

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 84.860 I類: RMB 90.817
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

In the current month, influenced by a rise in the stock market, bond prices experienced significant fluctuations. After a rapid decline at the beginning of the month, they gradually returned to early-month levels following the introduction of interest rate cuts. Over the month, the yields on 1, 3, 5, 7, and 10-year government bonds increased by -6bps, -2bps, 4bps, 4bps, and 0bps, respectively.

Market Outlook and Strategy

In the current month, after leaders from the People's Bank of China and the two regulatory commissions attended a press conference by the State Council Information Office, various ministries such as the National Development and Reform Commission and the Ministry of Finance held their own press conferences to announce measures to promote economic growth and ensure the achievement of annual growth targets. Measures announced by the Ministry of Finance include issuing special government bonds to replace local debts and using special bonds to purchase land and existing housing, reducing the burden on local governments so they can focus on economic development. The issuance of special government bonds may need to await approval from the Standing Committee of the National People's Congress. Internationally, after the Federal Reserve cut interest rates by 50bps, the market began speculating on the rate cut level for November. With inflation figures once again exceeding expectations, the market ultimately believed there was a higher probability of a 25bps rate cut in November. U.S. Treasury yields also responded by rising, with the 10-year Treasury yield climbing further to 4.2%.

Comments on portfolio

This month, the net asset value (Class I) return of the RQFII fund was 0.39%, while the return of the China Bond Composite Full Price Index (CBCFPI) was -0.01%. The fund outperformed the index, mainly because the funds have maintained a high allocation in equity assets, but the weak performance of bank convertible bonds has dragged down fund returns. As of the end of October, the investment portfolio held approximately 94.07% in bonds, of which convertible bonds accounted for 31.34%, and 4.33% in public funds/equities. Most of the corporate bonds are investment grade. By the end of September, the fund's average duration was 1.63 years, with an average yield to maturity of 1.51%. The fund holds a total of 32 targets, which is fully diversified.

Cumulative Return (Footnote 1 & Footnote 2)	1 month	3 months	6 months	1 year	3 years	5 years	YTD	Since Launch
Class A	0.34%	0.93%	0.41%	0.66%	-3.79%	-3.57%	1.03%	17.39%
Class I	0.39%	1.11%	0.90%	1.20%	-2.52%	-1.56%	1.62%	23.35%

Source : Shenwan Hongyuan Asset Management (Asia) Limited

Last update: 31 Oct 2024

Top 5 Holdings (% of Assets)

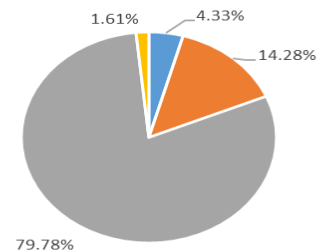
BOSHAI VAR 01/25/27	9.53%
CGB 1.59 04/25/25 SH	9.52%
SHANPU VAR 10/28/25	9.17%
HTSC 4.5 01/29/26	6.61%
GZFINH 3.5 03/07/27	6.40%

Duration and YTM*

Average Duration (Year)	1.63
Average Yield to Maturity (%)	1.51

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

Asset Allocation (%)



Public Fund/Equity Sovereign/Rate Securities
Corporate Bond Money Market Fund/Cash

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

This Document is for information purpose only and does not constitute a prospectus, an offer or an invitation to subscribe any securities, or a recommendation in relation to any securities. Investment involves risks. Investors should not make investment decisions based on this material alone; before making any investment decision, investors should carefully read the explanatory memorandum and the product key facts statement of the Sub-Fund for further details including the risk factors. Past performance information presented are not indicative of future performance. Though the Sub-Fund has been authorized by the Securities and Futures Commission of Hong Kong, such authorization does not imply any official recommendation. The Sub-Fund may not be suitable for individual investor and may not be suitable for everyone. Information contained in this report has been obtained from sources believed to be reliable but Shenwan Hongyuan Asset Management (Asia) Limited does not guarantee the accuracy and completeness of the information provided by third party. This material has not been reviewed by the Securities and Futures Commission of Hong Kong.

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