



SOURCE

Source CSOP Markets plc

Annual report and audited financial
statements

For the year ended 31 December 2017

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Organisation

Annual Report and Audited Financial Statements 2017

Registered Office of the Company***

32 Molesworth Street
Dublin 2
Ireland

Manager***

Source Investment Management
Limited
32 Molesworth Street
Dublin 2
Ireland

Administrator

HSBC Securities Services (Ireland) DAC
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditor
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Directors of the Company

Mike Kirby (Irish)*
Feargal Dempsey (Irish)**
Chen Ding (Hong Kong)^
Helen Lingli Zhou (Hong Kong)*
Choe Yong Ng (Hong Kong)****

Investment Manager

CSOP Asset Management Limited
Suite 2802, Two Exchange Square
Connaught Place
Central
Hong Kong

Secretary***

MFD Secretaries Limited
32 Molesworth Street
Dublin 2
Ireland

Promoter*****

Invesco UK Services Limited
Perpetual Park,
Perpetual Park Drive,
Henley-on-Thames,
Oxfordshire, RG9 1 HH, UK

Legal Advisor (Ireland)

Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

Hong Kong/PRC Legal Advisors to the Promoter and the Company in Relation to RQFII and Depository

Clifford Chance, Hong Kong
28th Floor Jardine House
One Connaught Place
Hong Kong

Depository

HSBC Institutional Trust Services
(Ireland) DAC
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

Registrar

Capita Registrars
24 Beckenham Road
Beckenham
Kent
BR3 4TU

Authorised Participants

Bank of America
Merrill Lynch International Limited
Merrill Lynch Financial Centre
2 King Edward Street
London, EC1A 1HQ
United Kingdom

J.P. Morgan Securities Limited
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

UBS AG
5 Broadgate
London, EC2M 2QS
United Kingdom

Registered no. of Company: 536094

* Non-executive Directors

** Independent non-executive Directors

*** Located at Beaux Lane House, Mercer Street
Lower, Dublin 2, Ireland prior to 8 May 2017.

**** Appointed on 5 October 2017.

^ Resigned on 5 October 2017.

***** Located at 9th Floor, 110 Cannon Street
London EC4N 6EU, United Kingdom, prior to 23
March 2018.

General Information

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Description

Source CSOP Markets Public Limited Company (the "Company") is an open-ended variable capital company with segregated liability between the sub-funds of the Company ("Fund"). The Company was incorporated on 29 November 2013. It is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 and as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the "Central Bank UCITS Regulations").

The Company is structured as an umbrella investment company, and comprises separate Funds which may be established from time to time by the Directors with the prior approval of the Central Bank of Ireland (the "Central Bank").

A Fund is defined as a separate portfolio of assets which is invested in accordance with the investment objective and policies set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such portfolio shall be applied and charged.

The particulars of each Fund are set out in a separate Supplement. Redeemable Shares or Shares (these terms are used interchangeably throughout the financial statements) of more than one Class may be issued in relation to each Fund. Information contained within the Supplement is selective and should be read in conjunction with the Prospectus. On the introduction of any new Class of Shares, the Company prepares and the Directors will issue documentation setting out the relevant details of each such Class of Shares. Investments are made in accordance with the investment objective applicable to each Fund.

CSOP Source FTSE China A50 UCITS ETF is in existence as at 31 December 2017.

CSOP Source Citi Chinese 1-3 Year Government Bond UCITS ETF was authorised by the Central Bank of Ireland on 11 December 2014. However, this Fund was not launched as at 31 December 2017.

Except where otherwise stated or the context requires, capitalised terms have the meaning given to them in the Prospectus of the Company dated 22 September 2017.

Investment objective and policy

The investment objective of CSOP Source FTSE China A50 UCITS ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Reference Index, namely, FTSE China A All Cap Free Index (the "Reference Index").

The Reference Index is a free float-adjusted market capitalisation weighted index compiled and published by FTSE Russell. The Investment Manager is independent of the FTSE International Limited, being the "Index Provider". The Reference Index is a real-time, tradable index comprising Index Securities being China A-Shares issued by the largest 50 companies by full market capitalisation of the FTSE China A All Cap Free Index. The Reference Index is a subset of the FTSE China A Free Index Series. The Reference Index is a price return index which means that it does not include the reinvestment of dividends from the Index Securities that are net of withholding tax. The Reference Index is denominated and quoted in RMB.

There is no assurance that the Fund will achieve its investment objective.

In order to achieve the investment objective, the Investment Manager will normally use a replication strategy by investing directly in Index Securities which constitute the Reference Index in substantially the same weightings (i.e. proportions) as such Index Securities have in the Reference Index.

The Fund will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes. Furthermore, the Fund itself will not be leveraged for investment, efficient portfolio management or hedging purposes and will therefore not be subject to any shortfall risk.

The Fund will invest on a long-only basis.

This Fund is an Exchange Traded Fund ("ETF").

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Investment objective and policy (continued)

The Shares of this Fund are fully transferable among investors and will be listed and/or traded on the relevant exchange.

The investment objective of the Fund may not be altered, and material changes to the investment policy of the Fund may not be made, without prior approval of Shareholders on the basis of (i) a majority of votes cast at a meeting of the Shareholders of the Fund duly convened and held or (ii) with the prior written approval of all Shareholders of the Fund. In the event of a change of the investment objective and/or a material change in the investment policy of the Fund, Shareholders in the Fund will be given reasonable notice of such change to enable them to redeem their Shares prior to implementation of such a change.

As at 31 December 2017, the Company had one active Fund:

	Launch date	Functional currency
CSOP Source FTSE China A50 UCITS ETF	07/01/2014	RMB

As at 31 December 2017, the listing details of the Fund are:

	Listing
CSOP Source FTSE China A50 UCITS ETF	London Stock Exchange*
	Irish Stock Exchange
	SIX Swiss Exchange*
	Deutsche Börse (Xetra)*
	Borsa Italiana*

*Fund is admitted to trading on the exchange.

Investment Manager's Report

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Fund review

The CSOP Source FTSE China A50 UCITS ETF aims to provide investment results that, before deduction of fees and expenses (and taking into account any dividends received by the Fund in respect of the Index Securities), closely corresponds to the performance of the Reference Index, namely, FTSE China A All Cap Free Index.

Benchmark index

Fund name	Functional currency	Benchmark index
CSOP Source FTSE China A50 UCITS ETF	RMB	FTSE China A All Cap Free Index

The performance of the Fund from launch date to 31 December 2017:

Currency	Launch date	Total net asset value per 31/12/17	Net asset value per share 31/12/17	Return since launch (%) Fund	Tracking difference since launch		Tracking difference since 31/12/2016		Realised Tracking Error p.a. since 31/12/2016	Expected Tracking Error p.a. since 31/12/2016
					(%) Index	(%) Fund	(%) Index	(%) Index	(%) Index	
CSOP Source FTSE China A50 UCITS ETF	RMB	07/01/14	146,425,340	147.76	110.10%	16.25%	32.98%	0.63%	0.91%	0.91%

Realised tracking error and realised tracking difference are in-line with what was expected. The tracking difference between the Fund and the benchmark index is mainly driven by management fees and dividend.

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Fund review (continued)

TIME magazine warned 2017 as a dangerous year for China, with risks created by the country's leadership transition, as well as trade tensions with the US. The prediction turned out to be overly pessimistic. In fact, euphoria was the dominant theme for China watchers in the past year, as economic growth proved buoyant, President Trump softened his stance on China, and the country's capital market became evermore relevant thanks to MSCI's decision to include China in its Emerging Markets (EM) Index. As a result, Chinese equity market outperformed its global peers, and returns were further sweetened by stabilization of the renminbi.

China's political outlook remains stable after a smooth transition of leadership. President Xi strengthened his authority at home and his presence abroad. Domestically, his anti-corruption campaign improved the government's image, while his efforts to elevate living standards won the hearts of people. Internationally, he delivered a strong message to the world that China would continue to support globalization, in an era of resurgent nationalist protectionism. His ambition to revitalize China's famous Silk Road route, often called One Belt One Road (OBOR), received further attention from global spectators. The OBOR summit held in Beijing, which hosted 29 foreign leaders last May, was widely considered a diplomatic victory for China on the international stage.

China investors were also relieved by a moderate Trump administration and heartened by positive developments in the Sino-US relationship. The meeting between President Xi and President Trump in Florida set a friendly tone for the world's two largest economies, and several agreements were made to enhance trade cooperation.

The reluctance by the US Treasury Secretary to label China a currency manipulator effectively reversed concerns from President Trump's signature election campaign rhetoric, and prevented harmful trade confrontation. Meanwhile, the two countries worked together to find a peaceful resolution on the North Korean nuclear crisis.

Boosted by strong exports, China's GDP growth exceeded government guidance and economic consensus at 6.8% year-on-year – the strongest performance since mid-2015. Domestic consumption, property market expansion, infrastructure investment and credit growth also contributed to the robust economic growth.

Encouraged by positive economic data, the authorities continued to push financial reforms, to deleverage the public sector and open up the country's capital market further. As yet another example of pro-market reforms, the Bond Connect program between Hong Kong and Mainland China was launched in July, and is expected to facilitate USD 200 billion of inflows within the first two years.

Satisfied with the progress made by the Chinese government, index provider MSCI announced inclusion of China A-shares in their EM Index in June, after performing a fourth global consultation. From June 2018, China's onshore share class will initially represent 0.73% of the EM index. Immediately, the decision's impact is mostly symbolic; it represents "smart money's" stamp of approval of Mainland China. Materially, the impact is minimal given the small initial weighting, and the much-ballyhooed inflow of funds into China won't manifest. In the long run however, the decision is expected to send an estimated USD 400 billion of funds into the A-share market over the next decade, according to MSCI.

Upon full A-share inclusion, China's proportion of the index will grow from 28% to 43%, with A-shares representing over 20% of the EM index.

Investors reacted positively to MSCI's decision and started to allocate into blue-chip sector leaders. Since the announcement on June 20, the FTSE China A50 Index has outperformed all other major A-shares indices. CSOP Source FTSE China A50 ETF ("CHNA") tracks the popular index. For the one-year period ending December 29, 2017, the total return for CHNA was 32.98% while the total return for the FTSE China A50 Index was 32.35%. The tracking difference during the period is 0.63%, and the realized tracking error is 0.91%.

"A dangerous year" for China proved to be "a fruitful year" for China investors in the end. Next year's investment outlook looks even more promising than this year's. Continued reforms by the new leadership will create more opportunities for overseas investors and our flagship fund will serve as a powerful tool to capitalize on those opportunities. Meanwhile, we are committed to bringing more pioneering products to the market, to delivering pertinent perspectives on China-related topics, and to being a trusted partner for China-related investment solutions. We remain ever appreciative of your belief in our mission and look forward to your continued support of our products, our company, and our devoted employees.

CSOP Asset Management Limited
Date: 24 April 2018

Director's Report

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The Directors present herewith the Annual Report and Audited Financial Statements for the year ended 31 December 2017.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the European Union and with the Companies Act 2014.

Irish company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that year.

In preparing each of the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Financial Statements comply with IFRS; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements are prepared in accordance with IFRS and comply with the Companies Act 2014 and to the UCITS Regulations and the Central Bank UCITS Regulations.

Accordingly, the accounting records are kept at the following address:

HSBC Securities Services (Ireland) DAC
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

The Directors are also responsible for safeguarding the assets of the Company and accordingly for taking reasonable steps for the prevention and detection of fraud and other irregularities and in fulfilment of this responsibility they have entrusted the assets of the Company to the Depositary for safekeeping in accordance with the Memorandum and Articles of Association of the Company. In carrying out this duty, the Directors have delegated custody of the Company's assets to HSBC Institutional Trust Services (Ireland) DAC.

The address at which this business is conducted is as follows:

HSBC Institutional Trust Services (Ireland) DAC
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

The Financial Statements are published on the website www.powershareself.com. The Directors and Invesco UK Services Limited are responsible for the maintenance and integrity of the financial information included on this website. Legislation in the Republic of Ireland governing the presentation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Principal activities

The investment objective of the Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Reference Index, namely, FTSE China A All Cap Free Index.

Corporate governance statement

The European Communities (Directive 2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Directors' Report.

On 11 December 2013, the Board of Directors formally adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by the Irish Funds Industry Association ("Irish Funds"), as the Company's corporate governance code. This publication is available from the Irish Funds website (www.irishfunds.ie).

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Corporate governance statement (continued)

The Board of Directors has assessed the measures included in the Irish Funds Code as being consistent with its corporate governance practices and procedures for the financial year.

As at 31 December 2017, the Company is in compliance with the Irish Funds Code.

The Company is also subject to corporate governance practices imposed by:

(i) The Irish Companies Act 2014 (the "Companies Act") which are available for inspection at the registered office of the Company and may also be obtained at: www.irishstatutebook.ie;

(ii) The Memorandum and Articles of Association of the Company which are available for inspection at the registered office of the Company at 32 Molesworth Street, Dublin 2, Ireland and at the Companies Registration Office in Ireland;

(iii) The UCITS Regulations and the Central Bank UCITS Regulations;

(iv) Deutsche Börse through the trading model of XETRA for shares (including ETFs) which can be obtained from the Deutsche Börse website at: www.deutscheboerse.com; and

(v) The Irish Stock Exchange ("ISE") continuing obligations requirements for open ended funds which can be obtained from the ISE website at: www.ise.ie

(vi) The Swiss Stock Exchange (SIX) continuing obligations requirements for investment funds which can be obtained from the SIX website at: www.six-swiss-exchange.com

(vii) The Borsa Italiana continuing obligations requirements for investment funds which can be obtained from the Borsa Italiana website at: www.borsaitaliana.it

By virtue of the listing on the ISE, the Fund is admitted to trading on the London Stock Exchange ("LSE") on a "cross listing" basis. In the context, however, of corporate governance, the Fund is not subject to the listing requirements of the London Stock Exchange but instead complies with those of the ISE. Please refer to the listing details on page 3 for a list of stock exchanges on which the Fund is currently trading.

Internal control and risk management systems

The Company is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process.

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and semi-annual Financial Statements. The Company has appointed HSBC Securities Services (Ireland) DAC Fund Administration Services (Ireland) Limited (the "Administrator") as its administrator consistent with the regulatory framework applicable to investment fund companies such as the Company.

The Administrator has functional responsibility for the preparation of the Company's annual and semi-annual Financial Statements and the maintenance of its accounting records. On appointing the Administrator the Board of Directors (the "Board") noted that it is regulated by the Central Bank of Ireland and, in the Board's opinion, has significant experience as an administrator.

The Board also noted the independence of the Administrator from the Company's Investment Manager. Subject to the supervision of the Board, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The annual and semi-annual Financial Statements of the Company are required to be approved by the Board and filed with the Central Bank of Ireland and the relevant Stock Exchange within the relevant respective time periods. The statutory Financial Statements are required to be audited by independent auditors who report annually to the Board on their findings.

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Internal control and risk management systems (continued)

The Board evaluates and discusses significant accounting and reporting issues as the need arises. The Board reviews the Financial Statements prior to their approval, though it should be noted that such review does not include verification of information in the Financial Statements to underlying documents. The annual Financial Statements are subject to independent audit by PricewaterhouseCoopers (the "Auditor") and the Board receives and considers a report from the Auditor as to the audit process.

This report includes observations as to the extent to which (i) the annual Financial Statements provide a true and fair view (ii) adjustments were made to the accounting records maintained by the Administrator in order to provide Financial Statements giving a true and fair view and (iii) potential significant control weaknesses identified by the Auditor during the audit process. The Auditor presents this report at the board meeting at which the Financial Statements are presented to the Board for approval. The Board also invites the Auditor to attend the board meeting prior to the commencement of the audit, at which the Auditor presents the audit plan to the Board.

Shareholders' meetings

The convening and conduct of Shareholders' meetings are governed by the Memorandum and Articles of Association of the Company and the Companies Act. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting.

Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the Directors to convene a Shareholders' meeting.

Not less than twenty one clear days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen clear days' notice must be given in the case of any other general meeting unless the Auditors of the Company and all the Shareholders of the Company entitled to attend and vote agree to shorter notice.

Two Shareholders present either in person or by proxy constitutes a quorum at a general meeting. Every holder of shares present in person or by proxy who votes on a show of hands is entitled to one vote and the holders of Subscriber shares shall have one vote in respect of all of the Subscriber shares in issue. On a poll, every holder of shares present in person or by proxy is entitled to one vote in respect of each share held by him.

The chairman of a general meeting of the Company or at least two Shareholders present in person or by proxy having the right to vote at the meeting or any holder or holders of shares present in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting may demand a poll.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a Shareholders' meeting. An ordinary resolution of the Company or of the Shareholders of a particular Fund or Class requires a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed.

A special resolution of the Company or of the Shareholders of a particular Fund or Class requires a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Memorandum and Articles of Association.

Composition of the board of directors

Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors may not be less than two. Currently the Board is composed of four Directors, being those listed on page 1 of these Financial Statements.

The business of the Company is managed by the Directors, who exercise all such powers of the Company as are not by the Companies Act or by the Memorandum and Articles of Association of the Company required to be exercised by the Company in a general meeting.

A Director may, and the Company Secretary of the Company on the requisition of a Director will, at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the chairman has a casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

The Directors who held office during the year are shown on page 1.

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Composition of the board of directors (continued)

Ms. Chen Ding (Hong Kong): Ms. Ding joined CSOP Asset Management Limited in 2010 and is the Chief Executive Officer and Chief Investment Officer. Previously, she was the Assistant CEO and Managing Director of China Southern Asset Management Co. Ltd. and is a founding member and Director of the Chinese Asset Management Association of Hong Kong Limited.

She is also the Director of the Chinese Securities Association of Hong Kong Company Limited. Prior to joining China Southern Asset Management Co. Ltd., Ms. Ding had served from 2001 to 2003 as an Associate General Manager of China Merchants Securities Co. Ltd. in China and was also the Investment Manager of ML Stern & Co., in California, U.S. Ms. Ding holds a Master's Degree in Business Administration from the San Francisco State University in the United States and a Bachelor degree in Electrical Engineering from the China Chengdu Science & Technology University.

Ms. Chen Ding resigned as a Director of the Company on 5 October 2017.

Ms. Helen Lingli Zhou (Hong Kong): Ms Zhou was the Managing Director and Head of Client Solutions Group of CSOP Asset Management Limited up until 4 December 2015. Prior to joining CSOP, Ms Zhou was an Executive Director at Goldman Sachs (Asia) LLC, where she was responsible for providing multi-asset solutions to the firm's institutional and intermediary clients in the Greater China region. Before that, in 2004, she held a position with UBS Investment Bank as an equity and fund derivatives sales.

Ms Zhou started her career as a business reporter for Reuters News Agency. She obtained her Master of Business Administration degree from the Hong Kong University of Science & Technology, and holds a Bachelor of Science degree in Systems Engineering from Tianjin University of China.

Mr. Feargal Dempsey (Irish): Mr Dempsey is an independent non-executive director and consultant to the Funds Industry. He has held senior positions at Barclays Global Investors/BlackRock including Head of Product Strategy iShares EMEA, Head of Product Structuring iShares EMEA and Head of Product Governance. Previously he has also served as Head of Legal to ETF Securities and as a senior lawyer in Pioneer Investments.

Mr Dempsey holds a BA (Hons) and an LLB (Hons) from University College Galway and was admitted to the Roll of Solicitors in Ireland in 1996 and to the England and Wales Law Society in 2005. He has served on the legal and regulatory committee of Irish Funds and the ETF Working Group at EFAMA.

