

Audited Financial Statements

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND
(A fund of an open-ended unit trust established under the laws
of Hong Kong)

31 December 2023

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

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CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

ADMINISTRATION AND MANAGEMENT

MANAGER

China Life Franklin Asset Management Co., Limited
27/F, One Exchange Square,
8 Connaught Place Central,
Hong Kong

DIRECTORS OF THE MANAGER

Liu Xiaodong
Greg Eugene McGowan
Chen Yingshun
Wang Yijiang
Li Guoan
Shang Gang

LEGAL ADVISER TO THE MANAGER

Simmons & Simmons
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TRUSTEE, ADMINISTRATOR AND REGISTRAR

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China Life Center,
One HarbourGate,
18 Hung Luen Road, Hung Hom,
Kowloon

AUDITOR

Ernst & Young
27/F One Taikoo Place
979 King's Rd
Quarry Bay
Hong Kong

CUSTODIAN

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

MARKET REVIEW & OUTLOOK

Amid the lingering impact of the COVID-19 pandemic, intensified geopolitical conflicts and high inflation faced by many countries, the global economy recorded asymmetrical recovery with a GDP growth of 2.9% in 2023.

U.S. labour market remained robust, and economic growth stayed resilient despite FOMC raised interest rates by 25 basis points at four meetings to a record high in nearly 23 years. The debt ceiling discussion with growing fiscal deficit and refinancing scale of mid- and long-term treasury also lead yields fluctuating to rise. During Dec 2023's FOMC meeting, the Fed acknowledged progress in bringing down inflation and hinted at an end to the rate-hiking cycle. The Fed took a dovish turn and were in discussion of potential rate cuts which drove a significant decline in interest rates. On the other hand, China's economy remained sluggish after the release of pent-up demand at the beginning of the year. In the fourth quarter, trillions of yuan in government bonds were issued and allocated to local provinces through transfer payments in order to boost growth.

Sentiment in fixed income market improved. Spreads had widened in March 2023 due to the regional bank crisis but have since tightened during the remaining months of the year. This was partly driven by a reduction in issuance supply. Though many central banks were forced to hike in line with the Federal Reserve, their local currency financing rates remained lower than those in the offshore USD market which further support the demand supply dynamics and lend support to spreads. In 2023, bond outflows from emerging market bonds amounted to 33.7 billion, a contraction from the 87.4 billion outflow in 2022. JACI investment-grade and high-yield index bounced 7.42% and 4.76% respectively in 2023.

U.S. stock market also recovered with fiscal expansion amid monetary tightening headwinds. Nasdaq index rose by 43%, approaching an all-time high. S&P 500 also recorded a gain of 24%, setting a historical level high. Profitability structurally strengthened, and leverage ratios (net debt/EBITDA) slightly increased but remained at historically low levels. The Hong Kong market had a different story. At the beginning of the year, the turnaround in China's epidemic policy brought better expectations for China's economy growth. This led to a strong start in HSI but could not be sustained against the backdrop of multiple rate hikes by the Federal Reserve, widening interest spread between U.S. and China and foreign capital outflow. The liquidity, risk appetite, and valuation expansion space for Hong Kong stocks were significantly under pressure.

Looking ahead, the market has fully priced in the end of the Fed's hiking cycle but has also been gradually correcting aggressive expectations for rate cuts. Inflation in the U.S. may continue to cool down, but core inflation remains sticky, and the process is expected to be tumultuous. The timing and pace of rate cuts have been repeatedly delayed amid uncertain economic prospects. The shift in monetary policy by major central banks such as the Fed and ECB and the implementation of China's growth policies remain key focuses for the market in the future.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, China Life Franklin Asset Management Co., Limited, has, in all material respects, managed China Life Franklin Diversified Income Fund for the year ended 31 December 2023, in accordance with the provisions of the Trust Deed dated 29 July 2014, its supplemental deeds dated 18 December 2019 and 1 January 2021.

On behalf of
China Life Trustees Limited, the Trustee

Independent auditor's report

To the unitholders of China Life Franklin Diversified Income Fund (A fund of an open-ended unit trust established under the laws of Hong Kong)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Life Franklin Diversified Income Fund (the "Trust") set out on pages 7 to 35, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Trust in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Manager and the Trustee of the Trust are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)

To the unitholders of China Life Franklin Diversified Income Fund (A fund of an open-ended unit trust established under the laws of Hong Kong)

Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee of the Trust are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Trust are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Trust are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 29 July 2014, its supplemental deeds dated 18 December 2019 and 1 January 2021 (the "Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Trust have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

Independent auditor's report (continued)

**To the unitholders of China Life Franklin Diversified Income Fund
(A fund of an open-ended unit trust established under the laws of Hong Kong)**

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Certified Public Accountants
Hong Kong

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 HKD	2022 HKD
INCOME			
Interest income		127,751,502	118,742,093
Dividend income		8,049,970	6,558,937
Foreign exchange difference, net		1,119,526	(5,114,024)
Other income	7	69,047	206,931
		<u>136,990,045</u>	<u>120,393,937</u>
EXPENSES			
Trustee fee	4	(14,500,993)	(16,353,258)
Management fee	4	(29,009,590)	(32,741,412)
Transaction costs		(1,117,371)	(1,080,159)
Auditor's remuneration		(263,685)	(286,752)
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	5	20,612,236	(413,601,937)
Other expense		(478,412)	(48,317)
		<u>(24,757,815)</u>	<u>(464,111,835)</u>
PROFIT/(LOSS) BEFORE TAX		112,232,230	(343,717,898)
Withholding tax expense	8	(597,889)	(285,125)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>111,634,341</u>	<u>(344,003,023)</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HKD	2022 HKD
ASSETS			
Financial assets at fair value through profit or loss	5	3,378,271,144	3,562,665,928
Interest receivable		32,516,132	29,657,360
Amounts due from brokers	9	49,946,493	93,034,211
Cash and cash equivalents	10	28,497,137	116,757,447
Dividend receivable		382,321	52,813
TOTAL ASSETS		3,489,613,227	3,802,167,759
LIABILITIES			
Financial liability at fair value through profit or loss	5, 6	2,182,653	-
Amount due to brokers	9	606,300	7,042,504
Management fee payable	4	2,200,164	2,520,163
Trustee fee payable	4	1,100,082	1,258,708
Redemption payable		4,428,836	1,326,212
Subscription in advance		86,551	185,445
Other payables		277,876	93,694
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		10,882,462	12,426,726
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		-	3,789,741,033
TOTAL LIABILITIES		10,882,462	3,802,167,759
TOTAL EQUITY		3,478,730,765	-
TOTAL LIABILITIES AND EQUITY		3,489,613,227	3,802,167,759

China Life Franklin Asset Management Co., Limited

China Life Trustees Limited

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2023

HKD CLASS	Notes	Number of units outstanding	HKD
At 1 January 2022		346,009,412	4,430,760,270
Issue of units	11	44,417,368	542,165,269
Redemption of units	11	(72,086,932)	(876,183,866)
Decrease in net assets attributable to unitholders during the year		<u>-</u>	<u>(341,107,886)</u>
At 31 December 2022 and 1 January 2023		318,339,848	3,755,633,787
Reclassification of the redeemable units as equity		<u>(318,339,848)</u>	<u>(3,755,633,787)</u>
At 31 December 2023		<u><u>-</u></u>	<u><u>-</u></u>
USD CLASS 2		Number of units outstanding	HKD
At 1 January 2022		500,000	37,002,383
Decrease in net assets attributable to unitholders during the year		<u>-</u>	<u>(2,895,137)</u>
At 31 December 2022 and 1 January 2023		500,000	34,107,246
Reclassification of the redeemable units as equity		<u>(500,000)</u>	<u>(34,107,246)</u>
At 31 December 2023		<u><u>-</u></u>	<u><u>-</u></u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Number of units outstanding	HKD
At 1 January 2023		-	-
Reclassification of the redeemable units as equity	11	318,839,848	3,789,741,033
Subscription of units			
- HKD Class	11	21,123,136	252,743,009
Redemption of units			
- HKD Class	11	(53,657,185)	(640,759,442)
- USD Class 2	11	(500,000)	(34,628,176)
		(54,157,185)	(675,387,618)
Profit and total comprehensive income for the year		-	111,634,341
At 31 December 2023		285,805,799	3,478,730,765
		2023	2022
NUMBER OF UNITS IN ISSUE			
- HKD Class		285,805,799	318,339,848
- USD Class 2		-	500,000
NET ASSET VALUE PER UNIT			
- HKD Class		HKD 12.17	HKD 11.80
- USD Class 2		-	HKD 68.21

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HKD	2022 HKD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		112,232,230	(343,717,898)
Adjustment for:			
Interest income		(127,751,502)	(118,742,093)
Dividend income		(8,049,970)	(6,558,937)
Net (gains)/losses on financial assets and financial liabilities at fair value through profit or loss		(20,612,236)	414,682,096
Purchase of financial assets and financial liabilities at fair value through profit or loss		(25,320,939,373)	(16,431,165,731)
Proceeds from sale of financial assets and financial liabilities at fair value through profit or loss		25,528,129,046	15,835,461,746
Decrease/(Increase) in amounts due from brokers		43,087,718	(58,956,375)
(Decrease)/Increase in amounts due to brokers		(6,436,204)	7,042,504
Decrease in management fee payable		(319,999)	(483,989)
Decrease in trustee fee payable		(158,626)	(241,797)
Increase/(Decrease) in other payables		184,182	(190,700)
		<u>199,365,266</u>	<u>(702,871,174)</u>
Interest received		124,892,730	125,811,421
Dividend received		7,720,462	6,506,124
Withholding tax paid		(597,889)	(285,125)
Net cash flows from/(used in) operating activities		<u>331,380,569</u>	<u>(570,838,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in subscription in advance		(98,894)	(490,891)
Proceeds from issue of units		252,743,009	542,165,269
Payments for redemption of units		(672,284,994)	(880,989,374)
Net cash flows used in financing activities		<u>(419,640,879)</u>	<u>(339,314,996)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(88,260,310)	(910,153,750)
Cash and cash equivalents at beginning of year		<u>116,757,447</u>	<u>1,026,911,197</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>28,497,137</u>	<u>116,757,447</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash at bank	10	<u>28,497,137</u>	<u>116,757,447</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. THE TRUST

China Life Franklin Diversified Income Fund (the "Trust") was constituted as an open-ended unit trust established under the laws of Hong Kong pursuant to a trust deed dated 29 July 2014, as amended (the "Trust Deed").

The Trust 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.

The Manager of the Trust is China Life Franklin Asset Management Co., Limited (the "Manager") and the Trustee is China Life Trustees Limited (the "Trustee"). The Custodian is Bank of China (Hong Kong) Limited (the "Custodian").

The investment objective of the Trust is to achieve a high level of current income and to provide a steady capital growth to Unitholders by investing primarily in a portfolio of global and regional fixed income securities, including high-yield bonds, which normally carry below investment grade ratings and emerging market debt. The Trust may also invest in equity securities and other types of investments on an ancillary basis. These securities may be denominated in either local currencies or globally traded major currencies.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E to the SFC Code.

The financial statements have been prepared under the historical cost basis, except for financial assets and financial liabilities classified at fair value through profit or loss that have been measured at fair value. These financial statements are presented in Hong Kong dollars (HKD) and all values are rounded to the nearest dollar except where otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Trust has adopted the following revised HKFRSs, which are applicable to the Trust for the first time in the current year's financial statements.

Amendments to HKAS 1 and
HKFRS Practice Statement 2

Disclosure of Accounting Policies

Amendments to HKAS 8

Definition of Accounting Estimates

31 December 2023

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised HKFRSs that are applicable to Trust are described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Trust has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Trust's financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Trust's approach and policy align with the amendments, the amendments had no impact on the Trust's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The amended standards that are issued, but not yet effective, up to the date of the Trust's financial statements are disclosed below, except for those standards which, in the opinion of the Directors, will clearly not impact the Trust. The Trust intend to adopt these amended standards, if applicable, when they become effective.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current*

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of HKAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Trust's financial statements.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES

Financial instruments

(i) Classification

In accordance with HKFRS 9, the Trust classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Trust classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The Trust's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Trust includes in this category short-term non-financing receivables including cash and cash equivalents, amounts due from brokers, interest receivable and dividend receivable.

Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at FVPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Trust includes in this category:

- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Classification (continued)

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. The Trust includes in this category, derivative contracts in a liability position since they are classified as held for trading. The Trust also includes its redeemable shares in this category and the Trust's accounting policy regarding the redeemable participating shares is described below.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at FVPL. The Trust includes in this category management fee payable, trustee fee payable, redemption payable, subscription in advance, amount due to brokers and other payables.

(ii) Recognition

The Trust recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the financial asset.

(iii) Initial measurement

Financial assets at FVPL are initially recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Trust measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets at FVPL in the statement of profit or loss and other comprehensive income. Interests and dividends earned or paid on these instruments are recorded separately in 'interest income' and 'dividend income' in the profit or loss.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Subsequent measurement (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Trust of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either.

- the Trust has transferred substantially all the risks and rewards of the asset, or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Trust's continuing involvement in the asset. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

The Trust derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Determination of fair value

The Trust measures its investments classified as financial assets at fair value through profit or loss, such as equities and bonds, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Trust.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Determination of fair value (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted prices or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, such as, recent arm's length market transactions, quotes from brokers and market makers, deemed to be appropriate in the circumstances.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

Impairment of financial assets

The Trust holds only receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Trust does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Trust's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Trust uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Functional and presentation currency

The Trust's functional currency is HKD, which is the currency of the primary economic environment in which it operates. The Trust's performance is evaluated and its liquidity is managed in HKD. Therefore, the HKD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Trust's presentation currency is also HKD.

Foreign currency transactions

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss as part of the 'net gains or losses on financial assets at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss as 'foreign exchange difference, net'.

Net asset value attributable to unitholders

The Trust issues redeemable units, namely HKD Class and USD Class 2, which were redeemable at the unitholder's option and were classified as financial liabilities for the year ended 31 December 2022. As at 31 December 2023, USD Class A 2 units were fully redeemed and only HKD Class units were issued and were classified as equity.

Redeemable units are subscribed and redeemed during the Hong Kong business days of each calendar month or such other day or days determined by the Manager, in consultation with the Trustee, may determine from time to time for cash equal to a proportionate share of the Trust's net assets attributable to unitholders of the relevant classes. The Manager is entitled, with the approval of the Trustee, to limit the number of redeemable units of the Trust redeemed on any business day to 10% of the total number of redeemable units of the Trust in issue.

Redeemable units are issued and redeemed at the unitholder's option at prices based on the Trust's net assets attributable to unitholders per unit at the time of issue or redemption. The Trust's net assets attributable to unitholders per unit is calculated by dividing the net assets attributable to unitholders by the number of units in issue.

