



CSOP ETF SERIES  
(An umbrella unit trust established in Hong Kong)

**CSOP HONG KONG DOLLAR MONEY MARKET ETF**  
**Stock Codes: 03053 (HKD counter) and 83053 (RMB counter)**  
(A sub-fund of CSOP ETF Series)

Unaudited Semi-Annual Report  
FOR THE PERIOD ENDED 30 JUNE 2020



**CSOP HONG KONG DOLLAR MONEY MARKET ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

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# **CSOP HONG KONG DOLLAR MONEY MARKET ETF (A SUB-FUND OF CSOP ETF SERIES)**

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

### Introduction

The CSOP Hong Kong Dollar Money Market ETF (the "CSOP HKD MMF ETF"), a sub-fund of the CSOP ETF Series, is a unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 12 July 2018, with trade commenced in HKD under the stock code 3053 and in RMB under the stock code 83053 on The Stock Exchange of Hong Kong Limited (the "SEHK") on 18 July 2018. Its unlisted class A was launched on 8 March 2019 and first investment was made on 31 July 2019. Besides, the Sub-Fund is benchmarked against 3-month Hong Kong Dollar Interest Settlement Rate (commonly known as Hong Kong Interbank Offered Rate or "HIBOR") calculated by the Hong Kong Association of Banks ("HKAB") (the "Benchmark"). The Manager is CSOP Asset Management Limited (the "Manager"). The trustee is HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

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

### The Sub-Fund Performance

The CSOP HKD MMF ETF provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the 3-month Hong Kong Dollar Interest Settlement Rate (commonly known as Hong Kong Interbank Offered Rate or "HIBOR" thereafter) calculated by the Hong Kong Association of Banks ("HKAB") (the "Benchmark"). As of 30 June 2020, the dealing Net Asset Value ("NAV") per unit of the CSOP HKD MMF ETF was HKD 1031.4486 and there were 2,541,000 units outstanding. The dealing NAV of its unlisted class A was HKD 10.3145 and there were 10,312,444.9087 units outstanding. The total asset under management was approximately HKD 2.73 billion.

For the period ended 30 June 2020, the dealing NAV of CSOP HKD MMF ETF performed 0.81% while the benchmark performed 1.67%. YTD Price return of the HKD counter (stock code 3135) was 0.75%. The dealing NAV of its unlisted share class performed 0.81%.

### Exchange Liquidity

Since inception, the CSOP HKD MMF ETF has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 3053) remained steadily at an average daily turnover of HKD 2.99 million in June 2020. The trading value of the RMB counter (stock code: 83053) remained steadily at an average daily turnover of RMB 0.95 million in June 2020.

### Portfolio Rebalance

The CSOP HKD MMF ETF adopts daily portfolio rebalance.

**CSOP HONG KONG DOLLAR MONEY MARKET ETF  
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**CONDENSED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2020*

		30 June 2020 (Unaudited) <i>HKD</i>	31 December 2019 (Audited) <i>HKD</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Bank interest receivable		4,282,893	5,414,812
Other receivables		245,490	251,364
Cash and cash equivalents	<i>5(c)</i>	2,723,298,412	2,603,477,037
		<u>2,727,826,795</u>	<u>2,609,143,213</u>
<b>Total assets</b>		<u>2,727,826,795</u>	<u>2,609,143,213</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Management fee payable		737,412	664,867
Other accounts payable		95,433	118,933
		<u>832,845</u>	<u>783,800</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>		<u>832,845</u>	<u>783,800</u>
<b>Net assets attributable to unitholders</b>	<i>3</i>	<u>2,726,993,950</u>	<u>2,608,359,413</u>

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

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

**CSOP HONG KONG DOLLAR MONEY MARKET ETF**  
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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

