



New Capital Hong Kong Unit Trust Series (an umbrella unit trust established in Hong Kong)

New Capital Digital Economy Fund

(A sub-fund of New Capital Hong Kong Unit Trust Series)

Reports and financial statements
For the period from 4 December 2017 (date of inception) to 30 June 2018

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REPORT OF THE MANAGER TO THE UNITHOLDERS

New Capital Digital Economy Fund (the “Sub-Fund”) was set up to capture the fast evolution of digital economy, where there is an accelerating shift in the economic gravity from West to East. We believe that the success of Baidu – Alibaba – Tencent (“BAT”) business model will have big influence in the development of digital economy in other parts of Asia. The Sub-Fund invests across various parts of ecosystem of digital economy covering infrastructure, community and application & service to enhance investment return for the portfolio over a longer investment horizon.

Market Review

The Asia equity market saw a roller-coaster movement for the past six months. The strong corporate earnings growth of Chinese industrial and technology companies was major contributor for the Sub-Fund’s performance at the start of the reporting period. However, the start of trade negotiation between US and China hurt market sentiment in the second quarter. The US sanction on ZTE, a major Chinese telecom manufacturer, painted a gloomy picture on the outlook for the trade negotiation. In addition, the strong USD and rising interest rates also added pressure to the emerging market. The weaker Latin American market started feeling the pain with their currencies saw strong depreciation pressure in view of their big current account deficits and high inflation. Within Emerging market, Asia is relatively healthier but the weaker ones like Indonesia and Philippines start feeling the pain.

Outlook and Strategy

The Trump Administration’s protectionism threat, strong USD and the rising US rates are the major overhang for the investment market. Despite the correction in the first half of 2018, market sentiment remains optimistic about a quick resolution of trade negotiation between US and China. In addition, Asia, in particular China, has its own domestic issue – too much debt. The currency crisis in Argentina and Turkey are not positive for investment sentiment. Based on the above factors, we are taking a more cautious stance relative to peers.

Looking ahead, there is a higher chance that the trade war between China and the US will last longer. As such, we believe only the large domestically driven economies will be less affected. We believe these countries will have the following characteristics: low foreign revenue exposure and lower total trade as % of GDP. Within Asia, we consider China and India will be ideal candidate that can survive through the trade war.

REPORT OF THE MANAGER TO THE UNITHOLDERS (CONTINUED)

Outlook and Strategy (Continued)

As the trade war may last longer, we believe the digital economy related sectors will be less affected as they are domestic consumption driven and supported by government policy. Also, the telecom operators which generate good cash flow and high dividend yield should lend support to their share prices. The Sub-Fund will build up position in this attractive yield play should the trade situation deteriorates. Within Asia, we favour China and India and like niche hardware companies in Korea and Taiwan.

Awards:

New Capital won the Platinum Award in the “Most Innovative Manager” category from Fund Selector Asia. **

** Source: Fund Selector Asia Hong Kong Award as of 25 January 2018. The award recognized the idea of capturing the technology trend through the launch of New Capital Digital Economy Fund.

EFG Asset Management (HK) Limited
as the Manager of
the New Capital Digital Economy Fund

5 October 2018

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of the New Capital Digital Economy Fund (the “Sub-Fund”), a sub-fund of New Capital Hong Kong Unit Trust Series has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 6 November 2017 for the period from 4 December 2017 (date of inception) to 30 June 2018.

HSBC Institutional Trust Services (Asia) Limited
as the Trustee of
the New Capital Digital Economy Fund

Hong Kong, 5 October 2018

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's Responsibilities

The Manager of the New Capital Digital Economy Fund (the "Sub-Fund"), a Sub-Fund of New Capital Hong Kong Unit Trust Series, is required by the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 6 November 2017 (the Trust Deed) to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the period from 4 December 2017 (date of inception) to 30 June 2018. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

New Capital Hong Kong Unit Trust Series (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 30 June 2018, the Trust has established one Sub-Fund, namely, New Capital Digital Economy Fund.

Trustee's Responsibilities

The Trustee of the Sub-Fund is required by the SFC Code and the Trust Deed to:

- ensure that the Sub-Fund in all material respects is managed in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period should the Manager not managing the Sub-Fund in accordance with the Trust Deed.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NEW CAPITAL DIGITAL ECONOMY FUND

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of New Capital Digital Economy Fund (the "Sub-Fund"), a sub-fund of New Capital Hong Kong Unit Trust Series, set out on pages 9 to 37, which comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive income for the period from 4 December 2017 (date of inception) to 30 June 2018;
- the statement of changes in net assets attributable to unitholders for the period from 4 December 2017 (date of inception) to 30 June 2018;
- the statement of cash flows for the period from 4 December 2017 (date of inception) to 30 June 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30 June 2018, and of its financial transactions and its cash flows for the period from 4 December 2017 (date of inception) to 30 June 2018 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 ("HKSAs") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NEW CAPITAL DIGITAL ECONOMY FUND (CONTINUED)

Other Information

The Trustee and the Manager (together the "Management") of the Sub-Fund 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.

