Value China ETF (stock code: 3046)

Distinction • Value • Experience

★★★★ Morningstar Rating™[1]
As at 30-11-2014

CIES Eligible [2]

28 November 2014

- 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 (the "Index").
- Prices on the SEHK are based on secondary market trading factors and may deviate significantly from the net asset value of the Fund.
- The Fund has a portfolio investing in the PRC and therefore is subject to emerging market risks. Generally, investments in emerging markets are 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 etc.
- The Fund is also subject to concentration risk as a result of investing only in PRC companies. Adverse developments in the PRC may affect the value of the underlying securities in which the Fund invests.
- 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.
- The Manager may at its discretion pay dividends out of gross income while charging/ paying all or part of the Fund's fees and expenses to/ out of the capital of the Fund, resulting in an increase in distributable income for the payment of dividends by the Fund and therefore, the Fund may effectively pay dividends out of capital.
- The dividend policy may be amended by the Manager subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.
- 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 dividends may result in an immediate reduction of the net asset value per share of the Fund.
- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) (if any) for the last 12 months is disclosed on the Manager's website and is also available upon request from the Manager.
- 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 of the FTSE Value-Stocks China Index, an index of 25 quality value stocks amongst liquid and tradable Chinese companies' shares listed in Hong Kong including H-shares, Red chips and P chip (defined as Hong Kong Exchange listed companies which derive 50% or more of their sales revenue or operating assets from mainland China).

Performance since launch [3]

Fund performance update [3]

	The Fund	FTSE Value-Stocks China Index	Hang Seng Index	MSCI China Index
One month	+7.7%	+7.8%	+0.0%	+1.6%
Three months	+4.5%	+5.0%	-2.4%	-0.8%
Year-to-date	+12.4%	+15.0%	+7.2%	+6.7%
One year	+5.4%	+8.0%	+4.6%	+3.1%
Since launch (cumulative)	+23.4%	+36.9%	+31.6%	+16.4%

Annual return since launch [3]

	The Fund	FTSE Value-Stocks China Index
2009 (Since launch)	-0.4%	-0.3%
2010	+11.7%	+13.5%
2011	-16.7%	-15.2%
2012	+22.5%	+25.8%
2013	-3.4%	-1.4%
2014 (Year-to-date)	+12.4%	+15.0%

Fund information

Fund price (NAV)	HK$39.54
Fund size	HK$142.4 million
Underlying index	FTSE Value-Stocks China Index
Inception date	10 December 2009
Manager	Sensible Asset Management Hong Kong Limited
Sub-Manager	Value Partners Hong Kong Limited
Trustee and registrar	HSBC Institutional Trust Services (Asia) Limited
Auditor	Ernst & Young
Participating dealers	– BNP Paribas Securities (Asia) Ltd. – BNP Paribas Securities Services – BOCI Securities Ltd. – Chief Securities Limited – Credit Suisse Securities (Hong Kong) Limited – Daiwa Capital Markets Hong Kong Limited – Goldman Sachs (Asia) Securities Limited – Macquarie Bank Limited – Merrill Lynch Far East Limited – Nomura International (Hong Kong) Limited – Philip Securities (Hong Kong) Limited – RBS Asia Limited – SG Securities (HK) Limited – Sinopac Securities (Asia) Limited
Market makers	– BNP Paribas Securities (Asia) Ltd. – BOCI Securities Ltd. – Commerz Securities Hong Kong Ltd – Credit Suisse Securities (Hong Kong) Limited – Merrill Lynch Far East Limited
Exchange listing	The Stock Exchange of Hong Kong Limited – Main Board
Trading board lot size	100 Units
Bloomberg Index ticker	TGPVP002 <Index>
Bloomberg ETF ticker	3046 HK <Equity>
Dividend policy	Aim at semi-annual distribution, subject to the Manager's discretion
Base currency	HK dollar
Application unit size (only by or through Participating Dealers)	Minimum 200,000 Units (or multiples thereof)
Management fee	0.70% per annum
Investment strategy	Full replication strategy