*For the period ended 30 June 2020*

		Period from 1 January 2020 to 30 June 2020 (Unaudited) <i>HKD</i>	Period from 12 July 2018 (date of inception) to 30 June 2019 (Unaudited) <i>HKD</i>
<b>INCOME</b>			
Interest income from bank deposits	5(c)	31,500,907	39,136,374
Interest on certificate of deposits		-	1,174,290
		<hr/>	<hr/>
<b>Total net income</b>		31,500,907	40,310,664
		<hr/>	<hr/>
<b>EXPENSES</b>			
Management fee	5(a),(b)	(4,871,067)	(6,619,003)
Audit fee		(8,179)	(15,228)
Safe custody and bank charges		(1,450)	(10,169)
Legal and other professional fee		(79,188)	(449,255)
Establishment costs		-	(706,965)
Other operating expenses	5(f)	(219,078)	(416,489)
		<hr/>	<hr/>
<b>Total operating expenses</b>		(5,178,962)	(8,217,109)
		<hr/>	<hr/>
Operating profit		26,321,945	32,093,555
<b>FINANCE COSTS</b>			
Interest expense		(49,608)	(93,977)
		<hr/>	<hr/>
<b>Increase in net assets attributable to unitholders/Total comprehensive income</b>		<hr/> <hr/> 26,272,337	<hr/> <hr/> 31,999,578

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

**CSOP HONG KONG DOLLAR MONEY MARKET ETF**  
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**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

*For the period ended 30 June 2020*

	<i>Note</i>	Period from 1 January 2020 to 30 June 2020 (Unaudited) <i>HKD</i>	Period from 12 July 2018 (date of inception) to 30 June 2019 (Unaudited) <i>HKD</i>
Net assets attributable to unitholders at the beginning of the period		2,608,359,413	-
Proceeds on issue of units	3	3,913,097,233	5,468,824,662
Payments on redemption of units	3	(3,820,735,033)	(2,726,804,340)
Net increase from unit transactions		92,362,200	2,742,020,322
Increase in net assets attributable to unitholders		26,272,337	31,999,578
<b>Net assets attributable to unitholders at the end of the period*</b>		<b>2,726,993,950</b>	<b>2,774,019,900</b>

\*During the period from 12 July 2018 (date of inception) to 30 July 2019, the net assets attributable to unitholders were classified as equity. During the period from 31 July 2019 to 30 June 2020, the net assets attributable to unitholders were classified as financial liabilities.

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

**CSOP HONG KONG DOLLAR MONEY MARKET ETF  
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**CONDENSED STATEMENT OF CASH FLOWS**

*For the period ended 30 June 2020*

	Period from 1 January 2020 to 30 June 2020 (Unaudited) <i>HKD</i>	Period from 12 July 2018 (date of inception) to 30 June 2019 (Unaudited) <i>HKD</i>
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	-	(399,116,176)
Proceeds from sale of investments	-	399,116,176
Interest income from bank deposits received	32,632,826	34,730,437
Interest income from certificate of deposits	-	1,174,290
Other receivables	5,874	(303,187)
Management fee paid	(4,798,522)	(5,973,319)
Other operating expense paid	(331,395)	(1,516,400)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>27,508,783</b>	<b>28,111,821</b>
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Interest expense paid	(49,608)	(93,977)
Proceeds on issue of units	3,913,097,233	5,468,824,662
Payments on redemption of units	(3,820,735,033)	(2,726,804,340)
	<hr/>	<hr/>
<b>Net cash generated from in financing activities</b>	<b>92,312,592</b>	<b>2,741,926,345</b>
	<hr/>	<hr/>
Net increase in cash and cash equivalents	119,821,375	2,770,038,166
	-----	-----
Cash and cash equivalents at the beginning of the period	2,603,477,037	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	2,723,298,412	2,770,038,166
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	1,298,412	1,038,166
Short-term deposits	2,722,000,000	2,769,000,000
	<hr/>	<hr/>
	<b>2,723,298,412</b>	<b>2,770,038,166</b>
	<hr/> <hr/>	<hr/> <hr/>

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

# **CSOP HONG KONG DOLLAR MONEY MARKET ETF (A SUB-FUND OF CSOP ETF SERIES)**

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 25 July 2012, as amended, (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 30 June 2020, the Trust has seven sub-funds which are CSOP Hong Kong Dollar Money Market ETF (the “Sub-Fund”), CSOP FTSE China A50 ETF, CSOP SZSE ChiNext ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP US Dollar Money Market ETF and CSOP CSI 500 ETF. Two sub funds of the Trust, CSOP CES China A80 ETF and CSOP China CSI 300 Smart ETF were terminated on 31 May 2019 and 27 December 2019 respectively. CSOP CSI 500 ETF was launched on 18 March 2020. The date of inception of the Sub-Fund was 12 July 2018. 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 deduction of fees and expenses, closely correspond to the performance of the benchmark, namely, 3-month HIBOR. In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a passive tracking strategy. A passive tracking strategy involves constructing portfolio of the Sub-Fund from time to time based on credit rating, liquidity and target maturity.

These condensed semi-annual financial statements are prepared for the Sub-Fund only. The financial statements for CSOP FTSE China A50 ETF, CSOP SZSE ChiNext ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP US Dollar Money Market ETF and CSOP CSI 500 ETF have been prepared separately.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

These condensed semi-annual financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed semi-annual financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies applied are consistent with those of the annual financial statements for the period ended 31 December 2019, as described in the annual financial statements.

#### Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Sub-Fund.

#### New standards, amendments and interpretations effective after 1 January 2020 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 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

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

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

Redeemable units of the Sub-Fund are classified as financial liability and they are carried at the price based on the Sub-Fund's net asset value per unit at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund. As at 30 June 2019, redeemable units of the Sub-Fund are classified as equity and they are carried at the redemption amount that would be payable at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund.

The movements of the redeemable units for the period from 1 January 2020 to 30 June 2020 and for the period from 12 July 2018 (date of inception) to 30 June 2019 are as follows:

	Period from 1 January 2020 to 30 June 2020	
	Listed Class Units	Unlisted Class A Units
Number of units in issue at the beginning of the period	2,517,000	3,256,119
Units issued	3,456,000	35,582,307
Units redeemed	(3,432,000)	(28,529,073)
Number of units in issue at the end of the period	<u>2,541,000</u>	<u>10,309,353</u>
		Period from 12 July 2018 (date of inception) to 30 June 2019 (Unaudited) Units
Number of units in issue at the beginning of the period		-
Units issued		5,441,000
Units redeemed		(2,704,000)
Number of units in issue at the end of the period		<u>2,737,000</u>
	As at 30 June 2020 (Unaudited) HKD	As at 31 December 2019 (Audited) HKD
Net assets attributable to unitholders per unit (per statement of financial position)		
Listed Class	1,031.3531	1,023.0621
Unlisted Class A	<u>10.3135</u>	<u>10.2306</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

Establishment costs are expensed as incurred. However, in accordance with the provisions of the Trust's Prospectus, establishment costs are recognised using the amortisation method. As at 30 June 2020, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of HKD258,019 when compared with the methodology indicated in the Trust's Prospectus.

	As at 30 June 2020 (Unaudited) <i>HKD</i>
Net assets attributable to unitholders as reported in the statement of financial position	2,726,993,950
Adjustments for unamortised establishment costs	258,019
Net asset value in accordance with the Trust's Prospectus	<u>2,727,251,969</u>

**4. TAXATION**

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

There were no tax expenses for the Sub-Fund for the period ended 30 June 2020 and the period from 12 July 2018 (date of inception) to 30 June 2019.

**5. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS**

The following is a summary of significant related party transactions/transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and the Connected Persons of the Manager. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period from 1 January 2020 to 30 June 2020 between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the Connected Persons of the Manager except for those disclosed below.

**(a) Management fee**

The Manager is entitled to receive a management fee, currently at the rate of 0.30% per annum of the net asset value of the relevant class for listed class and unlisted class A units, and 0.80% per annum of the net asset value of unlisted class P units, inclusive of Trustee fee, Registrar's fee and Investment Adviser's fee accrued daily and calculated as at each dealing day and payable monthly in arrears.

**(b) Trustee fee and Registrar's fee**

The Trustee fee and Registrar's fee are included in the management fee and the Manager will pay the fees of the Trustee and Registrar out of the management fee.

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

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

**(b) Trustee fee and Registrar's fee (Continued)**

The Trustee shall also be entitled to be reimbursed from the Sub-Fund for all out-of-pocket expenses incurred. Refer to Note 5(a).

**(c) Financial assets**

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

	As at 30 June 2020 (Unaudited) <i>HKD</i>	As at 31 December 2019 (Audited) <i>HKD</i>
<b>Bank balances</b>		
The Hongkong and Shanghai Banking Corporation Limited	1,298,412	477,037
	<u>1,298,412</u>	<u>477,037</u>

Interest income amounted to HKD51,493 (for the period from 12 July 2018 (date of inception) to 30 June 2019: HKD1,760,396) was earned on these bank balances for the period ended 30 June 2020.

**(d) Manager's holdings**

The Manager of the Sub-Fund holds 87,000 HKD (31 December 2019: 137,000 HKD) counter units, which represents 3.42% (31 December 2019: 5.44%) of the net asset value of the listed class of the Sub-Fund as at 30 June 2020.

**(e) Investment adviser fee**

The management fee is inclusive of the Investment Adviser's fee and the Manager will pay the fees of the Investment Adviser (if any) out of the management fee. Refer Note 5(a).

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

The other respective amounts paid to the trustee and its connected persons for the period ended 30 June 2020 and for the period from 12 July 2018 (date of inception) to 30 June 2019 were as follows:

	Period from 1 January 2020 to 30 June 2020 (Unaudited) <i>HKD</i>	Period from 1 January 2019 to 30 June 2019 (Unaudited) <i>HKD</i>
Other operating expenses	64,316	101,079

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT**

The objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the 3-month HIBOR. 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**

As at 30 June 2020, the Sub-Fund did not hold any investments and it only invested into short-term deposits. The Sub-Fund was not exposed to market risk. As a result, no market exposure and sensitivity analysis are presented.

**(ii) Interest rate risk**

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

As at 30 June 2020, the Sub-Fund invests in short-term deposits, the Sub-Fund is subject to interest rate risk. Interest rate risk is the risk that the value of the Sub-Fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for short-term deposits and higher for long-term deposits.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Market risk (Continued)**

**(ii) Interest rate risk (Continued)**

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

**As at 30 June 2020**

	Maturity less than 1 month <i>HKD</i>	Maturity 1-3 months <i>HKD</i>	Maturity over 3 months <i>HKD</i>	Non- interest bearing <i>HKD</i>	Total <i>HKD</i>
<b>Assets</b>					
Bank interest receivable	-	-	-	4,282,893	4,282,893
Other receivables	-	-	-	245,490	245,490
Cash and cash equivalents					
-Bank balances	1,298,412	-	-	-	1,298,412
-Bank deposits	1,070,000,000	1,652,000,000	-	-	2,722,000,000
<b>Total assets</b>	<b>1,071,298,412</b>	<b>1,652,000,000</b>	<b>-</b>	<b>4,528,383</b>	<b>2,727,826,795</b>
<b>Liabilities</b>					
Management fee payable	-	-	-	737,412	737,412
Other accounts payable	-	-	-	95,433	95,433
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>832,845</b>	<b>832,845</b>
<b>Total interest sensitivity gap</b>	<b>1,071,298,412</b>	<b>1,652,000,000</b>	<b>-</b>		

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Market risk (Continued)**

**(ii) Interest rate risk (Continued)**

**As at 31 December 2019**

	Maturity less than 1 month <i>HKD</i>	Maturity 1-3 months <i>HKD</i>	Maturity over 3 months <i>HKD</i>	Non- interest bearing <i>HKD</i>	Total <i>HKD</i>
<b>Assets</b>					
Bank interest receivable	-	-	-	5,414,812	5,414,812
Other receivables	-	-	-	251,364	251,364
Cash and cash equivalents					
- Bank balances	477,037	-	-	-	477,037
- Bank deposits	1,835,000,000	768,000,000	-	-	2,603,000,000
<b>Total assets</b>	<u>1,835,477,037</u>	<u>768,000,000</u>	<u>-</u>	<u>5,666,176</u>	<u>2,609,143,213</u>
<b>Liabilities</b>					
Management fee payable	-	-	-	664,867	664,867
Other accounts payable	-	-	-	118,933	118,933
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>783,800</u>	<u>783,800</u>
<b>Total interest sensitivity gap</b>	<u>1,835,477,037</u>	<u>768,000,000</u>	<u>-</u>		

At 30 June 2020, the Sub-Fund has bank balance and short-term deposits of HKD2,723,298,412 (31 December 2019: HKD2,603,477,037). 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 HKD2,723,298 (31 December 2019: HKD2,603,477) higher or lower as a result of higher or lower interest income.

**(iii) Currency risk**

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

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit and counterparty risk**

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

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

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

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in short-term deposits and money market instruments. 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.

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

	<i>HKD</i>	Short-term Credit rating	Source of credit rating
<b>As at 30 June 2020</b>			
<b>Short-term deposits</b>			
Agricultural Bank of China Limited Hong Kong Branch	208,000,000	P-1	Moody's
China Citic Bank International Ltd	80,000,000	P-2	Moody's
China Everbright Bank Co., Ltd	627,000,000	P-2	Moody's
Chiyu Banking Corp Ltd, Hong Kong Branch	280,000,000	P-2	Moody's
CMB Wing Lung Bank Ltd	69,000,000	P-2	Moody's
Industrial Bank Co., LTD. Hong Kong Branch	523,000,000	P-2	Moody's
Nanyang Commercial Bank Limited	36,000,000	P-2	Moody's
Shanghai Pudong Development Bank co LTD, Hong Kong Branch	456,000,000	P-2	Moody's
The Bank of East Asia, Limited, Hong Kong	443,000,000	P-2	Moody's
	<u>2,722,000,000</u>		
<b>Bank balances</b>			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	1,298,412	A-	S&P
	<u><u>2,723,298,412</u></u>		

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit and counterparty risk (Continued)**

<b>As at 31 December 2019</b>	<i>HKD</i>	Short-term Credit rating	Source of credit rating
<b>Short-term deposits</b>			
Agricultural Bank of China Limited Hong Kong Branch	341,000,000	P-1	Moody's
Bank of China (Hong Kong) Ltd	261,000,000	P-1	Moody's
China Everbright Bank Co., Ltd	444,000,000	P-2	Moody's
Chiyu Banking Corp Ltd, Hong Kong Branch	185,000,000	P-2	Moody's
Industrial Bank Co., LTD. Hong Kong Branch	597,000,000	P-2	Moody's
Maybank, HK Branch	137,000,000	P-2	Moody's
Shanghai Pudong Development Bank co LTD, Hong Kong Branch	258,000,000	P-2	Moody's
The Bank of East Asia, Limited, Hong Kong	380,000,000	P-2	Moody's
	<u>2,603,000,000</u>		
<b>Bank balances</b>			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	477,037	A	S&P
	<u><u>2,603,477,037</u></u>		

The maximum exposure to credit risk as at 30 June 2020 and 31 December 2019 are the carrying amount of the financial assets as shown on the statement of financial position.

**(c) Liquidity risk**

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

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

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



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk (Continued)**

	Less than 1 month <i>HKD</i>	1 month to less than 3 months <i>HKD</i>	Over 3 months <i>HKD</i>	Total <i>HKD</i>
<b>As at 30 June 2020</b>				
Management fee payable	737,412	-	-	737,412
Other accounts payable	-	95,433	-	95,433
Net assets attributable to unitholders	2,726,993,950	-	-	2,726,993,950
<b>Contractual cash outflow</b>	<u>2,727,731,362</u>	<u>95,433</u>	<u>-</u>	<u>2,727,826,795</u>
<b>As at 31 December 2019</b>				
Management fee payable	664,867	-	-	664,867
Other accounts payable	-	118,933	-	118,933
Net assets attributable to unitholders	2,608,359,413	-	-	2,608,359,413
<b>Contractual cash outflow</b>	<u>2,609,024,280</u>	<u>118,933</u>	<u>-</u>	<u>2,609,143,213</u>

Units are redeemed on demand at the unitholder's option. As at 30 June 2020, there were two (31 December 2019: two) unitholders who individually held more than 10% of the listed class of units and there were three (31 December 2019: one) unitholder who individually held more than 10% of the unlisted class A units.

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

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

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

	Less than 1 month <i>HKD</i>	1 to 12 months <i>HKD</i>	No stated maturity <i>HKD</i>	Total <i>HKD</i>
<b>As at 30 June 2020</b>				
Total assets	<u>2,723,543,902</u>	<u>4,282,893</u>	<u>-</u>	<u>2,727,826,795</u>
<b>As at 31 December 2019</b>				
Total assets	<u>2,603,728,401</u>	<u>5,414,812</u>	<u>-</u>	<u>2,609,143,213</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Fair value estimation**

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

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

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

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

The Sub-Fund did not hold any investments as at 30 June 2020 (31 December 2019: Nil).

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

**(e) Capital risk management**

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

**7. DISTRIBUTION**

There was no distribution during the period ended 30 June 2020 and the period from 12 July 2018 (date of inception) to 30 June 2019.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**8. FINANCIAL INSTRUMENTS BY CATEGORY**

As of 30 June 2020, all financial assets including bank interest receivable, other receivable and bank balances are categorised as per HKFRS9 and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

The carrying value of the 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.

