Yuanta/P-shares Taiwan Top 50 ETF (H.K.)

(formerly Polaris Taiwan Top 50
Tracker Fund (H.K))
(A Sub-fund of Yuanta Tracker Fund (H.K.) Series
(formerly Polaris Tracker Fund (H.K) Series))

Interim Report
30 June 2015

RESTRICTED

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Management and Administration

Manager

Polaris Securities (Hong Kong) Limited (effective until 19 January 2015)
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18 Harcourt Road
Hong Kong

Yuanta Securities (Hong Kong) Company Limited (effective on 20 January 2015)
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18 Harcourt Road
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Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central, Central
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Legal Advisor to the Manager

Simmons & Simmons (effective until 19 January 2015)
13th Floor, One Pacific Place
88 Queensway
Hong Kong

DEACONS (effective on 20 January 2015)
5/F, Alexandra House
18 Chater Road
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Auditors

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

Condensed statement of assets and liabilities as at 30 June 2015

(Expressed in Hong Kong dollars)

	Note	*30 June 2015*	*31 December 2014*
Assets			
Cash and cash equivalents	6	$ 400,343	$ 622,359
Financial assets at fair value through profit or loss	4	11,949,013	11,559,986
Other assets		-	13,701
Total assets		$ 12,349,356	$ 12,196,046
Liabilities			
Management fee payable	8(a)	$ 4,066	$ 4,107
Trustee fee payable	8(b)	27,353	28,208
Other payables		106,584	206,772
Total liabilities		$ 138,003	$ 239,087
Net assets attributable to unitholders		$ 12,211,353	$ 11,956,959
Representing:			
Total equity		$ 12,211,353	$ 11,956,959

Condensed statement of assets and liabilities as at 30 June 2015 (continued)

(Expressed in Hong Kong dollars)

	Note	*30 June 2015*	*31 December 2014*
Total number of units in issue	8(c), 9	1,000,000	1,000,000
Net asset value per unit		$ 12.21	$ 11.95

Approved and authorised for issue by the Manager on

13 AUG 2015

) For and on behalf of
) Yuanta Securities (Hong Kong)
) Company Limited, Manager
)
)

Condensed statement of comprehensive income for the period ended 30 June 2015

(Expressed in Hong Kong dollars)

	Note	*Six months ended 30 June 2015*	*Six months ended 30 June 2014*
Income		$ -	$ -
Expenses			
Auditor's remuneration		$ (73,888)	$ (77,888)
Management fee	8(a)	(23,203)	(54,783)
Trustee fee	8(b)	(154,717)	(155,768)
Safe custody and bank charges		(9,418)	(11,840)
Registration fee	8(b)	(19,340)	(19,340)
Valuation fee	8(b)	(133,380)	(134,550)
Transactions cost		(553)	(1,949)
Sundry expenses		(68,148)	(63,405)
Legal and professional fees		(23,259)	
		$ (505,906)	$ (519,523)
Net loss before investment and exchange gain		$ (505,906)	$ (519,523)
Net investment and exchange gain			
Net foreign exchange gain		2,271	290
Net gain from financial assets at fair value through profit or loss	7	758,029	$ 3,424,772
Profit after tax and total comprehensive income for the period		$ 254,394	$ 2,905,539

The notes on pages 7 to 15 form part of these condensed financial statements.

Condensed statement of changes in equity for the period ended 30 June 2015

(Expressed in Hong Kong dollars)

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Net assets at the beginning of the period	$ 11,956,959	$ 28,894,334
Profit after tax and total comprehensive income for the period	254,394	2,905,539
Net assets at the end of the period	$ 12,211,353	$ 31,799,873

The notes on pages 7 to 15 form part of these condensed financial statements.

