



VALUE GOLD ETF

Stock code: 03081 (HKD) | 83081 (RMB) | 09081 (USD)

2022 ANNUAL REPORT

For the year ended 31 March 2022

Sensible Asset Management Hong Kong Limited

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VALUE GOLD ETF

(A Hong Kong Unit Trust)

GENERAL INFORMATION

Manager

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

Sub-Manager

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

Directors of the Manager

Mr. So Chun Ki Louis
Mr. Cheung Kin Yan
(resigned on 9 April 2021)

Trustee and Registrar

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

Custodian

HKIA Precious Metals Depository Limited
HKIA Tower
1 Sky Plaza Road
Hong Kong International Airport
Lantau
Hong Kong

Legal Counsel to the Manager

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

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

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Email : operations@valueETF.com.hk
Website : www.valueETF.com.hk

GENERAL INFORMATION (Continued)

Main awards and achievements

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 Gold ETF	
2019	<ul style="list-style-type: none"> • Benchmark Fund of the Year Awards 2019, Hong Kong Quantitative Top Fund - Precious Metals Commodity Category (Best-in-Class) – <i>Benchmark</i>
2018	<ul style="list-style-type: none"> • Best ETF - Commodities and Specialty Category (Outstanding Performer), based on NAV tracking error – <i>Bloomberg Businessweek</i>
2017	<ul style="list-style-type: none"> • Best ETF – Commodities and Specialty Category (Outstanding Performer), based on NAV tracking error – <i>Bloomberg Businessweek</i>
2016	<ul style="list-style-type: none"> • Benchmark Fund of the Year Awards 2016, Hong Kong Top ETF (Commodities) – Precious Metals (Best-in-Class) – <i>Benchmark</i> • Best ETF – Commodities and Specialty Category (Best Performer), based on NAV tracking error – <i>Benchmark</i> • Best ETF – Commodities and Specialty Category (Outstanding Performer), based on NAV total return – <i>Benchmark</i>

VALUE GOLD ETF

(A Hong Kong Unit Trust)

MANAGER'S REPORT

Value Gold ETF ("the Fund") is a fund constituted in the form of a unit trust established under Hong Kong law. The Fund is a "physical" ETF, meaning it will hold actual gold. Units in the listed class are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). The Fund seeks to provide investment results, before fees and expenses that closely correspond to the performance of the London Bullion Markets Association ("LBMA") GoldPrice ("Benchmark").

As at 31 March 2022, the Net Asset Value ("NAV") per unit of the listed class was HK\$46.1165, and 39,300,000 units were outstanding. The unlisted Class A USD Acc and HKD Acc launched on 22 March 2021 and the first NAV date was 23 March 2021. The NAV per unit of the unlisted Class A USD Unhedged Acc and Class A HKD Unhedged Acc was US\$11.0543 and HK\$11.1453, respectively, 525,687 units and 2,503,761 units were outstanding. The total size of the Fund was approximately HK\$1,886 million.

A summary of the performance of the Benchmark and the listed class is given below.

	From 1 Apr 2021 to 31 March 2022	2022 YTD (as at 31 March)	Since inception
LBMA Gold Price	+15.0%	+6.2%	+46.4%
Value Gold ETF	+14.5%	+6.1%	+39.4%

A summary of the performance of the unlisted classes is given below.

	From 1 Apr 2021 to 31 March 2022	2022 YTD (as at 31 March)	Since inception
Unlisted Class A Acc USD Acc	+13.71%	+5.61%	+10.54%
Unlisted Class A Acc HKD Acc	+14.52%	+6.06%	+11.45%

The difference in performance between the LBMA Gold Price and the Value Gold ETF is mainly attributed to fees and expenses. The historical tracking error for the NAV of the Fund against the LBMA Gold Price was at 2 basis points on an annualised basis since its inception on 29 October 2010.

Sensible Asset Management Hong Kong Limited

25 July 2022

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV with dividends reinvested, as at 31 March 2022. 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 RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager of Value Gold ETF is required by the Code on Unit Trusts and Mutual Funds established by the Hong Kong Securities and Futures Commission (the "SFC Code") and the Trust Deed dated 13 October 2010, as amended, (the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee of the Fund is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

VALUE GOLD ETF
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TRUSTEE'S REPORT TO THE UNITHOLDERS OF VALUE GOLD ETF

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed Value Gold ETF in accordance with the provisions of the Trust Deed of the Fund dated 13 October 2010 as amended by five supplemental deeds dated 8 March 2012, 19 April 2013, 20 March 2015, 1 January 2020 and 10 February 2021 for the year ended 31 March 2022.

