

REPORTS AND AUDITED FINANCIAL STATEMENTS

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
(A sub-fund of an open-ended umbrella unit trust established under  
the laws of Hong Kong)

31 December 2013



**EY** 安永

Building a better  
working world

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

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REPORT OF THE MANAGER

**Market review**

China bond market underwent some turbulent time over the 12 month period. The combination of cheap funding cost from hot money inflow and weaker-than-expected economy data in the first half of the year drove up investment demand, sustaining a rally till the end of May. Then it all went south from June. June, with the usual half yearly assessment for banks' capital adequacy and loan ratios, usually sees a tightening of funding rate. In the past, PBOC always intervenes and conducts open market operation to soothe liquidity; however, intervention did not happen last year. Market panicked and funding cost shot through the roof. 7 day repo rate, a key indication of market liquidity, reached as high as 28%. Market only calmed down after PBOC eventually sensed the severity of the situation and injected liquidity into the market. Determined to constrain growth of shadowed banking, PBOC maintained a relatively tight monetary policy in the second half of the year. With such backdrop, market started deleveraging. Coupled with weak demand in primary market and improving economic data, this pushed treasury yield curve to the highest level since 2005.

In terms of yield curve movement, the 1, 3, 5, 7, 10 year tenor key rate treasury YTM's changed by 131bps, 132bps, 124bps, 112bps and 98bps respectively, which the whole curve moved significantly upwards.

We also witnessed a general widening of the credit spread when many investors were forced to offload high yield bonds during deleveraging. The spread between 5 year tenor AAA, AA+, AA, AA- corporate bonds and corresponding 5 year treasuries expanded by 10bps, 30bps, 33bps and 29bps respectively.

**Portfolio review**

For the 12 month period, the Fund's NAV is down 0.06% for A (Retail) class and up 0.38% for I (Institutional) class assuming reinvestment of dividend. In comparison, the Chinabond Composite Full Price Index (CBCFPI) was down by 3.75%. Hence the A class recorded a 3.69% out-performance over the benchmark index whilst the I class saw a greater magnitude 4.13% outperformance. Aside, sentiment in Equities remained lackluster and volatile with the Shanghai Exchange Composite Index sliding by 6.75% in the comparative period.

Our outperformance was mainly due to our decision to maintain a relatively conservative position with respect to duration and security selection. This in turn shielded us somewhat from the sharp downturn that began in June.

In terms of Fund's Asset allocation, our portfolio ended the year with 90.4% invested in Bonds, and we have 9.6% in Cash & cash equivalents. All of our Bonds exposures are in corporate/enterprise bonds.

Our corporate/enterprise bonds are well diversified across the full investment grade credit spectrum: AAA (36.6%), AA+ (25.2%), AA (27.1%), AA- (1.5%).

At the end of December, the Fund has an Average Duration of 2.60 years with an Average Yield-to Maturity (YTM) of 6.9%. The Fund is adequately diversified in 38 names and our Top 10 holdings have an aggregate weight of 42.7%.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

REPORT OF THE MANAGER (continued)

**Portfolio review** (continued)

Our consistent performance has seen our Fund being positioned well amongst our RQFII fund peers and also has one of the lowest volatility. The Fund aims for a quarterly dividend payout and was once again successful to distribute quarterly dividend in all four quarters in 2013. We hope to maintain our progressive dividend policy for the best interest of our clients. Our consistent risk-adjusted performance, uninterrupted quarterly dividend pay-out is a niche investment attraction which stands above and well amongst our peers.

**Market Outlook**

2013 has been a disappointing year for the bond market, with monetary policy became the dominating factor instead of fundamentals. Although market consensus concluded the intended tightening of monetary environment by PBoC was to prevent over-leverage of financial market and shadow banking, opinions on the duration of this action and impact on the economy remain diverged. Our view on this is as follow: the monetary policy tightening will probably go into 2014 given the growth of monetary supply and shadow bank is still higher than what PBoC desires. However, if the growth of monetary supply dropped back to a desired level, this will likely trigger monetary policy to return to a more neutral stance. On the other hand, with escalating funding cost, the economic recovery may also dampen and forces a loosening of monetary policy. With the current elevated yield curves and stable economy, the downside of the market is limited, in our view.

Sincerely yours,



.....  
Shenyin Wanguo Asset Management (Asia) Limited  
29 April 2014

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. Shenyin Wanguo Asset Management (Asia) Limited is the issuer of this report. This document has not been reviewed by the Securities and Futures Commission.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

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 RMB Mainland Investment Fund in accordance with the provisions of the Trust Deed dated 6 January 2012 and its supplemental deed for the year ended 31 December 2013.

For and on behalf of  
BANK OF COMMUNICATIONS TRUSTEE LIMITED  
  
*Authorized Signatures*

.....  
Bank of Communications Trustee Limited  
29 April 2014

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

ADMINISTRATION AND MANAGEMENT

**MANAGER**

Shenyin Wanguo Asset Management (Asia)  
Limited  
Level 19,  
28 Hennessy Road  
Hong Kong

**TRUSTEE AND REGISTRAR**

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

**LEGAL ADVISERS**

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

**AUDITORS**

Ernst & Young  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

**DIRECTORS OF THE MANAGER**

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

**RQFII CUSTODIAN**

Bank of Communications Co., Ltd.  
188 Yin Cheng Zhong Road  
Shanghai 200120  
The People's Republic of China



Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

安永會計師事務所  
香港中環添美道1號  
中信大廈22樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**Independent auditors' report**  
**To the Trustee and Manager of**  
**SWS Strategic Investment Funds - Shenyin Wanguo RMB Mainland Investment Fund**  
(A sub-fund of an open-ended umbrella unit trust established under the laws of Hong Kong)

We have audited the financial statements of SWS Strategic Investment Funds – Shenyin Wanguo RMB Mainland Investment Fund (a sub-fund of SWS Strategic Investments Funds (the "Trust") and referred to as the "Sub-Fund") set out on pages 7 to 37, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable units, statement of cash flows and statement of distribution for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Trustee's and Manager's responsibility for the financial statements**

The Trustee and the Manager 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, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the Trustee and Manager also have a responsibility to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-Fund dated 6 January 2012 (the "Trust Deed") and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made 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.

