



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

CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(Stock Code: 07568)
(A sub-fund of CSOP Leveraged and Inverse Series)

Reports and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

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CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT (A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP NASDAQ-100 Index Daily (-2x) Inverse Product (or the “Sub-Fund”), is 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 17 September 2019 and commenced trading in HKD under the stock code 7568 on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 19 September 2019. The Sub-Fund is benchmarked against the NASDAQ-100 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 NASDAQ-100 Index Daily (-2x) Inverse Product is a futures-based ETF which invests directly in the nearest quarter futures contracts on the E-mini NASDAQ 100 Futures listed on the Chicago Mercantile Exchange (“NASDAQ-100 Futures”) subject to the rolling strategy discussed 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.

The Manager will roll the NASDAQ 100 Futures on a quarterly basis. The futures roll for the NASDAQ-100 Futures will be done on a quarterly basis on the Chicago Mercantile Exchange shortly before expiration.

The index is compiled and managed by Nasdaq, Inc (the “Index Provider”). It includes 100 of the largest non-financial companies listed on the NASDAQ Stock Market based on market capitalisation. It is a price return index, meaning that the performance of the Index is calculated on the basis that dividends are not reinvested, it is denominated in USD. The Index operates under clearly defined rules published by the index provider and is a tradable index.

Sub-Fund Performance

The CSOP NASDAQ-100 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 31 December 2021, the dealing Net Asset Value (“NAV”) per unit of the CSOP NASDAQ-100 Index Daily (-2x) Inverse Product was USD 0.1415 and there were 1,699,200,000 units outstanding. The total assets under management was approximately USD 240.4 million.

For the year ended 31 December 2021, the dealing NAV of CSOP NASDAQ-100 Index Daily (-2x) Inverse Product performed -44.66% while the index performed 26.63%. Price return of the HKD counter (stock code 7568) was -45.25% during the period.

Exchange Liquidity

The trading value of the HKD counter (stock code: 7568) of CSOP NASDAQ-100 Index Daily (-2x) Inverse Product remained steadily at an average daily turnover of HKD 29.9 million in December 2021.

Portfolio Rebalance

The CSOP NASDAQ-100 Index Daily (-2x) Inverse Product adopts futures-based replication strategy to track the Index. Since inception, the Sub-Fund has experienced nine quarterly futures rolls.

**CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of CSOP NASDAQ-100 Index Daily (-2x) Inverse Product (the “Sub-Fund”), a sub-fund of CSOP Leveraged and Inverse Series, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 5 July 2016, as amended, for the year ended 31 December 2021.

HSBC Institutional Trust Services (Asia) Limited
28 April 2022

**CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
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STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER’S RESPONSIBILITIES

The Manager of CSOP NASDAQ-100 Index Daily (-2x) Inverse Product (the “Sub-Fund”), a sub-fund of CSOP Leveraged and Inverse Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 5 July 2016, as amended, (the “Trust Deed”) to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of the year and of the transactions for the year ended 31 December 2021. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

CSOP Leveraged and Inverse Series (the “Trust”) is an umbrella unit trust governed by its Trust Deed. As at 31 December 2021, the Trust has established eight sub-funds, namely, CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP NASDAQ-100 Index Daily (-2x) Inverse Product, CSOP Hang Seng Tech Index Daily (2X) Leveraged Product and CSOP Hang Seng Tech Index Daily (-2X) Inverse Product.

TRUSTEE’S RESPONSIBILITIES

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund in all material respects is managed in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period should the Manager not managing the Sub-Fund in accordance to the Trust Deed.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES, AN UMBRELLA UNIT TRUST
ESTABLISHED IN HONG KONG)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of CSOP NASDAQ-100 Index Daily (-2x) Inverse Product (the “Sub-Fund”), a sub-fund of CSOP Leveraged and Inverse Series, which are set out on pages 8 to 38, comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2021, and of its financial transactions and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
(CONTINUED)
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES, AN UMBRELLA UNIT TRUST
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Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><u>Existence and valuation of investments and derivative financial instruments, and occurrence and accuracy of the related investment loss</u></p> <p>As at 31 December 2021, the Sub-Fund had investments and derivative financial instruments with a fair value of USD44,778,061 which were comprised of investment fund listed in Hong Kong and futures contracts in short positions listed in the United States of America, valued at USD52,464,111 and USD7,686,050 respectively. In addition to the net change in unrealised loss of USD3,464,767 arising from the outstanding position above, the Sub-Fund also recognised net realised loss of USD90,146,903 from trading of investments and derivative financial instruments during the year. Among the total investment loss, HKD93,617,558 was arising from derivative financial instruments.</p> <p>We focused on the existence and valuation of the investments and derivative financial instruments because the investments and derivative financial instruments represented the principal element of the Sub-Fund, and the above net investment loss recognised during the year is a principal element of the Sub-Fund's operating profit.</p> <p>Refer to Note 5 and Note 9 to the financial statements.</p>	<p>Our work included an assessment of the key controls over the existence and valuation of the investments and derivative financial instruments, and the occurrence and accuracy of the related investment loss, which included the following:</p> <ol style="list-style-type: none"> 1. We developed an understanding of the control objectives and related controls relevant to our audit of the Sub-Fund's by obtaining the service organisation internal control reports provided by the trustee setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls. 2. We evaluated the tests undertaken by the service auditor, the results of the tests undertaken and the opinions formed by the service auditor on the design and operating effectiveness of the controls, to the extent relevant to our audit of the Sub-Fund. <p>We tested the existence of investments and derivative financial instruments by obtaining direct confirmations from the custodians and brokers and agreeing the Sub-Fund's holdings of investments and derivative financial instruments to the confirmations.</p> <p>We agreed the valuation of the Sub-Fund's investments and derivative financial instruments, and we also tested the occurrence and accuracy of their related unrealised loss by comparing the pricing used by the Sub-Fund to external pricing sources as at 31 December 2021.</p> <p>We tested the occurrence and accuracy of net realised loss from trading of investments and derivative financial instruments by testing the related controls on the recording of the purchase and sales transactions and the calculation of net gains and losses. We also agreed the purchase and sales transactions to the broker statements on a sample basis.</p> <p>Based on the procedures we performed, we found no material exceptions from our testing.</p>

Other Information

The manager and the trustee (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
(CONTINUED)
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES, AN UMBRELLA UNIT TRUST
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Other Information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 5 July 2016, as amended, ("Trust Deed") and the Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
(CONTINUED)
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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and the Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Josephine W.T. Kwan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 April 2022

**CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	31 December 2021 <i>USD</i>	31 December 2020 <i>USD</i>
ASSETS			
CURRENT ASSETS			
Investments	7(c),9(a)	52,464,111	46,243,493
Bank interest receivable		755	47
Other receivable		-	31,708
Deposits with broker	10	71,438,169	22,352,736
Cash and cash equivalents	7(c)	124,492,641	11,671,383
Total assets		<u>248,395,676</u>	<u>80,299,367</u>
LIABILITIES			
CURRENT LIABILITIES			
Derivative financial instruments	9(a),(f)	7,686,050	4,217,678
Amounts due to brokers		-	1,999,649
Management fee payable	7(a),(b)	291,922	81,367
Other accounts payable		84,437	27,707
Total liabilities		<u>8,062,409</u>	<u>6,326,401</u>
EQUITY			
Net assets attributable to unitholders	4	<u>240,333,267</u>	<u>73,972,966</u>

The financial statements on pages 8 to 38 were approved by the Trustee and the Manager on 28 April 2022 and were signed on their behalf.

For and on behalf of

For and on behalf of

CSOP Asset Management Limited
as the Manager

HSBC Institutional Trust Services (Asia) Limited
as the Trustee

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

**CSOP NASDAQ – 100 INDEX DAILY (-2X) INVERSE PRODUCT
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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	Year ended 31 December 2021 <i>USD</i>	Period from 17 September 2019 (date of inception) 31 December 2020 <i>USD</i>
INCOME			
Interest income from bank deposits	7(c)	11,305	4,271
Interest income from deposits with broker		-	11,472
Interest income from bonds		13,562	35,766
Net loss on investments and derivative financial instruments	5	(93,611,670)	(22,930,216)
Other income		-	21,259
Total net loss		<u>(93,586,803)</u>	<u>(22,857,448)</u>
EXPENSES			
Management fee	7(a),(b)	(2,384,981)	(317,457)
Transaction costs on investments	8	(66,979)	(15,893)
Audit fee		(1,893)	(2,100)
Bank charges	7(d)	(20)	-
Legal and other professional fee		(538)	(3,504)
License fee		(195,074)	(19,324)
Establishment cost		-	(124,892)
Interest expenses		(131,404)	(13,048)
Other operating expenses	7(d)	(54,574)	(45,002)
Total operating expenses		<u>(2,835,463)</u>	<u>(541,220)</u>
Total comprehensive loss		<u>(96,422,266)</u>	<u>(23,398,668)</u>

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

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2021

	<i>Notes</i>	Year ended 31 December 2021 <i>USD</i>	Period from 17 September 2019 (date of inception) 31 December 2020 <i>USD</i>
Net assets attributable to unitholders at the beginning of the year/period		73,972,966	-
Proceeds on issue of units	4	271,992,005	103,287,783
Payments on redemption of units	4	(9,209,438)	(5,916,149)
Net increase from unit transactions		262,782,567	97,371,634
Total comprehensive loss for the year/period		(96,422,266)	(23,398,668)
Net assets attributable to unitholders at the end of the period		240,333,267	73,972,966

The movements of the redeemable units for the year ended 31 December 2021 and for the period from 17 September 2019 (date of inception) to 31 December 2020 are as follows:

	Year ended 31 December 2021 <i>Units</i>	Year ended 31 December 2020 <i>Units</i>
Number of units in issue at the beginning of the year/ period	289,600,000	-
Units issued	1,449,600,000	296,000,000
Units redeemed	(40,000,000)	(6,400,000)
Number of units in issue at the end of the year/ period	1,699,200,000	289,600,000

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

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Year ended 31 December 2021 <i>USD</i>	Period from 17 September 2019 (date of inception) 31 December 2020 <i>USD</i>
OPERATING ACTIVITIES		
Payments for purchase of investments	(308,213,826)	(117,707,258)
Proceeds from sale of investments	209,850,261	54,750,876
Other income received/(paid)	31,708	-
Interest income from bank deposits received	10,597	4,224
Interest income from deposits with broker received	-	11,472
Interest income from bonds received	13,562	35,766
Management fee paid	(2,174,426)	(236,090)
Transaction costs paid	(66,979)	(15,893)
Interest paid	(119,554)	(9,642)
Other operating expenses paid	(207,219)	(80,970)
Increase in deposits with broker	(49,085,433)	(22,352,736)
Net cash used in operating activities	(149,961,309)	(85,700,251)
FINANCING ACTIVITIES		
Proceeds on issue of units	271,992,005	103,287,783
Payments on redemption of units	(9,209,438)	(5,916,149)
Net cash generated from financing activities	262,782,567	97,371,634
Net increase in cash and cash equivalents	112,821,258	11,671,383
Cash and cash equivalents at the beginning of the year/period	11,671,383	-
Cash and cash equivalents at the end of the year/period	124,492,641	11,671,383
Analysis of balances of cash and cash equivalents		
Bank balances	107,934,291	9,571,301
Short-term bank deposits	16,558,350	2,100,082
	124,492,641	11,671,383

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

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CSOP Leveraged and Inverse Series (the “Trust”) is an umbrella unit trust governed by a trust deed dated 5 July 2016, 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 31 December 2021, the Trust has eight sub-funds which are CSOP NASDAQ-100 Index Daily (-2x) Inverse Product (the “Sub-Fund”), CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP Hang Seng Tech Index Daily (2X) Leveraged Product and CSOP Hang Seng Tech Index Daily (-2X) Inverse Product. CSOP Hang Seng Tech Index Daily (2X) Leveraged Product and CSOP Hang Seng Tech Index Daily (-2X) Inverse Product were launched on 8 December 2020. The date of inception of the Sub-Fund was 17 September 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.

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the two times inverse (-2x) of the daily performance of the Index, namely, NASDAQ-100 Index (the “Index”). The Index is a price return index, meaning that the performance of the Index is calculated on the basis that dividends are not reinvested, it is denominated in USD. The Index (Ticker: NDX) includes 100 of the largest non-financial companies listed on the NASDAQ Stock Market based on market capitalisation. In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a futures-based replication strategy through investing directly in the nearest quarter E-Mini NASDAQ 100 Futures (“E-mini NASDAQ 100 Futures”) which are traded on the Chicago Mercantile Exchange (“CME”), to obtain the required exposure to the Index. The Sub-Fund does not seek to achieve its stated investment objective over a period of time greater than one day.

