

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

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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MANAGEMENT AND ADMINISTRATION

Manager

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

Directors of the Manager

Guo Chun
Qiu Yizhou (Resigned on 12 June 2021)
Xia Mingrui
Shen Chong
Liang Jun (Appointed on 12 June 2021)

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

Investment Adviser

Kingdom Investment Managers Limited (Appointed on 1 February 2021)
12/F On Building
162 Queen's Road Central
Central Hong Kong

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REPORT OF THE MANAGER

Market Review

For the first half of 2021, although influenced by the coronavirus pandemic, China's economy post strong growth in 2021, China's GDP expanded 12.7 percent year-on-year in the first half of 2021 as recovery continues to firm. At the same time, growth for China's Consumer Price Index, the main gauge of inflation in the first half of the year was 3.3 percentage points lower than the same period last year. By effectively managing the intensity and pace of monetary policy tools, including MLF and OMO, the PBOC managed to keep a supply-demand balance for liquidity. China will increase financial support for the real economy, particularly for micro, small and medium-sized enterprises.

In terms of yield curve, the 1, 3, 7, 10, 30-year tenor key rate treasury YTM dropped 4.4bps, 3.9bps, 7.5bps, 6.5bps and 6.8 bps respectively. While 5-year tenor slightly increased by 0.04bps.

Portfolio Review

For the first half of 2021, the Fund's total return (including dividend pay-out) was 0.14% for A (Retail) class and 0.32% for I (institutional) class. The China bond Composite Full Price Index (CBCFPI) was increased by 0.65%.

Market Outlook

Considering the supply-demand cycle, market confidence and the increasingly strong domestic demand, China's economy is expected to maintain the recovery trend in the second half of 2021. Although we expect regionally it will be an uneven process due to stronger policy support and faster vaccination in developed economies. According to IMF projects, China's economy will grow 8.1 percent in 2021 and 5.6 percent in 2022.

We expect PBOC will maintain a prudent, flexible and targeted monetary policy in the second half of the year, given the accommodative credit conditions, sizeable bond issuance, and the PBOC's active approach to liquidity management. We believe PBOC to continue to implement more targeted monetary policies in favor of loans to the manufacturing sector.

For bond market, we note that in terms of valuation, the yields on China's onshore bonds are still at compelling levels relative to other developed market government bonds.

Difference of the spread between Chinese government bonds versus the US Treasury are still at relatively high levels. In our view, onshore Chinese bonds will remain a unique and valuable asset which can help investors diversify portfolios.

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2021**

	30 Jun 2021 RMB	31 Dec 2020 RMB
Assets		
Cash and cash equivalent	1,602,392	194,083
Financial asset at fair value through profit or loss	37,469,387	39,690,735
Interest receivable	774,241	834,746
Deposit	35,710	8,780
Prepayments	4,490	1,582
Total assets	39,886,220	40,729,926
Liabilities		
Amount due to brokers	-	249
Audit fee payable	87,179	-
Management fee payable	26,974	28,249
Trustee fee payable	50,037	51,564
Sub-custodian fee payable	3,258	3,403
Tax payable	232,847	266,299
Other payables and accruals	16,818	225,476
Total liabilities	417,113	575,240
Net assets attributable to unitholders	39,469,107	40,154,686
 Net asset value (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	6,777,626	7,144,961
Class I	32,691,481	33,009,725
 Number of units in issue		
Class A	69,336.844	72,185.638
Class I	320,192.555	320,192.555
 Net asset value per unit (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	97.749	98.980
Class I	102.099	103.093

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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STATEMENT OF FINANCIAL POSITION (UNAUDITED) – CONTINUED
AS AT 30 JUNE 2021**

Dividend Paid

The interim dividend distribution for the calendar quarter ending 31 March 2021 was paid and the amount of dividend paid was RMB273,310.23.

Share Class	Currency	Dividend per Unit
Class A	RMB	RMB0.70
Class I	RMB	RMB0.70

Record date : 19 March 2021
Ex-dividend date : 22 March 2021
Payment date : 24 March 2021

The interim dividend distribution for the calendar quarter ending 30 June 2021 was paid and the amount of dividend paid was RMB272,509.31.

Share Class	Currency	Dividend per Unit
Class A	RMB	RMB0.70
Class I	RMB	RMB0.70

Record date : 21 June 2021
Ex-dividend date : 22 June 2021
Payment date : 24 June 2021

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Note	For the six months ended 30 Jun 2021 RMB	For the six months ended 30 Jun 2020 RMB
Income			
Interest on bank deposit		6,486	6,073
Interest from financial assets at fair value through profit or loss		694,266	837,200
Net gains/(losses) on financial assets at fair value through profit or loss		10,248	(233,679)
Net exchange losses		(2)	(11,738)
Total net income		710,998	597,856
Expenses			
Management fee		163,292	197,288
Trustee fee		301,890	302,728
Sub-custodian fee		19,798	23,096
Auditor's remuneration		91,840	57,539
Commission and brokerage fee	2	4,707	5,481
Legal and professional fees		2,922	103,232
Other expenses		18,831	23,424
Total operating expenses		603,280	712,788
Finance Cost			
Distribution to unitholders		(545,820)	(598,373)
Profit/(loss) before tax		(438,102)	(713,305)
Taxation		32,858	6,159
Total comprehensive loss		(405,244)	(707,146)