We conducted our audit in accordance with International Standards on Auditing. 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 and whether the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, 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 auditors' report (continued)**

**To the Trustee and Manager of**

**SWS Strategic Investment Funds - Shenyin Wanguo RMB Mainland Investment Fund**

(A sub-fund of an open-ended umbrella unit trust established under the laws of Hong Kong)

**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 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.



Certified Public Accountants  
Hong Kong  
29 April 2014



SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	Year ended 31 December 2013 RMB	Period from 10 January 2012 (date of establishment) to 31 December 2012 RMB
<b>INCOME</b>			
Interest income		37,038,691	10,448,085
Net realised (losses)/gains on financial assets at fair value through profit or loss	8	(3,931,510)	1,335,549
Net change in unrealised (losses)/gains on financial assets at fair value through profit or loss	8	(18,801,661)	148,231
Exchange gain		<u>2,037</u>	<u>8,051</u>
		<u>14,307,557</u>	<u>11,939,916</u>
<b>EXPENSES</b>			
Management fee	5	5,838,285	1,774,196
Trustee fee	5	756,485	461,284
Sub-custodian fee	5	681,965	199,798
Auditors' remuneration		177,346	175,302
Commission expenses		138,533	97,612
Handling and transaction fees		(1,557)	1,996
Set up fee		-	661,622
Other general expenses		<u>189,806</u>	<u>86,885</u>
		<u>7,780,863</u>	<u>3,458,695</u>
Operating profit		6,526,694	8,481,221
<b>FINANCE COST</b>			
Distribution to unitholders	7	<u>(16,869,066)</u>	<u>(4,067,664)</u>
Profit before tax		(10,342,372)	4,413,557
Withholding tax on bank interest and coupon	6	(64,233)	(5,398)
Withholding tax on capital gains and accrued interest	6	<u>(730,098)</u>	<u>(1,151,451)</u>
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS DURING THE YEAR/PERIOD</b>		<u><u>(11,136,703)</u></u>	<u><u>3,256,708</u></u>

The accompanying notes are an integral part of these financial statements.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB	2012 RMB
<b>ASSETS</b>			
Cash and cash equivalents	10	6,062,229	31,693,453
Financial assets at fair value through profit or loss	8	677,972,084	836,588,550
Accounts receivable on contributions		-	2,094,040
Interest receivable		13,878,873	8,601,268
Deposits		252,000	252,000
Prepayments		1,067	2,502
<b>TOTAL ASSETS</b>		<u>698,166,253</u>	<u>879,231,813</u>
<b>LIABILITIES</b>			
Accounts payable on redemptions		48,450,587	3,819,380
Management fee payable	5	552,880	352,360
Trustee fee payable	5	66,856	55,429
Sub-custodian fee payable	5	58,922	43,159
Commission expenses payable		64,000	33,013
Audit fee payable		122,558	175,302
Withholding tax payable	6	1,935,530	1,153,408
Other payables		8,162	7,900
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE HOLDERS OF REDEEMABLE UNITS</b>		<u>51,259,495</u>	<u>5,639,951</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<u>646,906,758</u>	<u>873,591,862</u>
<b>TOTAL LIABILITIES</b>		<u>698,166,253</u>	<u>879,231,813</u>
Represented by:			
Net asset attributable to holders of redeemable units (calculated in accordance with Sub-Fund's explanatory memorandum)	12	647,327,987	874,147,303
Adjustment for preliminary expenses recognised	12	( 421,229)	( 555,441)
<b>Net assets attributable to holders of redeemable units (calculated in accordance with IFRSs)</b>		<u>646,906,758</u>	<u>873,591,862</u>

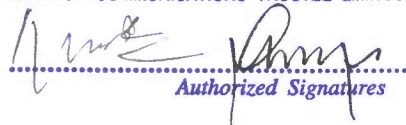
SWS STRATEGIC INVESTMENT FUNDS  
 - SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND


STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2013

	Notes	2013 RMB	2012 RMB
<b>NUMBER OF UNITS IN ISSUE</b>			
Class A	11	2,120,208.621	1,541,394.504
Class I	11	<u>4,397,903.522</u>	<u>7,063,395.769</u>
		<u>6,518,112.143</u>	<u>8,604,790.273</u>
<b>NET ASSET VALUE PER UNIT</b> (calculated in accordance with IFRSs)			
Class A	12	<u>98.720</u>	<u>101.242</u>
Class I	12	<u>99.501</u>	<u>101.585</u>

For and on behalf of  
 BANK OF COMMUNICATIONS TRUSTEE LIMITED

  
 Authorized Signatures



Trustee

Manager

The accompanying notes are an integral part of these financial statements.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the year ended 31 December 2013

	Note	Class A		Class I		TOTAL
		Number of units Units	Net assets attributable holders of redeemable units RMB	Number of units Units	Net assets attributable holders of redeemable units RMB	
As at 1 January 2013		1,541,394,504	156,054,193	7,063,395,769	717,537,669	873,591,862
Issuance of redeemable units during the year		1,960,685,300	199,074,375	2,319,089,621	236,954,100	436,028,475
Redemption of redeemable units during the year		(1,381,871,183)	(140,269,475)	(4,984,581,868)	(511,307,401)	(651,576,876)
Decrease in net assets attributable to holders of redeemable units during the year		-	(5,551,608)	-	(5,585,095)	(11,136,703)
As at 31 December 2013	12	2,120,208,621	209,307,485	4,397,903,522	437,599,273	646,906,758

