

| | |
|-------------------------|------------------------------------|
| Figures as of | March 29, 2018 |
| Net Asset Value | USD 192.68, CHF 145.18, EUR 200.58 |
| Fund Size | USD 138.1 million |
| Inception Date* | May 27, 2003 |
| Cumulative Total Return | 485.8% in USD |
| Annualized Total Return | 12.6% 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 | (3.8%) | 2.0% | 46.3% | 485.8% |
| CHF Class | (2.2%) | 0.0% | 39.9% | 324.1% |
| EUR Class | (4.6%) | (0.9%) | 27.1% | 455.4% |

Largest Holdings

| | | |
|----------------------|------|--|
| Ping An | 9.1% | |
| Alibaba | 8.1% | |
| China Resources Beer | 7.9% | |
| Gree Electric | 7.7% | |
| Tencent | 7.1% | |
| China Merchants Bank | 6.1% | |

Exposure

| | | |
|------------------------|-------|--|
| TMT | 32.3% | |
| Financials | 18.8% | |
| Consumer Discretionary | 14.7% | |
| Consumer Staples | 14.0% | |
| Health Care | 5.5% | |
| Cash | 4.4% | |

Newsletter March 2018

- US-China trade tensions escalated
- Ping An's net profit increased 42.8% YoY in 2017
- China Resources Beer strives to move into its new era
- Nvidia looks to the artificial intelligent future

US-China trade tensions escalated as Trump imposed tariff on imported steel and aluminum and China responded with tariff on USD 3 billion worth of US imports. The US is proposing 25% tariffs on 50 billion in Chinese imports and China listed US goods of the same amount as a possible retaliation. Given China shipped about USD 505 billion to the US last year, the impact is equivalent to an across-the-board tariff of 2.5% only. We believe even if the trade policy is really implemented, the impact is overall manageable to China. In fact, China is no longer heavily reliant on exports and its current account surplus is now less than 2% of its GDP. The US accounts for about 20% of China's export.

Ping An's net profit increased 42.8% YoY in 2017 and operating return on embedded value (RoEV) reached 26.7%. New business value of life insurance increased 33% YoY and growth momentum in 2018 remains solid, supported by 25% growth in agent headcount. P&C segment recorded 21.4% increase in premium income with a very healthy combined ratio of 96.2%. Ping An's banking segment has achieved a significant progress in its transition to its strategic focus on retail business as the retail deposits and loans have increased 26.8% YoY and 57% YoY respectively. The internet segment is also doing very well and we estimate that the value from the innovative businesses now accounts for about 20% of its valuation. Dividend of Ping An doubled as the dividend payout ratio increased from 21% to 30%.

China Resources Beer strives to move into its new era. The leading beer enterprise in China has reported its 2017 full year financial performance with turnover increased by 3.6% YoY to CNY 29.7 billion and net profit increased by 86.8% YoY to CNY 1.2 billion. After the completion of the acquisition of the remaining 49% stake of China Resources Snow Breweries last year, the company will now focus on domestic consumption upgrade with introduction of new products for entering into the mid-end and high-end market. Leverage with the distribution channel of China Resources Beer, we believe the company has a good chance of improving its topline and margin in the next few years.

Nvidia looks to the artificial intelligence future. The world leader in graphics processing unit (GPU) remains positive on the opportunities ahead including the rise of datacenter, professional visualization and autonomous vehicles. All three markets require fast computing power and Nvidia's vision is to build such GPU platform which can bring the future into reality at a much lower cost. The company aims to leverage on artificial intelligent and machine learning to welcome and invite more developers to join their platform and create a win-win situation. Nvidia expect the total addressable market for data center and autonomous vehicles could be worth USD50 billion and USD10 trillion respectively.

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 |
|-------------------|--|

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.