

Unaudited Semi-Annual Report 2021

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

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

For the period from 1 January 2021 to 30 June 2021

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

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**HAITONG US 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
Yan Suping (Appointed on 29 March 2021)

Auditor

PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

Solicitors

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

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

U.S. stock market generally followed its upbeat performance during the first half year of 2021, and finished with 14.41% return (as measured by S&P 500 index in U.S. Dollar terms). The major indexes including S&P 500, NASDAQ Composite and Dow Jones Industrial Average hit record highs, mainly driven by better recovery sign of economy as vaccination rate increased and pandemic generally in control, business reopened and mostly back to normal, and strong fiscal support. Meanwhile, the earnings result of major big market cap companies were strong compared to market expectation, which also helped to support the indices.

Macro front, U.S. CPI jump to 5.4% yoy in June and above market expectation of 5%, supported by higher prices for used and rental vehicles due to supply shortage of semiconductors, and prices for accommodation and airfares rebounded, since travel restrictions relaxed a lot more than before. Core PCE price index also went up to 3.4%, which was at historical high, and far more than the Fed's inflation target rate of 2%. The signs of inflationary pressure became more obvious and the market generally was quite concerned about rising rates. Markit Manufacturing PMI further increased to 63.1 in July from 62.1 in June, but Services PMI fell to 59.8 and largely below expectation of 64.8. The labor market demand and supply were quite mismatched, which demand remained strong but supply was limited. For monetary policies, The Federal Open Market Committee's meeting in June has a more hawkish tone, keeping the federal funds rate between 0% and 0.25% but starting to mention tapering monthly asset purchases in near future. And for fiscal policy, the trillion-dollar American Jobs Plan that focus on significant spending on infrastructure, clean energy and R&D, along with raising corporate tax policies were proposed in order to stimulate economic growth. As for corporate earnings, in the second quarter of 2021 S&P 500 companies reported earnings growth of 74.2% and revenue growth of 20.9%. Consensus expects earnings growth of 38.9% and revenue growth of 13.3% for 2021 full year.

Looking forward, we are cautiously optimistic on U.S. equity market. On one hand, the market could continue to be volatile given uncertainties economy reopening, geopolitical tension, and potential monetary and fiscal policy changes. On the other hand, the fundamentals of our investment targets are healthy, as strong financials, solid earnings and cash flow, continuous buyback, competitive advantage in the global market, and reasonable valuations are all supportive.

Haitong International Asset Management (HK) Limited

HAITONG US EQUITY 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	24,147,579	21,102,018
Dividends receivable	1,371	1,147
Cash and cash equivalents	2,293,670	2,683,669
Total assets	<u>26,442,620</u>	<u>23,786,834</u>
Liabilities		
Current liabilities		
Other payables	279,860	309,180
Liabilities (excluding net assets attributable to unitholders)	<u>279,860</u>	<u>309,180</u>
Net assets attributable to unitholders (after adjustment for different basis adopted by the Sub-Fund)	26,162,760	23,477,654
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	15,998	21,310
Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)	<u>26,178,758</u>	<u>23,498,964</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>128,886</u>	<u>128,886</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>100,541</u>	<u>100,541</u>

HAITONG US EQUITY 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 USD	(Audited) At 31 December 2020 USD
Net asset value per unit (in accordance with the Sub-Fund's Explanatory Memorandum)		
– Class A (USD) Accumulation units	133.17	120.75
– Class A (HKD) Accumulation units	16.98	15.40
– Class I (USD) Accumulation units	134.20	121.52
– Class I (HKD) Accumulation units	17.12	15.51
– Class S (USD) Accumulation units	140.94	125.51

