

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

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**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

ADMINISTRATION AND MANAGEMENT

Manager

Shenwan Hongyuan Asset Management (Asia) Limited
Level 19,
28 Hennessy Road
Hong Kong

Directors of the Manager

Chu Xiaoming
Lu Wenqing
Lee Man Chun Tony
Guo Chun
Bai Youge
Fu Xingyi

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Auditor

PricewaterhouseCoopers
21/F Edinburgh Tower
15 Queen's Road Central
Hong Kong

Legal Adviser

Deacons
5/F, Alexandra House
18 Chater Road, Central
Hong Kong

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
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REPORT OF THE MANAGER

Market Review:

2015 is a tough year to almost all global capital markets, especially to emerging markets. Index of China and ASEAN markets have outperformed most of rest markets in the first quarter. The booming liquidity and low funding cost make investors focus more on growth prospects and reform, ignoring their risk. However, overwhelm positive sentiment turned around as Greek debt issue and Chinese capital market correction. Global capital start to return back to US, concerning on regional risk and Fed's interest rate decision.

Central banks of major economies, like ECB and BOJ, continuously enhanced their monetary loosening policies, though limited impact to sluggish economies and deflation concern. More and more countries start to depreciate currencies, in order to maintain competitiveness, including mainland China. PBOC announced to change the on shore CNY pricing scheme and to depreciate by more than 3% in August. This enhanced deflation concern on global economies, resulting in commodity price pouring down. IMF also revised down the global economy's prospects.

US economy remained one of few that keep on improving over the world. With solid housing and employment rate, it finally start the interest rate upward corridor, accompanied by many doubts.

Portfolio Review:

SYWG China Policy Fund (referred to as "CPF") was down 17.66% for A (Retail) class and down 17.24% for I (Institutional) class in 2015. While the same time, HSCEI was down by 19.39%.

The outperformance mainly comes from sector allocation and cherry picking skills. We have over-weighted companies whose solid earning is deliverable, with multiple re-rating potential. And we start to lock profit gradually since May, avoiding further suffering.

Market Outlook and Portfolio Strategy:

We remain cautious on market performance in 2016. All economies, except US, are struggling to fight against deflation. We observe currency depreciation, liquidity loosening across the world, either developed or emerging economies, however, that results in minor impact in real economy recovery. In addition, the currency depreciation across the world deteriorate the global trading, and therefore, global economies.

We prefer to control equity position, in order to avoid systematic risk. For the stock position, we partially replicate benchmark index. Beside, we focus more on in-depth research on stock picking, trying to find those unicorn with solid performance in medium to long term.

Sincerely yours,

Shenwan Hongyuan Asset Management (Asia) Limited

28 April 2016

Investments are subject to investment risks, fund value may go up as well as down and past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including the risk factors. Shenwan Hongyuan Asset Management (Asia) Limited is the issuer of this report. This document has not been reviewed by the Securities and Futures Commission.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
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REPORT OF THE TRUSTEE

To the unitholders of SWS Strategic Investment Funds

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed the SWS Strategic Investment Funds - Shenyin Wanguo China Policy Focus Fund in accordance with the provisions of the Trust Deed dated 6 January 2012 and all its supplemental deeds for the year ended 31 December 2015.

For and on behalf of
Bank of Communications Trustee Limited
28 April 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SHENYIN WANGUO CHINA POLICY FOCUS FUND
(THE "SUB-FUND")**

Report on the Financial Statements

We have audited the financial statements of Shenyin Wanguo China Policy Fund (the "Sub-Fund"), a sub-fund of SWS Strategic Investment Funds (the "Trust") set out on pages 7 to 25, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 6 January 2012 (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing issued by the International Accounting Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SHENYIN WANGUO CHINA POLICY FOCUS FUND
(THE "SUB-FUND") (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2015, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 April 2016

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	2015 HK\$	2014 HK\$
Assets			
Current assets			
Cash and cash equivalent	4(e)	337,928	1,467,161
Investments	4(e), 4(g)	14,892,290	53,273,800
Dividend receivable		-	9,406
Amounts due from brokers	6	-	897,955
Prepayments		1,334	1,334
Total assets		<u>15,231,552</u>	<u>55,649,656</u>
Liabilities			
Current liabilities			
Amounts due to brokers	6	-	365,383
Management fee payable	8(a)	13,742	49,852
Trustee fee payable	8(b)	63,597	67,700
Other payables and accruals		168,254	129,752
Total liabilities (excluding net assets attributable to unitholders)		<u>245,593</u>	<u>612,687</u>
Net assets attributable to unitholders		<u>14,985,959</u>	<u>55,036,969</u>
Represented by:			
Net assets attributable to unitholders (calculated in accordance with the Sub-Fund's Explanatory Memorandum)			
	9	15,137,431	55,318,531
Adjustments for preliminary expenses recognised	9	<u>(151,472)</u>	<u>(281,562)</u>

Approved by the Trustee and the Manager on 28 April 2016.

.....
For and on behalf of
Bank of Communications Trustee Limited
As the Trustee

.....
For and on behalf of
Shenwan Hongyuan Asset Management (Asia) Limited
As the Manager

The notes on pages 10 to 24 are an integral part of these financial statements.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 HK\$	2014 HK\$
Income			
Net gains on investments	5	9,490,459	833,038
Net exchange loss		-	(1)
Dividend income		562,031	416,179
Interest income		83	59
Total investment income		<u>10,052,573</u>	<u>1,249,275</u>
Expenses			
Trustee fee	8(b)	748,801	748,800
Management fee	8(a)	441,045	413,875
Auditor's remuneration		208,960	163,000
Handling and transaction fees		547,854	274,850
Bank charges		7,790	8,220
Other expenses		146,289	93,797
Total operating expenses		<u>2,100,739</u>	<u>1,702,542</u>
Profit / (loss) before tax		7,951,834	(453,267)
Taxation	7	(36,235)	(22,290)
Total comprehensive income / (loss)		<u><u>7,915,599</u></u>	<u><u>(475,557)</u></u>

The notes on pages 10 to 24 are an integral part of these financial statements.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Class A			Class I			Total
		Number of units	Net assets attributable to unitholders HK\$	Net asset value per unit HK\$	Number of units	Net assets attributable to unitholders HK\$	Net asset value per unit HK\$	Net assets attributable to unitholders HK\$
As at 1 January 2014		474,388.253	5,663,729	11.939	1,905,426.440	22,951,935	12.045	28,615,664
Issuance of units		-	-		2,537,643.678	30,000,000		30,000,000
Redemption of units		(240,061.308)	(2,863,138)		(20,393.719)	(240,000)		(3,103,138)
Total comprehensive income		-	(67,437)		-	(408,120)		(475,557)
As at 31 December 2014 and 1 January 2015	9	234,326.945	2,733,154	11.663	4,422,676.399	52,303,815	11.826	55,036,969
Issuance of units		13,959.656	200,000		2,607,274.684	30,000,000		30,200,000
Redemption of units		(95,045.877)	(1,164,529)		(5,595,031.817)	(77,002,080)		(78,166,609)
Total comprehensive income		-	(347,208)		-	8,262,807		7,915,599
As at 31 December 2015	9	153,240.724	1,421,417	9.275	1,434,919.266	13,564,542	9.453	14,985,959

The notes on pages 10 to 24 are an integral part of these financial statements.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 HK\$	2014 HK\$
Cash flows from operating activities		
Total comprehensive income/(loss)	7,915,599	(475,557)
Adjustments for:		
Dividend income	(562,031)	(416,179)
Interest income	(83)	(59)
Withholding tax	36,235	22,290
Operating income/(loss) before working capital changes	7,389,720	(869,505)
Net decrease/(increase) in investments	38,381,510	(25,900,700)
Decrease/(increase) in amounts due from brokers	897,955	(430,455)
(Decrease)/increase in amounts due to brokers	(365,383)	365,383
(Decrease)/increase in management fee payable, trustee fee payable and other payables and accruals	(1,710)	76,990
Cash generated from/(used in) operations	46,302,092	(26,758,287)
Dividend received	571,436	406,773
Interest received	83	59
Withholding tax paid	(36,235)	(22,290)
Net cash generated from/(used in) operating activities	46,837,376	(26,373,745)
Cash flows from financing activities		
Proceeds from issue of units	30,200,000	30,000,000
Payments on redemption of units	(78,166,609)	(3,603,138)
Net cash (used in)/generated from financing activities	(47,966,609)	26,396,862
Net (decrease)/increase in cash and cash equivalents	(1,129,233)	23,117
Cash and cash equivalents at beginning of the year	1,467,161	1,444,044
Cash and cash equivalents at end of the year	337,928	1,467,161
Analysis of balances of cash and cash equivalents		
Bank balances	337,928	1,467,161

The notes on pages 10 to 24 are an integral part of these financial statements.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
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NOTES TO THE FINANCIAL STATEMENTS

1 General information

SWS Strategic Investment Funds (the “Trust”) was constituted as an umbrella unit trust established under the laws of Hong Kong pursuant to a trust deed dated 6 January 2012 (the “Trust Deed”) and supplemental deed dated 6 January 2012, 10 January 2012, 26 September 2014, 24 October 2014, 26 February 2015 and 19 June 2015 (the “Supplemental Deed”) entered into between Shenwan Hongyuan Asset Management (Asia) Limited (the “Manager”) and Bank of Communications Trustee Limited (the “Trustee”).

Shenyin Wanguo China Policy Focus Fund (the “Sub-Fund”) was constituted as a separate sub-fund of the Trust on 6 January 2012. The Sub-Fund is an open-ended unit trust and is authorised by Securities and Futures Commission of Hong Kong under Section 104(I) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “SFC Code”).

A separate sub-fund can be created and established to which assets and liabilities attributable to the relevant sub-fund applied. A separate class of units relating exclusively to each sub-fund will be issued. As at 31 December 2015, there were another two sub-funds, SWS Strategic Investment Funds – Shenyin Wanguo RMB Mainland Investment Fund and Shenyin Wanguo RQFII PRC Government Bond Fund. The assets and liabilities of each sub-fund of the Trust are separate and distinct from the assets and liabilities of the sub-fund of the Trust.

The investment objectives of the Sub-Fund is to achieve long-term capital appreciation by investing primarily in securities issued by companies operating in sectors and industries that in the Manager’s view, are likely to benefit from the macroeconomic policies of the People’s Republic of China’s (“PRC”) government. These include, but are not limited to, China B-Shares, shares of PRC enterprises which are listed in Hong Kong, China Red Chips, IPO Stocks, ADRs, and GDRs listed on international stock exchanges, rights issues and warrants, subject to the investment restrictions applicable to the Sub-Fund.

As at 31 December 2015, there were nil Class I units of the Sub-Fund that were held by Shenwan Hongyuan Trading (HK) Limited, a fellow subsidiary of the Manager, which is considered as a related party of the Sub-Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager to exercise their judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New standards and amendments to existing standards effective 1 January 2015

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Sub-Fund.

New standards and amendments to standards that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The new standard is effective for accounting periods beginning on or after 1 January 2018. The standard is not expected to have a significant impact on the Sub-Fund's position or performance as it is expected that the Sub-Fund will continue to classify its financial assets and liabilities at fair value through profit or loss.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Fund.

(b) Investments

Classification

The Sub-Fund classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Management at fair value through profit or loss at inception. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Sub-Fund's documented investment strategies. The Sub-Fund's policies require the Management to evaluate the information about these financial assets on a fair value basis together with other related financial information.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Investments (Continued)

Recognition / derecognition

Purchases and sales of investments are accounted for on the trade date basis. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Measurement

Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income in the period in which they arise.

Fair value estimation

The Sub-Fund adopted IFRS 13 “Fair value measurement” for fair value estimation of financial assets at fair value through profit or loss. The fair value of investments that are listed or traded on an exchange is based on quoted market prices at close of trading on the reporting date.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Income

Dividend income on equity securities is recorded on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted is accounted for when the Sub-Fund’s right to receive payment is established.

