FREE AAII WEBINAR WEDNESDAYS

THE FUTURE OF EMERGING MARKETS & THE DIGITAL REVOLUTION

Watch Live Online

June 3, 2020, 7:30 p.m. CDT

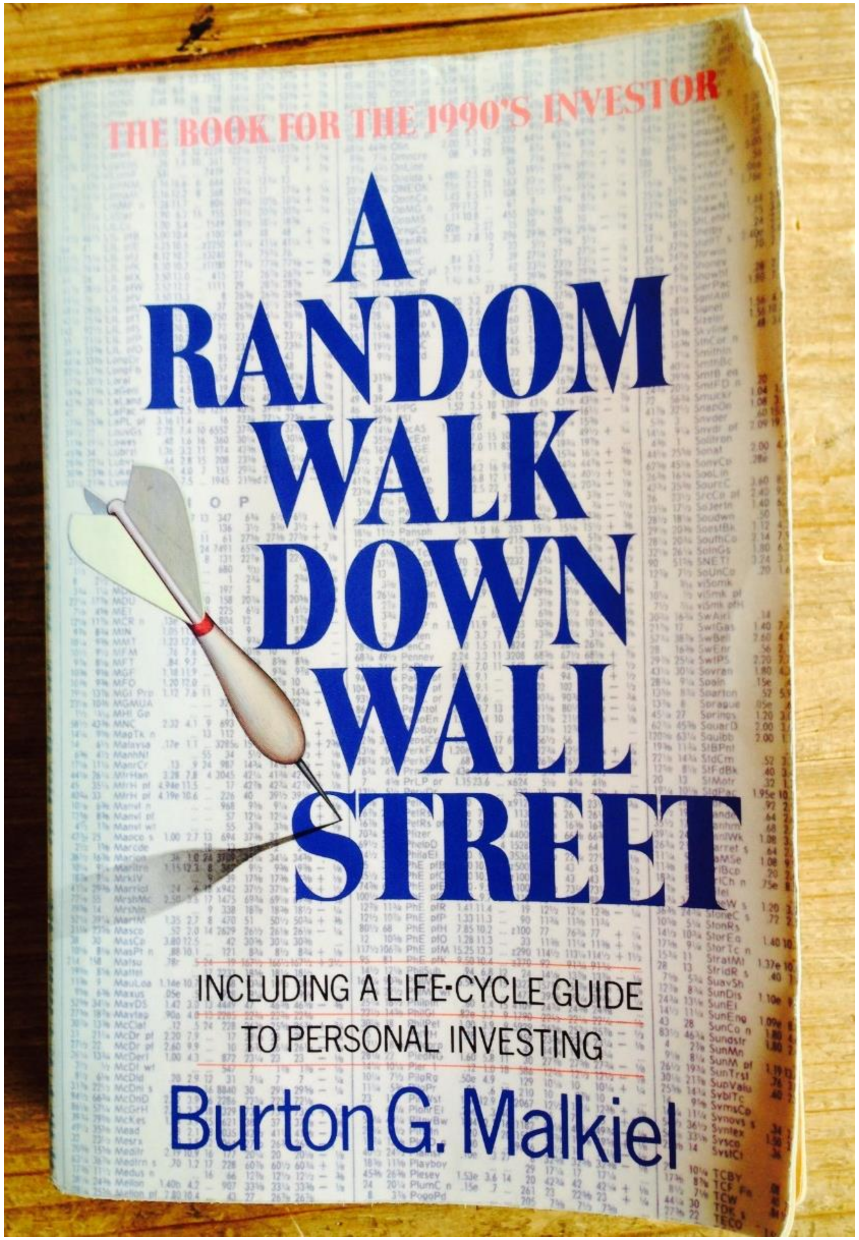
Presented by Kevin Carter

The Future of Emerging Markets

May 2020

Alibaba HQ, Hangzhou, China

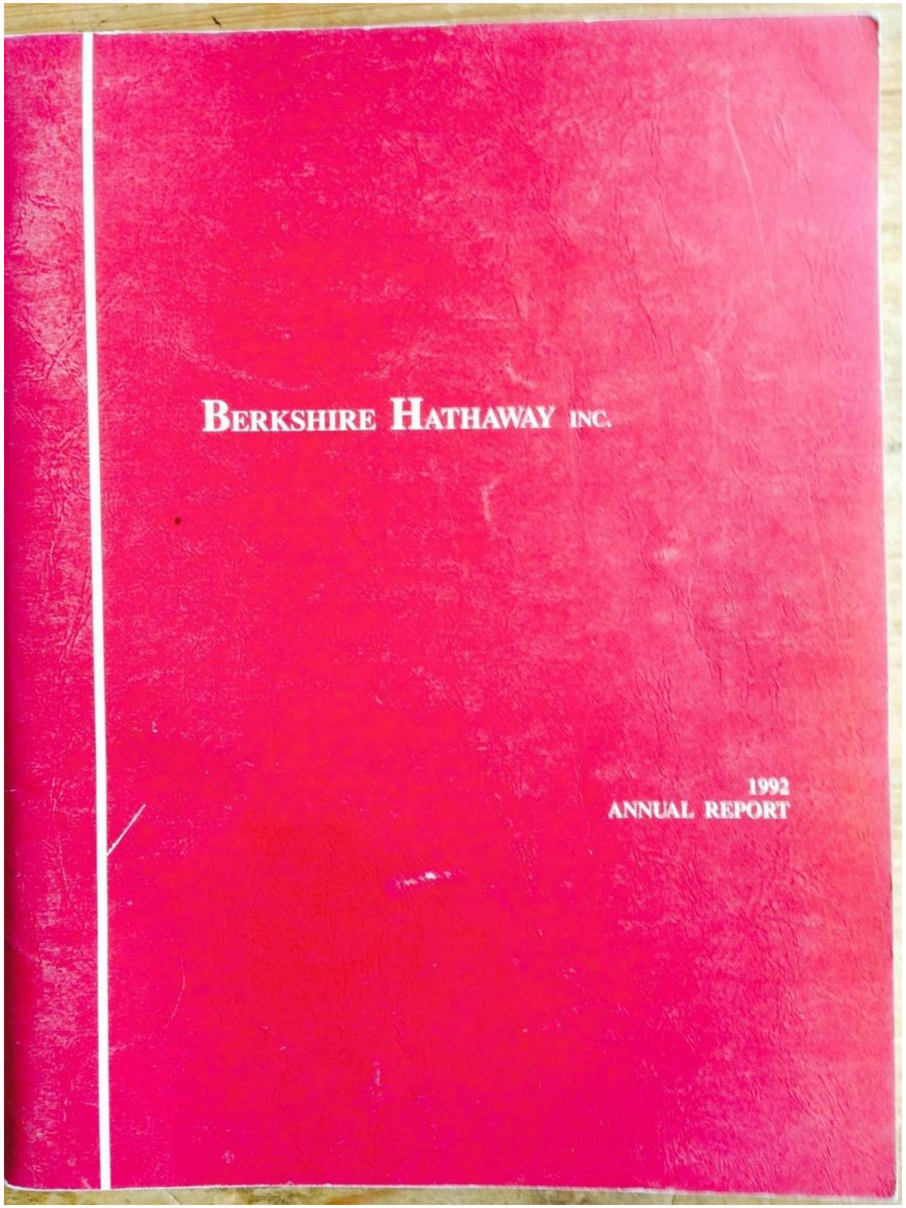
A Random Walk Down Wall Street



1992

EMQQ

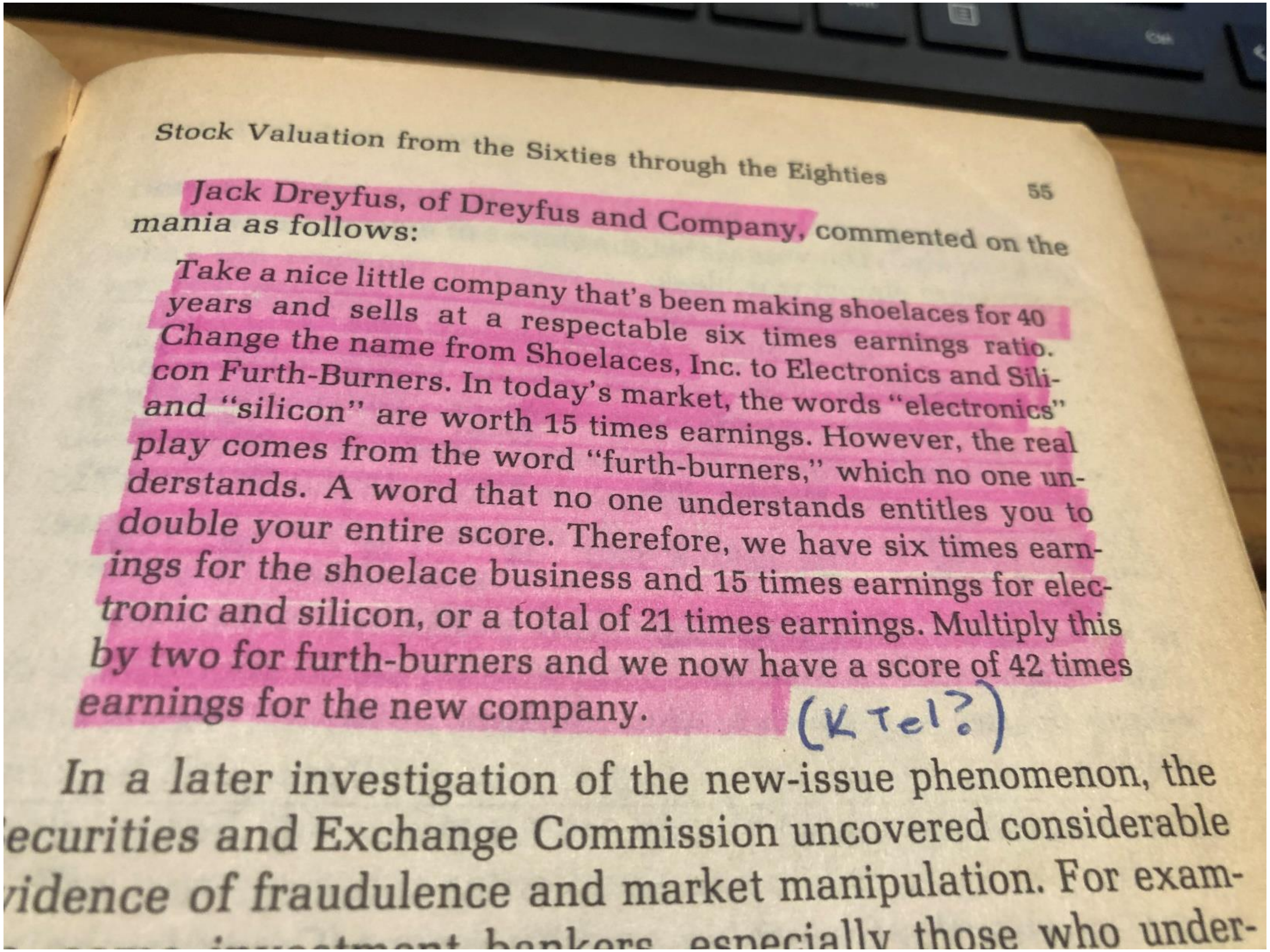
"I Pray Towards Omaha"



1993

EMQQ

K-TEL.com – “Right out of the book”



Stock Valuation from the Sixties through the Eighties 55

Jack Dreyfus, of Dreyfus and Company, commented on the mania as follows:

> Take a nice little company that's been making shoelaces for 40 years and sells at a respectable six times earnings ratio. Change the name from Shoelaces, Inc. to Electronics and Silicon Furth-Burners. In today's market, the words "electronics" and "silicon" are worth 15 times earnings. However, the real play comes from the word "furth-burners," which no one understands. A word that no one understands entitles you to double your entire score. Therefore, we have six times earnings for the shoelace business and 15 times earnings for electronic and silicon, or a total of 21 times earnings. Multiply this by two for furth-burners and we now have a score of 42 times earnings for the new company.

(K Tel?)

