



CSOP ETF SERIES

(An umbrella unit trust established in Hong Kong)

CSOP US DOLLAR MONEY MARKET ETF

Stock Codes: 9096 (USD counter) and 3096 (HKD counter)

(A sub-fund of CSOP ETF Series)

Unaudited Semi-Annual Report

FOR THE PERIOD ENDED 30 JUNE 2021



CSOP US DOLLAR MONEY MARKET ETF
(A SUB-FUND OF CSOP ETF SERIES)

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CSOP US DOLLAR MONEY MARKET ETF

(A SUB-FUND OF CSOP ETF SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP US Dollar Money Market ETF (the “CSOP USD MMF ETF”), a sub-fund of the CSOP ETF Series, is a unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 24 January 2019, commenced trading in USD under the stock code 9096 and in HKD under the stock code 3096 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 25 January 2019. Its unlisted share class A was launched at 8-March 2019 and first investment was come in at 1-August-2019. Besides, the Sub-Fund adopts an actively managed investment strategy. Before 15 June 2021, the Sub-Fund was benchmarked against the FTSE 3-Month US Dollar Eurodeposit Index (the “Benchmark”). The Manager is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP USD MMF ETF invest all, or substantially all, of the assets of the Sub-Fund in US Dollar-denominated and settled short-term deposits and money market instruments issued by Eligible Financial Institutions (including their group companies), and debt securities issued by governments, quasi-governments, international organisations and financial institutions.

Fund Performance

The CSOP USD MMF ETF seeks to achieve a return in US Dollars in line with prevailing money market rates. As of 30 June 2021, the dealing Net Asset Value (“NAV”) per unit of the CSOP USD MMF ETF was USD 102.6326 and there were 1,386,000 units outstanding. The dealing NAV of its unlisted share class A was USD 1.0264 and there were 90,553,289.8802 units outstanding. The total asset under management was approximately USD 235.19 million.

For the period from 31 December 2020 to 30 June 2021, the dealing NAV of CSOP US Dollar MMF ETF performed +0.03%. YTD Price return of the HKD counter (stock code 9096) was +0.10%. The dealing NAV of its unlisted share class is +0.03%.

Exchange Liquidity

There is no trading value of the HKD counter (stock code: 3096) in June 2021. The trading value of the USD counter (stock code: 9096) remained steadily at an average daily turnover of USD 0.3 million in June 2021.

Portfolio Rebalance

The CSOP USD MMF ETF adopts daily portfolio rebalance.

CSOP US DOLLAR MONEY MARKET ETF
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CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 (Unaudited) USD	31 December 2020 (Audited) USD
	<i>Notes</i>		
ASSETS			
CURRENT ASSETS			
Investments		30,000,000	-
Bank interest receivable		71,404	95,658
Interest receivable on short-term notes		4,312	-
Other receivable		31,319	-
Term deposits with original maturity of more than three months		13,000,000	13,600,000
Cash and cash equivalents	6(c)	197,158,150	110,502,217
Total assets		<u>240,265,185</u>	<u>124,197,875</u>
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to brokers		5,000,000	-
Management fee payable		62,041	36,371
Other accounts payable		21,482	24,508
Liabilities (excluding net assets attributable to unitholders)		<u>5,083,523</u>	<u>60,879</u>
Net assets attributable to unitholders (before capitalisation of establishment costs)	3	235,181,662	124,136,996
Adjustments for unamortised establishment costs		<u>9,505</u>	<u>17,774</u>
Net assets attributable to unitholders (after capitalisation of establishment costs)		<u>235,191,167</u>	<u>124,154,770</u>

Note: Semi-annual reports have applied the same accounting policies and methods of computation as are applied in the annual reports of the Sub-Fund.

The accompanying notes form an integral part of these unaudited condensed financial statements.

CSOP US DOLLAR MONEY MARKET ETF
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2021

		Period from 1 January 2021 to 30 June 2021 (Unaudited) USD	Period from 1 January 2020 to 30 June 2020 (Unaudited) USD
	<i>Notes</i>		
INCOME			
Interest income from bank deposits	6(c)	422,504	745,567
Interest income from short-term notes		4,311	-
Net gain on investments	5	1	-
		<hr/>	<hr/>
Total net income		426,816	745,567
		<hr/>	<hr/>
EXPENSES			
Management fee	6(a),(b)	(321,881)	(157,392)
Audit fee		(938)	(1,492)
Safe custody and bank charges		(264)	(187)
Legal and other professional fee		-	(1,898)
Other operating expenses	6(e)	(58,264)	(46,747)
		<hr/>	<hr/>
Total operating expenses		(381,347)	(207,716)
		<hr/>	<hr/>
Operating profit		45,469	537,851
FINANCE COSTS			
Interest expense		(143)	-
		<hr/>	<hr/>
Increase in net assets attributable to unitholders		45,326	537,851
		<hr/>	<hr/>

The accompanying notes form an integral part of these unaudited condensed financial statements.

CSOP US DOLLAR MONEY MARKET ETF
(A SUB-FUND OF CSOP ETF SERIES)

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period ended 30 June 2021

		Period from 1 January 2021 to 30 June 2021 (Unaudited) USD	Period from 1 January 2020 to 30 June 2020 (Unaudited) USD
Net assets attributable to unitholders at the beginning of the period	<i>Notes</i>	124,136,996	118,212,555
Proceeds on issue of units	3	270,195,546	72,494,915
Payments on redemption of units	3	(159,196,206)	(93,013,296)
Net increase/(decrease) from unit transactions		110,999,340	(20,518,381)
Increase in net assets attributable to unitholders/Total comprehensive income		45,326	537,851
Net assets attributable to unitholders at the end of the period		235,181,662	98,232,025

The movements of the redeemable units for the periods ended 30 June 2021 and 2020 are as follows:

	Period from 1 January 2021 to 30 June 2021 (Unaudited) Units	Period from 1 January 2020 to 30 June 2020 (Unaudited) Units
Listed class		
Number of units in issue at the beginning of the year	890,000	872,000
Units issued	1,529,000	289,000
Units redeemed	(1,033,000)	(383,000)
Number of units in issue at the end of the year	1,386,000	778,000
Unlisted Class A		
Number of units in issue at the beginning of the period	32,000,379	28,784,202
Units issued	110,368,183	41,974,447
Units redeemed	(51,815,272)	(52,714,929)
Number of units in issue at the end of the period	90,553,290	18,043,720

The accompanying notes form an integral part of these unaudited condensed financial statements.

CSOP US DOLLAR MONEY MARKET ETF
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CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

	Period from 1 January 2021 to 30 June 2021 (Unaudited) USD	Period from 1 January 2020 to 30 June 2020 (Unaudited) USD
OPERATING ACTIVITIES		
Payments for purchase of investments	(24,999,999)	-
Interest income from bank deposits received	446,758	857,660
Interest on short-term notes paid	(1)	-
Management fee paid	(296,211)	(168,885)
Other operating expenses paid	(93,811)	(92,136)
Term deposits with original maturity of more than 3 months	600,000	-
Net cash (used in)/generated from operating activities	(24,343,264)	596,639
FINANCING ACTIVITIES		
Interest expense paid	(143)	-
Proceeds on issue of units	270,195,546	72,494,915
Payments on redemption of units	(159,196,206)	(97,805,406)
Net cash generated from/(used in) financing activities	110,999,197	(25,310,491)
Net increase/(decrease) in cash and cash equivalents	86,655,933	(24,713,852)
Cash and cash equivalents at the beginning of the period	110,502,217	122,817,768
Cash and cash equivalents at the end of the period	197,158,150	98,103,916
Analysis of balances of cash and cash equivalents		
Bank balances	54,158,150	103,916
Short-term deposits	143,000,000	98,000,000
	197,158,150	98,103,916

The accompanying notes form an integral part of these unaudited condensed financial statements.

CSOP US DOLLAR MONEY MARKET ETF (A SUB-FUND OF CSOP ETF SERIES)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 25 July 2012, as amended, (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 30 June 2020, the Trust has nine sub-funds which are CSOP US Dollar Money Market ETF (the “Sub-Fund”), CSOP FTSE China A50 ETF, CSOP SZSE ChiNext ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP Hong Kong Dollar Money Market ETF, CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF and CSOP Yinhuo CSI 5G Communications Theme ETF. CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF, CSOP Yinhuo CSI 5G Communications Theme ETF were launched on 18 March 2020, 27 August 2020 and 21 October 2020 respectively. The date of inception of the Sub-Fund was 23 January 2019. The Sub-Fund is listed on The Stock Exchange of Hong Kong Limited.

The manager and the trustee of the Sub-Fund are CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) respectively.

Prior to 15 June 2021

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the benchmark, namely, the FTSE 3-Month US Dollar Eurodeposit Index. In order to achieve the investment objective of the Sub-Fund, the Manager will invest all or substantially all, of the assets of the Sub-Fund in US Dollar-denominated and settled short-term deposits and money market instruments issued by eligible financial institutions (including their group companies). The Manager will adopt a passive tracking strategy. A passive tracking strategy involves constructing the portfolio of the Sub-Fund from time to time based on credit rating, liquidity and target maturity.

Effective from 15 June 2021

On 15 June 2021, the investment strategy of the Sub-Fund changed from a passive tracking investment strategy, tracking the respective Benchmark (the “Former Benchmark”), to an actively managed investment strategy, which means that Sub-Fund’s no longer seek to track any index or benchmark (the “Active Strategy”). The rebalancing of assets held by the Sub-Fund’s as a result of the change of investment strategy is anticipated to take place over a period of 30 trading days (the “Rebalancing Period”). During the Rebalancing Period, holdings of the Sub-Fund will be rebalanced from constituents of the Former Benchmark to constituents that correspond to the Active Strategy. The Manager therefore considers there is a risk that each of the Sub-Fund may fail to meet its objective as a result of the Manager’s selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to prevailing money market rates or other money market funds with a similar objective. Investors who deal with Units of the Sub-Fund during the Rebalancing Period should exercise caution.

As a result of the change of investment strategy, past performance of the Sub-Fund prior to 15 June 2021 was achieved under circumstances which will no longer apply. Investors should exercise caution when considering the past performance of the Sub-Fund prior to 15 June 2021.

The investment objective of the Sub-Fund is to invest in short-term deposits and high quality money market investments. It seeks to achieve a return in US Dollars in line with prevailing money market rates. In order to achieve the investment objective of the Sub-Fund, The Manager will invest all, or substantially all (i.e. at least 70%), of the assets of the USD Money Market ETF in US Dollar (“USD”) -denominated and settled short-term deposits and short-term and high quality money market instruments issued by Eligible Financial Institutions (including their group companies), including debt securities (issued by governments, quasi-governments, international organisations and financial institutions), commercial papers, short-term notes, certificates of deposits and commercial bills.

**CSOP US DOLLAR MONEY MARKET ETF
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (Continued)

Short-term and high quality debt securities invested by the Sub-Fund include but are not limited to government bonds and fixed and floating rate bonds, with the maximum level for up to 80% of the Net Asset Value of the USD Money Market ETF (any debt securities invested with a remaining maturity of no more than 397 days, or two years in the case of Government and other Public Securities).

The Sub-Fund will invest less than 30% of its Net Asset Value into non-USD-denominated and settled short-term deposits and short-term and high quality money market instruments. The Manager may hedge any non-USD-denominated and settled investments into USD to manage any material currency risk.

There is no specific geographical allocation of the country of issue of the debt securities or deposits, except that the USD Money Market ETF will not invest more than 30% of its Net Asset Value in emerging markets. Countries or regions in which the Sub-Fund may invest in include Hong Kong, the Mainland China, Japan, Korea, Australia, Canada, the United Kingdom, the European Union and the United States.

These condensed semi-annual financial statements are prepared for the Sub-Fund only. The condensed financial statements for CSOP FTSE China A50 ETF, CSOP SZSE ChiNext ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP Hong Kong Dollar Money Market ETF, CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF and CSOP Yinhua CSI 5G Communications Theme ETF have been prepared separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

These condensed semi-annual financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed semi-annual financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies applied are consistent with those of the annual financial statements for the period ended 31 December 2020, as described in the annual financial statements.

Standards and amendments to existing standards effective 1 January 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Sub-Fund.

New standards and amendments to standards effective after 1 January 2021 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

3. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT

The Sub-Fund's capital is represented by the units in the Sub-Fund, and shown as "net assets attributable to unitholders" in the condensed statement of financial position. Subscriptions and redemptions of units during the period are shown in the condensed statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Fund endeavors to invest its capital in accordance with the investment policies, whilst maintaining sufficient liquidity to meet redemption requests.

In accordance with the provisions of the Trust Deed dated 25 July 2012, as amended, and the Prospectus of the Sub-Fund, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations.

Redeemable units of the Sub-Fund are classified as financial liability and they are carried at the price based on the Sub-Fund's net asset value per unit at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund.

	As at 30 June 2021	
	Listed class	Unlisted Class A
	<i>Units</i>	<i>Units</i>
Number of units in issue at the end of the period	1,386,000	90,553,290
	As at 30 June 2020	
	Listed class	Unlisted Class A
	<i>USD</i>	<i>USD</i>
Number of units in issue at the end of the period	778,000	18,043,720
	As at	As at
	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	<i>USD</i>	<i>USD</i>
Net assets attributable to unitholders per unit (per statement of financial position)		
Listed Class	102.6287	102.5911
Unlisted Class A	1.0263	1.0260

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

3. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT (Continued)

Establishment costs are expensed as incurred. However, in accordance with the provisions of the Trust's Prospectus, establishment costs are recognised using the amortisation method. As at 30 June 2021 and 31 December 2020, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of USD9,505 (31 December 2020: USD17,774) when compared with the methodology indicated in the Trust's Prospectus.

	As at 30 June 2021 (Unaudited) USD	As at 31 December 2020 (Audited) USD
Net assets attributable to unitholders as reported in the statement of financial position	235,181,662	124,136,996
Adjustments for unamortised establishment costs	9,505	17,774
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Net asset value in accordance with the Trust's Prospectus	235,191,167	124,154,770
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4. TAXATION

No provision for Hong Kong profits tax has been made for the Sub-Fund as it is authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

There were no tax expenses of the Sub-Fund for the period ended 30 June 2021 and 2020.

5. NET GAIN ON INVESTMENTS

	Period from 1 January 2021 to 30 June 2021 (Unaudited) USD	Period from 1 January 2020 to 30 June 2020 (Unaudited) USD
Net change in unrealised gain/loss in value of investments	1	-
	<hr/>	<hr/>
	1	-
	<hr/> <hr/>	<hr/> <hr/>

**CSOP US DOLLAR MONEY MARKET ETF
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS

The following is a summary of significant related party transactions/transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and the Connected Persons of the Manager. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period from 1 January 2021 to 30 June 2021, between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the Connected Persons of the Manager except for those disclosed below.

(a) Management fee

The Manager is entitled to receive a management fee, currently at the rate of 0.35% per annum of the net asset value of the relevant class for listed class and unlisted class A units, and effective from 27 October 2020, the management fee of the unlisted class P units of the Sub-Fund will be calculated of 0.35% (prior to 27 October 2020: 0.85%) per annum of the net asset value of unlisted class P units, inclusive of Trustee fee and Registrar's fee, accrued daily and calculated as at each dealing day and payable monthly in arrears.

(b) Trustee fee and Registrar's fee

The Trustee fee and Registrar's fee are included in the management fee and the Manager will pay the fees of the Trustee and Registrar out of the management fee. Refer to Note 6(a).

The Trustee fee is inclusive of fees payable to The Hongkong and Shanghai Banking Corporation Limited (the "Custodian").

The Trustee shall also be entitled to be reimbursed from the Sub-Fund for all out-of-pocket expenses incurred.

(c) Financial assets

The bank balances and short-term deposits of the Sub-Fund held with related parties of the Trustee are:

	As at 30 June 2021 (Unaudited) USD	As at 31 December 2020 (Audited) USD
Bank balances		
The Hongkong and Shanghai Banking Corporation Limited	86,838	102,217
Ping An Bank Co Limited	54,071,312	-
	<u>54,158,150</u>	<u>102,217</u>

Interest income amounted to USD76,282 (for the period ended 30 June 2020: USD13,034) was earned on these bank balances for the period ended 30 June 2021.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS (Continued)

(d) Holding in the Sub-Fund

The Manager of the Sub-Fund holds 119,000 (31 December 2020: 119,000) USD counter units, which represents 8.59% (31 December 2020: 13.37%) of the net asset value of listed class units of the Sub-Fund as at 30 June 2021.

(e) Other respective amounts paid to the Trustee and its connected persons

The other respective amounts paid to the trustee and its connected persons for the period ended 30 June 2021 and 2020 were as follows:

	Period from 1 January 2021 to 30 June 2021 (Unaudited) USD	Period from 1 January 2020 to 30 June 2020 (Unaudited) USD
Other operating expenses	7,824	8,187

7. FINANCIAL RISK MANAGEMENT

The objective of the Sub-Fund is to invest in short-term deposits and high quality money market investments. It seeks to achieve a return in US Dollars in line with prevailing money market rates. The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

The following is a summary of the main risks and risk management policies.

(a) Market risk

(i) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

Effective from 15 June 2021, the Sub-Fund has changed from a passive tracking investment strategy, tracking the respective Benchmark (the “Former Benchmark”), to an actively managed investment strategy, which means that Sub-Fund has no longer seek to track any index or benchmark (the “Active Strategy”).

Prior to 15 June 2021, the Sub-Fund was designated to track the performance of the FTSE 3-Month US Dollar Eurodeposit Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked benchmark. The Manager manages the Sub-Fund’s exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked benchmark.

As at 30 June 2021 the Sub-Fund’s investments were concentrated in short-term notes:

	30 June 2021 (Unaudited)	
	Fair value USD	% of net asset value
Unquoted short-term notes:		
Short-term notes	30,000,000	12.76
	<u>30,000,000</u>	<u>12.76</u>

As at 31 December 2020, the Sub-Fund did not hold any investments and it only invested into short-term deposits.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

As at 30 June 2021, the Sub-Fund invests in fixed-income securities, short-term deposits and is subject to interest rate risk. Interest rate risk is the risk that the value of the Sub-Fund’s portfolio will decline because of rising interest rates. Interest rate risk is generally lower for short-term deposits and higher for long-term deposits.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

The table below summarises the Sub-Fund's exposure to interest rate risks. It includes the Sub-Fund's assets and liabilities and is categorised by the earlier of contractual re-pricing or maturity dates.

As at 30 June 2021

	Maturity less than 1 month USD	Maturity 1-3 months USD	Maturity over 3 months USD	Non- interest bearing USD	Total USD
Assets					
Investments	5,000,000	10,000,000	15,000,000	-	30,000,000
Bank interest receivable	-	-	-	71,404	71,404
Interest receivable on bonds	-	-	-	4,312	4,312
Other receivable	-	-	-	31,319	31,319
Term deposits with original maturity of more than three months	-	-	13,000,000	-	13,000,000
Cash and cash equivalents					
- Bank balances	54,158,150	-	-	-	54,158,150
- Bank deposits	141,000,000	2,000,000	-	-	143,000,000
Total assets	<u>200,158,150</u>	<u>12,000,000</u>	<u>28,000,000</u>	<u>107,035</u>	<u>240,265,185</u>
Liabilities					
Amounts due to brokers	-	-	-	5,000,000	5,000,000
Management fee payable	-	-	-	62,041	62,041
Other accounts payable	-	-	-	21,482	21,482
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,083,523</u>	<u>5,083,523</u>
Total interest sensitivity gap	<u>200,158,150</u>	<u>12,000,000</u>	<u>28,000,000</u>		

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

As at 31 December 2020

	Maturity less than 1 month USD	Maturity 1-3 months USD	Maturity over 3 months USD	Non- interest bearing USD	Total USD
Assets					
Bank interest receivable	-	-	-	95,658	95,658
Term deposits with original maturity of more than three months	-	9,500,000	4,100,000	-	13,600,000
Cash and cash equivalents					
- Bank balances	102,217	-	-	-	102,217
- Bank deposits	90,500,000	19,900,000	-	-	110,400,000
Total assets	<u>90,602,217</u>	<u>29,400,000</u>	<u>4,100,000</u>	<u>95,658</u>	<u>124,197,875</u>
Liabilities					
Management fee payable	-	-	-	36,371	36,371
Other accounts payable	-	-	-	24,508	24,508
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,879</u>	<u>60,879</u>
Total interest sensitivity gap	<u>90,602,217</u>	<u>29,400,000</u>	<u>4,100,000</u>		

At 30 June 2021, the Sub-Fund has bank balance and short-term deposits and Term deposits with original maturity of more than three months of USD210,158,150 (31 December 2020: USD124,102,217). If the interest rates had been 10 basis points higher or lower with all variables held constant, net assets attributable to unitholders would have been USD210,158 (31 December 2020: USD124,102) higher or lower as a result of higher or lower interest income.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as the majority of its assets and liabilities are denominated in USD, the Sub-Fund's functional and presentation currency. As a result, Management considers sensitivity analysis of currency risk is not necessary to be presented.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

The Sub-Fund limits its exposure to credit and counterparty risk by carrying out the majority of its investment transactions and contractual commitment activities with well-established broker-dealers, banks and regulated exchanges with high credit ratings.

The Sub-Fund places bank balance with reputable financial institutions. As such, the Manager does not consider the Sub-Fund to be exposed to significant credit and counterparty risk.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in short-term deposits and money markets instruments. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of short-term deposits it may hold. The Manager will actively manage the portfolio of the Sub-Fund. In case of credit rating downgrading, the Manager will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risks.

The table below summarises the amount of Short-term deposits and bank balance of the Sub-Fund placed with the counterparties together with the credit rating of the relevant counterparties as at 30 June 2021 and 31 December 2020.

	USD	Short-term Credit rating	Source of credit rating
As at 30 June 2021			
Short-term deposits			
Agricultural Bank of China Limited Hong Kong Branch	16,600,000	P-1	Moody's
Bank of Shanghai Hong Kong Limited	22,400,000	P-2	Moody's
China CITIC Bank International Ltd	37,800,000	P-2	Moody's
Chiyu Banking Corp LTD	47,300,000	P-2	Moody's
Industrial Bank Co., LTD. Hong Kong Branch	31,900,000	P-2	Moody's
	<u>156,000,000</u>		
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	102,217	A-	S&P
Ping An Bank Co Limited	54,071,312	P-2	S&P
	<u>210,173,529</u>		

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

	<i>USD</i>	Short-term Credit rating	Source of credit rating
As at 31 December 2020			
Short-term deposits			
Agricultural Bank of China Limited Hong Kong Branch	24,700,000	P-1	Moody's
Bank of Shanghai Hong Kong Limited	21,600,000	P-2	Moody's
China Everbright Bank Hong Kong Branch	16,200,000	P-2	Moody's
Chiyu Banking Corp LTD	20,900,000	P-2	Moody's
Dah Sing Bank, Limited	10,000,000	P-1	Moody's
Industrial Bank Co., LTD. Hong Kong Branch	30,600,000	P-2	Moody's
	<u>124,000,000</u>		
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	102,217	A-	S&P
	<u><u>124,102,217</u></u>		

The maximum exposure to credit risk as at 30 June 2021 and 31 December 2020 is the carrying amount of the financial assets as shown on the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in short-term deposits that are matured in less than three months.

The table below analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Less than 1 month USD	1 month to less than 3 months USD	Over 3 months USD	Total USD
As at 30 June 2021				
Amounts due to brokers	5,000,000	-	-	5,000,000
Management fee payable	62,041	-	-	62,041
Other accounts payable	-	21,482	-	21,482
Net assets attributable to unitholders	235,181,662	-	-	235,181,662
Contractual cash outflow	240,243,703	21,482	-	240,265,185
As at 31 December 2020				
Management fee payable	36,371	-	-	36,371
Other accounts payable	-	24,508	-	24,508
Net assets attributable to unitholders	124,136,996	-	-	124,136,996
Contractual cash outflow	124,173,367	24,508	-	124,197,875

Units are redeemed on demand at the unitholder's option. As at 30 June 2021, there were three (31 December 2020: four) unitholders who individually held more than 10% of the listed class of units and there were three (31 December 2020: three) unitholders who individually held more than 10% of the unlisted class A units.

The Manager is entitled to limit the number of unlisted class of units redeemed on any dealing day to 10% of the total number of units of the Sub-Fund then in issue.

Investors should note that switching between unlisted class of units and listed class of units on the secondary market is not available. Distributors who wish to switch between unlisted class of units and listed class of units should do so in accordance with the procedures as agreed with the Manager and the Trustee.