Condensed cash flow statement for the period ended 30 June 2015

(Expressed in Hong Kong dollars)

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Operating activities		
Profit after tax and total comprehensive income for the period	$ 254,394	$ 2,905,539
Increase in financial assets at fair value through profit or loss	(389,027)	(2,778,210)
Decrease in other assets	13,701	9,162
(Decrease)/increase in trustee fee payable	(855)	499
(Decrease)/increase in management fee payable	(41)	490
Decrease in other payables	(100,188)	(77,074)
Net cash (used in)/generated from operating activities	$ (222,016)	$ 60,406
Net (decrease)/increase in cash and cash equivalents	$ (222,016)	$ 60,406
Cash and cash equivalents at the beginning of the period	622,359	228,224
Cash and cash equivalents at the end of the period	$ 400,343	$ 288,630

The notes on pages 7 to 15 form part of these condensed financial statements.

Notes to the condensed financial statements

(Expressed in Hong Kong dollars)

1 Background

Yuanta/P-shares Taiwan Top 50 ETF (H.K.) (formerly known as Polaris Taiwan Top 50 Tracker Fund (H.K.)) ("the Fund") is a sub-fund of Yuanta Tracker Fund (H.K.) Series (formerly known as Polaris Tracker Fund (H.K.) Series) ("the Trust"). The Fund is authorised by the Securities and Futures Commission in Hong Kong ("SFC") under section 104(1) of the Hong Kong Securities and Futures Ordinance and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds ("the Code").

The Trust is an open ended unit trust constituted by a Trust Deed dated 27 July 2009, entered into between Polaris Securities (Hong Kong) Limited (the "Manager"), and HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

The Fund is an exchange traded fund listed on The Stock Exchange of Hong Kong Limited on 19 August 2009.

The investment objective of the Fund is to provide investment results that, after expenses, closely link to or correspond to the performance of the FTSE TWSE Taiwan 50 Index ("the Index") by investing substantially all of its assets in Yuanta/P-shares Taiwan Top 50 ETF (the "Master Fund") listed on the Taiwan Stock Exchange.

2 Significant accounting policies

(a) Statement of compliance

These condensed financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) HKAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements as at and for the year ended 31 December 2014, which have been prepared in accordance with HKFRSs.

The interim financial statements have not been audited or reviewed by the Company's auditors.

(b) Basis of preparation of the condensed financial statements

The accounting policies applied in these condensed financial statements are the same as those applied by the Fund in its financial statements as at and for the year ended 31 December 2014 .

2 Significant accounting policies (continued)

(b) Basis of preparation of the condensed financial statements (continued)

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Taxation

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the income of the Fund is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

4 Financial instruments and associated risks

The Fund's financial risk management objectives and policies during the six months ended 30 June 2015 are consistent with that disclosed in the financial statements as at and for the year ended 31 December 2014.

5 Margin accounts

Margin accounts represent margin deposits placed with brokers in respect of open exchange-traded futures contracts. Those deposits are pledged with brokers.

6 Cash and cash equivalents

	30 June 2015	*31 December 2014*
Cash at bank	$ 400,343	$ 622,359

7 Net gain from financial assets at fair value through profit or loss

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Net realised gain	$ 139,161	$ 163,897
Net change in unrealised gain or loss	618,868	3,260,875
Total net gain	$ 758,029	$ 3,424,772

8 Transactions with related parties

The following is a summary of transactions with related parties during the period which were entered into in the ordinary course of business and on normal commercial terms:

(a) The Manager earns management fee at the rate of 0.38% per annum of the net asset value of the Fund. Management fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

The management fee currently payable by the Master Fund to the Master Fund's manager, Yuanta 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 Manager and the Master Fund is equal to 0.70% per annum of the net asset value of the Fund.

(b) The Trustee earns trustee fee at the rate of 0.115% per annum of the net asset value of the Fund (subject to a minimum of HK$312,000 per annum). Trustee fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

The Trustee also earns fees for providing various other services to the Fund as follows:

(i) Registrar's fees per annum

(ii) Transaction fees for each purchase/sale of investments

(iii) Valuation fees per daily valuation

(iv) Special fees charged on time-cost basis

(c) The Fund allows the Manager and its connected persons to transact in units of the Fund. The holding of the Fund by the Manager as at 30 June 2015 was 44,600 units (31 December 2014: 44,600 units).

