

Unaudited Semi-Annual Report 2019

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 2019 to 30 June 2019

**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

Trustee and Registrar

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

Directors of the Manager

Yang Jianxin
Lo Wai Ho
Sun Tong
Chen Xuan
Poon Mo Yiu

Auditors

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

Solicitors

Deacons
5/F, Alexandra Houses
18 Chater 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 2018 to 30 Jun 2019, Haitong Asian High Yield Bond Fund recorded a return of 7.91% for class I (USD), on a net asset value (NAV) to NAV basis.

Market Review

Asia High Yield bond market had rallied in the first half of 2019. The market surged in the first quarter and remained consolidation in the second quarter. The ICE BofA Merrill Lynch Asian Dollar High Yield Corporate Index recorded a total return of 10.34% in the first half of 2019.

The U.S. Treasury yields also rallied in the first half of the year. 10-year U.S. Treasury yield dipped 67.9 basis points to 2.005% in the first half of 2019. On the macro front, the incremental in non-farm payrolls dipped in Feb and May and was volatile in the first half while ISM manufacturing figure kept downward trend in the period. On the policy front, the U.S. Federal Reserve (Fed) had paused interest rate move in the first half.

Market Outlook

In terms of the 2019 second half outlook, the global fixed income market still faces a lot of uncertainties. The U.S. economy showed signs of slower growth and the dot plot median from Fed officials in June Federal Open Market Committee (FOMC) still indicating no moves in 2019 meeting but the market is expecting rate cuts.

For Chinese High Yield bond market, we are more optimistic and believe it would keep upward in the year. Firstly, the rates front remained supportive. Fed kept dovish tune and thus would bring up risky assets. Secondly, the Chinese government would not allow the systematic risk to happen and decided to stimulate the economy. Thirdly on technical front, the recent surging new issues were refinancing and the market demand is solid. Lastly, current yield levels for Chinese offshore bonds are still attractive from longer term perspective.

Haitong International Asset Management (HK) Limited

**HAITONG ASIAN HIGH YIELD BOND FUND
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STATEMENT OF FINANCIAL POSITION (unaudited)

As at 30 June 2019

	(Unaudited) <i>At 30 June 2019 USD</i>	(Audited) At 31 December 2018 USD
Assets		
Current assets		
Financial assets at fair value through profit or loss	386,645,564	159,285,591
Amounts receivable on sale of investments	-	4,209,220
Interest receivable	8,176,375	3,140,974
Prepayment	360	-
Cash and cash equivalents	52,559,042	11,346,536
Total assets	<u>447,381,341</u>	<u>177,982,321</u>
Liabilities		
Current liabilities		
Amounts payable on purchase of investments	5,111,585	-
Distribution payable	7,726,699	6,061,867
Other payables	323,622	197,674
Liabilities (excluding net assets attributable to unitholders)/Total liabilities	<u>13,161,906</u>	<u>6,259,541</u>
Net assets attributable to unitholders classified as financial liability/equity (after adjustment for different basis adopted by the Sub-Fund)	434,219,435	<u>171,722,780</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	12,583	
Net assets attributable to unitholders classified as financial liability (in accordance with the Sub-Fund's Explanatory Memorandum)	<u>434,232,018</u>	
Number of units in issue		
- Class D (USD) Distribution units	918,455	-
- Class D (HKD) Distribution units	7,703	-
- Class I (USD) Distribution units	3,557,004	1,888,432
Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)		
- Class D (USD) Distribution units	99.26	-
- Class D (HKD) Distribution units	126.50	-
- Class I (USD) Distribution units	96.17	90.94

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

Investment Portfolio (unaudited)

