



CSOP ETF SERIES
(An umbrella unit trust established in Hong Kong)

CSOP MSCI T50 ETF
(A sub-fund of CSOP ETF Series)

Semi-Annual Report
FOR THE PERIOD ENDED 30 JUNE 2016



**CSOP MSCI T50 ETF
(A SUB-FUND OF CSOP ETF SERIES)**

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CSOP MSCI T50 ETF
(A SUB-FUND OF CSOP ETF SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP MSCI T50 ETF (the “CSOP T50 ETF”), a sub-fund of the CSOP ETF Series, is a unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 26 January 2015 and commenced trading in HKD under the stock code 3021 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 28 January 2015. The CSOP T50 ETF is benchmarked against the MSCI China and USA Internet Top 50 Equal Weighted Index (the “MSCI T50 Index”) and adopts the full-replication strategy. The Manager of the CSOP MSCI T50 ETF is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP T50 ETF is a physical ETF which invests directly in the MSCI T50 Index securities. The MSCI T50 Index (the “Index”) is compiled and published by MSCI Inc. It is an equal weighted index compiled and published by MSCI, which is designed to reflect the performance of the 50 largest USA and China internet software and services and internet retail entities selected by full market capitalization. The Index operates under clearly defined rules published by the index provider and is a tradable index.

Fund Performance

The CSOP T50 ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 30 June 2016, the dealing Net Asset Value (“NAV”) per unit of the CSOP T50 ETF was USD0.487 and there were 10,500,000 units outstanding. The total asset under management was approximately USD5.1 million.

For the period from 1 January 2016 to 30 June 2016, the dealing NAV of CSOP T50 ETF (stock code 3021) performed -6.58% while the index performed -5.45%. The difference in performance between the NAV of the CSOP T50 ETF and the Index is mainly attributed to fees, expenses and market change.

Exchange Liquidity

Since inception, the CSOP T50 ETF has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 3021) remained steadily at an average daily turnover of HKD61,151 in June 2016. The trading volume for the CSOP T50 ETF reflected strong interest in the CSOP T50 ETF.

Portfolio Rebalance

The CSOP T50 ETF adopts full-replication strategy to track the Index. Since inception, the Sub-Fund has experienced six quarterly index rebalances.

CSOP MSCI T50 ETF
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CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June 2016 (Unaudited) <i>USD</i>	31 December 2015 (Audited) <i>USD</i>
	<i>Notes</i>		
ASSETS			
CURRENT ASSETS			
Investments	6(c),7(a)	4,934,955	5,856,334
Dividend receivable		77	69
Amounts due from brokers		-	71,039
Bank balances	6(c)	101,909	49,932
		-----	-----
Total assets		5,036,941	5,977,374
		-----	-----
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to participating dealers		-	71,414
Management fee payable	6(a)	4,141	6,752
Other accounts payable		205	300
		-----	-----
Total liabilities		4,346	78,466
		-----	-----
EQUITY			
Net assets attributable to unitholders	3	5,032,595	5,898,908
		=====	=====

The notes on pages 6 to 17 form part of these unaudited condensed financial statements.

CSOP MSCI T50 ETF
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2016

		Period from 1 January 2016 to 30 June 2016 (Unaudited) USD	Period from 26 January 2015 (date of inception) to 30 June 2015 (Unaudited) USD
	<i>Notes</i>		
INCOME			
Dividend income		2,887	16,248
Net (loss)/gain on investments	4	(327,219)	1,765,276
Other income		183	7,765
Total net (loss)/income		<u>(324,149)</u>	<u>1,789,289</u>
EXPENSES			
Management fee	6(a), (b)	(25,177)	(47,986)
Trustee fee	6(b)	(1,061)	(30,968)
Transaction costs on investments		(896)	(19,324)
Audit fee		(25)	-
Safe custody and bank charges		(2,144)	(1,342)
Other operating expenses		(29,412)	(17,358)
Total operating expenses		<u>(58,715)</u>	<u>(116,978)</u>
Operating (loss)/profit		<u>(382,864)</u>	<u>1,672,311</u>
Taxation	5	(499)	(4,022)
Total comprehensive income		<u><u>(383,363)</u></u>	<u><u>1,668,289</u></u>

The notes on pages 6 to 17 form part of these unaudited condensed financial statements.

