

ChinaAMC Leveraged/Inverse Series

**CHINAAMC DIREXION NASDAQ-100 DAILY (2x)
LEVERAGED PRODUCT (Stock Code: 7261)**

**CHINAAMC DIREXION NASDAQ-100 DAILY (-1x)
INVERSE PRODUCT (Stock Code: 7331)**

**CHINAAMC DIREXION HANG SENG INDEX DAILY
(2x) LEVERAGED PRODUCT (Stock Code: 7221)**

**CHINAAMC DIREXION HANG SENG INDEX DAILY
(-1x) INVERSE PRODUCT (Stock Code: 7321)**

**CHINAAMC DIREXION HANG SENG CHINA
ENTERPRISES INDEX DAILY (2x) LEVERAGED
PRODUCT (Stock Code: 7267)**

**CHINAAMC DIREXION HANG SENG CHINA
ENTERPRISES INDEX DAILY (-1x) INVERSE
PRODUCT (Stock Code: 7341)**

Unaudited Semi-Annual Report

For the period from 1 January 2019 to 30 June 2019



UNAUDITED SEMI – ANNUAL REPORT

CHINAAMC DIREXION NASDAQ-100 DAILY (2x) LEVERAGED PRODUCT
(Stock Code: 7261)

CHINAAMC DIREXION NASDAQ-100 DAILY (-1x) INVERSE PRODUCT
(Stock Code: 7331)

CHINAAMC DIREXION HANG SENG INDEX DAILY (2x) LEVERAGED PRODUCT
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CHINAAMC DIREXION HANG SENG INDEX DAILY (-1x) INVERSE PRODUCT
(Stock Code: 7321)

**CHINAAMC DIREXION HANG SENG CHINA ENTERPRISES INDEX DAILY (2x)
LEVERAGED PRODUCT**
(Stock Code: 7267)

**CHINAAMC DIREXION HANG SENG CHINA ENTERPRISES INDEX DAILY (-1x)
INVERSE PRODUCT**
(Stock Code: 7341)

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

(PRODUCTS OF CHINAAMC LEVERAGED/INVERSE SERIES)

CHINAAMC LEVERAGED/INVERSE SERIES

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the products of the ChinaAMC Leveraged/Inverse Series, please refer to the prospectus of the ChinaAMC Leveraged/Inverse Series which is available at our website:

http://www.chinaamc.com.hk/en/products.html?linkage_id=990351

Investors should not rely on the information contained in this report for their investment decisions.

CHINAAMC LEVERAGED/INVERSE SERIES

MANAGEMENT AND ADMINISTRATION

Manager

China Asset Management (Hong Kong) Limited
37/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

Directors of the Manager

Yang Minghui
Zhang Xiaoling
Gan Tian
Li Yimei
Li Min

Trustee and Registrar

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

Investment Adviser

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1301 Avenue of the Americas
28/F New York, NY10019
United States of America

Service Agent

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

Legal Counsel to the Manager

Simmons & Simmons
13/F, One Pacific Place
88 Queensway, Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Hong Kong

Listing Agent

China International Capital Corporation Hong
Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Participating Dealers for:

- **ChinaAMC Direxion NASDAQ-100 Daily (2x)
Leveraged Product**
- **ChinaAMC Direxion NASDAQ-100 Daily (-1x)
Inverse Product**

ABN AMRO Clearing Hong Kong Limited
70/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

BNP Paribas Securities Services
21/F, PCCW Tower
Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

China International Capital Corporation Hong Kong
Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Citigroup Global Markets Asia Limited
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Deutsche Securities Asia Limited
Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road
Central, Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road
Central, Hong Kong

KGI Securities (Hong Kong) Limited
41/F Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Merril Lynch Far East Limited
55/F, Cheung Kong center
2 Queen's Road Central
Central, Hong Kong

Morgan Stanley Hong Kong Securities Limited
46th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

CHINAAMC LEVERAGED/INVERSE SERIES

MANAGEMENT AND ADMINISTRATION (continued)

Participating Dealers for

- ChinaAMC Direxion Hang Seng Index Daily (2x)
Leveraged Product
- ChinaAMC Direxion Hang Seng Index Daily (-1x)
Inverse Product
- ChinaAMC Direxion Hang Seng China Enterprises
Index Daily (2x) Leveraged Product
- ChinaAMC Direxion Hang Seng China Enterprises
Index Daily (-1x) Inverse Product

ABN AMRO Clearing Hong Kong Limited
70/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

BNP Paribas Securities Services
21/F, PCCW Tower
Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

China International Capital Corporation Hong Kong
Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central, Hong Kong

Citibank N.A.
Champion Tower
Three Garden Road
Central, Hong Kong

Credit Suisse Securities (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Deutsche Securities Asia Limited
Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road
Central, Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road
Central, Hong Kong

KGI Asia Ltd
8/F, 169 Electric Road
North Point, Hong Kong

Merril Lynch Far East Limited
55/F, Cheung Kong center
2 Queen's Road Central
Central, Hong Kong

Morgan Stanley Hong Kong Securities Limited
46th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

UBS Securities Hong Kong Limited
46-52/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

Yue Kun Research Limited
17th Floor, China Building
29 Queen's Road
Central, Hong Kong

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS

1. ChinaAMC Direxion NASDAQ-100 Daily (2X) Leveraged Product

---a product of ChinaAMC Leveraged/Inverse Series

Introduction

ChinaAMC Direxion NASDAQ-100 Daily (2x) Leveraged Product ("NDL") is a product of ChinaAMC Leveraged/Inverse Series, an umbrella unit trust established under Hong Kong law. Units of NDL are traded on The Stock Exchange of Hong Kong Limited ("SEHK") like stocks. It is a futures-based product which invests directly in the E-Mini NASDAQ 100 futures ("E-mini NASDAQ 100 Futures") which are traded on the Chicago Mercantile Exchange ("CME") so as to give NDL twice the daily performance of the NASDAQ100 Index ("NAS100"). NDL is denominated in United States dollars ("US\$"). Creations and redemptions are in US\$ only.

The investment adviser, Rafferty Asset Management LLC (the "Investment Adviser"), intends to adopt a futures-based replication investment strategy to achieve the investment objective of NDL, through directly investing in the nearest quarter E-mini NASDAQ 100 Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the NAS100. NDL's exposure to E-mini NASDAQ 100 Futures will be 200% of its Net Asset Value ("NAV"), except under extreme circumstances as described below. In entering the nearest quarter E-mini NASDAQ 100 Futures, it is anticipated that no more than 40% of the NAV of NDL from time to time will be used as margin to acquire the E-mini NASDAQ 100 Futures.

Under normal circumstances, at least 60% of the NAV (this percentage may be reduced proportionately under exceptional circumstances, as described above) will be invested in cash (US\$) and other US\$ denominated investment products, such as deposits with banks in Hong Kong and Securities and Futures Commission ("SFC") authorised money market funds in accordance with the requirements of the Code on Unit Trusts and Mutual Funds (the "SFC Code"). NDL will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

At or around the close of the trading on the NASDAQ on each business day, NDL will seek to rebalance its portfolio, by increasing exposure in response to the NAS100's daily gains or reducing exposure in response to the NAS100's daily losses, so that its daily leverage exposure ratio to the NAS100 is consistent with NDL's investment objectives.

Performance of NDL

The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to twice the daily performance of the NAS100. NDL does not seek to achieve its stated investment objective over a period of time greater than one day.

