

Access the emerging markets universe of opportunities

Investing in emerging markets is a way for investors to access positive demographics, a rising middle class driving consumer demand and higher long term growth potential relative to developed markets. It also allows investors to diversify into countries that are underrepresented in portfolios.

A smart beta approach:



Value



Momentum



Low size



Quality

Emerging markets are a significant and growing contributor to global GDP.

Emerging markets are under represented in portfolios and are home to a number of current and future industry leaders in their field.

Portfolios that have included an exposure to emerging markets have historically benefitted from periods of strong economic growth. We believe emerging markets will continue to provide investors with benefits over the long term due to the potential for strong economic growth, their favourable demographics and growing middle class.

Our approach to investing in emerging markets provides access to companies included on the basis of these four factors:

Value: The foundation of value investing is the idea that cheap assets have historically outperformed expensive assets, on average, over the long-term. Value is pro-cyclical, meaning it has tended to perform well in periods of economic expansion.

Momentum: The momentum factor is the historical tendency of outperforming stocks to continue performing well in the near-term. Momentum has tended to benefit from continued trends in the market and economy.

Low Size: The size factor is the historical tendency of small company stocks to outperform stocks with larger market capitalisations. The size factor is pro-cyclical, meaning it has tended to perform well in periods of economic expansion.

Quality: Quality aims to reflect the performance of companies with durable business models and sustainable competitive advantages.

What is factor investing?

- “Factor” refers to any characteristic of a group of securities that is important in explaining their returns and risk.
- Factor investing, the most common smart beta approach, provides exposure to long term performance factors, identified by academic research and supported by empirical evidence.
- Factors are particularly pronounced in emerging markets. EMKT provides access to factor-driven performance in a rules-based and transparent ETF.

Benefits of EMKT’s approach

- Provides efficient and controlled exposure to targeted factors.
- This strategy aims to help investors achieve active-like returns in emerging market equities for passive fees via a single trade on ASX.
- Exposure to the world’s fastest developing markets, including China, Taiwan, South Korea and India.

In emerging markets a multi-factor approach mitigates the cyclical nature of individual factors, eliminating the need for factor timing.



Source: MSCI, Morningstar Direct VanEck. Data to 31 December 2024. Results are calculated monthly and assume immediate reinvestment of all dividends. Data is in Australian dollars converted from US dollars returns. You cannot invest in an index. Past performance is not a reliable indicator of future performance.

Indices used: Momentum – MSCI Emerging Markets Momentum Index, Quality – MSCI Emerging Markets Quality Index, High Dividend – MSCI Emerging Markets High Dividend Index, Multi-factor – MSCI Emerging Markets Diversified Multi-Factor Select Index, Minimum Volatility – MSCI Emerging Markets Minimum Volatility Index, Value – MSCI Emerging Markets Enhanced Value Index.

ASX code	ASX commencement date	Mgmt cost	Index
EMKT	12 April 2018	0.69%	MSCI Emerging Markets Diversified Multi-Factor Select Index

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.

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Important notice

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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.