Mr. Mike Kirby (Irish): Mr. Kirby, is the Managing Principal at KB Associates, a firm which provides a range of advisory and project management services to the offshore mutual funds industry. He has held senior positions at Bank of New York (previously RBS Trust Bank) (1995-2000) where he was responsible for the establishment and on-going management of its Dublin operations and was also a Director of RBS's global custody operations in Jersey. Prior to this he was Vice President of product management & marketing global securities services with J.P. Morgan (previously Chase Manhattan Bank) (1993-1995) in London.

Subsequently (2000-2002) he was a Senior Vice President of MiFund Inc, a privately owned mutual funds supermarket incorporated in the USA, and Managing Director of MiFund Services Limited its wholly owned Irish subsidiary. Mr. Kirby holds a Bachelor of Commerce (Honours) Degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland. He is a founder member of Irish Funds.

Mr. Choe Yong Ng (Hong Kong): Mr Ng is the Chief Operating Officer of CSOP Asset Management Limited. Prior to joining CSOP as COO, Mr. Ng was the head of Business Controls and Management for South East Asia at Bank of America Merrill Lynch within the COO organization, responsible for the governance and business management of the Global Banking and Markets Businesses in the region. Mr. Ng was also on the management committees on Merrill Lynch Singapore, Bank of America Singapore Branch and Bank of America Securities Limited to provide governance and act as a liaison to local regulators in SEA. Prior to his role in the COO organization, Mr. Ng was the Head of APAC Middle Office for Equities Execution Services. In that role, he managed the team which supported the Equities Cash, Index/ETF and Delta One businesses for APAC. He also managed the implementation for the Hong Kong Shanghai Connect go-live for Middle Office. Prior to Bank of America Merrill Lynch, Mr. Ng has worked in a number of large financial institutions such as Barclays Capital and Morgan Stanley in a variety of roles covering operations, middle office and finance. Mr. Ng started his career in Deloitte Australia as an auditor.

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Composition of the board of directors (continued)

Mr. Ng holds a Bachelor of Computer Science and a Master of Applied Commerce (Accounting) from The University of Melbourne. He also holds a Master of Business Administration from the University of Chicago – Booth School of Business.

Mr. Choe Yong Ng was appointed as a Director of the Company on 5 October 2017.

Directors' and company secretary's interests and transactions

Apart from those noted below, there are no contracts or arrangements of any significance in relation to the business of the Company in which the Directors or Company Secretary had any interest as defined in the Companies Act 2014 at any time during the financial year.

No Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Company and except as disclosed below no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.

The Directors and Company Secretary had no beneficial interest in the Redeemable Shares of the Company at 31 December 2017 or at any time during the financial year.

Mike Kirby is a Director of the Company, the Manager and the principal of KB Associates which provides services to the Manager. Chen Ding was a Director of the Company and is the Chief Executive Officer and Chief Investment Officer of the Investment Manager. Choe Yong Ng is a Director of the Company and is the Chief Operating Officer of the Investment Manager. Helen Lingli Zhou is a Director of the Company and up until 4 December 2015 was the Managing Director of the Investment Manager. Feargal Dempsey is a Director of the Company and a Director of the Manager.

Connected person transactions

The UCITS Regulations require that any transaction carried out with the Company by a promoter, manager, trustee, investment adviser and/or associate of these ("connected persons") are carried out as if negotiated at arm's length and are in the best interests of the shareholders.

The Board of Directors of the Company are satisfied that there are arrangements in place to ensure that this requirement is applied to all transactions with connected persons, and that all transactions with connected persons during the financial year complied with the requirement.

Remuneration policy

Source Investment Management Limited ("the Manager") has put in place a remuneration policy (the "Remuneration Policy") which is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times, taking into consideration the need to align risks in terms of risk management and exposure to risk and for the policies to be in line with the business strategy, objectives and interests of the Company.

Details of the Remuneration Policy can be found at www.powershareseif.com and a paper copy of the policy will be made available free of charge upon request.

The Manager considers the Remuneration Policy to be consistent with and promote sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Company or the sub-fund.

The Remuneration Policy applies to those categories of staff (including senior management) whose professional activities have a material impact on the risk profile of the Company or the sub-fund. In this regard, none of the Manager's staff to which this Remuneration Policy applies to will have a performance based variable component to their remuneration.

Quantitative remuneration information is available in the Disclosure of Remuneration Policy (Unaudited).

Directors compliance statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014.

The Directors confirm that:

- (i) A compliance policy statement has been drawn up that sets out policies, that in our opinion are appropriate to the Company, respecting compliance by the Company with its relevant obligations;

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Directors compliance statement (continued)

- (ii) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations; and
- (iii) During the financial year, the arrangements or structures referred to in (ii) have been reviewed.

Audit committee statement

The Directors believe that there is no requirement to form an audit committee as the Board is formed of non-executive Directors with one independent Director and the Company complies with the provisions of the Irish Funds Corporate Governance Code. The Directors have delegated the day to day investment management and administration of the Company to the Investment Manager and Administrator respectively.

Statement of relevant audit information

The following applies in the case of each person who was a Director of the Company, as disclosed on page 1, at the time this report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and

- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Related party transactions

Details of all related party transactions are contained in Note 10 to the Financial Statements.

Review of business and future developments

A review of market activities and market outlook can be found in the Investment Manager's Report on pages 4 to 6.

Risk management objectives and policies

The main risks arising from the Company's financial instruments are as described in Note 2 to the Financial Statements.

Significant events during the financial year

Significant events during the financial year are outlined in Note 16 to the Financial Statements.

Post balance sheet events

There were no significant post balance sheet events.

Distribution

There are no dividend entitlements for the shares of the Fund.

Independent auditors

In accordance with Section 383(2) of the Companies Act 2014, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors will continue in office.

On Behalf of the Board of Directors

Director



Director



Date: 24 April 2018



Annual Depositary Report to the Shareholders

We, HSBC Institutional Trust Services (Ireland) DAC, appointed Depositary to Source CSOP Markets plc (the "Company") provide this report solely in favour of the Shareholders of the Company for the year ended 31 December 2017 (the "Accounting Period"). This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended ("the Regulations"). We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the Regulations, we have enquired into the conduct of the Company for the Accounting Period and we hereby report thereon to the Shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Accounting Period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents and the Regulations; and

(ii) otherwise in accordance with the provisions of the constitutional documents and the Regulations.

A handwritten signature in black ink, appearing to be "S. G. Griffin", written over the printed name of the signatory.

On behalf of
HSBC Institutional Trust Services (Ireland) DAC
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland
24 April 2018

HSBC Institutional Trust Services (Ireland) DAC
1 Grand Canal Square, Grand Canal Harbour, Dublin 2, D02 P820, Ireland
Tel: 00353 1 635 6000 Fax: 00353 1 649 7542

Directors: Ronnie Griffin, Ciara Houlihan, Margaret Sweeney, Mark Synnott, John vanVerre (Dutch), Conor Walsh
Registered in Dublin, Ireland: Reg No. 181767 V.A.T. 6581767L
HSBC Institutional Trust Services (Ireland) DAC is regulated by the Central Bank of Ireland.

Independent auditors' report to the members of Source CSOP Markets plc

Report on the audit of the financial statements

Opinion

In our opinion, Source CSOP Markets plc's financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2017 and of its results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual report and audited financial statements, which comprise:

- the Statement of financial position as at 31 December 2017;
- the Statement of comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in net assets attributable to holders of redeemable shares for the year then ended;
- the Schedule of investments as at 31 December 2017; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Directors of the Company.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company.

Other than those disclosed in note 9, we have provided no non-audit services to the Company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview



Materiality

- Overall materiality: 0.50% of Net Assets Value ("NAV") at 31 December 2017.

Audit scope

- The Company is an open-ended investment Company with variable capital and engages Source Investment Management Limited (the "Manager") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to below, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

- Existence and valuation of financial assets at fair value through profit and loss.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Existence and valuation of financial assets at fair value through profit and loss</i></p> <p>Refer to the Schedule of investments and the accounting policies set out in note 1.</p> <p>The financial assets at fair value through profit or loss included in the Statement of financial position as at 31 December 2017 are valued at fair value in line with IFRS as adopted by the EU.</p> <p>This is considered a key audit matter as it represents the principal element of the financial statements.</p>	<p>We obtained independent confirmation from the Depositary of the investment portfolio held as at 31 December 2017, agreeing the amounts held to the accounting records.</p> <p>We tested the valuation of the investment portfolio by independently agreeing the valuation of equities to third party vendor sources.</p> <p>No material misstatements were identified as a result of the procedures we performed.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Manager to manage certain duties and responsibilities with regards to the day to day management of the Company. The Manager has delegated certain responsibilities to CSOP Asset Management Limited (the 'Investment Manager') and to HSBC Securities Services (Ireland) DAC (the 'Administrator'). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The Company has appointed HSBC Institutional Trust Services (Ireland) DAC (the "Depository") to act as Depository of the Company's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality as follows:

Overall materiality and how we determined it	• 0.50% (2016: 0.50%) of Net Assets Value ("NAV") at 31 December 2017.
Rationale for benchmark applied	• We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Directors of the Company that we would report to them misstatements identified during our audit above 5 basis points of the NAV, for NAV per share impacting differences (2016: 5 basis points of the NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual report and audited financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

Directors' Report

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Corporate governance statement

- In our opinion, based on the work undertaken in the course of the audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 20 May 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2014 to 31 December 2017.



Damian Neylin
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

24 April 2018

Financial Statements of the Company

Annual Report and Audited Financial Statements 2017

Statement of comprehensive income		CSOP Source FTSE China A50 UCITS ETF	
For the financial year ended 31 December 2017	Notes	Financial Year ended 31 December 2017* RMB	Financial Year ended 31 December 2016* RMB
Income			
Interest income	1(K),15	9,599	3,926
Dividend income	1(L),15	2,748,727	3,064,422
Net gain/(loss) on financial assets at fair value through profit or loss	3	34,072,546	(2,584,851)
Other income	1(N),4	633,554	370,136
Total investment income		37,464,426	853,633
Expenses			
Operating expenses	1(M),5	(1,868,239)	(1,557,344)
Profit/(loss) for the financial year before tax		35,596,187	(703,711)
Non reclaimable withholding tax	11	(274,873)	(316,481)
Profit/(loss) for the financial year		35,321,314	(1,020,192)
Increase/(decrease) in Net Assets Attributable to Holders of Redeemable Shares		35,321,314	(1,020,192)

*The amounts shown also represent Company total amounts.