The Trust initially had only one class of redeemable shares (HKD Class) outstanding which met the conditions to be classified as equity. During the year ended 31 December 2022, USD Class 1 and USD Class 2 which are subject to different fee structures have been issued. Therefore, the Trust's redeemable units did not meet the definition of puttable instruments classified as equity instruments under the revised HKAS 32 and were then classified as financial liabilities. The financial liabilities created from the reclassification of the HKD Class are measured at the date of reclassification. Thus, HKD Class and USD Class 2 are classified as liabilities in the financial statements.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Redeemable participating shares

Redeemable units are classified as an equity instrument when:

- (a) the redeemable units entitle the holder to a pro-rata share of the Sub-Fund's net assets in the event of the Trust's liquidation;
- (b) the redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- (c) all redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (d) the redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Trust's net assets; or
- (e) the total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Trust must have no other financial instrument or contract that has:

- (a) the total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Trust; and
- (b) the effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Trust continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Trust will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of redeemable units, the consideration received is included in equity. Transaction costs incurred by the Trust in issuing or its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Distributions to unitholders

Distributions are at the discretion of the Trust. A dividend distribution to the Trust's unitholders is accounted for as a deduction from net assets attributable to unitholders. No distribution was proposed or paid out during the current period.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank s, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Trust's cash management.

Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Net gains or losses on financial assets and financial liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and financial liabilities at fair value through profit or loss and excludes interest income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount or cash payments.

Related parties

A party is considered to be related to the Trust if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Trust;
 - (ii) has significant influence over the Trust; or
 - (iii) is a member of the key management personnel of the Trust or of a parent of the Trust;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Trust are members of the same Trust;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Trust are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Trust or an entity related to the Trust;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a Trust of which it is a part, provides key management personnel services to the Trust or to the parent of the Trust.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Taxes

In some jurisdiction, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Trust presents the withholding tax separately from the gross investment income in the statement of profit or loss and other comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

As at 31 December 2023, there are no significant judgements and estimates involved in the preparation of the financial statements.

4. FEES

Management fee

The Manager is entitled to receive a management fee from the Trust, at a rate of 0.8% per annum for each of HKD Class, USD Class 1 and USD Class 2 with respect to the net asset value of the Trust which were calculated and accrued on a daily basis.

Performance fee

The Manager is entitled to receive a performance fee from the Trust, at a rate of 10% per annum for each of HKD Class, USD Class 1 and USD Class 2 with respect to the net asset value in excess of the high water mark of the Trust which was calculated and accrued on a daily basis.

Trustee fee

The Trustee is entitled to receive a trustee fee from the Trust, at a rate of 0.4% per annum for each of HKD Class and USD Class 1, and at a rate of 0.35% per annum for each of USD Class 2 with respect to the net asset value of the Trust which were calculated and accrued on a daily basis.

Custodian fee

The Custodian is entitled to receive custodian fee from the Trust, at a rate of 0.15% per annum for each of HKD Class, USD Class 1 and USD Class 2 with respect to the net asset value of the Trust which were calculated and accrued on a daily basis. The Custodian is also entitled to reimbursement for any out-of-pocket expenses or third-party charges incurred in the course of its duties.

Effective from 1 January 2018, the Trustee, in its own corporate capacity, agreed to pay the custodian fee on behalf of the Trust. The agreement remains effective up to 31 December 2023.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HKD	2022 HKD
Financial assets		
- listed equity securities	442,808,385	293,123,775
- listed debt securities	<u>2,935,462,759</u>	<u>3,269,542,153</u>
Total financial assets at fair value through profit or loss	<u>3,378,271,144</u>	<u>3,562,665,928</u>

	2023 HKD	2022 HKD
Financial liabilities		
- listed futures	<u>2,182,653</u>	-
Total financial liabilities at fair value through profit or loss	<u>2,182,653</u>	-

Net gains or losses on financial assets and financial liabilities at fair value through profit or loss.

	2023 HKD	2022 HKD
Held for trading		
- realised losses	(128,835,624)	(231,077,649)
- change in unrealised gains/(losses)	<u>149,447,860</u>	<u>(182,524,288)</u>
Total net gains/(losses) on financial assets and liabilities at fair value through profit or loss	<u>20,612,236</u>	<u>(413,601,937)</u>

The fair value of financial assets and financial liabilities traded in active markets is based on quoted market prices at the close of trading on the period end date. The fair value of financial assets and financial liabilities not traded in active markets is based on broker quotes at the close of trading on the period end date.

The Trust utilises the last traded market price for financial assets and financial liabilities where the last traded prices fall within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
31 December 2023				
Financial assets:				
Equity securities	442,808,385	-	-	442,808,385
Debt securities	<u>685,758,538</u>	<u>2,249,704,221</u>	-	<u>2,935,462,759</u>
	<u>1,128,566,923</u>	<u>2,249,704,221</u>	-	<u>3,378,271,144</u>
Financial liabilities:				
Listed futures	<u>2,182,653</u>	-	-	2,182,653
	<u>2,182,653</u>	-	-	<u>2,182,653</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
31 December 2022				
Financial assets:				
Equity securities	293,123,775	-	-	293,123,775
Debt securities	91,131,840	3,178,410,313	-	3,269,542,153
	<u>384,255,615</u>	<u>3,178,410,313</u>	<u>-</u>	<u>3,562,665,928</u>

As at 31 December 2023 and 31 December 2022, the Trust's listed debt securities are classified as level 1 and level 2 while the listed equities and listed futures are classified as level 1.

During the years ended 31 December 2023 and 31 December 2022, there were no transfers between level 1 and level 2 or transfers into or out of level 3.

6. DERIVATIVE CONTRACTS

The Trust uses derivative financial instruments to economically hedge its risks associated primarily with interest rate and foreign currency fluctuations. Derivative financial instruments may also be used for trading purposes where the Manager believes this would be more effective than investing directly in the underlying financial instruments. The derivative contract that the Trust holds includes future contracts.

Futures contracts

Futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements. The credit risk related to future contracts is considered minimal because the exchange ensures that these contracts are always honoured. As at 31 December 2023, there were 650 future contracts held by the Trust in short position (2022: Nil).

The following derivative contracts were unsettled as at 31 December 2023.

Type of contract	Initial margin requirement per contract HKD	Expiration	Notional amount HKD	Fair value HKD
Future contracts				
US 2YR NOTE (CBT) Mar24	9,881	1 March 2024	1,045,523,501	(2,182,653)
Total				<u>(2,182,653)</u>

7. OTHER INCOME

Other income includes consent fee receipts and other miscellaneous income recognised during the year.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

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8. INCOME TAX

Hong Kong Tax

No provision for Hong Kong profits tax has been made as the Trust is authorised as collective investment schemes under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from Hong Kong profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PRC Tax

Under PRC laws and regulations, foreign investors (such as the Trust) may be subject to a 10% withholding tax on income (such as dividend/interest and capital gains) imposed on securities issued by PRC tax resident enterprises.

Capital Gains Tax

On 14 November 2014, Ministry of Finance of the PRC ("MOF"), State Taxation Administration of the PRC ("STA") and CSRC jointly issued Caishui [2014] 79 "the Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII" ("Circular 79") to clarify the PRC Withholding Income Tax ("WHT") treatment with respect to gains derived by the Trust from the trading of equity investments.

The PRC income tax treatment should be governed by the general tax provisions of the Corporate Income Tax Law, which stipulates a 10% tax on a withholding basis for capital gains derived on disposal of PRC securities. Therefore, in light of the Circular 79, the Trust has elected to withhold a 10% tax provision on capital gains realised on the PRC equity securities derived on or before 17 November 2014.

The Notice also states that RQFIIs without an establishment or a place of business in the PRC will be temporarily exempt from corporate income tax on gains derived from the trading of PRC securities effective from 17 November 2014. Based on the current interpretation of the STA and the local tax authorities, gains derived by foreign investors (including the Trust) from investment in PRC debt securities should not be treated as PRC sourced income thus should not be subject to PRC WHT. The Trust therefore did not accrue any PRC WHT provisions related to the capital gains on disposal of PRC debt securities.

During the year, the Trust had not made any provision for PRC WHT on capital gain derived from disposal of PRC equity securities before 17 November 2014 and no settlement was made.

Distribution Tax

PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. As such, the RQFII will pass on this tax liability to the Trust in the form of a distribution tax and therefore, the Trust is subject to a distribution tax of 10%.

According to Circular Caishui [2018] 108 ("Circular 108"), foreign institutional investors are temporarily exempt from PRC WHT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. On 27 October 2021, the PRC State Council meeting has announced the extension of the exemption policy under Circular 108 till the end of the 14th Five-Year Plan, which is the end of 2025. Since 7 November 2018, no provision for PRC withholding income tax on the interest income derived from the PRC debt securities has been made.

There was HKD597,889 distribution tax arising from dividend income and bank deposit interest for the year ended 31 December 2023 (2022: HKD285,125).

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

8. INCOME TAX (continued)

Value-Added Tax

According to Circular Caishui [2016] 36 ("Circular 36"), interest income received from investment in non-government bonds is subject to PRC Value-Added Tax ("VAT") at 6% from 1 May 2016 onwards. If the investors are non-PRC residents, the PRC VAT should technically be withheld by PRC bond issuers, unless the PRC authorities would clarify otherwise. Circular 36 does not mention whether asset management products should be subject to VAT. Then Circular Caishui [2016] 140 ("Circular 140") is issued to stipulate that asset managers are the VAT payers with respect to taxable income derived by asset management products since 1 May 2016. Shortly after, Circular Caishui [2017] 2 is issued to clarify that PRC VAT is only applicable to the taxable income derived by asset management products on or after 1 July 2017. The State Administration of Taxation is working on the implementation rule for the VAT collection in relation to asset management products.

There is lack of clarification under the above circulars on whether PRC VAT shall apply to non-government bond interest received by offshore asset management products on or after 1 May 2016 or 1 July 2017. Where there is PRC VAT payable, local surcharges shall be imposed at the rate up to 12% of VAT payable. Currently, in practice, PRC bond issuers have not withheld PRC VAT and local surcharges when paying non-government bond interest to offshore asset management products.

According to Circular 108, foreign institutional investors are temporarily exempt from PRC VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. On 27 October 2021, the PRC State Council meeting has announced the extension of the exemption policy under Circular 108 till the end of the 14th Five-Year Plan, which is the end of 2025. There is no provision made for PRC VAT on the interest income derived from the PRC debt securities since 7 November 2018.

9. AMOUNTS DUE FROM/TO BROKERS

	2023 HKD	2022 HKD
Amounts due from brokers		
- Cash held by brokers	<u>49,946,493</u>	<u>93,034,211</u>
	<u>49,946,493</u>	<u>93,034,211</u>
Amounts due to brokers		
- Payables for securities purchased but not yet settled	<u>606,300</u>	<u>7,042,504</u>
	<u>606,300</u>	<u>7,042,504</u>

As at 31 December 2023 and 2022, the balances were bearing interests at prevailing rate and repayable on demand.

10. CASH AND CASH EQUIVALENTS

The balances represent cash held with Bank of China (Hong Kong), a creditworthy bank with no recent history of default. The bank balances are interest-bearing.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. UNITS IN ISSUE

As at 31 December 2023, the Trust has issued one class of unit in issue (2022: two). The unit can be issued and redeemed on each valuation day, i.e. every business day of the calendar year. The holders of unit may redeem the units on any valuation day by no later than the dealing deadline, i.e. no later than the 5:00 p.m. (Hong Kong time) of the business day of the calendar year. Redemption requests received after such time will be deemed to have been received on the next business day.

The calculation of net asset value per unit for HKD Class is based on the total net assets attributable to holders of redeemable units of HKD3,478,730,765 (2022: HKD3,755,633,787) and the total number of 285,805,799 (2022:318,339,848) redeemable units in issue at the end of the reporting period.

The calculation of net asset value per unit for USD Class 2 was based on the total net assets attributable to holders of redeemable units of HKD34,107,246 and the total number of 500,000 redeemable units in issue at the end of 31 December 2022.

The number of units in issue of the Trust is classified as equity. All issued redeemable units are fully paid.

	Number of Units	
	USD Class 2	HKD Class
2023		
At beginning of the year	500,000	318,339,848
Issued during the year		21,123,136
Redeemed during the year	(500,000)	(53,657,185)
At the end of the year	<u>-</u>	<u>285,805,799</u>
	Number of Units	
	USD Class 2	HKD Class
2022		
At beginning of the year	500,000	346,009,412
Issued during the year	-	44,417,368
Redeemed during the year	-	(72,086,932)
At the end of the year	<u>500,000</u>	<u>318,339,848</u>

Capital management

The Trust's objectives for managing capital are to invest the capital in investments in order to achieve its investment objective while maintaining sufficient liquidity to meet the expenses of the Trust, and to meet redemption requests as they arise.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

12. SHARE CAPITAL

During the year ended 31 December 2022, HKD Class and USD Class 2 units, which were subject to different fee structures, were in issue. These units didn't meet the condition that the financial instruments have identical features under IAS32, and therefore were classified as financial liability.

During the year ended 31 December 2023, USD Class 2 units were fully redeemed, and thus only HKD Class units were in issue. The Trust concluded that these units had identical features and met all the conditions for classification as equity instruments. Therefore, the Trust had prospectively reclassified the redeemable units as equity. The reclassification was deemed to have occurred at the beginning of the reporting period, and thus amount reclassified was the entire financial liabilities balance which was determined to be the fair value of the equity to unitholders at the date of the reclassification.

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES

Investment in the Trust is subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The performance of the Trust will be affected by a number of risk factors, including the following:

Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and indirectly observable variables such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation, etc., which may have significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net asset value of redeemable units of the Trust.

The maximum risk resulting from financial instruments equals their fair value.

The Trust assumes market risk in trading activities. The Trust distinguishes market risk as price risk, interest rate risk, and foreign exchange risk.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Market risk (continued)

Price risk

The Trust's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the sensitivity of the Trust's net assets value to equity price movements and the overall market exposures of the Trust. For the years ended 31 December 2023 and 2022, the analysis is based on the assumptions that the Hang Seng Index increased/decreased by 5%, with all other variables held constant. The analysis is also based on the assumption that the underlying debt securities in collective investment scheme increased/decreased by 5%, with all other variables held constant. The Trust is not directly correlated with any Asian market indices. The indices should be used only for guidance and performance comparison purposes. The Manager does not manage market price risk to any market index.

	Carrying value of financial instruments at fair value through profit or loss HKD	% of net assets %	Hang Seng Index percentage change % +/-	Estimated possible change in net asset value HKD +/-
<u>Equity securities</u>				
As at 31 December 2023	442,808,385	12.73%	5%	22,140,419
As at 31 December 2022	293,123,775	7.7%	5%	14,656,189
	Carrying value of financial instruments at fair value through profit or loss HKD	% of net assets %	Shift in underlying securities % +/-	Estimated possible change in net asset value HKD +/-
<u>Debt securities</u>				
As at 31 December 2023	2,596,976,837	74.65%	5%	129,848,842
As at 31 December 2022	3,016,678,367	79.60%	5%	150,833,918

Interest rate risk

The Trust also has interest-bearing bank deposits which the interest rates movement will not have significant cash flow impact on the net asset value and therefore no sensitivity analysis on bank deposit is presented.

As the Trust has invested in debt securities whose values are driven significantly by changes in interest rates, the Trust is subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition and monitor changes in interest rates outlook to control the impact of interest rate risk.

The majority of interest rate exposure arises on investments in debt securities. Most of the Trust's investments in debt securities carry fixed interest rates and mature within an average of 1 to 5 years.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Market risk (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity of the Trust's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Change in basis points	Sensitivity of change in fair value of investments (decrease)/increase HKD
As at 31 December 2023		
- Debt securities	+25/-25	3,852,027/(3,852,027)
As at 31 December 2022		
- Debt securities	+25/-25	1,669,836/(1,669,836)

These exposures are not actively managed as the management considers the Trust's exposure to interest rate risk is minimal.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Trust holds assets and liabilities mainly denominated in HKD and United States dollars ("USD") while HKD is the functional currency of the Trust. USD is pegged with HKD and hence, the Manager considers the Trust is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash and resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Trust.

