

**Unaudited Semi-Annual Report 2018**

HAITONG INVESTMENT FUND SERIES  
(An umbrella unit trust established in Hong Kong)

**HAITONG ASIAN HIGH YIELD BOND FUND**  
**(A Sub-Fund of Haitong Investment Fund Series)**

For the period from 1 January 2018 to 30 June 2018

**HAITONG ASIAN HIGH YIELD BOND FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

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**HAITONG ASIAN HIGH YIELD BOND FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**MANAGEMENT AND ADMINISTRATION**

**Manager**

Haitong International Asset Management (HK) Limited  
22/F., Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**Directors of the Manager**

Zhang Xinjun (Resigned on 28 March 2018)  
Yang Jianxin  
Lo Wai Ho  
Sun Tong  
Chen Xuan (Appointed on 1 February 2018)  
Poon Mo Yiu (Appointed on 28 March 2018)

**Solicitors**

Deacons  
5/F, Alexandra Houses  
18 Chater Road  
Central  
Hong Kong

**Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

**Auditors**

PricewaterhouseCoopers  
21/F Edinburgh Tower  
15 Queen's Road  
Central  
Hong Kong

**HAITONG ASIAN HIGH YIELD BOND FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

**Performance**

Since 31 December 2017 to 30 Jun 2018, Haitong Asian High Yield Bond Fund recorded a return of -4.00% for class I (USD, launched at 20 May 2016), on a net asset value (NAV) to NAV basis.

**Market Review**

Asia High Yield bond market had weakened in the first half of 2018. The market kept flat in the first two months and sold off afterwards. The ICE BofA Merrill Lynch Asian Dollar High Yield Corporate Index recorded a total return of -4.64% in the first half of 2018.

The U.S. Treasury yields rallied in the first two months and remained consolidation in the rest of the period. 10-year U.S. Treasury yield surged 45.5 basis points to 2.86% in the first half of 2018. On the macro front, the incremental in non-farm payrolls recorded a 213,000 increase in June and kept improving in the second quarter after the sharp decrease in March which was only 155,000. Average hourly earnings growth remained stable and rose 2.7% from a year ago in June, which was same as prior month and slightly better than March and April. The economic data indicated that the recovery of U.S. labor market is still solid. On the policy front, the U.S. Federal Reserve (Fed) had raised the interest rate of 25 basis points each time in March and June.

**Market Outlook**

In terms of the 2018 second half outlook, the global fixed income market still faces a lot of uncertainties. The U.S. economy remained strong and the dot plot from Fed officials still indicating two more rate hikes in the remaining of the year.

For Chinese High Yield bond market, we are more optimistic. The market had already priced in the effect of global trade disputes and rate hikes. In addition, the Chinese government had asked the mid and large banks to increase the lending and after the central politburo meeting it announced to increase the fiscal stimulus. As a result, the Chinese offshore bond market regained momentum. We believe risk assets would keep upward in midterm based on following supporting factors: 1. The Chinese government would not allow the systematic risk to happen and decided to stimulate the economy; 2. the fundamentals for Chinese offshore issuers are still solid; 3. current yield levels for Chinese offshore bonds are attractive from longer term perspective.

Haitong International Asset Management (HK) Limited

**HAITONG ASIAN HIGH YIELD BOND FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**STATEMENT OF FINANCIAL POSITION (unaudited)**

*As at 30 June 2018*

|  | (Unaudited)<br><i>At 30 June</i><br>2018<br>USD | (Audited)<br>At 31 December<br>2017<br>USD |
|--|---|--|
| <b>Assets</b>  |   |  |
| <b>Current assets</b>  |   |  |
| Financial assets at fair value through profit or loss  | 174,324,352                                     | 201,035,770                                |
| Interest receivable  | 3,478,009                                       | 3,641,765                                  |
| Prepayment   | 410   | -  |
| Cash and cash equivalents  | 12,600,785                                      | 25,378,080                                 |
| <b>Total assets</b>  | <u>190,403,556</u>                              | <u>230,055,615</u>                         |
| <b>Liabilities</b>   |   |  |
| <b>Current liabilities</b>   |   |  |
| Distribution payable   | 6,786,594                                       | 4,462,116                                  |
| Other payables   | 196,714   | 224,675                                    |
| <b>Liabilities (excluding net assets attributable to unitholders)</b>  | <u>6,983,308</u>                                | <u>4,686,791</u>                           |
| <b>Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)</b> | <u>183,420,248</u>                              | <u>225,368,824</u>                         |
| <b>Represented by:</b>   |   |  |
| Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)            | 183,437,760                                     | 225,388,887                                |
| Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders | (17,512)  | (20,063)                                   |
| <b>Number of units in issue</b>  |   |  |
| – Class A (HKD) Distribution units   | -   | 2,816                                      |
| – Class I (USD) Distribution units   | 1,961,443                                       | 2,228,245                                  |
| – Class I (HKD) Distribution units   | -   | -  |
| <b>Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)</b>                   |   |  |
| – Class A (HKD) Distribution units   | -   | 100.17                                     |
| – Class I (USD) Distribution units   | 93.52   | 101.02                                     |
| – Class I (HKD) Distribution units   | -   | -  |