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 US EQUITY 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 USD	(Unaudited) For the period from 1 January 2020 to 30 June 2020 USD
Income		
Interest income on bank deposits	12	559
Dividend income	80,916	137,615
Realised gains on disposal of financial assets at fair value through profit or loss	-	93,837
Change in unrealised gains/losses in value of financial assets at fair value through profit or loss	3,045,561	(226,240)
Net foreign currency losses	(654)	(35)
Total net income	<u>3,125,835</u>	<u>5,736</u>
Expenses		
Management fee ^{Note 2}	150,920	118,852
Performance fee ^{Note 2}	201,012	-
Trustee fee ^{Note 1}	18,000	18,000
Safe custody and bank charges ^{Note 1}	2,161	1,801
Auditor's remuneration	8,202	7,957
Accounting fee ^{Note 1}	3,863	5,625
Handling fee ^{Note 1}	-	1,960
Transaction fee	-	6,853
Other operating expenses ^{Note 1}	45,515	43,859
Total operating expenses	<u>429,673</u>	<u>204,907</u>
Net income/(loss) before tax	2,696,162	(199,171)
Withholding tax	(11,056)	(39,449)
Income/(loss) after tax	<u>2,685,106</u>	<u>(238,620)</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	(5,312)	(5,172)
Increase (decrease) in net assets attributable to unitholders	<u><u>2,679,794</u></u>	<u><u>(243,792)</u></u>

HAITONG US EQUITY 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 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 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	45,159	43,503

Note 2 During the period ended 30 June 2021 and 2020, other than the Management fee and Performance fee that were paid to the Manager, no other amounts were paid to the Manager or its Connected Persons.

HAITONG US 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 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	23,498,964	20,024,363
Increase/(decrease) in net assets attributable to unitholders	2,679,794	(243,792)
Net assets attributable to unitholders at 30 June (in accordance with the Sub-Fund's Explanatory Memorandum)	<u>26,178,758</u>	<u>19,780,571</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	128,886	102,179
Units in issue at the end of the period	<u>128,886</u>	<u>102,179</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	100,541	100,541
Units in issue at the end of the period	<u>100,541</u>	<u>100,541</u>

**HAITONG US EQUITY INVESTMENT FUND
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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 USD	(Unaudited) For the period from 1 January 2020 to 30 June 2020 USD
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to unitholders	2,679,794	(243,792)
Adjustments for:		
Different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	5,312	5,172
Interest income on bank deposits	(12)	(559)
Dividend income	(80,916)	(137,615)
Withholding tax	11,056	39,449
	<hr/> 2,615,234	<hr/> (337,345)
Net change in prepayment	-	(34)
Net change in financial assets at fair value through profit or loss	(3,045,561)	708,592
Net change in other payables	(29,320)	(95,731)
	<hr/> (459,647)	<hr/> 275,482
Cash (used in)/from operations		
Interest received	12	566
Dividend received, net of withholding tax	69,636	134,549
	<hr/> (389,999)	<hr/> 410,597
Net cash (outflow)/inflow from operating activities		
	<hr/> (389,999)	<hr/> 410,597
Net (decrease)/increase in cash and cash equivalents		
	<hr/> (389,999)	<hr/> 410,597
Cash and cash equivalents at the beginning of the period	2,683,669	678,593
	<hr/> 2,293,670	<hr/> 1,089,190
Cash and cash equivalents at the end of the period		
	<hr/> <hr/> 2,293,670	<hr/> <hr/> 1,089,190
Analysis of balances of cash and cash equivalents:		
Cash at bank	<hr/> <hr/> 2,293,670	<hr/> <hr/> 1,089,190

