

FUBON LEVERAGED & INVERSE SERIES

(An umbrella unit trust established in Hong Kong)

Fubon FTSE Taiwan Daily (2x) Leveraged Product
(Stock Code: 7232)

Fubon FTSE Taiwan Daily (-1x) Inverse Product
(Stock Code: 7332)

(Sub-Funds of Fubon Leveraged & Inverse Series)

Annual Report 2023

For the year ended 31 December 2023

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REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

Fubon FTSE Taiwan Daily (2x) Leveraged Product (the “Leveraged Product”) is a sub-fund of Fubon Leveraged & Inverse Series, which is an umbrella unit trust established under Hong Kong law. The units of the Leveraged Product are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). It was commenced trading in HKD under the stock code 7232 on the SEHK on 28 May 2021.

The investment objective of the Leveraged Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the FTSE Taiwan RIC Capped Index (the “Underlying Index”). The Leveraged Product does not seek to achieve its stated objective over a period of time greater than one Business Day. In seeking to achieve the investment objective, the Leveraged Product invests directly in the spot month contracts of SGX FTSE Taiwan Index Futures traded on the Singapore Exchange (the “Index Futures Contracts”). The Manager will use its discretion to carry out the roll-over of the spot month Index Futures Contracts into next month Index Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month Index Futures Contracts, all roll-over activities would have occurred.

Performance of the Leveraged Product

During the year ended 31 December 2023, the dealing NAV per unit of the Leveraged Product performed +56.0% while the Underlying Index performed +25.9%. The Leveraged Product does not seek to achieve its stated objective over a period greater than one Business Day.

Activities of the Leveraged Product

According to Bloomberg, the average daily trading volume of the Leveraged Product in 2023 was approximately 3,785 (2022:16,194). As of 31 December 2023, there were 1,600,000 units outstanding (2022: 1,600,000 units).

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REPORT OF THE MANAGER TO THE UNITHOLDERS (CONTINUED)

Introduction

Fubon FTSE Taiwan Daily (-1x) Inverse Product (the “Inverse Product”) is a sub-fund of Fubon Leveraged & Inverse Series, which is an umbrella unit trust established under Hong Kong law. The units of the Inverse Product are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). It was commenced trading in HKD under the stock code 7332 on the SEHK on 28 May 2021.

The investment objective of the Inverse Product is to provide investment results that, before fees and expenses, closely correspond to inverse (-1x) the Daily performance of the FTSE Taiwan RIC Capped Index (the “Underlying Index”). The Inverse Product does not seek to achieve its stated objective over a period of time greater than one Business Day. In seeking to achieve the investment objective, the Inverse Product invests directly in the spot month contracts of SGX FTSE Taiwan Index Futures traded on the Singapore Exchange (the “Index Futures Contracts”). The Manager will use its discretion to carry out the roll-over of the spot month Index Futures Contracts into next month Index Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month Index Futures Contracts, all roll-over activities would have occurred.

Performance of the Inverse Product

During the year ended 31 December 2023, the dealing NAV per unit of the Inverse Product performed -23.9% while the Underlying Index performed +25.9%. The Inverse Product does not seek to achieve its stated objective over a period greater than one Business Day.

Activities of the Inverse Product

According to Bloomberg, the average daily trading volume of the Inverse Product in 2023 was approximately 5,356 (2022: 14,265). As of 31 December 2023, there were 600,000 units outstanding (2022: 1,700,000 units).

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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product (the “Sub-Funds”), the sub-funds of Fubon Leveraged & Inverse Series, has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 23 April 2021, as amended, for the year ended 31 December 2023.

Cititrust Limited (the “Trustee”)
26 April 2024

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STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER’S RESPONSIBILITIES

The Manager of Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product (the “Sub-Funds”), the sub-funds of Fubon Leveraged & Inverse Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 23 April 2021 (the “Trust Deed”) to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Funds at the end of the year and of the transactions for the year ended 31 December 2023. In preparing these financial statements the Manager is required to:

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

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

Fubon Leveraged & Inverse Series (the “Trust”) is an umbrella unit trust governed by its Trust Deed. As at 31 December 2023, the Trust has established two sub-funds, namely, Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product.

TRUSTEE’S RESPONSIBILITIES

The Trustee of the Sub-Funds is required to:

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

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FUBON FTSE TAIWAN DAILY (2X) LEVERAGED PRODUCT
AND FUBON FTSE TAIWAN DAILY (-1X) INVERSE PRODUCT
(SUB-FUNDS OF FUBON LEVERAGED & INVERSE SERIES)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product (each a separate sub-fund of Fubon Leveraged & Inverse Series and referred to as the "Sub-Funds"), which are set out on pages 10 to 47, comprise:

- the statement of net assets as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders of redeemable units for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 31 December 2023, and of each of their financial transactions and each of their 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Funds 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FUBON FTSE TAIWAN DAILY (2X) LEVERAGED PRODUCT
AND FUBON FTSE TAIWAN DAILY (-1X) INVERSE PRODUCT (CONTINUED)
(SUB-FUNDS OF FUBON LEVERAGED & INVERSE SERIES)**

Key Audit Matters (Continued)

Key audit matter identified in our audit is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Existence and valuation of financial assets and liabilities at fair value through profit or loss and accuracy and occurrence of net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss</p> <p>Fubon FTSE Taiwan Daily (2x) Leveraged Product The financial assets at fair value through profit or loss of Fubon FTSE Taiwan Daily (2x) Leveraged Product as at 31 December 2023 comprised futures contracts valued at USD86,150. The net gains on financial assets and liabilities at fair value through profit or loss for the year ended 31 December 2023 of the Sub-fund amounted to USD767,850.</p> <p>Fubon FTSE Taiwan Daily (-1x) Inverse Product The financial liabilities at fair value through profit or loss of Fubon FTSE Taiwan Daily (-1x) Inverse Product as at 31 December 2023 comprised futures contracts valued at USD9,760. The net losses on financial assets and liabilities at fair value through profit or loss for the year ended 31 December 2023 of the Sub-fund amounted to USD285,300.</p> <p>We focused on the existence and valuation of these futures contracts because the principal business of the Sub-Funds is investing in futures contracts to track the FTSE Taiwan RIC Capped Index.</p>	<p>1. Our work included an assessment of the key controls over the existence and valuation of the financial assets and financial liabilities at fair value through profit or loss and the accuracy and occurrence of net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss, which included the following:</p> <ul style="list-style-type: none"> • We developed an understanding of the control objectives and related controls relevant to our audit of the Sub-Fund by obtaining the service organisation internal control reports of the administrator and the custodian provided by the trustee setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls. • We evaluated the tests undertaken by the service auditor, the results of the tests undertaken and the opinions formed by the service auditor on the design and operating effectiveness of the controls, to the extent relevant to our audit of the Sub-Funds. <p>2. We tested the existence of financial assets and liabilities at fair value through profit or loss by obtaining direct confirmations from the custodian and agreeing the Sub-Funds' holdings of financial assets and liabilities at fair value through profit or loss to the confirmations.</p> <p>3. We tested the valuation of the Sub-Funds' financial assets and liabilities at fair value through profit or loss by comparing the pricing used by the Sub-Funds to external pricing sources as at 31 December 2023.</p> <p>4. We tested the occurrence of the purchase and sale transactions of financial assets and liabilities at fair value through profit or loss during the period by agreeing to supporting documents and checked the accuracy of the calculation of net gains or losses from these futures contracts.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FUBON FTSE TAIWAN DAILY (2X) LEVERAGED PRODUCT
AND FUBON FTSE TAIWAN DAILY (-1X) INVERSE PRODUCT (CONTINUED)
(SUB-FUNDS OF FUBON LEVERAGED & INVERSE SERIES)**

Key Audit Matters (Continued)

Key audit matter identified in our audit is summarised as follows: (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>We also focused on the net gains or losses from these futures contracts incurred during the year because they represented the principal element of the Sub-Funds' increase or decrease in net assets attributable to unitholders of redeemable units from operations.</p> <p>Refer to notes 4 and 8 to the financial statements.</p>	<p>Based on the procedures we performed, we found no material exceptions from our testing.</p>

Other Information

The manager and the trustee (the "Management") of the Sub-Funds 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 Management for the Financial Statements

