



**VALUE JAPAN ETF** (Stock code: 3084)

A Sub-Fund of Value ETFs Trust

# 2017 SEMI-ANNUAL REPORT

For the six months ended 30 September 2017

**Sensible Asset Management Hong Kong Limited**

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*In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text. This report shall not constitute an offer to sell or a solicitation of an offer to buy shares in any of the funds. Subscriptions are to be made only on the basis of the information contained in the prospectus, as supplemented by the latest semi-annual and annual reports.*

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## VALUE JAPAN ETF

A Sub-Fund of Value ETFs Trust  
(A Hong Kong Umbrella Unit Trust)

### GENERAL INFORMATION

#### Investment Manager

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

#### Sub-investment Manager

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

#### Directors of the Investment Manager

Mr So Chun Ki Louis  
Dr Au King Lun  
Mr Roger Anthony Hepper

#### Trustee and Registrar

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

#### Custodian

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

#### Legal Advisor

Simmons & Simmons  
13th Floor, One Pacific Place  
88 Queensway  
Hong Kong

#### Auditor

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

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## GENERAL INFORMATION (Continued)

### Recent awards and achievements

<b>Corporate awards (ETF)</b>	
<b>2016</b>	<ul style="list-style-type: none"><li>• <b>Value Partners</b> <b>ETF and Indexing Awards 2016 – Best ETF Launch</b> – <i>Asia Asset Management &amp; ETFI Asia</i></li><li>• <b>Value Partners</b> <b>ETF and Indexing Awards 2016 – Best Commodity ETF</b> – <i>Asia Asset Management &amp; ETFI Asia</i></li><li>• <b>Value Partners</b> <b>ETF and Indexing Awards 2016 – Best Smart Beta ETF</b> – <i>Asia Asset Management &amp; ETFI Asia</i></li></ul>
<b>Value Japan ETF</b>	
<b>2015</b>	<ul style="list-style-type: none"><li>• <b>Fund of the Year Awards 2015</b> <b>Best in class – Japan Equity (ETF)</b> – <i>Benchmark Magazine</i></li></ul>
<b>2014</b>	<ul style="list-style-type: none"><li>• <b>Top Fund Awards 2014 (Hong Kong)</b> <b>Japan Large-Cap Equity – Best in Class (ETF)</b> – <i>Bloomberg Businessweek, Chinese edition</i></li></ul>

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### MANAGER'S REPORT

Value Japan 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 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 29 September 2017, the Net Asset Value ("NAV") per unit of the Sub-Fund was JPY206.76, and 3,850,000 units were outstanding. The total size of the Sub-Fund was approximately JPY796 million.

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

	<b>From 1 April 2017 to 29 September 2017</b>	<b>2017 YTD (as at 29 September)</b>	<b>Since inception</b>
FTSE Value-Stocks Japan Index	+10.2%	+8.7%	+126.8%
Value Japan ETF	+8.9%	+6.5%	+97.6%

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 Sub-Fund against the FTSE Value-Stocks Japan Index was at 47 basis points on an annualized basis since its inception on 22 May 2012.

### Sensible Asset Management Hong Kong Limited

24 November 2017

*All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in JPY, NAV to NAV with dividends reinvested, as at 29 September 2017. 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 2017

	<b>30.9.2017</b> JPY	<b>31.3.2017</b> JPY
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	782,755,076	782,662,647
Dividends receivable	8,522,023	9,294,015
Prepayments and other receivables	113,604	198,837
Cash and cash equivalents	<u>8,340,750</u>	<u>9,823,961</u>
<b>TOTAL ASSETS</b>	<u>799,731,453</u>	<u>801,979,460</u>
<b>LIABILITIES</b>		
Audit fees payable	1,089,454	2,085,022
Management fees payable	429,264	1,915,546
Trustee and registrar fees payable	62,450	69,279
Other payables	<u>2,126,526</u>	<u>256,996</u>
<b>TOTAL LIABILITIES</b>	<u>3,707,694</u>	<u>4,326,843</u>
<b>TOTAL EQUITY</b>	<u><u>796,023,759</u></u>	<u><u>797,652,617</u></u>
<b>Represented by:</b>		
Net assets attributable to unitholders	<u><u>796,023,759</u></u>	<u><u>797,652,617</u></u>
<b>Net asset value per unit based on 3,850,000 (31.3.2017: 4,200,000) units outstanding</b>	<u><u>206.7594</u></u>	<u><u>189.9173</u></u>

