

Unaudited Semi-Annual Report 2019

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

HAITONG CHINA A-SHARE INVESTMENT FUND
(A Sub-Fund of Haitong Investment Fund Series)

For the period from 1 January 2019 to 30 June 2019

**HAITONG CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

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**HAITONG CHINA A-SHARE INVESTMENT 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 CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

REPORT OF THE MANAGER TO THE UNITHOLDERS

China stock market had a strong performance in the first half of 2019 and finished with a solid gain of 19.45% (measured by Shanghai Composite in China Yuan terms). This was driven by improving risk appetite in global capital markets and domestic market, especially on renewed loosening expectation from central banks, which offset continuous noise from global trade conflicts and Brexit.

Coming from a sizable decline of 24.59% (as measured by Shanghai Composite in China Yuan terms) in 2018, China stock market was supported by multiple factors. First, though U.S. and China were very close to a trade deal in the first quarter, which drove global market upward, the near-collapse of trade talk in second quarter provided headwinds, until some hope emerged during the G20 meeting in Japan later in June, where President Trump surprised market again by meeting with Chinese President Xi and resume trade talks, essentially kicking the risk can down the road. Second, though U.S. Fed Chairman Jerome Powell still held a rather hawkish stance in the first quarter of 2019, the Federal Open Market Committee minutes turned dovish in second quarter and implied potential rate cut, which helped risk asset. Third, central banks across South Korea and Japan released the intention to either continue to hold or to further ease the existing monetary policy, which comforted investors and was in-line with the global trend of loose monetary policy. During the meantime, China's monetary and fiscal policies stayed roughly neutral or slightly loose, supporting the economy activities while keeping leverage in control. On the macro front, China's GDP growth slowed to 6.2% in the second quarter, the slowest pace since the first quarter 1992. The national manufacturing PMI in June was 49.4, flat with the figure in May and still below the 50 threshold, showing the manufacturing activities continued to weaken. China's CPI was on the same level with last month, coming in at 2.7%, driven by increasing pork prices.

Looking forward, we are cautiously optimistic on China equity market. While the market could remain volatile given uncertainties on macro economy concerns, especially on global growth uncertainty and among geopolitical events, the fundamentals of our investment targets are healthy, as strong financials, improving earnings, stable monetary policy, increasing competitive advantage in the global market, and attractive valuations are all supportive.

Haitong International Asset Management (HK) Limited

**HAITONG CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

STATEMENT OF FINANCIAL POSITION (unaudited)

As at 30 June 2019

| | (Unaudited) <i>At 30 June</i> 2019 USD | (Audited) <i>At 31 December</i> 2018 USD |
|--|---|---|
| Assets | | |
| Current assets | | |
| Financial assets at fair value through profit or loss | 18,152,699 | 13,418,069 |
| Interest receivable | 63 | 40 |
| Prepayment | 360 | - |
| Cash and cash equivalents | 2,074,185 | 3,370,489 |
| Total assets | <u>20,227,307</u> | <u>16,788,598</u> |
| Liabilities | | |
| Current liabilities | | |
| Amounts payable on purchase of investments | - | 696,536 |
| Performance fee payable | 360 | - |
| Other payables | 58,129 | 78,018 |
| Liabilities (excluding net assets attributable to unitholders) | <u>58,489</u> | <u>774,554</u> |
| Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund) | <u>20,168,818</u> | <u>16,014,044</u> |
| Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders | 59,158 | 67,304 |
| Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum) | <u>20,227,976</u> | <u>16,081,348</u> |
| Number of units in issue | | |
| – Class A (USD) Accumulation unit | <u>16,011</u> | <u>16,011</u> |
| – Class A (HKD) Accumulation unit | <u>101,061</u> | <u>101,061</u> |
| – Class I (USD) Accumulation unit | <u>20,000</u> | <u>20,000</u> |
| – Class I (HKD) Accumulation unit | <u>300,000</u> | <u>300,000</u> |
| – Class S (USD) Accumulation unit | <u>115,000</u> | <u>115,000</u> |

**HAITONG CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

STATEMENT OF FINANCIAL POSITION (unaudited) (continued)

As at 30 June 2019

| | (Unaudited) <i>At 30 June</i> 2019 USD | (Audited) <i>At 31 December</i> 2018 USD |
|--|---|---|
| Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum) | | |
| – Class A (USD) Accumulation unit | 99.83 | 79.47 |
| – Class A (HKD) Accumulation unit | 12.72 | 10.12 |
| – Class I (USD) Accumulation unit | 100.10 | 79.58 |
| – Class I (HKD) Accumulation unit | 12.75 | 10.13 |
| – Class S (USD) Accumulation unit | 100.12 | 79.58 |

**HAITONG CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

INVESTMENT PORTFOLIO (unaudited)

30 June 2019

| | Holdings | Fair value USD | % of Net Assets |
|--|----------|-------------------|--------------------|
| <u>Listed equities (89.74)%</u> | | | |
| <u>China (89.74%)</u> | | | |
| Anhui Conch Cement Co Ltd | 199,910 | 1,207,133 | 5.97 |
| China Vanke Co Ltd | 199,952 | 809,095 | 4.00 |
| China Yangtze Power Co Ltd | 400,000 | 1,041,803 | 5.15 |
| Foshan Haitian Flavouring & Food Co Ltd | 71,940 | 1,099,088 | 5.43 |
| Gemdale Corp | 400,000 | 694,342 | 3.43 |
| Guangdong Haid Group Co Ltd | 199,907 | 898,792 | 4.44 |
| Hithink RoyalFlush Information Network Co Ltd | 49,931 | 714,597 | 3.53 |
| Hualan Biological Engineering Inc | 269,970 | 1,197,693 | 5.92 |
| Industrial Bank Co Ltd | 299,980 | 798,323 | 3.95 |
| Jiangsu Expressway Co Ltd | 500,000 | 781,352 | 3.86 |
| Jiangsu Hengrui Medicine Co Ltd | 97,104 | 932,510 | 4.61 |
| Kweichow Moutai Co Ltd | 7,426 | 1,063,219 | 5.26 |
| LONGi Green Energy Technology Co Ltd | 199,999 | 672,513 | 3.33 |
| New Hope Liuhe Co Ltd | 399,962 | 1,010,860 | 5.00 |
| Sany Heavy Industry Co Ltd | 599,910 | 1,141,738 | 5.64 |
| Seazen Holdings Co Ltd | 60,000 | 347,549 | 1.72 |
| Wanhua Chemical Group Co Ltd | 119,988 | 747,055 | 3.69 |
| Weichai Power Co Ltd | 699,913 | 1,251,609 | 6.19 |
| Wens Foodstuffs Group Co Ltd | 129,956 | 678,077 | 3.35 |
| Zhejiang Wolwo Bio-Pharmaceutical Co Ltd | 215,856 | 1,065,351 | 5.27 |
| | | <hr/> | <hr/> |
| Total investments (<i>Total cost of investments USD16,500,849</i>) | | 18,152,699 | 89.74 |
| Other net assets | | 2,075,277 | 10.26 |
| | | <hr/> | <hr/> |
| Total net assets as at 30 June 2019 | | 20,227,976 | 100.00 |
| | | ===== | ===== |

**HAITONG CHINA A-SHARE INVESTMENT 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 equities</u> | | |
| Communication | 3.53 | - |
| Consumer Discretionary | 43.14 | 8.50 |
| Consumer Staples | 6.19 | 16.54 |
| Energy | 3.33 | - |
| Financial | 13.10 | - |
| Health Care | - | 21.59 |
| Industrials | 11.61 | 18.44 |
| Materials | 3.69 | 8.33 |
| Real Estate | - | 4.30 |
| Utilities | 5.15 | 5.74 |
| | <hr/> | <hr/> |
| Total | 89.74 | 83.44 |
| | <hr/> <hr/> | <hr/> <hr/> |

**HAITONG CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

PERFORMANCE RECORD (unaudited)

30 June 2019

| | 30 June 2019 <i>USD</i> | 31 December 2018 <i>USD</i> |
|-----------------------------------|----------------------------|--------------------------------|
| Net assets | | |
| – Class A (USD) Accumulation unit | 1,598,498 | 1,272,422 |
| – Class A (HKD) Accumulation unit | 1,285,509 | 1,023,280 |
| – Class I (USD) Accumulation unit | 2,002,191 | 1,591,670 |
| – Class I (HKD) Accumulation unit | 3,827,114 | 3,041,873 |
| – Class S (USD) Accumulation unit | 11,514,664 | 9,152,103 |
| Net asset value per unit | | |
| – Class A (USD) Accumulation unit | 99.83 | 79.47 |
| – Class A (HKD) Accumulation unit | 12.72 | 10.12 |
| – Class I (USD) Accumulation unit | 100.10 | 79.58 |
| – Class I (HKD) Accumulation unit | 12.75 | 10.13 |
| – Class S (USD) Accumulation unit | 100.12 | 79.58 |

**HAITONG CHINA A-SHARE INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

PERFORMANCE RECORD (unaudited) (continued)
30 June 2019

| | Highest issue price | Lowest redemption price |
|---|---------------------|-------------------------|
| <u>Financial period</u> | | |
| <u>1 January 2019 to 30 June 2019</u> | | |
| – Class A (USD) Accumulation unit | USD102.79 | USD76.76 |
| – Class A (HKD) Accumulation unit | HKD102.68 | HKD76.62 |
| – Class I (USD) Accumulation unit | USD102.99 | USD76.87 |
| – Class I (HKD) Accumulation unit | HKD102.88 | HKD76.73 |
| – Class S (USD) Accumulation unit | USD103.52 | USD76.87 |
| <u>Period from 11 July 2018 (date of inception) to 31 December 2018</u> | | |
| – Class A (USD) Accumulation unit | USD102.49 | USD76.15 |
| – Class A (HKD) Accumulation unit | HKD102.48 | HKD76.09 |
| – Class I (USD) Accumulation unit | USD102.49 | USD76.22 |
| – Class I (HKD) Accumulation unit | HKD102.49 | HKD76.16 |
| – Class S (USD) Accumulation unit | USD102.93 | USD76.22 |