RESTRICTED

CSOP MSCI T50 ETF
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CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period ended 30 June 2016

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>USD</i>	Period from 26 January 2015 (date of inception) to 30 June 2015 (Unaudited) <i>USD</i>
Net assets attributable to unitholders at the beginning of the period	5,898,908	-
Proceeds on issue of units	-	20,873,000
Payments on redemption of units	(482,950)	(11,417,700)
Net (decrease)/increase from unit transactions	(482,950)	9,455,300
Total comprehensive income for the period	(383,363)	1,668,289
Net assets attributable to unitholders at the end of the period	5,032,595	11,123,589

The notes on pages 6 to 17 form part of these unaudited condensed financial statements

RESTRICTED

CSOP MSCI T50 ETF
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CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 June 2016

	Period from 1 January 2016 to 30 June 2016 (Unaudited) USD	Period from 26 January 2015 (date of inception) to 30 June 2015 (Unaudited) USD
OPERATING ACTIVITIES		
Payments for purchase of investments	(793,400)	(23,584,288)
Proceeds from sale of investments	1,458,599	14,277,073
Dividend received	2,879	16,138
Other income received	183	7,765
Management fee paid	(27,788)	(44,779)
Transaction costs paid	(896)	(19,324)
Taxation paid	(499)	(4,022)
Other operating expenses paid	(32,737)	(87,186)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	606,341	(9,438,623)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
FINANCING ACTIVITIES		
Proceeds on issue of units	-	20,873,000
Amounts received from participating dealers	(71,414)	-
Payments on redemption of units	(482,950)	(11,417,700)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(554,364)	9,455,300
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents	51,977	16,677
Cash and cash equivalents at the beginning of the period	49,932	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	101,909	16,677
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Analysis of balances of cash and cash equivalents		
Bank balances	101,909	16,677
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The notes on pages 6 to 17 form part of these unaudited condensed financial statements

**CSOP MSCI T50 ETF
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 25 July 2012, as amended, (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 30 June 2016, the Trust has six sub-funds which are CSOP MSCI T50 ETF (the Sub-Fund), CSOP FTSE China A50 ETF, CSOP CES China A80 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF. The date of inception of the Sub-Fund was 26 January 2015. The Sub-Fund is listed on The Stock Exchange of Hong Kong Limited.

The manager and the trustee of the Sub-Fund are CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) respectively.

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index, namely, the MSCI China and USA Internet Top 50 Equal Weighted Index. In order to achieve the investment objective of the Sub-Fund, the Manager will primarily use a full replication strategy by directly investing all, or substantially all, of the assets of the Sub-Fund in index securities constituting the underlying index in substantially the same weightings (i.e. proportions) as these index securities have in the underlying index. The Sub-Fund may also invest not more than 5% of its Net Asset Value in Non-Index Securities which have investment profile that aims to reflect the profile of the Underlying Index.

These condensed financial statements are prepared for the Sub-Fund only. The condensed financial statements for CSOP FTSE China A50 ETF, CSOP CES China A80 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF have been prepared separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These condensed semi-annual financial statements for the period ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in the annual financial statements.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standard and amendments to existing standards effective 1 January 2016

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2016 that would be expected to have a significant impact on the Sub-Fund.

New standard and amendments to standards effective after 1 January 2016 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Manager is yet to assess HKFRS 9's full impact to the Sub-Fund.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Manager of the Sub-Fund is assessing the impact of HKFRS 15.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the Sub-Fund.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

The Sub-Fund's capital is represented by the units in the Sub-Fund, and shown as "net assets attributable to unitholders" in the condensed statement of financial position. Subscriptions and redemptions of units during the period are shown in the condensed statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Fund endeavors to invest its capital in accordance with the investment policies, whilst maintaining sufficient liquidity to meet redemption requests.

In accordance with the provisions of the Trust's Trust Deed dated 25 July 2012, as amended, and the Prospectus of the Sub-Fund, 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.

Redeemable units of the Sub-Fund are classified as equity and they are carried at the redemption amount that would be payable at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund.

