

# **HSZ China Fund**

Investment Fund under Swiss Law (type: "other funds for traditional investments")

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Unaudited Semi-Annual Report  
as at June 30, 2016

**HSZ**Group

## Management and Statutory Bodies

### Management Company

Credit Suisse Funds AG, Zurich

### Board of Directors

- Dr. Thomas Schmuckli, Chairman
- Luca Diener, Vice President, Managing Director, Credit Suisse AG, Zurich
- Ruth Bültmann, Member
- Adam Milenkovic (since January 1, 2016), Member, Managing Director, Credit Suisse AG, Zurich
- Petra Reinhard Keller, Member, Managing Director, Credit Suisse AG, Zurich
- Jürg Roth, Member, Managing Director, Credit Suisse AG, Zurich
- Christian Schärer, Member, Managing Director, Credit Suisse AG, Zurich
- Dr. Christoph Zaborowski, Member

### Executive Board

- Thomas Schärer, Chief Executive Officer
- Patrick Tschumper, Deputy CEO and Head Fund Solutions
- Michael Bünzli, Member, Legal Counsel
- Thomas Federer, Member, Performance & Risk Management
- Tim Gutzmer, Member, Fund Services
- Hans Christoph Nickl, Member, COO
- Thomas Vonaesch, Member, Real Estate Fund Management
- Gabriele Wyss, Member, Compliance

### Custodian Bank

Credit Suisse AG, Zurich

### Audit Company

KPMG AG, Zurich

## Information on third parties

### Delegation of investment decisions

Investment decisions in respect of the investment fund have been delegated to HSZ (Hong Kong) Limited, Unit 605A, 6/F, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, Hong Kong SAR.

### Delegation of other specific duties

The Fund Management Company has delegated the distribution and marketing duties of the investment fund to Carnegie Fund Services SA, 11 rue du Générale-Dufour, CH-1204 Geneva, as the main distributor. Precise details of how its remit is to be fulfilled are laid down in an agreement between the Fund Management Company and the main distributor.

The fund management company has delegated certain fund administration duties to the following group companies of Credit Suisse Group AG:

- Credit Suisse AG, Switzerland. Duties include providing legal and tax advice, managing the fund management company's finances, real estate portfolio management and administration, facility management, human resources, the Management Information System (MIS), project and user support for fund accounting, risk management, and monitoring of the investment guidelines.

- Credit Suisse Fund Services (Luxembourg) S.A., Luxembourg: Duties in relation to fund accounting.
- Credit Suisse (Poland) Sp.z.o.o., Poland: Duties in relation to product master data, price publications, factsheet production, KIID production, report preparation, and other support tasks in relation to risk management.

Precise details of how the remit is to be fulfilled are laid down in an agreement between the fund management company and the aforementioned group companies. Further specific tasks may be delegated to the aforementioned group companies.

**Highlights**

<b>Key figures</b>		<b>30.06.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>Consolidation</b>				
Total net assets in millions	USD	83.9	97.6	112.8
<b>Unit class A USD</b>				
Total net assets in millions	USD	42.5	48.5	69.4
Net asset value per unit	USD	109.69	122.42	124.76
<b>Unit class A CHF</b>				
Total net assets in millions	USD	33.1	39.7	43.1
Net asset value per unit	CHF	84.16	94.98	96.25
<b>Unit class A EUR</b>				
Total net assets in millions	USD	0.2	0.2	0.3
Net asset value per unit	EUR	126.63	143.80	131.56
<b>Unit class C USD</b>				
Total net assets in millions	USD	6.3	7.1	
Net asset value per unit	USD	111.33	122.68	
<b>Unit class C CHF</b>				
Total net assets in millions	USD	1.9	2.1	
Net asset value per unit	CHF	85.33	95.09	

**Exchange rates**

<b>Exchange rates as at</b>	<b>30.06.2016</b>
Renminbi Yuan	0.150496
Euro	1.111500
Hong Kong dollar	0.128887
Swiss franc	1.021036
US dollar	1.000000

