

#### Important notes

- Value China ETF (the "Fund") is an index-tracking fund listed on the Stock Exchange of Hong Kong Limited ("SEHK") which aims to provide investment results that closely correspond to the performance of the FTSE Value-Stocks China Index ("Index").
- The Fund invests in emerging market and is subject to a greater risk of loss than investments in a developed market due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- The Index may experience periods of volatility and decline and the price of units of the Fund is likely to vary or decline accordingly.
- There is no assurance that the Fund will pay dividends. The Manager may at its discretion pay dividends out of the capital of the Fund or pay dividend out of gross income while all or part of the fees and expenses of the Fund are charged to/paid out of the capital of the Fund. Dividends effectively paid out of capital amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distribution involving payment of dividends out of the capital may result in an immediate reduction of the Fund's net asset value per unit.
- An affiliated company of the Manager and Sub-Manager of the Fund assists with the compilation of the Index and accordingly potential conflicts of interests may arise.
- As the Fund is not actively managed, the Manager will not adopt a temporary defensive position against any market downturn. Investors may lose part or all of their investment.
- Trading prices of units on the SEHK are subject to market forces and the units may trade at a substantial premium/discount to the net asset value of the Fund.
- You should not make investment decision on the basis of this material alone. Please read the prospectus of the Fund for details and risk factors.



Invest wisely |



# VALUE CHINA ETF

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## 3046<sup>HK</sup>



# Value China ETF is one of the eligible collective investment schemes for the purpose of the Hong Kong Capital Investment Entrant Scheme (CIES). The CIES was suspended by the Hong Kong Government with effect from 15 January 2015 until further notice.

† Value China ETF is approved by Hong Kong's Mandatory Provident Fund Schemes Authority (MPFA) as an index-tracking collective investment schemes (ITCIS) for investment by provident fund schemes registered under the Mandatory Provident Fund Scheme Ordinance.

With a proprietary value-based stock-picking model, the underlying index<sup>1</sup> of **Value China ETF** (the “Fund”) screens and tracks quality yet under-valued stocks, which aims at offering you a potential return above other market indices. The Fund aims to provide investors a simple, cost effective way to tap into the strong investment potential of the China stock market.

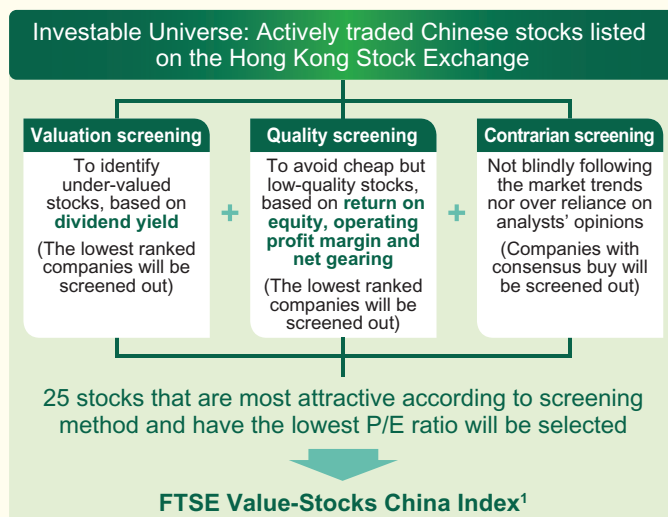
## About FTSE Value Stocks China Index (the “Index”)

The Fund tracks the FTSE Value-Stocks China Index<sup>1</sup>, which consists of 25 quality value stocks amongst liquid and tradable Chinese companies listed in Hong Kong, including H-shares, red chips and other Hong Kong-listed Chinese companies.

## Why invest in Value China ETF?

### 1 Invest in a basket of top quality stocks

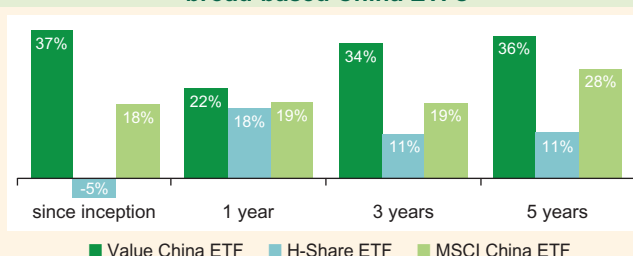
- Jointly created by Value Partners and FTSE<sup>1</sup>, the value-stocks indices employ a proprietary stock filtering model
- Constituent stocks are subject to valuation, quality and contrarian screenings, with an aim to generate excess returns over market returns
- Semi-annual rebalancing (April and September), to capture investment opportunities



