



FRANKLIN
TEMPLETON

Annual Report
for the year ended
31 December 2019

Templeton China Opportunities Fund

(A SUB-FUND OF FRANKLIN TEMPLETON FUND SERIES)



TEMPLETON CHINA OPPORTUNITIES FUND
(A SUB-FUND OF FRANKLIN TEMPLETON FUND SERIES)

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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REPORT OF THE MANAGER

FOR THE YEAR ENDED 31 DECEMBER 2019

Chinese equities advanced over the year to end-December 2019, outpacing global equity markets overall. During the first half of the year, the country's equities started strongly before being weighed down somewhat by US-China trade tensions and economic growth worries. The second half of the year initially saw trade issues come to the fore once more, but then stocks rallied substantially into year-end.

During the first three months of the year, the country's equity markets were amongst the strongest globally, as hopes for a US-China trade deal provided a major boost and investors welcomed the government's pledges to introduce further stimulus measures to support the economy. In the second quarter, Chinese stocks weakened, while emerging markets as a group moved slightly higher. China's equities struggled as a further flare up in US-China trade tensions and lacklustre economic data negatively impacted sentiment. However, market losses were capped by hopes for a truce in the trade war ahead of a meeting between US President Donald Trump and Chinese President Xi Jinping at the Osaka G20 summit towards the end of June. In the event, the United States and China agreed to resume trade talks. The United States also decided against imposing new tariffs and easing some restrictions on a Chinese telecommunications company, while China agreed to substantial purchases of agricultural and other products from the United States.

In the third quarter, the country's equities retreated as trade tensions and fears of a slowdown in the domestic economy negatively impacted sentiment. US-China trade tensions escalated amidst several rounds of retaliatory actions, following US President Trump's new tariffs announcement on Chinese goods early in August. The United States also formally labelled China as a currency manipulator after the Chinese renminbi depreciated. These events sparked a broad and deep selloff in Chinese equities as well as global stock markets. However, in the final three months of the year, the country's equities bounced, despite annual 2019 gross domestic product growth slowing 6% year-on-year in the third quarter—the weakest pace in 27 years. News of progress in a trade deal between the United States and China boosted sentiment, while in November, an index provider, MSCI, added a further tranche of domestically listed A-shares in its indices, leading to sizeable inflows.

Much market noise and conflicting signals dominated 2019. While some of these uncertainties may persist in the near term, we believe it is essential to stay the course. The markets are just beginning to realise opportunities from technology disruption and the transition of businesses away from traditional models. We believe the investment scope in the emerging world is wide and promising for investors who can overlook near-term volatility and invest for the longer term.

Although US-China trade tensions have de-escalated in the short term on news of a partial trade deal and both countries scaling back tariffs, we expect the broader economic conflict to remain for some time. The impact from the trade conflict has not been limited to China. We believe that a comprehensive agreement therefore remains in the best interests of both sides.

China's initiatives to strengthen and diversify its economy have been largely overshadowed by fears surrounding the trade conflict and slowing growth. The government's focus on economic restructuring and long-term sustainable growth has led to an acceleration in the implementation of structural reforms and widespread industry consolidation, as well as the development of local supply chains in the technology space to replace US sources. We believe that China will be a frontrunner in the fifth-generation wireless technology arena (5G), which together with artificial intelligence (AI) and robotics, could help drive growth in China's new economy as it strives to become less reliant on the United States.

In our view, China will emerge from this challenging period stronger and more self-reliant, with multiple pillars of economic support.

The commentary, which is for informational purposes only, sets forth the manager's views as of 31 December 2019. The stock provided is for illustration purpose only. It is not a recommendation to purchase, sell or hold any particular security.

Any stock identified is not necessarily indicative of a portfolio's holding at any one time. The underlying assumptions and these views are subject to change. There is no guarantee that any forecasts expressed will be realised. Franklin Templeton Investments accepts no liability whatsoever for any direct or indirect consequential loss arising from use of this report or any information, opinion or estimate herein.

