

Monthly EMQQ Market Report

October 2021

HANetf & EMQQ

Emerging Markets and Ecommerce UCITS ETF

EMQQ.L

86bps

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Product Inception Date: 02/10/2018

For Professional Clients Only. Capital at risk.

All data as of 30.09.21

This report was written by, and is the opinion of, the EMQQ index providers Big Tree Capital LLC.

Key Takeaways

- While performance pulled back 7% in September, green shoots are emerging that regulatory pressures in China are abating. While internet giant Meituan was hit with a \$534 million fine for past exclusivity agreements, the penalty was far short of expectations and removed another key overhang in the space.¹ The company remains very well capitalised after raising nearly \$10 billion earlier in the year.²
- Some of China's largest platforms, including Tencent's WeChat, have ended the practice of blocking access to rival links on their sites. A Bloomberg article helped put this in context for non-Chinese netizens: "For global users, it would be the equivalent of Facebook letting you watch YouTube videos on its site for the first time in years."³ We ultimately see this as a sign of competition rationalizing in the space and a signal that Chinese regulatory measures are not about hurting their internet giants, but rather correcting overly aggressive behaviours and protecting consumer data.
- Three new Indian tech companies completed their IPOs following the landmark listing of Zomato in August. These companies include Cartrade Tech Ltd, Freshworks Inc and Truecaller AB. While the pipeline of IPO-bound Indian internet firms has been a topic of much interest for us over the last few months, we expect the fourth quarter to bring this theme closer to fruition. Amongst the most anticipated IPOs include Paytm, the Berkshire-backed fintech company, which is involved in everything from payments to insurance.⁴ Goldman Sachs estimates that these new economy companies will make up as much 15% of India's stock market in a few years from a very low base today.⁵

Macro Outlook

While China continues to dominate headlines in emerging markets with everything from Evergrande's potential default to energy shortages across the country, the ETF's top Chinese holdings continue to exhibit resilient growth underpinned by structural tailwinds of increasing digitization. Key among these is Alibaba, and Tencent who grew their revenues by 34% and 20%, respectively, in the June quarter.⁶ On the regulatory front, one of the more significant rollouts is now behind us. China's Data Security Law went into effect on September 1, 2021, and now provides a roadmap of how data is to be collected, used and protected in China.⁷ With a clear framework in place, we expect companies in our universe to adjust accordingly. While volatility has whipsawed stocks over the last few months, valuations have pulled in and provide a solid entry point for long-term investors.⁸

¹ <https://www.cnbc.com/2021/10/11/china-tech-stocks-rise-after-meituan-hit-with-antitrust-fine.html>

² <https://www.bloomberg.com/news/articles/2021-04-19/meituan-seeks-about-10-billion-in-stock-offering-convertibles>

³ <https://www.bloomberg.com/news/newsletters/2021-09-21/it-s-going-to-get-easier-to-use-china-s-apps>

⁴ <https://economictimes.indiatimes.com/tech/startups/more-global-biggies-line-up-for-paytms-2-2-billion-ipo/articleshow/86954385.cms>

⁵ <https://www.cnbc.com/video/2021/09/20/new-economy-companies-will-make-up-15percent-of-indias-market-in-few-years.html>

⁶ <https://www.nasdaq.com/articles/alibabas-quarterly-revenue-jumps-34-2021-08-03-0>

⁷ <https://www.china-briefing.com/news/a-close-reading-of-chinas-data-security-law-in-effect-sept-1-2021/>

⁸ Big Tree Capital Analysis. PEG Ratio below 1

EMQQ Performance Table

As of 30.09.2021

	1M	3M	6M	YTD	12M	2Y	SI
EMQQ Emerging Markets Internet & Ecommerce UCITS ETF (Acc)	-7.46%	-21.61%	-22.07%	-22.25%	-4.44%	60.20%	59.46%
<i>EMQQ Emerging Markets Internet & Ecommerce Index™</i>	-7.29%	-21.36%	-21.63%	-21.69%	-3.50%	63.43%	65.21%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/09/2021

Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product.

Product Details

EMQQ Emerging Markets and Ecommerce UCITS ETF, is a UCITS compliant Exchange Traded Fund domiciled in Ireland.

The Fund tracks an index of leading Internet and Ecommerce companies serving Emerging Markets. It seeks to offer investors exposure to the growth of online consumption in the developing world. EMQQ holdings operate in diverse markets such as India, China, Brazil, Turkey, Nigeria and Indonesia, to name a few. To be included, the companies must derive their profits from Internet or Ecommerce activities; constituents are broad and diverse including search engines, online retail, social networking, online video, e-payments, cloud computing, online gaming, travel, and numerous others.

Visit the [EMQQ Fund Page](#) for more information.

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL
London Stock Exchange	EMQQ LN	EMQQ.L	IE00BFYN8Y92	-	BYVJ906
London Stock Exchange	EMQP LN	EMQP.L	IE00BFYN8Y92	-	BYVJ9P1
Borsa Italiana	EMQQ IM	EMQQ.MI	IE00BFYN8Y92	-	BFX1CD1
Deutsche Boerse Xetra	EMQQ GY	EMQQ.DE	IE00BFYN8Y92	-	BFX38K6
SIX Swiss Exchange	EMQQ SW	EMQQ.S	IE00BFYN8Y92	43753877	BMYC3Q2



Kevin T. Carter
EMQQ Founder and CIO

Mr. Carter is the Founder of the Emerging Markets Internet & Ecommerce ETF (NYSE: EMQQ) and Chairman of the EMQQ Index Committee. Prior to EMQQ, Mr. Carter was the Founder & CEO of AlphaShares, an investment firm offering five Emerging Markets ETFs in partnership with Guggenheim Investments. Previously Mr. Carter was the Founder & CEO of Active Index Advisors acquired by Natixis in 2005 and the Founder & CEO of eInvesting acquired by ETRADE in 2000. Mr. Carter received a degree in Economics from the University of Arizona and began his career in 1992 with Robertson Stephens & Company.

Important Information

Please note that all performance figures are showing net data.

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