### 2 Deliver strong outperformance compared to peers

- Most of the ETFs simply passively track the mainstream indices, while Value China ETF aims to deliver excess return over the market
- The underlying index managed to beat benchmark
- The Fund gained 12.5%<sup>2</sup> year-to-date
- The Fund ranked 1st among peers<sup>3</sup> in terms of 1-year, 3-year, 5-year and since launch performance

#### The Fund outperformed Hong Kong-listed broad-based China ETFs

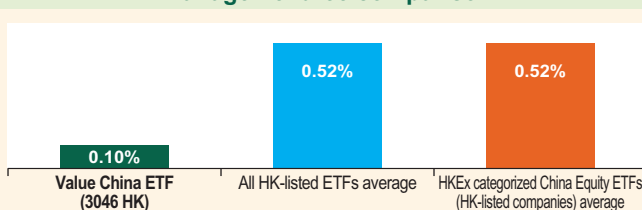


Source: Bloomberg, Morningstar, HKEx, as of 31 March 2017. Comparison of Value China ETF and the largest two HKEx categorized China Equity (Hong Kong-listed companies) ETFs, in terms of market capitalisation. Performance is calculated in base currency of the respective ETFs, and is based on NAV-to-NAV with dividend reinvested.

### 3 Low investment cost

- The management fee of Value China ETF is 0.1% while the average management fee of all Hong Kong-listed China ETFs is 0.52%
- A low cost investment option for investors to optimize potential return

#### Management fee comparison



Source: Value Partners, HKEx, Bloomberg, as at 24 April 2017.

### 4 Proven track record of stable dividend payouts

- All constituent companies paid dividend in the trailing 12 months
- Consistent dividend paying record since inception, yielding from 3.3% to 5.6%
- Dividend yield of the Fund was ranked top 5 among all Hong Kong-listed ETFs<sup>5</sup>

#### Dividend payments since launch

Ex-date	Payable date	Dividend (HKD per share)	Yield (%) <sup>4</sup>	Ranking <sup>5</sup>
03/12/2010	28/12/2010	1.33	3.3	1
02/12/2011	28/12/2011	1.13	3.4	2
04/12/2012	28/12/2012	1.45	4.2	2
04/12/2013	27/12/2013	1.41	3.8	1
04/12/2014	29/12/2014	2.17	5.6	3
04/12/2015	29/12/2015	1.59	4.6	2
06/12/2016	29/12/2016	1.38	3.9	5

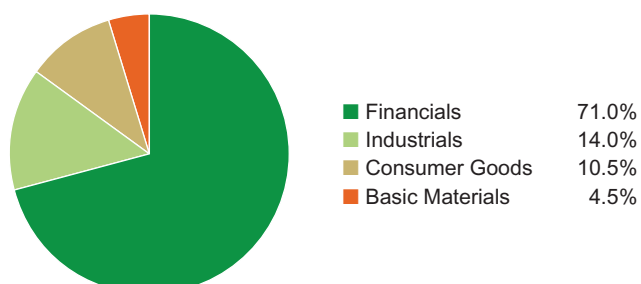
## Investment objective

To track the performance of the FTSE Value-Stocks China Index, an index of 25 quality value stocks amongst liquid and tradable Chinese companies listed on SEHK including H-shares, red chips and other SEHK listed Chinese companies.

## Product key facts

<b>Stock code</b>	<b>3046 HK</b>
<b>Launch date</b>	10 December 2009
<b>Listing date</b>	15 December 2009
<b>Underlying index</b>	FTSE Value-Stocks China Index
<b>Exchange listing</b>	Stock Exchange of Hong Kong – Main Board
<b>Base currency</b>	HKD
<b>Trading currency</b>	HKD
<b>Trading lot size</b>	100 units
<b>Application unit size</b> (only by or through Participating Dealers)	Minimum 200,000 units (or multiples thereof)
<b>Management fee</b>	0.10% p.a.
<b>Ongoing charges<sup>6</sup></b>	Estimated to be 0.99% p.a. <sup>7</sup>
<b>Dividend policy</b>	Targeted to pay semi-annually, subject to the Manager's discretion
<b>Investment strategy</b>	Full replication strategy
<b>Investment manager</b>	Sensible Asset Management Hong Kong Limited
<b>Trustee and registrar</b>	HSBC Institutional Trust Services (Asia) Ltd
<b>Market makers</b>	BNP Paribas Securities (Asia) Ltd BOCI Securities Ltd CITIC Securities Brokerage (HK) Ltd Commerz Securities Hong Kong Ltd Credit Suisse Securities (Hong Kong) Limited LT Securities Limited Merrill Lynch Far East Limited

