



VALUE JAPAN ETF (Stock code: 3084)

A Sub-fund of Value ETFs Trust

SEMI-ANNUAL REPORT 2014

For the six months ended 30 September 2014



Sensible Asset Management Hong Kong Limited

9th Floor, Nexxus Building,
41 Connaught Road Central, Hong Kong

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

In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text.

CONTENTS

| | <i>Pages</i> |
|--|--------------|
| General information | 2 - 3 |
| Manager's report | 4 |
| Statement of financial position (unaudited) | 5 |
| Investment portfolio (unaudited) | 6 - 7 |
| Statement of movements in portfolio holdings (unaudited) | 8 |

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(A Hong Kong Umbrella Unit Trust)

GENERAL INFORMATION

Investment Manager

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

Sub-investment Manager

Value Partners Hong Kong Limited
9th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

Directors of the Investment Manager

Mr Chow Wai Chiu William
Mr So Chun Ki Louis

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

Information available from:

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

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GENERAL INFORMATION (Continued)

Recent awards and achievements

| Corporate award | | |
|---------------------------|---|--|
| 2012 | • | 2012 The Asset Triple A Investment Awards Highly Commended ETF House for Hong Kong <i>– The Asset</i> |
| Value Japan ETF (3084 HK) | | |
| 2014 | • | Top Fund Awards 2014 Hong Kong Japan Large-Cap Equity – Best in Class (ETF) <i>– Bloomberg Businessweek, Chinese Edition</i> |

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MANAGER'S REPORT

Value Japan ETF ("the Fund") is an index-tracking exchange traded fund whose units are listed and traded on the Stock Exchange of Hong Kong Limited ("SEHK"). The Fund aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks Japan Index ("the Index") by holding a portfolio of the constituent stocks of the Index. The Index comprises 35 value stocks amongst Japanese companies' shares listed on The Tokyo Stock Exchange and The Osaka Securities Exchange.

As at 30 September 2014, the Net Asset Value ("NAV") per unit of the Fund was JPY178.3249, and 7,700,000 units were outstanding. The total size of the Fund was approximately JPY1,373 million.

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

| Total return in JPY | From 1 Apr 2014 to 30 Sep 2014 | 2014 YTD (as at 30 Sep) | Since inception |
|-------------------------------|-----------------------------------|----------------------------|--------------------------------------|
| | | | (from 22 May 2012 to 30 Sep 2014) |
| FTSE Value-Stocks Japan Index | 14.4% | 7.3% | 81.2% |
| Value Japan ETF | 12.9% | 5.4% | 70.5% |

The difference in performance between the FTSE Value-Stocks Japan Index and the Value Japan ETF is mainly attributed to fees and expenses, and security misweightings. The historical tracking error for the NAV of the Fund against the FTSE Value-Stocks Japan Index was at 41 basis points on an annualized basis since its inception on 22 May 2012.

Sensible Asset Management Hong Kong Limited

20 November 2014

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in JPY, NAV to NAV with dividends reinvested, as at 30 September 2014. 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. Investors should read the prospectus for details and risk factors in particular those associated with investment in emerging markets and the arrangement in the event that the Fund is de-listed. Investors should also note that the Fund is different from a typical retail investment fund, in particular, units in the Fund may only be created or redeemed directly by a participating dealer in large unit size.

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2014

| | 30.9.2014 JPY | 31.3.2014 JPY |
|--|------------------|------------------|
| Assets | | |
| Financial assets at fair value through profit or loss | 1,350,228,816 | 1,628,389,614 |
| Dividend receivables | 10,256,377 | 16,521,988 |
| Prepayments and other receivables | 1,350,214 | 54,654 |
| Cash and cash equivalents | 15,299,613 | 8,925,675 |
| Total assets | 1,377,135,020 | 1,653,891,931 |
| Liabilities | | |
| Audit fees payable | 2,644,388 | 1,657,836 |
| Management fees payable | 836,932 | 991,477 |
| Trustee and registrar fees payable | 549,529 | 517,245 |
| Other payables | 2,188 | 277,129 |
| Total liabilities | 4,033,037 | 3,443,687 |
| Net assets attributable to unitholders | 1,373,101,983 | 1,650,448,244 |
| Net asset value per unit based on 7,700,000 (31.3.2014: 10,150,000) units outstanding | 178.3249 | 162.6057 |

