



Tracker Fund of Hong Kong

Stock Code : 2800

Website : www.trahk.com.hk

Interim Report 2015

1st January 2015 to 30th June 2015



STATE STREET
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CONDENSED STATEMENT OF NET ASSETS

AS AT 30TH JUNE 2015

		(UNAUDITED) 30.06.2015	(AUDITED) 31.12.2014
	Notes	HK\$	HK\$
Assets			
Current assets			
Investments		75,673,290,718	62,224,200,759
Dividends receivable		988,037,982	–
Amounts receivable on issue of units		12,699,760	–
Other accounts receivable and prepayments		332,548	151,372
Bank balances	7(d)	366,654,861	211,935,563
Total assets		<u>77,041,015,869</u>	<u>62,436,287,694</u>
Liabilities			
Current liabilities			
Management fee payable	7(b)	6,667,250	5,680,137
Trustee fee payable	7(c)	6,667,250	5,680,137
Index license fee payable	8(c)	2,878,432	2,273,836
Registrar fee payable	8(a)	418,301	140,120
Amounts payable on redemption of units		–	2,728,453
Withholding tax payable		79,616,381	–
Other accounts payable and accruals		2,742,284	1,284,340
Liabilities (excluding net assets attributable to holders of redeemable units)		<u>98,989,898</u>	<u>17,787,023</u>
Net assets attributable to holders of redeemable units	5	<u>76,942,025,971</u>	<u>62,418,500,671</u>

The notes on pages 5 to 14 form part of these condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30TH JUNE 2015

	Notes	(UNAUDITED)	
		01.01.2015 to 30.06.2015 HK\$	01.01.2014 to 30.06.2014 HK\$
Income			
Dividends		1,637,179,316	1,352,731,840
Interest income		296,266	–
Transaction fee	4(a)	960,000	954,584
Other income	4(b)	1,930,788	1,998,701
Net gain/(loss) on investments	3	6,405,909,499	(261,823,811)
Total net income		8,046,275,869	1,093,861,314
Expenses			
Management fee	7(b)	12,743,732	10,630,139
Trustee fee	7(c)	12,743,732	10,630,139
Index license fee	8(c)	5,246,832	4,115,813
Transaction costs on investments		5,251,708	1,921,372
Registrar fee	8(a)	870,393	773,358
Publication and printing expenses		848,352	737,456
Conversion agent fee	8(b)	610,609	858,878
Audit fee		248,683	242,856
Legal and other professional fees		–	62,294
Bank charges		311,445	268,195
Other operating expenses		219,324	288,096
Total operating expenses		39,094,810	30,528,596
Operating profit		8,007,181,059	1,063,332,718
Finance costs			
Distributions to holders of redeemable units	13	(490,858,650)	(361,198,875)
Profit after distributions and before tax		7,516,322,409	702,133,843
Withholding tax	6	(91,754,795)	(53,478,684)
Increase in net assets attributable to holders of redeemable units from operations		7,424,567,614	648,655,159

The notes on pages 5 to 14 form part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE PERIOD ENDED 30TH JUNE 2015

		(UNAUDITED)	
		01.01.2015	01.01.2014
		to	to
		30.06.2015	30.06.2014
Notes	HK\$	HK\$	HK\$
Net assets attributable to holders of redeemable units at 1st January		62,418,500,671	56,404,449,270
Issue of units			
– In-kind	9	25,023,065,829	11,015,826,679
– Cash component	9	266,854,858	45,329,041
		<u>25,289,920,687</u>	<u>11,061,155,720</u>
Redemption of units			
– In-kind	9	(18,090,392,510)	(12,197,262,715)
– Cash component	9	(100,570,491)	(62,598,622)
		<u>(18,190,963,001)</u>	<u>(12,259,861,337)</u>
Net issue/(redemption) of units		<u>7,098,957,686</u>	<u>(1,198,705,617)</u>
Increase in net assets attributable to holders of redeemable units from operations		<u>7,424,567,614</u>	<u>648,655,159</u>
Net assets attributable to holders of redeemable units at 30th June		<u><u>76,942,025,971</u></u>	<u><u>55,854,398,812</u></u>

The notes on pages 5 to 14 form part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30TH JUNE 2015

