

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

**INTERIM REPORT (UNAUDITED)**

**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**SHENYIN WANGUO RQFII A SHARE STRATEGY 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**

Zhu Minjie  
Chen Xiaosheng  
Guo Chun  
Qiu Yizhou  
Xia Mingrui  
Shen Chong

**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**

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

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**REPORT OF THE MANAGER**

**Market Review:**

1H20 was a volatile for A share and global equity markets. A share market collapsed in 1Q20 due to COVID-19, but gradually recovered in 2Q20, thanks to effective control of the virus domestically. The CSI 300 index ended the 1H20 at 4163.96, approximately up 1.64%, and ChiNext index was up 35.60% during 1H20. Sectors performances diverged, with Healthcare, F&B and TMT sectors outperformed.

Global economies were severely disrupted by the COVID-19 pandemic. China was the first to shut down economy to fight the virus, and China manufacture PMI dropped to 35.7 in February, but quickly rebound to above 50 in later months, thanks to effective control of the disease and fast work resumptions. And China GDP growth rebounded from -6.8% in 1Q20 to +3.2% in 2Q20. While COVID-19 became global pandemic, and US became the hardest hit country in the world, and US's daily infected cases still kept on rising. As a result, US Fed cut rates to near zero, and conducted unlimited QE to counter pressure from economy shutdown. Central banks in other countries also followed suit in monetary easing. As a result, liquidity flooded in global market and supported equity markets to rebound in 2Q20.

China central bank also conducted RRR cut and rates cut to ease economy pressure, but was more restrained compared with other major economies. And China 10-year treasury yield was 2.9% at the end of June, significantly higher than US 10-year treasury yield's 0.66%, showing relative strength of China economy, thanks to better control of the virus.

The fund NAV was down 3.1% in 1H20.

**Market Outlook and Portfolio Strategy**

We believe market sentiment will continue to be positive due to global work resumption and loose liquidity environment, but market volatilities may increase in 2H20 due to already high valuations and politically confrontations. And we believe COVID-19 will still have lasting impacts on global economy in 2H20. We will closely monitor the development of COVID-19 and global work resumption, and adjust our portfolios accordingly. As domestic containment measures had shown better effects on controlling the spread of COVID-19 in China, and domestic economic activities continued to normalize, we believe A share market could outperform oversea market in near term. While more domestic supporting policies may release in 2H20, we will closely monitor their effects on real economy and market liquidity situation.

Our fund strategy remained prudent to avoid market volatility, and will keep an eye on government policies direction and economy performance to determine sectors rotation trend. For the stock position, we stick to bottom up approach and mainly focus on sector leaders which are more resilient under economy uncertainties. We will focus more on in-depth research on stock picking, trying to find those investment opportunities with solid performance in medium to long term.

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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 JUNE 2020**

	30 Jun 2020 RMB	31 Dec 2019 RMB
<b>Assets</b>		
Cash and cash equivalent	813,085	972,069
Financial assets at fair value through profit or loss	46,155,441	48,013,145
Interest receivable	49	14
Deposits	11,143	11,427
Prepayments	3,261	-
<b>Total assets</b>	46,982,979	48,996,655
<b>Liabilities</b>		
Amounts payable on redemption	33,490	-
Management fee payable	60,110	62,003
Trustee fee payable	14,689	14,729
Sub-custodian fee payable	3,607	3,720
Other payables and accruals	110,308	351,133
<b>Total liabilities</b>	222,204	431,585
<b>Net assets attributable to unitholders</b>	46,760,775	48,565,070
<b>Net asset value</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	46,760,775	48,565,070
Adjustments for preliminary expenses recognised	94,947	145,470
Net assets attributable to unitholders (calculated in accordance with the Sub-Fund's explanatory memorandum)	46,855,722	48,710,540
<b>Number of units in issue</b>		
Class A HKD Units	573,097.028	586,926.702
<b>Net asset value per unit</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	HKD89.696	HKD92.573

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND  
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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Note	For the six months ended 30 Jun 2020 RMB	For the six months ended 30 Jun 2019 RMB
<b>Income</b>			
Dividend income		587,656	419,121
Interest income		562	900
Net (losses)/gains on financial assets at fair value through profit or loss		(777,884)	8,770,569
Net exchange losses		(25,158)	(8,232)
		(214,824)	9,182,358
<b>Expenses</b>			
Management fee		339,372	296,974
Trustee fee		83,541	104,745
Sub-custodian fee		20,334	17,581
Auditor's remuneration		36,487	61,650
Commission and brokerage fee	2	12,925	69,509
Legal and professional fee		(75,555)	61,210
Other expenses		15,205	16,679
		432,309	628,348
		(647,133)	8,554,010
<b>(Loss)/profit before tax</b>			
Taxation		(59,556)	(42,756)
		(706,689)	8,511,254
<b>Total comprehensive (loss)/income</b>		(706,689)	8,511,254

