

# EMQQQ

# GLOBAL

**CFA SOCIETY SWEDEN**

**THE FUTURE OF EMERGING MARKETS  
+ THE RISE OF INDIA**

**5.13.25**



**I INVEST IN  
EMERGING  
MARKETS  
INTERNET  
COMPANIES.**



[www.EMQQetf.com](http://www.EMQQetf.com)



[www.FMQQetf.com](http://www.FMQQetf.com)



[www.INQQetf.com](http://www.INQQetf.com)

**The Emerging Markets  
Internet Index**

**The Next Frontier  
Internet Index**

**The India  
Internet Index**

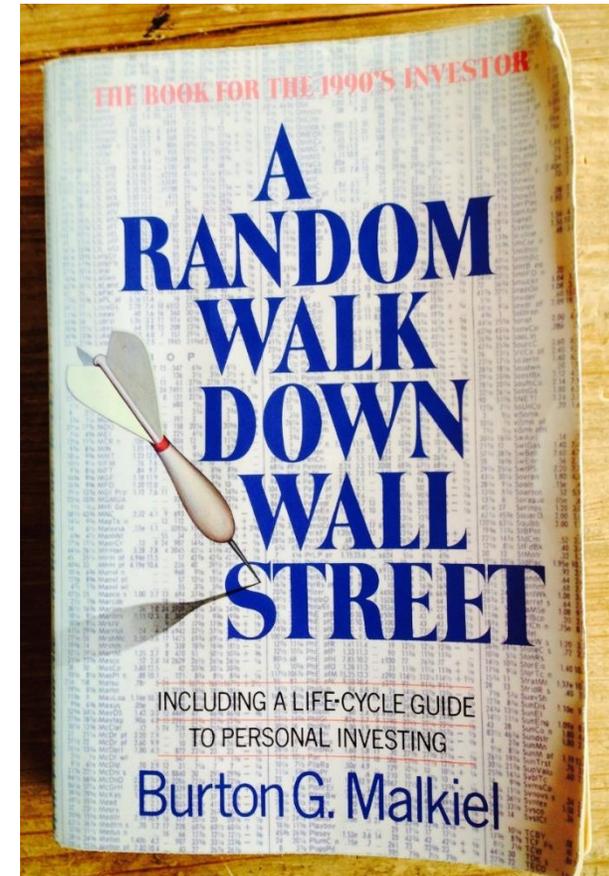
EMQQ	FMQQ	INQQ
All EM + FM	All EM + FM (ex-China)	India
46 Countries	45 Countries	1 Country
69 Stocks	36 Stocks	30 Stocks
NYSE + LSE UCITS	NYSE	NYSE + LSE UCITS
Inception 2014	Inception 2021	Inception 2022

# FROM WALL STREET TO THE GREAT WALL



# A RANDOM WALK DOWN WALL STREET

January 1992



# WHAT WE NEED IS AN INDEX FUND

1973

A Step through the Mutual Fund Mire

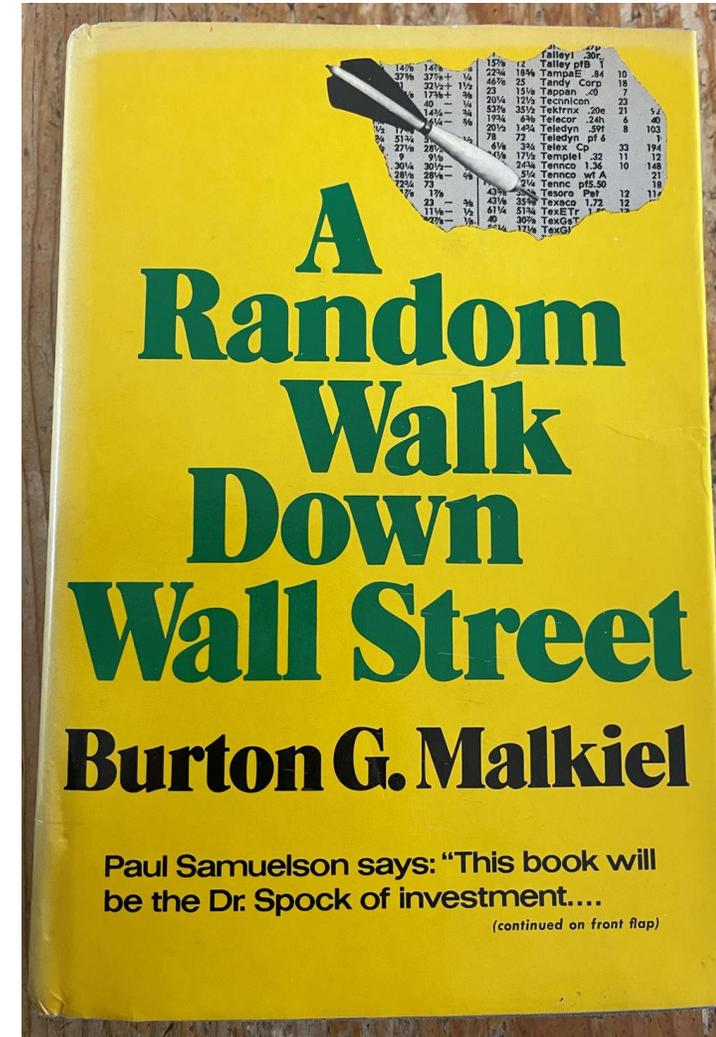
226

*The Author's Suggestion: A New Investment Instrument*

What we need is a no-load, minimum-management-fee mutual fund that simply buys the hundreds of stocks making up the broad stock-market averages and does no trading from security to security in an attempt to catch the winners. Whenever below-average performance of any mutual fund is noticed, fund spokesmen are quick to point out, "You can't buy the averages." It's time the public could.

If the New York Stock Exchange were genuinely interested in the plight of the small investor, there is no greater service it could provide than to sponsor such a fund and run it on a nonprofit basis. This would give all individuals a chance to ride with the average rather than trying to beat the market. It would also provide a performance yardstick against which regular mutual funds could be judged.

Such a fund is much needed, and if the New York Stock Exchange (which, incidentally, has considered such a fund) is unwilling to do it, I hope some other institution will.



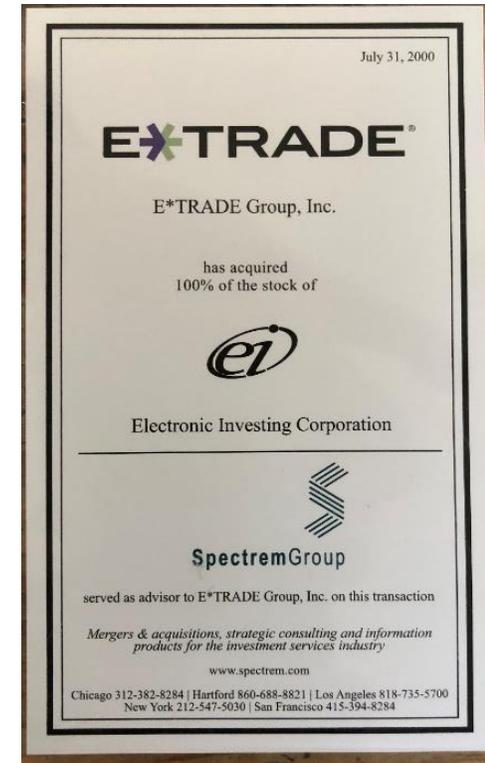
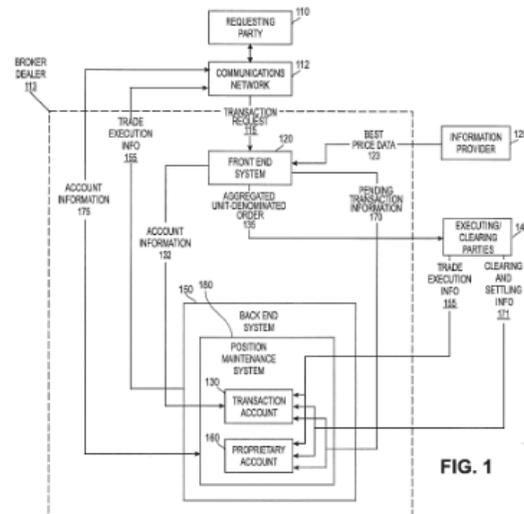
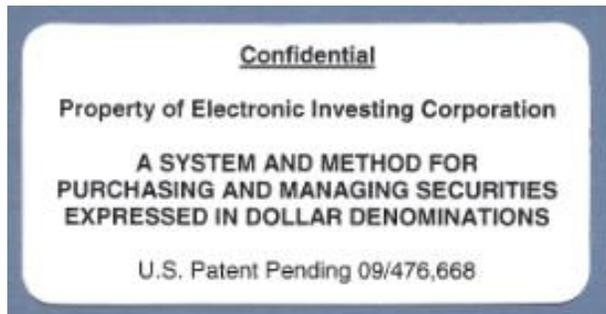
# I PRAY TOWARDS OMAHA

August 1992



# WHAT WE NEED IS FRACTIONAL SHARES

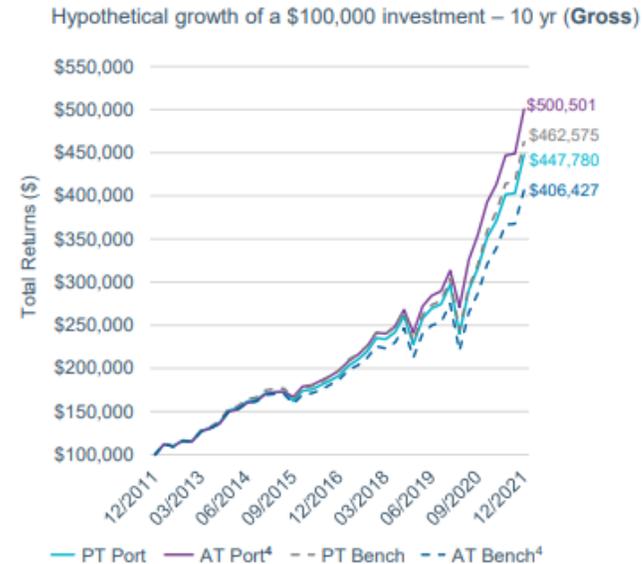
June 1999



Created fractional share/dollar-based brokerage

# WHAT WE NEED IS ACTIVE INDEXING (DIRECT)

December 2001



Period returns<sup>2</sup> (Gross %) – Maximum Federal and State Tax Rates

	AIA S&P 500® Pre-Tax	S&P 500® Index Pre-Tax	Pre-Tax Difference	AIA S&P 500® After-Tax	S&P 500® Index After-Tax	After-Tax Difference	Tax Alpha
3 Months	11.12	11.03	0.10	11.50	10.59	0.91	0.81
YTD	27.20	28.71	-1.51	27.35	26.70	0.65	2.16
1 Year	27.20	28.71	-1.51	27.35	26.70	0.65	2.16
3 Years	25.26	26.07	-0.81	27.54	24.11	3.43	4.24
5 Years	18.45	18.47	-0.03	20.41	16.73	3.68	3.70
10 Years	16.17	16.55	-0.38	17.47	13.00	4.47	3.90
Since Inception (11/2002)	11.47	11.38	0.09	13.78	10.31	3.47	3.38

Created active indexing (aka direct indexing)

# 20 YEARS LATER BOTH ARE MAINSTREAM

June 2020



Introducing Schwab Stock Slices™ – Designed to make investing easier and more accessible

Choose up to 10 companies for as little as \$5 each. Your choice.