The Trust is exposed to liquidity risk through its investments, including listed equities, bonds and futures. The Trust restricts its concentration risk by its investment restriction policy as per its Explanatory Memorandum.

The price at which the fixed income securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spreads of the price of fixed income securities in which the Trust invests may be large, and hence, the Trust may incur significant trading and realisation costs and losses may be suffered.

When the Trust is not able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other uncontrollable factors, the Trust may be forced to sell investments, at an unfavourable time and/or conditions.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Trust can be required to pay.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

Financial assets

Analysis of debt securities at fair value through profit or loss into maturity groups is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groups is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

The following table summarises the maturity profile of the Trust's financial liabilities based on contractual undiscounted cash flows. Balances due within 1 year equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Trust's financial assets in order to provide a complete view of the Trust's contractual commitments and liquidity.

	On demand HKD	Within 1 month HKD	1 month to 1 year HKD	Total HKD
As at 31 December 2023				
<u>Financial assets</u>				
Cash and cash equivalents	28,497,137	-	-	28,497,137
Amounts due from brokers	49,946,493	-	-	49,946,493
Dividend receivable	-	-	382,321	382,321
Interest receivable	-	-	32,516,132	32,516,132
Financial assets at FVPL	-	-	3,378,271,144	3,378,271,144
Total financial assets	<u>78,443,630</u>	<u>-</u>	<u>3,411,169,597</u>	<u>3,489,613,227</u>
<u>Financial liabilities</u>				
Management fee payable	-	2,200,164	-	2,200,164
Trustee fee payable	-	1,100,082	-	1,100,082
Redemption payable	-	4,428,836	-	4,428,836
Subscription in advance	-	86,551	-	86,551
Other payables	-	-	277,876	277,876
Amount due to broker	606,300	-	-	606,300
Financial liabilities at FVPL	-	-	2,182,653	2,182,653
Total financial liabilities	<u>606,300</u>	<u>7,815,633</u>	<u>2,460,529</u>	<u>10,882,462</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

Financial assets (continued)

	On demand HKD	Within 1 month HKD	1 month to 1 year HKD	Total HKD
As at 31 December 2022				
<u>Financial assets</u>				
Cash and cash equivalents	116,757,447	-	-	116,757,447
Amounts due from brokers	93,034,211	-	-	93,034,211
Dividend receivable	-	-	52,813	52,813
Interest receivable	-	-	29,657,360	29,657,360
Financial assets at FVPL	-	-	3,562,665,928	3,562,665,928
Total financial assets	<u>209,791,658</u>	<u>-</u>	<u>3,592,376,101</u>	<u>3,802,167,759</u>
<u>Financial liabilities</u>				
Management fee payable	-	2,520,163	-	2,520,163
Trustee fee payable	-	1,258,708	-	1,258,708
Redemption payable	-	1,326,212	-	1,326,212
Subscription in advance	-	185,445	-	185,445
Other payables	-	-	93,694	93,694
Amount due to broker	7,042,504	-	-	7,042,504
Net assets attributable to unitholders*	<u>3,789,741,033</u>	<u>-</u>	<u>-</u>	<u>3,789,741,033</u>
Total financial liabilities	<u>3,796,783,537</u>	<u>5,290,528</u>	<u>93,694</u>	<u>3,802,167,759</u>

* Subject to redemption policy described in the explanatory memorandum of the Trust and note 11 to the financial statements.

Credit and counterparty risk

The Trust is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Trust invests in a diversified portfolio of debt securities issued by issuers with wide range of credit ratings. If the issuer of any of the debt securities in which the Trust invested defaults, the performance of the Trust will be adversely affected. The credit ratings are reviewed regularly by the Manager.

The Trust's financial assets subject to the expected credit loss model (ECL) within HKFRS 9 are interest receivable, amounts due from brokers and cash and cash equivalents. At 31 December 2023, the total of interest receivable, dividend receivable, amounts due from brokers and cash and cash equivalents are HKD111,342,083 (2022: HKD239,501,831) on which no impairment allowance (2022: Nil) had been provided.

The Trust is exposed to credit risk on debt securities. These classes of financial assets are not subject to HKFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets represents the Trust's maximum exposure to credit risk on financial instruments not subject to the HKFRS 9 impairment requirements on the respective reporting dates.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit and counterparty risk (continued)

The Trust's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank balances and investments held with the Custodian. The exposures and credit rating from Standard & Poor's ("S&P") are summarised below while certain numbers of the investments are not rated by S&P:

As at 31 December 2023

<u>Bank</u>	Credit rating	HKD	Source of credit rating
Bank of China (Hong Kong)	A+	28,497,137	S&P
<u>Custodian</u>	Credit rating	HKD	% of Net assets
Bank of China (Hong Kong)			
Listed bonds denominated in USD	AA+	78,479,328	2.26%
	AA	66,933,226	1.92%
	AA-	68,027,963	1.96%
	A+	287,819,158	8.27%
	A	42,441,692	1.22%
	A-	365,911,231	10.52%
	BBB+	514,262,730	14.78%
	BBB	152,523,391	4.38%
	BBB-	135,493,541	3.89%
	BB+	2,407,215	0.07%
	BB	40,379,362	1.16%
	B+	18,083,818	0.52%
	No rating	1,088,726,677	31.30%
		<u>2,861,489,332</u>	<u>82.25%</u>
Listed bonds denominated in EUR	BBB-	13,773,627	0.40%
		<u>13,773,627</u>	<u>0.40%</u>
Listed bonds denominated in HKD	AA+	19,990,800	1.16%
	No rating	40,209,000	0.57%
		<u>60,199,800</u>	<u>1.73%</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit and counterparty risk (continued)

As at 31 December 2022

<u>Bank</u>	Credit rating	HKD	Source of credit rating
Bank of China (Hong Kong)	A+	116,757,447	S&P
<u>Custodian</u>	Credit rating	HKD	% of Net assets
Bank of China (Hong Kong)			
Listed bonds denominated in USD	AAA	973,758,533	25.69%
	AA+	21,289,942	0.56%
	AA	34,527,211	0.91%
	AA-	55,346,735	1.46%
	A+	142,397,627	3.76%
	A	99,930,278	2.64%
	A-	468,038,048	12.35%
	BBB+	595,489,947	15.71%
	BBB	140,456,683	3.71%
	BBB-	107,569,381	2.84%
	BB+	87,957,445	2.32%
	BB	5,617,152	0.15%
	BB-	21,425,503	0.57%
	B+	30,368,430	0.80%
	No rating	393,096,077	10.37%
		<u>3,177,268,993</u>	<u>83.84%</u>
Listed bonds denominated in CNY	A+	<u>20,367,256</u>	<u>0.54%</u>
Listed bonds denominated in EUR	BBB	8,009,840	0.21%
	No rating	9,801,482	0.26%
		<u>17,811,322</u>	<u>0.47%</u>
Listed bonds denominated in HKD	A	10,703,600	0.28%
	No rating	34,166,520	0.90%
		<u>44,870,120</u>	<u>1.18%</u>
Listed bonds denominated in SGD	BB-	<u>9,224,462</u>	<u>0.24%</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

14. TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Trust and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Trust does not have any other transactions with connected persons except for what is disclosed in Note 4 except for custodian fee to the financial statements and below.

Holding in the Trust

As of 31 December 2023, the China Life Trustees Limited, Trustee of the Trust, holds 28,205,304 (2022: 28,205,304 units) HKD Class of the Trust on behalf of the trust funds that appointed China Life Trustees Limited as their Trustee. The beneficial owners of the units are the trust funds which are wholly owned by China Life Insurance (Overseas) Company Limited, a fellow subsidiary of the Manager.

As of 31 December 2023, China Life Insurance (Overseas) Company Limited, a fellow subsidiary of the Manager, holds 257,600,495 (2022: 290,134,544 units) HKD Class of the Trust.

The following table summarises the movement of the relevant holding during the year:

	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2023
<u>2023</u>			
China Life Trustees Limited	-	-	28,205,304
China Life Insurance (Overseas) Company Limited	21,123,136	(53,657,185)	257,600,495
	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2023
<u>2022</u>			
China Life Trustees Limited	-	-	28,205,304
China Life Insurance (Overseas) Company Limited	44,417,368	(67,551,507)	290,134,544
China Life Franklin Asset Management	-	(4,535,425)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

15. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Trust and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Trust and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Neither the Manager nor any of its connected persons has entered into any soft commission arrangements with brokers or dealers in respect of the transactions for the account of the Trust during the year (2022: Nil).

16. DISTRIBUTION TO UNITHOLDERS

There was no declared distribution for the years ended 31 December 2023 and 31 December 2022.

The Manager has discretion as to whether or not to make any distribution, the frequency of distribution and the amount of distribution. The Manager currently intends not to make any distribution for the Trust. It is the current intention of the Manager that income earned by the Trust will be reinvested in the Trust and reflected in the increased value of units.

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to period end date and up to the date of the financial statements, 6,713,500 units for HK Class in a total amount of HKD80,965,197 were subscribed to the Trust, while 16,746,374 units for HK Class in a total amount of HKD201,569,580 were redeemed from the Trust.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on [date] 2024.

