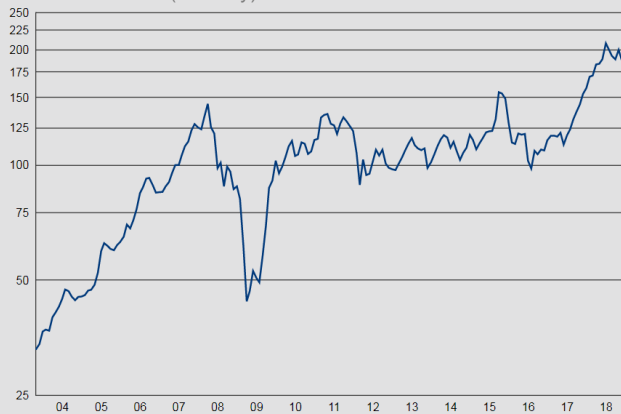


Figures as of	June 29, 2018
Net Asset Value	USD 188.25, CHF 147.50, EUR 207.47
Fund Size	USD 139.3 million
Inception Date*	May 27, 2003
Cumulative Total Return	472.4% in USD
Annualized Total Return	12.2% in USD

* 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

	June	YTD	1 Year	May 2003
USD Class	(5.9%)	(0.4%)	22.7%	472.4%
CHF Class	(5.1%)	1.6%	27.5%	330.9%
EUR Class	(5.1%)	2.5%	20.5%	474.5%

Largest Holdings

China Resources Beer	8.8%	<div style="width: 8.8%;"></div>
Ping An	8.1%	<div style="width: 8.1%;"></div>
Alibaba	7.5%	<div style="width: 7.5%;"></div>
SSY Group	6.9%	<div style="width: 6.9%;"></div>
Tencent	6.8%	<div style="width: 6.8%;"></div>
Hangzhou Hikvision	6.0%	<div style="width: 6.0%;"></div>

Exposure

TMT	28.5%	<div style="width: 28.5%;"></div>
Financials	16.8%	<div style="width: 16.8%;"></div>
Consumer Discretionary	15.4%	<div style="width: 15.4%;"></div>
Consumer Staples	14.5%	<div style="width: 14.5%;"></div>
Health Care	8.0%	<div style="width: 8.0%;"></div>
Cash	3.2%	<div style="width: 3.2%;"></div>

Newsletter June 2018

- China loosened monetary policy as shadow banking shrank
- SSY got approval for producing potassium chloride injection
- Nvidia is expanding more application containers on its GPU cloud
- SITC bought two more vessels under favorable market conditions

China loosened monetary policy as shadow banking shrank. As China continues to crack down on shadow banking, the total social financing has declined significantly to CNY 761 billion in May 2018 from CNY 1.1 trillion in May 2017. The People's Bank of China responded by a targeted RRR cut of 50 basis point and changed its view on liquidity from "reasonably stable" to "reasonably ample". China's tightened regulation to reduce the shadow banking balance can help lower financial risks yet the government has to carefully control the pace of deleveraging in order to avoid any liquidity crunch.

SSY got approval for producing potassium chloride injection. In June, SSY announced that the group obtained the approval for drug production and registration for potassium chloride injection from the China Food and Drug Administration. Potassium Chloride Injection is mainly used in treatment of hypokalemia which is one of the most common water-electrolyte imbalances caused by a low level of potassium in the blood. We believe SSY will produce higher margin products with its advantages on cost and scale and has a good chance to gain more market share from its competitors.

Nvidia is expanding more application containers on its GPU cloud. The company has added nine new high performance computing containers as part of Nvidia GPU cloud. These containers can help break the installation logjam which means researchers and data scientists can deploy an application in minutes compared to waiting for days for the advisory council to agree on installing and to go through the actual process. To date, over 27,000 users have already registered to access Nvidia's container registry. We believe the company has a good chance to become the most effective computing platform for the next wave of technology upgrade such as artificial intelligent.

SITC bought two more vessels under favorable market conditions. After that, SITC has ordered a total of 12 container vessels which will be delivered in 2018-2020, adding to its 48 owned vessels as at the end of 2017. Management expects the limited industry supply of 1,000-2,000 TEU vessels in coming years will fail to meet the strong intra-Asian demand. In 1Q2018, SITC's average freight rate has increased 13% YoY. Any trade war between China and the US will accelerate production migration from China to ASEAN which could further benefit SITC. SITC expects a capex of USD 100-130 million for 2018-2020 yet it will maintain its high dividend payout ratio supported by its net cash position.

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

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
-------------------	--

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.

Disclaimer

This newsletter is for information purposes only and is not to be regarded as an offer for the purchase or sale of the fund's units. The fund may not be marketed, either directly or indirectly, in the United States of America or sold to US persons. The value of units can fall as well as rise.

The information provided in this newsletter has been compiled with due care and attention by HSZ Group and its partners. However, HSZ Group offers no undertaking or guarantee as to accuracy, reliability or completeness of the information provided. Under no circumstances (including but not limited to negligence) shall HSZ Group be liable for any losses or consequential damage resulting from the use of this document.

The entire content of this newsletter is subject to copyright with all rights reserved. You may save or print out a hard copy of individual pages and/or sections of the presentation, provided that you do not remove any copyright or other proprietary notices.