

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**INTERIM REPORT (UNAUDITED)**

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

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

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**MANAGEMENT AND ADMINISTRATION**

**Manager**

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

**Directors of the Manager**

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

**Trustee and Registrar**

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

**Auditor**

PricewaterhouseCoopers  
22/F Prince's Building  
Central  
Hong Kong

**Legal Adviser**

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

**RQFII Custodian**

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

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**REPORT OF THE MANAGER**

**Market Review**

For the first half of 2020, with the outbreak of Covid-19 pandemic, central banks around the globe cut rate aggressively to manage risks of liquidity crunch. In fact, the lockdown measures imposed by various countries resulted in global recession concerns that also put downwards pressures on global rates. In order to stabilize economy, China adopted both loose monetary policies and expansionary fiscal policies. GDP target was abandoned by the government for the first time and the budget deficit was set at above 3.6%. On the other hand, in the first quarter of 2020, the People's Bank of China (PBoC) injected 1.4 trillion yuan of liquidity mainly through long-term tools including RRR cuts and medium-term lending facilities which put pressure in the long end of the CGB yield curve. However, situation changes in the second quarter. With the recovering economy in China, along with the RMB3.75tn rose in local government special project bond quota, the central bank tuned the tone to focus more on short-term liquidity in Q2. We thus saw a rebound in the long end of the CGB yield curve.

Thanks to these favorable policies and the early resumption of works in China, in terms of economic fundamentals, China in many ways looks better than the rest of the world. While we saw industrial profit and industrial production achieved significant improvements, China real estate developers were having a particularly solid performance, many are seeing sales match or surpass levels from a year ago and they have seemed to be experiencing a V-shaped recovery. As such, we expect China high yield default rates to be lower than that of U.S. and global high yields.

**Portfolio Review**

In response to our aforementioned macroeconomic view, we first had our portfolio duration overweighed in Q1 compared to the benchmark, then gradually switched to an underweighted duration in Q2. As a result, for the six months' period, the Fund's total return (including dividend pay-out) was 0.191% for A (Retail) class and up 0.384% for I (institutional) class. The Chinabond Composite Full Price Index (CBCFPI) was up 0.79%.

**Market Outlook**

For the second half of the year, parts of China were hit by what officials are calling "once in a century" flood surge which could lead to a retreat in economic fundamentals including the CPI. At the same time, given that the situation of COVID-19 infection remains severe globally and that there is a continuous increase in the number of cases reported around the world, the eventual damage that coronavirus could inflict in China remains uncertain and bond-market bounce could be premature. We, therefore, would continue underweighting our portfolio duration for the foreseeable future.

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
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STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 JUNE 2020**

	30 Jun 2020 RMB	31 Dec 2019 RMB
<b>Assets</b>		
Cash and cash equivalent	963,095	464,056
Financial asset at fair value through profit or loss	41,781,607	46,666,756
Interest receivable	945,621	750,090
Deposit	9,398	10,430
Prepayments	20,749	128
<b>Total assets</b>	43,720,470	47,891,460
<b>Liabilities</b>		
Amounts payable on redemption of units	-	12,010
Management fee payable	32,156	35,746
Trustee fee payable	53,227	53,373
Sub-custodian fee payable	3,797	4,100
Tax payable	266,299	266,299
Other payables and accruals	238,971	373,094
<b>Total liabilities</b>	594,450	744,622
<b>Net assets attributable to unitholders</b>	43,126,020	47,146,838
 <b>Net asset value</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	9,315,296	12,773,227
Class I	33,810,724	34,373,611
 <b>Number of units in issue</b>		
Class A	91,625.237	123,236.202
Class I	320,192.555	320,192.555
 <b>Net asset value per unit</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	101.667	103.648
Class I	105.594	107.352

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
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STATEMENT OF FINANCIAL POSITION (UNAUDITED) – CONTINUED  
AS AT 30 JUNE 2020**

**Dividend Paid**

The interim dividend distribution for the calendar quarter ending 31 March 2020 was paid and the amount of dividend paid was RMB310,315.49.

<b>Share Class</b>	<b>Currency</b>	<b>Dividend per Unit</b>
Class A	RMB	RMB0.70
Class I	RMB	RMB0.70

Record date : 19 March 2020

Ex-dividend date : 20 March 2020

Payment date : 24 March 2020

The interim dividend distribution for the calendar quarter ending 30 June 2020 was paid and the amount of dividend paid was RMB288,056.69.