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

Listed Debt Securities	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD				
<i>Hong Kong</i>				
BCHINA 0.75 02/04/24 EMTN	-	400,000	(400,000)	-
AIA 3.2 09/16/40 REGS	-	1,703,000	-	1,703,000
AIA 5.625 10/25/27 REGS	-	6,000,000	(3,000,000)	3,000,000
AIA 4.95 04/04/33 REGS	-	6,000,000	(3,000,000)	3,000,000
TENCNT 3.595 01/19/28 REGS	-	4,000,000	(3,000,000)	1,000,000
TENCNT 2.39 06/03/30 REGS	-	4,000,000	(1,000,000)	3,000,000
MEITUA 3.05 10/28/30 REGS	-	14,500,000	(14,500,000)	-
SINOCH 6.3 11/12/40 REGS	-	250,000	(250,000)	-
HKAA 3.25 01/12/52 REGS	-	1,000,000	-	1,000,000
HKAA 4.75 01/12/28 REGS	-	8,800,000	(8,800,000)	-
HKAA 4.875 01/12/33 REGS	-	6,000,000	-	6,000,000
HKAA 4.875 01/12/26 REGS	-	4,000,000	(4,000,000)	-
XIAOMI 3.375 04/29/30 REGS	-	1,800,000	(1,800,000)	-
XIAOMI 2.875 07/14/31 REGS	-	3,616,000	(3,616,000)	-
CHIOLI 5.375 10/29/23	9,200,000	2,600,000	(11,800,000)	-
CHIOLI 6.375 10/29/43	-	2,000,000	-	2,000,000
COFCHK 4.625 11/12/23	-	500,000	(500,000)	-
CHIOLI 5.95 05/08/24	2,500,000	200,000	-	2,700,000
CMHI 4.75 08/03/25	1,180,000	-	(1,180,000)	-
HRINTH 5 11/19/25	-	2,700,000	(2,700,000)	-
HRAM 4.875 11/22/26 EMTn	-	700,000	(700,000)	-
GENTMK 4.25 01/24/27	-	3,000,000	-	3,000,000
HRAM 4.75 04/27/27	2,630,000	-	(2,630,000)	-
CHJMAO V4 PERP	5,500,000	-	(5,500,000)	-
CKINF 4.85 PERP	-	400,000	(400,000)	-
CHJMAO V4.875 PERP	1,000,000	2,000,000	(3,000,000)	-
HRAM 4.25 11/07/27 EMTN	5,098,000	500,000	(5,098,000)	500,000
VNKRLE 3.975 11/09/27 EMTN	1,521,000	700,000	(2,221,000)	-
FWDINS V5.5 PERP	4,746,000	-	(1,800,000)	2,946,000
POLYRE 3.95 02/05/23	2,950,000	200,000	(3,150,000)	-
CCAMCL 4.375 02/08/25 EMTN	500,000	-	(500,000)	-
YUEXIU 5.375 10/19/23 EMTN	10,250,000	-	(10,250,000)	-
CHMEDA 4.25 08/07/23	-	2,368,000	(2,368,000)	-
POLYRE 4.75 09/17/23	7,200,000	-	(7,200,000)	-
SHCMBK V5 01/17/29	1,000,000	-	(1,000,000)	-
VNKRLE 4.2 06/07/24 EMTN	-	2,000,000	(2,000,000)	-
POLYRE 3.875 03/25/24	2,000,000	-	(2,000,000)	-
HUADIA V4 PERP	-	3,000,000	-	3,000,000
HRINTH 3.75 05/29/24 EMTN	-	2,600,000	-	2,600,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Hong Kong</i> (continued)				
HRINTH 4.5 05/29/29 EMTN	-	1,000,000	(1,000,000)	-
CHPWCN V4.3 PERP EMTN	-	2,093,000	-	2,093,000
CHJMAO 4 06/21/24	-	500,000	-	500,000
RLCONS V3.97 PERP	-	3,000,000	-	3,000,000
NWDEVL 4.125 07/18/29	-	2,000,000	(2,000,000)	-
CHJMAO 4.25 07/23/29	-	1,000,000	(500,000)	500,000
HRINTH 3.875 11/13/29 EMTN	-	1,300,000	(1,300,000)	-
VNKRLE 3.5 11/12/29 EMTN	-	500,000	(500,000)	-
CRHZCH V3.75 PERP EMTN	3,000,000	-	(3,000,000)	-
CHALUM V5 PERP	3,900,000	-	(3,900,000)	-
BOSINT 1 12/17/24	-	500,000	(500,000)	-
FRESHK 3.375 02/18/25 EMTN	-	1,000,000	-	1,000,000
HYSAN V4.1 PERP	-	2,000,000	(2,000,000)	-
YZCOAL 3.5 11/04/23	-	1,000,000	(1,000,000)	-
NWDEVL V5.25 PERP	-	1,800,000	(1,800,000)	-
BCLMHK 1.75 07/14/23 EMTN	-	700,000	(700,000)	-
CITICS 1.75 06/03/23 EMTN	-	820,000	(820,000)	-
CNPCCH 1.125 06/23/23	-	3,000,000	(3,000,000)	-
CNBG V3.875 PERP	-	3,000,000	(3,000,000)	-
GRNCH 5.65 07/13/25	-	300,000	(300,000)	-
BOCOM F 07/20/23 EMTN	-	1,500,000	(1,500,000)	-
ICBCAS 1 07/20/23 GMTN	-	900,000	(900,000)	-
CHJMAO 3.2 04/09/26	-	4,917,000	(4,917,000)	-
CDBFLC V2.875 09/28/30	-	2,000,000	(1,000,000)	1,000,000
HYSAN 4.85 PERP	-	1,200,000	(1,200,000)	-
HRINTH 2.125 09/30/23 EMTN	-	3,834,000	(3,834,000)	-
CMHI V3.5 PERP	-	6,000,000	(6,000,000)	-
SINOCH V3 PERP EMTN	-	1,280,000	(1,280,000)	-
HKAA V2.4 PERP	-	1,000,000	-	1,000,000
XIAOMI 0 12/17/27	1,000,000	1,000,000	(2,000,000)	-
YUEXIU 3.8 01/20/31 EMTN	1,000,000	-	(1,000,000)	-
YUEXIU 2.8 01/20/26 EMTN	349,000	-	(349,000)	-
CCAMCL 3 01/20/31 EMTN	-	7,500,000	(6,500,000)	1,000,000
COGO 2.45 02/09/26	-	2,500,000	(2,500,000)	-
FRESHK 2.625 03/03/24 EMTN	-	2,500,000	-	2,500,000
CHMETL V2.95 PERP	-	3,000,000	(700,000)	2,300,000
AIA V2.7 PERP GMTN	-	1,200,000	(1,200,000)	-
MEITUA 0 04/27/27	2,000,000	-	(2,000,000)	-
MEITUA 0 04/27/28	-	3,000,000	(3,000,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Hong Kong</i> (continued)				
CATHAY 4.875 08/17/26 EMTN	1,800,000	1,400,000	-	3,200,000
GEMDAL 4.95 08/12/24 EMTN	-	1,100,000	(1,100,000)	-
MINMET 4.95 07/22/26	1,040,000	-	(1,040,000)	-
CKINF 4 PERP	-	2,000,000	(2,000,000)	-
FRESHK 4.25 10/26/26 EMTN	-	1,000,000	(1,000,000)	-
CCAMCL V4.4 PERP .	-	1,800,000	-	1,800,000
BCHINA 1.625 02/16/24 EMTN	-	450,000	(450,000)	-
LENOVO 2.5 08/26/29	-	5,500,000	(5,500,000)	-
SUNOTG 5.95 07/17/26	-	5,000,000	(5,000,000)	-
CICCHK 5.493 03/01/26 EMTN	-	1,600,000	-	1,600,000
BNKEA V6.75 03/15/27 EMTN	-	2,250,000	(2,250,000)	-
CCAMCL 5.75 02/07/27 EMTN	-	3,270,000	(3,270,000)	-
CINDBK V6 12/05/33 EMTN	-	4,100,000	(4,100,000)	-
HKMTGC 4.875 09/13/28 EMTN	-	4,240,000	(4,240,000)	-
DAHSIN V7.375 11/15/33 EMTN	-	3,630,000	(3,630,000)	-
MALAYS 3.075 04/28/51 REGS	3,000,000	-	-	3,000,000
YUEXIU 4.5 01/24/23	3,710,000	-	(3,710,000)	-
CRHZCH 6 02/27/24 EMTN	2,700,000	-	-	2,700,000
SHENGY 3.875 01/20/25	1,000,000	-	-	1,000,000
COSL 4.5 07/30/25 EMTN	4,000,000	-	-	4,000,000
CHGDNU 4 11/05/25	3,561,000	-	-	3,561,000
MINMET 4.2 07/27/26	5,409,000	-	-	5,409,000
CMHI 5 08/06/28	4,000,000	-	-	4,000,000
CRHZCH 3.75 08/26/24 EMTN	464,000	-	-	464,000
CNBG 3.375 07/16/24	1,000,000	-	-	1,000,000
CHMEDA 3 07/18/24	3,600,000	-	-	3,600,000
CSSSHI 2.5 02/13/25	3,000,000	-	-	3,000,000
HRINTH 2.5 02/24/23 EMTN	500,000	-	(500,000)	-
HRINTH F 02/24/23 EMTN	2,100,000	-	(2,100,000)	-
CHIOLI 2.375 03/02/25 EMTN	3,200,000	-	-	3,200,000
SHPORT 2.375 07/13/30	2,200,000	-	-	2,200,000
CHITRA 2.95 03/01/27	4,700,000	-	-	4,700,000
CHALUM 2.95 02/24/27	9,000,000	-	-	9,000,000
CITLTD 2.875 02/17/27 EMTN	4,300,000	-	-	4,300,000
CHGRID 3.125 04/07/25	5,000,000	-	-	5,000,000
CMHI 4 06/01/27	12,000,000	-	-	12,000,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Singapore</i>				
INDON 3.5 01/11/28	-	3,000,000	(3,000,000)	-
INDON 4.75 02/11/29	-	3,000,000	(3,000,000)	-
INDON 3.5 02/14/50	-	500,000	-	500,000
INDON 3.55 03/31/32	-	5,500,000	(2,000,000)	3,500,000
INDON 4.3 03/31/52	-	3,000,000	(1,000,000)	2,000,000
INDON 4.65 09/20/32	-	3,000,000	(3,000,000)	-
INDON 5.45 09/20/52	-	3,000,000	(3,000,000)	-
INDON 4.85 01/11/33	-	2,500,000	(2,500,000)	-
INDON 5.65 01/11/53	-	1,000,000	(1,000,000)	-
KDB 4.375 02/15/28	-	2,000,000	(2,000,000)	-
KDB 4.375 02/15/33	-	2,470,000	(2,470,000)	-
KOROIL 4.875 04/03/28 REGS	-	1,400,000	-	1,400,000
KOROIL 4.75 04/03/26 REGS	-	1,750,000	(1,750,000)	-
BOCAVI 4.875 05/03/33 REGS	-	3,000,000	(3,000,000)	-
BOCAVI 5.75 11/09/28 REGS	-	3,290,000	(3,290,000)	-
PERTIJ 6.45 05/30/44 REGS	-	7,300,000	(7,300,000)	-
PERTIJ 4.7 07/30/49 REGS	-	1,500,000	-	1,500,000
PERTIJ 3.1 01/21/30 REGS	-	1,500,000	(1,500,000)	-
PERTIJ 3.1 08/27/30 REGS	-	1,040,000	(1,040,000)	-
PLNIJ 5.375 01/25/29 REGS	-	2,000,000	(2,000,000)	-
PLNIJ 4.875 07/17/49 REGS	-	1,500,000	-	1,500,000
PLNIJ 4 06/30/50 REGS	-	500,000	-	500,000
POWFIN 3.95 04/23/30 REGS	-	3,000,000	-	3,000,000
SHNHAN 4.5 04/12/28 REGS	-	3,500,000	(3,500,000)	-
TENCNT 3.975 04/11/29 REGS	-	3,000,000	-	3,000,000
UOBSP V3.863 10/07/32 REGS	-	3,000,000	(3,000,000)	-
WOORIB 4.875 01/26/28 REGS	-	3,220,000	-	3,220,000
CKHH 4.75 04/21/28 REGS	-	4,200,000	(4,200,000)	-
CKHH 4.875 04/21/33 REGS	-	4,200,000	(4,200,000)	-
MPEL 5.375 12/04/29 REGS	-	1,800,000	(1,800,000)	-
MPEL 5.75 07/21/28 REGS	-	3,800,000	(3,800,000)	-
STCITY 6.5 01/15/28 REGS	-	2,800,000	(2,800,000)	-
VEDLN 8.95 03/11/25 REGS	-	1,000,000	(1,000,000)	-
MITCO 5 07/05/28 REGS	-	1,500,000	(1,500,000)	-
NIPLIF V2.9 09/16/51 REGS	-	1,000,000	-	1,000,000
SUMITR 5.65 03/09/26 REGS	-	660,000	(660,000)	-
SUMITR 5.5 03/09/28 REGS	-	2,500,000	(2,500,000)	-
MINCAP 5.625 08/10/37 REGS	-	1,500,000	(500,000)	1,000,000
MITHCC 5.807 09/12/28 REGS	-	1,350,000	(1,350,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Singapore</i> (continued)				
RWLVCA 4.625 04/16/29 REGS	-	500,000	(500,000)	-
RWLVCA 4.625 04/06/31 REGS	-	500,000	(500,000)	-
RWLVCA 8.45 07/27/30 REGS	-	300,000	-	300,000
GRENKO 4.875 08/16/23 REGS	2,800,000	-	(2,800,000)	-
GRNKEN 5.55 01/29/25 REGS	-	500,000	-	500,000
GRNKEN 5.95 07/29/26 REGS	-	500,000	-	500,000
VEDLN 13.875 01/21/24 REGS	-	2,500,000	(2,500,000)	-
BBLTB V3.466 09/23/36 REGS	-	3,000,000	(3,000,000)	-
INDON 5.95 01/08/46 REGS	-	600,000	(600,000)	-
INDON 5.25 01/08/47 REGS	-	1,000,000	(500,000)	500,000
GSCCOR 5.375 08/07/28 REGS	-	1,500,000	(1,500,000)	-
INDYIJ 8.25 10/22/25 REGS	-	950,000	(450,000)	500,000
JSTLIN 3.95 04/05/27 REGS	-	500,000	-	500,000
KHFC 4.625 02/24/28 REGS	-	10,800,000	(10,800,000)	-
KHFC 4.625 02/24/33 REGS	-	4,000,000	(4,000,000)	-
LLPLCA 6.875 02/04/39 REGS	-	402,300	-	402,300
MEDCIJ 7.375 05/14/26 REGS	-	500,000	-	500,000
MONGOL 8.65 01/19/28 REGS	-	1,000,000	(1,000,000)	-
ADROIJ 4.25 10/31/24 REGS	500,000	500,000	-	1,000,000
PERTIJ 6 05/03/42 REGS	-	2,000,000	(2,000,000)	-
PERTIJ 5.625 05/20/43 REGS	-	1,408,000	-	1,408,000
PGEIJI 5.15 04/27/28 REGS	-	2,050,000	(2,050,000)	-
IDASAL 5.45 05/15/30 REGS	-	2,417,000	(1,417,000)	1,000,000
IDASAL 5.8 05/15/50 REGS	-	200,000	-	200,000
SHTFIN 4.4 03/13/24 REGS	-	800,000	-	800,000
HYUELE 6.25 01/17/26 REGS	-	3,170,000	(3,170,000)	-
HYUELE 6.375 01/17/28 REGS	-	2,770,000	(2,770,000)	-
HYUELE 6.5 01/17/33 REGS	-	1,830,000	(1,830,000)	-
LPKRIJ 6.75 10/31/26	-	660,000	(660,000)	-
UOBSP V3.875 PERP EMTN	-	3,050,000	(3,050,000)	-
KBANK 3.256 07/12/23 EMTN	-	3,150,000	(3,150,000)	-
LNGFOR 4.5 01/16/28	-	3,000,000	(3,000,000)	-
COGARD 5.125 01/17/25	-	3,300,000	(3,300,000)	-
HAOHUA 4.875 03/14/25	2,000,000	-	(2,000,000)	-
STSP 3.875 08/28/28 EMTN	2,000,000	-	(2,000,000)	-
COGARD 8 01/27/24	-	500,000	(500,000)	-
COGARD 6.5 04/08/24	-	1,000,000	(1,000,000)	-
COGARD 7.25 04/08/26	-	1,800,000	(1,800,000)	-
JSTLIN 5.95 04/18/24	-	1,000,000	-	1,000,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Singapore</i> (continued)				
HAOHUA 3.375 06/19/24	1,300,000	-	(300,000)	1,000,000
POWFIN 4.5 06/18/29	-	3,000,000	-	3,000,000
LNGFOR 3.95 09/16/29	-	1,500,000	(1,500,000)	-
COGARD 6.15 09/17/25	-	4,250,000	(4,250,000)	-
CENCHI 7.9 11/07/23	-	800,000	(800,000)	-
LNGFOR 3.85 01/13/32	-	500,000	(500,000)	-
LPKRIJ 8.125 01/22/25	-	1,100,000	(1,100,000)	-
CENCHI 7.25 07/16/24	-	500,000	(500,000)	-
COGARD 5.4 05/27/25	-	6,200,000	(6,200,000)	-
BOCAVI 2.75 12/02/23 GMTN	-	1,450,000	(1,450,000)	-
CENCHI 7.65 08/27/23	-	600,000	(600,000)	-
MINTTB V3.1 PERP	4,000,000	-	(4,000,000)	-
HAOHUA 3 09/22/30	-	7,000,000	(7,000,000)	-
HAOHUA V3.35 PERP	-	6,000,000	(6,000,000)	-
MUANATH V3.552 01/27/37	-	200,000	-	200,000
NIPPBK 5.9 03/02/26	-	4,000,000	(4,000,000)	-
ASAMLI V6.9 PERP	-	870,000	(870,000)	-
KUB 4.958 05/31/26	-	2,100,000	(2,100,000)	-
DALWAN 11 01/20/25	-	2,600,000	(2,600,000)	-
BMRIJ 5.5 04/04/26 EMTN	-	1,440,000	(1,440,000)	-
BAYFIM 4.257 05/16/26	-	2,060,000	(2,060,000)	-
SKONKR 5.375 05/11/26	-	1,260,000	(1,260,000)	-
SUMIFL 5.353 04/25/28 EMTN	-	5,500,000	(5,500,000)	-
EXIMCH 3.875 05/16/26 EMTN	-	3,950,000	(3,950,000)	-
KOBCOP 4.5 05/03/28	-	920,000	(920,000)	-
KOGRGF 4.954 05/25/26	-	1,000,000	(1,000,000)	-
BOCAVI 4.5 05/23/28 GMTN	-	2,000,000	-	2,000,000
HATELE 4.875 06/28/28	-	1,000,000	(1,000,000)	-
KOEWPW 4.875 07/12/28	-	2,060,000	(2,060,000)	-
KORHIC 5.5 07/17/26	-	2,100,000	-	2,100,000
LGCHM 1.25 07/18/28	-	600,000	(600,000)	-
LGCHM 1.6 07/18/30	-	800,000	(800,000)	-
HKLSP 5.25 07/14/33 EMTN	-	4,320,000	(4,320,000)	-
DAESEC 6.875 07/26/26	-	2,080,000	(2,080,000)	-
GIGA 0 07/27/28	-	800,000	(800,000)	-
NIPPBK 5.9 09/08/26	-	4,330,000	(4,330,000)	-
FUKOKU V6.8 PERP	-	3,130,000	(3,130,000)	-
KOLAHO 5.75 10/06/25	-	3,830,000	(3,830,000)	-
MITSCO 5.509 10/10/28 EMTN	-	6,000,000	(6,000,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Singapore</i> (continued)				
DFHOLD 6.875 11/06/26	-	1,790,000	(1,790,000)	-
GRNKEN 6.25 02/21/23 REGS	1,640,000	-	(1,640,000)	-
IDASAL 4.75 05/15/25 REGS	1,800,000	-	-	1,800,000
YANTZE 3.2 10/16/49	1,300,000	-	-	1,300,000
HAOHUA 3.7 09/22/50	2,200,000	-	-	2,200,000
SIASP 3 07/20/26 EMTN	1,200,000	-	-	1,200,000
<i>London</i>				
BACR V8 PERP	-	3,000,000	(3,000,000)	-
EIBKOR 5.125 01/11/33	-	3,000,000	-	3,000,000
EXIMBK 3.25 01/15/30 REGS	-	3,000,000	-	3,000,000
EXIMBK 5.5 01/18/33 REGS	-	3,000,000	(3,000,000)	-
INRCIN 2.8 02/10/31 REGS	-	1,500,000	-	1,500,000
STANLN V7.767 11/16/28 REGS	-	3,500,000	(3,500,000)	-
STANLN V6.301 01/09/29 REGS	-	3,000,000	(3,000,000)	-
HKINTL 4.5 01/11/28 REGS	-	4,400,000	(4,400,000)	-
HKINTL 4.625 01/11/33 REGS	-	6,650,000	(3,650,000)	3,000,000
HKINTL 5.25 01/11/53 REGS	-	4,000,000	(4,000,000)	-
RECLIN 5.25 11/13/23 REGS	-	6,000,000	(6,000,000)	-
ARAMCO 4.25 04/16/39 REGS	1,500,000	2,000,000	(3,000,000)	500,000
KSA 3.75 01/21/55 REGS	-	500,000	-	500,000
RIBL V3.174 02/25/30	5,000,000	-	(3,000,000)	2,000,000
STANLN V3.265 02/18/36 REGS	-	2,120,000	-	2,120,000
BCHINA 0.95 09/21/23 EMTN	-	1,500,000	(1,500,000)	-
PKSTAN 6 04/08/26 REGS	-	1,000,000	(1,000,000)	-
STANLN V2.678 06/29/32 REGS	-	4,420,000	-	4,420,000
GRPIBI 6.51 02/23/42 REGS	-	700,000	(700,000)	-
GRPIBI 5.78 08/23/32 REGS	-	1,460,000	(1,460,000)	-
KSA 4.75 01/18/28 REGS	-	4,260,000	(3,260,000)	1,000,000
KSA 4.875 07/18/33 REGS	-	6,000,000	(6,000,000)	-
KSA 5 01/18/53 REGS	-	6,000,000	(6,000,000)	-
FABUH 4.375 04/24/28 EMTN	-	6,780,000	(6,780,000)	-
PIFKSA 4.875 02/14/35	-	2,600,000	(2,600,000)	-
PIFKSA 5.125 02/14/53	-	2,100,000	(2,100,000)	-
TAQAUH 4.375 01/24/29 REGS	-	1,250,000	-	1,250,000
SECO 4.632 04/11/33	-	2,000,000	(2,000,000)	-
SECO 5.684 04/11/53	-	1,000,000	(1,000,000)	-
MUBAUH 5.084 05/22/53 REGS	-	500,000	(500,000)	-
MUBAUH 4.375 11/22/33 REGS	-	3,480,000	(3,480,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>London</i> (continued)				
ADIBUH V7.25 PERP	-	800,000	(800,000)	-
DARALA 8 02/25/29 EMTN	-	3,000,000	(3,000,000)	-
FABUH V6.32 04/04/34	-	5,340,000	(5,340,000)	-
DPWDU 5.5 09/13/33	-	6,180,000	(6,180,000)	-
PIFKSA 6 10/25/28	-	2,000,000	(2,000,000)	-
STANLN V7.776 11/16/25 REGS	2,000,000	-	-	2,000,000
ADGB 3.125 09/30/49 REGS	3,000,000	-	-	3,000,000
<i>Euronext</i>				
CNFPF V4.875 PERP	2,400,000	-	(2,400,000)	-
BNP V9.25 PERP REGS	-	5,500,000	(5,000,000)	500,000
ACAFF V7.875 PERP REGS	-	3,000,000	-	3,000,000
CNFPF 6 01/22/49	3,000,000	-	-	3,000,000
<i>Frankfurt</i>				
T 5.4 02/15/34	-	1,250,000	(1,250,000)	-
ASBBNK 5.346 06/15/26 REGS	-	4,200,000	(4,200,000)	-
AXP 3.375 05/03/24	2,910,000	-	(2,910,000)	-
AXP V5.043 05/01/34	-	3,000,000	(3,000,000)	-
AAPL 3.35 08/08/32	3,000,000	-	(3,000,000)	-