Interest income is recognised on a time proportionate basis using the effective interest method. Other income is recognised on an accruals basis.

(e) Expenses

Expenses are accounted for on an accruals basis.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(g) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The performance of the Sub-Fund is measured and reported to the unitholders in Hong Kong dollar. The Manager considers the Hong Kong dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollar, which is the Sub-Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on investments”.

(h) Redeemable units

Net assets attributable to unitholders

The Sub-Fund issues redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder’s option and are classified as financial liabilities.

The holder of redeemable units can redeem the units on each Hong Kong business day but excluding 24 and 31 of December and Lunar New Year’s Eve of each year or such other day or days determined by the Manager and Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund’s net assets attributable to unitholders of the relevant class. Class A units are subject to management fee at 1.5% per annum while Class I units are subject to management fee at 1.0% per annum.

Redeemable units are issued and redeemed at the holder’s option at prices based on the Sub-Fund’s net assets attributable to unitholders per unit at the time of issue or redemption. The Sub-Fund’s net assets attributable to unitholders of redeemable unit is calculated by dividing the net assets attributable to unitholders by number of units in issue.

Redemption of units are processed on each business day (Dealing Date) and redemption proceeds are usually settled within 7 business days from the Dealing Date.

The manager maintains the right to limit redemption up to 10% of total number of units in issue on dealing day prorated by investors’ redemptions on the same dealing day. Any units not redeemed which would have otherwise been redeemed will be carried forward for redemption, subject to the same limitation on the next succeeding dealing day(s) until initial redemption request has been satisfied in full.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(h) Redeemable units (Continued)

Distributions to unitholders

The Manager does not intend to make distribution in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in that Sub-Fund and reflected in the value of units of the relevant classes of that Sub-Fund.

Proceeds and payments on issue and redemption of units

The net asset value of the Sub-Fund is computed daily. Prices for issues and redemption are based on the latest available valuation. Proceeds and payment for units issued and redeemed are shown as movements in the statement of changes in net assets attributable to unitholders.

(i) Amount due from/to brokers

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

Amounts due to brokers includes payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

3 Critical accounting estimates and assumptions

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded.

Valuation of suspended investments

The fair values of suspended equity securities are determined by valuation technique based on Fair Value Adjustment Methodology adopted by the Manager effective on 30 October 2015. The Fair Value Adjustment Methodology used to determine fair values are validated and reviewed daily by management. The inputs in the valuation technique include the selection of applicable market adjustment factor. Management uses the applicable adjustment factor to adjust the last traded price of the equity securities before suspension to reflect the fair value of the suspended equity securities at the year end date. The determination of the appropriate market adjustment factor is a subjective process and it requires management to make estimates. Change in assumptions about this factor could affect the reported fair value of suspended equity securities.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

3 Critical accounting estimates and assumptions (Continued)

The Manager considers that the valuation of the suspended equity securities may differ significantly from the value that may be ultimately realised by the Sub-Fund after resuming trading. In the event the suspended equity securities are disposed at an amount that is different from what was determined by the Sub-Fund, the Sub-Fund may record a gain or loss, which could be significantly impact the net assets attributable to unitholders of redeemable units and consequently, the price per unit of the Sub-Fund based on the calculation of the net assets attributable to unitholders of redeemable units when distributing to the unitholders of redeemable units at such relevant time.

4 Financial risk management

(a) Strategy in using financial instruments

The Sub-Fund's objective in managing risk is the creation and protection of unitholder value. Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to relevant controls. The process of risk management is critical to the Sub-Fund's continuing profitability.

The investments in the Sub-Fund are subject to normal market fluctuations and other risks inherent in trading in securities and derivatives. There can be no assurance that any appreciation in value will occur. The value of investments may fluctuate and therefore the value of the units can fall as well as rise.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Sub-Fund's market price risk is managed through diversification of the investment portfolio. The Sub-Fund's overall market positions are monitored on a regular basis by the Manager.

