

**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 2021**

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND  
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**Contents**

	Pages
Management and Administration	1
Report of the Manager	2
Statement of Financial Position (Unaudited)	3
Statement of Comprehensive Income (Unaudited)	4
Statement of Changes in Equity (Unaudited)	5
Investment Portfolio (Unaudited)	6
Statement of Movement in Portfolio Holdings (Unaudited)	7
Notes to the financial statements (Unaudited)	8

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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**

Guo Chun  
Qiu Yizhou (Resigned on 12 June 2021)  
Xia Mingrui  
Shen Chong  
Liang Jun (Appointed on 12 June 2021)

**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**

SWS MU Fund Management Co Ltd  
10 & 11/F, 100 South Zhongshan Road  
Shanghai China 200010

Kingdom Investment Managers Limited (Appointed on 1 February 2021)  
12/F On Building  
162 Queen's Road Central  
Central Hong Kong

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**REPORT OF THE MANAGER**

**Market Review:**

A-share market experienced significant price volatility in the first half of 2021, which can be divided into two phases using the Lunar New Year as a demarcation line. As extension of last year's COVID-19 trading trajectory, the market continued its upward trend until the Lunar New Year, with general gains in most sectors. Following the Lunar New Year, however, a rapid rise in the US Treasury yields provoked an abrupt reversal in risk appetite, which, combined with the gradual normalization of monetary policy in China, led to a significant decline in stock prices. Although China's GDP rebounded substantially in the first half of the year, partly driven by the low base effect, only the consumer demand continued to fall short of expectations. Concerns about the sustainability of economic growth led to a reallocation of capital, causing a divergence in market structure. Sectors such as consumption, real estate and financial were underperforming constantly. On the other hand, the demand from economic transformation and policy support have made sectors like new energy vehicle and semiconductor clarion calls of the moment. As a result, the ChiNext index has significantly outperformed the other major indices.

The CSI 300 index ended the 1H21 at 5224.04, approximately up 0.24%. The fund NAV was down -5.58% in 1H21.

**Market Outlook and Portfolio Strategy:**

From the second half of the year, the Fed will kick off the preparations to taper its debt purchase scheme, which would probably cause some disturbance to emerging markets, judging from historical experience. However, we believe that China will have sufficient measures to deal with market uncertainties. Firstly, the reserve requirement ratio has been lowered to provide additional liquidity as well as to further reduce financing cost for small and medium-sized enterprises. Secondly, continued structural reforms in economy will create additional demand and also provide support for corporate earnings growth.

Our fund strategy remained prudent to avoid market volatility, and will keep an eye on both government policies and economy performance to determine sector rotation trends. For the stock selection, we will stick to bottom up approach and mainly focus on sector leaders which are 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 2021**

	30 Jun 2021 RMB	31 Dec 2020 RMB
<b>Assets</b>		
Cash and cash equivalent	262,515	273,493
Financial assets at fair value through profit or loss	7,021,574	8,252,507
Amounts due from brokers	620,846	98,599
Interest receivable	23	11
Deposits	6,334	1,540
<b>Total assets</b>	7,911,292	8,626,150
<b>Liabilities</b>		
Amount due to broker	-	91,277
Management fee payable	9,256	10,294
Performance fee payable	-	143,345
Trustee fee payable	-	14,230
Sub-custodian fee payable	555	618
Other payables and accruals	243,372	191,768
<b>Total liabilities</b>	253,183	451,532
<b>Net assets attributable to unitholders</b>	7,658,109	8,174,618
<b>Net asset value</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	7,658,109	8,174,618
Adjustments for preliminary expenses recognised	-	43,869
Net assets attributable to unitholders (calculated in accordance with the Sub-Fund's explanatory memorandum)	7,658,109	8,218,487
<b>Number of units in issue</b>		
Class A HKD Units	84,554.970	85,128.844
<b>Net asset value per unit</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	HKD108.792	HKD115.218

