



HAITONG RMB INVESTMENT FUND SERIES

- Haitong Global RMB Fixed Income Fund

**(A sub-fund of an open ended unit trust established
as an umbrella fund under the laws of Hong Kong)**

Interim Report

For the period from 1 January 2019 to 30 June 2019

(Unaudited accounts)

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

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HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

ADMINISTRATION AND MANAGEMENT

MANAGER

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

TRUSTEE AND REGISTRAR

BOCI-Prudential Trustee Limited
12/F & 25/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

DIRECTORS OF THE MANAGER

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

AUDITOR

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

SOLICITORS TO THE MANAGER

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

CUSTODIAN

Bank of China (Hong Kong) Limited
14/F, Bank of China Tower
1 Garden Road
Hong Kong

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

REPORT OF MANAGER

Market Review

In the first half of 2019, the Dim Sum bond market performed well with a strongly rebounded RMB and the expectation of global loose monetary policy. The Markit iBoxx offshore RMB bond index recorded 3.35% total return and kept continuous upward trend during the period. Among different categories, Investment Grade Bonds outperformed with 3.49% of total return, the High Yield Bonds and Government Bonds followed closely, both returns were recorded at 3.20%.

The year-on-year (YoY) growth of Chinese GDP recorded 6.4% and 6.2% in the first and second quarter respectively, slowed down from the full year growth of 6.6% in 2018, but still in the range of the government's GDP target of 6.0% to 6.5%. The domestic demand picked up in June with the Fixed Asset Investment increased by 5.8% YoY and 6.3% in June alone. On the production side, YoY Industrial Production growth in June also increased to 6.3% YoY compared to 5.0% in May. On the monetary policy front, domestic liquidity condition remained accommodative with financial market interest rates kept low. With relatively easy of onshore funding, the Dim Sum Bond market saw c.126 billion issuance in 1H2019, which was higher than the issuance in 1H2018, but the majority of issuance was issued by Chinese government entities.

In terms of foreign exchange, both onshore and offshore RMB slightly appreciated against USD at the end of June 2019 after experiencing volatility mainly along with the U.S.-China trade negotiation process. USD/CNH spot rate changed from 6.8706 at the beginning of the year to 6.8679, appreciated 0.04%. USD/CNY spot rate recorded 6.8668 at the end of June, appreciated 0.17% from 6.8785 year to date.

Portfolio Review

The Fund generated 4.06% returns for Class A and 4.26% returns for Class I during the first half of 2019, the portfolio's weighted average duration was 1.44 years and weighted average yield was approximately 4.84%. Cash and cash equivalents composed 6.90% of the portfolio as of 30 June 2019.

Market Outlook

The Dim Sum bond market had an overall strong performance in 1H19. Looking forward, despite the temporary truce announced at G20 with trade negotiation, the global economic outlook appears to be softening and the trade sector will remain to be a drag concern on China's growth going into 2H19. But on the positive side, the domestic policy support for infrastructure investment and stable consumption activity are expected to be the foundation of economy growth. Under the context of widely expected rate cut by the Federal Reserve this year, the resulted weakening U.S. dollar will create more opportunities for RMB assets relatively. In addition, the credit bond issuance is expected to remain subdued in the second half, and limit the chance of supply side shock. We would continue to prefer names with better risk/award profile.

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
Period ended 30 June 2019

	Period ended 30 June 2019 RMB	Year ended 31 December 2018 RMB
INCOME		
Interest income on financial assets at fair value through profit or loss	9,281,685	19,358,080
Interest income on bank deposits	29,842	54,538
Net gain/(loss) on financial instruments at fair value through profit or loss	7,337,395	(7,067,362)
Foreign exchange differences, net	253,056	1,272,054
	<u>16,901,978</u>	<u>13,617,310</u>
EXPENSES		
Management fee	(1,725,331)	(3,645,054)
Trustee fee	(256,588)	(538,048)
Legal and professional fee	(36,478)	(46,923)
License fee	(3,482)	(8,656)
Custodian fee	(36,801)	(75,827)
Auditor's remuneration	(110,480)	(204,185)
Accounting fee	(13,443)	-
Printing expenses	(7,356)	(48,864)
Postage expense	(20,758)	(36,627)
Publishing charge	(18,941)	(36,826)
Brokerage fee and other transaction costs	(5,960)	(21,680)
Other expenses	(21,047)	(20,127)
	<u>(2,256,665)</u>	<u>(4,682,817)</u>
Operating profit	14,645,313	8,934,493
FINANCE COSTS		
Distribution to the unitholders	(6,047,904)	(12,570,811)
(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS DURING THE PERIOD/YEAR	<u>8,597,409</u>	<u>(3,636,318)</u>

