

***This is an inverse product. It is different from conventional exchange traded funds as it seeks inverse investment results relative to the Index and only on a Daily basis.***

***This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the inverse performance of the Index over the period.***

***This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.***

***This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.***

***This is a product traded on the exchange.***

***This statement provides you with key information about this product.***

***This statement is a part of the Prospectus.***

***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Stock code:</b>	07335
<b>Trading lot size:</b>	100 Units
<b>Manager:</b>	CSOP Asset Management Limited 南方東英資產管理有限公司
<b>Trustee and Registrar:</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Ongoing charges over a year<sup>#</sup> (annual average daily ongoing charges):</b>	1.85% of average Net Asset Value (0.007%)

<sup>#</sup> The ongoing charges figure has been capped at a maximum of 1.85% of the average Net Asset Value of the Product since launch. Any ongoing expenses of the Product will be borne by the Manager and will not be charged to the Product if such expense would result in the ongoing charges figure exceeding 1.85%. An increase or removal of the cap is subject to prior approval of the SFC and one month's prior written notice to Unitholders.

<sup>##</sup> This is an annual average daily tracking difference. Investors should refer to the Product's website for information on the actual daily tracking difference and actual average daily tracking difference.

<b>Annual average daily tracking difference<sup>##</sup>:</b>	0.01%
<b>Index:</b>	Nifty 50 Index (the “ <b>Index</b> ”)
<b>Base currency:</b>	US dollars (USD)
<b>Trading currency:</b>	Hong Kong dollars (HKD)
<b>Financial year end:</b>	31 December
<b>Dividend policy:</b>	Annually in December subject to the Manager’s discretion. Distributions may be paid out of capital or effectively out of capital. All Units will receive distributions in the base currency (USD) only.
<b>Website:</b>	<a href="http://www.csopasset.com/l_NIFTY50">http://www.csopasset.com/l_NIFTY50</a>

## What is this product?

CSOP Nifty 50 Daily (-1x) Inverse Product (the “**Product**”) is a sub-fund of CSOP Leveraged and Inverse Series, an umbrella unit trust established under Hong Kong law. Units of the Product (the “**Units**”) are traded in HKD on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) like stocks. It is a futures-based product which invests directly in futures contracts on the Nifty 50 Index listed on the Singapore Exchange (“**SGX Nifty Index Futures**”) so as to give the Product the inverse (-1x) of the Daily performance of the Index. It is denominated in USD. Creations and redemptions are in USD only.

## Objective and investment strategy

### Objective

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

### Strategy

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the nearest month SGX Nifty Index Futures subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the SGX Nifty Index Futures each calendar month, the Manager anticipates that no more than 12.5% of the Net Asset Value of the Product (the “**NAV**”) from time to time will be used as margin to acquire the SGX Nifty Index Futures. Under exceptional circumstances (e.g. increased margin requirement by the SGX in extreme market turbulence), the margin requirement may increase. The Manager will immediately notify Unitholders if the margin requirement exceeds 12.5%.

Not less than 87.5% of the NAV (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) in cash (USD) will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong and USD denominated investment-grade bonds and SFC authorised money market funds in accordance with the requirements of the Code.

“**Daily**” in relation to the inverse performance of the Index or the performance of the Product, means the inverse performance of the Index or the performance of the Product (as the case may be) from the close of market of a given Business Day until the close of the market on the subsequent Business Day.

**Daily rebalancing**

The Product as an inverse product will rebalance its position on a day when the SEHK, the Singapore Exchange (“SGX”) and the National Stock Exchange of India Ltd. (the “NSE”) are open for trading (i.e. a Business Day). On such days the Product will rebalance its position by the end of trading on the SGX, following the movement of the Index, by decreasing exposure in response to the Index’s Daily gains or increasing exposure in response to the Index’s Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product’s investment objective.

**Futures roll**

The Manager will use its discretion to carry out the roll over of the nearest month SGX Nifty Index Futures into the next nearest month SGX Nifty Index Futures on a monthly basis during a 3 or 4 trading day period on the SGX shortly before expiration of the SGX Nifty Index Futures on the SGX.

