

**MIRAE ASSET HORIZONS LEVERAGED AND INVERSE  
SERIES**

**INTERIM FINANCIAL STATEMENTS**

MIRAE ASSET HORIZONS S&P 500 DAILY (-1x) INVERSE  
PRODUCT

MIRAE ASSET HORIZONS HANG SENG INDEX DAILY (-1x)  
INVERSE PRODUCT

MIRAE ASSET HORIZONS HANG SENG INDEX DAILY (2x)  
LEVERAGED PRODUCT

MIRAE ASSET HORIZONS HANG SENG CHINA ENTERPRISES  
INDEX DAILY (-1x) INVERSE PRODUCT

MIRAE ASSET HORIZONS HANG SENG CHINA ENTERPRISES  
INDEX DAILY (2x) LEVERAGED PRODUCT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

(SUB-FUNDS OF MIRAE ASSET HORIZONS LEVERAGED AND  
INVERSE SERIES)

## **MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES**

Unaudited Condensed Interim Financial Statements

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### **IMPORTANT:**

Any opinion expressed herein reflects the Manager's view only and are subject to change. For more information about Mirae Asset Horizons Leveraged and Inverse Series, please refer to the prospectus of the Mirae Asset Horizons Leveraged and Inverse Series which is available at our website: [www.miraeasset.com.hk/li](http://www.miraeasset.com.hk/li).

Investors should not rely on the information contained in this report for their investment decisions.

**RESTRICTED**

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF NET ASSETS

As at 30 September 2018 (unaudited)

	Notes	Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product		Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product		Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product	
		As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)
		US\$	US\$	HK\$	HK\$	HK\$	HK\$
<b>ASSETS</b>							
Financial assets at fair value through profit or loss	5(d),11	-	-	-	1,354,785	388,800	-
Amounts due from brokers	6	140	-	13,362,573	12,551,019	26,469,799	20,784,272
Amount due from the Manager	5(f)	15,701	9,174	1,720	1,600	1,720	1,920
Interest receivables		5,656	4,086	13,546	5,514	8,739	3,327
Cash and cash equivalents	5(d)	7,431,181	4,377,502	42,131,087	90,080,738	62,340,052	88,721,878
<b>TOTAL ASSETS</b>		<u>7,452,678</u>	<u>4,390,762</u>	<u>55,508,926</u>	<u>103,993,656</u>	<u>89,209,110</u>	<u>109,511,397</u>
<b>LIABILITIES</b>							
Financial liabilities at fair value through profit or loss	5(d),11	-	-	122,100	-	-	2,998,821
Amounts due to brokers	6	-	53,863	-	-	-	-
Management fee payable	5(a)	42,404	19,839	33,476	53,417	47,279	61,861
Trustee fee payable	5(b)	665	392	6,180	9,861	8,729	11,421
Formation fee payable	5(c)(i)	115,252	115,252	-	-	-	-
Administration fee payable	5(c)(ii)	10,362	5,217	31,988	-	63,519	46,325
Other payables and accruals		520	2,080	204,739	45,362	204,739	26,988
<b>TOTAL LIABILITIES</b>		<u>169,203</u>	<u>196,643</u>	<u>398,483</u>	<u>108,640</u>	<u>324,266</u>	<u>3,145,416</u>
<b>EQUITY</b>							
Net assets attributable to unitholders	3(a)	<u>7,283,475</u>	<u>4,194,119</u>	<u>55,110,443</u>	<u>103,885,016</u>	<u>88,884,844</u>	<u>106,365,981</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>7,452,678</u>	<u>4,390,762</u>	<u>55,508,926</u>	<u>103,993,656</u>	<u>89,209,110</u>	<u>109,511,397</u>
Number of units in issue	3(b)	<u>5,250,000</u>	<u>2,750,000</u>	<u>9,500,000</u>	<u>18,500,000</u>	<u>8,400,000</u>	<u>8,800,000</u>
Net asset value per unit	3(b)	<u>1.3873</u>	<u>1.5251</u>	<u>5.8011</u>	<u>5.6154</u>	<u>10.5815</u>	<u>12.0870</u>

The accompanying notes are an integral part of these financial statements

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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF NET ASSETS (CONTINUED)

As at 30 September 2018 (unaudited)

	Notes	Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product		Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product	
		As at 30 September 2018 (unaudited) HK\$	As at 31 March 2018 (audited) HK\$	As at 30 September 2018 (unaudited) HK\$	As at 31 March 2018 (audited) HK\$
<b>ASSETS</b>					
Financial assets at fair value through profit or loss	5(d),11	-	688,594	521,099	-
Amounts due from brokers	6	8,511,646	10,737,762	15,322,480	24,750,023
Amount due from the Manager	5(f)	2,080	2,480	2,280	2,040
Interest receivables		16	6,284	100,485	44,571
Cash and cash equivalents	5(d)	29,458,814	52,396,344	45,315,709	94,951,940
<b>TOTAL ASSETS</b>		<u>37,972,556</u>	<u>63,831,464</u>	<u>61,262,053</u>	<u>119,748,574</u>
<b>LIABILITIES</b>					
Financial liabilities at fair value through profit or loss	5(d),11	169,850	-	-	2,706,905
Amounts due to brokers	5(g)	-	-	-	-
Management fee payable	5(a)	23,225	38,328	30,594	68,465
Trustee fee payable	5(b)	4,287	7,076	5,648	12,640
Formation fee payable	5(c)(i)	-	-	-	-
Administration fee payable	5(c)(ii)	31,988	-	31,988	-
Other payables and accruals		205,099	50,142	202,799	41,902
<b>TOTAL LIABILITIES</b>		<u>434,449</u>	<u>95,546</u>	<u>271,029</u>	<u>2,829,912</u>
<b>EQUITY</b>					
<b>Net assets attributable to unitholders</b>	3(a)	<u>37,538,107</u>	<u>63,735,918</u>	<u>60,991,024</u>	<u>116,918,662</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>37,972,556</u>	<u>63,831,464</u>	<u>61,262,053</u>	<u>119,748,574</u>
<b>Number of units in issue</b>	3(b)	<u>6,100,000</u>	<u>10,700,000</u>	<u>6,800,000</u>	<u>11,300,000</u>
<b>Net asset value per unit</b>	3(b)	<u>6.1538</u>	<u>5.9566</u>	<u>8.9693</u>	<u>10.3468</u>

The accompanying notes are an integral part of these financial statements.

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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018 (unaudited)

	Notes	Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product		Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product		Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product	
		For the six months ended 30 September 2018 (unaudited) US\$	For the six months ended 30 September 2017 (unaudited) US\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$
<b>INCOME</b>							
Interest income		26,919	6,984	216,140	177,720	322,104	373,904
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	4	(514,544)	(129,313)	2,682,250	(16,715,800)	(13,181,050)	71,537,748
Net exchange gain/(loss)		276	272	-	-	-	-
		<u>(487,349)</u>	<u>(122,057)</u>	<u>2,898,390</u>	<u>(16,538,080)</u>	<u>(12,858,946)</u>	<u>71,911,652</u>
<b>EXPENSES</b>							
Management fee	5(a)	(22,565)	(7,374)	(235,001)	(323,151)	(355,418)	(803,092)
Trustee fee	5(b)	(3,186)	(1,041)	(43,385)	(59,659)	(65,616)	(148,263)
Brokerage and other transaction fees		-	-	(29,852)	(49,651)	(87,141)	(235,002)
Formation fee		-	-	-	(399,989)	-	(399,989)
Administration fee	5(c)(ii)	(5,044)	(1,648)	(182,400)	(84,517)	(182,400)	(207,039)
Other expenses		-	-	(10,246)	-	(10,245)	-
		<u>(30,795)</u>	<u>(10,063)</u>	<u>(500,884)</u>	<u>(916,967)</u>	<u>(700,820)</u>	<u>(1,793,385)</u>
<b>Operating profit/(loss)</b>		(518,144)	(132,120)	2,397,506	(17,455,047)	(13,559,766)	70,118,267
<b>FINANCE COSTS</b>							
Interest expense		-	-	(17,729)	(7,740)	(58,661)	(43,526)
<b>Profit/(loss) and total comprehensive income for the period</b>		<u>(518,144)</u>	<u>(132,120)</u>	<u>2,379,777</u>	<u>(17,462,787)</u>	<u>(13,618,427)</u>	<u>70,074,741</u>

The accompanying notes are an integral part of these financial statements.