In a later investigation of the new-issue phenomenon, the Securities and Exchange Commission uncovered considerable evidence of fraudulence and market manipulation. For example, investment bankers, especially those who under-

1998

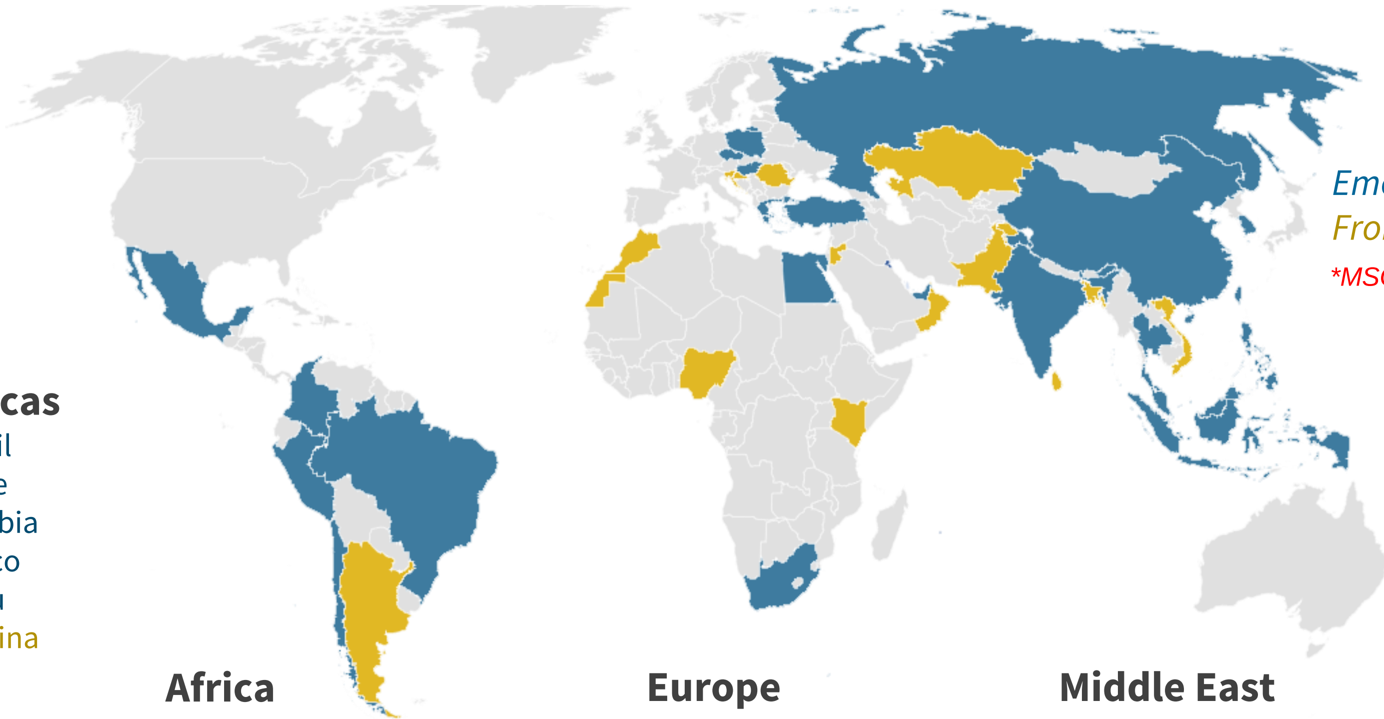
“We want to invest in China”

2005

EMQQ

The Case For Emerging Markets

What are Emerging Markets?



Emerging Markets
Frontier Markets
**MSCI & FTSE Disagree*

Americas
Brazil
Chile
Columbia
Mexico
Peru
Argentina

Africa
South Africa
Kenya
Mauritius
Morocco
Nigeria
Tunisia

Europe
Czech Republic
Greece
Hungary
Poland
Russia
Turkey
Croatia
Estonia
Lithuania
Kazakhstan
Romania
Serbia
Slovenia

Middle East
Egypt
Qatar
United Arab Emirates
Bahrain
Jordan
Kuwait
Lebanon
Oman

Asia
China
India
Indonesia
Korea*
Malaysia
Pakistan
Philippines
Taiwan
Thailand
Bangladesh
Sri Lanka
Vietnam

Source: MSCI Classifications as of November 2018

The Case for Emerging Markets

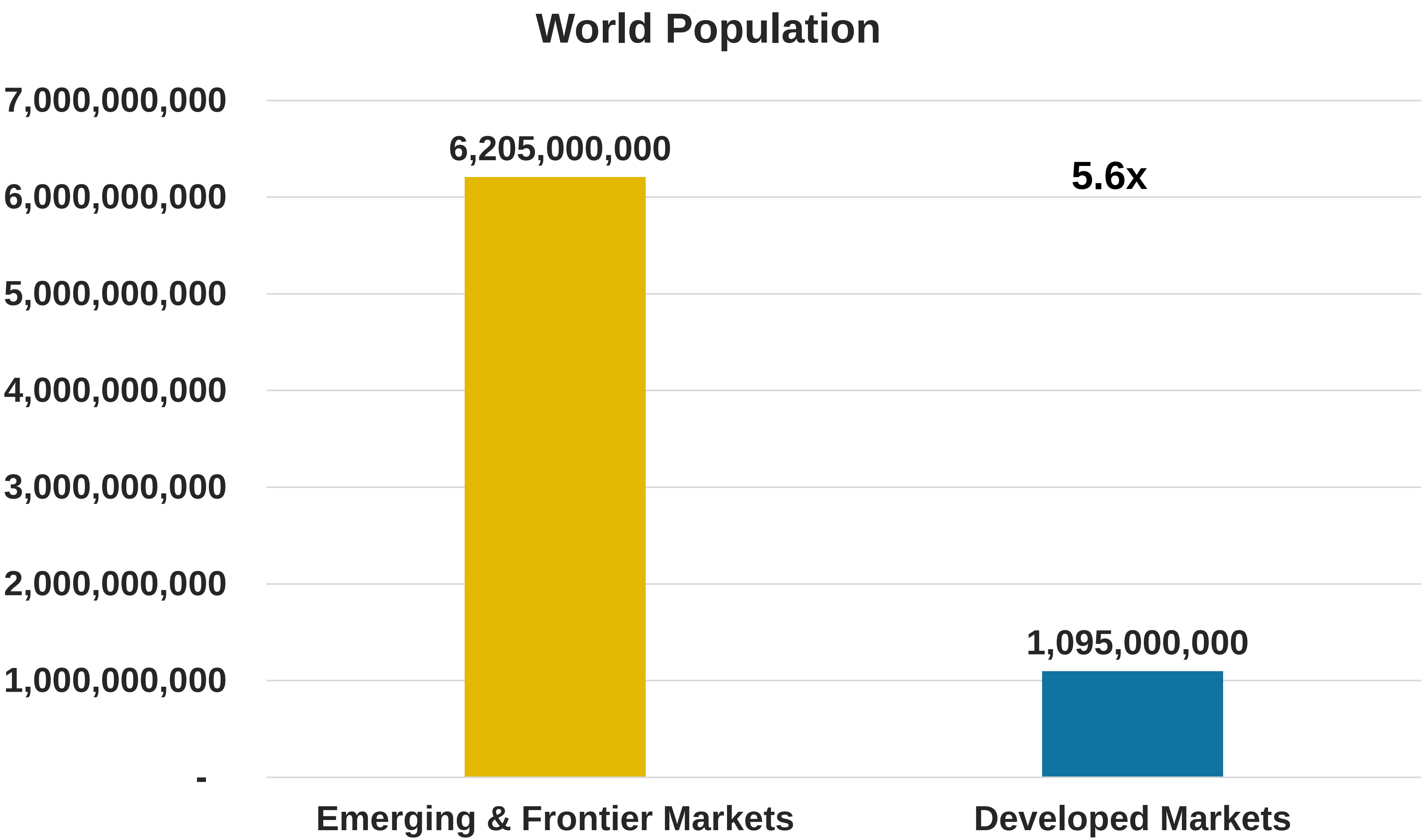
- **Different - Diversification benefits vs. Developed Markets**
  - Correlation to S&P 500 < 1.0

- **Bigger - Larger Consuming Population**
  - 85% of global population and 50% of global GDP

- **Younger - Favorable Demographics**
  - Millennials and Gen Xers spend 50% more time shopping online than Baby Boomers and Seniors