These financial statements are prepared for the Sub-Fund only. The financial statements for CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP Hang Seng Tech Index Daily (2X) Leveraged Product and CSOP Hang Seng Tech Index Daily (-2X) Inverse Product have been prepared separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (together the “Management”) to exercise their judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

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, amendments and interpretations 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.

(b) Financial instruments

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition/derecognition

Purchases and sales of investments are accounted for on the trade date basis - the date on which the Sub-Fund commits to purchase or sell the investments. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Investments are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income in the period in which they arise.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both listed financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter debt securities) is determined by using broker quotes or valuation techniques.

Investments in government bonds, government treasury bills and listed futures contracts are valued using the last traded market prices.

(v) Transfers between levels of the fair value hierarchy

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

(vi) Derivatives

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated as hedges. The Sub-Fund does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Sub-Fund's documented investment strategy.

The Sub-Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Sub-Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(viii) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual agreements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Fund considers its investment in investment funds to be investment in unconsolidated structured entities. The investment funds are managed by the Manager who apply various investment strategies to accomplish the respective investment objectives of the investment funds. The investment funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the respective Sub-Fund's net assets. The Sub-Fund holds redeemable units in the investment funds.

The Sub-Fund's investments in unconsolidated structured entities are shown as financial assets at fair value through profit and loss. The change in fair value of investment funds is included in the statement of comprehensive income in "Net loss on investments and derivative financial instruments".

(c) Amounts due from participating dealers and brokers

Amounts due from participating dealers represent the subscription receivable from the participating dealers at the end of the reporting period. Amounts due from brokers represent receivables for investments sold that have been contracted for but not yet settled on the statement of financial position date. The amounts are non-interest bearing and repayable on demand.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from participating dealers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the participating dealers, probability that the participating dealers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by Management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Amounts due to participating dealers and brokers

Amounts due to participating dealers represent the redemption payable to the participating dealers at the end of the reporting period. Amounts due to brokers represent payables for investments purchased that have been contracted for but not yet delivered on the statement of financial position date. The amounts are non-interest bearing and repayable on demand.

These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(e) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

(f) Transaction costs on investments

Transactions costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transactions costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

(g) Expenses

Expenses are accounted for on an accrual basis.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank, demand deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Cash and cash equivalents excluded deposits with broker as they are restricted from investment purpose.

(i) Foreign currencies translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The Manager considers United States Dollar (“USD”) as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Sub-Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net loss on investments and derivative financial instruments”.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Redeemable units

The Sub-Fund issues redeemable units, which are redeemable at the holder's option. These units represent puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

In accordance with the Prospectus of the Sub-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions of the Sub-Fund.

(k) Taxation

No provision for Hong Kong profits tax has been made as the Sub-Fund is authorised as a collective investment scheme constituted as a unit trust 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.

The Sub-Fund may incur withholding taxes imposed by other jurisdictions on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as taxation in the statement of comprehensive income.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Changes to presentation and comparative information

When the presentation or classification of items in the financial statements is amended, comparative amounts have been updated to conform with the current year's presentation or classification.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of unlisted investments

The Sub-Fund holds no quoted debt securities that are valued by reference to broker quotes as at 31 December 2021. The Sub-Fund held quoted debt securities that are valued by reference to broker quotes as at 31 December 2020. In determining the fair value of such investments, the Management exercises judgment and estimates on the quantity and quality of pricing sources used. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as at 31 December 2020. Actual transacted prices may differ from the quotes provided by the brokers. The Management considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

4. 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 statement of financial position. Subscriptions and redemptions of units during the year ended 31 December 2021 and for the period ended from 17 September 2019 to 31 December 2020, are shown in the 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 5 July 2016, 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.

As stated in Note 2(j), redeemable units of the Sub-Fund are classified as equity 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.

The redeemable units for the years ended 31 December 2021 and for the period from 17 September 2019 (date of inception) to 31 December 2020 are as follows:

	Year ended 31 December 2021	Period from 17 September 2019 (date of inception) 31 December 2020
	<i>Units</i>	<i>Units</i>
Number of units in issue at the end of the period	1,699,200,000	289,600,000

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NOTES TO THE FINANCIAL STATEMENTS

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

	Year ended 31 December 2021 <i>USD</i>	Year ended 31 December 2020 <i>USD</i>
Net assets attributable to unitholders per unit as at 31 December (per statement of financial position)	0.1414	0.2554

As stated in Note 2(1), 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 to amortise over first five financial years. As at 31 December 2021, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of USD65,443 when compared with the methodology indicated in the Trust's Prospectus and the amount USD65,443 (2020:USD89,548) is unamortised with remaining three years of amortisation.

	Year ended 31 December 2021 <i>USD</i>	Period from 17 September 2019 (date of inception) 31 December 2020 <i>USD</i>
Net assets attributable to unitholders as reported in the statement of financial position	240,333,267	73,972,966
Adjustments for unamortised establishment costs	65,443	89,548
Net asset value in accordance with the Trust's Prospectus	240,398,710	74,062,514

5. NET LOSS ON INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December 2021 <i>USD</i>	Period from 17 September 2019 (date of inception) 31 December 2020 <i>USD</i>
Net change in unrealised loss in value of investments and derivative financial instruments	(3,464,767)	(4,216,172)
Net realised loss on sale of investments and derivative financial instruments	(90,146,903)	(18,714,044)
	(93,611,670)	(22,930,216)

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NOTES TO THE FINANCIAL STATEMENTS

6. 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 was no overseas withholding tax of the Sub-Fund for the years ended 31 December 2021 and 2020.

7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS

The following is a summary of significant related party transactions and 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 years ended 31 December 2021 and during the period from 17 September 2019 (date of inception) to 31 December 2020 between the Sub-Fund and the Manager, Trustee and their 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 Sub-Fund employs a single management fee structure, currently at the rate of 1.50% per annum of the net asset value of the Sub-Fund, accrued daily and calculated as at each dealing day and payable monthly in arrears.

The management fee includes, but are not limited to, the manager’s fee, the trustee’s fee, the custodian’s fee and the registrar’s fee. The management fee does not include brokerage and transaction costs such as the fees and charges relating to the investment and realising the investments and extraordinary items such as litigation expenses.

