USD	0.00	CHF	0.00	EUR	0.00	USD	0.00
Net distribution out of earnings	USD	0.00	CHF	0.00	EUR	0.00	USD	0.00
Coupon no. earnings		10		9		10		5
1. For unitholders domiciled in Switzerland								
Distribution 2021			Unit Class C CHF		Unit Class I USD		Unit Class I CHF	
Gross Distribution out of earnings			CHF	0.00	USD	0.00	CHF	0.00
Less 35% Swiss withholding tax			CHF	0.00	USD	0.00	CHF	0.00
Net distribution out of earnings			CHF	0.00	USD	0.00	CHF	0.00
Coupon no. earnings				5		1		4
2. For unitholders domiciled outside Switzerland (with affidavit)								
Distribution 2021			Unit Class C CHF		Unit Class I USD		Unit Class I CHF	
Gross Distribution out of earnings			CHF	0.00	USD	0.00	CHF	0.00
Net distribution out of earnings			CHF	0.00	USD	0.00	CHF	0.00
Coupon no. earnings				5		1		4

Exchange rates

Exchange rates as at	31.12.2021
CHINESE YUAN REN-MIN-BICNY	0.157275
EURO	1.131500
HONG KONG DOLLAR	0.128260
SWISS FRANC	1.094569
UNITED STATES DOLLAR	1.000000

Assets as at December 31, 2021

	Consolidated	
	31.12.2021	31.12.2020
	USD	USD
Assets		
Bank deposits, including fiduciary investments with third-party banks, divided to:		
- Sight deposits	17'590'667.62	7'684'154.19
Securities, including securities loaned and pledged, divided to:		
- Structured products	18'657'461.20	28'334'611.82
- Shares and other equity instruments and rights	308'270'536.50	311'511'157.04
Derivatives financial instruments	5'792'176.10	5'774'803.75
Other Assets	61'711.37	593'619.29
Total fund asset minus	350'372'552.79	353'898'346.09
Other liabilities	490'441.00	3'745'321.20
Net assets	349'882'111.79	350'153'024.89
Change in net assets		
Net assets at beginning of review period	350'153'024.89	172'807'525.18
Issue of units	85'769'853.43	157'392'810.22
Redemption of units	-67'866'592.75	-90'774'188.87
Other items from unit transactions	-5'649'587.36	-27'503'357.53
Total income	-12'524'586.42	138'230'235.91
Net assets at end of review period	349'882'111.79	350'153'024.89
Change in units in circulation		
Number at beginning of the review period	1'279'768.578	1'044'926.906
Number of units issued	314'649.296	692'962.053
Number of units redeemed	-265'414.765	-458'120.381
Number at the end of the review period	1'329'003.109	1'279'768.578
Currency Unit class		
Net asset per share		

Unit class A USD		Unit class A CHF		Unit class A EUR		Unit class C USD	
01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020						
USD							
92'196'359.76	70'569'662.96	52'252'272.62	27'458'593.21	2'223'136.66	496'325.56	65'947'286.37	8'148'069.78
8'329'655.12	14'646'072.12	7'911'615.66	29'567'808.44	1'309'499.80	986'899.94	13'783'088.24	47'032'656.50
-5'898'443.00	-35'331'633.98	-12'471'926.22	-24'122'138.27	-1'758'950.03	-9'181.60	-30'426'809.77	-255'449.12
-833'232.68	6'196'374.36	-2'109'866.53	-1'138'660.83	-307'971.68	-123'315.74	-2'359'098.68	-15'092'591.45
-4'244'840.09	36'115'884.30	-2'069'725.13	20'486'670.07	-66'587.53	872'408.50	-1'935'156.42	26'114'600.66
89'549'499.11	92'196'359.76	43'512'370.40	52'252'272.62	1'399'127.22	2'223'136.66	45'009'309.74	65'947'286.37
297'352.761	374'058.322	216'077.525	186'631.427	5'596.229	2'053.229	206'572.782	42'083.000
26'405.149	58'459.645	32'212.202	152'188.005	3'144.000	3'583.000	45'350.020	165'599.782
-21'308.548	-135'165.206	-59'859.902	-122'741.907	-5'052.000	-40.000	-104'936.780	-1'110.000
302'449.362	297'352.761	188'429.825	216'077.525	3'688.229	5'596.229	146'986.022	206'572.782
(USD)	(USD)	(CHF)	(CHF)	(EUR)	(EUR)	(USD)	(USD)
296.08	310.06	210.97	212.95	335.26	322.99	306.21	319.24

