

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

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1 JANUARY 2020 TO 15 OCTOBER 2020 (DATE OF  
TERMINATION)**

**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**

Zhu Minjie  
Chen Xiaosheng  
Guo Chun  
Qiu Yizhou  
Xia Mingrui  
Shen Chong (Appointed on 30 June 2020)

**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

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

**Market Review:**

2020 was a challenging 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 from 2Q20 thanks to global monetary easing and work resumption, while market volatilities increased again in 3Q20 due to COVID-19 resurge globally and U.S presidential election uncertainty. 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, and further improved to +4.9% in 3Q20. As a result, US Fed kept rates at near zero, and continued to conduct unlimited QE to counter pressure from economy shutdown. Central banks in other countries also followed suit in massive monetary easing and fiscal stimulus. As a result, liquidity flooded in global markets and supported global equity markets to rebound from 2Q20.

China central bank also conducted RRR cut and rates cut to ease economy pressure in early 2020, but was more restrained compared with other major economies, especially starting from 2Q20. And China 10-year treasury yield reached 3.16% at the end of September, significantly higher than US 10-year treasury's 0.69% yield, showing relative strength of China economy, thanks to better control of the virus and faster pace of work resumption.

**Portfolio Review:**

SYWG China Policy Fund (referred to as "CPF") was down 2.62% for A (Retail) class and down 2.62% for I (Institutional) class during 1 January 2020 to 15 October 2020. While HSI index was down 14.30%, and HSCEI index was down 12.59% during the same time period.

SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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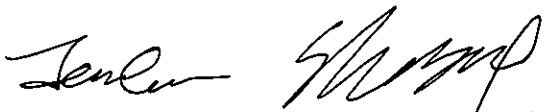
REPORT OF THE MANAGER (CONTINUED)

**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 due to already high valuations, US-China politically confrontations, and uncertainty of US presidential election. While more domestic supporting policies may release, we should closely monitor their effects on real economy and market liquidity situation.

The Sub-fund was terminated on 15 October 2020.

Sincerely yours,



Shenwan Hongyuan Asset Management (Asia) Limited

29 April 2021

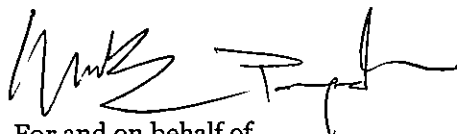
Investments are subject to investment risks, fund value may go up as well as down and past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including the risk factors. Shenwan Hongyuan Asset Management (Asia) Limited is the issuer of this report.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

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

**REPORT OF THE TRUSTEE**

**To the unitholders of Shenyin Wanguo China Policy Focus Fund, a Sub-Fund of SWS Strategic Investment Funds**

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed Shenyin Wanguo China Policy Focus Fund, a sub-fund of SWS strategic Investment Funds in accordance with the provisions of the Trust Deed dated 6 January 2012 and all its supplemental deeds for the period ended 15 October 2020.



For and on behalf of  
Bank of Communications Trustee Limited  
29 April 2021

## ***Independent Auditor's Report***

To the Unitholders of Shenyin Wanguo China Policy Focus Fund, a sub-fund of SWS Strategic Investment Funds (The "Sub-Fund")

### **Report on the Audit of the Financial Statements**

#### **Opinion**

##### *What we have audited*

The financial statements of Shenyin Wanguo China Policy Fund, a sub-fund of SWS Strategic Investment Funds (the "Sub-Fund") set out on pages 8 to 27, which comprise:

- the statement of financial position as at 15 October 2020 (Date of Termination);
- the statement of comprehensive income for the period from 1 January 2020 to 15 October 2020 (Date of Termination);
- the statement of changes in net assets attributable to unitholders for the period from 1 January 2020 to 15 October 2020 (Date of Termination);
- the statement of cash flows for the period from 1 January 2020 to 15 October 2020 (Date of Termination); and
- the notes to the financial statements, which include a summary of significant accounting policies.

##### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 15 October 2020 (Date of Termination), and of its financial transactions and cash flows for the period from 1 January 2020 to 15 October 2020 (Date of Termination) in accordance with International Financial Reporting Standards ("IFRSs").

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#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

##### *Independence*

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the ISEBA Code.

