

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.)  
SERIES)

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Reports and Financial Statements (Unaudited)  
For the period from 1 January 2010  
to 30 June 2010

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2010  
TO 30 JUNE 2010

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POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2010  
TO 30 JUNE 2010

		1 JAN 2010 TO 30 JUN 2010 HKD	27 JUL 2009 (DATE OF INCEPTION) TO 31 DEC 2009 HKD
	<u>NOTES</u>		
INCOME			
Dividend income	5	-	4,409,509
Interest income	5	50	438
Other income		63,315	1,507,750
		<u>63,365</u>	<u>5,917,697</u>
EXPENSE			
Auditor's remuneration		118,551	220,000
Management fee	6(b)	366,709	355,170
Trustee fee	6(c)	156,000	119,971
Trustee set up fee		-	39,000
Safe custody and bank charges		73,261	77,499
Other expenses		698,912	773,333
Withholding tax	5	10	779,714
		<u>1,413,443</u>	<u>2,364,687</u>
NET (LOSS)/ PROFIT BEFORE INVESTMENT AND EXCHANGE GAIN		<u>(1,350,078)</u>	<u>3,553,010</u>
NET INVESTMENT AND EXCHANGE GAIN			
Net exchange gain		690,110	76,108
Realised gain on sale of investments		1,571,185	8,166,350
Unrealised (depreciation)/ appreciation in value of investments		(27,365,281)	34,287,478
		<u>(25,103,986)</u>	<u>42,529,936</u>
(LOSS)/ PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(26,454,064)</u>	<u>46,082,946</u>
BASIC EARNINGS PER UNIT	13	<u>-1.53</u>	<u>2.08</u>

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K)  
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STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2010

	NOTES	AT 30 JUN 2010 HKD	AT 31 DEC 2009 HKD
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	921,036	2,143,772
Margin accounts	8	2,070,266	2,544,952
Investments	9	166,063,986	213,253,039
Other assets		1,835,434	2,265,205
Total current assets		170,890,722	220,206,968
<b>CURRENT LIABILITIES</b>			
Management fee payable		54,064	67,504
Trustee fee payable		26,000	26,000
Other accounts payable		172,676	276,418
Total current liabilities		252,740	369,922
NET CURRENT ASSETS		170,637,982	219,837,046
<b>CAPITAL AND RESERVE</b>			
Units		153,595,000	176,340,000
Retained earnings		17,042,982	43,497,046
TOTAL EQUITY		170,637,982	219,837,046
Units in issue		16,500,000	18,500,000
Net asset value per unit		10.34	11.88

The financial statements on pages 1 to 13 were approved by the Manager on 27 August 2010 and are signed on their behalf by:

  
MANAGER  
POLARIS SECURITIES  
(HONG KONG) LIMITED

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY 2010  
TO 30 JUNE 2010

	<u>Units</u> HKD	<u>Retained</u> <u>earnings</u> HKD	<u>Total</u> HKD
Balance at 1 January 2010	176,340,000	43,497,046	219,837,046
Loss for the period and total comprehensive income for the period	-	(26,454,064)	(26,454,064)
Payments on redemption of units	(22,745,000)	-	(22,745,000)
Distributions	-	-	-
Balance at 30 June 2010	<u>153,595,000</u>	<u>17,042,982</u>	<u>170,637,982</u>
Date of inception	-	-	-
Profit for the period and total comprehensive income for the period	-	46,082,946	46,082,946
Proceeds on issue of units	254,920,000	-	254,920,000
Payments on redemption of units	(78,580,000)	-	(78,580,000)
Distributions	-	(2,585,900)	(2,585,900)
Balance at 31 December 2009	<u>176,340,000</u>	<u>43,497,046</u>	<u>219,837,046</u>

Number of units in issue

	<u>Units</u> AT 30 JUN 2010	<u>Units</u> AT 31 DEC 2009
Units in issue at the beginning of the period	18,500,000	-
Issue of units	-	25,500,000
Redemption of units	(2,000,000)	(7,000,000)
Units in issue at the end of the period	<u>16,500,000</u>	<u>18,500,000</u>

