



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

**CSOP HANG SENG CHINA ENTERPRISES INDEX  
DAILY (2X) LEVERAGED PRODUCT**  
(Stock Code: 07288)  
(A sub-fund of CSOP Leveraged and Inverse Series)

Unaudited Semi-Annual Report  
FOR THE PERIOD ENDED 30 JUNE 2019

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

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

## **REPORT OF THE MANAGER TO THE UNITHOLDERS**

### Introduction

The CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product (or the “Sub-Fund”), a sub-fund of the CSOP Leveraged and Inverse Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 5 July 2016 (the “Trust Deed”) between CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

It was launched on 10 March 2017 and commenced trading in HKD under the stock code 7288 on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 14 March 2017. The Sub-Fund is benchmarked against the Hang Seng China Enterprises Index (the “Index”) and adopts a futures-based replication strategy. The Manager is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product is a futures-based ETF which invests directly in the nearest month futures contracts on the Hang Seng China Enterprises Index listed on the SEHK (“H-shares Index Futures”) subject to the rolling strategy discussed in below, to obtain the required exposure to the Index and to provide investment results that, before fees and expenses, closely correspond to twice (2x) the daily performance of the Index.

As the Index is not a futures index, the product does not follow any predetermined roll-over schedule. The Manager will roll the H-shares Index Futures on a monthly basis. The futures roll for the H-shares Index Futures will be done on a monthly basis on the SEHK shortly before expiration.

The Index is compiled and managed by Hang Seng Indexes Company Limited (the “Index Provider”). It is a free float-adjusted market capitalisation weighted index that tracks the behaviour of a portfolio of blue chip companies, the largest and most liquid China enterprises with H-share listed on the Stock Exchange of Hong Kong Limited (the “SEHK”). The Index operates under clearly defined rules published by the index provider and is a tradable index.

### The Sub-Fund Performance

The CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product seeks to provide daily investment results, before fees and expenses, which closely correspond to positive twice the daily performance of the Index. As of 28 June 2019, the dealing Net Asset Value (“NAV”) per unit of the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product was HKD 8.2476 and there were 21,600,000 units outstanding. The total asset under management was approximately HKD 178.1 million as at 28 June 2019.

For the period ended 28 June 2019, the dealing NAV of CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product performed 17.16% while the Index performed 7.48%. YTD Price return of the HKD counter (stock code 7288) was 16.22%.

### Exchange Liquidity

Since inception, the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7288) remained steadily at an average daily turnover of HKD 11.5 million in June 2019. The trading volume for the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product reflected strong interest in the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product.

### Portfolio Rebalance

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

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

**CONDENSED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2019*

|   | 30 June 2019<br>(Unaudited)<br><i>HKD</i> | 31 December 2018<br>(Audited)<br><i>HKD</i> |
|---|---|---|
| <b>ASSETS</b>                                 |   |   |
| <b>CURRENT ASSETS</b>                         |   |   |
| Investments                                   | 65,445,319                                | 55,187,221                                  |
| Derivative financial instruments              | -   | 2,695,594                                   |
| Bank interest receivable                      | 523                                       | 282   |
| Interest receivable                           | 65,574                                    | 80,258                                      |
| Amounts due from participating dealers        | 13,185,885                                | -   |
| Margin deposit                                | 36,493,810                                | 28,282,625                                  |
| Bank balances                                 | 76,362,058                                | 82,202,393                                  |
|   | <hr/>                                     | <hr/>                                       |
| <b>Total assets</b>                           | 191,553,169                               | 168,448,373                                 |
|   | <hr/> <hr/>                               | <hr/> <hr/>                                 |
| <b>LIABILITIES</b>                            |   |   |
| <b>CURRENT LIABILITIES</b>                    |   |   |
| Derivative financial instruments              | 538,889                                   | -   |
| Management fee payable                        | 130,449                                   | 110,697                                     |
| Other accounts payable                        | 212,513                                   | 223,825                                     |
|   | <hr/>                                     | <hr/>                                       |
| <b>Total liabilities</b>                      | 881,851                                   | 334,522                                     |
|   | <hr/> <hr/>                               | <hr/> <hr/>                                 |
| <b>EQUITY</b>                                 |   |   |
| <b>Net assets attributable to unitholders</b> | 190,671,318                               | 168,113,851                                 |
|   | <hr/> <hr/>                               | <hr/> <hr/>                                 |
| <b>Number of units in issue</b>               | 21,600,000                                | 24,000,000                                  |
|   | <hr/> <hr/>                               | <hr/> <hr/>                                 |
| <b>Net asset value per unit</b>               | 8.8274                                    | 7.0047                                      |
|   | <hr/> <hr/>                               | <hr/> <hr/>                                 |

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

*For the period ended 30 June 2019*

|   | Period from<br>1 January 2019<br>to 30 June 2019<br>(Unaudited)<br><i>HKD</i> | Period from<br>1 January 2018<br>to 30 June 2018<br>(Unaudited)<br><i>HKD</i> |
|---|---|---|
| <b>INCOME</b>   |   |   |
| Interest income from bank deposits                                  | 39,828  | 6,816   |
| Interest income from bonds  | 255,333   | 193,725   |
| Net gain/(loss) on investments and derivative financial instruments | 29,132,707  | (29,447,649)  |
| <b>Total net income/(loss)</b>                                      | <u>29,427,868</u>   | <u>(29,247,108)</u>   |
| <b>EXPENSES</b>   |   |   |
| Management fee  | (715,854)   | (1,268,326)   |
| Transaction costs on investments                                    | (205,835)   | (299,398)   |
| Audit fee   | (21,669)  | (19,242)  |
| Safe custody and bank charges                                       | (4,639)   | (6,288)   |
| Legal and other professional fee                                    | (14,024)  | (3,925)   |
| License fee   | (152,357)   | (103,101)   |
| Establishment cost  | -   | (1,199,655)   |
| Other operating expenses  | (113,185)   | (94,989)  |
| <b>Total operating expenses</b>                                     | <u>(1,227,563)</u>  | <u>(2,994,924)</u>  |
| <b>FINANCE COSTS</b>  |   |   |
| Interest expenses   | (38,649)  | (104,114)   |
| <b>Total comprehensive income</b>                                   | <u><u>28,161,656</u></u>  | <u><u>(32,346,146)</u></u>  |

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

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

*For the period ended 30 June 2019*

|  | Period from<br>1 January 2019<br>to 30 June 2019<br>(Unaudited)<br><i>HKD</i> | Period from<br>1 January 2018<br>to 30 June 2018<br>(Unaudited)<br><i>HKD</i> |
|--|---|---|
| Net assets attributable to unitholders at the beginning<br>of the period   | 168,113,851   | 193,341,766   |
| Proceeds on issue of units   | 99,174,431  | 236,867,278   |
| Payments on redemption of units  | (104,778,620)   | (154,874,155)   |
| Net (decrease)/increase from unit transactions                             | (5,604,189)   | 81,993,123  |
| Total comprehensive income for the period                                  | 28,161,656  | (32,346,146)  |
| <b>Net assets attributable to unitholders at the end of<br/>the period</b> | <b>190,671,318</b>  | <b>242,988,743</b>  |

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

**CONDENSED STATEMENT OF CASH FLOWS**

*For the period ended 30 June 2019*

|   | Period from<br>1 January 2019<br>to 30 June 2019<br>(Unaudited)<br><i>HKD</i> | Period from<br>1 January 2018<br>to 30 June 2018<br>(Unaudited)<br><i>HKD</i> |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>                                   |   |   |
| Payments for purchase of investments                          | (69,090,927)  | (60,112,896)  |
| Proceeds from sale of investments                             | 91,200,019  | 80,089,844  |
| Interest income from bank deposits received                   | 39,587  | 6,822   |
| Interest income from bonds received                           | 270,017   | 246,117   |
| Other income received   | -   | 4,199   |
| Management fee paid   | (696,102)   | (1,246,222)   |
| Transaction costs paid  | (205,835)   | (299,398)   |
| Other operating expenses paid                                 | (316,314)   | (1,400,252)   |
| Margin deposit  | (8,211,185)   | (35,176,306)  |
|   | <hr/>   | <hr/>   |
| <b>Net cash generated from/(used in) operating activities</b> | 12,989,260  | (17,888,092)  |
|   | -----   | -----   |
| <b>FINANCING ACTIVITIES</b>                                   |   |   |
| Proceeds on issue of units                                    | 99,174,431  | 236,867,278   |
| Amounts received from participating dealers                   | (13,185,885)  | -   |
| Payments on redemption of units                               | (104,778,620)   | (154,874,155)   |
| Interest paid   | (39,521)  | (98,179)  |
|   | <hr/>   | <hr/>   |
| <b>Net cash (used in)/generated from financing activities</b> | (18,829,595)  | 81,894,944  |
|   | -----   | -----   |
| Net (decrease)/increase in cash and cash equivalents          | (5,840,335)   | 64,006,852  |
| Cash and cash equivalents at the beginning of the period      | 82,202,393  | 88,200,506  |
|   | <hr/>   | <hr/>   |
| Cash and cash equivalents at the end of the period            | 76,362,058  | 152,207,358   |
|   | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>Analysis of balances of cash and cash equivalents</b>      |   |   |
| Bank balances   | 76,362,058  | 152,207,358   |
|   | <hr/> <hr/>   | <hr/> <hr/>   |

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

**INVESTMENT PORTFOLIO (Unaudited)**

*As at 30 June 2019*

|  |                        | <b>Fair value<br/>HKD</b> | <b>% of<br/>net<br/>assets</b> |
|--|------------------------|---------------------------|--------------------------------|
| <b>Investments and derivative financial instruments (34.04%)</b> |                        |                           |                                |
| <b>Listed fund (18.61%)</b>                                      | <i>Holdings</i>        |                           |                                |
| <b>Hong Kong (18.61%)</b>  |                        |                           |                                |
| CSOP HONG KONG DOLLAR MONEY MARKET ETF                           | 35,000                 | 35,475,419                | 18.61                          |
| Total listed fund  |                        | <u>35,475,419</u>         | <u>18.61</u>                   |
| <b>Quoted debt securities (15.71%)</b>                           |                        |                           |                                |
| <b>Hong Kong (15.71%)</b>  |                        |                           |                                |
| HONG KONG GOVERNMENT 0.77% 21 August 2019                        | 7,000,000              | 6,988,100                 | 3.66                           |
| HONG KONG GOVERNMENT 1.04% 20 November 2019                      | 8,000,000              | 7,976,000                 | 4.18                           |
| HONG KONG GOVERNMENT 1.49% 30 September 2019                     | 7,000,000              | 6,993,000                 | 3.67                           |
| HONG KONG GOVERNMENT 2.16% 09 December 2019                      | 8,000,000              | 8,012,800                 | 4.20                           |
| Total debt securities  |                        | <u>29,969,900</u>         | <u>15.71</u>                   |
| <b>Listed futures contracts (-0.28%)</b>                         |                        |                           |                                |
|  | <i>Expiration Date</i> | <i>Contracts</i>          |                                |
| <b>Hong Kong (-0.28%)</b>  |                        |                           |                                |
| HSCEI FUTURES 30 July 2019                                       | 30 July 2019           | 705                       | (538,889) (0.28)               |
| Total futures contracts  |                        |                           | <u>(538,889) (0.28)</u>        |
| Total investments and derivative financial instruments           |                        | 64,906,430                | 34.04                          |
| Other net assets   |                        | 125,764,888               | 65.96                          |
| Net assets attributable to unitholders as at 30 June 2019        |                        | <u>190,671,318</u>        | <u>100.00</u>                  |
| Total investments and derivative financial instruments, at cost  |                        | <u>65,129,347</u>         |                                |



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

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

*For the period ended 30 June 2019*

|   | <b>Holdings</b>       |                  |                              |                  | <b>30 June 2019</b> |
|---|-----------------------|------------------|------------------------------|------------------|---------------------|
|   | <b>1 January 2019</b> | <b>Additions</b> | <b>Corporate<br/>actions</b> | <b>Disposals</b> |                     |
| <b>Investments</b>                              |                       |                  |                              |                  |                     |
| <b>Listed fund</b>                              |                       |                  |                              |                  |                     |
| CSOP HONG KONG DOLLAR<br>MONEY MARKET ETF       | 33,000                | 15,000           | -                            | 13,000           | 35,000              |
| <b>Quoted debt securities</b>                   |                       |                  |                              |                  |                     |
| HONG KONG GOVERNMENT<br>0.77% 21 August 2019    | -                     | 7,000,000        | -                            | -                | 7,000,000           |
| HONG KONG GOVERNMENT<br>0.8% 22 May 2019        | -                     | 8,000,000        | -                            | 8,000,000        | -                   |
| HONG KONG GOVERNMENT<br>0.99% 20 February 2019  | 11,000,000            | -                | -                            | 11,000,000       | -                   |
| HONG KONG GOVERNMENT<br>1.04% 20 November 2019  | -                     | 8,000,000        | -                            | -                | 8,000,000           |
| HONG KONG GOVERNMENT<br>1.34% 24 June 2019      | -                     | 9,000,000        | -                            | 9,000,000        | -                   |
| HONG KONG GOVERNMENT<br>1.35% 25 March 2019     | 11,000,000            | -                | -                            | 11,000,000       | -                   |
| HONG KONG GOVERNMENT<br>1.49% 30 September 2019 | -                     | 7,000,000        | -                            | -                | 7,000,000           |
| HONG KONG GOVERNMENT<br>2.16% 09 December 2019  | -                     | 8,000,000        | -                            | -                | 8,000,000           |
| HONG KONG GOVERNMENT<br>2.64% 10 June 2019      | -                     | 7,000,000        | -                            | 7,000,000        | -                   |
| <b>Listed future contracts</b>                  |                       |                  |                              |                  |                     |
| HSCEI FUTURES 27 June 2019                      | -                     | 699              | -                            | 699              | -                   |
| HSCEI FUTURES 28 March 2019                     | -                     | 567              | -                            | 567              | -                   |
| HSCEI FUTURES 29 April 2019                     | -                     | 640              | -                            | 640              | -                   |
| HSCEI FUTURES 30 January 2019                   | 669                   | 71               | -                            | 740              | -                   |
| HSCEI FUTURES 30 July 2019                      | -                     | 715              | -                            | 10               | 705                 |
| HSCEI FUTURES 30 May 2019                       | -                     | 668              | -                            | 668              | -                   |
| H-SHARES INDEX FUTURES 27<br>February 2019      | -                     | 612              | -                            | 612              | -                   |

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

**PERFORMANCE RECORD (Unaudited)**

**Net asset value**

|   | Dealing net asset value<br>of the Sub-Fund<br><i>HKD</i> | Dealing net asset value<br>per unit<br><i>HKD</i> |
|---|--|---|
| At the end of financial period/year dated |  |   |
| 30 June 2019                              | 191,331,856  | 8.8580  |
| 31 December 2018                          | 168,946,356  | 7.0394  |
| 31 December 2017                          | 193,341,766  | 9.6671  |

**Highest and lowest net asset value per unit**

|   | Highest net asset value<br>per unit<br><i>HKD</i> | Lowest net asset value<br>per unit<br><i>HKD</i> |
|---|---|--|
| Financial period ended  |   |  |
| 30 June 2019  | 9.5361  | 6.6282   |
| 31 December 2018  | 13.2465   | 6.9085   |
| 31 December 2017 (since 10 March 2017 (date of<br>inception)) | 10.1548   | 6.7118   |

**CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED PRODUCT  
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**UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)**

There was 1 (31 December 2018: 1) investment that individually accounted for more than 10% but less than 30% of the net asset value of the Sub-Fund as at 30 June 2019.

|  | Fair Value<br><i>HKD</i> | % of assets |
|--|--------------------------|-------------|
| <b>As at 30 June 2019</b>              |                          |             |
| <b>Hong Kong</b>                       |                          |             |
| CSOP HONG KONG DOLLAR MONEY MARKET ETF | 35,475,419               | 18.61%      |
| <b>As at 31 December 2018</b>          |                          |             |
| <b>Hong Kong</b>                       |                          |             |
| CSOP HONG KONG DOLLAR MONEY MARKET ETF | 33,204,821               | 19.75%      |

For the period ended 30 June 2019, the Hang Seng China Enterprises Index increased by 7.48% (31 December 2018: decreased by 13.53%) while the net asset value per unit of Sub-Fund increased by 26.02% (31 December 2018: decreased by 27.09%).

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

**MANAGEMENT AND ADMINISTRATION**

**Manager**

CSOP Asset Management Limited  
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**Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
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**Custodian**

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Hong Kong

**Service Agent**

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