

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

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

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**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

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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REPORT OF THE MANAGER**

Market Review

During the first half of 2024, China's macroeconomic performance exhibited stability with forward momentum, even as the real estate market remained subdued. Despite this, other sectors such as industrial output, manufacturing investments, infrastructure spending, and exports remained robust. The nation's GDP reached 61.7 trillion yuan, marking a 5.0% increase compared to the same period last year. The Consumer Price Index (CPI), which measures inflation, moved from negative to positive territory on a month-over-month basis, remaining at a low and stable level. The Producer Price Index (PPI) also showed signs of improvement. Retail sales grew to 23.6 trillion yuan, up 3.7% year-on-year. Moreover, monetary indicators like M2 and M1, which track broad and narrow money supplies, respectively, saw significant decreases in their growth rates, suggesting that total social demand remains relatively weak.

During the reporting period, the bond market witnessed a substantial decline across the yield curve. The yields for government bonds with maturities of 1 year, 3 years, 5 years, 7 years, and 10 years stand at 1.5390%, 1.7960%, 1.9782%, 2.1030%, and 2.2058%, respectively. These figures represent a significant drop of 54 basis points, 50 basis points, 42 basis points, 43 basis points, and 35 basis points from the end of 2023.

In stark contrast to the flourishing bond market, the equity markets have seen a downturn. The Shanghai Composite Index recorded a decrease of 2.06%, while the Shenzhen Component Index suffered a more pronounced decline of 9.03%. These indices have emerged as some of the poorest performers in the global market landscape.

Portfolio Review

For the 6-month period, the Fund's total return (including dividend pay-out) was 0.16% for A (Retail) class and 0.42% for I (institutional) class. The China bond Composite Full Price Index (CBCFPI) was increased by 2.42%.

Market Outlook

We expect the macroeconomic environment to maintain a steady and robust trajectory in the second half of the year. From the perspective of enterprises, industrial corporate profit growth is gradually recovering, and the return on equity for listed companies remained strong in Q1 2024. On the government front, the issuance of treasury bonds has already exceeded previous years' levels, thanks to the issuance of ultra-long-term special treasury bonds. With moderate adjustments in monetary and fiscal policies, and the upcoming Third Plenary Session of the 20th Central Committee of the Communist Party of China (CPC) in July, which is expected to introduce measures for deepening reforms and stimulating economic growth, achieving the annual growth target of 5% appears highly feasible.

Internationally, while markets had initially anticipated delays in interest rate cuts by major central banks at the end of the first quarter, it now seems likely that the Federal Reserve will cut rates one or two times in the second half of the year. Moreover, as we approach the U.S. presidential election in 2024, policy changes may be more unpredictable than usual as the election nears.

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In terms of the bond market, we believe that yields have already reached historical lows, making further bullish trends unlikely. Given the relatively weak coupon protection in our current portfolio, we plan to focus more on equity market opportunities in the second half of the year to seek outperformance.

**SHENYIN WANGUO RMB MAINLAND INVESTMENT FUND
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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2024**

| | 30 Jun 2024 RMB | 31 Dec 2023 RMB |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalent | 1,310,885 | 1,551,392 |
| Financial asset at fair value through profit or loss | 30,830,719 | 31,341,894 |
| Interest receivable | 518,882 | 508,039 |
| Deposit | 25,206 | 26,535 |
| Prepayments | 3,770 | - |
| Total assets | 32,689,462 | 33,427,860 |
| Liabilities | | |
| Amount due to brokers | 1,175 | 2,571 |
| Management fee payable | 31,184 | 16,258 |
| Trustee fee payable | 101,464 | 51,705 |
| Sub-custodian fee payable | 2,657 | 2,801 |
| Tax payable | 232,847 | 232,847 |
| Other payables and accruals | 104,415 | 196,792 |
| Total liabilities | 473,742 | 502,974 |
| Net assets attributable to unitholders | 32,215,720 | 32,924,886 |
| Net asset value (calculated in accordance with the Sub-Fund's explanatory memorandum) | | |
| Class A | 3,365,138 | 3,790,333 |
| Class I | 28,850,582 | 29,134,553 |
| Number of units in issue | | |
| Class A | 39,867.510 | 44,267,896 |
| 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 | 84.408 | 85.622 |
| Class I | 90.103 | 90.990 |

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

**STATEMENT OF FINANCIAL POSITION (UNAUDITED) – CONTINUED
AS AT 30 JUNE 2024**

Dividend Paid

The interim dividend distribution for the calendar quarter ending 31 March 2024 was paid and the amount of dividend paid was RMB255,120.94.

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

Record date : 15 March 2024
Ex-dividend date : 18 March 2024
Payment date : 20 March 2024

The interim dividend distribution for the calendar quarter ending 30 June 2024 was paid and the amount of dividend paid was RMB251,883.31.

