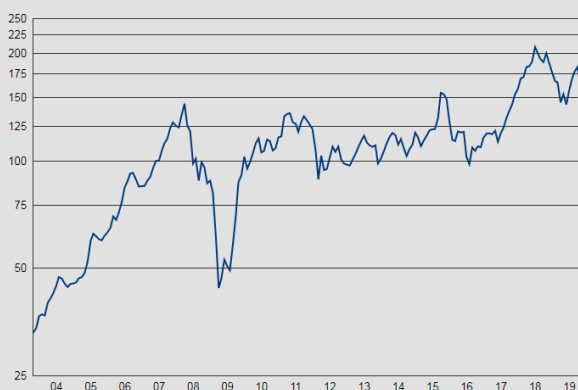


Figures as of	May 31, 2019
Net Asset Value	USD 162.02, CHF 126.98, EUR 186.27
Fund Size	USD 147.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	392.6% in USD
Annualized Total Return	10.5% in USD

* 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

	May	YTD	1 Year	May 2003
USD Class	(11.5%)	12.8%	(19.0%)	392.6%
CHF Class	(12.6%)	14.9%	(17.6%)	274.0%
EUR Class	(11.1%)	15.7%	(14.8%)	415.8%

Largest Holdings

China Resources Beer	8.0%	
China Education Group	6.6%	
China Merchants Bank	6.5%	
Inner Mongolia Yili	5.8%	
Ping An Insurance	5.5%	
Cash	1.4%	

Exposure

Consumer Staples	23.0%	
Information Technology	22.6%	
Consumer Discretionary	16.6%	
Financials	11.9%	
Health Care	11.4%	
Cash	1.4%	

Newsletter May 2019

- China's White Paper on U.S. Economic and Trade Talk
- Tencent's "Smart Retail" initiative making good progress
- Ctrip's 1Q19 earnings increased by 50% YoY to CNY 885 mn
- AliHealth's revenue up 109% YoY to CNY 5.1 bn in FY19

China's White Paper on U.S. Economic and Trade Talk. China released a government white paper on its trade talks with the U.S. and Mr. Wang Shouwen, the Vice Minister of Commerce of China, claimed that Trump's decision to raise tariffs on USD 200 billion of Chinese goods on May 10 was a breach of an agreement reached by Trump and President Xi Jinping. The white paper signaled that the trade standoff between China and the U.S. will be prolonged.

Tencent's "Smart Retail" initiative making good progress. With over one billion of active users on its WeChat platform, Tencent adopted open source approach to the cloud business, where it allows software developers to create more industry-specific solutions to integrate the offline and online retail experience. Feedback from many retailers for example Uniqlo and Sephora are positives which helped drive 10% revenue growth in recent months. Based on our assessment the digitalization of offline retail, which is only at the beginning stage, presents a huge opportunity of which Tencent could be a major beneficiary.

Ctrip's 1Q19 earnings increased by 50% YoY to CNY 885 million. The company reported first quarter result with net revenue increased by 21% year over year to CNY 8.2 billion and net income increased by 50% year over year to CNY 885 million. The good performance was mainly due to the strong momentum of the latest integration of Sky-scanner's direct booking platform as well as its increased presence in lower-tier cities in China. Managements expects the company's revenues to continue to grow at a range of 16%-21% year over year for the next quarter.

AliHealth's revenue up 109% YoY to CNY 5.1 billion in FY19. The company reported revenue and gross profit of CNY 5.1 billion and CNY 1.3 billion, representing 109% and 104% year over year growth, respectively. Such strong growth was mainly attributable to the rapid growth of the pharmaceutical and healthcare business. Its self-operated online stores accumulated more than 27 million active consumers for the year, up 90% year over year. Looking forward, managements will expand the online-to-offline business model where the newly launched 24-hour express delivery services in Hangzhou will be adopted in more cities across China.

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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