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Portfolio composition

Name	Sector	%
Bank of China Ltd.	Banks	15.4
Agricultural Bank of China Ltd.	Banks	13.1
China Shenhua Energy Co. Ltd.	Mining	10.4
China Merchants Bank Co. Ltd.	Banks	10.2
China Minsheng Banking Corp. Ltd.	Banks	7.2
Bank of Communications Co. Ltd.	Banks	7.2
China Citic Bank	Banks	6.1
China Communications Construction Co. Ltd.	Construction & materials	4.8
Evergrande Real Estate Group Ltd.	Real estate investment & services	2.6
Sino-Ocean Land Holdings Ltd.	Real estate investment & services	2.3
Country Garden Holdings Co.	Real estate investment & services	2.1
Longfor Properties Co. Ltd.	Real estate investment & services	2.0
Huabao International Holdings Ltd.	Chemicals	1.8
Chongqing Rural Commercial Bank Co. Ltd.	Banks	1.7
Shanghai Industrial Holdings Ltd.	General industrials	1.5
China Resources Cement Holdings Ltd.	Construction & materials	1.4
Kingboard Chemical Holdings Ltd.	Chemicals	1.4
Yuexiu Property Co. Ltd.	Real estate investment & services	1.3
China Communications Services Corp. Ltd.	Technology, hardware & equipment	1.3
China South City Holdings Ltd.	Industrial transportation	1.3
Skyworth Digital Holdings Ltd.	Leisure goods	1.1
Sinopec Engineering Group Co. Ltd.	Construction & materials	1.0
BBMG Corp.	Construction & materials	1.0
Agile Property Holdings Ltd.	Real estate investment & services	0.9
REXLot Holdings Ltd.	Travel & leisure	0.8

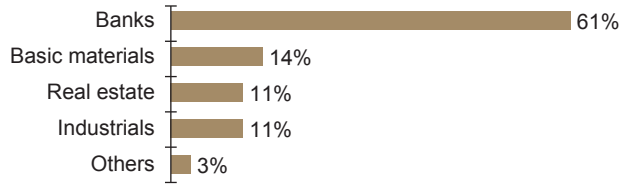
Recent distribution

Ex-dividend date	Payable date	Dividend (HK$ per unit)	Yield (%) [4]
3-12-2010	28-12-2010	1.33	3.3
2-12-2011	28-12-2011	1.13	3.4
4-12-2012	28-12-2012	1.45	4.2
4-12-2013	27-12-2013	1.41	3.8

Portfolio characteristic

As at 28-11-2014	2015 [5]
Price/earnings ratio	5.4 times
Price/book ratio	0.8 times
Dividend yield	6.4%

Sector exposure [6]



Awards

Value Partners

2012 The Asset Triple A Investment Awards

Highly Commended ETF House for Hong Kong

~ The Asset

Value China ETF

Asian ETFs Awards 2010 – Best New ETF in Asia

~ Republic Partners Limited, a provider on ETFs research

1. *© 2014 Morningstar, Inc. All Rights Reserved.* **2.** *Value China ETF is one of the eligible collective investment schemes for the purpose of the Hong Kong Capital Investment Entrant Scheme (CIES).* **3.** *Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV, with dividends reinvested. Performance data is net of all fees.* **4.** *Yield is calculated based on the dividend per Unit divided by the ex-date NAV per Unit. It is estimated and for reference only and does not represent the performance of the Fund. All dollar amounts are in HKD unless otherwise stated.* **5.** *The above profile is based on market consensus forecast as derived from S&P Capital IQ and Bloomberg. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates.* **6.** *Classification is based on Industry Classification Benchmark (ICB).*

Warning: Please note that a positive distribution yield does not imply a positive return. Investors should not make any investment decision solely based on information contained in the table above. You should read the relevant offering document (including the key facts statement of the Fund for further details including the risk factors.

Disclaimer

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. 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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