The accompanying notes are an integral part of these financial statements.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (continued)

For the period from 10 January 2012 (date of establishment) to 31 December 2012

Note	Class A		Class I		TOTAL
	Number of units Units	Net assets attributable holders of redeemable units RMB	Number of units Units	Net assets attributable holders of redeemable units RMB	
As at 10 January 2012 (Date of establishment)	-	-	-	-	-
Issuance of redeemable units during the period	1,668,412,723	168,244,366	8,773,707,588	888,729,770	1,056,974,136
Redemption of redeemable units during the period	(127,018,219)	(12,852,807)	(1,710,311,819)	(173,786,175)	(186,638,982)
Increase in net assets attributable to holders of redeemable units during the period	-	662,634	-	2,594,074	3,256,708
As at 31 December 2012	12 1,541,394,504	156,054,193	7,063,395,769	717,537,669	873,591,862

The accompanying notes are an integral part of these financial statements.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Year ended 31 December 2013 RMB	Period from 10 January 2012 (date of establishment) to 31 December 2012 RMB
	Notes	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	( 10,342,372)	4,413,557
Adjustments for:		
Interest income	( 37,038,691)	( 10,448,085)
Distribution to unitholders	16,869,066	4,067,664
Net change in unrealised losses/(gains) on financial assets at fair value through profit or loss	18,801,661	( 148,231)
Net realised losses/(gains) on financial assets at fair value through profit or loss	3,931,510	( 1,335,549)
Purchase of financial assets at fair value through profit or loss	(1,154,288,034)	(1,414,330,181)
Proceeds from sale of financial assets at fair value through profit or loss	1,290,171,329	579,225,411
	<u>128,104,469</u>	<u>( 838,555,414)</u>
Increase in deposits	-	( 252,000)
Decrease/(Increase) in prepayments	1,435	( 2,502)
Increase in management fee payable	200,520	352,360
Increase in trustee fee payable	11,427	55,429
Increase in commission expenses payable	30,987	33,013
(Decrease)/Increase in audit fee payable	( 52,744)	175,302
Increase in sub-custodian fee payable	15,763	43,159
Increase in other payables	262	7,900
	<u>128,312,119</u>	<u>( 838,142,753)</u>
Net cash used in operations	128,312,119	( 838,142,753)
Withholding tax paid	( 12,209)	( 3,441)
Interest received	31,761,086	1,846,817
	<u>160,060,996</u>	<u>( 836,299,377)</u>
Net cash generated from/(used in) operating activities	160,060,996	( 836,299,377)

SWS STRATEGIC INVESTMENT FUNDS  
 - SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2013

	Notes	Year ended 31 December 2013 RMB	Period from 10 January 2012 (date of establishment) to 31 December 2012 RMB
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds on issue of units		438,122,515	1,054,880,096
Payments on redemption of units		( 606,945,669)	( 182,819,602)
Distributions during the year/period		( 16,869,066)	( 4,067,664)
Net cash flow from financing activities		<u>( 185,692,220)</u>	<u>867,992,830</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>( 25,631,224)</b>	<b>31,693,453</b>
Cash and cash equivalents at beginning of year/period		<u>31,693,453</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>		<u><u>6,062,229</u></u>	<u><u>31,693,453</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash at bank	10	<u><u>6,062,229</u></u>	<u><u>31,693,453</u></u>

The accompanying notes are an integral part of these financial statements.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENT OF DISTRIBUTION

For the year ended 31 December 2013

	Note	RMB
At 10 January 2012 (date of establishment)		-
Operation profit after tax before distribution		7,324,372
Less: Unrealised gains on financial assets at fair value through profit or loss		<u>( 148,231)</u>
Undistributed income before distribution		7,176,141
Interim distribution distributed on 12 July 2012 (RMB1 per unit)	7	(2,075,952)
Interim distribution distributed on 15 October 2012 (RMB0.20 per unit)	7	( 423,643)
Final distribution distributed as of 21 December 2012 (RMB0.30 per unit)	7	(1,568,069)
Transfer to capital		<u>(3,108,477)</u>
Undistributed Income at 31 December 2012		-
Operation profit after tax before distribution		5,732,363
Add: Unrealised losses on financial assets at fair value through profit or loss		<u>18,801,661</u>
Undistributed income before distribution		24,534,024
Interim distribution distributed on 25 March 2013 (RMB0.60 per unit)	7	(5,068,365)
Interim distribution distributed on 25 June 2013 (RMB0.70 per unit)	7	(4,598,678)
Interim distribution distributed on 26 September 2013 (RMB0.60 per unit)	7	(3,006,552)
Final distribution distributed as of 19 December 2013 (RMB0.60 per unit)	7	(4,195,471)
Transfer to capital		<u>(7,664,958)</u>
Undistributed Income at 31 December 2013		<u><u>-</u></u>

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant year ("Net Distributable Income") minus any expenses chargeable against income, subject to adjustments made in accordance with the Trust Deed. Net Distributable Income would include amount receivable by way of interests (i.e. dividend income and interest income net of fees and expenses), or other receipts as determined by the Manager to be in the nature of income. Unrealised capital gain or loss does not form part of Net Distributable Income and therefore would not impact on the amount available for distribution.



SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

1. THE SUB-FUND

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 and 10 January 2012 entered into between Shenyin Wanguo Asset Management (Asia) Limited (the "Manager") and Bank of Communications Trustee Limited (the "Trustee").