For and on behalf of
HSBC Institutional Trust Services (Asia) Limited

Trustee
25 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE GOLD ETF

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Value Gold ETF (the "Fund") set out on pages 12 to 35, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants ("the Code"), issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE GOLD ETF (Continued)

Report on the audit of the financial statements (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of commodities	
<p>The investment in commodities included in the statement of financial position of the Fund as at 31 March 2022 represented over 99% of the net asset value of the Fund. The Fund's investment in commodities was gold bullion which was held by a single custodian. Due to the significance of the balance to the financial statements, this is considered as a key audit matter.</p> <p>Details of the investment in commodities are set out in Notes 2 and 9 to the financial statements.</p>	<p>Our audit procedures to address the key audit matter included:</p> <ul style="list-style-type: none">• We obtained an independent confirmation from the custodian of the entire investment portfolio held as at 31 March 2022, and agreed the quantity held to the accounting records of the Fund.• We tested the design and operating effectiveness of controls for the valuation of the investment in commodities.• We independently checked the valuation of the investment in commodities quoted in active markets against third party sources at 31 March 2022.• We evaluated the financial statement disclosures relating to the fair value of the commodities as set out in Note 9 to the financial statements against the requirements of IFRS.

Other information included in the Annual Report

The Manager are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE GOLD ETF (Continued)

Report on the audit of the financial statements (Continued)

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Manager of the Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE GOLD ETF (Continued)

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE GOLD ETF (Continued)

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Man Kin Wong.

Ernst & Young
Certified Public Accountants

25 July 2022

VALUE GOLD ETF
(A Hong Kong Unit Trust)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
ASSETS			
Commodities	9(a)	1,884,850,564	1,673,751,181
Due from the Manager	7(e)	–	23,401
Other receivables		3	4
Cash and cash equivalents	7(c)	<u>2,782,130</u>	<u>1,837,540</u>
TOTAL ASSETS		<u><u>1,887,632,697</u></u>	<u><u>1,675,612,126</u></u>
LIABILITIES			
Audit fees payable		–	16,696
Management fees payable	7(a)	1,851,502	562,410
Other payables		<u>–</u>	<u>33,213</u>
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u><u>1,851,502</u></u>	<u><u>612,319</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>1,885,781,195</u></u>	<u><u>1,674,999,807</u></u>

The notes on pages 18 to 35 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 31 MARCH 2022

<i>Notes</i>	2022	2021
Listed Class of Units:		
Net asset value per unit based on 39,300,000 (2021: 40,200,000) units outstanding	<u>HK\$46.1165</u>	<u>HK\$40.2694</u>
Unlisted Class of Units:		
Net asset value per unit based on Class A HKD Acc Units 2,503,761 (2021: 2,503,761) units outstanding	<u>HK\$11.1453</u>	<u>HK\$9.7322</u>
Class A USD Acc Units 525,687 (2021: 420,830) units outstanding	<u>US\$11.0543</u>	<u>US\$9.7219</u>

Approved and authorised for issue by the Manager and the Trustee on 25 July 2022.

Signed by:

Sensible Asset Management Hong Kong Limited, *Manager*

HSBC Institutional Trust Services (Asia) Limited, *Trustee*

The notes on pages 18 to 35 form part of these financial statements.

VALUE GOLD ETF

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 HK\$	2021 HK\$
Interest income		128	1,432
Net gains from commodities	5	254,409,419	29,500,618
Other income		243,366	655,305
Net investment income		254,652,913	30,157,355
Management fees*	7(a)	7,315,883	5,880,892
Trustee and registrar fees*	7(b)	–	99,084
Transaction fees	8	161,359	542,473
Custodian fees*		–	40,753
Auditor's remuneration*		–	25,635
Legal and professional fees*		–	7,183
Service agent fees*		–	4,835
Bank charges	7(c)	–	200
Listing fees*		–	1,188
Information service fee*		–	18,507
Net foreign exchange losses		38,335	13,536
Other operating expenses*		–	28,127
Operating expenses		7,515,577	6,662,413
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		247,137,336	23,494,942

* The Fund has adopted a single management fee structure with effect from 30 April 2020 as stated in prospectus dated 30 April 2020. Refer to note 7 (a) for details.