**Index**

The Index is a price return, float-adjusted market capitalisation weighted index that tracks the behaviour of a portfolio of blue chip companies, the largest and most liquid Indian securities listed on the NSE. The Index was launched in April 1996 and is denominated in Indian Rupees (“INR”).

As at 20 April 2018, the Index comprised of 50 constituents listed on the NSE with total market capitalisation of INR41.59 trillion, capturing approximately 54.83% of the total float-adjusted market capitalisation of the NSE. The base date of the Index is set on 3 November 1995. As at 20 April 2018, the composition and weightings of the 10 largest constituents of the Index were:

Rank	Constituent Name	Weighting (%)
1.	HDFC BANK LTD.	9.64%
2.	RELIANCE INDUSTRIES LTD.	7.69%
3.	HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	7.39%
4.	I T C LTD.	5.67%
5.	INFOSYS LTD.	5.38%
6.	ICICI BANK LTD.	4.36%
7.	TATA CONSULTANCY SERVICES LTD.	4.07%
8.	LARSEN & TOUBRO LTD.	4.05%
9.	KOTAK MAHINDRA BANK LTD.	3.70%
10.	MARUTI SUZUKI INDIA LTD.	2.88%

The Manager and its connected persons are independent of India Index Services and Products Ltd, the index provider of the Index.

Bloomberg Code: NIFTY

Reuters Code : .NSEI

For further detail please refer to the website of the index provider at <http://www.nseindia.com/>.

**What are the key risks?**

**Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.**

**1. Investment risk**

- The Product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial or total losses.

**2. Inverse performance risk**

- The Product tracks the inverse performance of the Index on a Daily basis. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Product. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

### **3. Long term holding risks**

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 times the increase in the Index).
- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected.
- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

### **4. Inverse product vs short selling risk**

- Investing in the Product is different from taking a short position. Because of rebalancing, the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

### **5. Unconventional return pattern risk**

- Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

### **6. Risk of rebalancing activities**

- There is no assurance that the Product can rebalance its portfolio on a Daily basis to achieve its investment objective. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

### **7. Liquidity risk**

- The rebalancing activities of the Product typically take place near the end of trading of the SGX, shortly before the close of the SGX, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

### **8. Intraday investment risk**

- The Product is normally rebalanced at the end of trading on the SGX on a Business Day. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

### **9. Portfolio turnover risk**

- Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

### **10. Futures contracts risks**

- Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.
- A "roll" occurs when an existing SGX Nifty Index Future is about to expire and is replaced with

another SGX Nifty Index Future with a later expiration date. The value of the Product's portfolio (and so the NAV per Unit) may be adversely affected by the cost of rolling positions forward as the SGX Nifty Index Futures approach expiry.

- An extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a SGX Nifty Index Future may result in a proportionally high impact and substantial losses to the Product, having a material adverse effect on the NAV. A futures transaction may result in significant losses in excess of the amount invested.

#### **11. Concentration risk and India related risks**

- The Product is subject to concentration risks as a result of tracking the inverse performance of companies from a single country i.e. India. The value of the Product may be more volatile than that of a broadly-based fund.
- Investments in India may be subject to greater economic, political, social, legal, policy, liquidity, tax, regulatory and foreign exchange risks as compared to investments in more developed markets. Restrictions on trading in certain securities and limitations on price movements may be imposed, which may affect the value of the constituents of the Index.

#### **12. Distributions risk**

- Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction in the NAV per Unit.
- Distributions will be in USD only. If a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency.

#### **13. Passive investments risk**

- The Product is not "actively managed" and the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances, Units of the Product will also decrease in value.

#### **14. Trading risks**

- The trading price of the Units on the SEHK is driven by market factors such as the demand and supply of the Units. Units may trade at a substantial premium or discount to the NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the NAV per Unit when buying Units on the SEHK, and may receive less than the NAV per Unit when selling Units on the SEHK.