June 2022

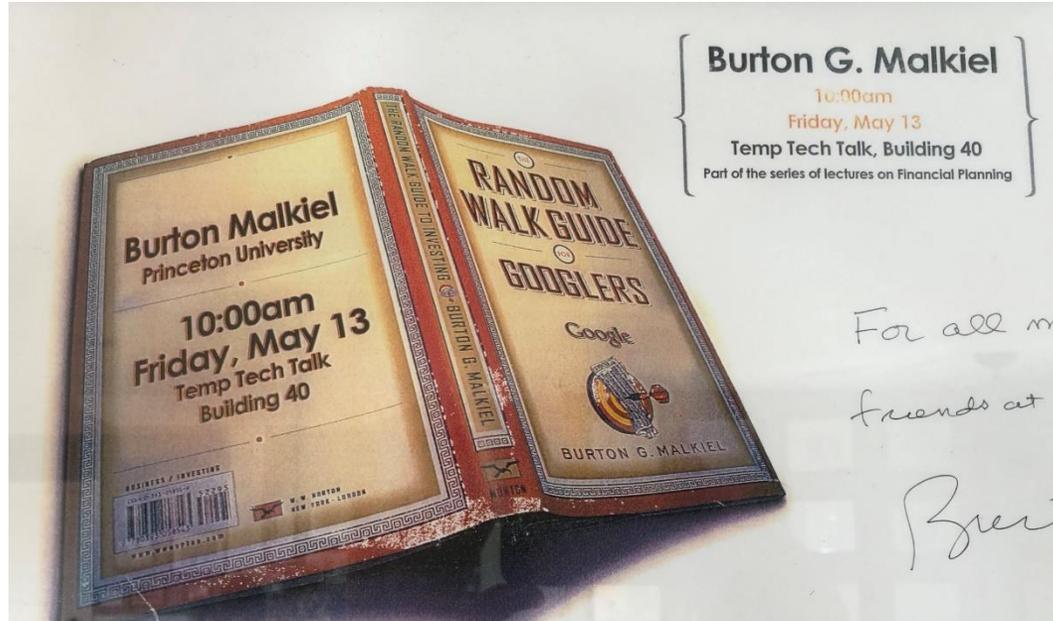
**Vanguard  
Personalized  
Indexing. Find  
your edge.**

**Direct indexing managed accounts are expected to grow 12.3% annually and reach \$825B in assets by 2026.<sup>4</sup>**

Let us show you how our personalized direct indexing technology could help deliver additional value to you and your clients.

# GOOGLE GOES PUBLIC

August 2004



# “WE WANT TO INVEST IN CHINA”

April 2006



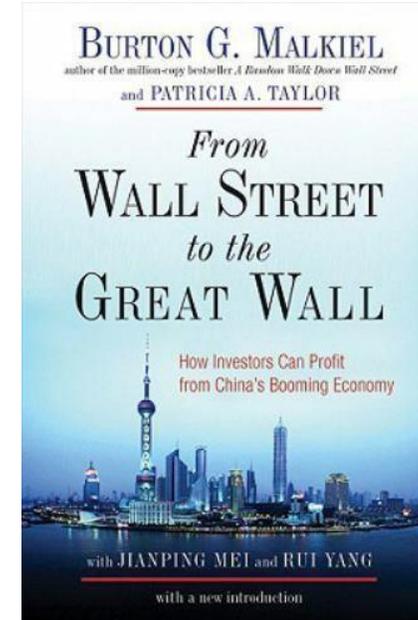
For all me  
Friends at  
Active  
all the best  
Burt Malkiel

**Burton Malkiel**  
Professor of Economics, Princeton University  
Author, *A Random Walk Down Wall Street*

## Investing in China

Wednesday, April 19 at 10:30am (all are welcome)  
Building 42 Tech Talk

Since the beginning of economic reforms two decades ago, the economy in China has produced real growth rates of between 8 percent and 10 percent per year. It's believed that China will continue to experience exceptional growth for decades to come at rates well above those of any other large country in the world. But how are ordinary investors like us supposed to take advantage of the Chinese burgeoning economy to increase our portfolios?



# INVESTING IN EMERGING MARKETS



# WHY INVEST IN EMERGING MARKETS?

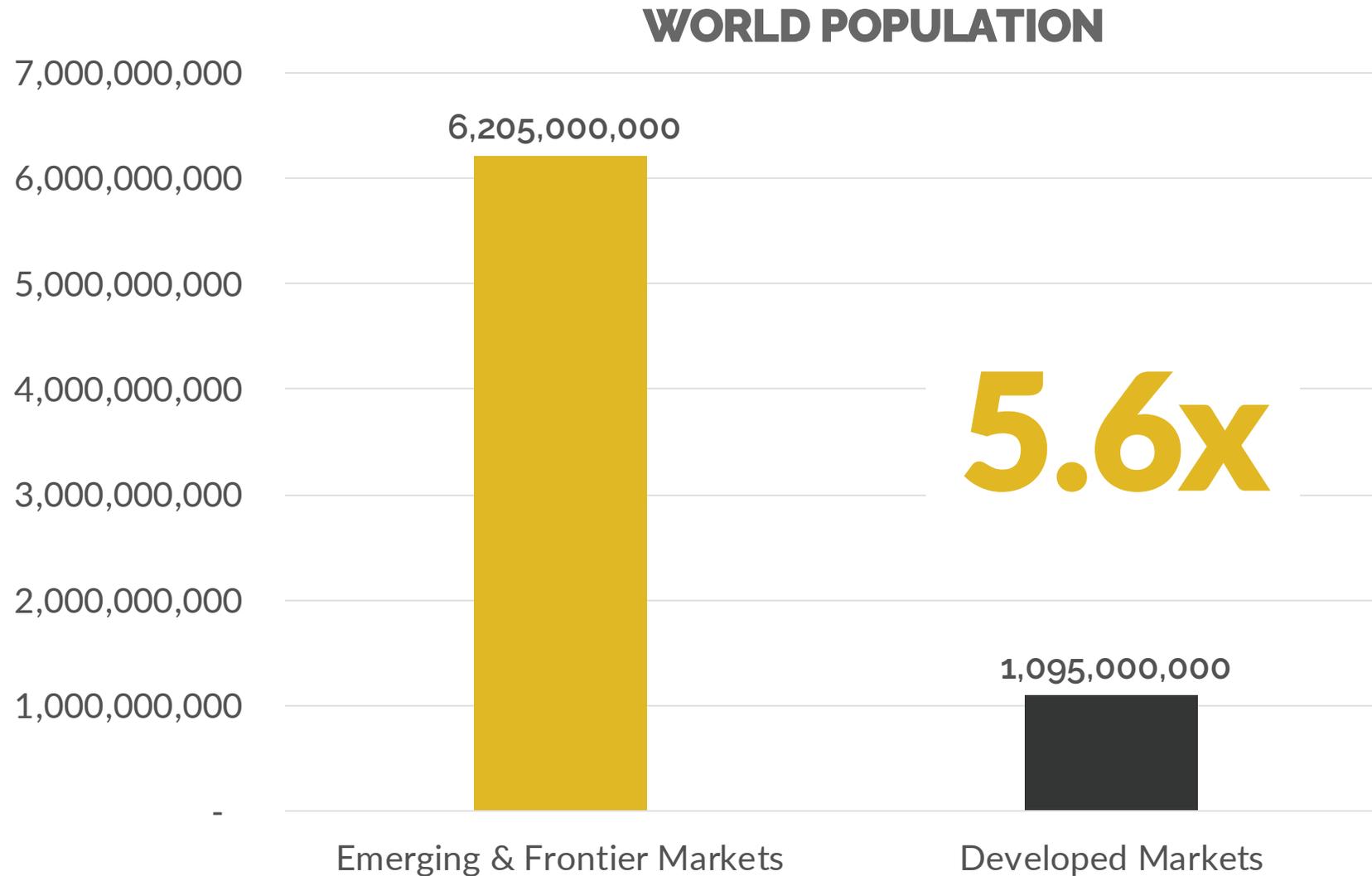
1. THEY HAVE **LOTS OF PEOPLE**

2. THEY ARE **YOUNG**

3. THEY HAVE **FAST GROWING ECONOMIES**

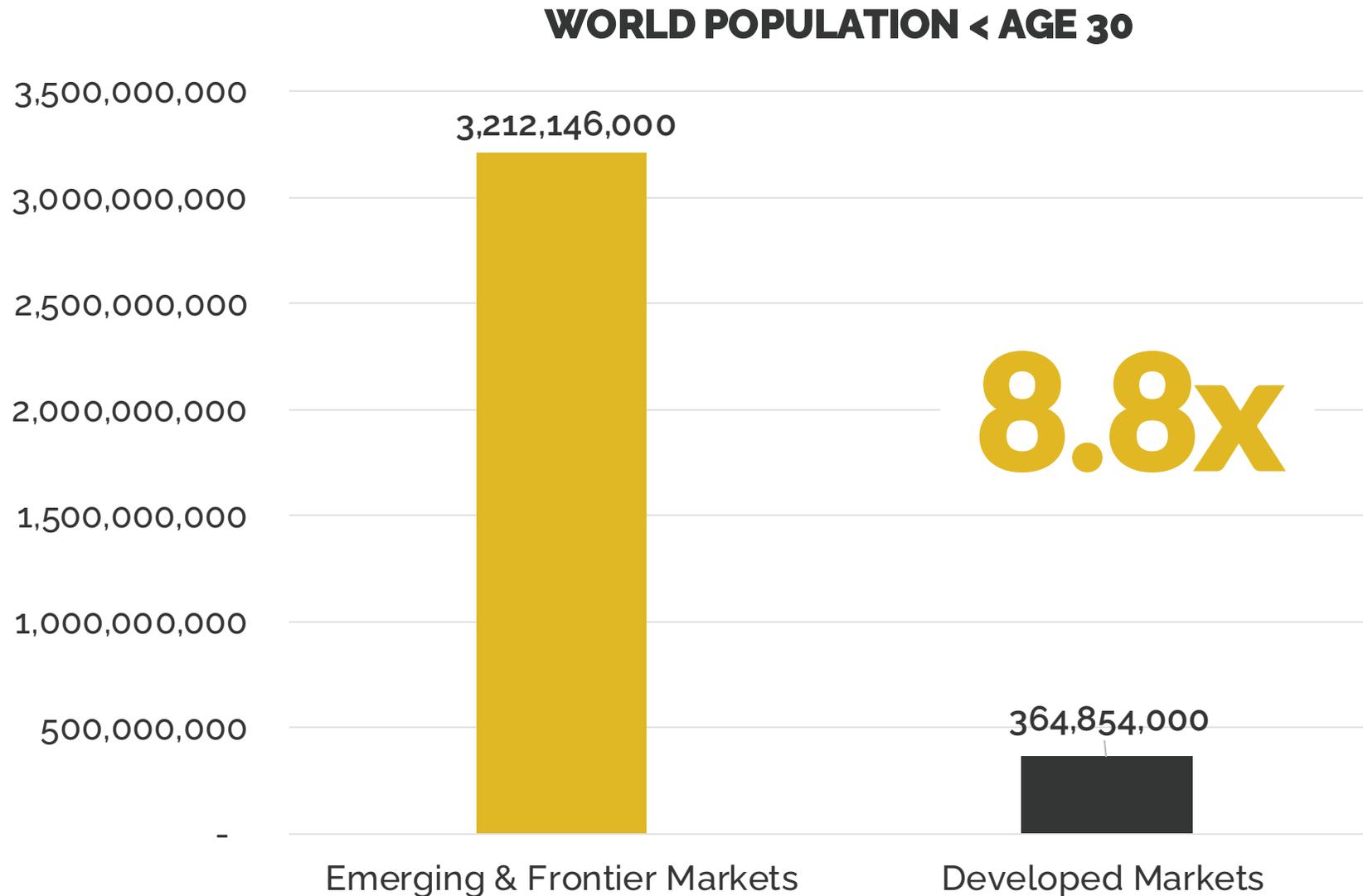
4. THIS GROWTH IS DRIVING **CONSUMPTION**

