



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

CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
(Stock Code: 07300)
(A sub-fund of CSOP Leveraged and Inverse Series)

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

**CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

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CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT (A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP Hang Seng Index Daily (-1x) Inverse Product (or the “Sub-Fund”), a sub-fund of the CSOP Leveraged and Inverse Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 5 July 2016 (the “Trust Deed”) between CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

It was launched on 10 March 2017 and commenced trading in HKD under the stock code 7300 on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 14 March 2017. The Sub-Fund is benchmarked against the Hang Seng Index (the “Index”) and adopts a futures-based replication strategy. The Manager is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP Hang Seng Index Daily (-1x) Inverse Product is a futures-based ETF which invests directly in the nearest month futures contracts on the Hang Seng Index listed on the SEHK (“Hang Seng Index Futures”) subject to the rolling strategy discussed in below, to obtain the required exposure to the Index and to provide investment results that, before fees and expenses, closely correspond to inverse (-1x) of the daily performance of the Index.

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

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

The Sub-Fund Performance

The CSOP Hang Seng Index Daily (-1x) Inverse Product seeks to provide daily investment results, before fees and expenses, which closely correspond to negative 1 times the daily performance of the Index. As of 28 June 2019, the dealing Net Asset Value (“NAV”) per unit of the CSOP Hang Seng Index Daily (-1x) Inverse Product was HKD 5.2213 and there were 675,200,000 units outstanding. The total asset under management was approximately HKD 3.53 billion as at 28 June 2019.

For the period ended 28 June 2019, the dealing NAV of CSOP Hang Seng Index Daily (-1x) Inverse Product performed -11.92% while the Index performed 10.43%. YTD Price return of the HKD counter (stock code 7300) was -11.80%.

Exchange Liquidity

Since inception, the CSOP Hang Seng Index Daily (-1x) Inverse Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7300) remained steadily at an average daily turnover of HKD 207.4 million in June 2019. The trading volume for the CSOP Hang Seng Index Daily (-1x) Inverse Product reflected strong interest in the CSOP Hang Seng Index Daily (-1x) Inverse Product.

Portfolio Rebalance

The CSOP Hang Seng Index Daily (-1x) Inverse 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 INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	30 June 2019 (Unaudited) <i>HKD</i>	31 December 2018 (Audited) <i>HKD</i>
ASSETS		
CURRENT ASSETS		
Investments	1,075,803,280	366,898,339
Bank interest receivable	14,577	7,578
Interest receivable	2,026,584	715,187
Margin deposit	330,198,097	228,717,484
Bank balances	2,128,154,597	2,212,766,398
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Total assets	3,536,197,135	2,809,104,986
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LIABILITIES		
CURRENT LIABILITIES		
Derivative financial instruments	7,002,897	22,645,650
Management fee payable	3,149,319	2,436,738
Other accounts payable	1,390,856	993,176
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Total liabilities	11,543,072	26,075,564
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EQUITY		
Net assets attributable to unitholders	3,524,654,063	2,783,029,422
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Number of units in issue	675,200,000	469,600,000
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Net asset value per unit	5.2202	5.9264
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**CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2019

	Period from 1 January 2019 to 30 June 2019 (Unaudited) HKD	Period from 1 January 2018 to 30 June 2018 (Unaudited) HKD
INCOME		
Interest income from bank deposits	1,839,642	50,111
Interest income from bonds	4,840,601	725,808
Net (loss)/gain on investments and derivative financial instruments	(390,246,248)	67,466,191
Other income	-	84,720
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Total net (loss)/income	(383,566,005)	68,326,830
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EXPENSES		
Management fee	(20,059,925)	(6,810,917)
Transaction costs on investments	(1,481,664)	(483,394)
Audit fee	(177,403)	(56,815)
Safe custody and bank charges	(55,164)	(20,714)
Legal and other professional fee	(14,024)	(3,925)
License fee	(1,651,451)	(552,787)
Establishment cost	-	(1,200,145)
Other operating expenses	(126,285)	(104,140)
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Total operating expenses	(23,565,916)	(9,232,837)
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FINANCE COSTS		
Interest expenses	(514,845)	(275,357)
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Total comprehensive income	(407,646,766)	58,818,636
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**CSOP HANG SENG INDEX DAILY (-1X) INVERSE 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 1 January 2019 to 30 June 2019 (Unaudited) <i>HKD</i>	Period from 1 January 2018 to 30 June 2018 (Unaudited) <i>HKD</i>
Net assets attributable to unitholders at the beginning of the period	2,783,029,422	750,226,888
	-----	-----
Proceeds on issue of units	3,102,474,868	2,035,241,479
Payments on redemption of units	(1,953,203,461)	(820,922,813)
	-----	-----
Net increase from unit transactions	1,149,271,407	1,214,318,666
	-----	-----
Total comprehensive income for the period	(407,646,766)	58,818,636
	-----	-----
Net assets attributable to unitholders at the end of the period	3,524,654,063	2,023,364,190
	=====	=====

**CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 June 2019

	Period from 1 January 2019 to 30 June 2019 (Unaudited) <i>HKD</i>	Period from 1 January 2018 to 30 June 2018 (Unaudited) <i>HKD</i>
OPERATING ACTIVITIES		
Payments for purchase of investments	(1,510,363,638)	(191,237,207)
Proceeds from sale of investments	395,569,697	307,961,644
Interest income from bank deposits received	1,832,644	49,872
Interest income from bonds received	3,529,203	560,398
Other income received	-	84,720
Management fee paid	(19,347,344)	(5,791,441)
Transaction costs paid	(1,481,664)	(483,394)
Other operating expenses paid	(1,634,384)	(1,670,837)
Margin deposit	(101,480,613)	(96,821,927)
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Net cash (used in)/generated from operating activities	(1,233,376,099)	12,651,828
	-----	-----
FINANCING ACTIVITIES		
Proceeds on issue of units	3,102,474,868	2,035,241,479
Payments on redemption of units	(1,953,203,461)	(820,922,813)
Amounts received from participating dealers	-	74,439,529
Interest paid	(507,109)	(229,550)
	<hr/>	<hr/>
Net cash generated from financing activities	1,148,764,298	1,288,528,645
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(84,611,801)	1,301,180,473
Cash and cash equivalents at the beginning of the period	2,212,766,398	428,006,270
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Cash and cash equivalents at the end of the period	2,128,154,597	1,729,186,743
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Analysis of balances of cash and cash equivalents		
Bank balances	2,128,154,597	1,729,186,743
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**CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2019

		Fair value HKD	% of assets
Investments and derivative financial instruments (30.32%)			
Listed fund (5.75%)	<i>Holdings</i>		
Hong Kong (5.75%)			
CSOP HONG KONG DOLLAR MONEY MARKET ETF	200,000	202,716,680	5.75
Total listed fund		<u>202,716,680</u>	<u>5.75</u>
Quoted debt securities (24.77%)			
Hong Kong (24.77%)			
HONG KONG GOVERNMENT 0.77% 21 August 2019	232,000,000	231,605,600	6.57
HONG KONG GOVERNMENT 1.49% 30 September 2019	232,000,000	231,768,000	6.58
HONG KONG GOVERNMENT 1.04% 20 November 2019	205,000,000	204,385,000	5.80
HONG KONG GOVERNMENT 2.16% 09 December 2019	205,000,000	205,328,000	5.82
Total debt securities		<u>873,086,600</u>	<u>24.77</u>
Listed futures contracts (-0.20%)			
	<i>Expiration Date</i>	<i>Contracts</i>	
Hong Kong (-0.20%)			
HANG SENG INDEX FUTURE 30 July 2019	30 July 2019	(2,466)	(7,002,897) (0.20)
Total futures contracts			<u>(7,002,897) (0.20)</u>
Total investments and derivative financial instruments		1,068,800,383	30.32
Other net assets		2,455,853,680	69.68
Net assets attributable to unitholders as at 30 June 2019		<u>3,524,654,063</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>1,074,174,556</u>	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period ended 30 June 2019

	Holdings				30 June 2019
	1 January 2019	Additions	Corporate actions	Disposals	
Investments					
Listed fund					
CSOP HONG KONG DOLLAR MONEY MARKET ETF	170,000	128,000	-	98,000	200,000
Quoted debt securities					
HONG KONG GOVERNMENT 0.99% 20 February 2019	92,000,000	-	-	92,000,000	-
HONG KONG GOVERNMENT 1.35% 25 March 2019	104,000,000	-	-	104,000,000	-
HONG KONG GOVERNMENT 0.8% 22 May 2019	-	144,000,000	-	144,000,000	-
HONG KONG GOVERNMENT 2.64% 10 June 2019	-	217,000,000	-	217,000,000	-
HONG KONG GOVERNMENT 1.34% 24 June 2019	-	147,000,000	-	147,000,000	-
HONG KONG GOVERNMENT 0.77% 21 August 2019	-	232,000,000	-	-	232,000,000
HONG KONG GOVERNMENT 1.49% 30 September 2019	-	232,000,000	-	-	232,000,000
HONG KONG GOVERNMENT 1.04% 20 November 2019	-	205,000,000	-	-	205,000,000
HONG KONG GOVERNMENT 2.16% 09 December 2019	-	205,000,000	-	-	205,000,000
Listed future contracts					
HANG SENG INDEX FUTURE 30 January 2019	(2,142)	3,385	-	1,243	-
HANG SENG INDEX FUTURE 27 February 2019	-	3,639	-	3,639	-
HANG SENG INDEX FUTURE 28 March 2019	-	3,591	-	3,591	-
HANG SENG INDEX FUTURE 29 April 2019	-	3,500	-	3,500	-
HANG SENG INDEX FUTURE 30 May 2019	-	3,989	-	3,989	-
HANG SENG INDEX FUTURE 27 June 2019	-	3,788	-	3,788	-
HANG SENG INDEX FUTURE 30 July 2019	-	135	-	2,601	(2,466)

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PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund <i>HKD</i>	Dealing net asset value per unit <i>HKD</i>
At the end of financial period dated		
30 June 2019	3,525,315,077	5.2211
31 December 2018	2,783,862,417	5.9282
31 December 2017	750,226,888	5.4841

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>HKD</i>	Lowest net asset value per unit <i>HKD</i>
Financial period ended		
30 June 2019	6.1284	5.0312
31 December 2018	6.2798	4.9450
31 December 2017 (since 10 March 2017 (date of inception))	7.2060	5.4698

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UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)

There was nil (31 December 2018:Nil) 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.

For the period ended 30 June 2019, the Hang Seng Index increased by 10.43% (31 December 2018: decreased by 13.61%) while the net asset value per unit of Sub-Fund decreased by 11.92% (31 December 2018: increased by 8.07%).

**CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
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MANAGEMENT AND ADMINISTRATION

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