

Figures as of November 29, 2013
 Net Asset Value USD 124.31, CHF 87.72, EUR 117.39
 Fund Size USD 133.7 million
 Inception Date* May 27, 2003
 Cumulative Return 253.5% in USD
 Annualized Return 12.8% 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	2.5%	5.2%	9.6%	24.3%
CHF Class	3.2%	4.4%	7.0%	(12.3%)
EUR Class	3.2%	2.2%	4.8%	17.4%

Largest Holdings

Sands China	8.5%
Ping An Insurance	8.2%
China Merchants Bank	7.1%
Wharf Holdings	6.1%
Baidu Inc.	5.5%
Mindray Medical	5.2%

Exposure

Financials	33.2%
Consumer Discretionary	31.3%
Industrials	12.8%
Consumer Staples	11.6%
Communications	5.5%
Cash	3.2%

Newsletter November 2013

- China's reform blueprint both comprehensive and ambitious
- Yum reports better than expected same store sales growth
- Belle makes solid progress on e-commerce
- WuXi guides a bright outlook for 2014

The full document from the third plenum of the Chinese Communist Party shows the reform blueprint both comprehensive and ambitious, addressing a wide range of bottlenecks being faced by the Chinese economy. Of particular interest are the decisions to allow the market to play a decisive role in resource allocation, diminish the role of the government, reform of fiscal budget of local governments, relaxation of hukou and one-child policies. The establishment of the high level reform commission headed by President Xi signals the commitment of the reform carry-through. The overall package will improve the financial health of the local governments, entrepreneurship, labor productivity, economic structure and social equality and therefore bodes well for the sustainability and the quality of the economy.

Yum released better than expected October China sales data. The same store sales for KFC declined by 7 percent, showing a sequential improvement after last month's fall of 13 percent. Pizza Hut increased the selling prices in October and its same store sales growth accelerated to 10 percent in October from 6 percent in September. Yum strengthened its product innovation, including the "Half price family bucket" and the promotion of its order apps to deliver higher sales growth. The order apps of KFC and Pizza Hut are the only dining apps in the Top 100 at China's iOS app store, ranking 65th and 72th, which indicates the popularity of both brands in China.

Belle sold 500'000 pairs of shoes and sportswear products through its online sales platform, Yougou.com, on the "Double-Eleven" day in November, which is equivalent to the transaction volume of Tencent's e-commerce platform. Belle is now integrating the inventory system of its 153 warehouses, 18'000 point-of-sales and its online platform to strengthen its information management and support its online-to-offline (O2O) services. Upon completion, Belle will provide the "ship from store" service which would significantly reduce the logistics costs and allow delivery within a day. With reference to omni-channel retailers overseas, these initiatives would lead to less stranded inventories, lower markdowns, higher sales growth and margins.

WuXi delivered 16 percent sales growth in the third quarter of 2013, which accelerated from 9 percent and 11 percent growth in the first two quarters. Selling expenses increased slightly by 7 percent while administrative expenses decreased by 3 percent, which management attributed to the successful implementation of its Lean Sigma program. Operating profit increased by 27 percent year over year to USD 27 million. Management is excited on WuXi's prospect in 2014 as its R&D joint venture will start to see milestone payments, while manufacturing of its six launched drugs and the ramp-up of its biological manufacturing facility in Wuxi will start making meaningful contributions to its sales and net profit.

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
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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.