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM 1 JANUARY 2010  
TO 30 JUNE 2010

	1 JAN 2010 TO 30 JUN 2010 HKD	27JUL2009 (DATE OF INCEPTION) TO 31 DEC 2009 HKD
OPERATING ACTIVITIES		
(Loss)/ Profit for the period	(26,454,064)	46,082,946
Adjustments for:		
Unrealised depreciation/ (appreciation) in value of investments	27,365,281	(34,287,478)
Operating cash flows before movements in working capital	911,217	11,795,468
Decrease/ (Increase) in margin accounts	474,686	(2,544,952)
Decrease/ (Increase) in investments	19,823,772	(178,965,561)
Decrease/ (Increase) in other assets	429,771	(2,265,205)
(Decrease)/ Increase in management fee payable	(13,440)	67,504
Increase in trustee fee payable	-	26,000
(Decrease)/ Increase in other accounts payable	(103,742)	276,418
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES	21,522,264	(171,610,328)
FINANCING ACTIVITIES		
Proceeds from issuance of units	-	254,920,000
Payments for redemption of units	(22,745,000)	(78,580,000)
Distributions paid	-	(2,585,900)
NET CASH (USED IN)/ FROM FINANCING ACTIVITIES	(22,745,000)	173,754,100
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(1,222,736)	2,143,772
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,143,772	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances	921,036	2,143,772

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2010  
TO 30 JUNE 2010

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1. THE FUND

Polaris Taiwan Top 50 Tracker Fund (H.K.) (the "Fund") is a sub-fund of Polaris Tracker Fund (H.K.) Series (the "Trust"), an open ended unit trust established under the laws of Hong Kong pursuant to a Trust Deed dated 27 July 2009, as amended from time to time, entered into between Polaris Securities (Hong Kong) Limited (the "Manager" of the Trust), and HSBC Institutional Trust Services (Asia) Limited (the "Trustee" of the Trust).

The Fund is authorised by the Hong Kong Securities and Futures Commission (the "SFC") pursuant to Section 104 of the Hong Kong Securities and Futures Ordinance.

The Fund is an exchange traded fund ("ETF") listed on The Stock Exchange of Hong Kong Limited (the "SEHK") on 19 August 2009. It is a feeder fund aims at investing at least 90% all of its assets in Polaris Taiwan Top 50 Tracker Fund (the "Master Fund") listed on the Taiwan Stock Exchange.

The Master Fund's investment objective is to provide investment results that, after expenses, closely linked to or correspond to the performance of the TSEC Taiwan 50 Index (the "Index").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current interim period, the Fund has applied, for the first time, the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective during the period.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRS s 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009

The Fund has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related party disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of rights issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters <sup>3</sup>
HKFRS 9	Financial instruments <sup>5</sup>
HK(IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement <sup>4</sup>
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments <sup>3</sup>

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K)  
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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
- <sup>2</sup> Effective for annual periods beginning on or after 1 February 2010.
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2010.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2011.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2013.

The Manager and Trustee of the Fund anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the relevant disclosure provisions of the Trust Deed, as amended, and the relevant financial statement disclosure requirements specified in Appendix E of the UT Code issued by the SFC. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of comprehensive income.

**Financial assets**

The Fund's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

**Financial assets** - continued

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

*Financial assets at FVTPL*

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset is designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in the statement of comprehensive income in the period in which they arise. The net gain or loss recognised in statement of comprehensive income excludes any dividend or interest earned on the financial assets.

The fair value of investments is based on their quoted market bid prices at the reporting date.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including cash and cash equivalents are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in statement of comprehensive income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through statement of comprehensive income to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Financial liabilities and equity**

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Fund after deducting all of its liabilities.

