



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

CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
(Stock Code: 07300)
(A sub-fund of CSOP Leveraged and Inverse Series)

Unaudited Semi-Annual Report
FOR THE PERIOD ENDED 30 JUNE 2018

**CSOP HANG SENG 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 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 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 7300 on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 14 March 2017. The Sub-Fund is benchmarked against the Hang Seng 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 Index Daily (-1x) Inverse Product is a futures-based ETF which invests directly in the nearest month futures contracts on the Hang Seng Index listed on the SEHK (“Hang Seng 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 Hang Seng Index Futures on a monthly basis. The futures roll for the Hang Seng 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 Hong Kong securities 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 Index Daily (-1x) Inverse Product seeks to provide daily investment results, before fees and expenses, which closely correspond to negative 1 times 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 Index Daily (-1x) Inverse Product was HKD 5.4774 and there were 383,200,000 units outstanding. The total asset under management was approximately HKD 2,099.0 million.

For the period from 1 January 2018 to 29 June 2018 (last trading date), the dealing NAV of CSOP Hang Seng Index Daily (-1x) Inverse Product performed -0.13% while the index performed -3.22%. YTD Price return of the HKD counter (stock code 7300) was -0.18%.

Exchange Liquidity

Since inception, the CSOP Hang Seng Index Daily (-1x) Inverse Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7300) remained steadily at an average daily turnover of HKD 164.4 million in June 2018. The trading volume for the CSOP Hang Seng Index Daily (-1x) Inverse Product reflected strong interest in the CSOP Hang Seng Index Daily (-1x) Inverse Product.

Portfolio Rebalance

The CSOP Hang Seng 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 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

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	190,893,200	269,795,000
Derivative financial instruments	17,162,903	-
Bank interest receivable	474	235
Interest receivable	571,736	406,326
Margin deposit	162,540,579	65,718,652
Bank balances	1,729,186,743	428,006,270
	<hr/>	<hr/>
Total assets	2,100,355,635	763,926,483
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
CURRENT LIABILITIES		
Derivative financial instruments	-	12,480,651
Amounts due to participating dealers	74,439,529	-
Management fee payable	1,658,922	639,446
Establishment costs payable	-	2,803
Other accounts payable	892,994	576,695
	<hr/>	<hr/>
Total liabilities	76,991,445	13,699,595
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Net assets attributable to unitholders	2,023,364,190	750,226,888
	<hr/> <hr/>	<hr/> <hr/>
Number of units in issue	369,600,000	136,800,000
	<hr/> <hr/>	<hr/> <hr/>
Net asset value per unit	5.4745	5.4841
	<hr/> <hr/>	<hr/> <hr/>

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

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	50,111	5,646
Interest on bonds	725,808	130,746
Net gain/(loss) on investments and derivative financial instruments	67,466,191	(34,267,050)
Other income	84,720	-
Total net income/(loss)	<u>68,326,830</u>	<u>(34,130,658)</u>
EXPENSES		
Management fee	(6,810,917)	(1,100,466)
Transaction costs of investments	(483,394)	(95,869)
Audit fee	(56,815)	(70,757)
Safe custody and bank charges	(20,714)	(27,402)
Legal and other professional fee	(3,925)	-
License fee	(552,787)	(89,649)
Establishment cost	(1,200,145)	(278,743)
Other operating expenses	(104,140)	(34,921)
Total operating expenses	<u>(9,232,837)</u>	<u>(1,697,807)</u>
FINANCE COSTS		
Interest expenses	(275,357)	(33,784)
Total comprehensive income	<u><u>58,818,636</u></u>	<u><u>(35,862,249)</u></u>

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

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	750,226,888	-
Proceeds on issue of units	2,035,241,479	449,292,431
Payments on redemption of units	(820,922,813)	-
Net increase from unit transactions	1,214,318,666	449,292,431
Total comprehensive income for the period	58,818,636	(35,862,249)
Net assets attributable to unitholders at the end of the period	2,023,364,190	413,430,182

