

# VanEck®

Access the opportunities.

EMKT

## VanEck MSCI Multifactor Emerging Markets Equity ETF (ASX: EMKT)

### Q1 2024 Update

## Fund summary

VanEck MSCI Multifactor Emerging Markets Equity ETF (EMKT) invests in a diversified portfolio of emerging markets listed securities with the aim of providing investment returns, before fees and other costs, which track the performance of the Index.

EMKT tracks the MSCI Emerging Markets Multi-Factor Select Index. The index is based on MSCI Emerging Markets Index, its parent index, which includes large and mid-cap stocks across emerging markets countries. The Index aims to maximise exposure to four factors - Value, Momentum, Low Size and Quality while maintaining a risk profile similar to that of the parent index.

## Quarterly summary

- EMKT returned 10.03% for the quarter ended 31 March 2024, outperforming the MSCI Emerging Markets Index by 2.96%.
- From an exposure point of view the fund benefitted from its India (+1.14%) and Hong Kong (+1.10%) holdings during the quarter, while Taiwan was the largest detractor to performance. Financials (+1.11%) was the standout performer during the quarter, followed by Consumer Discretionary (+0.92%) and Energy (+0.63%). Information Technology (-0.81%) was the largest laggard.

Quarter end performance as at 31 March 2024

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since EMKT inception (p.a.)
Price Return (%)	0.48	10.03	12.58	16.78	3.58	4.84	2.78
Income Return (%)	0.00	0.00	0.00	6.50	3.93	3.27	2.76
<b>Total Return (%)</b>	<b>0.48</b>	<b>10.03</b>	<b>12.58</b>	<b>23.28</b>	<b>7.51</b>	<b>8.11</b>	<b>5.54</b>
MSCI Emerging Markets Index (%)	2.28	7.07	9.23	11.03	-0.02	3.97	3.43

Source: VanEck.

The table above shows past performance of EMKT from 10 April 2018. Effective 1 June 2022 EMKT's reference index changed from the MSCI Emerging Markets Multi-Factor Select Index ("old index") to the MSCI Emerging Markets Multi-Factor Select Index ("new index") without any change to the index methodology. Accordingly, a reference to 'index' in this performance history is a reference to the old index from the inception date to 31 May 2022 and to the new index on and from 1 June 2022. Index performance shown prior to 17 February 2015 is simulated based on the current index methodology. Results are calculated to the last business day of the month and assume immediate reinvestment of distributions. ETF results are net of management fees and costs incurred in the fund, but before brokerage fees or bid/ask spreads incurred when investors buy/sell on ASX. Returns for periods longer than one year are annualised. Past performance is not a reliable indicator of current or future performance which may be lower or higher.

The MSCI Emerging Markets Index ("MSCI EMI") is shown for comparison purposes as it is the widely recognised benchmark used to measure the performance of emerging markets large- and mid-cap companies, weighted by market capitalisation. EMKT's index measures the performance of emerging markets companies selected on the basis of their exposure to value, momentum, low size and quality factors, while maintaining a total risk profile similar to that of the MSCI EMI, at rebalance. EMKT's index has fewer companies and different country and industry allocations

Key benefits

**Exposure to the world's fastest developing markets:** Emerging markets offer investors access to developing nations including China, South Korea and India.

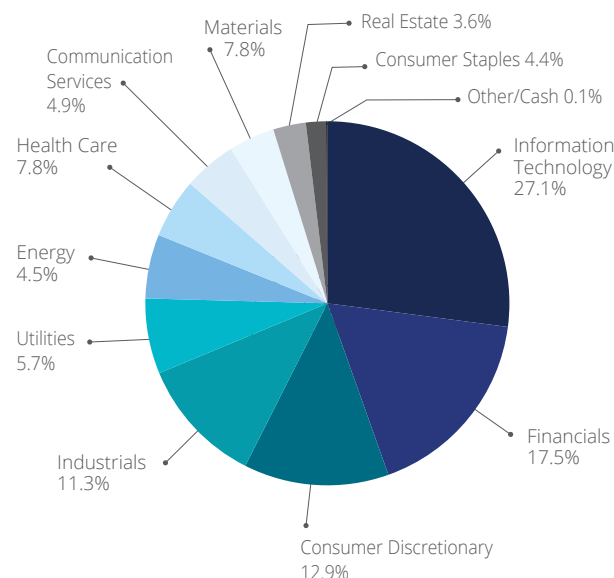
**An optimal approach to emerging markets:** A portfolio that provides access to economies experiencing rapid change by investing in companies included on the basis of Value, Low Size, Momentum and Quality factors.

**Outperformance potential:** Taking a diversified approach across factors has been proven to produce outperformance over the long-term compared to a benchmark market capitalisation approach.

Key risks

An investment in the ETF carries risks associated with: ASX trading time differences, emerging markets, financial markets generally, individual company management, industry sectors, foreign currency, country or sector concentration, political, regulatory and tax risks, fund operations, liquidity and tracking an index. See the [PDS](#) for details.