The Management of the Sub-Funds is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Funds is responsible for assessing the Sub-Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Funds or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Funds is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 23 April 2021, 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 FUBON FTSE TAIWAN DAILY (2X) LEVERAGED PRODUCT
AND FUBON FTSE TAIWAN DAILY (-1X) INVERSE PRODUCT (CONTINUED)
(SUB-FUNDS OF FUBON LEVERAGED & INVERSE SERIES)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds 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.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FUBON FTSE TAIWAN DAILY (2X) LEVERAGED PRODUCT
AND FUBON FTSE TAIWAN DAILY (-1X) INVERSE PRODUCT (CONTINUED)
(SUB-FUNDS OF FUBON LEVERAGED & INVERSE SERIES)**

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

From the matters communicated with the Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Chau Chi Kit.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 April 2024

FUBON LEVERAGED & INVERSE SERIES
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STATEMENT OF NET ASSETS
AS AT 31 DECEMBER 2023

		Fubon FTSE Taiwan Daily (2x) Leveraged Product	Fubon FTSE Taiwan Daily (2x) Leveraged Product
		As at 31 December 2023 USD	As at 31 December 2022 USD
	Notes		
Assets			
Financial assets at fair value through profit or loss	8(a)	86,150	–
Other receivables	6(f)	55,655	41,363
Margin accounts	9	579,653	458,543
Cash and cash equivalents	6(d)	<u>1,272,509</u>	<u>870,262</u>
Total assets		<u>1,993,967</u>	<u>1,370,168</u>
Liabilities			
Financial liabilities at fair value through profit or loss	8(a)	–	7,200
Trustee fee payable	6(b), 6(c)	9,199	7,206
Management fee payable	6(a)	1,615	1,640
Other payables and accruals		22,924	45,749
Payable to Manager	6(i)	<u>–</u>	<u>73,126</u>
Total liabilities		<u>33,738</u>	<u>134,921</u>
Equity			
Net assets attributable to unitholders of redeemable units	3	<u>1,960,229</u>	<u>1,235,247</u>

The financial statements on pages 10 to 47 were approved by the Manager on 26 April 2024 and were signed on its behalf by:

.....
Fubon Fund Management (Hong Kong) Limited
as Manager of the Fund

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

FUBON LEVERAGED & INVERSE SERIES
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STATEMENT OF NET ASSETS (CONTINUED)
AS AT 31 DECEMBER 2023

		Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fubon FTSE Taiwan Daily (-1x) Inverse Product
		As at 31 December 2023 USD	As at 31 December 2022 USD
	Notes		
Assets			
Financial assets at fair value through profit or loss	8(a)	–	3,990
Other receivables	6(f)	28,696	65,487
Margin accounts	9	58,733	248,559
Cash and cash equivalents	6(d)	<u>364,756</u>	<u>1,421,011</u>
Total assets		<u>452,185</u>	<u>1,739,047</u>
Liabilities			
Financial liabilities at fair value through profit or loss	8(a)	9,760	–
Trustee fee payable	6(b), 6(c)	9,999	6,806
Management fee payable	6(a)	381	2,205
Other payables and accruals		22,924	45,748
Payable to Manager	6(i)	<u>–</u>	<u>73,126</u>
Total liabilities		<u>43,064</u>	<u>127,885</u>
Equity			
Net assets attributable to unitholders of redeemable units	3	<u>409,121</u>	<u>1,611,162</u>

The financial statements on pages 10 to 47 were approved by the Manager on 26 April 2024 and were signed on its behalf by:

.....
Fubon Fund Management (Hong Kong) Limited
as Manager of the Fund

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

FUBON LEVERAGED & INVERSE SERIES
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR 31 DECEMBER 2023

		Fubon FTSE Taiwan Daily (2x) Leveraged Product	Fubon FTSE Taiwan Daily (2x) Leveraged Product
		Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
	Notes		
Income			
Interest income from bank deposits	6(i)	27	276
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	4	767,850	(1,791,540)
Other income	6(f)	53,571	69,722
Net foreign exchange gains		3	-
Total net income/(loss)		<u>821,451</u>	<u>(1,721,542)</u>
Expenses			
Management fee	6(a)	(16,617)	(29,310)
Trustee fee	6(b), 6(c)	(37,670)	(38,180)
Audit fee		(8,076)	(20,900)
Bank charges		(401)	(474)
Brokerage and transaction fee	7	(3,946)	(7,769)
Other operating expenses		(29,759)	(22,912)
Total operating expenses		<u>(96,469)</u>	<u>(119,545)</u>
Increase/(decrease) in net assets attributable to unitholders of redeemable units from operations		<u>724,982</u>	<u>(1,841,087)</u>

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

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STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR 31 DECEMBER 2023

		Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fubon FTSE Taiwan Daily (-1x) Inverse Product
		Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
	Notes		
Income			
Interest income from bank deposits	6(i)	38	159
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	4	(285,300)	397,020
Other income	6(f)	63,255	80,932
Net foreign exchange gains		3	–
Total net (loss)/income		<u>(222,004)</u>	<u>478,111</u>
Expenses			
Management fee	6(a)	(11,898)	(21,366)
Trustee fee	6(b), 6(c)	(37,430)	(37,835)
Audit fee		(8,076)	(20,900)
Bank charges		(375)	(460)
Brokerage and transaction fee	7	(1,493)	(2,980)
Other operating expenses		(29,793)	(22,912)
Total operating expenses		<u>(89,065)</u>	<u>(106,453)</u>
(Decrease)/increase in net assets attributable to unitholders of redeemable units from operations		<u>(311,069)</u>	<u>371,658</u>

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

FUBON LEVERAGED & INVERSE SERIES
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS
FOR THE YEAR 31 DECEMBER 2023

	Fubon FTSE Taiwan Daily (2x) Leveraged Product	Fubon FTSE Taiwan Daily (2x) Leveraged Product
	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
Net assets attributable to unitholders at the beginning of the year	1,235,247	4,328,228
Proceeds on issue of units	–	929,466
Redemption of units	–	(2,181,360)
Net decrease from unit transactions	–	(1,251,894)
Increase/(decrease) in net assets attributable to unitholders of redeemable units from operations	724,982	(1,841,087)
Net assets attributable to unitholders of redeemable units at the end of the year	1,960,229	1,235,247

The movement of the redeemable units are as below:

	Fubon FTSE Taiwan Daily (2x) Leveraged Product	Fubon FTSE Taiwan Daily (2x) Leveraged Product
	Year ended 31 December 2023 Units	Year ended 31 December 2022 Units
Number of units in issue at the beginning of the year	1,600,000	3,500,000
Units issued	–	1,100,000
Units redeemed	–	(3,000,000)
Number of units in issue at the end of the year	1,600,000	1,600,000

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

FUBON LEVERAGED & INVERSE SERIES
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS (CONTINUED)
FOR THE YEAR 31 DECEMBER 2023

	Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fubon FTSE Taiwan Daily (-1x) Inverse Product
	Year ended 31 December 2023 <i>USD</i>	Year ended 31 December 2022 <i>USD</i>
Net assets attributable to unitholders at the beginning of the period	1,611,162	1,986,278
Redemption of units	(890,972)	(746,774)
Net decrease from unit transactions	(890,972)	(746,774)
(Decrease)/increase in net assets attributable to unitholders of redeemable units from operations	(311,069)	371,658
Net assets attributable to unitholders of redeemable units at the end of the period	409,121	1,611,162

The movement of the redeemable units are as below:

	Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fubon FTSE Taiwan Daily (-1x) Inverse Product
	Year ended 31 December 2023 <i>Units</i>	Year ended 31 December 2022 <i>Units</i>
Number of units in issue at the beginning of the year	1,700,000	2,400,000
Units redeemed	(1,100,000)	(700,000)
Number of units in issue at the end of the year	600,000	1,700,000

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

FUBON LEVERAGED & INVERSE SERIES
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STATEMENT OF CASH FLOWS
FOR THE YEAR 31 DECEMBER 2023