# EMERGING MARKETS ARE 85% OF THE WORLD



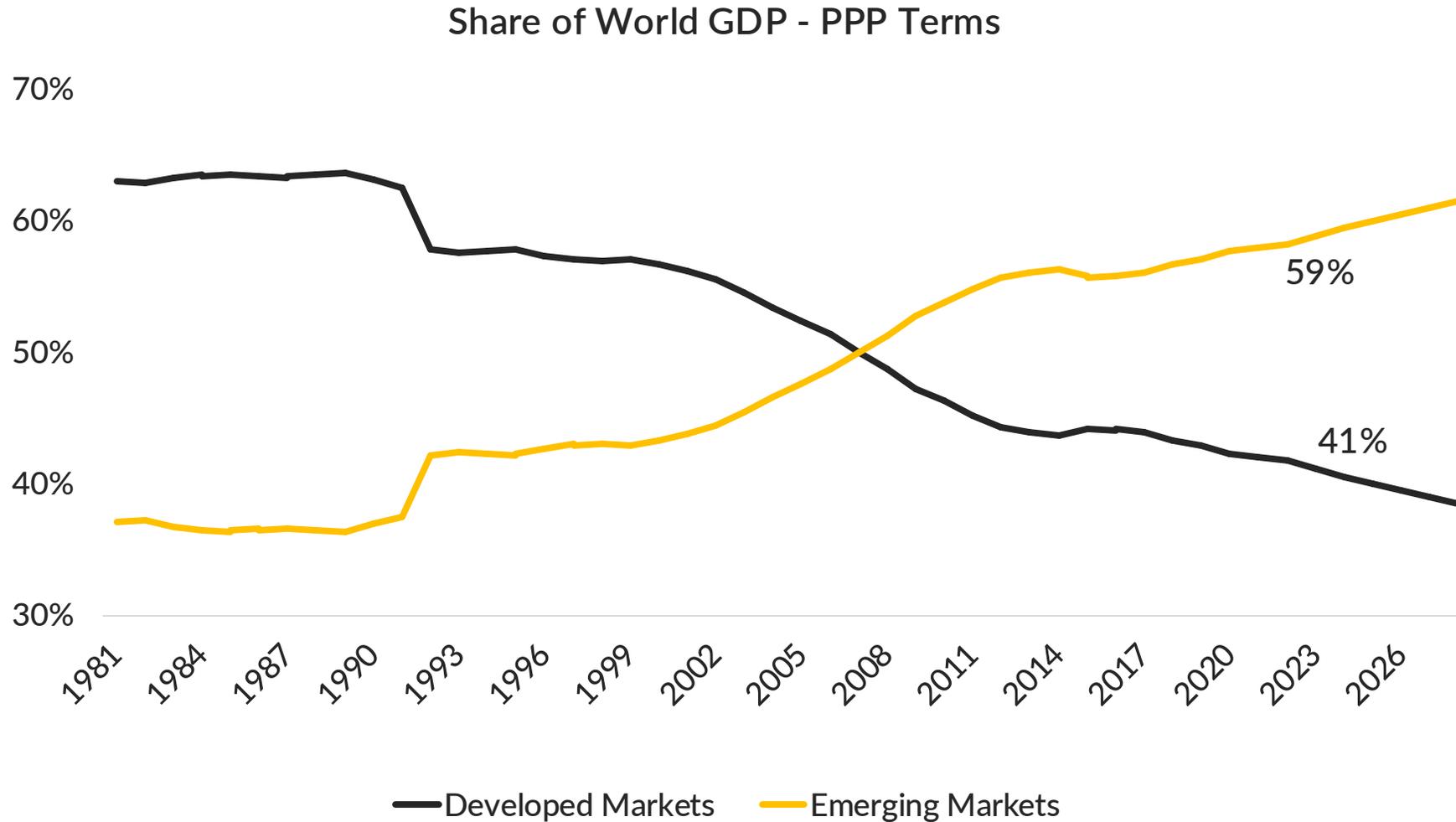
Source: IMF, World Economic Outlook 2018

# EMERGING MARKETS ARE YOUNGER

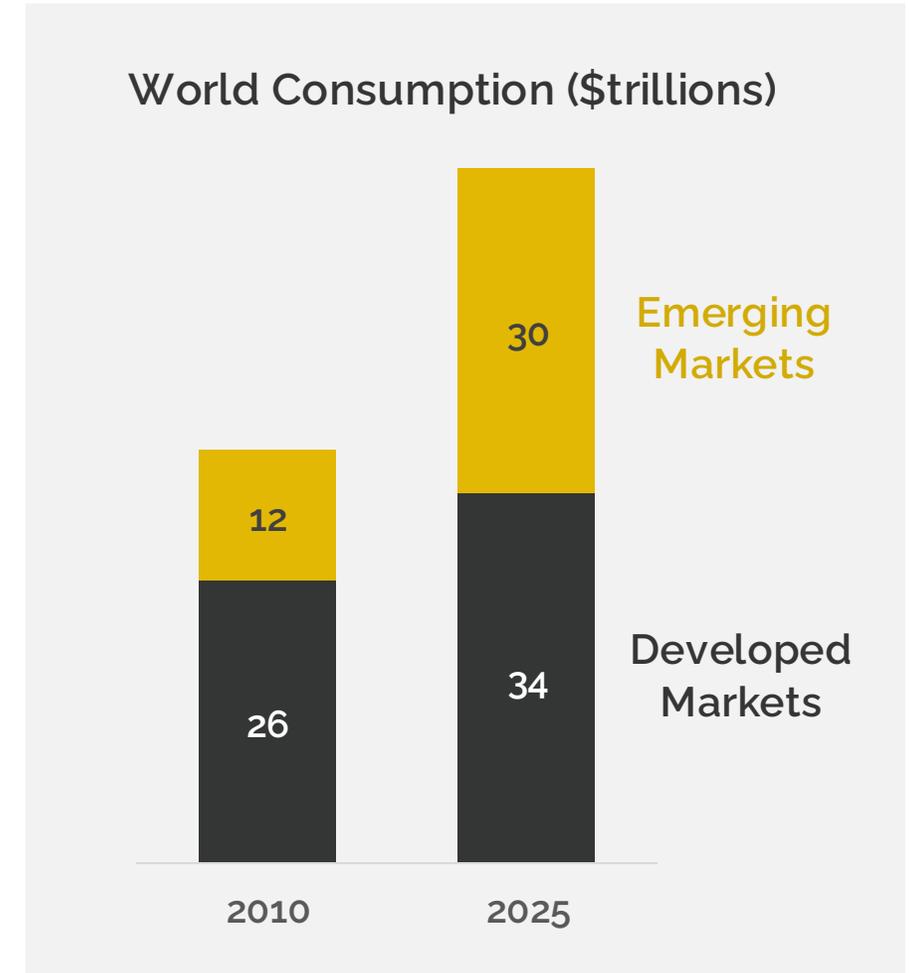
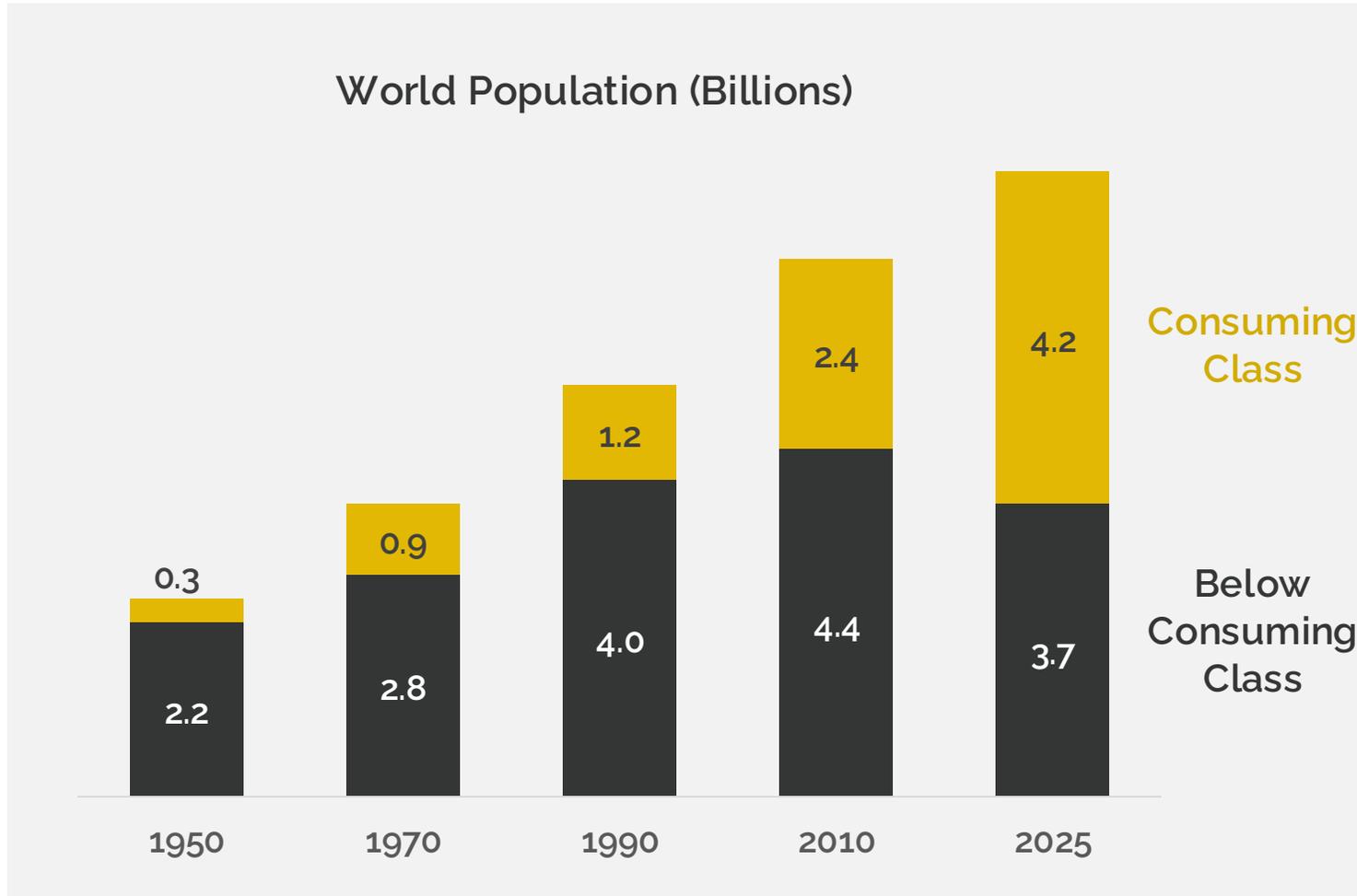