Responsibilities of Management for the Financial Statements

The Management of the Sub-Fund is 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 Management determines is 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 Management of the Sub-Fund is responsible for assessing the Sub-Fund'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 Management either intends to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 6 November 2017 ("Trust Deed") and the Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NEW CAPITAL DIGITAL ECONOMY FUND (CONTINUED)

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. We report our opinion 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 HKSA's 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 Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgment 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 Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management'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 Sub-Fund'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 Sub-Fund 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NEW CAPITAL DIGITAL ECONOMY FUND (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Management 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 Appendix E of 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 Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 5 October 2018

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Notes	2018 US\$
Assets		
Current assets		
Investments	7(b)	27,898,739
Derivative financial instruments	7(b)	207
Interest receivable		28
Dividends receivable		70,987
Cash at bank	7(e)	3,527,336
Total assets		<u>31,497,297</u>
Liabilities		
Current liabilities		
Derivative financial instruments	7(b)	13,163
Other accounts payable and accrued expenses		28,119
Management fee payable	5(a)	26,584
Trustee fee payable	5(b),9(c)	1,946
Amounts due to brokers		1,806,149
Liabilities (excluding net assets attributable to unitholders)		<u>1,875,961</u>
Net assets attributable to unitholders	6	<u>29,621,336</u>

The financial statements on pages 9 to 37 were approved by the Trustee and the Manager on 5 October 2018 and were signed on their behalf.

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 4 DECEMBER 2017 (DATE OF INCEPTION) TO 30 JUNE 2018**

	Notes	Period from 4 December 2017 (date of inception) to 30 June 2018 US\$
INCOME		
Dividend income		294,437
Interest income	9(a)	2,847
Net loss on investments and derivative financial instruments	8	(1,761,078)
Net foreign exchange loss		(66,885)
Total net loss		<u>(1,530,679)</u>
EXPENSES		
Management fee	5(a)	162,430
Trustee's fee	5(b),9(b)	12,101
Safe custody and bank charges		9,804
Auditor's remuneration		15,000
Establishment cost		120,000
Legal and professional fee		3,673
Other operating expenses		137,697
Total operating expenses		<u>460,705</u>
Operating loss		(1,991,384)
FINANCE COSTS		
Distributions to unitholders	11	(41,097)
Loss after distribution and before tax		<u>(2,032,481)</u>
Withholding tax	4	(22,138)
Decrease in net assets attributable to unitholders		<u><u>(2,054,619)</u></u>

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD FROM 4 DECEMBER 2017 (DATE OF INCEPTION) TO 30 JUNE 2018**

	Period from 4 December 2017 (date of inception) to 30 June 2018 US\$
Balance at the beginning of the period	- -----
Issue of units	32,718,291
Redemption of units	(1,042,336)
	<hr/>
Net issue	31,675,955
Decrease in net assets attributable to unitholders	(2,054,619)
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Balance at the end of the period	29,621,336 <hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 4 DECEMBER 2017 (DATE OF INCEPTION) TO 30 JUNE 2018**

Period from
4 December 2017
(date of inception)
to 30 June 2018
US\$

Cash flows from operating activities

Decrease in net assets attributable to unitholders	(2,054,619)
Adjustments for:	
Dividend income	(294,437)
Interest income	(2,847)
Withholding tax	22,138
Distribution to unitholders	41,097

Operating loss before working capital changes (2,288,668)

Net increase in investments and derivative financial instruments	(27,885,783)
Net increase in other accounts payable and accrued expenses	28,119
Net increase in management fee payable	26,584
Net increase in trustee fee payable	1,946
Net increase in amounts due to brokers	1,806,149

Cash used in operations (28,311,653)

Dividend income received, net of withholding tax	201,312
Interest income received	2,819

Net cash used in operating activities (28,107,522)

Cash flows from financing activities

Proceeds from subscription of units*	32,718,025
Payments on redemption of units	(1,042,336)
Distribution to unitholders*	(40,831)

Net cash generated from financing activities 31,634,858

Net increase in cash and cash equivalents	3,527,336
Cash and cash equivalents at the beginning of the period	-

Cash and cash equivalents at the end of the period 3,527,336

Analysis of balances of cash and cash equivalents

Cash at bank	3,527,336
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*During the period, there were non-cash transactions of US\$266 on the allotment of units and distributions to unitholders.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 The Sub-Fund

New Capital Hong Kong Unit Trust Series (the “Trust”) is an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong by a trust deed dated 6 November 2017 (“the Trust Deed”) between HSBC Institutional Trust Services (Asia) Limited (“Trustee”) as trustee and EFG Asset Management (HK) Limited (“Manager”) as manager. As at 30 June 2018, the Trust has only one sub fund which is New Capital Digital Economy Fund (the “Sub-Fund”). The date of inception of the Sub-Fund is 4 December 2017.

The Sub-Fund is authorised by the Securities and Futures Commission in Hong Kong under Section 104 of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

The objective of the Sub-Fund seeks to achieve long-term capital growth by investing primarily in equity securities issued by companies that can potentially benefit from the transformation or development of economy by digital technologies.