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#### **Emphasis of Matter**

We draw your attention to Note 1 to the financial statements which states the Manager have agreed to compulsorily redeem all participating units and terminate the Sub-Fund on 15 October 2020 (Date of Termination). As a result, the financial statements have not been prepared on a going concern basis, and are prepared in accordance with the basis set out in Note 2(a). Our opinion is not modified in respect of this matter.

## ***Independent Auditor's Report***

To the Unitholders of Shenying Wanguo China Policy Focus Fund (The "Sub-Fund") (Continued)

### **Report on the Audit of the Financial Statements (Continued)**

#### **Other Information**

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### **Responsibilities of the Management for the Financial Statements**

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, 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.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing 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.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 6 January 2012 ("Trust Deed"), as amended and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

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#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are 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 Appendix E of the SFC Code.



## ***Independent Auditor's Report***

To the Unitholders of Shenyin Wanguo China Policy Focus Fund (The "Sub-Fund") (Continued)

### **Report on the Audit of the Financial Statements (Continued)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

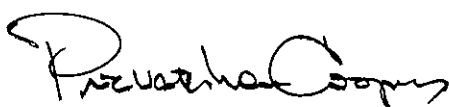
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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#### **Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code**

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 Appendix E of the SFC Code.



**PricewaterhouseCoopers**  
Certified Public Accountants

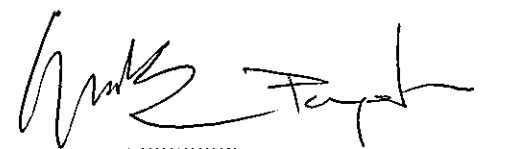
Hong Kong, 29 April 2021

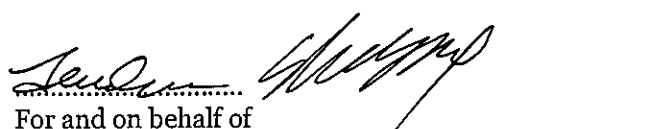
SHENYIN WANGUO CHINA POLICY FOCUS FUND  
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)

STATEMENT OF FINANCIAL POSITION  
AS AT 15 OCTOBER 2020 (DATE OF TERMINATION)

	Note	As at 15 October 2020 (Date of Termination) HK\$	As at 31 December 2019 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	3(e), 3(g)	-	9,547,541
Amounts receivables from sales of investment	3(e)	8,572,216	-
Dividend receivable		20,717	-
Amounts due from brokers	3(e),5	-	256,352
Prepayments		1,975	506
Cash and cash equivalent	3(e)	711,977	156,448
<b>Total assets</b>		<u>9,306,885</u>	<u>9,960,847</u>
<b>Liabilities</b>			
Other payables and accruals		259,424	97,327
Redemption payable		9,047,461	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>9,306,885</u>	<u>97,327</u>
<b>Net assets attributable to unitholders</b>		<u>-</u>	<u>9,863,520</u>

Approved by the Trustee and the Manager on 29 April 2021.

  
.....  
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 12 to 27 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 PERIOD FROM 1 JANUARY 2020 TO 15 OCTOBER 2020 (DATE OF TERMINATION)

	Note	For period from 1 January 2020 to 15 October 2020 (Date of Termination) HK\$	For the year ended 31 December 2019 HK\$
<b>Income</b>			
Dividend income		236,722	330,569
Interest income	7(f)	2	7
Net gain on investments at fair value through profit or loss	4	29,413	374,139
Net exchange losses		(268)	(132)
<b>Total net income</b>		<u>265,869</u>	<u>704,583</u>
<b>Expenses</b>			
Management fee	7(a)	-	13,211
Trustee fee	7(b)	-	47,185
Sub-custodian fee	7(c)	12,108	21,048
Auditor's remuneration		185,955	104,900
Handling and transaction fees		24,177	17,468
Bank charges	7(f)	14,100	16,530
Legal and professional fees		163,881	7,000
Other expenses		14,919	18,871
<b>Total operating expenses</b>		<u>415,140</u>	<u>246,213</u>
<b>(Loss)/profit before tax</b>		(149,271)	458,370
Taxation	6	16,738	27,905
<b>Total comprehensive (loss)/income</b>		<u>(166,009)</u>	<u>430,465</u>

The notes on pages 12 to 27 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  
AS AT 15 OCTOBER 2020 (DATE OF TERMINATION)**