		(UNAUDITED)	
		01.01.2015	01.01.2014
		to	to
		30.06.2015	30.06.2014
Notes		HK\$	HK\$
Cash flows from operating activities			
	9	1,979,943,149	909,595,592
	9	(2,090,450,290)	(913,131,300)
		637,002,920	794,819,697
		296,266	-
		945,000	825,000
		423,549	-
		(11,756,619)	(10,753,194)
		(11,756,619)	(10,753,194)
		(4,642,236)	(4,211,211)
		(592,212)	(793,831)
		(282,592)	(785,890)
		(5,251,708)	(1,921,372)
		(648,000)	(792,000)
		(195,170)	(253,509)
		(244,432)	(869,722)
		<u>492,791,006</u>	<u>760,975,066</u>
Cash flows from financing activities			
	9	254,155,098	45,329,041
	9	(103,298,944)	(60,867,500)
	4(b), 13	(488,927,862)	(359,200,174)
		<u>(338,071,708)</u>	<u>(374,738,633)</u>
Net increase in cash and cash equivalents			
		154,719,298	386,236,433
Cash and cash equivalents at the beginning of the period			
		<u>211,935,563</u>	<u>154,111,961</u>
Cash and cash equivalents at the end of the period			
		<u><u>366,654,861</u></u>	<u><u>540,348,394</u></u>
Analysis of balances of cash and cash equivalents:			
	7(d)	<u><u>366,654,861</u></u>	<u><u>540,348,394</u></u>

Please refer to note 9 for details of major non-cash transactions.

The notes on pages 5 to 14 form part of these condensed financial statements.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1 General information

Tracker Fund of Hong Kong (the "Fund") is a unit trust which is governed by its Trust Deed dated 23rd October 1999 (the "Trust Deed"). The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance. The Fund is also listed on The Stock Exchange of Hong Kong Limited (a subsidiary of the Hong Kong Exchanges and Clearing Limited).

The manager and the trustee of the Fund are State Street Global Advisors Asia Limited (the "Manager") and State Street Bank and Trust Company (the "Trustee") respectively.

The Fund's objective is to provide investment results that closely correspond to the performance of the Hang Seng Index (the "Index").

2 Basis of preparation and accounting policies

These unaudited condensed interim financial statements for the six months ended 30th June 2015 have been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting". The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2014. Other amendments to HKFRS effective for the financial year ending 31st December 2015 are not expected to have a material impact on the Fund.

3 Net loss on investments

	(UNAUDITED)	
	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	HK\$	HK\$
Change in unrealized gain/(loss) on investments	3,655,113,265	(1,789,363,268)
Realized gain on sale of investments	2,750,796,234	1,527,539,457
	<u>6,405,909,499</u>	<u>(261,823,811)</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

4 Income

(a) *Transaction fee*

Applications to create or redeem units are only made through brokers or dealers (acting either as principal or on behalf of clients) (the "Participating Dealers") which have executed participation agreements with the Manager, the Trustee, HK Conversion Agency Services Limited (the "Conversion Agent") and Hong Kong Securities Clearing Company ("HKSCC"). The Fund is entitled to receive a transaction fee of HK\$15,000 per total aggregate creation and redemption orders per day per Participating Dealer.

(b) *Other income*

Other income represents registrar charges levied on unitholders (other than HKSCC Nominees) who hold units registered in their own names as at each record date for the relevant distribution. Currently, these charges amount to the lower of HK\$80 per year per unitholder and the unitholder's actual distribution entitlement. Such charges are deducted on a half-yearly basis from the half-yearly distributions payable to the relevant unitholders.

5 Number of units in issue and net assets attributable to holders of redeemable units

The Fund's capital is represented by the net assets attributable to holders of redeemable units. Units are issued through an in-kind creation of an Index Basket with the remaining balances in cash, and are redeemed in-kind with the remaining balances in cash. Subscriptions and redemptions of units during the period are shown on the Condensed Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives and risk management policies, the Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of listed securities where necessary.

In accordance with the provisions of the Fund's Trust Deed, listed investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for creations and redemptions and for various fee calculations.

