



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

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED  
PRODUCT**  
(Stock Code: 07200)  
(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 (2X) LEVERAGED PRODUCT  
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES)**

**CONTENTS**

	<b>Page</b>
Report of the Manager to the Unitholders	1
Condensed Statement of Financial Position	2
Condensed Statement of Comprehensive Income	3
Condensed Statement of Changes in Net Assets Attributable to Unitholders	4
Condensed Statement of Cash Flows	5
Investment Portfolio (Unaudited)	6
Statement of Movements in Investment Portfolio (Unaudited)	7
Performance Record (Unaudited)	8
Underlying Index Constituent Stock Disclosure (Unaudited)	9
Management and Administration	10

# **CSOP HANG SENG 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 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 7200 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 (2x) Leveraged 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 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 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 (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 Index Daily (2x) Leveraged Product was HKD 10.5091 and there were 23,200,000 units outstanding. The total asset under management was approximately HKD 243.8 million as at 28 June 2019.

For the period ended 28 June 2019, the dealing NAV of CSOP Hang Seng Index Daily (2x) Leveraged Product performed 22.78% while the Index performed 10.43%. YTD Price return of the HKD counter (stock code 7200) was 22.61%.

### Exchange Liquidity

Since inception, the CSOP Hang Seng Index Daily (2x) Leveraged Product has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 7200) remained steadily at an average daily turnover of HKD 90.0 million in June 2019. The trading volume for the CSOP Hang Seng Index Daily (2x) Leveraged Product reflected strong interest in the CSOP Hang Seng Index Daily (2x) Leveraged Product.

### Portfolio Rebalance

The CSOP Hang Seng 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 INDEX DAILY (2X) LEVERAGED 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>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Investments	89,597,320	85,352,402
Derivative financial instruments	836,562	5,570,779
Bank interest receivable	716	692
Interest receivable	88,491	91,134
Other receivable	39,777	25,825
Margin deposit	48,451,318	62,701,527
Bank balances	104,575,472	202,041,951
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<b>Total assets</b>	243,589,656	355,784,310
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Management fee payable	180,050	239,619
Other accounts payable	271,663	317,728
	<hr/>	<hr/>
<b>Total liabilities</b>	451,713	557,347
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Net assets attributable to unitholders</b>	243,137,943	355,226,963
	<hr/> <hr/>	<hr/> <hr/>
<b>Number of units in issue</b>	23,200,000	41,600,000
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<b>Net asset value per unit</b>	10.4801	8.5391
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**CSOP HANG SENG 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 1 January 2019 to 30 June 2019 (Unaudited) <i>HKD</i>	Period from 1 January 2018 30 June 2018 (Unaudited) <i>HKD</i>
<b>INCOME</b>		
Interest income from bank deposits	49,300	4,280
Interest income from bonds	379,059	131,456
Net gain/(loss) on investments and derivative financial instruments	57,247,035	(10,684,636)
Other income	13,952	84,503
<b>Total net income/(loss)</b>	<u>57,689,346</u>	<u>(10,464,397)</u>
<b>EXPENSES</b>		
Management fee	(933,886)	(852,625)
Transaction costs on investments	(151,068)	(110,606)
Audit fee	(21,669)	(19,242)
Safe custody and bank charges	(6,520)	(5,504)
Legal and other professional fee	(14,025)	(3,926)
License fee	(81,074)	(69,421)
Establishment cost	-	(1,200,076)
Other operating expenses	(114,565)	(88,278)
<b>Total operating expenses</b>	<u>(1,322,807)</u>	<u>(2,349,678)</u>
<b>FINANCE COSTS</b>		
Interest expenses	(50,997)	(71,077)
<b>Total comprehensive income</b>	<u><u>56,315,542</u></u>	<u><u>12,885,152</u></u>

**CSOP HANG SENG 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 1 January 2019 to 30 June 2019 (Unaudited) <i>HKD</i>	Period from 1 January 2018 30 June 2018 (Unaudited) <i>HKD</i>
Net assets attributable to unitholders at the beginning of the period	355,226,963	149,155,804
Proceeds on issue of units	237,295,944	273,506,361
Payments on redemption of units	(405,700,506)	(107,524,643)
Net (decrease)/increase from unit transactions	(168,404,562)	165,981,718
Total comprehensive income for the period	56,315,542	(12,885,152)
<b>Net assets attributable to unitholders at the end of the period</b>	<b>243,137,943</b>	<b>302,252,370</b>

