

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

SEMI-ANNUAL REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

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MANAGEMENT AND ADMINISTRATION

Manager

BOCOM International Asset Management Limited

9/F, Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

Legal Counsel to the Manager

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

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

Directors of the Manager

XI Xuanhua
LI Wu

Sub-custodian

Citibank, N.A.
10/F, Two Harbour Front,
22 Tak Fung Street,
Hung Hom, Kowloon,
Hong Kong

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REPORT OF THE MANAGER TO THE UNITHOLDERS

Market Review

Inflation and interest rate hikes were the market focus in 1H2022. Later on recession is the most talked about topic in the financial circle, with the only debatable outcome being a soft landing or a hard landing. By looking at historical data, the period between March and May 2020 was the shortest recession in history. Due to the unprecedented monetary easing, strong fiscal stimulus and unconventional central bank intervention in the markets, the recession ended quickly. First half of 2022 was the complete opposite case. With rampant inflation across the globe which was primarily reflected in energy and food prices, developed economics tried to combat inflation from a demand perspective. Fed, ECB and BOE all have reiterated their resolves to curb inflation. In a span of 4 months since March 2022, Fed has raised the benchmark rate from 0.00% - 0.25% to 2.25% - 2.50%. Alongside was Fed's announcement on monetary tightening cycle schedule during 1H22. Currently Fed's balance sheet stood at US\$8.93 trillion, which was built up during 2008-2014 QE and 2020-2022 QE, whereas the quantitative tightening has started from June at a pace of US\$95 billion per month. Apart from escalating inflation and quickly rising interest rates, the third jeopardy faced by financial market was the geopolitical uncertainty, which was triggered by Russia's invasion of Ukraine, followed by Western sanctions and Russia's response with weaponized energy supply. The above factors summed up as a giant headwind blown against the market in the first half of 2022. It was estimated that US\$35 trillion equivalent financial assets in global market value has been erased since the beginning of 2022, which is around 14% of global financial wealth. For comparison, the 2008 financial crises resulted in around 19% decline in financial assets. The market value of Bloomberg Global Aggregate index, which is considered as the flagship global investment grade bond index, has declined from US\$68 trillion on 31 December 2021 to US\$61 trillion by the end of June. Looking forward, we expect more uncertainties to come in 2H22. For instance, IMF lowered its 2022 and 2023 global growth forecasts to 3.2% and 2.9% respectively in July, which is the third time IMF cut its forecast in the year. Starting from the figure of 4.9% in Oct 21, the first cut took place in Jan which was lowered to 4.4%, followed by another cut in Apr which was adjusted to 3.6%. We believe it may not be the last revision, as IMF already warned for the worst outcomes, including a sudden stop of Russian gas supply to Europe, stubborn inflation compounded by monetary restraints, and a further economic slowdown in China triggered by the property sector crisis. We expect that most bad news and negative sentiment has been priced in already, and the market is now looking at past inflation and recession fears, and digesting forward earnings. Where valuation is at a salivating level for both absolute and relative, there is also policy tailwind. More importantly, the market technical has turned decisively positive since mid-March, despite the global sell-offs from April to June.

