



**VALUE KOREA ETF** (Stock code: 3041)  
A Sub-fund of Value ETFs Trust

# 2016 SEMI-ANNUAL REPORT

For the six months ended 30 September 2016



**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 KOREA 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. 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

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## GENERAL INFORMATION (Continued)

### Recent awards and achievements

#### Corporate awards (ETF)

- 2016
- **Value Partners**  
**ETF and Indexing Awards 2016 – Best ETF Launch**  
– *Asia Asset Management & ETFI Asia*
  - **Value Partners**  
**ETF and Indexing Awards 2016 – Best Commodity ETF**  
– *Asia Asset Management & ETFI Asia*
  - **Value Partners**  
**ETF and Indexing Awards 2016 – Best Smart Beta ETF**  
– *Asia Asset Management & ETFI Asia*

## VALUE KOREA ETF

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### MANAGER'S REPORT

Value Korea 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 Korea Index ("the Index") by holding a portfolio of the constituent stocks of the Index. The Index comprises 35 value stocks amongst Korean companies' shares listed on The Korea Exchange.

As at 30 September 2016, the Net Asset Value ("NAV") per unit of the Fund was KRW4,025.93, and 1,950,000 units were outstanding. The total size of the Fund was approximately KRW7,851 million.

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

Total Return in KRW	From 1 April 2016 to 30 September 2016	2016 YTD (as at 30 September)	Since inception
FTSE Value-Stocks Korea Index	-2.6%	-0.3%	27.4%
Value Korea ETF	-4.7%	-2.9%	9.9%

The difference in performance between the FTSE Value-Stocks Korea Index and the Value Korea 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 Korea Index was at 106 basis points on an annualized basis since its inception on 23 May 2012.

#### Sensible Asset Management Hong Kong Limited

25 November 2016

*All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in KRW, NAV to NAV with dividends reinvested, as at 30 September 2016. Performance data is net of all fees.*

*Investors should note that investments 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 2016

	<b>30.9.2016</b>	<b>31.3.2016</b>
	<i>KRW</i>	<i>KRW</i>
<b>Assets</b>		
Financial assets at fair value through profit or loss	7,813,775,650	8,114,615,595
Dividends receivable	–	122,397,685
Prepayments	15,736,025	30,540,962
Cash and cash equivalents	<u>68,450,962</u>	<u>12,608,989</u>
<b>Total assets</b>	<u><u>7,897,962,637</u></u>	<u><u>8,280,163,231</u></u>
<b>Liabilities</b>		
Audit fees payable	25,625,400	20,768,238
Management fees payable	13,923,298	9,373,606
Trustee and registrar fees payable	642,853	668,563
Other payables	<u>7,216,618</u>	<u>8,439,586</u>
<b>Total liabilities</b>	<u><u>47,408,169</u></u>	<u><u>39,249,993</u></u>
<b>Total equity</b>	<u><u>7,850,554,468</u></u>	<u><u>8,240,913,238</u></u>
<b>Represented by:</b>		
Net assets attributable to unitholders	<u><u>7,850,554,468</u></u>	<u><u>8,240,913,238</u></u>
<b>Net asset value per unit based on 1,950,000</b>		
<b>(31.3.2016: 1,950,000) units outstanding</b>	<u><u>4,025.9254</u></u>	<u><u>4,226.1094</u></u>

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### INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2016

	Holdings	Fair value KRW	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed Equity Securities</b>			
<b>South Korea</b>			
Daelim Industrial Co Ltd	2,379	197,219,100	2.51
Daewoo Securities Co Ltd	16,133	125,998,730	1.60
Dongwon Industries Co Ltd	117	35,275,500	0.45
E-Mart Inc	1,833	288,697,500	3.68
GS Holdings Corp	4,472	239,252,000	3.05
Halla Holdings Corp	650	43,940,000	0.56
Hankook Tire Co Ltd	6,513	386,872,200	4.93
Hanwha Chemical Corp	7,098	171,771,600	2.19
Hyundai Motor Co	5,616	760,968,000	9.70
Hyundai Steel Co	6,513	330,860,400	4.21
Hyundai Wia Corp	1,391	120,460,600	1.53
Kia Motors Corp	17,615	742,472,250	9.46
Kolon Industries Inc	1,482	122,857,800	1.56
Korea Electric Terminal Co Ltd	611	47,413,600	0.60
Korea Petrochemical Industrial Co Ltd	247	52,734,500	0.67
Korea Real Estate Investment & Trust Co Ltd	13,988	44,062,200	0.56
Korean Reinsurance Co	7,956	92,687,400	1.18
LG Electronics Inc	9,477	453,948,300	5.78
LG Fashion Corp.	1,586	35,129,900	0.45
LG Hausys Ltd	520	54,600,000	0.70
LG Telecom Ltd	18,772	220,571,000	2.81
Lotte Chemical Corp	1,261	375,778,000	4.79
LOTTE Himart Co Ltd	1,027	45,496,100	0.58
LS Industrial Systems Co Ltd	1,326	55,692,000	0.71
Meritz Fire & Marine Insurance Co Ltd	4,797	73,873,800	0.94
Meritz Securities Co Ltd	25,467	85,569,120	1.09



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

AS AT 30 SEPTEMBER 2016

	Holdings	Fair value KRW	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed Equity Securities (Continued)</b>			
<b>South Korea (Continued)</b>			
Nexen Tire Corp	2,990	44,252,000	0.56
Nong Shim Co Ltd	273	85,722,000	1.09
Samsung Electronics Co Ltd	618	797,220,000	10.16
Samsung Life Insurance Co Ltd	6,448	680,264,000	8.67
Shinsegae Co Ltd	598	108,537,000	1.38
SK Telecom Co Ltd	1,989	449,514,000	5.73
SKC Co Ltd	1,755	49,666,500	0.63
S-Oil Corp	3,653	296,623,600	3.78
Youngone Corp	2,639	<u>97,774,950</u>	<u>1.25</u>
<b>Total financial assets at fair value through profit or loss</b>		7,813,775,650	99.54
Cash and cash equivalents		68,450,962	0.88
Other net liabilities		<u>(31,672,144)</u>	<u>(0.42)</u>
<b>Total net assets</b>		<u>7,850,554,468</u>	<u>100.00</u>
<b>Total investments, at cost</b>		<u>8,011,916,314</u>	

## VALUE KOREA ETF

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

AS AT 30 SEPTEMBER 2016

	% of net assets	
	30.9.2016	31.3.2016
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Listed equity securities</b>		
South Korea	<u>99.54</u>	<u>98.47</u>
<b>Total financial assets at fair value through profit or loss</b>	99.54	98.47
Cash and cash equivalents	0.88	0.15
Other net (liabilities)/assets	<u>(0.42)</u>	<u>1.38</u>
<b>Total net assets</b>	<u><u>100.00</u></u>	<u><u>100.00</u></u>