



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 ENDED 30 JUNE 2018

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

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# **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 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.

### 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 29 June 2018 (last trading date), the dealing Net Asset Value (“NAV”) per unit of the CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product was HKD 6.0534 and there were 86,400,000 units outstanding. The total asset under management was approximately HKD 523.0 million.

For the period from 1 January 2018 to 29 June 2018 (last trading date), the dealing NAV of CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product performed 1.85% while the index performed -5.43%. YTD Price return of the HKD counter (stock code 7388) was 1.85%.

### 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 46.4 million in June 2018. 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 sixteen monthly rebalances.

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT  
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**CONDENSED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2018*

	30 June 2018 (Unaudited) <i>HKD</i>	31 December 2017 (Audited) <i>HKD</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Investments	61,948,400	71,949,600
Derivative financial instruments	10,730,796	-
Bank interest receivable	113	13
Interest receivable	153,914	138,871
Other receivable	53,988	38,517
Margin deposit	35,826,176	9,363,828
Bank balances	413,862,144	24,546,495
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<b>Total assets</b>	<b>522,575,531</b>	<b>106,037,324</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Derivative financial instruments	-	1,006,782
Management fee payable	233,733	96,732
Establishment costs payable	-	2,803
Other accounts payable	364,349	331,088
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>598,082</b>	<b>1,437,405</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Net assets attributable to unitholders</b>	<b>521,977,449</b>	<b>104,599,919</b>
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<b>Number of units in issue</b>	<b>86,400,000</b>	<b>17,600,000</b>
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<b>Net asset value per unit</b>	<b>6.0414</b>	<b>5.9432</b>
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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 ended 30 June 2018*

	Period from 1 January 2018 to 30 June 2018 (Unaudited) <i>HKD</i>	Period from 10 March 2017 (date of inception) to 30 June 2017 (Unaudited) <i>HKD</i>
<b>INCOME</b>		
Interest on bank deposits	6,569	7,321
Interest on bonds	238,659	168,594
Net gain/(loss) on investments and derivative financial instruments	28,010,355	(14,126,715)
Other income	15,471	-
<b>Total net income/(loss)</b>	<u>28,271,054</u>	<u>(13,950,800)</u>
<b>EXPENSES</b>		
Management fee	(1,192,240)	(1,423,066)
Transaction costs of investments	(199,111)	(244,965)
Audit fee	(19,242)	(70,758)
Safe custody and bank charges	(7,305)	(29,608)
Legal and other professional fee	(3,926)	-
License fee	(97,137)	(115,867)
Establishment cost	(1,200,422)	(278,743)
Other operating expenses	(91,595)	(36,241)
<b>Total operating expenses</b>	<u>(2,810,978)</u>	<u>(2,199,248)</u>
<b>FINANCE COSTS</b>		
Interest expenses	(48,988)	(44,518)
<b>Total comprehensive income</b>	<u><u>25,411,088</u></u>	<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 ended 30 June 2018*

	Period from 1 January 2018 to 30 June 2018 (Unaudited) <i>HKD</i>	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	104,599,919	-
Proceeds on issue of units	707,509,539	495,307,222
Payments on redemption of units	(315,543,097)	(16,646,608)
Net increase from unit transactions	391,966,442	478,660,614
Total comprehensive income for the period	25,411,088	(16,194,566)
<b>Net assets attributable to unitholders at the end of the period</b>	<b>521,977,449</b>	<b>462,466,048</b>

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT  
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**CONDENSED STATEMENT OF CASH FLOWS**

*For the period ended 30 June 2018*

	Period from 1 January 2018 to 30 June 2018 (Unaudited) <i>HKD</i>	Period from 10 March 2017 (date of inception) to 30 June 2017 (Unaudited) <i>HKD</i>
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(86,106,149)	(441,790,937)
Proceeds from sale of investments	112,380,126	131,043,113
Interest on bank deposits received	6,469	7,286
Interest on bonds received/(paid)	223,616	(217,620)
Management fee paid	(1,055,239)	(1,046,271)
Transaction costs paid	(199,111)	(244,965)
Other operating expenses paid	(1,395,235)	(338,978)
Margin deposit	(26,462,348)	(39,537,960)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(2,607,871)</b>	<b>(352,126,332)</b>
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<b>FINANCING ACTIVITIES</b>		
Proceeds on issue of units	707,509,539	495,307,222
Payments on redemption of units	(315,543,097)	(16,646,608)
Interest paid	(42,922)	(33,019)
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>391,923,520</b>	<b>478,627,595</b>
	-----	-----
Net increase in cash and cash equivalents	389,315,649	126,501,263
Cash and cash equivalents at the beginning of the period	24,546,495	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	413,862,144	126,501,263
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	413,862,144	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 2018*