Shenyin Wanguo RMB Mainland Investment Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust on 10 January 2012. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong under Section 104(1) 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 can be issued. As at 31 December 2013, another sub-fund, SWS Strategic Investment Funds – Shenyin Wanguo China Policy Focus Fund, existed. 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 provide medium to long-term capital appreciation by investing primarily in RMB-denominated and settled debt securities issued in the People's Republic of China ("PRC"). These include, RMB denominated and settled debt securities issued in the PRC which include, but are not limited to government treasury, local government bond, financial bond, central bank paper, enterprise bond, listed company bond, medium term note, commercial paper and convertible bond, fixed income funds which are authorised by the China Securities Regulatory Commission ("CSRC"), RMB denominated and settled equities which are listed on the Shanghai or Shenzhen Stock Exchanges and equity funds which are authorised by the CSRC.

The Sub-Fund can invest directly in debt securities issued within PRC and China A-Shares by using the Renminbi Qualified Institutional Investors ("RQFII") quota of Shenyin Wanguo (H.K.) Holdings Limited, the holding company of the Manager. As at 31 December 2013, the RQFII quota value is RMB1,400 million (2012: RMB900 million).

As at 31 December 2013, 12.86% (2012: 20.21%) of Class I redeemable units of the Sub-Fund were held by a fellow subsidiary of the Manager, which is considered as a related party of the Sub-Fund.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and the relevant disclosure requirements specified in the SFC code.

The financial statements have been prepared on a historical basis, except for financial assets at fair value through profit or loss that have been measured at fair value. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest dollars, except when otherwise indicated.

The Sub-Fund presents its statement of financial position in order of liquidity. As at 31 December 2013, all the assets and liabilities of the Sub-Fund are expected to be recovered or settled within 12 months.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRSs effective as of 1 January 2013:

*IAS 1 Presentation of Financial Statements*

*Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will not be reclassified. The amendment has not impacted the Sub-Fund's accounts as the Sub-Fund has no other comprehensive income.

*IAS 1 Clarification of the requirement for comparative information (Amendment)*

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies, makes retrospective restatements or makes reclassifications, and that change has material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

*IFRS 10 Consolidated Financial statements and Investment Entities Amendments*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidation - Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. These amendments has not impact the Sub-Fund's financial position or performance.

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

*IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments resulted in additional disclosure in the notes to the financial statements and has not impact the Sub-Fund's financial position or performance.

2.3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Sub-Fund's financial statements are listed below. The Sub-Fund intends to adopt applicable standards when they become effective.

*IFRS 9 Financial Instruments - Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The mandatory effective date of IFRS 9 was removed by IASB in November 2013 but the IFRS 9 is available for application now. A new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Sub-Fund will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

*Amendment to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities*

Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. These amendments are not expected to impact the Sub-Fund's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

*Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

These amendments clarify the meaning of currently has a legally enforceable right to set-off. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Sub-Fund's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

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2.3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

*Amendments under the Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles*

The *Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles* issued in December 2013 set out amendments to a number of IFRSs and shall be applied for a financial period beginning on or after 1 July 2014, except where otherwise indicated. There are separate transitional provision for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant impact on the Sub-Fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Sub-Fund classifies its financial assets and financial liabilities into the following categories in accordance with IAS 39.

*Financial assets held for trading*

A financial asset is classified as held for trading if it is: (i) acquired or incurred principally for the purpose of selling or repurchasing in the near term; or (ii) part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or a derivative (except for a derivative that is a designated and effective hedging instrument). The Sub-Fund does not apply hedge accounting.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to amounts due from brokers and other short-term receivables.

*Other financial liabilities*

This category includes all financial liabilities, other than those classified as held for trading. The Sub-Fund includes in this category amounts relating to an amount due to a broker and short-term payables.

(b) Recognition

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the asset.

NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(c) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(d) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "Net change in unrealised gains/(losses) on financial assets at fair value through profit or loss". Dividend income elements of such instruments are recorded separately in dividend income.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

(e) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Sub-Fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset.

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. Realised gains and losses on investments are calculated on the first in first out basis and are dealt with in profit or loss.

NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or binding dealer price for an identical asset or liability, without any deduction for transaction costs. An active market is a market in which transactions for the asset or liabilities takes place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Impairment of financial assets

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Impairment of financial assets

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Offsetting financial instruments

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

NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and presentation currency

The Sub-Fund's functional and presentation currency is the RMB, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in RMB. Therefore, the RMB is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Foreign currency translations

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the net gain or loss on financial assets at fair value through profit or loss. Exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as net exchange gains/(losses).

Balances with 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.

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

Net assets attributable to holders of redeemable units

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. Subscription and redemptions of redeemable units falls on dealing days which are generally Hong Kong and PRC business days.

The holder of redeemable units can redeem the units during the Hong Kong and PRC business days of each calendar month 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 holders of redeemable units of the relevant classes. Class A units are subject to management fee at 1.2% per annum while Class I units are subject to management fee at 0.75% 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 holders of redeemable units per unit at the time of issue or redemption. The Sub-Fund's net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders by the number of units in issue.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets attributable to holders of redeemable units (continued)

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 redemption day(s) until the initial redemption request has been satisfied in full.

Distributions to unitholders

Distributions are at the discretion of the Manager of the Sub-Fund. A distribution to the Sub-Fund's unitholder is included in the statement of comprehensive income as "Finance cost". A proposed distribution is recognised as a liability in the period in which it is approved by the Manager of the 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 redemptions are based on the latest available valuation. Proceeds and payments for units issued and redeemed are shown as movements in the statement of changes in net assets attributable to holders of redeemable units.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise demand deposits, short-term deposits in banks and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, excluding amounts which have been pledged as collateral.

Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend income

Dividend income is recognised when the Sub-Fund's right to receive the payment is established. Dividend income is presented net of any non-recoverable withholding taxes.



NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management of the entity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Sub-Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Sub-Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

*Going concern*

The Sub-Fund's management has made an assessment of the Sub-Fund's ability to continue as a going concern and is satisfied that the Sub-Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Sub-Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

*Fair value of financial instruments*

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

*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. The Sub-Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile.

