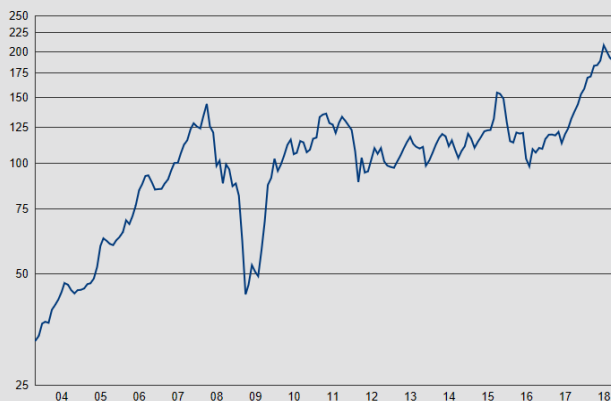


Figures as of	April 30, 2018
Net Asset Value	USD 188.82, CHF 146.96, EUR 199.65
Fund Size	USD 138.2 million
Inception Date*	May 27, 2003
Cumulative Total Return	474.1% in USD
Annualized Total Return	12.4% in USD

* 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	May 2003
USD Class	(2.0%)	(0.1%)	37.5%	474.1%
CHF Class	1.2%	1.2%	36.8%	329.3%
EUR Class	(0.5%)	(1.3%)	23.5%	452.8%

Largest Holdings

Ping An	8.8%	
Alibaba	8.0%	
China Resources Beer	7.9%	
Tencent	6.8%	
China Merchants Bank	6.6%	
SSY Group	6.4%	

Exposure

TMT	28.7%	
Financials	19.5%	
Consumer Staples	13.6%	
Consumer Discretionary	12.4%	
Health Care	6.4%	
Cash	9.5%	

Newsletter April 2018

- Shadow banking shrank notably in the first quarter
- Wuliangye's results beat expectations
- SSY Group reported 1Q2018 results with net profit up 111%
- TAL Education's total student enrollments up 96% YoY

Shadow banking shrank notably in the first quarter. Off-balance-sheet items, including entrusted loans, trust loans and bank acceptance bills, all contracted, amounting to a total decline of CNY 253 billion in March. The balance of shadow banking as a percentage of total debt financing declined from 16.0% in December 2017 to 15.5% in March 2018. New asset management rules have recently been announced to further reduce shadow banking and reduce systemic risks. Meanwhile, bank's reserve requirement ratio (RRR) is reduced by 100 basis point as M2 growth slowed down to 8.2% in March. Chinese government continues to strive to crack down on shadow banking while maintaining a neutral monetary policy for stable economic growth.

Wuliangye's results beat expectations. Revenue increased 23% YoY in 2017 as both volume and selling price of high end spirit increased due to strong demand. Net profit surged 43% YoY thanks to good cost control and operating leverage. The momentum continued in the first quarter of 2018 with revenue and net profit up 37% and 38% respectively. Prepayment from distributors as of March 2018 grew 24% QoQ, indicating positive expectations from distributors for the coming months. The company targets to cover 10,000 retail terminals in 2018 and wants to achieve 50% growth for mid-to-low end products.

SSY Group reported 1Q2018 results with net profit up 111% YoY. For 1Q2018, revenue of the company grew 74% YoY to CNY 1.1 billion and net profit increased by 111% YoY to CNY 242 million. Looking forward, the large-scale sales for new products such as Sodium Acetate Ringer and Ambroxol in upright soft bags should be a highlight. In addition, SSY targets to complete the construction of the surgical intravenous infusion solution products line during the year, reaching an annual production capacity of 100 million bags.

TAL Education's total student enrollments up 96% YoY, according to its 4Q2018 results. Its revenue in the period increased by 59% YoY to USD 504 million and net income up 103% YoY to USD 70 million. The total student enrollments increased by 96% YoY to 2.6 million, mainly driven by the growth of enrollments in the small class offerings and online courses. Managements committed that they would continue to focus on its online expansion to further penetrate into lower tier cities/suburbs where its traditional learning center model is not available yet. The company expects total net revenue for the next quarter would be between USD 509 million to USD 515 million, representing an increase of 58% to 69% YoY respectively.

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 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	UBS Switzerland AG Fund Order Desk Tel: +4144 239 1930 Fax: +4144 239 4804

Contact & Website	HSZ (Hong Kong) Limited Unit 605A, 6/F, Tower 2 Lippo Centre, 89 Queensway Hong Kong Tel: +852 2287 2300 Fax: +852 2287 2380 www.hszgroup.com mail@hszgroup.com
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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.