

Unaudited Semi-Annual Report 2020

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

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

For the period from 1 January 2020 to 30 June 2020

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

CONTENTS

	Pages
Management and Administration	1
Report of the Manager to the Unitholders	2
Statement of Financial Position (unaudited)	3 - 4
Statement of Comprehensive Income (unaudited)	5 - 6
Statement of Changes in Net Assets Attributable to Unitholders (unaudited)	7
Statement of Cash Flows (unaudited)	8
Investment Portfolio (unaudited)	9
Statement of Movements in Investment Portfolio (unaudited)	10
Performance Record (unaudited)	11 - 12

**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
Sun Tong
Poon Mo Yiu
Luk Wai Yin

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 A-share stock market had a fluctuating path in the first half of 2020, and finished with a slight gain of 1.64% (as measured by CSI 300 index in China RMB terms). Negative impact to the market mainly came from the COVID-19's global outbreak and its uncertainty to the export part of China economy as well as noise around U.S. – China relationship, partly offset by the resilience of China economy and a good control of the outbreak domestically, as well as effort of China central bank and government.

Coming from a solid appreciation of 36.07% in 2019, the CSI 300 index started 2020 with continuous uptrend driven by optimism about U.S. – China trade friction, relatively loose monetary policy from most of the world's central banks. The outbreak of COVID-19 in China caused a quick downward swing after the Lunar New Year holiday, and continued to bring in volatility given the virus' wide global spread. However the CSI 300 index did not experience similar swings like indices from developed markets, because China government took solid and quick action for the COVID-19 and related economy recovery, and that China stock market was at a relatively low valuation. In terms of policy, both monetary and fiscal policies were supportive, but not as aggressive as those in more developed economies, showing the government learnt from the experience of Great Financial Crisis period and acted in a much controlled manner. U.S. – China relationship mostly put downward pressure on the market, especially given the U.S. Presidential election was on the way and that Hong Kong national security law was implemented. Given the experience in 2019, the market has gain much resistance to such uncertainty. On the macro front, Caixin China PMI stayed mostly around 50 in the first half of 2020, eventually settled at 51.2 in June, further increased from 50.7 in May and also higher than market expectation of 50.5, showing the economy continued to expand. GDP for the first quarter of 2020 contracted by -6.8%, shy of market consensus of -6.0%. But the GDP expanded by 3.2% in the second quarter, which beat the expected 2.4%. The China RMB slightly depreciated 1.55% against the U.S. Dollar in the first half of 2020.

Looking forward, we are cautiously optimistic on China A-share stock market. On one hand, the market could continue to be volatile given policy discipline, geopolitical tension with U.S., and speed of economic recover. On the other hand, the fundamentals of our investment targets are healthy, as strong financials, solid earnings, and competitive advantage and valuation are 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 2020

	(Unaudited) At 30 June 2020 <i>USD</i>	(Audited) At 31 December 2019 <i>USD</i>
Assets		
Current assets		
Financial assets at fair value through profit or loss	22,197,026	19,971,625
Interest receivable	9	9
Prepayment	34	-
Cash and cash equivalents	1,331,084	1,152,704
Total assets	<u>23,528,153</u>	<u>21,124,338</u>
Liabilities		
Current liabilities		
Other payables	243,325	243,271
Liabilities (excluding net assets attributable to unitholders)	<u>243,325</u>	<u>243,271</u>
Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)	<u>23,284,828</u>	<u>20,881,067</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	42,555	50,803
Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)	<u>23,327,383</u>	<u>20,931,870</u>
Number of units in issue		
– Class A (USD) Accumulated units	<u>15,000</u>	<u>15,000.</u>
– Class A (HKD) Accumulated units	<u>101,061</u>	<u>101,061</u>
– Class I (USD) Accumulated units	<u>20,000</u>	<u>20,000</u>
– Class I (HKD) Accumulated units	<u>300,000</u>	<u>300,000</u>
– Class S (USD) Accumulated units	<u>99,370</u>	<u>99,370</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 2020

	(Unaudited) At 30 June 2020 <i>USD</i>	(Audited) At 31 December 2019 <i>USD</i>
Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)		
– Class A (USD) Accumulated units	122.73	111.29
– Class A (HKD) Accumulated unit units	15.67	14.20
– Class I (USD) Accumulated unit units	123.48	111.78
– Class I (HKD) Accumulated unit units	15.75	14.25
– Class S (USD) Accumulated unit units	127.85	113.85

Note: Semi-annual reports have applied the same accounting policies and methods of computation as are applied in the annual reports of the Sub-Fund.

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

STATEMENT OF COMPREHENSIVE INCOME (unaudited)

For the period from 1 January 2020 to 30 June 2020

	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>	(Unaudited) For the period from 1 January 2019 to 30 June 2019 <i>USD</i>
Income		
Interest income on bank deposits	1,762	6,754
Dividend income	203,314	210,781
Realised gains/(losses) on disposal of financial assets at fair value through profit or loss	775,260	(275,561)
Change in unrealised gains/losses in value of financial assets at fair value through profit or loss	1,907,327	4,457,119
Net foreign currency losses	(42,248)	(3,904)
Total net income	<u>2,845,415</u>	<u>4,395,189</u>
Expenses		
Management fee ^{Note 2}	127,689	116,135
Performance fee ^{Note 1}	172,876	360
Trustee fee ^{Note 1}	18,000	17,711
Safe custody and bank charges ^{Note 1}	2,873	2,790
Auditor's remuneration	7,957	8,202
Accounting fees ^{Note 1}	5,633	4,994
Handling fees ^{Note 1}	1,786	874
Transaction fee	41,455	22,987
Other operating expenses ^{Note 1}	42,858	42,330
Total operating expenses	<u>421,127</u>	<u>216,383</u>
Net income before tax	2,424,288	4,178,806
Withholding tax	(20,527)	(24,032)
Income after tax	<u>2,403,761</u>	<u>4,154,774</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	(8,248)	(8,146)
Increase in net assets attributable to unitholders	<u><u>2,395,513</u></u>	<u><u>4,146,628</u></u>

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

STATEMENT OF COMPREHENSIVE INCOME (unaudited) (Continued)

For the period from 1 January 2020 to 30 June 2020

^{Note 1} During the period ended 30 June 2020 and 2019, other than Trustee fee, Safe custody and bank charges and Handling fees were paid to the Trustee or its Connected Persons, other respective amounts paid to the Trustee or its Connected Persons were as follows:

	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>	(Unaudited) For the period from 1 January 2019 to 30 June 2019 <i>USD</i>
Accounting fees	2,983	2,976
Other operating expenses	42,501	41,978

^{Note 2} During the period ended 30 June 2020 and 2019, other than Management fees that paid to the Manager, no other amounts paid to the Manager or its Connected Persons.

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (unaudited)

For the period from 1 January 2020 to 30 June 2020

	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>	(Unaudited) For the period from 1 January 2019 to 30 June 2019 <i>USD</i>
Net assets attributable to unitholders at 1 January	20,931,870	16,081,348
Increase in net assets attributable to unitholders	2,395,513	4,146,628
Net assets attributable to unitholders at 30 June (in accordance with the Sub-Fund's Explanatory Memorandum)	<u><u>23,327,383</u></u>	<u><u>20,227,976</u></u>
Number of units in issue	Units	Units
Class A (USD) Accumulation units		
Units in issue at the beginning of the period	15,000	16,011
Units in issue at the end of the period	<u><u>15,000</u></u>	<u><u>16,011</u></u>
Class A (HKD) Accumulation units		
Units in issue at the beginning of the period	101,061	101,061
Units in issue at the end of the period	<u><u>101,061</u></u>	<u><u>101,061</u></u>
Class I (USD) Accumulation units		
Units in issue at the beginning of the period	20,000	20,000
Units in issue at the end of the period	<u><u>20,000</u></u>	<u><u>20,000</u></u>
Class I (HKD) Accumulation units		
Units in issue at the beginning of the period	300,000	300,000
Units in issue at the end of the period	<u><u>300,000</u></u>	<u><u>300,000</u></u>
Class S (USD) Accumulation units		
Units in issue at the beginning of the period	99,370	115,000
Units in issue at the end of the period	<u><u>99,370</u></u>	<u><u>115,000</u></u>

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

STATEMENT OF CASH FLOWS (unaudited)

For the period from 1 January 2020 to 30 June 2020

	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>	(Unaudited) For the period from 1 January 2019 to 30 June 2019 <i>USD</i>
Cash flows from operating activities		
Increase in net assets attributable to unitholders	2,395,513	4,146,628
Adjustments for:		
Different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	8,248	8,146
Interest income on bank deposits	(1,762)	(6,754)
Dividend income	(203,314)	(210,781)
Withholding tax	20,527	24,032
	<hr/> 2,219,212	<hr/> 3,961,271
Net change in financial assets at fair value through profit or loss	(2,225,401)	(4,734,630)
Net change in amounts payable on purchase of investments	-	(696,536)
Net change in prepayments	(34)	-
Net change in other payables	54	(19,889)
	<hr/> (6,169)	<hr/> (1,489,784)
Cash used in operations		
Interest received	1,762	6,731
Dividend received, net of withholding tax	182,787	186,749
	<hr/> 178,380	<hr/> (1,296,304)
Net cash inflow/(outflow) from operating activities		
Net increase/(decrease) in cash and cash equivalents	178,380	(1,296,304)
Cash and cash equivalents at the beginning of the period	1,152,704	3,370,489
Cash and cash equivalents at the end of the period	<hr/> 1,331,084	<hr/> 2,074,185
Analysis of balances of cash and cash equivalents:		
Cash at bank	<hr/> <hr/> 1,331,084	<hr/> <hr/> 2,074,185

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

Investment Portfolio (unaudited)