The Sub-Fund currently offers 7 classes of units, as follows:

- “HKD Ord Dist Class”, “HKD Ord Acc Class”, “USD Ord Dist Class”, “USD Ord Acc Class”, “USD Inst Acc Class” and “RMB Hedged Ord Dist Class” units are offered to all investors; and
- “USD X Acc Class” units are only available to employees of the Manager and certain other investors who have entered into a discretionary investment management agreement with the Manager and/or members of the EFG group.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager (the “Management”) to exercise its judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

New standards, amendments and interpretations effective after 4 December 2017 (date of inception) and have not been early adopted by the Sub-Fund

HKFRS 9 ‘Financial Instruments’ addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in HKAS 39 and is effective for reporting periods beginning on or after 4 December 2017.

Classification and measurement of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. HKFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of HKFRS 9 the Sub-Fund’s investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of HKFRS 9 is not expected to have a material impact on the Sub-Fund’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New standards, amendments and interpretations effective after 4 December 2017 (date of inception) and have not been early adopted by the Sub-Fund (Continued)

In addition to the above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 4 December 2017, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Investments

All investments and derivative financial instruments are classified by the Management as “financial assets and liabilities at fair value through profit or loss”. These financial assets and financial liabilities are classified as held for trading. Financial assets and liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term.

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred in the Statement of Comprehensive Income, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are recognised in the Statement of Comprehensive Income in the reporting period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Fair value estimation

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 of financial assets and liabilities traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the reporting date.

Investments that are listed or traded on an exchange are fair valued based on quoted market prices at the close of trading on the reporting date. Debt securities are fair valued inclusive of accrued interest.

Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(c) Derivative financial instruments

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated as hedges. The Sub-Fund does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Sub-Fund's documented investment strategy.

The Sub-Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Sub-Fund has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(e) Income

Dividend income on equity securities is recorded on the ex-dividend date with the corresponding withholding taxes recorded as an expense. Interest income is recognised on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The performance of the Sub-Fund is measured and reported to the investors in United States dollar ("US\$"). The Management considers the United States dollar as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The financial statements are presented in United States dollar, which is the Sub-Fund's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(f) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the report date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within “net foreign exchange gain/(loss)”.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within “net gain/(loss) on investments and derivative financial instruments”.

(g) Expenses

Expenses are accounted for on an accrual basis.

(h) Redeemable units

Redeemable units are classified as financial liabilities and are issued or redeemed at the holder’s option at prices based on the Sub-Fund’s net asset value per unit as at the close of business on the relevant dealing day. The Sub-Fund’s net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units.

(i) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with maturities of three months or less from the date of placement net of bank overdrafts, if any.

(j) Amounts due from/to brokers

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet delivered by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(k) Accounts receivables

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Sub-Fund will not be able to collect all amounts due according to the original terms of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Accounts receivables are classified as current assets if the collections of receivables are expected in the one year or less. If not, they are presented as non-current assets.

(l) Accounts payable and accruals

Accounts payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(m) Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

(n) Distributions to unitholders

Distributions to unitholders are recognised in the Statement of Comprehensive Income when they are approved by the Manager.

(o) Taxation

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

The Sub-Fund currently incurs withholding taxes imposed by China, South Korea and Taiwan on investment income. Such income is recorded gross of withholding taxes in the Statement of Comprehensive Income.

3 Critical judgments

In preparing these financial statements, the Management has made certain judgment which is dependent on what might happen in the future. The judgment made by the Management may not equal the related actual results. Refer to note 7(g) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4 Taxation

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

	Period from 4 December 2017 (date of inception) to 30 June 2018 US\$
Taxation	
- Withholding tax on dividend income	22,138
	<u>22,138</u>

5 Fees

(a) Management fee

Management fee is charged by EFG Asset Management (HK) Limited.

Management fee of 1.5% per annum for HKD Ord Dist Class, HKD Ord Acc Class, USD Ord Dist Class, USD Ord Acc Class and RMB Hedged Ord Dist Class and 0.8% per annum for USD Inst Acc Class is calculated on each valuation day and payable monthly in arrears to the Manager. No management fee is charged to USD X Acc Class.

During the period ended 30 June 2018, total management fee was US\$162,430 which US\$26,584 was outstanding as at end of the period.

(b) Trustee, Registrar and Administration Fee

Trustee fee is charged by HSBC Institutional Trust Services (Asia) Limited.

The Trustee fee for the Sub-Fund is 0.08% per annum of the net asset value of the Sub-Fund subject to a minimum fee of US\$5,625 per month, with an allowable maximum rate of 1.5% per annum of net asset value of the Sub-Fund. The Trustee has waived the minimum fee for the first twelve months for the Sub-Fund.

The Trustee is also entitled to receive fees for acting as Registrar, provision of various transaction, processing, valuation fees and other applicable fees as agreed with the Manager from time to time and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

NOTES TO THE FINANCIAL STATEMENTS

6 Number of units in issue and net assets attributable to unitholders

The Sub-Fund's capital is represented by the units in the Sub-Fund, and shown as "net assets attributable to unitholders" in the statement of net assets. Subscriptions and redemptions of units during the period from 4 December 2017 (date of inception) to 30 June 2018 are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Fund endeavors to invest its capital in accordance with the investment policies as outlined in Note 7(a).