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

Record date : 18 June 2024
Ex-dividend date : 19 June 2024
Payment date : 21 June 2024

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

| | Note | For the six months ended 30 Jun 2024 RMB | For the six months ended 30 Jun 2023 RMB |
|---|------|---|---|
| Income | | | |
| Interest on bank deposit | | 1,444 | 741 |
| Interest from financial assets at fair value through profit or loss | | 465,578 | 403,119 |
| Net gains/ (losses) on financial assets at fair value through profit or loss | | 296,158 | 513,201 |
| Net exchange losses | | (12,400) | - |
| Total net income | | <u>750,780</u> | <u>917,061</u> |
| Expenses | | | |
| Management fee | | 94,385 | 117,248 |
| Trustee fee | | 302,728 | 301,890 |
| Sub-custodian fee | | 16,493 | 18,104 |
| Auditor's remuneration | | 150,214 | 97,588 |
| Commission and brokerage fee | 2 | 3,673 | 34,491 |
| Legal and professional fees | | - | 57,174 |
| Other expenses | | 8,210 | 16,492 |
| Total operating expenses | | <u>575,703</u> | <u>642,987</u> |
| Finance Cost | | | |
| Distribution to unitholders | | <u>(507,004)</u> | <u>(516,840)</u> |
| Loss before tax | | (331,927) | (242,766) |
| Taxation | | <u>1334</u> | <u>593</u> |
| Total comprehensive loss | | <u>(333,261)</u> | <u>(243,359)</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 2024**

| | 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 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 |
| As at 1 January 2024 | 44,267.896 | 3,790,333 | 85.622 | 320,192.555 | 29,134,553 | 90.990 | 32,924,886 |
| Issuance of units | 469.313 | 39,872 | | - | - | | 39,872 |
| Redemption of units | (4,869.699) | (415,777) | | - | - | | (415,777) |
| Total comprehensive loss | | (49,290) | | | (283,971) | | (333,261) |
| As at 30 June 2024 | 39,867.510 | 3,365,138 | 84.408 | 320,192.555 | 28,850,582 | 90.103 | 32,215,720 |

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

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2024**

| Investments | Holdings | Fair value RMB | % of net asset value |
|---------------------------------------|-----------------|---------------------------|---------------------------------|
| Debt securities China | | | |
| BANK OF CHENGDU | 300,000 | 377,130 | 1.17 |
| BANK OF CHONGQING CO LTD | 1,638,000 | 1,772,152 | 5.50 |
| BANK OF HANGZHOU CO LTD | 900,000 | 1,084,140 | 3.37 |
| BANK OF NANJING CO LTD | 300,000 | 376,080 | 1.17 |
| BANK OF SHANGHAI | 2,750,000 | 3,092,925 | 9.60 |
| CHINA GOVERNMENT BOND 1.59 04/25/25 | 3,000,000 | 3,002,700 | 9.32 |
| CHINA GOVERNMENT BOND 2.3 10/25/24 | 4,000,000 | 4,010,840 | 12.44 |
| FJ JINJIANG INDUS | 317,000 | 128,524 | 0.40 |
| GD GUANGYE GROUP | 800,000 | 790,368 | 2.45 |
| GUIZHOU GUIAN DEV GROUP V6 11/19/24 | 1,100,000 | 1,111,000 | 3.45 |
| GUIZHOU GUIAN DEV GROUP V7.5 01/14/25 | 1,000,000 | 155,400 | 0.48 |
| GZ FINANCE GRP | 2,000,000 | 2,069,404 | 6.42 |
| HUATAI SECURITIES CO LTD | 2,000,000 | 2,065,600 | 6.41 |
| JIAOZHOU DEVE IN | 147,000 | 147,368 | 0.46 |
| JINAN WEST CITY INVT | 551,000 | 572,236 | 1.78 |
| JS JIEJIE MICRO ELEC | 150,000 | 165,965 | 0.52 |
| KUNMING COMMUNICATION | 2,000,000 | 2,010,000 | 6.24 |
| SHANGHAI PUDONG DEV BANK | 2,850,000 | 3,081,420 | 9.56 |
| SHENZHEN INVESTMENT HLDG | 1,000,000 | 1,037,892 | 3.22 |
| SICHUAN ENERGY INV GRP | 1,000,000 | 1,010,309 | 3.14 |
| TONGXIANG ZHENDONG INV | 212,000 | 131,143 | 0.41 |
| WEIFANG BINHAI INV DEV | 1,000,000 | 993,200 | 3.08 |
| YUNNAN INV HLDINGS GROUP | 1,000,000 | 1,004,100 | 3.12 |
| ZHOUSHAN INVEST GROUP | 136,000 | 28,224 | 0.09 |
| | | 30,218,120 | 93.80 |

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

| | Holdings | Fair value | % of net |
|--|-----------------|-------------------|-----------------|
| Listed investment fund | | | |
| ChinaAMC CNI Semi-conductor ETF | 200,000 | 169,600 | 0.53 |
| ChinaAMC CSI 1000 ETF | 100,000 | 198,900 | 0.62 |
| China AMC SSE 50 ETF | 100,000 | 244,100 | 0.75 |
| | | <hr/> | <hr/> |
| | | 612,600 | 1.90 |
| Total investment portfolio, at fair value | | 30,830,720 | 95.70 |
| Other net assets | | 1,385,000 | 4.30 |
| | | <hr/> | <hr/> |
| Net asset value as at 30 June 2024 (calculated in accordance with the Sub-Fund's explanatory memorandum) | | 32,215,720 | 100 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Total investments, at cost | | 30,380,835 | |
| | | <hr/> <hr/> | |

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

**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

| | % holdings of net assets as at 30 June 2024 | % holdings of net assets as at 31 December 2023 |
|-----------------------------------|--|--|
| People's Republic of China | | |
| Listed equity securities | - | - |
| Listed investment fund | 1.91 | - |
| RMB-denominated debt securities | 93.81 | 95.19 |
| Money market fund | - | - |
| | <hr/> | <hr/> |
| Total investment portfolio | 95.70 | 95.19 |
| Other net assets | 4.30 | 4.81 |
| | <hr/> | <hr/> |
| Net assets | 100 | 100 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

1. Basis of preparation

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2024 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2023.

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 2024 | |
| Shenwan Hongyuan Securities Co., Ltd. | 3,673 |
| For the six months ended 30 Jun 2023 | |
| Shenwan Hongyuan Securities Co., Ltd. | 28,589 |