	Fubon FTSE Taiwan Daily (2x) Leveraged Product	Fubon FTSE Taiwan Daily (2x) Leveraged Product
	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to unitholders of redeemable units from operations	724,982	(1,841,087)
Adjustments for:		
Interest income from bank deposits	<u>(27)</u>	<u>(276)</u>
Operating cash flows before movements in working capital	724,955	(1,841,363)
Change in financial assets and liabilities at fair value through profit or loss	(93,350)	160,220
Increase in other receivables	(14,292)	(39,363)
(Increase)/decrease in margin accounts	(121,110)	1,036,932
Increase/(decrease) in trustee fee payable	1,993	(2,600)
Decrease in management fee payable	(25)	(1,894)
Decrease in other payables and accruals	(22,825)	(48)
(Decrease)/increase in payable to Manager	(73,126)	73,126
Decrease in establishment cost payable	<u>–</u>	<u>(73,126)</u>
Cash generated from/(used in) operations	402,220	(688,116)
Interest received on bank deposits	<u>27</u>	<u>276</u>
Net cash generated from/(used in) operating activities	<u>402,247</u>	<u>(687,840)</u>
Cash flows from financing activities		
Proceeds on issue of units	–	929,466
Payments on redemption of units	<u>–</u>	<u>(2,181,360)</u>
Net cash used in financing activities	<u>–</u>	<u>(1,251,894)</u>
Net increase/(decrease) in cash and cash equivalents	402,247	(1,939,734)
Cash and cash equivalents at the beginning of the year	<u>870,262</u>	<u>2,809,996</u>
Cash and cash equivalents at the end of the year	<u>1,272,509</u>	<u>870,262</u>
Analysis of balances of cash and cash equivalents		
Bank balances	<u>1,272,509</u>	<u>870,262</u>

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

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STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR 31 DECEMBER 2023

	Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fubon FTSE Taiwan Daily (-1x) Inverse Product
	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
Cash flows from operating activities		
(Decrease)/increase in net assets attributable to unitholders of redeemable units from operations	(311,069)	371,658
Adjustments for:		
Interest income from bank deposits	<u>(38)</u>	<u>(159)</u>
Operating cash flows before movements in working capital	(311,107)	371,499
Change in financial assets and liabilities at fair value through profit or loss	13,750	(39,960)
Decrease/(increase) in other receivables	36,791	(61,642)
Decrease in margin accounts	189,826	116,525
Increase/(decrease) in trustee fee payable	3,193	(3,400)
(Decrease)/increase in management fee payable	(1,824)	437
Decrease in other payables and accruals	(22,824)	(47)
(Decrease)/increase in payable to Manager	(73,126)	73,126
Decrease in establishment cost payable	—	(73,126)
Cash (used in)/generated from operations	<u>(165,321)</u>	<u>383,412</u>
Interest received on bank deposits	<u>38</u>	<u>159</u>
Net cash (used in)/generated from operating activities	<u>(165,283)</u>	<u>383,571</u>
Cash flows from financing activities		
Payments on redemption of units	<u>(890,972)</u>	<u>(746,774)</u>
Net cash used in financing activities	<u>(890,972)</u>	<u>(746,774)</u>
Net decrease in cash and cash equivalents	(1,056,255)	(363,203)
Cash and cash equivalents at the beginning of the year	<u>1,421,011</u>	<u>1,784,214</u>
Cash and cash equivalents at the end of the year	<u>364,756</u>	<u>1,421,011</u>
Analysis of balances of cash and cash equivalents		
Bank balances	<u>364,756</u>	<u>1,421,011</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Fubon Leveraged & Inverse Series (the “Trust”) is an umbrella unit trust constituted by way of a trust deed dated 23 April 2021, as amended, supplemented or restated from time to time, between Fubon Fund Management (Hong Kong) Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The Trust is authorised by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.

The Trust has two sub-funds as at 31 December 2023, Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product (referred to individually or collectively as the “Sub-Fund(s)”). The Sub-Funds are listed on The Stock Exchange of Hong Kong Limited (a subsidiary of the Hong Kong Exchanges and Clearing Limited).

The investment objective of Fubon FTSE Taiwan Daily (2x) Leveraged Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the daily performance of the FTSE Taiwan RIC Capped Index (“the Index”).

The investment objective of Fubon FTSE Taiwan Daily (-1x) Leveraged Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) daily performance of the Index.

As at 31 December 2023 and 2022 of the financial statements, the Directors confirmed that it has no intention to terminate any of the Sub-Funds which has a net asset value below the threshold of US\$5,000,000 or its equivalent in the currency of the Sub-Funds.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Sub-Funds.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation (Continued)

Issued but not yet effective HKFRSs

A number of new standards, amendments to standards and interpretations are effective for the year ended 31 December 2023, 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 Sub-Funds.

New and amended standards adopted for the year ended 31 December 2023

The amendments to HKAS 1 and HKFRS Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is “material accounting policy information” and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the HKICPA also amended HKFRS Practice Statement 2 – Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The application of the amendments does not have a material impact on the Company’s and the Sub-Funds’ financial statements.

The adoption of the above new and amended standards does not have significant impact to the financial statements of the Sub-Funds.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate (“the functional currency”). The financial statements are presented in United States Dollar (“USD”) for the Sub-Funds, which is the functional and presentation currency of the Sub-Funds. All values are rounded to the nearest USD except where otherwise indicated.

(ii) 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 statement of net assets date.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

Assets

The Sub-Funds classify their investments based on both the Sub-Funds' 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 Sub-Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Sub-Funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Sub-Funds classify all of their investment portfolio as financial assets or liabilities as fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are accounted for on a trade date basis — the date on which the Sub-Funds commit to purchase or sell the investments. Financial assets and financial liabilities 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 Sub-Funds have transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires)."

Subsequent to initial recognition, all financial assets and financial liabilities 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 or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within "Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss" in the period in which they arise. Realised gains and losses on investments represent the difference between the investments' initial carrying amounts and disposal amounts. Net change in unrealised gains and losses comprise changes in the fair value of investments for the year and from reversal of the prior period's unrealised gains and losses for investments which were realised in the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Financial assets and financial liabilities at fair value through profit or loss (Continued)

(iii) 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 derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Funds utilises the last traded market price 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 (for example, over-the-counter derivatives) is determined using valuation techniques. The Sub-Funds 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, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iv) Transfers between levels of the fair value hierarchy

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

(d) Offsetting financial instruments

Financial assets and liabilities are reported on a net basis in the Statements of Net Assets where the Sub-Funds currently have a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realised the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(e) Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less. Cash and cash equivalents excluded margin accounts with brokers as they are restricted from investment purpose.

(f) Other payables and accruals

Other payables and accruals are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Redeemable units (Continued)

The Sub-Funds issue redeemable units, which are redeemable at the holder's option. These units represent puttable financial instruments of the Sub-Funds. The Sub-Funds classify their puttable financial instruments as equity in accordance with HKAS 32, "Financial instruments: Presentation" as those puttable financial instruments meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Funds.

Units are issued and redeemed at the holder's option at prices based on the Sub-Funds' net asset value per unit at the time of issue or redemption. The Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units. In accordance with the Prospectus of the Sub-Funds, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions of the Sub-Funds.

(h) Income

Interest income is recognised in profit or loss on a time-proportionate basis using the effective interest method.

Other income is recognised in profit or loss when the right to receive payment has been established, it is probable that the economic benefits associated with the income will flow to the Sub-Funds and the amount of the income can be measured reliably.

(i) Expenses

All expenses other than establishment costs are accounted for in the Statement of Comprehensive Income on an accrual basis.

(j) Establishment costs

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

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss within "brokerage and transaction fee".

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION

(I) Taxation

The Sub-Funds will be exempted from Hong Kong profits tax in respect of their authorised activities in Hong Kong upon their authorisation as a collective investment schemes under section 104 of the Securities and Futures Ordinance.

3. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS

The Sub-Funds' capital is represented by the units in the Sub-Funds, and shown as "net assets attributable to unitholders" in the statement of net assets. Subscriptions and redemptions of units during the year ended 31 December 2023 are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Funds endeavor to invest their capital in accordance with the investment policies, whilst maintaining sufficient liquidity to meet redemption requests.

In accordance with the provisions of the Trust Deed dated 23 April 2021, as amended, and the Prospectus of the Sub-Funds, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations.

As stated in Note 2(g), redeemable units of the Sub-Funds are classified as equity.

