

# SWS STRATEGIC INVESTMENT FUNDS

## Shenyin Wanguo RMB Mainland Investment Fund

申萬宏源投資管理（亞洲）有限公司  
Shenwan Hongyuan Asset Management (Asia) Limited

### The Product

The Shenyin Wanguo RMB Mainland Investment Fund (the "Sub-Fund") invests primarily in RMB-denominated and settled debt securities issued in the PRC through a RQFII quota of the RQFII Holder which is a holding company of the Fund Manager.

### Risk Disclosure

- The investments of the Sub-Fund are concentrated on securities related to the PRC market. Investment in the PRC market is exposed to various emerging market risks including political, economic, regulatory, legal, foreign exchange, settlement and liquidity risks.
- The Sub-Fund invests in securities through a RQFII which is subject to applicable rules and regulations imposed by the PRC authorities. The RQFII rules are novel in nature, and their application may depend on the interpretation of the Chinese authorities. Any changes to the relevant rules may have an adverse impact on the investment of investors in the Sub-Fund.
- Renminbi is currently not freely convertible and is subject to exchange controls by the Chinese government. Investors may be adversely affected by the movement of the exchange rates between Renminbi and other currencies.
- The Sub-Fund may be exposed to risks associated with changes in PRC tax laws. Such changes may have retrospective effect and may adversely affect the Sub-Fund.
- Investment in the Sub-Fund is exposed to interest rate risk that applies to debt securities. The macro-economic policies and controls of the Chinese government will have significant influence over the capital markets in the Mainland China.
- The Sub-Fund is exposed to credit risk arising from issuers of the RMB denominated debt securities in which it invests. Such securities are typically unsecured debt obligations and are not supported by collateral. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.
- Investment grade securities invested by the Sub-Fund may be subject to the risk of being downgraded to below investment grade securities. The Manager may or may not dispose of the securities being downgraded. If the Sub-Fund continues to hold such securities, it will be exposed to additional risk of loss.
- The RMB denominated debt securities market is at a developing stage and the trading volume may be lower than those of more developed markets. The Sub-Fund may invest in debt securities which are not listed. Even if the debt securities are listed, the market for such securities may be inactive. The Sub-Fund may suffer losses in trading such instruments.
- Some of the RMB denominated debt securities invested by the Sub-Fund may be unrated or below investment grade. Such debt securities are exposed to greater risk because of generally lower credit worthiness and liquidity, greater fluctuation in value and higher chance of default than investment grade bonds.
- Valuation of the investments of the Sub-Fund may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations are proved to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.
- Distributions of the Sub-Fund may be paid from income and/or capital of the Sub-Fund. The Sub-Fund or the Fund Manager may at its discretion pay dividend out of capital of the Sub-Fund. The payment of dividends out of capital represents and amounts to a return or withdrawal of part of original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit. The Sub-Fund or the Fund Manager may amend the Sub-Fund's distribution policy with respect to payment of dividend out of the capital of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to investors. The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Fund Manager upon request and on the website of the Fund Manager at <http://www.swhyhk.com>. Please note that the aforesaid website has not been reviewed by the Securities and Futures Commission of Hong Kong.

**Fund Objective:** The Sub-Fund aims at providing medium to long-term capital appreciation by investing primarily in RMB-denominated and settled debt securities issued in the PRC through a RQFII quota of the RQFII Holder which is a holding company of the Manager.

### Fund Manager

Shenwan Hongyuan Asset Management (Asia) Limited

**Base Currency** RMB

**Launch Date** 5 March 2012

**Unit NAV**  
A類: RMB 84.312  
I類: RMB 90.054

**Dividend Policy**  
Quarterly (Dividend policy is subject to the Manager's discretion. Periodic distribution of dividend is not guaranteed. If distributed, dividend amount is not guaranteed. Please also see footnote 1)

**Minimum Subscription Amount**  
Class A: RMB 10,000 (Initial)  
RMB 5,000 (Subsequent)  
Class I: RMB 10,000,000 (Initial)  
RMB 100,000 (Subsequent)