<b>Share Class</b>	<b>Currency</b>	<b>Dividend per Unit</b>
Class A	RMB	RMB0.70
Class I	RMB	RMB0.70

Record date : 18 June 2020

Ex-dividend date : 19 June 2020

Payment date : 23 June 2020

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Note	For the six months ended 30 Jun 2020 RMB	For the six months ended 30 Jun 2019 RMB
<b>Income</b>			
Dividend income		-	13,640
Interest on bank deposit		6,073	6,490
Interest from financial assets at fair value through profit or loss		837,200	867,611
Net (losses)/gains on financial assets at fair value through profit or loss		(233,679)	982,375
Net exchange (losses)/gains		(11,738)	5,644
<b>Total net income</b>		597,856	1,875,760
<b>Expenses</b>			
Management fee		197,288	203,779
Trustee fee		302,728	301,890
Sub-custodian fee		23,096	23,545
Auditor's remuneration		57,539	45,057
Commission and brokerage fee	2	5,481	3,821
Legal and professional fees		103,232	11,784
Other expenses		23,424	57,971
<b>Total operating expenses</b>		712,788	647,847
<b>Finance Cost</b>			
Distribution to unitholders		(598,373)	(621,759)
<b>Profit/(loss) before tax</b>		(713,305)	606,154
Taxation		6,159	(190,308)
<b>Total comprehensive income/(loss)</b>		(707,146)	415,846

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Class A			Class I			Total
	Number of units	Net assets attributable to unitholders RMB	Net asset value per unit RMB	Number of units	Net assets attributable to unitholders RMB	Net asset value per unit RMB	Net assets attributable to unitholders RMB
<b>As at 1 January 2019</b>	123,875,581	12,747,441	102.905	320,192,555	33,965,988	106.079	46,713,429
Issuance of units	1,017,382	105,394		-	-		105,394
Redemption of units	(421,582)	(43,680)		-	-		(43,680)
Total comprehensive loss	-	92,648		-	323,198		415,846
<b>As at 30 June 2019</b>	124,471,381	12,901,803	103.652	320,192,555	34,289,186	107.089	47,190,989
<b>As at 1 January 2020</b>	123,236,202	12,773,227	103.648	320,192,555	34,373,611	107.352	47,146,838
Issuance of units	829,405	84,812		-	-		84,812
Redemption of units	(32,440,370)	(3,398,484)		-	-		(3,398,484)
Total comprehensive loss		(144,259)			(562,887)		(707,146)
<b>As at 30 June 2020</b>	91,625,237	9,315,296	101.667	320,192,555	33,810,724	105.594	43,126,020



**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND  
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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 JUNE 2020**

<b>Investments</b>	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net asset value</b>
<b>Debt securities</b>			
<b>China</b>			
China Govt Bond 4.26% 7/31/2021	3,128,000	3,209,641	7.44
China Govt Bond 3.4% 4/17/2023	1,000,000	1,024,500	2.38
China Govt Bond 3.27% 8/22/2046	1,227,000	1,154,239	2.68
Financial Street 4.2% 8/20/2025	1,000,000	1,005,200	2.33
Byd Co 3.5% 6/15/2022	1,000,000	1,005,000	2.33
Evergrande 6.98% 07/08/2022	3,000,000	3,000,000	6.96
China Natl Petro 1% 07/13/2022	1,700,000	1,705,270	3.95
Future Land 4.5% 03/11/2021	2,000,000	2,016,000	4.67
China Natl Petro 3.15% 03/03/2021	1,750,000	1,756,125	4.07
China Southern 3.14% 03/11/2021	2,000,000	2,004,000	4.65
China North Indu 4.77% 4/17/2023	2,000,000	2,055,400	4.77
Cnnc Nuclear 0.5% 04/15/2025	1,000,000	999,100	2.32
Ch Mecht Exp Th 0.3% 03/22/2025	900,000	906,453	2.10
Baowu Steel 1% 11/24/2020	3,500,000	3,578,050	8.30
China Dev Bank 5.85% 04/15/2029	2,705,000	3,239,508	7.51
China Dev Bank 3.87% 08/01/2023	7,000,000	7,235,900	16.78
China Dev Bank 4.59% 08/01/2038	2,816,000	3,101,824	7.19
China Dev Bank 3.39% 02/03/2027	2,778,000	2,784,389	6.46
China Dev Bank 3.46% 01/17/2027	1,000	1,008	0.00
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		41,781,607	96.89
Total investment portfolio, at fair value		41,781,607	96.89
Other net assets		1,344,413	3.11
		<hr/>	
Net asset value as at 30 June 2020 (calculated in accordance with the Sub-Fund's explanatory memorandum)		43,126,020	100
		<hr/>	
Total investments, at cost		42,018,752	
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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<b>% holdings of net assets as at 30 June 2020</b>	<b>% holdings of net assets as at 31 December 2019</b>
<b>People's Republic of China</b>		
Listed interbank bonds	<u>96.89</u>	<u>98.99</u>
Total investment portfolio	96.89	98.99
Other net assets	<u>3.11</u>	<u>1.01</u>
Net assets	<u>100</u>	<u>100</u>

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

**1. Basis of preparation**

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

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

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

	Total commission paid RMB
<b>For the six months ended 30 Jun 2020</b>	
Shenwan Hongyuan Securities Co., Ltd.	5,481
<b>For the six months ended 30 Jun 2019</b>	
Shenwan Hongyuan Securities Co., Ltd.	3,821