

**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 2022

**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

Guo Chun (resigned on 29 March 2022)
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 Charter 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
12/F On Building
162 Queen's Road Central
Central Hong Kong

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REPORT OF THE MANAGER

Market Review:

The A-share market trekked forward a long way in the first half of 2022, with both domestic and overseas uncertainties increased significantly. In March 2022, the government's work report emphasized "placing more prominence on stabilizing growth" and set the annual GDP growth rate target at 5.5%. However, the recurring COVID-19 outbreaks in Shanghai and other places further increased the pressure to stabilize growth and slowed down the momentum of economic recovery. In addition, the outbreak of the Russia-Ukraine conflict had disrupted the recovery of the global supply chain, adding to concerns of a global economic slowdown. In response to a persistently high inflation, the Federal Reserve continued to raise interest rates and started tapering in June, further tightening global liquidity. As a result, the A-share market experienced a significant decline from January to April, with max retracement of SSE Composite Index and ChiNext Index even exceeding the declines of the same period in 2018 and 2020. Since May, as the COVID-19 outbreaks was gradually brought under control and the stabilizing policies also fell into place, the market had seen a significant rally, especially in growth stocks represented by new energy sectors.

The CSI 300 index ended the 1H22 at 4485.01, approximately down 9.22%. The fund NAV was down 18.80% in 1H22, impacted by both the unfavorable market environment and the substantial depreciation of RMB.

Market Outlook and Portfolio Strategy:

Looking ahead to the second half of the year, with steady improvement of consumption and investment, China's economy will gradually move to the recovery path. China's domestic demand is sufficient, and the industrial chain is comprehensive. Thus, the potential industrial and consumption upgradings have a good foundation. Inflation is expected to remain manageable, and policy will continue to ease. With macro liquidity being accommodative, interest rate levels are likely to stabilize and decline in some periods. While the stock market liquidity is adequate, risk appetite is expected to improve.

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 2022**

	30 Jun 2022 RMB	31 Dec 2021 RMB
Assets		
Financial assets at fair value through profit or loss	4,904,104	6,230,839
Amounts due from brokers	-	-
Interest receivable	31	68
Deposits	5,073	5,914
Cash and cash equivalent	<u>521,251</u>	<u>903,793</u>
Total assets	<u>5,430,459</u>	<u>7,140,614</u>
Liabilities		
Amount due to broker	-	-
Management fee payable	5,994	8,847
Performance fee payable	-	-
Trustee fee payable	-	-
Sub-custodian fee payable	359	531
Other payables and accruals	<u>214,013</u>	<u>241,529</u>
Total liabilities	<u>220,366</u>	<u>250,907</u>
Net assets attributable to unitholders	<u>5,210,093</u>	<u>6,889,707</u>
Net asset value (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	5,210,093	6,889,707
Adjustments for preliminary expenses recognised	<u>-</u>	<u>-</u>
Net assets attributable to unitholders (calculated in accordance with the Sub-Fund's explanatory memorandum)	<u>5,210,093</u>	<u>6,889,707</u>
Number of units in issue		
Class A HKD Units	73,131.037	82,046.866
Net asset value per unit (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	HKD83.403	HKD102.719

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Note	For the six months ended 30 Jun 2022 RMB	For the six months ended 30 Jun 2021 RMB
Income			
Dividend income		78,044	45,907
Interest income		1,070	403
Net (losses)/gain on financial assets at fair value		(1,119,766)	(295,760)
Net exchange losses		(228)	(1,683)
Other Income		28,475	-
Total net loss		(1,012,405)	(251,133)
Expenses			
Management fee		39,924	59,037
Trustee fee		-	56,153
Sub-custodian fee		2,460	3,608
Auditor's remuneration		-	50,648
Commission and brokerage fee	2	14,948	21,040
Legal and professional fee		-	7,352
Other expenses		897	7,501
Total operating expenses		58,229	205,339
Loss before tax		(1,070,634)	(456,472)
Taxation		(7,913)	(4,623)
Total comprehensive loss		(1,078,547)	(461,095)

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**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Class A HKD units		
	<i>Number of units</i>	<i>Net assets attributable to unitholders RMB</i>	<i>Net asset value per unit RMB</i>
As at 1 January 2021	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)	
As at 30 June 2021	84,554.970	7,658,109	90.570
As at 1 January 2022	82,046.866	6,889,707	83.973
Issuance of units	1,185.171	83,772	
Redemption of units	(10,101.000)	(684,839)	
Total comprehensive loss	-	(1,078,547)	
As at 30 June 2022	73,131.037	5,210,093	83.403

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**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2022**

Investments	Holdings	Fair value RMB	% of net asset value
Listed Equity securities			
China			
Air China Ltd	20000	232,200	4.46
China Tourism Group Duty Free Corp Ltd	1500	349,395	6.71
China XD Electric Co Ltd	50000	234,000	4.49
Chongqing Brewery Co Ltd	2200	322,520	6.19
Haier Smart Home Co Ltd	11140	305,904	5.87
Inner Mongolia Yili Industrial Group Ltd	4100	159,695	3.07
Kweichow Moutai Co Ltd	200	409,000	7.85
Ningbo Orient Wires & Cables Co Ltd	3800	291,080	5.59
Poly Developments and Holdings Group Co Ltd	19000	331,740	6.37
Shaanxi Coal Industry Co Ltd	18000	381,240	7.32
Shanghai Fudan Microelectronics Group Co Ltd	3600	234,684	4.50
Wanhua Chemical Group Co Ltd	3500	339,465	6.52
Zhejiang Jiuzhou Pharmaceutical Co Ltd	7800	403,260	7.74
Anhui Honglu Steel Construction Group Co Ltd	5200	173,680	3.33
Hangzhou Tigermed Consulting Co Ltd	2500	286,125	5.49
Luxi Chemical Group Co Ltd	200	3,458	0.07
Suzhou Maxwell Technologies Co Ltd	600	294,540	5.65
Zhejiang Supor Co Ltd	2700	152,118	2.92
Total investment portfolio, at fair value		4,904,104	94.13
Other net assets		305,989	5.87
Net assets value as at 30 June 2022 (calculated in accordance with the Sub-Fund's explanatory memorandum)		5,210,093	100.00
Total investment at cost		4,788,801	

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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	% holdings of net assets as at 30 June 2022	% holdings of net assets as at 31 December 2021
Industry sector		
Basic Material	6.58	-
Consumer Discretionary	-	12.14
Consumer Staples	-	18.45
Consumer, Cyclical	19.96	-
Consumer, Non-cyclical	30.34	-
Energy	12.97	-
Financial	6.37	-
Health Care	-	20.49
Industrials	13.41	2.80
Materials	-	15.81
Technology	4.50	20.75
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Total investment portfolio	94.13	99.44
Other net assets	5.87	9.56
	<hr/>	<hr/>
Net assets	100.00	100.00
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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

1. Basis of preparation and accounting policies

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2022 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2021.

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 2022	
Shenwan Hongyuan Securities Co., Ltd.	8,570
For the six months ended 30 Jun 2021	
Shenwan Hongyuan Securities Co., Ltd.	11,851