		<b>Fair value HKD</b>	<b>% of net assets</b>
<b>Investments and derivative financial instruments (13.93%)</b>			
<b>Listed debt securities (11.87%)</b>	<i>Holdings</i>		
<b>Hong Kong (11.87%)</b>			
HONG KONG GOVERNMENT 0.5% 20 August 2018	43,000,000	42,948,400	8.23
HONG KONG GOVERNMENT 1.52% 25 September 2018	19,000,000	19,000,000	3.64
Total debt securities		<u>61,948,400</u>	<u>11.87</u>
<b>Futures contracts (2.05%)</b>			
	<i>Expiration Date</i>	<i>Contracts</i>	
<b>Hong Kong (2.05%)</b>			
HSCEI FUTURES 30 July 2018	30 July 2018	(958)	10,730,796
Total futures contracts			<u>10,730,796</u>
Total investments and derivative financial instruments		72,679,196	13.92
Other net assets		449,298,253	86.08
Net assets attributable to unitholders as at 30 June 2018		<u>521,977,449</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>61,991,802</u>	



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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the period ended 30 June 2018*

	<b>Holdings</b>				<b>30 June 2018</b>
	<b>1 January 2018</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments</b>					
<b>Listed debt securities</b>					
HONG KONG GOVERNMENT 0.93% 19 February 2018	24,000,000	-	-	24,000,000	-
HONG KONG GOVERNMENT 0.53% 19 March 2018	24,000,000	-	-	24,000,000	-
HONG KONG GOVERNMENT 0.67% 21 May 2018	24,000,000	-	-	24,000,000	-
HONG KONG (GOVT OF) 0.79% 18 June 2018	-	24,000,000	-	24,000,000	-
HONG KONG GOVERNMENT 0.5% 20 August 2018	-	43,000,000	-	-	43,000,000
HONG KONG GOVERNMENT 1.52% 25 September 2018	-	19,000,000	-	-	19,000,000
<b>Future contracts</b>					
HSCEI FUTURES 28 March 2018	-	774	-	774	-
HSCEI FUTURES 27 April 2018	-	621	-	621	-
HSCEI FUTURES 30 May 2018	-	394	-	394	-
HSCEI FUTURES 28 June 2018	-	848	-	848	-
HSCEI FUTURES 30 July 2018	-	31	-	989	(958)
H-Shares Index Future 30 January 2018	(178)	221	-	43	-
H-SHARES INDEX FUTURES 27 February 2018	-	827	-	827	-

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**PERFORMANCE RECORD (Unaudited)**

**Net asset value**

	Dealing net asset value of the Sub-Fund <i>HKD</i>	Dealing net asset value per unit <i>HKD</i>
At the end of financial period dated		
30 June 2018	522,995,804	6.0532
31 December 2017	104,599,919	5.9432

**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 2018	6.1548	5.0489
31 December 2017 (Since 10 March 2017 (date of inception))	7.4009	5.8417

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**UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)**

There was nil (31 December 2017: 3) investment that individually accounted for more than 10% but less than 30% of the net asset value of the Sub-Fund as at 30 June 2018.

**As at 31 December 2017**

	Fair Value <i>HKD</i>	% of net assets
<b>Hong Kong</b>		
HONG KONG GOVERNMENT 0.93% 19 February 2018	24,002,400	22.95%
HONG KONG GOVERNMENT 0.53% 19 March 2018	23,978,400	22.92%
HONG KONG GOVERNMENT 0.67% 21 May 2018	23,968,800	22.92%

During the period ended 30 June 2018, the Hang Seng China Enterprises Index decreased by 5.43% (31 December 2017: increased by 14.14%) while the net asset value per unit of Sub-Fund increased by 1.65% (31 December 2017: decreased by 17.46%).

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**MANAGEMENT AND ADMINISTRATION**

**Manager**

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