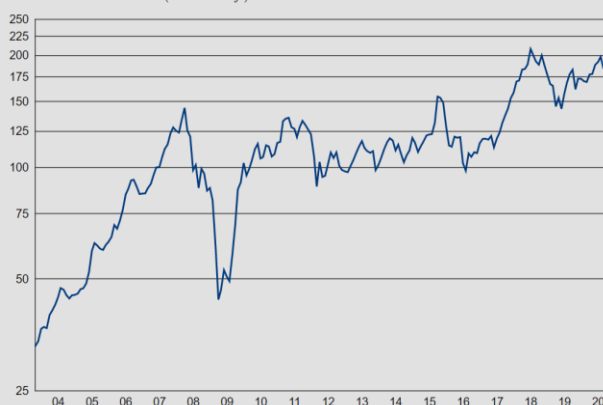


Figures as of	March 31, 2020
Net Asset Value	USD 184.04, CHF 138.21, EUR 214.41
Fund Size	USD 140.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	459.6% in USD
Annualized Total Return	10.8% in USD

* 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

	March	YTD	1 Year	May 2003
USD Class	(7.2%)	(2.4%)	3.5%	459.6%
CHF Class	(7.3%)	(3.0%)	0.0%	307.1%
EUR Class	(6.9%)	(0.5%)	5.7%	493.7%

Largest Holdings

CATL	7.3%	<div style="width: 7.3%;"></div>
AliHealth	7.3%	<div style="width: 7.3%;"></div>
Alibaba Group	7.2%	<div style="width: 7.2%;"></div>
TAL Education	6.6%	<div style="width: 6.6%;"></div>
Ping An Healthcare	6.5%	<div style="width: 6.5%;"></div>
Inner Mongolia Yili	5.4%	<div style="width: 5.4%;"></div>

Exposure

Information Technology	26.0%	<div style="width: 26.0%;"></div>
Health Care	19.4%	<div style="width: 19.4%;"></div>
Consumer Discretionary	17.7%	<div style="width: 17.7%;"></div>
Consumer Staples	16.2%	<div style="width: 16.2%;"></div>
Industrials	10.2%	<div style="width: 10.2%;"></div>
Cash	0.5%	<div style="width: 0.5%;"></div>

Newsletter March 2020

- China manufacturing index turned positive in March.
- Ping An Healthcare has made progress in online payment
- Tencent tapped into the consumer financial business
- SSY Group climbed to the second place

China manufacturing index turned positive in March. The official manufacturing purchasing managers' index (PMI) increased to 52.0 in March, a quick recovery from February's recorded low of 35.7. The negative impacts from the coronavirus in China seems to be stabilized due to the strict government control, including hard measure of district lockdowns and large scale of rapid diagnostic testing. An estimate of 80% of the 100 million migrants that went home to another province during the Chinese New Year have returned to their workplace. Survey also suggests that over half of firms saw conditions improve in March while it still needs time for the economy to recover. GDP is expected to contract in Q1 but should rebound in Q2 with potential headwinds from expected global recession.

Ping An Healthcare has made progress in online payment. Ping An Healthcare's online medical platform has successfully connected its online payment to the Hubei provincial social healthcare insurance system, which allows nearly 60 million residents in Hubei province to use one-stop online services including online diagnosis and treatment, prescription transfer, online payment and home delivery. The Hubei showcase has become the first provincial social healthcare insurance platform that allows online payment for internet medicare services with provincial social healthcare insurance payment. Ping An Healthcare is one of the pioneers who can benefit from the reform and deliver better services and value to end-users.

Tencent tapped into the consumer finance business. The social apps giant who owns Wechat and Wechat Pay with one billion users launched "Buy Now, Pay Later" credit feature. This feature allows users to buy on credit without the need to withdraw the credit in advance. These microloans with added unfixed interest rates can be repaid at any time which differentiates it from other installment offerings. Noticed that Tencent recently is pushing very hard in its fintech and payment business where the company aimed to build a decentralized ecosystem for the merchants payment network.

SSY Group climbed to the second place. SSY Group outperformed its peers in 2019 and raised its market share ranking from third to second. SSY recorded FY2019 revenue of HKD 4.64 billion, a year-over-year increase of 11%, with sales volume increased by 5.6% to 1.5 billion bottles. The company has obtained 2 approvals for consistency evaluation and 13 approvals for the production of generic drugs, including Tirofiban Hydrochloride and Sodium Chloride injection, which have great potential in the upcoming years. The company is going to maintain its growth in 2020 given the continuing growth in Arbidol which was recently approved for COVID treatment and the sales of pharmaceuticals raw material generated from the Hebei new factory which just started operation at the end of 2019.

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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