

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.swwhyhk.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 87.3500 I類: RMB 92.6150
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
For enquiries, please contact Hotline: (852) 2509-8372 Email: swaminfo@swwhyhk.com Website: www.swwhyhk.com	

Market Review

In September, economy continued its recovery. Profits of enterprise above designated size in August saw a year-on-year increase of 17.2%, marking the first positive growth since the second half of 2022. After four months of consecutive improvement, the September Manufacturing PMI finally entered expansion territory. Total social financing increased year-on-year, primarily due to government bond issuance, but corporate credit lagged behind expectations. Both the CPI and PPI data were below expectations. The economic recovery's pace appears somewhat inadequate, with lingering structural weaknesses. The future path of recovery remains uncertain. Due to these factors, key interest rates for government bonds with maturities of 1, 3, 5, 7, and 10 years bonds changed by 26bps/15bps/13bps/12bps/12bps, resulting in an overall upward shift in the yield curve. The China Bond Composite Full Price Index (CBCFPI) changed by about -0.58% this month, rising from last month's 125.6781 to 124.9491 this month.

Market Outlook and Strategy

Government bond yields have risen significantly due to faster policy implementation and positive economic data trends. While the current recovery pace may seem slightly lacking, it remains on track. However, there are uncertainties about the recovery's strength in the future, and opinions vary. Temporary economic data, whether positive or negative, may not accurately predict the medium-to-long-term economic outlook. In near term bond yields are more influenced by supply and funding conditions. At this stage, government bond yields are relatively volatile and better suited for short-term bond allocation.

Comments on portfolio

In September, our RQFII Fund's NAV (I Class) changed by -0.46%, while China bond Composite Full Price Index (CBCFPI) changed by -0.58%, fund NAV outperformed the benchmark. In terms of Fund's asset allocation, our portfolio has 87.72% in bond, 7.42% in public fund/equity and 4.87% in cash/MMF. Most corporate/enterprise bonds are investment grade. By the end of August, the Fund has an average duration of 1.78 years and average yield-to-maturity of 0.83%. The Fund is adequately diversified in 21 names.

Cumulative Return (Footnote 1 & Footnote 2)	1 month	3 months	6 months	1 year	3 years	5 years	YTD	Since Launch
Class A	-0.49%	-2.90%	-2.77%	-2.89%	-3.17%	-1.63%	-3.31%	17.53%
Class I	-0.46%	-2.82%	-2.55%	-2.48%	-2.06%	0.21%	-2.85%	22.80%

Source : Shenwan Hongyuan Asset Management (Asia) Limited
Last update: 30 September 2023

Top 5 Holdings (% of Assets)

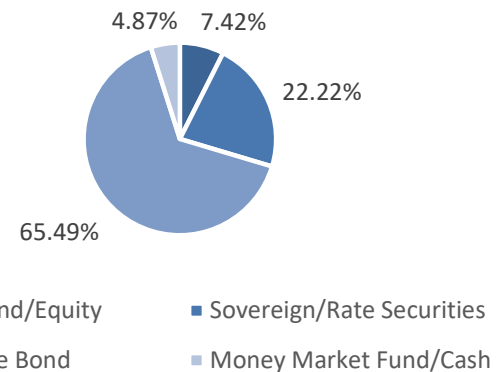
CGB 2.01 01/15/24 SH	16.32%
BOSHAI VAR 01/25/27	9.57%
SHANPU VAR 10/28/25	9.55%
SZZICH 0.6 07/20/26	9.19%
YINHUA TRADED MONEY MARKET	7.42%

Duration and YTM*

Average Duration (Year)	1.78
Average Yield to Maturity (%)	0.83

*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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