HSZ China Fund

Figures as ofFebruary 28, 2019Net Asset ValueUSD 168.85, CHF 131.43, EUR 190.09Fund SizeUSD 135.3 millionInception Date*May 27, 2003Cumulative Total Return413.4% in USDAnnualized Total Return10.9% 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.



Performance

February	YTD	1 Year	May 2003
6.9%	17.6%	(15.7%)	413.4%
7.4%	19.0%	(10.7%)	287.1%
8.0%	18.1%	(9.6%)	426.3%
	6.9% 7.4%	6.9% 17.6% 7.4% 19.0%	6.9%17.6%(15.7%)7.4%19.0%(10.7%)

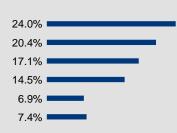
Largest Holdings

Ping An China Resources Beer China Merchants Bank China Education Group Alibaba Group Cash



Exposure

Information Technology Consumer Staples Consumer Discretionary Financials Health Care Cash



Newsletter February 2019

- Greater Bay Area to drive China's economy
- Yili reported FY18 result with net profit up 7% YoY to CNY 6.4 bn
- By-Health's net profit in FY18 exceed CNY 1 billion
- Hikvision preliminary results reported 2018 revenue up 19% YoY

Greater Bay Area to drive China's economy. The Chinese authorities unveiled their ambitious Greater Bay Area plan as a solution to encounter the slowdown of the Chinese economy. The area is home to around 68 million people and has a combined gross domestic production of about USD 1. 5 trillion aiming to integrate Hong Kong, Macau, Shenzhen, Guangdong and 7 other nearby cities into an economic powerhouse. The blueprint is to turn the Greater Bay Area into a global technology innovation center and build advanced manufacturing and modern services industries, trying to deepen reforms and readjusting its industrial structure.

Yili reported FY18 result with net profit up 7% YoY to CNY 6.4 billion. The healthy and nutritious dairy producer has reported FY18 annual result with revenue up 17% year over year to CNY 79.6 billion. The 17% sales growth was driven by 11% volume growth and 7% average selling price growth. Gross profit margin increased by 30 basis point

to 37.8%. Net profit increased by 7% year over year to CNY 6.4 billion. Looking forward, the company is going to launch more new products, including an extension of premium Satine and Ambrosial, as well as cheese and soy milk products.

By-Health's net profit in FY18 exceed CNY 1 billion. The Chinese leading dietary supplements producer reported FY18 result with revenue up 40% year over year to CNY 4.4 billion and net profit increased by 31% year over year to CNY 1 billion. Management indicated three targets for 2019, firstly to penetrate its products into more cities and distribution channels in China, secondly to strengthen its brand image of existing key products with an emphasis of elderly as their primary target customer and thirdly to make its probiotics product "Life-space" become an independent business unit and start to promote in the offline pharmacies and maternity stores.

Hikvision preliminary results reported 2018 revenue up 19% YoY. The company announced its preliminary result with revenue of CNY 49.8 billion, a 19% year over year growth. Net profit up 20.5% year over year to CNY 11.3 billion. The return on equity has dropped 1.0 percent point to 34.0%. Management observed that the ticket size of sales from private enterprises are getting bigger as the decision of these clients are being centralized shifting from local office to head-quarter. Products strength and cost-effectiveness are becoming the more important factors that flavor Hikvision's future growth.

Name Theme Nature Focus	HSZ China Fund Entrepreneurial China Long-only equity fund, actively managed Listed Chinese equities focusing on privately controlled companies
Structure Distributions Fiscal Year End Reporting Currency Classes Trading	Swiss investment fund, regulated by FINMA, open-ended Income annually December 31 Semi-annually in USD USD, CHF, EUR (all unhedged) Daily issuance and redemption, based on net asset value
Fund Manager Custodian Bank Investment Manager Auditors Management Fee Performance Fee Issuance Fee Redemption Fee	Credit Suisse Funds AG UBS Switzerland AG HSZ (Hong Kong) Limited KPMG AG 1.5% annually 10% above hurdle rate of 5%, high water mark None None
USD Class CHF Class EUR Class Orders via Banks	ISIN CH0026828035, Valor 2682803 WKN A0LC13 Bloomberg HSZCHID SW Equity ISIN CH0026828068, Valor 2682806 WKN A0LC15 Bloomberg HSZCFCH SW Equity ISIN CH0026828092, Valor 2682809 WKN A0LC14 Bloomberg HSZCHEU SW Equity UBS Switzerland AG Fund Order Desk Tel: +4144 239 1930 Fax: +4144 239 4804
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General Information

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.

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