



VALUE KOREA ETF (Stock code: 3041)

A Sub-Fund of Value ETFs Trust

2017 SEMI-ANNUAL REPORT

For the six months ended 30 September 2017

Sensible Asset Management Hong Kong Limited

9th Floor, Nexxus Building

41 Connaught Road Central, Hong Kong

Tel: (852) 2880 9263 Fax: (852) 2564 8487

Email: operations@valueetf.com.hk

Website: www.valueETF.com.hk

In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text. This report shall not constitute an offer to sell or a solicitation of an offer to buy shares in any of the funds. Subscriptions are to be made only on the basis of the information contained in the prospectus, as supplemented by the latest semi-annual and annual reports.

CONTENTS

	<i>Pages</i>
General information	2-3
Manager's report	4
Statement of financial position (unaudited)	5
Investment portfolio (unaudited)	6-7
Statement of movements in portfolio holdings (unaudited)	8
Performance record (unaudited)	9
Investment limitation and prohibitions under the SFC code (unaudited)	10

VALUE KOREA ETF

A Sub-Fund of Value ETFs Trust
(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 So Chun Ki Louis
Dr Au King Lun
Mr Roger Anthony Hepper

Trustee and Registrar

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

Custodian

The Hongkong and Shanghai Banking
Corporation 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

Information available from:

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

Telephone : (852) 2880 9263
Fax : (852) 2564 8487
Email : operations@valueetf.com.hk
Website : www.valueETF.com.hk

GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards (ETF)	
2016	<ul style="list-style-type: none">• Value Partners ETF and Indexing Awards 2016 – Best ETF Launch – <i>Asia Asset Management & ETFI Asia</i>• Value Partners ETF and Indexing Awards 2016 – Best Commodity ETF – <i>Asia Asset Management & ETFI Asia</i>• Value Partners ETF and Indexing Awards 2016 – Best Smart Beta ETF – <i>Asia Asset Management & ETFI Asia</i>

VALUE KOREA ETF

A Sub-Fund of Value ETFs Trust
(A Hong Kong Umbrella Unit Trust)

MANAGER'S REPORT

Value Korea ETF ("the Sub-Fund") is an index-tracking exchange traded fund whose units are listed and traded on the Stock Exchange of Hong Kong Limited ("SEHK"). The Sub-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 29 September 2017, the Net Asset Value ("NAV") per unit of the Sub-Fund was KRW4,674.29, and 1,350,000 units were outstanding. The total size of the Sub-Fund was approximately KRW6,310.3 million.

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

	From 1 April 2017 to 29 September 2017	2017 YTD (as at 29 September)	Since inception
FTSE Value-Stocks Korea Index	+6.3%	+13.7%	+53.4%
Value Korea ETF	+4.6%	+10.7%	+27.6%

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 Sub-Fund against the FTSE Value-Stocks Korea Index was at 99 basis points on an annualized basis since its inception on 23 May 2012.

Sensible Asset Management Hong Kong Limited

24 November 2017

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in KRW, NAV to NAV with dividends reinvested, as at 29 September 2017. 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.

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	30.9.2017 <i>KRW</i>	31.3.2017 <i>KRW</i>
ASSETS		
Financial assets at fair value through profit or loss	6,301,775,970	6,609,215,150
Dividends receivable	–	123,268,127
Prepayments and other receivables	1,078,076	16,430,475
Cash and cash equivalents	<u>35,536,224</u>	<u>188,080</u>
TOTAL ASSETS	<u>6,338,390,270</u>	<u>6,749,101,832</u>
LIABILITIES		
Audit fees payable	11,077,489	20,846,714
Management fees payable	3,449,663	16,877,643
Trustee and registrar fees payable	507,512	568,991
Other payables	<u>13,065,556</u>	<u>6,719,067</u>
TOTAL LIABILITIES	<u>28,100,220</u>	<u>45,012,415</u>
TOTAL EQUITY	<u>6,310,290,050</u>	<u>6,704,089,417</u>
Represented by:		
Net assets attributable to unitholders	<u>6,310,290,050</u>	<u>6,704,089,417</u>
Net asset value per unit based on 1,350,000 (31.3.2017: 1,500,000) units outstanding	<u>4,674.2889</u>	<u>4,469.3929</u>

VALUE KOREA ETF

A Sub-Fund of Value ETFs Trust
(A Hong Kong Umbrella Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	Holdings	Fair value KRW	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
South Korea			
Dongbu Insurance Co Ltd	2,034	148,482,000	2.35
Halla Holdings Corp	315	19,813,500	0.31
Hanil Cement Co Ltd	162	19,035,000	0.30
Hankook Tire Co Ltd	3,231	194,506,200	3.08
Hanwha General Insurance Co Ltd	2,592	20,813,760	0.33
Hanwha General Insurance Co Ltd Rights	594	487,080	0.01
Huchems Fine Chemical Corp	918	21,986,100	0.35
Hyundai Department Store Co Ltd	657	58,078,800	0.92
Hyundai Development Co-Engineering & Construction	2,502	89,321,400	1.42
Hyundai Elevator Co Ltd	414	20,679,300	0.33
Hyundai Marine & Fire Insurance Co Ltd	2,619	118,640,700	1.88
Hyundai Mobis Co Ltd	2,754	660,960,000	10.48
Hyundai Motor Co	6,147	849,523,500	13.46
Hyundai Steel Co	3,249	171,547,200	2.72
IS Dongseo Co Ltd	576	18,921,600	0.30
Kia Motors Corp	11,160	353,214,000	5.60
Korea Electric Power Corp	11,061	431,379,000	6.84
Korea Investment Holdings Co Ltd	1,647	100,796,400	1.60
Korea Petrochemical Ind Co Ltd	117	29,016,000	0.46
Korea Real Estate Investment & Trust Co Ltd	6,948	22,997,880	0.36
Korean Reinsurance Co	3,933	44,639,550	0.71
LG Corp	3,897	314,098,200	4.98
LG Display Co Ltd	9,675	295,571,250	4.68
LG Electronics Inc	4,671	384,890,400	6.10
LG Hausys Ltd	252	22,478,400	0.36
LG Uplus Corp	8,370	111,739,500	1.77
Lotte Chemical Corp	630	238,140,000	3.77
Meritz Fire & Marine Insurance Co Ltd	2,385	58,790,250	0.93
Meritz Securities Co Ltd	12,456	54,806,400	0.87
Samsung Electronics Co Ltd	315	649,530,000	10.29
Shinsegae Inc	297	57,915,000	0.92
SK Telecom Co Ltd	981	250,155,000	3.96

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2017

	Holdings	Fair value KRW	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
South Korea (Continued)			
SKC Co Ltd	819	33,783,750	0.54
Woori Bank	22,005	392,789,250	6.22
Youngone Corp	1,296	42,249,600	0.67
Total financial assets at fair value through profit or loss		6,301,775,970	99.87
Cash and cash equivalents		35,536,224	0.56
Other net liabilities		(27,022,144)	(0.43)
Total net assets		6,310,290,050	100.00
Total investments, at cost		5,898,144,746	

VALUE KOREA ETF

A Sub-Fund of Value ETFs Trust
(A Hong Kong Umbrella Unit Trust)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	% of net assets	
	30.9.2017	31.3.2017
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
South Korea	99.87	98.58
Total financial assets at fair value through profit or loss	99.87	98.58
Cash and cash equivalents	0.56	0.01
Other net (liabilities)/assets	(0.43)	1.41
Total net assets	100.00	100.00

PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Comparison of the scheme performance and the actual index performance

The table below illustrates the comparison between the performance of the Index and the Sub-Fund during the following period:

	From 1 April 2017 to 30 September 2017	From 1 April 2016 to 30 September 2016
FTSE Value-Stocks Korea Index	+6.3%	-2.6%
Value Korea ETF	+4.6%	-4.7%

VALUE KOREA ETF

A Sub-Fund of Value ETFs Trust
(A Hong Kong Umbrella Unit Trust)

INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

AS AT 30 SEPTEMBER 2017

The Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code") allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net asset value provided that:

- a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the index; and
- b) the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the index, except where weightings are exceeded as a result of changes in the composition of the indices and the excess is only transitional and temporary in nature.

Constituent securities that accounted for more than 10% of the net asset value of the Sub-Fund as at 30 September 2017 and 31 March 2017 are as follows:

	Respective weighting in the tracked index	Respective weighting in the Sub-Fund's net asset value
As at 30 September 2017		
Hyundai Mobis Co Ltd	10.48%	10.48%
Hyundai Motor Co	13.47%	13.46%
Samsung Electronics Co Ltd	10.23%	10.29%
As at 31 March 2017		
Samsung Electronics Co Ltd	11.08%	10.93%