Redemptions are met by disposals of investments where necessary. In the event of redemption requests being received in respect of more than 10% of the units in issue in a particular class, the Manager may, with a view to protecting the interests of unitholders, limit the number of units to be redeemed on any one day to 10% of the total number of units in issue.

The Sub-Fund's objectives and policies for managing its obligations to redeem units are included in Note 7(h) on capital risk management and Note 7(f) on liquidity risk.

Net assets attributable to unitholders

Net assets attributable to unitholders represent a liability in the statement of net assets, carried at the redemption amount that would be payable at the period end date if the unitholder exercised the right to redeem the units in the Sub-Fund.

Movement in number of units

(a) HKD Ord Dist Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 Units
Number of units in issue	
At the beginning of the period	-
Units issued	107,219.30
At the end of the period	<u>107,219.30</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Number of units in issue and net assets attributable to unitholders (Continued)

Movement in number of units (Continued)

(b) USD Ord Dist Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 Units
Number of units in issue	Units
At the beginning of the period	-
Units issued	17,239.98
Units redeemed	(24.68)
	<hr/>
At the end of the period	17,215.30
	<hr/> <hr/>

(c) USD Ord Acc Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 Units
Number of units in issue	Units
At the beginning of the period	-
Units issued	139,621.74
Units redeemed	(9,532.05)
	<hr/>
At the end of the period	130,089.69
	<hr/> <hr/>

(d) USD Inst Acc Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 Units
Number of units in issue	Units
At the beginning of the period	-
Units issued	98,745.30
	<hr/>
At the end of the period	98,745.30
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

6 Number of units in issue and net assets attributable to unitholders (Continued)

Movement in number of units (Continued)

(e) USD X Acc Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 Units
Number of units in issue	
At the beginning of the period	-
Units issued	34,250.56
At the end of the period	<u>34,250.56</u>

(f) RMB Hedged Ord Dist Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 Units
Number of units in issue	
At the beginning of the period	-
Units issued	121,025.97
At the end of the period	<u>121,025.97</u>

As at 30 June 2018 Net assets attributable to unitholders per unit	As per Trust's Explanatory Memorandum	As per Statement of Financial Position
HKD Ord Dist Class	HK\$94.3494	HK\$94.0167
USD Ord Dist Class	US\$94.0045	US\$93.6723
USD Ord Acc Class	US\$95.4909	US\$95.1535
USD Inst Acc Class	US\$95.8720	US\$95.5332
USD X Acc Class	US\$96.3087	US\$95.9684
RMB Hedged Ord Dist Class	<u>RMB89.3030</u>	<u>RMB88.9875</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Number of units in issue and net assets attributable to unitholders (Continued)

In accordance with the provisions of the Trust's Explanatory Memorandum, establishment costs are amortised over five accounting periods. In accordance with accounting policies and within the financial statements, the establishment costs are expensed as incurred. As at 30 Jun 2018, expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of US\$105,045 when compared with the methodology indicated in the Trust's Explanatory Memorandum. A reconciliation is provided below for reference:

	As at 30 June 2018						
	HKD Ord Dist Class US\$	USD Ord Dist Class US\$	USD Ord Acc Class US\$	USD Inst Acc Class US\$	USD X Acc Class US\$	RMB Hedged Ord Dist Class US\$	Total US\$
Net assets attributable to unitholders as reported in the Statement of Financial Position	1,284,873	1,612,597	12,378,489	9,433,457	3,286,970	1,624,950	29,621,336
Adjustments for unamortised establishment costs	4,556	5,719	43,897	33,454	11,657	5,762	105,045
Net asset value in accordance with the Trust's Explanatory Memorandum	<u>1,289,429</u>	<u>1,618,316</u>	<u>12,422,386</u>	<u>9,466,911</u>	<u>3,298,627</u>	<u>1,630,712</u>	<u>29,726,381</u>
Net assets attributable to unitholders per unit as at 30 June (per Statement of Financial Position)	<u>11.9836</u>	<u>93.6723</u>	<u>95.1535</u>	<u>95.5332</u>	<u>95.9684</u>	<u>13.4265</u>	
Net assets attributable to unitholders per unit as at 30 June (at dealing net asset value, per provisions of Trust's Explanatory Memorandum)	<u>12.0261</u>	<u>94.0045</u>	<u>95.4909</u>	<u>95.8720</u>	<u>96.3087</u>	<u>13.4741</u>	

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management

(a) Strategy in using financial instruments

The Sub-Fund seeks to achieve long-term capital growth by investing primarily in equity securities issued by companies that can potentially benefit from the transformation or development of economy by digital technologies.

The Sub-Fund invests at least 70% of its Net Asset Value in equity securities issued by companies operating in sectors relating to digital technologies including, but not limited to, information technology infrastructure, e-commerce, social media, application software and enabling technologies such as financial technology, virtual reality, automation, artificial intelligence, wearable technology, cybersecurity or other new technologies available in the future.

The Sub-Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds.