REPORT OF THE TRUSTEE
TO THE UNITHOLDERS OF TEMPLETON CHINA OPPORTUNITIES FUND (THE “FUND”)
FOR THE YEAR ENDED 31 DECEMBER 2019

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 1 November 2012 and Supplemental Deed dated 31 December 2019 for the year ended 31 December 2019.

For and on behalf of
Cititrust Limited

Authorised signatories

20 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF TEMPLETON CHINA OPPORTUNITIES FUND

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Templeton China Opportunities Fund (a sub-fund of Franklin Templeton Fund Series) (the "Fund") set out on pages 8 to 22, which comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; 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 Fund as at 31 December 2019, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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 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.

Other Information

The Trustee and the Manager (the "Management") of the Fund are responsible for the other information. The other information comprises all of 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 the Management for the Financial Statements

The Management of the 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 Fund is responsible for assessing the 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 Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the 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 1 November 2012, as amended ("Trust Deed") and 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 TEMPLETON CHINA OPPORTUNITIES 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 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 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 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 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.

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 Appendix E of the SFC Code

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 April 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 USD	2018 USD
ASSETS			
CURRENT ASSETS			
Investments	3	9,914,024	13,470,607
Amounts receivable from subscription		2,219	10,483
Dividends receivable		—	10,409
Cash and cash equivalents	4	117,045	180,021
TOTAL ASSETS		<u>10,033,288</u>	<u>13,671,520</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		41,123	108,515
Accrued expenses		86,962	75,275
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>128,085</u>	<u>183,790</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	5	<u>9,905,203</u>	<u>13,487,730</u>

Signed for and on behalf of

Franklin Templeton Investments (Asia) Limited as the Manager

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
INCOME			
Dividend income		117,059	157,080
Interest income		9,062	5,450
Change in unrealised gain/loss on fair value of investments		3,749,324	(8,432,112)
Realised gain on sale of investments		788,194	3,210,606
Net loss on foreign exchange		(255)	(1,152)
TOTAL INVESTMENT INCOME/(LOSS)		<u>4,663,384</u>	<u>(5,060,128)</u>
EXPENSES			
Management fee	6(d)	(196,891)	(261,621)
Distribution fee		(78,757)	(104,649)
Trustee, registrar and custody fees	6(d)	(83,285)	(91,343)
Fund administration fee	6(d)	(31,503)	(41,860)
Audit fee		(17,978)	(17,573)
Legal and professional fees		(212)	(2,804)
Other operating expenses		(12,146)	(15,078)
Transaction costs	6(e)	(8,019)	(17,491)
TOTAL EXPENSES		<u>(428,791)</u>	<u>(552,419)</u>
PROFIT/(LOSS) BEFORE TAX		<u>4,234,593</u>	<u>(5,612,547)</u>
Withholding taxes		(8,922)	(11,699)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		<u><u>4,225,671</u></u>	<u><u>(5,624,246)</u></u>

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
BALANCE AT THE BEGINNING OF THE YEAR		13,487,730	23,022,820
Subscription of units		12,347,179	7,567,499
Redemption of units		(20,155,377)	(11,478,343)
Increase/(decrease) in net assets attributable to unitholders from operations		4,225,671	(5,624,246)
BALANCE AT THE END OF THE YEAR	5	<u>9,905,203</u>	<u>13,487,730</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of investments		(8,106,471)	(11,532,754)
Disposal of investments		16,200,462	15,921,553
Dividend income received		127,468	146,671
Interest income received		9,062	5,450
Management fee paid		(201,368)	(271,030)
Distribution fee paid		(62,094)	(104,837)
Trustee, registrar and custody fees paid		(83,588)	(92,012)
Fund administration fee paid		(32,219)	(43,365)
Audit fee paid		(17,458)	(17,238)
Legal and professional fees paid		(212)	(2,804)
Other operating expenses paid		(12,146)	(15,078)
Transaction costs paid		(8,019)	(17,491)
Withholding taxes paid		(8,922)	(11,699)
NET CASH GENERATED FROM OPERATING ACTIVITIES		7,804,495	3,965,366
CASH FLOWS FROM FINANCING ACTIVITIES			
Subscription of units		12,355,443	7,612,331
Redemption of units		(20,222,769)	(11,819,496)
NET CASH USED IN FINANCING ACTIVITIES		(7,867,326)	(4,207,165)
Net decrease in cash and cash equivalents		(62,831)	(241,799)
Cash and cash equivalents at the beginning of the year		180,021	421,664
Effect of foreign exchange rate changes		(145)	156
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	117,045	180,021