The redeemable units as at 31 December 2023 and 2022 are as follows:

Fubon FTSE Taiwan Daily (2x) Leveraged Product	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Number of units in issue at the end of the year	<u>1,600,000</u>	<u>1,600,000</u>
Fubon FTSE Taiwan Daily (-1x) Inverse Product	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Number of units in issue at the end of the year	<u>600,000</u>	<u>1,700,000</u>

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NOTES TO THE FINANCIAL STATEMENTS

3. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS (Continued)

The redeemable units as at 31 December 2023 and 2022 are as follows (Continued):

Fubon FTSE Taiwan Daily (2x) Leveraged Product	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Net assets attributable to unitholders of redeemable units per unit as at 31 December (per statement of net assets)	<u>1.2251</u>	<u>0.7720</u>
Fubon FTSE Taiwan Daily (-1x) Inverse Product	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Net assets attributable to unitholders of redeemable units per unit as at 31 December (per statement of net assets)	<u>0.6819</u>	<u>0.9477</u>

As stated in Note 2(k), establishment costs are expensed as incurred. However, in accordance with the provisions of the Trust's Prospectus, establishment costs of Sub-Funds are recognised using the amortisation method to amortise over first five financial years of the Sub-Funds. As at 31 December 2023, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of redeemable units of USD34,749 (2022: decrease of net assets attributable to unitholders of redeemable units of USD49,813) for Fubon FTSE Taiwan Daily (2x) Leveraged Product and USD34,749 (2022: USD49,813) for Fubon FTSE Taiwan Daily (-1x) Inverse Product when compared with the methodology indicated in the Trust's Prospectus. As at 31 December 2023, the remaining unamortised amounts for Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product are USD34,749 and USD34,749 respectively (2022: USD49,813 and USD49,813). As at 31 December 2023, the remaining amortisation periods for Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product are 2.58 years and 2.58 years respectively (2022: 3.58 years and 3.58 years respectively).

Fubon FTSE Taiwan Daily (2x)
Leveraged Product

	As at 31 December 2023 USD	As at 31 December 2022 USD
Net assets attributable to unitholders of redeemable units as reported in the statement of net assets	1,960,229	1,235,247
Adjustments for timing difference	–	(6,058)
Adjustments for unamortised establishment costs	<u>34,749</u>	<u>49,813</u>
Net asset value in accordance with the Trust's Prospectus	<u>1,994,978</u>	<u>1,279,002</u>

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NOTES TO THE FINANCIAL STATEMENTS

3. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS (Continued)

Fubon FTSE Taiwan Daily (-1x) Inverse Product

	As at 31 December 2023 USD	As at 31 December 2022 USD
Net assets attributable to unitholders of redeemable units as reported in the statement of net assets	409,121	1,611,162
Adjustments for timing difference	–	(6,058)
Adjustments for unamortised establishment costs	34,749	49,813
Net asset value in accordance with the Trust's Prospectus	<u>443,870</u>	<u>1,654,917</u>

4. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
Fubon FTSE Taiwan Daily (2x) Leveraged Product		
Net realised gain/(loss) on sale of investments and derivative financial instruments	674,500	(1,631,320)
Net change in unrealised gain/loss in value of investments and derivative financial instruments	93,350	(160,220)
	<u>767,850</u>	<u>(1,791,540)</u>
Fubon FTSE Taiwan Daily (-1x) Inverse Product		
Net realised (loss)/gain on sale of investments and derivative financial instruments	(271,550)	357,060
Net change in unrealised loss/gain in value of investments and derivative financial instruments	(13,750)	39,960
	<u>(285,300)</u>	<u>397,020</u>

5. TAXATION

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

There was no overseas withholding tax of the Sub-Funds for the year ended 31 December 2023 and for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS

The following is a summary of significant related party transactions and transactions entered into during the year ended 31 December 2023 and the period from 27 May 2021 (date of inception) to 31 December 2022 between the Sub-Funds and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year ended 31 December 2023 and the period from 27 May 2021 (date of inception) to 31 December 2022 between the Sub-Funds and the Manager, the Trustee and their Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's and the Trustee's knowledge, the Sub-Funds does not have any other transactions with the Connected Persons of the Manager and the Trustee except for those disclosed below.

(a) Management fee

The Manager of Sub-Funds is entitled to receive a management fee, currently at the rate of 0.99% per annum with a maximum rate of up to 1.5% per annum of the net asset value of the Sub-Funds, accrued daily and calculated as at each dealing day and payable monthly in arrears.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee as a percentage per annum of the Net Asset Value of the Sub-Funds at a rate of 0.09% per annum with a maximum rate of up to 1.5% per annum of the Net Asset Value of the Sub-Funds, accrued daily and payable monthly in arrears, subject to a monthly minimum of USD3,000. In addition, the Trustee will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services as Trustee.

(c) Custodian and administrator fee

The Custodian fee and Administrator fee are included in the trustee fee.

(d) Financial assets

The bank balances of the Sub-Funds held with related party of the Trustee and Manager are:

Fubon FTSE Taiwan Daily (2x) Leveraged Product	As at 31 December 2023 USD	As at 31 December 2022 USD
<i>Bank balances</i>		
Taipei Fubon Commercial Bank	256,971	196,983
Citibank, N.A., Hong Kong	285,758	83,300
	<hr/>	<hr/>
Fubon FTSE Taiwan Daily (-1x) Inverse Product	As at 31 December 2023 USD	As at 31 December 2022 USD
<i>Bank balances</i>		
Taipei Fubon Commercial Bank	82,981	287,980
Citibank, N.A., Hong Kong	40,229	276,286
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS
(Continued)

(e) Shares of the Sub-Funds held by related parties

The units of the Sub-Funds held with related party of the Trustee and Manager are:

Fubon FTSE Taiwan Daily (2x) Leveraged Product	As at 31 December 2023		As at 31 December 2022	
	Unitholding	% of total units	Unitholding	% of total units
Fubon Securities (Hong Kong) Limited	–	–	170,000	10.63%
Citibank, N.A., Hong Kong	<u>3,000</u>	<u>0.18%</u>	<u>3,000</u>	<u>0.19%</u>

Fubon FTSE Taiwan Daily (-1x) Inverse Product	As at 31 December 2023		As at 31 December 2022	
	Unitholding	% of total units	Unitholding	% of total units
Fubon Securities (Hong Kong) Limited	84,500	0.14%	132,000	7.76%
Citibank, N.A., Hong Kong	<u>100</u>	<u>0.01%</u>	<u>100</u>	<u>0.01%</u>

(f) Holdings in the Sub-Fund

During the year, the Manager has subscribed for, and redeemed, units of the Fubon FTSE Taiwan Daily (-1x) Inverse Product through purchase and sales of the Sub-Fund's shares on the secondary market. All such transactions are entered into in the ordinary course of business and are on normal commercial terms.

(g) Other income

Other income includes the amount reimbursed from the Manager amounted USD53,000 (2022: USD68,500) to Fubon FTSE Taiwan Daily (2x) Leveraged Product and USD63,000 (2022: USD 80,500) to Fubon FTSE Taiwan Daily (-1x) Inverse Product for the portion of ongoing expenses in excess of 2.29% (2022: 2.29%) and 2.19% (2022: 2.19%) of the net asset value of the respective Sub-Funds, of which USD55,655 (2022: USD41,363) and USD28,696 (2022: USD65,487) was outstanding for Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product for the year ended 31 December 2023, respectively.

(h) Other operating expenses

Other operating expenses pertains financial statement preparation fee paid to Citibank, N.A., Hong Kong Branch, as the administrator, amounting USD10,075 (2022: USD10,000) for Fubon FTSE Taiwan Daily (2x) Leveraged Product and USD10,105 (2022: USD10,000) for Fubon FTSE Taiwan Daily (-1x) Inverse Product.

(i) Bank charges

The bank charges of the Sub-Funds for the year ended 31 December 2023 and 31 December 2022 were charged by Citibank, N.A, Hong Kong Branch (the "Custodian"), the Custodian of the Sub-Funds.

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS (Continued)

(j) Amount due from/to Manager

The Manager paid the establishment cost on behalf of the Sub-Funds, leading to a payable to the Manager of USDnil (2022: USD73,126) and USDnil (2022: USD73,126) for Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product as at 31 December 2023, respectively.

(k) Interest income

For the year ended 31 December 2023 and 2022, interest income from bank deposits earned on the bank balances held with related party of the Trustee and Manager amounted to:

Fubon FTSE Taiwan Daily (2x) Leveraged Product	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
<i>Interest income from</i>		
Taipei Fubon Commercial Bank	10	16
Citibank, N.A., Hong Kong	<u>8</u>	<u>7</u>
Fubon FTSE Taiwan Daily (-1x) Inverse Product	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
<i>Interest income from</i>		
Taipei Fubon Commercial Bank	13	13
Citibank, N.A., Hong Kong	<u>5</u>	<u>6</u>

7. TRANSACTION COST

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers.

8. FINANCIAL RISK MANAGEMENT

The investment objective of Fubon FTSE Taiwan Daily (2x) Leveraged Product is to provide investment results that, before deduction of fees and expenses, closely correspond to twice (2x) the daily performance of the FTSE Taiwan RIC Capped Index (Underlying Index). The investment objective of Fubon FTSE Taiwan Daily (-1x) Inverse Product is to provide investment results that, before deduction of fees and expenses, closely correspond to the inverse (-1x) daily performance of the FTSE Taiwan RIC Capped Index (Underlying Index). The Sub-Funds' activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Funds invest.