8 Transactions with related parties (continued)

(d) The Fund did not utilise the services of Yuanta Securities Co. Ltd ("YSCL"), the intermediate holding company of the Manager in certain purchase and sale of investments for the period ended 30 June 2015 (six months ended 30 June 2014: nil).

9 Units in issue

	Six months ended 30 June 2015 Units	*Year ended 31 December 2014* Units
Balance at the beginning of the period/year	1,000,000	2,500,000
Units redeemed during the period/year	-	(1,500,000)
Balance at the end of the period/year	1,000,000	1,000,000

10 Soft dollar commission

The Manager has not entered into any soft dollar commission arrangements with brokers for the Fund.

11 Fair value information

The Fund's financial instruments are measured at fair value on the date of the statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including cash and cash equivalents, margin accounts, other receivables and other payables, the carrying amounts approximate their fair value due to the immediate or short -term nature of these financial instruments.

11 Fair value information (continued)

Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in Financial statements as of 31 December 2014 under significant accounting policies in Note 2(e)(v).

The Fund measures fair values using the following fair values hierarchy that reflects the significance of the inputs used in making the measurements.

- *Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.*

- *Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using: quoted market price in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.*

- *Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.*

The investment held by the Fund is listed on the Taiwan Stock Exchange and its fair value is based on quoted market price in an active market.

The following analyses financial instruments at fair value at the date of the statement of assets and liabilities, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	
	30 June 2015	*31 December 2014*
Yuanta/P-shares Taiwan Top 50 ETF	$ 11,949,013	$ 11,559,986
	$ 11,949,013	$ 11,559,986

There are no significant transfers between the levels during the period.

11 Fair value information (continued)

Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following table sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

	2015			
	Level 1	Level 2	Level 3	Total
30 June 2015				
Financial assets				
Cash and cash equivalents	400,343	-	-	400,343
	400,343	-	-	400,343
Financial liabilities				
Management fee payable	-	4,066	-	4,066
Trustee fee payable	-	27,353	-	27,353
Other Payable	-	106,584	-	106,584
Net assets attributable to unit holders	-	12,211,353	-	12,211,353
	-	12,349,356	-	12,349,356

11 Fair value information (continued)

Financial instruments not measured at fair value (continued)

		2014		
	Level 1	Level 2	Level 3	Total
31 December 2014				
Financial assets				
Cash and cash equivalents	622,359	-	-	622,359
Other assets	-	13,701	-	13,701
	622,359	13,701	-	636,060
Financial liabilities				
Management fee payable	-	4,107	-	4,107
Trustee fee payable	-	28,208	-	28,208
Other Payable	-	206,772	-	206,772
Net assets attributable to unit holders	-	11,956,959	-	11,956,959
	-	12,196,046	-	12,196,046

12 Segment information

The Manager makes the strategic resource allocation on behalf of the Fund and determines operating segments based on internal reports reviewed which are used to make strategic decisions.

The Manager considers that the Fund has one single operating segment based on one single and integrated investment strategy by investing substantially all of its assets in the Master Fund with the objective to closely match the performance of the Index as stipulated in the Explanatory Memorandum. There was no change in the operating segment during the period.

All revenues of the Fund are generated from investments. The segment information provided to the Manager is the same as that disclosed in the condensed statement of comprehensive income and condensed statement of assets and liabilities.

The Fund is domiciled in Hong Kong. All of the Fund's income from investments is from its investments in the Master Fund.

13 Involvement with an unconsolidated structured entity

The table below describes the type of structured entity that the Fund does not consolidate but in which it holds an interest.

