



VALUE TAIWAN ETF (Stock code: 3060)
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 TAIWAN ETF

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(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 | <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 Taiwan ETF | |
| 2015 | <ul style="list-style-type: none">• Top Fund Awards 2015 (Hong Kong) Taiwan Large-Cap Equity – Outstanding Performer (ETF) <i>– Bloomberg Businessweek, Chinese edition</i>• Fund of the Year Awards 2015 Best-in-class – Taiwan Equity (ETF) <i>– Benchmark</i> |
| 2014 | <ul style="list-style-type: none">• Fund of the Year Awards 2014 Top Fund 100 – Taiwan Equity (ETF) – Best-in-Class <i>– Benchmark Magazine</i> |

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MANAGER'S REPORT

Value Taiwan 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 Taiwan Index ("the Index") by holding a portfolio of the constituent stocks of the Index. The Index comprises 50 value stocks amongst Taiwanese companies' shares listed on The Taiwan Stock Exchange Corporation and GreTai Securities Market, which is a market regulated and supervised by the Taiwan Financial Supervisory Commission.

As at 30 September 2016, the Net Asset Value ("NAV") per unit of the Fund was TWD136.82, and 1,650,000 units were outstanding. The total size of the Fund was approximately TWD226 million.

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

| Total Return in TWD | From 1 April 2016 to 30 September 2016 | 2016 YTD (as at 30 September) | Since inception |
|--------------------------------|---|----------------------------------|--------------------|
| FTSE Value-Stocks Taiwan Index | 9.2% | 12.8% | 54.4% |
| Value Taiwan ETF | 6.5% | 9.4% | 30.1% |

The difference in performance between the FTSE Value-Stocks Taiwan Index and the Value Taiwan 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 Taiwan Index was at 46 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 TWD, 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

| | 30.9.2016 | 31.3.2016 |
|---|--------------------|--------------------|
| | <i>TWD</i> | <i>TWD</i> |
| Assets | | |
| Financial assets at fair value through profit or loss | 222,711,105 | 211,510,090 |
| Dividends receivable | 1,195,274 | – |
| Amounts due from brokers | 19,082 | – |
| Prepayments and other receivables | 890,779 | 46,833 |
| Cash and cash equivalents | <u>2,662,006</u> | <u>1,284,950</u> |
| Total assets | <u>227,478,246</u> | <u>212,841,873</u> |
| Liabilities | | |
| Audit fees payable | 730,938 | 584,739 |
| Management fees payable | 388,450 | 136,055 |
| Trustee and registrar fees payable | 18,444 | 33,795 |
| Other payables | <u>589,405</u> | <u>142,315</u> |
| Total liabilities | <u>1,727,237</u> | <u>896,904</u> |
| Total equity | <u>225,751,009</u> | <u>211,944,969</u> |
| Represented by: | | |
| Net assets attributable to unitholders | <u>225,751,009</u> | <u>211,944,969</u> |
| Net asset value per unit based on 1,650,000 (31.3.2016: 1,650,000) units outstanding | <u>136.8188</u> | <u>128.4515</u> |

VALUE TAIWAN ETF

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(A Hong Kong Umbrella Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2016