The movements of the redeemable units are as follows:

	Period from 1 January 2016 to 30 June 2016 (Unaudited) Units	Period from 26 January 2015 (date of inception) to 30 June 2015 (Unaudited) Units
Number of units in issue at the beginning of the period	11,500,000	-
Units issued	-	41,500,000
Units redeemed	(1,000,000)	(21,000,000)
	<hr/>	<hr/>
Number of units in issue at the end of the period	10,500,000	20,500,000
	<hr/> <hr/>	<hr/> <hr/>
	30 June 2016 (Unaudited) USD	31 December 2015 (Audited) USD
Net assets attributable to unitholders as reported in the statement of financial position	5,032,595	5,898,908
Adjustments for unamortized establishment costs	80,270	96,085
	<hr/>	<hr/>
Net asset value in accordance with the Fund's Offering Memorandum	5,112,865	5,994,993
	<hr/> <hr/>	<hr/> <hr/>
Net assets attributable to unitholders per unit (per condensed statement of financial position)	0.4793	0.5129
	<hr/> <hr/>	<hr/> <hr/>
Net assets attributable to unitholders per unit (at dealing net asset value)	0.4869	0.5213
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

4. NET (LOSS)/GAIN ON INVESTMENTS

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>USD</i>	Period from 26 January 2015 (date of inception) to 30 June 2015 (Unaudited) <i>USD</i>
Net fair value change in unrealised gain/loss in value of investments	(362,384)	630,279
Net realised gain on sale of investments	35,165	1,085,013
Net foreign currency gain	-	49,984
	<u>(327,219)</u>	<u>1,765,276</u>

5. TAXATION

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

The taxation of the Sub-Fund represents:

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>USD</i>	Period from 26 January 2015 (date of inception) to 30 June 2015 (Unaudited) <i>USD</i>
Withholding tax on dividend income	499	4,022
Taxation	<u>499</u>	<u>4,022</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS

The following is a summary of significant related party transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager 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 period from 1 January 2016 to 30 June 2016, between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager’s knowledge, the Sub-Fund does not have any other transactions with Connected Persons except for those disclosed below.

(a) Management fee

The Manager is entitled to receive a management fee, currently at the rate of 0.99% per annum of the net asset value of the Sub-Fund, inclusive of Trustee fee and Registrar’s fee, accrued daily and calculated as at each dealing day and payable monthly in arrears.

(b) Trustee fee and Registrar’s fee

The Trustee’s and Registrar’s fee are included in the Management fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee. Refer to Note 6(a).

The trustee shall also be entitled to be reimbursed from the Sub-Fund for all out-of-pocket expenses incurred.

(c) Financial assets

The investments and bank balances of the Sub-Fund held with related parties of the Trustee are:

	30 June 2016 (Unaudited) <i>USD</i>	31 December 2015 (Audited) <i>USD</i>
Investments		
The Hongkong and Shanghai Banking Corporation Limited	4,934,955	5,856,334
	<u><u> </u></u>	<u><u> </u></u>
Bank balances		
The Hongkong and Shanghai Banking Corporation Limited	101,909	49,932
	<u><u> </u></u>	<u><u> </u></u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT

The objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI China and USA Internet Top 50 Equal Weighted Index. The Sub-Fund's 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-Fund invests.

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

(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.

The Sub-Fund is designated to track the performance of the MSCI China and USA Internet Top 50 Equal Weighted Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. The Manager manages the Sub-Fund's exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked index.

As at 30 June 2016 and 31 December 2015, the Sub-Fund's investments were concentrated in the following industries:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Fair value <i>USD</i>	% of net asset value	Fair value <i>USD</i>	% of net asset value
Listed equities - by geographical region				
Hong Kong	201,388	4.00	120,023	2.03
United States	4,733,567	94.06	5,736,311	97.25
	<u>4,934,955</u>	<u>98.06</u>	<u>5,856,334</u>	<u>99.28</u>
Listed equities - by industry				
Consumer Discretionary	1,398,480	27.79	1,656,238	28.08
Information Technology	3,536,475	70.27	4,200,096	71.20
	<u>4,934,955</u>	<u>98.06</u>	<u>5,856,334</u>	<u>99.28</u>

The Sub-Fund held 50 out of 50 (31 December 2015: 50 out of 50) constituent securities comprising the MSCI China and USA Internet Top 50 Equal Weighted Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the MSCI China and USA Internet Top 50 Equal Weighted Index.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager

As at 30 June 2016, if the MSCI China and USA Internet Top 50 Equal Weighted Index were to increase by 10% (31 December 2015: 10%) with all other variables held constant, this would increase the operating profit for the period by approximately USD36,238 (31 December 2015: USD575,733) Conversely, if the MSCI China and USA Internet Top 50 Equal Weighted Index were to decrease by 10% (31 December 2015: 10%), this would decrease the operating profit 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.