Net assets attributable to holders of redeemable units at last traded market prices represent a liability in the Condensed Statement of Net Assets, carried at the redemption amount that would be payable at the period end date if the unitholders exercised the right to redeem the units in the Fund.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

5 Number of units in issue and net assets attributable to holders of redeemable units (Continued)

	(UNAUDITED) Number of units		
	01.01.2015 to 30.06.2015	01.07.2014 to 31.12.2014	01.01.2014 to 30.06.2014
Units in issue at the beginning of the period	2,617,992,500	2,350,992,500	2,400,992,500
Issue of units	931,000,000	558,000,000	491,000,000
Redemption of units	(682,000,000)	(291,000,000)	(541,000,000)
Units in issue at the end of the period	<u>2,866,992,500</u>	<u>2,617,992,500</u>	<u>2,350,992,500</u>
	HK\$	HK\$	HK\$
Net assets attributable to holders of redeemable units	<u>76,942,025,971</u>	<u>62,418,500,671</u>	<u>55,854,398,812</u>
Net assets attributable to holders of redeemable units (per unit)	<u>26.84</u>	<u>23.84</u>	<u>23.76</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>26,837,191</u>	<u>23,842,124</u>	<u>23,757,795</u>

6 Taxation

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

The Fund invests in H-shares and Red Chips shares of companies in the People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange. Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realized in the trading of Red Chips which are determined as PRC Tax Resident Enterprises and H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the prevailing enforcement of China tax on capital gains is not probable.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

6 Taxation (Continued)

Withholding tax was charged on dividend income received from H-shares and Red Chips during the periods ended 30th June 2015 and 2014.

7 Transactions with the related parties/Manager and its Connected Persons

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Fund also include the Manager of the Fund and its connected persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year between the Fund and its related parties, including the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Fund does not have any other transactions with its related parties, including the Manager and its Connected Persons except for those disclosed below.

(a) Manager's holding in the Fund

The directors and officers of the Manager may transact in the units of the Fund as principal. As at 30th June 2015, the directors and officers of the Manager together held 29,000 units in the Fund (as at 31st December 2014: 23,500 units).

(b) Management fee

The fee payable to the Manager is calculated at the following annual rates of the net asset value of the Fund on the last dealing day in the relevant quarter:

For the first HK\$15 billion of the net asset value	0.050%
For the next HK\$15 billion of the net asset value	0.045%
For the next HK\$15 billion of the net asset value	0.030%
Any amount by which the net asset value exceeds HK\$45 billion	0.025%

The management fee is accrued daily and payable quarterly in arrears.

(c) Trustee fee

The fee payable to the Trustee is calculated at the following annual rates of the net asset value of the Fund of the last dealing day in the relevant quarter:

For the first HK\$15 billion of the net asset value	0.050%
For the next HK\$15 billion of the net asset value	0.045%
For the next HK\$15 billion of the net asset value	0.030%
Any amount by which the net asset value exceeds HK\$45 billion	0.025%

The trustee fee is accrued daily and payable quarterly in arrears.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

7 Transactions with the related parties/Manager and its Connected Persons (Continued)

(d) Bank balances

Bank balances amounting to HK\$39,984,035 were held with the Trustee as at 30th June 2015 (as at 31st December 2014: HK\$10,354,688). No interest was earned on these bank balances during the periods ended 30th June 2015 and 2014.

8 Other fees

(a) Registrar fee

The fee payable to Computershare Hong Kong Investor Services Limited (the "Registrar"), is calculated based on the number of unitholders on the register on the first business day of the relevant month at the following fee scale, subject to a monthly maximum aggregate registrar fee of HK\$1,000,000.

For the period from 1st January 2015 to 30th April 2015

	HK\$ (per month)
For the first 2,000 Unitholders	10,000
For every additional 1,000 Unitholders up to 100,000 Unitholders	2,200
For every additional 1,000 Unitholders up to 200,000 Unitholders	1,800
For every additional 1,000 Unitholders up to 300,000 Unitholders	1,500
For every additional 1,000 Unitholders above 300,000 Unitholders	1,200

For the period from 1st May 2015 to 30th June 2015

	HK\$ (per month)
For the first 2,000 Unitholders	12,000
For every additional 1,000 Unitholders up to 100,000 Unitholders	2,650
For every additional 1,000 Unitholders above 100,000 Unitholders	2,250

In addition, the Registrar is reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services.