	Unit class C CHF	
	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
	USD	USD
Change in net assets		
Net assets at beginning of review period	44'950'064.20	9'103'389.92
Issue of units	14'742'930.08	29'480'942.92
Redemption of units	-17'310'463.73	-2'657'741.85
Other items from unit transactions	-597'770.91	-9'156'708.67
Total income	-1'697'300.12	18'180'181.88
Net assets at end of review period	40'087'459.52	44'950'064.20
Change in units in circulation		
Number at beginning of the review period	180'015.533	60'100.928
Number of units issued	61'617.918	134'007.605
Number of units redeemed	-74'257.535	-14'093.000
Number at the end of the review period	167'375.916	180'015.533
Currency Unit class	(CHF)	(CHF)
Net asset per share	218.82	219.89

Unit class I USD		Unit class I CHF	
01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
USD	USD	USD	USD
0.00	0.00	92'583'905.33	57'031'483.78
28'841'707.68	0.00	10'851'356.85	35'678'430.30
0.00	0.00	0.00	-28'398'044.05
34'098.39	0.00	524'254.75	-8'188'455.20
1'745'121.23	0.00	-4'256'098.36	36'460'490.50
30'620'927.30	0.00	99'703'418.57	92'583'905.33
0.000	0.000	374'153.748	380'000.000
100'000.000	0.000	45'920.007	179'124.016
0.000	0.000	0.000	-184'970.268
100'000.000	0.000	420'073.755	374'153.748
(USD)	(USD)	(CHF)	(CHF)
306.21	0.00	216.84	217.90

Income statement for the period from January 1, 2021 to December 31, 2021

	Consolidated	
	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
	USD	USD
Income		
Income from bank balances	871.68	-68'579.75
Securities income, divided into:		
- Structured products	61'867.72	153'453.40
- Shares and other equity instruments and rights, including bonus shares	2'586'836.99	1'666'524.15
Income for others investments	0.00	-1'867.50
Income from collective investment scheme with direct real estate investments	0.00	13.63
Other investments	0.00	1'853.87
Current income paid by new subscribers	-102'364.68	145'738.75
Total income	2'547'211.71	1'897'136.55
Expenses		
Interest Due	107'648.63	39'900.45
Audit costs	16'201.75	15'873.43
Statutory remuneration to:		
- Management company	4'335'617.18	2'793'579.04
- Custodian bank	507'500.69	307'811.76
Partial transfer of expenditure on realized capital losses	-215'775.00	-184'257.06
Other expenses	11'834.44	-17'153.42
Current net income paid out upon the redemption of units	-189'540.72	-84'875.61
Total expenses	4'573'486.97	2'870'878.59
Net Income	-2'026'275.26	-973'742.04
Realised capital gains and losses	56'167'851.66	54'086'880.24
Performance Fee	-5'384'628.24	-9'110'409.59
Partial transfer of expenditure on realized capital losses	-215'775.00	-184'257.06
Realized income	48'541'173.16	43'818'471.55
Unrealized capital gain/losses	-61'065'759.58	94'411'764.36
Total income	-12'524'586.42	138'230'235.91
Application of results		
Net income of financial year	-2'026'275.26	-973'742.04
Netting of loss against aggregate capital gains	2'026'275.26	973'742.04
Carried forward of the previous year	248'799.63	248'799.63
Net income available for distribution	248'799.63	248'799.63
Carried forward to following year	248'799.63	248'799.63

