

Monthly Emerging Markets and Ecommerce Report

August 2020

HANetf & EMQQ

Emerging Markets and Ecommerce UCITS ETF

EMQQ

86bps

IE00BFYN8Y92

Fund Inception Date: 02/10/2018

For Professional Clients Only. Capital at risk.

This report was written by, and is the opinion of, the EMQQ fund partners EMQQ.

Key Takeaways

- The Emerging Markets and Ecommerce UCITS ETF (EMQQ) continues to solidify its hold on the #1 spot for all EM ETF's for YTD and 1yr performance according to ETFdb.com as of Aug 1, 2020. ¹
- Despite over 40% gains YTD, we see the macro secular trends that EMQQ captures as still being in its infancy. Over one billion people in the developing world are yet to obtain a smartphone indicating, just how early we are in this growth cycle.
- We are now seeing ecommerce in the less developed markets begin to finally catch up to demand as initial supply chain disruptions and logistics problems are being solved. (ie: India's food delivery platforms and Africa's ecommerce leader Jumia)
- U.S. China relations enter a new phase as Secretary of State Mike Pompeo's July 23rd speech aimed at escalating the conflict from a trade/economic focus to an ideological one, going so far as to dust off an old Reagan cold war mantra, "trust but verify" and replacing with his own "distrust and verify". ²
- It is clear now the administration views this adversarial strategy as advantageous heading into November's election and will continue in this posturing towards the likes of Huawei, TikTok and others using the national-security threat label.
- EMQQ companies best positioned in these emerging geographies are now starting to be recognized by local governments and investors as the cornerstones to their future economies, reflected in new protectionist policies and now market appreciation.

EMQQ Emerging Markets Internet & Ecommerce UCITS ETF Performance

July*	YTD**	12 Month***
9.08%	44.72%	59.93%

Past performance is no guarantee of future performance.

Source: Bloomberg, HANetf

* July figures based on 01.07.20 – 31.07.20

**YTD figures based on 01.01.20 - 31.07.20

***12 Month figures based on 30.06.19 -31.07.20

Performance Review

The Emerging Markets and Ecommerce UCITS ETF (EMQQ) has posted a return of over 60% for the trailing year, managing to further consolidate its lead as the best performing EM ETF in the category.

Leading the contribution to performance YTD has been the rapidly growing Chinese ecommerce platform Pindoudou (PDD) posting a return of over 140% as its targeting of lower tier cities and an increasingly price sensitive consumer has proved beneficial. Two other notable contributors were Singapore based Sea Ltd (SE) and Argentina based MercadoLibre posting YTD returns of 204% and 97% respectively. Both companies are prime examples of how these digitised business models are borderless and represent an opportunity far beyond what a weighting on a fact sheet indicates.

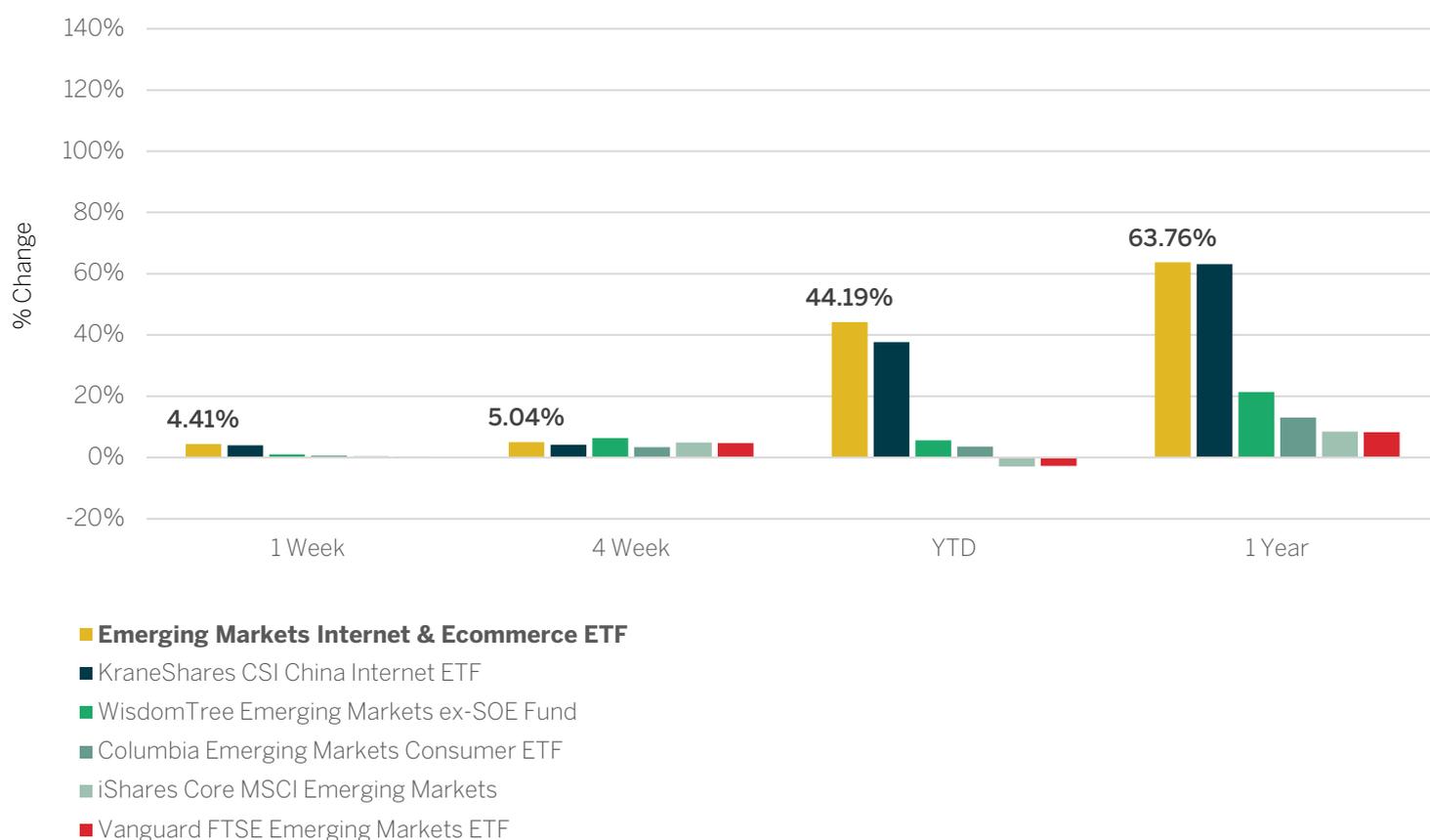
¹ Source: ETFdb

Sea Ltd, who operates a gaming, entertainment and ecommerce platform, has broadened its offerings to reach most of Southeast Asia including Indonesia, Vietnam, Thailand, and Philippines.³ MercadoLibre similarly has become the ecommerce leader in most of central and South America covering over 18 countries including Argentina, Brazil, Chile, Mexico, Peru and Panama.

On an absolute basis, EMQQ's best performer was a recent addition from the June rebalance in GSX Tech Edu (GSX) who posted YTD returns in excess of 305%. The China-based online education platform is a pure play into the rapid adoption and utilization in the country to promote online and at home education options while navigating the pandemic. The online education segment has proven one of the stronger subsectors within EMQQ this year as well as the fintech and payment platform segments. Both strong secular trends we anticipate continuing over the long run.

As the consumer flight to digitize continues globally, we are now seeing geographies with moderate conversion rates to online consumption now accelerating their adoption. The catch up in this new consumer behaviour is now becoming a permanent fixture with most consumers planning to continue the mobile behaviour even after brick and mortar reopen, signalling a permanent shift that ultimately is beneficial to EMQQ.⁴

EMQQ vs Key EM Competitors- as of 31/8/2020 (For illustrative purposes only)



Source: Bloomberg, July 31, 2020

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.

² <https://www.washingtonpost.com/opinions/2020/07/24/pompeos-speech-opens-bold-new-chapter-us-china-relations/>

³ <https://www.fool.com/investing/2020/08/01/where-will-sea-limited-be-in-10-years.aspx>

⁴ <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/a-global-view-of-how-consumer-behavior-is-changing-amid-covid-19>

Industry News

Ant Group IPO: Anticipated to be one of the largest IPO's in history, Alibaba's fintech arm Ant Financial is looking to forgo the trend of recent years of listing in the U.S. and instead targeting a HK and Shanghai listing. ⁵

DiDi IPO: One of the largest private companies in the world, the ride hailing unicorn from China is rumoured to be getting pressure from investors like SoftBank and Hillhouse to go public. A target of October or November could be the window and most likely listing in HK due to the recent China/US tensions. ⁶

India Increasing Domestic Technology Protection:

Following a fatal military skirmish on the northern border with China, India's Modi has moved to retaliate in blocking a number of Chinese made apps within the country. The move has proven a strategic one as Modi's government has taken stronger action to protect domestic tech companies as well as a political push back on the Chinese. ⁷