The registrar fee is accrued daily and payable monthly in advance.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

8 Other fees (Continued)

(b) *Conversion agent fee*

The Conversion Agent received a monthly retainer fee of HK\$16,000 plus a transaction fee of HK\$12,000 on total aggregate creation and redemption orders per day per Participating Dealer.

The conversion agent fee is accrued daily and payable monthly in arrears.

(c) *Index license fee*

The index license fee is calculated at the rate of 0.015% per annum on the daily average net asset value of the Fund, subject to a minimum of US\$10,000 per annum.

The index license fee is accrued daily and payable quarterly in arrears.

9 Major non-cash transactions

In accordance with the Fund's Trust Deed, units are issued through an in-kind creation of an Index Basket with the remaining balances in cash. For each Creation Unit (of 1,000,000 units), the Fund receives an Index Basket consisting of constituent shares as determined by the Manager on a daily basis. During the period ended 30th June 2015, the Fund issued 931,000,000 units (for the period ended 30th June 2014: 491,000,000 units), totaling HK\$25,289,920,687 (for the period ended 30th June 2014: HK\$11,061,155,720) in exchange for Index Baskets consisting of investments valued at HK\$25,023,065,829 (for the period ended 30th June 2014: HK\$11,015,826,679) by the Manager with remaining balances in cash of HK\$266,854,858 (for the period ended 30th June 2014: HK\$45,329,041).

In accordance with the Fund's Trust Deed, units are redeemed in-kind with the remaining balances in cash. During the period ended 30th June 2015, the Fund redeemed 682,000,000 units (for the period ended 30th June 2014: 541,000,000 units), totaling HK\$18,190,963,001 (for the period ended 30th June 2014: HK\$12,259,861,337) in exchange for Index Baskets consisting of investments valued at HK\$18,090,392,510 (for the period ended 30th June 2014: HK\$12,197,262,715) by the Manager with remaining balances in cash of HK\$100,570,491 (for the period ended 30th June 2014: HK\$62,598,622).

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

10 Soft dollar practices

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

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

11 Investment limitations and prohibitions under the SFC Code

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

Constituent securities that account for more than 10% of the net asset value of the Fund as at 30th June 2015 were as follows:

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
HSBC Holdings plc	11.0	12.6	10.8	12.6

During the period ended 30th June 2015, the Hang Seng Index increased by 11.21% (for the period ended 30th June 2014: decreased by 0.50%), while the net asset value per unit of the Fund increased 12.58% (for the period ended 30th June 2014: increased by 1.15%).

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

12 Financial risk management

Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date.

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.

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 (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 categorized 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 Fund. The 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 UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

12 Financial risk management (Continued)

Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Fund's investments (by class) measured at fair value at 30th June 2015 and 31st December 2014.

All fair value measurements disclosed are recurring fair value measurements.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
At 30th June 2015				
Assets				
Financial assets held for trading				
- Equity securities	75,673,290,718	-	-	75,673,290,718
	<u>75,673,290,718</u>	<u>-</u>	<u>-</u>	<u>75,673,290,718</u>
At 31st December 2014				
Assets				
Financial assets held for trading				
- Equity securities	62,224,200,759	-	-	62,224,200,759
	<u>62,224,200,759</u>	<u>-</u>	<u>-</u>	<u>62,224,200,759</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. 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 of 30th June 2015 and 31st December 2014, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30th June 2015 and 31st December 2014, the Fund did not hold any investments classified in level 3.

For the period ended 30th June 2015 and the year ended 31st December 2014, there were no transfers of financial instruments between levels. The assets and liabilities included in the Condensed Statement of Net Assets except investments are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

13 Distributions

	(UNAUDITED)	
	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	HK\$	HK\$
Interim distribution		
– HK\$0.15 on 2,407,992,500 units paid on 30th May 2014	–	361,198,875
– HK\$0.18 on 2,726,992,500 units paid on 29th May 2015	490,858,650	–
	<u>490,858,650</u>	<u>–</u>

14 Segment information

The Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Manager, which are used to make strategic decisions.

The Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The Manager's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The Fund trades in the constituent shares of the Hang Seng Index with the objective to provide investment results that closely correspond to the performance of the Index.

The internal reporting provided to the Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of HKFRS.

There were no changes in the reportable segment during the period.