**Assets as at June 30, 2016**

	Consolidation	
	30.06.2016	31.12.2015
	USD	USD
<b>Assets</b>		
Bank deposits, including fiduciary investments with third-party banks, divided into:		
– Sight deposits	1 865 615.88	320 100.79
Securities, including securities loaned and pledged, divided into:		
– Shares and other equity instruments and rights	54 737 366.51	63 065 360.86
– Structured products	10 824 079.89	11 516 808.75
Derivative financial instruments	16 001 539.45	22 878 566.99
Other assets	545 303.69	13 870.84
<b>Total fund assets minus:</b>	<b>83 973 905.42</b>	<b>97 794 708.23</b>
Other liabilities	117 462.05	202 338.71
Due to banks	0.00	11 530.14
<b>Net assets</b>	<b>83 856 443.37</b>	<b>97 580 839.38</b>
<b>Number of units in circulation</b>	<b>850 949.697</b>	<b>890 886.005</b>

	Consolidation		Unit class A USD	
	01.01.2016– 30.06.2016	01.01.2015– 31.12.2015	01.01.2016– 30.06.2016	01.01.2015– 31.12.2015
	USD	USD	USD	USD
<b>Changes in net assets</b>				
Net assets at beginning of review period	97 580 839.38	112 785 329.17	48 526 072.23	69 411 577.27
Ordinary annual distribution / Delivery withholding tax	–736 754.64	–1 045 053.12	–414 084.99	–655 503.74
Issue of units	87 592.00	24 868 503.87	0.00	11 979 038.90
Redemption of units	–3 464 173.84	–40 087 739.28	–979 055.01	–32 765 700.89
Other items from unit transactions	–720 783.26	1 261 740.47	–146 810.30	992 987.06
Total income	–8 890 276.27	–201 941.73	–4 519 466.38	–436 326.37
<b>Net assets at end of review period</b>	<b>83 856 443.37</b>	<b>97 580 839.38</b>	<b>42 466 655.55</b>	<b>48 526 072.23</b>

<b>Changes in units in circulation</b>				
Number at beginning of the review period	890 886.005	1 001 070.741	396 396.003	556 371.644
Number of units issued	800.000	209 079.872	0.000	87 079.459
Number of units redeemed	–40 736.308	–319 264.608	–9 240.600	–247 055.100
<b>Net assets at end of review period</b>	<b>850 949.697</b>	<b>890 886.005</b>	<b>387 155.403</b>	<b>396 396.003</b>

	(USD)	(USD)
<b>Net asset value per unit</b>	<b>109.69</b>	<b>122.42</b>

**Off-balance-sheet business**

	30.06.2016		31.12.2015	
	Equivalent underlying value in fund currency	As % of net fund assets	Equivalent underlying value in fund currency	As % of net fund assets
	<b>Gross</b>		<b>Gross</b>	
– Market risk (risk of change in share price)	16 001 539.45	19.08	22 878 566.99	23.45
<b>Total</b>	<b>16 001 539.45</b>	<b>19.08</b>	<b>22 878 566.99</b>	<b>23.45</b>
	<b>Net</b>		<b>Net</b>	
– Market risk (risk of change in share price)	16 001 539.45	19.08	22 878 566.99	23.45
<b>Total</b>	<b>16 001 539.45</b>	<b>19.08</b>	<b>22 878 566.99</b>	<b>23.45</b>