The following is a summary of the main risks and risk management policies.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk

(i) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

As at 31 December 2023 and 2022, the Sub-Funds' financial assets and liabilities at fair value through profit or loss were concentrated in Singapore listed futures:

Fubon FTSE Taiwan Daily (2x) Leveraged Product	As at 31 December 2023		As at 31 December 2022	
	Fair value	% of net asset	Fair value	% of net asset
<i>Financial assets/(liabilities) at fair value through profit or loss</i>				
- Index futures				
- Singapore	<u>86,150</u>	<u>4.39%</u>	<u>(7,200)</u>	<u>(0.58)%</u>
Fubon FTSE Taiwan Daily (-1x) Inverse Product	As at 31 December 2023		As at 31 December 2022	
	Fair value	% of net asset	Fair value	% of net asset
<i>Financial (liabilities)/assets at fair value through profit or loss</i>				
- Index futures				
- Singapore	<u>(9,760)</u>	<u>(2.39)%</u>	<u>3,990</u>	<u>0.25%</u>

(j) Holdings in the Sub-Funds

During the year, the Manager has subscribed for, and redeemed, units of the Sub-Funds through purchase and sales of the Sub-Funds' share on the secondary market. All such transactions are entered into in the ordinary course of business and are on normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

Sensitivity analysis in the event of a possible change in the tracked index by sensitivity threshold as estimated by the Manager

As at 31 December 2023, if the tracked index were to increase by 25% (2022: 20%) with all other variables held constant, this would increase the net assets attributable to unitholders of redeemable units from operations for the year of Fubon FTSE Taiwan Daily (2x) Leveraged Product by approximately USD42,976 (2022: USD2,232). Conversely, if the tracked index were to decrease by the same sensitivity threshold, this would decrease the net assets attributable to unitholders of redeemable units from operations for the period by an equal amount.

As at 31 December 2023, if the tracked index were to increase by 25% (2022: 20%) with all other variables held constant, this would decrease the net assets attributable to unitholders of redeemable units from operations for the period of Fubon FTSE Taiwan Daily (-1x) Inverse Product by approximately USD2,372 (2022:USD606). Conversely, if the tracked index were to decrease by the same sensitivity thresholds, this would increase the net assets attributable to unitholders of redeemable units from operations for the period by an equal amount.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The table below summarises the Sub-Funds' exposure to interest rate risks. It includes the Sub-Funds' assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2023

	Up to 1 year <i>USD</i>	Non- interest bearing <i>USD</i>	Total <i>USD</i>
Fubon FTSE Taiwan Daily (2x) Leveraged Product			
<i>Assets</i>			
- Financial assets at fair value through profit or loss	–	86,150	86,150
- Other receivables	–	55,655	55,655
- Margin accounts	579,653	–	579,653
- Cash and cash equivalents	1,272,509	–	1,272,509
Total assets	1,852,162	141,805	1,993,967
<i>Liabilities</i>			
- Other liabilities	–	33,738	33,738
Total liabilities	–	33,738	33,738
Total interest sensitivity gap	1,852,162		

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

As at 31 December 2022

	Up to 1 year <i>USD</i>	Non- interest bearing <i>USD</i>	Total <i>USD</i>
Fubon FTSE Taiwan Daily (2x) Leveraged Product			
<i>Assets</i>			
- Other receivables	–	41,363	41,363
- Margin accounts	458,543	–	458,543
- Cash and cash equivalents	870,262	–	870,262
<i>Total assets</i>	<u>1,328,805</u>	<u>41,363</u>	<u>1,370,168</u>
<i>Liabilities</i>			
- Other liabilities	–	134,921	134,921
<i>Total liabilities</i>	<u>–</u>	<u>134,921</u>	<u>134,921</u>
<i>Total interest sensitivity gap</i>	<u>1,328,805</u>		

As at 31 December 2023

	Up to 1 year <i>USD</i>	Non- interest bearing <i>USD</i>	Total <i>USD</i>
Fubon FTSE Taiwan Daily (-1x) Inverse Product			
<i>Assets</i>			
- Other receivables	–	28,696	28,696
- Margin accounts	58,733	–	58,733
- Cash and cash equivalents	364,756	–	364,756
<i>Total assets</i>	<u>423,489</u>	<u>28,696</u>	<u>452,185</u>
<i>Liabilities</i>			
- Other liabilities	–	43,064	43,064
<i>Total liabilities</i>	<u>–</u>	<u>43,064</u>	<u>43,064</u>
<i>Total interest sensitivity gap</i>	<u>423,489</u>		

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

As at 31 December 2022

	Up to 1 year USD	Non- interest bearing USD	Total USD
Fubon FTSE Taiwan Daily (-1x) Inverse Product			
<i>Assets</i>			
- Financial assets at fair value through profit or loss	–	3,990	3,990
- Other receivables	–	65,487	65,487
- Margin accounts	248,559	–	248,559
- Cash and cash equivalents	1,421,011	–	1,421,011
<i>Total assets</i>	<u>1,669,570</u>	<u>69,477</u>	<u>1,739,047</u>
<i>Liabilities</i>			
- Other liabilities	–	127,885	127,885
<i>Total liabilities</i>	<u>–</u>	<u>127,885</u>	<u>127,885</u>
<i>Total interest sensitivity gap</i>	<u>1,669,570</u>		

At 31 December 2023 and 2022, Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product have cash and cash equivalents and margin accounts of USD1,852,162 and USD423,489 respectively (2022: USD1,328,805 and USD1,669,570). If the interest rates had been 100 basis points (2022: 100 basis points) higher or lower with all variables held constant, net assets attributable to unitholders would have been USD18,522 and USD4,235 respectively (2022: USD13,288 and USD16,696 respectively) higher or lower as a result of higher or lower interest income.

The Manager and Trustee monitor the interest rate risks by quantifying (a) market exposure in percentage terms; and (b) exposure in duration terms by different territories.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Funds are not exposed to currency risk arising from balances and transactions in foreign currencies as their majority assets and liabilities are denominated in USD, the Sub-Funds' functional and presentation currency. As a result, the Manager considers sensitivity analysis of currency risk is not necessary to be presented.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk

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

The Sub-Funds limits their exposure to credit and counterparty risk by carrying out the majority of their investment transactions and contractual commitment activities with well-established broker-dealers, banks and regulated exchanges with high credit ratings.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. In addition, the Sub-Funds place bank balances and margin deposits with reputable financial institutions. As such, the Manager does not consider the Sub-Funds to be exposed to significant credit and counterparty risk.

The table below summarises the amount of financial assets/liabilities at fair value through profit or loss, margin accounts, bank balances of the Sub-Funds placed with counterparties together with the credit rating of the relevant counterparties as at 31 December 2023.

Fubon FTSE Taiwan Daily (2x) Leveraged Product

As at 31 December 2023	Credit rating	USD
<i>Margin accounts (Note 9)</i>		
- Yuanta Futures (HK) Co., Limited	Investment grade	290,101
- CSC Futures (HK) Limited	Investment grade	289,552
<i>Cash and cash equivalents</i>		
- Citibank, N.A., Hong Kong	Investment grade	285,758
- CMB Wing Lung Bank Ltd	Not rated	237,915
- Industrial & Commercial Bank of China Ltd	Investment grade	256,942
- Taipei Fubon Commercial Bank	Investment grade	256,971
- UOB Kay Hian Holdings Ltd	Not rated	234,923
As at 31 December 2022		
<i>Margin accounts (Note 9)</i>		
- Yuanta Futures (HK) Co., Limited	Investment grade	230,148
- CSC Futures (HK) Limited	Investment grade	228,395
<i>Cash and cash equivalents</i>		
- Citibank, N.A., Hong Kong	Investment grade	83,300
- CMB Wing Lung Bank Ltd	Not rated	197,979
- Industrial & Commercial Bank of China Ltd	Investment grade	197,000
- Taipei Fubon Commercial Bank	Investment grade	196,983
- UOB Kay Hian Holdings Ltd	Not rated	195,000

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

Fubon FTSE Taiwan Daily (-1x) Inverse Product

As at 31 December 2023 Credit rating USD

Margin accounts (Note 9)

- Yuanta Futures (HK) Co., Limited	Investment grade	31,621
- CSC Futures (HK) Limited	Investment grade	27,112

Cash and cash equivalents

- Citibank, N.A., Hong Kong	Investment grade	40,229
- Taipei Fubon Commercial Bank	Investment grade	82,981
- CMB Wing Lung Bank Ltd	Not rated	83,681
- Industrial & Commercial Bank of China Ltd	Investment grade	82,942
- UOB Kay Hian Holdings Ltd	Not rated	74,923

As at 31 December 2022

Margin accounts (Note 9)

- Yuanta Futures (HK) Co., Limited	Investment grade	124,468
- CSC Futures (HK) Limited	Investment grade	124,091

Cash and cash equivalents

- Citibank, N.A., Hong Kong	Investment grade	276,286
- Taipei Fubon Commercial Bank	Investment grade	287,980
- CMB Wing Lung Bank Ltd	Not rated	288,745
- Industrial & Commercial Bank of China Ltd	Investment grade	288,000
- UOB Kay Hian Holdings Ltd	Not rated	280,000

The Sub-Funds measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss. As at 31 December 2023 and 2022, other receivables, margin accounts and bank balances are held with counterparties with high credit rating and are due to be settled within 1 month. Applying the requirements of IFRS9, the expected credit loss is immaterial for the Sub-Funds and, as such, no ECL has been recognised within the financial statements.