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

The Fund has no assets classified as non-current assets. The Fund has a diversified portfolio of investments. During the period ended 30th June 2015, there were two investments which accounted for more than 10% of the Fund's net income (for the period ended 30th June 2014: eleven). Please refer to note 11 for investment holdings account for more than 10% of the Fund's net assets.

The Fund also has a diversified unitholder population. However, as at 30th June 2015 and 31st December 2014, there was one nominee company that held more than 10% of the Fund's net assets. The nominee company's holdings were 86.10% as at 30th June 2015 and 84.36% as at 31st December 2014.

Tracker Fund of Hong Kong

Interim Report 2015

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30TH JUNE 2015

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
Hong Kong			
Listed investments (98.35%)			
Equities (98.35%)			
Properties (10.33%)			
Cheung Kong Property Holdings Ltd.	23,360,605	1,502,086,901	1.95
China Overseas Land & Investment Ltd.	35,035,145	958,211,216	1.25
China Resources Land Ltd.	19,594,367	492,798,330	0.64
Hang Lung Properties Ltd.	19,223,757	443,107,599	0.58
Henderson Land Development Co. Ltd.	9,902,052	525,303,859	0.68
New World Development Co. Ltd.	46,689,437	473,430,891	0.62
Sino Land Co. Ltd.	25,991,061	336,844,150	0.44
Sun Hung Kai Properties Ltd.	13,653,120	1,714,831,872	2.23
The Link Real Estate Investment Trust	19,658,791	892,509,111	1.16
Wharf (Holdings) Ltd.	11,688,295	603,116,022	0.78
		<u>7,942,239,951</u>	<u>10.33</u>
Finance (47.09%)			
AIA Group Ltd.	103,658,370	5,260,662,277	6.84
Bank of China Ltd.	684,133,020	3,448,030,421	4.48
BOC Hong Kong (Holdings) Ltd.	31,720,985	1,024,587,815	1.33
Bank of Communications Co. Ltd.	75,031,926	606,257,962	0.79
Bank of East Asia Ltd.	12,410,364	420,711,340	0.55
China Construction Bank Corporation	724,115,364	5,126,736,777	6.66
China Life Insurance Co. Ltd.	64,050,588	2,161,707,345	2.81
Hang Seng Bank Ltd.	6,555,588	993,171,582	1.29
Hong Kong Exchanges and Clearing Ltd.	9,562,250	2,616,231,600	3.40
HSBC Holdings Plc	118,442,722	8,308,756,948	10.80
Industrial and Commercial Bank of China Ltd.	635,114,674	3,912,306,392	5.08
Ping An Insurance (Group) Co. of China Ltd.	22,494,813	2,355,206,921	3.06
		<u>36,234,367,380</u>	<u>47.09</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30TH JUNE 2015

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
Utilities (4.20%)			
China Resources Power Holdings Co. Ltd.	16,448,514	356,110,328	0.46
CLP Holdings Ltd.	16,242,959	1,070,410,998	1.39
Hong Kong and China Gas Co. Ltd.	59,472,983	967,030,704	1.26
Power Assets Holdings Ltd.	11,891,863	840,754,714	1.09
		<u>3,234,306,744</u>	<u>4.20</u>
Commerce and Industry (36.73%)			
Belle International Holdings Ltd.	58,816,512	525,231,452	0.68
Cathay Pacific Airways Ltd.	10,116,370	192,818,012	0.25
China Mengniu Dairy Co. Ltd.	11,750,950	454,174,218	0.59
China Merchants Holdings (International) Co. Ltd.	10,981,090	365,121,243	0.48
China Mobile Ltd.	52,848,413	5,245,204,990	6.82
China Petroleum & Chemical Corporation	209,829,225	1,403,757,515	1.83
China Resources Enterprise, Ltd.	10,378,000	259,450,000	0.34
China Shenhua Energy Co. Ltd.	29,133,212	515,075,188	0.67
China Unicom (Hong Kong) Ltd.	51,288,383	625,718,273	0.81
CITIC Ltd.	42,694,782	593,457,470	0.77
CK Hutchison Holdings Ltd.	23,266,564	2,650,061,640	3.44
CNOOC Ltd.	153,589,405	1,689,483,455	2.20
Galaxy Entertainment Group Ltd.	20,009,955	618,307,610	0.80
Hengan International Group Co. Ltd.	6,822,441	628,346,816	0.82
Kunlun Energy Co. Ltd.	27,678,403	218,382,600	0.28
Lenovo Group Ltd.	61,895,904	664,762,009	0.86
Li & Fung Ltd.	50,166,721	308,525,334	0.40
MTR Corporation Ltd.	12,481,237	450,572,656	0.59
PetroChina Co. Ltd.	180,863,017	1,564,465,097	2.03
Sands China Ltd.	20,747,073	541,498,605	0.70
Swire Pacific Ltd. 'A'	5,045,749	491,708,240	0.64
Tencent Holdings Ltd.	48,350,105	7,479,761,244	9.72
Tingyi (Cayman Islands) Holding Corporation	16,813,025	266,318,316	0.35
Want Want China Holding Ltd.	62,216,422	510,174,660	0.66
		<u>28,262,376,643</u>	<u>36.73</u>
Total listed investments		<u>75,673,290,718</u>	<u>98.35</u>
Total investments, at cost		<u>68,585,057,583</u>	