There are no recognised gains or losses arising in the financial year other than the increase/(decrease) in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial year, all amounts above relate to continuing operations.

The accompanying notes on pages 21 to 35 form an integral part of the Financial Statements.

Annual Report and Audited Financial Statements 2017

Statement of financial position	Notes	CSOP Source FTSE China A50 UCITS ETF	
		As at 31 December 2017* RMB	As at 31 December 2016* RMB
As at 31 December 2017			
Current Assets			
Assets at fair value through profit or loss			
Financial assets at fair value through profit or loss	1(C), 2(G)	141,795,732	128,172,568
Loans and receivables			
Cash and cash equivalents	1(F), 7	5,005,713	982,083
Clearing reserve	7	42,000	42,000
Total Current Assets		146,843,445	129,196,651
Current Liabilities			
Other financial liabilities			
Creditors (amounts falling due within one year)	8	(418,105)	(721,531)
Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)		(418,105)	(721,531)
Net Assets Attributable to Holders of Redeemable Shares		146,425,340	128,475,120

*The amounts shown also represent Company total amounts.

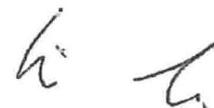
The accompanying notes on pages 21 to 35 form an integral part of the Financial Statements.

On behalf of the Board of Directors

Director:



Director:



Date: 24 April 2018

Annual Report and Audited Financial Statements 2017

Statement of changes in net assets attributable to holders of redeemable shares

CSOP Source FTSE China A50 UCITS ETF

For the financial year ended 31 December 2017	Financial Year ended 31 December 2017* RMB	Financial Year ended 31 December 2016* RMB
Net Assets Attributable to Holders of Redeemable Shares at the beginning of the financial year	128,475,120	103,772,277
Increase/(decrease) in Net Assets Attributable to Holders of Redeemable Shares	35,321,314	(1,020,192)
Proceeds from redeemable participating shares issued	116,288,213	88,372,776
Redemption of redeemable participating shares	(133,659,307)	(62,649,741)
Net Assets Attributable to Holders of Redeemable Shares	146,425,340	128,475,120

Statement of cash flows

For the financial year ended 31 December 2017	Notes	Financial Year ended 31 December 2017* RMB	Financial Year ended 31 December 2016* RMB
Cash flows from operating activities			
Proceeds from sale of investments		160,907,469	82,532,121
Purchase of investments		(140,458,087)	(110,141,029)
Dividend income received	1(L)	2,748,727	3,064,422
Interest income received	1(K)	9,599	3,926
Other income received		633,554	370,136
Operating expenses paid		(2,171,665)	(1,070,905)
Non reclaimable withholding tax paid		(274,873)	(316,481)
Capital gains tax paid		-	(259,644)
Net cash inflow/(outflow) from operating activities		21,394,724	(25,817,454)
Cash flows from financing activities			
Proceeds from issue of Redeemable Shares		116,288,213	87,799,726
Payments of redemptions of Redeemable Shares		(133,659,307)	(62,649,741)
Net cash (outflow)/inflow from financing activities		(17,371,094)	25,149,985
Net increase/(decrease) in cash and cash equivalents		4,023,630	(667,469)
Cash and cash equivalents at beginning of the financial year		982,083	1,649,552
Cash and cash equivalents at the end of the financial year	7	5,005,713	982,083

*The amounts shown also represent Company total amounts.

The accompanying notes on pages 21 to 35 form an integral part of the Financial Statements.

Annual Report and Audited Financial Statements 2017

Notes to the financial statements

1. Significant accounting policies

A) (i) Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS and to the UCITS Regulations. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss. The significant accounting policies are set out below.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting financial year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Notes 1(C) (iii) and 1(D).

The accounting policies are consistent with the prior financial year and comparative information has been included in accordance with IFRS.

(ii) New Accounting Pronouncements not yet effective

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the Financial Instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual financial years beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 did not have a material effect on the classification and measurement of the Company's financial assets or financial liabilities.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual financial years beginning on or after 1 January 2018 with early adoption permitted. The adoption of IFRS 15 is not expected to have any material impact on the financial statements of the Company.

Annual Report and Audited Financial Statements 2017

1. Significant accounting policies (continued)

A) (iii) New Accounting Pronouncements effective from 1 January 2017

Amendments to IAS 7 – Statements of cash flow

Amendments to IAS 7, 'Statements of cash flow' effective for annual financial years beginning on or after 1 January 2017. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):

- (i) changes from financing cash flows;
- (ii) changes arising from obtaining or losing control of subsidiaries or other businesses;
- (iii) the effect of changes in foreign exchange rates;
- (iv) changes in fair values; and
- (v) other changes.

The amendments state that one way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. The measurement and classification requirements do not have a significant impact on the financial statements.

B) Foreign currency translation

Functional and presentation currency

The Board of Directors considers the Chinese Renminbi ("RMB") as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Financial Statements of the Company are presented in RMB, which is both the functional and presentation currency.

The average exchange rate used to convert other expenses incurred in EUR to RMB was RMB 7.6724 (31 December 2016: RMB 7.3479). Exchange gains and losses arising from these transactions are included in net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

C) Financial assets at fair value through profit or loss

(i) Classification

IAS 39 (revised) sets out the requirements for recognition and measurement of all financial assets. The Company has classified all financial instruments as financial assets or financial liabilities at fair value through profit or loss on adoption of IAS 39.

The category of financial assets at fair value through profit or loss comprises:

- (a) Financial instruments held for trading: a financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
- (b) Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

All of the Fund's investments are classified as held for trading as at 31 December 2017, as applicable.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date. Any gains and losses, arising from changes in fair value of the financial assets are recorded from this date.

The Company recognises financial assets on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets or liabilities, and the exposure to the risks inherent in those benefits, are transferred to the Company. The Company derecognises financial assets when all such benefits and risks are transferred from the Company.

Annual Report and Audited Financial Statements 2017

1. Significant accounting policies (continued)

C) Financial assets at fair value through profit or loss (continued)

(ii) Recognition, derecognition and measurement (continued)

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income with other net changes in fair value of financial assets at fair value through profit or loss in the financial year in which they arise.

(iii) Valuation of Investments

The estimation of fair value, after initial recognition, is determined as follows:

Listed investments

The fair value of investments (equities) which are quoted, listed, traded or dealt with on a market or exchange are based on quoted prices which, for the purpose of the Financial Statements, is the closing mid-market price for financial assets as at the Statement of Financial Position date.

Realised gains or losses on disposal of investments during the financial year and unrealised gains and losses on valuation of investments held at the financial year end are included in the Statement of Comprehensive Income, within net gain on financial assets at fair value through profit and loss.

(iv) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each financial position date to determine whether there is objective evidence of impairment.

If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent financial year the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

D) Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined under Note 1(E) to 1(O).

All of the Fund's financial assets and financial liabilities are held for the purpose of being traded and designated at fair value through profit or loss.

E) Fees and expenses

In accordance with the Prospectus the management fees are charged to the Statement of Comprehensive Income on an accruals basis. Other than the management fees, administration fees and trustee fees, all other fees and expenses incurred by the Fund including those payable to the Investment Manager, the Auditor and the Directors are paid by the Manager.

F) Cash and cash equivalents

Cash balances represent residual cash subsequent to trading. As at 31 December 2017, cash in the Fund was held on deposit with an affiliate of the Depository, HSBC Bank plc; details of which are disclosed in the Cash and Cash Equivalents note of the Financial Statements.

G) Redeemable Shares

Redeemable Shares are redeemable at the Shareholders option and are classified as financial liabilities. Any distributions on these shares are recognised in the Statement of Comprehensive Income as finance costs.

Annual Report and Audited Financial Statements 2017

1. Significant accounting policies (continued)

H) Fair value of net assets attributable to redeemable shareholders

In accordance with the provisions of the Prospectus and Supplement, listed investments are stated at the mid market price on the valuation day for the purpose of determining the net asset value per share for subscriptions and redemptions and for various fee calculations.

I) Valuation point

The valuation used for the purposes of the Financial Statements is that of 29 December 2017, the last Business Day of the financial year.

J) Distributions

There are no dividend entitlements for the shares of the Fund.

K) Interest income

Interest income is income related to cash and cash equivalents. This is reflected as income to the Fund on an accruals basis, in line with the contractual terms.

L) Dividend income

In the financial year ended 31 December 2017, dividend income was received by the Fund from certain underlying holdings of the Fund. This is reflected as income to the Fund on an accruals basis, in line with the contractual terms.

Details of the current financial year's dividend income are disclosed in the Fund's Financial Statements.

M) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers or dealers. Transaction costs, when incurred, are included in operating expenses in the Statement of Comprehensive Income. Transaction costs incurred during the financial year are detailed in Note 5.

N) Subscriptions and Redemptions fee income

Subscriptions and Redemptions fee are incurred on each Share by Shareholders (which accordingly will not be incurred by the Company on behalf of the Fund and will not affect the Net Asset Value of the Fund). The Subscription charge is deducted from the investment amount received from an investor for subscription for Shares. Similarly, a Redemption charge is charged to a redeeming investor. Subscriptions and redemptions fees are included in other income in the Statement of Comprehensive Income. Subscriptions and redemptions fees charged to the investors during the financial year are detailed in Note 4.

O) Provision for capital gains tax exposure on China A-Shares

The Fund has exposure to China RQFII (Renminbi Qualified Foreign Institutional Investor) A-Shares listed on the stock exchanges in the PRC, under the RQFII programme. On 17 November 2014, a provision had been set aside for potential direct or indirect Capital Gains Tax liabilities derived from China RQFII A-Shares, payable to the issuers of the China A-Shares, in accordance with terms and conditions set out in the agreement between the Fund and the issuers of the China A-Shares.

On 14 November 2014 Circular No. 79 was released by the Chinese Authorities amending the tax treatment of Capital Gains derived on Chinese A-Shares held by RQFIIs/QFIIs. Accordingly capital gains realised from the sale of A-shares on or after 17 November 2014 were temporarily exempted from China's 10% Capital Gains Tax ("CGT"). Any accruals made for unrealised gains as at 17 November 2014 have been reversed in the financial statements. There was no Capital Gains Tax which relates to the financial year pre 17 November 2014 payable at the financial year end (31 December 2016: RMB 259,644 paid, with the remainder of RMB 5,441 written off and nil was payable at the financial year end).

Annual Report and Audited Financial Statements 2017

2. Financial risks

As defined by IFRS7 'Financial Instruments: Disclosures', risk arising on financial instruments can be separated into the following components: Market Risk, Credit Risk and Liquidity Risk.

Each type of risk is discussed below and both qualitative and quantitative analyses are provided, where relevant, to give the reader an understanding of risk management methods used by the Investment Manager and reviewed by the Directors of the Company.

The main risks arising from the Fund's financial instruments are Market Risk, Credit Risk and Liquidity Risk.

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise any discrepancy between the performance of the Fund and the performance of the FTSE China A All Cap Free Index benchmark.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Company are discussed on pages 25 to 30.

A) General

The risk monitoring process is the responsibility of the Company which has delegated this responsibility to the Manager and the Investment Manager.

The Company's investment objective is that the Fund will seek to provide Shareholders with a target performance linked to the performance of the FTSE China A All Cap Free Index purchasing a portfolio of transferable securities that may (but is not obliged to) comprise all or a representative sample of the constituent securities of the FTSE China A All Cap Free Index.

The Investment Manager is responsible for the operation of the risk management process, including the measurement of risk of the Fund portfolio at any given time.

The Fund is managed by a portfolio manager.

The portfolio manager is supported by a trade order management system ("TOMS"), which is designed to manage the implementation of the portfolio manager's strategy and assist in the process of managing the Fund.

These systems generate exception reports highlighting any inconsistency between the Fund's investment objectives and restrictions, and the Fund's portfolios.

The risk management team is a unit of the Investment Manager and is independent of the portfolio managers. It is responsible for the day to day risk monitoring process in respect of the Investment Manager's duties. Global exposure, position and counterparty exposure are monitored by the risk management team. The risk management process is supported by the Investment Manager's internal systems which are designed to assess the Fund's risk and exposures on a daily basis.

The Investment Manager will report in writing confirming compliance with the guidelines laid down in the Risk Management Policy document and the Prospectus, at least monthly to the named Designated Person, and will report to the Board of Directors at least quarterly.

B) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the three following types of risk:

- interest rate risk,
- currency risk, and
- other price risk

Being a passive index strategy, the Investment Manager aims to verify and ensure that the individual market risks to which the Fund is exposed are in line with the risks of the relevant reference index.

(i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and the future cash flows.

The Fund's financial assets other than cash are non-interest bearing, and consequently the Fund's exposure to interest rate risk is minimal.

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2. Financial risks (continued)

B) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

As at 31 December 2017 all assets and liabilities held by the Fund are in RMB and therefore not exposed to any foreign currency risk. However, since the Fund is denominated in RMB, non RMB based investors are exposed to fluctuation in the RMB exchange rate against their base currencies and may incur substantial capital loss due to foreign exchange risk. There is no assurance that RMB will not be subject to deviation. In which case, the value of their investments will be adversely affected.

The Fund, in line with the securities comprising their underlying indices, is exposed to the currency risk of the respective reference index. The Investment Manager monitors the Fund's currency risk to ensure that it replicates that of the securities comprising the underlying index (FTSE China A All Cap Free Index).

(iii) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market price (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or similar financial instruments traded in the market. For the Fund this risk is in line with the risk of the reference index.

(iii) (a) Other price risk – sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial year ended 31 December 2017. These movements may be different from the long term volatility of the index.

As detailed in the following tables, the decrease in the index (FTSE China A All Cap Free Index) at 31 December 2017, with all other variables held constant, would have resulted in an estimated decrease in the net assets attributable to holders of redeemable participating shares as follows:

Number of index units as of 31 December 2017	Index close at 31 December 2017	Index close assuming a 1% downward movement	Monetary impact of a
			1% downward movement of the index RMB
146,425,340	13,195.72	13,063.76	1,458,396.39

Number of index units as of 31 December 2016	Index close at 31 December 2016	Index close assuming a 1% downward movement	Monetary impact of a
			1% downward movement of the index RMB
128,475,120	9,970.30	9,870.60	1,279,612.19

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2. Financial risks (continued)

B) Market risk (continued)

iii) Other price risk (continued)

(iii) (a) Other price risk – sensitivity analysis (continued)

If the Benchmark Index, at 31 December 2017, had increased by 1% with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares of the Fund by approximately RMB 1,458,396.39 (31 December 2016: RMB 1,279,612).

Based on historic movements and volatilities in these market variables, and management's knowledge and experience of the financial markets, it was determined that the movement listed above are reasonably possible over the financial year.

C) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Depositary on behalf of the Fund took physical receipt of the cash and securities. The cash and securities are held by the Depositary on behalf of the Fund and the credit risk exposure of the Fund is therefore considered minimal as all securities deposited with the Depositary will be clearly identified as being assets of the Fund.

The Company's Depositary is HSBC Institutional Trust Services (Ireland) DAC (the "Depositary"). HSBC Bank plc holds the cash balances of the Company on behalf of the Depositary.

All of the cash assets of the Fund held by the Depositary are placed on deposit with an affiliate of the Depositary, HSBC Bank plc. Cash deposited with the Depositary is held on its Statement of Financial Position.

In accordance with usual banking practice, the Depositary's liability to the Company in respect of such cash deposits shall be that of debtor and the Company will rank as a general creditor of the Depositary.

The financial assets are held with the Depositary. These assets are held distinct and separately from the proprietary assets of the Depositary. Securities are clearly recorded to ensure they are held on behalf of the Company. Bankruptcy or insolvency of the Depositary and or one of its agents or affiliates may cause the Company's rights with respect to the securities held by the Depositary to be delayed.

HSBC Institutional Trust Services (Ireland) DAC is a wholly owned subsidiary of HSBC Holdings Plc. As at 31 December 2017 HSBC Holdings Plc had a long term rating from Standard & Poor of A (31 December 2016: A).

Risk is managed by monitoring the credit quality and financial positions of the Depositary the Company uses.

As already mentioned, the Company's non-cash assets held by the Depositary are segregated from the proprietary assets of the Depositary and are held in accounts in the name of the Depositary designated for the Company.

The Company is exposed to credit risk through the use of a Depositary, Sub-Depositary or Third Party bank. The bankruptcy or insolvency of any of these parties may cause the Company's rights with respect to its assets held by these entities to be delayed or limited.

D) Liquidity risk

Liquidity risk is the risk that a Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity is managed by investing predominantly in UCITS eligible listed securities that are traded in an active market and can be readily disposed. The Company has therefore limited exposure to liquidity risk.

Redeemable Shares are redeemed on demand at the holder's option.

The tables overleaf analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining financial year at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in RMB.

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2. Financial risks (continued)

D) Liquidity risk (continued)

As at 31 December 2017	Less than 7 days RMB	7 days to 1 month RMB	1 – 3 months RMB	More than 3 months RMB	Total RMB
Creditors	-	418,105	-	-	418,105
Net assets attributable to holders of Redeemable Shares	146,425,340	-	-	-	146,425,340
Total financial liabilities	146,425,340	418,105	-	-	146,843,445

As at 31 December 2016	Less than 7 days RMB	7 days to 1 month RMB	1 – 3 months RMB	More than 3 months RMB	Total RMB
Creditors	-	721,531	-	-	721,531
Net assets attributable to holders of Redeemable Shares	128,475,120	-	-	-	128,475,120
Total financial liabilities	128,475,120	721,531	-	-	129,196,651

E) Secondary market trading risk

Even though the Shares may be listed on one or more relevant stock exchanges, there can be no certainty that there will be liquidity in the Shares on any relevant stock exchange or that the market price at which the Shares may be traded on a relevant stock exchange will be the same as or approximately equal to the Net Asset Value per Share.

As the Shares may be dealt in by means of subscription and redemption, the Directors consider that large discounts or premiums in the Net Asset Value of a Fund would not be sustainable. There can be no guarantee that once the Shares are listed on a relevant stock exchange they will remain listed or that the conditions of listing will not change.

Trading in Shares on a relevant stock exchange may be halted or suspended due to market conditions or for the reason that, in the relevant stock exchange's view, trading in the Shares is inadvisable, or otherwise pursuant to the relevant stock exchange's rules. If trading on a relevant stock exchange is halted, investors may not be able to sell their Shares until trading resumes however such investors should be able to apply to the Company to redeem Shares in accordance with the provisions set out in the Prospectus.

F) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis as the Fund is subject to subscriptions and redemptions at the discretion of the Shareholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

G) Fair value information

IFRS7 'Financial Instruments: Disclosures' requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities in the Statement of Financial Position. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

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2. Financial risks (continued)

G) Fair value information (continued)

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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 asset or liability.

The Fund considers observable data to be that 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 market.

The fair value of financial assets and liabilities traded in an active market (such as trading securities) are based on mid-market prices at the close of trading on the financial year end date. The quoted market price used for financial assets held by the Fund is the closing mid-market price.

A financial instrument is regarded as quoted in an active market if the 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.

In the event that market quotes are not readily available for either of these inputs the value of the relevant input will be determined in good faith by the Administrator or another independent service provider, generally based upon recommendations provided by the Investment Manager.

