

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

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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MANAGEMENT AND ADMINISTRATION

Manager

Shenwan Hongyuan Asset Management (Asia) Limited
6/F, Three Pacific Place
1 Queen's Road East
Wan Chai, Hong Kong

Directors of the Manager

Xia Mingrui
Shen Chong
Liang Jun

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

In 2023, the first year of the post-pandemic era, there were high hopes for economic rebound and recovery when China started reopening at the beginning of the year. However, as this year progressed, various economic and credit indicators turned out to be disappointment, and expectations shifted from a strong to a weaker outlook. Incremental policy support became crucial to help the economy trigger a potential rebound, which the market eagerly awaited.

During the first half of the year, China's GDP grew by 5.5% year-on-year, with the second quarter showing a growth of 6.3%, which fell below expectations considering the low base effect. The latest data in June showed zero year-on-year growth in the CPI, with a 0.2% month-on-month decline, raising concerns about the risk of deflation in the market.

The current economic situation is marked by insufficient domestic demand, and export data has also been gradually weakening. Additionally, the real estate sector continues to weigh down on investment and credit performance. Amid the reality of a weak economy, the yield curve of government bonds has consistently trended downward. In the course of the first half year, key tenors including 1, 3, 5, 7, and 10-year, experienced declines of 22bps, 18bps, 22bps, 19bps, and 20bps, respectively.

Portfolio Review

For the first half of 2023, the Fund's total return (including dividend pay-out) was -0.49% for A (Retail) class and 0.8% for I (institutional) class. The China bond Composite Full Price Index (CBCFPI) was increased by 1.22%.

Market Outlook

The macroeconomic data continues to hit bottom, and the market has fully accepted the reality of a weak economy recovery. The rapid realization of interest rate cuts has shifted the market's focus to policy expectations. The Political Bureau meeting in late July will be an important observation point for the next steps in implementing more forceful policies. However, fundamental repairs are not expected to happen overnight, and even with policy support exceeding expectations, long-term bond yields lack immediate drivers for a quick rebound. There is still a possibility of further easing in monetary policy. In June, as the market expected, a 10bps interest rate cut was already implemented. In the following second half of the year, the issuance of special bonds and the expiration of MLF may lead to certain liquidity gaps. With the premise of strengthening countercyclical adjustments, there is hope for liquidity release through RRR cuts.

For bond market, we note that in China's onshore bonds kept steady while other developed market government bonds showed high volatility. In our view, onshore Chinese bonds will remain a unique and valuable asset which can effectively help investors diversify portfolios.

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2023**

	30 Jun 2023 RMB	31 Dec 2022 RMB
Assets		
Cash and cash equivalent	1,904,357	3,510,600
Financial asset at fair value through profit or loss	33,707,958	33,613,250
Interest receivable	499,318	518,910
Deposit	28,339	31,287
Prepayments	4,353	8,013
Amount due from brokers	-	1,533,378
Total assets	36,144,325	39,215,438
Liabilities		
Amount due to brokers	-	1,575,016
Amount payable on redemption	-	9,241
Management fee payable	17,192	51,245
Trustee fee payable	50,037	101,742
Sub-custodian fee payable	2,920	3,169
Tax payable	232,847	232,847
Other payables and accruals	305,656	197,166
Total liabilities	608,652	2,170,426
Net assets attributable to unitholders	35,535,673	37,045,012
 Net asset value (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A	4,517,624	5,828,532
Class I	31,018,049	31,216,480
 Number of units in issue		
Class A	49,337.861	63,000.291
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	91.565	92.515
Class I	96.873	97.492

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**STATEMENT OF FINANCIAL POSITION (UNAUDITED) – CONTINUED
AS AT 30 JUNE 2023**

Dividend Paid

The interim dividend distribution for the calendar quarter ending 31 March 2023 was paid and the amount of dividend paid was RMB258,336.93.

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

Record date : 17 March 2023
Ex-dividend date : 20 March 2023
Payment date : 22 March 2023

The interim dividend distribution for the calendar quarter ending 30 June 2023 was paid and the amount of dividend paid was RMB258,503.17.