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

FOR THE PERIOD ENDED 30TH JUNE 2015

	(UNAUDITED)			
	Holdings			
	31.12.2014	Additions	Disposals	30.06.2015
Hong Kong				
Listed investments				
Equities				
Properties				
Cheung Kong (Holdings) Ltd.	11,108,905	630,987	(11,739,892)	-
Cheung Kong Property Holdings Ltd.	-	26,604,805	(3,244,200)	23,360,605
China Overseas Land & Investment Ltd.	32,669,467	11,423,330	(9,057,652)	35,035,145
China Resources Land Ltd.	16,315,046	10,062,941	(6,783,620)	19,594,367
China Resources Land Ltd., Right	-	3,595,088	(3,595,088)	-
Hang Lung Properties Ltd.	17,925,978	6,268,248	(4,970,469)	19,223,757
Henderson Land Development Co. Ltd.	8,393,456	3,953,521	(2,444,925)	9,902,052
New World Development Co. Ltd.	41,553,743	16,808,112	(11,672,418)	46,689,437
Sino Land Co. Ltd.	24,046,713	8,465,753	(6,521,405)	25,991,061
Sun Hung Kai Properties Ltd.	10,893,170	5,967,627	(3,207,677)	13,653,120
The Link Real Estate Investment Trust	18,327,220	6,409,012	(5,077,441)	19,658,791
Wharf (Holdings) Ltd.	10,899,721	3,811,574	(3,023,000)	11,688,295
Finance				
AIA Group Ltd.	96,282,579	34,072,773	(26,696,982)	103,658,370
Bank of China Ltd.	635,013,742	225,194,311	(176,075,033)	684,133,020
BOC Hong Kong (Holdings) Ltd.	29,579,773	10,342,790	(8,201,578)	31,720,985
Bank of Communications Co. Ltd.	69,967,083	24,465,024	(19,400,181)	75,031,926
Bank of East Asia Ltd.	11,170,732	4,308,592	(3,068,960)	12,410,364
China Construction Bank Corporation	672,622,704	237,996,630	(186,503,970)	724,115,364
China Life Insurance Co. Ltd	59,481,045	21,062,372	(16,492,829)	64,050,588
Hang Seng Bank Ltd.	6,112,974	2,137,743	(1,695,129)	6,555,588
Hong Kong Exchanges and Clearing Ltd.	8,869,714	3,151,549	(2,459,013)	9,562,250
HSBC Holdings Plc	106,055,859	48,632,391	(36,245,528)	118,442,722
Industrial and Commercial Bank of China Ltd.	589,721,106	208,910,933	(163,517,365)	635,114,674
Ping An Insurance (Group) Co. of China Ltd.	16,261,402	11,831,753	(5,598,342)	22,494,813
Utilities				
China Resources Power Holdings Co. Ltd.	15,332,577	5,363,107	(4,247,170)	16,448,514
CLP Holdings Ltd.	15,146,260	5,296,069	(4,199,370)	16,242,959
Hong Kong and China Gas Co. Ltd.	50,433,697	23,793,810	(14,754,524)	59,472,983
Power Assets Holdings Ltd.	11,088,931	3,877,628	(3,074,696)	11,891,863

