

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

AUDITED 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 YEAR ENDED 31 MARCH 2019

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

CONTENTS

	Pages
Report of the trustee to the unitholders	1
Independent auditor's report	2 - 7
Audited financial statements	
Statement of net assets	8
Statement of profit or loss and other comprehensive income	9
Statement of changes in net assets attributable to unitholders	10
Statement of cash flows	11 - 15
Notes to the financial statements	16 - 71
Investment portfolio (Unaudited)	72 - 73
Statement of movements in investment portfolio (Unaudited)	74 - 75
Performance record (Unaudited)	76 - 77
Management and administration	78 - 79

IMPORTANT:

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

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, Mirae Asset Global Investments (Hong Kong) Limited, the Manager of the Mirae Asset Horizons Leveraged And Inverse Series (the "Trust") has, in all material respects, managed the Trust, in accordance with the provisions of the Trust Deed dated 1 September 2016 as amended by supplemental deeds dated 23 February 2017 (collectively, the "Trust Deed") for the year ended 31 March 2019.

1. Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product
2. Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product
3. Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product
4. Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product
5. Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product



HSBC Institutional Trust Services (Asia) Limited (the "Trustee")

29 July 2019





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Independent auditor's report

To the unitholders of 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 and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product of Mirae Asset Horizons Leveraged and Inverse Series (the "Trust")
(An umbrella unit trust established under the laws of Hong Kong)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 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, and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (collectively, the "Sub-Funds") of the Trust set out on pages 8 to 71, which comprise the statement of net assets as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Funds as at 31 March 2019, and of their financial transactions and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Funds in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Independent auditor’s report (continued)

To the unitholders of 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 and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product of Mirae Asset Horizons Leveraged and Inverse Series (the “Trust”)
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Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<i>Existence and valuation of financial assets and financial liabilities at fair value through profit or loss</i>	
<p>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, the financial assets and financial liabilities at fair value through profit or loss as at 31 March 2019 consisted of investments in futures traded on the Hong Kong Futures Exchange Limited. The futures were measured at fair value as at 31 March 2019. We focused on this area because the financial assets and financial liabilities at fair value through profit or loss represented the key element of the financial statements.</p> <p>Disclosures of the financial assets and financial liabilities at fair value through profit or loss are set out in the summary of significant accounting policies and notes 11, 12(b)(i) and 12(e).</p>	<p>We obtained independent confirmations from the counterparties of the investment portfolio held as at 31 March 2019, agreeing the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments. In addition, we checked the valuation of the financial assets and financial liabilities at fair value through profit or loss that are quoted in active markets by independently agreeing the valuation of financial assets and financial liabilities to third party vendor sources such as Reuters or Bloomberg as at 31 March 2019.</p>

Independent auditor’s report (continued)

To the unitholders of 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 and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product of Mirae Asset Horizons Leveraged and Inverse Series (the “Trust”)
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Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<i>Net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss</i>	
<p>For the year ended 31 March 2019, the net realised gain/(loss) on sale of financial assets and financial liabilities classified as “at fair value through profit or loss” of the Sub-Funds represented a significant amount of the total comprehensive income for the year. We focused on this area because the net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss represented the principal element of the financial statements.</p> <p>Disclosures of the net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss are set out in the summary of significant accounting policies and note 4.</p>	<p>We tested the net realised gain/(loss) on sale of financial assets and financial liabilities by obtaining the trade confirmations and broker statements of selected trades and agreeing the details, such as the cost and proceeds of the disposal of financial assets and financial liabilities, to the accounting records.</p>

Other information included in the Annual Report

The Manager and the Trustee are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report (continued)

To the unitholders of 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 and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product of Mirae Asset Horizons Leveraged and Inverse Series (the "Trust")

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Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee of the Sub-Funds are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Sub-Funds are responsible for assessing the Sub-Funds' abilities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Sub-Funds either intend to liquidate the Sub-Funds or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and Trustee of the Sub-Funds are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 1 September 2016 as amended by the supplemental deeds dated 23 February 2017 (collectively, the "Trust Deed") and the relevant disclosure provisions of Appendix E of the *Code on Unit Trusts and Mutual Funds* (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Independent auditor's report (continued)

To the unitholders of 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 and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product of Mirae Asset Horizons Leveraged and Inverse Series (the "Trust")

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Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager and the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager and the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent auditor's report (continued)

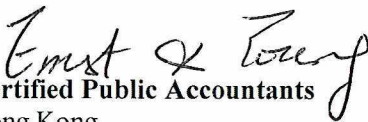
To the unitholders of Mirae Asset Horizons S&P 500 Daily (-1x) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (-1x) Inverse Product, Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product of Mirae Asset Horizons Leveraged and Inverse Series (the "Trust")

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Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Christine Lin.


Certified Public Accountants
Hong Kong
29 JUL 2019

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

STATEMENT OF NET ASSETS

As at 31 March 2019

	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		Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product		Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product	
		2019 US\$	2018 US\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
ASSETS											
Financial assets at fair value through profit or loss	11, 12(b)(i), 12(e)	-	-	-	1,354,785	2,922,766	-	-	688,594	1,298,295	-
Amount due from a broker	6	-	-	22,223,286	12,551,019	31,290,703	20,784,272	7,290,705	10,737,762	19,913,419	24,750,023
Amount due from the Manager	5(f)	60	9,174	1,960	1,600	1,800	1,920	1,920	2,480	1,800	2,040
Interest receivables		25,447	4,086	30,356	5,514	9,251	3,327	3,114	6,284	88,332	44,571
Cash and cash equivalents	5(d)	19,664,074	4,377,502	132,158,869	90,080,738	52,610,506	88,721,878	29,319,018	52,396,344	36,514,149	94,951,940
TOTAL ASSETS		<u>19,689,581</u>	<u>4,390,762</u>	<u>154,414,471</u>	<u>103,993,656</u>	<u>86,835,026</u>	<u>109,511,397</u>	<u>36,614,757</u>	<u>63,831,464</u>	<u>57,815,995</u>	<u>119,748,574</u>
LIABILITIES											
Financial liabilities at fair value through profit or loss	11, 12(b)(i), 12(e)	-	-	2,589,227	-	-	2,998,821	405,600	-	-	2,706,905
Amounts due to a broker	6	137,260	53,863	-	-	-	-	-	-	-	-
Management fee payable	5(a)	14,035	19,839	120,614	53,417	47,329	61,861	19,642	38,328	32,291	68,465
Trustee fee payable	5(b)	1,981	392	22,267	9,861	10,725	11,421	9,111	7,076	9,866	12,640
Formation fee payable	5(c)(i)	115,252	115,252	-	-	-	-	-	-	-	-
Administration fee payable	5(c)(ii)	28,529	7,297	426,759	43,922	455,631	71,393	424,100	47,982	424,100	39,862
Other payables and accruals		-	-	1,800	1,440	1,800	1,920	1,920	2,160	1,800	2,040
TOTAL LIABILITIES		<u>297,057</u>	<u>196,643</u>	<u>3,160,667</u>	<u>108,640</u>	<u>515,485</u>	<u>3,145,416</u>	<u>860,373</u>	<u>95,546</u>	<u>468,057</u>	<u>2,829,912</u>
EQUITY											
Net assets attributable to unitholders	3(a)	<u>19,392,524</u>	<u>4,194,119</u>	<u>151,253,804</u>	<u>103,885,016</u>	<u>86,319,541</u>	<u>106,365,981</u>	<u>35,754,384</u>	<u>63,735,918</u>	<u>57,347,938</u>	<u>116,918,662</u>
TOTAL LIABILITIES AND EQUITY		<u>19,689,581</u>	<u>4,390,762</u>	<u>154,414,471</u>	<u>103,993,656</u>	<u>86,835,026</u>	<u>109,511,397</u>	<u>36,614,757</u>	<u>63,831,464</u>	<u>57,815,995</u>	<u>119,748,574</u>
Number of units in issue	3(b)	<u>13,750,000</u>	<u>2,750,000</u>	<u>27,800,000</u>	<u>18,500,000</u>	<u>7,700,000</u>	<u>8,800,000</u>	<u>6,100,000</u>	<u>10,700,000</u>	<u>6,300,000</u>	<u>11,300,000</u>
Net asset value per unit	3(b)	<u>1.4104</u>	<u>1.5251</u>	<u>5.4408</u>	<u>5.6154</u>	<u>11.2103</u>	<u>12.0870</u>	<u>5.8614</u>	<u>5.9566</u>	<u>9.1028</u>	<u>10.3468</u>

Mirae Asset Global Investments (Hong Kong) Limited

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	<u>Mirae Asset Horizons S&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>		<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 year ended 31 March 2019 US\$	For the year ended 31 March 2018 US\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$
INCOME											
Interest income		137,841	16,450	644,276	300,611	823,315	652,821	226,263	412,622	441,203	351,556
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	4	(706,773)	(156,931)	(25,811,449)	(23,026,401)	(9,574,599)	106,336,199	538,750	(25,405,703)	(8,294,398)	45,484,151
Net exchange gain/(loss)		276	(8)	-	-	-	-	-	-	-	-
		<u>(568,656)</u>	<u>(140,489)</u>	<u>(25,167,173)</u>	<u>(22,725,790)</u>	<u>(8,751,284)</u>	<u>106,989,020</u>	<u>765,013</u>	<u>(24,993,081)</u>	<u>(7,853,195)</u>	<u>45,835,707</u>
EXPENSES											
Management fee	5(a)	(101,515)	(16,021)	(966,706)	(553,320)	(603,233)	(1,370,503)	(281,962)	(765,695)	(418,348)	(822,574)
Trustee fee	5(b)	(14,332)	(2,262)	(178,469)	(102,151)	(113,353)	(253,016)	(57,539)	(141,359)	(81,138)	(151,860)
Brokerage and other transaction fees		-	(304)	(147,987)	(79,766)	(151,850)	(367,448)	(85,308)	(248,044)	(238,185)	(487,109)
Formation fee	5(c)(i)	-	-	-	(392,989)	-	(392,989)	-	(392,989)	-	(392,989)
Administration fee	5(c)(ii)	(22,692)	(3,581)	(384,238)	(199,739)	(384,237)	(371,133)	(384,238)	(249,982)	(384,237)	(235,245)
		<u>(138,539)</u>	<u>(22,168)</u>	<u>(1,677,400)</u>	<u>(1,327,965)</u>	<u>(1,252,673)</u>	<u>(2,755,089)</u>	<u>(809,047)</u>	<u>(1,798,069)</u>	<u>(1,121,908)</u>	<u>(2,089,777)</u>
Operating profit/(loss)		(707,195)	(162,657)	(26,844,573)	(24,053,755)	(10,003,957)	104,233,931	(44,034)	(26,791,150)	(8,975,103)	43,745,930
FINANCE COSTS											
Interest expense		-	-	(12,309)	(23,329)	(45,533)	(133,750)	-	(29,482)	(48,821)	(83,838)
Profit/(loss) and total comprehensive income for the year/period		<u>(707,195)</u>	<u>(162,657)</u>	<u>(26,856,882)</u>	<u>(24,077,084)</u>	<u>(10,049,490)</u>	<u>104,100,181</u>	<u>(44,034)</u>	<u>(26,820,632)</u>	<u>(9,023,924)</u>	<u>43,662,092</u>