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

Record date : 16 June 2023
Ex-dividend date : 19 June 2023
Payment date : 21 June 2023

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Note	For the six months ended 30 Jun 2023 RMB	For the six months ended 30 Jun 2022 RMB
Income			
Interest on bank deposit		741	759
Interest from financial assets at fair value through profit or loss		403,119	568,702
Net gains/ (losses) on financial assets at fair value through profit or loss		513,201	(144,303)
Net exchange losses		-	(5,671)
Total income		<u>917,061</u>	<u>419,487</u>
Expenses			
Management fee		117,248	154,784
Trustee fee		301,890	301,890
Sub-custodian fee		18,104	18,969
Auditor's remuneration		97,588	124,711
Commission and brokerage fee	2	34,491	3,761
Legal and professional fees		57,174	-
Other expenses		16,492	16,352
Total operating expenses		<u>642,987</u>	<u>620,467</u>
Finance Cost			
Distribution to unitholders		(516,840)	(537,197)
Loss before tax		(242,766)	(738,177)
Taxation		593	15,305
Total comprehensive loss		<u>(243,359)</u>	<u>(722,872)</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	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 2022	66,755.464	6,433,684	96.376	320,192.555	32,326,347	100.959	38,760,031
Issuance of units	451.892	42,584		-	-		42,584
Redemption of units	(3,696.078)	(354,902)		-	-		(354,902)
Total comprehensive loss		(130,159)			(592,713)		(722,872)
As at 30 June 2022	63,511.278	5,991,207	94.332	320,192.555	31,733,634	99.107	37,724,841
As at 1 January 2023	63,000.291	5,828,532	92.515	320,192.555	31,216,480	97.492	37,045,012
Issuance of units	477.668	43,758		-	-		43,758
Redemption of units	(14,140.098)	(1,309,738)		-	-		(1,309,738)
Total comprehensive loss		(44,928)			(198,431)		(243,359)
As at 30 June 2023	49,337.861	4,517,624	91.565	320,192.555	31,018,049	96.873	35,535,673

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2023**

Investments	Holdings	Fair value RMB	% of net asset value
Debt securities			
China			
BELJING INFRASTRUCTURE	100,000	100,170	0.28
CHINA DEVELOPMENT BANK 3.87 08/01/23	6,300,000	6,313,986	17.77
CHINA DEVELOPMENT BANK 4.59 08/01/38	1,101,000	1,301,569	3.66
CHINA GOVERNMENT BOND 1.88 07/15/23	1,000,000	999,960	2.81
CHINA GOVERNMENT BOND 2.01 01/15/24	6,000,000	6,009,660	16.91
FJ JINJIANG INDUS	317,000	221,583	0.62
GD GUANGYE GROUP	800,000	801,600	2.26
GREAT WALL MOTOR	1,088,000	1,238,144	3.48
GZ FINANCE GRP	1,000,000	1,010,936	2.84
GZ TINCI MATERIALS TECH	1,000,000	1,232,680	3.47
HANGZHOU SHENHAO TECH	670,000	898,631	2.53
HUATAI SECURITIES CO LTD	2,000,000	2,044,400	5.75
HUZHOU FANGZONG REAL EST	84,000	84,066	0.24
JIANGNING ECO TECH DEV	5,247,000	815,909	2.30
JIAOZHOU DEVE INV	147,000	148,323	0.42
JINAN WEST CITY INVT	551,000	555,711	1.56
NINGBO JINTIAN COPPER GP	999,000	1,049,949	2.95
NINGBO TUOPU GROUP	2,032,000	2,739,745	7.71
NJ CANATAL DATA CENTRE	500,000	696,150	1.96
SHENZHEN ZHONGJIN LINGNA	500,000	630,770	1.78
STATE POWER INVESTMENT	1,000,000	1,006,870	2.83
SZ CAPCHEM TECHNOLOGY	1,061,000	1,470,557	4.14
TONGXIANG ZHENDONG INV	212,000	168,116	0.47
WEIHAI SHUANGDAO BAY DEV	378,000	77,112	0.22
WUHAN DR LASER TECH	12,000	15,069	0.04
ZHOUSHAN INVEST GROUP	136,000	56,712	0.16
		31,688,378	89.18

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	Holdings	Fair value	% of net
Money market fund			
China			
YINHUA TRADED MONEY MARKET FUND	20,000	2,019,580	5.68
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Total investment portfolio, at fair value		33,707,958	94.86
Other net assets		1,827,715	5.14
		-----	-----
Net asset value as at 30 June 2023 (calculated in accordance with the Sub-Fund's explanatory memorandum)		35,535,673	100
		=====	=====
Total investments, at cost		33,515,138	
		=====	

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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	% holdings of net assets as at 30 June 2023	% holdings of net assets as at 31 December 2022
People's Republic of China		
Listed equity securities	-	2.12
Listed investment fund	-	2.54
RMB-denominated debt securities	89.18	86.08
Money market fund	5.68	-
	<hr/>	<hr/>
Total investment portfolio	94.86	90.74
Other net assets	5.14	9.26
	<hr/>	<hr/>
Net assets	100	100
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

1. Basis of preparation

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2023 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2022.

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 2023	
Shenwan Hongyuan Securities Co., Ltd.	28,589
For the six months ended 30 Jun 2022	
Shenwan Hongyuan Securities Co., Ltd.	3,444