As at 30 June 2016 and 31 December 2015, interest rate risk arises only from bank balances. As the bank balances held by the Sub-Fund is short term in nature and interest arising from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

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

The table below summarises the Sub-Fund's net exposure to different major currencies:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Monetary USD	Non-monetary USD	Monetary USD	Non-monetary USD
Hong Kong Dollar	-	201,388	-	120,023

Assets and liabilities denominated in Hong Kong Dollars are not considered as subject to currency risk as it is currently pegged to the USD within a narrow range. As a result, the Manager considers sensitivity analysis of currency risk is not necessary to be presented.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. 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-Fund.

The Sub-Fund limits its exposure to credit and counterparty risk by carrying out the majority of its 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-Fund places bank balances with reputable financial institutions. As such, the Manager does not consider the Sub-Fund to be exposed to significant credit and counterparty risk.

As at 30 June 2016, the Sub-Fund placed bank balances of USD101,909 (31 December 2015: USD49,932) and investment balances of USD4,934,955 (31 December 2015: USD5,856,334) with The Hong Kong and Shanghai Banking Corporation Limited (“HSBC”). The S&P credit rating of HSBC is A (31 December 2015: A).

The maximum exposure to credit risk as at 30 June 2016 is the carrying amount of the financial assets as shown on the condensed statement of financial position.

The Manager considers that none of assets are impaired nor past due as at 30 June 2016 and 31 December 2015.

(c) Liquidity risk

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

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

	Less than 1 month <i>USD</i>	1 month to less than 3 months <i>USD</i>	Total <i>USD</i>
As at 30 June 2016			
Management fee payable	4,141	-	4,141
Other accounts payable	-	205	205
	<hr/>	<hr/>	<hr/>
Contractual cash outflow	4,141	205	4,346
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CSOP MSCI T50 ETF
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Less than 1 month <i>USD</i>	1 month to less than 3 months <i>USD</i>	Total <i>USD</i>
As at 31 December 2015			
Amounts due to participating dealers	71,414	-	71,414
Management fee payable	6,752	-	6,752
Other accounts payable	-	300	300
	<u>78,166</u>	<u>300</u>	<u>78,466</u>
Contractual cash outflow	<u>78,166</u>	<u>300</u>	<u>78,466</u>

Units are redeemed on demand at the unitholder's option. As at 30 June 2016, there were two (31 December 2015: two) unitholders holding more than 10% of the Sub-Fund's units.

The Sub-Fund manages its 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:

	Less than 1 month <i>USD</i>	1 to 12 months <i>USD</i>	No stated maturity <i>USD</i>	Total <i>USD</i>
As at 30 June 2016				
Total assets	<u>5,036,941</u>	<u>-</u>	<u>-</u>	<u>5,036,941</u>
As at 31 December 2015				
Total assets	<u>5,977,374</u>	<u>-</u>	<u>-</u>	<u>5,977,374</u>

(d) Fair value estimation

The Sub-Fund 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 (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).

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. 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-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 30 June 2016 and 31 December 2015:

	Level 1 <i>USD</i>	Level 2 <i>USD</i>	Level 3 <i>USD</i>	Total <i>USD</i>
As at 30 June 2016				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	4,934,955	-	-	4,934,955
Total assets	<u>4,934,955</u>	<u>-</u>	<u>-</u>	<u>4,934,955</u>
As at 31 December 2015				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	5,856,334	-	-	5,856,334
Total assets	<u>5,856,334</u>	<u>-</u>	<u>-</u>	<u>5,856,334</u>

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

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

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 30 June 2016 and 31 December 2015, the Sub-Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 30 June 2016 and 31 December 2015, the Sub-Fund did not hold any investments classified in level 3.

For the period from 1 January 2016 to 30 June 2016, there were no transfers between levels.

