

Figures as of June 28, 2013
 Net Asset Value USD 102.07, CHF 75.41, EUR 100.88
 Fund Size USD 112.6 million
 Inception Date* May 27, 2003
 Cumulative Return 190.2% in USD
 Annualized Return 11.1% 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

| | June | YTD | 1 Year | Nov 17, 06 |
|-----------|---------|---------|--------|------------|
| USD Class | (11.1%) | (13.6%) | (0.1%) | 2.1% |
| CHF Class | (11.5%) | (10.3%) | (0.8%) | (24.6%) |
| EUR Class | (10.7%) | (12.2%) | (3.1%) | 0.9% |

Largest Holdings

| | | |
|----------------------|------|----------------------------------|
| Wharf Holdings | 7.6% | <div style="width: 7.6%;"></div> |
| AAC Technologies | 7.6% | <div style="width: 7.6%;"></div> |
| Sands China | 7.4% | <div style="width: 7.4%;"></div> |
| Ping An Insurance | 6.7% | <div style="width: 6.7%;"></div> |
| China Merchants Bank | 6.4% | <div style="width: 6.4%;"></div> |
| Mindray Medical | 6.0% | <div style="width: 6.0%;"></div> |

Exposure

| | | |
|------------------------|-------|-----------------------------------|
| Financials | 32.9% | <div style="width: 32.9%;"></div> |
| Consumer Discretionary | 30.0% | <div style="width: 30.0%;"></div> |
| Consumer Staples | 14.8% | <div style="width: 14.8%;"></div> |
| Industrials | 14.7% | <div style="width: 14.7%;"></div> |
| Communications | 2.1% | <div style="width: 2.1%;"></div> |
| Cash | 3.4% | <div style="width: 3.4%;"></div> |

Newsletter June 2013

- Policy inaction indicates tolerance of slower growth
- Sands plans to return excess capital to shareholders
- Mindray acquires ZONARE to strengthen medical imaging franchise

The recent stress in China's interbank market was prompted by a series of seasonal factors and most importantly the delay by the Chinese central bank to inject liquidity. Although the central bank has the full capacity to closely monitor the situation and has plenty of ammunition to ease the liquidity pressure, it has remained silent amid the overnight interbank rate spiking to a record level of 13 percent. It only came out with a statement on June 25, clarifying that system liquidity is sufficient and pledging to provide liquidity support to banks which are in need. The inaction from the central bank gives a strong policy signal that the fast credit growth earlier is not to continue. It is no longer tolerating banks taking advantage of the interbank market for arbitrage and is committed to moderating credit growth and a prudent monetary policy. In addition to the anti-corruption campaign, the move is another important sign suggesting that the new leaders are committed to fixing the structural issues for the economy as the priority and are willing to tolerate a slower growth to pay for better sustainability. While the growth visibility will remain low in the coming months, we believe most of the concerns should have been priced in at the current depressed valuations for the Chinese equities.

Sands China announced that it has received the approval from the government for the sales of its Four Seasons serviced apartments in Cotai with an estimated value of HKD 12 billion. Meanwhile, Las Vegas Sands, the parent company of Sands China, also initiated a multi-year share buyback program at its latest annual meeting and would actively consider sales of non-core assets and spin-off of some of its properties via investment trusts as part of the plan to return the excess capital to shareholders. We believe these measures would enhance the confidence of the shareholders on the company and should be supportive to its share price performance.

Mindray announced to acquire ZONARE for USD 105 million. Founded in 1999, ZONARE is based in Mountain View of California and is one of the leading ultrasound brands in the high end radiology segment globally. They have a world-class R&D team and the acquisition would allow Mindray to penetrate the high end market by leveraging ZONARE's state-of-the-art technology. At the same time, Mindray appointed three new management members. Mr. Cheng Minghe was appointed as Co-CEO and will be responsible for sales, marketing and R&D in China. As the business is growing fast, it is reasonable for Mindray to add talents to take up functions and share the management responsibilities.

General Information

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|--------|--|
| Name | HSZ China Fund |
| Theme | Entrepreneurial China |
| Nature | Long-only equity fund, actively managed |
| Focus | Listed Chinese equities focusing on privately controlled companies |

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|------------------|---|
| 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.