Puttable financial instruments that meet the definition of a financial liability are classified as equity where certain strict criteria are met. Those criteria include: the puttable instruments shall entitle the holder to a pro-rata share of net assets in the event of liquidation; the puttable instruments must be the most subordinated class and that class's features must be identical; there shall be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer; and there are no other financial instruments or contracts whose total cash flows are based substantially on profit or loss, changes in recognised net assets or changes in fair value of recognised and unrecognised net assets of the entity and have the effect of substantially restricting or fixing residual return to the puttable instrument holders.

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K)  
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3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

**Financial liabilities and equity** - continued

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

*Financial liabilities*

Financial liabilities including management fee payable, trustee fee payable and other accounts payable are subsequently measured at amortised cost, using the effective interest method.

*Equity instruments*

Equity instruments issued by the Fund are recorded at the proceeds received, net of direct issue costs.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Fund have transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of comprehensive income.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of comprehensive income.

Revenue recognition

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the unitholders' rights to receive payment have been established.

Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K)  
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3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currency

In preparing the financial statements of the Fund, transactions in currencies other than the functional currency of the Fund (foreign currencies) are recorded in its functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the statement of comprehensive income in the period in which they arise.

4. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Fund's accounting policies, which are described in Note 3, the management is required to make judgements that have effect on the amounts recognised in financial statements.

Critical judgment

*Functional currency*

The Manager and the Trustee consider Hong Kong dollar as the functional currency of the Fund. Hong Kong dollar is the currency in which the Fund measures its performance and report its results, as well as the currency in which the Fund determines the net asset value per unit at the time of issue or redemption. This determination also considers that the Fund is listed on the Stock Exchange of Hong Kong Limited and its units are quoted in Hong Kong dollar.

5. TAXATION

No provision for Hong Kong profits tax has been made as the interest, dividend income and realized gains on disposal of investments of the Fund are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

Dividend income received by the Fund in respect of its holdings in Master Fund and interest income will be subject to a withholding tax. Withholding taxes are shown as a separate item in the statement of comprehensive income.

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6. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund also include the Manager of the Fund and its connected persons. Connected Persons of the Manager are those as defined in Section II-Code on Unit Trusts and Mutual Funds of SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structure Products (the "UT Code") issued by the SFC. All transactions entered into during the period between the Fund and its related parties, including the Manager and its connected persons were carried out in the normal course of business. To the best of the Manager's knowledge, the Fund does not have any other transactions with connected persons except for those disclosed below.

(a) Manager's holding in the Fund

The directors and officers of the Manager may transact in the units of the Fund as principal provided that prior written notice is obtained from the Trustee. As of 30 June 2010, the directors and officers of the Manager together held 1,237,400 units in the Fund.

(b) Management fee

The Manager is entitled to receive a management fee from the Fund, currently at the rate of 0.38% per annum of the net asset value of the Fund accrued daily and calculated as at each dealing day and payable monthly in arrears. Such fee is payable out of the assets of the Fund.

The management fee currently payable by the Master Fund to the Master Fund's manager, Polaris International Securities Investment Trust Co., Ltd., is 0.32% per annum of the net asset value of the Master Fund. Accordingly the current aggregate amount of management fee payable to the Manager and its connected persons of the Fund and the Master Fund is equal to 0.70% per annum of the net asset value of the Fund.

(c) Trustee fee

The Trustee is entitled to receive a trustee fee from the Fund, currently at the rate of 0.115% per annum of the net asset value of the Fund (subject to a minimum of HKD312,000 per annum) accrued daily and calculated as at each dealing day and payable monthly in arrears. Such fee is payable out of the assets of the Fund.

7. CASH AND CASH EQUIVALENTS

	AT 30 JUN 2010 HKD	AT 31 DEC 2009 HKD
Cash at bank	<u>921,036</u>	<u>2,143,772</u>

8. MARGIN ACCOUNTS

Margin accounts represent margin deposits held in respect of open exchange-traded futures contracts.