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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2018 (unaudited)

	Notes	<u>Mirae Asset Horizons Hang Seng China</u> <u>Enterprises Index Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng China</u> <u>Enterprises Index Daily (2x) Leveraged</u> <u>Product</u>	
		For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$
<b>INCOME</b>					
Interest income		203,292	272,329	185,961	211,013
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	4	1,973,100	(18,781,703)	(8,810,999)	25,814,300
		<u>2,176,392</u>	<u>(18,509,374)</u>	<u>(8,625,038)</u>	<u>26,025,313</u>
<b>EXPENSES</b>					
Management fee	5(a)	(157,348)	(551,609)	(247,224)	(408,895)
Trustee fee	5(b)	(29,049)	(101,836)	(45,641)	(75,488)
Brokerage and other transaction fees		(46,252)	(186,893)	(138,251)	(268,957)
Formation fee	5(c)(i)	-	(399,989)	-	(399,989)
Administration fee	5(c)(ii)	(182,400)	(132,267)	(182,400)	(102,942)
Other expenses		(10,246)	-	(10,245)	
		<u>(425,295)</u>	<u>(1,372,594)</u>	<u>(623,761)</u>	<u>(1,256,271)</u>
<b>Operating profit/(loss)</b>		1,751,097	(19,881,968)	(9,248,799)	24,769,042
<b>FINANCE COSTS</b>					
Interest expense		(11,408)	(13,664)	(50,289)	(25,373)
<b>Profit/(loss) and total comprehensive income for the period</b>		<u>1,739,689</u>	<u>(19,895,632)</u>	<u>(9,299,088)</u>	<u>24,743,669</u>

The accompanying notes are an integral part of these financial statements.

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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons S&amp;P 500 Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product</u>	
	For the six months ended 30 September 2018 (unaudited) US\$	For the six months ended 30 September 2017 (unaudited) US\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$
<b>Net assets attributable to unitholders at the beginning of the period</b>	4,194,119	1,683,676	103,885,016	-	106,365,981	-
Issue of units during the period	3,607,500	-	-	112,454,800	23,841,840	211,504,360
Redemption of units during the period	-	-	(51,154,350)	(26,346,800)	(27,704,550)	(53,486,690)
Net issue of units	7,801,619	-	52,730,666	86,108,000	102,503,271	158,017,670
Total comprehensive income/(loss) for the period	(518,144)	(132,120)	2,379,777	(17,462,787)	(13,618,427)	70,074,741
<b>Net assets attributable to unitholders at the end of the period</b>	<u>7,283,475</u>	<u>1,551,556</u>	<u>55,110,443</u>	<u>68,645,213</u>	<u>88,884,844</u>	<u>228,092,411</u>

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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons Hang Seng China</u> <u>Enterprises Index Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng China</u> <u>Enterprises Index Daily (2x) Leveraged</u> <u>Product</u>	
	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$
<b>Net assets attributable to unitholders at the beginning of the period</b>	63,735,918	-	116,918,662	-
Issue of units during the period	-	190,550,300	-	146,031,890
Redemption of units during the period	(27,937,500)	(91,289,360)	(46,628,550)	(57,802,400)
Net issue of units	35,798,418	99,260,940	70,290,112	88,229,490
Total comprehensive income/(loss) for the period	1,739,689	(19,895,632)	(9,299,088)	24,743,669
<b>Net assets attributable to unitholders at the end of the period</b>	<b>37,538,107</b>	<b>79,365,308</b>	<b>60,991,024</b>	<b>112,973,159</b>

The accompanying notes are an integral part of these financial statements.

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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons S&amp;P 500 Daily (-1x) Inverse</u>	
	<u>Product</u>	
	For the six months ended 30 September 2018 (unaudited)	For the six months ended 30 September 2017 (unaudited)
Note	US\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income for the period	(518,144)	(132,120)
Adjustments for:		
Interest income	(26,919)	(6,984)
Decrease in amount due from brokers	(140)	4,042
Increase in amount due from the Manager	(6,527)	(6,410)
Increase in amount due to brokers	(53,863)	6,337
Increase in management fee payable	22,565	7,374
Decrease in trustee fee payable	273	(17)
Decrease in other payables and accruals	(1,560)	-
Increase in administration fee payable	5,145	1,748
Cash used in operations	<u>(579,170)</u>	<u>(126,030)</u>
Interest received	25,349	6,060
<b>Net cash flows used in operating activities</b>	<u>(553,821)</u>	<u>(119,970)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units	3,607,500	-
<b>Net cash flows generated from financing activities</b>	<u>3,607,500</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	3,053,679	(119,970)
Cash and cash equivalents at the beginning of the period	<u>4,377,502</u>	<u>1,798,344</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>7,431,181</u></u>	<u><u>1,678,374</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances	5(d) 6,405,944	670,699
Time deposits	5(d) 1,025,237	1,007,675
Cash and cash equivalents as stated in the statement of cash flows	<u>7,431,181</u>	<u>1,678,374</u>

The accompanying notes are an integral part of these financial statements.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons Hang Seng Index Daily (-1x)</u>	
	<u>Index Product</u>	
	For the six months ended 30 September 2018 (unaudited)	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)
Note	HK\$	HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income for the period	2,379,777	(17,462,787)
Adjustments for:		
Interest income	(216,140)	(177,720)
Interest expense	17,729	7,740
Increase in financial assets at fair value through profit or loss	1,354,785	(13,878)
Increase in amount due from brokers	(811,554)	(5,248,231)
Increase in amount due from the Manager	(120)	(10,760)
Increase in financial liabilities at fair value through profit or loss	122,100	-
Increase in management fee payable	(19,941)	323,151
Increase in trustee fee payable	(3,681)	6,738
Increase in formation fee payable	-	399,989
Increase in administration fee payable	31,988	84,517
Increase in other payables and accruals	159,377	1,440
Cash used in operations	<u>3,014,320</u>	<u>(22,089,801)</u>
Interest received	208,108	174,805
Interest paid	(17,729)	(7,740)
<b>Net cash flows used in operating activities</b>	<u>3,204,699</u>	<u>(21,922,736)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	-	112,454,800
Cash paid on redemption of units	(51,154,350)	(26,346,800)
<b>Net cash flows generated from financing activities</b>	<u>(51,154,350)</u>	<u>86,108,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(47,949,651)	64,185,264
Cash and cash equivalents at the beginning of the period	<u>90,080,738</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>42,131,087</u>	<u>64,185,264</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances	5(d) 7,805,650	30,185,264
Time deposits	5(d) 34,325,437	34,000,000
Cash and cash equivalents as stated in the statement of cash flows	<u>42,131,087</u>	<u>64,185,264</u>

The accompanying notes are an integral part of these financial statements.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons Hang Seng Index Daily (2x)</u> <u>Leveraged Product</u>	
	For the six months ended 30 September 2018 (unaudited)	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)
Note	HK\$	HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income for the period	(13,618,427)	70,074,741
Adjustments for:		
Interest income	(322,104)	(373,904)
Interest expense	58,661	43,526
Decrease in financial assets at fair value through profit or loss	(388,800)	-
Increase in amount due from brokers	(5,685,527)	(32,308,653)
Increase in amount due from the Manager	200	(17,760)
Increase in financial liabilities at fair value through profit or loss	(2,998,821)	198,983
Increase in management fee payable	(14,582)	803,092
Increase in trustee fee payable	(2,692)	22,967
Increase in formation fee payable	-	399,989
Increase in administration fee payable	17,194	210,039
Increase in other payables and accruals	177,751	1,920
Cash generated from operations	<u>(22,777,147)</u>	<u>39,054,940</u>
Interest received	316,692	363,966
Interest paid	(58,661)	(43,526)
<b>Net cash flows generated from operating activities</b>	<u>(22,519,116)</u>	<u>39,375,380</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	23,841,840	211,504,360
Cash paid on redemption of units	(27,704,550)	(53,486,690)
<b>Net cash flows generated from financing activities</b>	<u>(3,862,710)</u>	<u>158,017,670</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(26,381,826)	197,393,050
Cash and cash equivalents at the beginning of the period	<u>88,721,878</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>62,372,040</u>	<u>197,393,050</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances	5(d) 11,907,941	81,393,050
Time deposits	5(d) 50,432,110	116,000,000
Cash and cash equivalents as stated in the statement of cash flows	<u>62,340,052</u>	<u>197,393,050</u>

The accompanying notes are an integral part of these financial statements.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons Hang Seng China Enterprises</u> <u>Index Daily (-1x) Inverse Product</u>	
	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 HK\$
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income for the period	1,739,689	(19,895,632)
Adjustments for:		
Interest income	(203,291)	(272,329)
Interest expense	11,408	13,664
Increase in financial assets at fair value through profit or loss	688,594	(472,897)
Increase in amount due from brokers	2,226,116	(6,004,429)
Increase in amount due from the Manager	400	(27,400)
Increase in financial liabilities at fair value through profit or loss	169,850	-
Increase in management fee payable	(15,103)	551,609
Increase in trustee fee payable	(2,789)	7,698
Increase in formation fee payable	-	399,989
Increase in administration fee payable	31,988	144,267
Increase in other payables and accruals	154,957	1,920
Cash used in operations	<u>4,801,819</u>	<u>(25,553,540)</u>
Interest received	209,559	268,986
Interest paid	(11,408)	(13,664)
<b>Net cash flows used in operating activities</b>	<u>4,999,970</u>	<u>(25,298,218)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	-	190,550,300
Cash paid on redemption of units	(27,937,500)	(91,289,360)
<b>Net cash flows generated from financing activities</b>	<u>(27,937,500)</u>	<u>99,260,940</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(22,937,530)	73,962,722
Cash and cash equivalents at the beginning of the period	<u>52,396,344</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>29,458,814</u>	<u>73,962,722</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances	5(d) 29,458,814	34,962,722
Time deposits	5(d) -	39,000,000
Cash and cash equivalents as stated in the statement of cash flows	<u>29,458,814</u>	<u>73,962,722</u>