**HAITONG ASIAN HIGH YIELD BOND FUND**  
**(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**Investment Portfolio (unaudited)**

30 June 2018

|  | Holdings  | Fair value<br>USD | % of Net<br>Assets |
|--|-----------|-------------------|--------------------|
| <b><u>Listed Bonds (95.03%)</u></b>                                |           |                   |                    |
| <b><u>British Virgin Islands (1.88%)</u></b>                       |           |                   |                    |
| Blue Sky Fliers Co Ltd Ser (Reg)(Regs) 6.9% 20/01/2019             | 3,500,000 | 3,443,300         | 1.88               |
|  |           | <hr/> 3,443,300   | <hr/> 1.88         |
| <b><u>Cayman Islands (12.46%)</u></b>                              |           |                   |                    |
| CAR Inc (Reg S) (Reg) 6% 11/02/2021                                | 2,500,000 | 2,383,975         | 1.30               |
| China Aoyuan Property Group (Reg)(Regs) 6.525% 25/04/2019          | 1,000,000 | 1,002,640         | 0.55               |
| China SCE Property Holdings (Reg S) 10% 02/07/2020                 | 4,000,000 | 4,188,080         | 2.28               |
| Country Garden Holdings (Reg S) (Reg) 4.75% 28/09/2023             | 5,525,000 | 5,070,845         | 2.76               |
| Golden Wheel Tiandi Holdings Co Ltd(Reg) (Reg S) 7% 18/01/2021     | 3,000,000 | 2,854,740         | 1.56               |
| Powerlong Real Estate Holdings Ltd (Reg S) (Reg) 4.875% 15/09/2021 | 5,650,000 | 4,966,915         | 2.71               |
| Powerlong Real Estate Holdings Ltd (Reg S) (Reg) 7.625% 26/11/2018 | 1,500,000 | 1,502,010         | 0.82               |
| Times China Holdings Ltd (Reg S) (Reg) 6.6% 02/03/2030             | 1,000,000 | 887,610           | 0.48               |
|  |           | <hr/> 22,856,815  | <hr/> 12.46        |
| <b><u>Channel Islands (0.98%)</u></b>                              |           |                   |                    |
| China Evergrande Group (Reg S)(Reg) 7.5% 28/06/2023                | 2,000,000 | 1,792,280         | 0.98               |
|  |           | <hr/> 1,792,280   | <hr/> 0.98         |
| <b><u>China (70.39%)</u></b>                                       |           |                   |                    |
| 361 Degrees International (Reg S) (Reg) 7.25% 03/06/2021           | 4,500,000 | 4,259,790         | 2.32               |
| Agile Group Holdings Ltd (Reg S) (Reg) 9% 21/05/2020               | 1,000,000 | 1,037,620         | 0.57               |
| Baoxin Auto Finance I Ltd (Reg S) (Reg) Var Perp 29/12/2049        | 1,000,000 | 890,690           | 0.49               |
| Boom Up Investments Ltd Ser Emtn (Reg S) (Reg) 3.8% 02/08/2019     | 3,300,000 | 3,146,088         | 1.71               |
| China Aoyuan Property Group (Reg) (Reg S) 5.375% 13/09/2022        | 4,000,000 | 3,490,760         | 1.90               |
| China Evergrande Group (Reg S) (Br) 8.75% 28/06/2025               | 7,520,000 | 6,634,520         | 3.62               |
| China Evergrande Group (Reg) (Reg S) 7% 23/03/2020                 | 1,000,000 | 990,640           | 0.54               |
| China Evergrande Group (Reg) (Reg S) 8.25% 23/03/2022              | 500,000   | 478,530           | 0.26               |
| China SCE Property Holdings (Reg) (Reg S) 5.875% 10/03/2022        | 5,300,000 | 4,788,391         | 2.61               |
| CIFI Holdings Group (Reg S) Var Perp 29/12/2049                    | 6,000,000 | 5,277,360         | 2.88               |
| CIFI Holdings Group Co Ltd (Reg) (Reg S) 5.5% 23/01/2023           | 1,000,000 | 894,590           | 0.49               |
| Country Garden Holdings Co Ltd (Regs) 7.25% 04/04/2021             | 2,400,000 | 2,413,152         | 1.32               |
| Country Garden Holdings Company (Reg S) (Reg) 7.5% 09/03/2020      | 1,000,000 | 1,018,210         | 0.55               |