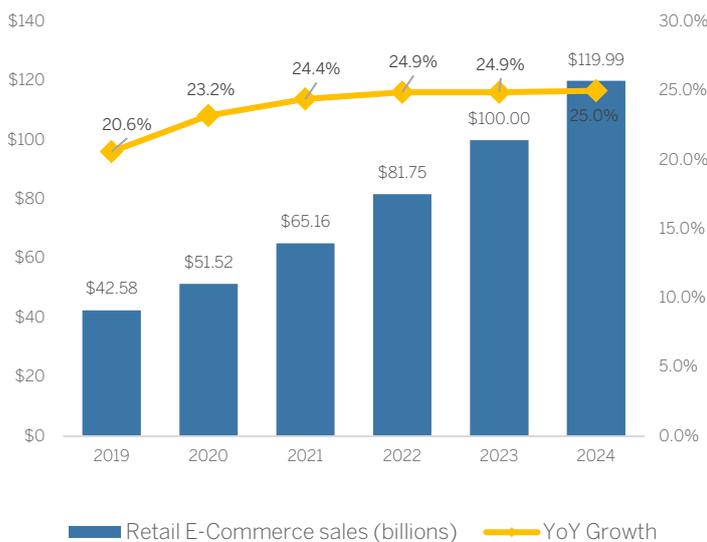
As the developing world continues its digital transformation, the spread of access and cost-effective connectivity is empowering a new generation of entrepreneurs that don't need to move to Silicon Valley to be successful. It can now be found anywhere from Bengaluru India, Nanjing China, Mexico City Mexico, Buenos Aires Argentina and Lagos Nigeria, with the story getting a whole lot bigger when the rest of the world comes online.



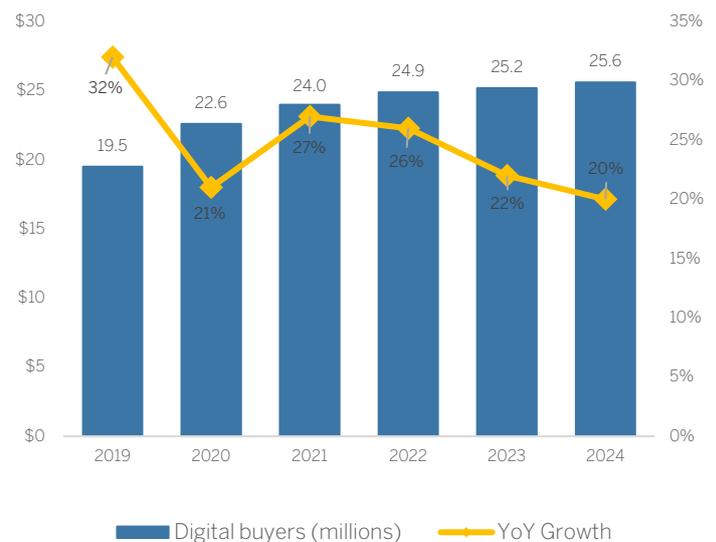
The entrepreneurial effect multiplies itself in each one of the 18 countries where we are present and it becomes real in the half a million Latin American families who live from selling in Mercado Libre.”

Marcus Galperin – CEO of MercadoLibre ⁸

India Annual Retail E-Commerce Sales



Digital Buyers In Mexico



For illustrative purposes only

Source: eMarketer May 2020

⁵ <https://www.caixinglobal.com/2020-08-03/exclusive-ant-group-aims-to-raise-30-billion-in-record-shattering-ipo-101587973.html>

⁶ <https://www.caixinglobal.com/2020-07-21/exclusive-didi-rides-toward-hong-kong-ipo-source-says-101582712.html>

⁷ <https://timesofindia.indiatimes.com/business/india-business/india-blocks-top-chinese-apps-baidu-weibo/articleshow/77341103.cms>

⁸ <http://investor.mercadolibre.com/static-files/b4f4df6f-2daa-40a6-8502-ef37308b260b>

Constituent News

Top 10 Constituents	Weight %	Region Breakdown	Weight
Tencent Holdings Ltd	7.66%	Asia	77.29%
Alibaba Group Holding Ltd	7.60%	South America	9.61%
Meituan Dianping	6.68%	Africa	6.82%
Naspers Ltd	6.42%	Europe	6.28%
MercadoLibre Inc	6.22%		
Pinduoduo Inc	5.93%		
NAVER Corp	4.86%		
Prosus NV	4.58%		
NetEase Inc	4.23%		
JD.com Inc	4.15%		

Source: Bloomberg / HANetf. Data as of 31/07/20

Fund 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 that serve emerging markets, including search engines, online retailers, social networks, online video, online gaming, e-payment systems and online travel. The fund seeks to provide exposure to the growth of online consumption in the developing world.

Please remember that the value of your investment may go down as well as up and past performance is no indication of future performance.