Unit class A USD		Unit class A CHF		Unit class A EUR		Unit class C USD	
01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020						
USD							
216.48	-28'298.38	118.88	-11'017.64	7.05	-208.08	76.95	-3'236.42
16'005.65	71'525.64	9'292.62	28'556.73	483.80	1'153.64	7'252.73	8'468.05
654'983.38	732'248.41	370'534.03	319'357.56	18'632.35	11'288.29	308'833.90	88'903.97
0.00	-860.86	0.00	-304.78	0.00	-13.63	0.00	-103.07
0.00	0.00	0.00	0.00	0.00	13.63	0.00	0.00
0.00	860.86	0.00	304.78	0.00	0.00	0.00	103.07
-15'001.20	-19'626.87	-13'050.53	-14'047.98	-1'702.12	-540.82	-29'079.50	96'202.95
656'204.31	755'848.80	366'895.00	322'848.67	17'421.08	11'693.03	287'084.08	190'338.55
27'848.22	16'744.70	15'740.12	7'312.96	708.18	259.25	16'607.18	2'589.85
4'141.04	6'375.60	2'249.54	2'730.28	107.90	75.76	2'170.01	1'267.60
1'350'835.41	1'283'248.16	741'591.80	542'746.23	36'325.90	20'153.33	501'900.52	180'099.76
129'811.14	123'499.34	71'285.81	52'201.84	3'494.09	1'936.54	68'936.77	24'703.57
-137'363.02	-128'115.83	-74'778.56	-54'089.44	-3'633.42	-2'051.79	0.00	
2'892.59	-8'332.86	1'216.96	-2'674.88	18.77	-2.62	821.03	601.19
-22'416.21	-88'159.67	-43'839.21	15'911.05	-8'369.36	-6.81	-73'482.00	902.65
1'355'749.17	1'205'259.44	713'466.46	564'138.04	28'652.06	20'363.66	516'953.51	210'164.62
-699'544.86	-449'410.64	-346'571.46	-241'289.37	-11'230.98	-8'670.63	-229'869.43	-19'826.07
15'197'670.92	15'364'104.88	7'520'165.47	8'373'936.98	256'500.26	344'386.11	7'908'725.17	9'196'124.21
-1'414'048.92	-3'531'049.68	-814'747.55	-1'680'302.20	-39'620.66	-60'715.36	-1'006'938.60	-815'940.08
-137'363.02	-128'115.83	-74'778.56	-54'089.44	-3'633.42	-2'051.79	0.00	0.00
12'946'714.12	11'255'528.73	6'284'067.90	6'398'255.97	202'015.20	272'948.33	6'671'917.14	8'360'358.06
-17'191'554.21	24'860'355.57	-8'353'793.03	14'088'414.10	-268'602.73	599'460.17	-8'607'073.56	17'754'242.60
-4'244'840.09	36'115'884.30	-2'069'725.13	20'486'670.07	-66'587.53	872'408.50	-1'935'156.42	26'114'600.66
-699'544.86	-449'410.64	-346'571.46	-241'289.37	-11'230.98	-8'670.63	-229'869.43	-19'826.07
699'544.86	449'410.64	346'571.46	241'289.37	11'230.98	8'670.63	229'869.43	19'826.07
61'416.64	61'416.64	44'699.16	44'699.16	738.60	738.60	36'090.75	36'090.75
61'416.64	61'416.64	44'699.16	44'699.16	738.60	738.60	36'090.75	36'090.75
61'416.64	61'416.64	44'699.16	44'699.16	738.60	738.60	36'090.75	36'090.75

	Unit class C CHF	
	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
	USD	USD
Income		
Income from bank balances	124.10	-3'622.34
Securities income, divided into:		
- Structured products	8'922.51	9'501.78
- Shares and other equity instruments and rights, including bonus shares	364'866.25	99'227.30
Income for others investments	0.00	0.00
Income from collective investment scheme with direct real estate investments	0.00	0.00
Other investments	0.00	0.00
Current income paid by new subscribers	-24'125.95	62'908.89
Total income	349'786.91	168'015.63
Expenses		
Interest Due	14'345.60	2'765.61
Audit costs	2'182.21	1'138.43
Statutory remuneration to:		
- Management company	502'647.07	162'121.84
- Custodian bank	68'988.18	22'259.38
Partial transfer of expenditure on realized capital losses	0.00	0.00
Other expenses	1'675.56	-139.18
Current net income paid out upon the redemption of units	-41'433.94	7'474.03
Total expenses	548'404.68	195'620.11
Net Income	-198'617.77	-27'604.48
Realised capital gains and losses	6'851'629.74	6'828'546.44
Performance Fee	-698'338.73	-718'824.05
Partial transfer of expenditure on realized capital losses	0.00	0.00
Realized income	5'954'673.24	6'082'117.91
Unrealized capital gain/losses	-7'651'973.36	12'098'063.97
Total income	-1'697'300.12	18'180'181.88
Application of results		
Net income of financial year	-198'617.77	-27'604.48
Netting of loss against aggregate capital gains	198'617.77	27'604.48
Carried forward of the previous year	41'108.01	41'108.01
Net income available for distribution	41'108.01	41'108.01
Carried forward to following year	41'108.01	41'108.01

