

**China Everbright Fortune Fund Series
- Everbright Income Focus Fund**

**Unaudited Interim Report
For the half year ended 30 June 2019**

**China Everbright Fortune Fund Series - Everbright Income Focus Fund
2019 Unaudited Interim Report**

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China Everbright Fortune Fund Series - Everbright Income Focus Fund
Statement of assets and liabilities (Unaudited)
as at 30 June 2019
(Expressed in United States dollars)

	As at 30 June 2019 USD	As at 31 December 2018 USD
ASSETS		
Financial assets at FVTPL	50,113,407	48,811,320
Interest receivable on financial assets	683,811	650,120
Account receivable	2,351,990	852,319
Other receivables and prepayments	-	5,496,104
Cash and cash equivalents	3,992,410	835,835
Total Assets	<u>57,141,618</u>	<u>56,645,698</u>
LIABILITIES		
Financial liabilities at FVTPL	(377,422)	(523,594)
Account payable	(4,003,500)	-
Payables under repurchase agreements	(8,768,914)	-
Accrued expenses and other payables	(24,630)	(51,951)
Total Liabilities	<u>(13,174,466)</u>	<u>(575,545)</u>
Net assets attributable to unitholders	<u>43,967,152</u>	<u>56,070,153</u>
<i>Representing:</i>		
Equity	<u>43,967,152</u>	<u>56,070,153</u>
Number of units in issue, Class I - USD	<u>4,111,027.62</u>	<u>5,600,600.60</u>
Net asset value per unit, Class I - USD	<u>10.69</u>	<u>10.01</u>

China Everbright Fortune Fund Series - Everbright Income Focus Fund
Portfolio statement (Unaudited)
as at 30 June 2019
(Expressed in United States dollars)

