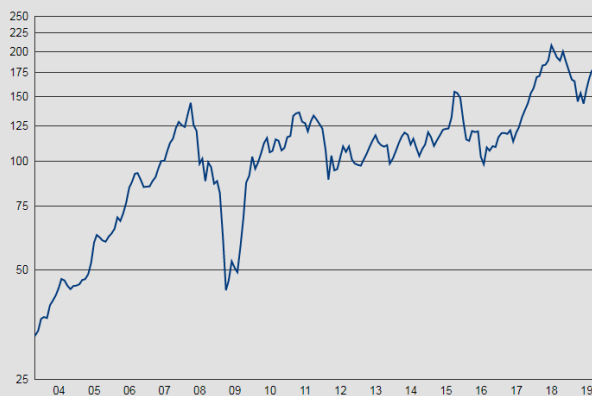


Figures as of	March 29, 2019
Net Asset Value	USD 177.82, CHF 138.22, EUR 202.86
Fund Size	USD 142.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	440.7% in USD
Annualized Total Return	11.2% in USD

* 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

	March	YTD	1 Year	May 2003
USD Class	5.3%	23.8%	(7.7%)	440.7%
CHF Class	5.2%	25.1%	(4.0%)	307.1%
EUR Class	6.7%	26.0%	1.1%	461.7%

Largest Holdings

China Merchants Bank	8.0%	<div style="width: 8.0%;"></div>
China Resources Beer	7.7%	<div style="width: 7.7%;"></div>
China Education Group	6.5%	<div style="width: 6.5%;"></div>
Alibaba Group	6.0%	<div style="width: 6.0%;"></div>
Inner Mongolia Yili	5.8%	<div style="width: 5.8%;"></div>
Cash	0.7%	<div style="width: 0.7%;"></div>

Exposure

Information Technology	26.0%	<div style="width: 26.0%;"></div>
Consumer Staples	21.3%	<div style="width: 21.3%;"></div>
Consumer Discretionary	16.4%	<div style="width: 16.4%;"></div>
Financials	13.4%	<div style="width: 13.4%;"></div>
Health Care	9.9%	<div style="width: 9.9%;"></div>
Cash	0.7%	<div style="width: 0.7%;"></div>

Newsletter March 2019

- MSCI to raise Chinese A-shares' Weight in Index
- Geely reported 2018 annual result with net profit up 18% YoY
- Kweichou Moutai reported revenue of CNY 77.2 billion in 2018
- NetDragon announces FY18 result with record high-revenue

MSCI to Raise China's Weight in its Indices. MSCI has announced that it will increase the weight of China A shares in its widely followed MSCI Emerging Markets and MSCI ACWI indices from May 2019. China A large-cap shares were first admitted into these indices in June 2018 at a 2.5% partial inclusion factor which was raised to 5% in September 2018. MSCI will increase the inclusion factor of China A-shares from 5% to 20% in three stages between May and November 2019, raising their weighting in the MSCI Emerging Markets Index from 0.72% currently to 3.3%.

Geely reported 2018 annual result with net profit up 18% YoY. For 2018, company revenue grew 15% year over year to CNY 106.6 billion while gross profit margin improved to 20.2%, mainly driven by higher sales of sedans, SUVs and overseas market. Geely sales volume exceeded 1.5 million units last year with 20% year over year growth, slightly missed its annual target of 1.58 million. Management expected to have a flat sales volumes growth in 2019 and believes it will be a tough year for the auto market due to Chinese economy is slowing down and consumer spending became more cautious. We believe Geely can still overcome the headwind by increasing the proportion of new energy vehicle sales with higher average selling price and by launching new models with very competitive specifications.

Kweichou Moutai reported revenue of CNY 77.2 billion in 2018, up 26% year over year and net profit was CNY 35.2 billion, up 30% year over year. The increase in revenue was driven by higher sales of the Moutai spirits with sales volume up 7.5% year over year to 32,464 tons in FY 2018. Management guided that the capacity of Moutai spirits will be expanded to 56,000 tons by the end of 2019. Moutai products will remain scarce and management believes the shortage will continue throughout the year. They are confident on the 2019 results and are aiming to achieve a revenue growth of more than 14%.

NetDragon announces FY18 result with record high-revenue and operating profit. The company revenue was up 30% year over year to a record-high of CNY 5.0 billion in FY18. Revenue from the gaming business increased by 42% year over year to CNY 2.4 billion and revenue from the education business rose by 22% year over year to CNY 2.6 billion. With the strong monetization strategy of the gaming business and the narrowing loss of the education business, the company's net profit made a turnaround from a loss of CNY 20.8 million in FY17 to a gain of CNY 546 million in FY18. Looking forward, the management expects to start the online service monetization of the education business in the second half of 2019 through an online tutoring service on Edmodo.

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

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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.

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.

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