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	30 June 2019	31 December 2018
	RMB	RMB
ASSETS		
Financial assets at fair value through profit or loss	339,230,790	321,823,887
Cash and cash equivalents	27,017,039	42,415,871
Interest receivable on debt securities	5,150,237	3,924,436
Prepayments	19,224	11,412
	<hr/>	<hr/>
TOTAL ASSETS	371,417,290	368,175,606
	<hr/>	<hr/>
LIABILITIES		
Financial liabilities at fair value through profit or loss	556,714	-
Management fee payable	271,162	297,581
Trustee fee payable	40,324	44,195
Custodian fee payable	5,855	6,135
Disbribution payable to unitholders (Note 3)	6,047,904	6,156,055
Redemption proceeds payable	-	451,864
Other payables and accruals	121,848	52,315
	<hr/>	<hr/>
TOTAL LIABILITIES (EXCLUDING NET ASSETS	7,043,807	7,008,145
ATTRIBUTABLE TO UNITHOLDERS)	<hr/>	<hr/>
NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS	364,373,483	361,167,461
	<hr/>	<hr/>
TOTAL LIABILITIES	371,417,290	368,175,606
	<hr/>	<hr/>
NUMBER OF UNITS IN ISSUE		
- Class A units	3,023,952.09	3,076,229.22
- Class I units	447,103.65	447,103.65
	<hr/>	<hr/>
NET ASSET VALUE PER UNITHOLDER		
	RMB	RMB
- Class A	102.57	100.49
	<hr/>	<hr/>
	US\$	US\$
- Class I	17.63	16.91

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(UNAUDITED)
Period ended 30 June 2019

	Class A RMB	Class I RMB	Total RMB
As at 1 January 2018	349,989,142	50,655,064	400,644,206
Subscription of redeemable units	644,745	-	644,745
Redemption of redeemable units	(36,485,172)	-	(36,485,172)
Decrease in net assets attributable to unitholders during the year	<u>(5,000,673)</u>	<u>1,364,355</u>	<u>(3,636,318)</u>
As at 31 December 2018 and 1 January 2019	309,148,042	52,019,419	361,167,461
Subscription of redeemable units	157,522	-	157,522
Redemption of redeemable units	(5,548,909)	-	(5,548,909)
Increase in net assets attributable to unitholders during the period	<u>6,411,064</u>	<u>2,186,345</u>	<u>8,597,409</u>
As at 30 June 2019	<u><u>310,167,719</u></u>	<u><u>54,205,764</u></u>	<u><u>364,373,483</u></u>

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019

1 GENERAL

Haitong RMB Investment Fund Series (the "Trust") was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 6 August 2010 (the "Trust Deed") between Haitong International Asset Management (HK) Limited (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee").

The Trust currently consists of two sub-funds which are Haitong Global RMB Fixed Income Fund and Haitong China RMB Income Fund.

Haitong Global RMB Fixed Income Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust on 6 August 2010. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code"). Authorisation by the SFC does not imply official approval or recommendation.

The investment objective of the Sub-Fund seeks long term capital growth and income in RMB terms by investing primarily in (i) fixed income and debt instruments; (ii) deposits; and (iii) collective investment schemes. The majority of the Income Instruments are denominated in RMB.

The Sub-Fund seeks to invest in Income Instruments issued or distributed outside mainland China in the primary and secondary markets, some of which may be offered on a private placement basis.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and the relevant disclosure provisions of the Trust Deed and its supplemental deeds, and the relevant disclosure provisions specified in Appendix E of the SFC Code.

The financial statements have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest RMB except where otherwise indicated.

The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the Annual Financial Statements for the year ended 31 December 2018.

3 DISTRIBUTION

The interim dividend distribution was RMB2.00 per Class A (RMB) unit on 3,023,952.09 units. The Sub-Fund declared dividend on 20 June 2019 and dividend was paid on 10 July 2019.

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
 STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
 Period ended 30 June 2019

	As at 30 June 2019 % of net asset value	As at 31 December 2018 % of net asset value
DEBT SECURITIES		
Listed		
Denominated in RMB	73.09%	69.14%
Denominated in USD	18.60%	16.66%
	<u>91.69%</u>	<u>85.80%</u>
Unlisted		
Denominated in RMB	2.83%	4.17%
Forward contracts		
Denominated in RMB		
Forward Contracts	-0.15%	0.22%
	<u> </u>	<u> </u>
Total listed / quoted investments	94.37%	90.19%
Other net assets	5.63%	9.81%
	<u> </u>	<u> </u>
Total net assets	<u>100.00%</u>	<u>100.00%</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
PERFORMANCE TABLE (UNAUDITED)**

Published net assets attributable to unitholders

(Calculated in accordance with the Sub-Fund's Trust Deed)

	Net asset value per unitholder	Net assets attributable to unitholders
As at 30 June 2019		
- Class A	RMB 102.57	RMB 310,167,719
- Class I	US\$17.63	RMB 54,205,764
As at 31 December 2018		
- Class A	RMB 100.49	RMB 309,148,042
- Class I	US\$16.91	RMB 52,019,419

Highest issue price and lowest redemption price per unit

	Highest issue price per unit	Lowest redemption price per unit
Period ended 30 June 2019		
- Class A	RMB 104.54	RMB 100.53
- Class I	US\$17.96	US\$16.90
Year ended 31 December 2018		
- Class A	RMB 102.85	RMB 100.28
- Class I	US\$18.17	US\$16.43

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
INVESTMENT PORTFOLIO (UNAUDITED)
As at 30 June 2019

	Nominal Value / Holding	Market Value RMB	Accrued Interest RMB	% of net assets
LISTED DEBT SECURITIES				
Denominated in RMB				
<i>Hong Kong</i>				
BANK OF CHINA LTD/JOHANNESBURG 4.88% S/A 20APR2020	9,840,000	9,980,318	88,145	2.76%
BANK OF CHINA LTD/MACAU 4.65% S/A 05MAR2021	10,000,000	10,239,200	147,781	2.85%
BANK OF CHINA LTD/MACAU 3.3% S/A 17APR2022	6,000,000	5,999,940	39,600	1.66%
CAR INC 6.5% S/A 04APR2021	5,000,000	4,812,500	76,575	1.34%
CHINA CONSTRUCTION BANK CORP 4.9% S/A 12NOV2024	22,890,000	23,061,675	141,354	6.37%
CHINA GOVERNMENT BOND 3.65% S/A 09JUL2020	10,000,000	10,089,200	171,000	2.82%
CHINA GOVERNMENT BOND 3.4% S/A 30NOV2020	5,000,000	5,038,300	13,973	1.39%
FRANSHION BRILLIANT LTD 5.2% S/A 08MAR2021	20,800,000	21,203,000	334,851	5.91%
CNI CAPITAL LTD 4.3% S/A 11NOV2019	13,200,000	13,206,600	71,533	3.64%
CIFI HLDGS GROUP CO LTD 7.75% S/A 20SEP2020	13,000,000	13,422,500	278,788	3.76%
GREENLAND GLOBAL INVESTMENT LTD 7.125% S/A 20MAR2021	5,000,000	5,102,500	98,578	1.43%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD 6% A PERP REC	20,000,000	20,164,000	660,822	5.72%
SINOCHEM OFFSHORE CAPITAL CO LTD 4.4% S/A 14FEB2021	5,000,000	5,079,400	81,370	1.42%
		<u>147,399,133</u>	<u>2,204,370</u>	<u>41.07%</u>
<i>Germany</i>				
LENOVO GROUP LTD 4.95% S/A 10JUN2020	25,000,000	<u>25,186,000</u>	<u>64,418</u>	<u>6.93%</u>
		<u>25,186,000</u>	<u>64,418</u>	<u>6.93%</u>
<i>Singapore</i>				
BOC AVIATION LTD 4.5% S/A 17OCT2020	16,370,000	16,631,920	147,330	4.60%
COUNTRY GARDEN HLDGS CO LTD 5.8% S/A 12MAR2021	22,000,000	22,495,000	381,052	6.28%
FANTASIA HLDGS GROUP CO LTD 11.875% S/A 11SEP2020	8,000,000	8,052,880	286,301	2.29%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/SINGAPORE 4.5	3,000,000	3,083,400	24,781	0.85%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/SINGAPORE 3.3	5,000,000	4,998,700	29,384	1.38%
SHIMAO PROPERTY HLDGS LTD 5.75% S/A 15MAR2021	19,000,000	<u>19,459,040</u>	<u>317,274</u>	<u>5.43%</u>
		<u>74,720,940</u>	<u>1,186,122</u>	<u>20.83%</u>
<i>Luxembourg</i>				
BMW FINANCE NV 4.25% A 18OCT2020	10,000,000	10,141,300	295,753	2.86%
DAIMLER INTL FINANCE BV 3.78% A 22MAR2022	5,000,000	<u>5,051,500</u>	<u>51,123</u>	<u>1.40%</u>
		<u>15,192,800</u>	<u>346,876</u>	<u>4.26%</u>
Denominated in USD				
<i>Hong Kong</i>				

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND
INVESTMENT PORTFOLIO (UNAUDITED)
As at 30 June 2019

	Nominal Value / Holding	Market Value RMB	Accrued Interest RMB	% of net assets
CHINA SCE PROPERTY HLDGS LTD 10% S/A 02JUL2020	200,000	1,417,620	67,604	0.41%
CIFI HLDGS GROUP CO LTD 7.75% S/A 05JUN2020	400,000	1,757,262	8,880	0.48%
CIFI HLDGS GROUP CO LTD 6.875% S/A 23APR2021	500,000	3,522,876	43,327	0.98%
RKI OVERSEAS FINANCE 2016 B LTD 4.7% S/A 06SEP2021	500,000	3,411,295	50,712	0.95%
TIMES CHINA HLDGS LTD 7.85% S/A 04JUN2021	250,000	1,774,552	9,370	0.49%
TIMES CHINA HLDGS LTD 5.75% S/A 26APR2022	550,000	3,726,372	38,049	1.03%
WYNN MACAU LTD 5.5% S/A 01OCT2027 REGS	500,000	3,327,833	46,215	0.93%
YUZHOU PROPERTIES CO LTD 6% S/A 25JAN2022	516,000	3,503,571	91,052	0.99%
YUZHOU PROPERTIES CO LTD 6% S/A 25OCT2023	500,000	3,246,708	36,667	0.90%
YUZHOU PROPERTIES CO LTD 5.375% S/A PERP	500,000	3,158,331	46,191	0.88%
		<u>28,846,420</u>	<u>438,067</u>	<u>8.04%</u>
<i>Germany</i>				
NEW METRO GLOBAL LTD 7.5% S/A 20MAR2022	500,000	3,549,861	70,898	0.99%
SUNAC CHINA HLDGS LTD 8.75% S/A 05DEC2019	500,000	3,502,973	20,052	0.97%
		<u>7,052,834</u>	<u>90,950</u>	<u>1.96%</u>
<i>Singapore</i>				
CHINA AOYUAN GROUP LTD 8.5% S/A 23JAN2022	1,000,000	7,264,033	253,228	2.06%
CHINA EVERGRANDE GROUP 8.25% S/A 23MAR2022	500,000	3,325,943	75,624	0.93%
CHINA EVERGRANDE GROUP 8.75% S/A 28JUN2025	1,048,000	6,411,565	1,751	1.76%
NEW METRO GLOBAL LTD 6.5% S/A 20MAY2022	500,000	3,463,683	24,206	0.96%
LOGAN PROPERTY HLDGS CO LTD 5.25% S/A 23FEB2023	500,000	3,284,143	18,047	0.91%
SUNAC CHINA HLDGS LTD 7.875% S/A 15FEB2022	1,000,000	7,018,596	201,523	1.98%
		<u>30,767,963</u>	<u>574,379</u>	<u>8.60%</u>
Total of listed debt securities		<u>329,166,090</u>	<u>4,905,182</u>	<u>91.69%</u>
<u>UNLISTED DEBT SECURITIES</u>				
Denominated in RMB				
<i>Korea</i>				
BMW FINANCE NV 4.25% A 18OCT2020	10,000,000	10,064,700	245,055	2.83%
		<u>10,064,700</u>	<u>245,055</u>	<u>2.83%</u>
Total of unlisted debt securities		<u>10,064,700</u>	<u>245,055</u>	<u>2.83%</u>
<u>FORWARD CONTRACTS</u>				
Denominated in RMB				
Forward contracts		<u>(556,714)</u>	<u>-</u>	<u>-0.15%</u>
<u>TOTAL NET ASSETS</u>				
Denominated in RMB				
Total debt securities (Cost: RMB 336,356,853)		344,381,027		94.52%
Forward contracts		(556,714)		-0.15%
Total investment portfolio (Cost: RMB 336,356,853)		<u>343,824,313</u>		<u>94.37%</u>
Other net assets		20,549,170		5.63%
Total net assets		<u>364,373,483</u>		<u>100.00%</u>

Note: Investments are accounted for on a trade-date basis.