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 General information

Franklin Templeton Fund Series (the “Trust”) was constituted under a Trust Deed dated 1 November 2012 and Supplemental Deed dated 31 December 2019 (the “Trust Deeds”), between Franklin Templeton Investments (Asia) Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The terms of the Trust Deeds are governed by the laws of Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”). The Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”). The Trust is an umbrella fund, whereby comprising one sub-fund, namely Templeton China Opportunities Fund (the “Fund”). The Fund was launched on 12 November 2012 and commenced operations on 3 December 2012.

The investment objective and policy of the Fund is to achieve long term capital appreciation by investing, directly or indirectly, in China A-Shares and equity securities of Chinese companies listed in China or foreign securities markets, or companies or issuers which derive the principal portion of their revenues from the Chinese economies or have the principal portion of their assets in the Chinese economies. These equity securities include, but are not limited to, China A-Shares through Templeton China A Shares Fund, China B-Shares, China H-Shares and red-chip stocks. Under normal market conditions, at least 70% of the Fund’s total net assets will be invested in domestic China A-Shares equity securities indirectly through Templeton China A Shares Fund.

The financial statements were authorised by the Manager and the Trustee for issue on 20 April 2020.

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 years presented, unless otherwise stated.

2.1 Basis of presentation

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. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain accounting estimates. It also requires the Trustee and Manager (collectively, the “Management”) to exercise their judgement in the process of applying the Fund’s accounting policies.

(a) Standards and amendments to existing standards effective 1 January 2019

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

2.2 Foreign currency translation

(a) Functional and presentation currency

The Fund’s net assets are mainly invested in Templeton China A Shares Fund which is denominated in United States dollar (“USD”). The Management considers the USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Fund measures its performance and reports its results. The financial statements are presented in USD which is the Fund’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the 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 year end 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 gain/(loss) on foreign exchange”.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gain/loss on fair value of investments” and “realised gain/(loss) on sale of investments”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (continued)

2.3 Financial assets

2.3.1 Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The 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.

2.3.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income within "change in unrealised gain/loss on fair value of investments" and "realised gain/(loss) on sale of investments" in the year in which they arise.

2.4 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investments in Templeton China A Shares Fund (the "Underlying Fund") to be investments in unconsolidated structured entities. The Fund invests in the Underlying Fund whose objective is to achieve long term capital appreciation by investing at least 70% of its total net assets in China A-Shares. The Underlying Fund finances its operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the Underlying Fund's net assets. The Fund holds redeemable units in the Underlying Fund.

The change in fair value of the Underlying Fund is included in the statement of comprehensive income in "change in unrealised gain/loss on fair value of investments".

2.5 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. The Fund utilises the last traded market price as fair valuation inputs for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants.

The Fund's investment in the Underlying Fund is subject to the terms and conditions of the Underlying Fund's constitutional documents. The investment in the Underlying Fund is valued at fair value which is based on the latest net asset value of the Underlying Fund's redeemable units, as determined by the Underlying Fund's administrator. "Change in unrealised gain/loss on fair value of investments" in the statement of comprehensive income includes the change in fair value of the Underlying Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (continued)

2.6 Income and expenses

(a) Dividend income

Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established.

(b) Interest income

Interest income is recognised in the statement of comprehensive income on a time-proportion basis using the effective interest method.

(c) Other income

Other income is recognised in the statement of comprehensive income on accrual basis.