The performance of NDL is in below (total returns in respective currency^{1,2,3}):

	1-Month	3-Month	Since Launch ⁴
The NAS100	7.70%	4.25%	62.25%
NDL (NAV-to-NAV)	14.96%	6.22%	106.31%
NDL (Market-to-Market)	13.76%	6.44%	107.26%

Activities of NDL

According to Bloomberg, the average daily trading volume of NDL was approximately 11,092.82 units from 1 January 2019 to 30 June 2019. As of 30 June 2019, there were 2,300,000 units outstanding.

¹ Source: Bloomberg, as of 30 June 2019.

² Past performance figures are not indicative of the future performance of NDL.

³ NDL seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of NDL may not correspond to two times the return of the underlying index over a one-year period or any period beyond one day.

⁴ Calculated since 28 September 2016.

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

2. ChinaAMC Direxion NASDAQ-100 Daily (-1x) Inverse Product

---a product of ChinaAMC Leveraged/Inverse Series

Introduction

ChinaAMC Direxion NASDAQ-100 Daily (-1x) Inverse Product ("NDI") is a product of ChinaAMC Leveraged/Inverse Series, an umbrella unit trust established under Hong Kong law. Units of NDI are traded on the SEHK like stocks. It is a futures-based product which invests directly in the E-Mini NASDAQ 100 Futures which are traded on the CME so as to give NDI the inverse of the daily performance of the NAS100. NDI is denominated in US\$. Creations and redemptions are in US\$ only.

The Investment Adviser intends to adopt a futures-based replication investment strategy to achieve the investment objective of NDI, through directly investing in the nearest quarter E-mini NASDAQ 100 Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the NAS100. In entering the nearest quarter E-mini NASDAQ 100 Futures, it is anticipated that no more than 20% of the NAV of NDI from time to time will be used as margin to acquire the E-mini NASDAQ 100 Futures. The remaining 80% of the NAV of NDI will be invested in cash (US\$) and other US\$ denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the SFC Code. NDI will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

At or around the close of the trading on the NASDAQ on each business day, NDI will seek to rebalance its portfolio, by decreasing inverse exposure in response to the NAS100's daily gains or increasing inverse exposure in response to the NAS100's daily losses, so that its daily inverse exposure ratio to the NAS100 is consistent with NDI's investment objectives.

Performance of NDI

The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to the inverse of the daily performance of the NAS100. NDI does not seek to achieve its stated investment objective over a period of time greater than one day.

The performance of NDI is in below (total returns in respective currency^{5,6,7}):

	1-Month	3-Month	Since Launch ⁸
The NAS100	7.70%	4.25%	62.25%
NDI (NAV-to-NAV)	-7.21%	-4.11%	-42.81%
NDI (Market-to-Market)	-7.18%	-4.80%	-42.38%

Activities of NDI

According to Bloomberg, the average daily trading volume of NDI was approximately 360,561.67 units from 1 January 2019 to 30 June 2019. As of 30 June 2019, there were 24,400,000 units outstanding.

⁵ Source: Bloomberg, as of 30 June 2019.

⁶ Past performance figures are not indicative of the future performance of NDI.

⁷ NDI seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of NDI may not correspond to the opposite return of the underlying index over a one-year period or any period beyond one day.

⁸ Calculated since 28 September 2016.

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

3. ChinaAMC Direxion Hang Seng Index Daily (2x) Leveraged Product

---a product of ChinaAMC Leveraged/Inverse Series

Introduction

ChinaAMC Direxion Hang Seng Index Daily (2x) Leveraged Product ("HSIL") is a product of ChinaAMC Leveraged/Inverse Series, an umbrella unit trust established under Hong Kong law. Units of HSIL are traded on the SEHK like stocks. It is a futures-based product which invests directly in Hang Seng Index futures contracts ("HSI Futures") which are traded on the Hong Kong Futures Exchange Limited (the "HKFE") so as to give HSIL twice the daily performance of the Hang Seng Index ("HSI"). HSIL is denominated in Hong Kong dollars ("HK\$"). Creations and redemptions are in HK\$ only.

The manager, China Asset Management (Hong Kong) Limited (the "Manager") and the Investment Adviser intend to adopt a futures-based replication investment strategy to achieve the investment objective of HSIL, through directly investing in the spot month HSI Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the HSI. HSIL's exposure to HSI Futures will be 200% of its NAV. In entering the spot month HSI Futures, it is anticipated that no more than 20% of the NAV of HSIL from time to time will be used as margin to acquire the HSI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially. At least 80% of the NAV (this percentage may be reduced proportionately under exceptional circumstances, as described above) will be invested in cash (HK\$ or US\$) such as deposits with banks in Hong Kong, and HK\$ or US\$ denominated investment products, of which up to 50% of the NAV may be invested in SFC authorised money market funds and other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the SFC Code, as amended by the SFC from time to time. HSIL will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

At or around the close of the trading of the underlying futures market on each business day, HSIL will seek to rebalance its portfolio, by increasing exposure in response to the HSI's daily gains or reducing exposure in response to the HSI's daily losses, so that its daily leverage exposure ratio to the HSI is consistent with HSIL's investment objectives.

Performance of HSIL

The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to twice the daily performance of the HSI. HSIL does not seek to achieve its stated investment objective over a period of time greater than one day.

The performance of HSIL is in below (total returns in respective currency^{9,10,11}):

	1-Month	3-Month	Since Launch ^{12,13}
The HSI	6.69%	-0.08%	30.94%
HSIL (NAV-to-NAV)	13.54%	-2.33%	44.51%
HSIL (Market-to-Market)	13.41%	-2.71%	43.75%

Activities of HSIL

According to Bloomberg, the average daily trading volume of HSIL was approximately 10,044.20 units from 1 January 2019 to 30 June 2019. As of 30 June 2019, there were 5,900,000 units outstanding.

⁹ Source: Bloomberg, as of 30 June 2019.

¹⁰ Past performance figures are not indicative of the future performance of HSIL.

¹¹ HSIL seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of HSIL may not correspond to two times the return of the underlying index over a one-year period or any period beyond one day.

¹² Calculated since 14 March 2017.

¹³ With effect from 28 August 2017, investment strategy of HSIL was changed. Performance information for periods prior to 28 August 2017 does not reflect the current investment objective.

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

4. ChinaAMC Direxion Hang Seng Index Daily (-1x) Inverse Product

---a product of ChinaAMC Leveraged/Inverse Series

Introduction

ChinaAMC Direxion Hang Seng Index Daily (-1x) Inverse Product ("HSII") is a product of ChinaAMC Leveraged/Inverse Series, an umbrella unit trust established under Hong Kong law. Units of HSII are traded on the SEHK like stocks. It is a futures-based product which invests directly in HSI Futures which are traded on the HKFE so as to give HSII the inverse of the daily performance of the HSI. HSII is denominated in HK\$. Creations and redemptions are in HK\$ only.

The Manager and the Investment Adviser intend to adopt a futures-based replication investment strategy to achieve the investment objective of HSII, through directly investing in the spot month HSI Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the HSI. In entering the spot month HSI Futures, it is anticipated that no more than 10% of the NAV of HSII from time to time will be used as margin to acquire the HSI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially. At least 90% of the NAV (this percentage may be reduced proportionately under exceptional circumstances, as described above) will be invested in cash (HK\$ or US\$) such as deposits with banks in Hong Kong, and HK\$ or US\$ denominated investment products, of which up to 60% of the NAV may be invested in SFC authorised money market funds and other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the SFC Code, as amended by the SFC from time to time. HSII will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

At or around the close of the trading of the underlying futures market on each business day, HSII will seek to rebalance its portfolio, by decreasing inverse exposure in response to the HSI's daily gains or increasing inverse exposure in response to the HSI's daily losses, so that its daily inverse exposure ratio to the HSI is consistent with HSII's investment objectives.