The maximum exposure to credit risk as at 31 December 2023 and 2022 is the carrying amount of the financial assets as shown on the statement of net assets.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Funds are exposed to daily redemptions of units in the Sub-Funds. The Sub-Funds invest the majority of its assets in securities that are traded in an active market which can be readily disposed of.

The table below analyses the Sub-Funds' financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 31 December 2023	Less than 1 month <i>USD</i>	1 month to less than 3 months <i>USD</i>	Over 3 months <i>USD</i>	Total <i>USD</i>
Fubon FTSE Taiwan Daily (2x) Leveraged Product				
Management fee payable	1,615	–	–	1,615
Trustee fee payable	9,199	–	–	9,199
Other payables and accruals	14,848	–	8,076	22,924
<i>Contractual cash outflow</i>	<u>25,662</u>	<u>–</u>	<u>8,076</u>	<u>33,738</u>
As at 31 December 2022				
Fubon FTSE Taiwan Daily (2x) Leveraged Product				
Financial liabilities at fair value through profit or loss	7,200	–	–	7,200
Management fee payable	1,640	–	–	1,640
Trustee fee payable	7,206	–	–	7,206
Payable to Manager	73,126	–	–	73,126
Other payables and accruals	24,849	–	20,900	45,749
<i>Contractual cash outflow</i>	<u>114,021</u>	<u>–</u>	<u>20,900</u>	<u>134,921</u>

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

As at 31 December 2023	Less than 1 month USD	1 month to less than 3 months USD	Over 3 months USD	Total USD
Fubon FTSE Taiwan Daily (-1x) Inverse Product				
Financial liabilities at fair value through profit or loss	9,760	–	–	9,760
Management fee payable	381	–	–	381
Trustee fee payable	9,999	–	–	9,999
Other payables and accruals	14,848	–	8,076	22,924
<i>Contractual cash outflow</i>	<u>34,988</u>	<u>–</u>	<u>8,076</u>	<u>43,064</u>
 As at 31 December 2022				
Fubon FTSE Taiwan Daily (-1x) Inverse Product				
Management fee payable	2,205	–	–	2,205
Trustee fee payable	6,806	–	–	6,806
Payable to Manager	73,126	–	–	73,126
Other payables and accruals	24,848	–	20,900	45,748
<i>Contractual cash outflow</i>	<u>106,985</u>	<u>–</u>	<u>20,900</u>	<u>127,885</u>

Units are redeemed on demand at the unitholder's option. For Fubon FTSE Taiwan Daily (2x) Leveraged Product, as at 31 December 2023, there was 1 (2022: 2) unitholder holding more than 10% of the Sub-Fund's units, representing in aggregate 98.18% (2022: 96.77%) of the total Sub-Fund's units. For Fubon FTSE Taiwan Daily (-1x) Inverse Product, as at 31 December 2023, there were 3 (2022: 1) unitholders holding more than 10% of the Sub-Fund's units, representing in aggregate 60.78% (2022: 73.28%) of the total Sub-Fund's units.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The Sub-Funds manage their liquidity risk by investing in securities that it expects to be able to liquidate within 7 days or less. The following table illustrates the expected liquidity of assets held:

Fubon FTSE Taiwan Daily (2x)
 Leveraged Product

	Less than 7 days	No stated maturity	Total
As at 31 December 2023			
Total assets	<u>1,993,967</u>	<u>–</u>	<u>1,993,967</u>
As at 31 December 2022			
Total assets	<u>1,370,168</u>	<u>–</u>	<u>1,370,168</u>

Fubon FTSE Taiwan Daily (-1x)
 Inverse Product

	Less than 7 days	No stated maturity	Total
As at 31 December 2023			
Total assets	<u>452,185</u>	<u>–</u>	<u>452,185</u>
As at 31 December 2022			
Total assets	<u>1,739,047</u>	<u>–</u>	<u>1,739,047</u>

(d) Fair value estimation

The Sub-Funds classifies 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 Sub-Funds 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).

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

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

The determination of what constitutes “observable” requires significant judgment by the Sub-Funds. The Sub-Funds consider 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.

The following table analyses within the fair value hierarchy the Sub-Funds’ financial assets and financial liabilities (by class) measured at fair value at 31 December 2023:

Fubon FTSE Taiwan Daily (2x) Leveraged Product				
	Level 1	Level 2	Level 3	Total
As at 31 December 2023				
<i>Financial assets/(liabilities) at fair value through profit or loss</i>				
- Futures contracts	<u>86,150</u>	<u>–</u>	<u>–</u>	<u>86,150</u>
As at 31 December 2022				
<i>Financial assets/(liabilities) at fair value through profit or loss</i>				
- Futures contracts	<u>(7,200)</u>	<u>–</u>	<u>–</u>	<u>(7,200)</u>
Fubon FTSE Taiwan Daily (-1x) Inverse Product				
	Level 1	Level 2	Level 3	Total
As at 31 December 2023				
<i>Financial assets/(liabilities) at fair value through profit or loss</i>				
- Futures contracts	<u>(9,760)</u>	<u>–</u>	<u>–</u>	<u>(9,760)</u>
As at 31 December 2022				
Fubon FTSE Taiwan Daily (-1x) Inverse Product				
	Level 1	Level 2	Level 3	Total
<i>Financial assets/(liabilities) at fair value through profit or loss</i>				
- Futures contracts	<u>3,990</u>	<u>–</u>	<u>–</u>	<u>3,990</u>

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed futures contracts. The Sub-Funds do not adjust the quoted price for these instruments. As at 31 December 2023 and 2022, the Sub-Funds classified futures contracts within level 1.

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 at 31 December 2023 and 2022, the Sub-Funds did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2023 and 2022, the Sub-Funds did not hold any investments classified in level 3.

For the year ended 31 December 2023 and 2022, there were no transfers between levels for the Sub-Funds.

The assets and liabilities included in the statement of net assets, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost. The carrying value of these financial assets and liabilities are considered by the Manager to approximate their fair value as they are short term in nature and the effect of discounting is immaterial. There are no other assets and liabilities not carried at fair value but for which fair value is disclosed.

(e) Capital risk management

The Sub-Funds' capital is represented by the net assets attributable to unitholders. The Sub-Funds' objective is to provide investment results that correspond generally to the performance of the respective index. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Funds;
- Exercise discretion when determining the amount of distributions of the Sub-Funds to the unitholders; and
- Suspend the creation and redemption of units under certain circumstances stipulated in the Trust Deed.

(f) Financial assets and liabilities at fair value through profit or loss

Futures contracts

Futures contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset. Futures are standardised exchange-traded contracts. Initial margin requirements for futures are met in cash or other instruments, and changes in future contract values are marked to market daily. Futures contracts have lower credit risk because the counterparties are futures exchanges.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial assets and liabilities at fair value through profit or loss (Continued)

Futures contracts (Continued)

Futures contracts result in exposure to market risk based on changes in market prices relative to contracted price. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a futures contract and may result in substantial losses to the Sub-Funds.