	Class A		Class I			Total
	Number of units	Net assets attributable to unitholders HK\$	Number of units	Net assets attributable to unitholders HK\$	Net asset value per unit HK\$	Net assets attributable to unitholders HK\$
<b>As at 1 January 2019</b>	107,569,918	952,345	970,000,000	8,882,563	9.157	9,834,908
Redemption of units	(47,154,731)	(401,853)	-	-	-	(401,853)
Total comprehensive income	-	9,382	-	421,083	-	430,465
<b>As at 31 December 2019 and 1 January 2020</b>	60,415,187	559,874	970,000,000	9,303,646	9.591	9,863,520
Redemption of units	(60,415,187)	(533,491)	(970,000,000)	(9,164,020)	-	(9,697,511)
Total comprehensive loss	-	(26,383)	-	(139,626)	-	(166,009)
<b>As at 15 October 2020 (Date of Termination)</b>	-	-	-	-	-	-

The notes on pages 12 to 27 are an integral part of these financial statements.

SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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STATEMENT OF CASH FLOWS  
FOR PERIOD FROM 1 JANUARY 2020 TO 15 OCTOBER 2020 (DATE OF TERMINATION)

	For period from 1 January 2020 to 15 October 2020 (Date of Termination) HK\$	For the year ended 31 December 2019 HK\$
<b>Cash flows from operating activities</b>		
Total comprehensive (loss)/income	(166,009)	430,465
Adjustments for:		
Dividend income	(236,722)	(330,569)
Interest income	(2)	(7)
Withholding tax	16,738	27,905
Operating (loss)/income before working capital changes	(385,995)	127,794
Net decrease/(increase) in investments	9,547,541	(118,625)
Decrease in amounts due from brokers	256,352	251,616
Increase in amount receivables from sales of investment	(8,572,216)	-
Increase in prepayments	(1,469)	-
Net increase/(decrease) in management fee payable, trustee fee payable and other payables and accruals	162,097	(128,246)
Cash generated from operations	1,006,310	132,539
Dividend received	216,005	330,641
Interest received	2	7
Withholding tax paid	(16,738)	(27,905)
<b>Net cash generated from operating activities</b>	<b>1,205,579</b>	<b>435,282</b>
<b>Cash flows from financing activities</b>		
Payments on redemption of units	(650,050)	(401,853)
<b>Net cash used in financing activities</b>	<b>(650,050)</b>	<b>(401,853)</b>
<b>Net increase in cash and cash equivalents</b>	<b>555,529</b>	<b>33,429</b>
Cash and cash equivalents at beginning of the period/year	156,448	123,019
<b>Cash and cash equivalents at end of the period/year</b>	<b>711,977</b>	<b>156,448</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	711,977	156,448

The notes on pages 12 to 27 are an integral part of these financial statements.

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

**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, as amended (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 15 October 2020 (Date of Termination), there were another two sub-funds under the Trust - Shenyin Wanguo RMB Mainland Investment Fund and Shenyin Wanguo RQFII A Share Strategy 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.

Pursuant to the notice to unitholders dated 15 September 2020, the Manager have agreed to compulsorily redeem all participating units and terminate the Sub-Fund on 15 October 2020 (Date of Termination).

**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 (“IFRSs”). 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 IFRSs 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.

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)

(a) Basis of preparation (Continued)

As referred to in Note 1, the Manager have agreed to compulsorily redeem all participating units and terminate the Sub-Fund on 15 October 2020 (Date of Termination). As a result, the financial statements have not been prepared on a going concern basis.

The Trustee and Manager have assessed that the fair values of all assets and liabilities at 15 October 2020 (Date of Termination) approximate their net realisable value and therefore no changes in accounting policies or adjustments have been made in the financial statements in order to reflect the fact that the Sub-Fund will be able to realise its assets or to extinguish its liabilities in the normal course of business.

New standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Financial assets at fair value through profit or loss

Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective.

Consequently, all investments are measured at fair value through profit or loss.

Recognition/derecognition

Regular 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.

SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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NOTES TO THE FINANCIAL STATEMENTS

2 **Summary of significant accounting policies (Continued)**

**(b) Financial assets and financial liabilities at fair value through profit or loss (Continued)**

Measurement

Investments are initially recognised at fair value. Transaction costs are expensed as incurred 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 within “Net gain on investments at fair value through profit or loss” 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.