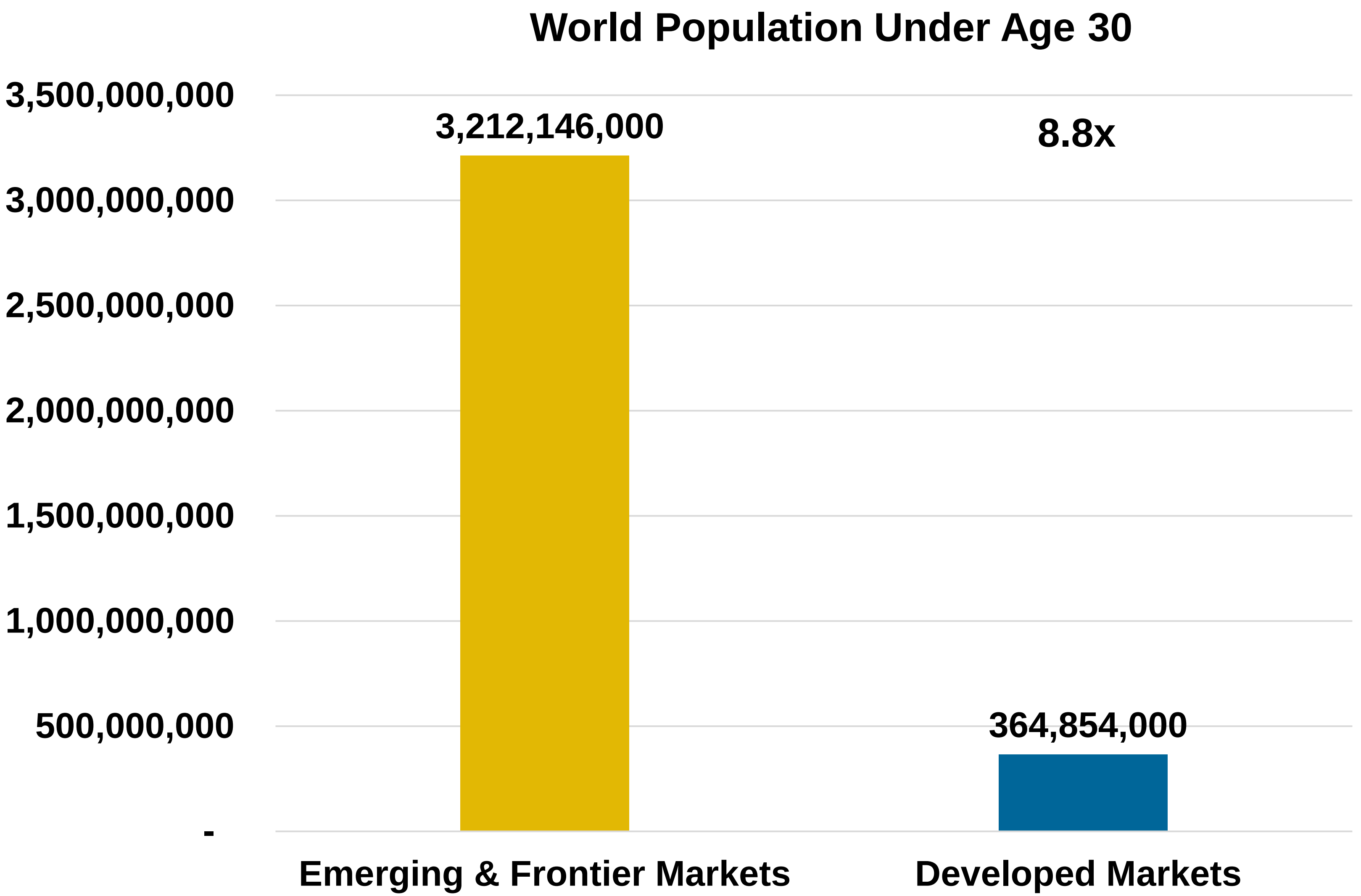
- **Growing Faster**
  - Consumption

Emerging Markets are 85% of the World



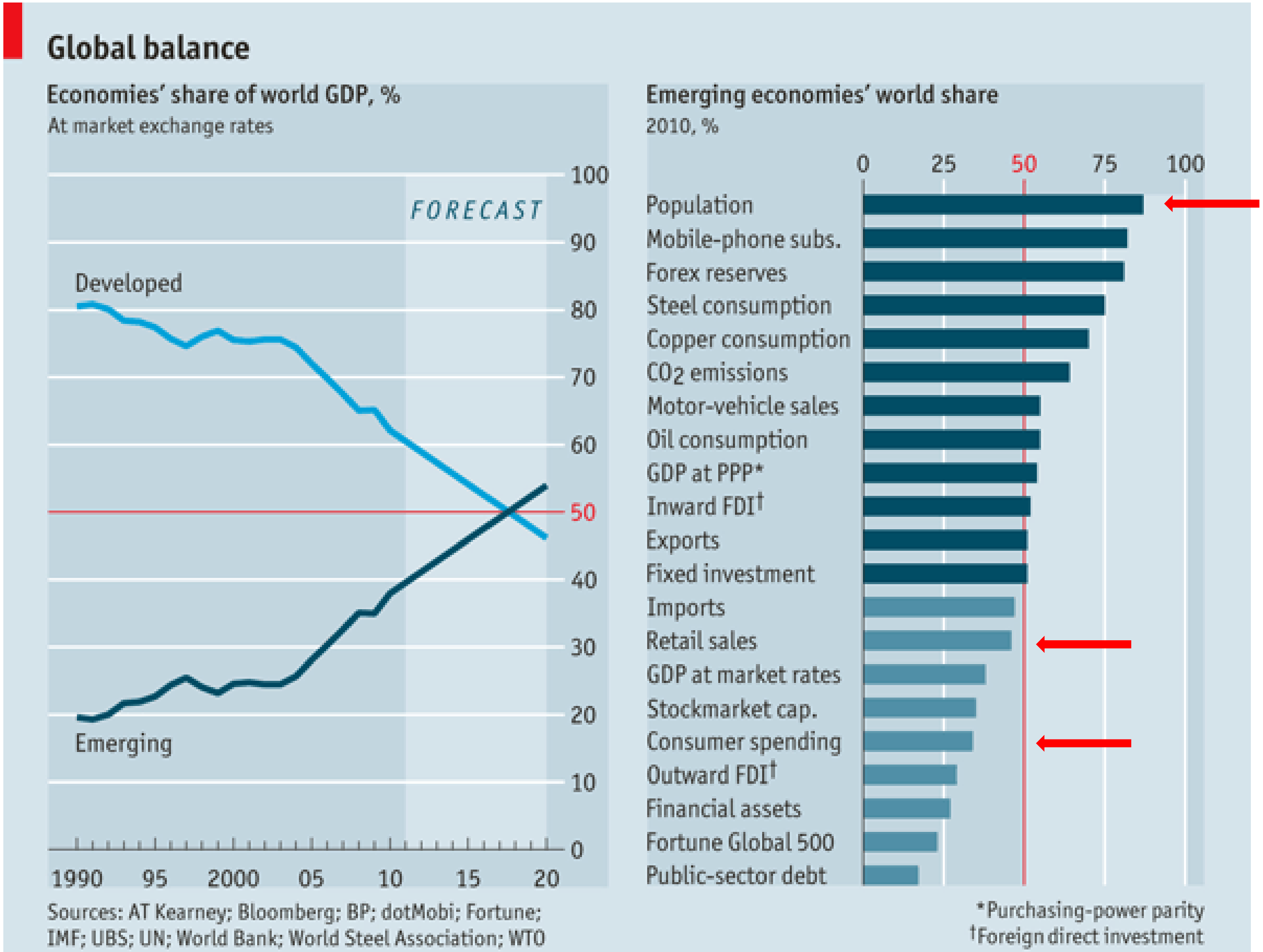
EMQQ

Emerging Markets Have Better Demographics



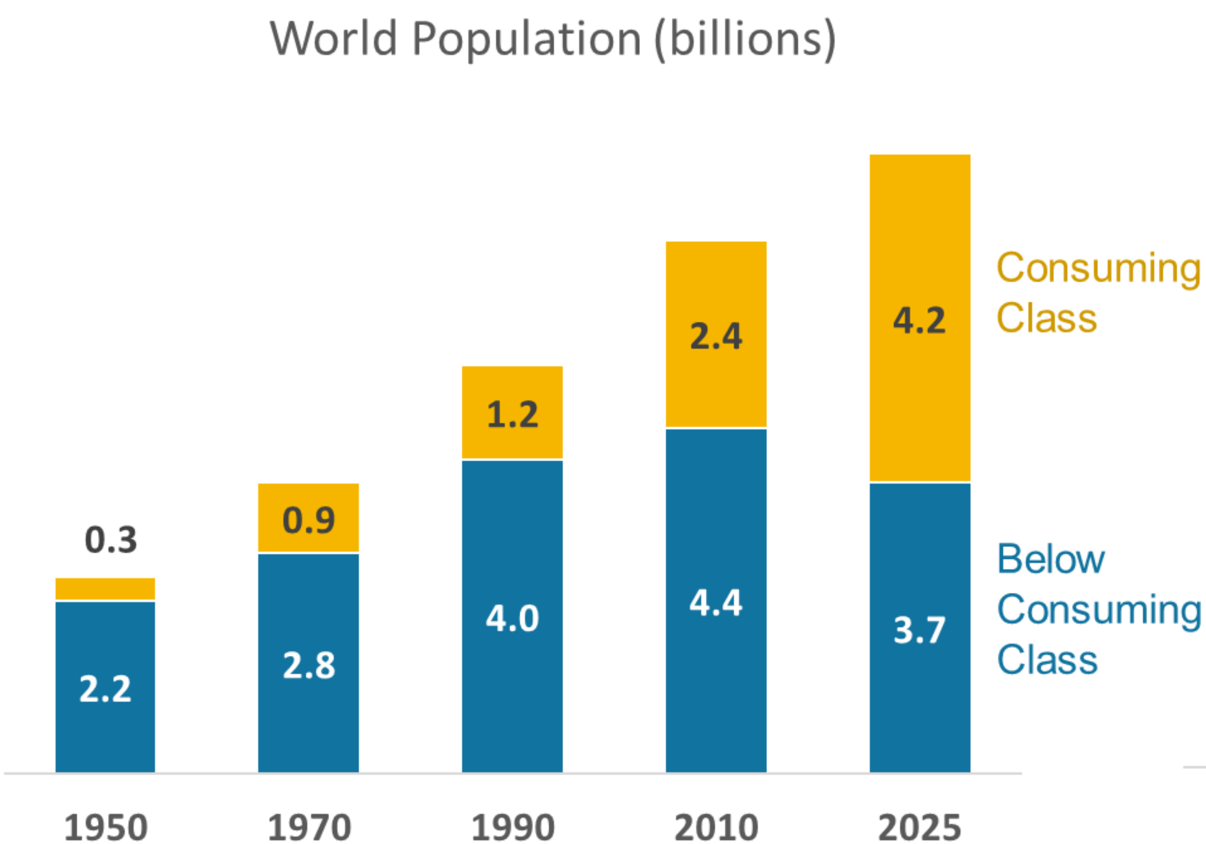
EMQQ

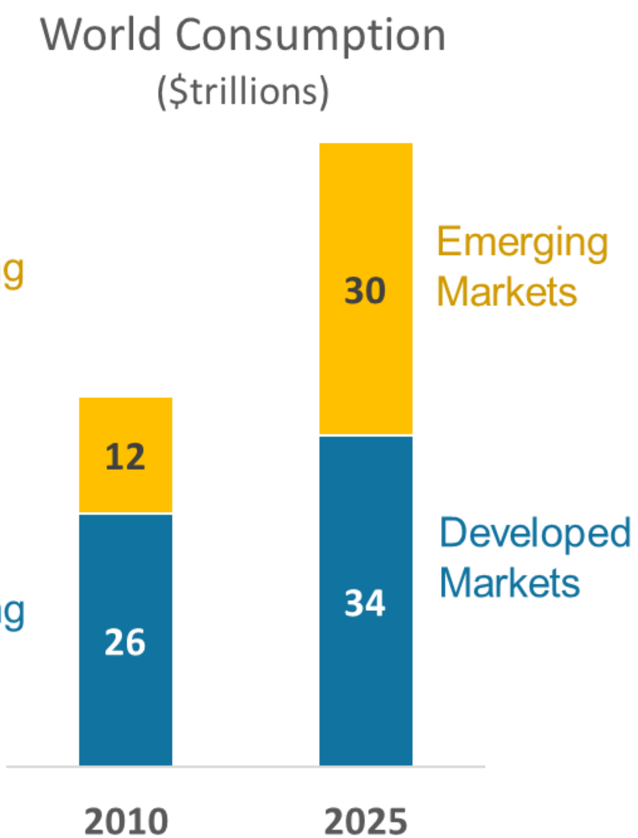
Emerging Markets are Passing Developed Markets



EMQQ

The Growth of the EM Consumer is THE Story





"…the biggest growth opportunity in the history of capitalism…"

- McKinsey & Company

EMQQ

Source: McKinsey Global Institute

Investing in Emerging Markets

#1 Problem: State Owned Enterprises (SOEs)

SOEs

Companies owned and controlled by the government in order to partake in commercial activities on the government's behalf

CONFLICTS OF INTERESTS

INEFFICIENT

POOR CORPORATE GOVERNANCE

WIDESPREAD CORRUPTION

Largest Emerging Market ETFs have ~30% in SOEs

#1 Problem: State Owned Enterprises (SOEs)

~30% of EEM & VWO are SOEs

EMQQ

Oligarchs & Korean Chaebol = kind of SOEs

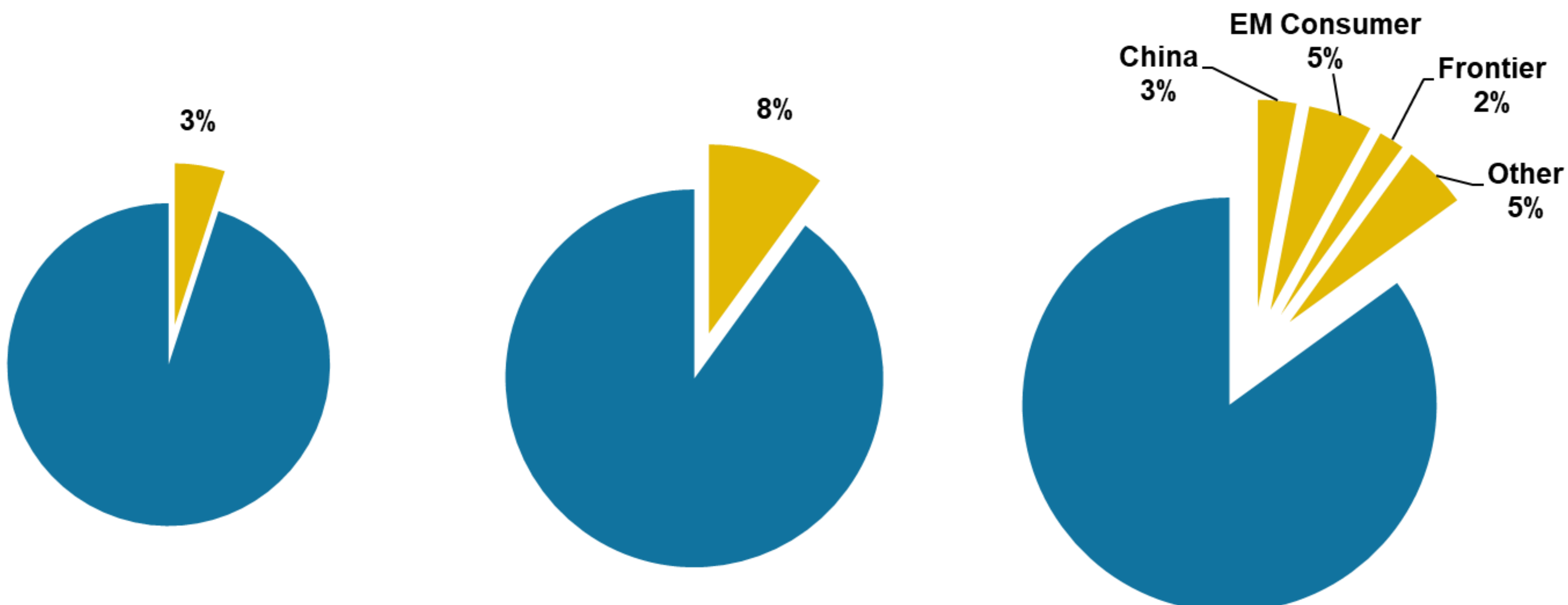
EM 3.0 - The Evolution of Emerging Markets Investing