Source: IMF, World Economic Outlook 2018

# EMERGING MARKETS ARE GROWING FASTER



# THE EMERGING MARKET CONSUMER IS THE STORY



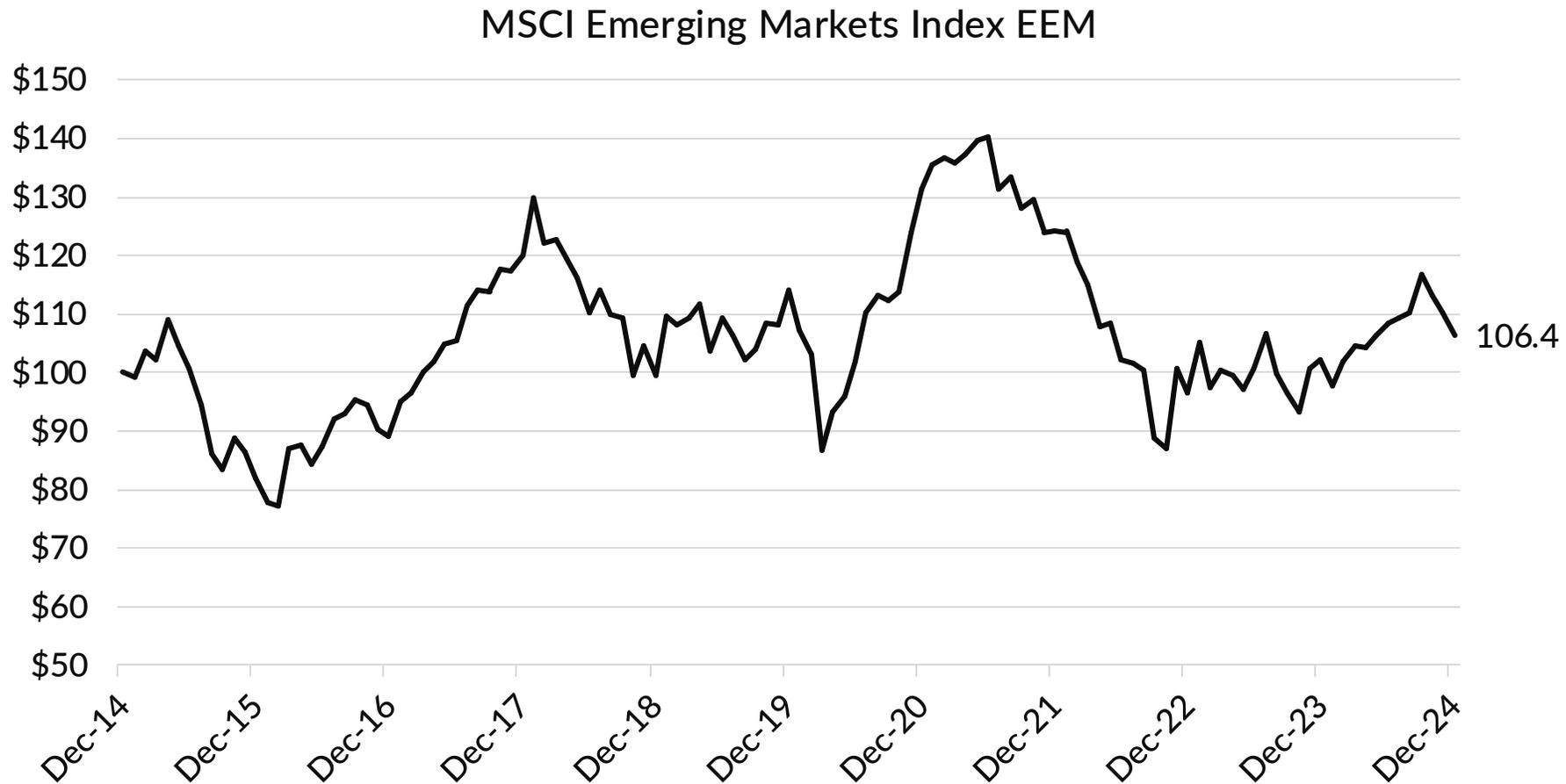
**“...the biggest growth opportunity in the history of capitalism...”**