The carrying values of other receivables and payables approximates their fair value.

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in RMB.

As at 31 December			
2017	Level 1	Level 2	Level 3
Assets			
Financial assets held for trading:			
- Equity securities	141,795,732	-	-
Total assets	141,795,732	-	-

As at 31 December			
2016	Level 1	Level 2	Level 3
Assets			
Financial assets held for trading:			
- Equity securities	126,915,999	1,256,569	-
Total assets	126,915,999	1,256,569	-

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2. Financial risks (continued)

G) Fair value information (continued)

There were no level 3 investments held by the Company at the financial year ended 31 December 2017.

Shenwan Hongyuan Group was an equity investment listed on the Stock Exchange of Hong Kong which had been suspended for trading on 26 December 2016, and price remained stated as at 31 December 2016. Shenwan Hongyuan Group resumed trading in the stock exchange from 26 January 2017. The value of Shenwan Hongyuan Group was RMB 1,256,569 and had been transferred to level 2 during the financial year end 31 December 2016.

There were no transfers between levels during the financial year ended 31 December 2017. The following table includes level transfer from Level 1 to Level 3 and reconciliation of level 3 investments for the financial year ended 31 December 2016.

All the transfers have been occurred as at the financial year end.

	31 December 2017 RMB	31 December 2016 RMB
Opening balance	-	5,359,576
Sales of investments	-	(4,309,758)
Realised (loss)/gain	-	1,944,324
Net unrealised loss	-	(2,994,142)
Closing balance	-	-

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

The Schedule of investments shows the equities split by level, country of origin and industry group. All equities are classified as Level 1.

3. Net gains/(losses) on financial assets at fair value through profit or loss

	Financial year ended 31 December 2017 RMB	Financial year ended 31 December 2016 RMB
Realised gains on sale of investments	16,416,780	4,077,200
Unrealised appreciation/ (depreciation) on investments	17,655,766	(6,662,051)
	34,072,546	(2,584,851)

4. Other income

	Financial year ended 31 December 2017 RMB	Financial year ended 31 December 2016 RMB
Subscriptions and redemptions fee income	633,554	370,136
	633,554	370,136

Subscription and redemption fees will be incurred on each share by shareholders and will not be incurred by the Company on behalf of the Fund and will not affect the Net Asset Value of the Fund. The total subscription charge and primary market transaction charge charged to a subscribing investor will not exceed 5% and the total redemption charge and primary market transaction charge charged to a redeeming investor will not exceed 3%.

5. Operating expenses

	Financial year ended 31 December 2017 RMB	Financial year ended 31 December 2016 RMB
Management fees	1,258,747	1,121,096
Transaction costs	421,873	277,747
Administration fees	127,146	113,242
Depositary fees	25,429	22,648
Other operating expenses	35,044	22,611
	1,868,239	1,557,344

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5. Operating expenses (continued)

All other expenses are paid by the Manager or the Promoter as at the financial year ended 31 December 2017. These expenses include Directors fees and expenses of RMB 275,889 (31 December 2016: RMB 271,318), Auditors' fees of RMB 84,452 (31 December 2016: RMB 189,377) and Legal fees of RMB 561,462 (31 December 2016: RMB: 287,508).

6. Management fees

The Management Fee, a percentage of the Net Asset Value of the Class of Shares, is payable by the Company out of the assets of the Fund to the Manager. The Management Fee accrues on each day and is calculated on each Dealing Day and paid monthly in arrears.

The Manager pays the fees and expenses (and not out of the assets of the Fund) of the Investment Manager, Directors and ordinary fees, expenses and costs incurred by the Fund that include setting up costs and other administrative expenses.

The fees in the table below are expressed as a percentage per annum of the Fund's net asset value.

Fund	% Rate per annum Up to*
CSOP Source FTSE China A50 UCITS ETF	0.99%

* The Management fee can be up to this percentage per annum or such lower amount as may be advised to Shareholders from time to time.

The Total Expense Ratio ("TER") is expressed as a percentage of the Net Asset Value of Share Class A, which represents all legitimate fees and expenses payable by the Company (including the Manager's, Investment Manager's, Administrator's and Depository's fees) on behalf of Share Class A whatever the basis of their calculation, including any VAT applicable, although excluding any Fund or Company Level taxes.

Currently the TER for Class A is up to 1.15% of the Net Asset Value. Where the TER is exceeded, the Manager will be responsible for making up the shortfall of such fees and expenses.

7. Cash and cash equivalents

	As at 31 December 2017 RMB	As at 31 December 2016 RMB
HSBC Bank plc	5,005,713	982,083
	5,005,713	982,083

*Cash held is unsegregated.

Under the Investment Regulations, the Company is subject to the Renminbi Qualified Foreign Institutional Investor ("RQFII") programme. As a result it is required to hold on deposit a minimum clearing reserve. This amount is calculated as a percentage of the China RQFII Quota, as determined by the China Securities Depository & Clearing Corporation Limited ("CSDCC") Shanghai and Shenzhen branches. As at 31 December 2017, this clearing reserve, held in HSBC Shanghai, amounted to RMB 42,000 (31 December 2016: RMB 42,000).

8. Creditors (amounts falling due within one year)

	As at 31 December 2017 RMB	As at 31 December 2016 RMB
Management fees	307,871	642,636
Administration fees	70,664	55,368
Trustee fees	39,570	23,527
	418,105	721,531

All other expenses payable are paid by the Manager. Included in these are Directors fees and expenses payable of RMB 68,617 (31 December 2016: RMB 388,489), Auditors' fees payable of RMB 84,452 (31 December 2016: RMB 192,632) and Legal fees payable of RMB 540,629 (31 December 2016: RMB 166,867).

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9. Auditors' Remuneration

The remuneration for all work carried out by the statutory audit firm in respect of the financial year is as follows

	Financial year ended 31 December 2017 RMB	Financial year ended 31 December 2016 RMB
Statutory audit of company Financial Statements	84,452	70,540
Other non-audit services	-	118,837
	84,452	189,377

RMB 84,452 was outstanding at the financial year end (31 December 2016: RMB 192,632). The above fees are presented exclusive of VAT and are paid by the Manager.

10. Related party transactions

In accordance with the requirements of the Central Bank UCITS Regulations all transactions carried out with the Company by the promoter, investment manager, depository, investment adviser and associates/group companies ("connected persons") must be carried out as if negotiated at arm's length and be in the best interests of shareholders. The Directors are satisfied that there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out in the Central Bank UCITS Regulations are applied to all transactions with connected persons and transactions with connected persons entered into during the financial year complied with the obligations set out in the Central Bank UCITS Regulations.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following are related parties:

- The Manager, Source Investment Management Limited.
- The Promoter, Invesco UK Services Limited.
- Mr. Mike Kirby is the Managing Principal at KB Associates. KB Associates is a firm which provides consultancy, MLRO and Company secretarial services.
- The Investment Manager, CSOP Asset Management Limited.

Manager

The Company has appointed Source Investment Management Limited to act as Manager to the Company and each Fund. The Manager forms part of the Invesco group of companies, the parent of which is Invesco Limited, a US publicly traded company listed on the New York Stock Exchange with ticker IVZ.

The Funds accrued RMB 1,258,747 (31 December 2016: RMB 1,121,096) to the Manager during the financial year to 31 December 2017; of which RMB 307,871 (31 December 2016: RMB 642,636) was outstanding at 31 December 2017.

Directors

The amount paid to Directors in the financial year ended 31 December 2017 by the Manager and the amounts outstanding at 31 December 2017 and 31 December 2016 are disclosed in Note 5 (Operating Expenses) and Note 8 (Creditors) respectively.

Mike Kirby is a Director of the Company, the Manager and the principal of KB Associates which provides consultancy services to the Manager.

The Fund accrued RMB 275,889 (31 December 2016: RMB 271,318) to the Directors during the financial year to 31 December 2017; of which RMB 68,617 (31 December 2016: RMB 388,489) was outstanding at 31 December 2017.

The Fund accrued RMB 188,740 (31 December 2016: RMB 148,068) to KB Associates for consultancy services during the financial year to 31 December 2017; of which RMB 48,091 (31 December 2016: RMB 36,650) was outstanding at 31 December 2017. These fees are presented exclusive of VAT and paid by the Manager.

Chen Ding was a Director of the Company until she resigned on 5 October 2017 and is the Chief Executive Officer and Chief Investment Officer of the Investment Manager.

Choe Yong Ng is a director of the company and is the Chief Operating Officer of the Investment Manager.

Helen Lingli Zhou is a Director of the Company.

Details of the Management fees are disclosed in Note 5, Note 6 and Note 8.

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10. Related party transactions (continued)

Directors (continued)

Feargal Dempsey is a Director of the Company and a Director of the Manager.

The Directors had no direct or indirect interest in any shares in issue by the Company as at 31 December 2017 (2016: None).

Authorised Participants

Goldman Sachs International, Bank of America Merrill Lynch International Limited, J.P. Morgan Securities Limited and UBS AG are Authorised Participants to the Fund.

There were no brokerage fees accrued or paid to the Authorised Participants during the financial year ended 31 December 2017 (31 December 2016: Nil).

Shareholdings in redeemable shares

Authorised Participants may purchase and hold Redeemable Shares in the Fund for trading purposes. In addition, the Authorised Participants may hold Redeemable Shares on behalf of clients, on their own account or for the purpose of providing seed capital to the Funds. These holdings may on occasion constitute a large portion of the Fund. As at 31 December 2017, there are 4 shareholders who had entitlement of 10% or more in the shares in issue of the Fund of the Company. There is no requirement (expressed or implied) on Authorised Participants to maintain positions in a Fund at any time.

11. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event" for certain investors not satisfying one of the criteria outlined below.