**Bloomberg**  
Class A: SHWRMBA HK  
Class I: SHWRMBI HK

**ISIN**  
Class A: HK0000098407  
Class I: HK0000098415

**Reuters**  
Class A: 68125485  
Class I: 68125486

### Fees and Charges

**Subscription Fee** Class A & Class I: Up to 5%

**Management Fee**  
Class A: 1.2% p.a.  
Class I: 0.5% p.a.

**Trustee Fee**  
Class A & Class I: Up to 1% p.a. (subject to a minimum monthly fee of USD4,000 for each class of units)

**RQFII Custodian Fee** Class A & Class I: Up to 0.5% p.a. (excluding transaction charges)

**Performance Fee** N/A

**Redemption Fee** N/A

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### Market Review

During this period, the central bank has made a comprehensive cut in the repurchase rate, MLF rate, and LPR rate, with cuts ranging from 10 to 20 basis points. With the interest rate cut, the yield on government bonds has also declined. Specifically, the yield of 1-year, 3-year, 5-year, 7-year, and 10-year government bonds as valued by China Central Depository & Clearing Co., Ltd. (also known as "Central Depository") has decreased by 12 basis points, 9 basis points, 13 basis points, 11 basis points, and 6 basis points, respectively. The yield of the 10-year government bond has dropped significantly to around 2.15%.

### Market Outlook and Strategy

On the macroeconomic front, the statistical bureau announced that the GDP grew by 5.0% year-on-year in the first half of the year, with the second quarter's growth rate at 4.7% year-on-year, which is lower than the growth rate in the first quarter. If the annual growth target of 5% is to be achieved, the pressure in the second half of the year will be relatively high. Internationally, the Federal Reserve's interest rate cut in September is essentially confirmed, and the market has begun to trade on the expectation of a rate cut. The yield on 10-year U.S. Treasury bonds has further declined, remaining below 4.00%.

### Comments on portfolio

This month, the net asset value (Class I) return of the RQFII fund was -0.06%, while the return of the China Bond Composite Full Price Index (CBCFPI) was 0.56%, slightly underperforming the index. This was mainly due to the shorter duration of the portfolio coupled with a certain degree of price correction in the bank's convertible bonds. In terms of the fund's asset allocation, the investment portfolio holds approximately 94.99% in bonds, with convertible bonds accounting for 31.15%, and 1.95% in public funds/equities, which has been remained unchanged with last period. Most of the corporate/enterprise bonds are investment-grade. As of the end of June, the fund's average duration was 1.33 years, with an average yield to maturity of 1.69%. The fund holds a total of 26 targets, which has been sufficiently diversified.

Cumulative Return (Footnote 1 & Footnote 2)	1 month	3 months	6 months	1 year	3 years	5 years	YTD	Since Launch
Class A	-0.12%	-0.38%	-0.06%	-2.46%	-4.38%	-4.15%	0.10%	16.60%
Class I	-0.06%	-0.20%	0.26%	-1.99%	-3.17%	-2.21%	0.51%	22.34%

Source: Shenwan Hongyuan Asset Management (Asia) Limited

Last update: 31 July 2024

### Top 5 Holdings (% of Assets)

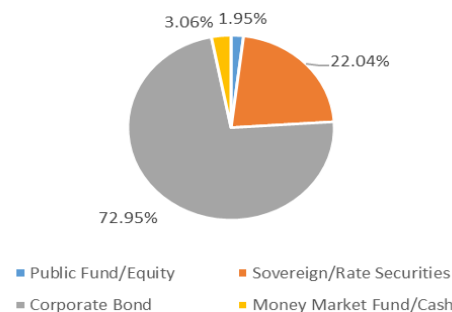
CGB 2.3 10/25/24 SH	12.67%
SHANPU VAR 10/28/25CGB	9.79%
BOSHAI VAR 01/25/27	9.68%
HTSC 4.5 01/29/26	9.37%
HTSC 4.5 01/29/26	6.56%

### Duration and YTM\*

Average Duration (Year)	1.33
Average Yield to Maturity (%)	1.69

\*Average Duration and Average YTM do not include the data of Money Market Fund and Cash.

### Asset Allocation (%)



Footnote 1: The investment returns are denominated in RMB. US/HK dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/RMB exchange rate.

Footnote 2: Performance is calculated on NAV to NAV (RMB), with dividends reinvested, net of fees. The performance data are compared to include all dividends that have been distributed.

### Warning Statement

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