Unit class A CHF		Unit class A EUR		Unit class C USD		Unit class C CHF	
01.01.2016– 30.06.2016	01.01.2015– 31.12.2015	01.01.2016– 30.06.2016	01.01.2015– 31.12.2015	01.01.2016– 30.06.2016	02.10.2015– 31.12.2015	01.01.2016– 30.06.2016	02.10.2015– 31.12.2015
USD	USD	USD	USD	USD	USD	USD	USD
39 651 680.79	43 111 788.62	237 374.51	261 963.28	7 054 068.77	0.00	2 111 643.08	0.00
-320 622.77	-386 920.91	-2 046.88	-2 628.47	0.00	0.00	0.00	0.00
0.00	3 914 942.39	0.00	2 571.27	87 592.00	6 763 931.41	0.00	2 208 019.90
-2 215 317.13	-7 106 428.79	-3 342.50	-21 789.60	-212 116.00	0.00	-54 343.20	-193 820.00
-543 297.01	258 731.56	-544.63	-1 118.41	-22 935.08	439.65	-7 196.24	10 700.61
-3 520 353.35	-140 432.08	-22 260.15	-1 623.56	-638 656.14	289 697.71	-189 540.25	86 742.57
<b>33 052 090.53</b>	<b>39 651 680.79</b>	<b>209 180.35</b>	<b>237 374.51</b>	<b>6 267 953.55</b>	<b>7 054 068.77</b>	<b>1 860 563.39</b>	<b>2 111 643.08</b>
413 484.777	443 060.872	1 511.225	1 638.225	57 499.000	0.000	21 995.000	0.000
0.000	40 493.413	0.000	13.000	800.000	57 499.000	0.000	23 995.000
-28 830.708	-70 069.508	-25.000	-140.000	-2 000.000	0.000	-640.000	-2 000.000
<b>384 654.069</b>	<b>413 484.777</b>	<b>1 486.225</b>	<b>1 511.225</b>	<b>56 299.000</b>	<b>57 499.000</b>	<b>21 355.000</b>	<b>21 995.000</b>
(CHF)	(CHF)	(EUR)	(EUR)	(USD)	(USD)	(CHF)	(CHF)
<b>84.16</b>	<b>94.98</b>	<b>126.63</b>	<b>143.80</b>	<b>111.33</b>	<b>122.68</b>	<b>85.33</b>	<b>95.09</b>

**Statement of income from January 1, 2016 to June 30, 2016**

	Consolidation		Unit class A USD	
	01.01.2016– 30.06.2016 USD	01.01.2015– 31.12.2015 USD	01.01.2016– 30.06.2016 USD	01.01.2015– 31.12.2015 USD
<b>Income</b>				
Income from bank balances	1 706.39	623.89	858.46	363.27
Securities income, divided into:				
– Shares and other equity instruments and rights, including bonus shares	977 889.31	2 447 960.85	494 241.34	1 367 139.06
Other income	38 360.36	0.00	19 434.59	0.00
Current net income paid in upon the issue of units	102.75	–6 794.72	0.00	–15 652.75
<b>Total income minus</b>	<b>1 018 058.81</b>	<b>2 441 790.02</b>	<b>514 534.39</b>	<b>1 351 849.58</b>
Interest due	537.37	3 053.79	267.71	1 818.88
Negative interest	184.30	30.31	92.10	17.02
Audit costs	9 054.13	17 777.57	4 550.77	10 004.64
Statutory remuneration to:				
– Management Company	596 791.00	1 646 786.46	309 419.03	923 157.78
– Custodian Bank	61 446.29	163 305.39	30 949.07	90 927.16
Partial transfer of expenditure on realized capital losses	–61 535.00	–205 257.66	–30 994.07	–114 693.93
Other expenses	4 174.31	24 355.84	2 102.39	13 591.64
Current net income paid out upon the redemption of units	547.53	100 200.65	74.17	51 050.85
<b>Net income</b>	<b>406 858.88</b>	<b>691 537.67</b>	<b>198 073.22</b>	<b>375 975.54</b>
Realized capital gains	4 359 165.76	13 324 381.31	2 160 699.80	7 268 128.77
Realized capital losses	–5 652 092.58	–6 978 076.77	–2 817 074.44	–3 945 523.08
Performance fee	0.00	–876 358.69	0.00	–599 102.79
Partial transfer of expenditure on realized capital losses	–61 535.00	–205 257.66	–30 994.07	–114 693.93
<b>Realized income</b>	<b>–947 602.94</b>	<b>5 956 225.86</b>	<b>–489 295.49</b>	<b>2 984 784.51</b>
Unrealized capital gains/losses	–7 942 673.33	–6 158 167.59	–4 030 170.89	–3 421 110.88
<b>Total income</b>	<b>–8 890 276.27</b>	<b>–201 941.73</b>	<b>–4 519 466.38</b>	<b>–436 326.37</b>