The notes on pages 18 to 35 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	<i>HK\$</i>
AT 1 APRIL 2020		–
Reclassification from equity to financial liabilities	2(o)	1,186,225,435
Issue of redeemable units		465,279,430
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		<u>23,494,942</u>
AT 31 MARCH 2021 AND 1 APRIL 2021		<u>1,674,999,807</u>
Issue of redeemable units		33,972,302
Redemption of redeemable units		(70,328,250)
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		<u>247,137,336</u>
AT 31 MARCH 2022		<u><u>1,885,781,195</u></u>

The notes on pages 18 to 35 form part of these financial statements.

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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Number of Units</i>	<i>HK\$</i>
AT 1 APRIL 2020	–	–
Reclassification from equity to financial liabilities	30,900,000	1,186,225,435
Subscription of units		
- Listed Class	9,300,000	407,630,100
- Unlisted Class A HKD Acc Units	2,503,761	25,000,000
- Unlisted Class A USD Acc Units	420,830	32,649,330
	<u>12,224,591</u>	<u>465,279,430</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS	–	23,494,942
AT 31 MARCH 2021 AND 1 APRIL 2021	<u>43,124,591</u>	<u>1,674,999,807</u>
Subscription of units		
- Listed Class	600,000	25,607,100
- Unlisted Class A USD Acc Units	104,857	8,365,202
	<u>704,857</u>	<u>33,972,302</u>
Redemption of units		
- Listed Class	(1,500,000)	(70,328,250)
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS	–	247,137,336
AT 31 MARCH 2022	<u>42,329,448</u>	<u>1,885,781,195</u>
	2022	2021
Number of units in issue		
- Listed Class	39,300,000	40,200,000
- Unlisted Class A HKD Acc Units	2,503,761	2,503,761
- Unlisted Class A USD Acc Units	525,687	420,830
Net asset value per unit		
- Listed Class	HK\$46.1165	HK\$40.2694
- Unlisted Class A HKD Acc Units	HK\$11.1453	HK\$9.7322
- Unlisted Class A USD Acc Units	US\$11.0543	US\$9.7219

The notes on pages 18 to 35 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
OPERATING ACTIVITIES			
Interest income received		129	1,500
Proceeds from sales of commodities		74,560,916	2,780,882
Purchase of commodities		(31,250,880)	(460,786,100)
Operating expenses paid		(6,009,627)	(6,089,816)
		<u>37,300,538</u>	<u>(464,093,534)</u>
CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES			
		----- 37,300,538	----- (464,093,534)
FINANCING ACTIVITIES			
Proceeds from issue of redeemable units		33,972,302	465,279,430
Payment on redemption of redeemable units		(70,328,250)	-
		<u>(36,355,948)</u>	<u>465,279,430</u>
CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES			
		----- (36,355,948)	----- 465,279,430
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		944,590	1,185,896
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		<u>1,837,540</u>	<u>651,644</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
		<u><u>2,782,130</u></u>	<u><u>1,837,540</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks	7(c)	<u><u>2,782,130</u></u>	<u><u>1,837,540</u></u>

The notes on pages 18 to 35 form part of these financial statements.

VALUE GOLD ETF

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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2022

1. GENERAL

Value Gold ETF (the “Fund”) is an open ended unit trust governed by its Trust Deed dated 13 October 2010 (the “Trust Deed”), as amended from time to time under the laws of Hong Kong. The Fund is authorised by the Hong Kong Securities and Futures Commission (the “SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance (“HKSFO”), and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds of the SFC (the “SFC Code”). The Fund is also listed on Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The investment objective of the Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the LBMA Gold Price.

To achieve the investment objective, Sensible Asset Management Hong Kong Limited (the “Manager”) will employ a purchase and hold investment strategy of gold bullion. Disposal of gold bullion will be necessary for paying redemptions when cash reserves are not adequate. In addition, for the purpose of liquidity, up to 5% of the Net Asset Value of the Fund may be invested in other physical gold exchange traded funds listed on other international stock exchanges which have a similar risk profile for the Fund.

The Fund is not permitted to invest in other types of investments including, but not limited to, derivative futures contracts, options on futures contracts, options, swaps, warrants and other financial instruments, local currency and foreign currency exchange contracts, securities and other financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code. A summary of the significant accounting policies adopted by the Fund is set out below.

The IASB has issued certain new and revised IFRSs that are available for early adoption for the current accounting period of the Fund. The Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2022, in these financial statements.

