

Monthly Global Online Retail Market Report

November 2022

HANetf & EQM Indexes

Global Online Retail UCITS ETF

IBUY

69bps

IE00BN7JGL35

Product Inception Date: 24/03/21

For Professional Clients Only. Capital at risk.

All data as of 31/10/2022

This report was written by, and is the opinion of, the IBUY index providers EQM Indexes.

Key Takeaways

- **US Online Retail Sales Expected to Surpass Last Year's Record Levels, Growing 12%** – eMarketer | Business Intelligence projects U.S. online holiday sales will surpass last year's record level, and grow 12% this holiday season. Deloitte also forecasts e-commerce sales will grow by 12.8% to 14.3%, year-over-year, during the 2022-2023 holiday season, suggesting e-commerce holiday sales will land between \$260 billion and \$264 billion.
- **Holiday Shopping Season Kicks Off Early** – Amazon set the tone with its successful Prime Early Access sale in October, which generated \$8 billion in gross merchandise value. Shoppers are expected to shop early to find discounts before prices rise and to avoid supply concerns, and retailers are responding, with two-thirds starting their holiday marketing campaigns in October.
- **The Holidays are Back, Regardless**– Heading into the holidays, in addition to inflation, consumers are weathering higher interest rates and steep declines in the financial markets. But even without the stimulus payments from previous years not in the mix, after nearly three years of suppressed behaviour, consumers are primed to go all out and are ready to spend this holiday season. 80% of U.S. adults plan to spend the same or more than last year and over 70% are willing to explore financing options if necessary. Amazon just added a Venmo payment option at checkout.
- **Eurozone Consumer Constrained**– Russia's cutbacks in supplies of natural gas have sent energy prices soaring, which is bad news for consumers with winter coming. UK holiday spending is expected to be 22% less than last year, according to Retail Economics, amid inflation rates above 13%. Eurozone inflation also accelerated to 9.9% in September, painting a bleak outlook for retail sales in Europe this holiday season. The situation does create opportunities for retailers who can successfully communicate value to consumers such as discounters like Pepco and Flying Tiger Copenhagen. Off-price and online are expected to be the winners in the battle for holiday consumer in Europe.
- **Limited Return to Brick-and-Mortar** – Brick-and-Mortar will certainly make a strong comeback as compared to last year as pandemic concerns fade, but post-pandemic shopping habits have been permanently transformed both in-store and online. While shoppers may venture to stores to see and handle products, many of those final purchases will occur online.
- **Technology Favours Online Retail**– While the in-store experience may be fraught with long lines, limited inventory, and temporary help, the online shopping experience has been enhanced by digital capabilities such as personalization, virtual try-on options, Buy Online, Pickup In-Store (BOPIS), social commerce and livestreaming, and Buy Now Pay Later (BNPL) flexible payment options for cash-strapped consumers. And for online retailers, technology can help drive sales, proactively targeting consumers using artificial

intelligence (AI). Mobile ads, in-app rewards, and gaming apps are key ways for retailers and brands to connect with shoppers.

- To read all of EQM Indexes' Online Retail Holiday Shopping Predictions, [click here](#).

Macro Outlook

Upside surprises in store for online holiday retail

Looking back at last holiday season, most of the globe was in the midst of a pandemic surge, which, along with continued supply chain issues, helped place a big lump of coal in the stocking of in-person shopping. In 2021, global online shopping stood at record levels, with overburdened carriers barely able to keep up with the demand.

Many online retailers ramped up spending on inventory, infrastructure, and hiring, only to be faced with a post-pandemic growth slowdown. Coming off peak pandemic levels, online retail growth slowed to 7.3% in the second quarter of 2022.

While COVID is less of a concern this holiday season, consumers and retailers are facing new financial headwinds such as price inflation, high fuel costs, and economic uncertainty. The situation is particularly dire in Europe due to fallout from the Russia-Ukraine war. European consumers have more to worry about than their holiday shopping list, such as heating their homes for the winter.

But if the pandemic has taught us anything, it is how resilient the consumer is, regardless of the circumstances.

We believe investors are underestimating the prospects for online retailers this holiday season, which may provide significant upside opportunity. (EQM)

Please note that all performance figures are showing net data. Past performance is not indicative of future performance and when you invest in ETFs, your capital is at risk.

Global Online Retail Performance Table

As of 31.10.2022

	1M	3M	6M	YTD	12M	SI
Global Online Retail UCITS ETF	-2.73%	-20.21%	-38.05%	-69.01%	-76.47%	-78.09%
<i>EQM Global Online Retail Growth Index</i>	<i>-2.69%</i>	<i>-20.08%</i>	<i>-37.77%</i>	<i>-68.68%</i>	<i>-76.18%</i>	<i>-77.72%</i>

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/10/2022. 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. When you invest in ETFs and ETCs your capital is at risk.

Product Details

Global Online Retail UCITS ETF (IBUY) is a UCITS compliant exchange traded fund domiciled in Ireland.

The fund seeks to provide exposure to the rapidly growing online e-commerce market as competitive pricing, shopping convenience, greater product selection and rapid delivery have made online shopping a disruptive technology that continues to exhibit strong growth characteristics, gain market share, and expand globally.

IBUY is a passive, rules-based fund providing exposure to global companies that derive significant revenue from direct online retail and online marketplace. The index is revenue weighted with a maximum of 20% exposure to Emerging Markets.

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

London Stock Exchange	IBUY LN	IBUY.L	IE00BN7JGL35	-	BNG9658	USD	0.69%
London Stock Exchange	PBUY LN	PBUY.L	IE00BN7JGL35	-	BNG9670	GBP	0.69%
Deutsche Boerse Xetra	IB0Y GY	IB0Y.DE	IE00BN7JGL35	-	BMT6499	EUR	0.69%
Borsa Italiana	IBUY IM	IBUY.MI	IE00BN7JGL35	-	BMT64D3	EUR	0.69%
SIX	IBUY	IBUY.S	IE00BN7JGL35	59389362	BMC7PF2	CHF	0.69%



Jane Edmondson

Co-Founder, EQM Indexes

EQM Indexes LLC is a U.S.-based, woman-owned firm dedicated to creating and supporting innovative indexes that thematic growth opportunities and emerging investment themes. Co-founded by Jane Edmondson, a former Institutional Portfolio Manager with nearly 30 years in the investment industry, the firm's index design expertise spans a wide range of asset classes and financial instruments. EQM Indexes has developed and licensed innovative index product solutions in the following categories: Global and International Online Retail, Blockchain, Global Cannabis, Lithium & Battery Technology, Junior Gold Miners, Risk Parity, and Social Justice.

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 - the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority ("FCA") and the relevant final terms of the carbon securities (together, "FCA Carbon ETC Prospectus"); and

- iii. the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland ("CBI") and the final terms of the carbon securities (together, "CBI Carbon ETC Prospectus").

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The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from www.hanetf.com.

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