Transfer between levels of the fair value hierarchy

Transfers between levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

**(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) 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.

**(e) 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. Interest income includes interest from cash and cash equivalents.

**(f) Expenses**

Expenses are accounted for on an accruals basis.

**(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.



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 (Continued)

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 "Net exchange 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 on investments at fair value through profit or loss".

(h) Redeemable units

Net assets attributable to unitholders

The Sub-Fund issued 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.

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 5 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.

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.

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)**

**(i) Amount due from brokers**

Amounts due from brokers include balance held in margin account.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

**3 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 15 October 2020 (Date of Termination), the Sub-Fund did not hold any investments and was not exposed to market risk. As a result, no market exposure and sensitivity analysis are presented.

The following table discloses the investments of the Sub-Fund by product type as at 31 December 2019:

	31 December 2019 HK\$
Equity securities	8,663,968
American depositary receipts	883,573
	<hr/>
	9,547,541
	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

As at 31 December 2019, the Sub-Fund invested in listed equities and index futures. The net exposures of listed equity to industry sectors as at 31 December 2019 were as follows:

	31 December 2019 % of net asset value
Communications	8.76
Consumer Discretionary	18.97
Consumer Staples	3.24
Energy	5.30
Financials	36.06
Health Care	4.78
Industrials	5.99
Materials	7.59
Technology	1.78
Utilities	4.33
Total	<u>96.80</u>

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 2019, if the underlying securities had increased/decreased by 5%, the Sub-Fund's pre-tax profits for the year would have resulted in an increase/decrease of HK\$517,493.

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 15 October 2020 (Date of Termination), the Sub-Fund had bank balances of HK\$711,977 (2019: HK\$156,448) and is therefore exposed to minimal interest rate risk on these bank balances.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(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 Hong Kong Dollar and United States Dollar. As United States Dollar is linked currency of Hong Kong Dollar, the functional currency of the Sub-Fund, the Manager considers that the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

**(e) Credit and counterparty risk**

Credit and counterparty 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 cash and cash equivalent. 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.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 15 October 2020 (Date of Termination) and 31 December 2019, all other receivables, amounts due from brokers, cash and cash equivalent are held with counterparties with a credit rating of A2 or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

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

NOTES TO THE FINANCIAL STATEMENTS

3 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
<b>As at 15 October 2020 (Date of Termination)</b>			
Amounts receivables from sales of investment			
Citibank, N.A.	8,572,216	Aa3	Moody's
<u>Bank balances</u>			
Citibank, N.A.	536,850	Aa3	Moody's
Bank of Communications Co.,Ltd., Hong Kong Branch*	175,127	A2	Moody's
<b>As at 31 December 2019</b>			
<u>Investments</u>			
Citibank, N.A.	9,547,541	Aa3	Moody's
<u>Bank balances</u>			
Citibank, N.A.	19,847	Aa3	Moody's
Bank of Communications Co.,Ltd., Hong Kong Branch*	136,601	A2	Moody's
<u>Balance with broker</u>			
Shenwan Hongyuan Futures (H.K.) Limited	256,352	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.

SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(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.

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\$	More than 1 month and less than 6 month HK\$	Total HK\$
<b>As at 15 October 2020 (Date of Termination)</b>				
Redemption payable	-	-	9,047,461	9,047,461
Other payables and accrual	-	79,424	180,000	259,424
	<u>-</u>	<u>79,424</u>	<u>9,227,461</u>	<u>9,306,885</u>
	<u>-</u>	<u>79,424</u>	<u>9,227,461</u>	<u>9,306,885</u>
<b>As at 31 December 2019</b>				
Other payables and accruals	-	97,327	-	97,327
Net assets attributable to unitholders	-	9,863,520	-	9,863,520
	<u>-</u>	<u>9,960,847</u>	<u>-</u>	<u>9,960,847</u>
	<u>-</u>	<u>9,960,847</u>	<u>-</u>	<u>9,960,847</u>

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 15 October 2020 (Date of Termination), there were no outstanding units. As at 31 December 2019, there were 3 unitholders holding more than 10% of the Sub-Fund's units.

