

**Unaudited Semi-Annual Report 2019**

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

**HAITONG JAPAN EQUITY INVESTMENT FUND**  
**(A Sub-Fund of Haitong Investment Fund Series)**

For the period from 1 January 2019 to 30 June 2019

**HAITONG JAPAN EQUITY INVESTMENT FUND  
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

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**HAITONG JAPAN EQUITY 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 JAPAN EQUITY INVESTMENT FUND  
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**REPORT OF THE MANAGER TO THE UNITHOLDERS**

Japan stock market had a volatile but generally upward journey in the first half of 2019 and finished with a modest gain. This was driven by improving risk appetite in global capital markets, especially on renewed loosening expectation from central banks, which offset continuous noise from global trade conflicts and Brexit.

Coming from a decline of 12.15% (as measured by Nikkei 225 index in Japan Yen terms) in 2018, Japan stock market was affected 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 and a 11.46% gain in Nikkei 225 index in Japan Yen terms, the near-collapse of trade talk in second quarter provided headwinds, until some hope emerged during the G20 meeting in Japan by the end of first half 2019, 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, Bank of Japan continued to keep short-term rate unchanged, which comforted investors and was in-line with the global trend of loose monetary policy. On the macro front, Japan May Industrial Production increased 2.3% on a month-on-month basis, higher than market expectation of 0.7%. Japan PPI in Jun was -0.1% (on a year-on-year basis), lower than May's 0.7% and market expectation of 0.4%.

Looking forward, we are cautiously optimistic on Japan equity market. While the market could remain volatile given uncertainties on macro economy concerns, especially on global growth after a multi-year uptrend and among geopolitical events, the fundamentals of our investment targets are healthy, as strong ROE numbers, improving earnings, supportive monetary and fiscal policies, competitive advantage in the global market, and reasonable equity valuations are all supportive.

Haitong International Asset Management (HK) Limited

**HAITONG JAPAN EQUITY 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 2019 USD</i>	(Audited) <i>At 31 December 2018 USD</i>
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	15,517,466	14,762,343
Dividends receivable	8,641	21,450
Interest receivable	41	21
Prepayment	360	-
Cash and cash equivalents	1,448,247	1,954,092
<b>Total assets</b>	<u>16,974,755</u>	<u>16,737,906</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other payables	47,016	66,217
<b>Liabilities (excluding net assets attributable to unitholders)</b>	<u>47,016</u>	<u>66,217</u>
<b>Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)</b>	<u>16,927,739</u>	<u>16,671,689</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	29,078	33,082
<b>Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)</b>	<u>16,956,817</u>	<u>16,704,771</u>
<b>Number of units in issue</b>		
– Class A (USD) Accumulation unit	<u>15,099</u>	<u>15,099</u>
– Class A (HKD) Accumulation unit	<u>100,000</u>	<u>100,000</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 JAPAN EQUITY 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
<b>Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)</b>		
– Class A (USD) Accumulation unit	84.12	82.98
– Class A (HKD) Accumulation unit	10.71	10.57
– Class I (USD) Accumulation unit	84.36	83.09
– Class I (HKD) Accumulation unit	10.74	10.58
– Class S (USD) Accumulation unit	84.36	83.09

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**INVESTMENT PORTFOLIO (unaudited)**

30 June 2019

	Holdings	Fair value USD	% of Net Assets
<b><u>Listed equities 91.51%</u></b>			
<b><u>Japan 91.51%</u></b>			
Advantest Corp	20,000	550,578	3.25
BANDAI NAMCO Holdings Inc	15,000	728,378	4.30
Central Japan Railway Co	3,000	601,086	3.54
Chugai Pharmaceutical Co Ltd	8,000	522,910	3.08
Digital Arts Inc	6,600	582,146	3.43
Fujifilm Holdings Corp	12,600	639,096	3.77
Hakuhodo DY Holdings Inc	48,000	808,430	4.77
Hoya Corp	11,200	858,315	5.06
Japan Elevator Service Holdings Co Ltd	27,300	691,213	4.08
Kao Corp	11,000	838,494	4.94
Keio Corp	9,500	625,365	3.69
Keyence Corp	1,000	613,992	3.62
Kobe Bussan Co Ltd	12,000	582,703	3.44
Mitsubishi Corp	31,000	817,418	4.82
Net One Systems Co Ltd	15,000	412,933	2.44
Nippon Suisan Kaisha Ltd	100,000	620,213	3.66
OBIC Co Ltd	5,500	622,998	3.67
Secom Co Ltd	7,500	645,792	3.81
SoftBank Group Corp	12,000	575,461	3.39
Sojitz Corp	250,000	803,120	4.74
Suzuken Co Ltd	12,000	704,146	4.15
Toei Animation Co Ltd	10,000	464,231	2.74
Toho Co Ltd	17,000	722,900	4.26
West Japan Railway Co	6,000	485,548	2.86
Total investments ( <i>Total cost of investments USD15,161,640</i> )		15,517,466	91.51
Other net assets		1,439,351	8.49
Total net assets as at 30 June 2019		16,956,817	100.00

**HAITONG JAPAN EQUITY 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 Services	11.59	4.10
Communication Discretionary	20.83	10.98
Consumer Staples	10.55	14.72
Energy	-	6.20
Financials	-	4.01
Health Care	-	17.17
Industrials	42.43	21.35
Information Technology	6.11	6.65
Materials	-	3.19
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Total	91.51	88.37
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**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**PERFORMANCE RECORD (unaudited)**

30 June 2019

	30 June 2019 <i>USD</i>	31 December 2018 <i>USD</i>
<b>Net assets</b>		
– Class A (USD) Accumulation unit	1,270,237	1,252,970
– Class A (HKD) Accumulation unit	1,071,825	1,057,256
– Class I (USD) Accumulation unit	1,687,398	1,661,973
– Class I (HKD) Accumulation unit	3,224,820	3,176,229
– Class S (USD) Accumulation unit	9,702,537	9,556,343
<b>Net asset value per unit</b>		
– Class A (USD) Accumulation unit	84.12	82.98
– Class A (HKD) Accumulation unit	10.71	10.57
– Class I (USD) Accumulation unit	84.36	83.09
– Class I (HKD) Accumulation unit	10.74	10.58
– Class S (USD) Accumulation unit	84.36	83.09
	Highest issue price	Lowest redemption price
<b><u>Financial period</u></b>		
<b><u>1 January 2019 to 30 June 2019</u></b>		
– Class A (USD) Accumulation unit	USD 87.37	USD 81.25
– Class A (HKD) Accumulation unit	HKD 87.37	HKD 81.16
– Class I (USD) Accumulation unit	USD 87.55	USD 81.47
– Class I (HKD) Accumulation unit	HKD 87.55	HKD 81.38
– Class S (USD) Accumulation unit	USD 87.55	USD 81.47

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**PERFORMANCE RECORD (unaudited) (Continued)**

*30 June 2019*

	Highest issue price	Lowest redemption price
<u>Period from 11 July 2018 (date of inception) to 31 December 2018</u>		
– Class A (USD) Accumulation unit	USD 102.45	USD 82.18
– Class A (HKD) Accumulation unit	HKD 102.32	HKD 81.94
– Class I (USD) Accumulation unit	USD 102.51	USD 82.29
– Class I (HKD) Accumulation unit	HKD 102.38	HKD 82.05
– Class S (USD) Accumulation unit	USD 102.96	USD 82.29