The accompanying notes are an integral part of these financial statements.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2018 (unaudited)

	<u>Mirae Asset Horizons Hang Seng China Enterprises</u> <u>Index Daily (2x) Leveraged Product</u>	
	For the six months ended 30 September 2018 (unaudited)	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)
Note	HK\$	HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income for the period	(9,299,088)	24,743,669
Adjustments for:		
Interest income	(185,961)	(211,013)
Interest expense	50,289	25,373
Increase in financial assets at fair value through profit or loss	(521,099)	-
Increase in amount due from brokers	9,427,543	(16,196,507)
Increase in amount due from the Manager	(240)	(24,260)
Increase in financial liabilities at fair value through profit or loss	(2,706,905)	1,446,623
Increase in management fee payable	(37,871)	408,895
Increase in trustee fee payable	(6,992)	11,625
Increase in formation fee payable	-	399,989
Increase in administration fee payable	31,988	106,942
Increase in other payables and accruals	160,897	2,280
Cash generated from operations	<u>(3,087,439)</u>	<u>10,713,616</u>
Interest received	130,047	173,332
Interest paid	(50,289)	(25,373)
<b>Net cash flows generated from operating activities</b>	<u>(3,007,681)</u>	<u>10,861,575</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issue of units	-	146,031,890
Cash paid on redemption of units	(46,628,550)	(57,802,400)
<b>Net cash flows generated from financing activities</b>	<u>(46,628,550)</u>	<u>88,229,490</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(49,636,231)	99,091,065
Cash and cash equivalents at the beginning of the period	<u>94,951,940</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>45,315,709</u>	<u>99,091,065</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances	5(d) 15,096,348	41,091,065
Time deposits	5(d) 30,219,361	58,000,000
Cash and cash equivalents as stated in the statement of cash flows	<u>45,315,709</u>	<u>99,091,065</u>

The accompanying notes are an integral part of these financial statements.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

Mirae Asset Horizons Leveraged and Inverse Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 1 September 2016 as amended by supplemental deeds dated 23 February 2017 (collectively, the “Trust Deed”) between Mirae Asset Global Investments (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee” and “Registrar”). The Trust Deed is governed by Hong Kong Law.

As at 30 September 2018, the Trust has established eight sub-funds, each a separate sub-fund of the Trust, which are authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to section 104(1) of the Securities and Futures Ordinance. The sub-funds are listed on the Stock Exchange of Hong Kong Limited (the “SEHK” and a subsidiary of The Hong Kong Exchanges and Clearing Limited). For three of the eight sub-funds, namely Mirae Asset Horizons S&P 500 Daily (2x) Leveraged Product, Mirae Asset Horizons Topix Daily (-1x) Inverse Product and Mirae Asset Horizons Topix Daily (2x) Leveraged Product, they were delisted on 24 July 2018 and their financial statements are separately reported upon their termination. The remaining five sub-funds that are reported under these financial statements are referred individually or collectively as the “Sub-Fund(s)” and their listing dates are as follows:

<u>Name of Sub-Funds</u>	<u>Listing date on the Stock Exchange of Hong Kong Limited (the “SEHK”)</u>
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product	11 October 2016
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product	14 March 2017
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product	14 March 2017
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product	14 March 2017
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product	14 March 2017

These financial statements relate to the above-mentioned Sub-Funds. The Manager and the Trustee (collectively, the “Management”) are responsible for the preparation of the financial statements.

#### Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (“S&P 500 Daily (-1x) Inverse Product”)

The objective of S&P 500 Daily (-1x) Inverse Product (Stock code: 07322) is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) daily performance of the S&P 500 Index (net of swap fees). The Sub-Fund does not seek to achieve its stated investment objective over a period of time greater than one day.

#### Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (“Hang Seng Index Daily (-1x) Inverse Product”)

The objective of Hang Seng Index Daily (-1x) Inverse Product (Stock code: 07336) is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) daily performance of the Hang Seng Index. The Sub-Fund does not seek to achieve its stated investment objective over a period of time greater than one day.

#### Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product (“Hang Seng Index Daily (2x) Leveraged Product”)

The objective of Hang Seng Index Daily (2x) Leveraged Product (Stock code: 07231) is to provide investment results that, before fees and expenses, closely correspond to twice (2x) daily performance of the Hang Seng Index. The Sub-Fund does not seek to achieve its stated investment objective over a period of time greater than one day.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION (CONTINUED)

Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (“Hang Seng China Enterprises Index Daily (-1x) Inverse Product”)

The objective of Hang Seng China Enterprises Index Daily (-1x) Inverse Product (Stock code: 07362) is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) daily performance of the Hang Seng Index. The Sub-Fund does not seek to achieve its stated investment objective over a period of time greater than one day.

Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (“Hang Seng China Enterprises Index Daily (2x) Leveraged Product”)

The objective of Hang Seng China Enterprises Index Daily (2x) Leveraged Product (Stock code: 07230) is to provide investment results that, before fees and expenses, closely correspond to twice (2x) daily performance of the Hang Seng Index. The Sub-Fund does not seek to achieve its stated investment objective over a period of time greater than one day.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

The financial statements of the Sub-Funds have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the “SFC Code”). The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities classified as fair value through profit or loss that have been measured at fair value.

The preparation of financial statements, in conformity with IFRSs, requires the Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

##### Going concern

The Management has made an assessment of the Sub-Funds’ ability to continue as a going concern and is satisfied that the Sub-Funds have the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Funds’ ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (a) Basis of preparation (continued)

###### Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense that is already recorded. The Sub-Funds establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which the Sub-Funds invest. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE 1<sup>ST</sup> JANUARY 2018.

The Sub-Funds have applied the following new and revised IFRSs that have been effective, in these financial statements.

###### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.



## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (a) Basis of preparation (continued)

#### STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE 1<sup>ST</sup> JANUARY 2018 (CONTINUED)

##### IFRS 9 Financial Instruments (continued)

The Sub-Funds plan to adopt the new standard on the required effective date. During 2017, the Sub-Funds have performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Sub-Funds in the future. Overall, the Sub-Funds expect no significant impact on the statements of net assets except for the effect of applying the impairment requirements of IFRS 9. The Sub-Funds expect a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

The Sub-Funds do not expect a significant impact on the statements of net assets on applying the classification and measurement requirements of IFRS 9. The Sub-Funds expect to continue measuring at fair value all financial assets and financial liabilities currently held at fair value.

##### (b) Financial instruments

##### **Classification**

The Sub-Funds classify their financial assets and liabilities into the following categories in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

##### Financial assets and financial liabilities at fair value through profit or loss

The Sub-Funds classify their investments as financial assets and financial liabilities at fair value through profit or loss in accordance with IAS 39. All financial assets and financial liabilities at fair value through profit or loss are designated upon initial recognition on the basis that they are part of a group of financial assets and financial liabilities which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Sub-Funds.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Funds include in this category amounts relating to amount due from brokers, amount due from the Manager and interest receivables.

##### Other financial liabilities

This category includes all financial liabilities other than those classified as at fair value through profit or loss. The Sub-Funds include in this category amounts relating to management fee payable, trustee fee payable, formation fee payable, administration fee payable, amount due to brokers and other payables and accruals.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Financial instruments (continued)

###### **Recognition**

The Sub-Funds recognise a financial asset or a financial liability when, and only when, they become a party to the contractual provisions of the instrument. Purchases and sales of financial assets at fair value through profit or loss are accounted for on the trade date basis.

###### **Initial measurement**

Financial assets at fair value through profit or loss are initially recognised at fair value, excluding transaction costs which are expensed as incurred.

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Sub-Funds recognise the difference in the profit or loss, unless specified otherwise.

###### **Subsequent measurement**

After initial measurement, financial assets and financial liabilities at fair value through profit or loss are subsequently re-measured at fair value. Realised gains and losses and change in unrealised gains and losses on financial assets and financial liabilities at fair value through profit or loss are included in profit or loss in the period in which they arise.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Funds estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

###### **Derecognition**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired, or where the Sub-Funds have transferred its rights to receive cash flows from the financial asset, or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either the Sub-Funds have transferred substantially all the risks and rewards of the asset or the Sub-Funds have neither transferred nor retained substantially all the risks and rewards of the financial asset, but have transferred control of the asset.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Financial instruments (continued)

###### **Derecognition (continued)**

When the Sub-Funds have transferred its rights to receive cash flows from an asset (or have entered into a pass-through arrangement), and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Funds' continuing involvement in the asset. In that case, the Sub-Funds also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Funds have retained. The Sub-Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled or expired.