Unit class I USD		Unit class I CHF	
01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
USD	USD	USD	USD
102.29	0.00	225.93	-22'196.89
5'128.77	0.00	14'781.64	34'247.56
199'649.13	0.00	669'337.95	415'498.62
0.00	0.00	0.00	-585.16
0.00	0.00	0.00	0.00
0.00	0.00	0.00	585.16
-418.29	0.00	-18'987.09	20'842.58
204'461.90	0.00	665'358.43	448'391.87
4'170.36	0.00	28'228.97	10'228.08
1'055.24	0.00	4'295.81	4'285.76
228'115.68	0.00	974'200.80	605'209.72
31'259.02	0.00	133'725.68	83'211.09
0.00	0.00	0.00	0.00
1'687.71	0.00	3'521.82	-6'605.07
0.00	0.00	0.00	-20'996.86
266'288.01	0.00	1'143'973.08	675'332.72
-61'826.11	0.00	-478'614.65	-226'940.85
1'733'607.89	0.00	16'699'552.21	13'979'781.62
0.00	0.00	-1'410'933.78	-2'303'578.22
0.00	0.00	0.00	0.00
1'671'781.78	0.00	14'810'003.78	11'449'262.55
73'339.45	0.00	-19'066'102.14	25'011'227.95
1'745'121.23	0.00	-4'256'098.36	36'460'490.50
-61'826.11	0.00	-478'614.65	-226'940.85
61'826.11	0.00	478'614.65	226'940.85
0.00	0.00	64'746.47	64'746.47
0.00	0.00	64'746.47	64'746.47
0.00	0.00	64'746.47	64'746.47

Composition of portfolio and changes in holdings

Description	Currency	31.12.2021 Number/ nominal value	Purchases (1)	Disposals (1)	31.12.2021 Number/ nominal value	Market value in USD	% of total fund assets
Securities listed on a stock exchange or other organised markets							
Shares (and equity-type securities)							
Banks and other credit institutions							
CHINA MERCHANT BANK -H-	HKD	3'385'000	420'500	3'805'500		0.00	0.00
Computer hardware and networking							
SF HOLDING CO LTD -A-	CNH		2'039'870		2'039'870	22'110'967.06	6.31
						22'110'967.06	6.31
Electrical appliances and components							
LXJM -A-	CNH	1'570'786	1'322'800		2'893'586	22'390'380.56	6.39
MIDEA GROUP CO LTD -A-	CNH	686'481	254'000		940'481	10'917'550.50	3.12
						33'307'931.06	9.51
Electronics and semiconductors							
LONGI GREEN ENERGY TECHNOLOGY CO LTD	CNH		1'691'907	176'957	1'514'950	20'538'349.65	5.86
TAIWAN SEMICONDUCTOR MANUFACTURING ADR	USD		120'600		120'600	14'522'652.00	4.14
						35'061'001.65	10.01
Energy and water supply							
CHINA YANGTZE POWER CO LTD	CNH	3'287'188	461'100		3'748'288	13'381'931.04	3.82
						13'381'931.04	3.82
Food and soft drinks							
FULING ZHACAI -A-	CNH	1'749'007	568'208		2'317'215	13'775'840.60	3.93
HAI TIAN -A-	CNH	632'361	456'264		1'088'625	17'996'262.43	5.14
HAILILAO INTERNATIONAL HOLDING	HKD	2'369'000	278'000	2'647'000			
NONGFU SPRING CO LTD -H-	HKD	2'211'600	689'200		2'900'800	19'142'365.03	5.46
						50'914'468.06	14.53
Healthcare and social services							
CHINA EDUCATION GROUP HOLDINGS	HKD	7'704'000	5'665'000	5'901'000	7'468'000	12'126'359.60	3.46
DIAN DIAGNOSTICS GROUP CO., LTD.	USD	496'200		496'200			
DIAN DIAGNOSTICS GROUP CO., LTD.	CNH		607'400		607'400	3'206'904.13	0.92
PING AN HEALTHCARE AND TECHNOL	HKD	751'600		751'600			
						15'333'263.73	4.38
Insurance companies							
PING AN	CNH	1'326'952	1'079'000	771'800	1'634'152	12'955'945.88	3.70
						12'955'945.88	3.70
Internet, software and IT services							
ALIBABA HEALTH INFORMATION TECHNOLOGY	HKD	5'004'000	1'358'000	6'362'000			
TENCENT HOLDINGS	HKD	78'600	133'900	212'500			
						0.00	0.00
Mechanical engineering and industrial equipment							
CATL -A-	CNH	284'956	76'201	271'700	89'457	8'272'783.02	2.36
NINGBO ORIENT WIRES & CABLES -A-	CNH		3'086'227	402'600	2'683'627	21'592'984.17	6.16
						29'865'767.19	8.52
Miscellaneous services							
ALIBABA GROUP HOLDING LTD	HKD		568'700	243'100	325'600	4'965'450.75	1.42
						4'965'450.75	1.42
Pharmaceuticals, cosmetics and medical products							
JIANGSU HENGRUI MEDICINE -A-	CNH	922'379	543'996		1'466'375	11'694'957.19	3.34
PROYA COSMETICS CO LTD -A-	CNH	458'204	148'678	187'000	419'882	13'756'164.29	3.93
						25'451'121.48	7.26
Photographic and optics							
SUNNY OPTICAL TECHNOLOGY	HKD	479'900	166'000		645'900	20'429'172.92	5.83
						20'429'172.92	5.83
Real estate							
ESR CAYMAN LTD	HKD		4'552'400		4'552'400	15'385'565.45	4.39
						15'385'565.45	4.39
Telecommunication							
HONG KONG TECHNOLOGY VENTURE COMPANY	HKD		8'720'000	170'000	8'550'000	9'321'321.09	2.66
						9'321'321.09	2.66
Textiles, garments and leather goods							
JINYU BIO-TECHNOLOGY CO LTD-A-	CNH	3'237'049		3'237'049			
						0.00	0.00
Tobacco and alcoholic beverages							
KWEICHOW MOUTAI -A-	CNH	58'000	6'901	64'901			
						0.00	0.00