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### INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	Holdings	Fair value JPY	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed equity securities</b>			
<b>Japan</b>			
ANA Holdings Inc	1,524	6,490,716	0.81
Aozora Bank Ltd	1,523	6,518,440	0.82
Daiwa Securities Group Inc	20,944	13,347,611	1.67
Hitachi Ltd	52,976	42,004,670	5.28
Honda Motor Co Ltd	12,232	40,757,024	5.12
Isuzu Motors Ltd	7,095	10,578,645	1.33
ITOCHEU Corp	18,425	33,957,275	4.27
JFE Holdings Inc	6,699	14,721,053	1.85
Kajima Corp	11,935	13,343,330	1.68
Mazda Motor Corp	7,414	12,789,150	1.61
Mitsubishi Chemical Holdings Corp	16,830	18,041,760	2.27
Mitsubishi Corp	15,840	41,429,520	5.20
Mitsubishi Gas Chemical Co Inc	2,420	6,381,540	0.80
Mitsubishi UFJ Financial Group Inc	52,415	38,299,641	4.81
Mitsui & Co Ltd	21,879	36,384,777	4.57
Mitsui Chemicals Inc	2,371	8,108,820	1.02
Mizuho Financial Group Inc	190,839	37,614,367	4.73
MS&AD Insurance Group Holdings Inc	6,501	23,553,123	2.96
NGK Spark Plug Co Ltd	2,486	5,953,970	0.75
Nippon Steel & Sumitomo Metal Corp	10,153	26,230,276	3.29
Nissan Motor Co Ltd	25,179	28,061,996	3.52
Nomura Holdings Inc	43,758	27,567,540	3.46
Obayashi Corp	8,778	11,841,522	1.49
Resona Holdings Inc	28,512	16,479,936	2.07
Shimizu Corp	7,381	9,204,107	1.16
Sompo Holdings Inc	4,752	20,804,256	2.61
Subaru Corp	7,986	32,423,160	4.07
Sumitomo Chemical Co Ltd	19,657	13,818,871	1.74
Sumitomo Corp	14,608	23,643,048	2.97
Sumitomo Electric Industries Ltd	9,812	18,034,456	2.27
Sumitomo Mitsui Financial Group Inc	8,932	38,586,240	4.85
Sumitomo Mitsui Trust Holdings Inc	4,862	19,744,582	2.48

**VALUE JAPAN ETF**A Sub-Fund of Value ETFs Trust  
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AS AT 30 SEPTEMBER 2017

	Holdings	Fair value JPY	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed equity securities (Continued)</b>			
<i>Japan (Continued)</i>			
Tokio Marine Holdings Inc	8,074	35,541,748	4.46
Tosoh Corp	3,701	9,385,736	1.18
Toyota Motor Corp	6,127	<u>41,112,170</u>	<u>5.16</u>
<b>Total financial assets at fair value through profit or loss</b>		782,755,076	98.33
Cash and cash equivalents		8,340,750	1.05
Other net assets		<u>4,927,933</u>	<u>0.62</u>
<b>Total net assets</b>		<u>796,023,759</u>	<u>100.00</u>
<b>Total investments, at cost</b>		<u>715,293,943</u>	

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### STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	% of net assets	
	30.9.2017	31.3.2017
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Listed equity securities</b>		
Japan	98.33	98.12
<b>Total financial assets at fair value through profit or loss</b>	98.33	98.12
Cash and cash equivalents	1.05	1.23
Other net assets	0.62	0.65
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

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### PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

#### 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 2017 to 30 September 2017	From 1 April 2016 to 30 September 2016
FTSE Value-Stocks Japan Index	+10.2%	-2.1%
Value Japan ETF	+8.9%	-3.5%

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### **INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)**

*AS AT 30 SEPTEMBER 2017*

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 2017 and 31 March 2017.