

**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 2023

**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:

The A-share market rebound, which started in November of last year, continued into the first month of 2023, as investors' sentiment was fueled by huge purchase from northbound money (perceived as foreign investors usually). Property transactions heated up after China relaxed COVID-19 restrictions last December, but the momentum slowed down quickly after Chinese New Year. The consumers' confidence remained at a low level compared to the level before the pandemic. However, the economic stimulus policy introduced by the government is weaker than expected. The Federal Reserve continued to raise interest rates and claimed not to cut any this year, while the geopolitical tensions saw little improvement between China and US. In such unfavorable backdrop, the market went south all the way after Chinese New Year Holiday.

In March 2023, the government's work report set the annual GDP growth rate target at around 5.0%. This is practical given that quality has been superior to growth for the government. Without major stimulus to traditional economy, the recovery related sectors significantly underperformed the market; while Artificial Intelligence (AI) related stocks and sectors enjoyed funding inflow and rotations from time to time.

The fund's NAV per unit decreased by 27.25% in first half of 2023, due to unfavorable market environment and the depreciation of RMB.

Market Outlook and Portfolio Strategy

In the first half, the government remained focused on deleverage and de-risking of its property market and internet sector. However, the July Politburo meeting was a pivotal event. The authority have acknowledged challenges in economic growth and sustainable recovery. They pledged more forceful countercyclical efforts to enhance domestic demand, improve consumer expectations, and boost capital market. Meanwhile, it will adopt more dovish method to handle the risks related to property market and local government debts. Additionally, the government held a series of meetings with large private enterprises to learn about their worries and raised corresponding solutions. This Politburo meeting promised to optimize the business environment for private enterprises and platform economy. The investors' expectations have been lifted from an extreme pessimistic level in the second quarter.

Looking ahead to the second half year, with gradual improvement of consumption and real estate market, China's economy will return to the recovery path. Our fund will continue the balance strategy in combination of the bottom-up and top-down approach. We will try to capture the coming recovery and possible market rebound; we will keep invested into high-quality companies with high profitability or improving fundamentals. In the meantime, the fund strategy will keep prudent all the time.

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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2023**

	30 Jun 2023 RMB	31 Dec 2022 RMB
Assets		
Financial assets at fair value through profit or loss	3,291,586	4,658,256
Amounts due from brokers	452,780	134,700
Interest receivable	25	18
Deposits	4,892	4,990
Cash and cash equivalent	383,714	192,953
Total assets	4,132,997	4,990,917
Liabilities		
Amount due to broker	524,207	149,077
Management fee payable	4,534	11,936
Sub-custodian fee payable	272	371
Other payables and accruals	3,252	2,914
Total liabilities	532,265	164,298
Net assets attributable to unitholders	3,600,732	4,826,619
Net asset value (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	3,600,732	4,826,619
Net assets attributable to unitholders (calculated in accordance with the Sub-Fund's explanatory memorandum)	3,600,732	4,826,619
Number of units in issue		
Class A HKD Units	71,472.373	72,981.652
Net asset value per unit (calculated in accordance with the Sub-Fund's explanatory memorandum)		
Class A HKD Units	HKD54.270	HKD74.593

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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Note	For the six months ended 30 Jun 2023 RMB	For the six months ended 30 Jun 2022 RMB
Income			
Dividend income		27,591	78,044
Interest income		304	1,070
Net losses on financial assets at fair value		(1,123,435)	(1,119,766)
Net exchange gain / (losses)		1,057	(228)
Other Income		-	28,475
		(1,094,483)	(1,012,405)
Total loss			

Expenses			
Management fee		32,900	39,924
Sub-custodian fee		1,956	2,460
Commission and brokerage fee	2	11,136	8,570
Other expenses		7,262	7,275
		53,254	58,229
Total operating expenses			

		(1,147,737)	(1,070,634)
Loss before tax			
Taxation		(2,777)	(7,913)
		(1,150,514)	(1,078,547)
Total comprehensive loss			
=====			

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**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	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 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	<u>73,131.037</u>	<u>5,210,093</u>	71.243
As at 1 January 2023	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)	
As at 30 June 2023	<u>71,472.373</u>	<u>3,600,732</u>	50.379

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**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2023**

Investments	Holdings	Fair value RMB	% of net asset value
Listed Equity securities			
China			
Monalisa Group Co Ltd	5000	77,200	2.14
Konfoong Materials International Co Ltd	100	6,796	0.19
Contemporary Ampere Technology Co Ltd	1,100	251,669	6.99
Ginlong Technologies Co Ltd	2000	208,200	5.78
Wanhua Chemical Group Co Ltd	2500	219,600	6.10
Gemdale Corp	20000	144,200	4.00
Shandong Hualu Hengsheng Chemical Co Ltd	2000	61,260	1.70
Kweichow Moutai Co Ltd	10	16,910	0.47
Tsingtao Brewery Co Ltd	2000	207,260	5.76
China Pacific Insurance Group Co Ltd	6000	155,880	4.33
China Life Insurance Co Ltd	9000	314,640	8.74
Shanghai Baolong Automotive Corp	2000	108,500	3.01
Jiangshan Oupai Door Industry Co Ltd	7800	284,076	7.89
Ningbo Orient Wires & Cables Co Ltd	6500	318,695	8.85
Yinhua CSI China Mainland Real Estate ETF	200000	147,600	4.10
China AMC SSE 50 ETF	50000	127,100	3.53
E Fund SSE 50 ETF	150000	190,800	5.30
China Southern CSI All Share Real Estate ETF	300000	183,900	5.11
Huatai-PineBridge CSOP Hang Seng TECH Index ETF QDII	100000	53,300	1.48
ChinaAMC Hang Seng TECH ETF QDII	400000	214,000	5.94
Total investment portfolio, at fair value		3,291,586	91.41
Other net assets		309,146	8.59
Net assets value as at 30 June 2023 (calculated in accordance with the Sub-Fund's explanatory memorandum)		3,600,732	100.00
Total investment at cost		3,454,005	

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**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	% holdings of net assets as at 30 June 2023	% holdings of net assets as at 31 December 2022
Industry sector		
Basic Material	7.80	-
Consumer Discretionary	-	11.47
Consumer Staples	-	14.22
Consumer, Cyclical	10.00	-
Consumer, Non-cyclical	6.23	-
Energy	5.78	-
Financial	17.07	9.65
Funds	25.46	-
Health Care	-	13.05
Industrials	19.07	34.52
Materials	-	5.56
Technology	-	8.04
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Total investment portfolio	91.41	96.51
Other net assets	8.59	3.49
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Net assets	<u>100.00</u>	<u>100.00</u>

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

1. Basis of preparation and accounting policies

The accounting policies adopted in preparing the unaudited interim reports for the six months ended 30 June 2023 are consistent with those adopted in the financial statements of the Sub-Fund for the year ended 31 December 2022.

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 2023	
Shenwan Hongyuan Securities Co., Ltd.	11,136
For the six months ended 30 Jun 2022	
Shenwan Hongyuan Securities Co., Ltd.	8,570