

The VanEck logo is displayed in a white serif font against a dark blue background. The 'E' in 'VanEck' is stylized with a registered trademark symbol (®) to its upper right.

Access the opportunities.

The CNEW logo is presented in a white sans-serif font within a white rectangular box, set against a background of a city skyline at night.

VanEck China New Economy ETF (ASX: CNEW)

Q3 2022 Update

Fund summary

VanEck China New Economy ETF (CNEW) gives investors a portfolio of fundamentally sound companies in China having growth prospects in sectors making up the 'New Economy', namely technology, health care, consumer staples and consumer discretionary.

CNEW tracks the MarketGrader China New Economy Index. The index aims to select the 120 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 factor categories: growth, value, profitability and cash flow.

Quarterly summary

- VanEck China New Economy ETF (CNEW) returned -17.88% for the quarter ended 30 September 2022.
- Market sentiment continued to drop during the quarter as a result of the Fed's aggressive stance on US inflation, sporadic COVID clusters domestically and the depreciation of the renminbi against the greenback.
- In the New Economy sectors, momentum for consumer staples, discretionary and healthcare is trending downwards.
- Energy is the only sector that remained afloat over the quarter. Oil names like Sinopec did well as Chinese refiners have ramped up product exports in August jumping 59% from July,
- Real estate is showing positive signs after the latest tax incentives for homebuyers by the central government.
- Style wise, Q3 saw the 2022 value rotation continue as sporadic COVID cases popped up across the country and domestic demand continues to weaken. Value^[1] (-11.02%) fared better than Growth^[2] (-16.85%) for the quarter.

Quarter end performance as at 30 September 2022

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Since CNEW inception (p.a.)
Price Return	-5.33%	-17.88%	-14.06%	-23.07%	2.21%	-		9.08%
Income Return	0.00%	0.00%	1.33%	1.19%	1.37%	-		1.43%
Total Return	-5.33%	-17.88%	-12.73%	-21.88%	+3.58%	-		+10.51%
CNEW Index	-5.28%	-17.72%	-12.23%	-20.98%	4.80%	4.76%	14.84%	11.75%

Source: VanEck.

CNEW inception date is 8 Nov 2018, and a copy of the factsheet is [here](#).

The table above shows past performance of the ETF from 8 November 2018. Index performance shown prior to 15 June 2017 is simulated based on the current Index methodology. The change of name in the index was to continue the existing methodology when the original index methodology was changed in September 2021. Results are calculated to the last trading day of the month in China and assume immediate reinvestment of distributions. ETF results are net of management fees and costs, but before brokerage fees or bid/ask spreads incurred when investors buy/sell on the 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.

Key benefits

Step into China's future prosperity today: Access companies at the forefront of China's transformation representing the New Economy.

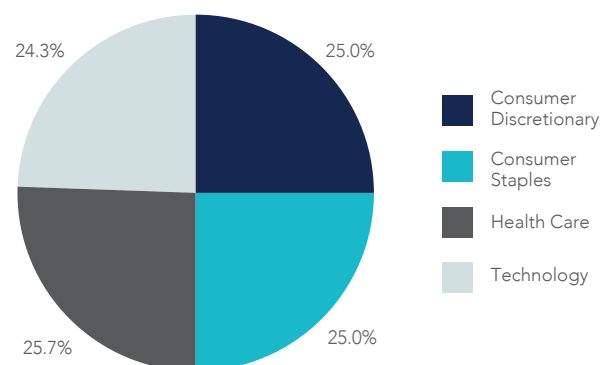
Diversified across companies and sectors: Target New Economy companies within the technology, health care, consumer staples and consumer discretionary sectors.

A portfolio of China A-shares comprising fundamentally strong companies: Invests in 120 fundamentally sound and attractively valued companies with growth prospects in China's New Economy.

Key risks

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

Index sector breakdown



Source: MarketGrader, as at 30 September 2022.

Index fundamentals

Number of constituents	120
Trailing P/E ratio (x)	22.6
Earnings yield (%)	3.7
Price/Book ratio (x)	4.2
Revenue change - 3 years (%)	107.4
Operating income change - 3 years (%)	142.1
Operating margin (%)	25.0
Earnings per share (EPS) 3-year growth (%)	40.3
Long term debt to capital (%)	9.9
Return on equity (%)	22.3
Dividend yield (%)	1.16

Source: MarketGrader, As at 30 September 2022.

VanEck China New Economy ETF: Top and bottom performers

Top performers	Contribution to return (%)	Sector	Commentary
Great Microwave Technology	0.54	IT	The company manufactures and distributes chips. The Company produces terminal radio frequency front end chips, radio frequency transceiver chips, high speed chips, high precision chips, power management chips, and other products. Great Microwave Technology also produces microsystems and modules. The domestic chip maker had good earnings results in August, also a beneficiary of China's semis localisation trend.
Shanghai Fudan Microelectronics	0.16	IT	The company designs and sells semiconductor devices such as identification chips, smart meters, specific analog circuits, flashes, and other products. Even though consumer electronics in the first half of the year are indeed under pressure, the company has a wide range of product lines and has strong business resilience.

Source: VanEck, as at 30 September 2022.

Bottom performers	Contribution to return (%)	Sector	Commentary
Zhejiang Entive Smart Kitchen	-0.45	Consumer Discretionary	The company manufactures and distributes household appliances such as integrated cookers, range hoods, gas stoves, sinks, dishwashers, water purifiers, etc. Sales have been negatively impacted due to home sales decrease amid the property downturn.
Sichuan Development Lomon	-0.41	Materials	The company manufactures and distributes phosphate fertilisers. The general domestic industrial policies are tightening, and new production capacity is difficult to form in the short term. Coupled with the impact of COVID, some production areas have been restricted resulting in short supply.

Source: VanEck, as at 30 September 2022.

Outlook

- The Party Congress Meeting in October will be monitored by the market. It will provide clarity from the country's leadership, its COVID policy direction and potential solutions to the troubled real estate sector. A leadership reshuffle could include changes in important economic roles and responsibilities between the Premier, the PBoC Governor, Finance Minister to the Banking Regulatory Commission Chairman.
- Infrastructure investment is considered to be the main economic driving force for the remainder of the year, thus likely to benefit value-heavy materials and industrials sectors. China's construction PMI accelerated to 60.2 in September, and there's more in the pipeline, including policy banks' new infrastructure credit package (CNY300B), additional issuance of local government special bonds (CNY500B), and a "fast-track" approval of new infrastructure project in cities and provinces.
- If the re-opening of the country does eventuate, domestic consumption could rebound aided by pent-up demand from lockdowns. Chinese household savings are almost twice the average across all OECD members according to the World Bank.

[1] as measured by MSCI China A share Onshore Value index

[2] as measured by MSCI China A share Onshore Growth index

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. 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.

The MSCI China Index is used to measure the performance of approximately 650 large- and mid-cap companies across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs) weighted by market capitalisation. The CNEW Index measures the performance of 120 China A-shares with the best growth at a reasonable price (GARP) attributes at rebalance. The CNEW Index has fewer companies and sectors and different allocations than MSCI China Index. [Click here for more details.](#)