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 March 2019

	Note	<u>Mirae Asset Horizons S&P 500</u> <u>Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng</u> <u>Index Daily (-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng</u> <u>Index Daily (2x) Leveraged</u> <u>Product</u>		<u>Mirae Asset Horizons Hang Seng</u> <u>China Enterprises Index Daily</u> <u>(-1x) Inverse Product</u>		<u>Mirae Asset Horizons Hang Seng</u> <u>China Enterprises Index Daily</u> <u>(2x) Leveraged Product</u>	
		For the year ended 31 March 2019 US\$	For the year ended 31 March 2018 US\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$
Net assets attributable to unitholders at the beginning of the year/period		4,194,119	1,683,676	103,885,016	-	106,365,981	-	63,735,918	-	116,918,662	-
Issue of units during the year/period	3(b)	19,180,800	2,673,100	208,522,020	154,308,900	23,841,840	211,504,360	-	221,025,660	-	154,045,410
Redemption of units during the year/period	3(b)	<u>(3,275,200)</u>	<u>-</u>	<u>(134,296,350)</u>	<u>(26,346,800)</u>	<u>(33,838,790)</u>	<u>(209,238,560)</u>	<u>(27,937,500)</u>	<u>(130,469,110)</u>	<u>(50,546,800)</u>	<u>(80,788,840)</u>
Net issue of units		15,905,600	2,673,100	74,225,670	127,962,100	(9,996,950)	2,265,800	(27,937,500)	90,556,550	(50,546,800)	73,256,570
Profit/(loss) and total comprehensive income for the year/period		<u>(707,195)</u>	<u>(162,657)</u>	<u>(26,856,882)</u>	<u>(24,077,084)</u>	<u>(10,049,490)</u>	<u>104,100,181</u>	<u>(44,034)</u>	<u>(26,820,632)</u>	<u>(9,023,924)</u>	<u>43,662,092</u>
Net assets attributable to unitholders at the end of the year/period		<u>19,392,524</u>	<u>4,194,119</u>	<u>151,253,804</u>	<u>103,885,016</u>	<u>86,319,541</u>	<u>106,365,981</u>	<u>35,754,384</u>	<u>63,735,918</u>	<u>57,347,938</u>	<u>116,918,662</u>

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

		<u>Mirae Asset Horizons S&P 500 Daily (-1x) Inverse</u> Product	
	Note	For the year ended 31 March 2019 US\$	For the year ended 31 March 2018 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss and total comprehensive income for the year		(707,195)	(162,657)
Adjustment for:			
Interest income		(137,841)	(16,450)
Decrease in amount due from a broker		-	4,042
Decrease/(increase) in amount due from the Manager		9,114	(9,174)
Increase in amount due to a broker		83,397	53,863
(Decrease)/increase in management fee payable		(5,804)	16,022
Increase in trustee fee payable		1,589	210
Increase in administration fee payable		21,232	5,661
Cash used in operations		<u>(735,508)</u>	<u>(108,483)</u>
Interest received		116,480	14,541
Net cash flows used in operating activities		<u>(619,028)</u>	<u>(93,942)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from issue of units		19,180,800	2,673,100
Cash paid on redemption of units		<u>(3,275,200)</u>	<u>-</u>
Net cash flows generated from financing activities		<u>15,905,600</u>	<u>2,673,100</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		15,286,572	2,579,158
		<u>4,377,502</u>	<u>1,798,344</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
		<u>19,664,074</u>	<u>4,377,502</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances	5(d)	18,626,486	3,362,759
Time deposits	5(d)	<u>1,037,588</u>	<u>1,014,743</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>19,664,074</u>	<u>4,377,502</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 year ended 31 March 2019

	<u>Mirae Asset Horizons Hang Seng Index Daily (-1x)</u>	
	<u>Inverse Product</u>	
	For the year ended 31	For the period from 10
	March 2019	March 2017 (date of
	HK\$	inception) to 31 March
Note		2018
		HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and total comprehensive income for the year/period	(26,856,882)	(24,077,084)
Adjustments for:		
Interest income	(644,276)	(300,611)
Interest expense	12,309	23,329
Decrease/(increase) in financial assets at fair value through profit or loss	1,354,785	(1,354,785)
Increase in amount due from a broker	(9,672,267)	(12,551,019)
Increase in amount due from the Manager	(360)	(1,600)
Increase in financial liabilities at fair value through profit or loss	2,589,227	-
Increase in management fee payable	67,197	53,417
Increase in trustee fee payable	12,406	9,861
Increase in administration fee payable	382,837	43,922
Increase in other payables and accruals	360	1,440
Cash used in operations	<u>(32,754,664)</u>	<u>(38,153,130)</u>
Interest received	619,434	295,097
Interest paid	(12,309)	(23,329)
Net cash flows used in operating activities	<u>(32,147,539)</u>	<u>(37,881,362)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	208,522,020	154,308,900
Cash paid on redemption of units	(134,296,350)	(26,346,800)
Net cash flows generated from financing activities	<u>74,225,670</u>	<u>127,962,100</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,078,131	90,080,738
Cash and cash equivalents at the beginning of the year/period	<u>90,080,738</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	<u>132,158,869</u>	<u>90,080,738</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	5(d) 97,509,476	55,961,964
Time deposits	5(d) 34,649,393	34,118,774
Cash and cash equivalents as stated in the statement of cash flows	<u>132,158,869</u>	<u>90,080,738</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 year ended 31 March 2019

	Note	<u>Mirae Asset Horizons Hang Seng Index Daily (2x) Leveraged Product</u>	
		For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit and total comprehensive income for the year/period		(10,049,490)	104,100,181
Adjustments for:			
Interest income		(823,315)	(652,821)
Interest expense		45,533	133,750
Increase in financial assets at fair value through profit or loss		(2,922,766)	-
Increase in amount due from a broker		(10,506,431)	(20,784,272)
Decrease/(increase) in amount due from the Manager		120	(1,920)
(Decrease)/increase in financial liabilities at fair value through profit or loss		(2,998,821)	2,998,821
(Decrease)/increase in management fee payable		(14,532)	61,861
(Decrease)/increase in trustee fee payable		(696)	11,421
Increase in administration fee payable		384,238	71,393
(Decrease)/increase in other payables and accruals		(120)	1,920
Cash (used in)/generated from operations		<u>(26,886,280)</u>	<u>85,940,334</u>
Interest received		817,391	649,494
Interest paid		(45,533)	(133,750)
Net cash flows (used in)/generated from operating activities		<u>(26,114,422)</u>	<u>86,456,078</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from issue of units		23,841,840	211,504,360
Cash paid on redemption of units		(33,838,790)	(209,238,560)
Net cash flows (used in)/generated from financing activities		<u>(9,996,950)</u>	<u>2,265,800</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year/period		<u>(36,111,372)</u>	<u>88,721,878</u>
		<u>88,721,878</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD			
		<u>52,610,506</u>	<u>88,721,878</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances	5(d)	1,679,648	38,604,755
Time deposits	5(d)	50,930,858	50,117,123
Cash and cash equivalents as stated in the statement of cash flows		<u>52,610,506</u>	<u>88,721,878</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 year ended 31 March 2019

	<u>Mirae Asset Horizons Hang Seng China Enterprises</u>	
	<u>Index Daily (-1x) Inverse Product</u>	
	For the year ended 31	For the period from 10
	March 2019	March 2017 (date of
	HK\$	inception) to 31 March
Note		2018
		HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and total comprehensive income for the year/period	(44,034)	(26,820,632)
Adjustments for:		
Interest income	(226,263)	(412,622)
Interest expense	-	29,482
Decrease/(increase) in financial assets at fair value through profit or loss	688,594	(688,594)
Decrease/(increase) in amount due from a broker	3,447,057	(10,737,762)
Decrease/(increase) in amount due from the Manager	560	(2,480)
Increase in financial liabilities at fair value through profit or loss	405,600	-
(Decrease)/increase in management fee payable	(18,686)	38,328
Increase in trustee fee payable	2,035	7,076
Increase in administration fee payable	376,118	47,982
(Decrease)/increase in other payables and accruals	(240)	2,160
Cash generated from/(used in) operations	<u>4,630,741</u>	<u>(38,537,062)</u>
Interest received	229,433	406,338
Interest paid	-	(29,482)
Net cash flows generated from/(used in) operating activities	<u>4,860,174</u>	<u>(38,160,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	-	221,025,660
Cash paid on redemption of units	(27,937,500)	(130,469,110)
Net cash flows (used in)/generated from financing activities	<u>(27,937,500)</u>	<u>90,556,550</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year/period	(23,077,326)	52,396,344
	<u>52,396,344</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		
	<u>29,319,018</u>	<u>52,396,344</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	5(d) 29,319,018	13,260,103
Time deposits	5(d) -	39,136,241
Cash and cash equivalents as stated in the statement of cash flows	<u>29,319,018</u>	<u>52,396,344</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 year ended 31 March 2019

	<u>Mirae Asset Horizons Hang Seng China Enterprises</u> <u>Index Daily (2x) Leveraged Product</u>	
	For the year ended 31	For the period from 10
	March 2019	March 2017 (date of
	HK\$	inception) to 31 March
Note		2018
		HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit and total comprehensive income for the year/period	(9,023,924)	43,662,092
Adjustments for:		
Interest income	(441,203)	(351,556)
Interest expense	48,821	83,838
Increase in financial assets at fair value through profit or loss	(1,298,295)	-
Decrease/(increase) in amount due from a broker	4,836,604	(24,750,023)
Decrease/(increase) in amount due from the Manager	240	(2,040)
(Decrease)/increase in financial liabilities at fair value through profit or loss	(2,706,905)	2,706,905
(Decrease)/increase in management fee payable	(36,174)	68,465
(Decrease)/increase in trustee fee payable	(2,774)	12,640
Increase in administration fee payable	384,238	39,862
(Decrease)/increase in other payables and accruals	(240)	2,040
Cash (used in)/generated from operations	<u>(8,239,612)</u>	<u>21,472,223</u>
Interest received	397,442	306,985
Interest paid	(48,821)	(83,838)
Net cash flows (used in)/generated from operating activities	<u>(7,890,991)</u>	<u>21,695,370</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	-	154,045,410
Cash paid on redemption of units	(50,546,800)	(80,788,840)
Net cash flows (used in)/generated from financing activities	<u>(50,546,800)</u>	<u>73,256,570</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year/period	(58,437,791)	94,951,940
	<u>94,951,940</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		
	<u>36,514,149</u>	<u>94,951,940</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	5(d) 6,031,551	64,861,132
Time deposits	5(d) 30,482,598	30,090,808
Cash and cash equivalents as stated in the statement of cash flows	<u>36,514,149</u>	<u>94,951,940</u>

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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 31 March 2019, the Trust has established five 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 five sub-funds, including 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 and Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product are referred to individually or collectively as the “Sub-Fund(s)”. The Sub-Funds are listed on the Stock Exchange of Hong Kong Limited (the “SEHK”) (a subsidiary of The Hong Kong Exchanges and Clearing Limited) and their listing dates are as follows:

<u>Name of Sub-Funds</u>	<u>Listing date on 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 THE FINANCIAL STATEMENTS

31 March 2019

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 China Enterprises 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 China Enterprises 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 years presented, unless otherwise stated.

(a)(i) 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 at fair value through profit or loss that have been measured at fair value. The financial statements are presented in United States dollars (“US\$”) for S&P 500 Daily (-1x) Inverse Product and Hong Kong dollars (“HK\$”) for 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, and all values are rounded to the nearest US\$ and HK\$ respectively except where otherwise indicated.

(a)(ii) Significant accounting judgements, estimates and assumptions

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.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(ii) Significant accounting judgements, estimates and assumptions (continued)

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.

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 investments' domiciles.

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

(a)(iii) Changes in accounting policies and disclosures

The accounting principles adopted in the current year are consistent with those of the prior year/period; except that the Sub-Funds have adopted the following new accounting standards:

IFRS 9	<i>Financial Instrument</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>

The nature and the impact of the new IFRSs are described below:

IFRS 9 Financial Instruments

The Sub-Funds adopted IFRS 9 *Financial Instruments* on 1 April 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 April 2018, the date of initial application.