5. FEES

Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of 1.2% per annum for Class A and 0.75% 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 RMB5,838,285 (2012: RMB1,774,196). As at 31 December 2013, the management fee of RMB552,880 (2012: RMB352,360) was payable to the Manager.

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5. FEES (continued)

Trustee fee

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

The trustee fee for the year was RMB756,485 (2012: RMB461,284). As at 31 December 2013, the trustee fee of RMB66,856 (2012: RMB55,429) was payable to the Trustee.

Custodian fee

The RQFII Custodian acts as a custodian to the Sub-Fund. The custodian fee comprises of sub-custodian fees charged by the RQFII Custodian, at a rate of 0.10% per annum of the net asset value of the RQFII custodian account of Sub-Fund

The sub-custodian fee for the year was RMB681,965 (2012: RMB199,798). As at 31 December 2013, the sub-custodian fee RMB58,922 (2012: RMB43,159) was payable to RQFII custodian.

6. TAXATION

Hong Kong

The Sub-Fund is exempted from Hong Kong profits tax on profits arising from authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

People's Republic of China ("PRC") tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend/interest and capital gains) imposed on the PRC.

Capital gains Tax

Specific rules governing taxes on Renminbi qualified foreign institutional investors' ("RQFII") capital gains derived from trading of PRC securities have yet to be announced. In the absence of such specific rules, the PRC income tax treatment should be governed by the general tax provisions of the Corporate Income Tax Law, which stipulates a 10% tax on a withholding basis for capital gains derived on disposal of PRC securities. Therefore, in light of the potential liability, the Sub-Fund has elected to withhold a 10% tax provision on capital gains realised on disposal of PRC securities.

Distribution Tax

A ten per cent (10%) PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. As such, the RQFII will pass on this tax liability to the Sub-Fund in the form of a distribution Tax and therefore, the Sub-Fund is subject to a distribution tax of ten per cent (10%). There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future.

For the current year, the PRC capital gains tax and distribution tax amounted to RMB730,098 (2012: RMB1,151,451), of which RMB1,935,530 (2012: RMB1,153,408) was payable at the reporting date.

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7. DISTRIBUTION

	Number of shares	2013 RMB
Interim dividend on 25 March 2013 at RMB0.60 per unit	8,447,275.879	5,068,365
Interim dividend on 25 June 2013 at RMB0.70 per unit	6,569,540.187	4,598,678
Interim dividend on 26 September 2013 at RMB0.60 per unit	5,010,919.226	3,006,552
Final dividend as of 19 December 2013 at RMB0.60 per unit	6,992,451.809	<u>4,195,471</u>
		<u>16,869,066</u>
	Number of shares	2012 RMB
Interim dividend on 12 July 2012 at RMB1 per unit	2,075,951.848	2,075,952
Interim dividend on 15 October 2012 at RMB0.20 per unit	2,118,214.149	423,643
Final dividend as of 21 December 2012 at RMB0.30 per unit	5,226,896.047	<u>1,568,069</u>
		<u>4,067,664</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 RMB	2012 RMB
<u>Financial assets at fair value through profit or loss</u>		
Held for trading		
- listed and quoted debt securities	617,319,770	756,588,550
- unit trust	<u>60,652,314</u>	<u>80,000,000</u>
	<u>677,972,084</u>	<u>836,588,550</u>
Net (losses)/gains on financial assets at fair value through profit or loss:		
- realised	(3,931,510)	1,335,549
- unrealised	<u>(18,801,661)</u>	<u>148,231</u>
Net (losses)/gains	<u>(22,733,171)</u>	<u>1,483,780</u>

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9. FAIR VALUE OF FINANCIAL HIERARCHY

The following shows financial instruments measured at fair value, analysed between those whose fair value is based on:

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

As at 31 December 2013, the Sub-Fund's financial assets at fair value through profit or loss was RMB677,972,084 (2012: RMB836,588,550). All of them were classified as Level 2 fair value measurements.

The Sub-Fund invests in listed and quoted debt securities and unit trust. In the absence of a quoted price in an active market, the debt securities are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2 of fair value measurements, and no transfers into and out of Level 3 of fair value measurement.

10. CASH AND CASH EQUIVALENTS

At 31 December 2013, cash and cash equivalents are solely comprised of cash at a bank. The cash at bank of the Sub-Fund is being held in interest bearing account with Bank of Communication Co., Ltd., HK Branch under the same group of Trustee and Bank of Communication Co., Ltd, the ultimate holding company of the Trustee.

11. NUMBER OF UNITS IN ISSUE

The following is the issuance/(redemption) of units of the Sub-Fund:

	2013		2012	
	Class A (units)	Class I (units)	Class A (units)	Class I (units)
Units outstanding at the beginning of the year/period	1,541,394.504	7,063,395.769	-	-
Units issued	1,960,685.300	2,319,089.621	1,668,412.723	8,773,707.588
Units redeemed	(1,381,871.183)	(4,984,581.868)	(127,018.219)	(1,710,311.819)
Units outstanding at the end of the year/period	<u>2,120,208.621</u>	<u>4,397,903.522</u>	<u>1,541,394.504</u>	<u>7,063,395.769</u>

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12. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

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

	2013 RMB	2012 RMB
Published net assets attributable to holders of redeemable units	647,327,987	874,147,303
Adjustment to preliminary expense (a)	<u>(421,229)</u>	<u>( 555,441)</u>
Net assets attributable to holders of redeemable units (calculated in accordance with IFRSs)	<u>646,906,758</u>	<u>873,591,862</u>

Notes:

- (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 year/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.

