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**VanEck Vectors
China New Economy ETF**



ASX:CNEW

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CNEW provides investors with access to a portfolio of the most fundamentally sound companies domiciled and listed in China with the best growth prospects from the following sectors:

- consumer discretionary;
- consumer staples;
- healthcare; and
- technology.

It is these sectors which are the New Economy.

What is the New Economy?

Traditionally economies like China have been dependent on financials energy and materials. As GDP per capita has increased, domestic policy and reform has been focused on transitioning the economy to be consumption led.

There are four forces behind this transition in which consumer-oriented sectors are gradually replacing heavy industry and low cost manufacturing as the country's economic engines:

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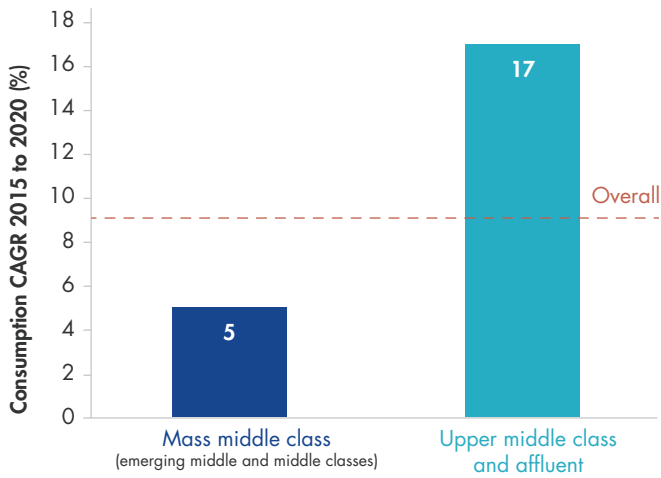
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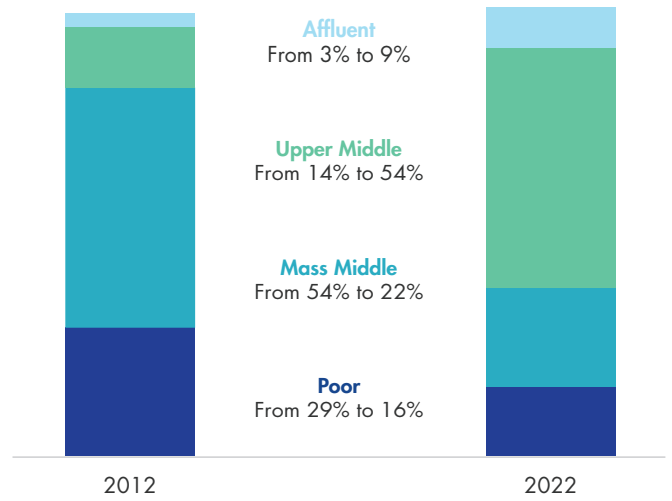
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1. Affluence and a growing middle class