(b) Basis of preparation

The functional currency of the financial statements of the Fund is Hong Kong dollars (“HK\$”), and units of the Fund are issued in HK\$.

These financial statements are presented in HK\$.

The financial statements are prepared on a fair value basis for investments in commodities. Other financial assets and financial liabilities are stated at amortised cost.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts recognised in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of financial position that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation

Transactions in foreign currencies are translated at foreign currency exchange rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated to HK\$ at the foreign currency closing exchange rate ruling at the end of the reporting period. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to HK\$ at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to trading investments are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the statement of profit or loss and other comprehensive income.

(d) Financial instruments

(i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (i) It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- (ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVPL") on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The assets include in this category are amounts relating to other receivables and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(i) Classification (Continued)

Financial assets (Continued)

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- (i) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- (ii) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (iii) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the respective gains and losses on different bases.

Financial liabilities

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The liabilities include in this category are amounts relating to management fee payable.

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial instruments designated at fair value through profit or loss are expensed immediately, while on other financial instruments, they are amortised.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in the fair value recognised in profit or loss.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest rate.

(iv) Fair value measurement principles

The Fund measures its investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on their quoted market price at the end of the reporting period without any deduction for estimated future selling cost. The Fund utilises the last traded price for both listed financial assets and liabilities.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(v) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(e) Impairment of financial assets

The Fund holds only receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (“ECLs”) under IFRS 9 to all of its trade receivables. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund’s approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(f) Commodities

Commodities comprise gold bullion. Gold bullion is measured at the London Bullion Market AM fixing price of gold at the reporting date. Changes in the value of gold are recognised in profit and loss. Net realised gains or losses from commodities is calculated using the weighted average cost method.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

VALUE GOLD ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where applicable.

(i) Interest income

Interest income is recognised in profit or loss on a time-proportionate basis using the effective interest method.

(j) Net change in unrealised gains or losses on commodities

This item includes changes in the fair value of commodities.

Unrealised gains and losses comprise changes in the fair value of commodities for the period and from reversal of prior period's unrealised gains and losses for the commodities which were realised in the reporting period.

(k) Net realised gains or losses on commodities

Realised gains and losses on disposals of commodities classified as at commodities are calculated using the weighted average method. They represent the difference between average cost and disposal amount of commodities.

(l) Expenses

All expenses, including management fees and trustee and registrar fees, are recognised in profit or loss on an accrual basis.

(m) Foreign exchange gains and losses

Foreign exchange gains and losses on financial instruments designated at fair value through profit or loss or commodities are recognised together with other changes in the fair value. Included in the statement of profit or loss and other comprehensive income, net foreign exchange gains/(losses) are foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as designated at fair value through profit or loss.

(n) Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Fund is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Redeemable units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

- it entitles the holder of redeemable participating shares to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable participating shares having all the above features, the Fund must have no other financial instrument or contract that has:

- (a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund; and
- (b) the effect of substantially restricting or fixing the residual return to the holder of redeemable participating shares.

The Fund currently offers both listed class of units and unlisted classes of units. As at 31 March 2022 and 2021, the Fund has issued listed class of units and two unlisted class of units namely Class A Acc HKD Units and Class A Acc USD Units, which have different terms and condition as set out in the Fund's Prospectus, including dealing arrangement, fee structure, investment return/net asset value and termination. As at 31 March 2022 and 2021, the Fund's redeemable units did not meet the definition of puttable instruments and were classified as financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Related parties

A party is considered to be related to the Fund if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Fund;
 - (ii) has significant influence over the Fund; or
 - (iii) is a member of the key management personnel of the Fund or of a parent of the Fund;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Fund are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Fund or to the parent of the Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Segment reporting

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the Manager.

(r) Distributions to unitholders

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the year in which it is approved by the Manager.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT

The investment objective of the Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the LBMA Gold Price.

The Fund's main financial instrument consists of cash and cash equivalents. The Fund also holds gold bullion which is considered commodities. The Fund's financial instrument and commodities are exposed to various types of risks including market risk (which includes foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall financial risk management program focuses on the analysis, evaluation and management of financial risks and seeks to minimise potential adverse effects on the Fund's financial performance.

The risks and respective risk management policies employed by the Fund to manage these risks are discussed below.

(a) Market risk

(i) Foreign exchange risk

Currency risk is the risk that the value of the commodities will fluctuate due to changes in foreign exchange rates. The Fund's overall currency positions are monitored on a daily basis by the Manager.

