



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

**CSOP HANG SENG INDEX DAILY (-2X) INVERSE PRODUCT**  
**(Stock Code: 7500)**  
**(A sub-fund of CSOP Leveraged and Inverse Series)**

Unaudited Semi-Annual Report  
FOR THE PERIOD FROM 24 MAY 2019 (DATE OF INCEPTION) TO  
30 JUNE 2019

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

**CONTENTS**

	<b>Page</b>
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 (-2X) 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 (-2x) 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 24 May 2019 and commenced trading in HKD under the stock code 7500 on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 28 May 2019. 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) 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 (-2x) 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 free float-adjusted market capitalisation 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) Inverse Product seeks to provide daily investment results, before fees and expenses, which closely correspond to negative 2 times the daily performance of the Index. As of 28 June 2019, the dealing Net Asset Value (“NAV”) per unit of the CSOP Hang Seng Index Daily (-2x) Inverse Product was HKD 6.4272 and there were 194,400,000 units outstanding. The total asset under management was approximately HKD 1.25 billion as at 28 June 2019.

For the period from 28 May 2019 to 28 June 2019, the dealing NAV of CSOP Hang Seng Index Daily (-2x) Inverse Product performed -10.13% while the Index performed 4.21%. YTD Price return of the HKD counter (stock code 7500) was -9.94%.

#### Exchange Liquidity

Since inception, the CSOP Hang Seng Index Daily (-2x) Inverse Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7500) remained steadily at an average daily turnover of HKD 262.7 million in June 2019. The trading volume for the CSOP Hang Seng Index Daily (-2x) Inverse Product reflected strong interest in the CSOP Hang Seng Index Daily (-2x) Inverse Product.

#### Portfolio Rebalance

The CSOP Hang Seng Index Daily (-2x) Inverse Product adopts futures-based replication strategy to track the Index. Since inception, the Sub-Fund has experienced one monthly future roll.

**CSOP HANG SENG INDEX DAILY (-2X) INVERSE PRODUCT**  
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**CONDENSED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2019*

	30 June 2019 (Unaudited) <i>HKD</i>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Investments	280,662,080
Bank interest receivable	5,075
Interest receivable	95,139
Margin deposit	233,921,182
Bank balances	741,005,001
	<hr/>
<b>Total assets</b>	1,255,688,477
	<hr/> <hr/>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Derivative financial instruments	5,232,536
Management fee payable	1,140,605
Establishment cost payable	1,411,218
Other accounts payable	133,724
	<hr/>
<b>Total liabilities</b>	7,918,083
	<hr/> <hr/>
<b>EQUITY</b>	
<b>Net assets attributable to unitholders</b>	1,247,770,394
	<hr/> <hr/>
<b>Number of units in issue</b>	194,400,000
	<hr/> <hr/>
<b>Net asset value per unit</b>	6.4186
	<hr/> <hr/>

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

*For the period from 24 May 2019 (date of inception) to 30 June 2019*

	Period from 24 May 2019 (date of inception) to 30 June 2019 (Unaudited) <i>HKD</i>
<b>INCOME</b>	
Interest income from bank deposits	70,132
Interest income from bonds	69,602
Net loss on investments and derivative financial instruments	(113,396,470)
<b>Total net loss</b>	<u>(113,256,736)</u> -----
<b>EXPENSES</b>	
Management fee	(1,219,595)
Transaction costs of investments	(228,463)
Audit fee	(6,121)
Safe custody and bank charges	(899)
License fee	(67,085)
Establishment cost	(1,622,000)
Other operating expenses	(27,733)
<b>Total operating expenses</b>	<u>(3,171,896)</u> -----
<b>FINANCE COSTS</b>	
Interest expense	(38,619)
<b>Total comprehensive income</b>	<u>(116,467,251)</u> =====

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

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

*For the period from 24 May 2019 (date of inception) to 30 June 2019*

	Period from 24 May 2019 (date of inception) to 30 June 2019 (Unaudited) <i>HKD</i>
Net assets attributable to unitholders at the beginning of the period	-
	-----
Payments on redemption of units	1,364,237,645
	-----
Net increase from unit transactions	1,364,237,645
	-----
Total comprehensive income for the period	(116,467,251)
	-----
<b>Net assets attributable to unitholders at the end of the period</b>	<b>1,247,770,394</b>
	=====

