

Unaudited Semi-Annual Report 2021

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 2021 to 30 June 2021

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

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**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
Yan Suping (Appointed on 29 March 2021)

Auditors

PricewaterhouseCoopers
22/F Prince's Building
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

As continuing market positive sentiment in the second half year of 2020 and under relatively abundant liquidity, China A share market experienced an upward performance from the beginning of 2021 till the mid of February. CSI 300 index was up by 14.15% at the highest level, which was over 5,800 points. Market generally expected the momentum in economic recovery to continue. After the pressure of regulatory policy changes on tech firms such as Internet platforms, and k12 education sector, as well as the concerns over global rising inflation pressure, potential liquidity tightening in the near future and sudden rise in US treasury yields, CSI 300 Index ended up with slightly positive return of 0.24% (as measured in China RMB terms) at the end of June after volatile pullback.

For economic data, China GDP growth was up 18.3% yoy in the first quarter of 2021, due to a low base effect. However, for the second quarter, GDP growth rate slowed to 7.9% yoy and was slightly below market expectation of 8%. Overall GDP growth for the first half of 2021 was 12.7% yoy and the two-year average growth was 5.3%. Meanwhile, PPI rose significantly to 8.8% yoy and CPI slowed to 1.1% yoy in June, reflecting the gap between supply and demand, and the recovery of China economy was uneven, since domestic demand such as consumption and service sector might face pressure and high commodity prices pushed PPI at elevated level. Fixed asset investment increased 4.7% yoy in June and overall 12.6% yoy in the first half year, as manufacturing investment improved in June, driven by strong exports. In terms of monetary policy, PBOC announced RRR cut and rollover MLF to release liquidity and reduce comprehensive funding cost, especially for SMEs. This will save the cost for financial institutions by RMB 13 billion, showing the government would like to mitigate the impacts of high commodity prices. Overall PBOC stated that it will continue to proceed policy normalization. Under the good control of the outbreak domestically, China still took the lead in recovery from pandemic compared to global peers. As for exchange rate, CNY slightly appreciated 0.53% against USD during this period.

Looking forward, we are cautiously optimistic on China A-share stock market. From a top-down perspective, China is now leading the economy recovery. The geopolitical tension between China and U.S. might improve to a certain extent, providing further upside potential to the market. From a bottom-up perspective, the fundamentals of our investment targets are healthy, as strong financials, solid earnings, competitive advantage and valuation are all 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 2021

	(Unaudited) At 30 June 2021 USD	(Audited) At 31 December 2020 USD
Assets		
Current assets		
Financial assets at fair value through profit or loss	27,372,507	27,845,807
Interest receivable	13	17
Cash and cash equivalents	2,006,831	2,549,337
Total assets	<u>29,379,351</u>	<u>30,395,161</u>
Liabilities		
Current liabilities		
Other payables	85,809	706,821
Liabilities (excluding net assets attributable to unitholders)	<u>85,809</u>	<u>706,821</u>
Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)	<u>29,293,542</u>	<u>29,688,340</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	25,511	33,980
Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)	<u>29,319,053</u>	<u>29,722,320</u>
Number of units in issue		
– Class A (USD) Accumulation units	<u>15,000</u>	<u>15,000</u>
– Class A (HKD) Accumulation units	<u>152,022</u>	<u>152,022</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>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 2021

	(Unaudited) At 30 June 2021 <i>USD</i>	(Audited) At 31 December 2020 <i>USD</i>
Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)		
– Class A (USD) Accumulation units	146.72	148.85
– Class A (HKD) Accumulation units	18.74	19.01
– Class I (USD) Accumulation units	148.04	149.97
– Class I (HKD) Accumulation units	18.89	19.13
– Class S (USD) Accumulation units	157.40	159.58

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 2021 to 30 June 2021

	(Unaudited) For the period from 1 January 2021 to 30 June 2021 <i>USD</i>	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>
Income		
Interest income on bank deposits	2,323	1,762
Dividend income	371,677	203,314
Realised gains on disposal of financial assets at fair value through profit or loss	-	775,260
Change in unrealised gains/losses in value of financial assets at fair value through profit or loss	(473,300)	1,907,327
Net foreign currency gains/(losses)	13,108	(42,248)
Total net (loss)/income	<u>(86,192)</u>	<u>2,845,415</u>
Expenses		
Management fee ^{Note 2}	189,929	127,689
Performance fee ^{Note 2}	-	172,876
Trustee fee ^{Note 1}	18,401	18,000
Safe custody and bank charges ^{Note 1}	4,261	2,873
Auditor's remuneration	8,202	7,957
Accounting fee ^{Note 1}	4,105	5,633
Handling fee ^{Note 1}	-	1,786
Transaction fee	-	41,455
Other operating expenses ^{Note 1}	45,217	42,858
Total operating expenses	<u>270,115</u>	<u>421,127</u>
Net (loss)/income before tax	(356,307)	2,424,288
Withholding tax	(38,490)	(20,527)
(Loss)/income after tax	<u>(394,797)</u>	<u>2,403,761</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	(8,470)	(8,248)
(Decrease)/increase in net assets attributable to unitholders	<u><u>(403,267)</u></u>	<u><u>2,395,513</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 2021 to 30 June 2021