30 June 2020

	Holdings	Fair value USD	% of Net Assets
<u>Listed equities (95.15)%</u>			
<u>China (95.15%)</u>			
Anhui Conch Cement Co Ltd	120,000	898,124	3.85
C&S Paper Co Ltd	299,985	946,285	4.06
Chongqing Zhifei Biological Products Co Ltd	38,960	551,934	2.37
CITIC Pacific Special Steel Group Co Ltd	339,986	821,903	3.52
Gansu Shangfeng Cement Co Ltd	200,000	667,949	2.86
G-bits Network Technology Xiam Co Ltd	11,923	925,941	3.97
Hangzhou Tigermed Consultig Co Ltd	79,929	1,151,889	4.94
Happigo Home Shopping Co Ltd	79,910	736,998	3.16
Hualan Biological Engineering Inc	156,000	1,105,774	4.74
Jafron Biomedical Co Ltd	76,000	747,164	3.20
Jiangsu Hengli Highpressure	79,927	906,745	3.89
Jiangsu Hengrui Medicine Co Ltd	84,000	1,096,727	4.70
Kweichow Moutai Co Ltd	5,500	1,138,122	4.88
Offcn Education Technology Co Ltd	220,000	863,581	3.70
Ovctek China Inc	119,862	1,175,663	5.04
Poly Developments And Holdings Group Co Ltd	400,000	836,280	3.58
Sanquan Food Co Ltd	100,000	338,077	1.45
Sany Heavy Industry Co Ltd	300,000	796,107	3.41
SG Micro Corp	18,000	776,714	3.33
Shenzhen Kangtai Biological Products Co Ltd	29,964	687,323	2.95
Shenzhen Mindray Bio-Medical Electronics Co Ltd	23,000	994,582	4.26
Weichai Power Co Ltd	400,000	776,304	3.33
Wuhu Sanqi Interactive Entertainment Network Technology Group Co Ltd	80,000	529,607	2.27
Yantai Eddie Precision Machinery Co Ltd	130,500	967,296	4.15
Yealink Network Technology Corp Ltd	90,000	869,013	3.72
Zhongji Innolight Co Ltd	99,973	890,924	3.82
Total investments (<i>Total cost of investments USD16,400,274</i>)		22,197,026	95.15
Other net assets		1,130,357	4.85
Total net assets as at 30 June 2020		23,327,383	100.00

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

Statement of Movements in Investment Portfolio (unaudited)

For the period from 1 January 2020 to 30 June 2020

	Percentage holdings of net assets as at 30 June 2020	Percentage holdings of net assets as at 31 December 2019
<u>China</u> (Listed equities - by industry)		
Consumer Discretionary	6.86	-
Consumer Staples	10.38	15.67
Energy	-	5.87
Financials	3.59	16.65
Health Care	32.20	13.07
Industrials	18.59	21.76
Materials	6.71	13.03
Technology	16.82	4.95
Utilities	-	4.41
	<hr/>	<hr/>
Total	95.15	95.41
	<hr/> <hr/>	<hr/> <hr/>

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

Performance Record (unaudited)

30 June 2020

	30 June 2020 USD	31 December 2019 USD	31 December 2018 USD
Net assets			
– Class A (USD) Accumulated units	1,841,025	1,669,499	1,272,422
– Class A (HKD) Accumulated units	1,584,490	1,435,363	1,023,280
– Class I (USD) Accumulated units	2,469,651	2,235,626	1,591,670
– Class I (HKD) Accumulated units	4,727,746	4,277,217	3,041,873
– Class S (USD) Accumulated units	12,704,471	11,314,165	9,152,103
Net asset value per unit			
– Class A (USD) Accumulated units	122.73	111.29	79.47
– Class A (HKD) Accumulated units	15.67	14.20	10.12
– Class I (USD) Accumulated units	123.48	111.78	79.58
– Class I (HKD) Accumulated units	15.75	14.25	10.13
– Class S (USD) Accumulated units	127.85	113.85	79.58

Highest issue price	Lowest redemption price
---------------------	-------------------------

Financial period

1 January 2020 to 30 June 2020

– Class A (USD) Accumulated units	USD122.73	USD97.17
– Class A (HKD) Accumulated units	HKD121.51	HKD96.31
– Class I (USD) Accumulated units	USD123.48	USD97.71
– Class I (HKD) Accumulated units	HKD122.13	HKD96.75
– Class S (USD) Accumulated units	USD127.85	USD99.50

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

Performance Record (unaudited) (Continued)

30 June 2020

	Highest issue price	Lowest redemption price
<u>Financial period (Continued)</u>		
<u>1 January 2019 to 30 June 2019</u>		
Class A (USD) Accumulated units	USD111.29	USD76.76
Class A (HKD) Accumulated units	HKD110.56	HKD76.62
Class I (USD) Accumulated units	USD111.78	USD76.87
Class I (HKD) Accumulated units	HKD110.99	HKD76.73
Class S (USD) Accumulated units	USD113.85	USD76.87
<u>Period from 11 July 2018 (date of inception) to 31 December 2018</u>		
– Class A (USD) Accumulated units	USD102.49	USD76.15
– Class A (HKD) Accumulated units	HKD102.48	HKD76.09
– Class I (USD) Accumulated units	USD102.49	USD76.22
– Class I (HKD) Accumulated units	HKD102.49	HKD76.16
– Class S (USD) Accumulated units	USD102.93	USD76.22