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

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	(191,237,207)	(342,613,380)
Proceeds from sale of investments	307,961,644	79,489,210
Interest on bank deposits received	49,872	5,610
Interest on bonds received/(paid)	560,398	(168,767)
Other income received	84,720	-
Management fee paid	(5,791,441)	(796,603)
Transaction costs paid	(483,394)	(95,869)
Other operating expenses paid	(1,670,837)	(337,369)
Margin deposit	(96,821,927)	(33,769,768)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	12,651,828	(298,286,936)
	-----	-----
FINANCING ACTIVITIES		
Proceeds on issue of units	2,035,241,479	428,384,551
Payments on redemption of units	(820,922,813)	-
Amounts received from participating dealers	74,439,529	-
Interest paid	(229,550)	(24,538)
	<hr/>	<hr/>
Net cash generated from financing activities	1,288,528,645	428,360,013
	-----	-----
Net increase in cash and cash equivalents	1,301,180,473	130,073,077
Cash and cash equivalents at the beginning of the period	428,006,270	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	1,729,186,743	130,073,077
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances	1,729,186,743	130,073,077
	<hr/> <hr/>	<hr/> <hr/>

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

INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2018

		Fair value HKD	% of assets
Investments and derivative financial instruments (10.28%)			
Listed debt securities (9.43%)	<i>Holdings</i>		
Hong Kong (9.43%)			
HONG KONG GOVERNMENT 0.5% 20 August 2018	89,000,000	88,893,200	4.39
HONG KONG GOVERNMENT 1.52% 25 September 2018	102,000,000	102,000,000	5.04
Total debt securities		<u>190,893,200</u>	<u>9.43</u>
Futures contracts (0.85%)			
	<i>Expiration Date</i>	<i>Contracts</i>	
Hong Kong (0.85%)			
HANG SENG INDEX FUTURE 30 July 2018	30 July 2018	(1,402)	17,162,903
Total futures contracts			<u>17,162,903</u>
Total investments and derivative financial instruments		208,056,103	10.28
Other net assets		1,815,308,087	89.72
Net assets attributable to unitholders as at 30 June 2018		<u>2,023,364,190</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>191,013,539</u>	

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

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period ended 30 June 2018

	Holdings				30 June 2018
	1 January 2018	Additions	Corporate actions	Disposals	
Investments					
Listed debt securities					
HONG KONG GOVERNMENT 0.93% 19 February 2018	70,000,000	-	-	70,000,000	-
HONG KONG GOVERNMENT 0.53% 19 March 2018	60,000,000	-	-	60,000,000	-
HONG KONG GOVERNMENT 0.67% 21 May 2018	60,000,000	-	-	60,000,000	-
HONG KONG (GOVT OF) 0.79% 18 June 2018	80,000,000	-	-	80,000,000	-
HONG KONG GOVERNMENT 0.5% 20 August 2018	-	89,000,000	-	-	89,000,000
HONG KONG GOVERNMENT 1.52% 25 September 2018	-	102,000,000	-	-	102,000,000
Future contracts					
HANG SENG INDEX FUTURE 30 January 2018	(499)	502	-	3	-
HANG SENG INDEX FUTURE 27 February 2018	-	764	-	764	-
HANG SENG INDEX FUTURE 28 March 2018	-	1,011	-	1,011	-
HANG SENG INDEX FUTURE 27 April 2018	-	1,406	-	1,406	-
HANG SENG INDEX FUTURE 30 May 2018	-	1,666	-	1,666	-
HANG SENG INDEX FUTURE 28 June 2018	-	1,869	-	1,869	-
HANG SENG INDEX FUTURE 30 July 2018	-	137	-	1,539	(1,402)

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

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	2,024,382,269	5.4772
31 December 2017	750,226,888	5.4841

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	5.5881	4.9450
31 December 2017 (since 10 March 2017 (date of inception))	7.2060	5.4698

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

UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)

There was nil (31 December 2017:1) 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 (GOVT OF) 0.79% 18 June 2018	79,920,000	10.65

For the period ended 30 June 2018, the Hang Seng Index decreased by 3.22% (31 December 2017: increased by 25.56%) while the net asset value per unit of Sub-Fund decreased by 0.18% (31 December 2017: decreased by 23.83%).

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

MANAGEMENT AND ADMINISTRATION

Manager

CSOP Asset Management Limited
2801-2803 & 3303-3304, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Service Agent

HK Conversion Agency Services Limited
1st Floor, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

Listing Agent

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

Directors of the Manager

Chen Ding
Gaobo Zhang
Xiaosong Yang
Xiuyan Liu
Yi Zhou
Zhiwei Liu
Zhongping Cai

Legal Counsel to the Manager

Simmons & Simmons
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditor

PricewaterhouseCoopers
21st Floor, Edinburgh Tower
15 Queen's Road Central
Hong Kong



www.csopasset.com

Telephone: (852) 3406 5688

2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong