

Figures as of January 30, 2014
 Net Asset Value USD 115.27, CHF 80.61, EUR 108.73
 Fund Size USD 123.2 million
 Inception Date* May 27, 2003
 Cumulative Return 227.8% in USD
 Annualized Return 11.7% 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	(5.9%)	(5.9%)	(5.6%)	15.3%
CHF Class	(5.1%)	(5.1%)	(7.1%)	(19.4%)
EUR Class	(4.9%)	(4.9%)	(6.0%)	8.7%

Largest Holdings

Sands China	8.4%	
Ping An Insurance	7.7%	
China Merchants Bank	7.4%	
Baidu Inc.	5.8%	
Mindray Medical	5.0%	
Melco Crown	4.9%	

Exposure

Consumer Discretionary	32.4%	
Financials	31.3%	
Consumer Staples	11.8%	
Industrials	10.9%	
Communications	10.1%	
Cash	2.3%	

Newsletter January 2014

- China's GDP registers a growth of 7.7 percent
- Ping An debuts its personal finance app "One-Wallet"
- Tencent gets Americans on WeChat
- Sands aims to open St. Regis Tower and Parisian in 2015

China's GDP growth slowed to 7.7 percent year on year for the fourth quarter in 2013, from 7.8 percent in the third quarter. The full year GDP registered a growth of 7.7 percent, same for 2012 and exceeding the official target of 7.5 percent. As a result of the tight liquidity condition amid the cautious attitude towards local government debt, fixed asset investment was estimated to slow from 18.2 percent to 17.1% in December, dragged by a significant slowdown in infrastructure investment, despite the strong real estate investment. Thanks to the benign weather and a favorable base, CPI inflation fell notably to 2.5 percent, providing flexibility for the policy makers to focus on reforms while keeping the proactive fiscal policy and prudent monetary policy unchanged.

Ping An launched its personal finance app, One Wallet, in mid-January. The company is a pioneer in internet finance and has launched Lufax, a leading peer-to-peer lending platform, PA Haoche, a secondary auto transaction platform, and Wanlitong, a bonus reward system in the past years. One Wallet is an integrated financial platform which allows users to transfer money, pay bills and purchase its financial products such as Lufax. The download volume of the app was over 1 million on the first day, which was much better than management's target. According to App Annie, One Wallet becomes the top 20 financial app in China.

Tencent's mobile messaging app, WeChat, is stepping up efforts to boost its presence in the US by cooperating with Google. WeChat US users will get USD 25 gift cards from restaurant.com if they connect WeChat through their Google accounts and invite five Google contacts to use the app. Three years after being introduced in China, WeChat has about 271 million monthly active users and is the most popular messaging and social media app in China. As part of its globalization efforts, Tencent introduced the English version of the app in 2012 and has made a splash in emerging regions such as Southeast Asia and Latin America.

Sands China's revenue and EBITDA grew 8 percent and 7 percent quarter on quarter to USD 2'500 million and USD 836 million. Adjusted for the lower VIP hold rate of 2.68 percent, luck-adjusted EBITDA would have increased by 13 percent to USD 888 million driven by 9 percent and 15 percent quarter on quarter growth from VIP and mass gaming. In the near term, management will continue to optimize the table mix and has set a USD 500 million quarterly EBITDA target for Venetian. They are also optimistic that Cotai Central is on track to achieve its annualized EBITDA target of USD 1 billion this year. Sands has also received the government approval to commence construction of St. Regis tower with 700 hotel rooms. Management plans to open the new tower and the Parisian project together by the end of 2015, which will be an important growth driver in the medium term.

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.