	Holdings	Market Value	% of net asset value
Long Position			
Debt Securities - Corporate Bonds			
Shinhan Financial Group Co Ltd 5.875% Perp	3,400,000	3,602,504	8.19%
Bank Of China Hong Kong Ltd 5.9% 1409Perp	2,000,000	2,134,460	4.85%
Kookmin Bank V4.35% Perp Regs	2,000,000	2,014,320	4.58%
Mitsui Sumitomo Insurance Co Ltd 4.95% Perp	2,000,000	2,160,680	4.91%
Vanke Real Estate Hong Kong Co Ltd 5.35% 11032024	2,000,000	2,154,760	4.90%
Vigorous Champ Intl Ltd 4.375% 10092023 Emtn	2,000,000	2,086,420	4.75%
Indian Oil Corp Ltd 4.75% 16012024	1,500,000	1,580,250	3.59%
Cnac Hk Finbridge Co Ltd 3.5% 19072022	1,250,000	1,259,438	2.86%
Sf Holding Investment Ltd 4.125% 26072023	1,100,000	1,144,836	2.60%
Aozora Bank 3.81% 07092021	1,000,000	1,022,730	2.33%
Avic Intl Finance Invest 4.375% 23052021	1,000,000	1,022,600	2.33%
Bank Rakyat Indonesia 4.625% 20072023	1,000,000	1,049,070	2.39%
Bluestar Fin Holdings 3.5% 30092021	1,000,000	1,011,570	2.30%
China Huadian Overseas Development Management Co Ltd V4% Perp	1,000,000	1,011,350	2.30%
China Resources Land Ltd 3.75% 26/08/2024 Emtn	1,000,000	1,036,910	2.36%
China Resources Land Ltd 4.125% 26/02/2029 Emtn	1,000,000	1,051,780	2.39%
Citic 3.5% 11072023	1,000,000	1,015,930	2.31%
Hyundai Capital America 4.30% 01/02/2024	1,000,000	1,046,840	2.38%
Indonesia Asahan Aluminium Tbk Pt 6.53% 15112028	1,000,000	1,183,030	2.69%
Korea Resources Corp 4% 18042023	1,000,000	1,045,110	2.38%
Perusahaan Listrik Negara Pt 5.375% 25012029	1,000,000	1,103,770	2.51%
Posco 4% 01082023	1,000,000	1,046,440	2.38%
Security Bank Corp 4.5% 25092023	1,000,000	1,056,020	2.40%
Shimao Property Holdings Ltd 6.125% 21/02/2024	1,000,000	1,053,480	2.40%
Spic 2018 Usd Senior Perpetual Bond Co Ltd 5.8% Perp	1,000,000	1,054,550	2.40%
State Bank Of India/London 4.5% 28092023	1,000,000	1,051,550	2.39%
Swiss Re Finance Luxembourg Sa 5.00% 02/04/2049	1,000,000	1,072,600	2.44%
Tnb Global Ventures Capital Bhd 4.851% 01112028	1,000,000	1,109,380	2.52%
Bluestar Finance Holdings Ltd 6.25% 0711Perp	800,000	841,264	1.91%
Siam Commercial Bank Pcl/Cayman Islands 3.9% 11/02/2024	800,000	835,888	1.90%
Korea Western Power Co 3.75% 07062023	600,000	626,160	1.42%
Bank Of Philippine Islan 4.25% 04092023	500,000	525,710	1.20%
Bharat Petroleum Corp Ltd 4.375 24/01/22	500,000	517,340	1.18%
China Cinda Finance 2017 I Ltd 4.75% 21/02/2029 Emtn	500,000	540,000	1.23%
Citic 4.00% 11012028	500,000	515,615	1.17%
Cmhi Finance Bvi Co Ltd 4.375% 06082023	500,000	526,805	1.20%
Cnac Hk Finbridge Co Ltd 4.875% 14032025	500,000	537,750	1.22%
Indonesia Asahan Aluminium Tbk Pt 5.23% 15112021	500,000	526,740	1.20%
Indonesia Asahan Aluminium Tbk Pt 5.71% 15112023	500,000	548,895	1.25%
Korea East-West Power Co Ltd 3.875% 19072023	500,000	524,555	1.19%
Korea Hydro & Nuclear Power Co Ltd 3.75% 25072023	500,000	522,540	1.19%
Oil India Ltd 5.125% 04022029	500,000	548,155	1.25%
Poly Real Estate Finance Ltd 4.75% 09172023	500,000	523,805	1.19%
Sands China Ltd 5.125% 08082025	500,000	540,385	1.23%
Shinhan Bank Co Ltd 4% 23042029 Regs	500,000	517,945	1.18%
Sk Broadband Co Ltd 3.875% 13082023	500,000	521,105	1.19%
Ubs Group Funding Switzerland Ag 7% Perp	500,000	531,825	1.21%
Vanke Real Estate Hong Kong Co Ltd 4.2% 07/06/2024 Emtn	500,000	514,425	1.17%
Sands China Ltd 4.6% 08082023	400,000	421,348	0.96%
Cmhi Finance Bvi Co Ltd 5% 06082028	200,000	222,774	0.51%
		50,113,407	113.98%
Short Position			
Commodity Future			
TYU9 Comb Comdty	(145)	(377,422)	-0.86%
Total investments (Total cost of investments: USD 47,316,959.67)		49,735,985	113.12%
Other net liabilities		(5,768,833)	-13.12%
Total net assets		43,967,152	100.00%

China Everbright Fortune Fund Series - Everbright Income Focus Fund
Statement of changes in equity (Unaudited)
For the half year ended 30 June 2019
(Expressed in United States dollars)

	From 1 January 2019 to 30 June 2019	From 1 January 2018 to 31 December 2018
	USD	USD
Balance at the beginning of the period / year	56,070,153	2,163,246
Profit/(loss) and total comprehensive income for the period / year	2,896,999	(81,158)
Transaction with unitholders, recognised directly in equity		
Subscription of units in Class I - USD (5,600,600.60 units)	-	56,141,593
Redemption of units in Class I - HKD (3,000,000 units)	-	(2,153,528)
Redemption of units in Class I - USD (1,489,572.98 units)	(15,000,000)	-
Total transactions with unitholders	(15,000,000)	53,988,065
Balance at the end of the period / year	43,967,152	56,070,153

