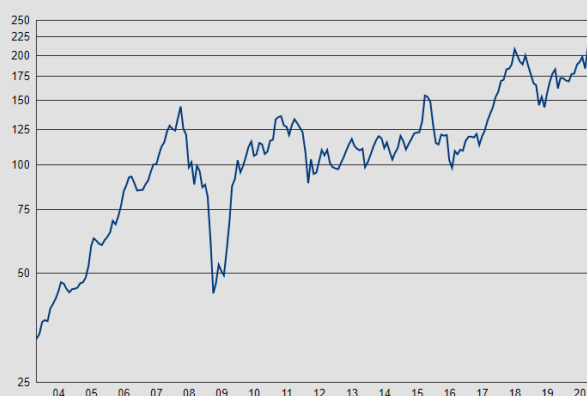


Figures as of	May 29, 2020
Net Asset Value	USD 207.02, CHF 155.46, EUR 238.93
Fund Size	USD 166.3 million
Inception Date*	May 27, 2003
Cumulative Total Return	529.4% in USD
Annualized Total Return	11.4% in USD

* 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.

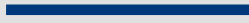




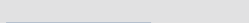
Net Asset Value (Monthly)







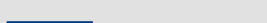
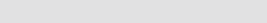
Performance

	May	YTD	1 Year	May 2003
USD Class	(1.2%)	9.7%	27.8%	529.4%
CHF Class	(2.1%)	9.1%	22.4%	357.9%
EUR Class	(3.2%)	10.8%	28.3%	561.6%

Largest Holdings

AliHealth	8.8%	
Ping An Healthcare	8.0%	
CATL	7.6%	
Alibaba Group	6.7%	
TAL Education	6.1%	
Tencent Holdings	5.1%	

Exposure

Information Technology	31.1%	
Health Care	19.2%	
Consumer Discretionary	16.7%	
Consumer Staples	15.3%	
Industrials	10.2%	
Cash	1.5%	

Newsletter May 2020

- Two Sessions meetings were held in May
- China Meituan Dianping targets 100 million orders by 2025
- Midea is on the way to the “Smart Home”
- Jinyu Bio-Tech may bottom out

Two Sessions meetings were held in May. With a delay of two months due to COVID-19 the most important annual meetings of the National People’s Congress (NPC) and the Chinese People’s Political Consultative Conference (CPPCC), also known as the Two Sessions, took place from May 22 to 28. Premier Li Keqiang announced that China would not set a GDP growth target for this year but instead shift its focus to the “Six Stabilities” that have been announced earlier, in the areas of employment, finance, foreign trade, foreign and domestic investment and market expectations and “Six Guarantees” to ensure the Chinese economy can grow sustainably despite the COVID-19 disruption as well as the ongoing dispute with the U.S. and potential sanctions. In addition, the leadership expressed its hope that Hong Kong’s national security law will lead to more stability in Hong Kong and further strengthen the city’s position as an international financial hub and China’s gateway to the world.

Meituan Dianping targets 100 million orders by 2025. The leading Chinese food delivery and lifestyle services platform operator gains ground after coronavirus with food delivery orders bounced back to 90% of their pre-pandemic level by mid-May. The CEO Mr. Wang Xing said a large number of consumers had turned to Meituan to order non-food items during the pandemic which actually has become an opportunity for the company to further diversify its product offering. Longer term the company targets 100 million orders a day by 2025, more than four times the existing level, as it broadens its portfolio into a speedy retailer of all types of goods.

Midea is on the way to the “smart home”. With the demand for a better living quality, Midea officially announced its cooperation with Baidu’s virtual AI assistant Duer, to build up home automation. Such technology interoperability enables users to control the home appliances of Midea, including fan, humidifier, rice cooker, etc., by using their voices via Duer App. It is worth noting that Chinese home appliance companies are moving to Internet of Things (IoT) aggressively with more technology being deployed.

Jinyu Bio-Tech may bottom out. Jinyu’s sales in recent months are improving thanks to the restoration of pig production capacity. The latest data on 1Q20 indicated that China’s hog inventory increased by 3.5% versus last quarter while the inventory of breeding sow inventory, as an indicator of future production of hog, is growing for the 6th consecutive months. In addition, management expects an official announcement from the government in the coming months that it will gradually withdraw government purchase of the foot-and-mouth disease vaccine and adopt a free-market approach for the industry, directly benefiting privately-owned vaccines producer such as Jinyu Bio-Tech.

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

Contact & Website	HSZ (Hong Kong) Limited Unit 605A, 6/F, Tower 2 Lippo Centre, 89 Queensway Hong Kong Tel: +852 2287 2300 Fax: +852 2287 2380 www.hszgroup.com mail@hszgroup.com
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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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