#### **15. Index constituents trading halt risk**

- Trading of the constituents of the Index on the NSE is subject to a circuit breaker system, while the SGX Nifty Index Futures are subject to price limits. As a result, the price of the SGX Nifty Index Futures may go beyond  $\pm 20\%$  on a SGX trading day, while there may be trading suspension in the event that the level of the Index reaches the  $\pm 20\%$  limit on a trading day on the NSE. As such, there may continue to be price movements beyond  $\pm 20\%$  for the SGX Nifty Index Futures when constituents of the Index are subject to a market halt for the remainder of the day, which may result in tracking difference.

#### **16. Trading differences risk**

- As the SGX and the NSE may be open when the SEHK is not trading (and Units are not priced), the value of any SGX Nifty Index Futures in the Product's portfolio, and the value of any constituents in the Index to which such futures contracts are linked, may change when investors may not be able to buy or sell Units. Differences in trading hours between SGX and the SEHK may also increase the level of premium or discount of the Unit price to its NAV.
- The SGX and the NSE have different trading hours. Also, in events of excessive volatility, trading may be suspended for the SGX Nifty Index Futures (a cooling-off period may be imposed) and for the Indian onshore market, hence the constituents of the Index (a market halt

may take place on the NSE). The duration of trading suspension for the SGX Nifty Index Futures is generally shorter than that of a market halt on the India onshore market. As a result, the trading and the price of the SGX Nifty Index Futures may be driven solely by market forces when the underlying constituents in the Index are not trading, (i) where the NSE is closed when the SGX is open for trading, (ii) due to their different trading hours on days when both the NSE and the SGX are open for normal trading, or (iii) where there is a market halt on the NSE. As such, the SGX Nifty Index Futures may deliver a different return than the inverse Index return, which may affect the Product's delivery of its investment objective.

**17. Reliance on market maker risk**

- Although the Manager ensures that at least one market maker will maintain a market for the Units and gives not less than three months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is only one market maker for the Units. There is also no guarantee that any market making activity will be effective.

**18. Tracking error risk**

- The Product may be subject to tracking error risk, which is the risk that its performance may not track that of the Daily inverse performance of the Index exactly. This tracking error may result from the investment strategy used, high portfolio turnover, liquidity of the market and fees and expenses. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication of the inverse performance of the Index at any time.

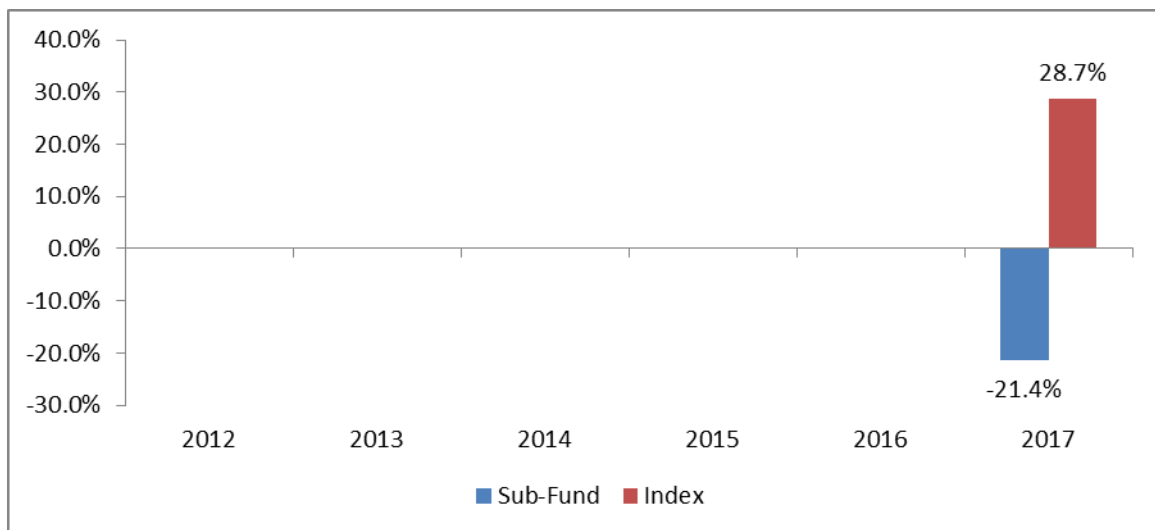
**19. Indirect currency risk**

- Exchange rate fluctuations between USD and INR will be reflected in the value of the SGX Nifty Index Futures. As such, the Product may be highly sensitive to the foreign exchange movement of INR. If the INR:USD exchange rate moves in an unfavourable direction, investors in the Product may suffer loss.

**20. Termination risk**

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below USD20 million. Investors may not be able to recover their investments and suffer a loss when the Product is terminated.

**How has the Product performed?**



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Product increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding your trading costs on SEHK.
- Product launch date: 20 July 2016

### Is there any guarantee?

The Product does not have any guarantees. You may not get back the full amount of money you invest.

### What are the fees and charges?

#### Charges incurred when trading the Product on the SEHK

Fee	What you pay
Brokerage fee	Market rate
Transaction levy	0.0027% <sup>1</sup> of the trading price
Trading fee	0.005% <sup>2</sup> of the trading price
Stamp duty	Nil

<sup>1</sup> Transaction levy of 0.0027% of the trading price of the Units payable by each of the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

#### Ongoing fees payable by the Product

The following expenses will be paid out of the Product. They affect you because they reduce the NAV of the Product which may affect the trading price.

	Annual rate (as a % of NAV)
Management fee*	0.99%
Trustee fee	Included in the management fee
Performance fee	Nil
Administration fee	Included in the management fee

\* Please note that the management fee may be increased up to a permitted maximum amount by providing one month's prior notice to Unitholders. Please refer to the section headed "Fees and Expenses" in the Prospectus for further details of the fees and charges payable and the permitted maximum of such fee allowed, as well as other ongoing expenses that may be borne by the Product.

### Other fees

You may have to pay other fees when dealing in the Units of the Product. Please refer to the Prospectus for details.

### Additional information

The Manager will publish important news and information with respect to the Product (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at [http://www.csopasset.com/I\\_NIFTY50](http://www.csopasset.com/I_NIFTY50) (which has not been reviewed or

approved by the SFC) including:

- (a) the Prospectus and this statement (as revised from time to time);
- (b) the latest annual accounts and half-yearly unaudited report (in English only);
- (c) any notices relating to material changes to the Product which may have an impact on Unitholders such as material alterations or additions to the Prospectus or the Product's constitutive documents;
- (d) any public announcements made by the Product, including information with regard to the Product and Index, notices of the suspension of the calculation of the NAV, suspension of creation and redemption of Units, changes in fees, and the suspension and resumption of trading;
- (e) the near real time estimated NAV per Unit updated every 15 seconds during SEHK trading hours in USD and in HKD;
- (f) the last closing NAV of the Product in USD only and the last closing NAV per Unit of the Product in USD and in HKD;
- (g) the past performance information of the Product;
- (h) the daily tracking difference, the average daily tracking difference and the tracking error of the Product;
- (i) the composition of the Product (updated on a Daily basis);
- (j) a "performance simulator" which allows investors to select a historical time period and simulate the performance of the Product vis-à-vis the Index during that period based on historical data;
- (k) the latest list of the participating dealers and market makers; and
- (l) compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12-month period.

The near real-time estimated NAV per Unit in HKD is indicative and for reference purposes only. It will be updated every 15 seconds. It is calculated by Ningbo Sumscope Information Technology Co. Ltd. ("**Sumscope**") using the near real-time estimated NAV per Unit in USD multiplied by a real-time HKD:USD foreign exchange rate provided by Sumscope when the SEHK is open for trading. Since the estimated NAV per Unit in USD will not be updated when the SGX is closed, any change in the estimated NAV per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last closing NAV per Unit in HKD is indicative and for reference purposes only and is calculated using the last closing NAV per Unit in USD multiplied by an assumed foreign exchange rate using the HKD:USD exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last closing NAV per Unit in USD and the indicative last closing NAV per Unit in HKD will only be updated when the SEHK, SGX and the NSE are open.

### **Important**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.