(d) Expenses

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

2.7 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and hence its profits are excluded from the charge to profits tax under Section 26A of the Inland Revenue Ordinance.

The Fund may incur withholding taxes on certain investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

2.8 Proceeds and payments on subscription and redemption of units

The net asset values of the Fund are computed for each dealing day. Prices for subscriptions and redemptions of units are calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Units in the Fund are classified as liabilities in the statements of financial position. This represents the price at which the unitholders can redeem the units.

2.9 Receivables

Receivables are recognised initially at fair value, and subsequently carried at amortised cost using the effective interest method. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.10 Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.11 Due from and due to brokers

Amounts due from and due to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the year end date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.12 Accrued expenses

Accrued expenses are recognised initially at fair value, and subsequently stated at amortised cost using the effective interest method. These are short term in nature and the carrying amounts approximate the fair values.

2.13 Offsetting financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Risks arising from holding financial instruments are inherent in the Fund's activities and are managed through a process of ongoing identification, measurement and monitoring. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date and risk management policies employed are disclosed in Notes 3.1 to 3.5.

Risks associated with Underlying Fund

The Fund's investment in the Underlying Fund is subject to the terms and conditions of the Underlying Fund's offering documentation and is susceptible to market price risk arising from uncertainties about future values of the Underlying Fund.

The right of the Fund to request redemption of its investment in the Underlying Fund is on a daily basis.

The exposure to the investment in the Underlying Fund at fair value by strategy employed is disclosed in the following table. This investment is included under "Investments" in the statement of financial position.

Strategy	Net asset value of the Underlying Fund USD	Net asset value of the Fund USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
31 December 2019				
Equity long	28,986,250	9,905,203	7,567,863	76.40%
31 December 2018				
Equity long	26,380,256	13,487,730	10,065,061	74.62%

The Fund's holding in the Underlying Fund, as a percentage of the Underlying Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Underlying Fund level. It is possible that the Fund may, at any point in time, hold a majority of the Underlying Fund's total units in issue.

The Fund's maximum exposure to loss from its interests in the Underlying Fund is equal to the total fair value of its investments in the Underlying Fund.

Once the Fund has disposed of its units in the Underlying Fund, the Fund ceases to be exposed to any risk from the Underlying Fund.

The Fund's investment strategy is stated in Note 1. Total purchases in the Underlying Fund during the year ended 31 December 2019 were USD5,980,000 (2018: USD6,970,000). As at 31 December 2019, there was no capital commitment obligation and no amount due to the Underlying Fund for unsettled purchase (2018: Nil).

During the year ended 31 December 2019, total net gain derived from investments in the Underlying Fund was USD4,632,802 (2018: net loss of USD4,100,867).

The Underlying Fund invests in China A-Shares and is exposed to other financial risks as part of its investment activities.

3.1 Market risk

Information on the total fair value of financial instruments exposed to risk, as well as compliance with the established investment guidelines as defined in the Fund's explanatory memorandum, is monitored by the Manager. These investment guidelines reflect the strategy and market environment of the Fund, as well as the acceptable risk levels. In order to avoid excessive concentration of risk, the Manager monitors the exposure to ensure concentration of risk remains within acceptable levels at both the Fund level and the Underlying Fund level.

Although the Manager does not manage the Fund based on specific risk exposures of the Underlying Fund, the Fund is exposed to various risks, including market price risk, currency risk, interest rate risk, liquidity risk and credit risk, through direct investments and the investments of the Underlying Fund.

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's market positions are being monitored by the Manager on a daily basis. The risk is minimised through selection of securities in accordance with the investment guidelines and investment strategies at both the Fund level and the Underlying Fund level.

Value-at-risk ("VaR")

One of the principal tools used to monitor market risk exposure is VaR; which estimates the probability of portfolio losses based on the statistical analysis of historical price trends and volatilities, taking into account inter-relationships between different markets and rates, for example between interest rates and foreign exchange rates. The Fund tracks VaR as a percentage of net asset value ("NAV"), taking into account its portfolio, cash and outstanding trade positions, on a 20-day holding period at a 99% confidence level.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Value-at-risk ("VaR") (continued)

For the year ended 31 December 2019, MSCI Barra risk factor model and Bloomberg PORT risk factor model outputs were used to forecast the ex-ante Monte Carlo VaR at 99% confidence level over a 20-day horizon.

For the year ended 31 December 2018, Barra risk factor model and POINT risk factor model outputs were used to forecast the ex-ante Monte Carlo VaR at 99% confidence level over a 20-day horizon.

The Manager recognises that while VaR is a valuable guide to risk, it has its limitations. The use of historical data to derive correlations may not encompass all potential events, particularly events which may be extreme in nature. In addition, both the size and probability of actual portfolio losses can differ significantly from the losses predicted by VaR. As a result, VaR may be under-estimated or over-estimated due to the assumptions placed on the risk factors and the relationship between such factors.

Using VaR, the market risk of the Fund has been computed using a 20-day holding year at 99% as follows:

	2019	2018
VaR (%)	12.79%	14.06%
VaR (USD)	1,282,974	1,919,278

As at year end, the overall market exposures for the Fund were as follows:

	2019		2018	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Investments				
China	9,914,024	100.09	13,470,607	99.87

The Fund invested 76.40% (2018: 74.62%) of its net asset value into the Underlying Fund at 31 December 2019.

The table below is a summary of sector allocation with concentrations exceeding 10% of the Fund's net asset value as at year end.

Sector Allocation	2019 % of net assets	2018 % of net assets
Communication Services	9.36	11.54
Consumer Discretionary	13.29	11.17
Financials	22.83	29.79
Health Care	9.32	14.99
Information Technology	14.61	10.84

(b) Currency risk

The Fund holds assets and liabilities denominated in Hong Kong dollar and US dollar which are currently pegged within a narrow range and therefore is not subject to significant volatility in exchange rates.

(c) Interest rate risk

The Fund does not hold interest-bearing securities other than cash and cash equivalents. However, the exposure to interest rate risk is considered minimal as the cash and cash equivalents are short term in nature.

3.2 Liquidity risk

Liquidity risk is the risk that Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemption of units. Therefore, assets of the Fund are mainly invested in securities which are traded in active markets and can be readily disposed of. The Manager is entitled to limit the number of units redeemed on each dealing day to 10% of the total value of units in issue. In addition, sufficient cash and cash equivalents are maintained to meet normal operating requirements.

The following table analyses the financial assets and liabilities for the Fund into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flow.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

	Less than 1 month USD	1-12 months USD	Total USD
31 December 2019			
Assets			
Current assets			
Investments	9,914,024	—	9,914,024
Amounts receivable from subscription	2,219	—	2,219
Cash and cash equivalents	117,045	—	117,045
Total assets	10,033,288	—	10,033,288
Liabilities			
Current liabilities			
Amounts payable on redemption	41,123	—	41,123
Accrued expenses	69,070	17,892	86,962
Net assets attributable to unitholders	9,905,203	—	9,905,203
Total liabilities	10,015,396	17,892	10,033,288
	Less than 1 month USD	1-12 months USD	Total USD
31 December 2018			
Assets			
Current assets			
Investments	13,470,607	—	13,470,607
Amounts receivable from subscription	10,483	—	10,483
Dividends receivable	10,409	—	10,409
Cash and cash equivalents	180,021	—	180,021
Total assets	13,671,520	—	13,671,520
Liabilities			
Current liabilities			
Amounts payable on redemption	108,515	—	108,515
Accrued expenses	57,905	17,370	75,275
Net assets attributable to unitholders	13,487,730	—	13,487,730
Total liabilities	13,654,150	17,370	13,671,520

Units are redeemed on demand at unitholder's option. However, the Management does not envisage that contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain their units for the medium term. As at 31 December 2019, there are 2 unitholders (2018: 2 unitholders) that individually held more than 10% of the Fund's net assets attributable to unitholders.