The assets and liabilities included in the condensed statement of financial position, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying value are approximation of fair value. 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-Fund's capital is represented by the redeemable units outstanding. The Sub-Fund's objective is to provide investment results that correspond generally to the performance of the respective index. The Manager may:

- Redeem and issue new units on a daily basis in accordance with the constitutive documents of the Sub-Fund;
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders; and
- Suspend the creation and redemption of units under certain circumstance as currently disclosed in the Prospectus of the Sub-Fund.

8. DISTRIBUTION

There is no distribution during the period ended 30 June 2016 and 30 June 2015.

9. FINANCIAL INSTRUMENTS BY CATEGORY

As of 30 June 2016 and 31 December 2015, other than investments as disclosed in the condensed financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets including dividend receivable and bank balances are categorised as loans and receivables and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

The carrying value of the 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.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the underlying index, except where the weightings are exceeded as a result of changes in the composition of the underlying index and the excess is only transitional and temporary in nature.

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the period 30 June 2016 and 31 December 2015.

There were no constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the MSCI China and USA Internet Top 50 Equal Weighted Index as at 30 June 2016 and 31 December 2015.

During the period ended 30 June 2016, net asset value per unit of the MSCI China and USA Internet Top 50 Equal Weighted Index increased by 5.45% (from 26 January 2015 (date of inception) to 31 December 2015: increased by 5.93%) while the net asset value per unit of the Sub-Fund decreased by 6.58% (from 26 January 2015 (date of inception) to 31 December 2015: increased by 2.59%).

11. SOFT COMMISSION ARRANGEMENT

The Manager confirms that there has been no soft commission arrangements' existing during the period in relation to directing transactions of the Sub-Fund through a broker or dealer.

12. SEGMENT INFORMATION

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

The Manager considers that the Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of the MSCI China and USA Internet Top 50 Equal Weighted Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked index.

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

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is derived from investments in securities which constitute MSCI China and USA Internet Top 50 Equal Weighted Index, the tracked index.

The Sub-Fund has no assets classified as non-current assets. As at 30 June 2016 and 31 December 2015, the Sub-Fund has a diversified portfolio of investments and no single investment accounts for more than 10% of the Sub-Fund's net asset value.

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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2016

	Holdings	Fair value USD	% of net Assets
Investments (98.06%)			
Listed Equities (98.06%)			
Hong Kong (4.00%)			
COGOBUY GROUP ORD USD0.0000001	62,000	99,250	1.97
TENCENT HOLDINGS LTD ORD HKD0.00002	4,500	102,138	2.03
		<u>201,388</u>	<u>4.00</u>
USA (94.06%)			
58.COM INC ADR	1,826	83,795	1.66
AKAMAI TECHNOLOGIES INC COM USD0.01	1,826	102,128	2.03
ALIBABA GROUP HOLDING LTD ORD	1,234	98,140	1.95
ALPHABET INC	134	93,484	1.86
AMAZON.COM INC COM USD0.01	137	98,040	1.95
BAIDU INC ADR USD0.00005	538	88,851	1.76
CIMPRESS ORD USD0.001	986	91,185	1.81
COMSCORE INC COM USD0.001	3,054	72,930	1.45
CORNERSTONE ONDEMAND INC COM USD0.0001	2,539	96,634	1.92
COSTAR GROUP INC COM USD0.01	478	104,519	2.08
CTRIP.COM INTL LTD ADR	2,158	88,910	1.77
DEMANDWARE INC COM USD0.01	2,174	162,833	3.24
EBAY INC COM USD0.001	4,063	95,115	1.89
ENDURANCE INTERNATIONAL GROUP HOLDINGS INC COM USD0.0001	10,578	95,096	1.89
EXPEDIA INC COM USD 0.001	879	93,438	1.86
FACEBOOK INC CL A COM USD0.000006	827	94,510	1.88
GODADDY INC - CLASS A COM USD0.001	3,063	95,535	1.90
GROUPON INC COM USD0.0001	27,845	90,496	1.80
GRUBHUB INC COM USD0.0001	4,001	124,311	2.47
IACINTERACTIVECORP COM USD0.01	1,765	99,370	1.97
J2 GLOBAL INC COM USD0.01	1,476	93,239	1.85
JD.COM INC ADR	4,128	87,637	1.74
LIBERTY TRIPADVISOR HOLDINGS INC	4,223	92,399	1.84
LIBERTY VENTURES SERA COM USD0.01	2,647	98,124	1.95
LINKEDIN CORP CL A ORD USD0.0001	758	143,452	2.85
LOGMEIN INC COM USD0.01	1,622	102,883	2.04
MERCADOLIBRE INC COM USD0.001	730	102,689	2.04
NETEASE INC ADR USD0.0001	560	108,203	2.15
NETFLIX INC COM USD0.001	956	87,455	1.74
PANDORA MEDIA INC COM USD0.0001	8,623	107,356	2.13
PRICELINE GROUP INC USD0.008	77	96,128	1.91
QIHOO 360 TECHNOLOGY CO LTD ADR	1,327	96,937	1.93
QUNAR CAYMAN ISLANDS LIMITED-ADR	2,805	83,561	1.66
RACKSPACE HOSTING INC COM USD0.001	3,915	81,667	1.62