(i) Classification and measurement

The Sub-Funds have assessed the classification of financial instruments as at the date of initial application and have applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

IFRS 9 Financial Instruments (continued)

(i) *Classification and measurement* (continued)

- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income, unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Sub-Funds have not designated any financial liabilities at fair value through profit or loss. Therefore, this requirement has not had an impact on the Sub-Funds.

(ii) *Impairment*

For financial assets carried at amortised cost, including interest receivables, amount due from a broker, amount due from the Manager and cash and cash equivalents, the expected credit loss (“ECL”) is based on the 12-month ECL.

This represents the portion of the lifetime ECL that results from default events on the financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Manager has closely monitored the credit qualities and the collectability of these financial assets at amortised cost and considers that given the limited exposure of the Sub-Funds to credit risk, this requirement has not had a material impact on the financial statements.

(iii) *Hedge accounting*

The Sub-Funds have not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 April 2018. However, the Sub-Funds have chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Sub-Funds’ financial assets and financial liabilities as at 1 April 2018:

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

Impact of adoption of IFRS 9 (continued)

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

<u>1 April 2018</u>	<u>IAS 39 classification</u>	<u>IAS 39 measurement US\$</u>	<u>IFRS 9 classification</u>	<u>IFRS 9 measurement US\$</u>
<u>Financial assets</u>				
Amount due from the Manager	Loans and receivables	9,174	Amortised cost	9,174
Interest receivables	Loans and receivables	4,086	Amortised cost	4,086
Cash and cash equivalents	Loans and receivables	4,377,502	Amortised cost	4,377,502
<u>Financial liabilities</u>				
Amount due to a broker	Other financial liabilities	53,863	Amortised cost	53,863
Management fee payable	Other financial liabilities	19,839	Amortised cost	19,839
Trustee fee payable	Other financial liabilities	392	Amortised cost	392
Formation fee payable	Other financial liabilities	115,252	Amortised cost	115,252
Administration fee payable	Other financial liabilities	7,297	Amortised cost	7,297

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

Impact of adoption of IFRS 9 (continued)

Hang Seng Index Daily (-1x) Inverse Product

1 April 2018	IAS 39 classification	IAS 39 measurement HK\$	IFRS 9 classification	IFRS 9 measurement HK\$
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Held for trading at fair value through profit or loss	1,354,785	Fair value through profit or loss	1,354,785
Amount due from a broker	Loans and receivables	12,551,019	Amortised cost	12,551,019
Amount due from the Manager	Loans and receivables	1,600	Amortised cost	1,600
Interest receivables	Loans and receivables	5,514	Amortised cost	5,514
Cash and cash equivalents	Loans and receivables	90,080,738	Amortised cost	90,080,738
<u>Financial liabilities</u>				
Management fee payable	Other financial liabilities	53,417	Amortised cost	53,417
Trustee fee payable	Other financial liabilities	9,861	Amortised cost	9,861
Administration fee payable	Other financial liabilities	43,922	Amortised cost	43,922
Other payables and accruals	Other financial liabilities	1,440	Amortised cost	1,440

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

Impact of adoption of IFRS 9 (continued)

Hang Seng Index Daily (2x) Leveraged Product

1 April 2018	IAS 39 classification	IAS 39 measurement HK\$	IFRS 9 classification	IFRS 9 measurement HK\$
<u>Financial assets</u>				
Amount due from a broker	Loans and receivables	20,784,272	Amortised cost	20,784,272
Amount due from the Manager	Loans and receivables	1,920	Amortised cost	1,920
Interest receivables	Loans and receivables	3,327	Amortised cost	3,327
Cash and cash equivalents	Loans and receivables	88,721,878	Amortised cost	88,721,878
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss	Held for trading at fair value through profit or loss	2,998,821	Fair value through profit or loss	2,998,821
Management fee payable	Other financial liabilities	61,861	Amortised cost	61,861
Trustee fee payable	Other financial liabilities	11,421	Amortised cost	11,421
Administration fee payable	Other financial liabilities	71,393	Amortised cost	71,393
Other payables and accruals	Other financial liabilities	1,920	Amortised cost	1,920

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

Impact of adoption of IFRS 9 (continued)

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

1 April 2018	IAS 39 classification	IAS 39 measurement HK\$	IFRS 9 classification	IFRS 9 measurement HK\$
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Held for trading at fair value through profit or loss	688,594	Fair value through profit or loss	688,594
Amount due from a broker	Loans and receivables	10,737,762	Amortised cost	10,737,762
Amount due from the Manager	Loans and receivables	2,480	Amortised cost	2,480
Interest receivables	Loans and receivables	6,284	Amortised cost	6,284
Cash and cash equivalents	Loans and receivables	52,396,344	Amortised cost	52,396,344
<u>Financial liabilities</u>				
Management fee payable	Other financial liabilities	38,328	Amortised cost	38,328
Trustee fee payable	Other financial liabilities	7,076	Amortised cost	7,076
Administration fee payable	Other financial liabilities	47,982	Amortised cost	47,982
Other payables and accruals	Other financial liabilities	2,160	Amortised cost	2,160

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

Impact of adoption of IFRS 9 (continued)

Hang Seng China Enterprises Daily (2x) Leveraged Product

1 April 2018	IAS 39 classification	IAS 39 measurement HK\$	IFRS 9 classification	IFRS 9 measurement HK\$
<u>Financial assets</u>				
Amount due from a broker	Loans and receivables	24,750,023	Amortised cost	24,750,023
Amount due from the Manager	Loans and receivables	2,040	Amortised cost	2,040
Interest receivables	Loans and receivables	44,571	Amortised cost	44,571
Cash and cash equivalents	Loans and receivables	94,951,940	Amortised cost	94,951,940
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss	Held for trading at fair value through profit or loss	2,706,905	Fair value through profit or loss	2,706,905
Management fee payable	Other financial liabilities	68,465	Amortised cost	68,465
Trustee fee payable	Other financial liabilities	12,640	Amortised cost	12,640
Administration fee payable	Other financial liabilities	39,862	Amortised cost	39,862
Other payables and accruals	Other financial liabilities	2,040	Amortised cost	2,040

In line with the characteristics of the Sub-Funds' financial instruments as well as their approach to their management, the Sub-Funds neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Sub-Funds' financial instruments due to changes in measurement categories. All financial assets that were classified as fair value through profit or loss under IAS 39 are still classified as fair value through profit or loss under IFRS 9. All financial assets that were classified as loans and receivables are continued to be measured at amortised cost.

In addition, the application of the ECL model under IFRS 9 has not significantly changed the carrying amounts of the Sub-Funds' amortised cost financial assets. The carrying amounts of amortised cost instruments continue to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9. No ECL allowance has been recorded against the Sub-Funds' interest receivables, amount due from a broker, amount due from the Manager and cash and cash equivalents.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(iii) Changes in accounting policies and disclosures (continued)

IFRS 15 Revenue from Contracts with Customers

The Sub-Funds have adopted IFRS 15 *Revenue from Contracts with Customers* on 1 April 2018. IFRS 15 replaces IAS 18 *Revenue* and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest income has been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Sub-Funds.

(a)(iv) Issued but not yet effective IFRSs

In the opinion of the Management, the standards and interpretations that are issued, but not yet effective up to the date of the Sub Funds' financial statements, will clearly not impact the Sub-Funds. The Sub-Funds intend to adopt those standards, if applicable, when they become effective.

(b) Financial instruments

In the current year, the Sub-Funds have adopted IFRS 9 *Financial Instruments*. See note 2(a)(iii) for the explanation of the impact. Comparative figures for the year/period ended 31 March 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

(i)(a) Classification (Policy effective from 1 April 2018)

In accordance with IFRS 9, the Sub-Funds classify their financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Sub-Funds classify their financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(i)(a) *Classification (Policy effective from 1 April 2018) (continued)*

Financial assets (continued)

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Sub-Funds include in this short-term non-financing receivables including amount due from a broker, amount due from the Manager, interest receivables and cash and cash equivalents.

Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Funds include in this category:

- Instruments held for trading. This category includes derivative contracts in an asset position.

Financial liabilities

Financial liabilities measured at fair value through profit or loss

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading.

The Sub-Funds include in this category derivative contracts in a liability position classified as held for trading.

Financial liabilities measured at amortised cost

This category includes all financial liabilities. The Sub-Funds include in this category amount due to a broker, management fee payable, trustee fee payable, formation fee payable, administration fee payable and other payables and accruals.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(i)(b) Classification (Policy effective before 1 April 2018)

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 amount due from a broker, amount due from the Manager, interest receivables and cash and cash equivalents.

Other financial liabilities

This category includes all financial liabilities. The Sub-Funds include in this category amount due to a broker, management fee payable, trustee fee payable, formation fee payable, administration fee payable and other payables and accruals.

(ii) 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.

(iii) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of net assets at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(iv) ***Subsequent measurement***

After initial measurement, the Sub-Funds measure financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in “net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss”. Interest earned of such instruments is recorded separately in “interest income”.

Debt instruments, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, 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 a 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 do 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.

(v) ***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 their rights to receive cash flows from the financial asset, or has 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 has transferred control of the asset.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(v) ***Derecognition*** (continued)

When the Sub-Funds have transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has 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 or cancelled, or expires.

Fair value measurement

The Sub-Funds measure their investments in financial instruments at fair value at the end of each reporting 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 its economic best interest.

The fair value for financial instruments that are listed or traded on an exchange is based on quoted last traded market prices, that are within the bid-ask spread.

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 THE FINANCIAL STATEMENTS

31 March 2019

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-Funds and as liabilities when amounts are payable by the Sub-Funds.

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

(c) Income

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

(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 which are readily convertible to known amounts of cash and 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.

(f) Translation of foreign currencies

Functional and presentation currencies

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 is measured and reported to the unitholders, and in US\$ for S&P 500 Daily (-1x) Inverse Product and in HK\$ for 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. The Management considers the US\$ and HK\$ 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 US\$ for S&P 500 Daily (-1x) Inverse Product, and in HK\$ for 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, which are the Sub-Funds’ functional and presentation currencies.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Translation of foreign currencies (continued)

Foreign currency translation

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or transaction of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 is determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in the statement of profit or loss and other comprehensive income.

(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.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Redeemable units (continued)

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 its 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.

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 S&P 500 Daily (-1x) Inverse Product, and 100,000 units for 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.

(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.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Amounts due from and due to a broker

Amounts due to a broker are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to note 2(b) for the accounting policy for financial liabilities measured at amortised cost for recognition and measurement.

Amounts due from a broker include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to note 2(b) for the accounting policy for financial assets measured at amortised cost for recognition and measurement.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

(j) Impairment of financial assets

Policy effective from 1 April 2018

The Sub-Funds recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Sub-Funds expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Sub-Funds may also consider a financial asset to be in default when internal or external information indicates that the Sub-Funds are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Sub-Funds. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets (continued)

Policy effective before 1 April 2018

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 ECLs 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 profit or loss as “Credit loss expense”.

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 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 income and expenses.

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

Net realised gains or losses on disposal 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.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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) Distribution to unitholders

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

(p) Formation fee

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

(q) Transaction costs

Transaction 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. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 a group of which it is a part, provides key management personnel services to the Sub-Funds or to the parent of the Sub-Funds.

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENTS 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 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.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

(a) Net assets attributable to unitholders (continued)

Reconciliation between Accounting NAV and Dealing NAV

Adjustment for the formation fee

The formation fee for establishing S&P 500 Daily (-1x) Inverse Product was US\$115,252. The formation fee for establishing 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 was HK\$392,989 for each Sub-Fund. Per the prospectus of the Sub-Funds, the formation fee is 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.

