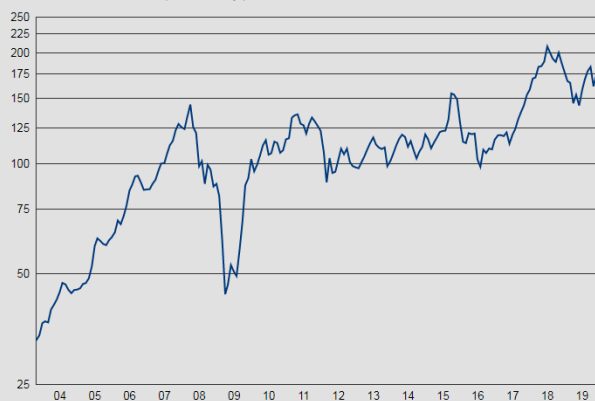


Figures as of	July 31, 2019
Net Asset Value	USD 172.99, CHF 133.65, EUR 198.74
Fund Size	USD 159.8 million
Inception Date*	May 27, 2003
Cumulative Total Return	426.00% in USD
Annualized Total Return	10.8% in USD

* 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

	July	YTD	1 Year	May 2003
USD Class	(0.1%)	20.4%	(2.4%)	426.0%
CHF Class	1.5%	20.1%	(2.3%)	293.7%
EUR Class	2.0%	23.5%	2.6%	450.3%

Largest Holdings

Alibaba Group	6.9%	
China Education Group	6.7%	
Ping An Insurance	6.1%	
Inner Mongolia Yili	6.0%	
Geely Automobile	5.6%	
SSY Group	5.4%	

Exposure

Information Technology	25.4%	
Consumer Staples	18.2%	
Consumer Discretionary	17.1%	
Health Care	11.8%	
Financials	9.7%	
Cash	3.4%	

Newsletter July 2019

- Domestic demand potential is the future of China
- China Tencent will team up with Nintendo to develop new games
- By-health revenue for 1H2019 in line with market expectations
- Moutai reported 1H2019 results with net profit up 26% YoY

Domestic demand potential is the future of China. The Chinese Quarterly Politburo meeting chaired by President Xi Jinping concluded China must rely on its domestic demand potential to manage 'new risks and challenges'. The ruling Party's top decision-making body believes that China can stabilize manufacturing investment after reviewing the recent economic situation, especially under the trade conflict with the US and growing downward pressure on the economy. Yet the Chinese government made it clear that it will not use the property market to stimulate short-term growth with the statement "China will adhere to the principle of housing is for living in, not for speculation, implement the long-term mechanism to maintain the sound development of the real estate market, and not use real estate as a short-term means of stimulating the economy".

Tencent will team up with Nintendo to develop new games. China's largest game development company is going to partner with Japan's Pokemon Company to develop new games not only for the Chinese mainland market but also for overseas markets. Tencent's games faced some difficulties in the past to penetrate into the West, yet a partnership between the two big giants shows their ambition and determination to crack the Western markets in the future.

By-health revenue for 1H2019 in line with market expectations. Despite the policy pressure across the industry, By-health still achieved 37% revenue growth year over year for the first half of 2019, reaching CNY 3 billion. Net profit was CNY 867 million, an increase of 23% year over year. It is noteworthy that the core product "KEYLID" delivered good performance with an increase of 54% revenue growth while the second major product, carotene soft capsule, is now being expanded to six major provinces in China after the launch of a pilot program, becoming one of the key drivers for future growth.

Moutai reported 1H2019 results with net profit up 26% YoY. The Chinese leading liquor producer delivered another record high performance with revenue up 17% year over year to CNY 41 billion and net profit up 26% year over year to CNY 20 billion, in-line with market expectations. Recently the retail price of Moutai has increased to CNY 2,200 per bottle, providing a potential upside for the company to increase its ex-factory price in the future. In addition, Moutai Group, the parent company of Moutai, has established a direct sales team to replace some distributors terminated earlier in 2018, due to their involvement in corruption and unfair competition. The new chairman Li Baofeng promised that the reorganization of the distribution channels would further enhance the quality and sustainability of the Moutai brand as well as guarantee Moutai, the listco, that the new ex-factory price will be at least equal or better than the original ex-factory price.

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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