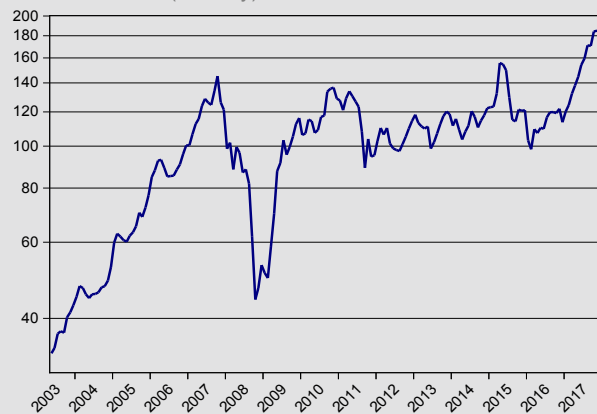


Figures as of	November 30, 2017
Net Asset Value	USD 184.81, CHF 142.67, EUR 198.89
Fund Size	USD 130.9 million
Inception Date*	May 27, 2003
Cumulative Total Return	459.1% in USD
Annualized Total Return	12.6% in USD

* 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 2006
USD Class	0.4%	62.6%	51.5%	96.6%
CHF Class	(0.5%)	57.1%	47.3%	51.3%
EUR Class	(1.3%)	44.5%	36.3%	109.8%

Largest Holdings

Gree Electric Appliances	9.4%	
Ping An	9.3%	
Alibaba	8.8%	
Tencent	7.7%	
Yili Company	6.3%	
China Merchants Bank	6.2%	

Exposure

TMT	36.7%	
Financials	19.4%	
Consumer Discretionary	17.3%	
Consumer Staples	11.6%	
Utilities	4.1%	
Cash	3.0%	

Newsletter November 2017

- Shadow banking will be further tightened
- Ping An explained its strength in technology
- Tencent reported 3Q17 results with net profit up 69%
- Wuliangye to increase retail price of its core product

Shadow banking will be further tightened. The PBOC released the consultative draft for regulating the asset management industry. The industry with total AUM amounted to CNY 102 trillion, or 137% of GDP, is also an essential part of shadow banking. The regulator proposed capping leverage, reducing duration mismatch, cutting down SPV layers and removing implicit guarantees. It is a vital step in continuing financial deleveraging and to lower the risks in the financial system.

Ping An explained its strength in technology on its corporate day on 20 November. In the past decade, Ping An has invested CNY50 billion to develop innovative technology which has helped to improve its efficiency and productivity. For example, loss assessment of an auto insurance claim can be processed within seconds with Ping An's AI image-based recognition technology. Ping An's Cloud can help provide tailor-made online training as well as dynamic targets for its insurance agents to boost productivity. Ping An's big data analysis allows it to achieve a low non-performing loan ratio of 1.18% for credit card business, the lowest among the industry. Besides, its subsidiary Ping An Doctor, an online doctor consulting service using AI technology, will be spun off and listed separately next year.

Tencent reported 3Q17 results with net profit up 69% YoY. For 3Q17, revenue of the company grew 61% YoY to CNY 65.2 billion and net profit increased by 69% YoY to CNY 18.0 billion. With over 900 million combined Monthly Active Users of Weixin and WeChat, the company continues its monetarization strategy through offering more variety of online games and different forms of advertisement. In particular, Tencent recently announced a new battle game titled "Glorious Mission" which claimed to have over 40 million pre-registered players waiting.

Wuliangye to increase retail price of its core product. The official retail price of its core product was increased from CNY 939 to CNY 1099. The price hike reflects solid consumer demand for Wuliangye, at a time when product of Moutai, the market leader, has a relative shortage of product. While we think it will take more time to fully execute the price hike, it confirms the upward trend of pricing for Wuliangye's products. We believe the distributors will have their profitability widened from now on and the company can benefit from volume growth and/or ex-factory price hike in the future.

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	UBS Switzerland 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	None
Redemption Fee	None

USD Class	ISIN CH0026828035, Valor 2682803 WKN A0LC13
CHF Class	Bloomberg HSZCHID SW Equity ISIN CH0026828068, Valor 2682806 WKN A0LC15
EUR Class	Bloomberg HSZCFCH SW Equity ISIN CH0026828092, Valor 2682809 WKN A0LC14
Orders via Banks	Bloomberg HSZCHEU SW Equity
	UBS Switzerland AG Fund Order Desk Tel: +4144 239 1930 Fax: +4144 239 4804

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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 fueling 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.