The Manager has assessed the liquidity of the instruments based on historical liquidity of similar money market instruments, by assessing the days to liquidate for such instruments. Only instruments or deposits with high liquidity are included in the portfolio of the Sub-Fund. The following table illustrates the expected liquidity of assets held:

	Less than 1 month USD	1 to 12 months USD	No stated maturity USD	Total USD
As at 30 June 2021				
Total assets	225,265,185	15,000,000	-	240,265,185
As at 31 December 2020				
Total assets	90,697,875	33,500,000	-	124,197,875

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Sub-Fund can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 30 June 2021:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 30 June 2021				
Assets				
Unquoted short-term notes				
- Short-term notes	-	30,000,000	-	30,000,000
Total assets	-	30,000,000	-	30,000,000

No investments were held as at 31 December 2020.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As at 30 June 2021, Short-term notes are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or do not trade. As at 30 June 2021 and 31 December 2020, the sub fund did not hold any investments classified in level 3.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

7. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

As at 30 June 2021 and 31 December 2020, there was no investment held by the Sub-Fund which has been suspended for trading.

During the period ended 30 June 2021 and year ended 31 December 2020, there has been no securities transferred from level 2 to level 1

Transfer between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

The assets and liabilities included in the condensed statement of financial position are carried at amortised cost. The carrying value of these financial assets and liabilities are considered by the Manager to approximate their fair value as they are short term in nature and the effect of discounting is immaterial. There are no other assets and liabilities not carried at fair value but for which fair value is disclosed.

(e) Capital risk management

The Sub-Fund's capital is represented by the redeemable units outstanding. The Sub-Fund's objective is to achieve a return in line with prevailing money market rates. The Manager may:

- Redeem and issue new units on a daily basis in accordance with the constitutive documents of the Sub-Fund;
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders; and
- Suspend the creation and redemption of units under certain circumstance as currently disclosed in the Prospectus of the Sub-Fund.

8. DISTRIBUTION

There was no distribution during the period ended 30 June 2021 and 2020.

9. FINANCIAL INSTRUMENTS BY CATEGORY

As of 30 June 2021, other than investments as disclosed in the financial statements which are classified as financial assets at fair value through profit or loss, all financial assets including bank interest receivable, interest receivable on bonds, other receivables, term deposits with original maturity of more than three months and cash and cash equivalents are categorised as per HKFRS 9 and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The aggregate value of a scheme's holding of instruments and deposits issued by a single issuer may not exceed 10% of the total net asset value of the scheme except:

- (i) where the issuer is a substantial financial institution and the total amount does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 25%; or
- (ii) in the case of Government and other public securities, up to 30% may be invested in the same issue; or
- (iii) in respect of any deposit of less than US\$ 1,000,000 or its equivalent in the base currency of the scheme, where a scheme cannot otherwise diversify as a result of its size.

As at 30 June 2021 and 31 December 2020, the Sub-Fund held short term deposits collectively more than 10% of net assets value, issued by single issuer as follows.

As at 30 June 2021

Issuer	% of NAV
China Everbright Bank Hong Kong Branch	16.07%
Chiyu Banking Corp LTD	20.11%
Dah Sing Bank, Limited	13.56%

As at 31 December 2020

Issuer	% of NAV
Agricultural Bank of China Limited Hong Kong Branch	19.90%
Bank of Shanghai Hong Kong Limited	17.40%
China Everbright Bank Hong Kong Branch	13.05%
Chiyu Banking Corp LTD	16.84%
Industrial Bank Co., LTD. Hong Kong Branch	24.65%

During the period from 1 January 2021 to 30 June 2021, the net asset value per unit of the listed share class increased by 0.04% and the net asset value per unit of the unlisted share class¹ increased by 0.03%.

During the year ended 31 December 2020, the net asset value per unit of the listed share class increased by 0.66% while the FTSE 3-Month US Dollar Eurodeposit Index increased by 0.74%. During the year ended 31 December 2020, the net asset value per unit of the unlisted class¹ increased by 0.67% while the FTSE 3-Month US Dollar Eurodeposit Index increased by 0.74%.

¹ Unlisted class A was issued on 31 July 2019.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

11. SOFT COMMISSION ARRANGEMENT

The Manager and its connected persons confirms that there have been no soft commission arrangements existing during period from 1 January 2021 to 30 June 2021 and 1 January 2020 to 30 June 2020 in relation to directing transactions of the Sub-Fund through a broker or dealer.

12. SEGMENT INFORMATION

The Manager makes the strategic resource allocations on behalf of the Sub-Fund and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that the Sub-Fund has a single operating segment which is investing in short-term deposits. The objectives of the Sub-Fund are to invest in short-term deposits and high quality money market investments. It seeks to achieve a return in US Dollars in line with prevailing money market rates.

