



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

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE
PRODUCT**
(Stock Code: 7345)
(A sub-fund of CSOP Leveraged and Inverse Series II)

Unaudited Semi-Annual Report
FOR THE PERIOD FROM 30 NOVEMBER 2021 (DATE OF
INCEPTION) TO 30 JUNE 2022

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

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**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	30 June 2022 (Unaudited) US\$
ASSETS	
CURRENT ASSETS	
Financial assets at fair value through profit or loss	1,303,727
Other receivables	19,049
Margin accounts	767,228
Cash and cash equivalents	3,713,221
	<hr/>
TOTAL ASSETS	5,803,225 <hr/> <hr/>
LIABILITIES	
CURRENT LIABILITIES	
Management fee payable	12,536
Other payables and accruals	21,900
Formation fee payable	25,251
	<hr/>
TOTAL LIABILITIES	59,687 <hr/> <hr/>
EQUITY	
Net assets attributable to unitholders	5,743,538 <hr/> <hr/>
TOTAL LIABILITIES AND EQUITY	5,803,225 <hr/> <hr/>
Number of units in issue	12,000,000 <hr/> <hr/>
Net asset value per unit	0.4786 <hr/> <hr/>

Note: No annual report has been published preceding the publication of this Semi-Annual report as the date of inception of the Sub-Fund was on 30 November 2021. The Semi-Annual report have applied the accounting policies and methods of computation as per the accompanying notes which are an integral part of these financial statements.

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period from 30 November 2021 (date of inception) to 30 June 2022

	Period from 30 November 2021 (date of inception) to 30 June 2022 (Unaudited) US\$
INCOME	
Interest income from bank deposits	471
Net losses on financial assets at fair value through profit or loss	(2,552,605)
Rebate income	1,767
Other income	18,474
TOTAL NET LOSS	<hr/> (2,531,893) <hr/>
EXPENSES	
Management fee ^{Note 1, 2}	(33,594)
Collateral management fee	(350)
Formation fee	(77,149)
Audit fee	(8,031)
Bank charges	(1,118)
Index licensing fee	(7,676)
Brokerage and transaction fee	(3,070)
Interest expense	(421)
Legal and other professional fee	(2,500)
Other operating expenses	(14,321)
TOTAL OPERATING EXPENSES	<hr/> (148,230) <hr/>
TOTAL COMPREHENSIVE LOSS	<hr/> (2,680,123) <hr/>

Note 1 During the period ended 30 June 2022, 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.

Note 2 During the period ended 30 June 2022, other than Management fee that paid to the Manager, no other amounts are paid to the Manager/connected person of Manager.

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

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 30 November 2021 (date of inception) to 30 June 2022

	Period from 30 November 2021 (date of inception) to 30 June 2022 (Unaudited) US\$
Net assets attributable to unitholders at the beginning of the period	—
Proceeds on issue of units	9,941,321
Payments on redemption of units	(1,517,660)
Net increase from unit transactions	8,423,661
Total comprehensive loss for the period	(2,680,123)
Net assets attributable to unitholders at the end of the period	5,743,538

The movement of the redeemable units are as below:

	Period from 30 November 2021 (date of inception) to 30 June 2022 (Unaudited) Units
Number of units in issue at the beginning of the period	—
Units issued	14,400,000
Units redeemed	(2,400,000)
Number of units in issue at the end of the period	12,000,000

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

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CASH FLOWS

For the period from 30 November 2021 (date of inception) to 30 June 2022

	Period from 30 November 2021 (date of inception) to 30 June 2022 (Unaudited) US\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Total comprehensive loss for the period	(2,680,123)
Adjustment for:	
Interest income from bank deposits	(471)
Operating cash flows before movements in working capital	(2,680,594)
Increase in financial assets at fair value through profit or loss	(1,303,727)
Increase in other receivables	(19,049)
Increase in margin accounts	(767,228)
Increase in management fee payable	12,536
Increase in formation fee payable	25,251
Increase in other payables and accruals	21,900
Cash used in operations	(4,710,911)
Interest received on bank deposits	471
Net cash flows used in operating activities	(4,710,440)