HAITONG US 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 (92.24%)</u>			
<u>Canada (2.79%)</u>			
Lululemon Athletica Inc	2,000	729,940	2.79
		729,940	2.79
<u>United States (89.45%)</u>			
Activision Blizzard Inc	10,000	954,400	3.65
Adobe Inc	1,500	878,460	3.35
Advanced Micro Devices Inc	15,000	1,408,950	5.38
Akamai Technologies Inc	5,000	583,000	2.23
Apple Inc	10,000	1,369,600	5.23
Applied Materials Inc	13,000	1,851,200	7.07
Cadence Design Systems Inc	10,000	1,368,200	5.23
Cintas Corp	3,000	1,146,000	4.38
Citrix Systems Inc	5,000	586,350	2.24
Clorox Co	3,500	629,685	2.40
D.R. Horton Inc	15,000	1,355,550	5.18
Ebay Inc	11,000	772,310	2.95
Electronic Arts Inc	5,000	719,150	2.75
Fastenal Co	15,000	780,000	2.98
Lam Research Corp	1,260	819,882	3.13
Microsoft Corp	7,400	2,004,660	7.66
Moody'S Corporation	1,600	579,792	2.21
MSCI Inc A Shares	3,000	1,599,240	6.11
Nextera Energy Inc	14,400	1,055,232	4.03
Nvidia Corp	2,000	1,600,200	6.11
Synopsys Inc	3,600	992,844	3.79
Vertex Pharmaceuticals Inc	1,800	362,934	1.39
		23,417,639	89.45
Total investments (<i>Total cost of investments USD14,766,472</i>)		24,147,579	92.24
Other net assets		2,031,179	7.76
Total net assets as at 30 June 2021		26,178,758	100.00

HAITONG US EQUITY INVESTMENT FUND
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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
Listed equities - by industry		
Communications	6.40	7.01
Consumer Discretionary	10.92	9.71
Consumer Staples	2.40	3.01
Health Care	1.39	1.81
Industrials	7.36	7.63
Technology	59.74	55.90
Utilities	4.03	4.73
	<hr/>	<hr/>
	92.24	89.80
	<hr/> <hr/>	<hr/> <hr/>

HAITONG US EQUITY INVESTMENT FUND
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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	1,997,654	1,811,277	1,593,068
Class A (HKD) Accumulation unit	2,188,885	1,985,123	1,383,815
Class I (USD) Accumulation unit	2,684,046	2,430,525	2,132,179
Class I (HKD) Accumulation unit	5,137,162	4,653,016	4,079,572
Class S (USD) Accumulation unit	14,171,011	12,619,023	10,835,729
Net asset value per unit			
Class A (USD) Accumulation unit	133.17	120.75	106.20
Class A (HKD) Accumulation unit	16.98	15.40	13.54
Class I (USD) Accumulation unit	134.20	121.52	106.60
Class I (HKD) Accumulation unit	17.12	15.51	13.59
Class S (USD) Accumulation unit	140.94	125.51	107.77

Highest issue price	Lowest redemption price
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Financial period

1 January 2021 to 30 June 2021

Class A (USD) Accumulation unit	USD133.20	USD114.57
Class A (HKD) Accumulation unit	HKD131.88	HKD113.50
Class I (USD) Accumulation unit	USD134.23	USD115.37
Class I (HKD) Accumulation unit	HKD132.97	HKD114.36
Class S (USD) Accumulation unit	USD140.98	USD119.18

**HAITONG US EQUITY INVESTMENT FUND
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Performance Record (unaudited) (Continued)
30 June 2021

	Highest issue price	Lowest redemption price
<u>Financial period (continued)</u>		
<u>Year ended 31 December 2020</u>		
Class A (USD) Accumulation unit	USD121.05	USD76.97
Class A (HKD) Accumulation unit	HKD119.71	HKD76.13
Class I (USD) Accumulation unit	USD121.82	USD77.32
Class I (HKD) Accumulation unit	HKD120.54	HKD76.52
Class S (USD) Accumulation unit	USD125.86	USD78.16
<u>Year ended 31 December 2019</u>		
Class A (USD) Accumulation unit	USD106.49	USD83.11
Class A (HKD) Accumulation unit	HKD106.03	HKD82.96
Class I (USD) Accumulation unit	USD106.89	USD83.23
Class I (HKD) Accumulation unit	HKD106.34	HKD83.08
Class S (USD) Accumulation unit	USD108.11	USD83.23
<u>Period from 11 July 2018 (date of inception) to 31 December 2018</u>		
Class A (USD) Accumulation unit	USD103.70	USD80.37
Class A (HKD) Accumulation unit	HKD103.57	HKD80.21
Class I (USD) Accumulation unit	USD103.76	USD80.48
Class I (HKD) Accumulation unit	HKD103.63	HKD80.32
Class S (USD) Accumulation unit	USD104.43	USD80.48