**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 2021**

	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
As at 1 January 2020	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)
As at 30 June 2020	91,625.237	9,315,296	101.667	320,192.555	33,810,724	105.594	43,126,020
As at 1 January 2021	72,185.638	7,144,961	98.980	320,192.555	33,009,725	103.093	40,154,686
Issuance of units	461.865	45,059	-	-	-	-	45,059
Redemption of units	(3,310.659)	(325,394)	-	-	-	-	(325,394)
Total comprehensive loss		(87,000)			(318,244)		(405,244)
As at 30 June 2021	69,336.844	6,777,626	97.749	320,192.555	32,691,481	102.099	39,469,107

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2021**

Investments	Holdings	Fair value RMB	% of net asset value
Debt securities			
China			
China Government Bond 4/17/2023 3.4%	1,000,000	1,014,100	2.57
China Government Bond 8/22/2046 3.27%	1,227,000	1,154,730	2.92
Air China Ltd 1/18/2023 5.1%	116,000	119,480	0.30
Shenzhen Metro Group Co Ltd 3/25/2023 5.4%	113,000	34,815	0.08
Beijing Infrastructure Investment Co Ltd 8/20/2023 4.2%	100,000	100,430	0.25
Shanghai Powerlong Industrial Development Group Co Ltd 8/24/2021 5.25%	670,000	666,650	1.69
Guangzhou Hejing Holding Group Co Ltd 12/17/2021 7%	3,200,000	3,190,720	8.08
Tianfeng Securities Co Ltd 3/14/2023 5.95%	1,000,000	999,000	2.53
Huatai Securities Co Ltd 1/29/2026 4.5%	2,000,000	2,016,000	5.11
BYD Co Ltd 6/15/2022 3.5%	1,000,000	1,002,000	2.54
Evergrande Real Estate Group Ltd 7/8/2022 6.98%	1,000,000	830,000	2.10
China National Petroleum Corp 7/13/2022 1%	1,700,000	1,749,300	4.43
Zhuhai Huafa Comprehensive Development Co Ltd 3/30/2023 5.27%	442,000	450,840	1.14
Shanghai Powerlong Industrial Development Group Co Ltd 12/13/2021 6.6%	3,000,000	3,007,170	7.62
Shanghai Shimao Co Ltd 1/15/2022 4.65%	1,700,000	1,696,600	4.30
Shanghai Pudong Development Bank Co Ltd 10/28/2025 0.8%	500,000	511,600	1.30
Bank of Hangzhou Co Ltd 3/29/2027 0.2%	300,000	341,580	0.87
China Everbright Bank Co Ltd 3/17/2023 1.8%	400,000	461,920	1.17
Bank of Shanghai Co Ltd 1/25/2027 0.3%	500,000	511,250	1.30
China Merchants Expressway Network & Technology Holdings Co Ltd 3/22/2025 0.6%	900,000	963,009	2.44
Skyworth Digital Co Ltd 4/15/2025 1%	102,000	107,315	0.27
Shanghai Guosheng Group Co Ltd 11/5/2021 1%	2,030,000	2,076,690	5.26
Shandong Hi-Speed Group Co Ltd 4/24/2022 1.7%	500,000	523,100	1.33
China Electronics Corp 11/27/2022 0.5%	118,000	126,295	0.32
Zhuhai Huafa Investment Holding Group Co Ltd 3/16/2025 3.95%	1,000,000	995,350	2.52
China Development Bank 4/15/2029 5.85%	908,000	1,076,252	2.73
China Development Bank 8/1/2023 3.87%	4,000,000	4,092,000	10.37
China Development Bank 8/1/2038 4.59%	2,000,000	2,228,400	5.65
China Development Bank 2/3/2027 3.39%	2,778,000	2,809,669	7.12
		34,856,266	88.31

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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 30 JUNE 2021**

Investments	Holdings	Fair value RMB	% of net asset value
Equity securities			
China			
Guotai CSI National Defense ET	220,000	253,440	0.64
Penghua CSI Alcohol ETF	453,600	645,473	1.64
ChinaAMC CSI New Energy Automo	130,100	275,552	0.70
Huatai-PineBridge CSI Photovol	315,400	426,736	1.08
		<u>1,601,201</u>	<u>4.06</u>
Money Market Fund			
China			
Yinhua Traded Money Market Fund		<u>1,011,920</u>	<u>2.56</u>
		1,011,920	2.56
Total investment portfolio, at fair value		37,469,387	94.93
Other net assets		<u>1,999,720</u>	<u>5.07</u>
Net asset value as at 30 June 2021 (calculated in accordance with the Sub-Fund's explanatory memorandum)		<u>39,469,107</u>	<u>100</u>
Total investments, at cost		<u>37,538,575</u>	

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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	% holdings of net assets as at 30 June 2021	% holdings of net assets as at 31 December 2020
People's Republic of China		
RMB-denominated debt securities	88.31	90.53
RMB-denominated equity securities	4.06	-
Money market fund	2.56	8.31
Total investment portfolio	94.93	98.84
Other net assets	5.07	1.16
Net assets	100	100

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

1. Basis of preparation

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2021 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2020.

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
For the six months ended 30 Jun 2021	
Shenwan Hongyuan Securities Co., Ltd.	4,707
For the six months ended 30 Jun 2020	
Shenwan Hongyuan Securities Co., Ltd.	5,481