As at 31 December 2015 and 2014, the Sub-Fund invested only in listed equities. The net exposures to industry sectors at 31 December 2015 and 2014 were as follows:

	2015 % of net asset value	2014 % of net asset value
Basic Materials	-	2.60
Communications	15.32	9.05
Consumer, Cyclical	2.73	4.28
Consumer, Non - cyclical	2.97	5.08
Energy	5.22	7.46
Financial	34.18	35.30
Industrial	23.54	27.95
Technology	14.42	4.58
	<hr/>	<hr/>
Total	98.38	96.30
	<hr/> <hr/>	<hr/> <hr/>

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management (Continued)

(b) Market price risk (Continued)

The Sub-Fund's net assets attributable to unitholders is impacted by the increases/(decreases) of the underlying securities to which the Sub-Fund is exposed. As at 31 December 2015, if the underlying securities had increased/decreased by the 5% (2014: 5%), the Sub-Fund's pre-tax profits for the year would have resulted in an increase/decrease of HK\$716,506 (2014: HK\$2,588,752).

The Manager has used their view of what would be a "reasonable possible shift" in each key market to estimate the change for use in the market sensitivity analysis.

(c) Interest rate risk

Interest rate risk arise from the possibility that changes in interest rates will affect future cash flows on the fair values of financial instrument.

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing. As a result, the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

As at 31 December 2015, the Sub-Fund had bank balances of HK\$337,928 (2014: HK\$1,467,161) and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund mainly invests in securities and other investments that are denominated in HK\$, the functional currency of the Sub-Fund. Accordingly, the Manager considers that the sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

(e) Credit risk

Credit risk is the risk that an issuer or counterparty to a financial instrument will cause a financial loss for the Sub-Fund by failing to discharge an obligation.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of investments and bank balances. The Sub-Fund limits its exposure to credit risk by transacting the majority of its investments and contractual commitment activities with brokers, banks and regulated exchanges with high credit ratings and that the Sub-Fund considers to be well established.

All transactions in listed securities are settled/paid for upon delivery using approved and reputable custodian or brokers. The risk of default is considered minimal as delivery of securities sold is only made once the custodian has received payment. Payment is made on a purchase once the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management (Continued)

(e) Credit risk (Continued)

The table below summarises the net exposure to the Sub-Fund's counterparties together with their credit ratings.

	HK\$	Credit rating	Source of credit rating
As at 31 December 2015			
<u>Investments</u>			
Citibank, N.A.	14,892,290	A1	Moody's
<u>Bank balances</u>			
Citibank, N.A.	226,989	A1	Moody's
Bank of Communications Co.,Ltd., Hong Kong Branch*	110,939	A2	Moody's
As at 31 December 2014			
<u>Investments</u>			
Citibank, N.A.	53,273,800	A2	Moody's
<u>Bank balances</u>			
Citibank, N.A.	1,411,558	A2	Moody's
Bank of Communications Co.,Ltd., Hong Kong Branch*	55,603	A2	Moody's
<u>Balance with broker</u>			
Shenwan Hongyuan Futures (H.K.) Limited	467,500	Not rated	Not rated

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position.

None of the assets is impaired nor past due but not impaired.

*Credit rating of its ultimate holding company, Bank of Communications Co., Ltd., is used.

(f) Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption calculated in accordance with the Sub-Fund's Trust Deed.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management (Continued)

(f) Liquidity risk (Continued)

The Manager monitors the Sub-Fund's liquidity position on a daily basis. The Manager may limit the aggregate number of units relating to the Sub-Fund redeemed on any dealing day to 10% of the total value of the units in issue of the Sub-Fund. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem units on that dealing day will redeem the same proportion by value of those units, and units not redeemed are carried forward for redemption, subject to the same limitation, on the next dealing day.