Performance of HSII

The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to the inverse of the daily performance of the HSI. HSII does not seek to achieve its stated investment objective over a period of time greater than one day.

The performance of HSII is in below (total returns in respective currency^{14,15,16}):

	1-Month	3-Month	Since Launch ^{17,18}
The HSI	6.69%	-0.08%	30.94%
HSII (NAV-to-NAV)	-6.83%	-0.38%	-27.75%
HSII (Market-to-Market)	-6.76%	-0.34%	-27.63%

Activities of HSII

According to Bloomberg, the average daily trading volume of HSII was approximately 126,010.06 units from 1 January 2019 to 30 June 2019. As of 30 June 2019, there were 24,400,000 units outstanding.

¹⁴ Source: Bloomberg, as of 30 June 2019.

¹⁵ Past performance figures are not indicative of the future performance of HSII.

¹⁶ HSII seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of HSII may not correspond to the opposite return of the underlying index over a one-year period or any period beyond one day.

¹⁷ Calculated since 14 March 2017.

¹⁸ With effect from 28 August 2017, investment strategy of HSII was changed. Performance information for periods prior to 28 August 2017 does not reflect the current investment objective.

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

5. ChinaAMC Direxion Hang Seng China Enterprises Index Daily (2x) Leveraged Product

---a product of ChinaAMC Leveraged/Inverse Series

Introduction

ChinaAMC Direxion Hang Seng China Enterprises Index Daily (2x) Leveraged Product ("HSCEIL") is a product of ChinaAMC Leveraged/Inverse Series, an umbrella unit trust established under Hong Kong law. Units of HSCEIL are traded on the SEHK like stocks. It is a futures-based product which invests directly in Hang Seng China Enterprises Index futures contracts ("HSCEI Futures") which are traded on the HKFE so as to give HSCEIL twice the daily performance of the Hang Seng China Enterprises Index ("HSCEI"). HSCEIL is denominated in HK\$. Creations and redemptions are in HK\$ only.

The Manager and the Investment Adviser intend to adopt a futures-based replication investment strategy to achieve the investment objective of HSCEIL, through directly investing in the spot month HSCEI Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the HSCEI. HSCEIL's exposure to HSCEI Futures will be 200% of its NAV. In entering the spot month HSCEI Futures, it is anticipated that no more than 20% of the NAV of HSCEIL from time to time will be used as margin to acquire the HSCEI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially. At least 80% of the NAV (this percentage may be reduced proportionately under exceptional circumstances, as described above) will be invested in cash (HK\$ or US\$) such as deposits with banks in Hong Kong, and HK\$ or US\$ denominated investment products, of which up to 50% of the NAV may be invested in SFC authorised money market funds and other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the SFC Code, as amended by the SFC from time to time. HSCEIL will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

At or around the close of the trading of the underlying futures market on each business day, HSCEIL will seek to rebalance its portfolio, by increasing exposure in response to the HSCEI's daily gains or reducing exposure in response to the HSCEI's daily losses, so that its daily leverage exposure ratio to HSCEI is consistent with HSCEIL's investment objectives.

Performance of HSCEIL

The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to twice the daily performance of the HSCEI. HSCEIL does not seek to achieve its stated investment objective over a period of time greater than one day.

The performance of HSCEIL is in below (total returns in respective currency^{19,20,21}):

	1-Month	3-Month	Since Launch ^{22,23}
The HSCEI	6.22%	-2.07%	16.96%
HSCEIL (NAV-to-NAV)	12.17%	-6.29%	11.73%
HSCEIL (Market-to-Market)	-12.16%	-6.51%	11.88%

Activities of HSCEIL

According to Bloomberg, the average daily trading volume of HSCEIL was approximately 12,780.56 units from 1 January 2019 to 30 June 2019. As of 30 June 2019, there were 6,900,000 units outstanding.

¹⁹ Source: Bloomberg, as of 30 June 2019.

²⁰ Past performance figures are not indicative of the future performance of HSCEIL.

²¹ HSCEIL seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of HSCEIL may not correspond to two times the return of the underlying index over a one-year period or any period beyond one day.

²² Calculated since 14 March 2017.

²³ With effect from 28 August 2017, investment strategy of HSCEIL was changed. Performance information for periods prior to 28 August 2017 does not reflect the current investment objective.

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

6. ChinaAMC Direxion Hang Seng China Enterprises Index Daily (-1x) Inverse Product

---a product of ChinaAMC Leveraged/Inverse Series

Introduction

ChinaAMC Direxion Hang Seng China Enterprises Index Daily (-1x) Inverse Product ("HSCEII") is a product of ChinaAMC Leveraged/Inverse Series, an umbrella unit trust established under Hong Kong law. Units of HSCEII are traded on the SEHK like stocks. It is a futures-based product which invests directly in HSCEI Futures which are traded on the HKFE so as to give HSCEII the inverse of the daily performance of the HSCEI. HSCEII is denominated in HK\$. Creations and redemptions are in HK\$ only.

The Manager and the Investment Adviser intend to adopt a futures-based replication investment strategy to achieve the investment objective of HSCEII, through directly investing in the spot month HSCEI Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the HSCEII. In entering the spot month HSCEI Futures, it is anticipated that no more than 10% of the NAV of HSCEII from time to time will be used as margin to acquire the HSCEI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially. At least 90% of the NAV (this percentage may be reduced proportionately under exceptional circumstances, as described above) will be invested in cash (HK\$ or US\$) such as deposits with banks in Hong Kong, and HK\$ or US\$ denominated investment products, of which up to 60% of the NAV may be invested in SFC authorised money market funds and other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the SFC Code, as amended by the SFC from time to time. HSCEII will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the-counter transactions.

At or around the close of the trading of the underlying futures market on each business day, HSCEII will seek to rebalance its portfolio, by decreasing inverse exposure in response to the HSCEI's daily gains or increasing inverse exposure in response to the HSCEI's daily losses, so that its daily inverse exposure ratio to the HSCEI is consistent with HSCEII's investment objectives.

Performance of HSCEII

The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to the inverse of the daily performance of the HSCEI. HSCEII does not seek to achieve its stated investment objective over a period of time greater than one day.

The performance of HSCEII is in below (total returns in respective currency^{24,25,26}):

	1-Month	3-Month	Since Launch ^{27,28}
The HSCEI	6.22%	-2.07%	16.96%
HSCEII (NAV-to-NAV)	-6.27%	1.47%	-20.70%
HSCEII (Market-to-Market)	-5.95%	1.94%	-20.70%

²⁴ Source: Bloomberg, as of 30 June 2019.

²⁵ Past performance figures are not indicative of the future performance of HSCEII.

²⁶ HSCEII seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of HSCEII may not correspond to the opposite return of the underlying index over a one-year period or any period beyond one day.

²⁷ Calculated since 14 March 2017.

²⁸ With effect from 28 August 2017, investment strategy of HSCEII was changed. Performance information for periods prior to 28 August 2017 does not reflect the current investment objective.