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds on issue of units	9,941,321
Payment on redemption of units	(1,517,660)
Net cash flows generated from financing activities	8,423,661

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CASH FLOWS (Continued)

For the period from 30 November 2021 (date of inception) to 30 June 2022

	Period from 30 November 2021 (date of inception) to 30 June 2022 (Unaudited) US\$
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,713,221
Cash and cash equivalents at the beginning of the period	—
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,713,221
Analysis of balances of cash and cash equivalents	
Bank balances	3,713,221

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

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

1. GENERAL INFORMATION

CSOP Leveraged and Inverse Series II (the “Trust”) is an umbrella unit trust governed by its trust deed dated 24 April 2020, as amended by the supplemental deeds on 24 April 2020, 19 May 2020, 10 July 2020 and 23 December 2020 (collectively, the “Trust Deed”) between CSOP Asset Management Limited (the “Manager”) and Cititrust Limited (the “Trustee”). It is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance of Hong Kong.

CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product (the “Sub-Fund”) is one of the sub-funds of the Trust, which commenced trading under the stock code 7345 on the Stock Exchange of Hong Kong Limited (“SEHK”) on 1 December 2021.

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the Solactive WTI 1-Day Rolling Futures Index (the “Index”).

The Index consists of only crude oil futures whose price movements may deviate significantly from the WTI crude oil spot price. The Product does not seek to deliver an inverse return of WTI crude oil spot price.

To achieve the investment objective of the Sub-Fund, the Manager will use a combination of a futures-based replication strategy and a Swap-based synthetic replication strategy. The Manager will adopt a futures-based replication strategy through investing directly in the Active Contracts of West Texas Intermediate crude oil (“WTI crude oil”) (also known as Texas light sweet crude oil) futures traded on the New York Mercantile Exchange (NYMEX) (“WTI Futures Contracts”) subject to the rolling strategy subject to the rolling strategy to obtain the required exposure to the Index and use a Swap-based synthetic replication strategy by investing in Swaps.

As of 30 June 2022, the Trust had eight sub-funds, namely CSOP Gold Futures Daily (2x) Leveraged Product, CSOP NASDAQ-100 Index Daily (2x) Leveraged Product, CSOP CSI 300 Index Daily (2x) Leveraged Product, CSOP CSI 300 Index Daily (-1x) Inverse Product, CSOP FTSE China A50 Index Daily (2x) Leveraged Product, CSOP FTSE China A50 Index Daily (-1x) Inverse Product, CSOP Gold Futures Daily (-1x) Inverse Product and CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product, (collectively, the “Sub-Funds”).

These financial statements relate to CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product only. The remaining Sub-Funds are being presented in separate financial statements.

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 all the periods presented, unless otherwise stated.

(a)(i) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the *Code on Unit Trusts and Mutual Funds* of the SFC (the “SFC Code”).

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(i) Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities classified as at fair value through profit or loss (“FVPL”) that have been measured at fair value. The financial statements are presented in United States Dollar (“US\$”) for the Sub-Fund. All values are rounded to the nearest US\$ except where otherwise indicated.

The Sub-Fund has adopted for the first time all applicable and effective IFRSs.

(a)(ii) Significant accounting judgements, estimates and assumptions

The preparation of financial statements, in conformity with IFRSs, requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(a)(iii) Issued but not yet effective IFRSs

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting period ended 30 June 2022 in these financial statements. Among the new and revised IFRSs, the following is expected to be relevant to the Sub-Fund’s financial statements upon becoming effective:

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Fund.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Issued but not yet effective IFRSs (continued)

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide nonmandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Fund is currently assessing the impact of the amendments to determine the impact they will have on the Fund's accounting policy disclosures.

(b) Financial instruments

(i) *Classification*

In accordance with IFRS 9, the Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including margin accounts, other receivables, and cash and cash equivalents.

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding;
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

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30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(i) *Classification (continued)*

- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category debt securities, investment funds and derivative contracts in an asset position held for trading.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities other than those measured at FVPL. The Sub-Fund includes in this category management fee payable, formation fee payable, and other payables and accruals.

Financial liabilities measured at FVPL

This category includes derivative contracts in a liability position since they are classified as held for trading.

(ii) *Recognition*

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets at FVPL are accounted for on the trade date basis.

(iii) *Initial measurement*

Financial assets at FVPL are recorded in the statement of net assets at fair value. All transaction fees for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) *Subsequent measurement*

After initial measurement, the Sub-Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair values of those financial instruments are recorded in "Net change in unrealised gain/loss on financial assets at FVPL". Interest earned on these instruments is recorded separately in "interest income" in the statement of profit or loss and other comprehensive income.

Financial assets, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(iv) *Subsequent measurement (continued)*

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction fee and all other premiums or discounts.

(v) *Derecognition*

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired, or where the Sub-Fund has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either the Sub-Fund has transferred substantially all the risks and rewards of the asset or the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained. The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged or cancelled, or expires.

Fair value measurement

The Sub-Fund measures its investments in financial instruments at fair value at the end of each reporting period.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments that are listed or traded on an exchange is based on quoted last traded market prices, that are within the bid-ask spread.

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30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivative financial instruments

Derivative financial instruments are recorded on a mark-to-market basis. Fair values are determined by using quoted market prices for futures contracts or calculated by reference to changes in specified prices of an underlying assets or otherwise a determined notional amount for swap agreements. All derivatives are carried as assets when amounts are receivable by the Sub-Fund and as liabilities when amounts are payable by the Sub-Fund.

Unrealised gains and losses arising from changes in fair value, and realised gains and losses are recognised in profit or loss.

(c) Revenue recognition

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

Other income is recognised when it is probable that the economic benefits will flow to the Sub-fund and the other income can be reliably measured. Other income is recognised when the Sub-fund's right to receive payment has been established.

(d) Expenses

Expenses are recognised on an accrual basis.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets comprise short-term deposits in banks which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Redeemable units

Redeemable units are classified as an equity instrument when:

- i. The redeemable units entitle the holder to a pro-rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation;
- ii. The redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- iii. All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- iv. The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Sub-Fund's net assets; or
- v. The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- i. Total cash flows based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund; and
- ii. The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as equity.

The Sub-Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Sub-Fund in issuing its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The Sub-Fund's own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

Redeemable units can be redeemed in cash equal to a proportionate share of the Sub-Fund's net asset value. 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 of the Sub-Fund.

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30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

(h) Margin accounts and amounts due to a broker

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

Amounts due to a broker is a sum payable for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

(i) Impairment of financial assets

For financial assets measured at amortised cost, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Sub-Fund is required to provide for credit losses that result from possible default events within the next 12 months (stage 1).

For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default (stage 2). The Sub-Fund considers a default has occurred when a financial asset is more than 90 days past due unless the Sub-Fund has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

(j) Net change in unrealised gains or losses on financial assets/liabilities at FVPL

This item includes changes in the fair value of financial assets/liabilities as at FVPL.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period unrealised gains and losses for financial instruments which were realised in the reporting period.

(k) Net realised gains or losses on disposal of financial assets/liabilities at FVPL

Net realised gains or losses on disposal of financial assets/liabilities classified as at FVPL are calculated using the first-in-first-out method for derivative financial instruments and weighted average method for investment funds.

(l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of net assets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxes

The Sub-fund is exempted from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted from the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(n) Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager. No distribution will be paid out of or effectively out of the Sub-Fund's capital.

(o) Formation fee

The formation fee is recognised as an expense in the period in which it is incurred.

(p) Transaction fees

Transaction fees are costs incurred to acquire financial assets/liabilities at FVPL. They include fees and commissions paid to agents, brokers and dealers. Transaction fees, when incurred, are immediately recognised in profit or loss as an expense.

(q) Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Sub-Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or the parent of the Sub-Fund.

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency translation gains and losses on financial instruments classified as at FVPL are included in profit or loss.

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2022

					Holdings Units	Fair value US\$	% of net assets
<u>Financial assets at fair value through profit or loss</u>							
<u>Investment funds</u>							
CSOP US Dollar Money Market ETF- (Unlisted Share Class A)					267,380	275,107	4.79
CSOP US Dollar Money Market ETF- (Listed Share Class)					6,000	617,330	10.75
						<u>892,437</u>	<u>15.54</u>
	Underlying assets	Counterparty	Expiration date	Contracts		Fair value US\$	% of net assets
<u>Future contracts</u>							
WTI CRUDE FUTURE 20/07/2022	Solactive WTI 1-Day Rolling Futures Index	BNP Paribas	20/07/2022	(54)		411,290	7.16
						<u>411,290</u>	<u>7.16</u>
Total investments, at fair value						<u>1,303,727</u>	<u>22.70</u>
Total investments, at cost						<u>890,848</u>	

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period from 30 November 2021 (date of inception) to 30 June 2022

	Holdings			
	30 November 2021 (date of inception) Units	Additions Units	Disposals Units	As at 30 June 2022 Units
<u>Debt securities</u>				
The United States of America				
TREASURY BILL 12/30/21	-	417,000	417,000	-
TREASURY BILL 01/20/22	-	411,000	411,000	-
TREASURY BILL 01/27/22	-	384,000	384,000	-
TREASURY BILL 12/23/21	-	417,000	417,000	-
<u>Investment funds</u>				
Hong Kong				
CSOP US Dollar Money Market ETF- (Listed Share Class)	-	14,000	8,000	6,000
CSOP US Dollar Money Market ETF- (Unlisted Share Class A)	-	267,380	-	267,380
<u>Futures contracts</u>				
The United States of America				
WTI CRUDE FUTURE 01/20/22	-	99	99	-
WTI CRUDE FUTURE 02/22/22	-	63	63	-
WTI CRUDE FUTURE 03/22/22	-	56	56	-
WTI CRUDE FUTURE 04/20/22	-	47	47	-
WTI CRUDE FUTURE 05/20/22	-	48	48	-
WTI CRUDE FUTURE 06/21/22	-	56	56	-
WTI CRUDE FUTURE 7/20/22	-	64	10	54

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
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PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund* US\$	Dealing net asset value per unit US\$
At the end of financial period dated		
30 June 2022	5,811,726	0.4843

Highest and lowest net asset value per unit

	Highest net asset value per unit US\$	Lowest net asset value per unit US\$
Financial period ended		
30 June 2022 (since 30 November 2021 (date of inception))	1.0071	0.4333

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

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (Unaudited)

There were one securities 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 30 June 2022.

	Fair Value US\$	% of assets
As at 30 June 2022		
CSOP US Dollar Money Market ETF	617,330	10.75

There were 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 30 June 2022.

During the period from 30 November 2021 (date of inception) to 30 June 2022, the Solactive WTI 1-Day Rolling Futures Index increased by 75.69% while the net asset value per unit of Sub-Fund decreased by 52.14%.

**CSOP WTI CRUDE OIL FUTURES DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

MANAGEMENT AND ADMINISTRATION

Manager

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

Directors of the Manager

Chen Ding
Gaobo Zhang
Xiaosong Yang
Xiuyan Liu (resigned on 17 June 2022)
Yi Zhou
Yundong Zhu (appointed on 17 June 2022)
Zhiwei Liu
Zhongping Cai

Registrar

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

Auditor

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Administrator and Custodian

Citibank, N.A, Hong Kong Branch
50/F., Champion Tower
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Central
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Trustee

Cititrust Limited
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Listing Agent

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