**HAITONG ASIAN HIGH YIELD BOND FUND**  
**(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**Investment Portfolio (unaudited) (Continued)**  
30 June 2018

|   | Holdings  | Fair value<br>USD | % of Net<br>Assets |
|---|-----------|-------------------|--------------------|
| <b><u>Listed Bonds (95.03%) (Continued)</u></b>                         |           |                   |                    |
| <b><u>China (70.39%) (Continued)</u></b>                                |           |                   |                    |
| Easy Tactic Ltd (Reg S) 5.75% 13/01/2022                                | 6,000,000 | 5,465,640         | 2.98               |
| Fantasia Holdings Group (Reg S) 10.75% 22/01/2020                       | 2,600,000 | 2,534,662         | 1.38               |
| Fantasia Holdings Group (Reg S) 7.95% 05/07/2022                        | 2,000,000 | 1,668,760         | 0.91               |
| Future Land Development (Reg S) (Reg) 5% 16/02/2020                     | 2,500,000 | 2,433,125         | 1.33               |
| Gemstones International Ltd (Reg) (Reg S) 8.5% 15/08/2020               | 1,000,000 | 966,010           | 0.53               |
| Greenland Global Investment (Reg S) (Reg) 5.875% 03/07/2024             | 1,500,000 | 1,323,525         | 0.72               |
| Health and Happiness (H&H) International Holdings Ltd (Reg S)           | 4,000,000 | 4,012,440         | 2.19               |
| Jiuding Group Finance Co (Reg) (Reg S) 6.5% 25/07/2020                  | 5,000,000 | 4,051,250         | 2.21               |
| Jiuding Group Finance Co Ser Oct (Reg) (Reg S) 6.5% 25/07/2020          | 1,000,000 | 810,250           | 0.44               |
| KWG Property Holding Ltd (Reg) (Reg S) 6% 11/01/2022                    | 4,500,000 | 4,242,150         | 2.31               |
| KWG Property Holding Ltd (Reg) (Reg S) 6% 15/09/2022                    | 5,300,000 | 4,914,001         | 2.68               |
| Logan Property Holdings (Reg S) (Reg) 5.75% 03/01/2022                  | 2,000,000 | 1,850,940         | 1.01               |
| Logan Property Holdings (Reg) (Reg S) 5.25% 23/02/2023                  | 5,800,000 | 4,993,568         | 2.72               |
| Minmetals Bounteous Finance (Reg S) (Reg) 3.125% 27/07/2021             | 1,500,000 | 1,461,060         | 0.80               |
| Modern Land China Co Ltd (Reg S) (Reg) 6.875% 20/10/2019                | 6,350,000 | 6,086,729         | 3.32               |
| New Metro Global Ltd (Reg) (Reg S) 5% 08/08/2022                        | 7,500,000 | 6,600,225         | 3.60               |
| Oceanwide Holdings International 15 (Reg S) (Reg) 9.625% 11/08/2020     | 5,000,000 | 4,825,000         | 2.63               |
| Oceanwide Holdings International 17 (Reg S) 7.75% 27/07/2020            | 1,000,000 | 865,620           | 0.47               |
| Studio City Finance Ltd (Regs) 8.5% 01/12/2020                          | 2,000,000 | 2,015,000         | 1.10               |
| Sunac China Holdings Ltd (Reg S) (Reg) 7.95% 08/08/2022                 | 2,000,000 | 1,883,740         | 1.03               |
| Sunac China Holdings Ltd (Reg S) (Reg) 8.75% 05/12/2019                 | 2,000,000 | 2,041,220         | 1.11               |
| Sunac China Holdings Ltd (Reg) (Reg S) 6.875% 08/08/2020                | 2,000,000 | 1,951,500         | 1.06               |
| Times Property Holdings Ltd (Reg S) (Reg) 5.75% 26/04/2022              | 2,580,000 | 2,298,935         | 1.25               |
| Times Property Holdings Ltd (Reg S) 6.25% 23/01/2020                    | 4,500,000 | 4,447,755         | 2.42               |
| Wanda Properties International Co (Reg S) (Reg) 7.25% 29/01/2024        | 2,000,000 | 1,947,520         | 1.06               |
| Xinhu Zhongbao (Reg) (Reg S) 6% 01/03/2020                              | 3,000,000 | 2,730,330         | 1.49               |
| Xinyuan Real Estate (Reg S) 7.75% 28/02/2021                            | 2,000,000 | 1,709,600         | 0.93               |
| Yancoal International Resources Development (Reg S) 5.73%<br>16/05/2022 | 2,720,000 | 2,677,785         | 1.46               |
| Yankuang Group Cayman (Reg S) 4.75% 30/11/2020                          | 2,000,000 | 1,923,380         | 1.05               |
| Yuzhou Properties Co Ltd (Reg) (Reg S) 6% 25/10/2023                    | 5,700,000 | 5,117,631         | 2.79               |
| Yuzhou Properties Co Ltd (Reg) (Reg S) 6.375% 06/03/2021                | 600,000   | 584,748           | 0.32               |
| Yuzhou Properties Co Ltd (Reg) (Reg S) Var Perp                         | 2,800,000 | 2,425,836         | 1.32               |
| Yuzhou Properties Co Ltd (Regs) (Reg) 6% 25/02/2022                     | 1,000,000 | 934,460           | 0.51               |
|   |           | 129,114,736       | 70.39              |

