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**This document is important and requires your immediate attention. If you are in any doubt about the contents of this Announcement, you should seek professional advice. Investment involves risks which may result in significant loss as there is no guarantee on investment returns.**

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.



**CSOP Leveraged and Inverse Series**

*(a Hong Kong unit trust authorised under*

*Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)*  
(the “**Trust**”)

**CSOP Hang Seng Index Daily (2x) Leveraged Product**

**Stock Code: 07200 (the “Leveraged Product”)**

**CSOP Hang Seng Index Daily (-2x) Inverse Product**

**Stock Code: 07500 (the “Inverse Product”)**

sub-funds of the CSOP Leveraged and Inverse Series  
(together, the “**Products**”)

**Announcement  
Change of Investment Strategy**

CSOP Asset Management Limited (the “**Manager**”), the manager of the Trust and the Products, hereby announces that, from 2 December 2021 (the “**Effective Date**”), the investment strategy of the Products will be changed so that the Manager may use a combination of a futures-based replication strategy and a Swap-based synthetic replication strategy in such proportion as it sees fit. The expected maximum exposure to the Index from Swaps for both Products will increase.

Unless otherwise defined in this Announcement, capitalised terms used in this Announcement shall have the same meaning as defined in the Prospectus of the Products dated 22 October 2021 (the “**Prospectus**”).

Investors should exercise caution in dealing with the units of the Products.

## 1. Change of Investment Strategy

Currently, in order to achieve their respective investment objectives, the investment strategy of the Products is as follows:

- (i) each Product primarily adopts a futures-based replication strategy through investing directly in the spot month futures contracts on the Hang Seng Index (the “**HSI Futures**”) subject to the rolling strategy; and
- (ii) where the Manager believes such investments will help a Product achieve its respective investment objective and are beneficial to the relevant Product, use a Swap-based synthetic replication strategy by investing in Swaps.

The expected maximum exposure to the Hang Seng Index (the “**Index**”) from Swaps is 100% of the Leveraged Product’s Net Asset Value and -100% of the Inverse Product’s Net Asset Value.

To allow better flexibility for the Manager to adopt both the futures-based replication strategy and Swap-based synthetic replication strategy as it sees appropriate, the investment strategy of the Products will change from the Effective Date such that each Product will adopt:

- (i) a futures-based replication strategy through investing directly in HSI Futures subject to the rolling strategy; and
- (ii) a Swap-based synthetic replication strategy by investing in Swaps.

From the Effective Date, the expected maximum exposure to the Index from Swaps will be 200% of the Leveraged Product’s Net Asset Value and -200% of the Inverse Product’s Net Asset Value.

## 2. Impact on the Products

Other than as described above, there is no change to the features of each Product or risks applicable to each Product. Other than as outlined above, the change described in this Announcement is not expected to affect the operation of the Products and/or manner in which the Products is being managed, nor will existing investors be affected as a result. It is noted that:

- there is no change to the investment objective of each Product or the Index;
- the management fee for the Products will remain unchanged; and
- the tracking difference as disclosed in the Product Key Facts Statement of the Products (the “**KFS**”) is not expected to change following the above changes. The Manager will monitor the ongoing charges figure and tracking difference and update the disclosure as appropriate, in accordance with SFC guidance.

The change described in this Announcement does not require Unitholders’ approval. The Manager determines that the changes described in this announcement are not materially prejudicial to existing investors’ rights or interests. Other than the changes as described above, there is no change to the operation and/or manner in which the Products are being managed, nor is there any adverse effect on existing investors as a result of the change of investment strategy. The Trustee does not have any objection to the change described in this Announcement.

Costs associated with the change will be borne by the Products equally. These costs are estimated to be approximately HKD 100,000, which are not expected to be material to the Products, and hence are not expected to pose any material impact to the Net Asset Value of the Products nor any significant adverse impact to Unitholders.

## 3. General

The Prospectus and the KFS of the Products will be updated to reflect the above changes.

The Prospectus and KFS of the Inverse Product will also be updated, to enhance the disclosure regarding the

Swap-based synthetic replication investment strategy, including disclosure on the Initial Amount (as defined in the Prospectus) and termination events of Swaps. These changes are to provide further information to investors and are not due to substantive changes in the investment strategy of the Inverse Product.

The revised Prospectus and KFS will be uploaded to the Manager's website at <http://www.csopasset.com/en/products/i-2xhsi> and [http://www.csopasset.com/L\\_HSI](http://www.csopasset.com/L_HSI) respectively (the websites has not been reviewed by the SFC) and the HKEX's website at [www.hkexnews.hk](http://www.hkexnews.hk) on or around the Effective Date.

If you have any questions concerning this Announcement, please contact us on +852 3406 5688 or at 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

By Order of the Board  
**CSOP Asset Management Limited**  
Chief Executive Officer  
Ding Chen

2 November 2021, Hong Kong

*As of the date of this Announcement, the board of directors of the Manager comprises 7 Directors namely, Mr. Zhou Yi, Ms. Ding Chen, Mr. Zhang Gaobo, Mr. Cai Zhongping, Mr. Yang Xiaosong, Mr. Liu Zhiwei and Ms. Liu Xiuyan.*