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

FOR THE PERIOD ENDED 30TH JUNE 2015

	(UNAUDITED)			
	Holdings			
	31.12.2014	Additions	Disposals	30.06.2015
Commerce and Industry				
Belle International Holdings Ltd.	37,080,207	34,391,581	(12,655,276)	58,816,512
Cathay Pacific Airways Ltd.	9,516,188	3,298,513	(2,698,331)	10,116,370
China Mengniu Dairy Co. Ltd.	10,958,115	3,832,341	(3,039,506)	11,750,950
China Merchants Holdings (International) Co. Ltd.	10,177,732	3,578,369	(2,775,011)	10,981,090
China Mobile Ltd.	48,848,080	17,524,964	(13,524,631)	52,848,413
China Petroleum & Chemical Corporation	203,942,908	70,652,436	(64,766,119)	209,829,225
China Resources Enterprise, Ltd.	9,748,867	3,382,295	(2,753,162)	10,378,000
China Shenhua Energy Co. Ltd.	27,166,617	9,499,210	(7,532,615)	29,133,212
China Unicom (Hong Kong) Ltd.	47,777,179	16,723,034	(13,211,830)	51,288,383
CITIC Ltd.	39,813,185	13,921,169	(11,039,572)	42,694,782
CK Hutchison Holding Ltd.	–	38,285,843	(15,019,279)	23,266,564
CNOOC Ltd.	142,755,779	50,416,687	(39,583,061)	153,589,405
Galaxy Entertainment Group Ltd.	18,654,722	6,527,149	(5,171,916)	20,009,955
Hengan International Group Co. Ltd.	6,374,175	2,225,137	(1,776,871)	6,822,441
Kunlun Energy Co. Ltd.	25,811,448	9,024,998	(7,158,043)	27,678,403
Hutchison Whampoa Ltd.	17,039,588	19,870,668	(36,910,256)	–
Lenovo Group Ltd.	45,755,260	30,642,366	(14,501,722)	61,895,904
Li & Fung Ltd.	46,779,562	16,357,411	(12,970,252)	50,166,721
MTR Corporation Ltd.	11,627,347	4,070,449	(3,216,559)	12,481,237
PetroChina Co. Ltd.	168,653,427	58,972,291	(46,762,701)	180,863,017
Sands China Ltd.	19,342,629	6,764,760	(5,360,316)	20,747,073
Swire Pacific Ltd. 'A'	4,705,271	1,645,192	(1,304,714)	5,045,749
Tencent Holdings Ltd.	44,910,081	15,879,539	(12,439,515)	48,350,105
Tingyi (Cayman Islands) Holding Corporation	15,675,490	5,481,788	(4,344,253)	16,813,025
Want Want China Holdings Ltd.	58,015,022	20,284,779	(16,083,379)	62,216,422



Tracker Fund of Hong Kong

Interim Report 2015

PERFORMANCE RECORD (UNAUDITED)

FOR THE PERIOD ENDED 30TH JUNE 2015

Fund Performance

During the period ended 30th June 2015, the Hang Seng Index increased by 11.21%, while the net asset value per unit of the Fund increased by 12.58%.

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Mr. Lochiel Cameron Crafter
Mr. James Keith MacNevin
Mr. Kevin David Anderson
(Appointed on 26th May 2015)
Ms. Ting Li
(Resigned on 28th July 2015)
Ms. Gigi Lau Che Man
(Resigned on 12th May 2015
as alternate director to Ms. Ting Li)
Ms. Yuen Oi Ying Phoebe
(Appointed as alternate director to
Ms. Ting Li on 22nd May 2015, resigned
on 28th July 2015 as alternate director
to Ms. Ting Li)
Ms. Susana Yeong
Mr. Matthew Montagu George
(Alternate director to
Ms. Susana Yeong)

Members of the Supervisory Committee

Mr. Romnesh Lamba
Mr. Fong Hup
Mr. Lawrence Fok
(Deceased on 18th June 2015)
Mr. George Hongchoy
Mr. Stephen Law
Prof. Chan Kalok

Trustee and custodian

State Street Bank and Trust Company
68th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Registrar

Computershare Hong Kong
Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Manager

State Street Global Advisors Asia Limited
68th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Promoter

Exchange Fund Investment Limited
87th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Conversion agent

HK Conversion Agency Services Limited
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Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong



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