CHINAAMC LEVERAGED/INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

6. ChinaAMC Direxion Hang Seng China Enterprises Index Daily (-1x) Inverse Product (continued)

---a product of ChinaAMC Leveraged/Inverse Series

Activities of HSCEII

According to Bloomberg, the average daily trading volume of HSCEII was approximately 38,067.78 units from 1 January 2019 to 30 June 2019. As of 30 June 2019, there were 10,700,000 units outstanding.

China Asset Management (Hong Kong) Limited
21 August 2019

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	<u>NDL</u>		<u>NDI</u>		<u>HSIL</u>	
	30 June 2019 (Unaudited) US\$	31 December 2018 (Audited) US\$	30 June 2019 (Unaudited) US\$	31 December 2018 (Audited) US\$	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
ASSETS						
Financial assets at fair value through profit or loss	2,438,335	-	10,111,503	311,163	14,668,272	12,998,242
Cash and cash equivalents	5,164,396	4,773,243	26,970,036	25,229,562	42,624,414	34,306,686
Amounts due from brokers	1,880,560	2,217,771	3,205,873	1,877,577	10,823,039	8,931,299
TOTAL ASSETS	9,483,291	6,991,014	40,287,412	27,418,302	68,115,725	56,236,227
LIABILITIES						
Financial liabilities at fair value through profit or loss	-	299,005	660,796	-	-	-
Auditor's remuneration payable	4,903	10,000	4,903	10,000	39,233	79,830
Management fee payable	6,926	6,038	30,839	23,694	48,363	47,807
Trustee fee payable	2,762	3,032	3,738	3,059	10,586	23,654
Other payables and accruals	26,395	56,661	42,033	55,608	269,476	620,101
TOTAL LIABILITIES	40,986	374,736	742,309	92,361	367,658	771,392
EQUITY						
Net assets attributable to unitholders	9,442,305	6,616,278	39,545,103	27,325,941	67,748,067	55,464,835
TOTAL LIABILITIES AND EQUITY	9,483,291	6,991,014	40,287,412	27,418,302	68,115,725	56,236,227
Number of units in issue	2,300,000	2,300,000	34,700,000	19,600,000	5,900,000	5,900,000
Net asset value per unit	4.1054	2.8766	1.1396	1.3942	11.4827	9.4008

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENTS OF FINANCIAL POSITION (continued)

As at 30 June 2019

	<u>HSII</u>		<u>HSCEIL</u>		<u>HSCEII</u>	
	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
ASSETS						
Financial assets at fair value through profit or loss	39,044,564	41,099,563	16,755,161	15,692,268	18,294,476	20,935,666
Cash and cash equivalents	91,361,181	96,246,324	35,310,238	29,267,703	44,150,547	49,283,765
Amounts due from brokers	12,156,748	13,942,400	10,232,823	8,847,398	5,918,075	6,134,289
Prepayments and other receivables	-	-	-	-	200	200
TOTAL ASSETS	142,562,493	151,288,287	62,298,222	53,807,369	68,363,298	76,353,920
LIABILITIES						
Financial liabilities at fair value through profit or loss	1,205,004	1,577,197	-	-	703,372	451,027
Auditor's remuneration payable	39,233	79,830	39,233	79,830	39,233	79,830
Management fee payable	111,369	127,913	44,402	47,180	53,196	65,616
Trustee fee payable	13,499	23,654	10,586	23,654	10,586	23,654
Other payables and accruals	270,051	579,630	270,397	525,417	270,282	569,377
TOTAL LIABILITIES	1,639,156	2,388,224	364,618	676,081	1,076,669	1,189,504
EQUITY						
Net assets attributable to unitholders	140,923,337	148,900,063	61,933,604	53,131,288	67,286,629	75,164,416
TOTAL LIABILITIES AND EQUITY	142,562,493	151,288,287	62,298,222	53,807,369	68,363,298	76,353,920
Number of units in issue	24,400,000	22,700,000	6,900,000	6,900,000	10,700,000	10,700,000
Net asset value per unit	5.7756	6.5595	8.9759	7.7002	6.2885	7.0247

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENTS OF COMPREHENSIVE INCOME

For the period from 1 January 2019 to 30 June 2019

	<u>NDL</u>		<u>NDI</u>		<u>HSIL</u>	
	For the period from 1 January 2019 to 30 June 2019 (Unaudited) US\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) US\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) US\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) US\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
INCOME						
Interest income	21,853	17,014	125,998	10,228	44,051	64,319
Other income	-	15,042	-	15,043	-	116,747
	<u>21,853</u>	<u>32,056</u>	<u>125,998</u>	<u>25,271</u>	<u>44,051</u>	<u>181,066</u>
EXPENSES						
Management fee	(42,137)	(51,198)	(193,305)	(29,603)	(321,802)	(1,006,595)
Trustee fee	(17,655)	(12,035)	(23,455)	(11,135)	(95,393)	(137,203)
Accounting and professional fees	(4,412)	(4,620)	(4,412)	(4,620)	(33,839)	(35,433)
Auditor's remuneration	(4,903)	(5,000)	(4,903)	(5,000)	(39,388)	(40,000)
Legal fees	-	-	-	-	-	(26,598)
Safe custody and bank charges	(245)	-	(1,073)	-	(1,892)	(7,254)
Brokerage and other transaction fees	(3,216)	(4,429)	(8,359)	(2,928)	(61,571)	(180,498)
Formation costs	-	-	-	-	-	-
Other operating expenses	(25,547)	(28,833)	(43,086)	(30,330)	(209,432)	(210,711)
	<u>(98,115)</u>	<u>(106,115)</u>	<u>(278,593)</u>	<u>(83,616)</u>	<u>(763,317)</u>	<u>(1,644,292)</u>
LOSSES BEFORE INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES	(76,262)	(74,059)	(152,595)	(58,345)	(719,266)	(1,463,226)
INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES						
Net realised gains/(losses) on financial assets/liabilities at fair value through profit or loss	2,264,783	2,175,761	(6,721,445)	(1,374,769)	13,291,515	(997,522)
Net change in unrealised gains/(losses) on financial assets/liabilities at fair value through profit or loss	637,341	(499,783)	(860,456)	110,813	(283,173)	(4,630,098)
Foreign exchange gains/(losses)	165	278	(8,965,112)	44	(5,844)	99,504
	<u>2,902,289</u>	<u>1,676,256</u>	<u>(16,547,013)</u>	<u>(1,263,912)</u>	<u>13,002,498</u>	<u>(5,528,116)</u>
TOTAL COMPREHENSIVE INCOME	<u>2,826,027</u>	<u>1,602,197</u>	<u>(16,699,608)</u>	<u>(1,322,257)</u>	<u>12,283,232</u>	<u>(6,991,342)</u>

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENTS OF COMPREHENSIVE INCOME (continued)