## Sector allocation of the Index<sup>8</sup>



## Constituents of the Index<sup>8</sup>

	<b>Constituent Name</b>	<b>Industry</b>	<b>Weightings</b>
1	Bank of China	Banks	15.39%
2	Agricultural Bank of China	Banks	9.69%
3	China Overseas Land	Real estate investment & services	9.06%
4	China Merchants Bank	Banks	8.04%
5	PICC Property & Casualty	Non-life insurance	6.02%
6	CITIC Pacific	General industrials	5.83%
7	China Minsheng Banking	Banks	5.22%
8	Bank of Communications	Banks	5.04%
9	China Communications Construction	Construction & Materials	4.95%
10	China Citic Bank	Banks	4.29%
11	Guangzhou Automobile Group Co., Ltd.	Automobiles & parts	2.80%
12	Great Wall Motor Co. Ltd.	Automobiles & parts	2.73%
13	China Vanke	Real estate investment & services	2.71%
14	Dongfeng Motor Group	Automobiles & parts	2.50%
15	Beijing Enterprises Holdings Ltd.	General industrials	2.07%
16	Kingboard Chemical Holdings Ltd.	Chemicals	2.01%
17	Sinopec Shanghai Petrochemical Co. Ltd.	Chemicals	1.59%
18	China Everbright Bank Co Ltd	Financial services	1.57%
19	Chongqing Rural Commercial Bank	Banks	1.56%
20	Xinyi Glass Holdings Ltd.	Automobiles & parts	1.39%
21	China Everbright Bank Co Ltd	Banks	1.26%
22	Shanghai Industrial Holdings Ltd.	General industrials	1.17%
23	Sino-Ocean Land Holdings Ltd.	Real estate investment & services	1.17%
24	BAIC Motor Corp. Ltd.	Automobile & parts	1.07%
25	Lee & Man Paper Manufacturing Ltd.	Forestry & paper	0.87%
			<b>100.00%</b>

## Awards and recognition



### 2016 HKCAMA - Bloomberg Offshore China Fund Awards

**Best Tracking Error (ETF) – First Runner-up**

~ HKCAMA & Bloomberg



### Asian ETFs Awards 2010

**Best New ETF in Asia**

~ Republic Partners  
(a provider on ETFs research)

## Value ETF

**3095** Value China A-Share ETF

**3046** Value China ETF

**3084** Value Japan ETF

**3041** Value Korea ETF

**3060** Value Taiwan ETF

**3081** Value Gold ETF

1. FTSE Value-Stocks China Index. The units of the Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), the London Stock Exchange Plc (the "Exchange"), The Financial Times Limited ("FT") or Value Partners Index Services Limited ("VPISL") and neither FTSE nor the Exchange nor the FT nor VPISL make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE and designed by VPISL. However, neither FTSE nor Exchange nor FT nor VPISL shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor the Exchange nor the FT nor VPISL shall be under any obligation to advise any person of any error therein.
2. Value China ETF was launched on 10 December 2009. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. Data as of 31 March 2017. Calendar year return: 2009 (since inception on 10 December): -0.4%; 2010: +11.7%; 2011: -16.7%; 2012: +22.5%; 2013: -3.4%; 2014: +20.7%; 2015: -9.1%; 2016: +1.3%; 2017(as of end of March): +12.5%.
3. Source: Morningstar. Peers refer to Hong Kong-listed China equity ETFs launched on or before 10 December 2009, ranked based on fund returns for the period 10 December 2009 to 31 March 2017.
4. Yield is calculated based on the dividend per unit divided by the ex-date NAV per unit. It is for reference only and does not represent the performance of the Fund. All dollar amounts are in HKD unless otherwise stated.
5. Source: Bloomberg, FTSE, HSBC Institutional Trust Services (Asia) Limited, data as of 31 March 2017. Ranked by dividend yield of all Hong Kong-listed ETFs.
6. The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the Fund for the corresponding period as described below. This figure may vary from year to year.
7. As the management fee for the Fund will be reduced from 0.70% to 0.10% with effect from 1 May 2017, this is a best estimate of the Fund's ongoing charges figure for the period from 1 April 2017 to 31 March 2018, based on the actual ongoing expenses reported in the interim financial statements of the Fund for the period ended 30 September 2016 and taking into account the management fee up to 30 April 2017 and the reduced management fee effective 1 May 2017. The actual figure may be different from the estimate. As a point of reference, the actual annualised ongoing charges figure of the Fund based on the expenses for the interim period ended 30 September 2016 was 1.54%.
8. Source: FTSE. Data as of 28 April 2017. Classification based on Industry Classification Benchmark (ICB).

Investors should note investment involves risk and past performance is not indicative of future results. Investors should refer to 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 delisted. Investors should also note that the Fund is different from typical retail investment funds, in particular, units in the Fund may only be created and redeemed directly by a participating dealer in large unit sizes.

This document has not been reviewed by the SFC. Issuer: Sensible Asset Management Hong Kong Limited.



Please contact your stockbroker or financial adviser for enquiries.  
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