CSOP MSCI T50 ETF
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INVESTMENT PORTFOLIO (Unaudited) (Continued)
As at 30 June 2016

	Holdings	Fair value USD	% of net Assets
Investments (98.06%) (Continued)			
Listed Equities (98.06%) (Continued)			
USA (94.06%) (Continued)			
SHUTTERFLY INC COM USD0.0001	2,071	96,529	1.92
SINA CORP COM USD0.133	1,912	99,175	1.97
SOHU.COM INC COM USD0.001	2,414	91,394	1.82
SOUFUN HOLDINGS LTD ADR	17,722	89,142	1.77
TRIPADVISOR INC COM USD0.001	1,450	93,235	1.85
TWITTER INC COM USD0.000005	6,648	112,418	2.23
VERISIGN INC COM USD0.001	1,170	101,158	2.01
VIPSHOP HOLDINGS LTD-ADS COM USD0.0001	8,826	98,586	1.96
WAYFAIR INC CLASS A COM USD0.001	2,428	94,692	1.88
WEBMD HEALTH CORP COM USD0.01	1,520	88,327	1.75
YAHOO INC COM USD0.001	2,648	99,459	1.98
YELP INC COM USD0.000001	3,832	116,340	2.31
YY INC ADR USD0.00001	2,341	79,290	1.58
ZILLOW GROUP INC CLASS C COM NPV	3,384	122,772	2.44
		<u>4,733,567</u>	<u>94.06</u>
Total investments		4,934,955	98.06
Other net assets		<u>97,640</u>	<u>1.94</u>
Net assets attributable to unitholders at 30 June 2016		<u>5,032,595</u>	<u>100.00</u>
Total investments, at cost		<u>5,209,881</u>	

CSOP MSCI T50 ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period ended 30 June 2016

	Holdings				30 June 2016
	01 January 2016	Additions	Corporate actions	Disposals	
Investments					
Listed equities					
58.COM INC ADR	2,234	115	-	523	1,826
AKAMAI TECHNOLOGIES INC COM USD0.01	1,957	150	-	281	1,826
ALIBABA GROUP HOLDING LTD ORD	1,494	37	-	297	1,234
ALPHABET INC	156	4	-	26	134
AMAZON.COM INC COM USD0.01	175	9	-	47	137
BAIDU INC ADR USD0.00005	567	78	-	107	538
CIMPRESS ORD USD0.001	1,385	-	-	399	986
COGOBUY GROUP ORD USD0.0000001	-	68,000	-	6,000	62,000
COMSCORE INC COM USD0.001	2,739	992	-	677	3,054
CORNERSTONE ONDEMAND INC COM USD0.0001	3,373	155	-	989	2,539
COSTAR GROUP INC COM USD0.01	558	39	-	119	478
CTRIIP.COM INTL LTD ADR	2,500	-	-	342	2,158
DEMANDWARE INC COM USD0.01	2,516	599	-	941	2,174
EBAY INC COM USD0.001	4,036	419	-	392	4,063
ENDURANCE INTERNATIONAL GROUP HOLDINGS INC COM USD0.0001	8,348	3,266	-	1,036	10,578
EXPEDIA INC COM USD 0.001	1,523	-	-	644	879
FACEBOOK INC CL A COM USD0.000006	1,076	-	-	249	827