For the period from 1 January 2019 to 30 June 2019

	HSII		HSCEIL		HSCEII	
	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
INCOME						
Interest income	77,946	20,545	24,574	37,029	55,827	28,741
Other income	-	116,746	-	116,747	-	116,747
	<u>77,946</u>	<u>137,291</u>	<u>24,574</u>	<u>153,776</u>	<u>55,827</u>	<u>145,488</u>
EXPENSES						
Management fee	(684,915)	(810,484)	(306,016)	(716,158)	(333,007)	(693,373)
Trustee fee	(104,920)	(121,125)	(95,394)	(120,451)	(95,394)	(116,231)
Accounting and professional fees	(33,839)	(35,433)	(33,839)	(35,432)	(33,839)	(35,432)
Auditor's remuneration	(39,388)	(40,000)	(39,388)	(40,000)	(39,388)	(40,000)
Legal fees	-	(29,538)	-	(26,217)	-	(26,057)
Safe custody and bank charges	(5,171)	(5,636)	(2,269)	(5,001)	(2,574)	(4,789)
Brokerage and other transaction fees	(72,642)	(84,926)	(145,461)	(308,577)	(89,574)	(171,738)
Other operating expenses	(253,209)	(195,094)	(290,983)	(187,242)	(250,015)	(185,171)
	<u>(1,194,084)</u>	<u>(1,322,236)</u>	<u>(913,350)</u>	<u>(1,439,078)</u>	<u>(843,791)</u>	<u>(1,272,791)</u>
LOSSES BEFORE INVESTMENT (LOSSES)/GAINS AND EXCHANGE DIFFERENCES	(1,116,138)	(1,184,945)	(888,776)	(1,285,302)	(787,964)	(1,127,303)
INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES						
Net realised gains/(losses) on financial assets/liabilities at fair value through profit or loss	(17,274,396)	(1,155,831)	9,250,692	(6,523,418)	(6,936,991)	1,016,385
Net change in unrealised gains/(losses) on financial assets/liabilities at fair value through profit or loss	667,861	1,729,936	442,071	(3,313,127)	(151,341)	1,988,878
Foreign exchange gains/(losses)	(57,873)	25,670	(1,671)	56,669	(1,491)	41,898
	<u>(16,664,408)</u>	<u>599,775</u>	<u>9,691,092</u>	<u>(9,779,876)</u>	<u>(7,089,823)</u>	<u>3,047,161</u>
TOTAL COMPREHENSIVE INCOME	<u>(17,780,546)</u>	<u>(585,170)</u>	<u>8,802,316</u>	<u>(11,065,178)</u>	<u>(7,877,787)</u>	<u>1,919,858</u>

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 1 January 2019 to 30 June 2019

	<u>NDL</u>		<u>NDI</u>		<u>HSIL</u>	
	For the period from 1 January 2019 to 30 June 2019 (Unaudited) US\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) US\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) US\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) US\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
Net assets attributable to unitholders at the beginning of the period	6,616,278	9,781,973	27,325,941	5,012,441	55,464,835	247,176,303
Issue of units	-	401,500	38,174,190	19,543,580	-	-
Redemption of units	-	(769,860)	(9,255,420)	(18,406,040)	-	(102,456,860)
Total comprehensive income	<u>2,826,027</u>	<u>1,602,197</u>	<u>(16,699,608)</u>	<u>(1,322,257)</u>	<u>12,283,232</u>	<u>(6,991,342)</u>
Net assets attributable to unitholders at the end of the period	<u>9,442,305</u>	<u>11,015,810</u>	<u>39,545,103</u>	<u>4,827,724</u>	<u>67,748,067</u>	<u>137,728,101</u>

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

For the period from 1 January 2019 to 30 June 2019

	<u>HSII</u>		<u>HSCEIL</u>		<u>HSCEII</u>	
	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
Net assets attributable to unitholders at the beginning of the period	148,900,063	168,952,843	53,131,288	160,869,497	75,164,416	149,956,793
Issue of units	9,803,820	14,573,750	-	5,818,950	-	5,171,580
Redemption of units	-	(23,167,200)	-	(59,438,470)	-	(21,126,920)
Total comprehensive income	(17,780,546)	(585,170)	8,802,316	(11,065,178)	(7,877,787)	1,919,858
Net assets attributable to unitholders at the end of the period	<u>140,923,337</u>	<u>159,774,223</u>	<u>61,933,604</u>	<u>96,184,799</u>	<u>67,286,629</u>	<u>135,921,311</u>

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENT OF CASH FLOWS

For the period from 1 January 2019 to 30 June 2019

NDL

	For the period from 1 January 2019 to 30 June 2019 (Unaudited) US\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	2,826,027	1,602,197
Adjustment for:		
Interest income	(21,853)	(17,014)
Operating gain before changes in working capital	<u>2,804,174</u>	<u>1,585,183</u>
(Increase)/decrease in financial assets at fair value through profit or loss	(2,438,335)	147,329
Decrease in prepayments and other receivables	-	4,139
Decrease/(increase) in amount due from brokers	337,211	(522,919)
(Decrease)/increase in financial liabilities at fair value through profit or loss	(299,005)	352,455
(Decrease)/increase in auditor's remuneration payable	(5,097)	4,958
Increase/(decrease) in management fee payable	888	(32)
(Decrease)/increase in trustee fee payable	(270)	1,879
Decrease in other payables and accruals	(30,266)	(17,218)
Net cash flows generated from operations	<u>369,300</u>	<u>1,555,774</u>
Interest received	<u>21,853</u>	<u>17,014</u>
Net cash generated from operating activities	<u>391,153</u>	<u>1,572,788</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	-	401,500
Payments on redemption of units	-	(769,860)
Net cash flows used in financing activities	<u>-</u>	<u>(368,360)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	391,153	1,204,428
Cash and cash equivalents at the beginning of the period	<u>4,773,243</u>	<u>8,244,966</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>5,164,396</u>	<u>9,449,394</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	<u>5,164,396</u>	<u>9,449,394</u>

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENT OF CASH FLOWS (continued)

For the period from 1 January 2019 to 30 June 2019

NDI

	For the period from 1 January 2019 to 30 June 2019 (Unaudited) US\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	(16,699,608)	(1,322,257)
Adjustment for:		
Interest income	(125,998)	(10,228)
Operating loss before changes in working capital	<u>(16,825,606)</u>	<u>(1,332,485)</u>
Increase in financial assets at fair value through profit or loss	(9,800,340)	(74,636)
Increase in prepayments and other receivables	-	(41)
Increase in amount due from brokers	(1,328,296)	(123,421)
Increase/(decrease) in financial liabilities at fair value through profit or loss	660,796	(36,177)
(Decrease)/increase in auditor's remuneration payable	(5,097)	4,958
Increase/(decrease) in management fee payable	7,145	(468)
Increase in trustee fee payable	679	2,477
Decrease in other payables and accruals	(13,575)	(10,686)
Net cash flows used in operations	<u>(27,304,294)</u>	<u>(1,570,479)</u>
Interest received	125,998	10,228
Net cash flows used in operating activities	<u>(27,178,296)</u>	<u>(1,560,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	38,174,190	19,543,580
Payments on redemption of units	(9,255,420)	(18,406,040)
Net cash flows generated from financing activities	<u>28,918,770</u>	<u>1,137,540</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	1,740,474	(422,711)
Cash and cash equivalents at the beginning of the period	<u>25,229,562</u>	<u>4,419,701</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>26,970,036</u>	<u>3,996,990</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	<u>26,970,036</u>	<u>3,996,990</u>

CHINAAMC LEVERAGED/INVERSE SERIES**STATEMENT OF CASH FLOWS (continued)**

For the period from 1 January 2019 to 30 June 2019

HSIL

	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	12,283,232	(6,991,342)
Adjustment for:		
Interest income	(44,051)	(64,319)
Operating gain/(loss) before changes in working capital	12,239,181	(7,055,661)
(Increase)/decrease in financial assets at fair value through profit or loss	(1,670,030)	32,367,549
Decrease in prepayments and other receivables	-	11,425
Increase in amount due from brokers	(1,891,740)	(6,167,857)
(Decrease)/increase in auditor's remuneration payable	(40,597)	39,158
Increase/(decrease) in management fee payable	556	(70,621)
Decrease in trustee fee payable	(13,068)	(2,274)
(Decrease)/increase in other payables and accruals	(350,625)	8,721
Net cash flows generated from operations	8,273,677	19,130,440
Interest received	44,051	64,319
Net cash flows generated from operating activities	8,317,728	19,194,759
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on redemption of units	-	(102,456,860)
Net cash flows used in financing activities	-	(102,456,860)
NET CHANGES IN CASH AND CASH EQUIVALENTS	8,317,728	(83,262,101)
Cash and cash equivalents at the beginning of the period	34,306,686	142,056,608
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	42,624,414	58,794,507
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	42,624,414	58,794,507