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

**CONDENSED STATEMENT OF CASH FLOWS**

*For the period from 24 May 2019 (date of inception) to 30 June 2019*

	Period from 24 May 2019 (date of inception) to 30 June 2019 (Unaudited) <i>HKD</i>
<b>OPERATING ACTIVITIES</b>	
Payments for purchase of investments	(280,518,700)
Proceeds from sale of investments	(108,307,314)
Interest income from bank deposits received	65,057
Interest income from bonds received	(25,537)
Management fee paid	(78,990)
Transaction costs paid	(228,463)
Establishment costs	(210,782)
Other operating expenses paid	(3,339)
Margin deposit	(233,921,182)
	<hr/>
<b>Net cash used in operating activities</b>	<b>(623,229,250)</b>
	-----
<b>FINANCING ACTIVITIES</b>	
Proceeds on issue of units	1,364,237,645
Interest paid	(3,394)
	<hr/>
<b>Net cash generated from financing activities</b>	<b>1,364,234,251</b>
	-----
Net increase in cash and cash equivalents	741,005,001
Cash and cash equivalents at the beginning of the period	-
	<hr/>
Cash and cash equivalents at the end of the period	741,005,001
	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>	
Bank balances	741,005,001
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**CSOP HANG SENG INDEX DAILY (-2X) INVERSE PRODUCT  
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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 30 June 2019*

		<b>Fair value HKD</b>	<b>% of net assets</b>
<b>Investments and derivative financial instruments (22.07%)</b>			
<b>Listed fund (16.25%)</b>	<i>Holdings</i>		
<b>Hong Kong (16.25%)</b>			
CSOP HONG KONG DOLLAR MONEY MARKET ETF	200,000	202,716,680	16.25
Total listed fund		<u>202,716,680</u>	<u>16.25</u>
<b>Quoted debt securities (6.24%)</b>			
<b>Hong Kong (6.24%)</b>			
HONG KONG GOVERNMENT 1.04% 20 November 2019	39,000,000	38,883,000	3.11
HONG KONG GOVERNMENT 2.16% 09 December 2019	39,000,000	39,062,400	3.13
Total debt securities		<u>77,945,400</u>	<u>6.24</u>
<b>Listed futures contracts (0.42%)</b>	<i>Expiration Date</i>	<i>Contracts</i>	
<b>Hong Kong (0.42%)</b>			
HANG SENG INDEX FUTURE 30 July 2019	30 July 2019	(1,750)	(0.42)
Total futures contracts		<u>(5,232,536)</u>	<u>(0.42)</u>
Total investments and derivative financial instruments		275,429,544	22.07
Other net assets		<u>972,340,850</u>	<u>77.93</u>
Net assets attributable to unitholders as at 30 June 2019		<u>1,247,770,394</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>280,518,701</u>	



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

*For the period from 24 May 2019 (date of inception) to 30 June 2019*

	<b>Holdings</b>				<b>30 June 2019</b>
	<b>24 May 2019 (date of inception)</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments</b>					
<b>Listed fund</b>					
CSOP HONG KONG DOLLAR MONEY MARKET ETF	-	200,000	-	-	200,000
<b>Quoted debt securities</b>					
HONG KONG GOVERNMENT 1.04% 20 November 2019	-	39,000,000	-	-	39,000,000
HONG KONG GOVERNMENT 2.16% 09 December 2019	-	39,000,000	-	-	39,000,000
<b>Listed future contracts</b>					
HANG SENG INDEX FUTURE 27 June 2019	-	2,167	2,167	-	-
HANG SENG INDEX FUTURE 30 July 2019	-	81	1,831	-	(1,750)

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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 2019	1,249,362,175	6.4268

**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 2019 (Since 24 May 2019 (date of inception))	7.4583	6.4035

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

There was one 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 2019.

	Fair Value <i>HKD</i>	% of assets
<b>As at 30 June 2019</b>		
<b>Hong Kong</b>		
CSOP HONG KONG DOLLAR MONEY MARKET ETF	202,716,680	16.25

For the period from 24 May 2019 (Date of inception) to 30 June 2019, the Hang Seng Index increased by 4.35% while the net asset value per unit of Sub-Fund decreased by 10.85%.

**CSOP HANG SENG INDEX DAILY (-2X) INVERSE PRODUCT  
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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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Hong Kong

**Custodian**

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1 Queen's Road Central  
Hong Kong

**Service Agent**

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