Portfolio Review

During 1H 2022, Global Strategic Emerging Markets Bond Fund (USD Class A) recorded a negative return of 9.96%, which outperformed the reference benchmark JP Morgan EMBI Global Index by 8.87%, whom stood at a negative return of 18.83%. We are using USD Class A return as an indication since it has the largest NAV in USD terms among all classes. We were cautious towards global emerging market this year, based on the view of a downward market driven by multiple global macro factors – geo-politics, monetary tightening, growth, and inflation concerns. Therefore, we became more prudent and concentrated in terms of regions and sectors invested. China high yield property sector went through a major credit crises during the first half of this year and volatility increased significantly compared to historical levels. Hence, we cut the exposure on China property to only 8.63% at the end of June, but China overall remains to be the largest country exposure by far. Exposure in Asia ex-China region increased significantly to 30.48% from 27.71% back in December, and became the largest exposure as we diversified more investments to developed markets in Asia such as Korea, Singapore and cut our exposure in Macau due to the heavy hit on the gaming industry. Gulf Corporation Council (GCC) became the second largest region given our positive view on oil price due to Russia-Ukraine war, with 13.06% allocation at the end of June. Developed market exposures remain flat from 8.34% to 5.39% in June, alongside with our exposure cut in Africa region from 10.62% back in December to 5.29% at the end of June. The portfolio continued to avoid positions in emerging Europe or Latin America to limit exposure in weaker emerging countries and be prudent in overall credit risk control. In terms of sectors invested, banks and financials remained to be the top two sectors with exposure of 25.92% and 22.02% respectively. China property sectors underperformed due to more default cases during the period and we have doubt about LGFV's ability to pay after major reduction in income from land auction, hence exposures were cut to 8.63% and 0% respectively at the end of June this year. We further expanded into energy and oil related sector considerably from only 4.68% in December to 11.01% in June 2022. For other sectors such as basic materials, industrials and consumers, we took a more balanced approach. High yield exposure significantly decreased to 14.11% in June, compared to 36.09% at 31 December 2021. It was mainly because we cut China HY allocations from 17.88% to 5.87%, and cut our exposure in Africa and GCC HY to zero. Cash level was significantly higher at the end of 1H 2022 compared to last year end. Duration was at 2.17, which was much lower than last year end level of 3.52, to minimize the impact of a quickly rising treasury rate.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2022

	30 Jun 2022	31 Dec 2021
	USD	USD
Assets		
Financial assets at fair value through profit or loss	7,370,204	8,527,729
Interest receivable	78,110	161,022
Amounts due from brokers	497,900	-
Contribution receivables	259,034	-
Margin deposit	252,948	-
Cash and cash equivalents	1,249,855	405,111
	<hr/>	<hr/>
Total assets	9,708,051	9,093,862
	<hr/>	<hr/>
Liabilities		
Trustee fee payable	5,058	10,621
Management fee payable	4,139	9,801
Amounts due to brokers	1,282,731	-
Accrued expense and other payables	14,183	28,601
	<hr/>	<hr/>
Total liabilities (excluding net assets attributable to unitholders)	1,306,111	49,023
	<hr/>	<hr/>
Net assets attributable to unitholder	8,401,940	9,044,839
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GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	For the six Months ended 30 Jun 2022 USD	For the six Months ended 30 Jun 2021 USD
Income			
Interest from financial assets at fair value through profit or loss		125,464	948,867
Interest income		16	(1,357)
Other Income		6	-
Net losses on financial assets at fair value through profit or loss		(955,256)	(79,770)
Net foreign currency losses		(395)	(63)
Total income		<u>(830,165)</u>	<u>867,677</u>
Expenses			
Management fee	2(a)	25,538	115,261
Trustee fee	2(b)	30,516	30,517
Sub-custodian fee		793	4,039
Audit fee		14,887	14,183
Transaction costs	2(c)	-	640
Other expenses		34	80
Total operating expenses		<u>71,768</u>	<u>164,720</u>
Finance cost			
Distribution to unitholders	6	-	(292)
Operating (loss)/ profit		<u>(901,933)</u>	<u>702,665</u>

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	For the six Months ended 30 Jun 2022 USD	For the six Months ended 30 Jun 2021 USD
Net assets attributable to unitholders at the beginning of the period	9,044,839	38,499,882
	-----	-----
Proceeds from units issued	259,034	101,033
Redemption of units	-	(61,855)
	-----	-----
Net increase from unit transactions	259,034	39,178
	-----	-----
(Decrease)/ increase in net assets attributable to unitholders from operations	(901,933)	702,665
	-----	-----
Net assets attributable to unitholders at the end of the period	<u>8,401,940</u>	<u>39,191,725</u>

BOCOM INTERNATIONAL GLOBAL STRATEGIC EMERGING MARKETS BOND FUND

(A sub-fund of BOCOM International Fund)

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

1. Basis of preparation and accounting policies

The unaudited interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation applied are consistent with those of the annual financial statements for the year ended 31 December 2021. Other amendments to HKFRS effective for the financial year ended 31 December 2022 are not expected to have a material impact on the fund.

