

**Unaudited Semi-Annual Report 2019**

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

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

For the period from 1 January 2019 to 30 June 2019

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

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

Korea stock market had a volatile but 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 19.33% (as measured by KOSPI 200 index in Korean Won terms) in 2018, Korea 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 10.93% gain in KOSPI 200 index in Korean Won 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, South Korea's central bank chief again hinted at an easier policy at the end of the June, citing what he called "further increased uncertainties" and a low inflation that fell far short of the bank's annual target. This comforted investors and was in-line with the global trend of loose monetary policy. On the macro front, given weakening global demand, exports from South Korea declined by 9.4% (year-on-year basis) in May, worse than market consensus of a 5.6% drop and much faster than a 2.0% fall in April. In June, the export dropped even further by 13.5% year-on-year to US\$44.18 billion, showing a downward trend for seven consecutive months.

Looking forward, we are cautiously optimistic on Korea 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, competitive advantage in the global market, and reasonable equity valuations are all supportive.

Haitong International Asset Management (HK) Limited

**HAITONG KOREA EQUITY INVESTMENT FUND  
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**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
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	13,899,145	14,031,372
Amounts receivable on sale of investments	440,488	-
Dividends receivable	-	5,536
Interest receivable	2	5
Prepayment	360	-
Margin Deposit	283	-
Cash and cash equivalents	1,054,185	1,496,687
<b>Total assets</b>	<u>15,394,463</u>	<u>15,533,600</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Amounts payable on purchase of investments	443,416	-
Other payables	34,886	117,389
<b>Liabilities (excluding net assets attributable to unitholders)</b>	<u>478,302</u>	<u>117,389</u>
<b>Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)</b>	14,916,161	15,416,211
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	12,583	15,022
<b>Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)</b>	<u>14,928,744</u>	<u>15,431,233</u>
<b>Number of units in issue</b>		
– Class I (USD) Accumulation units	94,686	94,686
– Class I (HKD) Accumulation units	85,149	85,149
<b>Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)</b>		
– Class I (USD) Accumulation units	83.01	85.80
– Class I (HKD) Accumulation units	83.01	85.80

**HAITONG KOREA EQUITY INVESTMENT FUND**  
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**Investment Portfolio (unaudited)**

30 June 2019

	Holdings	Fair value USD	% of Net Assets
<b><u>Listed equities (93.10%)</u></b>			
<b><u>South Korea (93.10%)</u></b>			
AfreecaTV Co Ltd	10,000	532,338	3.57
Cheil Worldwide Inc	24,000	610,761	4.09
Daelim Industrial Co Ltd	6,000	597,258	4.00
F&F Co Ltd	3,700	286,320	1.92
Fila Korea Ltd	18,000	1,195,035	8.00
Hana Financial Holdings	26,000	841,701	5.64
Hyundai Glovis Co Ltd	4,200	585,313	3.92
Industrial Bank Of Korea	36,000	437,816	2.93
Kangwon Land Inc	12,500	327,302	2.19
KB Financial Group	10,000	396,873	2.66
KIA Motors Corp	13,000	495,118	3.32
Korea Information Service Inc	40,000	586,871	3.93
Korea Zinc Co Ltd	1,500	618,032	4.14
Leeno Industrial Inc	7,000	363,548	2.44
Meritz Fire & Marine Insurance Co Ltd	15,000	268,766	1.80
Meritz Securities Co Ltd	30,000	139,187	0.93
NCSOFT Corp	1,400	578,042	3.87
NH Investment & Securities Co Ltd	60,991	765,502	5.13
OCI Materials Co Ltd	4,000	512,776	3.43
Partron Co Ltd	41,000	629,934	4.22
POSCO Chemical Co Ltd	5,000	231,978	1.55
Samsung Electronics Co Ltd	20,000	813,655	5.45
Shinhan Financial Group Co Ltd	20,000	777,301	5.21
SK Hynix Inc	10,000	601,586	4.03
SK Telecom Co Ltd	2,420	542,535	3.63
Ssangyong Cement Industrial Co Ltd	30,000	163,597	1.10
Total investments ( <i>Total cost of investments USD12,579,061</i> )		13,899,145	93.10
Other net assets		1,029,899	6.90
Total net assets as at 30 June 2019		14,929,044	100.00

**HAITONG KOREA EQUITY INVESTMENT FUND**  
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**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>South Korea (Listed equities - by industry)</u>		
Banks	11.23	21.17
Biotechnology & Medical Research	-	1.56
Broadcasting	3.57	-
Commodity Chemicals	5.69	6.17
Construction Materials	8.53	5.57
Electrical Components & Equipment	10.69	4.85
Entertainment	6.06	3.71
Food Processing	-	6.20
Heavy Electrical Equipment	-	1.53
Industrial Machinery & Equipment	7.24	5.77
Investment Banking & Brokerage Services	11.27	6.72
Marketing	8.02	-
Medical	-	4.12
Oil & Gas Refining and Marketing	-	5.76
Phone & Handheld Devices	9.08	4.97
Property & Casualty Insurance	1.80	-
Semiconductor	-	5.29
Semiconductor Equipment & Testing	-	1.92
Textile	9.92	5.62
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Total	93.10	90.93
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**HAITONG KOREA 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>	31 December 2017 <i>USD</i>
<b>Net assets</b>			
Class I (USD) Accumulated unit	7,860,209	8,124,777	7,569,000
Class I (HKD) Accumulated unit	7,068,535	7,306,456	22,387,870
<b>Net asset value per unit</b>			
Class I (USD) Accumulated unit	83.01	85.80	116.45
Class I (HKD) Accumulated unit	83.01	85.80	116.35
		Highest issue price	Lowest redemption price
<u>Financial period</u>			
<u>1 January 2019 to 30 June 2019</u>			
Class I (USD) Accumulated unit		USD90.48	USD78.96
Class I (HKD) Accumulated unit		HKD709.34	HKD619.56
<u>Year ended 31 December 2018</u>			
Class I (USD) Accumulated unit		USD120.10	USD84.57
Class I (HKD) Accumulated unit		HKD938.93	HKD662.03
<u>Year ended 31 December 2017</u>			
Class I (USD) Accumulated unit		USD118.12	USD90.61
Class I (HKD) Accumulated unit		HKD921.68	HKD702.76
<u>Period from 23 May 2016 (date of inception) to 31 December 2016</u>			
Class I (USD) Accumulated unit		USD104.65	USD87.69
Class I (HKD) Accumulated unit		HKD812.02	HKD680.06