

Figures as of	January 31, 2013
Net Asset Value	USD 122.17, CHF 86.81, EUR 115.70
Fund Size	USD 132.7 million
Inception Date*	May 27, 2003
Cumulative Return	247.4% in USD
Annualized Return	13.7% 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	Nov 17, 06
USD Class	3.4%	3.4%	13.6%	22.2%
CHF Class	3.3%	3.3%	13.6%	(13.2%)
EUR Class	0.7%	0.7%	10.3%	15.7%

Largest Holdings

China Merchants Bank	6.9%	<div style="width: 6.9%;"></div>
Wharf Holdings	6.8%	<div style="width: 6.8%;"></div>
Ping An Insurance	6.6%	<div style="width: 6.6%;"></div>
AAC Technologies	5.8%	<div style="width: 5.8%;"></div>
Sands China	5.6%	<div style="width: 5.6%;"></div>
Belle International	5.1%	<div style="width: 5.1%;"></div>

Exposure

Financials	32.3%	<div style="width: 32.3%;"></div>
Consumer Discretionary	31.0%	<div style="width: 31.0%;"></div>
Consumer Staples	13.7%	<div style="width: 13.7%;"></div>
Industrials	12.8%	<div style="width: 12.8%;"></div>
Communications	3.4%	<div style="width: 3.4%;"></div>
Cash	3.5%	<div style="width: 3.5%;"></div>

Newsletter January 2013

- China's GDP reaccelerates in fourth quarter
- Mindray achieves sales milestone of USD 1 billion
- Shimao targets strong sales growth this year
- Hengan guides margin improvement

Chinese equities had a good start in January helped by liquidity inflow and better than expected macro numbers. Industrial production continued its steady improvement in December, growing at 10.2 percent year on year. Retail sales gained a further pace to 15.2 percent, compared to 14.9 percent in November. After quarters of slowdown, thanks to the several rounds of monetary easing and accelerated infrastructure spending, its economy stabilized and reaccelerated in the fourth quarter, dismissing the prolonged fears of hard landing. China's GDP growth slowed to 7.4 percent in the third quarter and managed to reaccelerate to 7.9 percent in the last quarter. The full year growth was 7.8 percent, lower than that of 9.3 percent in 2011. Despite being significant, the deceleration is consistent with the country's plan to transit towards a healthier and more sustainable consumption driven model.

Mindray announced its 2012 preliminary results and the company expected its revenue and recurring net profit to grow 20 percent and 16 percent year over year to USD 1'056 million and USD 207 million. Mindray is one of the very few Chinese healthcare companies to achieve the sales milestone of USD 1 billion and the sales growth also beat the initial guidance of 18 percent growth set by management. As for the outlook in 2013, management aimed to grow its revenue by 17 percent on the back of strong growth in China and emerging markets. The company also plans to increase its market penetration by launching 7 to 10 new products and strengthen its sales and marketing channels in key markets.

Shimao achieved a strong growth in contracted sales last year. The sales value and area sold were CNY 46 billion and 4.1 million square meters, representing a year over year growth of 50 percent and 71 percent respectively. The performance was much better than the industry's growth of 25 percent. Given the strong sales growth and a disciplined landbank replenishment policy, it is likely that the company would run a positive cash flow and its net gearing would be improved to below 60 percent by the year end of 2012. With its land reserve at competitive costs and the abundant saleable resources, management is confident to deliver 20-30 percent sales growth in 2013 with a better profitability.

Hengan's management guided better gross margins for sanitary napkins and diapers in the second half of 2012. The improvement was mainly driven by product mix changes and drops in raw material costs. The sales growth of tissue paper in the second half was better than the first half but the gross margin dropped slightly due to the increased promotions since mid-June. In 2013, management believed the major raw material costs will remain stable. They also indicated specific limits on the increase in promotion expenses and salary per staff in order to strike a balance between revenue and net profit growth.

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
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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 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.