2. Transactions with the Trustee and its affiliates and the Manager and its connected persons

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the fund and the Trustee and its affiliates and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms.

(a) Management fee

Pursuant to the fund's explanatory memorandum, the Manager is entitled to receive a management fee calculated in the following basis:

Classes R HKD (Acc) & R HKD (Dis): 1.25% per annum of the net asset value
Classes R USD (Acc) & R USD (Dis): 1.25% per annum of the net asset value
Classes I HKD (Acc): 0.80% per annum of the net asset value
Classes I USD (Acc): 0.80% per annum of the net asset value
Classes A HKD (Acc): 0.60% per annum of the net asset value
Classes A USD (Acc): 0.60% per annum of the net asset value

The management fee shall be accrued daily and payable monthly in USD in arrears as specified in the explanatory memorandum issued in respect of the Sub-Fund.

The management fee charged for the six months ended 30 June 2022 was USD25,538 (2021: USD115,261) of which USD4,139 (2021: USD19,385) was outstanding at 30 June 2022.

(b) Trustee fee

The Trustee of the fund is entitled to a fee payable monthly in arrears calculated as 0.125% to 0.15% per annum and subject to a minimum monthly fee of HK\$40,000, which is accrued daily and is payable monthly in arrears.

The total trustee fee for the six months ended 30 June 2022 amounted to USD30,516 (2021: USD30,517). As at 30 June 2022, trustee fee payable to the Bank of Communications Trustee Limited is USD5,058 (2021: USD5,058), which is included in trustee fee payable in the statement of financial position.

BOCOM INTERNATIONAL GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

2. Transactions with the Trustee and its affiliates and the Manager and its connected persons (Continued)

(c) Brokerage fee paid to connected persons of the Manager

During the period, the total brokerage commission paid to BOCOM International Securities Limited is listed as follows:

	Aggregate value of purchase and sales of securities USD	Total commission paid USD	% of Sub- Fund's total transactions during the year %	Average commissi on rate %
For the six months ended 30 Jun 2022				
BOCOM International Securities Limited	-	-	-	-
For the six months ended 30 Jun 2021				
BOCOM International Securities Limited	2,489,171	640	1.72	0.03

(d) Transactions with the Manager's parent company

As at 30 June 2022, BOCOM International Holdings Company Limited, the holding company of the Manager, held 4,017,677.782 units (2021: 15,695,928.849 units) in the fund.

(e) Transactions with the Manager's fellow subsidiary

During the period for the six months ended 30 June 2022, all the fund's transactions in futures contracts were executed with BOCOM International Securities Limited, the Manager's fellow subsidiary.

As at 30 June 2022, the fund held Nil listed futures investment (2021: USD 40,469) with BOCOM International Securities Limited, the Manager's fellow subsidiary.

(f) Transactions with the Manager's ultimate holding company

As at 30 June 2022, the fund's cash and cash equivalents of USD52 (2021: USD51) were held in Bank of Communications Co. Ltd HK Branch, the Manager's ultimate holding company.

3. Soft Dollar arrangements

The manager confirms that there was no soft dollar arrangement relating to directing transactions of the fund through a broker or dealer during the six months ended 30 June 2022.

BOCOM INTERNATIONAL GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. Borrowings

The fund did not make any borrowings during the six months ended 30 June 2022.

5. Contingent liabilities and commitments

The fund did not have any contingent liabilities and commitments during the six months ended 30 June 2022.

