VanEck China New Economy ETF
(ASX: CNEW)

Q1 2025 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

- CNEW returned 1.85% for the quarter ended 31 March 2025.
- Most sectors were positive as Information Technology was the only sector that returned negative (-0.7%) for the quarter.

Quarter end performance as at 31 March 2025

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since CNEW inception (p.a.)
Price Return (%)	0.20	1.85	10.29	9.01	-3.63	-1.29	6.11
Income Return (%)	0.00	0.00	0.00	2.25	1.66	1.50	1.45
Total Return (%)	**0.20**	**1.85**	**10.29**	**11.26**	**-1.97**	**0.21**	**7.56**
CNEW Index (%)	0.28	2.09	10.93	12.59	-0.77	1.41	8.81

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.

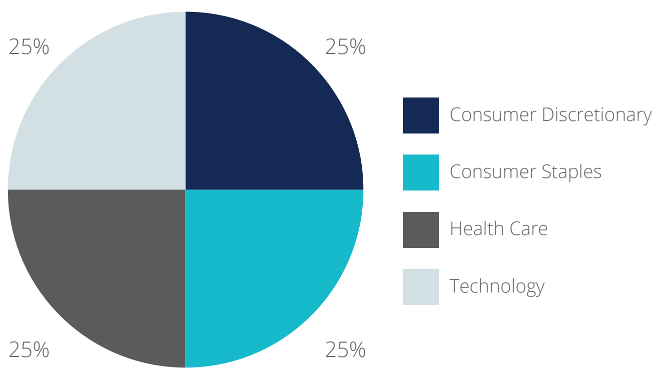
Diversified across companies and sectors: Target New Economy companies within the technology, health care, consumer staples and consumer discretionary sectors.

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 31 March 2025.

Index fundamentals

Number of constituents	120
Trailing P/E ratio (x)	20.78
Earnings yield (%)	4.81
Price/Book ratio (x)	3.7
Revenue change - 3 years (%)	68.8
Operating income change - 3 years (%)	130.1
Operating margin (%)	21.33
Earnings per share (EPS) 3-year growth (%)	42.07
Long term debt to capital (%)	4.79
Return on equity (%)	18.82
Dividend yield (%)	1.86

Source: MarketGrader, As at 31 March 2025.

VanEck China New Economy ETF: Top and bottom performers

Top performers	Contribution to return (%)	Sector	Commentary
Runben Biotechnology Co	0.42	Consumer Staples	Runben Biotechnology Co's share price rose notably during the first quarter after it reported a 32% increase in profit and 20% rise in operating income compared to the prior corresponding period. The share price was further buoyed by strong analyst consensus which leaned towards a "Strong Buy" for the company.
Shanghai Allist Pharmaceuticals	0.38	Health Care	Shanghai Allist Pharmaceuticals reported strong financial results for the calendar year 2024, in February. Notably, earnings per share (EPS) reached ¥2.88, reflecting substantial growth compared to the previous year. Furthermore, analyst consensus during this period leaned towards a "Strong Buy" recommendation for the company.
Shenzhen Sinexcel Electric Co	0.30	Industrials	Shenzhen Sinexcel Eletric's share price rose during the quarter after reporting a 76.4% increase in revenue during the calendar year 2024. Net income also rose by 80.2%, totaling ¥402.83 million compared to ¥223.63 million in 2023.

Bottom performers	Contribution to return (%)	Sector	Commentary
Ganyuan Foods Co	-0.24	Consumer Staples	Ganyuan Foods Co's share price declined during the quarter largely driven by analyst forecasts during the quarter which indicated the company's earnings were expected to grow by 9.9% over the next year, which is considerably lower than the broader market's anticipated growth of 36%.
Huali Industrial Group Co	-0.20	Consumer Discretionary	Huali Industrial Group's share price declined during the quarter after reporting financials for the first 9 months of calendar year 2024. The company reported sales of ¥17.51 billion, up from ¥14.31 billion the previous year. Net income also increased to ¥2.84 billion from ¥2.29 billion. However, despite these positive figures, the company's earnings per share (EPS) of ¥2.44 fell short of analyst expectations, leading to concerns about future profitability.
Flaircomm Microelectronics Inc	-0.19	Information Technology	Flaircomm Microelectronics' share price began a downward trajectory after reaching a peak in mid-January 2025. Leading up to then, the rapid increase is likely to have pushed the company's valuations above levels that investors saw as justifiable, relative to earnings.

Source: VanEck, as at 31 March 2025.

Outlook

- After 14 years of "sound" monetary policy, China has officially pivoted to a "moderately accommodative" stance, marking a significant shift in its economic strategy. Combined with an improving global rate environment, this clears the path for further monetary easing. The suite of measurable, well-funded stimulus measures announced at the 2025 National People's Congress (NPC) adds to the case for cautious optimism.
- While the recent China tech rally has been led by large-cap names listed offshore (notably in the US and Hong Kong), we remain constructive on the growth potential of China's onshore tech sector, given that AI breakthroughs such as DeepSeek and Manus (China's AGI player) emerged from mainland companies.
- Escalating US-China trade tensions remain a headwind for the near term, weighing on China's currency, exports and market sentiment. However, we remain confident in China's new economy, underpinned by its growing economic autonomy, trade resilience and structural policy tailwinds.

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