The difference between the Accounting NAV reported in the statement of net assets and the Dealing NAV as at 31 March 2019 and 31 March 2018 is reconciled below:

<u>As at 31 March 2019</u>	<u>S&P 500 Daily (-1x) Inverse Product US\$</u>	<u>Hang Seng Index Daily (-1x) Inverse Product HK\$</u>	<u>Hang Seng Index Daily (2x) Leveraged Product HK\$</u>	<u>Hang Seng China Enterprises Index Daily (-1x) Inverse Product HK\$</u>	<u>Hang Seng China Enterprises Index Daily (2x) Leveraged Product HK\$</u>
Accounting NAV as reported in the statement of net assets	19,392,524	151,253,804	86,319,541	35,754,384	57,347,938
Adjustment for the formation fee	38,596	128,913	-	43,193	74,505
Dealing NAV	<u>19,431,120</u>	<u>151,382,717</u>	<u>86,319,541</u>	<u>35,797,577</u>	<u>57,422,443</u>
<u>As at 31 March 2018</u>	<u>S&P 500 Daily (-1x) Inverse Product US\$</u>	<u>Hang Seng Index Daily (-1x) Inverse Product HK\$</u>	<u>Hang Seng Index Daily (2x) Leveraged Product HK\$</u>	<u>Hang Seng China Enterprises Index Daily (-1x) Inverse Product HK\$</u>	<u>Hang Seng China Enterprises Index Daily (2x) Leveraged Product 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 the 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 THE FINANCIAL STATEMENTS

31 March 2019

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

(b) Movements of units

The table below summarises the movements of units for the year/period ended 31 March 2019 and 2018, and the Accounting NAV per unit and the Dealing NAV per unit for each Sub-Fund as at 31 March 2019 and 2018.

As at 31 March 2019	Number of units				Net assets attributable to unitholders	
	Units in issue at beginning of the year	Issue during the year	Redemption during the year	Units in issue at end of year	Accounting NAV	Dealing NAV
					Per unit at year end	Per unit at year end
S&P 500 Daily (-1x) Inverse Product	2,750,000	13,000,000	(2,000,000)	13,750,000	US\$1.4104	US\$1.4132
Hang Seng Index Daily (-1x) Inverse Product	18,500,000	33,300,000	(24,000,000)	27,800,000	HK\$5.4408	HK\$5.4454
Hang Seng Index Daily (2x) Leveraged Product	8,800,000	2,200,000	(3,300,000)	7,700,000	HK\$11.2103	HK\$11.2103
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	10,700,000	-	(4,600,000)	6,100,000	HK\$5.8614	HK\$5.8685
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	11,300,000	-	(5,000,000)	6,300,000	HK\$9.1028	HK\$9.1147

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

¹The financial period of the Sub-Funds in 2018 refers to the period from 10 March 2017 (date of inception) to 31 March 2018.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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 for the year/period ended 31 March 2019 and 2018:

	<u>S&P 500 Daily (-1x) Inverse Product</u>		<u>Hang Seng Index Daily (-1x) Inverse Product</u>		<u>Hang Seng Index Daily (2x) Leveraged Product</u>		<u>Hang Seng China Enterprises Index Daily (-1x) Inverse Product</u>		<u>Hang Seng China Enterprises Index Daily (2x) Leveraged Product</u>	
	For the year ended 31 March 2019 US\$	For the year ended 31 March 2018 US\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$	For the year ended 31 March 2019 HK\$	For the period from 10 March 2017 (date of inception) to 31 March 2018 HK\$
<u>Financial assets and financial liabilities at fair value through profit or loss</u>										
Net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss	(706,773)	(156,931)	(21,867,437)	(24,381,186)	(15,496,186)	109,335,020	1,632,944	(26,094,297)	(12,299,598)	48,191,056
Net change in unrealised gain/(loss) on financial assets and financial liabilities at fair value through profit or loss	-	-	(3,944,012)	1,354,785	5,921,587	(2,998,821)	(1,094,194)	688,594	4,005,200	(2,706,905)
	<u>(706,773)</u>	<u>(156,931)</u>	<u>(25,811,449)</u>	<u>(23,026,401)</u>	<u>(9,574,599)</u>	<u>106,336,199</u>	<u>538,750</u>	<u>(25,405,703)</u>	<u>(8,294,398)</u>	<u>45,484,151</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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 year/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 respective annual rates of the management fee are as follows:

	<u>Maximum rate of the net assets in %</u>	<u>Annual rate of the net assets in % 2019</u>	<u>Annual rate of the net assets in % 2018</u>
S&P 500 Daily (-1x) Inverse Product	2%	0.85%	0.85%
Hang Seng Index Daily (-1x) Inverse Product ¹	2%	0.65%	0.65%
Hang Seng Index Daily (2x) Leveraged Product ¹	2%	0.65%	0.65%
Hang Seng China Enterprises Index Daily (-1x) Inverse Product ¹	2%	0.65%	0.65%
Hang Seng China Enterprises Index Daily (2x) Leveraged Product ¹	2%	0.65%	0.65%

¹The financial periods of the Sub-Funds in 2018 and 2019 refer to the period from 10 March 2017 (date of inception) to 31 March 2018 and the year ended 31 March 2019 respectively.

(b) Trustee fee and registrar fee

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 the Sub-Fund or the applicable monthly minimum. For each Sub-Fund, the respective annual rates of trustee are as follows:

	<u>Annual rate of the net asset value in % 2019</u>	<u>Annual rate of the net asset value in % 2018</u>
S&P 500 Daily (-1x) Inverse Product	0.12% ²	0.12% ²
Hang Seng Index Daily (-1x) Inverse Product ¹	0.12% ³	0.12% ³
Hang Seng Index Daily (2x) Leveraged Product ¹	0.12% ³	0.12% ³
Hang Seng China Enterprises Index Daily (-1x) Inverse Product ¹	0.12% ³	0.12% ³
Hang Seng China Enterprises Index Daily (2x) Leveraged Product ¹	0.12% ³	0.12% ³

¹The financial periods of the Sub-Funds in 2018 and 2019 refers to the period from 10 March 2017 (date of inception) to 31 March 2018 and the year ended 31 March 2019 respectively.

²The current standard annual rate for S&P 500 Daily (-1x) Inverse Product is 0.12% per year of the net asset value, subject to a monthly minimum of US\$10,000 (waived for 12 months from (but excluding) the listing date) and the waiver was extended for another 12 months. Effective from 6 October 2018, the monthly minimum fee was reduced to US\$1,500 for 12 months.

³The current standard annual rate for these Sub-Funds is 0.12% per year of the net asset value of each Sub-Fund, subject to a monthly minimum of HK\$78,000 (waived for 12 months from (but excluding) the listing date) and the waiver was extended for another 12 months. Effective from 11 March 2019, the monthly minimum fee was reduced to HK\$11,500.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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

(b) Trustee fee and registrar fee (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 year/period ended 31 March 2019 and 2018.

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.

(c) Other expenses

(i) *Formation fee*

During the year ended 31 March 2019, the formation fee for establishing 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 was HK\$nil (2018: HK\$392,989 each).

As at 31 March 2019, the formation fee for S&P 500 Daily (-1x) Inverse Product of US\$115,252 (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, 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>	
	2019	2018
S&P 500 Daily (-1x) Inverse Product	0.19%	0.19%
Hang Seng Index Daily (-1x) Inverse Product ¹	0.26%	0.17%
Hang Seng Index Daily (2x) Leveraged Product ¹	0.41%	0.17%
Hang Seng China Enterprises Index Daily (-1x) Inverse Product ¹	0.89%	0.17%
Hang Seng China Enterprises Index Daily (2x) Leveraged Product ¹	0.60%	0.17%

¹The financial periods of the Sub-Funds in 2018 and 2019 refer to the period from 10 March 2017 (date of inception) to 31 March 2018 and the year ended 31 March 2019 respectively.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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.

<u>S&P 500 Daily (-1x)</u> <u>Inverse Product</u>	For the year ended 31 March 2019		
	Portion borne by the Sub-Fund	Portion borne by the Manager	Total
	US\$	US\$	US\$
Audit fee	4,390	4,069	8,459
Index licensing fee	9,555	15,445	25,000
Other administration fee and expenses	8,747	8,106	16,853
	<u>22,692</u>	<u>27,620</u>	<u>50,312</u>

	For the year ended 31 March 2018		
	Portion borne by the Sub-Fund	Portion borne by the Manager	Total
	US\$	US\$	US\$
Audit fee	674	7,455	8,129
Index licensing fee	1,508	23,492	25,000
Other administration fee and expenses	1,399	15,458	16,857
	<u>3,581</u>	<u>46,405</u>	<u>49,986</u>

<u>Hang Seng Index Daily (-1x) Inverse Product</u>	For the year ended 31 March 2019		
	Portion borne by the Sub-Fund	Portion borne by the Manager	Total
	HK\$	HK\$	HK\$
Audit fee	63,800	2,600	66,400
Index licensing fee	300,000	15,342	315,342
Other administration fee and expenses	20,438	117,695	138,133
	<u>384,238</u>	<u>135,637</u>	<u>519,875</u>

	For the period ended 31 March 2018		
	Portion borne by the Sub-Fund	Portion borne by the Manager	Total
	HK\$	HK\$	HK\$
Audit fee	25,113	38,687	63,800
Index licensing fee	120,199	91,308	211,507
Other administration fee and expenses	54,427	83,844	138,271
	<u>199,739</u>	<u>213,839</u>	<u>413,578</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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

(c) Other expenses (continued)

(ii) Administration fee (continued)

Hang Seng Index Daily (2x) Leveraged Product

	For the year ended 31 March 2019		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	63,800	2,600	66,400
Index licensing fee	300,000	15,342	315,342
Other administration fee and expenses	20,437	117,696	138,133
	<u>384,237</u>	<u>135,638</u>	<u>519,875</u>

	For the period ended 31 March 2018		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	53,316	10,484	63,800
Index licensing fee	202,267	9,240	211,507
Other administration fee and expenses	115,550	22,720	138,270
	<u>371,133</u>	<u>42,444</u>	<u>413,577</u>

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

	For the year ended 31 March 2019		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	63,800	2,600	66,400
Index licensing fee	300,000	15,342	315,342
Other administration fee and expenses	20,438	117,695	138,133
	<u>384,238</u>	<u>135,637</u>	<u>519,875</u>

	For the period ended 31 March 2018		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	31,729	32,071	63,800
Index licensing fee	149,490	141,327	290,817
Other administration fee and expenses	68,763	69,507	138,270
	<u>249,982</u>	<u>242,905</u>	<u>492,887</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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

(c) Other expenses (continued)

(ii) *Administration fee* (continued)

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

	For the year ended 31 March 2019		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	27,347	39,053	66,400
Index licensing fee	300,000	15,342	315,342
Other administration fee and expenses	56,890	81,243	138,133
	<u>384,237</u>	<u>135,638</u>	<u>519,875</u>
	For the period ended 31 March 2018		
	Portion borne by the Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	30,454	33,346	63,800
Index licensing fee	138,790	72,717	211,507
Other administration fee and expenses	66,001	72,269	138,270
	<u>235,245</u>	<u>178,332</u>	<u>413,577</u>

(iii) *Bank charges*

Bank charges of S&P 500 Daily (-1x) Inverse Product, 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 for the year/period ended 31 March 2019 and 2018 were charged by The Hongkong and Shanghai Banking Corporation Limited., the immediate holding company of the Trustee.