###### Fair value measurement

The Sub-Funds measure its investments in financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Sub-Funds.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments that are listed or traded on an exchange are fair valued based on quoted last traded market prices.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Financial instruments (continued)

###### Derivative financial instruments

Derivative financial instruments are recorded on a mark-to-market basis. Fair values are determined by using quoted market prices for futures contracts or calculated by reference to changes in specified prices of an underlying asset or otherwise determined notional amount for swap contracts. All derivatives are carried as assets when amounts are receivable by the Sub-Fund and as liabilities when amounts are payable by the Sub-Funds.

Unrealised gains and losses arising from change in fair value, and realised gains and losses are recognized in profit or loss.

##### (c) Income

Interest income is recognised in profit or loss on a time-proportionate basis using the effective interest method.

Dividend income on equity securities is recognised on the date on which the investments are quoted ex-dividend. Dividend income on equity securities where no ex-dividend date is quoted is accounted for when the Sub-Funds' right to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss.

##### (d) Expenses

Expenses are recognised on an accrual basis.

##### (e) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets comprise short-term deposits in banks and time deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (f) Translation of foreign currencies

###### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate (the “functional currency”). The performance of the Sub-Funds are measured and reported to the unitholders in Hong Kong dollar (“HK\$”) for Mirae Asset Horizons Hang Seng Index Daily (-1X) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (2X) Leveraged Product, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1X) Inverse Product and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2X) Leveraged Product and in United States Dollar (“US\$”) for Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product. The Management considers the HK\$ and US\$ as the currencies that most faithfully represent the economic effects of the underlying transactions, events and conditions. The financial statements of the Sub-Funds are presented in HK\$ for Mirae Asset Horizons Hang Seng Index Daily (-1X) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (2X) Leveraged Product, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1X) Inverse Product and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2X) Leveraged Product and in US\$ for Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product which are the Sub-Funds’ functional and presentation currency.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency using the exchange rate ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses arising from translation are included in profit or loss.

Foreign exchange gains and losses relating to cash and cash equivalents are included in profit or loss within “net exchange gain/(loss)”.

Foreign exchange gains and losses relating to the financial instruments classified as at fair value through profit or loss are included in profit or loss within “net gain/(loss) on financial assets or financial liabilities at fair value through profit or loss”.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (g) Redeemable units

Redeemable units are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a pro-rata share of the Sub-Funds' net assets in the event of the Sub-Funds' liquidation;
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (d) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Sub-Funds' net assets; or
- (e) The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Funds must have no other financial instrument or contract that has:

- (a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds; and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Funds' redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as equity.

The Sub-Funds continuously assess the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Funds will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Funds will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Sub-Funds in issuing of their own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The Sub-Funds' own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Sub-Funds' own equity instruments.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (g) Redeemable units (continued)

Redeemable units can be redeemed in cash equal to a proportionate share of the Sub-Funds' net asset value. The Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units of the respective Sub-Funds. Units are created or redeemed in multiples of 250,000 units for Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product and 100,000 units for Mirae Asset Horizons Hang Seng Index Daily (-1X) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (2X) Leveraged Product, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1X) Inverse Product and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2X) Leveraged Product .

##### (h) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

##### (i) Amounts due from and due to brokers

Amount due from brokers includes cash held at the brokers and receivables for unsettled trades. Amount due to brokers includes margin debt balances and payables for unsettled trades.

These amounts are measured initially at fair value plus any directly attributable incremental costs of acquisition or issue and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from broker. Gains and losses are recognised in the profit or loss when the amount due from broker is derecognised or impaired and when the amount due to brokers is derecognised, as well as through the amortisation process.

##### (j) Impairment of financial assets

The Sub-Funds assess at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been occurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss as 'Credit loss expense'.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (j) Impairment of financial assets (continued)

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Funds. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

##### (k) Net change in unrealised gains or losses on financial assets and financial liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and financial liabilities as at fair value through profit or loss and excludes interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period unrealised gains and losses for financial instruments which were realised in the reporting period.

##### (l) Net realised gains or losses on disposal of financial instruments

Net realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

##### (m) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of net assets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### (n) Taxes

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted from the source of the income. The Sub-Funds present the withholding tax separately from the gross investment income in the profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

##### (o) Distributions to unitholders

The Manager does not intend to pay or make any distributions or dividends to the Sub-Funds' unitholders.



## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Formation fee

Formation fee is recognised as an expense in the period in which it is incurred.

(q) Transactions costs

Transactions costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transactions costs, when incurred, are immediately recognised in profit or loss as an expense.

(r) Related parties

A party is considered to be related to the Sub-Funds if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Sub-Funds;
  - (ii) has significant influence over the Sub-Funds; or
  - (iii) is a member of the key management personnel of the Sub-Funds or of a parent of the Sub-Funds;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Sub-Funds are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Funds or an entity related to the Sub-Funds;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of group of which it is a part, provides key management personnel services to the Sub-Funds or to the parent of the Sub-Funds.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS

##### (a) Net assets attributable to unitholders

The creation and redemption of units of the Sub-Funds can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed. Subscriptions and redemptions of units during the year/period are shown on the statement of changes in net assets attributable to unitholders.

As stated in note 2(g), units of the Sub-Funds, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRSs (the “Accounting NAV”). For the purpose of determining the NAV per unit for subscriptions and redemptions and for various fee calculations (the “Dealing NAV”), the Trustee calculates the Dealing NAV in accordance with the provisions of the Trust Deed, which may be different from the accounting policies under IFRSs.

##### Reconciliation between accounting NAV and dealing NAV

###### *Adjustment for formation fee*

The formation fee of establishing Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product was US\$nil (31 March 2018: US\$nil). The formation fee of establishing Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product was HK\$nil (31 March 2018: HK\$392,989) for each Sub-Fund. Per the prospectus of the Sub-Funds, the formation fee will be amortised over the first 5 financial periods of the Sub-Funds. However, with respect to the Sub-Funds for the purpose of financial statements preparation in compliance with IFRSs, their accounting policies are to expense the formation fee in profit or loss as incurred.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS (CONTINUED)

##### (a) Net assets attributable to unitholders (continued)

The difference between the Accounting NAV reported in the statement of financial position and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations as at 30 September 2018 is reconciled below:

<u>As at 30</u> <u>September 2018</u>	<u>Mirae Asset</u> <u>Horizons</u> <u>S&amp;P 500</u> <u>Daily (-1x)</u> <u>Inverse</u> <u>Product</u> <u>US\$</u>	<u>Mirae Asset</u> <u>Horizons</u> <u>Hang Seng</u> <u>Index Daily (-</u> <u>1x) Inverse</u> <u>Product</u> <u>HK\$</u>	<u>Mirae Asset</u> <u>Horizons Hang</u> <u>Seng Index Daily</u> <u>(2x) Leveraged</u> <u>Product</u> <u>HK\$</u>	<u>Mirae Asset</u> <u>Horizons Hang</u> <u>Seng China</u> <u>Enterprises</u> <u>Index Daily (-</u> <u>1x) Inverse</u> <u>Product</u> <u>HK\$</u>	<u>Mirae Asset</u> <u>Horizons Hang</u> <u>Seng China</u> <u>Enterprises</u> <u>Index Daily (2x)</u> <u>Leveraged</u> <u>Product</u> <u>HK\$</u>
Accounting NAV as reported in the statement of net assets	7,283,475	55,110,443	88,884,844	37,538,107	60,991,024
Adjustment for formation fee	86,895	150,699	-	50,491	87,096
Dealing NAV	<u>7,370,370</u>	<u>55,261,142</u>	<u>88,884,844</u>	<u>37,588,598</u>	<u>61,078,120</u>

<u>As at 31 March</u> <u>2018</u>	<u>Mirae Asset</u> <u>Horizons</u> <u>S&amp;P 500</u> <u>Daily (-1x)</u> <u>Inverse</u> <u>Product</u> <u>US\$</u>	<u>Mirae Asset</u> <u>Horizons</u> <u>Hang Seng</u> <u>Index Daily (-</u> <u>1x) Inverse</u> <u>Product</u> <u>HK\$</u>	<u>Mirae Asset</u> <u>Horizons Hang</u> <u>Seng Index Daily</u> <u>(2x) Leveraged</u> <u>Product</u> <u>HK\$</u>	<u>Mirae Asset</u> <u>Horizons Hang</u> <u>Seng China</u> <u>Enterprises</u> <u>Index Daily (-</u> <u>1x) Inverse</u> <u>Product</u> <u>HK\$</u>	<u>Mirae Asset</u> <u>Horizons Hang</u> <u>Seng China</u> <u>Enterprises</u> <u>Index Daily (2x)</u> <u>Leveraged</u> <u>Product</u> <u>HK\$</u>
Accounting NAV as reported in the statement of net assets	4,194,119	103,885,016	106,365,981	63,735,918	116,918,662
Adjustment for formation fee	100,975	172,604	-	57,829	99,756
Dealing NAV	<u>4,295,094</u>	<u>104,057,620</u>	<u>106,365,981</u>	<u>63,793,747</u>	<u>117,018,418</u>

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS (CONTINUED)

##### (b) Movement of units

The table below summarises the movement of units for the period ended 30 September 2018, and the Accounting NAV per unit and the Dealing NAV per unit for each of the Sub-Funds as at 30 September 2018 and 31 March 2018.