	2013		2012	
	Calculated in accordance with IFRSs RMB	Calculated in accordance with Sub-Fund's explanatory memorandum RMB	Calculated in accordance with IFRSs RMB	Calculated in accordance with Sub-Fund's explanatory memorandum RMB
Net asset value				
Class A	209,307,485	209,444,502	156,054,193	156,153,690
Class I	437,599,273	437,883,485	717,537,669	717,993,613
	RMB	RMB	RMB	RMB
Net asset value per unit				
Class A	98.720	98.784	101.242	101.306
Class I	99.501	99.566	101.585	101.649

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12. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (continued)

*Capital management*

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

- a) To invest the capital in investments for achieving its investment objectives;
- b) 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
- c) To maintain sufficient liquidity to meet the expenses of the Sub-Fund and redemption requests as they arise.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting year/period are as follows:

2013

<u>Financial assets</u>	Held for trading RMB	Loans and receivables RMB	Total RMB
Cash and cash equivalents	-	6,062,229	6,062,229
Financial assets at fair value through profit or loss	677,972,084	-	677,972,084
Account receivable on contribution	-	-	-
Interest receivable	-	13,878,873	13,878,873
	<u>677,972,084</u>	<u>19,941,102</u>	<u>697,913,186</u>
 <u>Financial liabilities</u>			At amortised cost RMB
Account payable on redemption			48,450,587
Management fee payable			552,880
Trustee fee payable			66,856
Commission expenses payable			64,000
Audit fee payable			122,558
Sub-custodian fee payable			58,922
Other payables			8,162
Withholding tax payable			1,935,530
			<u>51,259,495</u>

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13. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2012

<u>Financial assets</u>	Held for trading RMB	Loans and receivables RMB	Total RMB
Cash and cash equivalents	-	31,693,453	31,693,453
Financial assets at fair value through profit or loss	836,588,550	-	836,588,550
Account receivable on contribution	-	2,094,040	2,094,040
Interest receivable	-	8,601,268	8,601,268
	<u>836,588,550</u>	<u>42,388,761</u>	<u>878,977,311</u>
 <u>Financial liabilities</u>			At amortised cost RMB
Account payable on redemption			3,819,380
Management fee payable			352,360
Trustee fee payable			55,429
Commission expenses payable			33,013
Audit fee payable			175,302
Sub-custodian fee payable			43,159
Other payables			7,900
Withholding tax payable			1,153,408
			<u>5,639,951</u>

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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.



NOTES TO FINANCIAL STATEMENTS

31 December 2013

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

The performance of the Sub-Fund could be affected by a number of risk factors, including the following:

*Market risk*

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, interest rates, and foreign exchange rates. The maximum risk resulting from the equity securities equals their fair value.

Market movement may therefore result in substantial fluctuation in the net asset value per unit of the Sub-Fund.

The Sub-Fund assumes market risk in trading activities as follows:

- Interest rate risk
- Foreign exchange risk

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The majority of interest rate exposure arises on investments in debt securities in the PRC and denominated in RMB. All of the Sub-Fund's investments in debt securities carry fixed interest rates and mature within 1 to 7 years.

The sensitivity of both the net assets attributable to shareholders and the change in net assets attributable to shareholders from operations is the effect of the assumed changes in interest rates on:

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting year.
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the end of the reporting year.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The table below analyses the Sub-Fund's change in interest income and fair value of investments if there has been a change in interest rate basis points. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

	Financial assets at fair value through profit or loss RMB	Change in basis points	Sensitivity of changes in fair value of investments Increase/(decrease) %	Sensitivity of changes in fair value of investments Increase/(decrease) RMB equivalent
As at 31 December 2013	677,972,084	+100/-100	2.99%/(2.88%)	(18,436,909)/ 17,750,534
As at 31 December 2012	836,588,550	+100/-100	2.06%/(1.87%)	(17,233,724)/ 15,644,206

The following table analyses the Sub-Fund's interest rate risk exposure. The Sub-Fund's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Sub-Fund mainly invests in securities and other investments that are denominated in RMB, 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.

*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.

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- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*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 assets and financial liabilities into relevant maturity groupings based on the remaining year/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.

2013

	On demand RMB	Trading instrument* RMB	Less than 1 month RMB	Less than 1 year RMB	Total RMB
<u>Financial assets</u>					
Cash at banks	6,062,229	-	-	-	6,062,229
Financial assets at fair value through profit or loss	-	677,972,084	-	-	677,972,084
Account receivable on contribution	-	-	-	-	-
Interest receivable	-	-	-	13,878,873	13,878,873
Total financial assets	<u>6,062,229</u>	<u>677,972,084</u>	<u>-</u>	<u>13,878,873</u>	<u>697,913,186</u>

\* *Trading instruments* represents the Sub-Fund's investments in debt securities which are held for trading.

	On demand RMB	Redeemable units RMB	Less than 1 month RMB	Less than 1 year RMB	Total RMB
<u>Financial liabilities</u>					
Account payable on redemption	-	-	48,450,587	-	48,450,587
Management fee payable	-	-	552,880	-	552,880
Trustee fee payable	-	-	66,856	-	66,856
Commission expenses payable	-	-	64,000	-	64,000
Audit fee payable	-	-	122,558	-	122,558
Sub-custodian fee payable	-	-	58,922	-	58,922
Other payables	-	-	8,162	-	8,162
Withholding tax payable	-	-	-	1,935,530	1,935,530
Net assets attributable to holders of redeemable units	-	646,906,758	-	-	646,906,758
Total financial liabilities	<u>-</u>	<u>646,906,758</u>	<u>49,323,965</u>	<u>1,935,530</u>	<u>698,166,253</u>

SWS STRATEGIC INVESTMENT FUNDS  
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NOTES TO FINANCIAL STATEMENTS

31 December 2013

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk* (continued)