30 June 2019

	Holdings	Fair value USD	% of Net Assets
<u>Listed Bonds (89.04%)</u>			
<u>British Virgin Islands (8.29%)</u>			
Chinalco Capital Holdings Ltd (Reg S) (Reg) 4% 25/08/2021	960,000	955,718	0.22
Hejun Shunze Investment Co Ltd (Reg S) (Reg) 12% 25/04/2021	4,000,000	4,094,240	0.94
New Metro Global Ltd (Reg S) (Reg) 6.5% 20/05/2022	7,600,000	7,657,912	1.76
New Metro Global Ltd (Reg S) (Reg) 7.125% 23/05/2021	1,700,000	1,741,191	0.40
New Metro Global Ltd (Reg) (Reg S) 7.5% 20/03/2022	2,000,000	2,065,380	0.48
RKPF Overseas 2019 A Ltd (Reg S) (Reg) 7.875% 01/02/2023	8,500,000	8,953,135	2.06
RKPF Overseas 2019 B (Reg S) 7.75% 18/04/2021	6,100,000	6,375,171	1.47
Studio City Co Ltd (Ser Regs) (Reg) 7.25% 30/11/2021	2,000,000	2,068,880	0.48
Studio City Finance Ltd (Ser Regs) (Reg) 7.25% 11/02/2024	2,000,000	2,084,980	0.48
		<hr/>	
		35,996,607	8.29
		<hr/>	
<u>Cayman Islands (12.35%)</u>			
CAR Inc (Reg S) (Reg) 6% 11/02/2021	2,500,000	2,427,950	0.56
CFLD Cayman Investment (Reg S) (Reg) 7.125% 08/04/2022	7,000,000	7,059,990	1.63
CFLD Cayman Investment (Reg S) (Reg) 8.6% 08/04/2024	5,250,000	5,308,957	1.22
CFLD Cayman Investment (Reg S) (Reg) 8.625% 28/02/2021	2,000,000	2,080,180	0.48
CFLD Cayman Investment (Reg S) 6.5% 21/12/2020	3,850,000	3,875,602	0.89
China SCE Property Holdings (Reg S) 10% 02/07/2020	4,000,000	4,124,000	0.95
Country Garden Holdings (Reg S) (Reg) 4.75% 28/09/2023	5,525,000	5,400,909	1.25
Melco Resorts Finance (Ser Regs) (Reg) 5.25% 26/04/2026	7,000,000	7,028,350	1.62
Ronshine China (Reg S) (Reg) 8.75% 25/10/2022	7,300,000	7,222,036	1.66
Times China Holdings Ltd (Reg S) (Reg) 6.6% 02/03/2030	5,000,000	4,992,300	1.15
Yankuang Group Cayman (Reg S) (Reg) 6% 30/01/2022	4,000,000	4,090,720	0.94
		<hr/>	
		53,610,994	12.35
		<hr/>	
<u>China (56.27%)</u>			
Agile Group Holdings Ltd (Reg S) (Reg) 9% 21/05/2020	1,000,000	1,031,250	0.24
Baoxin Auto Finance I Ltd (Reg S) (Reg) Var Perp 29/12/2049	1,000,000	904,540	0.21
China Aoyuan Group Ltd (Reg S) (Reg) 7.95% 19/02/2023	5,000,000	5,231,000	1.20
China Aoyuan Group Ltd (Reg S) (Reg) 8.5% 23/01/2022	10,320,000	10,904,009	2.51
China Aoyuan Group Ltd (Reg) (Reg S) 5.375% 13/09/2022	5,000,000	4,900,150	1.13
China Aoyuan Property Group (Reg) (Reg S) 7.5% 10/05/2021	500,000	516,350	0.12
China Evergrande Group (Reg) (Reg S) 8.75% 28/06/2025	1,520,000	1,352,618	0.31
China SCE Group Holdings Ltd (Reg S) (Reg) 7.375% 09/04/2024	2,000,000	1,960,300	0.45
China SCE Group Holdings Ltd (Reg S) (Reg) 8.75% 15/01/2021	8,600,000	8,994,224	2.07
China SCE Property Holdings (Reg) (Reg S) 5.875% 10/03/2022	5,800,000	5,723,846	1.32
CIFI Holdings Group (Reg S) (Reg) 7.625% 02/03/2021	4,000,000	4,147,480	0.95
CIFI Holdings Group (Reg S) (Reg) 7.625% 28/02/2023	9,090,000	9,486,142	2.18

HAITONG ASIAN HIGH YIELD BOND FUND
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Investment Portfolio (unaudited) (Continued)

30 June 2019

	Holdings	Fair value USD	% of Net Assets
<u>Listed Bonds (89.04%) (Continued)</u>			
<u>China (56.27%) (Continued)</u>			
CIFI Holdings Group (Reg S) Var Perp 29/12/2049	6,000,000	5,631,360	1.30
CIFI Holdings Group (Reg) (Reg S) 6.875% 23/04/2021	1,000,000	1,024,840	0.24
CIFI Holdings Group Co Ltd (Reg) (Reg S) 5.5% 23/01/2023	3,000,000	2,926,140	0.67
Country Garden Holdings (Reg S) (Reg) 7.125% 25/04/2022	5,000,000	5,283,900	1.22
Country Garden Holdings (Reg) (Reg S) 8% 27/01/2024	5,000,000	5,434,650	1.25
Country Garden Holdings Co Ltd (Reg S) 7.25% 04/04/2021	2,400,000	2,441,832	0.56
Country Garden Holdings Company (Reg S) (Reg) 7.5% 09/03/2020	1,000,000	1,019,400	0.23
Easy Tactic Ltd (Reg S) 5.75% 13/01/2022	1,500,000	1,473,765	0.34
Fantasia Holdings Group (Reg S) 7.95% 05/07/2022	2,000,000	1,797,400	0.41
Future Land Development (Reg S) (Reg) 5% 16/02/2020	2,500,000	2,499,725	0.58
Future Land Development (Reg S) (Reg) 6.15% 15/04/2023	4,000,000	3,952,720	0.91
Future Land Development (Reg S) (Reg) 7.5% 22/01/2021	4,440,000	4,573,777	1.05
Greenland Global Investment (Reg S) (Reg) 5.875% 03/07/2024	1,500,000	1,430,745	0.33
Health and Happiness (H&H) International Holdings Ltd (Reg S)	5,177,000	5,285,665	1.22
KWG Group Holdings (Reg S) 7.875% 0 1/09/2023	2,250,000	2,283,637	0.53
KWG Property Holding Ltd (Reg) (Reg S) 6% 11/01/2022	4,500,000	4,488,075	1.03
KWG Property Holding Ltd (Reg) (Reg S) 6% 15/09/2022	3,800,000	3,765,648	0.87
Logan Property Holdings (Reg S) (Reg) 5.75% 03/01/2022	4,500,000	4,488,120	1.03
Logan Property Holdings (Reg S) (Reg) 7.5% 25/08/2022	9,450,000	9,821,385	2.26
Logan Property Holdings (Reg S) (Reg) 8.75% 12/12/2020	3,750,000	3,935,475	0.91
Logan Property Holdings (Reg) (Reg S) 5.25% 23/02/2023	5,800,000	5,541,262	1.28
Minmetals Bounteous Finance (Reg S) (Reg) 3.125% 27/07/2021	1,500,000	1,506,375	0.35
New Metro Global Ltd (Reg) (Reg S) 5% 08/08/2022	3,700,000	3,603,097	0.83
Ronshine China (Reg S) (Reg) 10.5% 01/03/2022	6,500,000	6,795,880	1.56
Ronshine China (Reg S) (Reg) 11.25% 22/08/2021	4,900,000	5,239,766	1.21
Ronshine China (Reg S) (Reg) 8.25% 01/02/2021	1,000,000	1,017,740	0.23
Sunac China Holdings Ltd (Reg S) (Reg) 7.25% 14/06/2022	1,500,000	1,503,255	0.35
Sunac China Holdings Ltd (Reg S) (Reg) 7.875% 15/02/2022	9,200,000	9,392,188	2.16
Sunac China Holdings Ltd (Reg S) (Reg) 7.95% 08/08/2022	3,500,000	3,572,590	0.82
Sunac China Holdings Ltd (Reg S) (Reg) 7.95% 11/10/2023	3,810,000	3,852,520	0.89
Sunac China Holdings Ltd (Reg S) (Reg) 8.375% 15/01/2021	3,000,000	3,109,110	0.72
Sunac China Holdings Ltd (Reg S) (Reg) 8.625% 27/07/2020	1,000,000	1,031,730	0.24
Sunac China Holdings Ltd (Reg S) (Reg) 8.75% 05/12/2019	1,500,000	1,528,575	0.35
Sunac China Holdings Ltd (Reg) (Reg S) 6.875% 08/08/2020	2,000,000	2,026,580	0.47
Times China Holdings Ltd (Reg S) (Reg) 7.625% 21/02/2022	8,250,000	8,525,385	1.96
Times China Holdings Ltd (Reg S) (Reg) 7.85% 04/06/2021	1,000,000	1,032,470	0.24
Times China Holdings Ltd (Reg) (Reg S) 6.25% 17/01/2021	2,500,000	2,521,825	0.58
Times Property Holdings Ltd (Reg S) (Reg) 5.75% 26/04/2022	2,580,000	2,542,564	0.59
Times Property Holdings Ltd (Reg S) (Reg) 6.25% 23/01/2020	1,500,000	1,510,470	0.35
Wanda Properties International Co (Reg S) (Reg) 7.25% 29/01/2024	2,000,000	2,002,720	0.46
Yankuang Group Cayman (Reg S) 4.75% 30/11/2020	6,000,000	5,997,600	1.38
Yuzhou Properties Co Ltd (Reg S) (Reg) 8.5% 04/02/2023	7,000,000	7,225,470	1.66

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

Investment Portfolio (unaudited) (Continued)

30 June 2019

	Holdings	Fair value USD	% of Net Assets
<u>Listed Bonds (89.04%) (Continued)</u>			
<u>China (56.27%) (Continued)</u>			
Yuzhou Properties Co Ltd (Reg S) (Reg) 8.625% 23/01/2022	3,800,000	3,983,882	0.92
Yuzhou Properties Co Ltd (Reg) (Reg S) 6% 25/10/2023	6,000,000	5,667,000	1.31
Yuzhou Properties Co Ltd (Reg) (Reg S) 6.375% 06/03/2021	600,000	604,602	0.14
Yuzhou Properties Co Ltd (Reg) (Reg S) Var Perp	2,800,000	2,572,612	0.59
Yuzhou Properties Co Ltd (Reg S) (Reg) 6% 25/02/2022	2,000,000	1,975,240	0.45
Zhenro Properties Group (Reg S) (Reg) 8.65% 21/01/2023	3,000,000	2,936,910	0.68
Zhenro Properties Group (Reg S) (Reg) 9.15% 08/03/2022	5,500,000	5,585,690	1.29
Zhenro Properties Group (Reg S) (Reg) 9.8% 20/08/2021	3,800,000	3,955,344	0.91
Zhenro Properties Group (Reg) (Reg S) 12.5% 02/01/2021	4,000,000	4,276,200	0.98
Zhenro Properties Group (Reg) (Reg S) Var Perp 31/12/2049	3,000,000	3,005,220	0.69
		<hr/>	
		244,352,040	<hr/> 56.27 <hr/>
<u>Hong Kong (7.86%)</u>			
Agile Group Holdings Ltd (Reg S) (Reg) 6.7% 07/03/2022	10,000,000	10,284,300	2.37
Agile Group Holdings Ltd (Reg) (Reg S) 8.5% 18/07/2021	2,000,000	2,129,760	0.49
Melco Resorts Finance (Ser Regs) 4.875% 06/06/2025	10,020,000	9,958,177	2.29
RKI Overseas Finance 2016 B (Reg S) (Reg) 4.7% 06/09/2021	1,300,000	1,290,094	0.30
Shimao Property Holdings (Reg S) (Reg) 6.125% 21/02/2024	8,000,000	8,427,840	1.94
Yancoal International Resources Development (Reg S) (Reg) 6% 29/11/2021	2,000,000	2,051,280	0.47
		<hr/>	
		34,141,451	<hr/> 7.86 <hr/>
<u>Macau (4.27%)</u>			
MGM China Holdings Ltd (Ser Regs) (Reg) 5.375% 15/05/2024	2,000,000	2,046,380	0.47
MGM China Holdings Ltd (Ser Regs) (Reg) 5.875% 15/05/2026	4,500,000	4,630,635	1.07
Wynn Macau Ltd (Ser Regs) (Reg) 5.5% 01/10/2027	4,750,000	4,598,475	1.06
Wynn Macau Ltd (Ser Regs) (Reg) 4.875% 01/10/2024	7,385,000	7,268,982	1.67
		<hr/>	
		18,544,472	<hr/> 4.27 <hr/>
Total investments (<i>Total cost of investments USD384,857,493</i>)		<hr/> 386,645,564	<hr/> 89.04 <hr/>
Other net assets		<hr/> 47,573,871	<hr/> 10.96 <hr/>
Total net assets as at 30 June 2019		<hr/> <hr/> 434,219,435	<hr/> <hr/> 100.00 <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 2019 to 30 June 2019