(d) Cash and cash equivalents held by the Trustee's related company

<u>S&P 500 Daily (-1x) Inverse Product</u>	Notes	As at 31 March 2019 US\$	As at 31 March 2018 US\$
Bank balances	(i)	18,626,486	3,362,759
Time deposits	(ii)	1,037,588	1,014,743
Cash and cash equivalents		<u>19,664,074</u>	<u>4,377,502</u>
<u>Hang Seng Index Daily (-1x) Inverse Product</u>	Notes	As at 31 March 2019 HK\$	As at 31 March 2018 HK\$
Bank balances	(i)	97,509,476	55,961,964
Time deposits	(ii)	34,649,393	34,118,774
Cash and cash equivalents		<u>132,158,869</u>	<u>90,080,738</u>
<u>Hang Seng Index Daily (2x) Leveraged Product</u>	Notes	As at 31 March 2019 HK\$	As at 31 March 2018 HK\$
Bank balances	(i)	1,679,648	38,604,755
Time deposits	(ii)	50,930,858	50,117,123
Cash and cash equivalents		<u>52,610,506</u>	<u>88,721,878</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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

(d) Cash and cash equivalents held by the Trustee's related company (continued)

<u>Hang Seng China Enterprises Index Daily (-1x) Inverse</u>			
<u>Product</u>	Notes	As at 31 March 2019	As at 31 March 2018
		HK\$	HK\$
Bank balances	(i)	29,319,018	13,260,103
Time deposits	(ii)	-	39,136,241
Cash and cash equivalents		<u>29,319,018</u>	<u>52,396,344</u>

<u>Hang Seng China Enterprises Index Daily (2x) Leveraged</u>			
<u>Product</u>	Notes	As at 31 March 2019	As at 31 March 2018
		HK\$	HK\$
Bank balances	(i)	6,031,551	64,861,132
Time deposits	(ii)	30,482,598	30,090,808
Cash and cash equivalents		<u>36,514,149</u>	<u>94,951,940</u>

Notes:

- (i) As at 31 March 2019 and 2018, these interest-bearing bank balances were held with The Hongkong and Shanghai Banking Corporation Limited, a related company of the Trustee.
- (ii) As at 31 March 2019 and 2018, these time deposits at fixed interest rates of 2.8% p.a. (2018: 1.75% p.a.) for S&P 500 Daily (-1x) Inverse Product, 0.99% p.a. (2018: 0.2% p.a.) for Hang Seng Index Daily (-1x) Inverse Product, 1.3% p.a. (2018: 0.48% p.a.) for Hang Seng Index Daily (2x) Leveraged Product and 1.5% p.a. (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. As at 31 March 2019, no time deposit was placed while the time deposit of Hang Seng China Enterprises Index Daily (-1x) Inverse Product at a fixed interest rate of 0.2% p.a. was placed with Bank of China (Hong Kong) Limited with a maturity of less than one month as at 31 March 2018.

The carrying amounts of the cash and cash equivalents approximate their fair values. Interest income was earned on these cash and cash equivalents during the year/period ended 31 March 2019 and 2018.

(e) Holdings of units

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

As at 31 March 2019, 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 2,655,400 units (2018: 257,600 units) and 500,000 units (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.

Hang Seng Index Daily (-1x) Inverse Product

As at 31 March 2019, 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 5,006,570 units (2018: 1,047,600 units) and 900,000 units (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 LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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

(e) Holdings of units (continued)

Hang Seng Index Daily (2x) Leveraged Product

As at 31 March 2019, 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 31,300 units (2018: 57,600 units) and 200,000 units (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.

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

As at 31 March 2019, 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 32,700 units (2018: 30,000 units) and 800,000 units (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.

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

As at 31 March 2019, 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 60,000 units (2018: 30,000 units) and 200,000 units (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.

(f) Amount due from the Manager

As at 31 March 2019 and 31 March 2018, the amount due from the Manager of the Sub-Funds is as follows:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
S&P 500 Daily (-1x) Inverse Product	60	9,174
	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Hang Seng Index Daily (-1x) Inverse Product	1,960	1,600
Hang Seng Index Daily (2x) Leveraged Product	1,800	1,920
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	1,920	2,480
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	1,800	2,040

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

6. AMOUNT DUE FROM AND DUE TO A BROKER

As at 31 March 2019 and 2018, the Sub-Funds have amount due from and amount due to a broker, which represent receivables and payables for securities sold/bought with the brokers that have been contracted for but not yet settled or delivered on the reporting date respectively. Amounts due from/due to a broker also include interest-bearing cash held at the brokers. Refer to note 10 for margin requirements on cash held at a broker.

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

	2019	2018
	US\$	US\$
Amount due to a broker		
- Payables for securities sold, but not yet delivered (BNP Paribas Securities Services)	137,260	53,863

Hang Seng Index Daily (-1x) Inverse Product

	2019	2018
	HK\$	HK\$
Amount due from a broker		
- Margin account (Goldman Sachs International)	22,223,286	12,551,019

Hang Seng Index Daily (2x) Leveraged Product

	2019	2018
	HK\$	HK\$
Amount due from a broker		
- Margin account (Goldman Sachs International)	31,290,703	20,784,272

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

	2019	2018
	HK\$	HK\$
Amount due from a broker		
- Margin account (Goldman Sachs International)	7,290,705	10,737,762

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

	2019	2018
	HK\$	HK\$
Amount due from a broker		
- Margin account (Goldman Sachs International)	19,913,419	24,750,023

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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 have 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 has not participated in any soft commission arrangements in respect of any transactions for the accounts 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.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

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 31 March 2019 and 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 31 March 2019 are disclosed below:

As at 31 March 2019 and 2018, the initial and maintenance margin requirements for futures were as follows:

<u>Initial margin requirement</u>	<u>2019</u>	% of net asset value
	HK\$	value
Hang Seng Index Daily (-1x) Inverse Product	11,666,760	7.71
Hang Seng Index Daily (2x) Leveraged Product	13,496,840	15.64
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	2,799,517	7.83
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	9,075,854	15.83
<u>Initial margin requirement</u>	<u>2018</u>	% of net asset value
	HK\$	value
Hang Seng Index Daily (-1x) Inverse Product	10,076,346	9.70
Hang Seng Index Daily (2x) Leveraged Product	20,590,794	19.36
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	6,207,443	9.74
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	22,819,741	19.52
<u>Maintenance margin requirement</u>	<u>2019</u>	% of net asset value
	HK\$	value
Hang Seng Index Daily (-1x) Inverse Product	9,333,408	6.17
Hang Seng Index Daily (2x) Leveraged Product	10,797,472	12.51
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	2,239,613	6.26
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	7,260,683	12.66
<u>Maintenance margin requirement</u>	<u>2018</u>	% of net asset value
	HK\$	value
Hang Seng Index Daily (-1x) Inverse Product	8,061,077	7.76
Hang Seng Index Daily (2x) Leveraged Product	16,472,635	15.49
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	4,965,954	7.79
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	18,255,793	15.61

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

11. DERIVATIVE FINANCIAL INSTRUMENTS

(i) *Futures contracts*

Futures contracts are commitments 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.

(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 amounts 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.

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 (a "Swap") (which are over-the-counter financial derivative instruments entered into with one or more counterparties (each a "Swap Counterparty")) whereby the relevant Sub-Fund will receive or pay the economic gain or loss in respect of the inverse or leveraged performance of the relevant index (net of swap fees of the respective Sub-Fund).

The following derivative contracts were unsettled as at the year/period ended 31 March 2019 and 2018.

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

As at 31 March 2019

Type of contract	Position	Expiration	Number of units	Nominal amount US\$	Fair value US\$
Swaps	Short	15 October 2019	(36,349,559)	(20,590,062)	-

As at 31 March 2018

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

Hang Seng Index Daily (-1x) Inverse Product

As at 31 March 2019

Type of contract	Position	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	Short	29 April 2019	(102)	(148,292,700)	(2,589,227)

As at 31 March 2018

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Swap agreements (continued)

Hang Seng Index Daily (2x) Leveraged Product

As at 31 March 2019

Type of contract	Position	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	Long	29 April 2019	118	171,554,300	2,922,766

As at 31 March 2018

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

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

As at 31 March 2019

Type of contract	Position	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	Long	29 April 2019	(62)	(35,259,400)	(405,600)

As at 31 March 2018

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

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

As at 31 March 2019

Type of contract	Position	Expiration	Number of contracts	Nominal amount HK\$	Fair value HK\$
Futures	Long	29 April 2019	201	114,308,700	1,298,295

As at 31 March 2018

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

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Strategy in using financial instruments

Investment objectives and investment policies

The investment 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 respective Sub-Funds. The Sub-Funds will rebalance their position at or around the close of trading of the underlying market, by increasing exposure in response to the relevant index's daily gains or reducing exposure in response to the relevant index's daily losses, so that their daily inverse or leverage exposure ratios to the relevant indices are consistent with the Sub-Funds' investment objectives.

The Sub-Funds themselves are subject to various risks. The main risks associated with the investments, assets and liabilities of the Sub-Funds are set out below:

(b) Market risk

(i) *Market price risk*

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Funds are designated to track the performance of their respective indices, and therefore the exposures to market risk in the Sub-Funds will be substantially the same as the tracked indices. The Manager manages the Sub-Funds' exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked indices.

As at 31 March 2019 and 2018, given that financial assets and financial liabilities at fair value through profit or loss of S&P 500 Daily (-1x) Inverse Product are subject to daily settlement, these financial assets and financial liabilities at fair value through profit or loss are not subject to any market price risk.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(i) *Market price risk* (continued)

As at 31 March 2019 and 2018, financial assets and financial liabilities 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 at fair value through profit or loss were concentrated in the following country:

	<u>Hang Seng Index Daily (-1x) Inverse Product</u>			
	<u>As at 31 March 2019</u>		<u>As at 31 March 2018</u>	
	Fair value HK\$	% of net asset value	Fair value HK\$	% of net asset value
<u>Futures</u>				
Hong Kong	<u>(2,589,227)</u>	<u>(1.71)</u>	<u>1,354,785</u>	<u>1.30</u>
Total financial (liabilities)/assets at fair value through profit or loss	<u>(2,589,227)</u>	<u>(1.71)</u>	<u>1,354,785</u>	<u>1.30</u>

	<u>Hang Seng Index Daily (2x) Leveraged Product</u>			
	<u>As at 31 March 2019</u>		<u>As at 31 March 2018</u>	
	Fair value HK\$	% of net asset value	Fair value HK\$	% of net asset value
<u>Futures</u>				
Hong Kong	<u>2,922,766</u>	<u>3.39</u>	<u>(2,998,821)</u>	<u>(2.82)</u>
Total financial assets/(liabilities) at fair value through profit or loss	<u>2,922,766</u>	<u>3.39</u>	<u>(2,998,821)</u>	<u>(2.82)</u>

	<u>Hang Seng China Enterprises Index Daily (-1x) Inverse Product</u>			
	<u>As at 31 March 2019</u>		<u>As at 31 March 2018</u>	
	Fair value HK\$	% of net asset value	Fair value HK\$	% of net asset value
<u>Futures</u>				
Hong Kong	<u>(405,600)</u>	<u>(1.13)</u>	<u>688,594</u>	<u>1.08</u>
Total financial (liabilities)/assets at fair value through profit or loss	<u>(405,600)</u>	<u>(1.13)</u>	<u>688,594</u>	<u>1.08</u>

	<u>Hang Seng China Enterprises Index Daily (2x) Leveraged Product</u>			
	<u>As at 31 March 2019</u>		<u>As at 31 March 2018</u>	
	Fair value HK\$	% of net asset value	Fair value HK\$	% of net asset value
<u>Futures</u>				
Hong Kong	<u>1,298,295</u>	<u>2.26</u>	<u>(2,706,905)</u>	<u>(2.32)</u>
Total financial assets/(liabilities) at fair value through profit or loss	<u>1,298,295</u>	<u>2.26</u>	<u>(2,706,905)</u>	<u>(2.32)</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(i) *Market price risk* (continued)

Sensitivity analysis in the event of a possible change in the tracked indices by sensitivity threshold as estimated by the Manager

As at 31 March 2019 and 2018, if the tracked indices of Hang Seng Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (-1x) Inverse Product would increase by the following sensitivity thresholds with all other variables held constant, this would decrease the net assets of Hang Seng Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (-1x) Inverse Product by the amounts stated in the following table. If the tracked indices of Hang Seng Index Daily (2x) Leveraged Product and Hang Seng China Enterprises Index Daily (2x) Leveraged Product would increase by the following sensitivity threshold with all other variables held constant, this would increase the net assets of Hang Seng Index Daily (2x) Leveraged Product and Hang Seng China Enterprises Index Daily (2x) Leveraged Product by the amounts stated in the following table.