As at 31 March 2022 and 2021, the Fund was not exposed to significant foreign currency risk. The majority of assets and liabilities are denominated in HK\$ and United States dollars ("USD"). As the HK\$ is pegged to USD, the Fund does not expect any significant movements in the HK\$/USD exchange rate.

(ii) Price risk

Market price risk is the risk that the value of the commodities will fluctuate as a result of changes in the LBMA Gold Price.

The Fund employs a purchase and hold investment strategy of gold bullion. Disposal of gold bullion will be necessary for paying redemptions when cash reserves are not adequate.

The Fund's price risk arises from gold bullion of HK\$1,884,850,564 (2021: HK\$1,673,751,181). As at 31 March 2022, if the LBMA Gold Price had been 20% (2021: 20%) higher or lower with all other variables held constant, the operating profit and net assets attributable to unitholders would have been approximately HK\$376,970,000 (2021: HK\$334,750,000) higher or lower, for the year ended 31 March 2022.

(iii) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest-bearing. As a result, the Fund is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

4. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. Potential credit risk to the Fund principally relates to investments in commodities, cash and cash equivalents and other receivables.

The Fund limits its exposure to credit risk by conducting the majority of its gold bullion and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings or good reputation, the Manager considers to be well established. All transactions in gold bullion are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered to be minimal since delivery of gold bullion sold is only made when the broker has made payment. In a purchase, payment is made when the gold bullion has been delivered by the broker. If either party fails to meet its obligation, the trade will fail. Accordingly, there is no significant credit risk.

The Fund's financial assets which are subject to the expected credit loss in accordance with IFRS 9 comprise cash and cash equivalents. As at 31 March 2022, the expected credit loss on the total bank balances of HK\$2,782,130 (2021: HK\$1,837,540) is considered minimal and not provided (2021: Nil). None of the bank balances are considered to be credit-impaired at the end of the reporting period.

The table below shows the major counterparties at the end of the reporting period. The credit ratings are issued by Standard & Poor's:

Counterparty	Credit rating		2022 HK\$	2021 HK\$
	2022	2021		
Bank A	AA-	AA-	2,782,130	1,837,540
Custodian A	AA+	AA+	1,884,850,564	1,673,751,181

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund is exposed to cash redemptions of redeemable units. The Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. In addition, gold bullion is readily tradable in an active market and can be sold if it is necessary for the Fund to fulfil those payment obligations, as a result the Fund's exposure to liquidity risk is considered to be minimal.

VALUE GOLD ETF

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

5. NET GAINS FROM COMMODITIES

	2022 HK\$	2021 HK\$
Net realised gains	16,830,474	555,074
Net change in unrealised gains	237,578,945	28,945,544
	<u>254,409,419</u>	<u>29,500,618</u>

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Fund is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

7. RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Fund entered into the following material related party transactions for the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

The Fund appointed the Manager, an investment management company incorporated in Hong Kong, to implement the investment strategy as specified in the Trust Deed.

Single management fee arrangement

The Fund has adopted a single management fee structure with effect from 30 April 2020, with the Fund paying all of its fees, costs and expenses as a single flat fee (the "Management Fee"). Fees and expenses taken into account in determining the Management Fee include, but are not limited to, the Manager's fee, Trustee's fee, Registrar's fees, Custodian's fee, fees of the Service Agent, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Trustee. The Management Fee does not include brokerage and transaction costs, fees and extraordinary items such as litigation expenses. The current Management Fee is 0.4% per annum based on the net asset value of the Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Manager is entitled to receive management fees of 0.1% per year of the net asset value of the Fund until 29 April 2020 and from 30 April 2020 onwards, the Management Fee was charged at 0.4% per year of the net asset value of the Fund. The Management fee of HK\$7,315,883 (2021: HK\$5,880,892) was charged to profit or loss during the year. Included in liabilities as at 31 March 2022 were management fees payable of HK\$1,851,502 (2021: HK\$562,410).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

7. RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(a) Management fee (Continued)

Fees and expenses under the single management fee arrangement include:

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Trustee and registrar fees	1,336,063	910,070
Custodian fees	719,383	472,611
Auditor's remuneration	363,300	346,000
Legal and professional fees	533,101	145,020
Service agent fees	60,000	45,000
Bank charges	–	200
Listing fees	4,674	21,250
Information service fee	106,787	60,343
Other operating expenses	<u>32,433</u>	<u>28,127</u>

(b) Trustee and registrar fees

The Fund appointed HSBC Institutional Trust Services (Asia) Limited (the "Trustee"), a registered trust company incorporated in Hong Kong, to implement the responsibilities as specified in the Trust Deed.