Unit class A CHF		Unit class A EUR		Unit class C USD		Unit class C CHF	
01.01.2016– 30.06.2016 USD	01.01.2015– 31.12.2015 USD	01.01.2016– 30.06.2016 USD	01.01.2015– 31.12.2015 USD	01.01.2016– 30.06.2016 USD	02.10.2015– 31.12.2015 USD	01.01.2016– 30.06.2016 USD	02.10.2015– 31.12.2015 USD
681.39	277.77	4.20	1.61	125.02	-14.55	37.32	-4.21
386 668.21	1 064 397.96	2 434.16	6 337.47	72 903.03	7 603.62	21 642.57	2 482.74
15 209.60		0.00	0.00	2 865.56	0.00	850.61	0.00
0.00	8 902.89	95.69	-5.73	-90.87	-39.13	97.93	0.00
<b>402 559.20</b>	<b>1 073 578.62</b>	<b>2 534.05</b>	<b>6 333.35</b>	<b>75 802.74</b>	<b>7 549.94</b>	<b>22 628.43</b>	<b>2 478.53</b>
217.84	1 227.60	1.31	7.37	38.89	-2.10	11.62	2.04
74.37	13.21	0.45	0.08	13.38		4.00	
3 622.50	7 413.45	22.57	43.79	660.84	237.82	197.45	77.87
244 840.89	695 294.62	1 526.46	4 109.57	31 581.19	18 288.37	9 423.43	5 936.12
24 486.76	68 511.78	152.68	405.23	4 510.74	2 613.63	1 347.04	847.59
-24 521.80	-86 591.82	-152.90	-510.13	-4 517.24	-2 614.10	-1 348.99	-847.68
1 661.53	10 355.71	10.37	60.63	308.32	263.12	91.70	84.74
721.94	49 144.15	-4.54	262.15	-219.98	0.00	-24.06	-256.50
<b>151 455.17</b>	<b>328 209.92</b>	<b>977.65</b>	<b>1 954.66</b>	<b>43 426.60</b>	<b>-11 236.80</b>	<b>12 926.24</b>	<b>-3 365.65</b>
1 774 564.08	5 474 603.60	10 681.89	31 532.48	319 501.28	414 654.46	93 718.71	135 462.00
-2 285 004.47	-2 805 426.75	-13 914.69	-15 507.83	-414 260.16	-154 062.79	-121 838.82	-57 556.32
0.00	-274 919.17	0.00	-2 336.73	0.00	0.00	0.00	0.00
-24 521.80	-86 591.82	-152.90	-510.13	-4 517.24	-2 614.10	-1 348.99	-847.68
<b>-383 507.02</b>	<b>2 635 875.78</b>	<b>-2 408.05</b>	<b>15 132.45</b>	<b>-55 849.52</b>	<b>246 740.77</b>	<b>-16 542.86</b>	<b>73 692.35</b>
-3 136 846.33	-2 776 307.86	-19 852.10	-16 756.01	-582 806.62	42 956.94	-172 997.39	13 050.22
<b>-3 520 353.35</b>	<b>-140 432.08</b>	<b>-22 260.15</b>	<b>-1 623.56</b>	<b>-638 656.14</b>	<b>289 697.71</b>	<b>-189 540.25</b>	<b>86 742.57</b>