6. Distribution to unitholders

	For the six Months ended 30 Jun 2022 USD	For the six Months ended 30 Jun 2021 USD
Interim distribution		
HKD0.0836 on 27,082.26 unit for Class R (HKD) (Dis)	-	292
	<u> </u>	<u> </u>

7. Details on units/shares

Net asset value per unit of each class of units

	Currency	Net assets per class	Number of Units outstanding	Net asset value per unit
At 30 June 2022				
Class A USD (Acc)	USD	8,060,373	4,017,677.782	2.006
Class R HKD (Acc)	HKD	399,872	41,882.226	9.547
Class R HKD (Dis)	HKD	2,280,375	240,561.494	9.479
		<u> </u>	<u> </u>	<u> </u>
		Net assets per class	Number of Units outstanding	Net asset value per unit
At 30 June 2021				
Class A USD (Acc)	USD	39,087,182	15,695,928.849	2.490
Class R HKD (Acc)	HKD	494,326	41,882.226	11.802
Class R HKD (Dis)	HKD	317,363	27,082.266	11.718
		<u> </u>	<u> </u>	<u> </u>

8. Transaction Costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income as an expense.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 JUNE 2022

Investments (87.72%)	Holdings/ principal	Fair Value USD	% of Net assets
Debt securities (87.72%)			
China			
BLUESTAR FIN HOLDINGS 3.375 07/16/2024	253,000	249,807	2.97%
CHIYU BANKING CORP LTD VAR PERP 11/29/2071	500,000	497,295	5.92%
CHONG HING BANK LTD VAR PERP 07/15/2069	250,000	249,348	2.97%
CN HUANENG GP HK TREASUR 3.08 PERP 12/70	300,000	287,397	3.42%
CNAC HK FINBRIDGE CO LTD 2% 09/22/2025	300,000	280,458	3.34%
HUAFA 2021 I CO LTD VAR PERP 07/18/2071	500,000	480,050	5.71%
ICBCIL FINANCE CO LTD 2.125% 01/27/2025	300,000	286,716	3.41%
KAISA GROUP HOLDINGS LTD 11.25% 04/09/2022	1,200,000	166,632	1.98%
MCC HOLDING HK CORP LTD 3.25 PERP 01/2072	300,000	298,710	3.56%
SOAR WISE LTD 3.425 VAR PERP 11/04/2070	500,000	494,095	5.89%
Hong Kong			
BANK OF EAST ASIA LTD 5.825% PERPETUAL	300,000	293,199	3.49%
PETRONAS CAPITAL LTD 3.5 03/18/2025	250,000	248,163	2.95%
Indonesia			
INDIKA ENERGY CAPITAL IV 8.25% 10/22/2025	400,000	389,884	4.64%
South Korea			
KOOKMIN BANK 2.125 02/15/2025	250,000	240,145	2.86%
KOREA EXPRESSWAY CORP 3.625 05/18/2025	200,000	199,446	2.37%
KYOBO LIFE INSURANCE CO 5.9 06/15/2052	200,000	200,380	2.38%
Kuwait			
KIB TIER 1 SUKUK LIMITED VAR PEPR 06/10/2069	200,000	200,104	2.38%
Malaysia			
PEAK RE BVI HOLDING LTD 5.35 PREPETUAL	300,000	241,779	2.88%
Saudi arabia			
SAUDI ARABIAN OIL CO 1.625% 11/24/2025	300,000	277,770	3.31%
Singapore			
UNITED OVERSEAS BANK LTD 1.25 04/14/2026	250,000	229,277	2.73%
Supranationals			
AFRICAN EXPORT-IMPORT BA 2.634% 05/17/2026	500,000	443,080	5.27%
Switzerland			
EFG INTERNATIONAL AG 5.5 VAR PERP 1/25/2070	500,000	445,540	5.30%
United Arab Emirates			
EMIRATES NBD BANK PJSC VAR PEPR 26/04/2070	600,000	600,564	7.15%
KAISA GROUP HOLDINGS LTD 8.65% 07/22/2022	500,000	70,365	0.84%
Total investments		7,370,204	87.72%