Upward mobility



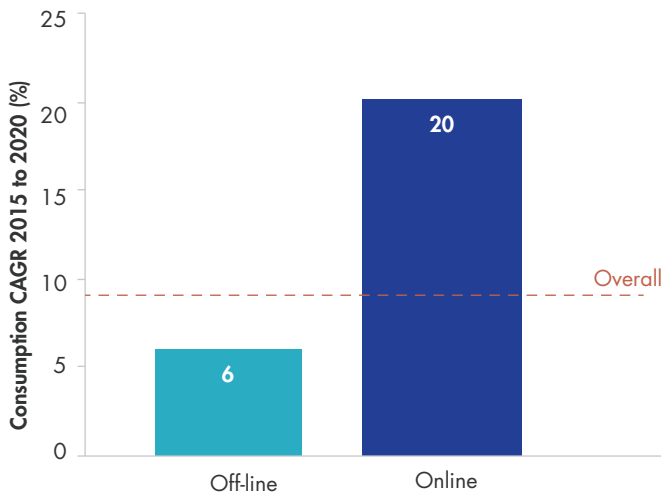
China's growing middle class



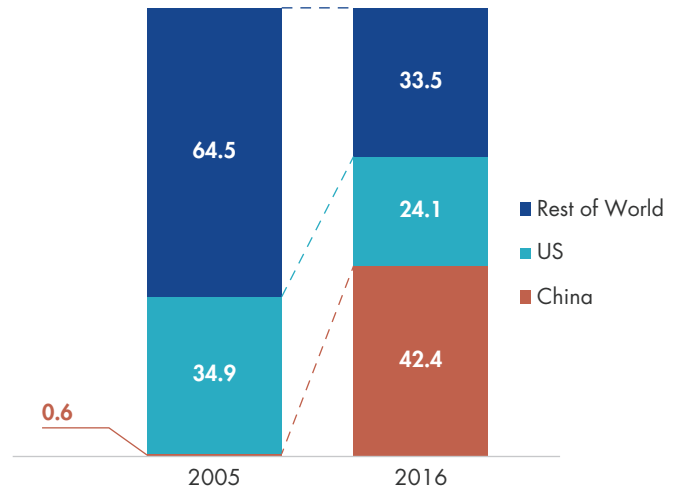
Source: BCG Analysis CAGR = compound annual growth rate (LHS) Emerging middle and middle classes include consumers whose annual household incomes range from \$10,001 to \$24,000; upper middle classes and affluent include consumers whose annual household incomes exceed \$24,000. Source: McKinsey 2016 China Consumer Report (RHS)

2. World leading digital technology

Growth of e-commerce



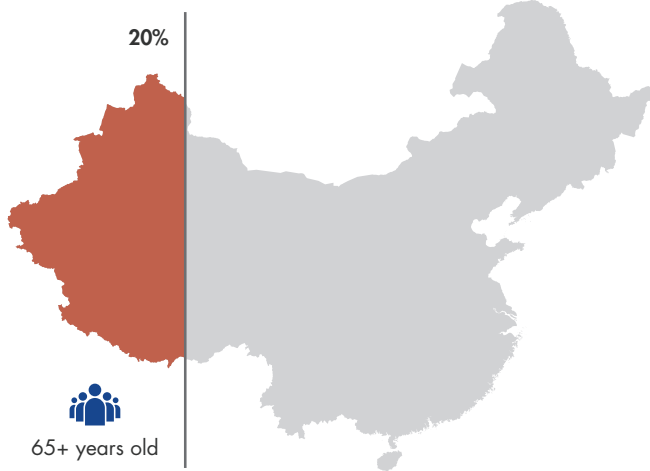
% of total retail e-commerce transaction value



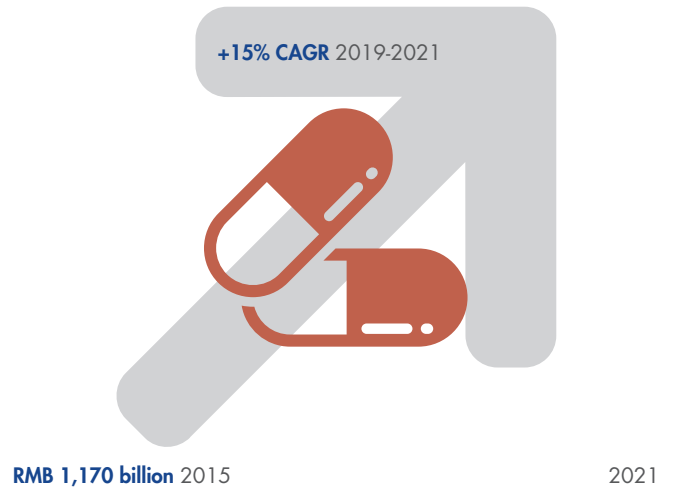
Source: BCG Analysis CAGR = compound annual growth rate (LHS). McKinsey Global Institute (Middle) Forrester Research (US) iResearch (China) via Financial Times. McKinsey 2016 China Consumer Report (RHS)