**- McKinsey & Company**

# **THE PROBLEM WITH EMERGING MARKETS: THE INDEX**



# MSCI EMERGING MARKETS FLAT FOR 10 YEARS



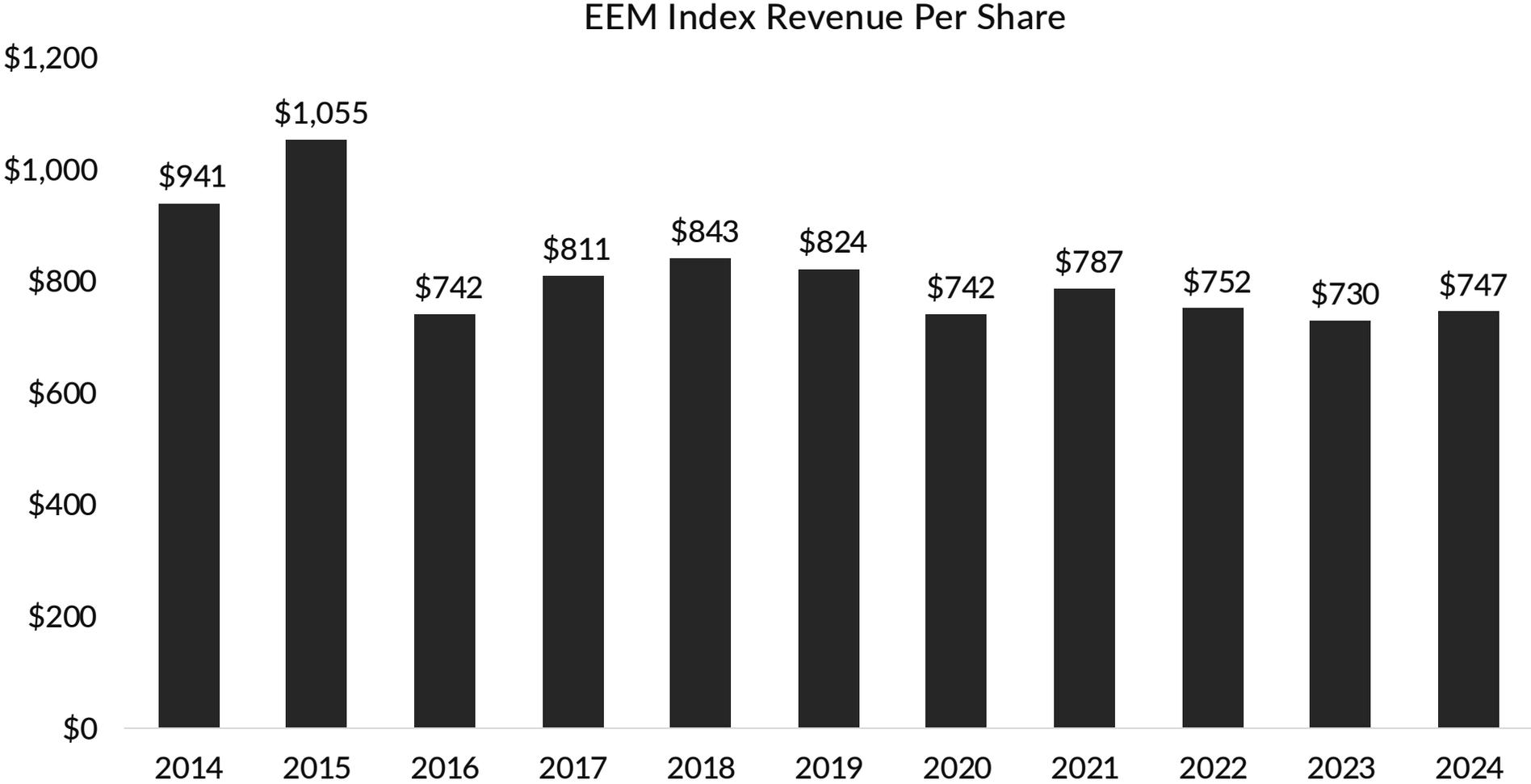
# SOEs DOMINATE TRADITIONAL EM INDEXES



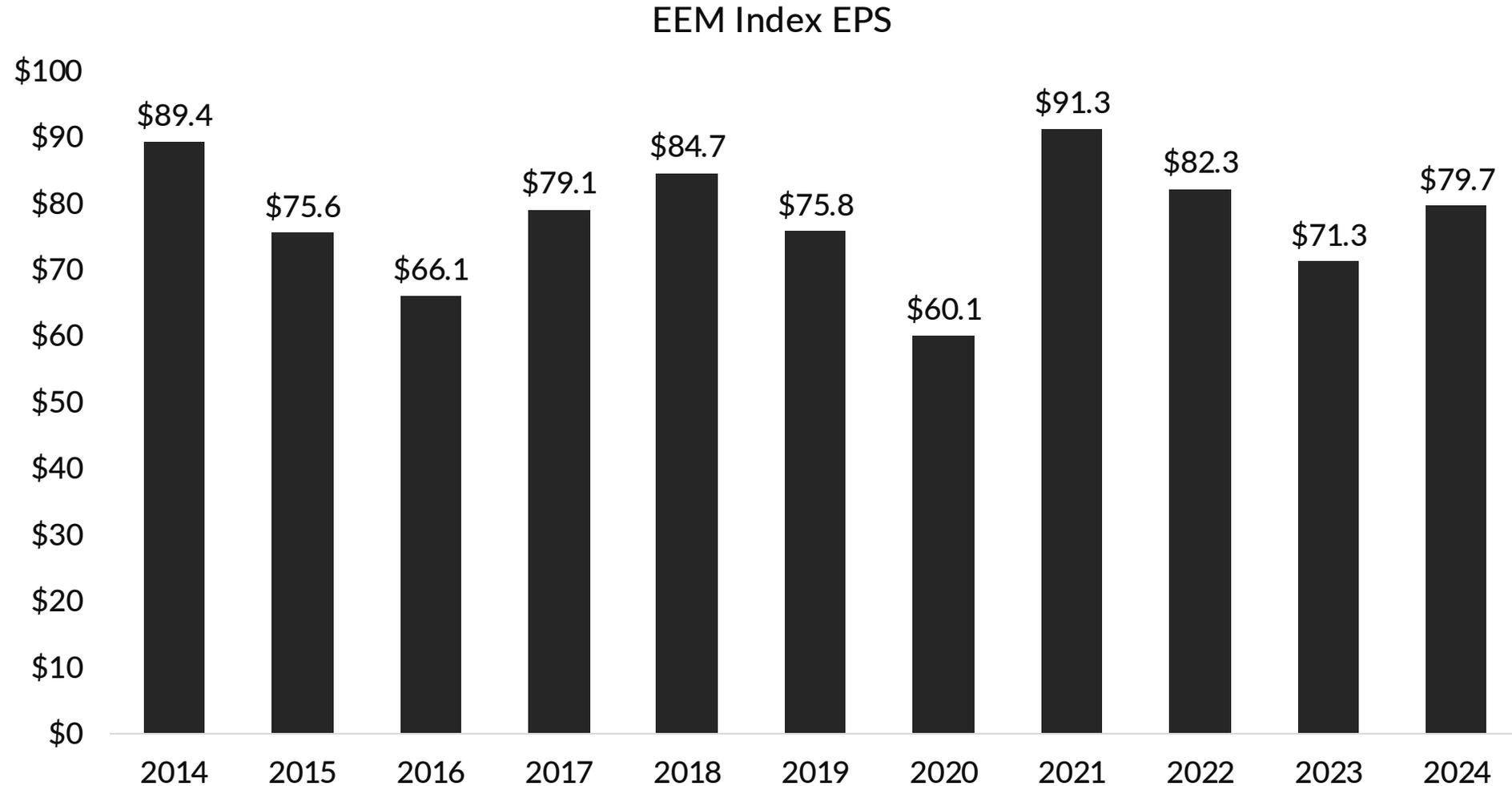
~30%

**EEM and VWO**  
are SOEs!

# MSCI EM = NO SALES GROWTH



# MSCI EM = NO EARNINGS GROWTH



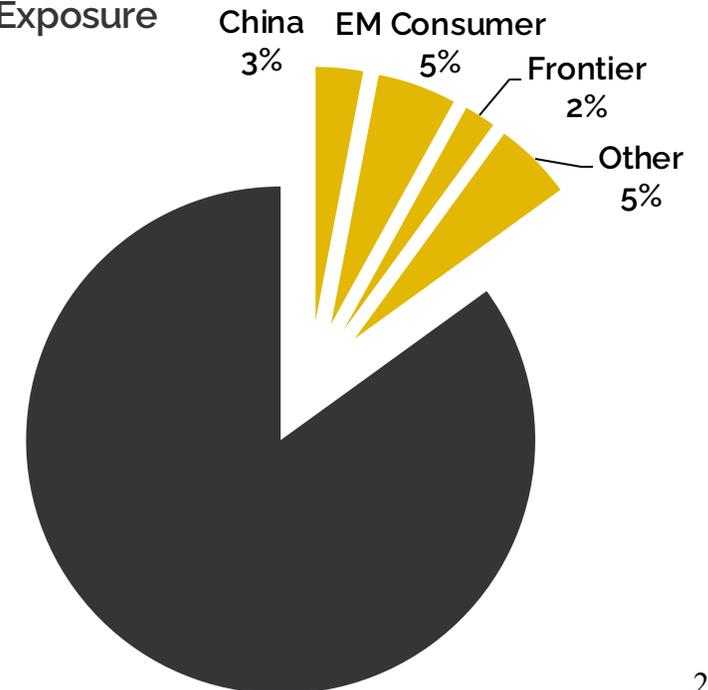
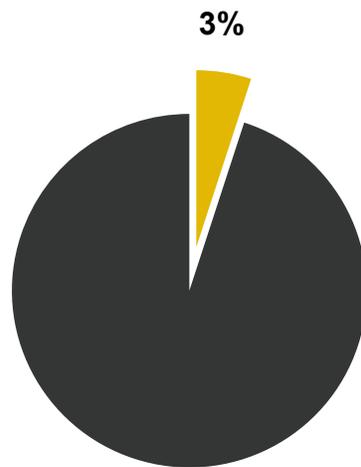
# EM 3.0: THE EVOLUTION OF EM INVESTING



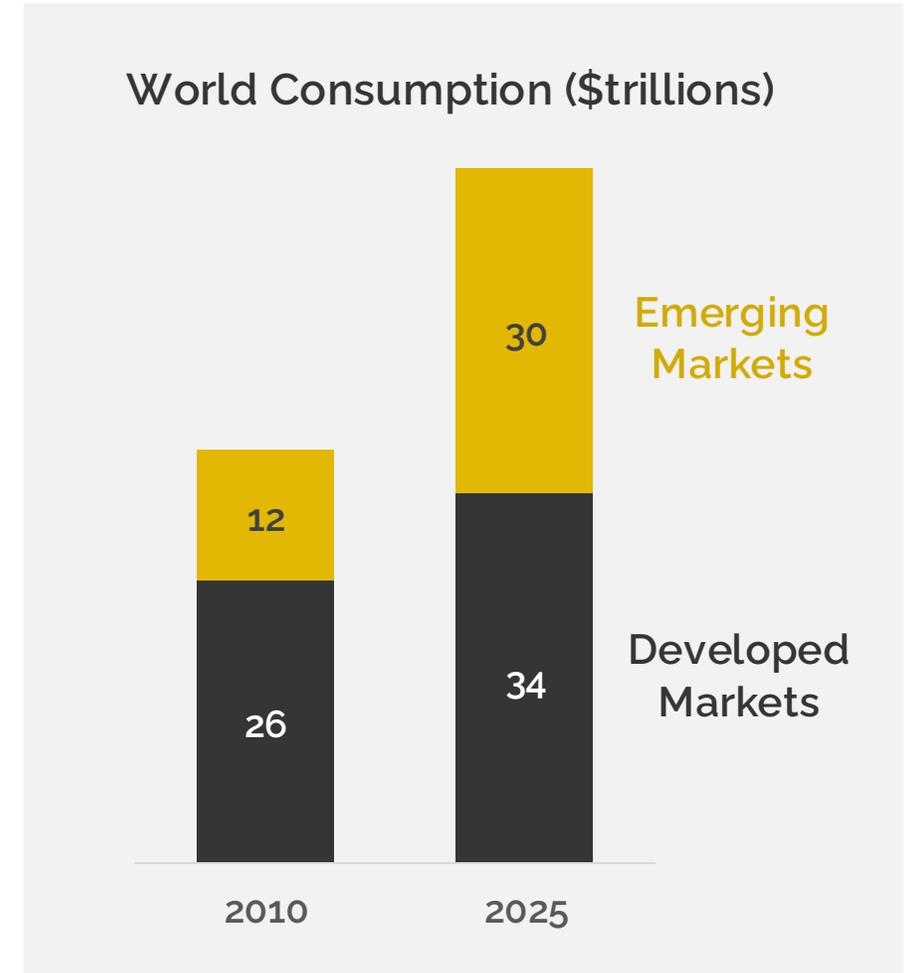
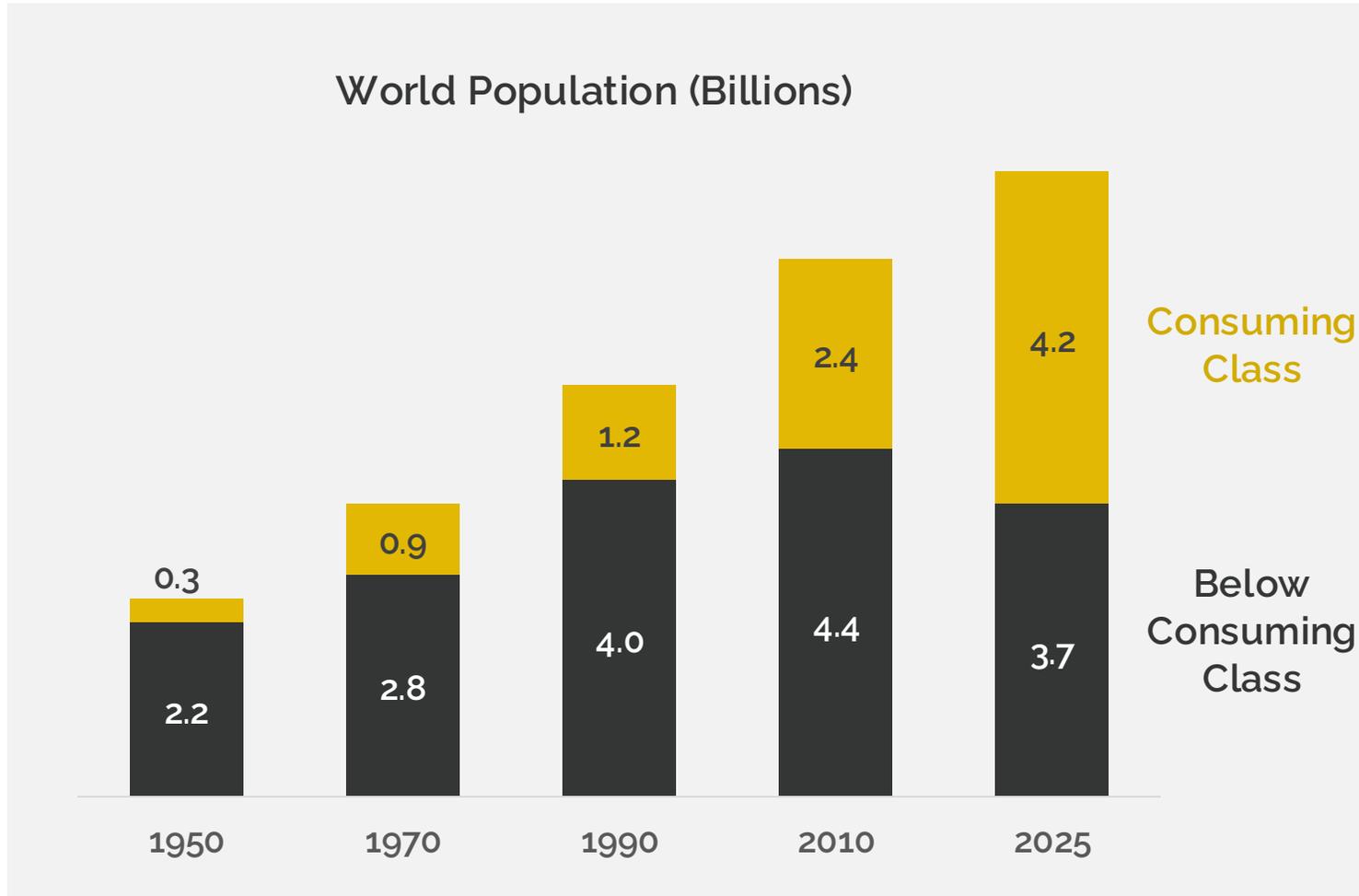
Endowment and Foundation Emerging Market exposure has evolved over the years.