As disclosed in note 7a, with effect from 30 April 2020, the Fund has adopted a single management fee arrangement.

(c) Transactions/balances with the group company of the Trustee

The Fund maintains an interest-bearing bank account with Hongkong and Shanghai Banking Corporation Limited, which is an intermediate holding company of the Trustee. Information relating to the bank account is set out below:

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Cash and cash equivalents	2,782,130	1,837,540
Bank charges	<u>–</u>	<u>200</u>

VALUE GOLD ETF

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

7. RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(d) Manager's and its related parties' holdings in the Fund

Units held by the related parties of the Manager and the Sub-Manager as at 31 March 2022 and 2021 are listed below:

	Number of units	
	2022	2021
Listed class		
Dato' Seri Cheah Cheng Hye ⁱ	8,856,400	8,247,800
Value Partners Hong Kong Limited ⁱⁱ	8,800,000	8,800,000
Value Partners Limited ⁱⁱⁱ	917,500	917,500
Value Partners China HK Bond and Gold Fund ^{iv}	550,000	435,400
	<u> </u>	<u> </u>
Unlisted Class A HKD Acc		
Value Partners Hong Kong Limited ⁱⁱ	2,503,761	2,503,761
	<u> </u>	<u> </u>
Unlisted Class A USD Acc		
Value Partners Hong Kong Limited ⁱⁱ	320,652	320,652
Value Make Limited ^v	100,178	100,178
	<u> </u>	<u> </u>

i Dato' Seri Cheah Cheng Hye is a director of the Sub-Manager. He is also a director of Value Partner Group, the immediate holding company of Value Gold ETF

ii Value Partners Hong Kong Limited is the Sub-Manager

iii Value Partners Limited is a fellow subsidiary of the Manager

iv Value Partners China HK Bond and Gold Fund is an investment fund managed by the Sub-Manager

v Value Make Limited is a company owned by Dato' Seri Cheah Cheng Hye.

(e) Outstanding balance from the Manager

	2022	2021
	HK\$	HK\$
Due from the Manager	—	23,401
	<u> </u>	<u> </u>

The amount arising from expenses paid on behalf of the Manager is unsecured, non-interest-bearing and has no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

8. TRANSACTION FEES

Transactions fees are costs incurred to acquire/dispose commodities. They include fees and commissions paid to agents, brokers and dealers. Transactions costs, when incurred, are immediately recognised in the statement of profit or loss and other comprehensive income as an expense.

9. FAIR VALUE INFORMATION

The Fund's investments in commodities are carried at fair value on the statement of financial position. Usually the fair value can be reliably determined within a reasonable range of estimates. For certain investments, including cash and cash equivalents, accounts payable and accrued expenses, the carrying amounts approximate to their fair value due to the immediate or short-term nature of these investments.

(a) Investments carried at fair value

The following table presents the fair value of investments in commodities at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 13, with the fair value of the investments categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined in Note 2(d)(iv) to the financial statements.

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Level 1		
Investments in commodities - Gold bullion	<u>1,884,850,564</u>	<u>1,673,751,181</u>

During the years ended 31 March 2022 and 2021, there were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy.

(b) Investments not carried at fair value

The carrying amounts of all the Fund's other financial assets and financial liabilities at the end of the reporting period approximated their fair value.

VALUE GOLD ETF

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

10. SEGMENT REPORTING

The Manager makes strategic resource allocation and assesses performance on behalf of the Fund and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that the Fund has a single operating segment which is investing in gold bullion with the objective as stated in the investment objective and policies of the Fund.

The segment information provided to the Manager is the same as that disclosed in the statement of profit or loss and other comprehensive income and the statement of financial position.

The Fund is established and domiciled in Hong Kong. The majority of the Fund's investment income was derived from its investments domiciled in Hong Kong for the years ended 31 March 2022 and 2021.

The Fund has no assets classified as non-current as at 31 March 2022 (2021: Nil).

11. SOFT COMMISSION ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may enter into soft dollar/commission sharing arrangements with a broker through which brokerage transactions are entered on behalf of clients under management. The Manager may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Fund (as may be permitted under applicable rules and regulations) from a broker and other persons through whom investment transactions are carried out (the "broker"). Soft dollars may be received from them provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of the customary full-service brokerage rates.