3.3 Credit risk

This relates to the risk that an issuer or counterparty is unable or unwilling to meet a commitment or obligation it has entered into with the Fund. The Fund is exposed to credit risk on its balances with banks and brokers. Impairment provisions are made for losses that have been incurred by the reporting date, if any.

All transactions in listed/quoted securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Fund's custodian banks have received payments. For a purchase, payments are made once the securities have been received by the Fund's custodian banks. The trade will fail if either party fails to meet its obligation.

The Fund only buys and sells securities through brokers who have been approved as an acceptable counterparty according to the Manager internal counterparty credit review procedures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.3 Credit risk (continued)

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2019, all investments, cash and short term deposits are held with counterparties with a Moody's credit rating of Aa3 (2018: A1) or higher. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The Underlying Fund is managed by a related company of the Manager within the same group and hence no credit risk is expected to arise from the investments in the Underlying Fund.

The maximum exposure to credit risk at the year end date is the carrying amount of the financial assets.

3.4 Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders which is presented in the statement of financial position. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objectives when managing capital are to safeguard the 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 Fund. The Manager monitors capital on the basis of the net asset value and the subscriptions and redemptions of the Fund.

3.5 Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The Fund used the last traded market price as its fair valuation inputs for both financial assets and financial 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 and industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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 Fund for similar financial instruments.

HKFRS 13 requires the 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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Fund. The Fund considers observable data to be that market data that are 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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The following table analyses, within the fair value hierarchy, the Fund's investments measured at fair value as at year end:

31 December 2019	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Equity securities	2,346,161	—	—	2,346,161
Investment fund	—	7,567,863	—	7,567,863
	<u>2,346,161</u>	<u>7,567,863</u>	<u>—</u>	<u>9,914,024</u>
31 December 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Equity securities	3,405,546	—	—	3,405,546
Investment fund	—	10,065,061	—	10,065,061
	<u>3,405,546</u>	<u>10,065,061</u>	<u>—</u>	<u>13,470,607</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1. The 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. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, these securities use valuation techniques to derive the fair value. As at 31 December 2019 and 2018, the Fund did not have investments classified under Level 3.

For the years ended 31 December 2019 and 2018, there were no transfers of financial instruments between levels.

The assets and liabilities, except investments, included in the statement of financial position are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity of 3 months or less:

	2019 USD	2018 USD
Cash at bank	<u>117,045</u>	<u>180,021</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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

The Fund has no regulatory imposed restrictions or specific capital requirements on the subscriptions and redemptions of units. The Manager is entitled to limit the daily redemptions to 10% of the total units in issue. The relevant movements are shown in the statement of changes in net assets attributable to unitholders. In accordance with the objectives outlined in Note 1 and the financial risk management policies in Note 3, the Manager endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowings of up to 25% of the latest available net asset value of the Fund or disposal of securities where necessary.

The movements of units during the year are as follows:

	2019		2018	
	Class A (acc) HKD	Class A (acc) USD	Class A (acc) HKD	Class A (acc) USD
Number of units in issue at the beginning of the year	1,588,789.803	988,941.126	2,991,475.899	1,116,274.356
Subscription of units	439,819.747	843,865.971	2,396,998.273	172,006.250
Redemption of units	(737,378.390)	(1,349,883.193)	(3,799,684.369)	(299,339.480)
Number of units in issue at the end of the year	1,291,231.160	482,923.904	1,588,789.803	988,941.126

The following table details the net asset value per unit of each class of units at the reporting date:

	2019		2018	
	Net Assets Per Class USD	Net Asset Value Per Unit	Net Assets Per Class USD	Net Asset Value Per Unit
Class A (acc) HKD	2,539,771	HKD15.32	2,315,722	HKD11.42
Class A (acc) USD	7,365,432	USD15.25	11,172,008	USD 11.30
Net assets attributable to unitholders	9,905,203		13,487,730	

6 Transactions with related parties including the Trustee, the Manager and its connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Fund, the Trustee, the Manager and its connected persons. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year were carried out in the normal course of business and on normal commercial terms. 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) Management fee

The Manager is entitled to receive a management fee of 1.25% per annum of the net asset value of the Fund. This fee shall accrue daily based on the net asset value of the Fund and shall be payable monthly in arrears.