Description	Currency	31.12.2021 Number/ nominal value	Purchases (1)	Disposals (1)	31.12.2021 Number/ nominal value	Market value in USD	% of total fund assets
Traffic and transportation							
CHINA SOUTHERN AIRLINES CO LTD	CNH	13'943'210	4'530'951		18'474'161	19'786'629.14	5.65
SITC INTERNATIONAL HOLDINGS	HKD	4'137'000		4'137'000			
						19'786'629.14	5.65
Vehicles							
GEELY AUTOMOBILE HOLDINGS LTD	HKD	6'665'000	230'000	6'895'000			
						0.00	0.00
Total Shares (and equity-type securities)						308'270'536.50	87.98
Total Securities listed on a stock exchange or other organised markets						308'270'536.50	87.98
Securities not listed on a stock exchange, whose value is based on market-observed parameters							
Warrants							
Healthcare and social services							
CLSA GLOBAL MARKETS PTE LTD/20-07.02.2025 ON DIAN DIAGNOSTICS USD GROUP		1'100'212			1'100'212	5'792'176.10	1.65
						5'792'176.10	1.65
Total Warrants						5'792'176.10	1.65
Structured products							
Financial, investment and other div. companies							
CICC FINANCIAL TRADING LTD-03.06.2024 ON CONTEMPORARY AMPEREX TECHNOLOGY CO	USD		129'855	129'855			
CICC FINANCIAL TRADING/18-03.07.2021 ON CONTEMPORARY AMPEREX TECHNOLOGY CO	USD	427'855		427'855			
CICC FINANCIAL TRADING/19-23.05.2022 ON MIDEA GROUP	USD	354'000			354'000	4'098'505.80	1.17
CICC FINANCIAL TRADING/21-22.01.2024 ON CENTRE TESTING	USD		3'455'000		3'455'000	14'558'955.40	4.16
						18'657'461.20	5.33
Total Structured products						18'657'461.20	5.33
Total Securities not listed on a stock exchange, whose value is based on market-observed parameters						24'449'637.30	6.98
Total Derivative Financial Instruments						5'792'176.10	1.65
Total investments						332'720'173.80	94.96
Cash at banks						17'590'667.62	5.02
Time deposit						0.00	0.00
Other assets						61'711.37	0.02
Total fund assets						350'372'552.79	100.00
./. Due to bank						0.00	0.00
./. Other liabilities						490'441.00	0.14
./. Other loans						0.00	0.00
Net assets						349'882'111.79	99.86