China Everbright Fortune Fund Series - Everbright Income Focus Fund
Statement of movements in portfolio holdings (Unaudited)
For the half year ended 30 June 2019

	As at 30 June 2019 % of net asset value	As at 31 December 2018 % of net asset value
<u>Long Position</u>		
Debt securities	113.98%	87.05%
<u>Short Position</u>		
Commodity Futures	-0.86%	-0.93%
Total investments	113.12%	86.12%
Other net liabilities / net assets	-13.12%	13.88%
Total net assets	100.00%	100.00%

China Everbright Fortune Fund Series - Everbright Income Focus Fund
Notes to the financial statements

1 GENERAL

China Everbright Fortune Fund Series (the "Trust") was constituted as an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong pursuant to a trust deed dated 10 October 2013 between China Everbright Securities (HK) Limited (the "Manager") and ICBC (Asia) Trustee Company Limited (the "Trustee").

Everbright Income Focus Fund (formerly known as Everbright Fortune Strategic Managed Fund) (the "Sub-fund") was constituted as a separate sub-fund on 10 October 2013. 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. As at 30 June 2019, there were three other sub-funds established by the Trust, namely Everbright Hong Kong Bond Fund, Everbright Greater China Opportunities Fund and Everbright Global Brands Fund.

The investment objective of the Fund is to aim to provide investors with regular income and steady capital appreciation by investing not less than 70% of the Fund's net asset value in a diversified portfolio of debt securities issued by governments and corporations in the global markets which are denominated in USD, EUR or in local currencies of the relevant markets.

2 BASIS OF PREPARATION

The financial statements are presented in United States dollars, which is also the sub-fund's functional currency. They 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 preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

3 CHANGE OF FUNCTIONAL AND PRESENTATION CURRENCY

The Manager had determined to change the functional currency of the Fund from Hong Kong dollars to United States dollars. This change is consistent with the fact that the majority of the Fund's underlying assets are denominated in United States dollars. With effective from 1 January 2019, these financial statements are presented in United States dollars which is the Fund's functional currency.

4 RECONCILIATION OF NET ASSET VALUE

The net asset value ("NAV") presented in the financial statements and that quoted for pricing purposes at the period end ("Dealing NAV") are different as the principles for calculating the Dealing NAV as set out in the Explanatory Memorandum are different from those required for financial reporting purposes under International Financial Reporting Standards ("IFRSs"). The following reconciliation provides details of these differences:

	30 June 2019	31 December 2018
	USD	USD
NAV as reported in the financial statements	43,967,152	56,070,153
Adjustments for different basis adopted by the Sub-fund in arriving at the Dealing NAV:		
- Unamortised portion of preliminary expenses	-	-
Dealing NAV	<u>43,967,152</u>	<u>56,070,153</u>
Number of units in issue, Class - I - USD	<u>4,111,027.62</u>	<u>5,600,600.60</u>
Dealing NAV per unit, Class I - USD	<u>10.69</u>	<u>10.01</u>

China Everbright Fortune Fund Series - Everbright Income Focus Fund

Administration

Manager

China Everbright Securities (HK) Limited
24/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

Investment advisor

China Everbright Assets Management Limited
46/F Far East Finance Centre,
16 Harcourt Road, Hong Kong

Directors of the Manager

Li Bingtao
Sun Yi
Tai Yiu Kuen, Kevin
Wong King Chung

Trustee

ICBC (Asia) Trustee Company Limited
33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

Registrar and Transfer Agent

RBC Investor Services Trust Hong Kong Limited
42/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

Custodian

Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

Solicitors to the Manager

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

Auditors

KPMG
8/F Prince's Building, 10 Chater Road, Central, Hong Kong