	<u>As at 30 September 2018</u>				Net assets attributable to unitholders	
	Number of units				Accounting NAV	Dealing NAV
	Units in issue at beginning of period	Creation during the period	Redemption during the period	Units in issue at end of period	Per unit at period end	Per unit at period end
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product	2,750,000	2,500,000	-	5,250,000	US\$1.3873	US\$1.4039
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product	18,500,000	-	(9,000,000)	9,500,000	HK\$5.8011	HK\$5.8170
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product	8,800,000	2,200,000	(2,600,000)	8,400,000	HK\$10.5815	HK\$10.5815
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product	10,700,000	-	(4,600,000)	6,100,000	HK\$6.1538	HK\$6.1621
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product	11,300,000	-	(4,500,000)	6,800,000	HK\$8.9693	HK\$8.9821

  

	<u>As at 31 March 2018</u>				Net assets attributable to unitholders	
	Number of units				Accounting NAV	Dealing NAV
	Units in issue at beginning of period	Creation during the period	Redemption during the period	Units in issue at end of period	Per unit at period end	Per unit at period end
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product	1,000,000	1,750,000	-	2,750,000	US\$1.5251	US\$1.5619
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product <sup>1</sup>	-	20,500,000	(2,000,000)	18,500,000	HK\$5.6154	HK\$5.6247
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup>	-	24,300,000	(15,500,000)	8,800,000	HK\$12.0870	HK\$12.0870
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product <sup>1</sup>	-	24,000,000	(13,300,000)	10,700,000	HK\$5.9566	HK\$5.9620
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product <sup>1</sup>	-	16,800,000	(5,500,000)	11,300,000	HK\$10.3468	HK\$10.3556

<sup>1</sup>The financial period of the Sub-Funds in 2018 is referring to the period from 10 March 2017 (date of inception) to 31 March 2018.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 4. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The following is a breakdown of net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:

	<u>Mirae Asset Horizons S&amp;P 500 Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng Index Daily (- 1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product</u>	
	For the six months ended 30 September 2018 (unaudited) US\$	For the six months ended 30 September 2017 (unaudited) US\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$	For the six months ended 30 September 2018 (unaudited)	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)
Net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss	(567,966)	(115,922)	4,159,135	(16,729,678)	(16,568,671)	71,736,731
Net change in unrealised gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	53,422	(13,391)	(1,476,885)	13,878	3,387,621	(198,983)
	<u>(514,544)</u>	<u>(129,313)</u>	<u>2,682,250</u>	<u>(16,715,800)</u>	<u>(13,181,050)</u>	<u>71,537,748</u>
	<u>Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product</u>			
	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$	For the six months ended 30 September 2018 (unaudited) HK\$	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited) HK\$		
Net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss	2,831,544	(19,254,600)	(12,039,003)	27,260,923		
Net change in unrealised gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	(858,444)	472,897	3,228,004	(1,446,623)		
	<u>1,973,100</u>	<u>(18,781,703)</u>	<u>(8,810,999)</u>	<u>25,814,300</u>		

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS

Related parties are those as defined in note 2(r). Related parties of the Sub-Funds also include the Manager of the Sub-Funds and its connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the period between the Sub-Funds and their related parties, including 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-Funds do not have any other transactions with their related parties, including the Manager and its connected persons except for those disclosed below:

##### (a) Management fee

The Manager is entitled to receive a management fee of up to 2% per year of the net asset value of each Sub-Fund, accrued daily and calculated as at each dealing day and payable monthly in arrears. For each Sub-Fund, the Manager is entitled to receive management fee as below:

	<u>Maximum rate of the net assets in %</u>	<u>Annual rate of the net assets in %</u> 2018	<u>Annual rate of the net assets in %</u> 2017
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product	2%	0.85%	0.85%
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product <sup>1</sup>	2%	0.65%	0.65%
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup>	2%	0.65%	0.65%
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product <sup>1</sup>	2%	0.65%	0.65%
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product <sup>1</sup>	2%	0.65%	0.65%

<sup>1</sup>The financial period of the Sub-Funds in 2018 and 2017 is referring to the period from 10 March 2017 (date of inception) to 30 September 2017 and the period ended 30 September 2018 respectively.

##### (b) Trustee fees and Registrar fees

The Trustee receives out of the assets of each Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each dealing day of up to the greater of 1.00% per year of the net asset of a Sub-Fund or the applicable monthly minimum. For each sub-fund, trustee is entitled to trustee fee as below:

	<u>Annual rate<sup>2</sup> of the net asset value in %</u>	
	2018	2017
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product	0.12%	0.12%
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product <sup>1</sup>	0.12%	0.12%
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup>	0.12%	0.12%
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product <sup>1</sup>	0.12%	0.12%
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product <sup>1</sup>	0.12%	0.12%

<sup>1</sup>The financial period of this Sub-Fund in 2018 and 2017 is referring to the period from 10 March 2017 (date of inception) to 30 September 2017 and period ended 30 September 2018.

<sup>2</sup>The current standard annual rates for all the Sub-Funds is 0.12% per year of the net assets value of each sub-fund, subject to a monthly minimum of HK\$78,000 (waived for 12 months from (but excluding) the listing date) except Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product which is subject to a monthly minimum of US\$10,000 (waived for 12 months from (but excluding) the listing date). During the year, the waiver for S&P (-1x) Inverse Product has been extended for another 12 months.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

##### (b) Trustee fees and Registrar fees (continued)

In respect of the Sub-Funds (except for S&P 500 Daily (-1x) Inverse Product), the Trustee acting as the Registrar, is also entitled to receive a registrar fee of HK\$160 (US\$20 with respect to S&P 500 Daily (-1x) Inverse Product) per participating dealer per transaction for updating the register record. The registrar fee incurred by the Sub-Funds has been borne by the Manager during the period ended 30 September 2018 (30 September 2017: nil).

The Registrar is also entitled to receive from the participating dealer a transaction fee of HK\$3,900 (US\$500 with respect to S&P 500 Daily (-1x) Inverse Product) per participating dealer per transaction for handling any cash creation and redemption of units of the Sub-Funds. The administration transaction fee would be paid by the participating dealer to the Sub-Funds and the Sub-Funds would pay the transaction fee to the Trustee on behalf of the participating dealer. As at 30 September 2018 and 31 March 2018, no transaction fee was payable to the Trustee by the Sub-Funds.

##### (c) Other expenses

###### (i) *Formation fee*

During the period ended 30 September 2018, the formation fee for establishing Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product which was newly launched was US\$nil (2017:nil). The formation fee for establishing Mirae Asset Horizons Hang Seng Index Daily (-1X) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (2X) Leveraged Product, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1X) Inverse Product and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2X) Leveraged Product, which were newly launched, was HK\$nil (2017: HK\$399,989) each.

As at 30 September 2018, the formation fee for S&P 500 Daily (-1x) Inverse Product of US\$115,252 (31 March 2018: US\$115,252) is payable to the Manager.

###### (ii) *Administration fee*

The Manager is responsible for the payment of several fees, such as audit fee, conversion agent fee and index licensing fee, for the administration of the Sub-Funds. The Manager is entitled to receive a recharge of the administration fee and other expenses, calculated at an annual rate on the net assets of the Sub-Funds at each dealing day and payable monthly in arrears, as illustrated by the table below.

	<u>Annual rate of the net assets in %</u>	
	30 September 2018	30 September 2017
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product	0.19%	0.19%
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product <sup>1</sup>	0.17%	0.17%
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup>	0.17%	0.17%
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product <sup>1</sup>	0.17%	0.17%
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product <sup>1</sup>	0.17%	0.17%

<sup>1</sup>The financial period of this Sub-Fund in 2018 and 2017 is referring to the period from 10 March 2017 (date of inception) to 30 September 2017 and period ended 30 September 2018 respectively.

# MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

## NOTES TO FINANCIAL STATEMENTS

### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

#### (c) Other expenses (continued)

##### (ii) Administration fee (continued)

The tables below list the breakdown of the administration fee incurred by the Sub-Funds.

Mirae Asset Horizons S&P  
500 Daily (-1x) Inverse  
Product

	For the six months ended 30 September 2018 (unaudited)		
	Portion borne by the Sub-Fund US\$	Portion borne by the Manager US\$	Total US\$
Audit fee	795	3,292	4,087
Index licensing fee	2,124	22,876	25,000
Other administration fee	2,125	8,795	10,919
	<u>5,044</u>	<u>34,962</u>	<u>40,006</u>

Mirae Asset Horizons S&P  
500 Daily (-1x) Inverse  
Product

	For the six months ended 30 September 2017 (unaudited)		
	Portion borne by the Sub-Fund US\$	Portion borne by the Manager US\$	Total US\$
Audit fee	206	3,894	4,100
Index licensing fee	694	11,772	12,466
Other administration fee	748	14,119	14,867
	<u>1,648</u>	<u>29,785</u>	<u>31,433</u>

Mirae Asset Horizons  
Hang Seng Index Daily (-  
1x) Inverse Product

	For the six months ended 30 September 2018 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	31,988	-	31,988
Index licensing fee	150,411	-	150,411
Other administration fee	10,246	61,683	71,928
	<u>192,645</u>	<u>61,683</u>	<u>254,328</u>

Mirae Asset Horizons Hang  
Seng Index Daily (-1x)  
Inverse Product

	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	9,549	23,933	33,482
Index licensing fee	39,773	78,036	117,809
Other administration fee	35,195	88,209	123,404
	<u>84,517</u>	<u>190,178</u>	<u>274,695</u>

Mirae Asset Horizons  
Hang Seng Index Daily  
(2x) Leveraged Product

	For the six months ended 30 September 2018 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	31,988	-	31,988
Index licensing fee	150,411	-	150,411
Other administration fee	10,246	61,683	71,928
	<u>192,645</u>	<u>61,683</u>	<u>254,328</u>



# MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

## NOTES TO FINANCIAL STATEMENTS

### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

#### (c) Other expenses (continued)

##### (ii) Administration fee (continued)

Mirae Asset Horizons Hang  
Seng Index Daily (2x)  
Leveraged Product

	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	23,732	9,751	33,483
Index licensing fee	98,842	18,966	117,808
Other administration fee	84,465	38,938	123,403
	<u>207,039</u>	<u>67,655</u>	<u>274,694</u>

Mirae Asset Horizons Hang  
Seng China Enterprises  
Index Daily (-1x) Inverse  
Product

	For the six months ended 30 September 2018 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	31,988	10,246	42,234
Index licensing fee	150,411	-	150,411
Other administration fee	10,246	61,683	71,928
	<u>192,645</u>	<u>71,928</u>	<u>264,573</u>

Mirae Asset Horizons Hang  
Seng China Enterprises  
Index Daily (-1x) Inverse  
Product

	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	16,300	17,182	33,482
Index licensing fee	67,890	49,918	117,808
Other administration fee	48,077	75,327	123,404
	<u>132,267</u>	<u>142,427</u>	<u>274,694</u>

Mirae Asset Horizons Hang  
Seng China Enterprises  
Index Daily (2x) Leveraged  
Product

	For the six months ended 30 September 2018 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	31,988	10,246	42,234
Index licensing fee	150,411	-	150,411
Other administration fee	10,246	61,683	71,928
	<u>192,645</u>	<u>71,928</u>	<u>264,573</u>

Mirae Asset Horizons Hang  
Seng China Enterprises  
Index Daily (2x) Leveraged  
Product

	For the period from 10 March 2017 (date of inception) to 30 September 2017 (unaudited)		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	12,083	21,400	33,483
Index licensing fee	50,326	67,483	117,809
Other administration fee	40,533	82,870	123,403
	<u>102,942</u>	<u>171,753</u>	<u>274,695</u>

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

##### (c) Other expenses (continued)

###### (iii) *Bank charges*

Bank charges of the Sub-Funds for the period ended 30 September 2018 were charged by The Hong Kong and Shanghai Banking Corporation Limited, a related company of the Trustee.

##### (d) Cash and cash equivalents and certain financial assets at fair value through profit or loss held by the Trustee's related company

###### *Cash and cash equivalents*

<u>Mirae Asset Horizons S&amp;P 500 Daily (-1x) Inverse Product</u>	Notes	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)
		US\$	US\$
Bank balances	(i)	6,405,944	3,362,759
Time deposits	(ii)	1,025,237	1,014,743
Cash and cash equivalents		<u>7,431,181</u>	<u>4,377,502</u>
<u>Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product</u>	Notes	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)
		HK\$	HK\$
Bank balances	(i)	7,805,650	55,961,964
Time deposits	(ii)	34,325,437	34,118,774
Cash and cash equivalents		<u>42,131,087</u>	<u>90,080,738</u>
<u>Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product</u>	Notes	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)
		HK\$	HK\$
Bank balances	(i)	11,907,941	38,604,755
Time deposits	(ii)	50,432,111	50,117,123
Cash and cash equivalents		<u>62,340,052</u>	<u>88,721,878</u>
<u>Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product</u>	Notes	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)
		HK\$	HK\$
Bank balances	(i)	29,458,814	13,260,103
Time deposits	(ii)	-	39,136,241
Cash and cash equivalents		<u>29,458,814</u>	<u>52,396,344</u>
<u>Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product</u>	Notes	As at 30 September 2018 (unaudited)	As at 31 March 2018 (audited)
		HK\$	HK\$
Bank balances	(i)	15,096,348	64,861,132
Time deposits	(ii)	30,219,361	30,090,808
Cash and cash equivalents		<u>45,315,709</u>	<u>94,951,940</u>

###### Notes

- (i) As at 30 September 2018 and 31 March 2018, these interest-bearing bank balances were held with The Hong Kong and Shanghai Banking Corporation Limited, a related company of the Trustee.
- (ii) As at 30 September 2018 and 31 March 2018, these time deposits at fixed interest rates of 2.3% p.a (31 March 2018: 1.75% p.a.) for S&P 500 Daily (-1x) Inverse Product, 1.2% p.a (31 March 2018: 0.2% p.a.) for Hang Seng Index Daily (-1x) Inverse Product, 1.58% p.a (31 March 2018: 0.48% p.a.) for Hang Seng Index Daily (2x) Leveraged Product, Nil (31 March 2018: 0.2% p.a.) for Hang Seng China Enterprises Index Daily (-1x) Inverse Product and 1.64% p.a (31 March 2018: 0.75% p.a.) for Hang Seng China Enterprises Index Daily (2x) Leveraged Product were placed with Bank of China (Hong Kong) Limited with a maturity of less than one month.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

- (d) Cash and cash equivalents and certain financial assets at fair value through profit or loss held by the Trustee's related company (continued)

The carrying accounts of the cash and cash equivalents approximate their fair value. Interest income was earned on these cash and cash equivalents during the period ended 30 September 2018 and 31 March 2018.

- (e) Holdings of units

##### Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product

As at 30 September 2018, The Hongkong and Shanghai Banking Corporation Limited., a related company of the Trustee, and Mirae Asset Securities (HK) Ltd., a related company of the Manager, held 758,400 units (31 March 2018: 257,600 units) and 500,000 units (31 March 2018: 500,000 units) of this Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

##### Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product

As at 30 September 2018, The Hongkong and Shanghai Banking Corporation Limited., a related company of the Trustee, and Mirae Asset Securities (HK) Ltd., a related company of the Manager, held 524,100 units (31 March 2018: 1,047,600 units) and 900,000 units (31 March 2018: 900,000 units) of this Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

##### Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product

As at 30 September 2018, The Hongkong and Shanghai Banking Corporation Limited., a related company of the Trustee, and Mirae Asset Securities (HK) Ltd., a related company of the Manager held 67,300 units (31 March 2018: 57,600 units) and 200,000 units (31 March 2018: 200,000 units) of this Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

##### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product

As at 30 September 2018, The Hongkong and Shanghai Banking Corporation Limited., a related company of the Trustee, and Mirae Asset Securities (HK) Ltd., a related company of the Manager held 37,700 units (31 March 2018: 30,000 units) and 800,000 units (31 March 2018: 800,000 units) of this Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

##### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product

As at 30 September 2018, The Hongkong and Shanghai Banking Corporation Limited., a related company of the Trustee, and Mirae Asset Securities (HK) Ltd., a related company of the Manager held 20,000 units (31 March 2018: 30,000 units) and 200,000 units (31 March 2018: 200,000 units) of this Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 5. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

##### (f) Amount due from the Manager

As at 30 September 2018, the amount due from the Manager of the Sub-Funds is as follows:-

	<u>30 September 2018</u> (Unaudited)	<u>31 March 2018</u> (Audited)
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	15,701	9,174
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	1,720	1,600
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	1,720	1,920
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	2,080	2,480
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	2,280	2,040

#### 6. AMOUNT DUE FROM AND DUE TO BROKERS

As at 30 September 2018, the Sub-Funds have amount due from and amount due to brokers, which represent receivables and payables for securities sold/purchased with the brokers that have been contracted for, but not yet settled or delivered on the reporting date respectively. Amount due from/due to brokers also include cash held at the brokers.

##### Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product

	30 September 2018 (unaudited)	31 March 2018 (audited)
Amount due from brokers	US\$	US\$
- Cash held at brokers	140	-
Amount due to brokers		
- Payables for securities sold, but not yet delivered	-	53,863

##### Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product

	30 September 2018 (unaudited)	31 March 2018 (audited)
Amount due from brokers	HK\$	HK\$
- Cash held at brokers	13,362,573	12,551,019

##### Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product

	30 September 2018 (unaudited)	31 March 2018 (audited)
Amount due from brokers	HK\$	HK\$
- Cash held at brokers	26,469,799	20,784,272

##### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product

	30 September 2018 (unaudited)	31 March 2018 (audited)
Amount due from brokers	HK\$	HK\$
- Cash held at brokers	8,511,646	10,737,762

##### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product

	30 September 2018 (unaudited)	31 March 2018 (audited)
Amount due from brokers	HK\$	HK\$
- Cash held at brokers	15,322,480	24,750,023

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 7. SOFT COMMISSION ARRANGEMENTS

The Manager may effect transactions, provided that any such transaction is consistent with standards of “best execution”, by or through the agency of another person for the account of the Sub-Funds with whom the Manager or any of its connected persons has an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons goods, services or other benefits (such as advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Sub-Funds as a whole and may contribute to an improvement in the performance of the Sub-Funds. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees’ salaries or direct money payments. Since the inception of the Sub-Funds, the Manager had not participated in any soft commission arrangements in respect of any transactions for the account of the Sub-Funds.