2012

	On demand RMB	Trading instrument* RMB	Less than 1 month RMB	Less than 1 year RMB	Total RMB
<u>Financial assets</u>					
Cash at banks	31,693,453	-	-	-	31,693,453
Financial assets at fair value through profit or loss	-	836,588,550	-	-	836,588,550
Account receivable on contribution	-	-	2,094,040	-	2,094,040
Interest receivable	-	-	-	8,601,268	8,601,268
Total financial assets	<u>31,693,453</u>	<u>836,588,550</u>	<u>2,094,040</u>	<u>8,601,268</u>	<u>878,977,311</u>

\* *Trading instruments represents the Sub-Fund's investments in debt securities which are held for trading.*

	On demand RMB	Redeemable units RMB	Less than 1 month RMB	Less than 1 year RMB	Total RMB
<u>Financial liabilities</u>					
Account payable on redemption	-	-	3,819,380	-	3,819,380
Management fee payable	-	-	352,360	-	352,360
Trustee fee payable	-	-	55,429	-	55,429
Commission expenses payable	-	-	33,013	-	33,013
Audit fee payable	-	-	175,302	-	175,302
Sub-custodian fee payable	-	-	43,159	-	43,159
Other payables	-	-	7,900	-	7,900
Withholding tax payable	-	-	-	1,153,408	1,153,408
Net assets attributable to holders of redeemable units	-	873,591,862	-	-	873,591,862
Total financial liabilities	<u>-</u>	<u>873,591,862</u>	<u>4,486,543</u>	<u>1,153,408</u>	<u>879,231,813</u>

SWS STRATEGIC INVESTMENT FUNDS  
 - SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk*

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

The Sub-Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honor its contractual obligations. These credit exposures exist within financing relationships, derivatives and other transactions.

It is the Sub-Fund's policy to enter into financial instruments with reputable counterparties.

The Manager closely monitors the creditworthiness of the Sub-Fund's counterparties (e.g. brokers, custodian and banks) by reviewing their credit ratings and financial statements on a regular basis.

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

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with the bank and the custodian:

*As at 31 December 2013*

	RMB	Credit rating	Source of credit rating
<u>Bank balance</u>			
Bank of Communications Co., Ltd., Hong Kong Branch*	2,373,954	A3	Moody's
Bank of Communications Co., Ltd.	3,940,275	A3	Moody's
<u>Investment</u>			
Bank of Communications Co., Ltd.	677,972,084	A3	Moody's

*As at 31 December 2012*

	RMB	Credit rating	Source of credit rating
<u>Bank balance</u>			
Bank of Communications Co., Ltd., Hong Kong Branch*	5,222,105	A3	Moody's
Bank of Communications Co., Ltd.	26,723,348	A3	Moody's
<u>Investment</u>			
Bank of Communications Co., Ltd.	836,588,550	A3	Moody's

\* It is one of the branches of Bank of Communications Co., Ltd.

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

15. TRANSACTIONS WITH MANAGER AND ITS CONNECTED PERSONS

Connected persons are those as defined in the SFC Code and are related parties of the Manager and the Sub-Fund. All transactions entered into during the year/period between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, in addition to the transactions detailed in note 5, the Sub-Fund had the following transactions with connected persons during the year/period:

(a) Holdings 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 persons at the reporting date were as follows.

Units held by a fellow subsidiary of the Manager, are detailed as follows:

2013

	Units outstanding at 1 January 2013	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2013
Shenyin Wanguo Trading (H.K.) Limited	1,732,942.059	202,126.610	(1,055,160.518)	879,908.151

2012

	Units outstanding at 10 January 2012 (date of establishment)	Units subscribed during the period	Units redeemed during the period	Units outstanding at 31 December 2012
Shenyin Wanguo Trading (H.K.) Limited	-	3,015,378.429	(1,282,436.370)	1,732,942.059

(b) Investment transactions with connected persons of the Manager

	Aggregate value of purchase and sales of securities RMB	Total commission paid RMB	% of Sub-Fund's total transactions during the period RMB	Average commission rate %
<u>2013</u>				
Shenyin Wanguo Securities Co. Ltd.	25,327,044	2,533	1.02%	0.01%
<u>2012</u>				
Shenyin Wanguo Securities Co. Ltd.	206,123,284	19,612	10.46%	0.01%

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2013

15. TRANSACTIONS WITH MANAGER AND ITS CONNECTED PERSONS (continued)

(c) Bank deposits and investments held by the Trustee's affiliates

The Sub-Fund's bank deposits and investments were held by Bank of Communication Co., Ltd., HK Branch under the same group of Trustee and Bank of Communication Co., Ltd, the ultimate holding company of the Trustee. Further details of the balances held are described in Note 10 to the financial statements. During the year, interest income received on these bank balances amounted to RMB104,401 (2012: RMB170,470).

All transactions entered into during the year between the Sub-Fund with its Manager, the Trustee and its connected persons were carried out in the normal course of business and on normal commercial terms.

16. 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.

17. EVENTS AFTER THE REPORTING YEAR

During the period between the end of the reporting period and the date of authorisation of these financial statements, the Sub-Fund had issued 477,566.714 units of Class A redeemable units and 480,606.756 units of Class I redeemable units and redeemed 1,616,261.831 units of Class A redeemable units and 1,232,618.603 units of Class I redeemable units.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 29 April 2014.

