

VALUE JAPAN ETF (Stock code: 3084)

A Sub-Fund of Value ETFs Trust

2018 SEMI-ANNUAL REPORT

For the six months ended 30 September 2018



Sensible Asset Management Hong Kong Limited

43rd Floor, The Center

99 Queen's 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. 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.

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
Performance record (unaudited)	9
Investment limitation and prohibitions under the SFC code (unaudited)	10

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(A Hong Kong Umbrella Unit Trust)

GENERAL INFORMATION

Investment Manager

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

Sub-investment Manager

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

Directors of the Investment Manager

Mr. So Chun Ki Louis
Dr. Au King Lun
Mr. Roger Anthony Hepper
Mr. Mak Ling Kai
Mr. Quah Kung Beng David (appointed on 2
May 2018)

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

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards (ETF)	
2017	<ul style="list-style-type: none"> Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) for Sensible Asset Management – <i>Benchmark</i>
2016	<ul style="list-style-type: none"> Value Partners ETF and Indexing Awards 2016 – Best ETF Launch – <i>Asia Asset Management & ETFI Asia</i> Value Partners ETF and Indexing Awards 2016 – Best Commodity ETF – <i>Asia Asset Management & ETFI Asia</i> Value Partners ETF and Indexing Awards 2016 – Best Smart Beta ETF – <i>Asia Asset Management & ETFI Asia</i>
Value Japan ETF	
2015	<ul style="list-style-type: none"> Fund of the Year Awards 2015 Best in class – Japan Equity (ETF) – <i>Benchmark Magazine</i>

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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 28 September 2018, the Net Asset Value ("NAV") per unit of the Sub-Fund was JPY224.70, and 3,850,000 units were outstanding. The total size of the Sub-Fund was approximately JPY865.1 million.

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

	From 1 April 2018 to 28 September 2018	2018 YTD (as at 28 September)	Since inception
FTSE Value-Stocks Japan Index	+9.4%	+1.6%	+152.7%
Value Japan ETF	+7.9%	-0.3%	+114.8%

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 46 basis points on an annualized basis since its inception on 22 May 2012.

Sensible Asset Management Hong Kong Limited

27 November 2018

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in JPY, NAV to NAV with dividends reinvested, as at 28 September 2018. 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 2018

	30.9.2018 JPY	31.3.2018 JPY
ASSETS		
Financial assets at fair value through profit or loss	851,323,093	788,502,467
Dividends receivable	10,797,740	11,187,366
Other receivables	1,955,137	152,868
Cash and cash equivalents	5,195,154	13,987,341
TOTAL ASSETS	869,271,124	813,830,042
LIABILITIES		
Audit fees payable	625,560	1,176,846
Management fees payable	2,417,255	1,973,058
Trustee and registrar fees payable	134,103	68,286
Other payables	990,575	3,655,281
TOTAL LIABILITIES	4,167,493	6,873,471
TOTAL EQUITY	865,103,631	806,956,571
Represented by:		
Net assets attributable to unitholders	865,103,631	806,956,571
Net asset value per unit based on 3,850,000 (31.3.2018: 3,850,000) units outstanding	224.7022	209.5991

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2018

	Holdings	Fair value JPY	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>Japan</i>			
Dai-ichi Life Holdings Inc	16,038	37,937,889	4.39
Daiwa Securities Group Inc	22,935	15,852,672	1.83
Hitachi Ltd	10,117	39,051,620	4.51
Honda Motor Co Ltd	12,100	41,611,900	4.81
Idemitsu Kosan Co Ltd	2,101	12,627,010	1.46
Isuzu Motors Ltd	7,337	13,140,567	1.52
ITOCHU Corp	20,339	42,305,120	4.89
JFE Holdings Inc	7,392	19,270,944	2.23
JXTG Holdings Inc	45,683	39,209,719	4.53
Kajima Corp	6,583	10,868,533	1.26
Mazda Motor Corp	8,206	11,192,984	1.29
Mitsubishi Chemical Holdings Corp	18,579	20,204,663	2.34
Mitsubishi Corp	12,738	44,595,738	5.16
Mitsubishi UFJ Financial Group Inc	61,435	43,563,559	5.04
Mitsui & Co Ltd	21,263	42,961,892	4.97
Mitsui Chemicals Inc	2,541	7,218,981	0.83
Mizuho Financial Group Inc	210,947	41,809,695	4.83
MS&AD Insurance Group Holdings Inc	7,183	27,252,302	3.15
Nippon Steel & Sumitomo Metal Corp	11,209	26,940,832	3.11
Nissan Motor Co Ltd	27,775	29,538,713	3.41
Nomura Holdings Inc	48,543	26,344,286	3.05
NSK Ltd	6,545	8,521,590	0.99
Obayashi Corp	9,680	10,415,680	1.20

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2018

	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>			
Resona Holdings Inc	31,372	20,024,748	2.31
Sekisui House Ltd	8,338	14,445,585	1.67
Shimizu Corp	8,140	8,441,180	0.98
Showa Denko KK	2,090	13,104,300	1.51
Sompo Holdings Inc	4,972	24,059,508	2.78
Subaru Corp	8,822	30,700,560	3.55
Sumitomo Chemical Co Ltd	21,692	14,425,180	1.67
Sumitomo Corp	16,126	30,550,707	3.53
Sumitomo Mitsui Trust Holdings Inc	5,346	24,997,896	2.89
Tosoh Corp	4,081	7,141,750	0.83
Toyota Motor Corp	5,390	38,242,050	4.42
Yamaha Motor Co Ltd	4,004	12,752,740	1.47
Total financial assets at fair value through profit or loss		851,323,093	98.41
Cash and cash equivalents		5,195,154	0.60
Other net assets		8,585,384	0.99
Total net assets		<u>865,103,631</u>	<u>100.00</u>
Total investments, at cost (inclusive of transaction cost)		<u>791,661,173</u>	

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	% of net assets	
	30.9.2018	31.3.2018
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Japan	98.41	97.72
Total financial assets at fair value through profit or loss	98.41	97.72
Cash and cash equivalents	0.60	1.73
Other net assets	0.99	0.55
Total net assets	100.00	100.00

PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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 2018 to 30 September 2018	From 1 April 2017 to 30 September 2017
FTSE Value-Stocks Japan Index	+9.4%	+10.2%
Value Japan ETF	+7.9%	+8.9%

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INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

AS AT 30 SEPTEMBER 2018

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 2018 and 31 March 2018.