#### 8. TAXATION

No provision for Hong Kong profits tax has been made for the Sub-Funds as they are authorised as collective investment schemes under section 104 of the Hong Kong Securities and Futures Ordinance and are therefore exempt from Hong Kong Profits Tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

#### 9. DISTRIBUTIONS TO UNITHOLDERS

The Manager does not intend to pay or make any distributions or dividends.

#### 10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The SFC code states that not more than 10% of the NAV of the Sub-Funds may be invested in securities issued by any single issuer, subject to certain provisions of the SFC code. There were no securities that individually accounted for more than 10% of the NAV of the Sub-Funds as at 30 September 2018 and 31 March 2018.

As per chapter 8.4A(e) of the SFC Code, the Sub-Funds with investments in futures may not hold open positions in any futures contract month for which the combined margin requirement represents 5% or more of the NAV of the Sub-Funds. However, as the Manager expects that the aggregate margin requirement for the futures contracts that Hang Seng Index Daily (-1x) Inverse Product, Hang Seng Index Daily (2x) Leveraged Product, Hang Seng China Enterprises Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (2x) Leveraged Product will invest may be as high as 10% in order to obtain the required exposure to the respective index, the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of these Sub-Funds from the requirement under Chapter 8.4A(e) of the SFC Code, subject to certain conditions as stated in the prospectus of these Sub-Funds. Details of these Sub-Funds’ margin requirements as at 30 September 2018 are disclosed below:

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (CONTINUED)

As at 30 September 2018 and 31 March 2018, the initial and maintenance margin requirements for futures were as follows:

	<u>30 September 2018</u>		<u>31 March 2018</u>	
	HK\$	% of net asset value	HK\$	% of net asset value
<u>Initial margin requirement</u>				
Hang Seng Index Daily (-1x) Inverse Product	4,294,836	7.79	10,076,346	9.70
Hang Seng Index Daily (2x) Leveraged Product	13,875,624	15.61	20,590,794	19.36
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	2,916,690	7.77	6,207,443	9.74
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	9,350,565	15.33	22,819,741	19.52
	<u>30 September 2018</u>		<u>31 March 2018</u>	
	HK\$	% of net asset value	HK\$	% of net asset value
<u>Maintenance margin requirement</u>				
Hang Seng Index Daily (-1x) Inverse Product	3,435,868	6.23	8,061,077	7.76
Hang Seng Index Daily (2x) Leveraged Product	11,100,499	12.49	16,472,635	15.49
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	2,333,352	6.22	4,965,954	7.79
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	7,480,452	12.26	18,255,793	15.59

#### 11. DERIVATIVE FINANCIAL INSTRUMENTS

##### (i) *Futures contracts*

Futures contracts are a commitment to make or take future delivery of various commodities, currencies or financial instruments at a specified time and place. These commitments can be discharged by making or taking delivery of an approved grade of commodity, currency and financial instrument by cash settlement or by making an offsetting sale or purchase of an equivalent futures contract on the same (or a linked) exchange prior to the designated date of delivery.

As at 30 September 2018, the initial margin requirements for futures were as follows:

	<u>30 September 2018</u>	<u>31 March 2018</u>
	<u>(Unaudited)</u> HK\$	<u>(Audited)</u> HK\$
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product	4,294,836	10,076,346
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product	13,875,624	20,590,794
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product	2,916,690	6,207,443
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product	9,350,565	22,819,741

##### (ii) *Swap agreements*

Swap agreements ("Swaps") represent agreements between two parties to make payments based upon the performance of certain underlying assets. The Sub-Fund is obligated to pay, or entitled to receive as the case may be, the net difference in the value determined at the onset of the Swaps versus the value determined at the termination or reset date of the Swaps. Therefore, amounts required for the future satisfaction of the Swaps may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instrument of the Swaps is valued, at the Swap's settlement date.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

##### (ii) Swap agreements (continued)

In managing a Sub-Fund, the Manager adopted a synthetic replication investment strategy, pursuant to which the relevant Sub-Fund will enter into one or more unfunded swaps (which are over-the-counter financial derivative instruments entered into with one or more counterparties whereby the relevant Sub-Fund will to receive or pay the economic gain or loss in respectively the inverse or leveraged performance of the Index (net of swap fees).

The following derivative contracts were unsettled at the six months ended 30 September 2018:

##### Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product

###### As at 30 September 2018 (unaudited)

Type of contract	Expiration	Number of contracts	Nominal amount US\$	Fair value US\$
Swaps	9 October 2018	12,818,350	(7,387,753)	-

###### As at 31 March 2018 (audited)

Type of contract	Expiration	Number of contracts	Nominal amount US\$	Fair value US\$
Swaps	4 November 2018	7,665,562	(3,965,541)	-

##### Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product

###### As at 30 September 2018 (unaudited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	30 October 2018	(39)	(54,360,150)	(122,100)

###### As at 31 March 2018 (audited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	27 April 2018	(69)	(103,672,500)	1,354,785

##### Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product

###### As at 30 September 2018 (unaudited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	30 October 2018	126	175,625,100	388,800

###### As at 31 March 2018 (audited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	27 April 2018	141	211,852,500	(2,998,821)

##### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product

###### As at 30 September 2018 (unaudited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	30 October 2018	(68)	(37,617,600)	(169,850)

###### As at 31 March 2018 (audited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	27 April 2018	(105)	(63,241,500)	688,594

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### NOTES TO FINANCIAL STATEMENTS

#### 11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

##### (ii) *Swap agreements (continued)*

Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product

As at 30 September 2018 (unaudited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	30 October 2018	218	120,597,600	521,099

As at 31 March 2018 (audited)

Type of contract	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	27 April 2018	386	232,487,800	(2,706,905)

#### 12. SEGMENT INFORMATION

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

The Manager considers that each Sub-Fund has a single operating segment which is investing in swaps or futures as the Manager adopts a swap-based or futures-based replication investment strategy to achieve the investment objective of the respective Sub-Funds' segment. The objectives of the Sub-Funds are to provide investment results that, before deduction of fees and expenses, closely correspond to the inverse (-1x) or twice (2x) the daily performance of the underlying index relevant to each Sub-Fund.

The internal financial information used by the Manager for the Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statement of net assets and statement of profit or loss and other comprehensive income.

There were no changes in the reportable segment during the period ended 30 September 2018 and 31 March 2018.

The Sub-Funds are domiciled in Hong Kong. All of the Sub-Funds' income is derived from investments financial assets and financial liabilities at fair value through profit or loss. The Sub-Funds have no assets or liabilities classified as non-current.



## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 September 2018

#### Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product

	Fair value US\$	% of net assets
<b>Swap</b>		
MIRAE ASSET HORIZONS S&P 500 TOTAL RETURN INDEX	-	0%
Total investments at fair value	-	
Total investments, at cost	-	

#### Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product

	Fair value HK\$	% of net assets
<b>Future contracts</b>		
HANG SENG IDX FUT OCT18 30/10/2018	(122,100)	(0.22)
Total investments at fair value	(122,100)	(0.22)
Total investments, at cost	-	

#### Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product

	Fair value HK\$	% of net assets
<b>Future contracts</b>		
HANG SENG IDX FUT OCT18 30/10/2018	388,800	0.44
Total investments at fair value	388,800	0.44
Total investments, at cost	-	

#### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product

	Fair value HK\$	% of net assets
<b>Future contracts</b>		
HSCEI FUTURES OCT18 30/10/2018	(169,850)	(0.45)
Total investments at fair value	(169,850)	(0.45)
Total investments, at cost	-	

#### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product

	Fair value HK\$	% of net assets
<b>Future contracts</b>		
HSCEI FUTURES OCT18 30/10/2018	521,099	0.85
Total investments at fair value	521,099	0.85
Total investments, at cost	-	

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the six months from 1 April 2018 to 30 September 2018

#### Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product

Financial assets at fair value through profit or loss	1 April 2018	Additions	Corporate actions	Disposals	Closing holdings as at 30 September 2018
<b>Swap</b>					
<b>USA</b>					
MIRAE ASSET HORIZONS S&P 500 TOTAL RETURN INDEX	7,665,562	1,286,158,098	-	1,291,310,886	(12,818,350)

#### Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product

Financial assets at fair value through profit or loss	1 April 2018	Additions	Corporate actions	Disposals	Closing holdings as at 30 September 2018
<b>Future Contracts</b>					
<b>Hong Kong</b>					
HANG SENG IDX FUT APR18 27/04/2018	(69)	76	-	7	-
HANG SENG IDX FUT MAY18 30/05/2018	-	52	-	52	-
HANG SENG IDX FUT JUN18 28/06/2018	-	56	-	56	-
HANG SENG IDX FUT JUL18 30/07/2018	-	55	-	55	-
HANG SENG IDX FUT AUG18 30/08/2019	-	58	-	58	-
HANG SENG IDX FUT SEP18 27/09/2018	-	58	-	58	-
HANG SENG IDX FUT OCT18 30/10/2018	-	-	-	39	(39)

#### Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product

Financial assets at fair value through profit or loss	1 April 2018	Additions	Corporate actions	Disposals	Closing holdings as at 30 September 2018
<b>Future Contracts</b>					
<b>Hong Kong</b>					
HANG SENG IDX FUT APR18 27/04/2018	141	10	-	151	-
HANG SENG IDX FUT MAY18 30/05/2018	-	158	-	158	-
HANG SENG IDX FUT JUN18 28/06/2018	-	153	-	153	-
HANG SENG IDX FUT JUL18 30/07/2018	-	181	-	181	-
HANG SENG IDX FUT AUG18 30/08/2019	-	181	-	181	-
HANG SENG IDX FUT SEP18 27/09/2018	-	176	-	176	-
HANG SENG IDX FUT OCT18 30/10/2018	-	126	-	-	126

#### Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product

Financial assets at fair value through profit or loss	1 April 2018	Additions	Corporate actions	Disposals	Closing holdings as at 30 September 2018
<b>Future Contracts</b>					
<b>Hong Kong</b>					
HSCEI FUTURES APR18 27/04/2018	(105)	119	-	14	-
HSCEI FUTURES MAY18 FUTURE 30/05/2018	-	89	-	89	-
HSCEI FUTURES JUN18 FUT 28/06/2018	-	95	-	95	-
HSCEI FUTURES JUL18 30/07/2018	-	103	-	103	-
HSCEI FUTURES AUG18 30/08/2018	-	101	-	101	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE SEP18 27/09/2018	-	106	-	106	-
HSCEI FUTURES OCT18 30/10/2018	-	-	-	68	(68)

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the six months from 1 April 2018 to 30 September 2018

#### Mirae Asset Horizons Hang Seng China Enterprises Daily (2x) Leveraged Product

Financial assets at fair value through profit or loss	1 April 2018	Additions	Corporate actions	Disposals	Closing holdings as at 30 September 2018
<b>Future Contracts</b>					
<b>Hong Kong</b>					
HSCEI FUTURES APR18 27/04/2018	386	27	-	413	-
HSCEI FUTURES MAY18 FUTURE 30/05/2018	-	371	-	371	-
HSCEI FUTURES JUN18 FUT 28/06/2018	-	355	-	355	-
HSCEI FUTURES JUL18 30/07/2018	-	242	-	242	-
HSCEI FUTURES AUG18 30/08/2018	-	238	-	238	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE SEP18 27/09/2018	-	240	-	240	-
HSCEI FUTURES OCT18 30/10/2018	-	220	-	2	218

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### PERFORMANCE RECORD (UNAUDITED)

#### NET ASSET VALUE

	<u>As at 30 September 2018 (unaudited)</u>	
	Dealing net asset value	Dealing net asset value per unit
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	7,370,370	1.4039
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	55,261,142	5.8011
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	88,884,844	10.5815
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	37,588,598	6.1621
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	61,078,120	8.9821
	<u>As at 31 March 2018 (audited)</u>	
	Dealing net asset value	Dealing net asset value per unit
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	4,295,094	1.5619
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	104,057,620	5.6247
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	106,365,981	12.0870
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	63,793,747	5.9620
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	117,018,418	10.3556
	<u>As at 31 March 2017 (audited)</u>	
	Dealing net asset value	Dealing net asset value per unit
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	1,794,453	1.7945

#### HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

	<u>For the six months ended 30 September 2018</u>	
	Highest issue price per unit	Lowest redemption price per unit
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	1.5816	1.3959
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	6.1700	5.2708
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	13.4389	9.4577
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	6.6610	5.6682
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	11.1886	7.7687

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### PERFORMANCE RECORD (UNAUDITED) (CONTINUED)

#### HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT (CONTINUED)

	<u>For the year/period ended 31 March 2018</u>	
	Highest issue price per unit	Lowest redemption price per unit
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	1.8189	1.4396
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup> (in HK\$)	15.0191	5.1726
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup> (in HK\$)	23.1596	10.8196
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product <sup>1</sup> (in HK\$)	15.4402	5.2809
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product <sup>1</sup> (in HK\$)	20.4167	9.1407
	<u>For the period from 5 October 2016 (date of inception) to 31 March 2017</u>	
	Highest issue price per unit	Lowest redemption price per unit
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product <sup>2</sup> (in US\$)	1.7651	2.0585

#### PERFORMANCE OF THE SUB-FUNDS

	<u>For the six months ended 30 September 2018</u>	
	Sub-Fund performance (%)	Index* performance (%)
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	(10.12)	10.34
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	3.42	(7.66)
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	(12.46)	(7.66)
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	3.36	(8.17)
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	(13.26)	(8.17)
	<u>For the year/period ended 31 March 2018</u>	
	Sub-Fund performance (%)	Index* performance (%)
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product (in US\$)	(13.10)	11.77
Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product <sup>1</sup> (in HK\$)	(23.59)	24.81
Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product <sup>1</sup> (in HK\$)	56.08	24.81
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product <sup>1</sup> (in HK\$)	(19.98)	16.79
Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product <sup>1</sup> (in HK\$)	37.24	16.79

<sup>1</sup>The financial period of the Sub-Funds in 2018 is referring to the period from 10 March 2017 (date of inception) to 31 March 2018.

<sup>2</sup>The financial period of the Sub-Fund in 2017 is referring to the period from 5 October 2016 (date of inception) to 31 March 2017.

## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### PERFORMANCE RECORD (UNAUDITED) (CONTINUED)

#### PERFORMANCE OF THE SUB-FUNDS (CONTINUED)

	<u>For the period from 5 October 2016 (date of inception) to 31 March 2017</u>	
	Sub-Fund performance (%)	Index* performance (%)
Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product <sup>1</sup> (in US\$)	(10.50)	9.35

<sup>1</sup>The financial period of the Sub-Fund in 2017 is referring to the period from 5 October 2016 (date of inception) to 31 March 2017.

\*The respective tracking indices of these Sub-Funds are price return, float-adjusted market capitalisation weighted indices. A price return index calculates the performance of the index constituents on the basis that any dividends or distributions are not included in the index returns

# MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

## MANAGEMENT AND ADMINISTRATION

### Manager

Mirae Asset Global Investments (Hong Kong) Limited  
Level 15, Three Pacific Place  
1 Queen's Road East, Hong Kong

### Directors of the Manager

Mr. Hyeon Joo Park  
Mr. Jung Ho Rhee  
Mr. Wan Youn Cho  
Mr. Byung Ha Kim

### Trustee and Registrar

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

### Custodian

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

### Service Agent

HK Conversion Agency Services Limited  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

### Legal Counsel to the Manager

Simmons & Simmons  
13/F, One Pacific Place  
88 Queensway, Hong Kong

### Auditors

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Hong Kong

### Listing Agent

KGI Capital Asia Limited  
41/F, Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

### Participating Dealers

BNP Paribas Securities Services  
21/F PCCW Tower,  
Taikoo Place, 979 King's Road  
Quarry Bay, Hong Kong

China Merchants Securities (HK) Co., Limited<sup>®</sup>  
48/F, One Exchange Square,  
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CIMB Securities Ltd<sup>‡</sup>

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Guotai Junan Securities (Hong Kong) Limited  
27/F, Low Block, Grand Millennium Plaza,  
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Goldman Sachs (Asia) Securities Limited<sup>®</sup>  
68/F Cheung Kong Center,  
2 Queen's Road Central,  
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### Participating Dealers (continued)

Haitong International Securities Company Limited  
22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
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KGI Securities (Hong Kong) Limited  
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Wanchai, Hong Kong

Merrill Lynch Far East Limited<sup>®</sup>  
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Yue Kun Research Limited  
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ABN AMRO Clearing Hong Kong Limited  
70th Floor, International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

### Market Makers

Bluefin HK Limited  
8/F, Two Exchange Square  
8 Connaught Place, Central  
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Commerz Securities Hong Kong Limited  
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## MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

### MANAGEMENT AND ADMINISTRATION (CONTINUED)

#### Market Makers (Continued)

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Yue Kun Research Limited<sup>¶</sup>  
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29 Queen's Road Central  
Hong Kong

<sup>¶</sup> In respect of Hang Seng Index Daily (-1x) Inverse Product, Hang Seng Index Daily (2x) Leveraged Product, Hang Seng China Enterprises Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (2x) Leveraged Product only

<sup>¶</sup> In respect of S&P 500 Daily (-1x) Inverse Product only