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

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(f) Liquidity risk (Continued)

The following table illustrates the expected liquidity of assets held:

	On demand HK\$	Less than 1 month HK\$	More than 1 month to Less than 3 months HK\$	Total HK\$
<b>As at 15 October 2020 (Date of Termination)</b>				
Total assets	711,977	8,590,933	2,000	9,304,910
	<u>711,977</u>	<u>8,590,933</u>	<u>2,000</u>	<u>9,304,910</u>
<b>As at 31 December 2019</b>				
Total assets	156,448	9,803,893	-	9,960,341
	<u>156,448</u>	<u>9,803,893</u>	<u>-</u>	<u>9,960,341</u>

(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).

SHENYIN WANGUO CHINA POLICY FOCUS FUND  
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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(g) Fair value estimation (Continued)

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.

As at 15 October 2020 (Date of Termination), the Sub-Fund did not hold any investments.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2019:

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>As at 31 December 2019</b>				
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- Equity securities	8,663,968	-	-	8,663,968
- American depositary receipts	883,573	-	-	883,573
<b>Total</b>	<b>9,547,541</b>	<b>-</b>	<b>-</b>	<b>9,547,541</b>

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

During the period from 1 January 2020 to 15 October 2020 (Date of Termination), there were no transfers between levels.

Other financial assets and liabilities are carried at amortised cost, their carrying values are a reasonable approximation of fair values and are presented in the statement of financial position.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(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.

**4 Net gain on investments at fair value through profit or loss**

	For period from 1 January 2020 to 15 October 2020 (Date of Termination) HK\$	For the year ended 31 December 2019 HK\$
Change in unrealised losses of investments at fair value through profit or loss	(484,445)	(904,202)
Net realised gains on sale of investments at fair value through profit or loss	513,858	1,278,341
	<u>29,413</u>	<u>374,139</u>

**5 Amounts due from brokers**

	As at 15 October 2020 (Date of Termination) HK\$	As at 31 December 2019 HK\$
Amounts due from brokers:		
Margin account held by broker <sup>1</sup>	-	256,352
	<u>-</u>	<u>256,352</u>

<sup>1</sup> 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.

**6 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**6 Taxation (Continued)**

**(b) PRC**

The Sub-Fund has investments in shares of companies in PRC listed on the Hong Kong Stock Exchange (“H-shares”). Under general taxing provisions of the Corporate Income Tax Law (“CIT Law”), a Sub-Fund could be technically subject to 10% WIT on the PRC sourced capital gains, unless exempt or reduced under relevant double tax treaties. However, there may be practical difficulty for the PRC tax authorities to impose and collect WIT on such capital gains. The 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-tax resident enterprises of the PRC from the trading of H-Shares. Where capital gains are derived from trading of H-Shares, VAT in general is not imposed as the purchase and disposal are often concluded and completed outside the PRC.

No provision was made for taxation from such gains in the financial statements as the Manager believes that the taxation on capital gains derived from H-Shares is not probable under the current enforcement environment.

Withholding income tax of 10% was charged on dividend income received from H-shares during the year.

**7 Transactions with related parties or connected persons**

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties including the Manager, the Investment delegate, Trustee/Custodian, Directors of the scheme and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong. To the best of the Manager’s knowledge, the Sub-Fund does not have any other transactions with the connected persons except for those disclosed below:

All such transactions were entered into in the ordinary course of business and on normal commercial terms.

**(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 1.0% 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.

Pursuant to the manager letter dated 22 March 2019, the Manager agreed to waive the management fee of the Sub-Fund with effective from 18 February 2019 in order to maintain expense ratio at a reasonable level. Therefore, no management fee was incurred by the Sub-Fund since 18 February 2019.

No management fee (2019: HK\$13,211) was charged for the period from 1 January 2020 to 15 October 2020 (Date of Termination). As at 15 October 2020 (Date of Termination) and 31 December 2019, no management fee was payable to the Manager.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**7 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 for each class of units calculated and accrued on each dealing day and are paid monthly in arrears.

Pursuant to the manager letter dated 22 March 2019, the Manager agreed to bear the trustee fee incurred by the Sub-Fund with effective from 18 February 2019 in order to maintain expense ratio at a reasonable level. Therefore, no trustee fee was incurred by the Sub-Fund after 18 February 2019.

No trustee fee (2019: HK\$47,185) was charged for the year. As at 15 October 2020 (Date of Termination) and 31 December 2019, no trustee fee was payable to the Trustee.