The table below analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	On demand HK\$	Less than 1 month HK\$	Total HK\$
As at 31 December 2015			
Management fee payable	-	13,742	13,742
Trustee fee payable	-	63,597	63,597
Other payables and accruals	-	168,254	168,254
Net assets attributable to unitholders	-	14,985,959	14,985,959
	-	15,231,552	15,231,552
As at 31 December 2014			
Amounts due to brokers	-	365,383	365,383
Management fee payable	-	49,852	49,852
Trustee fee payable	-	67,700	67,700
Other payables and accruals	-	129,752	129,752
Net assets attributable to unitholders	-	55,036,969	55,036,969
	-	55,649,656	55,649,656

The following table illustrates the expected liquidity of assets held:

	On demand HK\$	Less than 1 month HK\$	Total HK\$
As at 31 December 2015			
Total assets	337,928	14,892,290	15,230,218
As at 31 December 2014			
Total assets	1,467,161	54,181,161	55,648,322

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management (Continued)

(f) Liquidity risk (Continued)

Units are redeemed on demand at the unitholder's option. With a view to protecting the interest of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Sub-Funds redeemed on any dealing day to 10% of the total number of units in issue. As at 31 December 2015, there were 2 (2014: 3) unitholders holding more than 10% of the Sub-Fund's units.

(g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2015 and 2014:

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 December 2015				
Investments				
- Equity securities	13,935,290	-	957,000	14,892,290
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2014				
Investments				
- Equity securities	53,273,800	-	-	53,273,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include actively listed equity securities and quoted debt securities. The Sub-Fund does not adjust the quoted price for these instruments.

The table below summarizes the transfers between levels of the Sub-Fund's investments within the fair value hierarchy measured at fair value as at 31 December 2015.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Transfers between Levels 1 and 3:			
As at 31 December 2015			
Investments			
- Equity securities	(1,050,000)	-	1,050,000
	<u> </u>	<u> </u>	<u> </u>

During the year ended 31 December 2015, equities transferred from Level 1 to Level 3 were valued based on quoted market prices in active markets as at 31 December 2014, but were valued based on quoted market prices adjusted by unobservable inputs as at 31 December 2015.

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the 2015.

There were no transfers between levels for the year ended 31 December 2014.

The level 3 investment consists of suspended equity securities. The Manager uses valuation technique to derive the fair value of suspended equity securities as described in Note 3, which were based on last traded price of the equity securities, and applying applicable market adjustment factor.

<u>Description</u>	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Weighted average input</u>	<u>Reasonable possible shift +/-</u>	<u>Change in valuation +/- HK\$</u>	<u>% of NAV</u>
- Suspended equity securities	Adjusted to last traded price	Market factor adjustment	-8.90%	+/-30%	+/-287,100	1.92%

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table presents the movement in level 3 investments for the year ended 31 December 2015 by class of financial instrument.

	HK\$
As at 1 January 2015	-
Purchases	-
Sales	-
Transfer to level 3	1,050,000
Net losses recognised in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	(93,000)
As at 31 December 2015	<u>957,000</u>
Change in unrealised gain or loss for level 3 investment held as at year end	<u>(93,000)</u>

The carrying amount of cash and cash equivalents, amounts due from/to brokers, prepayments, amounts payable on redemption of units, management fee payable, trustee fee payable, dividend receivable other payables and accruals and net assets attributable to unitholders approximated their fair values and are presented in the statement of financial position. There are no financial assets and financial liabilities not carried at fair value but for which the fair value is disclosed.

(h) Capital risk management

The Sub-Fund's objectives for managing capital are:

- (i) To invest the capital in investments for achieving its investment objectives;
- (ii) To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other capital markets and by using various investment strategies and hedging techniques; and
- (iii) To maintain sufficient liquidity to meet the expenses of the Sub-Fund and redemption requests as they arise.

5 Net changes in fair value on investments

	2015 HK\$	2014 HK\$
Change in unrealised gains/(losses) of investments	(4,862,895)	(1,574,394)
Net realised gains on sale of investments	14,353,354	2,407,432
	<u>9,490,459</u>	<u>833,038</u>

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

6 Amounts due from/ to brokers

	2015 HK\$	2014 HK\$
Amounts due from brokers:		
Receivables for securities sold	-	430,455
Margin account held by broker ¹	-	467,500
	<u>-</u>	<u>897,955</u>

¹ Margin account held by broker represents holding by Shenwan Hongyuan Futures (H.K.) Limited, a fellow subsidiary of the Manager and does not bear any interest.