Endowment and foundation emerging market exposure has gone through a number of phases over the years as familiarity and allocation grows so to does the variegated approach

EM 1.0 “Toe in Water”	→	EM 2.0 Increased	→	EM 3.0 Index Weight +

Harvard Endowment Emerging Market Exposure

2005	6%	2008	8%	2016	11.5%

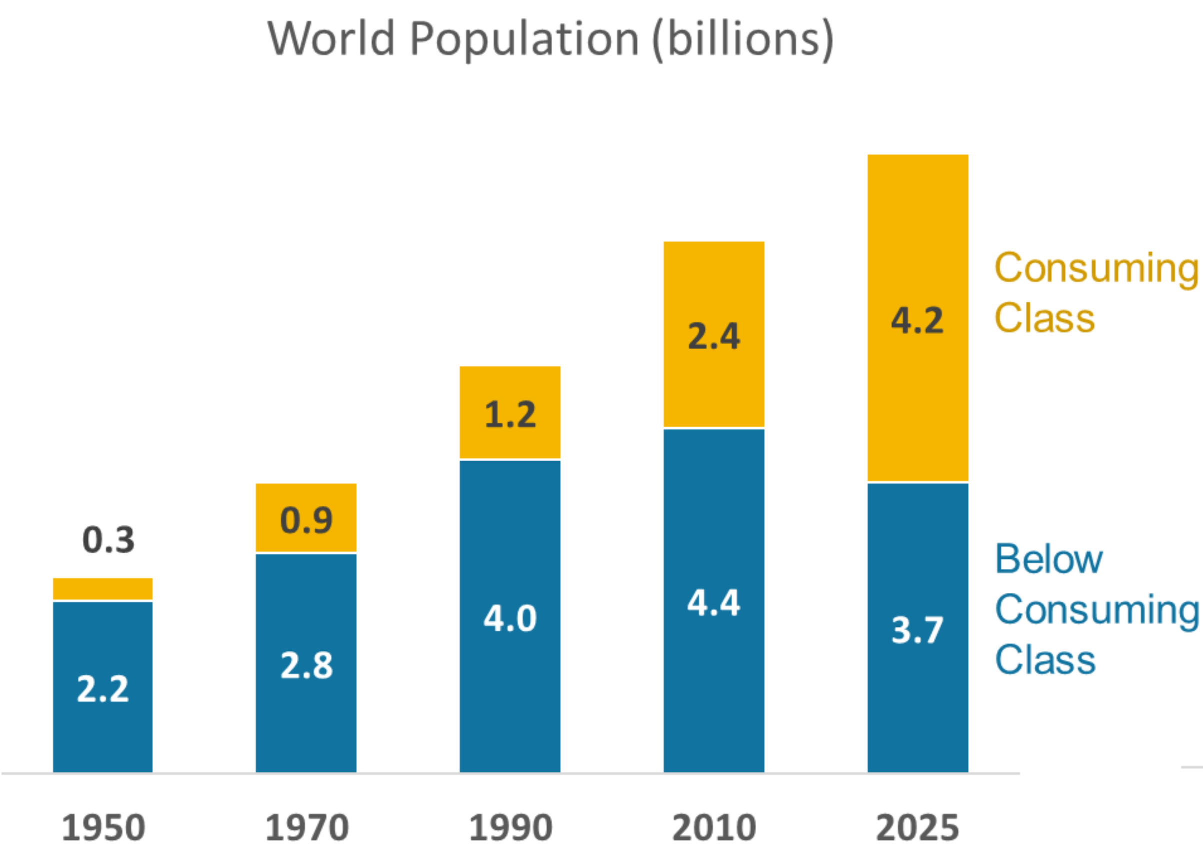


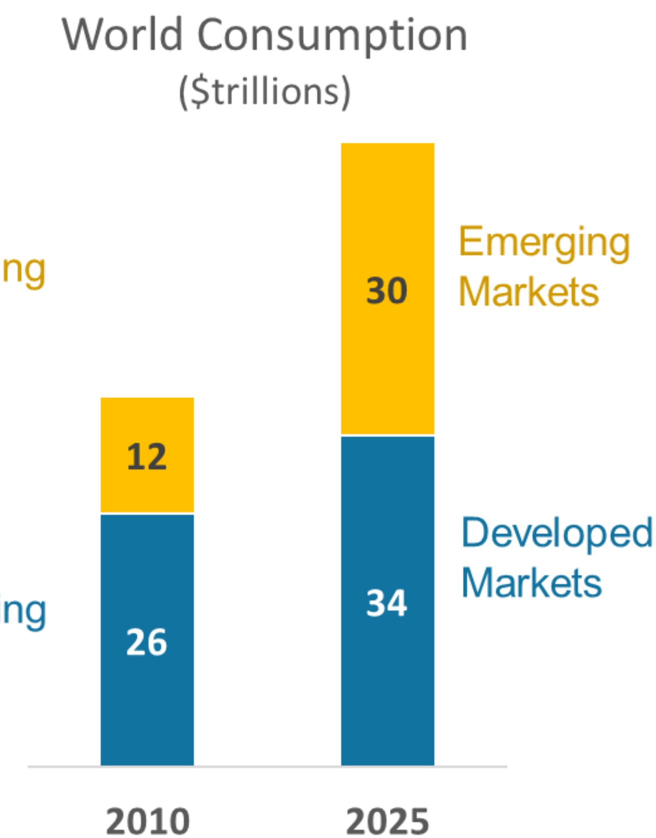
Source: The Endowment Investor: http://endowmentinvestor.com/

EMQQ

Something Big is Happening in Emerging Markets: The Great Confluence

The Growth of the EM Consumer is THE Story





"…the biggest growth opportunity in the history of capitalism…"

- McKinsey & Company

EMQQ

Source: McKinsey Global Institute

Smartphones Still A Relatively New Thing

Apple CEO Steve Jobs demonstrated the first iPhone at the Macworld expo in 2007.

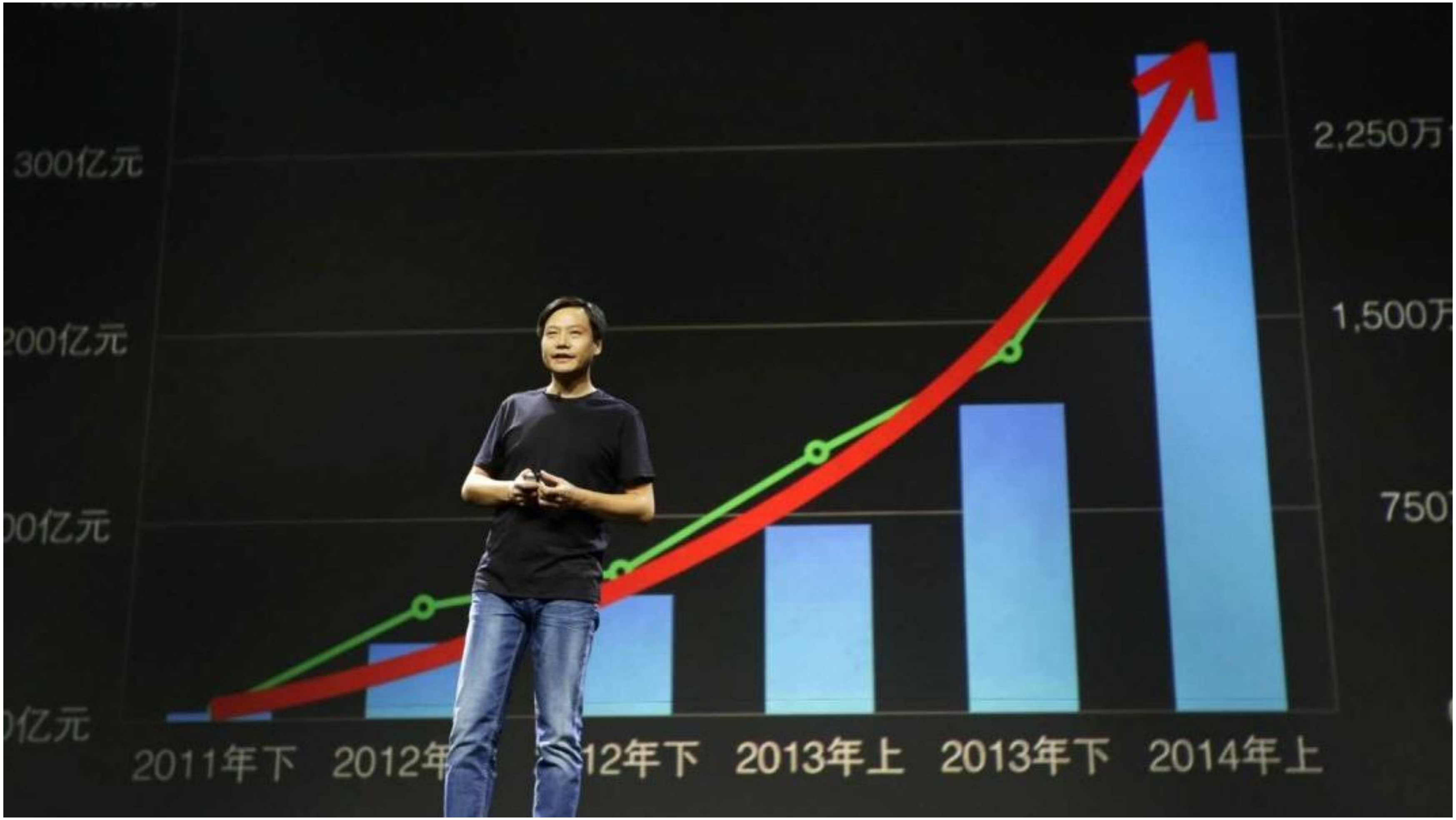
Smartphones Changing Our Consumption Patterns

