



**SWS STRATEGIC INVESTMENT FUNDS
(the “Fund”)**

**Shenyin Wanguo RMB Mainland Investment Fund
(the “Sub-Fund”)**

NOTICE TO UNITHOLDERS

This notice is important and requires your immediate attention. If you are in any doubt about the content of this notice, you should seek independent professional financial advice.

Shenwan Hongyuan Asset Management (Asia) Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this document at the date of publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Explanatory Memorandum.

20 February 2023

Dear Unitholders,

We write to inform you of following changes concerning the Sub-Fund.

A. Update of disclosures relating to the RMB Qualified Foreign Institutional Investors and Qualified Foreign Institutional Investors regime

On 25 September 2020, the China Securities Regulatory Commission (“CSRC”), the People’s Bank of China (“PBOC”), and the State Administration of Foreign Exchange (“SAFE”) jointly issued the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (CSRC Decree No. 176) and the Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (CSRC Announcement [2020] No.63), which came into effect on 1 November 2020. The major revisions to the previous rules include merger of the Qualified Foreign Institutional Investors (“QFII”) regime and the RMB Qualified Foreign Institutional Investors (“RQFII”) regime, relaxation of qualification requirements and facilitating investment and operations of QFIIs and RQFIIs, expansion of investment scope and enhancing ongoing supervision.

In light of the above, the disclosures relating to the RQFII and QFII regime in the Explanatory Memorandum of the Sub-Fund have been updated accordingly.

B. Change of means of publication of Net Asset Value per Unit and suspension notice

With effect from 20 February 2023, the means of publication of Net Asset Value per Unit of the Sub-Fund and notice for suspension of calculation of Net Asset Value has been changed from newspapers to the Manager's website: <http://www.swhyhk.com/>. Please note that this website has not been reviewed by the SFC and may contain information related to funds not authorised by the SFC.

The Trust Deed of the Fund has been amended to reflect the above changes.

C. Termination of the appointment of Kingdom Investment Managers Limited as Investment Adviser

With effect from 30 June 2022, Kingdom Investment Managers Limited ceased to be an Investment Adviser of the Sub-Fund. The Explanatory Memorandum has been amended to reflect this.

D. Update of the list of directors of the Manager

The list of directors of the Manager in the Explanatory Memorandum has been updated to reflect the resignation of Qiu Yizhou and Guo Chun and the appointment of Liang Jun.

E. Amendment to the investment objective and policy of the Sub-Fund

The investment objective and policy 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 PRC. In the past, such investment was made through the QFI status of the QFI Holder. With effect from 20 February 2023, the investment objective and policy of the Sub-Fund has been amended to provide that the Sub-Fund may make such investment through Bond Connect in addition to the QFI status of the QFI Holder.

As defined in the joint announcement of the People's Bank of China and the Hong Kong Monetary Authority dated 16 May 2017, Bond Connect means an arrangement that establishes mutual bond market access between Hong Kong and Mainland China. Eligible foreign investors can invest in the China interbank bond market through Northbound Trading of the Bond Connect.

Risks associated with Bond Connect

Investing in the China Interbank Bond Market via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China Interbank Bond Market via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant mainland China authorities suspend account opening or trading on the China Interbank Bond Market or trading through Bond Connect, the Sub-Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

In addition, trading through Bond Connect is performed through newly developed trading platforms and operational systems. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. Where the Sub-Fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

With effect from 20 February 2023, the investment policy of the Sub-Fund has been changed as follows:

<u>Until 20 February 2023</u>	<u>From: 20 February 2023</u>
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<p>The Sub-Fund may invest up to 20% of its net asset value in (A) RMB denominated and settled equity securities (i.e. China A-Shares) which are listed on the Shanghai or Shenzhen Stock Exchanges and (B) equity funds which are authorised by the CSRC for offer to the retail public in the PRC.</p>	<p>The Sub-Fund may invest up to 20% of its net asset value in (A) RMB denominated and settled equity securities (i.e. China A-Shares) which are listed on the Beijing, Shanghai or Shenzhen Stock Exchanges or other eligible mainland China onshore markets through the QFI status of the QFI Holder and (B) equity funds which are authorised by the CSRC for offer to the retail public in the PRC. In particular, the Sub-Fund may invest in the ChiNext Board of the Shenzhen Stock Exchange and the Science and Technology Innovation Board of the Shanghai Stock Exchange.</p>
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Please refer to the Appendix of this notice for the risks associated with the Beijing Stock Exchange, the ChiNext market and/or the STAR Board.

F. Update in PRC tax disclosures and provisions

The PRC tax disclosures and PRC tax provisions applicable to the Sub-Fund have been updated in light of the latest development in the mainland China tax rules.

G. Decrease in management fee of Class I of the Sub-Fund

With effect from 20 February 2023, the management fee of Class I of the Sub-Fund has been changed from 0.75% to 0.5% per annum.

The revised offering documents of the Sub-Fund (comprising the product key facts statement and explanatory memorandum of the Sub-Fund) reflecting the above changes are available at the office of the Manager at Level 19, 28 Hennessy Road, Hong Kong during normal office hours (Monday to Friday (excluding public holidays), from 9:00 a.m. to 5:30 p.m.).

Should you have any questions about the above, please contact us at 852 2509 8372.

Shenwan Hongyuan Asset Management (Asia) Limited

Appendix

Risks associated with the Beijing Stock Exchange, the ChiNext market and/or the STAR Board

Investments in the Beijing Stock Exchange, the ChiNext market and/or the STAR Board may result in significant losses for the Sub-Fund and its investors. Such investments are subject to the following risks:

Higher fluctuation on stock prices and liquidity risk: Listed companies on the Beijing Stock Exchange, the ChiNext market and/or STAR Board are usually innovative and growth enterprises of emerging nature with smaller operating scale. Listed companies on the Beijing Stock Exchange, ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on the Beijing Stock Exchange, the ChiNext market and/or STAR Board are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards of the Shanghai Stock Exchange and Shenzhen Stock Exchange.

Due to different trading rules, daily price movements shall be limited to 30% on the Beijing Stock Exchange and 20% on the ChiNext market and the STAR Board. Therefore the securities traded on these markets may be subject to a higher volatility risk than securities of relevant sectors traded in the other China A-share markets.

Over-valuation risk: Stocks listed on the Beijing Stock Exchange, ChiNext market and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulation applicable to the Beijing Stock Exchange, ChiNext market and STAR Board: The rules and regulations regarding companies listed on the Beijing Stock Exchange, ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards of the Shanghai Stock Exchange and Shenzhen Stock Exchange.

Delisting risk: It may be more common and faster for companies listed on the Beijing Stock Exchange, ChiNext market and/or STAR Board to delist. Beijing Stock Exchange, ChiNext market and STAR Board have stricter criteria for companies to maintain their listing status compared to the main boards of the Shanghai Stock Exchange and Shenzhen Stock Exchange. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

Concentration risk applicable to the Beijing Stock Exchange and STAR Board: The Beijing Stock Exchange and STAR Board are newly established and may have a limited number of listed companies during the initial stage. Investments in the Beijing Stock Exchange and STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.