(b) Trustee, registrar and custody fees

The Trustee, Cititrust Limited, is entitled to receive a Trustee fee calculated at a rate of 0.04% per annum of the net asset value.

The Fund utilises the custodian, registrar and banking services of the Trustee and its associates.

The registrar fee is calculated and accrued on each dealing day and is paid monthly in arrears to Citicorp Financial Services Limited. It is subject to a minimum of USD72,000 per annum. The registrar fee includes various transaction and monthly processing and maintenance fees in accordance with its normal scale of charges. The custodian of the Fund, Citibank, N.A. (Hong Kong Branch), is entitled to receive a fee at the maximum rate of 0.025% per annum of the Fund's net asset value for the custody of the assets of the Fund.

(c) Fund administration fee

The fund administrator which is the same entity as the Manager is entitled to receive a fund administration fee of 0.20% per annum of the Fund's net asset value. The fund administration fee shall accrue daily based on the net asset value of the Fund and shall be payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Transactions with related parties including the Trustee, the Manager and its connected persons (continued)

(d) The following table details the related-party transactions for the year end:

	Expense		Accrual	
	2019 USD	2018 USD	2019 USD	2018 USD
Management fee	196,891	261,621	10,397	14,874
Trustee fee	6,301	8,372	333	476
Registrar fee	72,478	76,353	6,000	6,000
Custody fee	4,506	6,618	226	386
Fund administration fee	31,503	41,860	1,664	2,380
Total	311,679	394,824	18,620	24,116

(e) Investment transactions with associates of the Trustee

	2019	2018
Citigroup Global Markets Inc. ("Citi")		
Aggregate value of purchase and sale of securities transacted by Citi (USD)	471,484	797,594
% of total purchases and sales of securities during the year	1.94	2.92
Total commission paid to Citi (USD)	696	1,784
Average commission rate (%)	0.15	0.22
Total commission paid by the Fund (USD)	8,019	17,491

(f) Investment transactions with Underlying Fund

The Underlying Fund, Templeton China A Shares Fund, is managed by a related company of the Manager within the same group. The following table details the related-party transactions during the years ended 31 December 2019 and 2018:

	2019 USD	2018 USD
Underlying Fund		
Purchases	5,980,000	6,970,000
Sales	(13,110,000)	(10,692,000)

Refer to note 3 for further details on this Underlying Fund.

(g) Cash and cash equivalents

All bank balances of the Fund are held in interest bearing accounts with Citibank, N.A. (Hong Kong Branch) and are earning interest on which amounted to USD9,062 during the year ended 31 December 2019 (2018: USD5,450).

(h) Investments

All direct investments of the Fund are held in a custodian account with Citibank, N.A. (Hong Kong Branch).

7 Soft commission arrangement

The Manager and its connected persons may effect transactions for the account of the Fund through the agency of another person with whom the Manager and its connected persons have an arrangement under which such other person agrees to pay in whole or in part for the provision of goods to and/or the supply of services to the Manager or its connected persons in consideration of the Manager or its connected persons procuring that such other person (or person connected thereto) executes transactions to be entered into for the account of the Fund.

The Manager shall procure that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to unitholders whether by assisting the Manager in its ability to manage the Fund or otherwise. Research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment related publications may be considered as beneficial to unitholders.

During the years ended 31 December 2019 and 2018, the Manager and its connected persons entered into soft commission arrangements with brokers relating to dealing in the assets of the Fund, consistent with the above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Bank loans, overdrafts and other borrowings

The Fund had no bank loans, overdrafts or other borrowings as at 31 December 2019 and 2018.

9 Security lending arrangements

The Fund did not enter into any security lending arrangements during the years ended 31 December 2019 and 2018.

10 Negotiability of assets

As at 31 December 2019 and 2018, there was no statutory or contractual requirement restricting the negotiability of the assets of the Fund.