Sector breakdown



Source: VanEck, as at 31 March 2024.

Fundamentals

Constituents (#)	221
Return on equity (%)	17.57
Price/Earnings (x)	10.06
Dividend yield (%)	4.47
Price/Book (x)	1.36
Price/Sales (x)	0.76

Source: VanEck, as at 31 March 2024.

## VanEck MSCI Multifactor Emerging Markets Equity ETF

Top performers	Active position (%)	Contribution to return (%)	Sector	Commentary
PetroChina Company	1.90	0.49	Energy	PetroChina Company Limited is a Chinese oil and gas company and is currently Asia's largest oil and gas producer. The company reported its annual profit during the quarter, of \$20.6 billion which is up 8.3% compared to 2022 as growth in both upstream and downstream output offset weaker oil prices.
PDD Holdings	-1.17	0.32	Consumer Discretionary	PDD Holdings is a Chinese online retailer with a focus on the traditional agriculture industry. It also owns the US-based online market place, Temu. After soaring in 2023, PDD Holdings' share price fell 17% last quarter due to concerns about the broader economy, especially in China.
Power Grid Corporation of India	1.80	0.28	Information Technology	Power Grid Corporation of India is an Indian central public sector and is engaged in transmission of bulk power across different states of India. As part of their Q3 results announcement in February, they reported 10% growth in its consolidated net profit compared to pcp and a marked increase in revenue from operations.

Bottom performers	Active position (%)	Contribution to return (%)	Sector	Commentary
Taiwan Semiconductor Manufacturing Company	-2.80	-0.62	Information Technology	The company's share price rebounded strongly during the quarter from a decline in January, primarily driven by resilient chip demand for AI applications. The world's largest contract chipmaker also gave a positive outlook for the rest of 2024 as its customers such as Apple and Nvidia reported steady demands for their products.
Hon Hai Precision Industry	-0.64	-0.27	Information Technology	Hon Hai Precision operates in China and Taiwan and is an electronics contract manufacturer headquartered in Taiwan. Its share price jumped to the highest in years as the firm reported its second straight quarter of strong profit growth after lucrative AI hardware sales helped offset weakness in iPhone and consumer electronics demand.

Lenovo Group	1.05	-0.26	Information Technology	Lenovo's share price slid during the quarter especially in January after it reported dismal sales, raising concerns about continued weakness in PC demand. The work-from-home and online learning trends during the COVID-19 lockdowns led to a pandemic-induced surge in the demand for PCs. However, the spike in PC demand faded following the reopening of the economy. Moreover, macro pressures weighed on consumers' discretionary spending. Intel's latest results reflected the persistent weakness in the PC market, adversely impacting Lenovo's shares.
--------------	------	-------	------------------------	---




Source: VanEck, as at 31 March 2024.

## Outlook

- China's latest activity data showed a steady start for the Chinese economy. The GDP target set at 'around 5%' for 2024 is still decent, though investors need to see how the 'new productive forces' mentioned in the 'Two Sessions' meeting translate into the economy. Provided that the fiscal and monetary policies remain accommodative, the market may be able to shake off deflation and offer further upside this year.
- All eyes are on India's upcoming general election in Q2, with Prime Minister Narendra Modi is expected to win a third term. This could mean a fresh infrastructure binge in India during coming years, a powerful move to close the gap with China.
- We are also optimistic in Taiwan for the rest of 2024 with an exports and investments led recovery. The AI frenzy since last year is likely to push up demand for powerful semiconductors. In addition, chips inventory de-stocking is already taking place, which would be another tailwind for tech players in Taiwan.
- In our recently published white paper [Factor-in Emerging Markets](#), the analysis suggests the best 'immunisation' for emerging markets investing is a multi-factor approach capturing factors including quality, value, momentum and low size, for maximising sharpe and information ratios.

## Contact us

vaneck.com.au  
 info@vaneck.com.au  
 +61 2 8038 3300

-  VanEck-Australia
-  VanEck\_Au
-  VanEckAus

### Important notice:

VanEck Investments Limited (ACN 146 596 116 AFSL 416755) (VanEck) is the issuer and responsible entity of all VanEck exchange traded funds (Funds) listed on the ASX. This is general advice only and does not take into account any person's financial objectives, situation or needs. The product disclosure statement (PDS) and the target market determination (TMD) for all Funds are available at [vaneck.com.au](http://vaneck.com.au). You should consider whether or not an investment in any Fund is appropriate for you. Investments in a Fund involve risks associated with financial markets. These risks vary depending on a Fund's investment objective. Refer to the applicable PDS and TMD for more details on risks. Investment returns and capital are not guaranteed.

EMKT is indexed to a MSCI index. EMKT is not sponsored, endorsed or promoted by MSCI, and MSCI bears no liability with respect to EMKT or the MSCI Index. The PDS contains a more detailed description of the limited relationship MSCI has with VanEck and EMKT.