ANZ 5.375 07/03/25	-	3,000,000	(3,000,000)	-
BATSLN 6.421 08/02/33	-	5,000,000	(3,000,000)	2,000,000
BATSLN 5.931 02/02/29	-	1,500,000	-	1,500,000
SANTAN 6.921 08/08/33	-	800,000	(800,000)	-
BAC V3.864 07/23/24 MTN	-	2,000,000	(2,000,000)	-
BAC V2.299 07/21/32	-	1,500,000	-	1,500,000
BAC V2.482 09/21/36	-	2,000,000	-	2,000,000
BAC V5.819 09/15/29	-	4,400,000	(4,400,000)	-
BAC V5.872 09/15/34	-	3,000,000	(3,000,000)	-
BMO 5.92 09/25/25	-	3,100,000	(3,100,000)	-
BMO 5.717 09/25/28	-	3,100,000	(3,100,000)	-
BNS 5.65 02/01/34	-	1,300,000	(1,300,000)	-
BOCHKL V5.9 PERP REGS	2,000,000	10,000,000	(12,000,000)	-
BNP V2.871 04/19/32 REGS	-	2,000,000	-	2,000,000
BNP V2.588 08/12/35 REGS	-	2,000,000	-	2,000,000
COF V4.166 05/09/25	4,000,000	-	(4,000,000)	-
CAT 3.4 05/13/25 MTN	4,000,000	-	(4,000,000)	-
C V2.52 11/03/32	-	1,500,000	-	1,500,000
C 5.488 12/04/26 BKNT	-	3,150,000	(2,150,000)	1,000,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Frankfurt</i> (continued)				
COLOM 8.75 11/14/53	-	800,000	(800,000)	-
ACAAP 5.589 07/05/26 REGS	-	6,000,000	(6,000,000)	-
ACAAP 5.514 07/05/33 REGS	-	1,900,000	(1,900,000)	-
DB V6.72 01/18/29	-	3,600,000	(3,600,000)	-
DB V6.819 11/20/29	-	3,000,000	-	3,000,000
DB V3.742 01/07/33	-	2,200,000	-	2,200,000
GM 6.1 01/07/34	-	6,000,000	(4,500,000)	1,500,000
GS V2.65 10/21/32	-	1,000,000	-	1,000,000
HSBC V4.18 12/09/25	3,000,000	-	(2,000,000)	1,000,000
HSBC V7.336 11/03/26	3,000,000	-	(3,000,000)	-
HSBC V8 PERP	-	6,110,000	(5,110,000)	1,000,000
HSBC V5.887 08/14/27	-	2,000,000	(2,000,000)	-
HSBC 3.75 05/24/24	3,000,000	-	(3,000,000)	-
HYNMTR 5.68 06/26/28 REGS	-	2,430,000	(2,430,000)	-
HYNMTR 5.95 09/21/26 REGS	-	3,800,000	(3,800,000)	-
HYNMTR 6.1 09/21/28 REGS	-	1,800,000	(1,800,000)	-
INTC 3.75 08/05/27	3,600,000	-	(3,600,000)	-
IBM 4.15 07/27/27	3,000,000	-	(3,000,000)	-
JPM V2.545 11/08/32	-	1,500,000	-	1,500,000
JPM V6.07 10/22/27	-	1,850,000	-	1,850,000
LLOYDS V8 PERP	-	3,000,000	(3,000,000)	-
MQGAU V5.887 06/15/34 REGS	-	2,500,000	(2,500,000)	-
MQGAU 5.208 06/15/26 REGS	-	3,000,000	(3,000,000)	-
MUFG V5.441 02/22/34	-	4,000,000	(4,000,000)	-
MUFG V8.2 PERP	-	2,500,000	(2,500,000)	-
MS 5.479 07/16/25	-	1,110,000	(1,100,000)	10,000
MS V2.484 09/16/36	-	2,000,000	-	2,000,000
MS V2.511 10/20/32 MTN	-	1,000,000	-	1,000,000
MS V5.449 07/20/29	-	1,170,000	-	1,170,000
MS V5.424 07/21/34	-	3,000,000	(3,000,000)	-
NBNAUS 5.75 10/06/28 REGS	-	1,050,000	(1,050,000)	-
NBNAUS 6 10/06/33 REGS	-	2,000,000	(2,000,000)	-
NAB 5.2 05/13/25	-	500,000	(500,000)	-
NWG V5.847 03/02/27	-	580,000	(580,000)	-
NEE 5.749 09/01/25	-	550,000	(550,000)	-
NOMURA 6.07 07/12/28	-	21,310,000	(21,310,000)	-
ORCL 4.9 02/06/33	-	1,720,000	(1,720,000)	-
PM 5.125 11/17/27	2,800,000	-	(2,800,000)	-
PDD 0 12/01/25	1,000,000	-	(1,000,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Frankfurt</i> (continued)				
RECLIN 5.625 04/11/28 REGS	-	2,600,000	(2,600,000)	-
RABOBK V5.564 02/28/29 REGS	-	2,300,000	(2,300,000)	-
RY 5.2 08/01/28 GMTN	-	2,130,000	-	2,130,000
SCHW V6.196 11/17/29	-	3,000,000	(3,000,000)	-
SOCGEN V3.653 07/08/35 REGS	-	1,500,000	-	1,500,000
SOCGEN V6.447 01/12/27 REGS	-	3,000,000	(3,000,000)	-
TPR 7.35 11/27/28	-	3,000,000	(3,000,000)	-
TPR 7.85 11/27/33	-	3,000,000	(3,000,000)	-
TD 3.766 06/06/25	1,650,000	-	(1,650,000)	-
TD 5.103 01/09/26	-	6,200,000	(6,200,000)	-
TD 5.156 01/10/28	-	1,300,000	(1,300,000)	-
TD 5.532 07/17/26	-	1,960,000	(1,960,000)	-
B 0 08/03/23	-	35,000,000	(35,000,000)	-
B 0 09/07/23	-	30,000,000	(30,000,000)	-
B 0 11/02/23	-	25,000,000	(25,000,000)	-
T 4 11/15/52	42,500,000	30,000,000	(72,500,000)	-
T 3.625 02/15/53	-	42,000,000	(42,000,000)	-
T 3.625 05/15/53	-	23,000,000	(23,000,000)	-
T 3.875 05/15/43	-	61,000,000	(61,000,000)	-
T 4.125 08/15/53	-	134,500,000	(134,500,000)	-
T 4.75 11/15/53	-	40,000,000	(32,000,000)	8,000,000
T 3.5 02/15/33	-	72,100,000	(72,100,000)	-
T 4 02/29/28	-	38,000,000	(38,000,000)	-
T 3.625 03/31/30	-	11,000,000	(11,000,000)	-
T 3.625 03/31/28	-	2,000,000	(2,000,000)	-
T 3.5 04/30/30	-	5,000,000	(5,000,000)	-
T 3.375 05/15/33	-	98,000,000	(98,000,000)	-
T 3.875 08/15/33	-	143,250,000	(143,250,000)	-
T 5 08/31/25	-	10,000,000	(10,000,000)	-
T 4.625 10/15/26	-	7,500,000	(7,500,000)	-
T 4.875 10/31/28	-	20,000,000	(20,000,000)	-
WMT 4.1 04/15/33	-	5,100,000	(5,100,000)	-
WFC V3.35 03/02/33 MTN	-	1,000,000	-	1,000,000
WSTP V2.668 11/15/35	-	2,000,000	-	2,000,000
WSTP V5.405 08/10/33	3,000,000	-	(3,000,000)	-
WSTP 5.535 11/17/28	-	3,400,000	-	3,400,000
WYNMAC 4.5 03/07/29 144A	-	3,500,000	(3,500,000)	-
BNP V8.5 PERP REGS	-	3,860,000	(3,360,000)	500,000
EDF V9.125 PERP REGS	-	1,500,000	(1,500,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Frankfurt</i> (continued)				
ACAFP V4 01/10/33 REGS	-	1,500,000	-	1,500,000
CKHH 7.45 11/24/33 REGS	-	5,000,000	(5,000,000)	-
MGMCHI 5.375 05/15/24 REGS	-	1,000,000	(500,000)	500,000
MGMCHI 4.75 02/01/27 REGS	-	2,000,000	(1,500,000)	500,000
SMBCAC 4.125 07/15/23 REGS	-	820,000	(820,000)	-
SMBCAC 5.45 05/03/28 REGS	-	2,630,000	(2,630,000)	-
SMBCAC 5.7 07/25/33 REGS	-	5,800,000	(5,800,000)	-
STANLN F 07/06/27 REGS	-	1,900,000	(1,900,000)	-
STANLN V6.187 07/06/27 REGS	-	1,500,000	(1,500,000)	-
STANLN V6.296 07/06/34 REGS	-	1,200,000	(1,200,000)	-
STCITY 5 01/15/29 REGS	-	1,000,000	-	1,000,000
CS V9.016 11/15/33 REGS	-	2,950,000	(2,950,000)	-
UBS V6.327 12/22/27 REGS	-	2,390,000	(2,390,000)	-
UBS V6.301 09/22/34 REGS	-	1,300,000	(1,300,000)	-
UBS V9.25 PERP REGs	-	1,000,000	-	1,000,000
NIPLIF V6.25 09/13/53 REGS	-	1,840,000	(1,840,000)	-
RAKUTN 10.25 11/30/24 JAN	-	600,000	(600,000)	-
MAERSK 5.875 09/14/33 REGS	-	1,700,000	(1,700,000)	-
ANZ 2.57 11/25/35 REGS	-	2,500,000	-	2,500,000
MQGAU V3.052 03/03/36 REGS	-	879,000	(879,000)	-
NAB V3.347 01/12/37 REGS	-	1,500,000	-	1,500,000
NAB 6.429 01/12/33 REGS	-	8,000,000	(8,000,000)	-
GLENLN 6.125 10/06/28 REGS	-	4,400,000	(4,400,000)	-
VW 6.2 11/16/28 REGS	-	3,200,000	-	3,200,000
VW 6.45 11/16/30 REGS	-	3,000,000	-	3,000,000
ADSEZ 4.375 07/03/29 REGS	-	2,500,000	-	2,500,000
BBLTB V3.733 09/25/34 REGS	-	500,000	(500,000)	-
KORELE 5.375 07/31/26 REGS	-	1,680,000	(1,680,000)	-
KOROIL 5.25 11/14/26 REGS	-	760,000	(760,000)	-
POHANG 5.75 01/17/28 REGS	-	2,180,000	(2,180,000)	-
HRINTH F 07/03/23 EMTN	-	850,000	(850,000)	-
HRINTH 3.25 11/13/24 EMTN	-	1,000,000	-	1,000,000
ISPIM 7.2 11/28/33 REGS	-	1,500,000	(500,000)	1,000,000
AXP 3.95 08/01/25	3,000,000	-	-	3,000,000
SANTAN 3.892 05/24/24	3,600,000	-	-	3,600,000
BAC V3.841 04/25/25	3,000,000	-	-	3,000,000
BMO 3.7 06/07/25 MTN	3,000,000	-	-	3,000,000
BK V5.224 11/21/25 MTN	4,200,000	-	-	4,200,000
C V3.352 04/24/25	4,000,000	-	-	4,000,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Frankfurt</i> (continued)				
MS V3.62 04/17/25	4,000,000	-	-	4,000,000
CNOOC 5.875 03/10/35	3,000,000	-	-	3,000,000
RY 3.97 07/26/24 GMTN	1,980,000	-	-	1,980,000
<i>Irish</i>				
KSA 4.625 10/04/47 REGS	2,800,000	-	(2,800,000)	-
ADGLXY 2.16 03/31/34 REGS	1,849,320	-	(150,440)	1,698,880
<i>Luxembourg</i>				
DB V7.5 PERP	-	1,000,000	-	1,000,000
MUFG V5.719 02/20/26	-	2,790,000	(2,790,000)	-
PHILIP 3.556 09/29/32	-	4,000,000	(4,000,000)	-
PHILIP 5 07/17/33	-	2,000,000	(2,000,000)	-
PHILIP 5.5 01/17/48	-	4,000,000	(4,000,000)	-
SUMIBK 5.52 01/13/28	-	4,900,000	(4,900,000)	-
SUMIBK 5.766 01/13/33	-	2,500,000	(2,500,000)	-
SOCGEN V9.375 PERP REGS	-	4,000,000	(3,000,000)	1,000,000
SOCGEN V10 PERP REGS	-	3,760,000	(2,760,000)	1,000,000
PHILIP 4.2 03/29/47	-	2,500,000	(1,000,000)	1,500,000
<i>New York</i>				
BABA 4.5 11/28/34	-	3,000,000	(1,500,000)	1,500,000
BABA 2.8 06/06/23	-	6,000,000	(6,000,000)	-
BABA 3.4 12/06/27	-	3,500,000	(500,000)	3,000,000
BABA 4 12/06/37	-	1,500,000	-	1,500,000
BABA 2.125 02/09/31	-	1,000,000	(1,000,000)	-
SANTAN V3.225 11/22/32	-	600,000	(600,000)	-
BACR V3.564 09/23/35	-	1,000,000	-	1,000,000
BPLN 4.234 11/06/28	2,000,000	-	(1,000,000)	1,000,000
XOM 3.294 03/19/27	3,000,000	-	(2,000,000)	1,000,000
HSBC V2.871 11/22/32	-	4,500,000	-	4,500,000
HSBC V7.39 11/03/28	3,000,000	3,000,000	(6,000,000)	-
HSBC V8.113 11/03/33	-	2,000,000	(2,000,000)	-
HSBC V7.399 11/13/34	-	2,000,000	(1,000,000)	1,000,000
MUFG 3.761 07/26/23	-	1,100,000	(1,100,000)	-
NWG V7.472 11/10/26	3,000,000	-	(3,000,000)	-
RDSALN 3.875 11/13/28	3,000,000	-	(2,000,000)	1,000,000
HWQCUS 5 07/27/28 REGS	-	930,000	-	930,000
BPLN V4.375 PERP	1,196,000	-	-	1,196,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>New York</i> (continued)				
BPLN V4.875 PERP	2,000,000	-	-	2,000,000
GS 3.5 01/23/25	4,000,000	-	-	4,000,000
JPM 3.125 01/23/25	4,000,000	-	-	4,000,000
HWQCUS 5 07/27/28 REGS	4,000,000	-	-	4,000,000
<i>SIX Swiss Exchange</i>				
UBS V3.126 08/13/30 REGS	-	2,000,000	-	2,000,000
UBS V5.711 01/12/27 REGS	-	3,000,000	(3,000,000)	-
UBS V7 PERP REGS	-	1,000,000	-	1,000,000
<i>Stuttgart</i>				
B 0 08/10/23	-	10,000,000	(10,000,000)	-
B 0 10/05/23	-	5,000,000	(5,000,000)	-
QATAR 4.625 06/02/46 REGS	-	1,500,000	(1,500,000)	-
ADGLXY 2.94 09/30/40 REGS	773,224	-	(26,728)	746,496
<i>Others</i>				
INDOIS 5.6 11/15/33 REGS	-	4,000,000	(4,000,000)	-
PHILIP 1.95 01/06/32	-	2,500,000	(1,000,000)	1,500,000
SANLTD 5.4 08/08/28	-	3,000,000	-	3,000,000
B 0 09/14/23	-	25,000,000	(25,000,000)	-
B 0 09/21/23	-	20,000,000	(20,000,000)	-
B 0 09/28/23	-	26,000,000	(26,000,000)	-
B 0 04/11/23	-	10,000,000	(10,000,000)	-
B 0 04/18/23	-	15,000,000	(15,000,000)	-
B 0 04/25/23	-	10,000,000	(10,000,000)	-
B 0 05/02/23	-	10,000,000	(10,000,000)	-
B 0 05/18/23	-	10,000,000	(10,000,000)	-
B 0 06/15/23	-	5,000,000	(5,000,000)	-
B 0 07/13/23	-	30,000,000	(30,000,000)	-
B 0 03/07/23	-	5,000,000	(5,000,000)	-
B 0 03/30/23	-	10,000,000	(10,000,000)	-
B 0 04/27/23	-	5,000,000	(5,000,000)	-
B 0 08/17/23	-	17,500,000	(17,500,000)	-
B 0 08/24/23	-	32,500,000	(32,500,000)	-
B 0 08/31/23	-	30,000,000	(30,000,000)	-
B 0 03/14/23	-	5,000,000	(5,000,000)	-
B 0 03/21/23	-	15,000,000	(15,000,000)	-
B 0 03/28/23	-	10,000,000	(10,000,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Others</i> (continued)				
B 0 05/25/23	-	10,000,000	(10,000,000)	-
B 0 06/01/23	-	5,000,000	(5,000,000)	-
B 0 06/08/23	-	10,000,000	(10,000,000)	-
B 0 07/06/23	-	15,000,000	(15,000,000)	-
B 0 07/20/23	-	30,000,000	(30,000,000)	-
B 0 10/12/23	-	20,000,000	(20,000,000)	-
B 0 10/19/23	-	10,000,000	(10,000,000)	-
B 0 10/26/23	-	15,000,000	(15,000,000)	-
B 0 05/09/23	-	10,000,000	(10,000,000)	-
B 0 05/16/23	-	10,000,000	(10,000,000)	-
B 0 05/23/23	-	30,000,000	(30,000,000)	-
B 0 05/30/23	-	10,000,000	(10,000,000)	-
B 0 11/09/23	-	10,000,000	(10,000,000)	-
B 0 11/16/23	-	2,500,000	(2,500,000)	-
B 0 06/06/23	-	10,000,000	(10,000,000)	-
B 0 06/13/23	-	5,000,000	(5,000,000)	-
B 0 06/20/23	-	5,000,000	(5,000,000)	-
B 0 06/27/23	-	3,000,000	(3,000,000)	-
B 0 07/05/23	-	20,000,000	(20,000,000)	-
B 0 12/21/23	-	5,000,000	(5,000,000)	-
B 0 01/04/24	-	2,300,000	-	2,300,000
B 0 07/11/23	-	30,000,000	(30,000,000)	-
B 0 07/18/23	-	40,000,000	(40,000,000)	-
B 0 07/25/23	-	13,000,000	(13,000,000)	-
B 0 08/01/23	-	35,000,000	(35,000,000)	-
B 0 08/08/23	-	30,000,000	(30,000,000)	-
B 0 08/15/23	-	25,000,000	(25,000,000)	-
B 0 08/22/23	-	25,000,000	(25,000,000)	-
B 0 08/29/23	-	20,000,000	(20,000,000)	-
B 0 09/05/23	-	30,000,000	(30,000,000)	-
B 0 09/12/23	-	25,000,000	(25,000,000)	-
B 0 09/26/23	-	30,000,000	(30,000,000)	-
B 0 10/03/23	-	15,000,000	(15,000,000)	-
B 0 10/10/23	-	25,000,000	(25,000,000)	-
B 0 10/17/23	-	15,000,000	(15,000,000)	-
B 0 10/24/23	-	10,000,000	(10,000,000)	-
B 0 10/31/23	-	2,500,000	(2,500,000)	-
B 0 04/25/24	-	5,000,000	(5,000,000)	-
B 0 11/07/23	-	10,000,000	(10,000,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>Others</i> (continued)				
B 0 11/14/23	-	17,500,000	(17,500,000)	-
B 0 11/21/23	-	5,000,000	(5,000,000)	-
B 0 11/28/23	-	15,000,000	(15,000,000)	-
B 0 12/05/23	-	10,000,000	(10,000,000)	-
B 0 12/12/23	-	2,000,000	(2,000,000)	-
B 0 12/19/23	-	3,000,000	(3,000,000)	-
B 0 01/02/24	-	6,000,000	-	6,000,000
T 4 11/15/42	52,500,000	25,000,000	(77,500,000)	-
T 3.875 02/15/43	-	59,500,000	(59,500,000)	-
T 4.375 08/15/43	-	93,250,000	(93,250,000)	-
T 4.75 11/15/43	-	37,250,000	(25,250,000)	12,000,000
T 4.125 11/15/32	30,000,000	5,000,000	(35,000,000)	-
T 5 09/30/25	-	20,000,000	(20,000,000)	-
T 5 10/31/25	-	7,500,000	(7,500,000)	-
T 4.5 11/15/33	-	26,000,000	(26,000,000)	-
T 4.375 11/30/30	-	5,000,000	(5,000,000)	-
SOCGEN V7.875 PERP REGS	-	3,000,000	(3,000,000)	-
KSA 4.5 10/26/46 REGS	-	1,500,000	-	1,500,000
INTNED V7.5 PERP	-	3,500,000	(3,500,000)	-
SBIIN 4.875 05/05/28 EMTN	-	3,000,000	(3,000,000)	-
TURKSK 8.5091 01/14/29 REGS	-	500,000	(500,000)	-
KNBZMK 4.876 06/01/33 EMTN	-	2,500,000	-	2,500,000
KNBZMK 4.687 06/01/28 EMTN	-	3,800,000	-	3,800,000
ANZ 6.742 12/08/32 REGS	3,000,000	-	(3,000,000)	-
CHJMAO 4.4 03/04/25	1,000,000	-	(1,000,000)	-
CHINAM 5.3 02/17/23 FXCD	1,000,000	-	(1,000,000)	-
CHINAM 5 11/21/23 FXCD	-	5,000,000	(5,000,000)	-
TAQAUH 4.696 04/24/33 REGS	-	1,000,000	(1,000,000)	-
BCHINA 5.5 12/28/23 FXCD	-	3,800,000	(3,800,000)	-
CHINAM 4.45 08/23/23 FXCD	-	20,000,000	(20,000,000)	-
CAGA 5 02/27/24	-	20,000,000	(20,000,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in HKD				
<i>Hong Kong</i>				
GBHK 2.02 03/07/34	-	305,000,000	(305,000,000)	-
KINSF 0.625 04/29/25	-	30,000,000	(30,000,000)	-
CATHAY 2.75 02/05/26	14,000,000	16,000,000	(20,000,000)	10,000,000
LINREI 4.5 12/12/27	10,000,000	-	(10,000,000)	-
C 0 02/26/26 Corp	-	47,000,000	(47,000,000)	-
<i>Singapore</i>				
KDB 4.575 06/12/24 GMTN	-	20,000,000	-	20,000,000
COGARD 4.95 07/28/26	-	10,000,000	(10,000,000)	-
<i>Others</i>				
C 0 07/25/24 960	10,000,000	16,000,000	(26,000,000)	-
C 0 05/28/24 388	10,000,000	-	-	10,000,000
HKMTGC 4.7 06/24/24 EMTN	-	20,000,000	-	20,000,000
Denominated in CNY				
<i>Hong Kong</i>				
VNKRLE 3.45 05/25/24 EMTN	-	25,000,000	(25,000,000)	-
GLPCHI 4 07/02/24 EMTN	-	75,000,000	(75,000,000)	-
FRESHK 4.7 02/09/24 EMTN	-	115,000,000	(115,000,000)	-
CCB 2.85 04/22/23 EMTN	18,000,000	-	(18,000,000)	-
<i>London</i>				
HKINTL 3.3 06/07/33 GMTN	-	50,000,000	(50,000,000)	-
QNBK 3.8 06/17/25 EMTN	-	217,000,000	(217,000,000)	-
QNBK 3.85 07/10/25 EMTN	-	135,000,000	(135,000,000)	-
QNBK 3.5 03/09/26 EMTN	-	80,000,000	(80,000,000)	-
<i>Others</i>				
QNBK 3.82 02/06/25 EMTN	-	90,000,000	(90,000,000)	-
EBIUH 3.67 07/13/28 EMTN	-	100,000,000	(100,000,000)	-
Denominated in EUR				
<i>Singapore</i>				
ANTSPL 0 02/05/25	1,000,000	12,300,000	(13,300,000)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

