



CSOP LEVERAGED AND INVERSE SERIES
(An umbrella unit trust established in Hong Kong)

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X)
INVERSE PRODUCT**
(Stock Code: 07388)
(A sub-fund of CSOP Leveraged and Inverse Series)

Unaudited Semi-Annual Report
FOR THE PERIOD FROM
10 MARCH 2017 (DATE OF INCEPTION) TO
30 JUNE 2017



**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

CONTENTS

	Page
Report of the Manager to the Unitholders	1
Condensed Statement of Financial Position	2
Condensed Statement of Comprehensive Income	3
Condensed Statement of Changes in Net Assets Attributable to Unitholders	4
Condensed Statement of Cash Flows	5
Investment Portfolio (Unaudited)	6
Statement of Movements in Investment Portfolio (Unaudited)	7
Performance Record (Unaudited)	8
Underlying Index Constituent Stock Disclosure (Unaudited)	9
Management and Administration	10

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT (A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product (or the “Sub-Fund”), a sub-fund of the CSOP Leveraged and Inverse Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 5 July 2016 (the “Trust Deed”) between CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

It was launched on 10 March 2017 and commenced trading in HKD under the stock code 7388 on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 14 March 2017. The Sub-Fund is benchmarked against the Hang Seng China Enterprises Index (the “Index”) and adopts a futures-based replication strategy. The Manager is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product is a futures-based ETF which invests directly in the nearest month futures contracts on the Hang Seng China Enterprises Index listed on the SEHK (“H-shares Index Futures”) subject to the rolling strategy discussed in below, to obtain the required exposure to the Index and to provide investment results that, before fees and expenses, closely correspond to inverse (-1x) of the Daily performance of the Index.

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will roll the H-shares Index Futures on a monthly basis. The futures roll for the H-shares Index Futures will be done on a monthly basis during a 3 or 4 trading day period on the SEHK shortly before expiration.

The index is compiled and managed by Hang Seng Indexes Company Limited (the “Index Provider”). It is a freefloat-adjusted market capitalization weighted index that tracks the behaviour of a portfolio of blue chip companies, the largest and most liquid China enterprises with H-share listed on the Stock Exchange of Hong Kong Limited (the “SEHK”). The Index operates under clearly defined rules published by the index provider and is a tradable index.

Sub-Fund Performance

The CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product seeks to provide daily investment results, before fees and expenses, which closely correspond to negative one times the performance of the Index. As of 30 June 2017, the dealing Net Asset Value (“NAV”) per unit of the CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product was HKD 6.9674 and there were 66,400,000 units outstanding. The total asset under management was approximately HKD 462.6 million.

For the period from 10 March 2017 (date of inception) to 30 June 2017, the dealing NAV of CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product performed -3.23% while the index performed 2.94%. YTD Price return of the HKD counter (stock code 7388) was -2.93%.

Exchange Liquidity

Since inception, the CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7388) remained steadily at an average daily turnover of HKD 36.5 million in June 2017. The trading volume for the CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product reflected strong interest in the CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product.

Portfolio Rebalance

The CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product adopts futures-based replication strategy to track the Index. Since inception, the Sub-Fund has experienced five monthly rebalances.

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CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	30 June 2017 (Unaudited) <i>HKD</i>
ASSETS	
CURRENT ASSETS	
Investments	294,190,610
Derivative financial instruments	2,430,499
Bank interest receivable	35
Interest receivable	386,214
Margin deposit	39,537,960
Bank balances	126,501,263
	<hr/>
Total assets	463,046,581
	<hr/> <hr/>
LIABILITIES	
CURRENT LIABILITIES	
Management fee payable	330,612
Other accounts payable	249,921
	<hr/>
Total liabilities	580,533
	<hr/> <hr/>
EQUITY	
Net assets attributable to unitholders	462,466,048
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Number of units in issue	66,400,000
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Net asset value per unit	6.9649
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**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period from 10 March 2017 (date of inception) to 30 June 2017

	Period from 10 March 2017 (date of inception) to 30 June 2017 (Unaudited) <i>HKD</i>
INCOME	
Interest on bank deposits	7,321
Interest on bonds	168,594
Net loss on investments and derivative financial instruments	(14,126,715)
Total net loss	<u>(13,950,800)</u>
EXPENSES	
Management fee	(1,423,066)
Transaction costs of investments	(244,965)
Audit fee	(70,758)
Safe custody and bank charges	(29,608)
License fee	(115,867)
Establishment cost	(278,743)
Other operating expenses	(36,241)
Total operating expenses	<u>(2,199,248)</u>
FINANCE COSTS	
Interest expenses	(44,518)
Total comprehensive income	<u><u>(16,194,566)</u></u>

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 10 March 2017 (date of inception) to 30 June 2017

	Period from 10 March 2017 (date of inception) to 30 June 2017 (Unaudited) <i>HKD</i>
Net assets attributable to unitholders at the beginning of the period	-

Proceeds on issue of units	495,307,222
Payments on redemption of units	(16,646,608)

Net increase from unit transactions	478,660,614

Total comprehensive income for the period	(16,194,566)

Net assets attributable to unitholders at the end of the period	462,466,048
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**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CASH FLOWS

