

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

SEMI-ANNUAL REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2016

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

Contents	Pages
Management and Administration	1
Report of the Manager	2
Statement of Financial Position (Unaudited)	3
Investment Portfolio (Unaudited)	4
Statement of Movement in Portfolio Holdings (Unaudited)	5

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

MANAGEMENT AND ADMINISTRATION

Manager

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

Directors of the Manager

Chu Xiaoming
Lu Wenqing
Lee Man Chun Tony
Guo Chun
Bai Youge
Fu Xingyi

Trustee and Registrar

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

Auditor

PricewaterhouseCoopers
21/F Edinburgh Tower
15 Queen's Road 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

Noble Apex Advisors Limited
Suite 1901, 19/F Sino Plaza
255 Gloucester Road
Causeway Bay
Hong Kong

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

REPORT OF THE MANAGER

Market Review

The fact that the markets started 2016 with dramatic turbulence and panic sell offs, triggered by various factors such as A share's circuit break system, RMB weakness, BOJ's negative interest rate, was beyond most investors expectations. CSI 300 index dropped 15.47% for the first half of the year.

In first quarter, sluggish commodity price and uncertainty in global economics caused panic selling off. The crude oil price even declined to lower than 30 USD/barrel. All economies struggled to fight against deflation, either through currency rate or interest rate. Emerging countries, whose economies relied more on resource, like Venezuela, Kazakhstan, preferred to significantly depreciate their currency, in order to maintain competitiveness. Developed economies, relied more on monetary policies, resulting in more and more countries adopting negative interest rate. However, there are limited impact for economies and inflation recovery. The "Brexit" made VIX index achieve historical high in Jun, though declining significantly in the following week. Fed interest rate decision is another factor causing volatilities. Fed committee remained more cautious after the first interest rate hike in Dec 2015. Volatile global markets and sluggish other economies also made Fed hesitated on interest rate decision. It initially guided 3-4 times interest rate lift in 2016, however, reducing to 1-2 times by the end of Jun.

SHENYIN WANGUO RQFII A SHARE STRATEGY FUND was launched in June. The main position of the fund is cash. The fund's NAV was down by 1.58% because of the RMB depreciation.

Market outlook and portfolio strategy

Looking into 2H2016, we are cautious on global equities amid heightened economic and political uncertainty. We worry these could exacerbate already poor corporate earnings trends. We are relative positive on Chinese market because of a pick-up in earnings growth, or a shift toward fiscal expansion and structural reform.

We estimate that A share companies' 2016 earnings growth will likely be 5%, which is slightly better than that of 2015, but the recovery is limited and sustainability remains to be seen.

We prefer quality equities and dividend growers in the current low-rate environment. We focus on companies with rising dividends, strong cash flows and low payout ratios

We focus on in-depth research on stock picking, trying to find those investment opportunities in medium to long term.

SHENYIN WANGUO RQFII A SHARE STRATEGY FUND¹
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2016

	30 Jun 2016 RMB
Assets	
Cash and cash equivalent	8,497,436
Interest receivable	573
Total assets	<u>8,498,009</u>
Liabilities	
Management fee payable	7,980
Trustee fee payable	19,606
Sub-custodian fee payable	333
Establishment costs payable	6,385
Other payables and accruals	20,931
Total liabilities	<u>55,235</u>
Net assets attributable to unitholders	<u><u>8,442,774</u></u>
Net asset value (calculated in accordance with the Sub-Fund's explanatory memorandum) Class A HKD Units	8,442,774
Number of units in issue Class A HKD Units	100,000
Net asset value per unit (calculated in accordance with the Sub-Fund's explanatory memorandum) Class A HKD Units	HKD98.423

SHENYIN WANGUO RQFII A SHARE STRATEGY FUND¹
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)

INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2016

	Fair value	% of net
	RMB	asset
		value
Total investment portfolio	-	-
Other net assets	8,442,774	100.00%
	<u>8,442,774</u>	<u>100.00%</u>
Net asset value as at 30 June 2016 (calculated in accordance with the Sub-Fund's explanatory memorandum)	<u>8,442,774</u>	<u>100.00%</u>
Total investments, at cost	<u>-</u>	

SHENYIN WANGUO RQFII A SHARE STRATEGY FUND¹
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Holdings as at 30.06.2016
Total investment portfolio	-
Other net assets	100.00%
Net assets	100.00%

Shenyin Wanguo RQFII A Share Strategy Fund was launched on 8 June 2016 and there is no comparative figure available for first unaudited semi-annual report.