



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

A Sub-Fund of Value ETFs Trust

# 2019 SEMI-ANNUAL REPORT

For the six months ended 30 September 2019

**Sensible Asset Management Hong Kong Limited**

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

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## 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  
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. Quah Kung Beng David  
Mr. Cheung Kin Yan

#### Trustee and Registrar

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

#### Legal Advisor

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

#### Auditor

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

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## GENERAL INFORMATION (Continued)

### Key awards

Corporate awards (ETF)	
2018	<ul style="list-style-type: none"><li>• <b>Benchmark Fund of the Year Awards 2018, Hong Kong</b> <b>Commodity ETF House: Best-In-Class</b> – <i>Benchmark</i></li></ul>
2017	<ul style="list-style-type: none"><li>• <b>Benchmark Fund of the Year Awards 2017, Hong Kong</b> <b>House Award (ETF) – Commodity ETF (Outstanding Achiever)</b> – <i>Benchmark</i></li></ul>
2016	<ul style="list-style-type: none"><li>• <b>ETF and Indexing Awards 2016</b><ul style="list-style-type: none"><li>– <b>Best ETF Launch</b></li><li>– <b>Best Commodity ETF</b></li><li>– <b>Best Smart Beta ETF</b></li><li>– <i>Asia Asset Management &amp; ETFI Asia</i></li></ul></li></ul>
Value Japan ETF	
2015	<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</i></li></ul>
2014	<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</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 30 September 2019, the Net Asset Value ("NAV") per unit of the Sub-Fund was JPY181.8752, and 3,850,000 units were outstanding. The total size of the Sub-Fund was approximately JPY700.2 million.

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

	<b>From 1 April 2019 to 30 September 2019</b>	<b>2019 YTD (as at 30 September)</b>	<b>Since inception</b>
FTSE Value-Stocks Japan Index	-0.5%	+3.4%	+109.3%
Value Japan ETF	-1.8%	+1.4%	+73.9%

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

#### Other matters

The units of the Sub-Fund will cease trading on 17 December 2019 and the Sub-Fund would be terminated on 17 February 2020. Please refer to the announcement and notice which is released on 14 November 2019 with subject ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING for details.

#### Sensible Asset Management Hong Kong Limited

20 November 2019

*All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in JPY, NAV to NAV with dividends reinvested, as at 30 September 2019. Performance data is net of all fees.*

*Investors should note that investment involve risk. The price of units may go down as well as up and past performance is not indicative of future results.*

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS AT 30 SEPTEMBER 2019

	<b>30.9.2019</b>	<b>31.3.2019</b>
	<i>JPY</i>	<i>JPY</i>
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	686,170,801	700,738,649
Dividends receivable	10,553,162	12,402,750
Prepayments and other receivables	1,856,707	305,892
Cash and cash equivalents	5,446,688	8,350,452
	<u>704,027,358</u>	<u>721,797,743</u>
<b>LIABILITIES</b>		
Audit fees payable	545,109	1,220,690
Management fees payable	1,584,346	1,647,914
Trustee and registrar fees payable	58,962	56,865
Due to broker	-	4,172,034
Other payables	1,619,581	1,789,039
	<u>3,807,998</u>	<u>8,886,542</u>
<b>TOTAL ASSETS</b>	<u>700,219,360</u>	<u>712,911,201</u>
<b>TOTAL LIABILITIES</b>	<u>3,807,998</u>	<u>8,886,542</u>
<b>TOTAL EQUITY</b>	<u>700,219,360</u>	<u>712,911,201</u>
<b>Represented by:</b>		
Net assets attributable to unitholders	<u>700,219,360</u>	<u>712,911,201</u>
<b>Net asset value per unit based on 3,850,000</b> <b>(31.3.2019: 3,850,000) units outstanding</b>	<u>181.8752</u>	<u>185.1717</u>

## VALUE JAPAN ETF

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### INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2019

	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>			
Aisin Seiki Co Ltd	2,695	9,149,525	1.31
Chubu Electric Power Co Inc	10,923	17,094,495	2.44
Dai-ichi Life Holdings Inc	17,138	27,917,802	3.99
Daiwa House Industry Co Ltd	10,153	35,596,418	5.08
Hitachi Ltd	8,558	34,428,834	4.92
Honda Motor Co Ltd	12,133	33,954,201	4.85
Idemitsu Kosan Co Ltd	3,718	11,358,490	1.62
Isuzu Motors Ltd	7,964	9,481,142	1.35
JFE Holdings Inc	8,030	10,439,000	1.49
JXTG Holdings Inc	48,367	23,815,911	3.40
Kajima Corp	7,150	10,131,550	1.45
Mitsubishi Chemical Holdings Corp	19,910	15,332,691	2.19
Mitsubishi Corp	11,704	31,027,304	4.43
Mitsui & Co Ltd	19,030	33,645,040	4.81
Mitsui Chemicals Inc	2,706	6,537,696	0.93
Mizuho Financial Group Inc	217,239	35,974,778	5.14
MS&AD Insurance Group Holdings Inc	7,689	26,911,500	3.84
Nippon Steel Corp	12,760	19,210,180	2.74
Obayashi Corp	10,516	11,315,216	1.62
Oji Holdings Corp	13,772	6,941,088	0.99
ORIX Corp	20,075	32,340,825	4.62
Resona Holdings Inc	34,111	15,793,393	2.26
Sekisui House Ltd	9,042	19,214,250	2.74
Shimizu Corp	8,844	8,649,432	1.24
Showa Denko KK	2,233	6,308,225	0.90
Sompo Holdings Inc	5,401	24,396,317	3.48
Subaru Corp	9,581	29,126,240	4.16
Sumitomo Chemical Co Ltd	23,584	11,438,240	1.63
Sumitomo Corp	17,534	29,597,392	4.23
Sumitomo Mitsui Trust Holdings Inc	5,775	22,499,400	3.21
Taisei Corp	3,234	13,534,290	1.93
Tosoh Corp	4,433	6,330,324	0.90
Toyota Motor Corp	4,994	36,036,704	5.15
Toyota Tsusho Corp	3,476	12,113,860	1.73

**INVESTMENT PORTFOLIO (UNAUDITED) (Continued)**

AS AT 30 SEPTEMBER 2019

	Holdings	Fair value <i>JPY</i>	% 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>			
Yamaha Motor Co Ltd	4,356	8,529,048	1.22
<b>Total financial assets at fair value through profit or loss</b>		686,170,801	97.99
Cash and cash equivalents		5,446,688	0.78
Other net assets		8,601,871	1.23
<b>Total net assets</b>		<b>700,219,360</b>	<b>100.00</b>
<b>Total investments, at cost (inclusive of transaction cost)</b>		<b>761,068,547</b>	

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	% of net assets	
	30.9.2019	31.3.2019
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Listed Equity Securities</b>		
Japan	<u>97.99</u>	<u>98.29</u>
<b>Total financial assets at fair value through profit or loss</b>	97.99	98.29
Cash and cash equivalents	0.78	1.17
Other net assets	<u>1.23</u>	<u>0.54</u>
<b>Total net assets</b>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

**PERFORMANCE RECORD (UNAUDITED)**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019*

**Comparison of the scheme performance and the actual index performance**

The table below illustrates the comparison between the performance of the Index and the Sub-Fund during the following period:

	<b>From 1 April 2019 to 30 September 2019</b>	<b>From 1 April 2018 to 30 September 2018</b>
FTSE Value-Stocks Japan Index	-0.5%	+9.4%
Value Japan ETF	-1.8%	+7.9%

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

*AS AT 30 SEPTEMBER 2019*

The Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the “SFC Code”) allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund’s net asset value provided that:

- a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the index; and
- b) the Sub-Fund’s holding of any such constituent securities may not exceed their respective weightings in the index, except where weightings are exceeded as a result of changes in the composition of the indices and the excess is only transitional and temporary in nature.

The Sub-Fund did not have any index securities that accounted for more than 10% of their respective net asset value of the Sub-Fund as at 30 September 2019 and 31 March 2019.