

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

**INTERIM REPORT (UNAUDITED)**

**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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**SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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**MANAGEMENT AND ADMINISTRATION**

**Manager**

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

**Directors of the Manager**

Zhu Minjie  
Chen Xiaosheng  
Guo Chun  
Qiu Yizhou  
Xia Mingrui  
Shen Chong

**Trustee and Registrar**

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

**Auditor**

PricewaterhouseCoopers  
22/F Prince's Building  
Central  
Hong Kong

**Legal Adviser**

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

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**REPORT OF THE MANAGER**

**Market Review:**

1H20 was a volatile half year for Hong Kong and global equity markets. Most Indices of developed and emerging markets collapsed in 1Q20 due to COVID-19, and gradually recovered in 2Q20 thanks to global monetary easing and work resumption. Hong Kong stock market also saw the same pattern, but underperformed A shares due to weaker sentiment of oversea investors, as Hong Kong had become a new spot light of US-China confrontation.

Global economies were severely disrupted by the COVID-19 pandemic. China was the first to shut down economy to fight the virus, and China manufacture PMI dropped to 35.7 in February, but quickly rebound to above 50 in later months, thanks to effective control of the disease and fast work resumptions. And China GDP growth rebounded from -6.8% in 1Q20 to +3.2% in 2Q20. While COVID-19 became global pandemic, and US became the hardest hit country in the world, and US's daily infected cases still kept on rising. As a result, US Fed cut rates to near zero, and conducted unlimited QE to counter pressure from economy shutdown. Central banks in other countries also followed suit in massive monetary easing. As a result, liquidity flooded in global markets and supported equity markets to rebound in 2Q20.

China central bank also conducted RRR cut and rates cut to ease economy pressure, but was more restrained compared with other major economies. And China 10-year treasury yield was 2.9% at the end of June, significantly higher than US 10-year treasury's 0.66% yield, showing relative strength of China economy, thanks to better control of the virus.

**Portfolio Review:**

SYWG China Policy Fund (referred to as "CPF") was down 6.39% for A (Retail) class and down 6.39% for I (Institutional) class in 1H20. While HSI index was down 13.35%, and HSCEI index was down 12.62% during the same time period.

**Market Outlook and Portfolio Strategy:**

We believe market sentiment will continue to be positive due to global work resumption and loose liquidity environment, but market volatilities may increase in 2H20 due to already high valuations and politically confrontations. And we believe COVID-19 will still have lasting impacts on global economy in 2H20. We will closely monitor the development of COVID-19 and global work resumption, and adjust our portfolios accordingly. As domestic containment measures had shown better effects on controlling the spread of COVID-19 in China, and domestic economic activities continued to normalize, we believe China stock market could outperform oversea market in near term. And Hong Kong market is still lagging A share, which may catch up in 2H20. While more domestic supporting policies may release in 2H20, we will closely monitor their effects on real economy and market liquidity situation

Our fund strategy remained prudent to avoid market volatility, and will keep an eye on government policies direction and economy performance to determine sectors rotation trend. For the stock position. we stick to bottom up approach and mainly focus on sector leaders which are more resilient under economy uncertainties. We will focus more on in-depth research on stock picking, trying to find those investment opportunities with solid performance in medium to long term.

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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 JUNE 2020**

	<b>30 Jun 2020 HKD</b>	<b>31 Dec 2019 HKD</b>
<b>Assets</b>		
Cash and cash equivalent	259,358	156,448
Financial assets at fair value through profit or loss	8,183,936	9,547,541
Dividend receivable	56,008	-
Amounts due from brokers	149,900	256,352
Prepayments	6,702	506
	8,655,904	9,960,847
<b>Total assets</b>	8,655,904	9,960,847
<b>Liabilities</b>		
Other payables and accruals	54,392	97,327
	54,392	97,327
<b>Total liabilities</b>	54,392	97,327
	8,601,512	9,863,250
<b>Net assets attributable to unitholders</b>	8,601,512	9,863,250
<b>Net asset value</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	341,928	559,874
Class I	8,259,584	9,303,646
<b>Number of units in issue</b>		
Class A	39,413.19	60,415.19
Class I	919,888.62	970,000.00
<b>Net asset value per unit</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	8.675	9.267
Class I	8.978	9.591

**SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Note	For the six months ended 30 Jun 2020 HKD	For the six months ended 30 Jun 2019 HKD
<b>Income</b>			
Dividend income		124,747	227,083
Interest income		1	4
Net (losses)/gains on financial assets at fair value through profit or loss		(576,077)	10,113
Net exchange losses		(79)	(119)
<b>Total net (loss)/ income</b>		(451,408)	237,081
<b>Expenses</b>			
Management fee		-	13,211
Trustee fee		-	47,185
Sub-custodian fee		9,278	12,778
Auditor's remuneration		56,344	71,829
Handling and transaction fees	2	5,143	8,985
Bank charges		10,509	13,149
Legal and professional fee		61,834	3,471
Other expenses		9,505	9,519
<b>Total operating expenses</b>		152,613	180,127
<b>(Loss)/profit before tax</b>		(604,021)	56,954
Taxation		(7,937)	(19,371)
<b>Total comprehensive (loss)/income</b>		(611,958)	37,583

**SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Class A			Class I			Total
	Number of units	Net assets attributable to unitholders HKD	Net asset value per unit HKD	Number of units	Net assets attributable to unitholders HKD	Net asset value per unit HKD	Net assets attributable to unitholders HKD
<b>As at 1 January 2019</b>	107,569.92	952,345	8.853	970,000.00	8,882,563	9.157	9,834,908
Issuance of units	-	-		-	-		-
Redemption of units	-	-		-	-		-
Total comprehensive loss	-	3,095		-	34,488		37,583
<b>As at 30 June 2019</b>	<u>107,569.92</u>	<u>955,440</u>	8.882	<u>970,000.00</u>	<u>8,917,051</u>	9.192	<u>9,872,491</u>
<b>As at 1 January 2020</b>	60,415.19	559,874	9.267	970,000.00	9,303,646	9.591	9,863,520
Issuance of units	-	-		-	-		-
Redemption of units	(21,002)	(173,851)		(50,111.38)	(476,199)		(650,050)
Total comprehensive loss		(44,095)			(567,863)		(611,958)
<b>As at 30 June 2020</b>	<u>39,413.19</u>	<u>341,928</u>	8.675	<u>919,888.62</u>	<u>8,259,584</u>	8.978	<u>8,601,512</u>

**SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 JUNE 2020**

<b>Investments</b>	<b>Holdings</b>	<b>Fair value HKD</b>	<b>% of net asset value</b>
<b>Equity securities</b>			
<b>Listed in Hong Kong</b>			
AIA Group Ltd	4,200	303,660	3.53
Anhui Conch Cement Co Ltd	7,500	391,500	4.55
Bank of China Ltd	117,000	335,790	3.90
Brilliance China Automotive Hldgs Ltd	16,000	111,040	1.29
China Beststudy Education Group	23,000	83,260	0.97
China Construction Bank Corp	66,000	413,820	4.81
China Display Optoelectronics Technology Holdings Ltd	84,000	37,380	0.43
China Evergrande Group	5,000	100,000	1.16
China Gas Holdings Ltd	4,200	100,380	1.17
China International Capital Corp Ltd	14,800	225,256	2.62
China Life Insurance Co Ltd	5,000	78,000	0.91
China Mengniu Dairy Co Ltd	4,000	118,400	1.38
China Molybdenum Co Ltd	30,000	75,900	0.88
China New Higher Education Group Ltd	70,000	358,400	4.17
China Petroleum & Chemical Corp	36,000	116,280	1.35
China Railway Construction Corp Ltd	40,500	246,645	2.87
China Railway Group Ltd	19,000	75,620	0.89
China Resources Pharmaceutical Group Ltd	8,000	35,760	0.42
CNOOC Ltd	14,000	120,680	1.40
COSCO Shipping Energy Transportation Co Ltd	38,000	131,480	1.53
CSPC Pharmaceutical Group Ltd	24,000	351,360	4.08
ENN Energy Holdings Ltd	900	78,480	0.91
Geely Automobile Holdings Ltd	8,000	97,600	1.13
GF Securities Co Ltd	31,400	260,620	3.03
Guangdong Investment Ltd	14,000	186,200	2.16
Hong Kong Exchanges & Clearing Ltd	800	264,000	3.07
Industrial & Commercial Bank of China Ltd	64,000	300,800	3.50
Minsheng Education Group Co Ltd	50,000	53,000	0.62
PetroChina Co Ltd	44,000	113,080	1.31
Ping An Insurance Group Co of China Ltd	9,000	697,500	8.11
Sands China Ltd	4,800	145,920	1.70
Shandong Gold Mining Co Ltd	19,600	322,616	3.75
Techtronic Industries Co Ltd	1,000	75,800	0.89
Tencent Holdings Ltd	1,600	797,760	9.27
Virscend Education Co Ltd	50,000	114,000	1.33
Xiaomi Corp	8,200	105,288	1.22
		<b>7,423,275</b>	<b>86.31</b>



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**American Depositary Receipts  
United States**

Alibaba Group Holding Limited	455	760,661	8.84
		760,661	8.84
Total investment portfolio , at fair value		8,183,936	95.15
Other net assets		417,576	4.85
Net assets value as at 30 June 2020(calculated in accordance with the Sub-Fund's explanatory memorandum)		8,601,512	100.00
Total investments, at cost		8,133,188	

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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	% holdings of net assets as at 30 June 2020	% holdings of net assets as at 31 December 2019
Basic Materials	4.63	-
Communications	19.33	8.76
Consumer Discretionary	4.55	18.97
Consumer Staples	12.97	3.24
Energy	4.06	5.30
Financial	34.64	36.06
Health Care	-	4.78
Industrial	10.73	5.99
Materials	-	7.59
Technology	-	1.78
Utilities	4.24	4.33
	<hr/>	<hr/>
Total investment portfolio	95.15	96.80
Other net assets	4.85	3.20
	<hr/>	<hr/>
Net assets	<u>100.00</u>	<u>100.00</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**1. Basis of preparation**

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2020 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2019.

In preparing the interim financial statements, the Management of the Sub-Fund assesses the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

**2. Investment transactions cost paid to connected persons of the Manager**

	Total commission paid HKD
<b>For the six months ended 30 Jun 2020</b>	
Shenwan Hongyuan Securities (H.K.) Limited	1,611
<b>For the six months ended 30 Jun 2019</b>	
Shenwan Hongyuan Securities (H.K.) Limited	1,734
Shenwan Hongyuan Futures (H.K.) Limited	4,393