OLD WAY

Smartphones Changing Our Consumption Patterns

NEW WAY

Cheap Smart Phones – The First & Only Computer for EM



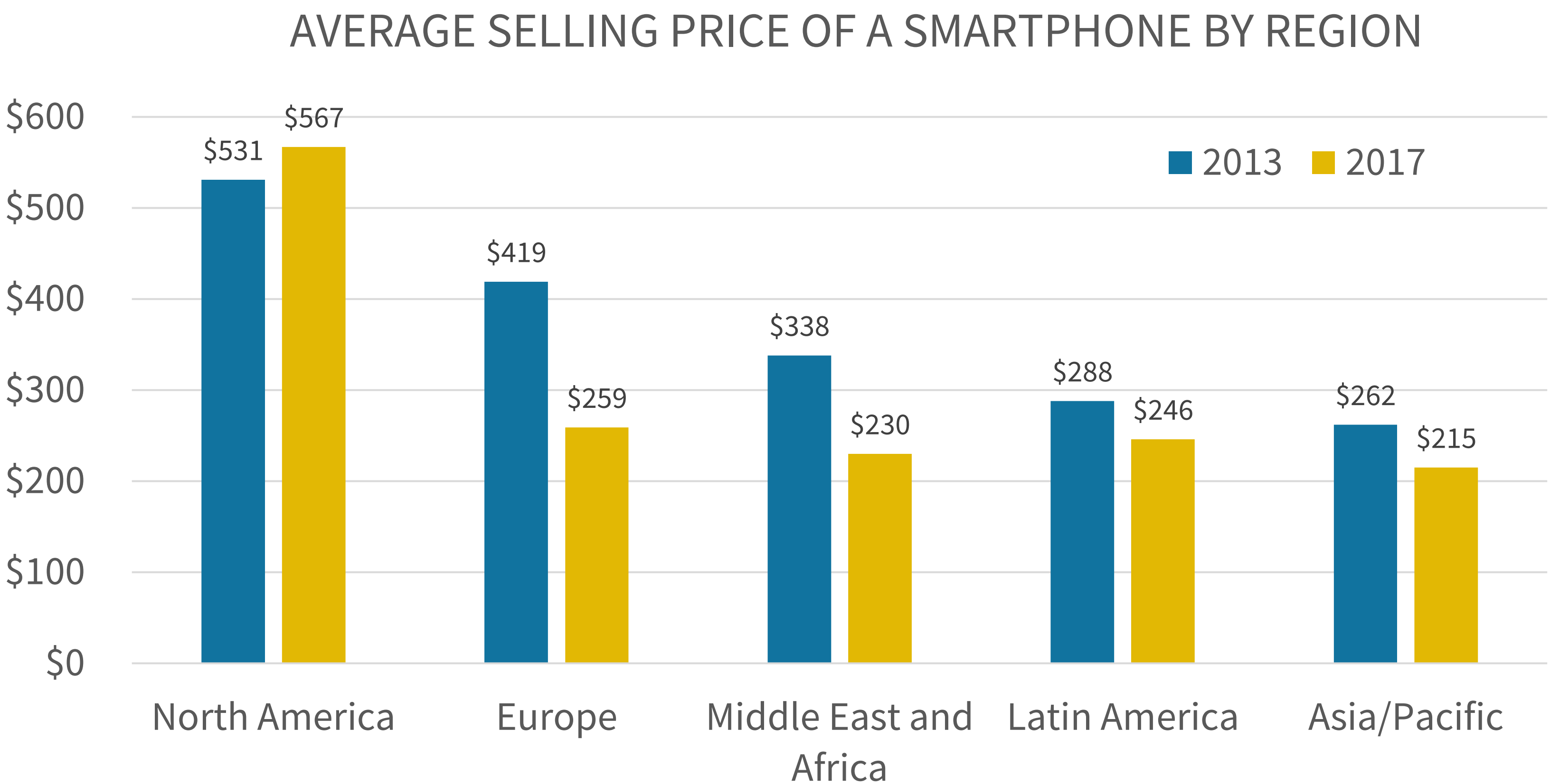
小米 xiaomi.com

vivo

oppo SMARTPHONE

HUAWEI

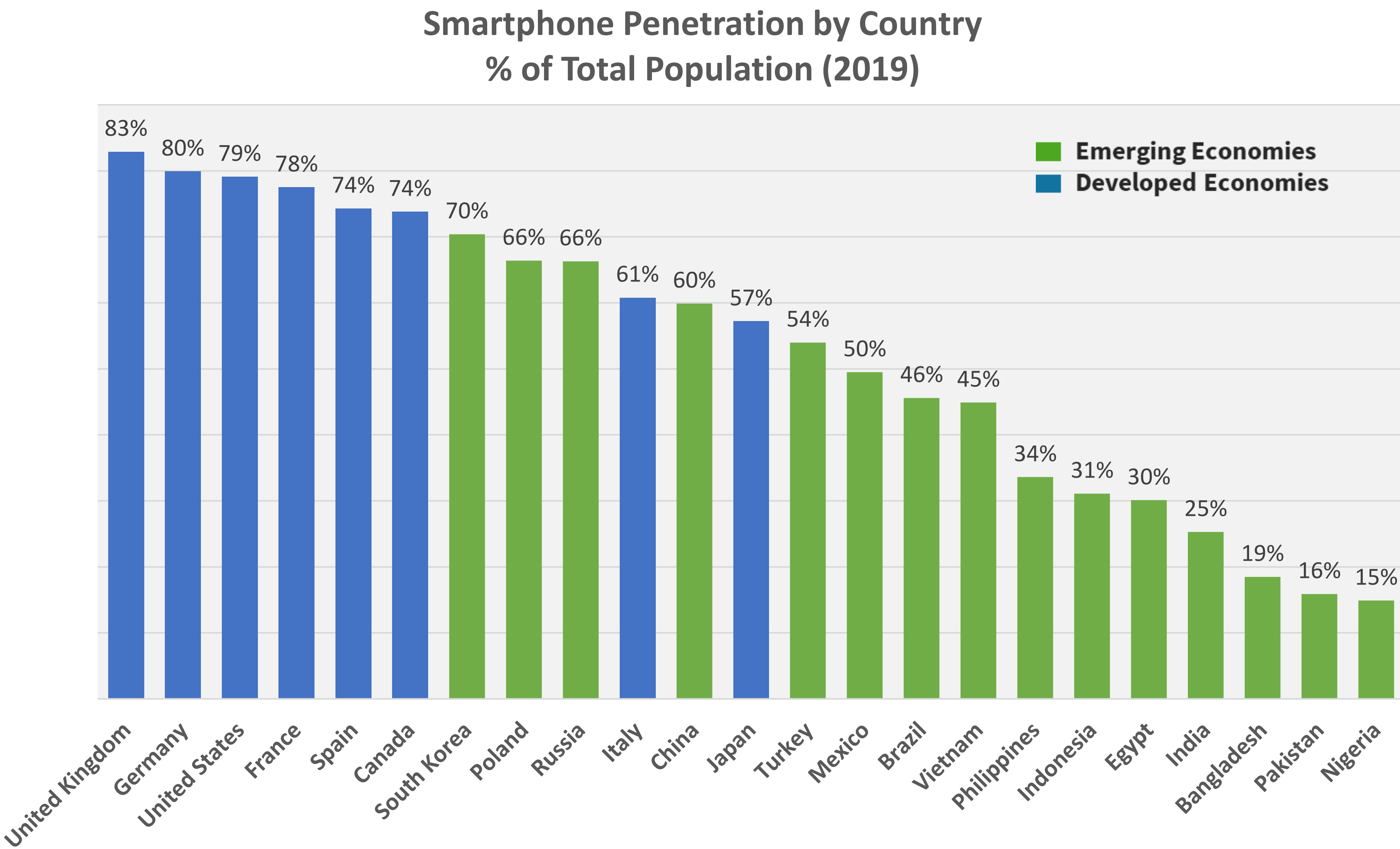
Increasing Smartphone Affordability



Region	2013	2017	Price Difference
North America	$531	$567	6.80%
Europe	$419	$259	-38.20%
Middle East and Africa	$338	$230	-32.00%
Latin America	$288	$246	-14.60%
Asia/Pacific	$262	$215	-17.90%