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9. INVESTMENTS

	AT 30 JUN 2010 HKD	AT 31 DEC 2009 HKD
Listed investments		
- Master Fund	166,241,243	213,146,019
- MSCI Taiwan Index Futures	(177,257)	107,020
	<u>166,063,986</u>	<u>213,253,039</u>

The notional amount of MSCI Taiwan Index Futures is HKD4,515,564 (31 December 2009: HKD6,885,133). Their expiry date is 30 July 2010.

10. SOFT COMMISSION ARRANGEMENTS

The Manager may effect transactions, provided that any such transaction is consistent with standards of "best execution", by or through the agency of another person for the account of the Fund with whom the Manager or any of its connected persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialized software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

Since the inception of the Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the account of the Fund.

11. INVESTMENT LIMITATIONS AND PROHIBITIONS UNDER THE UT CODE

The UT Code allows the Fund to invest in funds whose constituent securities issued by a single issuer account for more than 10% of the Fund's net asset value provided that the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Fund's holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

Constituent securities that account for more than 10% of the net asset value of the Fund as at 30 June 2010 were as follows:

	Respective weighting in the Index (%)	% of net asset value
Taiwan Semiconductor Manufacturing Company Limited	<u>16.20</u>	<u>15.70</u>

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12. DISTRIBUTIONS

HKD

For the period ended 30 June 2010

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For the year ended 31 December 2009

Distributions declared on 6 November 2009

- HKD0.1361 per unit on 19,000,000 units paid on 4 December 2009

2,585,900

13. BASIC EARNINGS PER UNIT

The calculation of the basic earnings per unit is based on the following data:

	1 JAN 2010 TO 30 JUN 2010 HKD	27JUL2009 (DATE OF INCEPTION) TO 31 DEC 2009 HKD
Earnings	(26,454,064)	46,082,946
Weighted average number of units	17,325,967	22,124,113

14. SEGMENTAL INFORMATION

In the opinion of the Manager and the Trustee, all activities of the Fund are in the single business of investment activities conducted mainly in Hong Kong. The chief operating decision maker of the Fund is its Manager.

POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
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INVESTMENT PORTFOLIO  
 AS AT 30 JUNE 2010

	<u>Holdings</u>	<u>Fair value</u> HKD	<u>% of net</u> <u>asset value</u>
<u>Taiwan</u>			
Listed investments			
- Polaris Taiwan Top 50 Tracker Fund	13,848,000	166,241,243	97.42%
- MSCI Taiwan Index Futures	23	(177,257)	(0.10%)
Total investments		166,063,986	97.32%
Other net assets		4,573,996	2.68%
Net asset value as at 30 June 2010		170,639,982	100.00%
Total investments, at cost		159,141,789	



POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO  
 FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

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	Holdings			
	<u>01.01.2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>30.06.2010</u>
<u>Taiwan</u>				
Listed investments				
- Polaris Taiwan Top 50 Tracker Fund	15,573,000	-	(1,725,000)	13,848,000
- MSCI Taiwan Index Futures	30	166	(173)	23

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POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)

PERFORMANCE TABLE  
FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

1. NET ASSET VALUE

	Net asset value HKD	Net asset value per unit HKD
At the end of financial period		
30 June 2010	170,637,982	10.34
31 December 2009	<u>219,837,046</u>	<u>11.88</u>

2. HIGHEST AND LOWEST NET ASSET VALUE PER UNIT

	Highest net asset value per unit HKD	Lowest net asset value per unit HKD
Financial period ended		
30 June 2010	12.25	9.99
31 December 2009 (since inception)	<u>11.88</u>	<u>9.68</u>

3. FUND PERFORMANCE

During the period, the TSEC Taiwan 50 Index increased by 12.31% (2009: increased by 16.00%), while the net asset value per unit of the Fund decreased by 12.96% (2009: increased by 18.80%).

**POLARIS TAIWAN TOP 50 TRACKER FUND (H.K.)  
(A SUB-FUND OF POLARIS TRACKER FUND (H.K.) SERIES)**

**MANAGEMENT AND ADMINISTRATION**

**MANAGER**

Polaris Securities (Hong Kong) Limited  
1003-1004 Admiralty Centre  
Tower 1  
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