Listed Debt Securities (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in EUR (continued)				
<i>Euronext</i>				
ACAFP V7.25 PERP EMTN	-	1,500,000	(1,000,000)	500,000
BNP V7.375 PERP	-	1,000,000	-	1,000,000
Denominated in HKD				
<i>Hong Kong</i>				
SOCGEN V4.25 12/06/30 EMTN	1,000,000	-	(1,000,000)	-
Denominated in SGD				
<i>Singapore</i>				
SIASP 1.625 12/03/25	1,500,000	-	(1,500,000)	-
Listed Equity Securities				
Denominated in HKD				
<i>Hong Kong</i>				
HUAZHU GROUP LTD	250,000	-	(30,000)	220,000
BYD CO LTD-H	-	40,000	-	40,000
SUN HUNG KAI PROPERTIES WHARF REAL ESTATE INVESTMENT	30,000	-	(30,000)	-
ANTA SPORTS PRODUCTS LTD	60,000	70,000	(50,000)	80,000
WUXI BIOLOGICS CAYMAN INC	115,000	-	(115,000)	-
SHENZHOU INTERNATIONAL GROUP	150,000	70,000	(20,000)	200,000
CHINA MENGNIU DAIRY CO	210,000	-	(210,000)	-
LI NING CO LTD	80,000	120,000	(200,000)	-
NEW ORIENTAL EDUCATION & TEC	-	325,000	(25,000)	300,000
GUANGDONG INVESTMENT LTD	-	500,000	(500,000)	-
ISHARES FTSE A50 CHINA INDEX	880,000	-	(250,000)	630,000
CHINA RESOURCES BEER HOLDIN	50,000	50,000	(100,000)	-
MEITUAN DIANPING-CLASS B	50,000	110,000	(160,000)	-
HONG KONG EXCHANGES & CLEAR	40,000	-	(5,000)	35,000
POWER ASSETS HOLDINGS LTD	-	100,000	-	100,000
COUNTRY GARDEN SERVICES HOLD	250,000	-	(250,000)	-
TOPSPORTS INTERNATIONAL HOLD	-	500,000	(500,000)	-
MTR CORP	251,500	-	(251,500)	-
HKT TRUST AND HKT LTD-SS	1,157,000	500,000	-	1,657,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

<u>Listed Equity Securities</u> (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in HKD (continued)				
<i>Hong Kong</i> (continued)				
TENCENT HOLDINGS LTD	30,000	30,000	-	60,000
TONGCHENG-ELONG HOLDINGS LTD	321,200	-	(321,200)	-
LINK REIT	130,000	26,000	(156,000)	-
PETROCHINA CO LTD-H	-	1,600,000	-	1,600,000
CNOOC LTD	-	700,000	-	700,000
CHINA MOBILE LTD	230,000	90,000	-	320,000
LONGFOR GROUP HOLDINGS LTD	150,000	-	(150,000)	-
JD.COM INC - CL A	15,000	40,000	(55,000)	-
BAIDU INC-CLASS A	-	90,000	-	90,000
TRIP.COM GROUP LTD	40,000	10,000	(6,000)	44,000
ALIBABA GROUP HOLDING LTD	80,000	100,000	-	180,000
NETEASE INC	54,600	30,000	-	84,600
TECHTRONIC INDUSTRIES CO LTD	40,000	-	-	40,000
CHINA TELECOM CORP LTD-H	4,000,000	-	-	4,000,000
AIA GROUP LTD	177,200	-	-	177,200
Denominated in USD				
<i>New York</i>				
APPLE INC	6,000	5,000	(3,000)	8,000
ADVANCED MICRO DEVICES	-	18,000	(5,000)	13,000
AMAZON.COM INC	12,000	5,000	(7,000)	10,000
ASML HOLDING NV-NY REG SHS	1,400	500	(900)	1,000
BROADCOM INC	-	2,300	(1,000)	1,300
SPDR BLOOMBERG 1-3 MONTH T-B	-	60,000	-	60,000
BOOKING HOLDINGS INC	400	-	(400)	-
COSTCO WHOLESALE CORP	1,000	-	(1,000)	-
FACEBOOK INC-A	-	2,000	-	2,000
ALPHABET INC-CL A	-	17,000	(5,000)	12,000
MASTERCARD INC - A	3,000	1,100	(1,500)	2,600
MSCI INC	1,300	500	(300)	1,500
MICROSOFT CORP	3,000	1,500	(1,000)	3,500
SERVICENOW INC	2,000	-	(2,000)	-
NVIDIA CORP	5,000	1,500	(4,000)	2,500
PINDUODUO INC-ADR	-	10,000	-	10,000
PAYPAL HOLDINGS INC	8,000	4,000	(12,000)	-
SYNOPSYS INC	-	3,500	(500)	3,000
TENCENT MUSIC ENTERTAINM-ADR	-	130,000	-	130,000

