



VALUE TAIWAN ETF (Stock code: 3060)

A Sub-Fund of Value ETFs Trust

2018 SEMI-ANNUAL REPORT

For the six months ended 30 September 2018



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. 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.

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GENERAL INFORMATION

Investment Manager

Sensible Asset Management Hong Kong Limited
43rd Floor, The Center
99 Queen's Road Central
Hong Kong

Sub-investment Manager

Value Partners Hong Kong Limited
43rd Floor, The Center
99 Queen's Road Central
Hong Kong

Directors of the Investment Manager

Mr. So Chun Ki Louis
Dr. Au King Lun
Mr. Roger Anthony Hepper
Mr. Mak Ling Kai
Mr. Quah Kung Beng David (appointed on 2
May 2018)

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 awards (ETF)	
2017	<ul style="list-style-type: none"> • Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) for Sensible Asset Management – <i>Benchmark</i>
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 Taiwan ETF	
2015	<ul style="list-style-type: none"> • Top Fund Awards 2015 (Hong Kong) Taiwan Large-Cap Equity – Outstanding Performer (ETF) – <i>Bloomberg Businessweek, Chinese edition</i> • Fund of the Year Awards 2015 Best-in-class – Taiwan Equity (ETF) – <i>Benchmark Magazine</i>

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MANAGER'S REPORT

Value Taiwan 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 Taiwan Index ("the Index") by holding a portfolio of the constituent stocks of the Index. The Index comprises 50 value stocks amongst Taiwanese companies' shares listed on The Taiwan Stock Exchange Corporation and GreTai Securities Market, which is a market regulated and supervised by the Taiwan Financial Supervisory Commission.

As at 28 September 2018, the Net Asset Value ("NAV") per unit of the Sub-Fund was TWD178.32, and 750,000 units were outstanding. The total size of the Sub-Fund was approximately TWD133.7 million.

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

	From 1 April 2018 to 28 September 2018	2018 YTD (as at 28 September)	Since Inception
FTSE Value-Stocks Taiwan Index	+12.1%	+15.7%	+117.7%
Value Taiwan ETF	+8.6%	+11.6%	+69.5%

The difference in performance between the FTSE Value-Stocks Taiwan Index and the Value Taiwan 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 Taiwan Index was at 44 basis points on an annualized basis since its inception on 23 May 2012.

Sensible Asset Management Hong Kong Limited

27 November 2018

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in TWD, NAV to NAV with dividends reinvested, as at 28 September 2018. 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 2018

	30.9.2018	31.3.2018
	<i>TWD</i>	<i>TWD</i>
ASSETS		
Financial assets at fair value through profit or loss	133,411,492	222,275,014
Dividends receivable	64,538	–
Amounts due from broker	10,725	–
Prepayments and other receivables	476,208	42,287
Cash and cash equivalents	759,868	1,358,981
	<u>134,722,831</u>	<u>223,676,282</u>
TOTAL ASSETS	134,722,831	223,676,282
LIABILITIES		
Audit fees payable	168,069	321,422
Management fees payable	374,093	498,580
Trustee and registrar fees payable	21,255	18,120
Other payables	418,391	1,096,949
	<u>981,808</u>	<u>1,935,071</u>
TOTAL LIABILITIES	981,808	1,935,071
TOTAL EQUITY	133,741,023	221,741,211
Represented by:		
Net assets attributable to unitholders	<u>133,741,023</u>	<u>221,741,211</u>
Net asset value per unit based on 750,000 (31.3.2018: 1,350,000) units outstanding	<u>178.3214</u>	<u>164.2527</u>