11 Commitments

The Fund had no commitment as at 31 December 2019 and 2018.

12 Contingent liabilities

The Fund had no contingent liability as at 31 December 2019 and 2018.

INVESTMENT PORTFOLIO (UNAUDITED) AS AT 31 DECEMBER 2019

	Holdings	Fair value USD	% of NAV
Investments (100.09%)			
Quoted Investment Funds (76.40%)			
China (76.40%)			
Templeton China A Shares Fund	397,221	7,567,863	76.40
Listed Equities (23.69%)			
China (23.69%)			
Alibaba Group Holding Ltd., ADR	1,328	282,744	2.85
China Construction Bank Corp., H	435,000	375,932	3.79
China Life Insurance Co. Ltd., H	95,000	264,111	2.67
China Mobile Ltd.	25,500	214,480	2.17
China Overseas Land & Investment Ltd.	24,000	93,535	0.94
Industrial and Commercial Bank of China Ltd., H	344,000	265,042	2.68
Poly Culture Group Corp. Ltd., H	18,700	12,823	0.13
Sinopharm Group Co. Ltd., H	11,600	42,378	0.43
Tencent Holdings Ltd.	14,500	699,356	7.06
Trip.com Group Ltd., ADR	2,800	95,760	0.97
Total Investments		9,914,024	100.09
Other Net Assets		(8,821)	(0.09)
Net Assets as at 31 December 2019		9,905,203	100.00
Total Investments at cost as at 31 December 2019		8,183,601	

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2019

	Percentage holdings of net assets 2019 %	Percentage holdings of net assets 2018 %
Investments		
Sector Allocation		
Communication Services	9.36	11.54
Consumer Discretionary	13.29	11.17
Consumer Staples	7.03	8.54
Energy	—	1.02
Financials	22.83	29.79
Health Care	9.32	14.99
Industrials	9.82	7.94
Information Technology	14.61	10.84
Materials	8.85	1.22
Real Estate	4.48	0.61
Utilities	—	1.01
Others	0.50	1.20
Total Investments	100.09	99.87
Other Net Assets	(0.09)	0.13
Net Assets as at year end	100.00	100.00

PERFORMANCE TABLE (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2019

NET ASSET VALUES

	Financial year	Net asset value	Net asset value per unit in issue
Class A (acc) HKD	31.12.2019	USD2,539,771	HKD15.32
Class A (acc) HKD	31.12.2018	USD2,315,722	HKD11.42
Class A (acc) HKD	31.12.2017	USD5,915,493	HKD15.45
Class A (acc) USD	31.12.2019	USD7,365,432	USD15.25
Class A (acc) USD	31.12.2018	USD11,172,008	USD11.30
Class A (acc) USD	31.12.2017	USD17,107,327	USD15.33

PERFORMANCE RECORD

	Financial year	Highest net asset value per unit	Lowest net asset value per unit
Class A (acc) HKD	31.12.2019	HKD15.32	HKD11.04
Class A (acc) HKD	31.12.2018	HKD17.25	HKD11.31
Class A (acc) HKD	31.12.2017	HKD15.90	HKD10.93
Class A (acc) HKD	31.12.2016	HKD12.82	HKD9.86
Class A (acc) HKD	31.12.2015	HKD18.43	HKD10.64
Class A (acc) HKD	31.12.2014	HKD12.21	HKD8.13
Class A (acc) HKD	31.12.2013	HKD10.76	HKD9.25
Class A (acc) USD	31.12.2019	USD15.25	USD10.92
Class A (acc) USD	31.12.2018	USD17.09	USD11.19
Class A (acc) USD	31.12.2017	USD15.77	USD10.92
Class A (acc) USD	31.12.2016	USD12.81	USD9.81
Class A (acc) USD	31.12.2015	USD18.43	USD10.64
Class A (acc) USD	31.12.2014	USD12.20	USD8.13
Class A (acc) USD	31.12.2013	USD10.74	USD9.25

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