**CSOP HANG SENG 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 1 January 2019 to 30 June 2019 (Unaudited) <i>HKD</i>	Period from 1 January 2018 30 June 2018 (Unaudited) <i>HKD</i>
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(108,192,420)	(26,132,583)
Proceeds from sale of investments	165,928,753	91,158,266
Interest income from bank deposits received	49,276	4,247
Interest income from bonds received	381,702	249,900
Management fee paid	(993,455)	(827,013)
Transaction costs paid	(151,068)	(110,606)
Other operating expenses paid	(279,886)	(1,394,708)
Margin deposit	14,250,209	(46,425,627)
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<b>Net cash generated from operating activities</b>	70,993,111	16,521,876
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<b>FINANCING ACTIVITIES</b>		
Proceeds on issue of units	237,295,944	273,506,361
Amounts paid to participating dealers	-	(34,708,010)
Payments on redemption of units	(405,700,506)	(107,524,643)
Interest paid	(55,028)	(64,904)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	(168,459,590)	131,208,804
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Net (decrease)/increase in cash and cash equivalents	(97,466,479)	147,730,680
Cash and cash equivalents at the beginning of the period	202,041,951	30,159,793
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	104,575,472	177,890,473
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	104,575,472	177,890,473
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**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT  
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**INVESTMENT PORTFOLIO (Unaudited)**

As at 30 June 2019

		Fair value HKD	% of net assets
<b>Investments and derivative financial instruments (37.19%)</b>			
<b>Listed fund (19.59%)</b>	<i>Holdings</i>		
<b>Hong Kong (19.59%)</b>			
CSOP HONG KONG DOLLAR MONEY MARKET ETF	47,000	47,638,420	19.59
Total listed fund		<u>47,638,420</u>	<u>19.59</u>
<b>Quoted debt securities (17.26%)</b>			
<b>Hong Kong (17.26%)</b>			
HONG KONG GOVERNMENT 0.77% 21 August 2019	9,000,000	8,984,700	3.70
HONG KONG GOVERNMENT 1.49% 30 September 2019	9,000,000	8,991,000	3.70
HONG KONG GOVERNMENT 1.04% 20 November 2019	12,000,000	11,964,000	4.92
HONG KONG GOVERNMENT 2.16% 09 December 2019	12,000,000	12,019,200	4.94
Total debt securities		<u>41,958,900</u>	<u>17.26</u>
<b>Listed futures contracts (0.34%)</b>	<i>Expiration Date</i>	<i>Contracts</i>	
<b>Hong Kong (0.34%)</b>			
HANG SENG INDEX FUTURE 30 July 2019	30 July 2019	341	836,562
Total futures contracts			<u>836,562</u>
Total investments and derivative financial instruments		90,433,882	37.19
Other net assets		152,704,061	62.81
Net assets attributable to unitholders as at 30 June 2019		<u>243,137,943</u>	<u>100.00</u>
Total investments and derivative financial instruments, at cost		<u>89,293,792</u>	

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT  
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**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 actions</b>	<b>Disposals</b>	
<b>Investments</b>					
<b>Listed fund</b>					
CSOP HONG KONG DOLLAR MONEY MARKET ETF	60,000	25,000	-	38,000	47,000
<b>Quoted debt securities</b>					
HONG KONG GOVERNMENT 0.99% 20 February 2019	15,000,000	-	-	15,000,000	-
HONG KONG GOVERNMENT 1.35% 25 March 2019	10,000,000	-	-	10,000,000	-
HONG KONG GOVERNMENT 0.8% 22 May 20 19	-	17,000,000	-	17,000,000	-
HONG KONG GOVERNMENT 2.64% 10 June 2019	-	9,000,000	-	9,000,000	-
HONG KONG GOVERNMENT 1.34% 24 June 2019	-	15,000,000	-	15,000,000	-
HONG KONG GOVERNMENT 0.77% 21 August 2019	-	9,000,000	-	-	9,000,000
HONG KONG GOVERNMENT 1.49% 30 September 2019	-	9,000,000	-	-	9,000,000
HONG KONG GOVERNMENT 1.04% 20 November 2019	-	12,000,000	-	-	12,000,000
HONG KONG GOVERNMENT 2.16% 09 December 2019	-	12,000,000	-	-	12,000,000
<b>Listed future contracts</b>					
HANG SENG INDEX FUTURES 30 January 2019	551	130	-	681	-
HANG SENG INDEX FUTURES 27 February 2019	-	336	-	336	-
HANG SENG INDEX FUTURES 28 March 2019	-	324	-	324	-
HANG SENG INDEX FUTURES 29 April 2019	-	292	-	292	-
HANG SENG INDEX FUTURES 30 May 2019	-	336	-	336	-
HANG SENG INDEX FUTURES 27 June 2019	-	403	-	403	-
HANG SENG INDEX FUTURES 30 July 2019	-	345	-	4	341

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT  
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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	243,798,890	10.5086
31 December 2018	356,059,889	8.5591
31 December 2017	149,155,804	11.6528

**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	11.5602	7.9768
31 December 2018	14.2500	7.8664
31 December 2017 (since 10 March 2017 (date of inception)	11.8340	7.1829

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**UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)**

There was one (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.

	Fair Value <i>HKD</i>	% of assets
<b>As at 31 December 2018</b>		
<b>Hong Kong</b>		
CSOP HONG KONG DOLLAR MONEY MARKET ETF	47,638,420	19.59

During 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 increased by 22.73% (31 December 2018: decreased by 26.72%).

**CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT  
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**MANAGEMENT AND ADMINISTRATION**

**Manager**

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**Trustee and Registrar**

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**Custodian**

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