A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares and the holding of Shares at the end of each 8 year period beginning with the acquisition of such Shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a) a Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, is held by the Company, or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- b) certain exempted Irish tax resident Shareholders who have provided the Company with the necessary signed statutory declarations.
- c) any transaction (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners will not constitute a chargeable event. It is the current intention of the Directors that all the Shares in the Company will be held in recognised clearing systems.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its Shareholders.

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12. Share capital

The authorised share capital of the Company is 2 subscriber shares of €1 each and 1,000,000,000,000 shares of no par value initially designated as unclassified shares and available for issue as shares.

Redeemable shares in issue	Financial year ended 31 December 2017	Financial year ended 31 December 2016
Number of Class A Accumulating Redeemable Shares Issued and Fully Paid		
Balance at beginning of financial year	1,156,206	892,719
Issued during financial year	951,000	860,000
Redeemed during financial year	(1,116,250)	(596,513)
Total number of Class A Accumulating Redeemable Shares in issue at end of financial year	990,956	1,156,206

	As at 31 December 2017 RMB	As at 31 December 2016 RMB	As at 31 December 2015 RMB
Total Net Asset Value			
Class A Accumulating Redeemable Shares	146,425,340	128,475,120	103,772,227
Dealing Net Asset Value per Redeemable Share Class A Accumulating Redeemable Shares	147.76	111.12	116.24

13. Soft commission arrangements

It is not currently intended that any soft commission arrangements will be made in respect of the Company.

There were no soft commission arrangements in the current financial year.

14. Comparative figures

Comparative figures for the Statement of Comprehensive Income, the Statement of Changes in Net Assets attributable to Holders of Redeemable Shares and the Statement of Cash Flows and related notes are those for the financial year ended 31 December 2016. The comparative figures disclosed in the Statement of Financial Position and related notes are those of 31 December 2016 throughout.

15. Operating segment

IFRS requires disclosure in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income, which may consist of interest and dividends. Management have determined that the CODM is the Board of Directors.

The internal reporting provided to the Board of Directors for the Company assets and liabilities and performance is prepared on a consistent basis with the measurement and recognition of IFRS.

All revenues are derived from financial assets and are attributable to a country based on the domicile of the issuer of the instrument. The Schedule of Investments discloses the investments of the Fund at their fair value by their respective country of origin. The table below shows the breakdown of the interest income and dividend income.

As at 31 December 2017	Country	Currency	Dividend Income	Interest Income
Financial year ended 31 December 2017	China	RMB	2,748,727	9,599
Financial year ended 31 December 2016	China	RMB	3,064,422	3,926

16. Significant events during the financial year

With effect from 8 May 2017, the Registered Office of the Company, the Manager and MFD Secretaries Limited ("the Secretary"), previously located at Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland, has moved to 32, Molesworth Street, Dublin 2, Ireland.

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16. Significant events during the financial year (continued)

At the end of April 2017, Invesco Ltd has entered into a definitive agreement to acquire the promoter and the manager of the Company. On 18 August 2017, Invesco Ltd announced that it has completed the acquisition of the Promoter and the Manager of the Company. Details of this acquisition can be found on www.powersharesetf.com.

The supplement of CSOP Source FTSE China A50 UCITS ETF was issued to reflect the change in the underlying use of the index from FTSE China A50 Index to the FTSE China A All Cap Free Index on 22 September 2017.

Ms. Chen Ding resigned as a Director of the Company on 5 October 2017.

Mr. Choe Yong Ng was appointed as a Director of the Company on 5 October 2017.

There were no other significant events during the financial year which need to be disclosed in this Financial Statements.

17. Post balance sheet events

Board meeting on 20 March 2018 to approve Company name change.

On 23 March 2018 the promoter Source UK Services Limited has changed its name to Invesco UK Services Limited.

On 23 March the registered office of the Promoter changed from;

9th Floor, 110 Cannon Street
London EC4N 6EU
United Kingdom

to

Perpetual Park,
Perpetual Park Drive,
Henley-on-Thames,
Oxfordshire, RG9 1 HH, UK

There were no other subsequent events requiring recognition or disclosure in the Financial Statements.

18. Approval of financial statements

The Financial Statements were approved by the Board on 24 April 2018.

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Schedule of investments

As at 31 December 2017

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2016.

Holdings	Financial assets at fair value through profit or loss	Fair value RMB	% of net assets	Holdings	Financial assets at fair value through profit or loss	Fair value RMB	% of net assets
	Equities: 96.84% (2016: 99.76%)				Engineering & Construction: 3.97% (2016: 6.21%)		
	China: 96.84% (2016: 99.76%)			38,661	China Communications Construction	494,861	0.34
	Auto Manufacturers: 2.35% (2016: 2.27%)			104,057	China Railway Construction	1,159,195	0.79
21,000	BYD	1,366,050	0.94	140,900	China Railway Group	1,182,151	0.81
64,630	SAIC Motor Corporation	2,070,745	1.41	328,871	China State Construction Engineering	2,966,417	2.03
	Automobiles: 0.24% (2016: 0.25%)				Financial Services: 0.84% (2016: 1.83%)		
14,500	Guangzhou Automobile Group	357,570	0.24	71,591	Huatai Securities	1,235,661	0.84
	Banks: 37.99% (2016: 48.98%)				Food: 3% (2016: Nil)		
967,010	Agricultural Bank of China	3,703,649	2.53	136,600	Inner Mongolia Yili Industrial Group	4,397,154	3.00
355,069	Bank of Beijing	2,538,743	1.73		Home Improvements: 4% (2016: 2.76%)		
577,569	Bank of China	2,292,949	1.57	105,647	Midea Group	5,856,014	4.00
548,557	Bank of Communications	3,406,539	2.33		Insurance: 12.76% (2016: 12.71%)		
21,390	Bank of Shanghai	303,310	0.21	39,975	China Life Insurance	1,217,239	0.83
74,627	China CITIC Bank	462,687	0.32	68,885	China Pacific Insurance	2,853,217	1.95
246,722	China Construction Bank	1,894,825	1.29	17,952	New China Life Insurance	1,260,231	0.86
381,869	China Everbright Bank	1,546,569	1.06	190,732	Ping An Insurance	13,347,425	9.12
322,224	China Merchants Bank	9,350,940	6.39		Investment Companies: Nil (2016: 0.98%)		
631,514	China Minsheng Banking	5,298,402	3.62		Investment Services: 1.15% (2016: 1.74%)		
212,983	CITIC Securities	3,854,992	2.63	90,600	Guotai Junan Securities	1,677,912	1.15
68,846	GF Securities	1,148,351	0.78		Oil & Gas: 1.71% (2016: 2.34%)		
164,060	Haitong Securities	2,111,452	1.44	261,873	China Petroleum & Chemical	1,605,281	1.10
591,100	Industrial & Commercial Bank of China	3,664,820	2.50	110,957	Petra China Company	897,643	0.61
379,662	Industrial Bank	6,450,457	4.41		Pharmaceuticals: Nil (2016: 0.51%)		
197,639	Ping An Bank	2,628,599	1.80		Pharmacies & Drug Stores: 1.67% (2016: Nil)		
394,121	Shanghai Pudong Development Bank	4,961,983	3.38	35,500	Jiangsu Hengrui Medicine	2,448,790	1.67
	Beverages: 8.33% (2016: 5.89%)				Real Estate: 3.76% (2016: Nil)		
12,090	Kweichow Moutai	8,432,654	5.76	177,200	China Vanke	5,503,832	3.76
47,200	Wuliangye Yibin	3,770,336	2.57		Real Estate Holding & Development: 2.56% (2016: 2.89%)		
	Building Materials: 1.69% (2016: 2.12%)			56,300	China Merchants Shekou Industrial Zone	1,101,228	0.75
204,100	CSR	2,471,651	1.69	187,200	Poly Real Estate Group	2,648,880	1.81
	Coal: 0.86% (2016: 0.89%)				Shipbuilding: Nil (2016: 1.74%)		
54,222	China Shenhua Energy	1,256,324	0.86		Steel-Producers: 0.84% (2016: Nil)		
	Computer Hardware: 1.48% (2016: 0.21%)			142,900	Baoshan Iron & Steel	1,234,656	0.84
153,600	Focus Media Information Technology	2,162,688	1.48		Telecommunications: 0.90% (2016: Nil)		
	Computers: 2.24% (2016: Nil)			208,500	China United Network Communications	1,319,805	0.90
567,600	Boe Technology Group	3,286,404	2.24		Transport Support Services: 0.38% (2016: 0.46%)		
	Consumer Electronics: 2.02% (2016: 1.05%)			82,591	Shanghai International Port	549,230	0.38
75,962	Hangzhou Hikvision	2,962,518	2.02		Transportation: Nil (2016: 1.05%)		
	Distillers & Vintners: 0.95% (2016: 0.71%)				Total China	141,795,732	96.84
12,100	Jiangsu Yanghe Brewery	1,391,500	0.95				
	Electric: 1.15% (2016: 1.40%)				Total Equities	141,795,732	96.84
108,480	China Yangtze Power	1,691,203	1.15				
	Electronic Equipment: Nil (2016: 0.77%)						

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Schedule of investments (continued)

As at 31 December 2017

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2016.

	Fair value RMB	% of net assets
Total value of investments	141,795,732	96.84
Cash and cash equivalents*	5,005,713	3.42
Other net liabilities	(376,105)	(0.26)
Net assets attributable to holders of redeemable participating shares	146,425,340	100.00

*All cash holdings are held with HSBC Bank plc.

	% of Total Assets
Analysis of Total Assets	
Transferable securities admitted to official stock exchange listing	96.56
Cash and cash equivalents	3.41
Clearing reserve	0.03
	100.00

All equity positions held by the Company at 31 December 2017 and as at 31 December 2016 all equity positions (with the exception of the investment held in Shenwan Hongyuan Group) are classified as Level 1.

The investments in Shenwan Hongyuan Group was classified as Level 2 at 31 December 2016. See Note 2(G) for further details.