For the period from 10 March 2017 (date of inception) to 30 June 2017

	Period from 10 March 2017 (date of inception) to 30 June 2017 (Unaudited) <i>HKD</i>
OPERATING ACTIVITIES	
Payments for purchase of investments	(441,790,937)
Proceeds from sale of investments	131,043,113
Interest on bank deposits received	7,286
Interest on bonds	(217,620)
Management fee paid	(1,046,271)
Transaction costs paid	(244,965)
Other operating expenses paid	(338,978)
Margin deposit	(39,537,960)
	<hr/>
Net cash used in operating activities	(352,126,332)

FINANCING ACTIVITIES	
Proceeds on issue of units	495,307,222
Payments on redemption of units	(16,646,608)
Interest paid	(33,019)
	<hr/>
Net cash generated from financing activities	478,627,595

Net increase in cash and cash equivalents	126,501,263
Cash and cash equivalents at the beginning of the period	-
	<hr/>
Cash and cash equivalents at the end of the period	126,501,263
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Analysis of balances of cash and cash equivalents	
Bank balances	126,501,263
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**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2017

		Fair value	% of
		HKD	assets
Investments (64.14%)			
Listed debt securities (63.61%)			
	<i>Holdings</i>		
Hong Kong (63.61%)			
HONG KONG (GOVT OF) 0.27% 18 December 2017	49,000,000	48,978,440	10.59
HONG KONG (GOVT) 0.25% 18 September 2017	49,000,000	48,997,550	10.59
HONG KONG GOVERNMENT 0.42% 20 November 2017	49,000,000	49,015,190	10.60
HONG KONG GOVERNMENT 0.46% 21 August 2017	49,000,000	49,015,190	10.60
HONG KONG GOVERNMENT 0.53% 19 March 2018	49,000,000	49,026,950	10.60
HONG KONG GOVERNMENT 0.93% 19 February 2018	49,000,000	49,157,290	10.63
Total debt securities		<u>294,190,610</u>	<u>63.61</u>
Future contracts (0.53%)			
	<i>Expiration Date</i>	<i>Contracts</i>	
Hong Kong (0.53%)			
H-SHARES INDEX FUTURE 28 July 2017	28 July 2017	(906)	2,430,499
Total derivatives			<u>2,430,499</u>
Total investments and derivative financial instruments		296,621,109	64.14
Other net assets		165,844,939	35.86
Net assets attributable to unitholders as at 30 June 2017		<u>462,466,048</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>294,220,500</u>	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period from 10 March 2017 (date of inception) to 30 June 2017

	Holdings				30 June 2017
	10 March 2017 (date of inception)	Additions	Corporate actions	Disposals	
Investments					
Listed debt securities					
HONG KONG (GOVT OF) 0.27% 18 December 2017	-	49,000,000	-	-	49,000,000
HONG KONG (GOVT OF) 0.46% 22 May 2017	-	49,000,000	-	49,000,000	-
HONG KONG (GOVT OF) 4.85% 27 June 2017	-	49,000,000	-	49,000,000	-
HONG KONG (GOVT) 0.25% 18 September 2017	-	49,000,000	-	-	49,000,000
HONG KONG 0.44% 19 June 2017	-	49,000,000	-	49,000,000	-
HONG KONG GOVERNMENT 0.42% 20 November 2017	-	49,000,000	-	-	49,000,000
HONG KONG GOVERNMENT 0.46% 21 August 2017	-	49,000,000	-	-	49,000,000
HONG KONG GOVERNMENT 0.53% 19 March 2018	-	49,000,000	-	-	49,000,000
HONG KONG GOVERNMENT 0.93% 19 February 2018	-	49,000,000	-	-	49,000,000
Future contracts					
H-SHARES INDEX FUT MAR17 30 March 2017	-	1,007	-	1,007	-
H-SHARES INDEX FUT APR17 27 April 2017	-	1,041	-	1,041	-
H-SHARES INDEX FUT MAY17 29 May 2017	-	1,105	-	1,105	-
H-SHARES INDEX FUT JUN17 29 June 2017	-	1,041	-	1,041	-
H-SHARES INDEX FUT JUL17 28 July 2017	-	15	-	921	(906)

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PERFORMANCE RECORD (Unaudited)

Net asset value

	Net asset value of the Sub-Fund <i>HKD</i>	Net asset value per unit <i>HKD</i>
At the end of financial period dated		
30 June 2017	462,635,150	6.9674

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>HKD</i>	Lowest net asset value per unit <i>HKD</i>
Financial period ended		
30 June 2017 (since 10 March 2017 (date of inception))	7.4009	6.8771

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UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)

There were 6 investments that individually accounted for more than 10% but less than 30% of the net asset value of the Sub-Fund as at 30 June 2017.

As at 30 June 2017

	Fair Value <i>HKD</i>	% of assets
Hong Kong		
HONG KONG (GOVT OF) 0.27% 18 December 2017	48,978,440	10.59
HONG KONG (GOVT) 0.25% 18 September 2017	48,997,550	10.59
HONG KONG GOVERNMENT 0.42% 20 November 2017	49,015,190	10.60
HONG KONG GOVERNMENT 0.46% 21 August 2017	49,015,190	10.60
HONG KONG GOVERNMENT 0.53% 19 March 2018	49,026,950	10.60
HONG KONG GOVERNMENT 0.93% 19 February 2018	49,157,290	10.63

For the period from 10 March 2017 (date of inception) to 30 June 2017, the Hang Seng China Enterprises Index increased by 2.94% while the net asset value per unit of Sub-Fund decreased by 3.27%.

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
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MANAGEMENT AND ADMINISTRATION

Manager

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