Conversely, if the tracked indices of Hang Seng Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (-1x) Inverse Product would decrease by the same sensitivity threshold, this would increase the net assets of Hang Seng Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (-1x) Inverse Product by the amounts stated in the following table. If the tracked indices of Hang Seng Index Daily (2x) Leveraged Product and Hang Seng China Enterprises Index Daily (2x) Leveraged Product would decrease by the same sensitivity threshold, this would decrease the net asset of Hang Seng Index Daily (2x) Leveraged Product and Hang Seng China Enterprises Index Daily (2x) Leveraged Product by the amounts stated in the following table.

	<u>As at 31 March 2019</u>	
	Sensitivity threshold in %	Impact on net assets HK\$
Hang Seng Index Daily (-1x) Inverse Product	(3.46)	5,233,382
Hang Seng Index Daily (2x) Leveraged Product	(3.46)	(2,986,656)
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	(5.16)	1,844,926
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	(5.16)	(2,959,154)
	<u>As at 31 March 2018</u>	
	Sensitivity threshold in %	Impact on net assets HK\$
Hang Seng Index Daily (-1x) Inverse Product	27.68	(28,755,372)
Hang Seng Index Daily (2x) Leveraged Product	27.68	29,442,104
Hang Seng China Enterprises Index Daily (-1x) Inverse Product	19.16	(12,211,802)
Hang Seng China Enterprises Index Daily (2x) Leveraged Product	19.16	22,401,616

The Manager has used their view of what would be a “reasonable shift” in each key market to estimate the change for use in the market sensitivity analysis above. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index percentage are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The only financial assets subject to floating interest rates are bank balances. Given that the interest arising from the bank balances is immaterial, the Manager considers the interest rate risk to be low.

(iii) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All of the Sub-Funds' assets and liabilities are denominated in their functional currencies. As a result, these Sub-Funds' assets and liabilities were not exposed to significant currency risk as at 31 March 2019 and 2018.

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Sub-Funds' financial assets which are potentially subject to credit risk consist principally of securities and cash and cash equivalents. The Sub-Funds limit their exposure to credit risk by transacting with well-established broker-dealers and banks with high credit ratings.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Manager's policy is to closely monitor the creditworthiness of the Products' counterparties (e.g., brokers, custodians and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Financial assets subject to IFRS 9's impairment requirements

The Sub-Funds' financial assets subject to the ECL model within IFRS 9 are amount due from a broker, amount due from the Manager, interest receivables and cash and cash equivalents. At 31 March 2019, the total amounts of these financial assets were US\$19,689,581, HK\$154,414,471, HK\$83,912,260, HK\$36,614,757 and HK\$56,517,700 for S&P 500 Daily (-1x) Inverse Product, 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 respectively, on which no loss allowance has been provided. No assets are considered impaired and no amounts have been written off in the year.

Financial assets not subject to IFRS 9's impairment requirements

The Sub-Funds are exposed to credit risk on derivative financial instruments. They are not subject to IFRS 9's impairment requirements as they are measured at fair value through profit or loss. The carrying value of these assets, under both IAS 39 for the year/period ended 31 March 2018 and IFRS 9 for the year ended 31 March 2019 represents the Sub-Funds' maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

The Sub-Funds' financial assets which are potentially subject to concentrations of counterparty risk consist principally of financial assets at fair value through profit or loss held with Goldman Sachs International, amount due from a broker held with Goldman Sachs International, bank balances held with The Hongkong and Shanghai Banking Corporation Limited, and time deposits held with Bank of China (Hong Kong) Limited.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

The table below summarises the Sub-Funds' assets placed with banks and a broker and their related credit ratings from Standard & Poor's as of 31 March 2019:

	<u>S&P 500 Daily (-1x) Inverse Product</u>	<u>Hang Seng Index Daily (-1x) Inverse Product</u>	<u>Hang Seng Index Daily (2x) Leveraged Product</u>	<u>Hang Seng China Enterprises Index Daily (-1x) Inverse Product</u>	<u>Hang Seng China Enterprises Index Daily (2x) Leveraged Product</u>
	Net exposure to counterparty 2019 US\$	Net exposure to counterparty 2019 HK\$	Net exposure to counterparty 2019 HK\$	Net exposure to counterparty 2019 HK\$	Net exposure to counterparty 2019 HK\$
Financial assets at fair value through profit or loss					
Goldman Sachs International	-	-	2,922,766	-	1,298,295
Rating	-	-	A+	-	A+
Source of rating	-	-	Standard & Poor's	-	Standard & Poor's
Amount due from a broker					
Goldman Sachs International	-	22,223,286	31,290,703	7,290,705	19,913,419
Rating	-	A+	A+	A+	A+
Source of rating	-	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's
Bank balances					
The Hongkong and Shanghai Banking Corporation Limited	18,626,486	97,509,476	1,679,648	29,319,018	6,031,551
Rating	AA-	AA-	AA-	AA-	AA-
Source of rating	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's
Time deposits					
Bank of China (Hong Kong) Limited	1,037,588	34,649,393	50,930,858	-	30,482,598
Rating	A+	A+	A+	-	A+
Source of rating	Standard & Poor's	Standard & Poor's	Standard & Poor's	-	Standard & Poor's

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

The table below summarises the Sub-Funds' assets placed with banks and their related credit ratings from Moody's as of 31 March 2018:

	<u>S&P 500 Daily (-1x) Inverse Product</u>	<u>Hang Seng Index Daily (-1x) Inverse Product</u>	<u>Hang Seng Index Daily (2x) Leveraged Product</u>	<u>Hang Seng China Enterprises Index Daily (-1x) Inverse Product</u>	<u>Hang Seng China Enterprises Index Daily (2x) Leveraged Product</u>
	Net exposure to counterparty 2018 US\$	Net exposure to counterparty 2018 HK\$	Net exposure to counterparty 2018 HK\$	Net exposure to counterparty 2018 HK\$	Net exposure to counterparty 2018 HK\$
Financial assets at fair value through profit or loss					
Goldman Sachs International	-	1,354,785	-	688,594	-
Rating	-	A+	-	A+	-
Source of rating	-	Standard & Poor's	-	Standard & Poor's	-
Amount due from a broker					
Goldman Sachs International	-	12,551,019	20,784,272	10,737,762	24,750,023
Rating	-	A+	A+	A+	A+
Source of rating	-	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's
Bank balances					
The Hongkong and Shanghai Banking Corporation Limited	3,362,759	55,961,964	38,604,755	13,260,103	64,861,132
Rating	AA-	AA-	AA-	AA-	AA-
Source of rating	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's
Time deposits					
Bank of China (Hong Kong) Limited	1,014,743	34,118,774	50,117,123	39,136,241	30,090,808
Rating	A+	A+	A+	A+	A+
Source of rating	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's	Standard & Poor's

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The Sub-Funds invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. The Sub-Funds' securities are considered readily realisable, as they are listed. It is the intent of the Manager to monitor the Sub-Funds' liquidity position on a daily basis.

The following table illustrates the expected liquidity of financial assets held at 31 March 2019 and 2018 and gives the contractual undiscounted cash-flow projection of the Sub-Funds' financial liabilities. The Sub-Funds manage their liquidity risk by investing in securities that they expect to be able to liquidate within 1 month or less. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

<u>As at 31 March 2019</u>	Less than 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	More than 12 months US\$	Total US\$
Financial assets					
Amount due from the Manager	60	-	-	-	60
Interest receivables	25,447	-	-	-	25,447
Cash and cash equivalents	19,664,074	-	-	-	19,664,074
Total	19,689,581	-	-	-	19,689,581
Financial liabilities					
Amount due to a broker	137,260	-	-	-	137,260
Management fee payable	13,141	894	-	-	14,035
Trustee fee payable	1,855	126	-	-	1,981
Formation fee payable	-	-	115,252	-	115,252
Administration fee payable	520	-	28,009	-	28,529
Total	152,776	1,020	143,261	-	297,057
<u>As at 31 March 2018</u>	Less than 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	More than 12 months US\$	Total US\$
Financial assets					
Amount due from the Manager	9,174	-	-	-	9,174
Interest receivables	4,086	-	-	-	4,086
Cash and cash equivalents	4,377,502	-	-	-	4,377,502
Total	4,390,762	-	-	-	4,390,762
Financial liabilities					
Amount due to a broker	53,863	-	-	-	53,863
Management fee payable	-	-	19,839	-	19,839
Trustee fee payable	364	-	28	-	392
Formation fee payable	-	-	115,252	-	115,252
Administration fee payable	2,080	-	5,217	-	7,297
Total	56,307	-	140,336	-	196,643

As at 31 March 2019, two (2018: three) unitholders held respectively 19% and 11% (2018: 18%, 16% and 13%) of S&P 500 Daily (-1x) Inverse Product's total net assets.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

Hang Seng Index Daily (-1x) Inverse Product

<u>As at 31 March 2019</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Amount due from a broker	22,223,286	-	-	-	22,223,286
Amount due from the Manager	1,960	-	-	-	1,960
Interest receivables	30,356	-	-	-	30,356
Cash and cash equivalents	132,158,869	-	-	-	132,158,869
Total	154,414,471	-	-	-	154,414,471
Financial liabilities					
Financial liabilities at fair value					
through profit or loss	2,589,227	-	-	-	2,589,227
Management fee payable	115,314	5,300	-	-	120,614
Trustee fee payable	21,289	978	-	-	22,267
Administration fee payable	-	-	426,759	-	426,759
Other payables and accruals	1,800	-	-	-	1,800
Total	2,727,630	6,278	426,759	-	3,160,667
<u>As at 31 March 2018</u>					
	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value					
through profit or loss	1,354,785	-	-	-	1,354,785
Amount due from a broker	12,551,019	-	-	-	12,551,019
Amount due from the Manager	1,600	-	-	-	1,600
Interest receivables	5,514	-	-	-	5,514
Cash and cash equivalents	90,080,738	-	-	-	90,080,738
Total	103,993,656	-	-	-	103,993,656
Financial liabilities					
Management fee payable	48,123	-	5,294	-	53,417
Trustee fee payable	9,180	-	681	-	9,861
Administration fee payable	4,060	-	39,862	-	43,922
Other payables and accruals	1,440	-	-	-	1,440
Total	62,803	-	45,837	-	108,640

As at 31 March 2019, three (2018: two) unitholders held respectively 56%, 18% and 13% (2018: 37% and 25%) of Hang Seng Index Daily (-1x) Inverse Product's total net assets.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