	2015 HK\$	2014 HK\$
Amounts due to broker:		
Payables for securities purchased	-	365,383
	<u>-</u>	<u>365,383</u>

7 Taxation

(a) Hong Kong

No provision for Hong Kong profits tax has been made for the Sub-Fund as it is authorised as collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

(b) PRC

Under current PRC tax law and regulations, the Sub-Fund is not directly subject to PRC corporate income tax, unless it is considered to have established a permanent establishment in the PRC or being regarded as a tax resident enterprise in the PRC.

The Sub-Fund is subject to PRC withholding tax of 10% on dividends and interests paid by PRC corporations, which are listed on the Hong Kong Stock Exchange.

8 Transactions with the Trustee, Manager and connected persons

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year between the Sub-Fund and the Trustee, the Manager and their Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with Connected Persons except for those disclosed below.

(a) Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of 1.5% per annum for Class A and 1% per annum for Class I with respect to the units of the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

The management fee for the year was HK\$441,045 (2014: HK\$413,875). As at 31 December 2015, the management fee of HK\$13,742 (2014: HK\$49,852) was payable to the Manager.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

8 Transactions with the Trustee, Manager and connected persons (Continued)

(b) Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at a rate of 0.11% per annum for both Class A and Class I of the net asset value of the Sub-Fund and subject to a minimum monthly fee of USD4,000 for each class of units calculated and accrued on each dealing day and are paid monthly in arrears.

The trustee fee for the year was HK\$748,801 (2014: HK\$748,800). As at 31 December 2015, the trustee fee of HK\$63,597 (2014: HK\$67,700) was payable to the Trustee.

(c) Holding in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected person at the reporting date were as follows.

Details of Class I units held by a fellow subsidiary of the Manager, Shenwan Hongyuan Trading (HK) Limited, are as follows:

	2015 Units	2014 Units
At the beginning of the year	2,537,643.678	-
Subscription	2,607,274.684	2,537,643.678
Redemption	(5,144,918.362)	-
	<hr/>	<hr/>
At the end of the year	-	2,537,643.678
	<hr/> <hr/>	<hr/> <hr/>

(d) Investment transactions with connected persons of the Manager

	Aggregate value of purchase and sales of securities HK\$	Total commission paid HK\$	% of Sub-Fund's total transactions during the year %	Average commission rate %
2015				
Shenwan Hongyuan Securities (H.K.) Limited	82,379,762	123,697	46.03	0.15
2014				
Shenwan Hongyuan Securities (H.K.) Limited	18,908,116	27,903	21.77	0.15

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

8 Transactions with the Trustee, Manager and connected persons (Continued)

(e) Bank deposits held by the Trustee's affiliates

The Sub-Fund's maintained a bank account with, Bank of Communications Co., Ltd., Hong Kong Branch, a bank under the same group as the Trustee. Further details of the balances held are described in Note 4(e) to the financial statements. During the year, interest income on these bank balances was HK\$58 (2014: HK\$36).

9 Net assets attributable to unitholders

A reconciliation of the net assets attributable to unitholders as reported in the statement of financial position to the net assets attributable to unitholders as determined for the purposes of processing unit subscriptions and redemptions is provided below:

	2015 HK\$	2014 HK\$
Published net assets attributable to unitholders	15,137,431	55,318,531
Adjustment to preliminary expenses (a)	(151,472)	(281,562)
	<hr/>	<hr/>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>14,985,959</u>	<u>55,036,969</u>

Note:

- (a) The explanatory memorandum provides for the amortisation of preliminary expense over the first 5 years of operation of the Sub-Fund, instead of those amounts being expensed as incurred during the current period, as required under IFRSs.

The Sub-Fund's net asset value per unit is calculated by dividing the Sub-Fund's net assets with the total number of outstanding units.

