



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

**CSOP HANG SENG CHINA ENTERPRISES INDEX
DAILY (2X) LEVERAGED PRODUCT**
(Stock Code: 07288)
(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 (2X) LEVERAGED 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 (2X) LEVERAGED 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 (2x) Leveraged 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 7288 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 (2x) Leveraged 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 twice (2x) 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.

The Sub-Fund Performance

The CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product seeks to provide daily investment results, before fees and expenses, which closely correspond to positive twice the daily 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 (2x) Leveraged Product was HKD 8.4728 and there were 28,800,000 units outstanding. The total asset under management was approximately HKD 244.0 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 (2x) Leveraged Product performed -12.36% while the index performed -5.43%. YTD Price return of the HKD counter (stock code 7288) was -12.11%.

Exchange Liquidity

Since inception, the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7288) remained steadily at an average daily turnover of HKD 31.4 million in June 2018. The trading volume for the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product reflected strong interest in the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product.

Portfolio Rebalance

The CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product adopts futures-based replication strategy to track the Index. Since inception, the Sub-Fund has experienced four monthly rebalances.

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED 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>
ASSETS		
CURRENT ASSETS		
Investments	33,972,400	70,950,900
Derivative financial instruments	-	3,672,004
Bank interest receivable	42	48
Interest receivable	85,708	138,100
Other receivable	10,634	14,833
Margin deposit	65,973,880	30,797,574
Bank balances	152,207,358	88,200,506
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Total assets	252,250,022	193,773,965
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LIABILITIES		
CURRENT LIABILITIES		
Derivative financial instruments	8,774,093	-
Management fee payable	175,034	152,930
Establishment costs payable	-	2,803
Other accounts payable	312,152	276,466
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Total liabilities	9,261,279	432,199
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EQUITY		
Net assets attributable to unitholders	242,988,743	193,341,766
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Number of units in issue	28,800,000	20,000,000
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Net asset value per unit	8.4371	9.6671
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**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED 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>
INCOME		
Interest on bank deposits	6,816	3,562
Interest on bonds	193,725	82,577
Net (loss)/gain on investments and derivative financial instruments	(29,447,649)	10,231,863
Total net (loss)/income	(29,247,108)	10,318,002
EXPENSES		
Management fee	(1,268,326)	(764,367)
Transaction costs on investments	(299,398)	(255,520)
Audit fee	(19,242)	(70,757)
Safe custody and bank charges	(6,288)	(24,596)
Legal and other professional fee	(3,925)	-
License fee	(103,101)	(62,243)
Establishment cost	(1,199,655)	(278,743)
Other operating expenses	(94,989)	(34,921)
Total operating expenses	(2,994,924)	(1,491,147)
FINANCE COSTS		
Interest expenses	(104,114)	(48,173)
Total comprehensive income	(32,346,146)	8,778,682

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED 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	193,341,766	-
Proceeds on issue of units	236,867,278	283,750,622
Payments on redemption of units	(154,874,155)	(23,525,792)
Net increase from unit transactions	81,993,123	260,224,830
Total comprehensive income for the period	(32,346,146)	8,778,682
Net assets attributable to unitholders at the end of the period	242,988,743	269,003,512

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED 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>
OPERATING ACTIVITIES		
Payments for purchase of investments	(60,112,896)	(216,387,398)
Proceeds from sale of investments	80,089,844	85,498,399
Interest on bank deposits received	6,822	3,538
Interest on bonds received	246,117	(106,589)
Other income received	4,199	-
Management fee paid	(1,246,222)	(544,944)
Transaction costs paid	(299,398)	(255,520)
Other operating expenses paid	(1,400,252)	(334,923)
Margin deposit	(35,176,306)	(40,583,755)
Net cash used in operating activities	(17,888,092)	(172,711,192)
FINANCING ACTIVITIES		
Proceeds on issue of units	236,867,278	283,750,622
Payments on redemption of units	(154,874,155)	(23,525,792)
Interest paid	(98,179)	(34,261)
Net cash generated from financing activities	81,894,944	260,190,569
Net increase in cash and cash equivalents	64,006,852	87,479,377
Cash and cash equivalents at the beginning of the period	88,200,506	-
Cash and cash equivalents at the end of the period	152,207,358	87,479,377
Analysis of balances of cash and cash equivalents		
Bank balances	152,207,358	87,479,377

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED PRODUCT
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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2018

			Fair value HKD	% of net assets
Investments and derivative financial instruments (10.37%)				
Listed debt securities (13.98%)	Holdings			
Hong Kong (13.98%)				
HONG KONG GOVERNMENT 0.5% 20 August 2018	23,000,000		22,972,400	9.45
HONG KONG GOVERNMENT 1.52% 25 September 2018	11,000,000		11,000,000	4.53
Total debt securities			33,972,400	13.98
Futures contracts (-3.61%)	Expiration Date	Contracts		
Hong Kong (-3.61%)				
HSCEI FUTURES 30 July 2018	30 July 2018	898	(8,774,093)	(3.61)
Total futures contracts			(8,774,093)	(3.61)
Total investments and derivative financial instruments			25,198,307	10.37
Other net assets			217,790,436	89.63
Net assets attributable to unitholders as at 30 June 2018			242,988,743	100.00
Total investments and derivative financial instruments, at cost			33,998,074	

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED PRODUCT
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period ended 30 June 2018

	Holdings				
	1 January 2018	Additions	Corporate actions	Disposals	30 June 2018
Investments					
Listed debt securities					
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	23,000,000	-	-	23,000,000	-
HONG KONG (GOVT OF) 0.79% 18 June 2018	-	26,000,000	-	26,000,000	-
HONG KONG GOVERNMENT 0.5% 20 August 2018	-	23,000,000	-	-	23,000,000
HONG KONG GOVERNMENT 1.52% 25 September 2018	-	11,000,000	-	-	11,000,000
Future contracts					
HSCEI FUTURES 28 March 2018	-	1,189	-	1,189	-
HSCEI FUTURES 27 April 2018	-	1,162	-	1,162	-
HSCEI FUTURES 30 May 2018	-	1,014	-	1,014	-
HSCEI FUTURES 28 June 2018	-	985	-	985	-
HSCEI FUTURES 30 July 2018	-	936	-	38	898
H-SHARES INDEX FUTURE 30 January 2018	657	104	-	761	-
H-SHARES INDEX FUTURES 27 February 2018	-	969	-	969	-

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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	244,006,331	8.4724
31 December 2017	193,341,766	9.6671

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	13.2465	8.2016
31 December 2017 (since 10 March 2017 (date of inception))	10.1548	6.7118

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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.

	Fair Value <i>HKD</i>	% of assets
As at 31 December 2017		
Hong Kong		
HONG KONG GOVERNMENT 0.93% 19 February 2018	24,002,400	12.42%
HONG KONG GOVERNMENT 0.53% 19 March 2018	23,978,400	12.40%
HONG KONG GOVERNMENT 0.67% 21 May 2018	22,970,100	11.88%

For 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 decreased by 12.72% (31 December 2017: increased by 34.27%).

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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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Custodian

The Hongkong and Shanghai Banking Corporation Limited
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Service Agent

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Yi Zhou
Zhiwei Liu
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