

**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 2024**

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

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**MANAGEMENT AND ADMINISTRATION**

**Manager**

Shenwan Hongyuan Asset Management (Asia) Limited  
6/F, Three Pacific Place,  
1 Queen's Road East,  
Wan Chai, Hong Kong

**Directors of the Manager**

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

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**REPORT OF THE MANAGER**

**Market Review:**

In the first half of 2024, the CSI 300 Index rose by 0.9%. However, the stock market was highly volatile. After 2021, the A-shares market experienced three consecutive years of decline and saw a significant drop again before the Spring Festival in 2024. Rumors of intervention by the "national team" (state-backed investors) stabilized the index, which then formed an "A" shape pattern.

Additionally, there was a significant structural divergence between different sectors of the A-shares market. High-dividend sectors recorded noticeable gains in the first half of the year, such as Banks, Utilities, Home Appliances, Oil and Gas, Telecommunications, Coal, and etc. In contrast, sectors related to economic recovery, particularly growth industries, significantly lagged their high-dividend peers. These underperformers included Real Estate and its upstream and downstream industries, Electrical Equipment, Healthcare, Computers, Media, and etc.

These characteristics of the stock market in the first half reflected economic uncertainty. During such times, investors tend to favor stocks with stable cash flows and good dividend records. Moreover, in a low-interest-rate environment, high-dividend stocks become more attractive. The investment direction of the "national team" is often limited to large-cap stocks, state-owned enterprises, and index constituent stocks to avoid moral hazard, and these stocks typically have higher dividends.

China economy expanded 5.0% year-over-year in the first half of this year, exactly in line with the official target. However, the housing market hasn't stabilized yet for most cities even many rounds of stimulus policies have been introduced by the government. The Consumer Price registered a marginal growth in the first half, but domestic demand remained sluggish.

**Portfolio Review:**

The fund's NAV per unit decreased by 14.0% in the first half of this year, due to unfavorable market environment and the depreciation of RMB.

**Market Outlook and Portfolio Strategy:**

China's economy may continue its weak recovery from the first half of the year. According to official figures, China's economy has just emerged from the shadow of deflation, but overcapacity in manufacturing and a lack of consumer confidence make the path to a new round of reflation rocky. Regarding economic growth, the Chinese government set a GDP growth target of "around 5%" during the Two Sessions at the beginning of the year. However, the economic growth in the second quarter is not optimistic, and the government needs to introduce more stimulus measures to support the economy. In the long-term perspective, China has passed its high-growth phase, and future growth rates will gradually decline, which means most listed companies will face growth pressure.

In the second half of the year, the external environment is slightly optimistic. The first point is that with the Federal Reserve likely to cut interest rates and the People's Bank of China will have more policy room. The second is that overseas economic deterioration may exceed market expectations, potentially leading to a recession, which would affect China's exports—exports are now more important to China given the weak domestic demand. The third is that the long-term strategic competition between China and the U.S. will persist, and this will hinder international investors' willingness and extent to increase their holdings in China.

Therefore, our fund will continue to adopt a balanced allocation strategy, considering both top-down and bottom-up stock selection. We will continue to invest in high-quality companies with stable profitability and improving fundamentals. High-dividend stocks may be a long-term part of our portfolio to stabilize the performance in a volatile market. In the meantime, the fund strategy will keep

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prudent all the time.

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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 JUNE 2024**

	30 Jun 2024 RMB	31 Dec 2023 RMB
<b>Assets</b>		
Financial assets at fair value through profit or loss	2,763,727	3,144,604
Amounts due from brokers	142,560	325,052
Interest receivable	5	8
Deposits	4,725	4,801
Cash and cash equivalent	121,293	127,547
Prepayment	-	5,251
<b>Total assets</b>	<u>3,032,310</u>	<u>3,607,263</u>
<b>Liabilities</b>		
Amount due to broker	136,774	334,662
Management fee payable	7,427	4,144
Sub-custodian fee payable	215	249
Other payables and accruals	618	2,331
<b>Total liabilities</b>	<u>145,034</u>	<u>341,386</u>
<b>Net assets attributable to unitholders</b>	<u>2,887,276</u>	<u>3,265,877</u>
<b>Net asset value</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	<u>2,887,276</u>	<u>3,265,877</u>
Net assets attributable to unitholders (calculated in accordance with the Sub-Fund's explanatory memorandum)	<u>2,887,276</u>	<u>3,265,877</u>
<b>Number of units in issue</b>		
Class A HKD Units	71,716.517	71,587.347
<b>Net asset value per unit</b> (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	HKD43.053	HKD50.039