**9. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE**

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

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

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

<b>Issuer</b>	<b>% of NAV</b>
China Everbright Bank Co., Ltd	22.99
Chiyu Banking Corp Ltd, Hong Kong Branch	10.27
Industrial Bank Co., LTD. Hong Kong Branch	19.18
Shanghai Pudong Development Bank co LTD, Hong Kong Branch	16.72
The Bank of East Asia, Limited, Hong Kong	16.24

As at 31 December 2019, the Sub-Fund held short-term deposits collectively more than 10% of net assets value, issued by single issuer as follows.

<b>Issuer</b>	<b>% of NAV</b>
Agricultural Bank of China Limited Hong Kong Branch	13.07
Bank of China (Hong Kong) Ltd	10.01
China Everbright Bank Co., Ltd	17.02
Industrial Bank Co., LTD. Hong Kong Branch	22.89
The Bank of East Asia, Limited, Hong Kong	14.57

For the period from 1 January 2020 to 30 June 2020, the net asset value per unit of the listed share class increased by 0.81% and the net asset value per unit of the unlisted share class increased by 0.81% while the 3-month HIBOR increased by 1.67%.

During the period from 18 July 2018 (first trading date) to 31 December 2019, the net asset value per unit of the listed share class increased by 2.30% while the 3-month HIBOR increased by 3.02%. During the period from 1 August 2019 to 31 December 2019, the net asset value per unit of the unlisted class' increased by 0.76% while the 3-month HIBOR increased by 0.90%.

For the period from 1 January 2020 to 30 June 2020, the Sub-Fund did not pay any dividend. For the details of dividend distribution, refer to Note 7.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**10. SOFT COMMISSION ARRANGEMENT**

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

**11. SEGMENT INFORMATION**

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

The Manager considers that the Sub-Fund has a single operating segment which is investing in short-term deposits. The objectives of the Sub-Fund are to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the benchmark, namely, 3-month HIBOR.

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

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is derived from investments in short-term deposits and money market instruments including short-term deposits which constitute 3-month HIBOR, the tracked benchmark.

The Sub-Fund has no other assets classified as non-current assets. As at 30 June 2020 and 31 December 2019, the Sub-Fund did not have a portfolio of investments. There were five (31 December 2019: Five) issuers of short-term deposits who individually accounted for more than 10% of the Sub-Fund's net asset value.

**CSOP HONG KONG DOLLAR MONEY MARKET ETF  
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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 30 June 2020*

	<b>Fair value HKD</b>	<b>% of net asset value</b>
<b>Investments</b>		
Total investments at fair value	-	-
Other net assets	2,726,993,950	100.00
	<u>2,726,993,950</u>	<u>100.00</u>
Net assets attributable to unitholders	<u>2,726,993,950</u>	<u>100.00</u>
Total investments at cost	<u>-</u>	

	<b>Fair value HKD</b>	<b>% of net asset value</b>
Daily liquid assets	290,298,412	10.64
Weekly liquid assets	1,204,298,4112	44.16

The weighted average maturity and the weighted average life of the portfolio of the Sub-Fund are 27.85 days and 27.85 days respectively.

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

*For the period from 1 January 2020 to 30 June 2020*

There were no movements of securities during the period ended 30 June 2020.

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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 2020		
Listed Class	2,620,916,292	1,031.4507
Unlisted Class A	106,335,677	10.3145
31 December 2019		
Listed Class	2,575,423,441	1,023.2012
Unlisted Class A	33,316,923	10.2320

**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 2020		
Listed Class	1031.4486	1023.3514
Unlisted Class A	10.3145	10.2335
31 December 2019 (Since 12 July 2018 (date of inception))		
Listed Class	1023.2012	1000.0710
Unlisted Class A	10.2320	10.1539

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

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**MANAGEMENT AND ADMINISTRATION**

**Manager**

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Hong Kong

**Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

**Custodian**

The Hongkong and Shanghai Banking Corporation  
Limited  
1 Queen's Road Central  
Hong Kong

**Service Agent**

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**Directors of the Manager**

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

**Legal Adviser to the Manager**

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**Auditor**

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
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**Adviser**

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