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2014

| | Holdings | Fair value JPY | % of net assets |
|--|----------|----------------------|--------------------|
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | |
| Listed equity securities | | | |
| <i>Japan</i> | | | |
| Aisin Seiki Co Ltd | 5,280 | 20,882,400 | 1.52 |
| Aozora Bank Ltd | 31,306 | 11,614,526 | 0.85 |
| Bridgestone Corp | 17,600 | 63,747,200 | 4.64 |
| Brother Industries Ltd | 6,776 | 13,748,504 | 1.00 |
| Chiba Bank Ltd/The | 20,746 | 15,829,198 | 1.15 |
| Daihatsu Motor Co Ltd | 5,610 | 9,767,010 | 0.71 |
| Daiwa Securities Group Inc | 46,948 | 40,793,117 | 2.97 |
| Fuji Heavy Industries Ltd | 16,808 | 60,945,808 | 4.44 |
| Hino Motors Ltd | 7,238 | 11,103,092 | 0.81 |
| Honda Motor Co Ltd | 18,480 | 70,224,000 | 5.11 |
| Isuzu Motors Ltd | 17,072 | 26,461,600 | 1.93 |
| ITOCHU Corp | 41,646 | 55,805,640 | 4.06 |
| JFE Holdings Inc | 13,794 | 30,188,169 | 2.20 |
| KDDI Corp | 10,472 | 69,041,896 | 5.03 |
| Kobe Steel Ltd | 78,804 | 14,027,112 | 1.02 |
| Marubeni Corp | 44,682 | 33,547,246 | 2.44 |
| Mitsubishi Corp | 30,382 | 68,237,972 | 4.97 |
| Mitsubishi Materials Corp | 33,506 | 11,894,630 | 0.87 |
| Mitsubishi Motors Corp | 16,610 | 22,107,910 | 1.61 |
| Mitsui & Co Ltd | 39,930 | 69,058,935 | 5.03 |
| Mizuho Financial Group Inc | 323,356 | 63,345,440 | 4.61 |
| Nippon Steel & Sumitomo Metal Corp | 213,092 | 60,645,983 | 4.42 |
| Nippon Telegraph & Telephone Corp | 9,922 | 67,677,962 | 4.93 |
| Nippon Yusen KK | 43,340 | 12,525,260 | 0.91 |
| Nissan Motor Co Ltd | 66,924 | 71,541,756 | 5.21 |

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2014

| | Holdings | Fair value JPY | % of net assets |
|--|----------|----------------------|--------------------|
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued) | | | |
| Listed equity securities (Continued) | | | |
| <i>Japan (Continued)</i> | | | |
| ORIX Corp | 34,782 | 52,625,166 | 3.83 |
| Resona Holdings Inc | 50,622 | 31,304,645 | 2.28 |
| Ricoh Co Ltd | 18,788 | 22,132,264 | 1.61 |
| Seiko Epson Corp | 3,740 | 19,709,800 | 1.44 |
| Sekisui House Ltd | 15,246 | 19,697,832 | 1.44 |
| Sumitomo Corp | 30,206 | 36,564,363 | 2.66 |
| Sumitomo Metal Mining Co Ltd | 14,278 | 22,045,232 | 1.61 |
| Tokio Marine Holdings Inc | 19,140 | 65,123,850 | 4.74 |
| Toyota Motor Corp | 10,846 | 70,097,698 | 5.11 |
| Toyota Tsusho Corp | 6,050 | 16,165,600 | 1.18 |
| Total financial assets at fair value through profit or loss | | 1,350,228,816 | 98.34 |
| Cash and cash equivalents | | 15,299,613 | 1.11 |
| Other net assets | | 7,573,554 | 0.55 |
| Total net assets | | <u>1,373,101,983</u> | <u>100.00</u> |
| Total investments, at cost | | <u>1,255,844,473</u> | |

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | % of net assets | |
|--|----------------------|----------------------|
| | 30.9.2014 | 31.3.2014 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | |
| Listed equity securities | | |
| Japan | <u>98.34</u> | <u>98.66</u> |
| Total financial assets at fair value through profit or loss | 98.34 | 98.66 |
| Cash and cash equivalents | 1.11 | 0.54 |
| Other net assets | <u>0.55</u> | <u>0.80</u> |
| Total net assets | <u><u>100.00</u></u> | <u><u>100.00</u></u> |