## Composition of portfolio, and changes in holdings

Description	31.12.2015 number/ nominal value	Purchases <sup>1</sup>	Disposals <sup>1</sup>	30.06.2016 number/ nominal value	Market value USD	% of total assets
<b>Securities traded on an exchange</b>						
<b>Shares</b>						
<b>Bermuda Islands</b>						
MAN WAH HOLDINGS	3 460 000			3 460 000	4 976 810.27	5.93
SIHJUAN PHARMACEUTICAL HOLDINGS GROUP	6 663 000			6 663 000	1 262 402.77	1.50
					<b>6 239 213.04</b>	<b>7.43</b>
<b>Cayman Islands</b>						
AAC TECHNOLOGIES HOLDINGS	687 000		343 500	343 500	2 915 367.53	3.47
ALIBABA ADR		52 950		52 950	4 132 218.00	4.92
BAIDU.COM ADR	25 593			25 593	4 207 745.13	5.01
IMAX CHINA HOLDING		432 500		432 500	2 126 627.60	2.53
KINGDEE INTERNATIONAL SOFTWARE		2 540 000		2 540 000	775 876.96	0.92
NETDRAGON WEBSOFT	877 000	149 000		1 026 000	3 186 949.59	3.80
SHIMAO PROPERTY HOLDINGS	1 349 500		1 349 500			
SITC INTERNATIONAL HOLDINGS		1 469 000		1 469 000	764 916.36	0.91
TENCENT HOLDINGS	281 700			281 700	6 393 769.77	7.61
VINDA INTERNATIONAL HOLDINGS	1 100 000			1 100 000	1 899 801.71	2.26
WASION METERS GROUP	3 690 000	1 700 000	1 646 000	3 744 000	1 983 300.19	2.36
XINCHEN CHINA POWER	6 348 000		6 348 000			
					<b>28 386 572.84</b>	<b>33.80</b>
<b>Hong Kong</b>						
KWG PROPERTY HOLDING	3 879 735	2 900 000		6 779 735	3 923 465.62	4.67
					<b>3 923 465.62</b>	<b>4.67</b>
<b>China</b>						
CGN POWER	9 751 000		4 870 000	4 881 000	1 352 564.73	1.61
CHINA INTERNATIONAL CAPITAL CORPORATION -H-	2 472 000			2 472 000	3 753 224.55	4.47
CHINA MERCHANT BANK -H-	2 533 112		2 533 112			
JIANGSU EXPRESSWAY S. -H-	1 838 000			1 838 000	2 553 730.47	3.04
PING AN INSURANCE COMPANY OF CHINA -H-	795 000			795 000	3 499 198.89	4.17
ZHUZHOU CRRC -H-	782 000	134 000		916 000	5 029 396.37	5.99
					<b>16 188 115.01</b>	<b>19.28</b>
<b>Total shares</b>					<b>54 737 366.51</b>	<b>65.18</b>
<b>Total securities traded on an exchange</b>					<b>54 737 366.51</b>	<b>65.18</b>
<b>Securities without market</b>						
<b>Structured products</b>						
<b>Cayman Islands</b>						
CICC FINANCIAL (linked to GREE ELECTRIC APPLIANCES	913 408			913 408	2 641 484.60	3.15
CICC FINANCIAL (linked to Qingdao Haier)	1 365 930	1 500 000		2 865 930	3 829 169.07	4.56
CICC FINANCIAL PARTICIPATORY NOTES LINKED TO YILI	284 000	333 500		617 500	1 548 813.50	1.84
CICC FINANCIAL PARTICIPATORY NOTES LINKED TO PING AN	995 858		995 858			
					<b>8 019 467.17</b>	<b>9.55</b>
<b>Hong Kong</b>						
CICC FINANCIAL (linked to GOERTEK INC -A) 15-06.07		649 923		649 923	2 804 612.72	3.34
					<b>2 804 612.72</b>	<b>3.34</b>
<b>Total structured products</b>					<b>10 824 079.89</b>	<b>12.89</b>
<b>Total securities without market</b>					<b>10 824 079.89</b>	<b>12.89</b>
<b>Other investments</b>						
<b>Call Warrants</b>						
<b>Cayman Islands</b>						
MORGAN STANLEY (NORTHBOUND YILI (reg. -S-)) (wts)	1 902 000			1 902 000	4 754 809.80	5.66
MORGAN STANLEY ASIA PRODUCTS - GREE ELECTRIC APPLI	1 120 000		1 120 000			
MORGAN STANLEY ASIA PRODUCTS - GREE ELECTRIC APPLI		1 120 000		1 120 000	3 238 928.00	3.86
MORGAN STANLEY ASIA PRODUCTS - PING AN INSURANCE S	500 000		500 000			
					<b>7 993 737.80</b>	<b>9.52</b>
<b>Curacao</b>						
MERRILL LYNCH (QINGDAO HAIER) (wts) 15-09.11.2016	1 594 908		1 594 908			
MERRILL LYNCH LEPO (QINGDAO HAIER) (wts) 15-12.08.	1 594 908		1 594 908			
					<b>0.00</b>	<b>0.00</b>
<b>USA</b>						
CITIGROUP GLOBAL MARKETS HOLDINGS (wts) (on HANGZHOU HIKVISION	534 970	267 485		802 455	2 591 929.65	3.09
CITIGROUP GLOBAL MARKETS HOLDINGS (wts) (on KWEICHOW MOUTAI	112 200	11 000		123 200	5 415 872.00	6.45
					<b>8 007 801.65</b>	<b>9.54</b>
<b>Total Call Warrants</b>					<b>16 001 539.45</b>	<b>19.06</b>
<b>Total other investments</b>					<b>16 001 539.45</b>	<b>19.06</b>
<b>Total investments</b>					<b>81 562 985.85</b>	<b>97.13</b>
Cash at banks					1 865 615.88	2.22
Other assets					545 303.69	0.65
<b>Total assets</b>					<b>83 973 905.42</b>	<b>100.00</b>
Other liabilities					-117 462.05	-0.14
<b>Net assets</b>					<b>83 856 443.37</b>	<b>99.86</b>