- [EMQQ Factsheet](#)
- [EMQQ Video](#)
- [EMQQ Whitepaper](#)
- [EMQQ Fund Page](#)

EXCHANGE	BB CODE	RIC	ISIN	CURRENCY	INCOME
London Stock Exchange	EMQQ LN	EMQQ.L	IE00BFYN8Y92	USD	Acc
London Stock Exchange	EMQP LN	EMQP.L	IE00BFYN8Y92	GBP	Acc
Borsa Italiana	EMQQ IM	EMQQ.MI	IE00BFYN8Y92	EUR	Acc
XETRA	EMQQ GY	EMQ1.DE	DE000A2N5XA8	EUR	Acc
SIX	EMQQ SW	EMQQ.S	IE00BFYN8Y92	CHF	Acc

EMQQ Fund News

Recent Rebalance: June 19th 2020

Next Rebalance: December 18th 2020

EMQQ listed on **Six Swiss Exchange** on 2nd June 2020

EMQQ was converted to the **ICSD Settlement Model** on 30th July

Webinars

See our webinar: "[Investing in the Emerging Markets Internet and Ecommerce Sector](#)" on the 9th of July

Please see upcoming webinars here www.hanetf.com/webinars

Press

- [HANetf Adopts ICSD Settlement Model For 6 ETFs](#)
- [Market Leading Emerging Market Fund Highlights Rapid Structural Shift to E-commerce in Latin American due to Coronavirus](#)
- [SIX Swiss Listing](#)

For more press www.hanetf.com/press-releases

About HANetf

HANetf is an independent ETF specialist working with third-party asset managers to bring differentiated, modern and innovative ETF exposures to European investors via unique white-label ETF/ETC platform.

Founded by two of Europe's leading ETF entrepreneurs, Hector McNeil and Nik Bienkowski, HANetf provides a complete operational, regulatory, distribution and marketing solution for asset managers who want to successfully launch and manage UCITS ETFs.

HANetf's full products list includes:

Name	TER	Bloomberg Codes				
		LSE \$	LSE £	Borsa €	XETRA €	SIX
The Emerging Markets Internet & Ecommerce UCITS ETF	0.86%	EMQQ LN	EMQP LN	EMQQ IM	EMQQ GY	EMQQ SW
HAN-GINS Tech Megatrend Equal Weight UCITS ETF	0.59%	ITEK LN	ITEP LN	ITEK IM	T3KE GY	ITEK SW
HAN-GINS Cloud Technology UCITS ETF	0.59%	SKYY LN	SKYP LN	SKYY IM	5XYE GY	SKYY SW
HAN-GINS Indxx Medical Innovation UCITS ETF	0.59%	WELL LN	WELP LN	WELL IM	W311 GY	WELL SW
KMEFIC FTSE Kuwait UCITS ETF	0.80%	KUW8 LN	KUWP LN	KUW8 IM	KUW8 GY	-
The Medical Cannabis & Wellness UCITS ETF	0.80%	CBDX LN	CBDP LN	-	CDSX GY	CBDX SW
The Royal Mint Physical Gold ETC	0.22%	RMAU LN	RMAP LN	-	RM8U GY	-
BTCetc Bitcoin Exchange Traded Crypto*	2.00%	-	-	-	BTCE GY	-
The Alerian Midstream Energy Dividend UCITS ETF	0.40%	MMLP LN	PMLP LN	MMLP IM	JMLP DE	-

*Marketed and Distributed by HANetf

For further information, please visit www.hanetf.com



Kevin T. Carter Founder & CIO of EMQQ

Kevin T. Carter is the Founder & Chief Investment Officer The Emerging Markets Internet ETF (NYSE:EMQQ). He is considered an expert on China and Emerging Markets with over two decades of work alongside Princeton Economist & Author of A Random Walk Down Wall Street, Dr. Burton G. Malkiel. He was also the founder and CEO of AlphaShares, a firm offering emerging market ETFs in partnership with Guggenheim Investments.

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The Issuers

1. HANetf ICAV, an open-ended Irish collective asset management vehicle issuing under the terms in the Prospectus and relevant Supplement for the ETF approved by the Central Bank of Ireland ("CBI") ("ETF Prospectus") is the issuer of the ETFs. Investors should read the current version of the ETF Prospectus before investing and should refer to the section of the ETF Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETFs. Any decision to invest should be based on the information contained in the ETF Prospectus.

2. HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing under the terms in the Base Prospectus approved by the Central Bank of Ireland and the final terms of the relevant series ("Issue Documentation") is the issuer of the precious metals ETCs. Investors should read the latest version of the Issue Documentation before investing and should refer to the section of the Base Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the Issue Documentation.

3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") and the final terms ("Bitcoin Prospectus") is the issuer of the Bitcoin ETCs. Investors should read the latest version of the Bitcoin Prospectus before investing and should refer to the section of the Bitcoin Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the Bitcoin ETCs. Any decision to invest should be based on the information contained in the Bitcoin Prospectus.

The Issue Documentation, ETF Prospectus and Bitcoin Prospectus can all be downloaded from www.hanetf.com.