VALUE TAIWAN ETF

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2018

	Holdings	Fair value TWD	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
Taiwan			
ASE Technology Holding Co Ltd	72,480	5,399,760	4.04
AU Optronics Corp	189,095	2,439,325	1.82
Cathay Financial Holding Co Ltd	169,375	8,892,187	6.65
Chang Hwa Commercial Bank Ltd	5,395	101,965	0.08
Chicony Electronics Co Ltd	12,610	779,298	0.58
China Development Financial Holding Corp	298,515	3,403,071	2.54
China Synthetic Rubber Corp	15,360	605,184	0.45
Compeq Manufacturing Co Ltd	23,570	568,037	0.42
CTCI Corp	14,795	726,434	0.54
E Ink Holdings Inc	19,120	598,456	0.45
Elite Material Co Ltd	6,060	521,160	0.39
Feng Hsin Steel Co Ltd	9,970	604,182	0.45
First Financial Holding Co Ltd	208,950	4,346,160	3.25
FLEXium Interconnect Inc	6,215	538,219	0.40
Formosa Chemicals & Fibre Corp	73,555	9,415,040	7.04
Formosa Petrochemical Corp	29,325	4,340,100	3.25
Formosa Plastics Corp	104,625	12,241,125	9.15
Formosa Taffeta Co Ltd	21,915	816,334	0.61
Foxconn Technology Co Ltd	23,710	1,766,395	1.32
Fubon Financial Holding Co Ltd	157,835	8,175,853	6.11
General Interface Solution Holding Ltd	4,300	554,700	0.42
Grand Pacific Petrochemical	18,590	565,136	0.42
Hua Nan Financial Holdings Co Ltd	184,690	3,416,765	2.56
King's Town Bank Co Ltd	20,820	639,174	0.48
LCY Chemical Corp	14,645	760,075	0.57
Lien Hwa Industrial Corp	16,285	574,860	0.43
Mega Financial Holding Co Ltd	233,905	6,432,387	4.81
Merry Electronics Co Ltd	3,970	549,845	0.41
Micro-Star International Co Ltd	14,710	1,213,575	0.91
Nan Ya Plastics Corp	121,310	10,287,088	7.69
Nanya Technology Corp	17,600	1,022,560	0.76

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2018

	Holdings	Fair value TWD	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Taiwan (Continued)</i>			
Novatek Microelectronics Corp	12,295	1,856,545	1.39
Parade Technologies Ltd	1,445	671,925	0.50
Phison Electronics Corp	3,430	833,490	0.62
Pou Chen Corp	57,015	1,838,734	1.37
Powertech Technology Inc	15,140	1,261,162	0.94
Radiant Opto-Electronics Corp	9,495	655,155	0.49
Ruentex Industries Ltd	15,065	914,446	0.68
Simplo Technology Co Ltd	3,715	778,293	0.58
SinoPac Financial Holdings Co Ltd	225,350	2,512,653	1.88
Taichung Commercial Bank Co Ltd	49,710	534,383	0.40
Taishin Financial Holding Co Ltd	212,620	3,136,145	2.35
Taiwan Cement Corp	96,895	3,982,385	2.98
Taiwan Semiconductor Manufacturing Co Ltd	49,905	13,100,063	9.80
Taiwan Union Technology Corp	4,820	489,230	0.37
Teco Electric and Machinery Co Ltd	38,855	860,638	0.64
Tripod Technology Corp	10,600	882,980	0.66
Walsin Lihwa Corp	66,460	1,365,753	1.02
Winbond Electronics Corp	63,220	916,690	0.69
Yuanta Financial Holding Co Ltd	240,560	3,873,016	2.90
Zhen Ding Technology Holding Ltd	9,580	653,356	0.49
Total financial assets at fair value through profit or loss		133,411,492	99.75
Cash and cash equivalents		759,868	0.57
Other net liabilities		(430,337)	(0.32)
Total net assets		133,741,023	100.00
Total investments, at cost (inclusive of transaction cost)		122,037,307	

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	% of net assets	
	30.9.2018	31.3.2018
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Taiwan	99.75	100.24
Total financial assets at fair value through profit or loss	99.75	100.24
Cash and cash equivalents	0.57	0.61
Other net liabilities	(0.32)	(0.85)
Total net assets	<u>100.00</u>	<u>100.00</u>

PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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 2018 to 30 September 2018	From 1 April 2017 to 30 September 2017
FTSE Value-Stocks Taiwan Index	+12.1%	+7.4%
Value Taiwan ETF	+8.6%	+5.0%

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INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

AS AT 30 SEPTEMBER 2018

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.

The Sub-Fund did not have any index securities that accounted for more than 10% of their respective net asset value of the Sub-Fund as at 30 September 2018 and 31 March 2018.