**(c) Sub-custodian fee**

The Trustee is entitled to receive a custodian fee from the Sub-Fund. The custodian fee comprises of sub-custodian fees charged by the overseas sub-custodian, at a rate of approximately 0.015% per annum for Hong Kong Market and 0.0085% per annum for US Market of the net asset value of the overseas sub-custodian account of the Sub-Fund, subject to prevailing fee rate of the sub-custodian.

The sub-custodian fee for the year was HK\$12,108 (2019: HK\$21,048).

**(d) 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.

As at 15 October 2020 (Date of Termination) and 31 December 2019, no class I unit was held by the Manager, its connected persons and other funds managed by the Manager

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

NOTES TO THE FINANCIAL STATEMENTS

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

(e) Investment transactions with connected persons of the Manager

In its purchases and sales of investments, the Sub-Fund utilizes the brokerage services of Connect Person of the Manager. Details of transactions effected through this company are as follows:

	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 %
<b>Period ended 15 October 2020 (Date of Termination)</b>				
Shenwan Hongyuan Securities (H.K.) Limited	11,286,971	9,125	100	0.08
<b>2019</b>				
Shenwan Hongyuan Securities (H.K.) Limited	5,328,227	3,715	6.11	0.07
Shenwan Hongyuan Futures (H.K.) Limited	81,538,850	5,666	93.54	0.01

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

The Sub-Fund 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 3(e) to the financial statements. During the year, interest income on these bank balances was HK\$1 (2019: HK\$7), and bank charges on the transactions made under the bank account was HK\$13,350 (2019: HK\$14,880).

8 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**9 Subsequent event**

All other payables and accruals of the Sub-Fund were settled as at 8 April 2021. The redemption payable to Shareholders was settled by a total of HKD8,947,424 in cash on 6 November 2020. As of the date of approval of these financial statements, there are no other assets and liabilities except for the redemption payable and a corresponding cash and cash equivalent amounted to HKD78,430.

**10 Approval of financial statements**

The financial statements of the Sub-Fund were approved by the Trustee and the Manager on 29 April 2021.

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

**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 15 OCTOBER 2020 (DATE OF TERMINATION)**

The Sub-Fund did not hold any investments as at 15 October 2020 (Date of Termination).

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)  
AS AT 15 OCTOBER 2020 (DATE OF TERMINATION)

	% holdings of net assets as at 15 October 2020 (Date of Termination)	% holdings of net assets as at 31 December 2019
<u>Industry Sector</u>		
Communications	-	8.76
Consumer Discretionary	-	18.97
Consumer Staples	-	3.24
Energy	-	5.30
Financials	-	36.06
Health Care	-	4.78
Industrials	-	5.99
Materials	-	7.59
Technology	-	1.78
Utilities	-	4.33
	<hr/>	<hr/>
Total equity investment portfolio	-	96.80
Other net assets	-	3.20
	<hr/>	<hr/>
Net assets	-	100.00
	<hr/> <hr/>	<hr/> <hr/>

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

**PERFORMANCE TABLE (UNAUDITED)  
AS AT 15 OCTOBER 2020 (DATE OF TERMINATION)**

**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 15 October 2020 (Date of Termination)		
CLASS A	-	-
CLASS I	-	-
As at 31 December 2019		
CLASS A	9.267	559,874
CLASS I	9.591	9,303,646
As at 31 December 2018		
CLASS A	8.853	952,345
CLASS I	9.157	8,882,563

**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\$
Period from 1 January 2020 to 15 October 2020 (Date of Termination)		
CLASS A	9.811	7.237
CLASS I	10.154	7.490
Year ended 31 December 2019		
CLASS A	9.339	8.380
CLASS I	9.665	8.674
Year ended 31 December 2018		
CLASS A	12.617	8.820
CLASS I	12.990	9.121



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

**PERFORMANCE TABLE (UNAUDITED)  
AS AT 15 OCTOBER 2020 (DATE OF TERMINATION)**

**Highest issue price and lowest redemption price per unit (Continued)**  
(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 2017		
CLASS A	11.665	8.8250
CLASS I	11.999	8.449
Year ended 31 December 2016		
CLASS A	9.117	7.069
CLASS I	9.322	7.207
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 inception) to 31 December 2012		
CLASS A	10.904	9.054
CLASS I	10.945	9.074