(1) Inclusive as well corporate actions

Summarized breakdown of the portfolio in accordance with FINMA Art. 84 (2)

Investment categories	Market value in USD	% of total fund assets
Securities listed on a stock exchange or other organised markets	308'270'536.50	87.98
Securities not listed on a stock exchange, whose value is based on market-observed parameters	24'449'637.30	6.98
Securities valued based on appropriate valuation models taking into account current market conditions	0.00	0.00

Notes to the Annual report as at December 31, 2021

Note 1: Sales restrictions USA

Units of this collective investment scheme may not be offered, sold or delivered within the United States or any of its territories. Units of this collective investment scheme may not be offered, sold or delivered to US citizens or persons resident or incorporated in the US and/or other natural or legal persons whose income and/or returns, regardless of origin, are subject to US income tax, as well as persons who are considered to be US persons pursuant to Regulation S of the U.S. Securities Act of 1933 and/or the U.S. Commodity Exchange Act, in each case as amended from time to time.

Note 2: Key figures and technical data

Fund	Unit class	Swiss securities number	Currency	Custodian bank fee	Management commission ¹	Total Expense Ratio (TER) ²	Performance Fee	Total Expense Ratio (TER) ^{2,3}
HSZ China Fund	A USD	2'682'803	USD	0.14%	1.50%	1.65%	1.57%	3.22%
	A CHF	2'682'806	CHF	0.14%	1.50%	1.65%	1.65%	3.30%
	A EUR	2'682'809	EUR	0.14%	1.50%	1.65%	1.63%	3.28%
	C USD	28'568'604	USD	0.14%	1.05%	1.20%	2.11%	3.31%
	C CHF	28'568'580	CHF	0.14%	1.05%	1.20%	1.46%	2.66%
	I USD	36'845'408	USD	0.14%	1.05%	1.20%	0.00%	1.20%
	I CHF	36'845'220	CHF	0.14%	1.05%	1.20%	1.52%	2.72%

¹ Information regarding the SFAMA guideline on transparent management fees: From the sales-related component of the management fee, the fund management is able to offer refunds to the following institutional investors which, in a business sense, hold fund units for third parties: Life insurance companies, Pension funds and other retirement benefits institutions, Investment foundations, Swiss fund management companies, Foreign fund management companies, Investment companies. The fund management may also draw on the sales-related component of the management fee to pay commission on fund unit holdings to the following fund distributors/distribution partners: authorized distributors, fund management companies, banks, brokers, Swiss Post, and insurance companies, distribution partners that place fund units exclusively with institutional investors that have a professional treasury, asset managers. The fund manager has not concluded any fee-sharing agreements or agreements with regard to retrocessions in the form of "soft commissions".

² TER (Total Expense Ratio) describes the sum of all periodic costs and commissions that are charged to the fund's assets. It is expressed retroactively as a percentage of average fund assets. Any reimbursements/commissions for client unit holdings from target funds have been credited to the fund and thus reduce the TER.

Note 3: Fund performance

Fund	Unit class	Swiss securities number	Inception date	Currency	Cumulative since launch	2021 ¹	2020 ¹	2019 ¹
HSZ China Fund	A USD	2'682'803	17.11.2006	USD	-	-4.5%	64.3%	31.4%
	A CHF	2'682'806	17.11.2006	CHF	-	-0.9%	49.5%	29.0%
	A EUR	2'682'809	17.11.2006	EUR	-	3.8%	49.8%	34.0%
	C USD	28'568'604	02.10.2015	USD	-	-4.1%	64.9%	32.0%
	C CHF	28'568'580	02.10.2015	CHF	-	-0.5%	49.9%	29.7%
	I USD	36'845'408	29.03.2021	USD	6.1%	-	-	-
	I CHF	36'845'220	24.08.2017	CHF	-	-0.5%	49.9%	29.7%

¹ Fund performance is based on officially published net asset values which in turn are based on stock exchange closing prices at the end of the month in question. Historical performance is no indicator of current or future performance. The performance data given does not take into account commissions and costs incurred in the purchase or redemption of fund units.