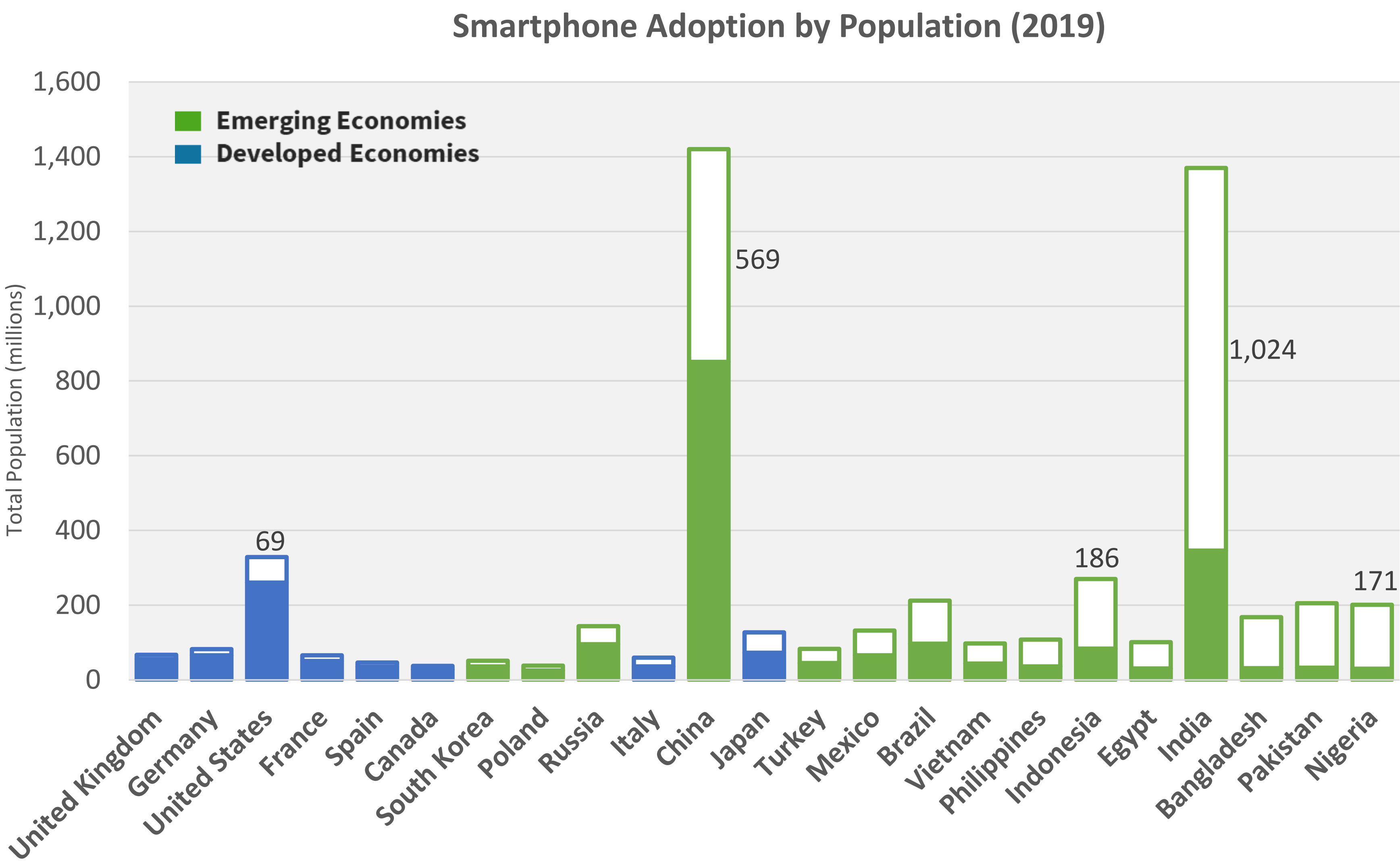
EMQQ

Mobile Broadband = First Internet Connection for EM



Source: Newzoo Data 2019, CapIQ, CB Insights

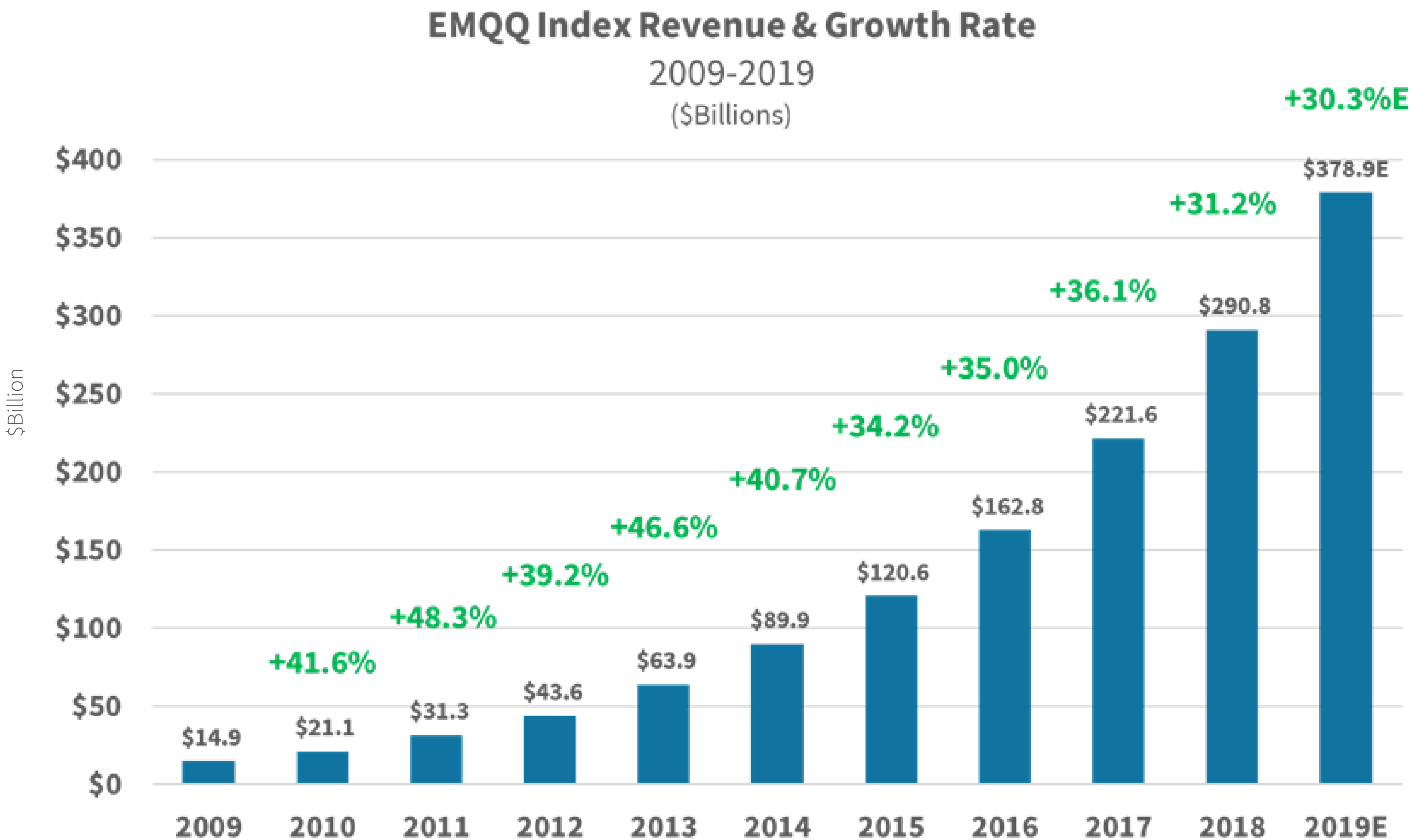
Smartphone Penetration Still Early in Developing World



Source: Newzoo Data 2019, CapIQ, CB Insights

EMQQ

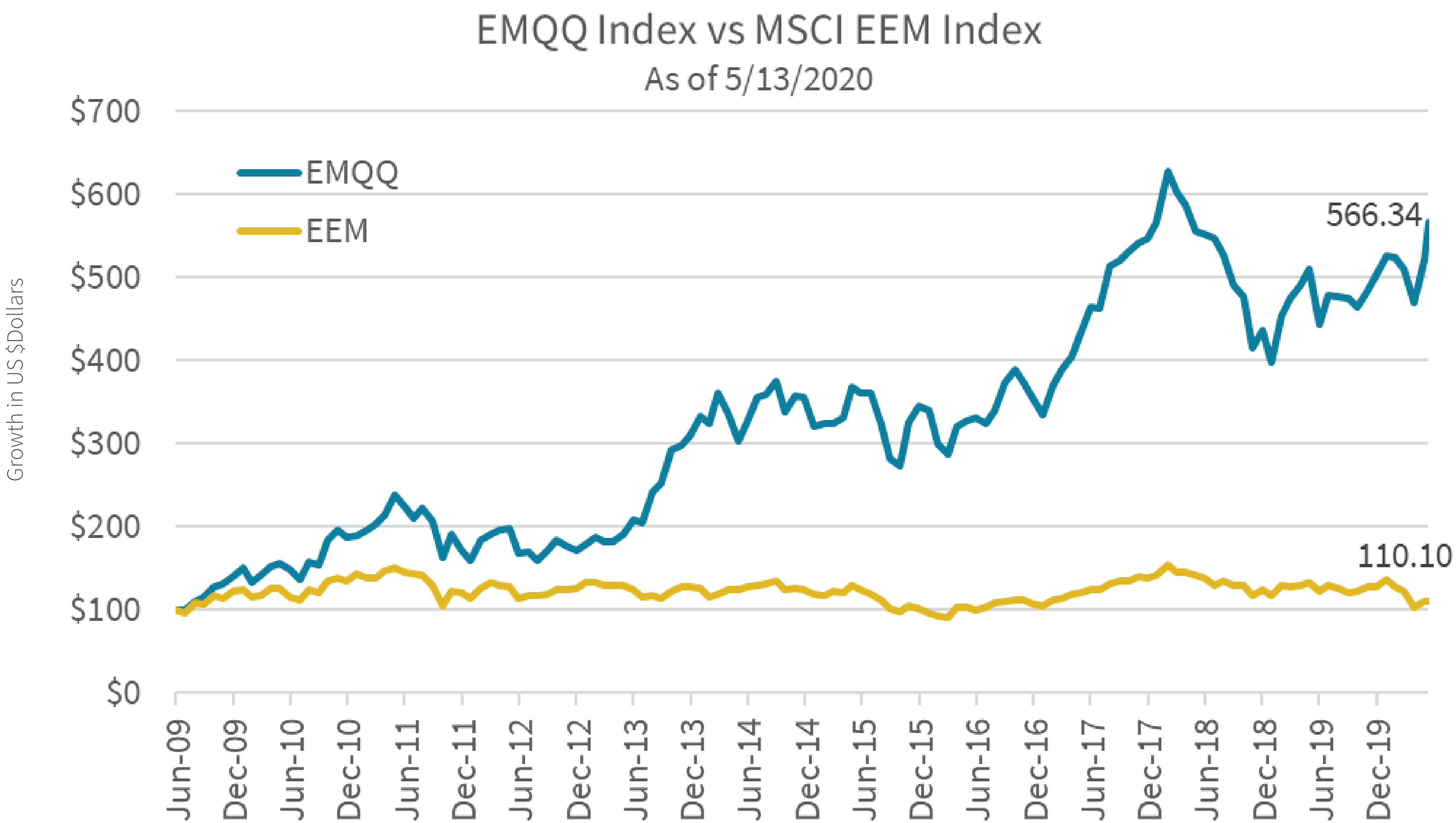
Result #1 = Massive Revenue Growth (CAGR ~38.5%)



Source: Bloomberg Data, Big Tree Capital LLC Analysis. * 2019 calculations are estimated
EMQQ Index is not an investable product and the included time series data precedes the inception date of the live track record

EMQQ

Result #2 = Value Creation



Source: Big Tree Capital Data
- The performance depicted is of the Index and is not an investible product and contains backdated data. Live performance can be found at www.emqqindex.com.

EMQQ

BABA - Largest IPO in U.S. History

U.S. VC Funding EM Entrepreneurs = Better Governance

Social Networks – Tencent (HK: 0700)

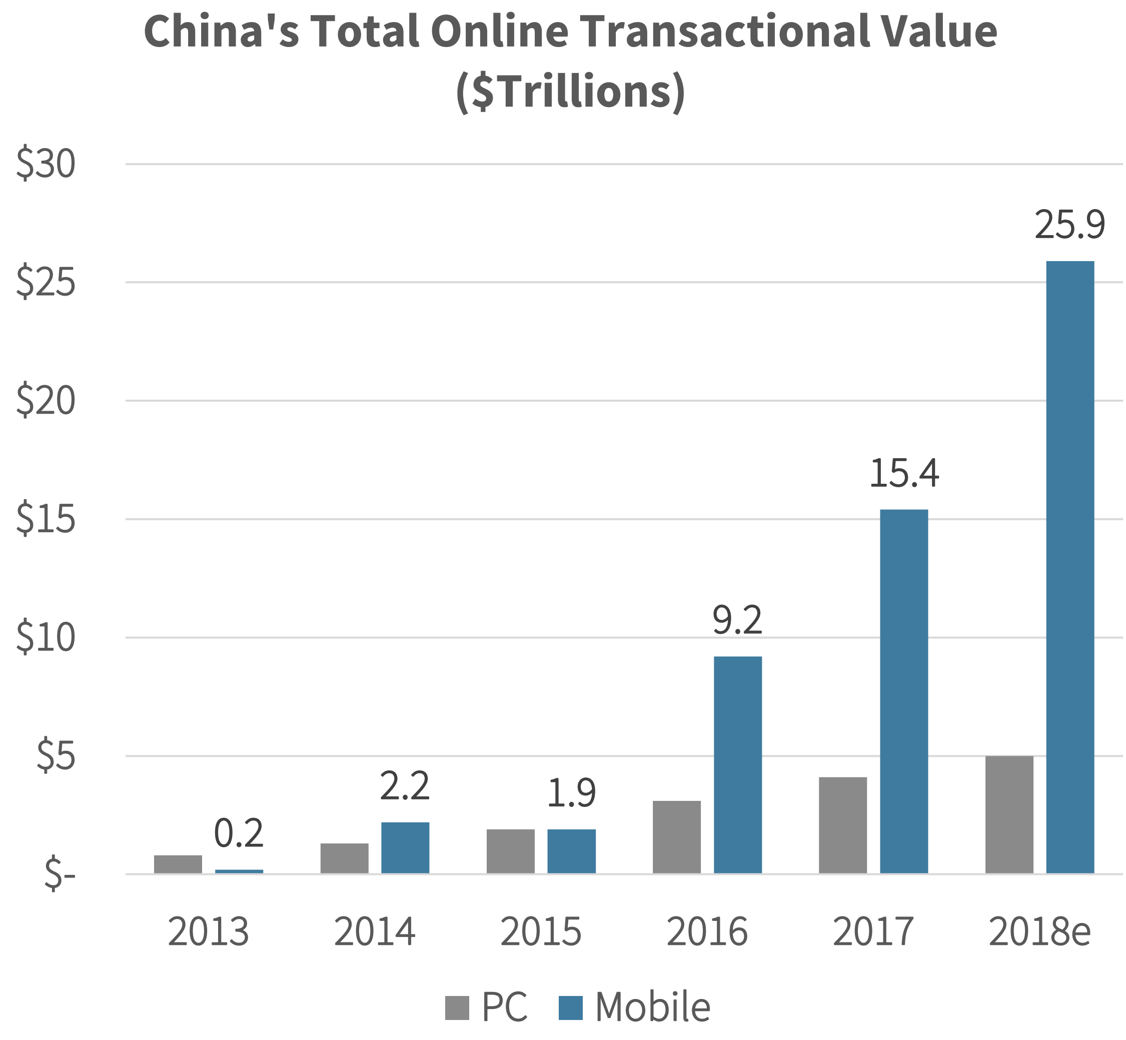
U.S.

