

# Monthly Emerging and Frontier Markets Report

July 2023

## HANetf & EMQQ

### Emerging Markets & Ecommerce UCITS ETF

EMQQ

86bps

IE00BFYN8Y92

Product Inception Date: 02/10/2018

For Professional Clients Only. Capital at risk.

All data as of 30/06/2023

### Next Frontier Internet & Ecommerce ESG-S UCITS ETF

FMQQ

86bps

IE000WF4FCJ3

Product Inception Date: 06/01/2022

## Key Takeaways:

### Emerging Markets ETF & Frontier Markets ETF

The Emerging Markets ETF's underlying index climbed 5.6% in June. Year to date, the Index is down -1.4%.

The leading positive contributors to performance were Tencent and Netease, posting gains of 6.7% and 15.6% respectively. Tencent moved higher after management struck an upbeat tone on its digital advertising business, citing plans for both increased market share and margins. Meanwhile Netease, China's second largest mobile gaming operator, benefited from a series of blockbuster hits over the last few months as the online gaming market in China returns to growth this year.

The two largest detractors for the month were Mercadolibre and GoTo, declining -4.4% and -25.5% respectively. Mercadolibre cooled down slightly after a strong start to the year. The Latin American tech giant nonetheless continues to go from strength to strength operationally. A recent report from UBS highlights that Mercadolibre is "well positioned to continue gaining market share in both e-commerce and fintech while expanding margins." GoTo, the leading super app operator in Indonesia, declined after the company announced plans to replace its existing CEO, Andre Soelistyo. However, the incoming leadership team is expected to help accelerate the company's push for improved profitability.

Source of all performance data: HANetf / Bloomberg. Data as of 30.06.2023. **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.

## Rebalance Summary

The EMQQ Index recently completed its first of two semi-rebalances near the end of June. Please see below for a summary of the changes:

- The EMQQ Index decreased to 116 constituents, adding 4 companies, and dropping 13 due to Index rules on market capitalization, liquidity and volume.
- Of the 4 new additions, 3 originated from India.
- The largest addition was Bajaj Finance, a traditional Indian lender that has fully digitized its operations and is on pace to becoming a fintech super app.
- India's weight in the Index continues to rise, from roughly 10% in the December 2022 rebalance to 14% in the June 2023 rebalance. India now has the second largest country weighting in the Index behind China.

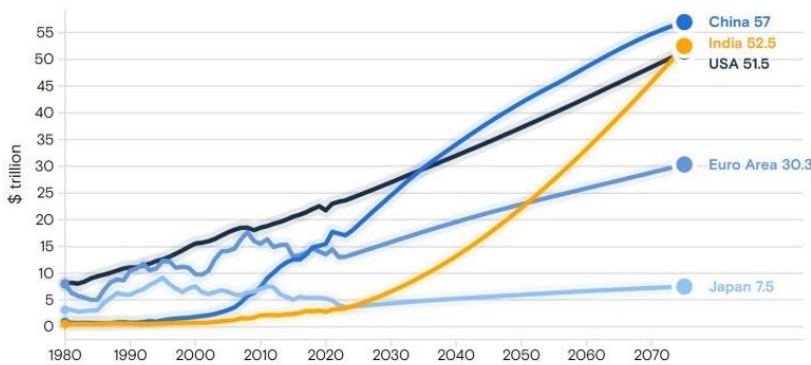
## Emerging Markets Tech News

**China wraps up fintech crackdown:** Chinese regulators recently imposed more than \$1 billion in fines on tech giants Ant Group and Tencent for operations associated with their two ubiquitous fintech apps: Alipay and Tenpay. Penalties asides, the move sends an important signal that the regulatory crackdown on China’s tech sector is potentially approaching an end. What is expected to follow is a more normalized regulatory environment. This comes on the back of recent pledges by policymakers to support the local tech industry. Removing this key overhang from the space should bode well for growth in the medium term.

**China wraps up fintech crackdown:** Profits for China’s interest industry surged 43% in the first five months of the year, according to a report released by the Ministry of Industry and Information. The turnaround comes after strong cost controls and business streamlining helped Chinese tech firms deliver strong earnings growth while the broader economy gradually recovers.

**India, Investment Destination of the Decade:** According to a recent report from HSBC, India is primed to be one of top investment destinations for the next decade. The report cites India’s increasing digitization and burgeoning tech ecosystem as important pillars for growth in the South Asian nation of 1.4 billion people... the same pillars underpinning the Indian companies across the EMQQ, FMQQ and INQQ indices. For a copy of the report, please contact a member of the team.

**India To Become 2nd Largest Economy:** Another recent report by Goldman Sachs highlights that India’s GDP is expected to expand dramatically over the next several decades. As per the chart below, Goldman economists forecast that India could surpass U.S. to become the world’s second largest economy by 2075. Key to unlocking the country’s potential, Goldman estimates India needs to continue boosting participation within its labor force as well as providing training and skills for its immense pool of talent.