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INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 30 JUNE 2022

Other net assets	1,031,736	12.28%
Total net assets as at 30 June 2022	8,401,940	100.00%
Total investment at cost	9,153,000	

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	31 Dec 2021	Holdings/principal		30 Jun 2022
		Additions	Disposals	
Investments				
Debt securities				
AFRICAN EXPORT-IMPORT BA 2.634% 05/17/2026	500,000	-	-	500,000
ARAB REPUBLIC OF EGYPT 5.875% 02/16/2031	500,000	-	500,000	-
BANK OF EAST ASIA LTD 5.825% PERPETUAL	300,000	-	-	300,000
BLUESTAR FIN HOLDINGS 3.375 07/16/2024	-	253,000	-	253,000
CHIYU BANKING CORP LTD VAR PERP 11/29/2071	500,000	-	-	500,000
CHONG HING BANK LTD VAR PERP 07/15/2069	-	250,000	-	250,000
CN HUANENG GP HK TREASUR 3.08 PERP 12/70	-	300,000	-	300,000
CNAC HK FINBRIDGE CO LTD 2% 09/22/2025	-	300,000	-	300,000
DENSO CORP 1.239% 09/16/2026	300,000	-	300,000	-
EFG INTERNATIONAL AG 5.5 VAR PERP 1/25/2070	700,000	-	200,000	500,000
EMIRATES NBD BANK PJSC VAR PEPR 26/04/2070	600,000	-	-	600,000
EXPORT-IMPORT BANK KOREA 1.75% 10/19/2028	200,000	-	200,000	-
HUAFA 2021 I CO LTD VAR PERP 07/18/2071	-	500,000	-	500,000
ICBCIL FINANCE CO LTD 2.125% 01/27/2025	-	300,000	-	300,000
INDIKA ENERGY CAPITAL IV 8.25% 10/22/2025	400,000	-	-	400,000
KAISA GROUP HOLDINGS LTD 11.25% 04/09/2022	1,200,000	-	-	1,200,000
KAISA GROUP HOLDINGS LTD 8.65% 07/22/2022	500,000	-	-	500,000
KIB TIER 1 SUKUK LIMITED VAR PEPR 06/10/2069	200,000	-	-	200,000
KOOKMIN BANK 2.125 02/15/2025	-	250,000	-	250,000
KOREA EXPRESSWAY CORP 3.625 05/18/2025	-	200,000	-	200,000
KUNMING TRAFFIC INV CO 6.2% 06/27/2022	800,000	-	800,000	-
KYOBO LIFE INSURANCE CO 5.9 06/15/2052	-	200,000	-	200,000
MCC HOLDING HK CORP LTD 3.25 PERP 01/2072	-	300,000	-	300,000
NONGHYUP BANK 4 01/26/2026	-	500,000	500,000	-
OMAN GOV INTERNTL BOND 6.25 01/25/2031	400,000	-	400,000	-
OOREDOO INTL FINANCE 2.625% 04/08/2031	300,000	-	300,000	-
PEAK RE BVI HOLDING LTD 5.35 PREPETUAL	300,000	-	-	300,000
PETRONAS CAPITAL LTD 3.5 03/18/2025	-	250,000	-	250,000
SANDS CHINA LTD 2.3% 03/08/2027	500,000	-	500,000	-
SAUDI ARABIAN OIL CO 1.625% 11/24/2025	-	300,000	-	300,000
SHARJAH SUKUK PROGRAM 3.2% 07/13/2031	600,000	-	600,000	-
SOAR WISE LTD 3.425 VAR PERP 11/04/2070	-	500,000	-	500,000
SUNAC CHINA HOLDINGS LTD 5.95% 04/26/2024	500,000	-	500,000	-
UNITED OVERSEAS BANK LTD 1.25 04/14/2026	-	250,000	-	250,000
ZHUZHOU CITY CONSTRUCT 5.7% 05/24/2022	600,000	-	600,000	-