The internal financial information used by the Manager for the Sub-Fund's assets, liabilities and performance is the same as that disclosed in the condensed statement of financial position and condensed statement of comprehensive income.

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is derived from investments in short-term deposits and high quality money market investments.

The Sub-Fund has no other assets classified as non-current assets. As at 30 June 2021 and 31 December 2020, the Sub-Fund has a diversified portfolio of investments and no (31 December 2020: no investments existed) investment accounts for more than 10% of the Sub-Fund's net asset value. There were three (31 December 2020: five) issuers of short-term deposit accounts for more than 10% of the Sub-Fund's net asset value.

**CSOP US DOLLAR MONEY MARKET ETF
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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2021

Investments	Holdings	Fair value USD	% of net asset value
Unquoted short-term notes (12.76%)			
Hong Kong(12.76%)			
CMB INTER (SER EMTN) (REG S) (REG) 0.38% 22 JULY 2021	5,000,000	5,000,000	2.12
CMB INTER (SER EMTN) (REG S) (REG) 0.52% 21 SEPTEMBER 2021	5,000,000	5,000,000	2.13
CMB INTER (SER EMTN) (REG S) (REG) 0.52% 06 OCTOBER 2021	5,000,000	5,000,000	2.13
GUOTAI JUNAN FINANCIAL PRODUCT (REG) 0.85% 22 DECEMBER 2021	15,000,000	15,000,000	6.38
Total unquoted short-term notes		30,000,000	12.76
Total investments		30,000,000	12.76
Other net assets		205,181,662	87.24
Net assets attributable to unitholders as at 30 June 2021		235,181,662	100.00
Total investments at cost		29,999,999	

	Fair value USD	% of net asset value
Daily liquid assets	58,458,150	24.86
Weekly liquid assets	79,658,150	33.87

The weighted average maturity and the weighted average life of the portfolio of the Fund are 36.39 days and 36.39 days respectively.

**CSOP US DOLLAR MONEY MARKET ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period from 1 January 2021 to 30 June 2021

			Holdings		
	1 January 2021	Additions	Corporate actions	Disposals	30 June 2021
Investments					
Unquoted short-term notes					
CMB INTER (SER EMTN) (REG S) (REG) 0.38% 22 JULY 2021	-	5,000,000	-	-	5,000,000
CMB INTER (SER EMTN) (REG S) (REG) 0.52% 21 SEPTEMBER 2021	-	5,000,000	-	-	5,000,000
CMB INTER (SER EMTN) (REG S) (REG) 0.52% 06 OCTOBER 2021	-	5,000,000	-	-	5,000,000
GUOTAI JUNAN FINANCIAL PRODUCT (REG) 0.85% 22 DECEMBER 2021	-	15,000,000	-	-	15,000,000

**CSOP US DOLLAR MONEY MARKET ETF
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PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund* <i>USD</i>	Dealing net asset value per unit <i>USD</i>
At the end of financial period		
30 June 2021		
Listed Class	142,249,140	102.6329
Unlisted Class A	92,942,027	1.0264
31 December 2020		
Listed class	91,319,115	102.6057
Unlisted class A	32,835,655	1.0261
31 December 2019		
Listed Class	88,900,305	101.9499
Unlisted Class A	29,346,747	1.0195

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>USD</i>	Lowest net asset value per unit <i>USD</i>
Financial period ended		
30 June 2021		
Listed Class	102.6326	102.6068
Unlisted Class A	1.0264	1.0261
31 December 2020		
Listed class	102.6057	101.9598
Unlisted class A	1.0261	1.0196
31 December 2019 (Since 23 January 2019 (date of inception))		
Listed Class	101.9499	100.0176
Unlisted Class A	1.0195	1.0115

**The dealing net asset value of the Sub-Fund disclosed is calculated in accordance with the Trust's Prospectus.*

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MANAGEMENT AND ADMINISTRATION

Manager

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

Trustee and Registrar

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Hong Kong

Custodian

The Hongkong and Shanghai Banking Corporation
Limited
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Hong Kong

Service Agent

HK Conversion Agency Services Limited
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Central, Hong Kong

Listing Agent

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21 Wing Wo Street
Central
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Directors of the Manager

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

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