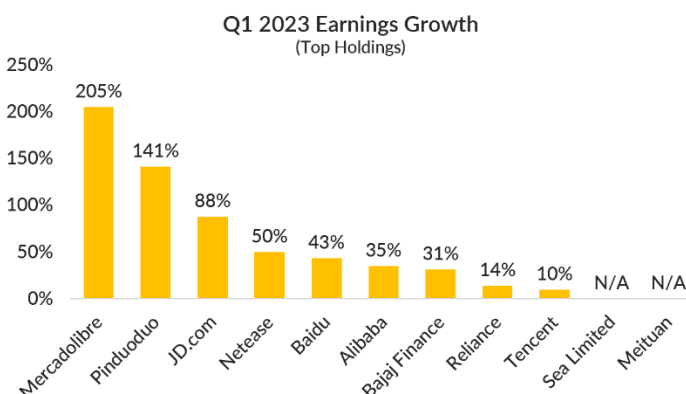
For illustrative purposes only.

Source: EMQQ Global.

## Valuation Snapshot

Despite a volatile start to the year, earnings growth for the EMQQ Index remains healthy. The chart below highlights the earnings growth of some of the top holdings in the Index during the first quarter of 2023.

With valuations still depressed and earnings growth still robust, PEG ratios in the Index remain comfortably below 1x.



For illustrative purposes only.

Sources available upon request.

## Emerging Markets ETF and Frontier Markets ETF Performance Tables

As of 30.06.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
EMQQ Emerging Markets Internet & Ecommerce UCITS ETF	5.61%	-8.40%	-1.74%	-1.74%	-8.60%	-53.73%	-37.37%	-5.88%
<i>EMQQ Emerging Markets Internet &amp; Ecommerce Index™</i>	5.62%	-8.22%	-1.41%	-1.41%	-8.07%	-52.78%	-35.51%	-0.80%

	1M	3M	6M	YTD	12M	SI
FMQQ Next Frontier Internet & Ecommerce ESG-S UCITS ETF	2.35%	3.01%	9.22%	9.22%	-0.09%	-47.11%
<i>FMQQ Next Frontier Internet &amp; Ecommerce Index</i>	2.35%	3.29%	10.20%	10.20%	1.34%	-46.52%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/06/2023. 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. Please remember that when you invest in ETFs and ETCs your capital is at risk.

### Product Details (EMQQ)

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	Ticker	RIC	SEDOL	ISIN	Valoren	WKN	CCY	Listing Date
LSE	EMQQ LN	EMQQ.L	BYVJ906	IE00BFYN8Y92	-	-	USD	05/10/2018
BMV	EMQQN MF		BMZQGB9	IE00BFYN8Y92			USD	15/03/2022
LSE	EMQP LN	EMQP.L	BYVJ9P1	IE00BFYN8Y92	-	-	GBP	05/10/2018
Borsa Italiana	EMQQ IM	EMQQ.MI	BFX1CD1	IE00BFYN8Y92	-	-	EUR	09/10/2018
Xetra	EMQQ GY	EMQ1.DE	BFX38K6	IE00BFYN8Y92	-	A2JR0G	EUR	11/10/2018
SIX	EMQQ SW	EMQQ.S	BMYC3Q2	IE00BFYN8Y92	43753877	-	CHF	02/06/2020
Euronext Paris	EMQQ FP	EMQP.PA	BN470J6	IE00BFYN8Y92	-	-	EUR	09/12/2021

## Product Details (FMQQ)

FMQQ Next Frontier Internet & Ecommerce ESG-S UCITS ETF (FMQQ), is designed to provide investors with exposure to the Internet and Ecommerce sectors of the developing world except for China. Many investors believe that the growth of consumption in frontier and emerging markets represents a significant growth opportunity as more than one billion people are expected to enter the consumer class in the coming decades [Brookings, Global Economy and Development: The Unprecedented Expansion of the Global Middle Class, 2017]. Increasingly, these consumers are using cheap smartphones and affordable broadband mobile connections to access the Internet, opening a world of discovery and wonder.

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

Exchange	BBG Code	RIC	ISIN	SEDOL	Currency
London Stock Exchange	FMQQ LN	FMQQ L	IE000WF4FC	BKSH8B9	USD
London Stock Exchange	FMQP LN	FMQP L	IE000WF4FC	BKSH8C0	GBP
Borsa Italiana	FMQQ IM	FMQQ MI	IE000WF4FC	BN7FZT2	EUR
Deutsche Boerse Xetra	XMQQ GY	XMQQ DE	IE000WF4FC	BN7FZV4	EUR



**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 elInvesting 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.

Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

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  - ii. 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](http://www.hanetf.com).

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