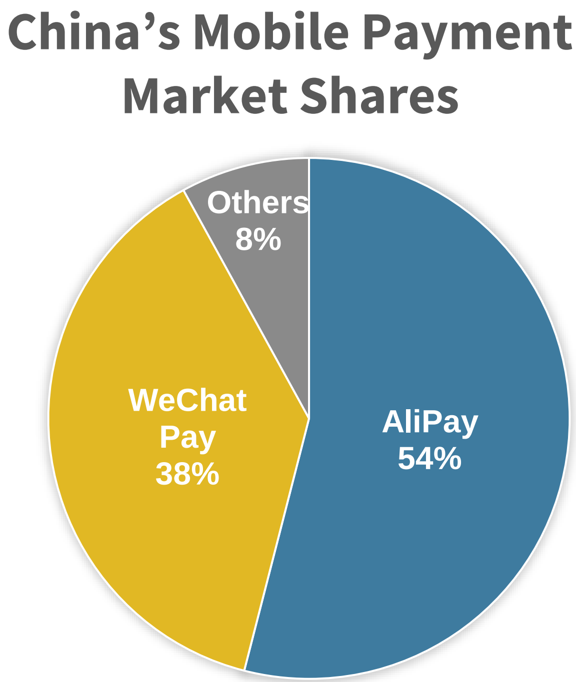
China

Mobile Payment Adoption is Pervasive

Mobile Payment Adoption is Pervasive

Mobile Payment Adoption Rapidly Expanding





EMQQ

MELI – “The Amazon/PayPal of Latin America”

YNDX – “The Google & Uber of Russia”

MMYT – "The Expedia of India"

JMIA – "The Amazon.com of Africa"

Private Companies - Didi

Private Companies - Paytm

The Case for the Emerging Markets Internet Sector

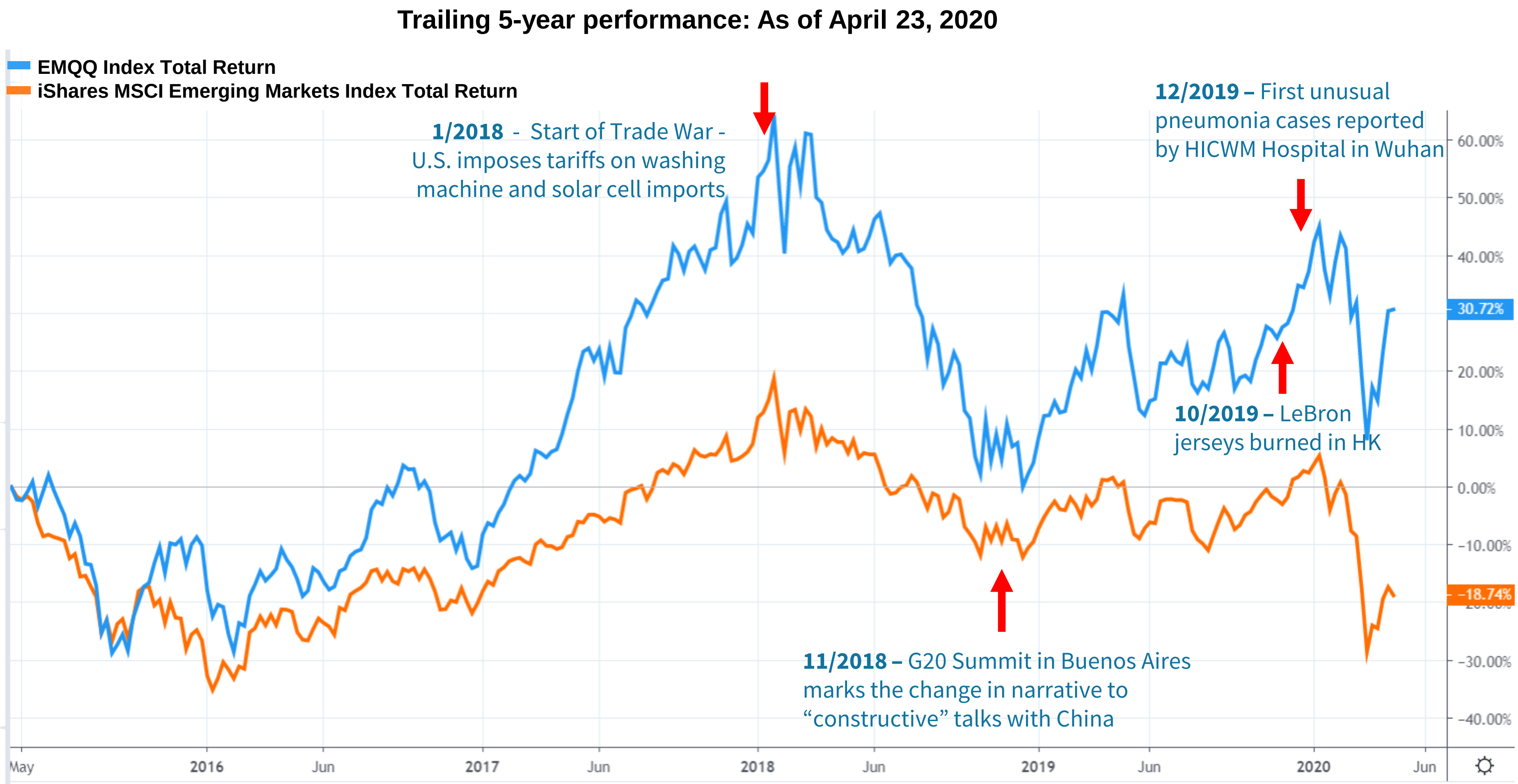
- **<u>Growth</u> - The Great Confluence**
  - EM Consumer + Smartphones + Internet via Mobile Broadband
  - Ecommerce models “leapfrogging” traditional models
  - Ecommerce growing 5x as fast as consumption

- **Better Corporate Governance**
  - No State Owned Enterprises
  - Most companies backed by U.S. VC & trade on U.S. exchanges

- **Exposure to Private Companies & Frontier Markets**

Impacts from Trade War and Coronavirus

Performance Correlated to Trade War & Covid-19



2016	2017	2018	2019E*
Avg YoY EMQQ Rev Growth	Avg YoY EMQQ Rev Growth	Avg YoY EMQQ Rev Growth	Avg YoY EMQQ Rev Growth
+35.0%	+36.1%	+31.2%	+30.3%

EMQQ

Source: TradingView. Performance from EMQQ Index with 2019 Revenue an Estimation.

Our Speculation on Near Term Outlook – BEFORE CV-19

Headline 10.15.19: “Hong Kong protesters burn LeBron James jersey, chant profanity toward Lakers star”

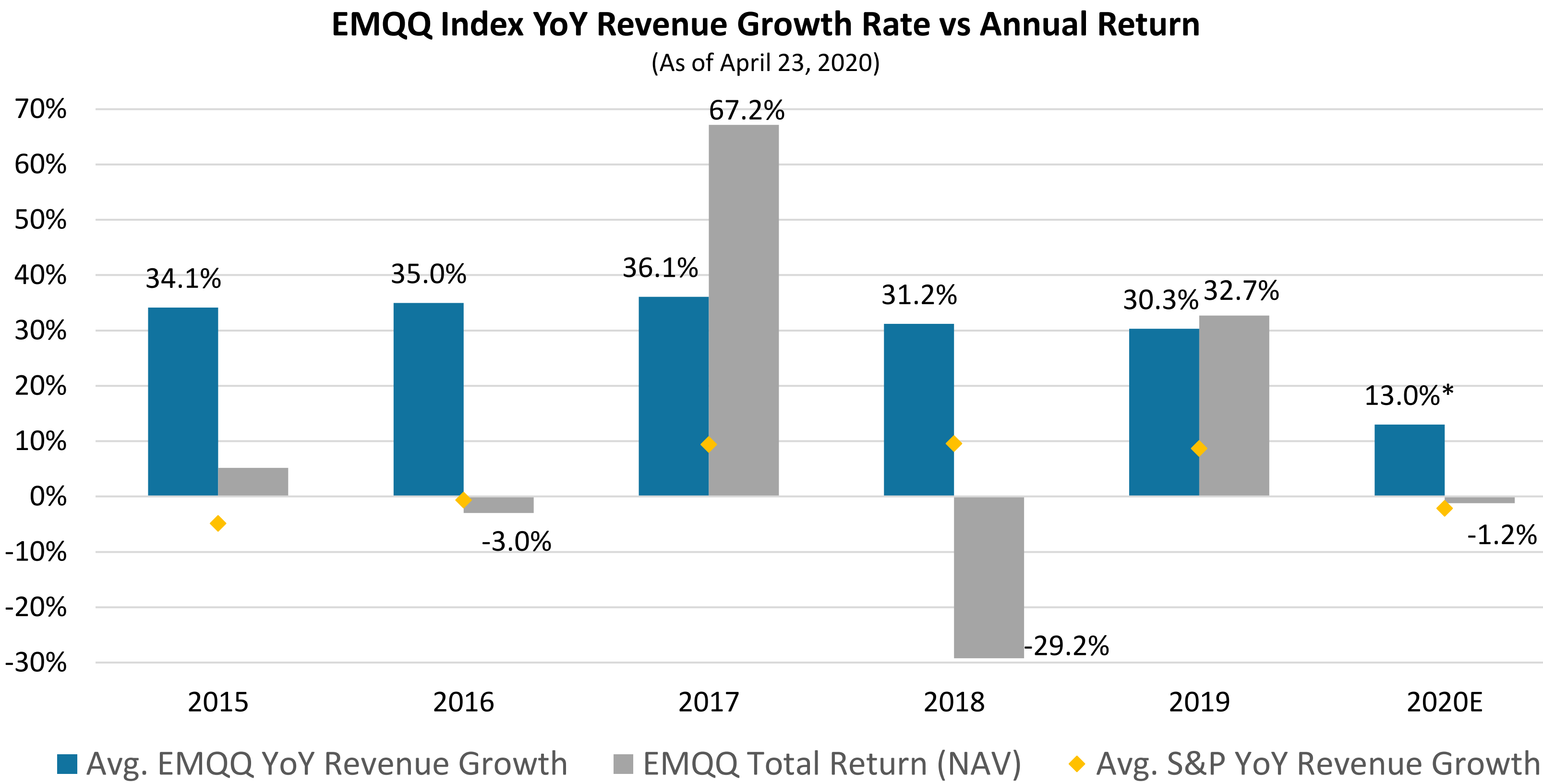
Social Distancing in Emerging Markets a Challenge

Dharavi slum in Mumbai has a population of ~700,000 living in 0.81 square miles.

Our Speculation on Near Term Outlook (as of 5.8.20)

- Emerging and Frontier markets may suffer the most (India, Indonesia, etc.)
  - Dense populations + weaker sanitation and health care
- China’s many advantages have allowed it to largely contain CV
  - Leadership and population have experience with similar outbreaks
  - Less bureaucracy & coordinated centralized health care
  - Advanced and distributed technology including an App for Contact Tracing
- China looks like the one economy that resume quickest and suffer the least
  - Estimates of 70-80% levels of economic activity
  - Starbucks, Apple & Tesla are reporting resumption of business
- Internet & Ecommerce based business models are getting a boost from CV
  - Surge in demand of widely adapted Ecommerce businesses
  - Accelerated adaption of certain platforms (Distance Learning, Telemedicine, Food Delivery, etc.)
- **EMQQ is particularly well positioned:**
  - **China is 65% of EMQQ and China is in the best position of any major economy**
  - **Ecommerce is increasing in relative importance as a result of the outbreak**
  - **Digitalization will stabilize at a much higher level**

EMQQ Index Valuation Data



Year	Avg. EMQQ YoY Revenue Growth	Avg. S&P YoY Revenue Growth	Avg Forward PE at End of Year	EMQQ Total Return (NAV)
2014	40.7%	2.43%	33.29	---
2015	34.1%	-4.84%	33.85	5.20%
2016	35.0%	-0.65%	31.57	-2.98%
2017	36.1%	9.40%	41.92	67.17%
2018	31.2%	9.55%	23.17	-29.22%
2019	30.3%	8.65%	30.16	32.70%
2020E	13.0%E	-2.14%(Q1)	---	-1.22%YTD

EMQQ

* 2020 Revenue growth is an estimated projection. Data from Bloomberg and analysis from Big Tree Capital LLC

EMQQ Index Overview

- Includes 77 Publicly Traded Emerging Markets Internet Companies
- Rules Based Index
  - All companies with >50% of revenue from internet and/or ecommerce in emerging and frontier markets
  - Minimum $300mm market capitalization
  - Liquidity screen $1.0mm average daily turnover
  - Rebalanced semi-annually in June & December
  - Market Cap weighted with 8% maximum weight per security at rebalance
- More information at www.EMQQetf.com
- EMQQ also available in UCITS www.HANetf.com

EMQQ Index Holdings (12.31.19)

