



VALUE TAIWAN ETF (Stock code: 3060)

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
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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
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Legal Advisor

Simmons & Simmons
30/F, One Taikoo Place
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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 – Best ETF Launch – Best Commodity ETF – 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</i> • Fund of the Year Awards 2015 Best-in-class – Taiwan Equity (ETF) – <i>Benchmark</i>
2014	<ul style="list-style-type: none"> • Fund of the Year Awards 2014 Top Fund 100 – Taiwan Equity (ETF) – Best-in-Class – <i>Benchmark</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 51 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 30 September 2019, the Net Asset Value ("NAV") per unit of the Sub-Fund was TWD167.5638, and 750,000 units were outstanding. The total size of the Sub-Fund was approximately TWD125.7 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 Taiwan Index	+2.7%	+11.5%	+114.8%
Value Taiwan ETF	-0.5%	+7.1%	+59.3%

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 45 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 TWD, 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>TWD</i>	<i>TWD</i>
ASSETS		
Financial assets at fair value through profit or loss	124,631,242	125,534,156
Dividends receivable	460,890	-
Due from broker	5,858	-
Prepayments and other receivables	486,227	46,917
Cash and cash equivalents	1,002,954	1,703,163
	126,587,171	127,284,236
LIABILITIES		
Audit fees payable	153,616	339,968
Management fees payable	285,952	272,685
Trustee and registrar fees payable	9,723	10,133
Other payables	465,033	417,952
	914,324	1,040,738
TOTAL ASSETS	126,587,171	127,284,236
TOTAL LIABILITIES	914,324	1,040,738
TOTAL EQUITY	125,672,847	126,243,498
Represented by:		
Net assets attributable to unitholders	125,672,847	126,243,498
Net asset value per unit based on 750,000 (31.3.2019: 750,000) units outstanding	167.5638	168.3247

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2019

	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	84,270	5,966,316	4.75
Asustek Computer Inc	17,600	3,634,400	2.89
Bizlink Holding Inc	2,725	584,512	0.47
Catcher Technology Co Ltd	18,420	4,328,700	3.44
Cathay Financial Holding Co Ltd	196,735	8,046,461	6.40
Chang Hwa Commercial Bank Ltd	155,890	3,375,018	2.69
Chicony Electronics Co Ltd	14,855	1,357,747	1.08
Chipbond Technology Corp	15,270	878,025	0.70
CTBC Financial Holding Co Ltd	452,790	9,327,474	7.42
E Ink Holdings Inc	22,210	625,211	0.50
Elan Microelectronics Corp	7,130	611,041	0.49
Elite Material Co Ltd	7,050	884,775	0.70
Feng Hsin Steel Co Ltd	11,580	595,212	0.47
FLEXium Interconnect Inc	7,225	682,040	0.54
Formosa Chemicals & Fibre Corp	85,440	7,407,648	5.89
Formosa Petrochemical Corp	34,060	3,344,692	2.66
Formosa Plastics Corp	121,525	11,484,112	9.14
Foxconn Technology Co Ltd	27,540	1,781,838	1.42
Fubon Financial Holding Co Ltd	183,330	8,167,351	6.50
Gigabyte Technology Co Ltd	12,220	606,723	0.48
Globalwafers Co Ltd	5,295	1,662,630	1.32
Great Wall Enterprise Co Ltd	15,840	597,168	0.48
International CSRC Investment Holdings Co	21,025	684,364	0.55
ITEQ Corp	7,565	1,142,315	0.91
King Yuan Electronics Co Ltd	27,695	965,171	0.77
Lien Hwa Industrial Holdings Corp	19,860	669,282	0.53
Lite-On Technology Corp	53,075	2,616,597	2.08
Macronix International Co Ltd	44,400	1,398,600	1.11
Mega Financial Holding Co Ltd	271,685	7,810,944	6.22
Merry Electronics Co Ltd	4,745	721,240	0.57
Micro-Star International Co Ltd	17,085	1,542,776	1.23
Nanya Technology Corp	20,130	1,620,465	1.29
Novatek Microelectronics Corp	14,280	2,541,840	2.02
Phison Electronics Corp	3,985	1,101,853	0.88
Pou Chen Corp	66,225	2,632,444	2.10

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2019

	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>			
Powertech Technology Inc	17,585	1,533,412	1.22
Radiant Opto-Electronics Corp	11,030	1,307,055	1.04
Ruentex Industries Ltd	10,500	702,450	0.56
Simplo Technology Co Ltd	4,315	1,121,900	0.89
Sinbon Electronics Co Ltd	5,030	606,115	0.48
SinoPac Financial Holdings Co Ltd	261,750	3,167,175	2.52
Taichung Commercial Bank Co Ltd	2,676	31,711	0.03
Taiwan Cement Corp	120,440	4,775,446	3.80
Taiwan Secom Co Ltd	7,010	616,880	0.49
Taiwan Union Technology Corp	5,660	803,720	0.64
Teco Electric and Machinery Co Ltd	44,345	1,108,625	0.88
Tripod Technology Corp	12,315	1,373,123	1.09
United Integrated Services Co Ltd	3,800	625,100	0.50
Vanguard International Semiconductor Corp	22,510	1,411,377	1.12
Yageo Corp	9,845	2,426,793	1.93
Zhen Ding Technology Holding Ltd	14,625	1,623,375	1.29
Total financial assets at fair value through profit or loss		124,631,242	99.17
Cash and cash equivalents		1,002,954	0.80
Other net assets		38,651	0.03
Total net assets		125,672,847	100.00
Total investments, at cost (inclusive of transaction cost)		122,365,914	

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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		
Taiwan	<u>99.17</u>	<u>99.44</u>
Total financial assets at fair value through profit or loss	99.17	99.44
Cash and cash equivalents	0.80	1.35
Other net assets/(liabilities)	<u>0.03</u>	<u>(0.79)</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 Taiwan Index	+2.7%	+12.1%
Value Taiwan ETF	-0.5%	+8.6%

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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.

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 2019 and 31 March 2019.