**HAITONG ASIAN HIGH YIELD BOND FUND**  
**(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**Investment Portfolio (unaudited) (Continued)**  
*30 June 2018*

|   | Holdings  | Fair value<br><i>USD</i> | % of Net<br>Assets |
|---|-----------|--------------------------|--------------------|
| <b><u>Listed Bonds (95.03%) (Continued)</u></b>                       |           |                          |                    |
| <b><u>Hong Kong (7.37%)</u></b>                                       |           |                          |                    |
| Melco Resorts Finance Ser Regs 4.875% 06/06/2025                      | 6,000,000 | 5,679,960                | 3.09               |
| RKI Overseas Finance 2016 A (Reg S) (Reg) 5% 09/08/2019               | 3,500,000 | 3,474,170                | 1.89               |
| RKI Overseas Finance 2016 B (Reg S) (Reg) 4.7% 06/09/2021             | 1,300,000 | 1,206,881                | 0.66               |
| Shimao Property Holdings Ltd (Reg S) (Reg) 8.375% 10/02/2022          | 3,000,000 | 3,168,510                | 1.73               |
|   |           | <hr/>                    | <hr/>              |
|   |           | 13,529,521               | 7.37               |
|   |           | <hr/>                    | <hr/>              |
| <b><u>Macau (1.95%)</u></b>   |           |                          |                    |
| Wynn Macau Ltd Ser (Reg S) (Reg) 5.5% 01/10/2027                      | 3,750,000 | 3,587,700                | 1.95               |
|   |           | <hr/>                    | <hr/>              |
|   |           | 3,587,700                | 1.95               |
|   |           | <hr/>                    | <hr/>              |
| Total investments ( <i>Total cost of investments USD188,748,121</i> ) |           | 174,324,352              | 95.03              |
| Other net assets  |           | 9,113,408                | 4.97               |
|   |           | <hr/>                    | <hr/>              |
| Total net assets as at 30 June 2018                                   |           | 183,437,760              | 100.00             |
|   |           | <hr/> <hr/>              | <hr/> <hr/>        |