Type of structured entity	*Nature and purpose*	*Interest held by the Fund*
Investment fund	To manage assets on behalf of third party investors and generate fees for the investment manager. This vehicle is financed through the issue of units to investors.	Investments in units issued by the fund

The table below sets out interests held by the Fund in an unconsolidated structured entity. The maximum exposure to loss is the carrying amount of the financial assets held.

30 June 2015

	Structured entity	*Total net assets*	*Carrying amount include in "financial assets at fair value through profit or loss"*
Yuanta/P-shares Taiwan Top 50 ETF	Listed exchange traded funds	31,134,286,540	11,949,013

31 December 2014

	Structured entity	*Total net assets*	*Carrying amount include in "financial assets at fair value through profit or loss"*
Yuanta/P-shares Taiwan Top 50 ETF	Listed exchange traded funds	18,704,269,278	11,559,986

During the period, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can trade in the above investment fund in the open market.

14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 June 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the period ended 30 June 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Fund:

	Effective for accounting periods beginning on or after
HKFRS 9, Financial instruments	1 January 2018

The Fund is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's results of operations and financial position.

Performance of Yuanta/P-shares Taiwan Top 50 ETF (H.K.) and FTSE TWSE Taiwan 50 Index from 1 January 2015 to 30 June 2015 (unaudited)

Fund/Index	*Performance*
Yuanta/P-shares Taiwan Top 50 ETF (H.K.) (formerly Polaris Taiwan Top 50 Tracker Fund (H.K)) [1]	2.18%
FTSE TWSE Taiwan 50 Index[2]	2.88%

(1) Performance is calculated in base currency with unit price to unit price, dividend reinvestment (if any).

(2) Performance is calculated in total return with dividend reinvestment

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg

Investors should note that investment involves risks and not all investment risks are predictable. Prices of fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should refer to the Fund's offering document (including the full text of the risk factors stated therein) before making any investment decision.

FTSE TWSE Taiwan 50 Index Constituent Stocks Disclosure as at 30 June 2015 (unaudited)

Those constituent stocks that accounted for more than 10% of the weighting of the FTSE TWSE Taiwan 50 Index ("the Index") as at 30 June 2015 are listed below.

	Weighting in the Index %
Taiwan Semiconductor Manufacturing	24.06%

Investment portfolio as at 30 June 2015 (unaudited)

(Expressed in Hong Kong dollars)

Investment	*Holdings*	*Cost*	*Market value*	*% of total net asset attributable to unitholders*
Yuanta/P-shares Taiwan Top 50 ETF	686,000	$7,883,540	$ 11,949,013	97.85
Total investments			$ 11,949,013	97.85
Other net assets			262,340	2.15
Total net assets attributable to unitholders			$ 12,211,353	100.00

Statement of movements in portfolio holdings as at 30 June 2015 (unaudited)

	% of total net assets attributable to unitholders	
	30 June 2015	*31 December 2014*
Yuanta/P-shares Taiwan Top 50 ETF	97.85	96.68
Total investments	97.85	96.68
Other net assets	2.15	3.32
Total net assets	100.00	100.00

Performance table (unaudited)
(Expressed in Hong Kong dollars)

(a) Net asset value attributable to unitholders (in accordance with HKFRSs):

	Net asset value	*Net asset value per unit*
At 30 June 2015	$ 12,211,353	$ 12.21
At 31 December 2014	$ 11,956,959	$ 11.95
At 31 December 2013	$ 28,894,334	$ 11.55

(b) Price record (in accordance with Explanatory Memorandum):

	Highest offer price during the period/year	*Lowest bid price during the period/year*
1 January 2015 to 30 June 2015	$ 13.06	$ 11.47
2014	$ 13.33	$ 10.79
2013	$ 11.87	$ 10.51
2012	$ 12.17	$ 9.92
2011	$ 14.52	$ 10.03
2010	$ 14.07	$ 9.99
2009	$ 11.88	$ 9.68