CHINAAMC LEVERAGED/INVERSE SERIES**STATEMENT OF CASH FLOWS (continued)**

For the period from 1 January 2019 to 30 June 2019

HSII

	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	(17,780,546)	(585,170)
Adjustment for:		
Interest income	(77,946)	(20,545)
Operating loss before changes in working capital	(17,858,492)	(605,715)
Decrease in financial assets at fair value through profit or loss	2,054,999	4,568,826
Decrease in prepayments and other receivables	-	11,425
Decrease in amount due from brokers	1,785,652	89,085
Decrease in financial liabilities at fair value through profit or loss	(372,193)	(1,219,374)
Increase in amounts due to broker	-	17,615
(Decrease)/increase in auditor's remuneration payable	(40,597)	39,158
Decrease in management fee payable	(16,544)	(30,381)
(Decrease)/increase in trustee fee payable	(10,155)	4,432
Decrease in other payables and accruals	(309,579)	(5,957)
Net cash flows (used in)/generated from operations	(14,766,909)	2,869,114
Interest received	77,946	20,545
Net cash flows (used in)/generated from operating activities	(14,688,963)	2,889,659
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	9,803,820	14,573,750
Payments on redemption of units	-	(23,167,200)
Net cash flows generated from/(used in) financing activities	9,803,820	(8,593,450)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(4,885,143)	(5,703,791)
Cash and cash equivalents at the beginning of the period	96,246,324	109,051,838
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	91,361,181	103,348,047
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	91,361,181	103,348,047

CHINAAMC LEVERAGED/INVERSE SERIES**STATEMENT OF CASH FLOWS (continued)**

For the period from 1 January 2019 to 30 June 2019

HSCCIL

	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	8,802,316	(11,065,178)
Adjustment for:		
Interest income	(24,574)	(37,029)
Operating gain/(loss) before changes in working capital	<u>8,777,742</u>	<u>(11,102,207)</u>
(Increase)/decrease in financial assets at fair value through profit or loss	(1,062,893)	22,321,433
Decrease in prepayments and other receivables	-	11,425
(Increase)/decrease in amount due from brokers	(1,385,425)	3,381,924
Increase in financial liabilities at fair value through profit or loss	-	919,016
(Decrease)/increase in auditor's remuneration payable	(40,597)	39,158
Decrease in management fee payable	(2,778)	(40,664)
(Decrease)/increase in trustee fee payable	(13,068)	6,538
Decrease in other payables and accruals	(255,020)	(14,978)
Net cash flows generated from operations	<u>6,017,961</u>	<u>15,521,645</u>
Interest received	24,574	37,029
Net cash flows generated from operating activities	<u>6,042,535</u>	<u>15,558,674</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	-	5,818,950
Payments on redemption of units	-	(59,438,470)
Net cash flows used in financing activities	<u>-</u>	<u>(53,619,520)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>6,042,535</u>	<u>(38,060,846)</u>
Cash and cash equivalents at the beginning of the period	<u>29,267,703</u>	<u>83,218,271</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>35,310,238</u>	<u>45,157,425</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	<u>35,310,238</u>	<u>45,157,425</u>

CHINAAMC LEVERAGED/INVERSE SERIES**STATEMENT OF CASH FLOWS (continued)**

For the period from 1 January 2019 to 30 June 2019

HSCEII

	For the period from 1 January 2019 to 30 June 2019 (Unaudited) HK\$	For the period from 1 January 2018 to 30 June 2018 (Unaudited) HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	(7,877,787)	1,919,858
Adjustment for:		
Interest income	(55,827)	(28,741)
Operating (loss)/gain before changes in working capital	(7,933,614)	1,891,117
Decrease in financial assets at fair value through profit or loss	2,641,190	7,064,872
Decrease in prepayments and other receivables	-	11,425
Decrease in amount due from broker	216,214	726,142
Increase/(decrease) in financial liabilities at fair value through profit or loss	252,345	(1,239,161)
Decrease in amount due to broker	-	(4,292)
(Decrease)/increase in auditor's remuneration payable	(40,597)	39,159
Decrease in management fee payable	(12,420)	(42,829)
(Decrease)/increase in trustee fee payable	(13,068)	5,446
Decrease in other payables and accruals	(299,095)	(19,553)
Net cash flows (used in)/generated from operations	(5,189,045)	8,432,326
Interest received	55,827	28,741
Net cash flows (used in)/generated from operating activities	(5,133,218)	8,461,067
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of units	-	5,171,580
Payments on redemption of units	-	(21,126,920)
Net cash flows used in financing activities	-	(15,955,340)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(5,133,218)	(7,494,273)
Cash and cash equivalents at the beginning of the period	49,283,765	96,592,697
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	44,150,547	89,098,424
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	44,150,547	89,098,424

CHINAAMC LEVERAGED/INVERSE SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2019

NDL

		<u>Holdings</u>	<u>Fair value</u> US\$	<u>% of NAV</u>
Money market instrument				
UBS IRL SELECT MONEY MARKET FUND		20,504	2,123,478	22.49
Total money market instrument			<u>2,123,478</u>	<u>22.49</u>
	<u>Expiration date</u>	<u>Contracts</u>	<u>Fair value</u>	<u>% of NAV</u>
Futures contracts				
NASDAQ 100 E-MINI SEP 20/09/2019	20 September 2019	123	314,857	3.33
Total future contracts			<u>314,857</u>	<u>3.33</u>
Total derivative financial instruments, at fair value			314,857	3.33
(Total investments, at cost: US\$2,100,000)				
Other net assets			<u>7,003,970</u>	<u>74.18</u>
Net asset attributable to unitholders			<u>9,442,305</u>	<u>100.00</u>

NDI

		<u>Holdings</u>	<u>Fair value</u> US\$	<u>% of NAV</u>
Money market instrument				
UBS IRL SELECT MONEY MARKET FUND		97,637	10,111,503	25.57
Total money market instrument			<u>10,111,503</u>	<u>25.57</u>
	<u>Expiration date</u>	<u>Contracts</u>	<u>Fair value</u>	<u>% of NAV</u>
Futures contracts				
NASDAQ 100 E-MINI SEP 20/09/2019	20 September 2019	(257)	(660,796)	(1.67)
Total future contracts			<u>(660,796)</u>	<u>(1.67)</u>
Total derivative financial instruments, at fair value			(660,796)	(1.67)
(Total investments, at cost: US\$10,000,000)				
Other net assets			<u>30,094,396</u>	<u>76.10</u>
Net asset attributable to unitholders			<u>39,545,103</u>	<u>100.00</u>