Hang Seng Index Daily (2x) Leveraged Product

<u>As at 31 March 2019</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value through profit or loss	2,922,766	-	-	-	2,922,766
Amount due from a broker	31,290,703	-	-	-	31,290,703
Amount due from the Manager	1,800	-	-	-	1,800
Interest receivables	9,251	-	-	-	9,251
Cash and cash equivalents	52,610,506	-	-	-	52,610,506
Total	86,835,026	-	-	-	86,835,026
Financial liabilities					
Management fee payable	42,347	4,982	-	-	47,329
Trustee fee payable	9,969	756	-	-	10,725
Administration fee payable	-	-	455,631	-	455,631
Other payables and accruals	1,800	-	-	-	1,800
Total	54,116	5,738	455,631	-	515,485
As at 31 March 2018					
	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Amount due from a broker	20,784,272	-	-	-	20,784,272
Amount due from the Manager	1,920	-	-	-	1,920
Interest receivables	3,327	-	-	-	3,327
Cash and cash equivalents	88,721,878	-	-	-	88,721,878
Total	109,511,397	-	-	-	109,511,397
Financial liabilities					
Financial liabilities at fair value through profit or loss	2,998,821	-	-	-	2,998,821
Management fee payable	56,127	-	5,734	-	61,861
Trustee fee payable	10,716	-	705	-	11,421
Administration fee payable	-	-	71,393	-	71,393
Other payables and accruals	1,920	-	-	-	1,920
Total	3,067,584	-	77,832	-	3,145,416

As at 31 March 2019, two (2018: two) unitholders held respectively 74% and 15% (2018: 65% and 13%) of Hang Seng Index Daily (2x) Leveraged Product's total net assets.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

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

<u>As at 31 March 2019</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Amount due from a broker	7,290,705	-	-	-	7,290,705
Amount due from the Manager	1,920	-	-	-	1,920
Interest receivables	3,114	-	-	-	3,114
Cash and cash equivalents	29,319,018	-	-	-	29,319,018
Total	<u>36,614,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,614,757</u>
Financial liabilities					
Financial liabilities at fair value					
through profit or loss	405,600	-	-	-	405,600
Management fee payable	18,388	1,254	-	-	19,642
Trustee fee payable	8,355	756	-	-	9,111
Administration fee payable	-	-	424,100	-	424,100
Other payables and accruals	1,920	-	-	-	1,920
Total	<u>434,263</u>	<u>2,010</u>	<u>424,100</u>	<u>-</u>	<u>860,373</u>
<u>As at 31 March 2018</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value					
through profit or loss	688,594	-	-	-	688,594
Amount due from a broker	10,737,762	-	-	-	10,737,762
Amount due from the Manager	2,480	-	-	-	2,480
Interest receivables	6,284	-	-	-	6,284
Cash and cash equivalents	52,396,344	-	-	-	52,396,344
Total	<u>63,831,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,831,464</u>
Financial liabilities					
Management fee payable	33,595	-	4,733	-	38,328
Trustee fee payable	6,660	-	416	-	7,076
Administration fee payable	8,120	-	39,862	-	47,982
Other payables and accruals	2,160	-	-	-	2,160
Total	<u>50,535</u>	<u>-</u>	<u>45,011</u>	<u>-</u>	<u>95,546</u>

As at 31 March 2019, three (2018: two) unitholders held respectively 59%, 14% and 13% (2018: 34% and 23%) of Hang Seng China Enterprises Index Daily (-1x) Inverse Product's total net assets.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

Hang Seng China Enterprises Daily (2x) Leveraged Product

<u>As at 31 March 2019</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value					
through profit or loss	1,298,295	-	-	-	1,298,295
Amount due from a broker	19,913,419	-	-	-	19,913,419
Amount due from the Manager	1,800	-	-	-	1,800
Interest receivables	88,332	-	-	-	88,332
Cash and cash equivalents	36,514,149	-	-	-	36,514,149
Total	57,815,995	-	-	-	57,815,995
Financial liabilities					
Management fee payable	30,176	2,115	-	-	32,291
Trustee fee payable	9,109	757	-	-	9,866
Administration fee payable	-	-	424,100	-	424,100
Other payables and accruals	1,800	-	-	-	1,800
Total	41,085	2,872	424,100	-	468,057
<u>As at 31 March 2018</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Amount due from a broker	24,750,023	-	-	-	24,750,023
Amount due from the Manager	2,040	-	-	-	2,040
Interest receivables	44,571	-	-	-	44,571
Cash and cash equivalents	94,951,940	-	-	-	94,951,940
Total	119,748,574	-	-	-	119,748,574
Financial liabilities					
Financial liabilities at fair value					
through profit or loss	2,706,905	-	-	-	2,706,905
Management fee payable	62,187	-	6,278	-	68,465
Trustee fee payable	11,858	-	782	-	12,640
Administration fee payable	-	-	39,862	-	39,862
Other payables and accruals	2,040	-	-	-	2,040
Total	2,782,990	-	46,922	-	2,829,912

As at 31 March 2019, two (2018: three) unitholders held respectively 49% and 36% (2018: 62%, 15% and 14%) of Hang Seng China Enterprises Daily (2x) Leveraged Product' total net assets.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation

The fair values of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Funds used last traded market prices as their fair valuation inputs for financial assets.

An active market is a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 requires the Sub-Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

The determination of what constitutes "observable" requires significant judgement by the Sub-Funds. The Sub-Funds consider observable data as market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant markets.

Financial assets and financial liabilities carried at fair value

The following tables analyse within the fair value hierarchy the Sub-Funds' financial assets and financial liabilities (by class) measured at fair value as at 31 March 2019 and 31 March 2018:

<u>As at 31 March 2019</u>	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial assets at fair value through profit or loss:				
<i>Futures contracts</i>				
Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	2,922,766	-	-	2,922,766
	<u>2,922,766</u>	<u>-</u>	<u>-</u>	<u>2,922,766</u>
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	1,298,295	-	-	1,298,295
	<u>1,298,295</u>	<u>-</u>	<u>-</u>	<u>1,298,295</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

Financial assets and financial liabilities carried at fair value (continued)

As at 31 March 2019, there were no financial assets at fair value through profit or loss for Hang Seng Index Daily (-1x) Inverse Product and Hang Seng China Enterprises Index Daily (-1x) Inverse Product.

<u>As at 31 March 2018</u>	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial assets at fair value through profit or loss at inception:				
<i>Futures contracts</i>				
Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	1,354,785	-	-	1,354,785
	<u>1,354,785</u>	<u>-</u>	<u>-</u>	<u>1,354,785</u>
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	688,594	-	-	688,594
	<u>688,594</u>	<u>-</u>	<u>-</u>	<u>688,594</u>

<u>As at 31 March 2019</u>	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial liabilities at fair value through profit or loss:				
<i>Futures contracts</i>				
Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	2,589,227	-	-	2,589,227
	<u>2,589,227</u>	<u>-</u>	<u>-</u>	<u>2,589,227</u>
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	405,600	-	-	405,600
	<u>405,600</u>	<u>-</u>	<u>-</u>	<u>405,600</u>

As at 31 March 2019, there were no financial liabilities at fair value through profit or loss for Hang Seng Index Daily (2x) Leveraged Product and Hang Seng China Enterprises Daily (2x) Leveraged Product.

<u>As at 31 March 2018</u>	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial liabilities at fair value through profit or loss at inception:				
<i>Futures contracts</i>				
Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	2,998,821	-	-	2,998,821
	<u>2,998,821</u>	<u>-</u>	<u>-</u>	<u>2,998,821</u>
Hang Seng China Enterprises Daily (2x) Leveraged Product (in HK\$)	2,706,905	-	-	2,706,905
	<u>2,706,905</u>	<u>-</u>	<u>-</u>	<u>2,706,905</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

Financial assets and financial liabilities carried at fair value (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Sub-Funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

During the year/period ended 31 March 2019 and 2018, there were no transfers between levels.

Other financial assets and financial liabilities

The Management has assessed that the carrying values of the amount due from a broker, amount due from the Manager, interest receivables, cash and cash equivalents, amount due to a broker, management fee payable, trustee fee payable, formation fee payable, administration fee payable and other payables and accruals approximate to their fair values largely due to the short term maturities of these instruments.

(f) Capital risk management

The Sub-Funds' capital is represented by the net assets attributable to unitholders. The Sub-Funds' objective is 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 of the respective Sub-Funds. The Manager may:

- redeem and issue new units in accordance with the constitutive documents of the Sub-Funds; and
- suspend the creation and redemption of units under certain circumstance stipulated in the Trust Deed.

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

The Sub-Funds (except S&P 500 Daily (-1x) Inverse Product) present the fair value of their derivative assets and liabilities on a gross basis, and no such assets or liabilities have been offset in the statement of net assets. Certain derivative financial instruments are subject to enforceable master netting arrangements.

The arrangements allow for offsetting following an event of default, but not in the ordinary course of business, and the Sub-Funds do not intend to settle these transactions on a net basis or settle the assets and liabilities on a simultaneous basis.

The tables below set out the carrying amounts of recognised financial assets and liabilities that are subject to the above arrangement, together with collateral held or pledged against these assets and liabilities as at 31 March 2019 and 2018:

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (continued)

Hang Seng Index Daily (-1x) Inverse Product

As at 31 March 2019

	Gross carrying amounts before offsetting HK\$	Amount offset in accordance with offsetting criteria HK\$	Net amount presented in statement of financial position HK\$	Effect of remaining rights of set-off that do not meet criteria for offsetting in the statement of financial position – cash and non- cash held as collateral HK\$	Net exposure HK\$
Financial assets					
Margin account	22,223,286	-	22,223,286	(2,589,227)	19,634,059
Total	<u>22,223,286</u>	<u>-</u>	<u>22,223,286</u>	<u>(2,589,227)</u>	<u>19,634,059</u>
Financial liabilities					
Futures contracts	(2,589,227)	-	(2,589,227)	2,589,227	-
Total	<u>(2,589,227)</u>	<u>-</u>	<u>(2,589,227)</u>	<u>2,589,227</u>	<u>-</u>

As at 31 March 2018

Financial assets					
Futures contracts	1,354,785	-	1,354,785	-	1,354,785
Margin account	12,551,019	-	12,551,019	-	12,551,019
Total	<u>13,905,804</u>	<u>-</u>	<u>13,905,804</u>	<u>-</u>	<u>13,905,804</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (continued)

Hang Seng Index Daily (2x) Leveraged Product

As at 31 March 2019

	Gross carrying amounts before offsetting HK\$	Amount offset in accordance with offsetting criteria HK\$	Net amount presented in statement of financial position HK\$	Effect of remaining rights of set-off that do not meet criteria for offsetting in the statement of financial position – cash and non- cash held as collateral HK\$	Net exposure HK\$
Financial assets					
Futures	2,922,766	-	2,922,766	-	2,922,766
Margin account	31,290,703	-	31,290,703	-	31,290,703
Total	<u>34,213,469</u>	<u>-</u>	<u>34,213,469</u>	<u>-</u>	<u>34,213,469</u>

As at 31 March 2018

Financial assets					
Margin account	20,784,272	-	20,784,272	(2,998,821)	17,785,451
Total	<u>20,784,272</u>	<u>-</u>	<u>20,784,272</u>	<u>(2,998,821)</u>	<u>17,785,451</u>
Financial liabilities					
Futures contracts	(2,998,821)	-	(2,998,821)	2,998,821	-
Total	<u>(2,998,821)</u>	<u>-</u>	<u>(2,998,821)</u>	<u>2,998,821</u>	<u>-</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (continued)