	Percentage holdings of net assets as at 30 June 2019	Percentage holdings of net assets as at 31 December 2018
<u>Listed Bonds</u>		
British Virgin Islands	8.29	0.57
Cayman Islands	12.35	11.79
Channel Islands	-	1.03
China	56.27	69.67
Hong Kong	7.86	7.76
Macau	4.27	1.93
	<hr/>	<hr/>
Total	89.04	92.75
	<hr/> <hr/>	<hr/> <hr/>

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

Performance Record (unaudited)

30 June 2019

	30 June 2019 USD	31 December 2018 USD	31 December 2017 USD
Net assets			
Class A (HKD) Distribution unit	-	-	282,069
Class D (USD) Distribution unit	91,172,174	-	-
Class D (HKD) Distribution unit	974,466	-	-
Class I (USD) Distribution unit	342,085,378	171,737,803	225,106,818
Net asset value per unit			
Class A (HKD) Distribution unit	-	-	100.17
Class D (USD) Distribution unit	99.26	-	-
Class D (HKD) Distribution unit	126.50	-	-
Class I (USD) Distribution unit	96.17	90.94	101.02
		Highest issue price	Lowest redemption price
<u>Financial period</u>			
<u>1 January 2019 to 30 June 2019</u>			
Class D (USD) Distribution unit		USD100.30	USD98.76
Class D (HKD) Distribution unit		HKD1,004.24	HKD987.28
Class I (USD) Distribution unit		USD98.01	USD90.80
<u>Year ended 31 December 2018</u>			
Class A (HKD) Distribution unit		HKD786.98	HKD758.91
Class I (USD) Distribution unit		USD101.48	USD90.50
<u>Year ended 31 December 2017</u>			
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

HAITONG ASIAN HIGH YIELD BOND FUND
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Performance Record (unaudited) (continued)
30 June 2019

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
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Distribution Disclosure

The Manager intends to declare distributions on units in the Sub-Fund on a semi-annual basis for Class I units and monthly basis for Class D units 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.

Period ended 30 June 2019

	Date of ex-distribution	Date of payment	Distribution per unit	Total distribution
Class D (USD) Distribution unit				
For the month April	30 April 2019	10 May 2019	USD0.66	USD184,484
For the month May	31 May 2019	12 June 2019	USD0.66	USD201,052
For the month June	28 June 2019	10 July 2019	USD0.66	USD606,180

Class D (HKD) Distribution unit

For the month April	30 April 2019	10 May 2019	HKD6.60	HKD29,035
For the month May	31 May 2019	12 June 2019	HKD6.60	HKD50,841
For the month June	28 June 2019	10 July 2019	HKD6.60	HKD50,841

Class I (USD) Distribution unit

For the month June	28 June 2019	10 July 2019	USD2.00	USD7,114,007
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	Date of ex-distribution	Date of payment	Distribution per unit	Total distribution
<u>Period ended 30 June 2018</u>				
Class I (USD) Distribution unit	29 June 2018	11 July 2018	USD3.46	USD6,786,594