

Figures as of	April 30, 2020
Net Asset Value	USD 209.57, CHF 158.86, EUR 246.76
Fund Size	USD 164.4 million
Inception Date*	May 27, 2003
Cumulative Total Return	537.2% in USD
Annualized Total Return	11.6% 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.

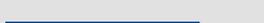
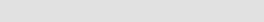
Net Asset Value (Monthly)



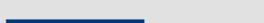
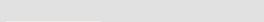
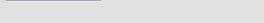
Performance

	April	YTD	1 Year	May 2003
USD Class	13.9%	11.1%	14.5%	537.2%
CHF Class	14.9%	11.5%	9.3%	367.9%
EUR Class	15.1%	14.5%	17.7%	583.2%

Largest Holdings

AliHealth	9.2%	
Ping An Healthcare	8.5%	
CATL	7.7%	
Alibaba Group	6.8%	
TAL Education	6.1%	
Tencent Holdings	5.2%	

Exposure

Information Technology	29.2%	
Health Care	20.4%	
Consumer Discretionary	17.1%	
Consumer Staples	15.3%	
Industrials	10.5%	
Cash	1.1%	

Newsletter April 2020

- China on its way to regain economic traction
- China Education Group reported 32% growth in net profit
- Kweichow Moutai 1Q20 net profit rose 17%
- By-Health strong online sales during Covid-19

China on its way to regain economic traction. The overall Chinese manufacturers of construction machinery have increased prices as sales take off, in an early sign of how economic activity is resuming after weeks of shutdown during the coronavirus epidemic. Flight bookings reservation for the five-day Labour Day holiday in May helped to recover 40% of the air traffic after the relaxed quarantine rules. The Chinese airlines are planning to resume 70%-80% of the domestic flights by the end of June. Shanghai welcomed back pupils in their final years of middle and high school, while Beijing allowed students preparing for China's university entrance exam in July to return.

China Education Group reported a 32% growth in net profit. The Chinese leading privately-run higher education and vocational school operator reported its 1H20 result with revenue up 42% year over year to CNY 1.3 billion and net profit increased by 32% year over year to CNY 490 million. The company continues to execute its M&A strategy, including the acquisition of King's Own Institute (Australia) in the latest interim period. The overall student enrollment has increased by 23% to 182'000 students, making it the largest school operator in China.

Kweichow Moutai 1Q20 net profit rose 17%. The Chinese leading baijiu brand shows profit gain despite the coronavirus epidemic for the first quarter of 2020. The scarcity of the high-end baijiu helped keep demand strong, as the growth of the middle class still sought out Moutai's fiery liquor. Note that while the retail price of baijiu bottles fell in February and March as the coronavirus shut down China's economy, it was the distributors whose profits were hurt and not the distillers. Moutai, as the distiller, remains in a strong bargaining position.

By-Health strong online sales during Covid-19. The Chinese leading dietary supplements brand recorded CNY 1.5 billion revenue in the first quarter of 2020 and net profit was up 7.5% year over year to CNY 535 million. During the virus outbreak, the entire offline sales channel and marketing activities were paused while revenue from online has increased by 30% year over year, of which vitamin C and immune booster supplements became the top sellers. Management is confident regarding the company's growth in the upcoming 2-3 years, where they will continue to expand their product portfolio by promoting new products over-the-counter such as liver protection pills as well as increasing distribution coverage for the high-end international brand Life-space's probiotic products.

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

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