CHINAAMC LEVERAGED/INVERSE SERIES

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

As at 30 June 2019

HSIL

		<u>Holdings</u>	<u>Fair value</u> HK\$	<u>% of NAV</u>
Money market instrument				
UBS IRL SELECT MONEY MARKET FUND		16,567	13,396,160	19.77
Total money market instrument			<u>13,396,160</u>	<u>19.77</u>
	<u>Expiration date</u>	<u>Contracts</u>	<u>Fair value</u>	<u>% of NAV</u>
Futures contracts				
HANG SENG IDX FUT JUL 30/07/2019	30 July 2019	95	1,272,112	1.88
Total future contracts			<u>1,272,112</u>	<u>1.88</u>
Total derivative financial instruments, at fair value			1,272,112	1.88
(Total investments, at cost HK\$13,075,512)				
Other net assets			<u>53,079,795</u>	<u>78.35</u>
Net asset attributable to unitholders			<u>67,748,067</u>	<u>100.00</u>

HSII

		<u>Holding</u>	<u>Fair value</u> HK\$	<u>% of NAV</u>
Money market instrument				
UBS IRL SELECT MONEY MARKET FUND		48,287	39,044,564	27.71
Total money market instrument			<u>39,044,564</u>	<u>27.71</u>
	<u>Expiration date</u>	<u>Contracts</u>	<u>Fair value</u>	<u>% of NAV</u>
Futures contracts				
HANG SENG IDX FUT JUL 30/07/2019	30 July 2019	(98)	(1,205,004)	(0.86)
Total future contracts			<u>(1,205,004)</u>	<u>(0.86)</u>
Total derivative financial instruments, at fair value			(1,205,004)	(0.86)
(Total investments, at cost: HK\$37,835,889)				
Other net assets			<u>103,083,777</u>	<u>73.15</u>
Net asset attributable to unitholders			<u>140,923,337</u>	<u>100.00</u>

CHINAAMC LEVERAGED/INVERSE SERIES

INVESTMENT PORTFOLIO (UNAUDITED) (continued)

As at 30 June 2019

HSCEIL

		<u>Holding</u>	<u>Fair value</u> HK\$	<u>% of NAV</u>
Money market instrument				
UBS IRL SELECT MONEY MARKET FUND		19,250	15,565,596	25.13
Total money market instrument			<u>15,565,596</u>	<u>25.13</u>
	<u>Expiration date</u>	<u>Contracts</u>	<u>Fair value</u>	<u>% of NAV</u>
Futures contracts				
HSCEI FUT JUL 30/07/2019	30 July 2019	229	1,189,565	1.92
Total future contracts			<u>1,189,565</u>	<u>1.92</u>
Total derivative financial instruments, at fair value			1,189,565	1.92
(Total investments, at cost: HK\$15,153,100)				
Other net assets			<u>45,178,443</u>	<u>72.95</u>
Net asset attributable to unitholders			<u>61,933,604</u>	<u>100.00</u>

HSCEII

		<u>Holding</u>	<u>Fair value</u> HK\$	<u>% of NAV</u>
Money market instrument				
UBS IRL SELECT MONEY MARKET FUND		22,625	18,294,476	27.19
Total money market instrument			<u>18,294,476</u>	<u>27.19</u>
	<u>Expiration date</u>	<u>Contracts</u>	<u>Fair value</u>	<u>% of NAV</u>
Futures contracts				
HSCEI FUT JUL 30/07/2019	30 July 2019	(124)	(703,372)	(1.05)
Total future contracts			<u>(703,372)</u>	<u>(1.05)</u>
Total derivative financial instruments, at fair value			(703,372)	(1.05)
(Total investments, at cost: HK\$17,726,537)				
Other net assets			<u>49,695,525</u>	<u>73.86</u>
Net asset attributable to unitholders			<u>67,286,629</u>	<u>100.00</u>

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 1 January 2019 to 30 June 2019

NDL

Investments	Holdings as at 1 January 2019	Additions	Disposals	Holdings as at 30 June 2019
Money Market Instrument				
UBS IRL SELECT MONEY MARKET FUND	-	20,504	-	20,504
Futures contracts				
NASDAQ 100 E-MINI MAR 15/03/2019	104	25	(129)	-
NASDAQ 100 E-MINI JUN 21/06/2019	-	148	(148)	-
NASDAQ 100 E-MINI SEP 20/09/2019	-	125	(2)	123

NDI

Investments	Holdings as at 1 January 2019	Additions	Disposals	Holdings as at 30 June 2019
Money Market Instrument				
UBS IRL SELECT MONEY MARKET FUND	-	97,637	-	97,637
Futures contracts				
NASDAQ 100 E-MINI MAR 15/03/2019	(218)	418	(200)	-
NASDAQ 100 E-MINI JUN 21/06/2019	-	436	(436)	-
NASDAQ 100 E-MINI SEP 20/09/2019	-	19	(276)	(257)

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (continued)

For the period from 1 January 2019 to 30 June 2019

HSIL

Investments	Holdings as at 1 January 2019	Additions	Disposals	Holdings as at 30 June 2019
Money Market Instrument				
UBS IRL SELECT MONEY MARKET FUND	14,186	4,381	(2,000)	16,567
Futures contracts				
HANG SENG IDX FUT MAR 28/03/2019	-	100	(100)	-
HANG SENG IDX FUT APR 29/04/2019	-	100	(100)	-
HANG SENG IDX FUT MAY1 30/05/2019	-	101	(101)	-
HANG SENG IDX FUT JUN 27/06/2019	-	99	(99)	-
HANG SENG IDX FUT JUL 30/07/2019	-	95	-	95
HANG SENG IDX FUT JAN1 30/01/2019	85	12	(97)	-
HANG SENG IDX FUT FEB 27/02/2019	-	99	(99)	-

HSII

Investments	Holdings as at 1 January 2019	Additions	Disposals	Holdings as at 30 June 2019
Money Market Instrument				
UBS IRL SELECT MONEY MARKET FUND	51,287	-	(3,000)	48,287
Futures contracts				
HANG SENG IDX FUT JAN 30/01/2019	(118)	132	(14)	-
HANG SENG IDX FUT FEB 27/02/2019	-	106	(106)	-
HANG SENG IDX FUT MAR 28/03/2019	-	110	(110)	-
HANG SENG IDX FUT APR 29/04/2019	-	106	(106)	-
HANG SENG IDX FUT MAY 30/05/2019	-	121	(121)	-
HANG SENG IDX FUT JUN 27/06/2019	-	119	(119)	-
HANG SENG IDX FUT JUL 30/07/2019	-	3	(101)	(98)

CHINAAMC LEVERAGED/INVERSE SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (continued)

For the period from 1 January 2019 to 30 June 2019

HSCEIL

Investments	Holdings as at 1 January 2019	Additions	Disposals	Holdings as at 30 June 2019
Money Market Instrument				
UBS IRL SELECT MONEY MARKET FUND	18,551	3,699	(3,000)	19,250
Futures contracts				
H-SHARES INDEX FUT 27/02/2019	-	247	(247)	-
HSCEI FUT JAN 30/01/2019	209	28	(237)	-
HSCEI FUT MAR FUT 28/03/2019	-	255	(255)	-
HSCEI FUT APR 29/04/2019	-	250	(250)	-
HSCEI FUT MAY 30/05/2019	-	244	(244)	-
HSCEI FUT JUN 27/06/2019	-	237	(237)	-
HSCEI FUT JUL 30/07/2019	-	231	(2)	229