The risks and the respective risk management policies employed by the Sub-Fund to manage these risks are summarised below:

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities within specified limits. The maximum loss resulting from equity securities is determined by the fair value of the securities. The Sub-Fund's investments are concentrated in companies operating in the digital technology sectors. The value of the Sub-Fund may be more volatile than that of a Sub-Fund having a more diverse portfolio of investment and be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting these sectors.

As at period end, the overall market exposures were as follows:

	2018	
	Fair value US\$	% of net assets
Held for trading		
Listed equities	27,898,739	94.18
	<u> </u>	<u> </u>
Total investments, at cost	28,128,448	
	<u> </u>	

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(b) Market price risk (Continued)

	2018	
	Fair value US\$	% of net assets
Derivative financial instruments		
Financial assets		
Foreign currency contracts	207	0.00
	<u> </u>	<u> </u>
Financial liabilities		
Foreign currency contracts	13,163	0.04
	<u> </u>	<u> </u>

The net exposures of the Sub-Fund to sectors as at 30 June 2018 were as follows:

	2018 % of net assets
Equities	
Consumer Discretionary	3.35
Consumer Staples	3.50
Financials	8.88
Health Care	3.51
Industrials	8.78
Information Technology	58.02
Telecommunication Services	1.07
Utilities	7.07
Total	<u>94.18</u>
Derivative financial instruments	
Financial assets	
Foreign currency contracts (US\$ vs CNH)	0.00
Financial liabilities	
Foreign currency contracts (US\$ vs CNH)	(0.04)
Total	<u>(0.04)</u>

The Sub-Fund had no individual investments with market value exceeding 10% of its net assets at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(b) Market price risk (Continued)

The Sub-Fund's investments in equity securities and derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. It represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Sub-Fund's market price risk is managed through a variety of tactics including risk limits, diversification and hedging of the investment portfolio.

One of the risk measures used to monitor risk is historical value-at-risk methodology (the "VaR") as discussed below.

VaR represents statistically based estimates of the potential loss on the current portfolio from adverse market movements. It expresses the theoretical "maximum" amount the Sub-Fund might lose in a single business day, but only to a certain level of confidence interval (e.g. 95%). There is therefore a specified statistical probability (e.g. 5%) that the actual loss in a single business day could be greater than the VaR estimate. The VaR model used assumes a "holding period" of 1 day with 95% confidence interval. The use of this approach does not prevent losses outside these limits in the event of more significant market movements.

The Sub-Fund applies the VaR methodology to its trading position using Bloomberg and UBS Delta to estimate the market risk of investment positions held and the theoretical maximum losses expected based upon a number of assumptions for various changes in market conditions. The VaR is monitored on a regular basis by the risk function of the Manager to keep the Sub-Fund's VaR to within the desired target level. At the Sub-Fund's last dealing date, the VaR for the Sub-Fund was US\$386,003 or 1.30% of NAV. The maximum exposure for any month-end from VaR for the Sub-Fund during the period from 4 December 2017 (date of inception) to 30 June 2018 is at US\$412,327 or 1.44% of NAV.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing, as a result, the Sub-Fund is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short term market interest rates.

At 30 June 2018, the Sub-Fund had bank balances of US\$3,527,336 and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(d) Currency risk (Continued)

The Sub-Fund also holds assets and liabilities denominated in currencies other than United States dollar, the Sub-Fund's functional and presentation currency. The Sub-Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the Sub-Fund's monetary and non-monetary exposures to different major currencies as at 30 June 2018:

	2018	
	Monetary US\$	Non-monetary US\$
RMB	1,603,943	1,889,778
KRW	2	2,630,485
SGD	-	517,272
TWD	36,276	3,378,815

The table below summarises the impact on net assets attributable to unitholders as a result of increases/decreases of key exchange rates on the exposures tabled above, to which the Sub-Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 5% with all other variables held constant.

	Estimated reasonable possible change %	2018	
		Monetary US\$	Non-monetary US\$
RMB	5	80,197	94,489
KRW	5	-	131,524
SGD	5	-	25,864
TWD	5	1,814	168,941

The Manager has used their view of what would be a "reasonable shift" in exchange rates to estimate the change for use in currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rate % are revised annually depending on the Manager's current view of exchange rates volatility and other relevant factors.

(e) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and investments and derivative financial instruments held with the custodian. The table below summarises the assets placed with the bank and custodian as at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(e) Credit and counterparty risk (Continued)

<u>Custodian</u>	US\$	Credit rating	Source of credit rating
HSBC Institutional Trust Services (Asia) Limited	27,898,739	AA-	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	3,527,336	AA-	S&P

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

Derivative financial instruments represent outstanding foreign exchange forward contracts as disclosed in Note 7(j).

As at 30 June 2018, the counterparty of the outstanding derivative financial instruments are listed as follows:

<u>Foreign exchange forward contracts</u>	Credit rating	Source of credit rating
HSBC Institutional Trust Services (Asia) Limited	AA-	S&P

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and liabilities as shown on the Statement of Financial Position.

None of the assets is impaired nor past due but not impaired as at 30 June 2018.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling its liabilities, including a redemption request.