Such soft dollar benefits may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services and software incidental to the above goods and services; clearing and custodian services and investment related publications. For the avoidance of doubt, soft dollar benefits do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments.

For the years ended 31 March 2022 and 2021, the Manager did not obtain any services through soft commission arrangements and no such commission was paid from the Fund.

12. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There are no standards and interpretations that are effective for annual periods beginning on or after 1 April 2021 which, in the opinion of the Manager, the first time adoption clearly impacted the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

13. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Fund has not early applied any of the new and revised IFRS that have been issued but are not yet effective for the accounting year ended 31 March 2022 in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Fund's financial statements upon becoming effective:

Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 1	Disclosure of Accounting Policies ¹
Amendments to IFRS Practice Statement 2	Making Materiality Judgements ²

¹ Effective for annual periods beginning on or after 1 January 2023

² No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Fund is described below.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 1 and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are not expected to have any significant impact on the Fund's financial statements.

14. EVENTS AFTER THE REPORTING PERIOD

In preparing these financial statements, the Investment Manager has evaluated and disclosed all material subsequent events up to 25 July 2022, which is the date that the financial statements were authorised for issue.

Other than the above, no significant events were noted from 31 March 2022 to 25 July 2022, the date on which the financial statements were approved and authorised for issuance.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 25 July 2022.

VALUE GOLD ETF
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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 MARCH 2022

	Holdings <i>Fine weight of grams</i>	Fair value <i>HK\$</i>	% of net assets
COMMODITIES			
Gold bullion	3,891,611	<u>1,884,850,564</u>	<u>99.95</u>
Total commodities		1,884,850,564	99.95
Cash and cash equivalents		2,782,130	0.15
Other net liabilities		<u>(1,851,499)</u>	<u>(0.10)</u>
Total net assets		<u>1,885,781,195</u>	<u>100.00</u>
Total investments, at cost		<u>1,485,131,952</u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 31 MARCH 2022

	% of net assets	
	2022	2021
COMMODITIES		
Gold bullion	99.95	99.93
Total commodities	99.95	99.93
Cash and cash equivalents	0.15	0.11
Other net liabilities	(0.10)	(0.04)
Total net assets	<u>100.00</u>	<u>100.00</u>

VALUE GOLD ETF

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PERFORMANCE RECORD (UNAUDITED)

FOR THE YEAR ENDED 31 MARCH 2022

Net asset value

	Net asset value per unit	Net asset value
As at 31 March 2022		
– Listed Class	HK\$46.1165	HK\$1,812,378,594
– Unlisted Class A HKD Acc	HK\$11.1453	HK\$27,905,236
– Unlisted Class A USD Acc	US\$11.0543	US\$5,811,092
As at 31 March 2021		
– Listed Class	HK\$40.2694	HK\$1,618,828,543
– Unlisted Class A HKD Acc	HK\$9.7322	HK\$24,367,115
– Unlisted Class A USD Acc	US\$9.7219	US\$4,091,276
As at 31 March 2020	HK\$38.3892	HK\$1,186,225,435

Highest and lowest net asset value per unit

	Highest net asset value per unit	Lowest net asset value per unit
Year ended 31 March 2022		
– Listed Class	HK\$48.2950	HK\$41.0032
– Unlisted Class A HKD Acc	HK\$11.6718	HK\$9.9096
– Unlisted Class A USD Acc	US\$11.5916	US\$9.8976
Year ended 31 March 2021		
– Listed Class	HK\$49.2337	HK\$ 37.9859
– Unlisted Class A HKD Acc	HK\$10.0353	HK\$9.7322
– Unlisted Class A USD Acc	US\$10.0334	US\$9.7219
Year ended 31 March 2020	HK\$40.4827	HK\$30.8615
Year ended 31 March 2019	HK\$32.9114	HK\$28.6951
Year ended 31 March 2018	HK\$33.1060	HK\$29.4429
Year ended 31 March 2017	HK\$33.3256	HK\$27.4516
Year ended 31 March 2016	HK\$31.0684	HK\$25.5991
Year ended 31 March 2015	HK\$32.9276	HK\$28.0306
Year ended 31 March 2014	HK\$39.4526	HK\$29.3178
Year ended 31 March 2013	HK\$44.2319	HK\$38.1371