

Figures as of November 30, 2012
 Net Asset Value USD 113.45, CHF 81.97, EUR 112.04
 Fund Size USD 121.2 million
 Inception Date* May 27, 2003
 Cumulative Return 222.6% in USD
 Annualized Return 13.1% 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

	November	YTD	1 Year	Nov 17, 06
USD Class	4.4%	13.7%	14.5%	13.5%
CHF Class	4.0%	12.3%	15.5%	(18.0%)
EUR Class	4.4%	12.8%	17.1%	12.0%

Largest Holdings

AAC Technologies	6.3%	
China Merchants Bank	6.3%	
Ping An Insurance	6.2%	
Wharf Holdings	6.2%	
Belle International	5.7%	
Golden Eagle Retail	5.5%	

Exposure

Financials	30.2%	
Consumer Discretionary	29.9%	
Industrials	14.8%	
Consumer Staples	13.7%	
Energy	3.0%	
Cash	5.7%	

Newsletter November 2012

- China's new leaders to step up urbanization
- AAC reports impressive results in the third quarter
- Shui On Land aims to deliver strong growth in home sales
- Oriental Watch sees an improvement in same store sales growth

Chinese equities continued its gain in November on expectation of macro improvement and a smooth leadership transition. China's official PMI advanced further to 50.6 in November, on better domestic demand and mild recovery in exports. Industrial production and retail sales growth improved for the second consecutive month, coming in at 9.6 percent and 14.5 percent year on year in October. Fixed asset investment remained resilient, growing at 20.7 percent for the first ten months. CPI remained mild at 1.7 percent. On November 15, China's communist party unveiled the seven member committee of the standing committee of politburo, the top decision maker in the country. The party in the 18th party congress announced to double China's GDP and household income in the 10 years ending 2020 and to step up urbanization, which bold well for the domestic consumption, as the driver for the economy.

AAC's revenue grew 22 percent quarter on quarter to CNY 1'697 million on the back of the increase in selling prices from increasing value content and rising volumes due to new product launches from key customers. Despite surging labor costs in China, the continuing automation process and new solutions provided to customers help the company maintain its gross margin at 44 percent. The company guided a double digit quarter on quarter growth in revenue and net profit in the fourth quarter of 2012 driven by increasing adoption of speaker boxes by its Chinese vendors and increasing contribution from its Korean customer.

Shui On Land has achieved CNY 5 billion property sales for the first ten months of 2012, versus CNY 2.1 billion in the first half. The company launched Shanghai KIC Jiangwan Regency in early October, which was well received by the market and sold 139 units out of 142 units within one month. Shui On will launch another batch of KIC and the next phase of Shanghai Rui Hong Xin Cheng towards the end of the year, with estimated market values of CNY 900 million and CNY 2 billion respectively. The company targeted to achieve CNY 8 billion of sales from residential projects in 2012 compared with CNY 6 billion of sales in 2011, which represented an impressive growth of 33 percent year over year.

Oriental Watch reported turnover decreased by 8.7 percent year over year to HKD 1'795 million for the half year ended September 30, 2012. As a result of operating deleverage, net profit decreased by 26 percent to HKD 53 million. However, the company has seen an improving sales trend in recent months. Management commented that they had seen an increase in mainland tourist foot traffic in their stores and a pick-up in sales for high-end watches. Same store sales growth (SSSG) improved from negative 8 percent in the third quarter to 3.3 percent in October and 18 percent in November.

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	Credit Suisse 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	0.5%
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	Credit Suisse AG Mrs. Anita Wobmann Execution CS Fonds & 3rd Party SEBF 12, 8070 Zurich, Switzerland Tel: +4144 644 4254 Fax: +4158 205 7097

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 fuelling 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.