10 Soft commission arrangements

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Since the inception of the Sub-Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

11 Approval of financial statements

The financial statements of the Sub-Fund were approved by the Trustee and the Manager on 28 April 2016.

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2015**

Investments	Holdings	Fair value HK\$	% of net asset value
Listed Equity securities			
Hong Kong			
CAR Incorporation	35,000	449,400	2.97
China Construction Bank Corporation	100,000	531,000	3.51
China Life Insurance Company Limited	30,000	751,500	4.96
China Merchants Bank Company Limited	50,000	915,000	6.04
China Mobile Hong Kong Limited	12,000	1,050,000	6.94
China Overseas Land & Investment Limited	40,000	1,088,000	7.19
China Pacific Insurance Group Company Limited	8,000	255,200	1.69
China Petroleum & Chemical Corporation	100,000	468,000	3.09
China Railway Group Limited	100,000	589,000	3.89
China State Construction International Holdings Ltd	24,000	323,040	2.13
Chinasoft International Limited	210,000	674,100	4.45
CITIC Securities Company Limited	20,000	362,400	2.39
CNOOC Limited	40,000	322,800	2.13
CRRC Corporation Limited	70,000	670,600	4.43
Dynagreen Environmental Protection Group Company Limited	60,000	304,200	2.01
Geely Automobile Holdings Limited	100,000	413,000	2.73
Haitong Securities Company Limited	30,000	411,000	2.72
Kingdee International Software Group Company Limited	120,000	427,200	2.82
Netdragon Websoft Inc	25,000	536,250	3.54
Ping An Insurance Group Company of China Limited	20,000	860,000	5.68
Sinosoft Technology Group	130,000	546,000	3.62
Sound Global Limited	150,000	957,000	6.32
Tencent Holdings Limited	6,000	915,000	6.04
TK Group Holdings Ltd	140,000	308,000	2.03
Tongda Group Holdings Limited	300,000	411,000	2.72
ZTE Corporation	20,000	353,600	2.34
Total investment portfolio, at fair value		14,892,290	98.38
Other net assets		245,141	1.62
Net assets value as at 31 December 2015 (calculated in accordance with the Sub-Fund's explanatory memorandum)		15,137,431	100.00
Total investment at cost		14,785,578	

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Holdings as at 31.12.2015	Holdings as at 31.12.2014
<u>Industry Sector</u>		
Basic Materials	-	2.60
Communications	15.32	9.05
Consumer, Cyclical	2.73	4.28
Consumer, Non - cyclical	2.97	5.08
Energy	5.22	7.46
Financial	34.18	35.30
Industrial	23.54	27.95
Technology	14.42	4.58
	<hr/>	<hr/>
Total investment portfolio	98.38	96.30
Other net assets	1.62	3.70
	<hr/>	<hr/>
Net assets	100.00	100.00
	<hr/> <hr/>	<hr/> <hr/>

**SHENYIN WANGUO CHINA POLICY FOCUS FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Net asset value

(calculated in accordance with the Sub-Fund's explanatory memorandum)

	Net asset value per unit HK\$	Total net asset value HK\$
As at 31 December 2015		
CLASS A	9.371	1,436,032
CLASS I	9.548	13,701,399
As at 31 December 2014		
CLASS A	11.724	2,747,321
CLASS I	11.886	52,571,210
As at 31 December 2013		
CLASS A	12.111	5,745,787
CLASS I	12.218	23,281,529

Highest issue price and lowest redemption price per unit

(calculated in accordance with the Sub-Fund's explanatory memorandum)

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
Year ended 31 December 2015		
CLASS A	15.318	8.913
CLASS I	15.561	9.068
Year ended 31 December 2014		
CLASS A	12.545	10.079
CLASS I	12.664	10.185
Year ended 31 December 2013		
CLASS A	12.176	9.471
CLASS I	12.279	9.530
Period from 6 January 2012 (date of establishment) to 31 December 2012		
CLASS A	10.904	9.054
CLASS I	10.945	9.074