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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Note	For the six months ended 30 Jun 2024 RMB	For the six months ended 30 Jun 2023 RMB
<b>Income</b>			
Dividend income		34,342	27,591
Interest income		385	304
Net gain/ (losses) on financial assets at fair value		(375,126)	(1,123,435)
Net exchange gain / (losses)		-	1,057
Other Income		-	-
<b>Total net loss</b>		<b>(340,399)</b>	<b>(1,094,483)</b>
		-----	-----
<b>Expenses</b>			
Management fee		22,352	32,900
Sub-custodian fee		1,317	1,956
Commission and brokerage fee	2	12,810	11,136
Other expenses		3,748	7,262
<b>Total operating expenses</b>		<b>40,227</b>	<b>53,254</b>
		=====	=====
<b>Loss before tax</b>		<b>(380,626)</b>	<b>(1,147,737)</b>
Taxation		(3,455)	(2,777)
<b>Total comprehensive loss</b>		<b>(384,081)</b>	<b>( 1,150,514)</b>
		=====	=====

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**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<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 2023</b>	72,981.652	4,826,619	66.135
Issuance of units	2,030.721	117,062	
Redemption of units	(3,540)	(192,435)	
Total comprehensive loss	-	(1,150,514)	
<b>As at 30 June 2023</b>	<u>71,472.373</u>	<u>3,600,732</u>	50.379
<b>As at 1 January 2024</b>	71,587.347	3,265,877	45.621
Issuance of units	129.17	5,480	
Redemption of units	-	-	
Total comprehensive loss	-	(384,081)	
<b>As at 30 June 2024</b>	<u>71,716.517</u>	<u>2,887,276</u>	40.260



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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 JUNE 2024**

<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>			
Beijing Oriental Yuhong Waterproof Technology Co Ltd	10,000	123,400	4.27
Changsha Jingjia Microelectronics Co Ltd	2,700	170,721	5.91
ChinaAMC CSI Food and Beverage Sub-industry ETF	250,000	136,750	4.74
China AMC CSI 300 Index ETF	10,000	35,650	1.23
China Construction Bank Corp	25,000	185,000	6.40
China Life Insurance Co Ltd	7,000	217,350	7.53
China Merchants Bank Co Ltd	7,000	239,330	8.29
China Merchants Expressway Network & Tchnology Holdings Co Ltd	8,500	100,810	3.49
China Southern CSI 1000 ETF	105,000	208,215	7.21
China State Construction Engineering Corp Ltd	30,000	159,300	5.52
China Telecom Corp Ltd	45,000	276,750	9.59
China Yangtze Power Co Ltd	1,000	28,920	1.00
Dawning Information Industry Co Ltd	4,000	166,000	5.75
GD Power Development Co Ltd	10,000	59,900	2.07
Iflytek Co Ltd	2,000	85,900	2.98
Kweichow Moutai Co Ltd	100	146,739	5.08
Midea Group Co Ltd	3,500	225,750	7.82
Ping An Bank Co Ltd	10,000	101,500	3.52
Wondershare Technology Group Co Ltd	839	44,526	1.54
Wuliangye Yibin Co Ltd	400	51,216	1.77
Total investment portfolio, at fair value		2,763,727	95.72
Other net assets		123,549	4.28
Net assets value as at 30 June 2024 (calculated in accordance with the Sub-Fund's explanatory memorandum)		2,887,276	100.00
Total investment at cost		2,894,802	

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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<b>% holdings of net assets as at 30 June 2024</b>	<b>% holdings of net assets as at 31 December 2023</b>
<b>Industry sector</b>		
Communications	9.59	-
Consumer Discretionary	-	7.82
Consumer Staples	-	11.73
Consumer, Cyclical	7.82	-
Consumer, Non-cyclical	6.85	-
Financial	25.75	3.47
Funds	13.18	-
Health Care	-	32.41
Industrials	19.19	9.03
Technology	10.27	31.82
Utilities	3.07	-
	<hr/>	<hr/>
Total investment portfolio	95.72	96.28
Other net assets	4.28	3.72
	<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 2024**

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

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2024 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2023.

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 2024</b>	
Shenwan Hongyuan Securities Co., Ltd.	12,810
<b>For the six months ended 30 Jun 2023</b>	
Shenwan Hongyuan Securities Co., Ltd.	11,136