During the year ended 31 December 2021 and during the period from 17 September 2019 (date of inception) to 31 December 2020, the Sub-Fund invested in CSOP US Dollar Money Market ETF unlisted class A (2020: in listed class), an exchange traded fund managed by the Manager. The Manager has waived the portion of the management fee charged on the Sub-Fund’s holding in CSOP US Dollar Money Market ETF.

(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 7(a).

(c) Financial assets

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

	31 December 2021	31 December 2020
	USD	USD
Investments		
The Hongkong and Shanghai Banking Corporation Limited	52,464,111	46,243,493
	<u> </u>	<u> </u>
Bank balances		
The Hongkong and Shanghai Banking Corporation Limited	24,535,578	9,571,301
	<u> </u>	<u> </u>

Interest income amounted to USD200 (for the period from 17 September 2019 (date of inception) to 31 December 2020: USD4,143) was earned on these bank balances for the year ended 31 December 2021.

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NOTES TO THE FINANCIAL STATEMENTS

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

(c) Financial assets (Continued)

As at 31 December 2021, the Sub-Fund invests in CSOP US Dollar Money Market ETF of USD52,464,111 (for the period from 17 September 2019 (date of inception) to 31 December 2020: USD1,744,297), which is managed by the Manager.

(d) 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 year ended 31 December 2021 and for the period from 17 September 2019 (date of inception) to 31 December 2020, were as follows:

	2021 <i>USD</i>	2020 <i>USD</i>
Other operating expenses	17,764	27,073

(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 year ended 31 December 2021 and 2020, were as follows:

	Aggregate value of purchase and Sale of investments USD	% of the Fund's total aggregate value of transactions during the year %	Brokerage commission paid USD	Average rate of commission %
2021	52,459,000	10.16%	-	-
2020	Nil	Nil	Nil	Nil

(f) Holding in the Sub-Fund

As at 31 December 2021 and 2020, no unit was held by the Trustee, Manager and their connected persons.

8. TRANSACTION COSTS ON INVESTMENTS

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers.

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the two times inverse (-2x) of the daily performance of the Index, namely, NASDAQ-100 Index (the “Index”). 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.

The Sub-Fund is designated to utilise leverage to achieve daily return equivalent to two times inverse (-2x) of the daily performance of the NASDAQ-100 Index. The Sub-Fund rebalances its portfolio on a daily basis to achieve the investment objective.

As at 31 December 2021 and 2020, the Sub-Fund’s investments and derivative financial instruments were concentrated in Hong Kong (“HK”) listed investment fund-unlisted class (2020: Listed class) and US listed futures and the sub-fund had invested into treasury bills in 2020:

	31 December 2021		31 December 2020	
	Fair value USD	% of net asset value	Fair value USD	% of net asset value
Listed investment fund				
Unlisted Class				
– CSOP US Dollar Money Market ETF -Unlisted Class A	52,464,111	21.83	-	-
Listed Class				
– CSOP US Dollar Money Market ETF	-	-	1,744,297	2.36
Quoted debt securities				
– Treasury bills – United States	-	-	44,499,196	60.15
	<u>52,464,111</u>	<u>21.83</u>	<u>46,243,493</u>	<u>62.51</u>
Listed derivatives				
– Futures contracts – United States	(7,686,050)	(3.20)	(4,217,678)	(5.70)
Total investments and derivative financial instruments	<u>44,778,061</u>	<u>18.63</u>	<u>42,025,815</u>	<u>56.81</u>

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (continued)

Sensitivity analysis in the event of a possible change in the index by 20% as estimated by the Manager

As at 31 December 2021, if the NASDAQ-100 Index were to increase by 20% (2020:30%) with all other variables held constant, this would decrease the operating profit for the year/period by approximately USD16,758,911 (2020:USD15,278,898). Conversely, if the NASDAQ-100 Index were to decrease by 20%, this would increase the operating profit for the period by an equal amount.

(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 31 December 2021 Sub-Fund did not hold debt securities and 2020, the Sub-Fund invests in debt securities 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 shorter term debt securities and higher for longer term debt securities.

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

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (continued)

As at 31 December 2021

	Maturity up to 1 year <i>USD</i>	Maturity 1-5 years <i>USD</i>	Maturity over 5 years <i>USD</i>	Non- interest bearing <i>USD</i>	Total <i>USD</i>
Assets					
Investments	-	-	-	52,464,111	52,464,111
Bank interest receivable	-	-	-	755	755
Deposits with broker	71,438,169	-	-	-	71,438,169
Cash and cash equivalents	124,492,641	-	-	-	124,492,641
Total assets	<u>195,930,810</u>	<u>-</u>	<u>-</u>	<u>52,464,866</u>	<u>248,395,676</u>
Liabilities					
Derivative financial instruments	-	-	-	7,686,050	7,686,050
Management fee payable	-	-	-	291,922	291,922
Other accounts payable	-	-	-	84,437	84,437
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,062,409</u>	<u>8,062,409</u>
Total interest sensitivity gap	<u><u>195,930,810</u></u>	<u><u>-</u></u>	<u><u>-</u></u>		

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (continued)

As at 31 December 2020

	Maturity up to 1 year <i>USD</i>	Maturity 1-5 years <i>USD</i>	Maturity over 5 years <i>USD</i>	Non- interest bearing <i>USD</i>	Total <i>USD</i>
Assets					
Investments	44,499,196	-	-	1,744,297	46,243,493
Bank interest receivable	-	-	-	31,755	31,755
Deposits with broker	22,352,736	-	-	-	22,352,736
Cash and cash equivalents	11,671,383	-	-	-	11,671,383
Total assets	<u>78,523,315</u>	<u>-</u>	<u>-</u>	<u>1,776,052</u>	<u>80,299,367</u>
Liabilities					
Derivative financial instruments	-	-	-	4,217,678	4,217,678
Amounts due to brokers	-	-	-	1,999,649	1,999,649
Management fee payable	-	-	-	81,367	81,367
Other accounts payable	-	-	-	27,707	27,707
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,326,401</u>	<u>6,326,401</u>
Total interest sensitivity gap	<u>78,523,315</u>	<u>-</u>	<u>-</u>		

At 31 December 2021, the Sub-Fund has bank balances and deposits with brokers of USD195,930,810 (2020: USD34,024,119). 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 USD195,931(2020: USD34,024) higher or lower as a result of higher or lower interest income.

The Manager and Trustee monitor the interest rate risks by quantifying (a) market exposure in percentage terms; and (b) exposure in duration terms by different countries.

As at 31 December 2021, the Sub-Fund has invested in interest-bearing debt securities of USDNil (2020:USD44,499,196) and the portfolio weighted average modified duration of the Sub-Fund is Nil (2020:0.07) As at 31 December 2021, should the relevant interest rates have lowered/risen by 100 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the period would amount to approximately USDNil (2020:USD31,149), arising substantially from the increase/decrease in market values of treasury bills.

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (continued)

As at 31 December 2021, the Sub-Fund has invested in CSOP US Dollar Money Market ETF-Unlisted Class A of USD52,464,111(2020: USD1,744,297), which mainly invest in USD denominated and settled short-term deposits and money market instruments. As such, the Sub-Fund's investment in CSOP US Dollar Money Market ETF-Unlisted Class A is subject to interest rate risk. The underlying investments within CSOP US Dollar Money Market ETF- Unlisted Class A were short term with weighted average maturity not exceeding 60 days. As at 31 December 2021, should the relevant interest rates have lowered/risen by 100 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year/period would amount to approximately USD524,641(2020: USD17,443), arising substantially from the increase/decrease in market values of CSOP US Dollar Money Market ETF as a result of increase/decrease in 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 its assets and liabilities are denominated in USD, the Sub-Fund's functional and presentation currency. As a result, the Manager considers sensitivity analysis of currency risk is not necessary to be presented.

(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.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. In addition, the Sub-Fund places bank balances and deposits with broker 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 US treasury bills. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of securities 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.

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below summarises the credit rating of the investment portfolio issued by credit rating agencies:

The Sub-Fund didn't hold any US treasury bills as of 31 December 2021.

Portfolio by rating category of US Treasury bills:

As at 31 December 2020

Credit rating agency	Rating	USD	% of NAV
S&P	AA+u	44,499,196	60.15
		<u>44,499,196</u>	<u>60.15</u>

The Manager has assessed the credit quality of the US treasury bills based on the nature of the issuers and the historical information about the issuers' default rates. The Sub-Fund is also exposed to credit and counterparty risk on its investments, derivative financial instruments, bank balances and deposits with broker.

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below summarises the amount of investments and derivative financial instruments of the Sub-Fund placed with counterparties together with the credit rating of the relevant counterparties as at 31 December 2021 and 2020.

As at 31 December 2021	USD	Credit rating	Source of credit rating
Investments and derivative financial instruments			
The Hongkong and Shanghai Banking Corporation Limited	52,464,111	A-	S&P
UBS AG London	(7,686,050)	A+	S&P
Short-term deposits			
Industrial and Commercial bank of China (Asia) Limited	16,558,350	P-1	Moody's
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited	24,535,578	A-	S&P
Industrial and Commercial bank of China (Asia) Limited	32,583,713	P-1	Moody's
CMB Wing Lung Bank Ltd	18,845,000	P-2	Moody's
China Everbright Bank Co., Ltd	31,970,000	P-2	Moody's
Deposits with broker			
UBS AG London	71,438,169	A+	S&P
As at 31 December 2020			
	USD	Credit rating	Source of credit rating
Investments and derivative financial instruments			
The Hongkong and Shanghai Banking Corporation Limited	46,243,493	A-	S&P
UBS AG London	(4,217,678)	A+	S&P
Short-term deposits			
Industrial and Commercial bank of China (Asia) Limited	2,100,082	P-1	Moody's
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited	9,571,301	A-	S&P
Deposits with broker			
UBS AG London	22,352,736	A+	S&P

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2021 and 2020, bank interest receivable, other receivable, deposits with broker and cash and cash equivalents are held with counterparties with high credit rating and are due to be settled within 1 month. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The maximum exposure to credit risk as at 31 December 2021 and 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 securities that are traded in an active market which can be readily disposed of.

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.

	Less than 1 month <i>USD</i>	1 month to less than 3 months <i>USD</i>	Over 3 months <i>USD</i>	Total <i>USD</i>
As at 31 December 2021				
Derivative financial instruments	-	7,686,050	-	7,686,050
Management fee payable	291,922	-	-	291,922
Other accounts payable	3,683	465	80,289	84,437
Contractual cash outflow	<u>295,605</u>	<u>7,686,515</u>	<u>80,289</u>	<u>8,062,409</u>

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Less than 1 month <i>USD</i>	1 month to less than 3 months <i>USD</i>	Over 3 months <i>USD</i>	Total <i>USD</i>
As at 31 December 2020				
Derivative financial instruments	-	4,217,678	-	4,217,678
Amounts due to brokers	1,999,649	-	-	1,999,649
Management fee payable	81,367	-	-	81,367
Other accounts payable	3,667	735	23,305	27,707
Contractual cash outflow	<u>2,084,683</u>	<u>4,218,413</u>	<u>23,305</u>	<u>6,326,401</u>

Units are redeemed on demand at the unitholder's option. As at 31 December 2021, there were 3 (2020:2) unitholders holding more than 10% of the Sub-Fund's units, representing in aggregate 44% (2020:33%) of the total Sub-Fund's units.

The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 7 days or less. The following table illustrates the expected liquidity of assets held:

	Less than 1 month <i>USD</i>	1 to 12 months <i>USD</i>	No stated maturity <i>USD</i>	Total <i>USD</i>
As at 31 December 2021				
Total assets	<u>176,957,507</u>	<u>-</u>	<u>71,438,169</u>	<u>248,395,676</u>
As at 31 December 2020				
Total assets	<u>57,935,892</u>	<u>10,739</u>	<u>22,352,736</u>	<u>80,299,367</u>

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NOTES TO THE FINANCIAL STATEMENTS

9. 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).

(d) Fair value estimation (Continued)

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 and financial liabilities (by class) measured at fair value at 31 December 2021 and 2020:

	Level 1 <i>USD</i>	Level 2 <i>USD</i>	Level 3 <i>USD</i>	Total <i>USD</i>
As at 31 December 2021				
Assets				
Investments				
Listed investment fund				
- Unlisted Class A	52,464,111	-	-	52,464,111
	<u>52,464,111</u>	<u>-</u>	<u>-</u>	<u>52,464,111</u>
Total assets	<u>52,464,111</u>	<u>-</u>	<u>-</u>	<u>52,464,111</u>
Liabilities				
Derivative financial instruments				
- Futures contracts	(7,686,050)	-	-	(7,686,050)
	<u>(7,686,050)</u>	<u>-</u>	<u>-</u>	<u>(7,686,050)</u>
Total liabilities	<u>(7,686,050)</u>	<u>-</u>	<u>-</u>	<u>(7,686,050)</u>

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

	Level 1 <i>USD</i>	Level 2 <i>USD</i>	Level 3 <i>USD</i>	Total <i>USD</i>
As at 31 December 2020				
Assets				
Investments				
- Listed investment fund	1,744,297	-	-	1,744,297
- Treasury bills	44,499,196	-	-	44,499,196
	<u>46,243,493</u>	<u>-</u>	<u>-</u>	<u>46,243,493</u>
Total assets	<u>46,243,493</u>	<u>-</u>	<u>-</u>	<u>46,243,493</u>
Liabilities				
Derivative financial instruments				
- Futures contracts	(4,217,678)	-	-	(4,217,678)
	<u>(4,217,678)</u>	<u>-</u>	<u>-</u>	<u>(4,217,678)</u>
Total liabilities	<u>(4,217,678)</u>	<u>-</u>	<u>-</u>	<u>(4,217,678)</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed futures contracts, active listed investment fund and US treasury bills. 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 31 December 2021 and 2020, the Sub-Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2021 and 2020, the Sub-Fund did not hold any investments classified in level 3.

For the years ended 31 December 2021 and for the period from 17 September 2019 (date of inception) to 31 December 2020, there were no transfers between levels.

The assets and liabilities included in the statement of financial position, other than financial assets and liabilities at fair value through profit or loss, 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.

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital risk management

The Sub-Fund's capital is represented by the redeemable units outstanding. The Sub-Fund's objective is to provide investment results that correspond generally to the performance of the respective index. 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.

(f) Derivative financial instruments

Futures contracts

Futures contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset. Futures are standardised exchange-traded contracts. Initial margin requirements for futures are met in cash or other instruments, and changes in future contract values are marked to market daily. Futures contracts have lower credit risk because the counterparties are futures exchanges.

Futures contracts result in exposure to market risk based on changes in market prices relative to contracted price. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a futures contract and may result in substantial losses to the Sub-Fund. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a material fluctuation in price during a single day's trading beyond certain present limits. If prices fluctuate during a single day's trading beyond those limits, the Sub-Fund could be prevented from promptly liquidating unfavourable positions and thus could be subject to substantial losses.

The following futures contracts were unsettled at the date of statement of financial position:

As at 31 December 2021

Name of the futures	Expiration date	Number of contracts	Notional amount <i>USD</i>	Position	Fair value <i>USD</i>
NASDAQ 100 E-MINI 18 March 2022	18 March 2022	(1,469)	(479,503,635)	Short	(7,686,050)

As at 31 December 2020

Name of the futures	Expiration date	Number of contracts	Notional amount <i>USD</i>	Position	Fair value <i>USD</i>
NASDAQ 100 E-MINI 19 March 2021	19 March 2021	(574)	(147,925,540)	Short	(4,217,678)

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(g) Interest in other entities

The Sub-Fund's investments in an investment fund are subject to the terms and conditions of the respective investment fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of such investment fund.

As at 31 December 2021, the Sub-Fund invested in CSOP US Dollar Money Market ETF unlisted class A (2020: CSOP US Dollar Money Market ETF listed class). The right of the Sub-Fund to request redemption of its investments in CSOP US Dollar Money Market ETF is on a daily basis.

The Sub-Fund's exposure to investments in CSOP US Dollar Money Market ETF-Unlisted Class A at fair value is disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

As at 31 December 2021

Fund Name	Dealing net asset value of CSOP US Dollar Money Market ETF USD	Investment fair value USD	% of net asset value
*CSOP US Dollar Money Market ETF	245,554,011	52,464,111	21.83%

As at 31 December 2020

Fund Name	Dealing net asset value of CSOP US Dollar Money Market ETF USD	Investment fair value USD	% of net asset value
CSOP US Dollar Money Market ETF	121,654,678	1,744,297	2.36%

*Effective from 15 June 2021, the investment objective of the CSOP US Dollar Money Market ETF is to invest in short-term deposits and high quality money market instruments. It seeks to achieve a return in US Dollars in line with prevailing money market rates. 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.

The Sub-Fund's maximum exposure to loss from its interests in CSOP US Dollar Money Market ETF-Unlisted Class A is equal to the total fair value of its investments in CSOP US Dollar Money Market ETF-Unlisted Class A.

Once the Sub-Fund has disposed of its shares in CSOP US Dollar Money Market ETF-Unlisted Class A, the Sub-Fund ceases to be exposed to any risk from CSOP US Dollar Money Market ETF-Unlisted Class A.

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(g) Interest in other entities (Continued)

As at 31 December 2021 and 2020, there were no capital commitment obligations and no amounts due to CSOP US Dollar Money Market ETF-Unlisted Class A for unsettled purchases.

During the year ended 31 December 2021, total net gain on investments in CSOP US Dollar Money Market ETF were USD5,111 (for the period from 17 September 2019 (date of inception) to 31 December 2020: USD19,996).

(h) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 December 2021 and 2020, the Sub-Fund was subject to master netting arrangement for the derivative assets and liabilities of the Sub-Fund held with these counterparties. The margin balance maintained by the Sub-Fund is for the purpose of providing collateral on derivative positions.

The following tables present the Sub-Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

The Sub-Fund's financial assets

	A	B	C = A - B	D		E = C - D
		Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position	Net amounts of financial assets presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		Net amount
	Gross amounts of recognised financial assets			D(i)	D(ii)	
	USD	USD	USD	Financial instruments	Collateral	USD
As at 31 December 2021						
Financial assets						
Deposits with broker	71,438,169	-	71,438,169	7,686,050	-	63,752,119
	<u>71,438,169</u>	<u>-</u>	<u>71,438,169</u>	<u>7,686,050</u>	<u>-</u>	<u>63,752,119</u>
	<u><u>71,438,169</u></u>	<u><u>-</u></u>	<u><u>71,438,169</u></u>	<u><u>7,686,050</u></u>	<u><u>-</u></u>	<u><u>63,752,119</u></u>
As at 31 December 2020						
Financial assets						
Deposits with broker	22,352,736	-	22,352,736	4,217,678	-	18,135,058
	<u>22,352,736</u>	<u>-</u>	<u>22,352,736</u>	<u>4,217,678</u>	<u>-</u>	<u>18,135,058</u>
	<u><u>22,352,736</u></u>	<u><u>-</u></u>	<u><u>22,352,736</u></u>	<u><u>4,217,678</u></u>	<u><u>-</u></u>	<u><u>18,135,058</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(h) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

The Sub-Fund's financial liabilities

	A	B	C = A - B	D		E = C - D
		Gross amounts of recognised financial assets set-off in the Statement of Financial Position	Net amounts of financial liabilities presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
	Gross amounts of recognised financial liabilities			D(i)	D(ii)	Net amount
	USD	USD	USD	Financial instruments USD	Collateral USD	USD
As at 31 December 2021						
Financial liabilities						
Derivative financial instruments						
- Futures contracts	7,686,050	-	7,686,050	7,686,050	-	-
	<u>7,686,050</u>	<u>-</u>	<u>7,686,050</u>	<u>7,686,050</u>	<u>-</u>	<u>-</u>
	<u><u>7,686,050</u></u>	<u><u>-</u></u>	<u><u>7,686,050</u></u>	<u><u>7,686,050</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
As at 31 December 2020						
Financial liabilities						
Derivative financial instruments						
- Futures contracts	4,217,678	-	4,217,678	4,217,678	-	-
	<u>4,217,678</u>	<u>-</u>	<u>4,217,678</u>	<u>4,217,678</u>	<u>-</u>	<u>-</u>
	<u><u>4,217,678</u></u>	<u><u>-</u></u>	<u><u>4,217,678</u></u>	<u><u>4,217,678</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Amount in D(i) and D(ii) above relate to amounts to set-off that do not qualify for offsetting under (B) above. This includes (i) amounts which are subject to set-off against the asset (or liability) disclosed in (A) which have not been offset in the statement of financial position and (ii) any financial collateral (including cash collateral), both received and pledged.

The Sub-Fund and its counterparties have elected to settle all transactions on a gross basis. However, each party has the option to settle all open contracts on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes the following:

- failure by a party to make payment when due;
- bankruptcy.

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NOTES TO THE FINANCIAL STATEMENTS

10. DEPOSITS WITH BROKER

Included in deposits with broker are margin deposits of USD 24,973,000 (2020: USD9,184,000), which are pledged as collateral against open futures contracts. Refer to Note 9(b).

11. FINANCIAL INSTRUMENTS BY CATEGORY

As of 31 December 2021 and 2020, other than investments and derivative financial instruments as disclosed in the financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets including bank interest receivable, other receivable, deposits with broker and cash and cash equivalents are categorised as and carried at amortised cost. As of 31 December 2021 and 2020, other than derivative financial instruments as disclosed in the financial statements which are classified as the financial liabilities at fair value through profit or loss, all financial liabilities including amounts due to brokers, management fee payable and other accounts payable are categorised as and carried at amortised cost.

12. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

There was one security (2020: none) which is a collective investment scheme authorised by the SFC that individually accounted for more than 10% but less than 30% of the net asset value of the Sub-Fund as at 31 December 2021.

As at 31 December 2021

	Fair Value <i>USD</i>	% of net assets
Hong Kong		
CSOP US DOLLAR MONEY MARKET ETF-UNLISTED CLASS A	52,464,111	21.83%

There were no (2020: no) government securities that individually accounted for more than 10% but less than 30% of the net asset value of the Sub-Fund as at 31 December 2021.

For the year ended 31 December 2021, the NASDAQ-100 Index increased by 26.63%(for the period from 19 September 2019(first trading date) to 31 December 2020:increased by 63.38%) while the net asset value per unit of Sub-Fund decreased by 44.64% (for the period from 19 September 2019(first trading date) to 31 December 2020: decreased by 74.46%).

13. SOFT COMMISSION ARRANGEMENTS

The Manager confirms that there have been no soft commission arrangements existing during the years ended 31 December 2021 and 2020 in relation to directing transactions of the Sub-Fund through a broker or dealer.

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14. 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 futures contracts. The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to two times inverse (-2x) of the daily performance of the NASDAQ-100 Index.

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 statement of financial position and statement of comprehensive income.

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is mainly derived from investments in futures contracts to obtain the required exposure to the NASDAQ-100 Index, the tracked index.

The Sub-Fund has no non-current assets. As at 31 December 2021 and 2020, there are no investment in securities which account more than 10% of the Sub-Fund's net asset value.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 28 April 2022.

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INVESTMENT PORTFOLIO (Unaudited)

As at 31 December 2021

		Fair value USD	% of net assets
Investments and derivative financial instruments (18.63%)			
	<i> Holding</i>		
Listed investment fund (21.83%)			
Hong Kong (21.83%)			
Unlisted Class (21.83%)			
CSOP US DOLLAR MONEY MARKET ETF-UNLISTED CLASS A	51,109,704	52,464,111	21.83
Total listed investment fund		<u>52,464,111</u>	<u>21.83</u>
Listed Futures contracts (-3.20%)	<i> Expiration Date</i>	<i> Contracts</i>	
United States of America (-3.20%)			
NASDAQ 100 E-MINI 18 March 2022	18 March 2022	(1,469)	(7,686,050) (3.20)
Total futures contracts		<u>(7,686,050)</u>	<u>(3.20)</u>
Total investments and derivative financial instruments		44,778,061	18.63
Other net assets		195,555,206	81.37
Net assets attributable to unitholders as at 31 December 2021		<u>240,333,267</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>52,459,000</u>	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the year ended 31 December 2021