SWS STRATEGIC INVESTMENT FUNDS  
 - SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

STATEMENTS OF MOVEMENT IN PORTFOLIO HOLDINGS

For the year ended 31 December 2013

	Holdings as at <u>31.12.2013</u>	Holdings as at <u>31.12.2012</u>
<u>People's Republic of China</u>		
Listed exchange bonds	-	2.81
Listed interbank bonds	95.36	83.74
Unlisted unit trust <sup>1</sup>	9.37	9.15
	<hr/>	<hr/>
Total investment portfolio	104.73	95.70
Other net assets	(4.73)	4.30
	<hr/>	<hr/>
Net assets	<u>100.00</u>	<u>100.00</u>

<sup>1</sup> Not authorised in Hong Kong and not available to Hong Kong Residents



SWS STRATEGIC INVESTMENT FUNDS  
 - SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

PERFORMANCE TABLE

31 December 2013

Net asset value

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

	Net asset value per unit RMB	Total net asset value RMB
As at 31 December 2013		
CLASS A	98.784	209,444,502
CLASS I	99.566	437,883,485
As at 31 December 2012 <sup>1</sup>		
CLASS A	101.306	156,153,690
CLASS I	101.649	717,993,613

<sup>1</sup> Year of establishment

Highest issue price and lowest redemption price per unit

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

	Highest issue price per unit RMB	Lowest redemption price per unit RMB
Year ended 31 December 2013		
CLASS A	103.433	98.697
CLASS I	103.980	99.468
Period from 10 January 2012 (date of establishment) to 31 December 2012		
CLASS A	102.187	100.000
CLASS I	102.278	100.000

SWS STRATEGIC INVESTMENT FUNDS  
- SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

INVESTMENT PORTFOLIO

31 December 2013

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (UNAUDITED)

	Holding unit	Fair value RMB	% of NAV
<i>Listed interbank bonds</i>			
<i>People's Republic of China</i>			
Beijing Automotive Group Corporation Limited 5.16% 11/16/2019	200,000	18,775,320	2.90
Black Peony Group 5.49% 10/29/2015	100,000	9,719,510	1.50
China Hi-Tech Group 5.78% 10/31/2019	200,000	18,857,260	2.91
China Huadian Corporation 4.75% 06/09/2014	300,000	29,779,440	4.60
China Nonferrous Metal 5.42% 09/25/2018	500,000	47,477,750	7.33
China Railway Corporation 4.97% 07/24/2023	200,000	18,692,100	2.89
China Railway Corporation 5.10% 08/14/2023	200,000	18,877,160	2.92
China Water Investment 5.41% 10/25/2017	200,000	19,054,020	2.94
Chinatex Corporation 4.39% 07/12/2015	100,000	9,664,150	1.49
Csr Group 4.54% 09/17/2015	100,000	9,719,120	1.50
Guangdong Baolihua New Energy 6.27% 03/14/2016	100,000	9,788,280	1.51
Guangzhou Automobile Group 3.58% 04/13/2014	100,000	9,913,980	1.53
Guangzhou Electric Equipment Group 5.60% 09/21/2015	100,000	9,751,390	1.51
Huarun Dadong Dockyard 7.65% 03/19/2015	100,000	9,969,330	1.54
Huludao Investment Group 7.05% 10/18/2020	200,000	19,320,320	2.98
Im Yitai Coal Corporation 5.53% 12/25/2017	200,000	19,097,920	2.95
Jiangsu Communication Holding 5.90% 11/12/2014	300,000	29,812,740	4.61
Jiangsu Fasten Group 7.30% 05/11/2015	100,000	9,874,410	1.53
Jx Water Conservancy Investment 5.40% 01/22/2018	200,000	18,889,800	2.92
Liaoning Yaodu Development 7.35% 12/12/2019	100,000	9,684,610	1.50
Municipal Road & Bridge 6.55% 11/18/2014	100,000	9,949,720	1.54
Nanhai Holding Investment 5.40% 01/17/2018	300,000	28,489,710	4.40
Nanjing Yurun Foods Corporation 5.49% 10/18/2015	100,000	9,691,810	1.50
Nonggongshang Real Estate 6.29% 10/11/2017	200,000	19,376,880	2.99
Quanxing Mining Group 6.70% 03/21/2019	100,000	9,734,390	1.50
Sh Lingang Eco Development Group 6.06% 11/28/2017	100,000	9,579,380	1.48
Shanghai Chengtou 5.20% 10/28/2014	200,000	19,791,120	3.06
Shanghai Electric Power 5.25% 10/11/2014	300,000	29,713,560	4.59
Shanxi G-Ocean Energy 5.53% 12/26/2017	300,000	28,547,700	4.41
Shenzhen Huaqiang Hld 6.31% 02/24/2015	100,000	9,888,360	1.53
Tianrui Group Cement Corporation 5.80% 05/10/2015	100,000	9,801,270	1.51
Wuhan Metro 5.70% 02/04/2020	100,000	9,478,030	1.46
Xiangtan Jiuhua Economic Const Investment 7.15% 10/15/2020	200,000	19,212,520	2.97
Xiwang Group 6.60% 01/10/2018	100,000	9,704,220	1.50
Xiyong Indus Park Development 6.90% 09/02/2018	200,000	19,282,540	2.98
Zhejiang Hengyi Group Corporation 6.01% 01/25/2018	200,000	18,846,580	2.91
Zhoushan Tran Investment Corporation 6.40% 12/05/2017	100,000	9,513,370	1.47
		<u>617,319,770</u>	<u>95.36</u>

SWS STRATEGIC INVESTMENT FUNDS  
 - SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND

INVESTMENT PORTFOLIO (continued)

31 December 2013

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (UNAUDITED) (continued)

	Holding unit	Fair value RMB	% of NAV
<i>Unlisted unit trust</i>			
<i>People's Republic of China</i>			
E Fund Money Market Fund - B	30,283,689.26	30,283,689	4.68
Southern Money Market Fund - B	30,368,625.12	30,368,625	4.69
		<u>60,652,314</u>	<u>9.37</u>
Total investment portfolio		677,972,084	104.73
Other net assets		<u>(30,644,097)</u>	<u>(4.73)</u>
Net assets value as at 31 December 2013 (in accordance with Sub-Fund's explanatory memorandum)		<u>647,327,987</u>	<u>100.00</u>
TOTAL INVESTMENT, AT COST		<u>696,625,514</u>	