Note 4: Valuation of the Fund's Assets and the Units

- The net asset value of the investment fund and the share of assets attributable to the individual classes are calculated in US dollar at the market value as of the end of the financial year and for each day on which units are issued or redeemed. The value of the fund's assets will not be calculated on days when the stock exchanges / markets in the fund's main investment countries are closed (e.g. bank and stock exchange holidays).
- Securities traded on a stock exchange or another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price which would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.
- The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: The valuation price of such investments is successively adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).
- Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or creditworthiness, the valuation principles for time deposits at banks will be adjusted in line with the new market returns.
- The net asset value of a unit of a given class is determined by the proportion of the fund's assets as valued at the market value attributable to the fund, minus any of the fund's liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation. In each case it is rounded to 1/100 of the accounting currency.
- The share of the market value of the net assets (the fund's assets minus liabilities) attributable to the respective unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the fund concerned for each unit class. The share is recalculated when one of the following events occurs:
 - when units are issued and redeemed;

- b) on the pertinent date for distributions, provided that (i) such distributions are only made for individual unit classes (distribution classes) or provided that (ii) the distributions of the various unit classes differ when expressed as a percentage of the respective net asset values, or provided that (iii) different commission or costs are charged on the distributions of the various unit classes when expressed as a percentage of the distribution;
- c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes are different when expressed as a percentage of the respective net asset value, especially if (i) different commission rates are applied for the various unit classes or if (ii) class-specific costs are charged;
- d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but disproportionately to their share of the net assets.

Note 5: Identity of contract partner in OTC transactions

Fund	Counterparty
HSZ China Fund	CICC Financial Trading Ltd. CLSA GLOBAL MARKETS PTE LTD

Note 6: Collateral received

None

Note 7: Direct and indirect operational costs and fees from securities lending

None

Note 8: Composition of the Portfolio

The composition of the portfolio reveals changes in holdings without fractions. This may lead to rounding differences when calculating totals.

Note 9: Subfunds or Unit Classes Launched during the Year – Display of Comparative Data

Disclosures in the statement of net assets and income statement of subfunds or unit classes that were launched during the current reporting period are indicated in the previous period as zero.

The following Unit class were capitalized or deactivated due to redemptions of the entire outstanding portfolio.

Fund	Unit class	Swiss Securities Number	Inception Date	Closing Date
HSZ China Fund	I USD	36'845'408	29.03.2021	

Note 10: Significant events after the year-end closing

As of January 3, 2022, the fund management company has changed from Credit Suisse Funds AG, Zürich to FundPartner Solution (Suisse) S.A., Genève. Likewise, the custodian bank has changed from Credit Suisse (Schweiz) AG, Zürich to Banque Pictet & Cie SA, Genève.

Short form report of the audit company

to the Board of Directors of the Fund Management Company Credit Suisse Funds AG, Zürich

Short form report of the audit company for collective investment schemes to the Board of Directors of the Fund Management Company on the financial statements of HSZ China Fund

As audit company for collective investment schemes, we have audited the financial statements of the investment fund HSZ China Fund, which comprise the statement of net assets and the income statement, the statement on the appropriation of available earnings and the disclosure of the total costs as well as the supplemental disclosures in accordance with art. 89 para. 1 lit. b–h of the Swiss Collective Investment Schemes Act (CISA) for the year ended December 31, 2021.

Responsibility of the Fund Management Company's Board of Directors

The Board of Directors of the fund management company is responsible for the preparation of the financial statements in accordance with the requirements of the Swiss Collective Investment Schemes Act, the related ordinances as well as the investment fund agreement and the prospectus. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors of the fund management company is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Audit Company for collective investment schemes

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2021 comply with the Swiss Collective Investment Schemes Act, the related ordinances as well as the investment fund agreement and the prospectus.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing as well as on independence according to the Auditor Oversight Act and that there are no circumstances incompatible with our independence.

PricewaterhouseCoopers AG

Raffael Simone
Licensed Audit expert
Auditor in charge

Yael Fries
Licensed Audit expert

Zürich, 7. April 2022

This Report is an English translation of the original German Version. In case of discrepancies, the original version takes precedence.

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