| | Holdings | Fair value TWD | % of net assets |
|---|----------|-------------------|--------------------|
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | |
| Listed Equity Securities | | | |
| <i>Taiwan</i> | | | |
| Accton Technology Corp | 16,038 | 782,654 | 0.35 |
| Advanced Semiconductor Engineering Inc | 197,087 | 7,410,471 | 3.28 |
| Asustek Computer Inc | 22,275 | 6,225,862 | 2.76 |
| Catcher Technology Co Ltd | 23,342 | 5,940,539 | 2.63 |
| Cathay Financial Holdings Co Ltd | 250,712 | 10,053,551 | 4.45 |
| Chang Hwa Commercial Bank | 178,288 | 2,861,522 | 1.27 |
| Cheng Shin Rubber Industry Co Ltd | 58,322 | 3,843,420 | 1.70 |
| Chicony Electronics Co Ltd | 18,084 | 1,434,061 | 0.64 |
| Chin-Poon Industrial Co Ltd | 10,802 | 753,980 | 0.33 |
| Chipbond Technology Corp | 19,228 | 882,565 | 0.39 |
| CTBC Financial Holding Co Ltd | 530,057 | 9,647,037 | 4.27 |
| CTCI Corp | 21,835 | 1,002,226 | 0.44 |
| E.Sun Financial Holding Co Ltd | 262,317 | 4,682,358 | 2.07 |
| Elite Material Co Ltd | 8,888 | 759,924 | 0.34 |
| Eternal Materials Co Ltd (formerly known as Eternal Chemical Co Ltd) | 27,995 | 944,831 | 0.42 |
| Everlight Electronics Co Ltd | 12,694 | 637,239 | 0.28 |
| First Financial Holding Co Ltd | 298,683 | 4,973,072 | 2.20 |
| Flexium Interconnect Inc | 8,382 | 782,041 | 0.35 |
| Formosa Chemicals & Fibre Corp | 138,765 | 11,697,890 | 5.19 |
| Formosa Petrochemical Corp | 44,913 | 4,230,805 | 1.87 |
| Formosa Plastics Corp | 154,726 | 12,037,683 | 5.34 |
| Foxconn Technology Co Ltd | 34,683 | 3,183,899 | 1.41 |
| Fubon Financial Holding Co Ltd | 229,361 | 10,619,414 | 4.70 |
| HON HAI Precision Industry Co Ltd | 286,165 | 22,607,035 | 10.02 |
| Hua Nan Financial Holdings Co Ltd | 249,084 | 3,997,798 | 1.77 |
| Kenda Rubber Industrial Co Ltd | 20,691 | 1,033,515 | 0.46 |
| King Yuan Electronics Co Ltd | 33,385 | 929,772 | 0.41 |
| Lite-On Technology Corp | 67,617 | 3,049,527 | 1.35 |
| MediaTek Inc | 46,068 | 11,033,286 | 4.89 |
| Mega Financial Holding Co Ltd | 340,879 | 7,516,382 | 3.33 |
| Micro-Star International Co Ltd | 21,593 | 1,759,830 | 0.78 |
| Nan Ya Plastics Corp | 180,257 | 11,175,934 | 4.95 |
| Novatek Microelectronics Corp Ltd | 18,040 | 1,993,420 | 0.88 |

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2016

| | Holdings | Fair value TWD | % of net assets |
|--|----------|----------------------|--------------------|
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued) | | | |
| Listed Equity Securities (Continued) | | | |
| <i>Taiwan (Continued)</i> | | | |
| Pegatron Corp | 60,181 | 4,850,589 | 2.15 |
| Phison Electronics Corp | 5,104 | 1,214,752 | 0.54 |
| POU Chen Corp | 83,567 | 3,685,305 | 1.63 |
| Radiant Opto-Electronics Corp | 13,948 | 709,953 | 0.31 |
| Siliconware Precision Industries Co | 69,839 | 3,282,433 | 1.45 |
| Simplo Technology Co Ltd | 9,141 | 941,523 | 0.42 |
| Sinopac Financial Holdings Co Ltd | 313,434 | 2,899,265 | 1.28 |
| Taichung Commercial Bank Co Ltd | 70,532 | 627,735 | 0.28 |
| Taiwan Semiconductor Manufacturing Co Ltd | 123,871 | 22,606,458 | 10.02 |
| TECO Electric & Machinery Co Ltd | 57,530 | 1,553,310 | 0.69 |
| Tong Yang Industry Co Ltd | 14,927 | 1,110,569 | 0.49 |
| Transcend Information Inc | 8,965 | 820,298 | 0.36 |
| Tripod Technology Corp | 15,587 | 1,086,414 | 0.48 |
| Wistron Neweb Corp | 8,151 | 806,134 | 0.36 |
| Yageo Corp | 15,103 | 983,205 | 0.44 |
| Yuanta Financial Holding Co Ltd | 363,616 | 4,072,499 | 1.80 |
| Zhen Ding Technology Holding Ltd | 14,223 | <u>977,120</u> | <u>0.43</u> |
| Total financial assets at fair value through profit or loss | | 222,711,105 | 98.65 |
| Cash and cash equivalents | | 2,662,006 | 1.18 |
| Other net assets | | <u>377,898</u> | <u>0.17</u> |
| Total net assets | | <u>225,751,009</u> | <u>100.00</u> |
| Total investments, at cost | | <u>201,707,238</u> | |

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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 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | |
| Listed equity securities | | |
| Taiwan | <u>98.65</u> | <u>99.79</u> |
| Total financial assets at fair value through profit or loss | 98.65 | 99.79 |
| Cash and cash equivalents | 1.18 | 0.61 |
| Other net assets/(liabilities) | <u>0.17</u> | <u>(0.40)</u> |
| Total net assets | <u>100.00</u> | <u>100.00</u> |