^{Note 1} During the period ended 30 June 2021 and 2020, other than Trustee fee, Safe custody and bank charges and Handling fee 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 2021 to 30 June 2021 <i>USD</i>	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>
Accounting fee	2,976	2,983
Other operating expenses	44,861	42,501

^{Note 2} During the period ended 30 June 2021 and 2020, other than Management fee and performance fee that were paid to the Manager, no other amounts were 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 2021 to 30 June 2021

	(Unaudited) For the period from 1 January 2021 to 30 June 2021 <i>USD</i>	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>
Net assets attributable to unitholders at 1 January	29,722,320	20,931,870
(Decrease)/increase in net assets attributable to unitholders	(403,267)	2,395,513
Net assets attributable to unitholders at 30 June (in accordance with the Sub-Fund's Explanatory Memorandum)	<u>29,319,053</u>	<u>23,327,383</u>
Number of units in issue	Units	Units
Class A (USD) Accumulation units		
Units in issue at the beginning of the period	15,000	15,000
Units in issue at the end of the period	<u>15,000</u>	<u>15,000</u>
Class A (HKD) Accumulation units		
Units in issue at the beginning of the period	152,022	101,061
Units in issue at the end of the period	<u>152,022</u>	<u>101,061</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>20,000</u>	<u>20,000</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>300,000</u>	<u>300,000</u>
Class S (USD) Accumulation units		
Units in issue at the beginning of the period	99,370	99,370
Units in issue at the end of the period	<u>99,370</u>	<u>99,370</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 2021 to 30 June 2021

	(Unaudited) For the period from 1 January 2021 to 30 June 2021 <i>USD</i>	(Unaudited) For the period from 1 January 2020 to 30 June 2020 <i>USD</i>
Cash flows from operating activities		
(Decrease)/increase in net assets attributable to unitholders	(403,267)	2,395,513
Adjustments for:		
Different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	8,470	8,248
Interest income on bank deposits	(2,323)	(1,762)
Dividend income	(371,677)	(203,314)
Withholding tax	38,490	20,527
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	(730,307)	2,219,212
Net change in financial assets at fair value through profit or loss	473,300	(2,225,401)
Net change in prepayments	-	(34)
Net change in other payables	(621,012)	54
	<hr/>	<hr/>
Cash used in operations	(878,019)	(6,169)
Interest received	2,326	1,762
Dividend received, net of withholding tax	333,187	182,787
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(542,506)	178,380
Net (decrease)/increase in cash and cash equivalents	(542,506)	178,380
Cash and cash equivalents at the beginning of the period	2,549,337	1,152,704
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Cash and cash equivalents at the end of the period	2,006,831	1,331,084
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Analysis of balances of cash and cash equivalents:		
Cash at bank	2,006,831	1,331,084
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**HAITONG CHINA A-SHARE EQUITY INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

Investment Portfolio (unaudited)

30 June 2021

	Holdings	Fair value USD	% of Net Assets
<u>Listed equities (93.36)%</u>			
<u>China (93.36%)</u>			
Anhui Conch Cement Co Ltd	162,500	1,031,678	3.52
Baoshan Iron & Steel Co	961,000	1,135,519	3.87
C&S Paper Co Ltd	148,585	633,103	2.16
Chongqing Zhifei Biological Products Co Ltd	18,960	547,558	1.87
CITIC Pacific Special Steel Group Co Ltd	488,686	1,575,090	5.37
Gansu Shangfeng Cement Co Ltd	385,600	1,042,452	3.56
G-bits Network Technology Xiam Co Ltd	19,027	1,559,638	5.32
Hangzhou Tigermed Consultig Co Ltd	39,929	1,193,708	4.07
Happigo Home Shopping Co Ltd	37,910	402,213	1.37
Hengli Petrochemical Co Ltd	221,200	897,691	3.06
Hualan Biological Engineering Inc	77,300	438,517	1.5
Jafron Biomedical Co Ltd	37,600	502,202	1.71
Jiangsu Hengli Highpressure	118,291	1,571,896	5.36
Jiangsu Hengrui Medicine Co Ltd	120,441	1,266,104	4.32
Kweichow Moutai Co Ltd	5,500	1,749,490	5.97
Offcn Education Technology Co Ltd	112,100	362,178	1.24
Ovctek China Inc	84,366	1,351,124	4.61
Poly Developments And Holdings Group Co Ltd	552,300	1,028,441	3.51
Sanquan Food Co Ltd	53,240	135,615	0.46
Sany Heavy Industry Co Ltd	325,700	1,464,335	4.99
SG Micro Corp	13,050	510,088	1.74
Shandong Hualu Hengsheng Chemical	189,563	907,386	3.09
Shanghai M&G Stationery Inc	62,215	813,650	2.77
Shenzhen Kangtai Biological Products Co Ltd	14,964	344,835	1.18
Shenzhen Mindray Bio-Medical Electronics Co Ltd	10,900	809,265	2.76
Weichai Power Co Ltd	534,300	1,476,684	5.04
Wuhu Sanqi Interactive Entertainment Network Technology Group Co Ltd	39,400	146,368	0.5
Yantai Eddie Precision Machinery Co Ltd	237,244	1,572,992	5.36
Yealink Network Technology Corp Ltd	47,000	609,143	2.08
Zhongji Innolight Co Ltd	49,273	293,544	1.00
		<hr/>	<hr/>
Total investments (<i>Total cost of investments USD18,306,024</i>)		27,372,507	93.36
		<hr/>	<hr/>
Other net assets		1,946,546	6.64
		<hr/>	<hr/>
Total net assets as at 30 June 2021		29,319,053	100.00
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**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 2021 to 30 June 2021

