



VALUE KOREA ETF (Stock code: 3041)

A Sub-fund of Value ETFs Trust

SEMI-ANNUAL REPORT 2014

For the six months ended 30 September 2014

Sensible Asset Management Hong Kong Limited

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In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text.

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(A Hong Kong Umbrella Unit Trust)

GENERAL INFORMATION

Investment Manager

Sensible Asset Management Hong Kong Limited
9th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

Sub-investment Manager

Value Partners Hong Kong Limited
9th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

Directors of the Investment Manager

Mr Chow Wai Chiu William
Mr So Chun Ki Louis

Trustee and Registrar

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

Legal Advisor

Simmons & Simmons
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditor

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

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate award		
2012	•	2012 The Asset Triple A Investment Awards Highly Commended ETF House for Hong Kong <i>– The Asset</i>

MANAGER'S REPORT

Value Korea ETF (“the Fund”) is an index-tracking exchange traded fund whose units are listed and traded on the Stock Exchange of Hong Kong Limited (“SEHK”). The Fund aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks Korea Index (“the Index”) by holding a portfolio of the constituent stocks of the Index. The Index comprises 35 value stocks amongst Korean companies’ shares listed on The Korea Exchange.

As at 30 September 2014, the Net Asset Value (“NAV”) per unit of the Fund was KRW4,421.9212, and 2,250,000 units were outstanding. The total size of the Fund was approximately KRW9,949 million.

A summary of the performance of the Index and the Fund is given below.

	From 1 Apr 2014 to 30 Sep 2014	2014 YTD (as at 30 Sep)	Since inception (from 23 May 2012 to 30 Sep 2014)
Total return in KRW			
FTSE Value-Stocks Korea Index	5.6%	1.9%	31.4%
Value Korea ETF	4.3%	-0.3%	20.7%

The difference in performance between the FTSE Value-Stocks Korea Index and the Value Korea ETF is mainly attributed to fees and expenses, and security misweightings. The historical tracking error for the NAV of the Fund against the FTSE Value-Stocks Korea Index was at 63 basis points on an annualized basis since its inception on 23 May 2012.

Sensible Asset Management Hong Kong Limited

20 November 2014

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in KRW, NAV to NAV with dividends reinvested, as at 30 September 2014. Performance data is net of all fees.

Investors should note that investment involve risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the prospectus for details and risk factors in particular those associated with investment in emerging markets and the arrangement in the event that the Fund is de-listed. Investors should also note that the Fund is different from a typical retail investment fund, in particular, units in the Fund may only be created or redeemed directly by a participating dealer in large unit size.

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2014

	30.9.2014	31.3.2014
	KRW	KRW
Assets		
Financial assets at fair value through profit or loss	9,929,818,650	10,688,415,670
Dividend receivables	–	94,974,730
Prepayments and other receivables	24,837,260	8,148,451
Cash and cash equivalents	36,584,797	51,686,193
	<u>9,991,240,707</u>	<u>10,843,225,044</u>
Total assets	----- 9,991,240,707	----- 10,843,225,044
Liabilities		
Audit fee payable	25,507,139	17,151,223
Management fees payable	6,231,101	6,367,819
Trustee and registrar fees payable	5,300,622	5,351,162
Other payables	4,879,057	4,699,052
	<u>41,917,919</u>	<u>33,569,256</u>
Total liabilities	----- 41,917,919	----- 33,569,256
Net assets attributable to unitholders	<u>9,949,322,788</u>	<u>10,809,655,788</u>
Net asset value per unit based on 2,250,000 (31.3.2014: 2,550,000) units outstanding	<u>4,421.9212</u>	<u>4,239.0807</u>

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2014

	Holdings	Fair value KRW	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>South Korea</i>			
Daesang Corp	2,865	147,834,000	1.49
Dongbu Insurance Co Ltd	7,275	432,862,500	4.35
Fila Korea Ltd	1,260	148,680,000	1.49
Green Cross Holdings Corp	4,275	82,507,500	0.83
GS Holdings Corp	7,620	307,086,000	3.09
Halla Holdings Corp	2,055	281,535,000	2.83
Halla Visteon Climate Control Corp	4,935	252,672,000	2.54
Handsome Co Ltd	2,010	65,526,000	0.66
Hanwha Life Insurance Co Ltd	32,385	229,933,500	2.31
Hyundai Department Store Co Ltd	2,325	373,162,500	3.75
Hyundai Marine & Fire Insurance Co Ltd	9,060	263,646,000	2.65
KB Financial Group Inc	24,600	948,330,000	9.53
Kiwoom Securities Co Ltd	1,710	87,552,000	0.88
Kolon Industries Inc	2,535	147,790,500	1.49
Korea Zinc Co Ltd	1,575	614,250,000	6.17
Korean Reinsurance Co	14,190	160,347,000	1.61
KT&G Corp	11,550	1,091,475,000	10.97
Kwang Dong Pharmaceutical Co Ltd	6,480	64,152,000	0.64
LG Fashion Corp	2,700	94,500,000	0.95
LIG Insurance Co Ltd	6,705	187,069,500	1.88
Lotte Chemical Corp	2,190	307,695,000	3.09
Lotte Food Co Ltd	112	85,344,000	0.86
Lotte Shopping Co Ltd	1,680	530,880,000	5.34
LS Industrial Systems Co Ltd	2,325	136,477,500	1.37
Meritz Securities Co Ltd	25,800	102,039,000	1.03
Mirae Asset Securities Co Ltd	3,555	158,197,500	1.59
Nong Shim Co Ltd	495	134,640,000	1.35

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2014

	Holdings	Fair value KRW	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>South Korea (Continued)</i>			
Partron Co Ltd	6,105	58,791,150	0.59
Samsung Life Insurance Co Ltd	9,285	984,210,000	9.89
SFA Engineering Corp	1,440	62,496,000	0.63
Shinhan Financial Group Co Ltd	19,395	942,597,000	9.47
Shinsegae Co Ltd	1,020	223,890,000	2.25
Sungwoo Hitech Co Ltd	4,920	84,132,000	0.85
Tongyang Life Insurance Co Ltd	5,130	58,738,500	0.59
Youngone Holdings Co Ltd	780	78,780,000	0.79
Total financial assets at fair value through profit or loss		9,929,818,650	99.80
Cash and cash equivalents		36,584,797	0.37
Other net liabilities		(17,080,659)	(0.17)
Total net assets		<u>9,949,322,788</u>	<u>100.00</u>
Total investments, at cost		<u>10,141,374,987</u>	

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	% of net assets	
	30.9.2014	31.3.2014
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
South Korea	99.80	98.88
Total financial assets at fair value through profit or loss	99.80	98.88
Cash and cash equivalents	0.37	0.48
Other net assets/(liabilities)	(0.17)	0.64
Total net assets	100.00	100.00