HSCEII

Investments	Holdings as at 1 January 2019	Additions	Disposals	Holdings as at 30 June 2019
Money Market Instrument				
UBS IRL SELECT MONEY MARKET FUND	26,125	-	(3,500)	22,625
Futures contracts				
H-SHARES INDEX FUT 27/02/2019	-	138	(138)	-
HSCEI FUT MAR FUT 28/03/2019	-	139	(139)	-
HSCEI FUT JAN 30/01/2019	(151)	168	(17)	-
HSCEI FUT APR 29/04/2019	-	127	(127)	-
HSCEI FUT MAY 30/05/2019	-	147	(147)	-
HSCEI FUT JUN 27/06/2019	-	149	(149)	-
HSCEI FUT JUL 30/07/2019	-	4	(128)	(124)

CHINAAMC LEVERAGED/INVERSE SERIES

PERFORMANCE RECORD (UNAUDITED)

For the period from 1 January 2019 to 30 June 2019

NET ASSET VALUE (calculated in accordance with the Prospectus)

		30 June 2019 (Unaudited)		31 December 2018 (Audited)		31 December 2017 (Audited)	
		Net asset value	Net asset value per unit	Net asset value	Net asset value per unit	Net asset value	Net asset value per unit
NDL	US\$	9,516,493	4.1376	6,706,641	2.9159	9,905,317	3.3018
NDI	US\$	39,619,291	1.1418	27,416,304	1.3988	5,135,785	1.4674
HSIL	HK\$	68,031,054	11.5307	55,799,143	9.4575	247,615,260	12.8966
HSII	HK\$	141,206,324	5.7871	149,234,371	6.5742	169,391,800	6.0932
HSCEIL	HK\$	62,216,591	9.0169	53,465,596	7.7486	161,308,454	10.6827
HSCEII	HK\$	67,569,616	6.3149	75,498,724	7.0560	150,395,750	6.5963

HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT*

		30 June 2019 (Unaudited)		31 December 2018 (Audited)		31 December 2017 (Audited)	
		Highest issue price per unit	Lowest redemption price per unit	Highest issue price per unit	Lowest redemption price per unit	Highest issue price per unit	Lowest redemption price per unit
NDL	US\$	4.3889	2.7570	4.4870	2.5395	3.4340	1.9860
NDI	US\$	1.4357	1.1199	1.5106	1.1871	1.9815	1.4407
HSIL	HK\$	12.7242	8.8182	15.7585	8.7090	13.1018	7.9711
HSII	HK\$	6.7977	5.5905	6.9712	5.4940	8.0125	6.0728
HSCEIL	HK\$	10.4594	7.2984	14.6426	7.6066	11.2303	7.4430
HSCEII	HK\$	7.2629	5.9572	7.1872	5.5933	8.2265	6.4798

COMPARISON OF THE PRODUCTS PERFORMANCE AND THE ACTUAL INDEX PERFORMANCE*

	30 June 2019 (Unaudited)		31 December 2018 (Audited)		31 December 2017 (Audited)	
	Index performance (%)	Product performance (%)	Index performance (%)	Product performance (%)	Index performance (%)	Product performance (%)
NDL **	21.85	40.83	0.04	-12.26	33.11	67.74
NDI ***	21.85	-18.76	0.04	-3.35	33.11	-26.61
HSIL **	12.75	21.69	-10.55	-26.86	29.83	61.50
HSII ***	12.75	-11.60	-10.55	-7.73	29.83	-24.00
HSCEIL **	10.07	16.34	-10.00	-27.25	18.06	32.18
HSCEII ***	10.07	-10.23	-10.00	6.67	18.06	-17.19

* Past performance figures shown are not indicative of the future performance of the products.

** These leveraged products seek to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of the leveraged products may not correspond to two times the return of the underlying index over a one-year period or any period beyond one day.

*** These inverse products seek to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of the inverse products may not correspond to the opposite return of the underlying index over a one-year period or any period beyond one day.

CHINAAMC LEVERAGED/INVERSE SERIES

DISTRIBUTION DISCLOSURE (UNAUDITED)

For the period from 1 January 2019 to 30 June 2019

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial period or determine that no distribution shall be made in any financial period. The amount to be distributed to unitholders, if any, may pay out of gross income while all or part of the fees and expenses of a product are charged to/paid out of the capital of such product under the ChinaAMC Leveraged/Inverse Series (collectively known as the “Products”).

The Manager did not intend to pay or make any distributions or dividends during the period ended 30 June 2019 (2018: Nil).

CHINAAMC LEVERAGED/INVERSE SERIES

INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

According to Chapter 8.6(h) of the SFC Code, the value of a product's holding in securities issued by any single issuer may not exceed 10% of its total NAV. Relief to this limitation was given in Appendix I of the SFC Code as the strategy to hold securities from single issuer for more than 10% of NAV is clearly disclosed in the prospectus of the Products.

The prospectus stated that up to 50% of the NAV for HSIL and HSCEIL or 60% of the NAV for HSII and HSCEII may be invested in SFC authorised money market funds and other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the SFC Code.

There was a money market fund that individually accounted for more than 10% of the NAV of the each Products as at 30 June 2019 and 31 December 2018 as follows:

	Respective weighting in the Product's NAV 30 June 2019	Respective weighting in the Product's NAV 31 December 2018
<i>UBS (IRL) Select Money Market Fund</i>		
<u>NDL</u>	22.49%	-
<u>NDI</u>	25.57%	-
<u>HSIL</u>	19.77%	20.50%
<u>HSII</u>	27.71%	27.60%
<u>HSCEIL</u>	25.13%	27.98%
<u>HSCEII</u>	27.19%	27.85%

As per Chapter 8.4A(e) of the SFC Code, the Products with investments in futures may not hold open positions in any futures contract month for which the combined margin requirement represents 5% or more of the NAV of the Products.

As the Manager expects that no more than 40% of the NAV for NDL, 20% of the NAV for NDI, HSIL and HSCEIL and 10% of the NAV for HSII and HSCEII will be used as margin to acquire the futures contracts, the Manager has applied a waiver to the SFC, and was granted, in respect of the Products from the requirement under Chapter 8.4A(e) of the SFC Code, subject to certain conditions as stated in the prospectus of the Products.

Details of the Products' margin requirements as at 30 June 2019 and 31 December 2018 are disclosed below:

<i>Initial margin requirement</i>	<u>30 June 2019</u>		<u>31 December 2018</u>	
	US\$	% of NAV	US\$	% of NAV
<u>NDL</u>	1,028,280	10.89%	514,800	7.78%
<u>NDI</u>	2,148,520	5.43%	1,079,100	3.95%
	HK\$	% of NAV	HK\$	% of NAV
<u>HSIL</u>	10,354,383	15.28%	8,427,920	15.20%
<u>HSII</u>	10,790,357	7.65%	11,699,936	7.86%
<u>HSCEIL</u>	9,517,813	15.36%	8,200,115	15.43%
<u>HSCEII</u>	5,153,750	7.65%	5,924,485	7.88%

<i>Aggregate margin deposit</i>	<u>30 June 2019</u>		<u>31 December 2018</u>	
	US\$	% of NAV	US\$	% of NAV
<u>NDL</u>	1,880,560	19.92%	2,217,771	33.52%
<u>NDI</u>	3,205,873	8.11%	1,877,577	6.87%
	HK\$	% of NAV	HK\$	% of NAV
<u>HSIL</u>	10,823,039	15.98%	8,931,299	16.10%
<u>HSII</u>	12,156,748	8.63%	13,942,400	9.36%
<u>HSCEIL</u>	10,232,823	16.52%	8,847,398	16.65%
<u>HSCEII</u>	5,918,075	8.80%	6,134,289	8.16%

