

**Unaudited Semi-Annual Report 2020**

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 2020 to 30 June 2020

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

Japan stock market had a volatile path in the first half of 2020, and finished with a slight loss of -5.78% (as measured by Nikkei 225 index in Japan Yen terms). Negative impact to the market mainly came from the COVID-19's global outbreak and its uncertainty brought to the export part of Japan economy as well as noise around U.S. – China relationship, partly offset by the effort of global economy recovery by governments, and a good control of the outbreak in Japan.

Coming from an appreciation of 18.2% in 2019, the Nikkei 225 index started 2020 mostly along global equity market 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, and continued to bring in downward pressure given the virus' global spread, especially as Japan was among the first batch to be affected. U.S. – China relationship was also mostly negative for the market, given the U.S. Presidential election was on the way. The market eventually calmed down given Japan government took solid and quick action, including state emergency, for the COVID-19. In addition, global central banks, especially Bank of Japan, provided massive liquidity to support both the economy and risk assets. The gradual stabilization of crude oil market was also helpful to risk appetite on Japan equity. On the macro front, industrial production contracted by -8.9% month on month in May, slightly improved from the -9.8% in April, but still far worse than the -3.7% in March. Jobless rate slight increased to 2.9% in May, though higher than the expected 2.8% and the 2.6% in April, was still largely in control. PPI in June dropped -1.6% year on year, better than the expected -2.0% or May's -2.7%. Together with the fact that national CPI was also hovering around 0.1% in second quarter of 2020, it still showed that inflation pressure was nearly non-existing, leaving ample room for the central bank's aggressive monetary policy. During the first half of 2020, Japan Yen appreciated 0.67% against U.S. Dollar.

Looking forward, we are cautiously optimistic on Japan stock market. On one hand, the market could continue to be volatile given epidemic uncertainty, U.S. – China relationship, 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 JAPAN EQUITY 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>
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	16,020,402	15,086,205
Dividends receivable	4,716	3,739
Interest receivable	-	5
Prepayment	35	-
Cash and cash equivalents	1,425,799	1,597,370
<b>Total assets</b>	<u>17,450,952</u>	<u>16,687,319</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other payables	57,061	58,126
<b>Liabilities (excluding net assets attributable to unitholders)</b>	<u>57,061</u>	<u>58,126</u>
<b>Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)</b>	<u>17,393,891</u>	<u>16,629,193</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	20,917	24,971
<b>Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)</b>	<u>17,414,808</u>	<u>16,654,164</u>
<b>Number of units in issue</b>		
– Class A (USD) Accumulation units	<u>15,099</u>	<u>15,099</u>
– Class A (HKD) Accumulation units	<u>100,000</u>	<u>100,000</u>
– Class I (USD) Accumulation units	<u>20,000</u>	<u>20,000</u>
– Class I (HKD) Accumulation units	<u>300,000</u>	<u>300,000</u>
– Class S (USD) Accumulation units	<u>97,425</u>	<u>97,425</u>

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**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>
<b>Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)</b>		
– Class A (USD) Accumulation units	94.43	90.42
– Class A (HKD) Accumulation units	12.03	11.52
– Class I (USD) Accumulation units	94.99	90.82
– Class I (HKD) Accumulation units	12.10	11.57
– Class S (USD) Accumulation units	94.99	90.82

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 JAPAN EQUITY 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>
<b>Income</b>		
Interest income on bank deposits	299	4,232
Dividend income	119,913	161,670
Realised losses on disposal of financial assets at fair value through profit or loss	(1,260,513)	(2,871,132)
Change in unrealised gains/losses in value of financial assets at fair value through profit or loss	2,099,649	3,186,126
Net foreign currency gains	7,812	6,570
<b>Total net income</b>	<u>967,160</u>	<u>487,466</u>
<b>Expenses</b>		
Management fee <sup>Note 2</sup>	98,903	105,351
Trustee fee	18,000	17,757
Safe custody and bank charges <sup>Note 1</sup>	1,731	1,923
Auditor's remuneration	7,957	8,201
Accounting fee <sup>Note 1</sup>	5,606	4,994
Handling fee <sup>Note 1</sup>	728	1,400
Transaction fee	9,763	27,028
Other operating expenses <sup>Note 1</sup>	41,409	40,002
<b>Total operating expenses</b>	<u>184,097</u>	<u>206,656</u>
Net income before tax	783,063	280,810
Withholding tax	(18,365)	(24,760)
<b>Income after tax</b>	<u>764,698</u>	<u>256,050</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	(4,054)	(4,004)
<b>Increase in net assets attributable to unitholders</b>	<u><u>760,644</u></u>	<u><u>252,046</u></u>

