



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

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED
PRODUCT**
(Stock Code: 07200)
(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 (2X) LEVERAGED PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

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CSOP HANG SENG 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 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 7200 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 (2x) Leveraged 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 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 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 (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 Index Daily (2x) Leveraged Product was HKD 10.8315 and there were 24,800,000 units outstanding. The total asset under management was approximately HKD 268.6 million.

For the period from 1 January 2018 to 29 June 2018 (last trading date), the dealing NAV of CSOP Hang Seng Index Daily (2x) Leveraged Product performed -7.05% while the index performed -3.22%. YTD Price return of the HKD counter (stock code 7200) was -7.02%.

Exchange Liquidity

Since inception, the CSOP Hang Seng Index Daily (2x) Leveraged Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7200) remained steadily at an average daily turnover of HKD 54.1 million in June 2018. The trading volume for the CSOP Hang Seng Index Daily (2x) Leveraged Product reflected strong interest in the CSOP Hang Seng Index Daily (2x) Leveraged Product.

Portfolio Rebalance

The CSOP Hang Seng Index Daily (2x) Leveraged 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 (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	25,982,000	92,940,300
Derivative financial instruments	-	4,900,350
Bank interest receivable	49	16
Interest receivable	71,352	189,796
Amounts due from participating dealers	34,708,010	-
Other receivable	114,886	30,383
Margin deposit	67,792,816	21,367,189
Bank balances	177,890,473	30,159,793
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Total assets	306,559,586	149,587,827
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
CURRENT LIABILITIES		
Derivative financial instruments	3,851,669	-
Management fee payable	144,460	118,848
Establishment costs payable	-	2,803
Other accounts payable	311,087	310,372
	<hr/>	<hr/>
Total liabilities	4,307,216	432,023
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Net assets attributable to unitholders	302,252,370	149,155,804
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Number of units in issue	28,000,000	12,800,000
	<hr/> <hr/>	<hr/> <hr/>
Net asset value per unit	10.7947	11.6528
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**CSOP HANG SENG 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	4,280	5,433
Interest on bonds	131,456	116,984
Net (loss)/gain on investments and derivative financial instruments	(10,684,636)	66,843,529
Other income	84,503	-
Total net (loss)/income	<u>(10,464,397)</u>	<u>66,965,946</u>
EXPENSES		
Management fee	(852,625)	(1,125,088)
Transaction costs of investments	(110,606)	(190,595)
Audit fee	(19,242)	(70,757)
Safe custody and bank charges	(5,504)	(26,601)
Legal and other professional fee	(3,926)	-
License fee	(69,421)	(91,574)
Establishment cost	(1,200,076)	(278,743)
Other operating expenses	(88,278)	(35,521)
Total operating expenses	<u>(2,349,678)</u>	<u>(1,818,879)</u>
FINANCE COSTS		
Interest expenses	(71,077)	(72,004)
Total comprehensive income	<u><u>(12,885,152)</u></u>	<u><u>65,075,063</u></u>

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED 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	149,155,804	-
Proceeds on issue of units	273,506,361	381,815,546
Payments on redemption of units	(107,524,643)	(71,743,153)
Net increase from unit transactions	165,981,718	310,072,393
Total comprehensive income for the period	(12,885,152)	65,075,063
Net assets attributable to unitholders at the end of the period	302,252,370	375,147,456

**CSOP HANG SENG 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	(26,132,583)	(306,548,814)
Proceeds from sale of investments	91,158,266	170,779,217
Interest on bank deposits received	4,247	5,402
Interest on bonds received	249,900	(151,001)
Management fee paid	(827,013)	(805,270)
Transaction costs paid	(110,606)	(190,595)
Other operating expenses paid	(1,394,708)	(335,838)
Margin deposit	(46,425,627)	(60,782,508)
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Net cash generated from/(used in) operating activities	16,521,876	(198,029,407)
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FINANCING ACTIVITIES		
Proceeds on issue of units	273,506,361	381,815,546
Amounts paid to participating dealers	(34,708,010)	-
Payments on redemption of units	(107,524,643)	(71,743,153)
Interest paid	(64,904)	(51,165)
	<hr/>	<hr/>
Net cash generated from financing activities	131,208,804	310,021,228
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Net increase in cash and cash equivalents	147,730,680	111,991,821
Cash and cash equivalents at the beginning of the period	30,159,793	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	177,890,473	111,991,821
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances	177,890,473	111,991,821
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**CSOP HANG SENG 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 (7.33%)			
Listed debt securities (8.60%)	<i>Holdings</i>		
Hong Kong (8.60%)			
HONG KONG GOVERNMENT 0.5% 20 August 2018	15,000,000	14,982,000	4.96
HONG KONG GOVERNMENT 1.52% 25 September 2018	11,000,000	11,000,000	3.64
Total debt securities		<u>25,982,000</u>	<u>8.60</u>
Futures contracts (-1.27%)	<i>Expiration Date</i>	<i>Contracts</i>	
Hong Kong (-1.27%)			
HANG SENG INDEX FUTURE 30 July 2018	30 July 2018	422	(3,851,669) (1.27)
Total futures contracts			<u>(3,851,669) (1.27)</u>
Total investments and derivative financial instruments		22,130,331	7.33
Other net assets		280,122,039	92.67
Net assets attributable to unitholders as at 30 June 2018		<u>302,252,370</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>25,997,513</u>	

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

For the period ended 30 June 2017

	Holdings				
	1 January 2018	Additions	Corporate actions	Disposals	30 June 2018
Investments					
Listed debt securities					
HONG KONG GOVERNMENT 0.93% 19 February 2018	34,000,000	-	-	34,000,000	-
HONG KONG GOVERNMENT 0.53% 19 March 2018	34,000,000	-	-	34,000,000	-
HONG KONG GOVERNMENT 0.67% 21 May 2018	25,000,000	-	-	25,000,000	-
HONG KONG GOVERNMENT 0.5% 20 August 2018	-	15,000,000	-	-	15,000,000
HONG KONG GOVERNMENT 1.52% 25 September 2018	-	11,000,000	-	-	11,000,000
Future contracts					
HANG SENG INDEX FUTURE 30 January 2018	199	20	-	219	-
HANG SENG INDEX FUTURE 27 February 2018	-	240	-	240	-
HANG SENG INDEX FUTURE 28 March 2018	-	294	-	294	-
HANG SENG INDEX FUTURE 27 April 2018	-	293	-	293	-
HANG SENG INDEX FUTURE 30 May 2018	-	260	-	260	-
HANG SENG INDEX FUTURE 28 June 2018	-	360	-	360	-
HANG SENG INDEX FUTURE 30 July 2018	-	433	-	11	422

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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	303,270,380	10.8311
31 December 2017	149,155,804	11.6528

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	14.2500	10.4158
31 December 2017 (since 10 March 2017 (date of inception)	11.8340	7.1829

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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	34,003,400	22.80
HONG KONG GOVERNMENT 0.53% 19 March 2018	33,969,400	22.77
HONG KONG GOVERNMENT 0.67% 21 May 2018	24,967,500	16.74

During 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 7.36% (31 December 2017: increased by 61.84%).

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT
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MANAGEMENT AND ADMINISTRATION

Manager

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

Trustee and Registrar

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Service Agent

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