

XIE Shares Chimerica FTSE N Share Daily (2x) Leveraged Product*
(*This is a synthetic product) (Stock Code: 7210)
a sub-fund of the XIE Shares Trust III

Unaudited Interim Report

For the period from 1 January 2018
to 30 June 2018

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MANAGEMENT AND ADMINISTRATION

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Market Makers

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CLSA Limited
Commerz Securities Hong Kong Ltd

Any opinion contained in this Interim Report (if any) reflects the Manager's view as at the date of this report and is subject to amendment(s) without notice. The information contained in this Interim Report does not constitute recommendation or investment advice. Investors should refer to the Prospectus of the XIE Shares Trust III for further details (including but not limited to risk factors, fees and charges and other important information) which is available from the website www.xieshares.com.

Issued by Enhanced Investment Products Limited, the Manager of the XIE Shares Chimerica FTSE N Share Daily (2x) Leveraged Product* (*This is a synthetic product).

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	30 June 2018 HK\$ (UNAUDITED)	31 December 2017 HK\$ (AUDITED)
ASSETS		
Financial assets at fair value through profit or loss	327,879	-
Interest receivable	104,534	59,247
Cash and cash equivalents	84,059,476	75,568,515
TOTAL ASSETS	84,491,889	75,627,762
LIABILITIES		
Financial liabilities at fair value through profit or loss	-	357,654
Management fee payable	70,110	55,482
Other payables	127,850	139,847
TOTAL LIABILITIES	197,960	552,983
EQUITY		
Net assets attributable to unitholders	84,293,929	75,074,779
Number of units outstanding	4,750,000	4,250,000
Net asset value per unit	17.7461	17.6647

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2018

	Period from 1 January 2018 to 30 June 2018 HK\$ (UNAUDITED)	Period from 2 February 2017 (date of inception) to 30 June 2017 HK\$ (UNAUDITED)
INCOME		
Interest income	783,459	59,494
Net (loss)/gain on the settlement of financial assets and liabilities at fair value through profit and loss	(1,267,370)	15,682,710
Net foreign exchange gain	344,514	250,858
Total net (loss)/income	(139,397)	15,993,062
OPERATING EXPENSES		
Management fees	399,030	124,281
Audit fees	50,363	51,140
Preliminary expenses	51,588	1,109,192
Legal and professional fees	2,850	-
Financial statements preparation fee	17,492	33,154
Registration fees	5,951	-
Bank charges	1,230	764
Other operating expenses	34,349	29,739
Total operating expenses	562,853	1,348,270
Operating (loss)/profit	(702,250)	14,644,792
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(702,250)	14,644,792

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period ended 30 June 2018

	Period from 1 January 2018 to 30 June 2018 HK\$ (UNAUDITED)	Period from 2 February 2017 (date of inception) to 30 June 2017 HK\$ (UNAUDITED)
Balance at the beginning of the period	75,074,779	-
Proceeds on issue of units	9,921,400	38,306,275
Payment on redemption of units	-	-
Net increase from unit transactions	9,921,400	38,306,275
Total comprehensive (loss)/income for the period	(702,250)	14,644,792
Balance at the end of the period	84,293,929	52,951,067

STATEMENT OF CASH FLOWS

For the period ended 30 June 2018

	Period from 1 January 2018 to 30 June 2018 HK\$ (UNAUDITED)	Period from 2 February 2017 (date of inception) to 30 June 2017 HK\$ (UNAUDITED)
OPERATING ACTIVITIES		
Net (loss)/gain on the settlement of financial assets and liabilities at fair value through profit and loss	(1,952,903)	16,072,315
Interest received	738,172	35,728
Management fee paid	(384,402)	(83,852)
Preliminary expenses paid	(51,588)	(983,027)
Other receipts and payments	(124,232)	(19,430)
Cash (used in)/generated from operating activities	(1,774,953)	15,021,734
FINANCING ACTIVITIES		
Proceeds from issue of units	9,921,400	38,306,275
Cash generated from financing activities	9,921,400	38,306,275
Net increase in cash and cash equivalents	8,146,447	53,328,009
Cash and cash equivalents at beginning of period	75,568,515	-
Net foreign exchange gain	344,514	250,858
Cash and cash equivalents at end of period	84,059,476	53,578,867
Analysis of balances of cash and cash equivalents		
Cash at bank	13,117,853	14,546,556
Short-term deposits	70,941,623	39,032,311
	84,059,476	53,578,867

INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2018

Investments

	Fair value HK\$ ¹	% of net assets
Total return swaps issued by Societe Generale	327,879	0.39%
Total investments	<u>327,879</u>	<u>0.39%</u>
Other net assets	<u>83,966,050</u>	<u>99.61%</u>
Net assets attributable to unitholders at 30 June 2018	<u>84,293,929</u>	<u>100.00%</u>
Total investments, at cost	<u>-</u>	

¹ Exchange rate as at 30 June 2018
HKD/USD 0.127462

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the period ended 30 June 2018

	Fair value as at 1 January 2018 HK\$	Fair value change HK\$	Fair value as at 30 June 2018 HK\$
Total return swaps issued by			
Societe Generale	(357,654)	685,533	327,879

PERFORMANCE RECORD (UNAUDITED)

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub-Fund HK\$
At end of financial period dated		
30 June 2018	18.0251	85,619,002
31 December 2017	18.0056	76,523,728

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
For the period ended		
30 June 2018	16.7650	22.9904
31 December 2017	8.0000	19.3533

During the period ended 30 June 2018, the FTSE N Share (2x) Daily Leveraged Index increased by 1.78% (31 December 2017: increased by 135.69%), while the net asset value per unit of XIE Shares Chimerica FTSE N Share Daily (2x) Leveraged Product* (*This is a synthetic product) increased by 0.11%^(a) (31 December 2017: increased by 125.08%^(b)).

There were no constituent securities that FTSE N Share (2x) Daily Leveraged Index accounted for more than 10% of the weighting of the FTSE N Share (2x) Daily Leveraged Index as at 30 June 2018.

^(a) This is the return of XIE Shares Chimerica FTSE N Share Daily (2x) Leveraged Product* (*This is a synthetic product) (net of fees and expenses) from 1 January 2018 to 30 June 2018.

^(b) This is the annualised return of XIE Shares Chimerica FTSE N Share Daily (2x) Leveraged Product* (*This is a synthetic product) (net of fees and expenses) from 2 February 2017 (date of inception) to 31 December 2017.