



VALUE KOREA ETF (Stock code: 3041)

A Sub-Fund of Value ETFs Trust

2019 SEMI-ANNUAL REPORT

For the six months ended 30 September 2019

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 units 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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(A Hong Kong Umbrella Unit Trust)

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. Quah Kung Beng David
Mr. Cheung Kin Yan

Trustee and Registrar

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

Legal Advisor

Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

Auditor

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

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GENERAL INFORMATION (Continued)

Key awards

Corporate awards (ETF)	
2018	<ul style="list-style-type: none">• Benchmark Fund of the Year Awards 2018, Hong Kong Commodity ETF House: Best-In-Class – <i>Benchmark</i>
2017	<ul style="list-style-type: none">• Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) – <i>Benchmark</i>
2016	<ul style="list-style-type: none">• ETF and Indexing Awards 2016<ul style="list-style-type: none">– Best ETF Launch– Best Commodity ETF– Best Smart Beta ETF– <i>Asia Asset Management & ETFI Asia</i>

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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 30 September 2019, the Net Asset Value ("NAV") per unit of the Sub-Fund was KRW 3,805.0520, and 900,000 units were outstanding. The total size of the Sub-Fund was approximately KRW 3,424.5 million.

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

	From 1 April 2019 to 30 September 2019	2019 YTD (as at 30 September)	Since inception
FTSE Value-Stocks Korea Index	-1.5%	+2.9%	+36.8%
Value Korea ETF	-3.8%	+1.4%	+3.8%

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 122 basis points on an annualized basis since its inception on 23 May 2012.

Other matters

The units of the Sub-Fund will cease trading on 17 December 2019 and the Sub-Fund would be terminated on 17 February 2020. Please refer to the announcement and notice which is released on 14 November 2019 with subject ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING for details.

Sensible Asset Management Hong Kong Limited

20 November 2019

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 2019. 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 2019

	30.9.2019	31.3.2019
	<i>KRW</i>	<i>KRW</i>
ASSETS		
Financial assets at fair value through profit or loss	3,400,514,820	3,520,151,660
Dividends receivable	-	59,497,729
Prepayments and other receivables	1,761,905	18,473,572
Cash and cash equivalents	59,828,803	4,315,086
	<u>3,462,105,528</u>	<u>3,602,438,047</u>
TOTAL ASSETS		
	<u>3,462,105,528</u>	<u>3,602,438,047</u>
LIABILITIES		
Audit fees payable	6,058,004	12,521,432
Management fees payable	8,069,945	8,145,841
Trustee and registrar fees payable	289,807	285,849
Other payables	23,140,981	22,946,041
	<u>37,558,737</u>	<u>43,899,163</u>
TOTAL LIABILITIES		
	<u>37,558,737</u>	<u>43,899,163</u>
TOTAL EQUITY		
	<u>3,424,546,791</u>	<u>3,558,538,884</u>
Represented by:		
Net assets attributable to unitholders	<u>3,424,546,791</u>	<u>3,558,538,884</u>
Net asset value per unit based on 900,000		
(31.3.2019: 900,000) units outstanding	<u>3,805.0520</u>	<u>3,953.9321</u>

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2019

	Holdings	Fair value KRW	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
South Korea			
BNK Financial Group Inc	13,692	98,445,480	2.87
Com2uSCorp	456	42,544,800	1.24
Daeduck Electronics Co	2,280	24,738,000	0.72
Daelim Industrial Co Ltd	1,278	132,912,000	3.88
Daesang Corp	912	20,292,000	0.59
Daou Technology Inc	1,134	22,566,600	0.66
DB HiTek Co Ltd	1,656	26,496,000	0.77
DB Insurance Co Ltd	2,202	113,623,200	3.32
GS Holdings Corp	2,394	120,418,200	3.52
Hankook Tire & Technology Co Ltd	3,504	113,004,000	3.30
Hanwha Chemical Corp	3,810	68,389,500	2.00
HDC Holdings Co Ltd	1,746	22,523,400	0.66
Huchems Fine Chemical Corp	1,014	21,699,600	0.63
Hyundai Department Store Co Ltd	708	55,294,800	1.61
Hyundai Engineering & Construction Co Ltd	3,414	158,068,200	4.62
Hyundai Greenfood Co Ltd	2,388	27,939,600	0.82
Hyundai Marine & Fire Insurance Co Ltd	2,838	74,923,200	2.19
JB Financial Group Co Ltd	6,732	37,833,840	1.10
KEPCO Plant Service & Engineering Co Ltd	990	34,204,500	1.00
Kia Motors Corp	7,620	347,472,000	10.15
KIWOOM Securities Co Ltd	540	36,666,000	1.07
Kumho Petrochemical Co Ltd	816	58,425,600	1.71
LG Corp	4,224	295,680,000	8.63
Lotte Chemical Corp	690	162,840,000	4.76
LOTTE Fine Chemical Co Ltd	816	37,209,600	1.09
LS Corp	810	38,434,500	1.12
LS Industrial Systems Co Ltd	714	34,379,100	1.00
Meritz Fire & Marine Insurance Co Ltd	2,640	50,424,000	1.47
Mirae Asset Daewoo Co Ltd	17,838	133,785,000	3.91
Orange Life Insurance Ltd	1,542	41,711,100	1.22
Partron Co Ltd	1,818	23,270,400	0.68
Samsung Electro-Mechanics Co Ltd	2,610	268,830,000	7.85

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2019

	Holdings	Fair value <i>KRW</i>	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>South Korea (Continued)</i>			
Samsung Electronics Co Ltd	8,574	338,673,000	9.89
Samsung Life Insurance Co Ltd	2,982	212,020,200	6.19
Samsung Securities Co Ltd	2,964	<u>104,777,400</u>	<u>3.06</u>
Total financial assets at fair value through profit or loss		3,400,514,820	99.30
Cash and cash equivalents		59,828,803	1.75
Other net liabilities		<u>(35,796,832)</u>	<u>(1.05)</u>
Total net assets		<u><u>3,424,546,791</u></u>	<u><u>100.00</u></u>
Total investments, at cost (inclusive of transaction cost)		<u><u>3,455,931,241</u></u>	

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	% of net assets	
	30.9.2019	31.3.2019
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed Equity Securities		
South Korea	<u>99.30</u>	<u>98.93</u>
Total financial assets at fair value through profit or loss	99.30	98.93
Cash and cash equivalents	1.75	0.12
Other net (liabilities)/assets	<u>(1.05)</u>	<u>0.95</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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 2019 to 30 September 2019	From 1 April 2018 to 30 September 2018
FTSE Value-Stocks Korea Index	-1.5%	-5.5%
Value Korea ETF	-3.8%	-7.3%

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INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

AS AT 30 SEPTEMBER 2019

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 2019 and 31 March 2019 are as follows:

	Respective weighting in the tracked index	Respective weighting in the Sub-Fund's net asset value
As at 30 September 2019		
Kia Motors Corp	10.22%	10.15%
As at 31 March 2019		
Hyundai Motor Co Pref	10.15%	10.03%