Hang Seng China Enterprises Daily (-1x) Inverse Product

As at 31 March 2019

	Gross carrying amounts before offsetting HK\$	Amount offset in accordance with offsetting criteria HK\$	Net amount presented in statement of financial position HK\$	Effect of remaining rights of set-off that do not meet criteria for offsetting in the statement of financial position – cash and non- cash held as collateral HK\$	Net exposure HK\$
Financial assets					
Margin account	7,290,705	-	7,290,705	(405,600)	6,885,105
Total	<u>7,290,705</u>	<u>-</u>	<u>7,290,705</u>	<u>(405,600)</u>	<u>6,885,105</u>
Financial liabilities					
Futures contracts	(405,600)	-	(405,600)	405,600	-
Total	<u>(405,600)</u>	<u>-</u>	<u>(405,600)</u>	<u>405,600</u>	<u>-</u>

As at 31 March 2018

Financial assets					
Futures contracts	688,594	-	688,594	-	688,594
Margin account	10,737,762	-	10,737,762	-	10,737,762
Total	<u>11,426,356</u>	<u>-</u>	<u>11,426,356</u>	<u>-</u>	<u>11,426,356</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements (continued)

Hang Seng China Enterprises Daily (2x) Leveraged Product

As at 31 March 2019

	Gross carrying amounts before offsetting HK\$	Amount offset in accordance with offsetting criteria HK\$	Net amount presented in statement of financial position HK\$	Effect of remaining rights of set-off that do not meet criteria for offsetting in the statement of financial position – cash and non- cash held as collateral HK\$	Net exposure HK\$
Financial assets					
Futures contracts	1,298,295	-	1,298,295	-	1,298,295
Margin account	19,913,419	-	19,913,419	-	19,913,419
Total	<u>21,211,714</u>	<u>-</u>	<u>21,211,714</u>	<u>-</u>	<u>21,211,714</u>

As at 31 March 2018

Financial assets					
Margin account	24,750,023	-	24,750,023	(2,706,905)	22,043,118
Total	<u>24,750,023</u>	<u>-</u>	<u>24,750,023</u>	<u>(2,706,905)</u>	<u>22,043,118</u>
Financial liabilities					
Futures contracts	(2,706,905)	-	(2,706,905)	2,706,905	-
Total	<u>(2,706,905)</u>	<u>-</u>	<u>(2,706,905)</u>	<u>2,706,905</u>	<u>-</u>

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

NOTES TO FINANCIAL STATEMENTS

31 March 2019

13. 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 year/period ended 31 March 2019 and 2018.

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

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end and up to the date of authorisation of the financial statements, there were subscription of units amounting to US\$7,357,100 and redemption of units amounting to US\$1,775,625 for S&P 500 Daily (-1x) Inverse Product. There were also redemption of units amounting to HK\$80,398,540 for Hang Seng Index Daily (-1x) Inverse Product, while there were no subscription and redemption of units for other Sub-Funds.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 29 July 2019.

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2019

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

		Holdings	Fair value US\$	% of net assets
Swap	Expiration Date	Units		
MIRAE ASSET HORIZONS S&P 500 TOTAL RETURN INDEX	15 October 2019	(36,349,559)	-	-
Total investments at fair value			-	-
Total investments, at cost			-	

Hang Seng Index Daily (-1x) Inverse Product

		Holdings	Fair value HK\$	% of net assets
Future contracts	Expiration Date	Contracts		
HANG SENG IDX FUT APR19 29/04/2019	29 April 2019	(102)	(2,589,227)	(1.71)
Total investments at fair value			(2,589,227)	(1.71)
Total investments, at cost			-	

Hang Seng Index Daily (2x) Leveraged Product

		Holdings	Fair value HK\$	% of net assets
Future contracts	Expiration Date	Contracts		
HANG SENG IDX FUT APR19 29/04/2019	29 April 2019	118	2,922,766	3.39
Total investments at fair value			2,922,766	3.39
Total investments, at cost			-	

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

		Holdings	Fair value HK\$	% of net assets
Future contracts	Expiration Date	Contracts		
HSCEI FUTURES APR19 29/04/2019	29 April 2019	(62)	(405,600)	(1.13)
Total investments at fair value			(405,600)	(1.13)
Total investments, at cost			-	

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

As at 31 March 2019

Hang Seng China Enterprises Daily (2x) Leveraged Product

		Holdings	Fair value HK\$	% of net assets
Future contracts	Expiration Date	Contracts		
HSCEI FUTURES APR19 29/04/2019	29 April 2019	201	1,298,295	2.26
Total investments at fair value			<u>1,298,295</u>	<u>2.26</u>
Total investments, at cost			<u>-</u>	

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year ended 31 March 2019

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

Financial assets at fair value through profit or loss	Opening	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2019
Swap					
USA					
MIRAE ASSET HORIZONS S&P 500 TOTAL RETURN INDEX	(7,665,562)	5,801,486,030	-	5,830,170,027	(36,349,559)

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

Financial assets at fair value through profit or loss	Opening	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2019
Futures Contracts					
HONG KONG					
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 30/08/2018	-	58	-	58	-
HANG SENG IDX FUT SEP18 27/09/2018	-	58	-	58	-
HANG SENG IDX FUT OCT18 30/10/2018	-	222	-	222	-
HANG SENG IDX FUT NOV18 29/11/2018	-	257	-	257	-
HANG SENG IDX FUT DEC18 28/12/2018	-	238	-	238	-
HANG SENG IDX FUT JAN19 30/01/2019	-	230	-	230	-
HANG SENG IDX FUT FEB19 27/02/2019	-	185	-	185	-
HANG SENG IDX FUT MAR19 28/03/2019	-	177	-	177	-
HANG SENG IDX FUT APR19 29/04/2019	-	5	-	107	(102)

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

Financial assets at fair value through profit or loss	Opening	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2019
Future Contracts					
Hong Kong					
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 30/08/2018	-	181	-	181	-
HANG SENG IDX FUT SEP18 27/09/2018	-	176	-	176	-
HANG SENG IDX FUT OCT18 30/10/2018	-	131	-	131	-
HANG SENG IDX FUT NOV18 29/11/2018	-	127	-	127	-
HANG SENG IDX FUT DEC18 28/12/2018	-	116	-	116	-
HANG SENG IDX FUT JAN19 30/01/2019	-	121	-	121	-
HANG SENG IDX FUT FEB19 27/02/2019	-	121	-	121	-
HANG SENG IDX FUT MAR19 28/03/2019	-	124	-	124	-
HANG SENG IDX FUT APR19 29/04/2019	-	119	-	1	118

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

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

For the year ended 31 March 2019

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

Financial assets at fair value through profit or loss	Opening	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2019
Future Contracts					
Hong Kong					
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	-	87	-	87	-
HSCEI FUTURES NOV18 29/11/2018	-	91	-	91	-
HSCEI FUTURES DEC18 28/12/2018	-	91	-	91	-
HSCEI FUTURES JAN19 30/01/2019	-	90	-	90	-
H-SHARES INDEX FUT 27/02/2019	-	72	-	72	-
HSCEI FUTURES MAR19 FUT 28/03/2019	-	71	-	71	-
HSCEI FUTURES APR19 29/04/2019	-	3	-	65	(62)

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

Financial assets at fair value through profit or loss	Opening	Additions	Corporate actions	Disposals	Closing holdings as at 31 March 2019
Future Contracts					
Hong Kong					
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	-	232	-	232	-
HSCEI FUTURES NOV18 29/11/2018	-	227	-	227	-
HSCEI FUTURES DEC18 28/12/2018	-	203	-	203	-
HSCEI FUTURES JAN19 30/01/2019	-	204	-	204	-
H-SHARES INDEX FUT 27/02/2019	-	211	-	211	-
HSCEI FUTURES MAR19 FUT 28/03/2019	-	217	-	217	-
HSCEI FUTURES APR19 29/04/2019	-	202	-	1	201

MIRAE ASSET HORIZONS LEVERAGED AND INVERSE SERIES

PERFORMANCE RECORD (UNAUDITED)

NET ASSET VALUE

	<u>As at 31 March 2019</u>	
	Dealing net asset value	Dealing net asset value per unit
S&P 500 Daily (-1x) Inverse Product (in US\$)	19,431,120	1.4132
Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	151,382,717	5.4454
Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	86,319,541	11.2103
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	35,797,577	5.8685
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	57,422,443	9.1147

	<u>As at 31 March 2018</u>	
	Dealing net asset value	Dealing net asset value per unit
S&P 500 Daily (-1x) Inverse Product (in US\$)	4,295,094	1.5619
Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	104,057,620	5.6247
Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	106,365,981	12.0870
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	63,793,747	5.9620
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	117,018,418	10.3556

HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

	<u>For the year ended 31 March 2019</u>	
	Highest issue price per unit	Lowest redemption price per unit
S&P 500 Daily (-1x) Inverse Product (in US\$)	1.7123	1.3959
Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	6.5312	5.2708
Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	13.4389	8.2044
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	6.8504	5.6682
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	11.1886	6.8967

	<u>For the year/period ended 31 March 2018</u>	
	Highest issue price per unit	Lowest redemption price per unit
S&P 500 Daily (-1x) Inverse Product (in US\$)	1.8189	1.4396
Hang Seng Index Daily (-1x) Inverse Product (in HK\$) ¹	15.0191	5.1726
Hang Seng Index Daily (2x) Leveraged Product (in HK\$) ¹	23.1596	10.8196
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$) ¹	15.4402	5.2809
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$) ¹	20.4167	9.1407

¹ 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

PERFORMANCE RECORD (UNAUDITED)

PERFORMANCE OF THE SUB-FUNDS

	<u>For the year ended 31 March 2019</u>	
	Sub-Fund performance (%)	Index* performance (%)
S&P 500 Daily (-1x) Inverse Product (in US\$)	(9.52)	7.33
Hang Seng Index Daily (-1x) Inverse Product (in HK\$)	(3.19)	(3.46)
Hang Seng Index Daily (2x) Leveraged Product (in HK\$)	(7.26)	(3.46)
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$)	(1.56)	(5.16)
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$)	(11.98)	(5.16)
	<u>For the year/period ended 31 March</u>	
	<u>2018</u>	
	Sub-Fund performance (%)	Index* performance (%)
S&P 500 Daily (-1x) Inverse Product (in US\$)	(13.10)	11.77
Hang Seng Index Daily (-1x) Inverse Product (in HK\$) ¹	(25.00)	27.68
Hang Seng Index Daily (2x) Leveraged Product (in HK\$) ¹	61.17	27.68
Hang Seng China Enterprises Index Daily (-1x) Inverse Product (in HK\$) ¹	(20.51)	19.16
Hang Seng China Enterprises Index Daily (2x) Leveraged Product (in HK\$) ¹	38.08	19.16

¹ 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.

*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
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Directors of the Manager

Mr. Srinivasa Rao, Kapala
Mr. Jung Ho Rhee
Mr. Byung Ha Kim

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
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Custodian

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

HK Conversion Agency Services Limited
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Legal Counsel to the Manager

Simmons & Simmons
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Auditors

Ernst & Young
22/F, CITIC Tower
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Listing Agent

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18 Harbour Road
Wanchai, Hong Kong

Participating Dealers

BNP Paribas Securities Services
21/F PCCW Tower,
Taikoo Place, 979 King's Road
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China Merchants Securities (HK) Co., Limited^{*}
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CIMB Securities Ltd[#]
Units 7706-08, Level 77,
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Guotai Junan Securities (Hong Kong) Limited
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Goldman Sachs (Asia) Securities Limited^{*}
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Merrill Lynch Far East Limited^{*}
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Market Makers

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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[¶]
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29 Queen's Road Central
Hong Kong

[¶] 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

^{¶¶} In respect of S&P 500 Daily (-1x) Inverse Product only