**HAITONG ASIAN HIGH YIELD BOND FUND**  
**(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**Statement of Movements in Investment Portfolio (unaudited)**  
*For the period from 1 January 2018 to 30 June 2018*

|                        | Percentage<br>holdings of<br>net assets as at<br>30 June<br>2018 | Percentage<br>holdings of<br>net assets as at<br>31 December<br>2017 |
|------------------------|--|--|
| <u>Listed Bonds</u>    |  |  |
| British Virgin Islands | 1.88   | 1.50   |
| Cayman Islands         | 12.46  | 11.16  |
| Channel Islands        | 0.98   | 0.91   |
| China                  | 70.39  | 67.23  |
| Hong Kong              | 7.37   | 6.71   |
| Macau                  | 1.95   | 1.69   |
|                        | <hr/>  | <hr/>  |
| Total                  | 95.03  | 89.20  |
|                        | <hr/> <hr/>  | <hr/> <hr/>  |

**HAITONG ASIAN HIGH YIELD BOND FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**Performance Record (unaudited)**

30 June 2018

|                                 | 30 June 2018<br>USD | 31 December<br>2017<br>USD | 31 December<br>2016<br>USD    |
|---------------------------------|---------------------|----------------------------|-------------------------------|
| <b>Net assets</b>               |                     |                            |                               |
| Class A (HKD) Distribution unit | -                   | 282,069                    | 271,164                       |
| Class I (USD) Distribution unit | 183,437,760         | 225,106,818                | 122,268,020                   |
| Class I (HKD) Distribution unit | -                   | -                          | 654,752                       |
| <b>Net asset value per unit</b> |                     |                            |                               |
| Class A (HKD) Distribution unit | -                   | 100.17                     | 100.16                        |
| Class I (USD) Distribution unit | 93.52               | 101.02                     | 100.78                        |
| Class I (HKD) Distribution unit | -                   | -                          | 100.78                        |
|                                 |                     | Highest<br>issue<br>price  | Lowest<br>redemption<br>price |

Financial period

1 January 2018 to 30 June 2018

|                                 |           |          |
|---------------------------------|-----------|----------|
| Class A (HKD) Distribution unit | -         | -        |
| Class I (USD) Distribution unit | USD101.48 | USD93.50 |
| Class I (HKD) Distribution unit | -         | -        |

Year ended 31 December 2017

|                                 |           |           |
|---------------------------------|-----------|-----------|
| Class A (HKD) Distribution unit | HKD805.50 | HKD777.66 |
| Class I (USD) Distribution unit | USD104.01 | USD100.79 |
| Class I (HKD) Distribution unit | HKD802.41 | HKD777.01 |

Period from 23 May 2016 (date of inception) to 31  
December 2016

|                                 |           |           |
|---------------------------------|-----------|-----------|
| Class A (HKD) Distribution unit | HKD796.12 | HKD776.84 |
| Class I (USD) Distribution unit | USD103.24 | USD99.95  |
| Class I (HKD) Distribution unit | HKD800.47 | HKD776.31 |

**HAITONG ASIAN HIGH YIELD BOND FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

**Distribution Disclosure**

The Manager intends to declare distributions on units in the Sub-Fund on a semi-annual basis for two class A and Class I unit and payable in the relevant Class Currency. Distributions may be paid in cash or may be applied to subscribe for additional Units in the relevant Class of the relevant Sub-Fund at the option of the unitholder.

| <u>Period ended 30 June 2018</u> | <b>Date of<br/>ex-distribution</b> | <b>Date of<br/>payment</b> | <b>Distribution<br/>per unit</b> | <b>Total<br/>distribution</b> |
|----------------------------------|------------------------------------|----------------------------|----------------------------------|-------------------------------|
| Class I (USD) Distribution unit  | 29 June 2018                       | 11 July 2018               | US\$3.46                         | US\$6,786,594                 |

| <u>Period ended 30 June 2017</u> | <b>Date of<br/>ex-distribution</b> | <b>Date of<br/>payment</b> | <b>Distribution<br/>per unit</b> | <b>Total<br/>distribution</b> |
|----------------------------------|------------------------------------|----------------------------|----------------------------------|-------------------------------|
| Class A (HKD) Distribution unit  | 30 June 2017                       | 11 July 2017               | HK\$15.60                        | US\$43,073                    |
| Class I (USD) Distribution unit  | 30 June 2017                       | 11 July 2017               | US\$2.00                         | US\$3,620,593                 |