3. Aging population

China by 2035



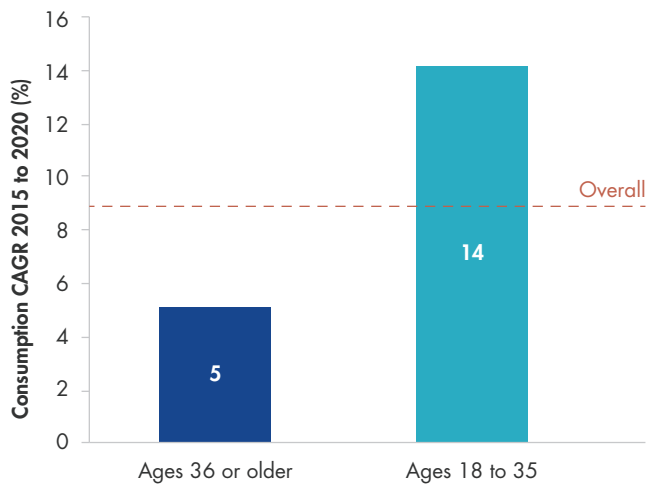
China's pharmaceutical market



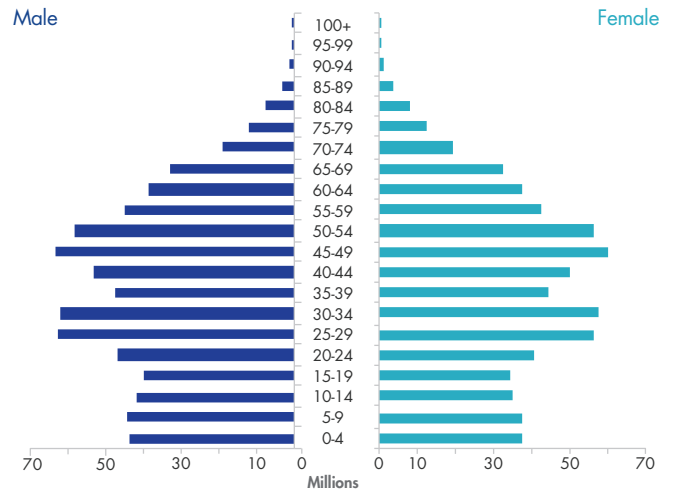
Sources: Credit Suisse, The United Nations "World Population Prospects: The 2017 Revision", CSRI "Emerging Consumer Survey 2017", IMS, Credit Suisse estimates

4. But with more millennials than anywhere else in the world

Generational Shift



Age Group



Source: BCG Analysis CAGR = compound annual growth rate. Source: CIA World Factbook (RHS)

This transformation is fuelling growth in the consumer staples, consumer discretionary, technology and healthcare sectors.

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The difficulty for Australian investors wanting to invest in this growth opportunity is gaining access. Many of the Chinese companies in the New Economy aren't available via other countries' exchanges and only trade on the mainland Shanghai and Shenzhen stock exchanges.

A RQFII licence holder, VanEck can trade these shares and for the first time we are offering Australian investors a way to step into tomorrow's prosperity today via an ETF on ASX.

VanEck Vectors China New Economy ETF	
ASX code:	CNEW
ASX commencement:	8 November 2018
Management costs:	0.95% p.a.
Index:	CSI MarketGrader China New Economy Index
Stock number:	120
Bloomberg index ticker:	CSIN1086
Weighting methodology:	Equal

CSI MarketGrader China New Economy Index (AUD)

The CSI MarketGrader China New Economy Index is a smart beta strategy that seeks to follow the most fundamentally sound companies domiciled and traded in China that belong to the consumer discretionary, consumer staples, healthcare and technology sectors.

The Index seeks to identify the companies in China with the best 'growth at a reasonable price' (GARP) attributes which are considered the best drivers of long-term capital appreciation.

Companies are selected on the basis of the strength of 24 fundamental indicators across four categories:



Growth



Value



Profit



Cash Flow

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