As familiarity and allocation grows, so does the variegated approach

Average Morningstar Emerging Market Exposure



# “JUST BUY THE EM CONSUMER SECTOR/ETF”



**“...the biggest growth opportunity in the history of capitalism...”**

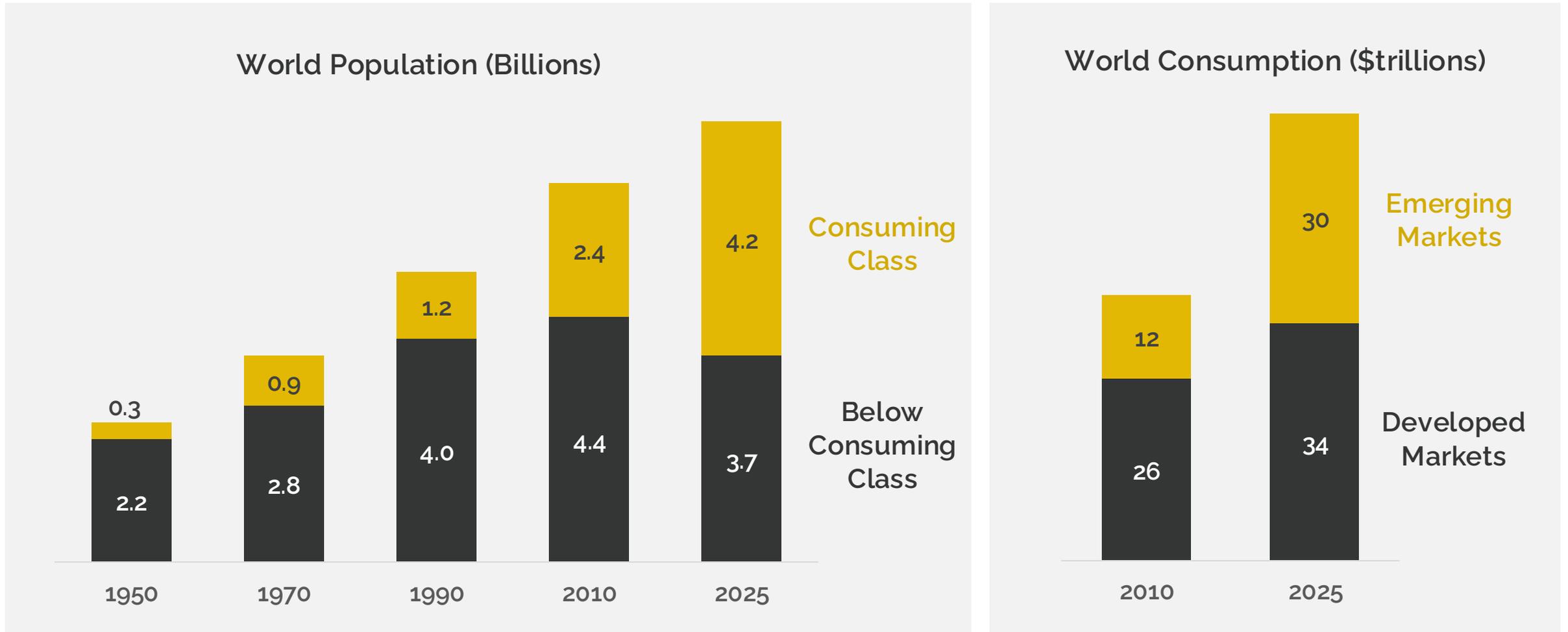
**- McKinsey & Company**

**THE GREAT CONFLUENCE:**

**3 MEGA TRENDS**



# #1: THE EMERGING MARKET CONSUMER IS THE STORY



**“...the biggest growth opportunity in the history of capitalism...”**  
- McKinsey & Company

# SMARTPHONES STILL RELATIVELY NEW

January 2007



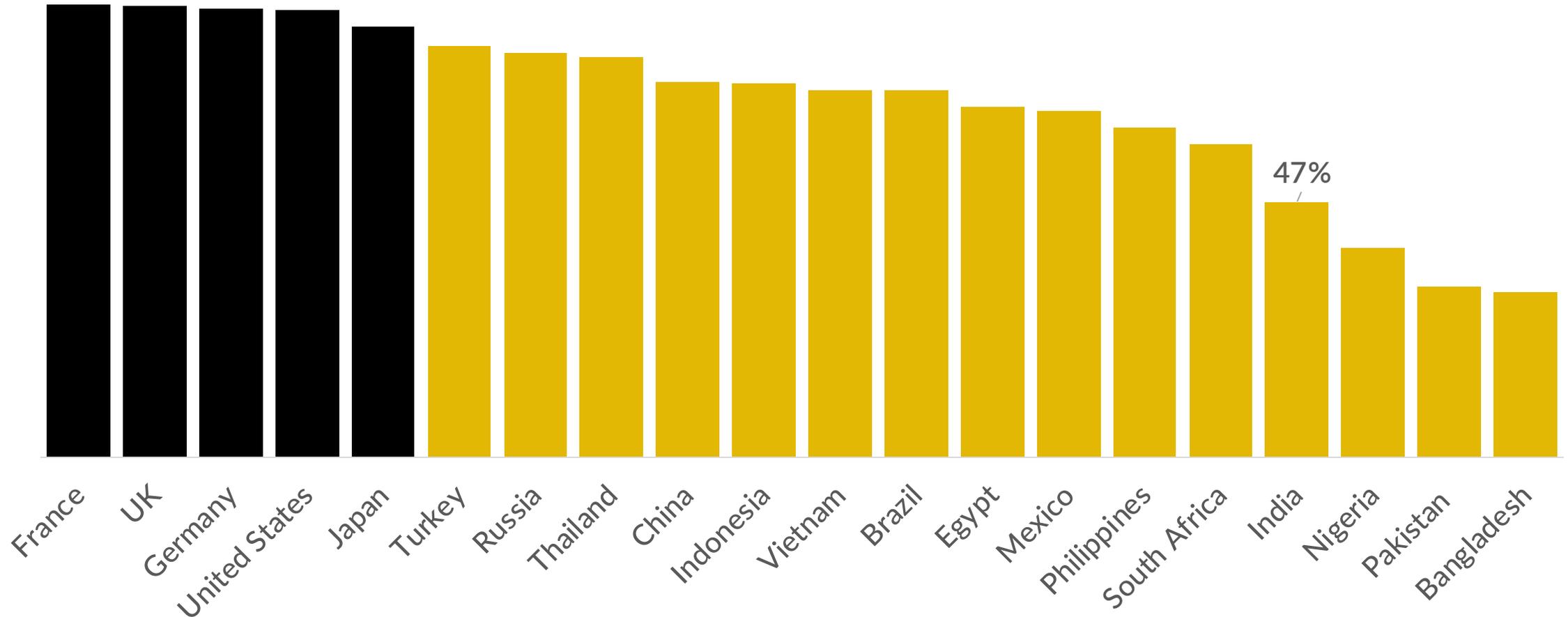
Apple CEO Steve Jobs demonstrates the first iPhone at the Macworld expo in 2007.

# #2 – THE COMPUTER



# #3 – THE INTERNET

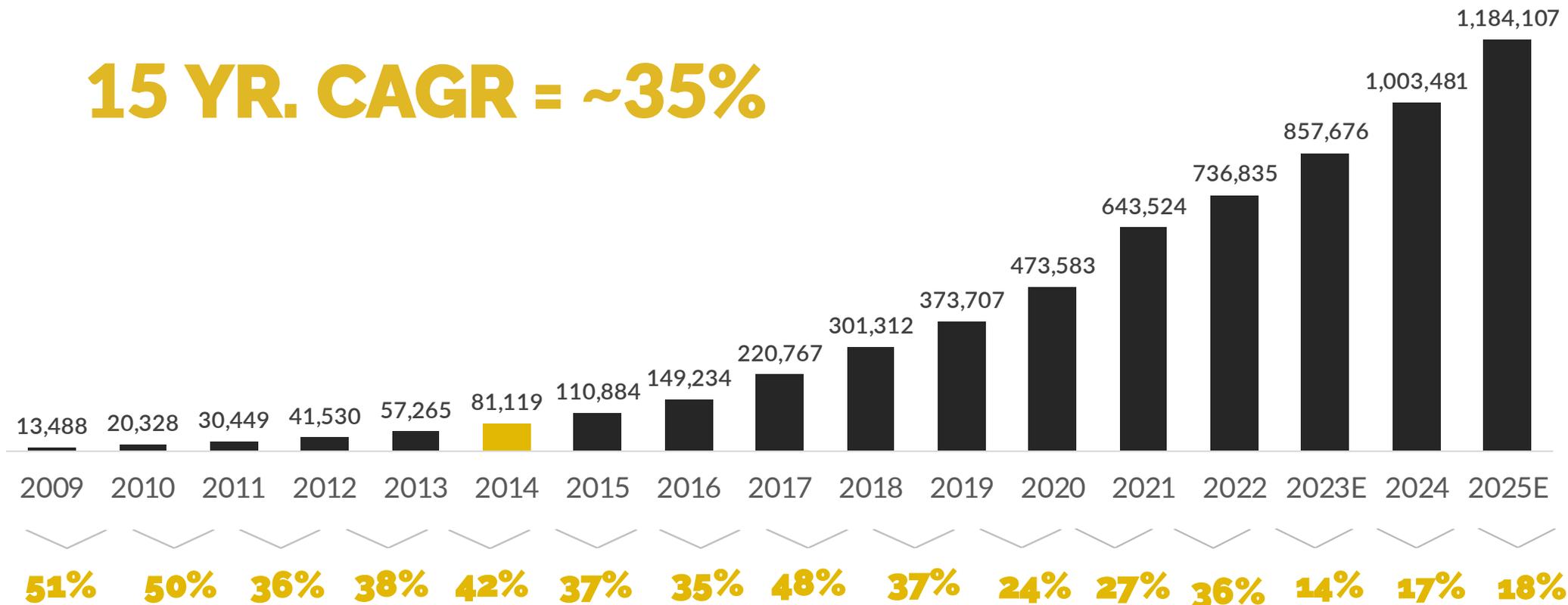
Smartphone Penetration by Country  
% of Total Population (2022)



# RESULT #1: MASSIVE REVENUE GROWTH

Emerging Markets Internet Sector Total Revenue  
2009 - 2025E (\$MM)