The Sub-Fund is exposed to redemptions at each dealing day. The Sub-Fund invests the majority of its assets in investments that are traded in an active market and can be readily realisable. Investments, which are neither listed nor quoted, are restricted to a maximum of 15% of the net assets.

The table below analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(f) Liquidity risk (Continued)

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
As at 30 June 2018			
Derivative financial instruments	13,163	-	-
Other accounts payable and accrued expenses	10,119	-	18,000
Management fee payable	26,584	-	-
Trustee fee payable	1,946	-	-
Amounts due to brokers	1,806,149	-	-
Net assets attributable to unitholders	29,621,336	-	-
Total financial liabilities	31,479,297	-	18,000

Units are redeemed on demand at the holder's option. However, the Management does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the holders of these instruments typically retain them for the medium to long term. As at 30 June 2018, there were 2 unitholders holding over 10% of the total net assets.

As at 30 June 2018, the Sub-Fund held cash and cash equivalents of US\$3,527,336 and other liquid assets of US\$27,969,961 that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

The following table illustrates the expected liquidity of assets held:

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
As at 30 June 2018			
Total financial assets	31,497,297	-	-

(g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both financial assets and liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

HKFRS 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's investments (by class) measured at fair value at 30 June 2018:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 30 June 2018				
Assets				
Held for trading				
- Listed equities	27,898,739	-	-	27,898,739
- Derivative financial instruments	-	207	-	207
	<u>27,898,739</u>	<u>207</u>	<u>-</u>	<u>27,898,946</u>
Liabilities				
- Derivative financial instruments	-	13,163	-	13,163
	<u>-</u>	<u>13,163</u>	<u>-</u>	<u>13,163</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include actively listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include derivative financial instruments.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30 June 2018, the Sub-Fund did not hold any investments classified in level 3.

There is no transfer between levels for the period ended 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Assets and liabilities included in the Statement of Financial Position, except for investments and derivative financial instruments, are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

There are no other assets and liabilities not at fair value but for which the fair value is disclosed.

(h) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly as the Sub-Fund is subject to subscriptions and redemptions on every business day at the discretion of unitholders. The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the trust deed of the Sub-Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

(i) Offsetting and amounts subject to master netting arrangements and similar arrangements

As at 30 June 2018, the Sub-Fund did not enter into master netting arrangements and similar agreements.

NOTES TO THE FINANCIAL STATEMENTS

7 Financial risk management (Continued)

(j) Derivative financial instruments

As at 30 June 2018, the Sub-Fund had the following outstanding derivatives.

	30 June 2018 Maturity Date	Contract/Notional	Fair value US\$
Forward foreign currency contracts			
Financial assets:			
Buy US\$ and Sell CNH	16 July 2018	US\$3,029 CNH19,638	67
Buy US\$ and Sell CNH	16 July 2018	US\$4,817 CNH31,211	110
Buy US\$ and Sell CNH	16 July 2018	US\$2,841 CNH18,651	28
Buy US\$ and Sell CNH	16 July 2018	US\$38,426 CNH254,767	2
Financial liabilities:			
Buy CNH and Sell US\$	16 July 2018	CNH959,109 US\$149,515	4,862
Buy CNH and Sell US\$	16 July 2018	CNH10,000,000 US\$1,516,498	8,301

(k) Financial instruments by category

Financial assets

Apart from investments and derivative financial instruments as disclosed in the Statement of Financial Position, all other financial assets as disclosed in the financial position, including interest receivable, dividends receivable, and cash at bank are categorised as “loans and receivables”.

Financial liabilities

Apart from the derivative financial instruments as disclosed in the Statement of Financial Position, all other financial liabilities as disclosed in the Statement of Financial Position including other accounts payable and accrued expenses, management fee payable, trustee fee payable and amount due to brokers are categorised as “other financial liabilities”.

NOTES TO THE FINANCIAL STATEMENTS

8 Net loss on investments and derivative financial instruments

	Period from 4 December 2017 (date of inception) to 30 June 2018 US\$
Realised losses on sale of investments and derivative financial instruments	1,518,412
Change in unrealised losses in value of investments and derivative financial instruments	242,666
	<u>1,761,078</u>

9 Transactions with related parties and connected persons

In addition to those disclosed in Note 5 and Note 7(e), the Sub-Fund had the following transactions with related parties and connected persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Sub-Funds issued by the Securities and Futures Commission of Hong Kong. All such transactions were entered into in the ordinary course of business and on normal commercial terms. To the best of Manager's knowledge, the Sub-Fund did not have any other transactions with connected persons except for those disclosed:

(a) Interest income

Interest income amounted to US\$2,847 was earned on bank balances held with related parties of the Trustee for the period from 4 December 2017 (date of inception) to 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

9 Transactions with related parties and connected persons (Continued)

- (b) During the period from 4 December 2017 (date of inception) to 30 June 2018. The Sub-Fund had the following transactions with the Trustee:

	Period from 4 December 2017 (date of inception) to 30 June 2018 US\$
Trustee fee	12,101
Brokerage fee	27,617
Custodian fee	19,506
Registrar admin fee	12,077
Financial report fee	3,000

- (c) As at 30 June 2018, the Sub-Fund had the following outstanding balances with the Trustee:

	30 June 2018 US\$
Trustee fee	1,946
Custodian fee	2,943
Registrar admin fee	1,043
Financial report fee	3,000

10 Soft commission arrangements

During the period, the Manager and its connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

11 Distribution

HKD Ord Dist Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 <i>US\$</i>	Period from 4 December 2017 (date of inception) to 30 June 2018 <i>HK\$</i>
HK\$0.25111425 on 5,350.00 units on ex-dividend date 2 January 2018 paid on 5 January 2018	172	1,343
HK\$0.267974 on 99,724.22 units on ex-dividend date 1 February 2018 paid on 6 February 2018	3,417	26,723
HK\$0.262666 on 107,213.59 units on ex-dividend date 1 March 2018 paid on 6 March 2018	3,598	28,161
HK\$0.253691 on 107,215.03 units on ex-dividend date 3 April 2018 paid on 9 April 2018	3,465	27,199
HK\$0.241296 on 107,216.48 units on ex-dividend date 2 May 2018 paid on 7 May 2018	3,296	25,871
HK\$0.245393 on 107,217.91 units on ex-dividend date 1 June 2018 paid on 6 June 2018	3,353	26,311
	<hr/>	<hr/>
Total distributions	17,301	135,608
	<hr/> <hr/>	<hr/> <hr/>

USD Ord Dist Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 <i>US\$</i>
US\$0.25102775 on 6,000.00 units on ex-dividend date 2 January 2018 paid on 5 January 2018	1,506
US\$0.267869 on 14,320.99 units on ex-dividend date 1 February 2018 paid on 6 February 2018	3,836
US\$0.262355 on 16,282.01 units on ex-dividend date 1 March 2018 paid on 6 March 2018	4,272
US\$0.2526785 on 17,239.98 units on ex-dividend date 3 April 2018 paid on 9 April 2018	4,356
US\$0.240333 on 17,215.30 units on ex-dividend date 2 May 2018 paid on 7 May 2018	4,137
US\$0.244484 on 17,215.30 units on ex-dividend date 1 June 2018 paid on 6 June 2018	4,209
	<hr/>
Total distributions	22,316
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

11 Distribution (Continued)

RMB Hedged Ord Dist Class

	Period from 4 December 2017 (date of inception) to 30 June 2018 <i>US\$</i>	Period from 4 December 2017 (date of inception) to 30 June 2018 <i>RMB</i>
RMB0.248258 on 9,921.04 units on ex-dividend date 1 March 2018 paid on 6 March 2018	387	2,463
RMB0.23953425 on 9,921.04 units on ex-dividend date 3 April 2018 paid on 9 April 2018	379	2,376
RMB0.227848 on 9,921.04 units on ex-dividend date 2 May 2018 paid on 7 May 2018	355	2,260
RMB0.232017 on 9,921.04 units on ex-dividend date 1 June 2018 paid on 6 June 2018	359	2,302
Total distributions	1,480	9,401

12 Contingent liabilities

The Sub-Fund has no contingent liabilities as at 30 June 2018.

13 Approval of the financial statements

The financial statements were approved for issue by the Trustee and the Manager on 5 October 2018.

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2018**

Listed/Quoted Investments and Derivative Financial Instruments	Holdings	Fair value US\$	% of net assets
Listed Investments			
China			
Hangzhou Hikvision Digital Technology Co Ltd	25,000	140,054	0.47
Han's Laser Technology Industry Co Ltd	15,000	120,379	0.41
iFlytek Co Ltd	25,000	120,968	0.41
Kweichow Moutai Co Ltd	9,384	1,035,641	3.50
Midea Group Ltd	60,000	472,736	1.59
		1,889,778	6.38
		1,889,778	6.38
Hong Kong			
AIA Group Ltd	150,000	1,311,588	4.43
A-Living Services Co Ltd	600,000	1,099,746	3.71
ASM Pacific Technology Ltd	60,000	758,656	2.56
China Communication Services Corp Ltd	500,000	316,744	1.07
China Traditional Chinese Medicine Holdings Co Ltd	1,200,000	1,038,564	3.51
CLP Holdings Ltd	60,000	646,235	2.18
Hua Hong Semiconductor Ltd	280,000	961,831	3.25
Ping An Insurance Group Co of China Ltd	60,000	552,167	1.86
Shenzhen International Holdings Ltd	418,351	865,982	2.92
Sunny Optical Technology Group Co Ltd	15,000	279,143	0.94
Tencent Holdings Ltd	33,000	1,656,425	5.59
The Hong Kong and China Gas Company Ltd	300,000	574,346	1.94
Towngas China Co Ltd	900,000	872,990	2.95
Travelsky Technology Ltd	90,000	262,127	0.88
Yangtze Optical Fibre and Cable Joint Stock Ltd	102,000	413,437	1.40
Yixin Group Ltd	1,000,000	419,351	1.42
		12,029,332	40.61
		12,029,332	40.61