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<b>Class A HKD units</b>		
	<i>Number of units</i>	<i>Net assets attributable to unitholders RMB</i>	<i>Net asset value per unit RMB</i>
<b>As at 1 January 2019</b>	541,847.476	32,675,122	60.303
Issuance of units	60,303.578	4,185,126	
Redemption of units	(24,039.000)	(1,689,805)	
Total comprehensive income	-	8,511,254	
<b>As at 30 June 2019</b>	<u>578,112.054</u>	<u>43,681,697</u>	75.559
<b>As at 1 January 2020</b>	586,926.702	48,565,070	82.744
Issuance of units	2,559.326	203,142	
Redemption of units	(16,389.000)	(1,300,748)	
Total comprehensive income	-	(706,689)	
<b>As at 30 June 2020</b>	<u>573,097.028</u>	<u>46,760,775</u>	81.593

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND  
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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 JUNE 2020**

<b>Investments</b>	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net asset value</b>
<b>Listed Equity securities</b>			
<b>China</b>			
Anhui Conch Cement Company Limited	28,100	1,486,771	3.17
Baoshan Iron & Steel Company Limited	129,900	592,344	1.26
China Construction Bank Corporation	296,700	1,872,177	4.00
China Life Insurance Company Limited	65,500	1,782,255	3.80
China Merchants Bank Company Limited	81,300	2,741,436	5.85
China Petroleum & Chemical Corporation	98,900	386,699	0.83
China Shenhua Energy Company Limited	40,000	574,400	1.23
China State Construction Engineering Corporation Limited	121,800	580,986	1.24
China Vanke Company Limited	41,200	1,076,968	2.30
China Yangtze Power Company Limited	77,700	1,471,638	3.14
CITIC Securities Company Limited	94,100	2,268,751	4.84
COSCO Shipping Holdings Company Limited	300,000	1,041,000	2.22
Gree Electric Appliances Inc of Zhuhai	30,000	1,697,100	3.62
Haitong Securities Company Limited	56,800	714,544	1.52
Hangzhou Hikvision Digital Technology Company Limited	36,900	1,119,915	2.39
Han's Laser Technology Industry Group Company Limited	20,000	719,000	1.53
Henan Shuanghui Investment & Development Company Limited	37,300	1,719,157	3.67
Huatai Securities Company Limited	60,500	1,137,400	2.43
Jiangsu Hengrui Medicine Company Limited	39,800	3,673,540	7.84
Kweichow Moutai Company Limited	1,600	2,340,608	5.00
Luxshare Precision Industry Company Limited	33,799	1,735,579	3.70
Midea Group Company Limited	22,000	1,315,380	2.81
Ping An Insurance Group Company of China Limited	45,000	3,213,000	6.87
Poly Developments and Holdings Group Company Limited	98,300	1,452,874	3.10
Qingdao Haier Company Limited	50,000	885,000	1.89
SAIC Motor Corporation Limited	50,300	854,597	1.82
Sany Heavy Industry Company Limited	97,000	1,819,720	3.88
Shanghai Pharmaceuticals Holding Company Limited	25,000	459,500	0.98
Shengyi Technology Company Limited	20,000	585,400	1.25
Weichai Power Company Limited	93,800	1,286,936	2.75
Yonghui Superstores Company Limited	73,200	686,616	1.47
Yonyou Network Technology Company Limited	50,661	2,234,150	4.77
Zhongji Innolight Company Limited	10,000	630,000	1.34
Total investment portfolio, at fair value		46,155,441	98.51
Other net assets		700,281	1.49
Net assets value as at 30 June 2020 (calculated in accordance with the Sub-Fund's explanatory memorandum)		46,855,722	100.00
Total investment at cost		37,996,118	



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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<b>% holdings of net assets as at 30 June 2020</b>	<b>% holdings of net assets as at 31 December 2019</b>
<b>Industry sector</b>		
Basic Materials	1.26	3.49
Communications	-	1.47
Consumer, Cyclical	15.21	14.46
Consumer, Non - cyclical	17.97	14.70
Energy	2.05	2.86
Financial	34.71	40.60
Industrial	19.40	14.69
Technology	4.77	3.18
Utilities	3.14	3.12
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Total investment portfolio	98.51	98.57
Other net assets	1.49	1.43
	<hr/>	<hr/>
Net assets	100.00	100.00
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**1. Basis of preparation**

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2020 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2019.

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
<b>For the six months ended 30 Jun 2020</b>	
Shenwan Hongyuan Securities Co., Ltd.	7,135
<b>For the six months ended 30 Jun 2019</b>	
Shenwan Hongyuan Securities Co., Ltd.	40,812