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Unaudited Schedule of Material Portfolio Changes

For the year ended 31 December 2017

CSOP Source FTSE China A50 UCITS ETF

Purchases	Cost RMB
324,300 Ping An Insurance	14,584,323
342,800 China Merchants Bank	7,410,949
400,200 Industrial Bank Company	6,833,499
204,800 China Vanke	6,009,455
669,400 China Minsheng Banking	5,855,061
12,800 Kweichou Moutai	5,210,658
349,000 Shanghai Pudong Development Bank	5,175,263
136,600 Inner Mongolia Yili Industrial Group	4,298,554
351,000 Focus Media Information Technology	4,189,935
107,300 Midea Group	3,964,077
225,700 Citic Securities	3,782,114
581,400 Bank of Communications	3,634,644
1,024,900 Agricultural Bank of China	3,510,466
348,500 China State Construction Engineering	3,239,193
626,400 Industrial & Commercial Bank of China	3,150,627
340,800 Bank Of Beijing	3,033,259
708,200 BOE Technology Group	2,790,102
174,000 Haitong Securities CompanyLtd	2,675,572
245,400 CRRC Corporation	2,479,137
50,500 Wuliangye Yibin	2,294,202
612,200 Bank of China	2,291,836
73,200 China Pacific Insurance	2,258,508
284,100 China United Network	2,211,659
42,300 Jiangsu Hengrui Medicine	2,161,160
209,400 Ping An Bank	2,107,453
68,500 Hangzhou Hikvision	1,993,706
191,300 Poly Real Estate Group	1,956,430
71,400 SAIC Motor Corporation	1,944,903
96,800 Guotai Junan Securities	1,907,197
404,800 China Everbright Bank	1,697,941
277,400 China Petroleum and Chemical Corporation	1,640,250
262,200 China Constructions Bank	1,624,248
114,800 China Yangtze Power	1,594,825
76,200 Huatai Securities	1,409,886

The Statement of Significant Purchases and Sales reflect the aggregate purchases of a security exceeding one percent of the total value of purchases and aggregate disposals of a security greater than one percent of the total sales for the financial year. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the year is available, upon request, at no extra cost from the Administrator.

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Unaudited Schedule of Material Portfolio Changes

For the year ended 31 December 2017(continued)

CSOP Source FTSE China A50 UCITS ETF

Sales	Proceeds RMB
463,300 Ping An Insurance	21,478,118
444,400 China Merchants Bank	9,340,234
511,700 Industrial Bank Company	8,454,001
863,200 China Minsheng Banking	7,429,428
16,900 Kweichou Moutai	7,126,935
414,800 Shanghai Pudong Development Bank	6,260,686
291,000 Citic Securities	4,825,811
749,600 Bank of Communications	4,546,810
1,321,300 Agricultural Bank of China	4,443,748
127,700 Midea Group	4,411,815
449,300 China State Construction Engineering	4,086,996
807,600 Industrial & Commercial Bank of China	3,997,858
418,999 Bank of Beijing	3,809,408
224,700 Haitong Securities CompanyLtd	3,442,841
501,197 China Shipbuilding Industry	3,291,716
320,500 CRRC Corporation	3,250,387
65,800 Wuliangye Yibin	2,956,962
94,500 China Pacific Insurance	2,893,831
789,300 Bank of China	2,884,045
270,000 Ping An Bank	2,620,705
250,840 Focus Media Information Technology	2,617,753
89,698 SAIC Motor Corporation	2,440,773
126,300 Guotai Junan Securities	2,397,065
73,100 Hangzhou Hikvision	2,170,789
357,700 China Petroleum and Chemical Corporation	2,122,249
216,300 Poly Real Estate Group	2,109,026
521,800 China Everbright Bank	2,091,715
148,200 China Yangtze Power	2,067,012
339,600 China Constructions Bank	2,056,666
215,900 China Railway Group	1,907,034
252,300 China National Nuclear Power	1,837,105
255,476 Daqin Railway	1,776,296
98,400 Huatai Securities	1,772,622
142,200 China Railway Construction	1,731,542
95,900 GF Securities	1,628,599
279,751 Shenwan Hongyuan	1,621,166

The Statement of Significant Purchases and Sales reflect the aggregate purchases of a security exceeding one percent of the total value of purchases and aggregate disposals of a security greater than one percent of the total sales for the financial year. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the financial year is available, upon request, at no extra cost from the Administrator.

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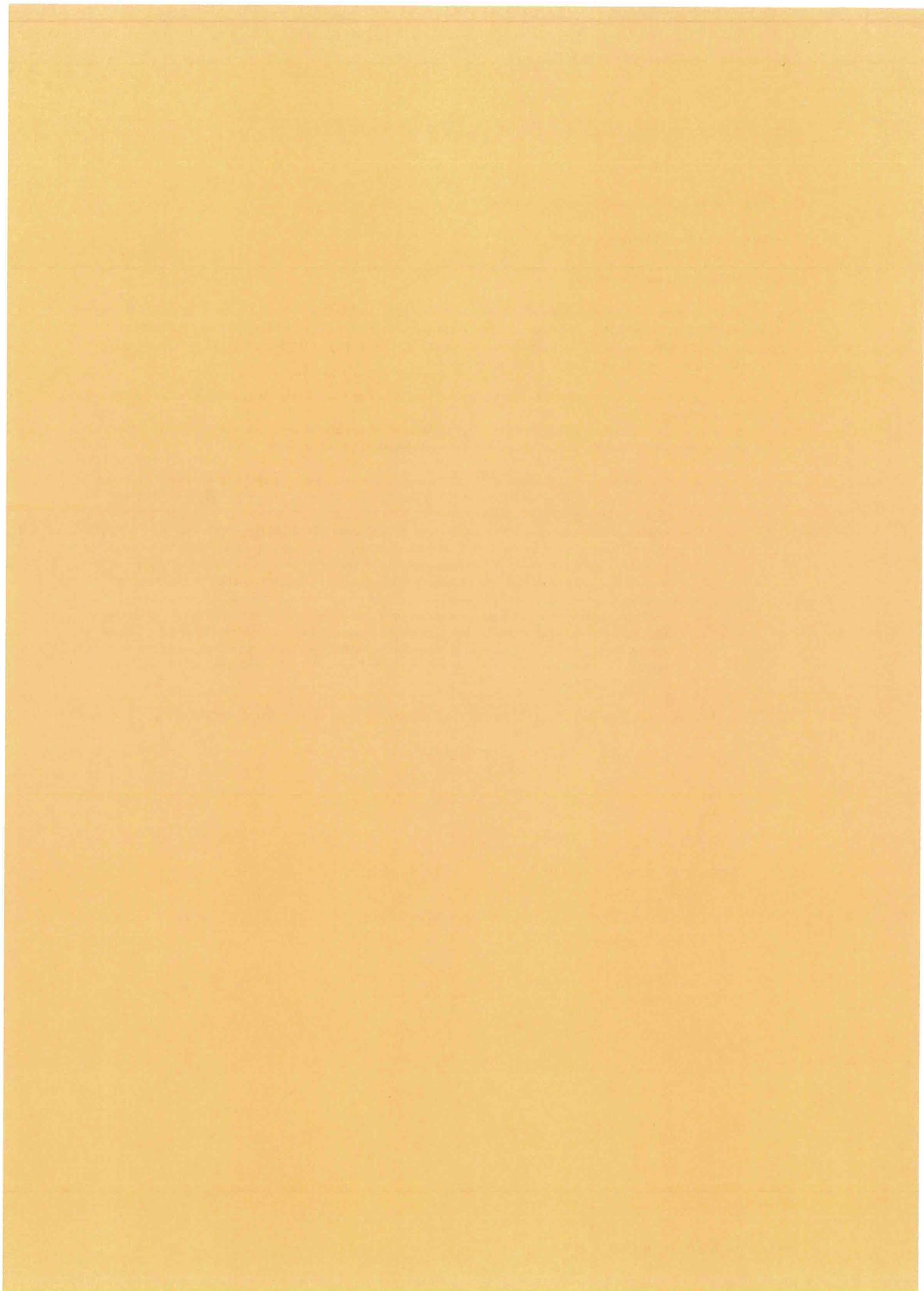
Disclosure of Remuneration Policy (Unaudited)

For the year ended 31 December 2017

Remuneration Disclosure (Unaudited)

Regulation 89(3A) of the UCITS Regulations (as introduced pursuant to the UCITS V Regulations on 21 March 2016) requires that the annual report of the Company contains certain disclosures on remuneration paid by the Company to its staff during the financial year and details of any material changes to the Company's remuneration policy made during the period. In this regard, the following points are to be noted:

- The Company has adopted a remuneration policy outlining how it adheres to the remuneration requirements set out in the UCITS Regulations.
- This disclosure includes all staff whose professional activities have a material impact on the risk profile of the Company ("Identified Staff"). The Company has deemed Identified Staff to include:
 - The Directors of the Company. The Company has no employees or staff that it employs and pays directly. The Company has a Board of Directors, one of whom is an employee of the Investment Manager and receives no remuneration from the Company. The remaining three directors, two of whom are non-executive and one who is an independent non-executive, receive a fixed fee only (for the year ended 31 December 2017; € 35,959 in aggregate) and do not receive variable remuneration. These fees are set at a level that reflects the qualifications and contribution required taking into account the Company's size, internal organisation and the nature, scope and complexity of its activities.
 - The Designated Persons. The services of two designated persons are provided to the Company pursuant to a management services agreement between the Company and Clifton Fund Consulting Limited trading as KB Associates, in respect of which a fixed fee only is paid and such designated persons do not receive any variable remuneration. The fee for the year ended 31 December 2017 was € 24,600 in aggregate.
- No material changes have been made to the Remuneration Policy since the Board adopted the policy.



We are an independent ETF provider striving to make investing more accessible and affordable for everyone. We are free to work with the best global experts to provide the funds you really need. As well as core funds for your portfolio, we have some interesting investment strategies that you won't find from other providers. Our independence also means that we are very competitively priced. Finally, we are completely transparent about costs, risks and everything else. With us, what you see is what you get.

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