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND  
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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Note	For the six months ended 30 Jun 2021 RMB	For the six months ended 30 Jun 2020 RMB
<b>Income</b>			
Dividend income		45,907	587,656
Interest income		403	562
Net losses on financial assets at fair value through profit or loss		(295,760)	(777,884)
Net exchange losses		(1,683)	(25,158)
<b>Total net loss</b>		(251,133)	(214,824)
<b>Expenses</b>			
Management fee		59,037	339,372
Trustee fee		56,153	83,541
Sub-custodian fee		3,608	20,334
Auditor's remuneration		50,648	36,487
Commission and brokerage fee	2	21,040	12,925
Legal and professional fee		7,352	(75,555)
Other expenses		7,501	15,205
<b>Total operating expenses</b>		205,339	432,309
<b>Loss before tax</b>		(456,472)	(647,133)
Taxation		(4,623)	(59,556)
<b>Total comprehensive loss</b>		(461,095)	(706,689)

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**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<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 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 loss	-	(706,689)	
<b>As at 30 June 2020</b>	573,097.028	46,760,775	81.593
<b>As at 1 January 2021</b>	85,128.844	8,174,618	96.026
Issuance of units	475.126	44,022	
Redemption of units	(1,049.000)	(99,436)	
Total comprehensive loss	-	(461,095)	
<b>As at 30 June 2021</b>	84,554.970	7,658,109	90.570

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND  
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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 JUNE 2021**

Investments	Holdings	Fair value RMB	% of net asset value
<b>Listed Equity securities</b>			
<b>China</b>			
3 Peak Incorporated	300	165,300	2.16
Amlogic Shanghai Company Limited	1,500	168,300	2.20
Anhui Gujing Distillery Company Limited	1,600	383,200	5.00
Apeloa Pharmaceutical Company Limited	14,200	417,480	5.45
Bloomage Biotechnology Corporation Limited	2,300	639,078	8.35
Guangdong Sirio Pharma Company Limited	5,550	307,470	4.01
Haier Smart Home Co Ltd	11,140	288,637	3.77
Hainan Poly Pharm Company Limited	7,200	377,280	4.93
Hangzhou Tigermed Consulting Company Limited	800	154,640	2.02
Hundsun Technologies Incorporated	2,400	223,800	2.92
Ingenic Semiconductor Company Limited	2,200	222,024	2.90
Inner Mongolia Yili Industrial Group Company Limited	2,800	103,124	1.35
Jafron Biomedical Company Limited	4,400	379,984	4.96
Jason Furniture Hangzhou Company Limited	5,000	386,400	5.05
Jiangsu Yuyue Medical Equipment & Supply Company Limited	8,000	305,040	3.98
Kweichow Moutai Company Limited	200	411,340	5.37
Luxshare Precision Industry Company Limited	7,599	349,554	4.56
Midea Group Company Limited	3,800	271,206	3.54
Wingtech Technology Company Limited	4,600	445,740	5.82
Wuliangye Yibin Company Limited	1,100	327,679	4.28
Zhejiang Jiuzhou Pharmaceutical Company Limited	8,900	432,362	5.65
Zhongji Innolight Company Limited	6,800	261,936	3.42
Total investment portfolio, at fair value		7,021,574	91.69
Other net assets		636,535	8.31
Net assets value as at 30 June 2021 (calculated in accordance with the Sub-Fund's explanatory memorandum)		7,658,109	100.00
Total investment at cost		6,376,805	



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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<b>% holdings of net assets as at 30 June 2021</b>	<b>% holdings of net assets as at 31 December 2020</b>
<b>Industry sector</b>		
Consumer Discretionary	-	8.36
Consumer Staples	-	14.18
Consumer, Cyclical	15.78	-
Consumer, Non-cyclical	55.35	-
Energy	-	0.72
Financials	-	21.54
Health Care	-	17.19
Industrials	12.54	16.38
Materials	-	2.39
Real Estate	-	2.06
Technology	8.02	14.99
Utilities	-	2.61
	<hr/>	<hr/>
Total investment portfolio	91.69	100.42
Other net assets	8.31	(0.42)
	<hr/>	<hr/>
Net assets	<u>100.00</u>	<u>100.00</u>

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**1. Basis of preparation and accounting policies**

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2021 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2020.

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 2021</b>	
Shenwan Hongyuan Securities Co., Ltd.	11,851
<b>For the six months ended 30 Jun 2020</b>	
Shenwan Hongyuan Securities Co., Ltd.	7,135