**15 YR. CAGR = ~35%**



YoY Revenue Growth of Emerging Markets Internet Sector

# ALIBABA (NYSE: BABA)

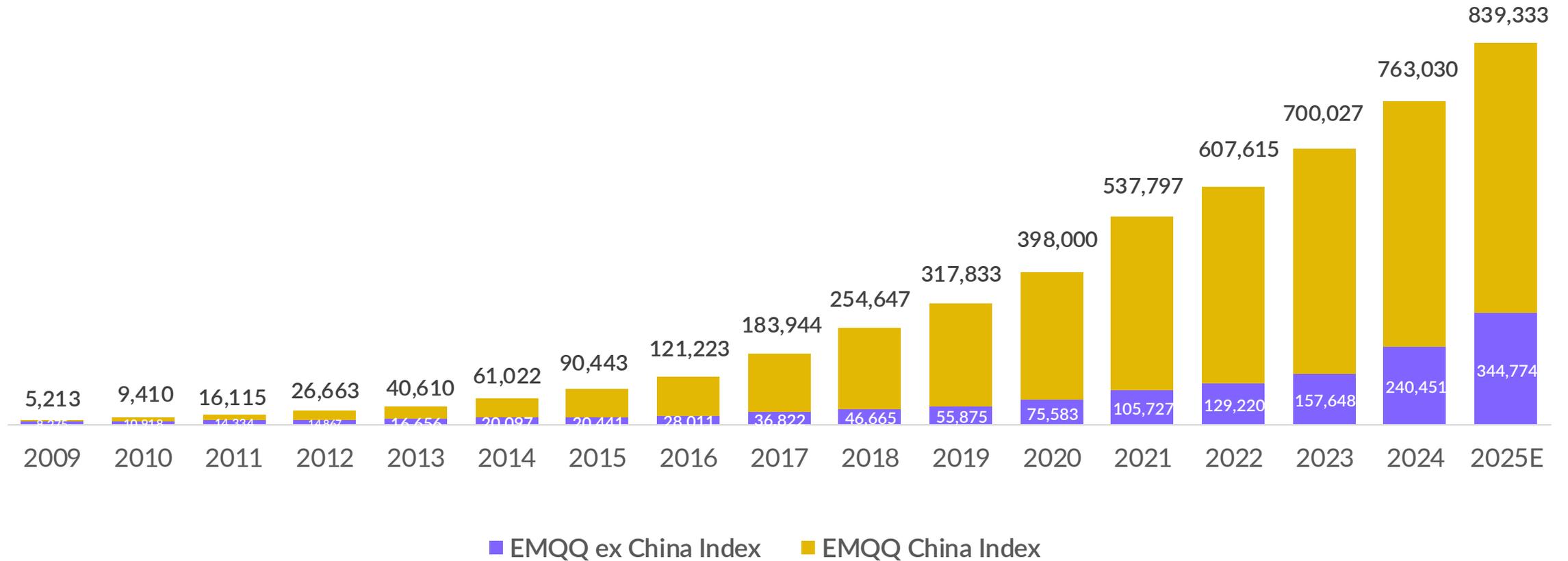


# TENCENT (HK: 0700)

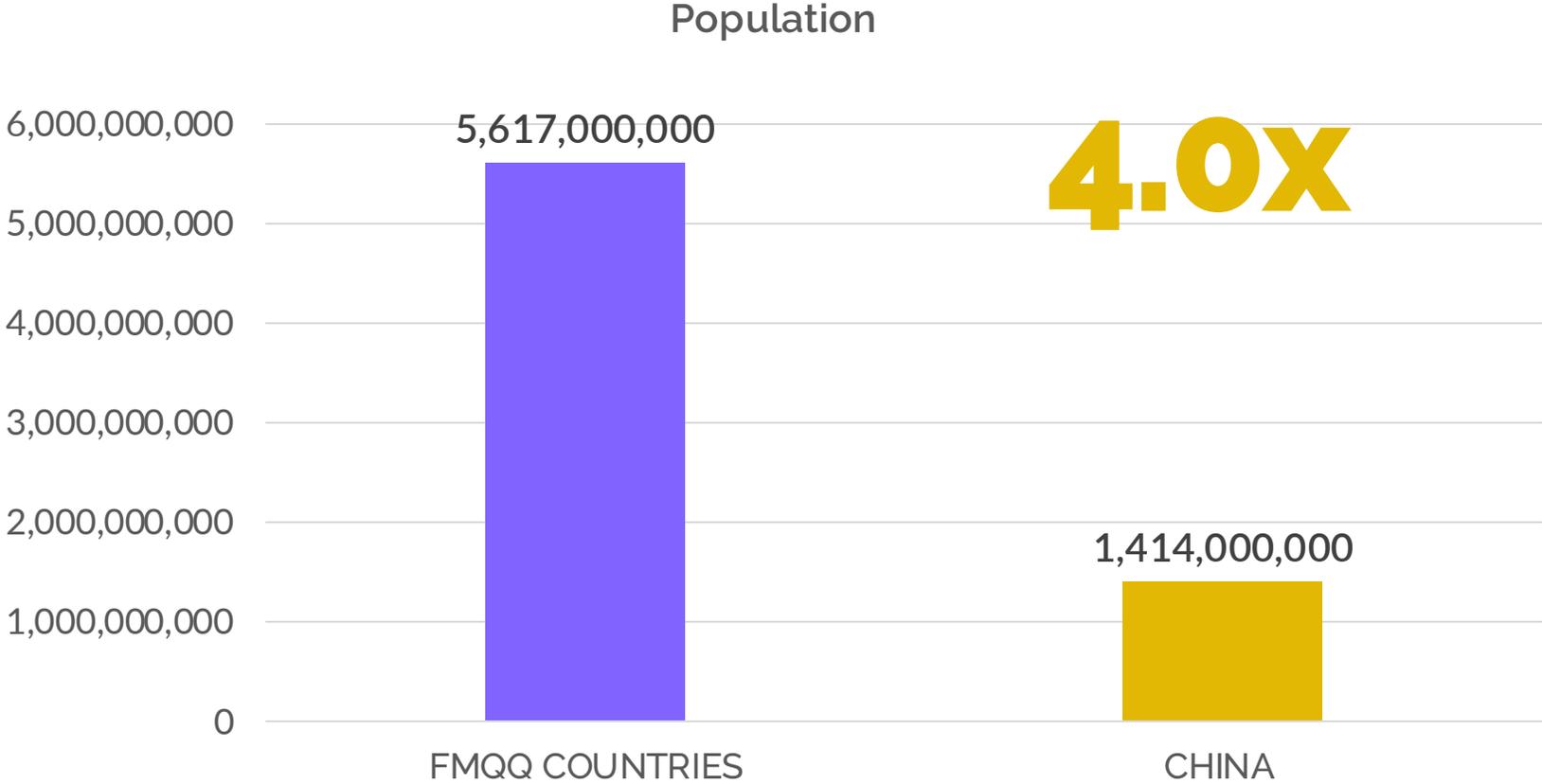


# EX-CHINA REVENUE PASSES \$200 BILLION

Total Revenue  
2009-2025E (\$MM)

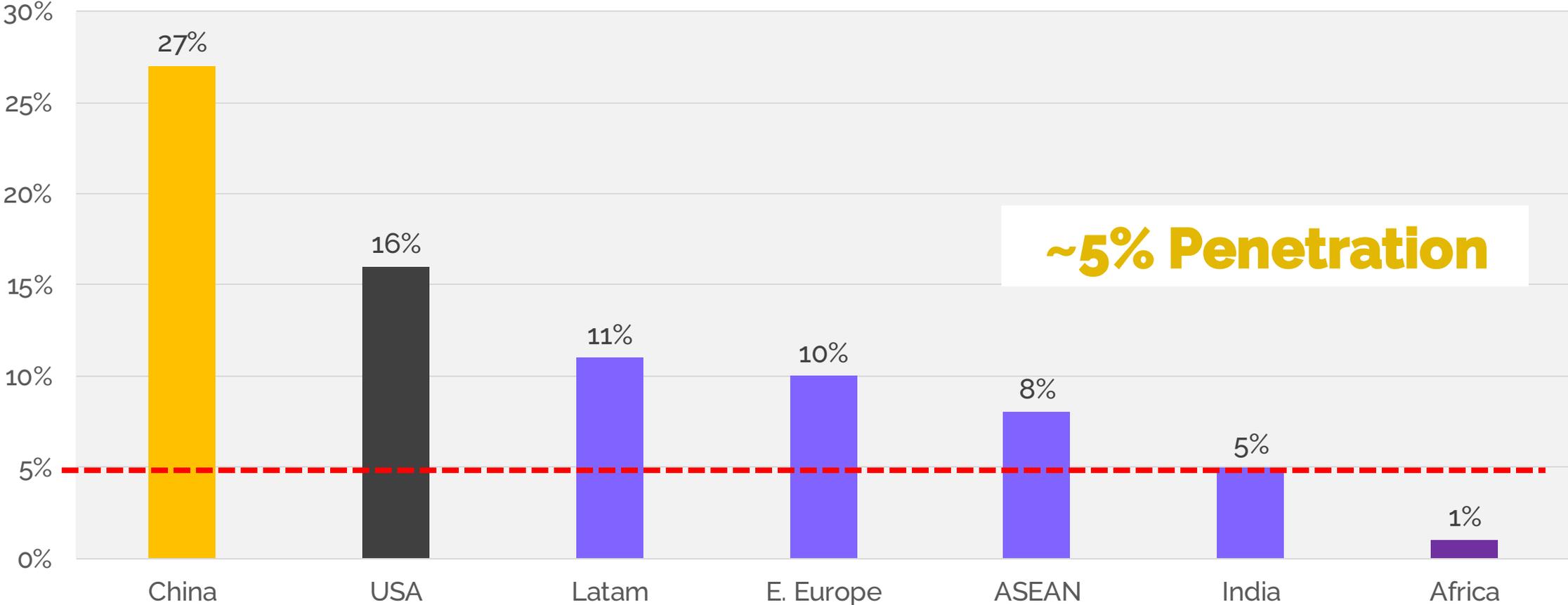


# THIRD WAVE POPULATION = 4X CHINA

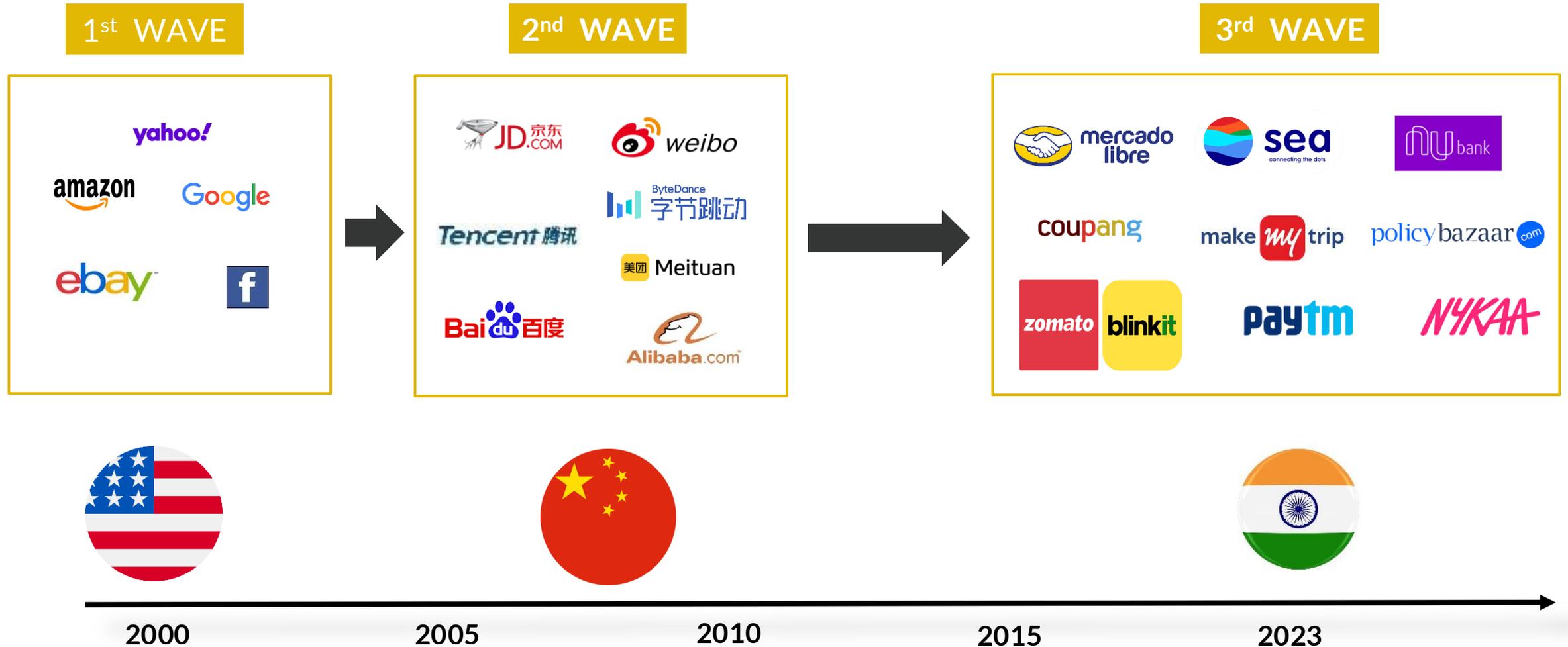


# THIRD WAVE PENETRATION = ~1/5<sup>TH</sup> CHINA

E-Commerce Penetration By Region (2024)