	Security Name	Security Ticker	Currency	Weight
1	Tencent Holdings Ltd	0700.HK	HKD	8.02%
2	Alibaba Group Holding-Sp Adr	BABA.N	USD	7.98%
3	Naspers Ltd-N Shs	NPNJn.J	ZAR	7.54%
4	Mercadolibre Inc	MELI.OQ	USD	6.02%
5	Prosus Nv	PRX.AS	EUR	5.66%
6	Meituan Dianping-Class B	3690.HK	HKD	5.60%
7	Baidu Inc - Spon Adr	BIDU.OQ	USD	5.01%
8	Naver Corp	035420.KS	KRW	4.69%
9	Jd.Com Inc	JD.OQ	USD	4.57%
10	Pinduoduo Inc	PDD.OQ	USD	4.45%
11	Netease Inc-Adr	NTES.OQ	USD	4.11%
12	Trip.Com Group Ltd	TCOM.OQ	USD	3.42%
13	Yandex Nv Class A	YNDX.OQ	USD	3.04%
14	Delivery Hero Se	DHER.DE	EUR	2.05%
15	Ncsoft Corp Ord	036570.KS	KRW	1.55%
16	Pagseguro Digital Ltd	PAGS.N	USD	1.52%
17	Sea Ltd	SE.N	USD	1.46%
18	Kakao Corp	035720.KS	KRW	1.45%
19	58.Com Inc	WUBA.N	USD	1.38%
20	Stoneco Ltd	STNE.OQ	USD	1.33%
21	Autohome Inc-Adr	ATHM.N	USD	1.19%
22	Momo Inc	MOMO.OQ	USD	1.17%
23	Vipshop Holdings Ltd	VIPS.N	USD	1.07%
24	Mail.Ru Group-Gdr Regs	MAILRq.L	USD	1.05%
25	51Job Inc-Adr	JOBS.OQ	USD	0.87%
26	Multichoice Group Ltd	MCGJ.J	ZAR	0.81%
27	B2W Cia Digital	BTOW3.SA	BRL	0.78%
28	Iqiyi Inc	IQ.OQ	USD	0.68%
29	Ping An Healthcare And Technol	1833.HK	HKD	0.65%
30	Kingdee International Sftwr	0268.HK	HKD	0.64%
31	Sina Corp	SINA.OQ	USD	0.61%
32	Gsx Techedu Inc- Adr	GSX.N	USD	0.58%
33	Alibaba Pictures Group Ltd	1060.HK	HKD	0.56%
34	Bilibili Inc-Sponsored Adr	BILI.OQ	USD	0.52%
35	Info Edge India Ltd	INED.NS	INR	0.51%
36	Joyy Inc	YY.OQ	USD	0.45%
37	Rocket Internet Se	RKET.DE	EUR	0.42%
38	Cvc Brasil Operadora E Agencia	CVCB3.SA	BRL	0.40%

	Security Name	Security Ticker	Currency	Weight
39	Tencent Music Entertainment Group	TME.N	USD	0.37%
40	Lexinfintech Holdings Ltd	LX.OQ	USD	0.37%
41	Zhongan Online P&C Insurance C	6060.HK	HKD	0.36%
42	Weibo Corp	WB.OQ	USD	0.33%
43	Cj Enm Co Ltd	035760.KQ	KRW	0.31%
44	Makemytrip Ltd	MMYT.OQ	USD	0.25%
45	Tongcheng-Elong Holdings Ltd	0780.HK	HKD	0.24%
46	China Literature Ltd	0772.HK	HKD	0.23%
47	Qiwi Plc-Sponsored Adr	QIWI.OQ	USD	0.22%
48	So-Young International-Adr	SY.OQ	USD	0.21%
49	Com2Us Corp	078340.KQ	KRW	0.18%
50	Headhunter Group Plc-Adr	HHR.OQ	USD	0.17%
51	Douyu International Holdings Ltd	DOYU.OQ	USD	0.17%
52	Bitauto Holdings Ltd Adr	BITA.N	USD	0.16%
53	Despegar.Com Corp	DESP.N	USD	0.16%
54	Qudian Inc Sponsored Adr Class A	QD.N	USD	0.15%
55	Nhn Corp	181710.KS	KRW	0.14%
56	Yixin Group Ltd	2858.HK	HKD	0.14%
57	Baozun Inc	BZUN.OQ	USD	0.14%
58	Koolearn Technology Holding Ltd	1797.HK	HKD	0.13%
59	21Vianet Group Inc	VNET.OQ	USD	0.13%
60	Hengten Networks Group Ltd	0136.HK	HKD	0.12%
61	Yunji Inc	YJ.OQ	USD	0.11%
62	Meitu Inc	1357.HK	HKD	0.11%
63	Afya Ltd	AFYA.OQ	USD	0.11%
64	Jumia Technologies Ag-Adr	JMIA.N	USD	0.10%
65	Afreecatv Co Ltd	067160.KQ	KRW	0.10%
66	Finvolution Group	FINV.N	USD	0.10%
67	Weimob Inc	2013.HK	HKD	0.10%
68	Qutoutiao Inc	QTT.OQ	USD	0.09%
69	Uxin Ltd	UXIN.OQ	USD	0.09%
70	Netdragon Websoft Inc	0777.HK	HKD	0.09%
71	Just Dial Ltd	JUST.NS	INR	0.08%
72	Ruhnn Holding Ltd-Adr	RUHN.OQ	USD	0.08%
73	Sogou Inc	SOGO.N	USD	0.08%
74	Yiren Digital Ltd	YRD.N	USD	0.07%
75	Huya Inc-Adr	HUYA.N	USD	0.07%
76	Pc Home Online Inc	8044.TWO	TWD	0.07%
77	Cafe24 Corp	042000.KQ	KRW	0.06%

The Future Of Emerging Markets is Here.

Contact for more information:

Kyle Parker
kparker@emqqindex.com

EMQQ

Upcoming Webinars:

Wayne Thorp: Investing Like a Stock Superstar
AAII Senior Financial Analyst
Wednesday, June 10, 2020, 7:30 p.m. CDT

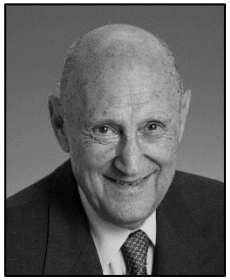
Craig Israelsen: Retirement Portfolio Analysis—
A Multi-Decade Review
Executive-in-Residence, Personal Financial Planning Program,
Utah Valley University
Wednesday, June 17, 2020, 7:30 p.m. CDT

www.aaii.com/webinars

EMQQ Team

Kevin T. Carter

Mr. Carter is the Founder of The Emerging Markets Internet ETF (NYSE: EMQQ). He has been a featured speaker for Columbia Business School, Bloomberg, Guggenheim Partners, Morningstar and the CFA Society. Previously, Mr. Carter was the Founder & CEO of AlphaShares, an investment firm offering three China focused ETFs in partnership with INVESCO. These ETFs trade on the NYSE with the ticker symbols CQQQ, TAO & HAO. Mr. Carter was also the Founder & CEO of Active Index Advisors acquired by Natixis in 2005 and the Founder & CEO of eInvesting acquired by ETRADE in 2000. Mr. Carter began his career in 1992 with Robertson Stephens & Co.



Dr. Burton Malkiel

Dr. Malkiel serves as an Advisor to EMQQ. Dr. Malkiel is the Chief Investment Officer of WealthFront and a long time Professor of Economics at Princeton University. In 2002 he was a co-Founder and Chief Investment Officer of Active Index Advisors. He is widely considered one of the pioneers of index investing and ETFs. He has served as a member of the Board of Directors of Vanguard, Dean of the Yale School of Management and as Chairman of the Princeton University Economics Department. Dr. Malkiel is also well known for his seminal work *A Random Walk Down Wall Street*. Dr. Malkiel holds B.A. and MBA from Harvard and a Ph.D. from Princeton University.

Richard Kang

Mr. Kang is a Member of the EMQQ Index Committee. Mr. Kang has the experience of over 25 NYSE listed ETF launches and was previously the Chief Investment Officer of EGShares and Portfolio Manager of the Columbia Emerging Markets Consumer ETF (NYSE: ECON). Over his 20 years of buy-side experience, Richard has had senior roles at a hedge fund, fund-of-hedge fund, investment counseling firm, index provider and ETF issuer/managers. He sits on FTSE's Country Classification Indexing Committee as well as the editorial board of Institutional Investors' The Journal of Index Investing, the only academic journal for the indexing and ETF industry.

Linda H. Zhang, Ph.D.

Dr. Zhang serves as a Member of the EMQQ Index Committee. She is the CEO of New York based Purview Investments, a firm specializing in active ETF managed solutions and ETF innovation. Her career spans from quantitative analysis at Baring Asset Management, multi-asset portfolio management at Blackrock and MFS, to leading the investment team at Windhaven. She is a recipient of Top Women in Asset Management 2015 by Money Management Executive and a co-founder of Women in ETFs. She holds B.A. from University of Regina, Canada, M.S. and Ph.D. in Finance from University of Massachusetts at Amherst.

EMQQ Team

Kyle Parker
Mr. Parker serves as President of EMQQ. Prior to EMQQ, Mr. Parker worked at Progress Investment Management Co., the San Francisco based firm focused on minority and women-owned emerging managers. He previously worked at AlphaShares, an investment firm founded by Mr. Carter and Dr. Malkiel, offering Emerging Markets and China focused ETF's in partnership with Guggenheim Investments. Mr. Parker holds a B.A. in Economics from the University of California, Santa Barbara.

Lee Stapleton
Ms. Stapleton serves as Chief Marketing Officer of EMQQ. Prior to EMQQ, Ms. Stapleton founded two internationally successful impact campaigns promoting economic, social and environmental sustainability. Ms. Stapleton received a degree in Spanish, Nonprofit Management & Leadership Studies, and Public Administration, with a pooled concentration in Environmental Studies from the University of North Carolina Wilmington.

Latif Nathani
Mr. Nathani serves as an Advisor to EMQQ. He was most recently the CEO of eBay India. He grew the business from under $200M GMV in 2013 to nearly $500M GMV in 2016 and 5M+ customers. He exited with the sale of eBay India to Flipkart. Previously Latif co-founded eMemories.com and 2 enterprise businesses at Microsoft. He also led global product marketing at Symantec and named/launched Norton 360. Latif has 27 years of technology industry experience, including 15 years at Microsoft. Latif graduated with an MBA from City University and B.S. Computer Science from the University of Arizona in 1991.

Lin Li
Lin Li serves as an Advisor to EMQQ. Mr. Li is a Portfolio Manager at Huatai Securities, a Chinese investment manager based in Nanjing trading Chinese equities and index derivatives on mainland (Shanghai & Shenzhen) and international markets (Hong Kong and New York). Previously, Mr. Li was as an analyst for AlphaShares, an Emerging Markets investment firm located in San Francisco. He holds Master's degree in Financial Analysis from University of San Francisco and a B.S. in Engineering from Chongqing University in China.

Disclosures:

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus, which may be obtained by visiting www.emqqetf.com. Read the prospectus carefully before investing.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Shares are bought and sold at market price and not individually redeemed from the fund. Brokerage commissions will reduce returns. For performance current to the most recent month-end, please visit www.emqqetf.com.

Investing involves risk, including the possible loss of principal. Investments in smaller and mid-sized companies typically exhibit higher volatility. The fund is non-diversified. International investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Frontier markets generally have less developed capital markets than traditional emerging market countries, and, consequently, the risks of investing in foreign securities are magnified in such countries. These countries are subject to potentially significant political, social and economic instability, which could materially and adversely affect the companies in which the Fund may invest. The Fund invests in the securities of Internet Companies, including internet services companies and internet retailers, and is subject to risk that market or economic factors impacting technology companies and companies that rely heavily on technology advances could have a major effect on the value of the Fund's investments.

Exchange Traded Concepts, LLC (ETC) serves as the investment advisor, and Penserra Capital Management LLC serves as a sub advisor to the fund. Big Tree Capital LLC serves as index provider. The Funds are distributed by SEI Investments Distribution Co. (SEI) 1 Freedom Valley Drive, Oaks, PA, 19456.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. The Net Asset Value is calculated each day the national securities exchanges are open for trading, as of the close of regular trading on the New York Stock Exchange, normally 4:00 p.m. ET. Closing price returns are based on the midpoint of the bid/ask spread at 4:00 pm ET, and do not represent the returns you would receive if you traded shares at other times.