The following futures contracts were unsettled at the date of statement of net assets:

Fubon FTSE Taiwan
Daily (2x) Leveraged
Product

	Expiration date	Number of contracts	Notional amount	Position	Fair value
As at 31 December 2023					
<i>Futures contract</i>					
- FTSE TAIWAN INDEX 01/30/24	30-Jan-24	32	1,879,570	Long	43,100
- FTSE TAIWAN INDEX 01/30/24	30-Jan-24	31	1,941,540	Long	43,050
As at 31 December 2022					
<i>Futures contract</i>					
- FTSE TAIWAN INDEX 01/30/23	30-Jan-23	25	1,245,150	Long	(3,400)
- FTSE TAIWAN INDEX 01/30/23	30-Jan-23	25	1,245,550	Long	(3,800)

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial assets and liabilities at fair value through profit or loss (Continued)

Futures contracts (Continued)

The following futures contracts were unsettled at the date of statement of net assets (Continued):

Fubon FTSE Taiwan
Daily (-1x) Inverse
Product

	Expiration date	Number of contracts	Notional amount	Position	Fair value
As at 31 December 2023					
<i>Futures contract</i>					
- FTSE TAIWAN INDEX 01/30/24	30-Jan-24	(3)	(242,500)	Short	(4,180)
- FTSE TAIWAN INDEX 01/30/24	30-Jan-24	(4)	(181,880)	Short	(5,580)
As at 31 December 2022					
<i>Futures contract</i>					
- FTSE TAIWAN INDEX 01/30/23	30-Jan-23	(16)	(796,650)	Short	2,060
- FTSE TAIWAN INDEX 01/30/23	30-Jan-23	(16)	(796,780)	Short	1,930

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 December 2023 and 2022, the Sub-Funds were subject to two master netting arrangements with their two derivative counterparties. All of the derivative assets and liabilities of the Sub-Funds are held with these counterparties and the margin balance maintained by the Sub-Funds are for the purpose of providing collateral on derivative positions.

The following tables present the Sub-Funds' financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Fubon FTSE Taiwan Daily (2x) Leveraged Product

As at 31 December 2023

	A	B	C = A - B	D		E = C - D
		Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets <i>USD</i>	Net amounts of financial assets presented in the Statement of Net Assets <i>USD</i>	Related amounts not set-off in the Statement of Net Assets		
	Gross amounts of recognised financial assets <i>USD</i>			D(i)	D(ii)	
				Financial instruments <i>USD</i>	Collateral <i>USD</i>	Total <i>USD</i>
<i>Financial assets</i>						
- Margin Accounts	579,653	-	579,653	-	-	579,653
- Futures contracts	86,150	-	86,150	-	-	86,150
	<u>665,803</u>	<u>-</u>	<u>665,803</u>	<u>-</u>	<u>-</u>	<u>665,803</u>

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Fubon FTSE Taiwan Daily (2x) Leveraged Product

As at 31 December 2022

	A	B	C = A - B	D		E = C - D
				Related amounts not set-off in the Statement of Net Assets		
				D(i)	D(ii)	
	Gross amounts of recognised financial assets USD	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets USD	Net amounts of financial assets presented in the Statement of Net Assets USD	Financial instruments USD	Collateral USD	Total USD
<i>Financial assets</i>						
- Margin accounts	458,543	–	458,543	7,200	–	451,343
	<u>458,543</u>	<u>–</u>	<u>458,543</u>	<u>7,200</u>	<u>–</u>	<u>451,343</u>
	A	B	C = A - B	D		E = C - D
				Related amounts not set-off in the Statement of Net Assets		
				D(i)	D(ii)	
	Gross amounts of recognised financial liabilities USD	Gross amounts of recognised financial assets set-off in the Statement of Net Assets USD	Net amounts of financial liabilities presented in the Statement of Net Assets USD	Financial instruments USD	Collateral USD	Total USD
<i>Financial liabilities</i>						
- Futures contracts	7,200	–	7,200	–	7,200	–
	<u>7,200</u>	<u>–</u>	<u>7,200</u>	<u>–</u>	<u>7,200</u>	<u>–</u>

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Fubon FTSE Taiwan Daily (-1x) Inverse Product

As at 31 December 2023

	A	B	C = A - B	D		E = C - D
				Related amounts not set-off in the Statement of Net Assets		
				D(i)	D(ii)	
	Gross amounts of recognised financial assets USD	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets USD	Net amounts of financial assets presented in the Statement of Net Assets USD	Financial instruments USD	Collateral USD	Total USD
<i>Financial assets</i>						
- Margin accounts	58,733	–	58,733	9,760	–	48,973
	<u>58,733</u>	<u>–</u>	<u>58,733</u>	<u>9,760</u>	<u>–</u>	<u>48,973</u>
	Gross amounts of recognised financial liabilities USD	Gross amounts of recognised financial assets set-off in the Statement of Net Assets USD	Net amounts of financial liabilities presented in the Statement of Net Assets USD	D(i)	D(ii)	Total USD
<i>Financial liabilities</i>						
- Futures contracts	9,760	–	9,760	–	9,760	–
	<u>9,760</u>	<u>–</u>	<u>9,760</u>	<u>–</u>	<u>9,760</u>	<u>–</u>

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Fubon FTSE Taiwan Daily (-1x) Inverse Product

As at 31 December 2022

	A	B	C = A - B	D		E = C - D
		Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets <i>USD</i>	Net amounts of financial assets presented in the Statement of Net Assets <i>USD</i>	Related amounts not set-off in the Statement of Net Assets		
	Gross amounts of recognised financial assets <i>USD</i>			D(i)	D(ii)	
				Financial instruments <i>USD</i>	Collateral <i>USD</i>	Total <i>USD</i>
<i>Financial assets</i>						
- Margin accounts	248,559	-	248,559	-	-	248,559
- Futures contracts	3,990	-	3,990	-	-	3,990
	<u>252,549</u>	<u>-</u>	<u>252,549</u>	<u>-</u>	<u>-</u>	<u>252,549</u>

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Amount in D(i) and D(ii) above relate to amounts to set-off that do not qualify for offsetting under (B) above. This includes (i) amounts which are subject to set-off against the asset (or liability) disclosed in (A) which have not been offset in the statement of financial position and (ii) any financial collateral (including cash collateral), both received and pledged.

The Sub-Funds and all of their counterparties have elected to settle all transactions on a gross basis. However, each party has the option to settle all open contracts on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes the following:

- failure by a party to make payment when due; and
- bankruptcy.

9. MARGIN ACCOUNTS

Included in margin accounts are margin deposits of USD579,653 (2022: USD458,543) for Fubon FTSE Taiwan Daily (2x) Leveraged Product and USD58,733 (2022: USD248,559) for Fubon FTSE Taiwan Daily (-1x) Inverse Product, which are pledged as collateral against open futures contracts. Refer to Note 8(b).

10. FINANCIAL INSTRUMENTS BY CATEGORY

As of 31 December 2023, and 2022, other than financial assets and liabilities at fair value through profit or loss disclosed in the financial statements, all financial assets including margin accounts, other receivable and cash and cash equivalents are categorised as and carried at amortised cost. All the financial liabilities of the Sub-Funds are carried at amortised cost.

11. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

There was no security for Fubon FTSE Taiwan Daily (2x) Leveraged Product and Fubon FTSE Taiwan Daily (-1x) Inverse Product that individually accounted for more than 10% of the net asset value of the Sub-Funds as at 31 December 2023 and 2022.

During the year ended 31 December 2023 and the year ended 31 December 2022, the FTSE Taiwan RIC Capped Index increased by 25.9% (2022: decreased by 19.6%), while the net asset value per unit of Fubon FTSE Taiwan Daily (2x) Leveraged Product increased by 56.0% (2022: decreased by 36.3%) and Fubon FTSE Taiwan Daily (-1x) Inverse Product decreased by 23.9% (2022: increased by 13.9%).

12. SOFT COMMISSION ARRANGEMENTS

The Manager confirms that there have been no soft commission arrangements existing during the year ended 31 December 2023 and the period from the year ended 31 December 2022 in relation to directing transactions of the Sub-Funds through a broker or dealer.

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT INFORMATION

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

The Manager considers that each Sub-Funds have a single operating segment which is investing in securities. The investment objective of Fubon FTSE Taiwan Daily (2x) Leveraged Product is to provide investment results that, before deduction of fees and expenses, closely correspond to twice (2x) the daily performance of the FTSE Taiwan RIC Capped Index, the underlying index. The investment objective of Fubon FTSE Taiwan Daily (-1x) Inverse Product is to provide investment results that, before deduction of fees and expenses, closely correspond to the inverse (-1x) daily performance of the FTSE Taiwan RIC Capped Index, the underlying index.

The internal financial information used by the Manager for the Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statement of net assets and statement of comprehensive income.

The Sub-Funds are domiciled in Hong Kong. The Sub-Funds' income are mainly derived from investments in futures contracts to obtain the required exposure to the FTSE Taiwan RIC Capped Index, the underlying index.