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

<u>Listed Equity Securities</u> (continued)	At 31 December 2022	<u>Movement</u>		At 31 December 2023
		Additions	Disposals	
Denominated in USD (continued)				
<i>New York</i> (continued)				
TAIWAN SEMICONDUCTOR-SP ADR	15,000	7,000	(9,500)	12,500
UBER TECHNOLOGIES INC	-	30,000	-	30,000
VISA INC-CLASS A SHARES	5,000	1,800	(2,800)	4,000
<u>Futures</u>				
Denominated in USD				
<i>New York</i>				
US 5YR NOTE (CBT) Mar24	-	750	(750)	-
US 5YR NOTE (CBT) Jun23	-	1,900	(1,900)	-
US 5YR NOTE (CBT) Sep23	-	7,150	(7,150)	-
US 5YR NOTE (CBT) Dec23	-	4,760	(4,760)	-
US 2YR NOTE (CBT) Mar23	-	1,500	(1,500)	-
US 2YR NOTE (CBT) Mar24	-	650	-	650
US 2YR NOTE (CBT) Jun23	-	5,505	(5,505)	-
US 2YR NOTE (CBT) Sep23	-	2,600	(2,600)	-
US 2YR NOTE (CBT) Dec23	-	500	(500)	-
US 10YR NOTE (CBT)Mar23	-	2,325	(2,325)	-
US 10YR NOTE (CBT)Mar24	-	775	(775)	-
US 10YR NOTE (CBT)Jun23	-	1,750	(1,750)	-
US 10YR NOTE (CBT)Sep23	-	4,100	(4,100)	-
US 10YR NOTE (CBT)Dec23	-	4,303	(4,303)	-
US ULTRA BOND CBT Mar23	-	425	(425)	-
US ULTRA BOND CBT Mar24	-	97	(97)	-
US ULTRA BOND CBT Jun23	-	200	(200)	-
US ULTRA BOND CBT Sep23	-	415	(415)	-
US ULTRA BOND CBT Dec23	-	1,596	(1,596)	-

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

PERFORMANCE TABLE (UNAUDITED)

Net asset value

	Net asset value per unit HKD	Total net asset value HKD
As at 31 December 2023		
-HKD Class	12.17	3,478,730,765
-USD Class 2	-	-
As at 31 December 2022		
-HKD Class	11.80	3,755,633,787
-USD Class 2	68.21	34,107,246
As at 31 December 2021		
-HKD Class	12.81	4,430,760,270
-USD Class 2	74.00	37,002,383
As at 31 December 2020		
-HKD Class	13.22	4,914,301,184
As at 31 December 2019		
-HKD Class	12.59	5,000,969,816
As at 31 December 2018		
-HKD Class	11.65	4,318,022,056
As at 31 December 2017		
-HKD Class	11.91	4,323,789,319
As at 31 December 2016		
-HKD Class	11.21	2,294,134,152
As at 31 December 2015		
-HKD Class	10.79	461,136,770
As at 31 December 2014		
-HKD Class	10.23	189,552,784

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

PERFORMANCE TABLE (UNAUDITED) (continued)

Highest issue price and lowest redemption price per unit

	Highest issue price per unit HKD	Lowest redemption price per unit HKD
Year ended 31 December 2023		
-HKD Class	12.3077	11.7174
-USD Class 2	9.0723	8.7851
Year ended 31 December 2022		
-HKD Class	12.8200	11.6492
-USD Class 2	9.5019	8.5800
Year ended 31 December 2021		
-HKD Class	13.5047	12.7631
-USD Class 2	10.0411	9.4617
Year ended 31 December 2020		
-HKD Class	13.2161	11.4749
Year ended 31 December 2019		
-HKD Class	12.5980	11.6508
Year ended 31 December 2018		
-HKD Class	12.0499	11.5318
Year ended 31 December 2017		
-HKD Class	11.9153	11.2229
Year ended 31 December 2016		
-HKD Class	11.5083	10.8072
Year ended 31 December 2015		
-HKD Class	10.8652	10.3460
Period ended 31 December 2014		
-HKD Class	10.2936	10.0224

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED)

31 December 2023

<u>LISTED DEBT SECURITIES</u>	Nominal Value	Carrying Value (in HKD)	Accrued Interest	% of net assets
Denominated in USD				
<i>Hong Kong</i>				
AIA 3.2 09/16/40 REGS	1,703,000	10,108,672	122,979	0.29%
AIA 5.625 10/25/27 REGS	3,000,000	24,192,137	238,007	0.70%
AIA 4.95 04/04/33 REGS	3,000,000	23,572,061	277,113	0.68%
TENCNT 3.595 01/19/28 REGS	1,000,000	7,431,236	125,590	0.21%
TENCNT 2.39 06/03/30 REGS	3,000,000	20,002,049	42,006	0.57%
HKAA 3.25 01/12/52 REGS	1,000,000	6,012,590	118,474	0.17%
HKAA 4.875 01/12/33 REGS	6,000,000	48,085,719	1,066,270	1.38%
CHIOLI 6.375 10/29/43	2,000,000	15,282,575	168,761	0.44%
CHIOLI 5.95 05/08/24	2,700,000	21,098,221	181,266	0.61%
GENTMK 4.25 01/24/27	3,000,000	22,560,393	431,585	0.65%
HRAM 4.25 11/07/27 EMTN	500,000	3,568,567	24,438	0.10%
FWDINS V5.5 PERP	2,946,000	20,207,203	635,773	0.58%
HUADIA V4 PERP	3,000,000	23,271,630	80,719	0.67%
HRINTH 3.75 05/29/24 EMTN	2,600,000	20,060,088	65,584	0.58%
CHPWCN V4.3 PERP EMTN	2,093,000	16,241,400	19,529	0.47%
CHJMAO 4 06/21/24	500,000	3,800,139	3,906	0.11%
RLCONS V3.97 PERP	3,000,000	23,249,836	7,753	0.67%
CHJMAO 4.25 07/23/29	500,000	2,566,664	72,392	0.07%
FRESHK 3.375 02/18/25 EMTN	1,000,000	7,441,782	96,667	0.21%
CDBFLC V2.875 09/28/30	1,000,000	7,374,993	57,393	0.21%
HKAA V2.4 PERP	1,000,000	6,977,388	11,457	0.20%
CCAMCL 3 01/20/31 EMTN	1,000,000	6,648,211	104,153	0.19%
FRESHK 2.625 03/03/24 EMTN	2,500,000	19,319,011	166,605	0.56%
CHMETL V2.95 PERP	2,300,000	17,811,040	103,058	0.51%
CATHAY 4.875 08/17/26 EMTN	3,200,000	24,419,624	450,203	0.70%
CCAMCL V4.4 PERP .	1,800,000	13,348,526	97,956	0.38%
CICCHK 5.493 03/01/26 EMTN	1,600,000	12,626,259	226,939	0.36%
MALAYS 3.075 04/28/51 REGS	3,000,000	18,074,561	124,105	0.52%
CRHZCH 6 02/27/24 EMTN	2,700,000	21,089,363	432,367	0.61%
SHENGY 3.875 01/20/25	1,000,000	7,708,388	134,531	0.22%
COSL 4.5 07/30/25 EMTN	4,000,000	30,903,231	585,863	0.89%
CHGDNU 4 11/05/25	3,561,000	27,241,779	169,991	0.78%
MINMET 4.2 07/27/26	5,409,000	41,432,707	754,205	1.19%
CMHI 5 08/06/28	4,000,000	31,673,758	624,920	0.91%
CRHZCH 3.75 08/26/24 EMTN	464,000	3,576,112	46,817	0.10%
CNBG 3.375 07/16/24	1,000,000	7,721,355	120,102	0.22%
CHMEDA 3 07/18/24	3,600,000	27,771,007	379,639	0.80%
CSSSHI 2.5 02/13/25	3,000,000	22,731,699	222,953	0.65%
CHIOLI 2.375 03/02/25 EMTN	3,200,000	24,030,674	194,593	0.69%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

31 December 2023

<u>LISTED DEBT SECURITIES</u> (continued)	Nominal Value	Carrying Value (in HKD)	Accrued Interest	% of net assets
Denominated in USD (continued)				
<i>Hong Kong</i> (continued)				
SHPORT 2.375 07/13/30	2,200,000	15,021,843	189,337	0.43%
CHITRA 2.95 03/01/27	4,700,000	34,901,844	358,013	1.00%
CHALUM 2.95 02/24/27	9,000,000	66,418,529	725,884	1.91%
CITLTD 2.875 02/17/27 EMTN	4,300,000	31,747,740	356,771	0.91%
CHGRID 3.125 04/07/25	5,000,000	38,192,376	281,404	1.10%
CMHI 4 06/01/27	12,000,000	91,723,570	302,045	2.64%
	129,076,000	969,238,551	11,000,116	27.84%
<i>Singapore</i>				
INDON 3.5 02/14/50	500,000	3,155,377	51,643	0.09%
INDON 3.55 03/31/32	3,500,000	25,366,011	242,645	0.73%
INDON 4.3 03/31/52	2,000,000	14,213,962	167,947	0.41%
KOROIL 4.875 04/03/28 REGS	1,400,000	10,991,983	128,841	0.32%
PERTIJ 4.7 07/30/49 REGS	1,500,000	10,433,039	229,463	0.30%
PLNIJ 4.875 07/17/49 REGS	1,500,000	10,331,216	258,634	0.30%
PLNIJ 4 06/30/50 REGS	500,000	3,047,032	78,115	0.09%
POWFIN 3.95 04/23/30 REGS	3,000,000	21,679,022	403,692	0.62%
TENCNT 3.975 04/11/29 REGS	3,000,000	22,294,412	204,417	0.64%
WOORIB 4.875 01/26/28 REGS	3,220,000	25,279,801	524,546	0.73%
NIPLIF V2.9 09/16/51 REGS	1,000,000	6,478,702	65,443	0.19%
MINCAP 5.625 08/10/37 REGS	1,000,000	6,807,957	170,877	0.20%
RWLVCA 8.45 07/27/30 REGS	300,000	2,407,215	84,159	0.07%
GRNKEN 5.55 01/29/25 REGS	500,000	3,841,735	90,923	0.11%
GRNKEN 5.95 07/29/26 REGS	500,000	3,798,811	97,476	0.11%
INDON 5.25 01/08/47 REGS	500,000	4,092,562	97,969	0.12%
INDYIJ 8.25 10/22/25 REGS	500,000	3,926,255	60,865	0.11%
JSTLIN 3.95 04/05/27 REGS	500,000	3,621,996	36,427	0.10%
LLPLCA 6.875 02/04/39 REGS	402,300	3,039,459	87,621	0.09%
MEDCIJ 7.375 05/14/26 REGS	500,000	3,893,447	36,806	0.11%
ADROIJ 4.25 10/31/24 REGS	1,000,000	7,635,038	55,331	0.22%
PERTIJ 5.625 05/20/43 REGS	1,408,000	11,147,513	68,741	0.32%
IDASAL 5.45 05/15/30 REGS	1,000,000	7,882,819	53,216	0.23%
IDASAL 5.8 05/15/50 REGS	200,000	1,511,885	11,327	0.04%
SHTFIN 4.4 03/13/24 REGS	800,000	6,209,893	81,726	0.18%
JSTLIN 5.95 04/18/24	1,000,000	7,788,144	92,957	0.22%
HAOHUA 3.375 06/19/24	1,000,000	7,730,963	8,056	0.22%
POWFIN 4.5 06/18/29	3,000,000	22,629,759	35,152	0.65%
MUANATH V3.552 01/27/37	200,000	1,432,770	23,584	0.04%
BOCAVI 4.5 05/23/28 GMTN	2,000,000	15,305,228	72,256	0.44%
KORHIC 5.5 07/17/26	2,100,000	16,607,726	408,509	0.48%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

31 December 2023

<u>LISTED DEBT SECURITIES</u> (continued)	Nominal Value	Carrying Value (in HKD)	Accrued Interest	% of net assets
Denominated in USD (continued)				
<i>Singapore</i> (continued)				
IDASAL 4.75 05/15/25 REGS	1,800,000	13,884,941	83,485	0.40%
YANTZE 3.2 10/16/49	1,300,000	7,481,456	66,797	0.22%
HAOHUA 3.7 09/22/50	2,200,000	12,162,209	173,094	0.35%
SIASP 3 07/20/26 EMTN	1,200,000	8,934,356	124,984	0.26%
	46,030,300	337,044,694	4,477,724	9.71%
<i>London</i>				
EIBKOR 5.125 01/11/33	3,000,000	24,361,100	563,811	0.70%
EXIMBK 3.25 01/15/30 REGS	3,000,000	21,354,454	349,076	0.61%
INRCIN 2.8 02/10/31 REGS	1,500,000	10,112,104	127,588	0.29%
HKINTL 4.625 01/11/33 REGS	3,000,000	24,381,019	508,805	0.70%
ARAMCO 4.25 04/16/39 REGS	500,000	3,493,811	34,121	0.10%
KSA 3.75 01/21/55 REGS	500,000	2,975,479	59,807	0.09%
RIBL V3.174 02/25/30	2,000,000	15,121,814	172,179	0.43%
STANLN V3.265 02/18/36 REGS	2,120,000	13,598,887	198,255	0.39%
STANLN V2.678 06/29/32 REGS	4,420,000	28,118,996	2,568	0.81%
KSA 4.75 01/18/28 REGS	1,000,000	7,906,800	166,971	0.23%
TAQAUH 4.375 01/24/29 REGS	1,250,000	9,720,631	185,116	0.28%
STANLN V7.776 11/16/25 REGS	2,000,000	15,925,305	148,481	0.46%
ADGB 3.125 09/30/49 REGS	3,000,000	17,269,117	183,082	0.50%
	27,290,000	194,339,517	2,699,860	5.59%
<i>Euronext</i>				
BNP V9.25 PERP REGS	500,000	4,178,020	43,153	0.12%
ACAFP V7.875 PERP REGS	3,000,000	23,455,357	35,884	0.67%
CNPF 6 01/22/49	3,000,000	23,912,329	617,109	0.69%
	6,500,000	51,545,706	696,146	1.48%
<i>Frankfurt</i>				
BATSLN 6.421 08/02/33	2,000,000	16,369,311	412,407	0.47%
BATSLN 5.931 02/02/29	1,500,000	12,196,720	285,702	0.35%
BAC V2.299 07/21/32	1,500,000	9,573,696	118,976	0.28%
BAC V2.482 09/21/36	2,000,000	12,391,851	106,635	0.36%
BNP V2.871 04/19/32 REGS	2,000,000	13,246,898	88,461	0.38%
BNP V2.588 08/12/35 REGS	2,000,000	12,783,363	154,991	0.37%
C V2.52 11/03/32	1,500,000	9,668,020	46,752	0.28%
C 5.488 12/04/26 BKNT	1,000,000	7,958,512	30,961	0.23%
DB V6.819 11/20/29	3,000,000	24,689,886	177,555	0.71%
DB V3.742 01/07/33	2,200,000	14,166,530	309,033	0.41%
GM 6.1 01/07/34	1,500,000	12,079,782	45,665	0.35%
GS V2.65 10/21/32	1,000,000	6,512,135	39,676	0.19%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