	1 January 2021	Additions	Holdings Corporate actions	Disposals	31 December 2021
Investments					
Listed investment fund					
Listed Class					
CSOP US DOLLAR MONEY MARKET ETF	17,000	277,000	-	294,000	-
Unlisted Share Class					
CSOP US DOLLAR MONEY MARKET ETF-UNLISTED CLASS A	-	51,109,704	-	-	51,109,704
Quoted debt securities					
TREASURY BILL UCP 18 February 2021	2,150,000	-	-	2,150,000	-
TREASURY BILL UCP 08 April 2021	-	4,870,000	-	4,870,000	-
TREASURY BILL ZCP 04 February 2021	3,930,000	-	-	3,930,000	-
TREASURY BILL ZCP 25 February 2021	4,160,000	-	-	4,160,000	-
TREASURY BILL ZCP 04 March 2021	2,973,000	-	-	2,973,000	-
TREASURY BILL ZCP 06 May 2021	-	6,660,000	-	6,660,000	-
TREASURY BILL ZCP 26 August 2021	-	8,340,000	-	8,340,000	-
TREASURY BILL ZCP 16 December 2021	-	6,380,000	-	6,380,000	-
US TREASURY BILL ZCPI 11 February 2021	3,100,000	-	-	3,100,000	-
US TREASURY BILL ZCPI 11 March 2021	4,190,000	-	-	4,190,000	-
US TREASURY BILL ZCPI 18 March 2021	4,690,000	-	-	4,690,000	-
US TREASURY BILL ZCP 07 January 2021	3,850,000	-	-	3,850,000	-
US TREASURY BILL ZCP 14 January 2021	3,480,000	-	-	3,480,000	-
US TREASURY BILL ZCP 21 January 2021	3,390,000	-	-	3,390,000	-
US TREASURY BILL ZCP 28 January 2021	3,970,000	-	-	3,970,000	-
US TREASURY BILL ZCP 25 March 2021	2,620,000	1,180,000	-	3,800,000	-

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

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

For the year ended 31 December 2021

	1 January 2021	Additions	Holdings Corporate actions	Disposals	31 December 2021
Quoted debt securities (Continued)					
US TREASURY BILL ZCP 01 April 2021	2,000,000	2,390,000	-	4,390,000	-
US TREASURY BILL ZCP 15 April 2021	-	3,320,000	-	3,320,000	-
US TREASURY BILL ZCP 22 April 2021	-	8,430,000	-	8,430,000	-
US TREASURY BILL ZCP 29 April 2021	-	5,550,000	-	5,550,000	-
US TREASURY BILL ZCP 13 May 2021	-	5,060,000	-	5,060,000	-
US TREASURY BILL ZCP 20 May 2021	-	6,200,000	-	6,200,000	-
US TREASURY BILL ZCP 27 May 2021	-	6,950,000	-	6,950,000	-
US TREASURY BILL ZCP 03 June 2021	-	4,800,000	-	4,800,000	-
US TREASURY BILL ZCP 10 June 2021	-	6,470,000	-	6,470,000	-
US TREASURY BILL ZCP 17 June 2021	-	4,860,000	-	4,860,000	-
US TREASURY BILL ZCP 24 June 2021	-	5,260,000	-	5,260,000	-
US TREASURY BILL ZCP 08 July 2021	-	7,000,000	-	7,000,000	-
US TREASURY BILL ZCP 15 July 2021	-	7,244,000	-	7,244,000	-
US TREASURY BILL ZCP 22 July 2021	-	8,000,000	-	8,000,000	-
US TREASURY BILL ZCP 29 July 2021	-	8,819,000	-	8,819,000	-
US TREASURY BILL ZCP 05 August 2021	-	7,664,000	-	7,664,000	-
US TREASURY BILL ZCP 12 August 2021	-	7,943,000	-	7,943,000	-
US TREASURY BILL ZCP 19 August 2021	-	3,200,000	-	3,200,000	-
US TREASURY BILL ZCP 02 September 2021	-	9,553,000	-	9,553,000	-
US TREASURY BILL ZCP 09 September 2021	-	8,521,000	-	8,521,000	-
US TREASURY BILL ZCP 16 September 2021	-	6,820,000	-	6,820,000	-
US TREASURY BILL ZCP 23 September 2021	-	6,985,000	-	6,985,000	-
US TREASURY BILL ZCP 30 September 2021	-	7,150,000	-	7,150,000	-
US TREASURY BILL ZCP 07 October 2021	-	12,871,000	-	12,871,000	-

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)
For the year ended 31 December 2021

	Holdings				
	1 January 2021	Additions	Corporate actions	Disposals	31 December 2021
Quoted debt securities (Continued)					
US TREASURY BILL ZCP 14 October 2021	-	5,611,000	-	5,611,000	-
US TREASURY BILL ZCP 21 October 2021	-	9,380,000	-	9,380,000	-
US TREASURY BILL ZCP 28 October 2021	-	15,200,000	-	15,200,000	-
US TREASURY BILL ZCP 18 November 2021	-	6,660,000	-	6,660,000	-
Listed futures contracts					
NASDAQ 100 E-MINI 18 March 2022	-	379	-	1,848	(1,469)
NASDAQ 100 E-MINI 19 March 2021	(574)	1,791	-	1,217	-
NASDAQ 100 E-MINI 18 June 2021	-	2,039	-	2,039	-
NASDAQ 100 E-MINI 17 September 2021	-	2,053	-	2,053	-
NASDAQ 100 E-MINI 17 December 2021	-	2,869	-	2,869	-

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (Unaudited)

As at 31 December 2021

The financial derivative instruments held by the Sub-Fund as at 31 December 2021 are summarised below:

Futures contracts

The details of futures contracts held by the Sub-Fund as at 31 December 2021 are as follows:

Description	Underlying assets	Position	Counterparty	Fair value USD
Financial liabilities:				
NASDAQ 100 E-MINI 18 March 2022	NASDAQ-100 Index	Short	UBS	(7,686,050)
				<hr/>
				(7,686,050)
				<hr/> <hr/>

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS
(Unaudited)**

For the year ended 31 December 2021

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2021.

	Year ended 31 December 2021 % of NAV	period from 17 September 2019 (date of inception) to 31 December 2020 % of NAV
Lowest gross exposure	(222.49)%	(202.29)%
Highest gross exposure	(196.20)%	(192.30)%
Average gross exposure	(199.43)%	(198.45)%

The lowest, highest and average net exposure arising from the use of financial derivative instruments for investment purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2021.

	Year ended 31 December 2021 % of NAV	period from 17 September 2019 (date of inception) to 31 December 2020 % of NAV
Lowest net exposure	(222.49)%	(202.29)%
Highest net exposure	(196.20)%	(192.30)%
Average net exposure	(199.43)%	(198.45)%

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund* <i>USD</i>	Dealing net asset value per unit <i>USD</i>
At the end of financial period dated		
31 December 2021	240,398,710	0.1415
31 December 2020	74,062,514	0.2557

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		
31 December 2021	0.2719	0.1386
31 December 2020 (Since 17 September 2019 (date of inception))	1.0953	0.2557

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

**CSOP NASDAQ-100 INDEX DAILY (-2X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

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Custodian

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