<sup>1</sup> Inclusive of purchases/sales and corporate actions



**Notes to the  
Semi-Annual  
Report as at  
June 30, 2016**

**Note 1: Sales restrictions USA**

Units of this collective investment scheme may not be offered, sold or delivered within the United States or any of its territories. Units of this collective investment scheme may not be offered, sold or delivered to US citizens or persons resident or incorporated in the US and/or other natural or legal persons whose income and/or returns, regardless of origin, are subject to US income tax, as well as persons who are considered to be US persons pursuant to Regulation S of the U.S. Securities Act of 1933 and/or the U.S. Commodity Exchange Act, in each case as amended from time to time.

**Note 2: Key figures and technical data**

Fund	Unit class	Swiss securities number	Currency	Custodian bank fee	Management commission <sup>1</sup>	Total Expense Ratio (TER) <sup>2</sup>
HSZ China Fund	A USD	2 682 803	USD	0.15%	1.50%	1.68%
HSZ China Fund	A CHF	2 682 806	CHF	0.15%	1.50%	1.68%
HSZ China Fund	A EUR	2 682 809	EUR	0.15%	1.50%	1.68%
HSZ China Fund	C USD	28 568 604	USD	0.15%	1.05%	1.23%
HSZ China Fund	C CHF	28 568 580	CHF	0.15%	1.05%	1.23%

<sup>1</sup> Information regarding the SFAMA guideline on transparent management fees: From the sales-related component of the management fee, the fund management is able to offer refunds to the following institutional investors which, in a business sense, hold fund units for third parties: Life insurance companies, Pension funds and other retirement benefits institutions, Investment foundations, Swiss fund management companies, Foreign fund management companies, Investment companies. The fund management may also draw on the sales-related component of the management fee to pay commission on fund unit holdings to the following fund distributors/distribution partners: authorized distributors, fund management companies, banks, brokers, Swiss Post, and insurance companies, distribution partners that place fund units exclusively with institutional investors that have a professional treasury, asset managers. The fund manager has not concluded any fee-sharing agreements or agreements with regard to retrocessions in the form of "soft commissions".

