

July 2018

- Value Korea 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 Korea 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. 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.
- 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.
- 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.
- 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.
- You should not make investment decision on the basis of this material alone. Please read the prospectus for details and risk factors.

## Investment objective

To track the performance (before fees and expenses) of the FTSE Value-Stocks Korea Index, an index of 35 value stocks amongst the companies listed on Korea Stock Exchange.

## Fund performance update <sup>1</sup>

	The Fund	FTSE Value-Stocks Korea Index
One month	+0.2%	+0.5%
Three months	-12.8%	-12.2%
Year-to-date	-14.5%	-13.1%
One year	-9.6%	-6.7%
Since launch (cumulative)	+25.6%	+55.1%

## Annual return since launch <sup>1</sup>

	The Fund	FTSE Value-Stocks Korea Index
2012 (Since launch)	+19.5%	+22.5%
2013	+11.0%	+15.4%
2014	-10.5%	-6.6%
2015	-6.1%	-4.5%
2016	-1.1%	+2.6%
2017	+33.1%	+38.0%
2018 (YTD)	-14.5%	-13.1%

## Fund information

<b>Fund price (NAV)</b>	HK\$30.8654
<b>Fund size</b>	HK\$27.8 million
<b>Underlying index</b>	FTSE Value-Stocks Korea Index
<b>Inception date</b>	23 May 2012
<b>Manager</b>	Sensible Asset Management Hong Kong Limited
<b>Sub-Manager</b>	Value Partners Hong Kong Limited
<b>Trustee and registrar</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Auditor</b>	Ernst & Young
<b>Participating dealers</b>	<ul style="list-style-type: none"> <li>– ABN AMRO Clearing Hong Kong Limited</li> <li>– Chief Securities Limited</li> <li>– Credit Suisse Securities (Hong Kong) Limited</li> <li>– Goldman Sachs (Asia) Securities Limited</li> <li>– Macquarie Bank Limited</li> <li>– Nomura International (Hong Kong) Limited</li> <li>– The Hong Kong and Shanghai Banking Corporation Limited</li> </ul>
<b>Market makers</b>	<ul style="list-style-type: none"> <li>– Commerz Securities Hong Kong Ltd</li> <li>– Flow Traders Hong Kong Limited</li> <li>– HSBC Securities Brokers (Asia) Limited</li> </ul>
<b>Exchange listing</b>	The Stock Exchange of Hong Kong Limited – Main Board
<b>Trading board lot size</b>	100 units
<b>Bloomberg Index ticker</b>	GPVP07TR <Index>
<b>Bloomberg ETF ticker</b>	3041 HK <Equity>
<b>Dividend policy <sup>2</sup></b>	Aim at semi-annual distribution, subject to the Manager's discretion
<b>Base currency</b>	South Korean Won
<b>Trading currency</b>	HK dollar
<b>Application unit size (only by or through Participating Dealers)</b>	Minimum 150,000 units (or multiples thereof)
<b>Management fee</b>	0.70% per annum
<b>Investment strategy</b>	Full replication strategy

## Portfolio characteristic

As at 31-7-2018	2018 <sup>3</sup>
Price/earnings ratio	6.8 times
Price/book ratio	0.7 times
Portfolio yield	2.7%

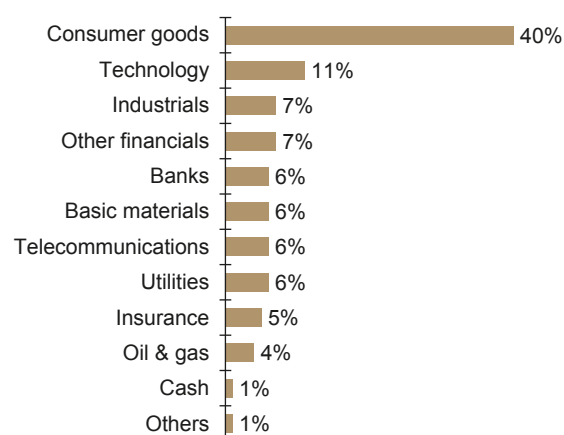
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Portfolio composition		
Name	Sector	%
SK Hynix Inc.	Technology, hardware & equipment	10.7
Samsung Electronics Co. Ltd.	Leisure goods	9.7
Hyundai Mobis Co. Ltd.	Automobiles & parts	9.5
Hyundai Motor Co.	Automobiles & parts	9.0
Korea Electric Power Corp.	Electricity	6.2
Woori Bank	Banks	6.2
LG Electronics Inc.	Leisure goods	5.9
LG Corp.	General industrials	4.9
SK Telecom Co. Ltd.	Mobile telecommunications	4.1
S-Oil Corp.	Oil & gas producers	3.5
Hyundai Steel Co.	Industrial metals & mining	2.9
Hankook Tire Co. Ltd.	Automobiles & parts	2.4
Hyundai Motor Co.	Automobiles & parts	2.4
LG Uplus Corp.	Mobile telecommunications	2.2
Korea Investment Holdings Co. Ltd.	Financial services	2.0
Hyundai Marine & Fire Insurance Co. Ltd.	Nonlife insurance	1.6
Daelim Industrial Co. Ltd.	Construction & materials	1.5
Samsung Securities Co. Ltd.	Financial services	1.5
Kumho Petrochemical Co. Ltd.	Chemicals	1.4
NH Investment & Securities Co. Ltd.	Financial services	1.2
Hyundai Department Store Co. Ltd.	General retailers	1.1
Hanwha Life Insurance Co. Ltd.	Life insurance	1.0
ING Life Insurance Korea Ltd.	Life insurance	1.0
KIWOOM Securities Co. Ltd.	Financial services	0.8
LOTTE Fine Chemical Co. Ltd.	Chemicals	0.8
Korean Reinsurance Co.	Nonlife insurance	0.7
Meritz Fire & Marine Insurance Co. Ltd.	Financial services	0.7
Meritz Securities Co. Ltd.	Financial services	0.7

(Continued from left column)

Name	Sector	%
Youngone Corp.	Personal goods	0.7
SKC Co. Ltd.	Chemicals	0.6
Huchems Fine Chemical Corp.	Chemicals	0.5
DB HiTek Co. Ltd.	Technology, hardware & equipment	0.4
Hanwha General Insurance Co. Ltd.	Nonlife insurance	0.4
LF Corp.	Personal goods	0.4
Orion Holdings Corp.	Food producers	0.3

## Sector exposure <sup>4</sup>



## Awards

### Value Partners

Best ETF Launch

Best Commodity ETF

Best Smart Beta ETF

~ Asia Asset Management, ETFI Asia



Source: HSBC Institutional Trust Services (Asia) Limited, FTSE and Bloomberg, data as at the last valuation date of the month as stated above, unless stated otherwise. Performance is based in fund's trading currency, HKD, NAV to NAV, with dividend reinvested and net of fees.

1. Prior to December 2014, performance data is based on fund base currency (i.e. South Korean Won). 2. There is no guarantee that such dividends will be made nor will there be a target level of dividend payout. 3. The above profile is based on market consensus forecast as derived from S&P Capital IQ and Bloomberg. Harmonic mean methodology is applied to calculate the forecast P/E ratio and P/B ratio. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates. 4. Classification is based on Industry Classification Benchmark (ICB). Due to rounding, percentages shown may not add up to 100%.

Investors should note investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read 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. The Fund's prospectus is available and may be obtained from website. Investors should also note that the Fund is different from a typical retail investment fund, in particular, units in the Fund may only be created or redeemed directly by a participating dealer in large unit sizes.

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