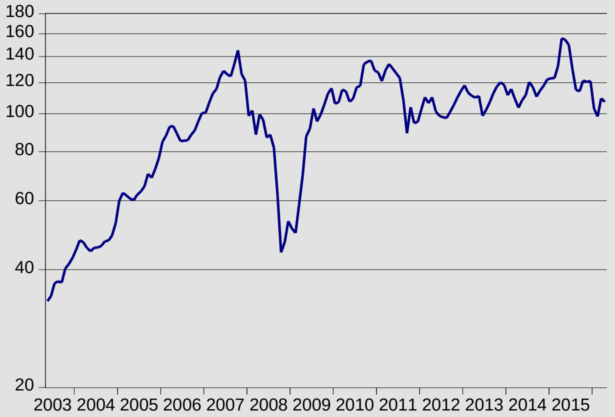
Newsletter April 2016

Figures as of	April 29, 2016
Net Asset Value	USD 107.21, CHF 80.87, EUR 120.87
Fund Size	USD 82.2 million
Inception Date*	May 27, 2003
Cumulative Total Return	224.3% in USD
Annualized Total Return	9.5% 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	(2.1%)	(11.5%)	(31.2%)	14.1%
CHF Class	(2.2%)	(14.0%)	(29.0%)	(14.2%)
EUR Class	(2.4%)	(15.1%)	(32.0%)	26.7%

Largest Holdings

Gree Electric Appliances	7.3%
Yili Company	7.1%
Tencent Holdings	7.0%
Times Electric	6.4%
Kweichow Moutai	5.8%
AAC Technologies	5.8%

Exposure

TMT	31.5%
Consumer Discretionary	25.5%
Financials	14.7%
Industrials	11.9%
Consumer Staples	9.6%
Cash	2.2%

- Tax reform to start on 1 May
- Yili significantly outperformed Mengniu in FY15
- Times Electric reported 42% net profit growth for 1Q16
- Ping An's VNB growth remained strong at 38% in 1Q16

Tax reform to start on 1 May, with business tax to be replaced by a value added tax (VAT) for construction, real estate, finance and consumer services sectors, which used to contribute 80 percent of China's total business tax. The plan is expected to ease corporate payments by CNY 500 billion this year. Besides, manufacturers, which already operate under VAT structure, will get tax breaks on research and development, encouraging them to innovate and upgrade.

Yili significantly outperformed Mengniu in FY15 in terms of sales growth, gross margin expansion, earnings growth as well as working capital management. Yili reported +10.9%/+11.8% growth in revenue and net profit in comparison to -1.6%/+0.7% growth of its major competitor Mengniu. The outperformance is attributable to Yili's strategy to increase promotion and selling expense in the challenging industry conditions of high inventory, its superior execution ability to launch high-end products and flatter distribution structure. 1Q16 results were also announced with further gross profit margin expansion to a record high level of 41.7% and recurring earnings increased 12.1% year on year.

Times Electric reported 42% net profit growth for 1Q16. Revenue rose by 20% year over year to CNY 2.4 billion thanks to faster delivery of multiple units and subway trains. Gross profit margin continued to increase by 1 percentage point year over year to 39.1% and selling & administrative expense ratio shrank by 1.8 percentage points to 16.4%. As a result the net profit increased by 42% year over year to CNY 567 million. The research and development of 1700V and 3300V IGBT products came to a breakthrough and are being used in certain subway trains and locomotives in China, while the 6500V module is still in the trial program. Times Electric continued to be the market leader in the propulsion system for the railway sector in China with an excellent return on equity.

Ping An's value of new business (VNB) growth remained strong at 38% in 1Q16. Despite higher traditional product reserve due to lower interest rate and equity market headwind where CSI300 Index was -14% in 1Q16 (vs +15% in 1Q15), Ping An's net profit increased 3.7% year on year to 20.7 billion, while the largest Chinese life insurer suffered 57% decline in net profit. Auto premiums rose 17.5% year on year and combined ratio maintained at healthy level of 94.3%. Ping An's book value increased 4% on sequential basis.

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.