**HAITONG JAPAN EQUITY 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*

<sup>Note 1</sup> 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:

	For the period from 1 January 2020 to 30 June 2020 (Unaudited) <i>USD</i>	For the period from 1 January 2019 to 30 June 2019 (Unaudited) <i>USD</i>
Accounting fee	2,983	2,976
Other operating expenses	41,053	39,650

<sup>Note 2</sup> 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 JAPAN EQUITY 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*

	For the period from 1 January 2020 to 30 June 2020 (Unaudited) <i>USD</i>	For the period from 1 January 2019 to 30 June 2019 (Unaudited) <i>USD</i>
<b>Net assets attributable to unitholders at 1 January</b>	16,654,164	16,704,771
Increase in net assets attributable to unitholders	760,644	252,046
<b>Net assets attributable to unitholders at 30 June (in accordance with the Sub-Fund's Explanatory Memorandum)</b>	<u>17,414,808</u>	<u>16,956,817</u>
<b>Number of units in issue</b>	Units	Units
<b>Class A (USD) Accumulation units</b>		
Units in issue at the beginning of the period	15,099	15,099
Units in issue at the end of the period	<u>15,099</u>	<u>15,099</u>
<b>Class A (HKD) Accumulation units</b>		
Units in issue at the beginning of the period	100,000	100,000
Units in issue at the end of the period	<u>100,000</u>	<u>100,000</u>
<b>Class I (USD) Accumulation units</b>		
Units in issue at the beginning of the period	20,000	20,000
Units in issue at the end of the period	<u>20,000</u>	<u>20,000</u>
<b>Class I (HKD) Accumulation units</b>		
Units in issue at the beginning of the period	300,000	300,000
Units in issue at the end of the period	<u>300,000</u>	<u>300,000</u>
<b>Class S (USD) Accumulation units</b>		
Units in issue at the beginning of the period	97,425	115,000
Units in issue at the end of the period	<u>97,425</u>	<u>115,000</u>

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**STATEMENT OF CASH FLOWS (unaudited)**

*For the period from 1 January 2020 to 30 June 2020*

	For the period from 1 January 2020 to 30 June 2020 (Unaudited) <i>USD</i>	For the period from 1 January 2019 to 30 June 2019 (Unaudited) <i>USD</i>
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to unitholders	760,644	252,046
Adjustments for:		
Different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	4,054	4,004
Interest income on bank deposits	(299)	(4,232)
Dividend income	(119,913)	(161,670)
Withholding tax	18,365	24,760
	<hr/> 662,851	<hr/> 114,908
Net change in prepayment	(35)	(360)
Net change in financial assets at fair value through profit or loss	(934,197)	(755,123)
Net change in other payables	(1,065)	(19,201)
	<hr/> (272,446)	<hr/> (659,776)
<b>Cash used in operations</b>	<hr/> (272,446)	<hr/> (659,776)
Interest received	304	4,212
Dividend received, net of withholding tax	100,571	149,719
	<hr/> (171,571)	<hr/> (505,845)
<b>Net cash outflow from operating activities</b>	<hr/> (171,571)	<hr/> (505,845)
<b>Net decrease in cash and cash equivalents</b>	<hr/> (171,571)	<hr/> (505,845)
Cash and cash equivalents at the beginning of the period	1,597,370	1,954,092
Cash and cash equivalents at the end of the period	<hr/> 1,425,799	<hr/> 1,448,247
	<hr/> <hr/> 1,425,799	<hr/> <hr/> 1,448,247
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at bank	<hr/> <hr/> 1,425,799	<hr/> <hr/> 1,448,247