<sup>2</sup> TER (Total Expense Ratio) describes the sum of all periodic costs and commissions that are charged to the fund's assets. It is expressed retroactively as a percentage of average fund assets. Any reimbursements/commissions for client unit holdings from target funds have been credited to the fund and thus reduce the TER.

**Note 3: Fund performance**

Fund	Unit class	Inception-date	Swiss securities number	Currency	01.01.2016–30.06.2016 <sup>1</sup>	Cumulative since launch	2015 <sup>1</sup>	2014 <sup>1</sup>	2013 <sup>1</sup>
HSZ China Fund	A USD	17.11.2006	2 682 803	USD	-9.5%	-	-1.0%	3.2%	3.7%
HSZ China Fund	A CHF	17.11.2006	2 682 806	CHF	-10.5%	-	-0.4%	14.7%	1.1%
HSZ China Fund	A EUR	17.11.2006	2 682 809	EUR	-11.0%	-	10.3%	16.9%	-0.4%
HSZ China Fund	C USD	02.10.2015	28 568 604	USD	-9.3%	-7.2%	-	-	-
HSZ China Fund	C CHF	02.10.2015	28 568 580	CHF	-10.3%	-14.7%	-	-	-

Source: Lipper, a Thomson Reuters company

<sup>1</sup> Fund performance is based on officially published net asset values which in turn are based on stock exchange closing prices at the end of the month in question.

Historical performance is no indicator of current or future performance. The performance data given does not take into account commissions and costs incurred in the purchase or redemption of fund units.

**Note 4: Valuation of the Fund's Assets and the Units**

1. The net asset value of the investment fund and the share of assets attributable to the individual classes are calculated in US dollar at the market value as of the end of the financial year and for each day on which units are issued or redeemed. The value of the fund's assets will not be calculated on days when the stock exchanges / markets in the fund's main investment countries are closed (e.g. bank and stock exchange holidays).
2. Securities traded on a stock exchange or another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price which would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.
3. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: The valuation price of such investments is successively adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).
4. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or creditworthiness, the valuation principles for time deposits at banks will be adjusted in line with the new market returns.

5. The net asset value of a unit of a given class is determined by the proportion of the fund's assets as valued at the market value attributable to the fund, minus any of the fund's liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation. In each case it is rounded to 1/100 of the accounting currency.
6. The share of the market value of the net assets (the fund's assets minus liabilities) attributable to the respective unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the fund concerned for each unit class. The share is recalculated when one of the following events occurs:
  - a) when units are issued and redeemed;
  - b) on the pertinent date for distributions, provided that (i) such distributions are only made for individual unit classes (distribution classes) or provided that (ii) the distributions of the various unit classes differ when expressed as a percentage of the respective net asset values, or provided that (iii) different commission or costs are charged on the distributions of the various unit classes when expressed as a percentage of the distribution;
  - c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes are different when expressed as a percentage of the respective net asset value, especially if (i) different commission rates are applied for the various unit classes or if (ii) class-specific costs are charged;
  - d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but disproportionately to their share of the net assets.

**Note 5: Adjustment of interim gains/stock earnings**

Adjusted interim gains/stock earnings have been published for the HSZ China Fund for the period 03.07.2012–18.01.2016. Investors taxable in Germany who have carried out purchases, sales, subscriptions, or withdrawals in the affected funds during this period can find information about the publication of adjusted tax figures at [www.bundesanzeiger.de](http://www.bundesanzeiger.de).



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