

Figures as of	May 29, 2015
Net Asset Value	USD 156.17, CHF 115.39, EUR 182.59
Fund Size	USD 127.9 million
Inception Date*	May 27, 2003
Cumulative Total Return	367.6% in USD
Annualized Total 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

	April	YTD	1 Year	Nov 17, 06
USD Class	(0.8%)	26.4%	42.9%	64.4%
CHF Class	0.3%	21.0%	50.9%	21.1%
EUR Class	1.6%	40.1%	77.4%	89.3%

Largest Holdings

Times Electric	11.4%	
China Merchants Bank	9.8%	
Qingdao Haier	8.4%	
Ping An (A Shares)	8.1%	
Gree Electric	8.0%	
Yili Company	7.6%	

Exposure

Financials	28.9%	
Consumer Discretionary	23.4%	
Industrials	23.0%	
Communications	9.6%	
Consumer Staples	7.6%	
Cash	0.0%	

Newsletter May 2015

- China to launch mutual fund recognition
- Qingdao Haier announced asset injection details
- Gree Electric won tender for The Great Hall of the People
- Qihoo 360 unveiled a new smartphone brand

China will launch mutual fund recognition, which would allow funds domiciled in Hong Kong and China to be sold in each other's market from July. The scheme could result in a fresh flood of mainland capital to Hong Kong's market, given the daily turnover of the China market is approximately ten times bigger than Hong Kong's. The valuation of Hong Kong stocks, particularly smaller-sized companies, is also lower.

Qingdao Haier announced asset injection details. Qingdao Haier announced that Haier Group, Qingdao Haier's parent company, plans to inject overseas white-goods assets into the listed company for CNY 4.9 billion. The deal is likely to be completed by year end. The injection is likely to bring in about 7% of EPS accretion to Qingdao Haier. Further injection of other unlisted assets or shares of assets is also likely in the near future.

Gree Electric won tender for The Great Hall of the People. The Great Hall of the People, located at the western edge of Tiananmen Square in Beijing, is an iconic building used for legislative and ceremonial activities by the leaders of the country. As such, the hall requires very high standard for its central air conditioner to ensure that there is no disruption while activities are being held. This marks the first time of adoption of domestic brand central air conditioner as overseas brands have always won such tender in the past due to their higher technology standard, reflecting Gree Electric's technology standard is no longer inferior to overseas brands.

Qihoo 360 unveiled a new smartphone brand. The company has invested USD 409 million in a joint venture with Coolpad, one of the biggest Android phone makers in the world and one of the first to launch 4G smartphones in China. The new phones will be sold under Qihoo's Qiku brand and Coolpad's Dazen brand. The actual devices have not been shown yet but Chairman Zhou Hongyi expects them to be available soon.

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
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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.