	Percentage holdings of net assets as at 30 June 2021	Percentage holdings of net assets as at 31 December 2020
<u>China</u> (Listed equities - by industry)		
Consumer Discretionary	5.38	6.31
Consumer Staples	8.59	7.94
Financials	3.51	4.52
Health Care	22.02	19.89
Industrials	21.75	24.52
Materials	17.10	17.20
Technology	15.01	13.31
	<hr/>	<hr/>
Total	93.36	93.69
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**HAITONG CHINA A-SHARE EQUITY INVESTMENT FUND
(A SUB-FUND OF HAITONG INVESTMENT FUND SERIES)**

Performance Record (unaudited)

30 June 2021

	30 June 2021 USD	31 December 2020 USD	31 December 2019 USD
Net assets			
– Class A (USD) Accumulation unit	2,200,831	2,232,899	1,669,499
– Class A (HKD) Accumulation unit	2,848,917	2,890,450	1,435,363
– Class I (USD) Accumulation unit	2,960,806	2,999,459	2,235,626
– Class I (HKD) Accumulation unit	5,667,224	5,741,262	4,277,217
– Class S (USD) Accumulation unit	15,641,275	15,858,250	11,314,165
Net asset value per unit			
– Class A (USD) Accumulation unit	146.72	148.85	111.29
– Class A (HKD) Accumulation unit	18.74	19.01	14.20
– Class I (USD) Accumulation unit	148.04	149.97	111.78
– Class I (HKD) Accumulation unit	18.89	19.13	14.25
– Class S (USD) Accumulation unit	157.40	159.58	113.85

Highest issue price	Lowest redemption price
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Financial period

1 January 2021 to 30 June 2021

– Class A (USD) Accumulation unit	USD174.42	USD138.33
– Class A (HKD) Accumulation unit	HKD172.70	HKD137.27
– Class I (USD) Accumulation unit	USD175.77	USD139.46
– Class I (HKD) Accumulation unit	HKD173.88	HKD138.26
– Class S (USD) Accumulation unit	USD191.73	USD148.28

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

Performance Record (unaudited) (Continued)
30 June 2021

	Highest issue price	Lowest redemption price
<u>Financial period (Continued)</u>		
<u>1 January 2020 to 30 June 2020</u>		
– Class A (USD) Accumulation unit	USD122.73	USD97.17
– Class A (HKD) Accumulation unit	HKD121.51	HKD96.31
– Class I (USD) Accumulation unit	USD123.48	USD97.71
– Class I (HKD) Accumulation unit	HKD122.13	HKD96.75
– Class S (USD) Accumulation unit	USD127.85	USD99.50
<u>1 January 2019 to 30 June 2019</u>		
Class A (USD) Accumulation unit	USD111.29	USD76.76
Class A (HKD) Accumulation unit	HKD110.56	HKD76.62
Class I (USD) Accumulation unit	USD111.78	USD76.87
Class I (HKD) Accumulation unit	HKD110.99	HKD76.73
Class S (USD) Accumulation unit	USD113.85	USD76.87
<u>Period from 11 July 2018 (date of inception) to 31 December 2018</u>		
– Class A (USD) Accumulation unit	USD102.49	USD76.15
– Class A (HKD) Accumulation unit	HKD102.48	HKD76.09
– Class I (USD) Accumulation unit	USD102.49	USD76.22
– Class I (HKD) Accumulation unit	HKD102.49	HKD76.16
– Class S (USD) Accumulation unit	USD102.93	USD76.22