The Sub-Funds have no non-current assets.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 26 April 2024.

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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (2x) Leveraged Product

	Underlying assets	Counterparty	Expiration date	Notional amount	Fair value USD	% of net assets
<u>Futures contracts</u>						
Singapore						
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	CSC Futures (HK) Limited Yuanta	30 January 2024	1,879,570	43,100	2.20
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	Futures (HK) Co., Limited	30 January 2024	1,941,540	43,050	2.19
					<u>86,150</u>	<u>4.39</u>
Total investments, at fair value					<u>86,150</u>	<u>4.39</u>
Total investments, at cost					<u>—</u>	

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INVESTMENT PORTFOLIO (UNAUDITED) (Continued)
AS AT 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (-1x) Inverse Product

	Underlying assets	Counterparty	Expiration date	Notional amount	Fair value USD	% of net assets
<u>Futures contracts</u>						
Singapore						
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	Yuanta Futures (HK) Co., Limited	30 January 2024	(242,500)	(4,180)	(1.02)
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	CSC Futures (HK) Limited	30 January 2024	(181,880)	<u>(5,580)</u>	<u>(1.37)</u>
					<u>(9,760)</u>	<u>(2.39)</u>
Total investments, at fair value					<u>(9,760)</u>	<u>(2.39)</u>
Total investments, at cost					<u>—</u>	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (2x) Leveraged Product

	Holdings			As at 31 December 2023 Units
	As at 31 December 2022 Units	Additions Units	Disposals Units	
<u>Futures contracts</u>				
Singapore				
FTSE TAIWAN INDEX 01/30/23	50	2	(52)	–
FTSE TAIWAN INDEX 01/30/24	–	63	–	63
FTSE TAIWAN INDEX 02/23/23	–	57	(57)	–
FTSE TAIWAN INDEX 03/30/23	–	57	(57)	–
FTSE TAIWAN INDEX 04/27/23	–	57	(57)	–
FTSE TAIWAN INDEX 05/30/23	–	58	(58)	–
FTSE TAIWAN INDEX 06/29/23	–	62	(62)	–
FTSE TAIWAN INDEX 07/28/23	–	62	(62)	–
FTSE TAIWAN INDEX 08/30/23	–	62	(62)	–
FTSE TAIWAN INDEX 09/27/23	–	61	(61)	–
FTSE TAIWAN INDEX 10/30/23	–	59	(59)	–
FTSE TAIWAN INDEX 11/29/23	–	62	(62)	–
FTSE TAIWAN INDEX 12/28/23	–	62	(62)	–

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (Continued)
AS AT 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (-1x) Inverse Product

	Holdings			As at 31 December 2023 Units
	As at 31 December 2022 Units	Additions Units	Disposals Units	
<u>Futures contracts</u>				
Singapore				
FTSE TAIWAN INDEX 01/30/23	(32)	32	–	–
FTSE TAIWAN INDEX 01/30/24	–	–	(7)	(7)
FTSE TAIWAN INDEX 02/23/23	–	30	(30)	–
FTSE TAIWAN INDEX 03/30/23	–	28	(28)	–
FTSE TAIWAN INDEX 04/27/23	–	28	(28)	–
FTSE TAIWAN INDEX 05/30/23	–	27	(27)	–
FTSE TAIWAN INDEX 06/29/23	–	26	(26)	–
FTSE TAIWAN INDEX 07/28/23	–	23	(23)	–
FTSE TAIWAN INDEX 08/30/23	–	23	(23)	–
FTSE TAIWAN INDEX 09/27/23	–	23	(23)	–
FTSE TAIWAN INDEX 10/30/23	–	19	(19)	–
FTSE TAIWAN INDEX 11/29/23	–	18	(18)	–
FTSE TAIWAN INDEX 12/28/23	–	7	(7)	–

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DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)
AS AT 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (2x) Leveraged Product

The financial derivative instruments held by the Sub-Fund as at 31 December 2023 are summarised below:

Futures contracts

The details of futures contracts held by the Sub-Fund as at 31 December 2023 are as follows:

Description	Underlying assets	Position	Counterparty	Fair value USD
<u>Financial assets:</u>				
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	Long	CSC Futures (HK) Limited	43,100
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	Long	Yuanta Futures (HK) Co., Limited	43,050

FUBON LEVERAGED & INVERSE SERIES
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DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)
(Continued)
AS AT 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (-1x) Inverse Product

The financial derivative instruments held by the Sub-Fund as at 31 December 2023 are summarised below:

Futures contracts

The details of futures contracts held by the Sub-Fund as at 31 December 2023 are as follows:

Description	Underlying assets	Position	Counterparty	Fair value USD
<u>Financial liabilities:</u>				
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	Short	CSC Futures (HK) Limited	(4,180)
FTSE TAIWAN INDEX 01/30/24	FTSE Taiwan RIC Capped Index	Short	Yuanta Futures (HK) Co., Limited	(5,580)

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INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED)
FOR THE YEAR 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (2x) Leveraged Product

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2023.

	31 December 2023 % of NAV
Lowest gross exposure	192.10
Highest gross exposure	199.17
Average gross exposure	195.74

The lowest, highest and average net exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2023.

	31 December 2023 % of NAV
Lowest net exposure	192.10
Highest net exposure	199.17
Average net exposure	195.74

FUBON LEVERAGED & INVERSE SERIES
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INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED) (Continued)
FOR THE YEAR FROM 31 DECEMBER 2023

Fubon FTSE Taiwan Daily (-1x) Inverse Product

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2023.

	31 December 2023 % of NAV
Lowest gross exposure	(87.73)
Highest gross exposure	(99.69)
Average gross exposure	(94.91)

The lowest, highest and average net exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2023.

	31 December 2023 % of NAV
Lowest net exposure	(87.73)
Highest net exposure	(99.69)
Average net exposure	(94.91)

FUBON LEVERAGED & INVERSE SERIES
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PERFORMANCE RECORD (UNAUDITED)

Net asset value

	Dealing net asset value of the Sub-Funds* <i>USD</i>	Dealing net asset value per unit <i>USD</i>
<u>Fubon FTSE Taiwan Daily (2x) Leveraged Product</u>		
At the end of financial period dated		
31 December 2023	1,994,978	1.2469
31 December 2022	1,279,002	0.7994
31 December 2021 (since 27 May 2021 (date of inception))	4,392,602	1.2550
<u>Fubon FTSE Taiwan Daily (-1x) Inverse Product</u>		
At the end of financial period dated		
31 December 2023	443,870	0.7398
31 December 2022	1,654,917	0.9735
31 December 2021 (since 27 May 2021 (date of inception))	2,050,652	0.8544

**The dealing net asset value of the Sub-Funds disclosed is calculated in accordance with the Trust's Prospectus.*

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PERFORMANCE RECORD (UNAUDITED) (Continued)

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>USD</i>	Lowest net asset value per unit <i>USD</i>
<u>Fubon FTSE Taiwan Daily (2x) Leveraged Product</u>		
Financial period ended		
31 December 2023	1.2495	0.8048
31 December 2022	1.2846	0.6538
31 December 2021 (since 27 May 2021 (date of inception))	1.2638	0.9872
<u>Fubon FTSE Taiwan Daily (-1x) Inverse Product</u>		
Financial period ended		
31 December 2023	0.9686	0.7398
31 December 2022	1.0904	0.8447
31 December 2021 (since 27 May 2021 (date of inception))	1.0000	0.8519

FUBON LEVERAGED & INVERSE SERIES

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ADMINISTRATION AND MANAGEMENT

Manager

Fubon Fund Management (Hong Kong) Limited
Unit D, 19/F, Lee & Man Commercial Center
169 Electric Road
Hong Kong

Directors of the Manager

Shyy Gang
Harn Wey Ting
Lee Ming Chou (resigned on 1 Jan 2023)
Lin Hsin Yi
Ng Fong Chun
Chan Yue Yuen (resigned at 24 Nov 2023)
Yu Mei Hsiang (appointed on 19 April 2023)
Mok Wai Man Derek (appointed on 5 Jan 2024)

Registrar

Computershare Hong Kong Investor Services
Limited
46th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

Legal Adviser to the Manager

Deacons
5th Floor, Alexandra House
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Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
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Administrator and Custodian

Citibank, N.A, Hong Kong Branch
50/F, Champion Tower
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Hong Kong

Trustee

Cititrust Limited
50/F, Champion Tower
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Service Agent

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Listing Agent

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Participating Dealers

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