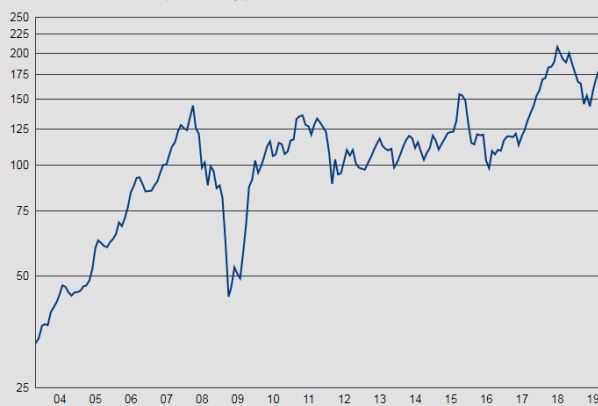


Figures as of	April 30, 2019
Net Asset Value	USD 182.99, CHF 145.35, EUR 209.59
Fund Size	USD 166.1 million
Inception Date*	May 27, 2003
Cumulative Total Return	456.4% in USD
Annualized Total Return	11.4% in USD

\* 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	2.9%	27.4%	(5.0%)	456.4%
CHF Class	5.2%	31.6%	1.0%	328.1%
EUR Class	3.3%	30.2%	4.5%	480.3%

## Largest Holdings

China Resources Beer	7.4%	<div style="width: 7.4%;"></div>
China Merchants Bank	6.0%	<div style="width: 6.0%;"></div>
China Education Group	5.9%	<div style="width: 5.9%;"></div>
Alibaba Group	5.7%	<div style="width: 5.7%;"></div>
Inner Mongolia Yili	5.5%	<div style="width: 5.5%;"></div>
Cash	0.8%	<div style="width: 0.8%;"></div>

## Exposure

Information Technology	25.7%	<div style="width: 25.7%;"></div>
Consumer Staples	22.1%	<div style="width: 22.1%;"></div>
Consumer Discretionary	16.4%	<div style="width: 16.4%;"></div>
Financials	11.4%	<div style="width: 11.4%;"></div>
Health Care	10.7%	<div style="width: 10.7%;"></div>
Cash	0.8%	<div style="width: 0.8%;"></div>

## Newsletter April 2019

- China's GDP in the first quarter grew by 6.4% YoY
- China Education Group grew 34% in net profit for 1H19
- Yangtze Power's net profit was up 3.0% YoY in FY18
- By-Health's first-quarter results beat expectations

China's GDP in the first quarter grew by 6.4% YoY. The China's politburo, the 25-member ruling body of the country headed by President Xi Jinping, has decided to focus on structural reforms, instead of stimulus, to move the economy forward. The focus will shift from "stabilizing employment, finance, trade, foreign investment, investment and expectations" to "reform and opening up" as well as "restructure". Mr. Liu, deputy head of the China Development Research Foundation said to create new growth drivers, it should break up state-owned monopolies to lower the cost of energy, logistics, telecommunication, land and fundraising, and continue to build a high-level market economy,

China Education Group net profit up 34% in 1H19. Revenue of the company increased by 70.6% year over year to CNY 927 million, and net profit increased by 34% year over year to CNY 344 million for the first half of FY2019. The significant growth was mainly driven by the inclusion of 4 new universities and colleges as well as the increase in student enrollment and tuition fee of existing schools. The company will continue with its M&A strategy and become a quality education provider within the higher education segment.

Yangtze Power's net profit was up 3.0% YoY in FY18. The electricity output on FY18 was up 2.2% year over year. In 1Q19, the incoming water volume to Xiluodu and Three Gorges is up 1.7% and 7.9% year over year, respectively, which led to an increase of electricity output of the company by 4.8%. Note that as of Mar 2019, Yangtze Power held 9.69% of SDIC Power and 10% of Sichuan Chuantou Energy. The investment income from the joint ventures in FY18 was CNY 1.4bn, up 26.8% year over year. Besides, the company could benefit from joint flood control along Yangtze River and improved water utilization. In the coming year, the VAT rate will reduce by 3% from 16% to 13%,

By-Health's first-quarter results beat expectations. Revenue for the 1Q19 surged 47% to CNY 1.57 billion as it successfully expanded business in hypermarket and maternal stores channel. Net profit of 1Q19 came in at CNY 497.46 million, up by 33.69%. The company maintained a stable gross profit margin at 67.2%. The Chondroitin product revenue grew 69.48% in the first quarter, indicating a positive result from the company's current promotion strategy. Life-space is now promoting in the offline channel to further expand company market share of the probiotics market.

## 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.

#### 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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