CSOP MSCI T50 ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)
For the period ended 30 June 2016

	Holdings				30 June 2016
	1 January 2016	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
GODADDY INC - CLASS A COM USD0.001	3,550	-	-	487	3,063
GROUPON INC COM USD0.0001	43,133	6,049	-	21,337	27,845
GRUBHUB INC COM USD0.0001	4,466	49	-	514	4,001
IACINTERACTIVECORP COM USD0.01	1,865	432	-	532	1,765
J2 GLOBAL INC COM USD0.01	1,434	213	-	171	1,476
JD.COM INC ADR	4,063	463	-	398	4,128
LIBERTY TRIPADVISOR HOLDINGS INC	3,841	1,231	-	849	4,223
LIBERTY VENTURES SERA COM USD0.01	2,675	218	-	246	2,647
LINKEDIN CORP CL A ORD USD0.0001	466	393	-	101	758
LOGMEIN INC COM USD0.01	1,622	385	-	385	1,622
MERCADOLIBRE INC COM USD0.001	959	37	-	266	730
NETEASE INC ADR USD0.0001	751	3	-	194	560
NETFLIX INC COM USD0.001	959	118	-	121	956
PANDORA MEDIA INC COM USD0.0001	9,173	709	-	1,259	8,623
PRICELINE GROUP INC USD0.008	90	4	-	17	77
QIHOO 360 TECHNOLOGY CO LTD ADR	1,856	32	-	561	1,327
QUNAR CAYMAN ISLANDS LIMITED-ADR	2,944	352	-	491	2,805
RACKSPACE HOSTING INC COM USD0.001	4,244	900	-	1,229	3,915
SHUTTERFLY INC COM USD0.0001	2,537	11	-	477	2,071
SINA CORP COM USD0.133	2,304	78	-	470	1,912
SOHU.COM INC COM USD0.001	2,188	464	-	238	2,414

CSOP MSCI T50 ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)
For the period ended 30 June 2016

	Holdings				30 June 2016
	1 January 2016	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
SOUFUN HOLDINGS LTD ADR	16,319	4,129	-	2,726	17,722
TENCENT HOLDINGS LTD ORD HKD0.00002	6,100	-	-	1,600	4,500
TRIPADVISOR INC COM USD0.001	1,386	256	-	192	1,450
TWITTER INC COM USD0.000005	4,479	2,817	-	648	6,648
VERISIGN INC COM USD0.001	1,344	72	-	246	1,170
VIPSHOP HOLDINGS LTD- ADS COM USD0.0001	7,937	2,861	-	1,972	8,826
WAYFAIR INC CLASS A COM USD0.001	-	2,658	-	230	2,428
WEBMD HEALTH CORP COM USD0.01	2,701	-	-	1,181	1,520
YAHOO INC COM USD0.001	3,517	-	-	869	2,648
YELP INC COM USD0.000001	4,109	1,255	-	1,532	3,832
YOUKU.COM INC ADR	4,363	-	-	4,363	-
YY INC ADR USD0.00001	1,990	611	-	260	2,341
ZILLOW GROUP INC CLASS C COM NPV	4,590	224	-	1,430	3,384
	<u>4,590</u>	<u>224</u>	<u>-</u>	<u>1,430</u>	<u>3,384</u>

CSOP MSCI T50 ETF
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PERFORMANCE RECORD (Unaudited)

Net asset value

	Net asset value of the Sub-Fund <i>USD</i>	Net asset value per unit <i>USD</i>
At the end of financial period dated		
30 June 2016	5,032,595	0.4793
31 December 2015	5,898,908	0.5129

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>
Financial period ended		
30 June 2016	0.5014	0.3998
31 December 2015 (since 26 January 2015 (date of inception))	0.5643	0.4460

**CSOP MSCI T50 ETF
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MANAGEMENT AND ADMINISTRATION

Manager

CSOP Asset Management Limited
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Hong Kong

Trustee and Registrar

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Hong Kong

Service Agent

HK Conversion Agency Services Limited
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Central, Hong Kong

Listing Agent

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Directors of the Manager

Benoit Descourtieux
Chen Ding
Gaobo Zhang
Haipeng Li
Liangyu Gao
Zengtao Wu
Zhongping Cai

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