

Figures as of	July 31, 2015
Net Asset Value	USD 130.94, CHF 98.98, EUR 153.48
Fund Size	USD 106.0 million
Inception Date*	May 27, 2003
Cumulative Total Return	292.0% in USD
Annualized Total Return	11.9% 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

	July	YTD	1 Year	Nov 17, 06
USD Class	(13.5%)	5.9%	7.5%	37.9%
CHF Class	(10.3%)	3.8%	14.7%	3.9%
EUR Class	(11.7%)	17.7%	31.7%	59.2%

Largest Holdings

Times Electric	11.4%	
China Merchants Bank	10.0%	
Yili Company	7.8%	
Qingdao Haier	7.7%	
Ping An (A Shares)	7.6%	
Gree Electric Appliances	6.9%	

Exposure

Financials	28.0%	
Consumer Discretionary	23.0%	
Industrials	20.9%	
Communications	11.0%	
Consumer Staples	7.8%	
Cash	1.6%	

Newsletter July 2015

- China government stepped up to support stock market
- Ping An issued positive profit alert
- KWG achieved 42% of full year pre-sales target in first half
- Baidu reported 38.8% YoY revenue growth for 2Q15

China government stepped up to support its stock market, when it was suffering a big pullback of more than 30% from its peak in three weeks' time. To stabilize stock prices, the Chinese government has employed numerous measures, including banning short sells, prohibiting major shareholders from selling and suspending new initial public offerings. Following these measures, the volatility of the market has somewhat eased, despite debates on such actions should be taken as China's reform is on its way.

Ping An issued positive profit alert for its 2015 interim results. According to the company's announcement, the preliminary estimates of its net profit is expected to record an increase of approximately 62% year over year. The estimated increase is primarily due to the stable development of each business segments and the increase in investment yield for the first half of 2015. Its earnings announcement is expected to be released in late August.

KWG achieved 42% of full year pre-sales target in first half. For the first six months of 2015, KWG has recorded a total of CNY 9.4 billion of attributable pre-sales value, representing 42% of the company's full year target of CNY 22.5 billion. KWG is confident about meeting its full year target by year end as they approach the high season in the second half. Management expects the positive trend in high tier cities to continue in the near term primarily because of accommodative monetary policies.

Baidu reported 38.8% YoY revenue growth for 2Q15. Active online marketing customers increased by 20.9% year over year to 590,000 and revenue per online marketing customer increased by 13.2% year over year to CNY 27,400. Mobile revenue represented 50% of total revenues for the second quarter of 2015. Net margin was down 7.5 percentage points year over year to 22.1% mainly due to rising cost of sales and selling expenses. Baidu is targeting to diversity into e-commerce and a range of mobile services. Management is determined to make Baidu a go-to-place for online-to-offline (O2O) consumer products and services such as movie tickets, home delivery and car services. Going forward, sales and marketing expenses in the second half of 2015 are expected to ramp up 90% versus first half of 2015.

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.