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

**Investment Portfolio (unaudited)**

30 June 2020

	Holdings	Fair value USD	% of Net Assets
<b><u>Listed equities (91.99%)</u></b>			
<b><u>Japan (91.99%)</u></b>			
Advantest Corp	20,000	1,136,121	6.52
BANDAINAMCO Holdings Inc	15,000	789,019	4.53
Chugai Pharmaceutical Co Ltd	24,000	1,284,262	7.37
Daiichi Sankyo Co Ltd	10,000	817,376	4.69
DISCO Corp	3,000	726,505	4.17
Fujitsu Ltd	5,500	644,266	3.7
Hoya Corp	11,200	1,066,617	6.13
Itochu Techno-Solutions Corp	20,000	749,989	4.31
Japan Elevator Service Holdings Co Ltd	27,300	879,297	5.05
Keyence Corp	2,000	835,940	4.8
Kobe Bussan Co Ltd	24,000	1,354,435	7.78
Net One Systems Co Ltd	20,000	667,378	3.83
Nintendo Co Ltd	1,600	713,009	4.09
Nomura Research Institute Ltd	20,000	543,370	3.12
NTT Docomo Inc	17,000	454,764	2.61
OBIC Co Ltd	5,500	963,336	5.53
Shin-Etsu Chemical Co Ltd	5,000	584,536	3.36
SoftBank Group Corp	12,000	607,045	3.49
Toei Animation Co Ltd	10,000	466,886	2.68
Tokyo Electron Ltd	3,000	736,251	4.23
Total investments ( <i>Total cost of investments USD11,832,092</i> )		16,020,402	91.99
Other net assets		1,394,406	8.01
Total net assets as at 30 June 2020		17,414,808	100.00

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**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>Listed equities</u>		
Communication Services	8.78	15.20
Consumer Discretionary	-	13.75
Consumer Staples	7.78	4.97
Health Care	18.19	17.87
Industrials	14.02	10.27
Materials	3.36	2.98
Technology	39.86	26.25
	<hr/>	<hr/>
Total	91.99	90.59
	<hr/> <hr/>	<hr/> <hr/>

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**Performance Record (unaudited)**

30 June 2020

	30 June 2020 USD	31 December 2019 USD	31 December 2018 USD
<b>Net assets</b>			
Class A (USD) Accumulated units	1,425,890	1,365,347	1,252,970
Class A (HKD) Accumulated units	1,203,165	1,152,080	1,057,256
Class I (USD) Accumulated units	1,899,900	1,816,504	1,661,973
Class I (HKD) Accumulated units	3,630,937	3,471,558	3,176,229
Class S (USD) Accumulated units	9,254,916	8,848,675	9,556,343
<b>Net asset value per unit</b>			
Class A (USD) Accumulated units	94.43	90.42	82.98
Class A (HKD) Accumulated units	12.03	11.52	10.57
Class I (USD) Accumulated units	94.99	90.82	83.09
Class I (HKD) Accumulated units	12.10	11.57	10.58
Class S (USD) Accumulated units	94.99	90.82	83.09

Highest issue price	Lowest redemption price
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Financial period

1 January 2020 to 30 June 2020

Class A (USD) Accumulated units	USD 96.13	USD 70.81
Class A (HKD) Accumulated units	HKD 94.92	HKD 70.06
Class I (USD) Accumulated units	USD 96.70	USD 71.17
Class I (HKD) Accumulated units	HKD 95.48	HKD 70.41
Class S (USD) Accumulated units	USD 96.70	USD 71.17

**HAITONG JAPAN EQUITY INVESTMENT FUND  
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**Performance Record (unaudited) (Continued)**

*30 June 2020*

	Highest issue price	Lowest redemption price
<u>Financial period (Continued)</u>		
<u>Year ended 31 December 2019</u>		
Class A (USD) Accumulated units	USD 90.42	USD 81.25
Class A (HKD) Accumulated units	HKD 89.69	HKD 81.16
Class I (USD) Accumulated units	USD 90.82	USD 81.47
Class I (HKD) Accumulated units	HKD 90.09	HKD 81.38
Class S (USD) Accumulated units	USD 90.82	USD 81.47
<u>Period from 11 July 2018 (date of inception) to 31 December 2018</u>		
Class A (USD) Accumulated units	USD 102.45	USD 82.18
Class A (HKD) Accumulated units	HKD 102.32	HKD 81.94
Class I (USD) Accumulated units	USD 102.51	USD 82.29
Class I (HKD) Accumulated units	HKD 102.38	HKD 82.05
Class S (USD) Accumulated units	USD 102.96	USD 82.29