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 30 JUNE 2018**

Listed/Quoted Investments and Derivative Financial Instruments (Continued)	Holdings	Fair value US\$	% of net assets
Listed Investments (Continued)			
Singapore			
ComfortDelGro Corporation Ltd	150,000	258,526	0.87
Singapore Post Ltd	280,000	258,746	0.87
		517,272	1.74
		517,272	1.74
South Korea			
Samsung Electro-Mechanics Co Ltd	4,800	639,569	2.16
Samsung Electronics Co Ltd	36,000	1,506,864	5.09
Samsung Electronics Co Preferred Stock	7,500	253,365	0.85
SK Hynix Inc	3,000	230,686	0.78
		2,630,484	8.88
		2,630,484	8.88
Taiwan			
Epistar Corporation	500,000	625,646	2.11
Global Unichip Corporation	30,000	269,118	0.91
Largan Precision Co Ltd	2,000	294,537	1.00
MediaTek Incorporation	30,000	295,193	1.00
Taiwan Semiconductor Manufacturing Co Ltd	220,000	1,562,228	5.27
Yageo Corporation	9,000	332,093	1.12
		3,378,815	11.41
		3,378,815	11.41

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 30 JUNE 2018**

Listed/Quoted Investments and Derivative Financial Instruments (Continued)	Holdings	Fair value US\$	% of net assets
Listed Investments (Continued)			
United States			
58.com Inc ADR NPV (1 ADR Reps 2 Ord Shrs)	9,900	686,466	2.32
Alibaba Group Holding-SP ADR (1 ADR Reps 1 Ord Shrs)	8,300	1,539,899	5.20
Autohome Inc ADR (1 ADR Reps 1 Ord Shs)	9,000	909,000	3.07
Baidu Inc Spon ADR (1 ADR Reps 1 Ord Shs)	2,000	486,000	1.64
HDFC Bank Ltd ADR (1 ADR Reps 3 Ord Shrs)	3,300	346,566	1.17
Huya Inc ADR (1 ADR Reps 1 Ord Shrs)	6,000	197,340	0.66
Infosys Technologies Ltd Sponsored ADR NPV (1 ADR Reps 1 Ord Shrs)	80,000	1,554,400	5.25
JD.com Inc ADR (1 ADR Rep 2 Ord Shs)	6,000	233,700	0.79
MakeMyTrip Ltd	8,000	289,200	0.97
Nvidia Corporation	2,500	592,250	2.00
Sina Corporation	7,300	618,237	2.09
		<u>7,453,058</u>	<u>25.16</u>
Total listed investments		<u>27,898,739</u>	<u>94.18</u>
Forward foreign exchange contracts		<u>(12,956)</u>	<u>(0.04)</u>
Total investments and derivative financial instruments		<u>27,885,783</u>	<u>94.14</u>
Total cost of investments and derivative financial instruments		<u>28,128,448</u>	

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE PERIOD FROM 4 DECEMBER 2017 (DATE OF INCEPTION) TO 30 JUNE 2018**

Listed/Quoted Investments	Percentage Holdings of Net Assets %
China	6.38
Hong Kong	40.61
Korea	8.88
Singapore	1.74
Taiwan	11.41
United States	25.16
	<hr/>
Total listed/quoted investments	94.18
	<hr/>
Derivative financial instruments	
Forward foreign exchange contracts	(0.04)
	<hr/>
Total derivative financial instruments	(0.04)
	<hr/>
Total investments and derivative financial instruments	94.14
	<hr/> <hr/>

**PERFORMANCE TABLE (UNAUDITED)
 AS AT 30 JUNE 2018**

Financial period ended 30 June 2018

DEALING NET ASSET VALUE

Total net assets attributable to unitholders

US\$
 29,726,381

NET ASSET VALUE PER UNIT

HKD Ord Dist Class	HK\$94.0167
USD Ord Dist Class	US\$93.6723
USD Ord Acc Class	US\$95.1535
USD Inst Acc Class	US\$95.5332
USD X Acc Class	US\$95.9684
RMB Hedged Ord Dist Class	RMB88.9875

HIGHEST OFFER/LOWEST BID PRICES

	The highest offer price	The lowest bid price
HKD Ord Dist Class	HK\$110.8863	HK\$92.5685
USD Ord Dist Class	US\$110.8711	US\$92.1972
USD Ord Acc Class	US\$111.1802	US\$93.6550
USD Inst Acc Class	US\$111.2933	US\$94.0252
USD X Acc Class	US\$111.4203	US\$94.4493
RMB Hedged Ord Dist Class	RMB103.5174	RMB87.5652

MANAGEMENT AND ADMINISTRATION

Manager

EFG Asset Management (HK) Limited

18th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Directors of the Manager

Lee Tak Him James
Renato Cohn
Mozamil Afzal
Cornelis Johannes Stoute
Lee Chun Sing
Patrick Zbinden

Solicitors to the Manager

Deacons

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

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited

1 Queen's Road Central, Hong Kong

Auditor

PricewaterhouseCoopers

21st Floor, Edinburgh Tower, 15 Queen's Road Central, Hong Kong

Status of Sub-Fund

Authorised by the Securities and Futures Commission in Hong Kong. Investors should note that such authorisation is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. In addition, the price of units and the performance of investments may go down as well as up and that past performance may not be indicative of future performance.