31 December 2023

<u>LISTED DEBT SECURITIES</u> (continued)	Nominal Value	Carrying Value (in HKD)	Accrued Interest	% of net assets
Denominated in USD (continued)				
<i>Frankfurt</i> (continued)				
HSBC V4.18 12/09/25	1,000,000	7,709,091	19,047	0.22%
HSBC V8 PERP	1,000,000	8,099,276	196,155	0.23%
JPM V2.545 11/08/32	1,500,000	9,791,989	43,074	0.28%
JPM V6.07 10/22/27	1,850,000	14,870,940	163,255	0.43%
MS 5.479 07/16/25	10,000	78,862	1,890	0.00%
MS V2.484 09/16/36	2,000,000	12,391,539	112,111	0.36%
MS V2.511 10/20/32 MTN	1,000,000	6,473,234	38,140	0.19%
MS V5.449 07/20/29	1,170,000	9,325,169	219,954	0.27%
RY 5.2 08/01/28 GMTN	2,130,000	16,988,902	384,534	0.49%
SOCGEN V3.653 07/08/35 REGS	1,500,000	9,935,642	204,504	0.29%
T 4.75 11/15/53	8,000,000	70,274,207	366,969	2.02%
WFC V3.35 03/02/33 MTN	1,000,000	6,820,377	85,775	0.20%
WSTP V2.668 11/15/35	2,000,000	12,739,463	52,103	0.37%
WSTP 5.535 11/17/28	3,400,000	27,629,166	175,589	0.79%
BNP V8.5 PERP REGS	500,000	4,100,842	125,418	0.12%
ACAFP V4 01/10/33 REGS	1,500,000	10,939,225	221,326	0.31%
MGMCHI 5.375 05/15/24 REGS	500,000	3,894,970	26,242	0.11%
MGMCHI 4.75 02/01/27 REGS	500,000	3,723,195	76,786	0.11%
STCITY 5 01/15/29 REGS	1,000,000	6,572,205	179,014	0.19%
UBS V9.25 PERP REGs	1,000,000	8,425,171	94,335	0.24%
ANZ 2.57 11/25/35 REGS	2,500,000	15,813,601	48,795	0.45%
NAB V3.347 01/12/37 REGS	1,500,000	9,725,669	183,016	0.28%
VW 6.2 11/16/28 REGS	3,200,000	26,240,391	189,420	0.75%
VW 6.45 11/16/30 REGS	3,000,000	24,974,850	184,742	0.72%
ADSEZ 4.375 07/03/29 REGS	2,500,000	16,874,988	420,072	0.49%
HRINTH 3.25 11/13/24 EMTN	1,000,000	7,573,015	33,145	0.22%
ISPIM 7.2 11/28/33 REGS	1,000,000	8,328,934	49,994	0.24%
AXP 3.95 08/01/25	3,000,000	23,071,031	383,122	0.66%
SANTAN 3.892 05/24/24	3,600,000	27,949,016	109,448	0.80%
BAC V3.841 04/25/25	3,000,000	23,296,471	162,522	0.67%
BMO 3.7 06/07/25 MTN	3,000,000	22,988,776	55,397	0.66%
BK V5.224 11/21/25 MTN	4,200,000	32,811,253	185,673	0.94%
C V3.352 04/24/25	4,000,000	31,019,154	192,017	0.89%
MS V3.62 04/17/25	4,000,000	31,054,774	229,363	0.89%
CNOOC 5.875 03/10/35	3,000,000	24,791,826	420,682	0.71%
RY 3.97 07/26/24 GMTN	1,980,000	15,344,119	262,669	0.44%
	98,240,000	744,278,037	7,713,112	21.41%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

31 December 2023

<u>LISTED DEBT SECURITIES</u> (continued)	Nominal Value	Carrying Value (in HKD)	Accrued Interest	% of net assets
Denominated in USD (continued)				
<i>Irish</i>				
ADGLXY 2.16 03/31/34 REGS	1,698,880	11,547,853	71,662	0.33%
<i>Luxembourg</i>				
DB V7.5 PERP	1,000,000	7,614,806	391,645	0.22%
SOCGEN V9.375 PERP REGS	1,000,000	8,161,611	77,301	0.23%
SOCGEN V10 PERP REGS	1,000,000	8,363,461	99,814	0.24%
PHILIP 4.2 03/29/47	1,500,000	10,458,935	124,398	0.30%
	4,500,000	34,598,813	693,158	0.99%
<i>New York</i>				
BABA 4.5 11/28/34	1,500,000	11,021,597	46,869	0.32%
BABA 3.4 12/06/27	3,000,000	22,230,904	53,118	0.64%
BABA 4 12/06/37	1,500,000	10,108,354	31,246	0.29%
BACR V3.564 09/23/35	1,000,000	6,708,672	75,014	0.19%
BPLN 4.234 11/06/28	1,000,000	7,768,771	49,611	0.22%
XOM 3.294 03/19/27	1,000,000	7,587,544	72,190	0.22%
HSBC V2.871 11/22/32	4,500,000	29,318,669	106,527	0.84%
HSBC V7.399 11/13/34	1,000,000	8,574,059	75,458	0.25%
RDSALN 3.875 11/13/28	1,000,000	7,694,171	39,519	0.22%
HWQCUS 5 07/27/28 REGS	930,000	7,333,637	154,375	0.21%
BPLN V4.375 PERP	1,196,000	9,116,090	111,267	0.26%
BPLN V4.875 PERP	2,000,000	14,752,174	16,925	0.42%
GS 3.5 01/23/25	4,000,000	30,661,700	476,936	0.88%
JPM 3.125 01/23/25	4,000,000	30,612,019	425,835	0.88%
HWQCUS 5 07/27/28 REGS	4,000,000	30,559,213	341,102	0.88%
	31,626,000	234,047,575	2,075,992	6.72%
<i>SIX Swiss Exchange</i>				
UBS V3.126 08/13/30 REGS	2,000,000	13,950,558	185,854	0.40%
UBS V7 PERP REGS	1,000,000	7,814,312	227,835	0.22%
	3,000,000	21,764,870	413,689	0.62%
<i>Stuttgart</i>				
ADGLXY 2.94 09/30/40 REGS	746,496	4,815,158	42,860	0.14%
<i>Others</i>				
PHILIP 1.95 01/06/32	1,500,000	9,709,265	110,435	0.28%
SANLTD 5.4 08/08/28	3,000,000	23,221,480	545,373	0.67%
B 0 01/04/24	2,300,000	17,961,276	-	0.52%
B 0 01/02/24	6,000,000	46,841,816	-	1.35%
T 4.75 11/15/43	12,000,000	100,724,410	550,453	2.90%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

31 December 2023

<u>LISTED DEBT SECURITIES</u> (continued)	Nominal Value	Carrying Value (in HKD)	Accrued Interest	% of net assets
Denominated in USD (continued)				
<i>Others</i> (continued)				
KSA 4.5 10/26/46 REGS	1,500,000	10,382,655	93,738	0.30%
KNBZMK 4.876 06/01/33 EMTN	2,500,000	19,632,643	76,707	0.56%
KNBZMK 4.687 06/01/28 EMTN	3,800,000	29,795,014	112,075	0.86%
	<u>32,600,000</u>	<u>258,268,559</u>	<u>1,488,781</u>	<u>7.44%</u>
Denominated in HKD				
<i>Hong Kong</i>				
CATHAY 2.75 02/05/26	10,000,000	10,479,200	110,753	0.30%
<i>Singapore</i>				
KDB 4.575 06/12/24 GMTN	20,000,000	19,978,600	503,877	0.57%
<i>Others</i>				
HKMTGC 4.7 06/24/24 EMTN	20,000,000	19,990,800	489,315	0.57%
C 0 05/28/24 388	10,000,000	9,751,200	-	0.28%
	<u>30,000,000</u>	<u>29,742,000</u>	<u>489,315</u>	<u>0.85%</u>
Denominated in EUR				
<i>Euronext</i>				
ACAFP V7.25 PERP EMTN	500,000	4,575,032	33,093	0.13%
BNP V7.375 PERP	1,000,000	9,198,595	33,002	0.26%
	<u>1,500,000</u>	<u>13,773,627</u>	<u>39,086</u>	<u>0.39%</u>
TOTAL OF LISTED DEBT INSTRUMENTS	<u>442,807,676</u>	<u>2,935,462,759</u>	<u>32,516,132</u>	<u>84.38%</u>

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

31 December 2023

<u>LISTED EQUITY SECURITIES</u>	Holdings	Fair value (in HKD)	% of net assets
Denominated in HKD			
<i>Hong Kong</i>			
HUAZHU GROUP LTD	220,000	5,775,000	0.17%
BYD CO LTD-H	40,000	8,576,000	0.25%
ANTA SPORTS PRODUCTS LTD	80,000	6,060,000	0.17%
SHENZHOU INTERNATIONAL GROUP	200,000	16,080,000	0.46%
ISHARES FTSE A50 CHINA INDEX	630,000	7,597,800	0.22%
NEW ORIENTAL EDUCATION & TEC	300,000	16,575,000	0.48%
HONG KONG EXCHANGES & CLEAR	35,000	9,380,000	0.27%
POWER ASSETS HOLDINGS LTD	100,000	4,525,000	0.13%
HKT TRUST AND HKT LTD-SS	1,657,000	15,443,240	0.44%
TENCENT HOLDINGS LTD	60,000	17,616,000	0.51%
PETROCHINA CO LTD-H	1,600,000	8,256,000	0.24%
CNOOC LTD	700,000	9,100,000	0.26%
CHINA MOBILE LTD	320,000	20,736,000	0.60%
BAIDU INC-CLASS A	90,000	10,449,000	0.30%
TRIP.COM GROUP LTD	44,000	12,214,400	0.35%
ALIBABA GROUP HOLDING LTD	180,000	13,608,000	0.39%
NETEASE INC	84,600	11,894,760	0.34%
TECHTRONIC INDUSTRIES CO LTD	40,000	3,722,000	0.11%
CHINA TELECOM CORP LTD-H	4,000,000	14,960,000	0.43%
AIA GROUP LTD	177,200	12,058,460	0.35%
	10,557,800	224,626,660	6.46%
Denominated in USD			
<i>New York</i>			
APPLE INC	8,000	12,031,585	0.35%
ADVANCED MICRO DEVICES	13,000	14,969,412	0.43%
AMAZON.COM INC	10,000	11,868,793	0.34%
ASML HOLDING NV-NY REG SHS	1,000	5,912,681	0.17%
BROADCOM INC	1,300	11,335,463	0.33%
SPDR BLOOMBERG 1-3 MONTH T-B	60,000	42,833,579	1.24%
FACEBOOK INC-A	2,000	5,529,917	0.16%
ALPHABET INC-CL A	12,000	13,094,261	0.38%
MASTERCARD INC - A	2,600	8,662,375	0.25%
MSCI INC	1,500	6,627,862	0.19%
MICROSOFT CORP	3,500	10,281,028	0.30%
NVIDIA CORP	2,500	9,671,028	0.28%
PINDUODUO INC-ADR	10,000	11,429,006	0.33%
SYNOPSYS INC	3,000	12,066,658	0.35%
TENCENT MUSIC ENTERTAINM-ADR	130,000	9,149,610	0.26%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND
INVESTMENT PORTFOLIO (UNAUDITED) (continued)
31 December 2023

<u>LISTED EQUITY SECURITIES</u> (continued)	Holdings	Fair value (in HKD)	% of net assets
Denominated in USD (continued)			
<i>New York</i> (continued)			
TAIWAN SEMICONDUCTOR-SP ADR	12,500	10,154,950	0.29%
UBER TECHNOLOGIES INC	30,000	14,428,622	0.41%
VISA INC-CLASS A SHARES	4,000	8,134,896	0.23%
	<u>306,900</u>	<u>218,181,726</u>	<u>6.27%</u>
TOTAL OF LISTED EQUITY SECURITIES	<u>10,864,700</u>	<u>442,808,386</u>	<u>12.73%</u>
TOTAL FINANCIAL ASSETS		3,378,271,144	97.11%
<u>FUTURE</u>			
Denominated in USD			
<i>New York</i>			
US 2YR NOTE (CBT) Mar24	(650)	(2,182,653)	-0.06%
TOTAL FINANCIAL LIABILITIES		(2,182,653)	-0.06%

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

The details of financial derivatives instruments held by the trust as at 31 December 2022 are as follows:

Futures contracts

Description	Underlying assets	Counterparty	Fair value US\$
<u>Financial liabilities:</u>			
US 2YR NOTE (CBT) Mar24	2-Year US Treasury Note	Morgan Stanley & Co. International plc.	(2,182,653)

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

Below is the summary of gross exposure and net derivative exposure arising from the use of financial derivative instruments during the year.

Gross derivative exposure

	Lowest	Highest	Average
For the year ended 31 December 2023			
- Future contracts	(9.532%)	3.913%	(0.91%)

Net derivative exposure

	Lowest	Highest	Average
For the year ended 31 December 2023			
- Future contracts	(42.216%)	6.835%	(1.25%)

CHINA LIFE FRANKLIN DIVERSIFIED INCOME FUND

GREENHOUSE GAS EMISSION DISCLOSURE STATEMENT (UNAUDITED)

31 December 2023

As of 31 Dec 2023, the portfolio carbon footprint of the Fund is 127.95 tCO₂ per million dollar invested. The calculation of carbon footprint covered 69.97% of assets in the portfolio in terms of market value. 30.03% of the assets are not covered in the calculation of carbon footprint.

Methodology: Scope 1 and Scope 2 GHG emissions from investments and debts are allocated to the reporting institution based on the proportional share of investment or debt against the enterprise value of the investee company. Enterprise value means the sum, at financial year end, of the market capitalisation of ordinary and preferred shares and the book value of total debt and non-controlling interests, without deducting cash or cash equivalents. The value is then divided by portfolio NAV is to normalise the data.

Limitation 1: Scope 1 and Scope 2 GHG emissions data is obtained with the use of third-party data vendor, sourcing from publicly accessible data which includes but is not limited to annual reports and sustainability reports. When such data is not available, a proprietary estimation model is employed to provide a reasonable approximation of GHG emission data. There is no guarantee as to the accuracy of such estimation.

Limitation 2: Changes in the enterprise value of underlying companies may affect the portfolio carbon footprint without actual changes in Scope 1 and Scope 2 GHG emissions.

Limitation 3: Sovereign fixed income instruments, are not covered in the calculation due to the lack of standardized approach in calculating GHG emissions