# BEYOND CHINA = THE INTERNET THIRD WAVE



# MERCADO LIBRE (MELI): THE OG OF 3<sup>RD</sup> WAVE



KASZEK



# NUBANK (NYSE: NU) BRAZIL



**KASZEK**



# SEA LTD. (NYSE: SE) SE ASIA (SINGAPORE\*):



# COUPANG (NYSE: CPNG) SOUTH KOREA



Harvard  
Business  
School



HARVARD  
UNIVERSITY

# KASPI (NASDAQ: KSPI) KAZAKHSTAN

The largest Payments, Marketplace and Fintech Ecosystem in Kazakhstan

**#1**

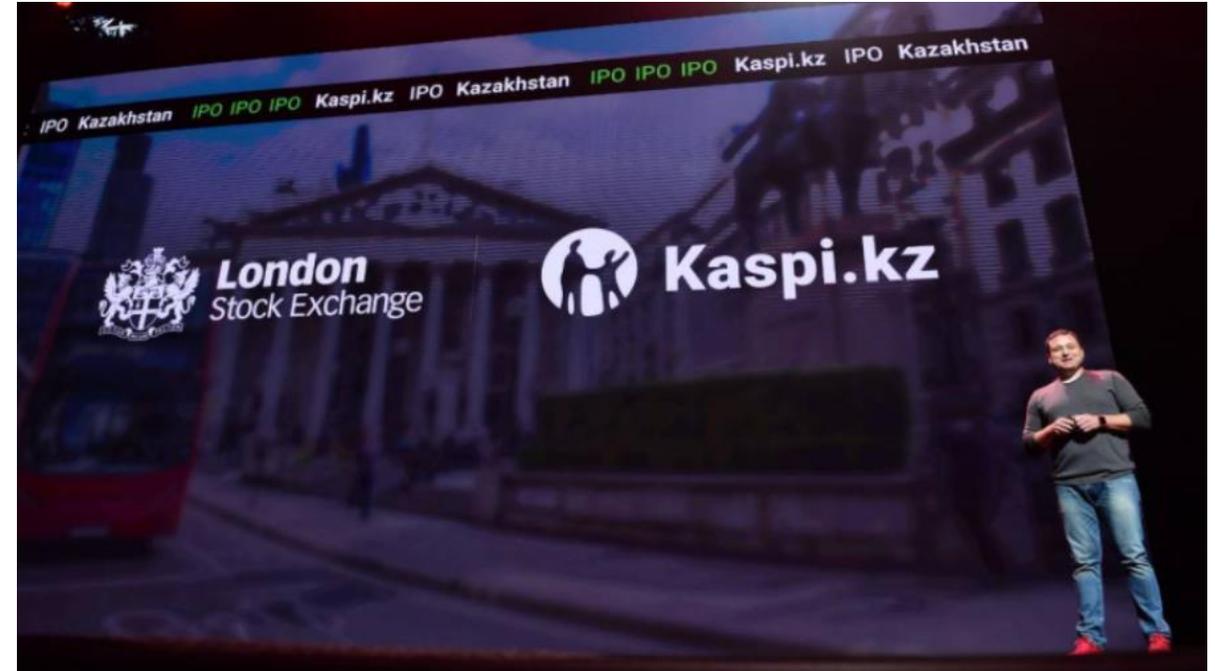
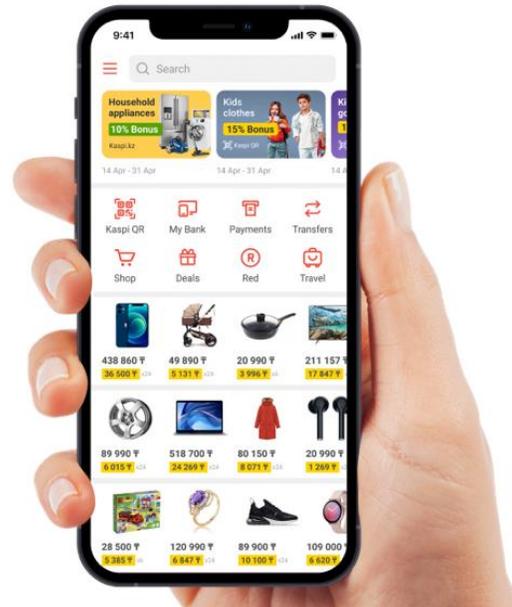
Payments

**#1**

Marketplace

**#1**

Fintech



**INDIA ARRIVES**

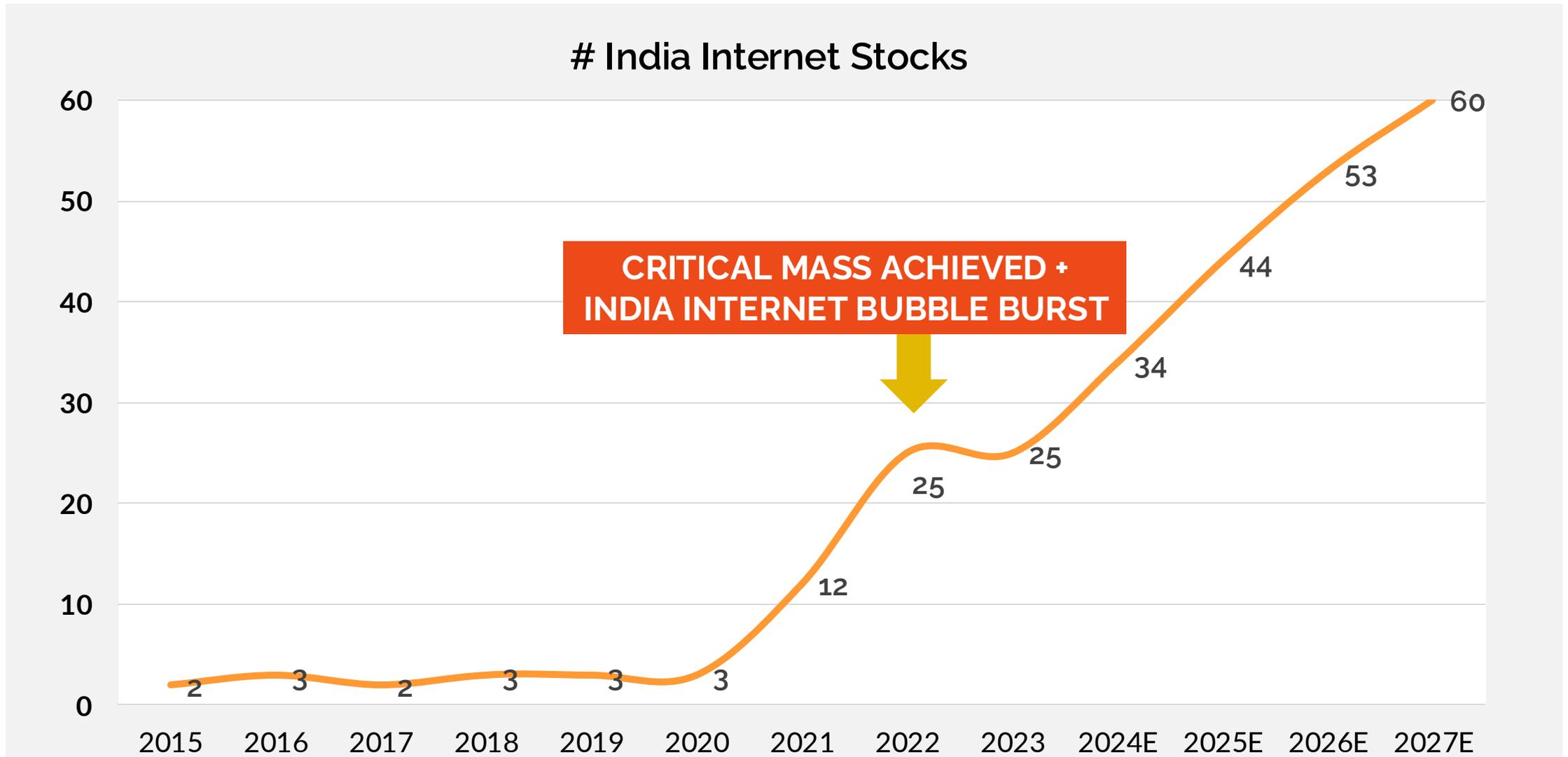
# “WAITING FOR INDIA”



COMING SOON

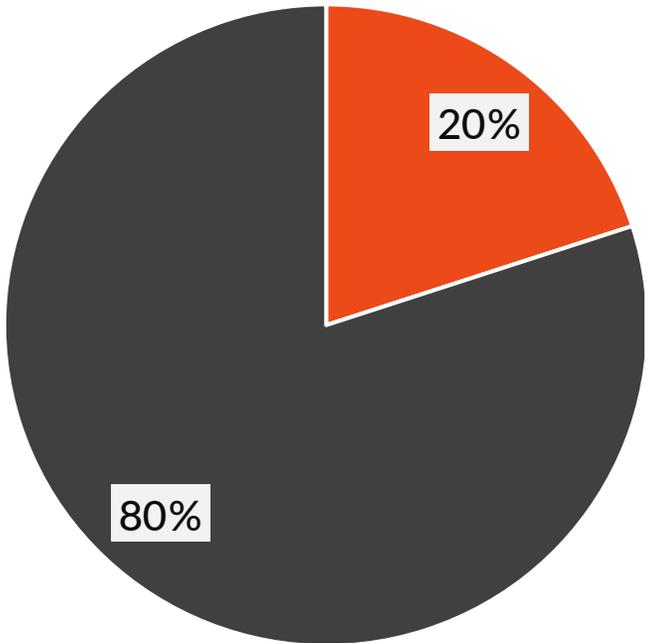


# INDIA INTERNET IPOs HAVE RETURNED



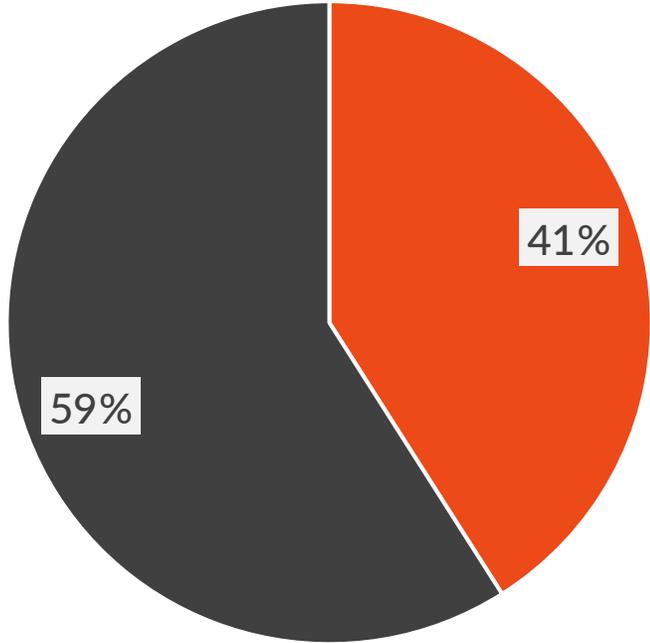
# INDIA WEIGHT IN EMQQ GLOBAL INDEXES

EMQQ Index



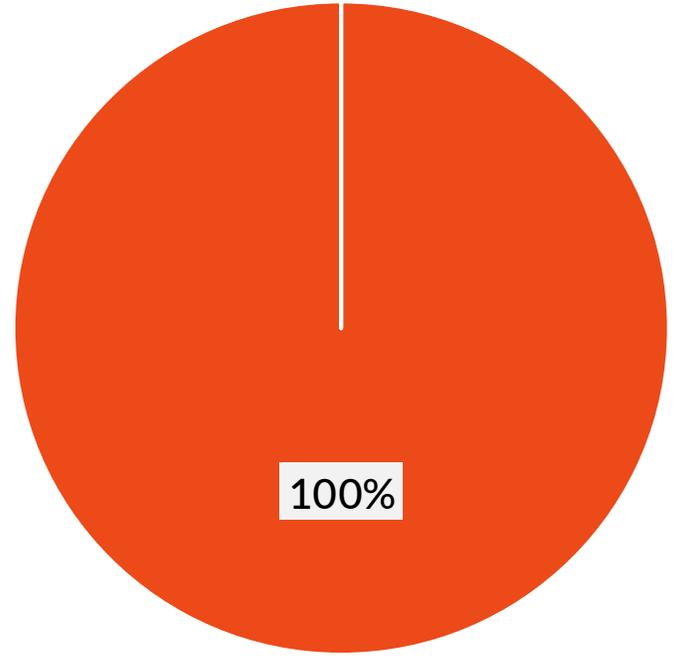
■ India ■ Non India

FMQQ Index



■ India ■ Non India

INQQ Index



■ India

**INDIA IS THE PERFECT  
EMERGING MARKET**



# EMERGING MARKET CHECKLIST

1. THEY HAVE **LOTS OF PEOPLE**

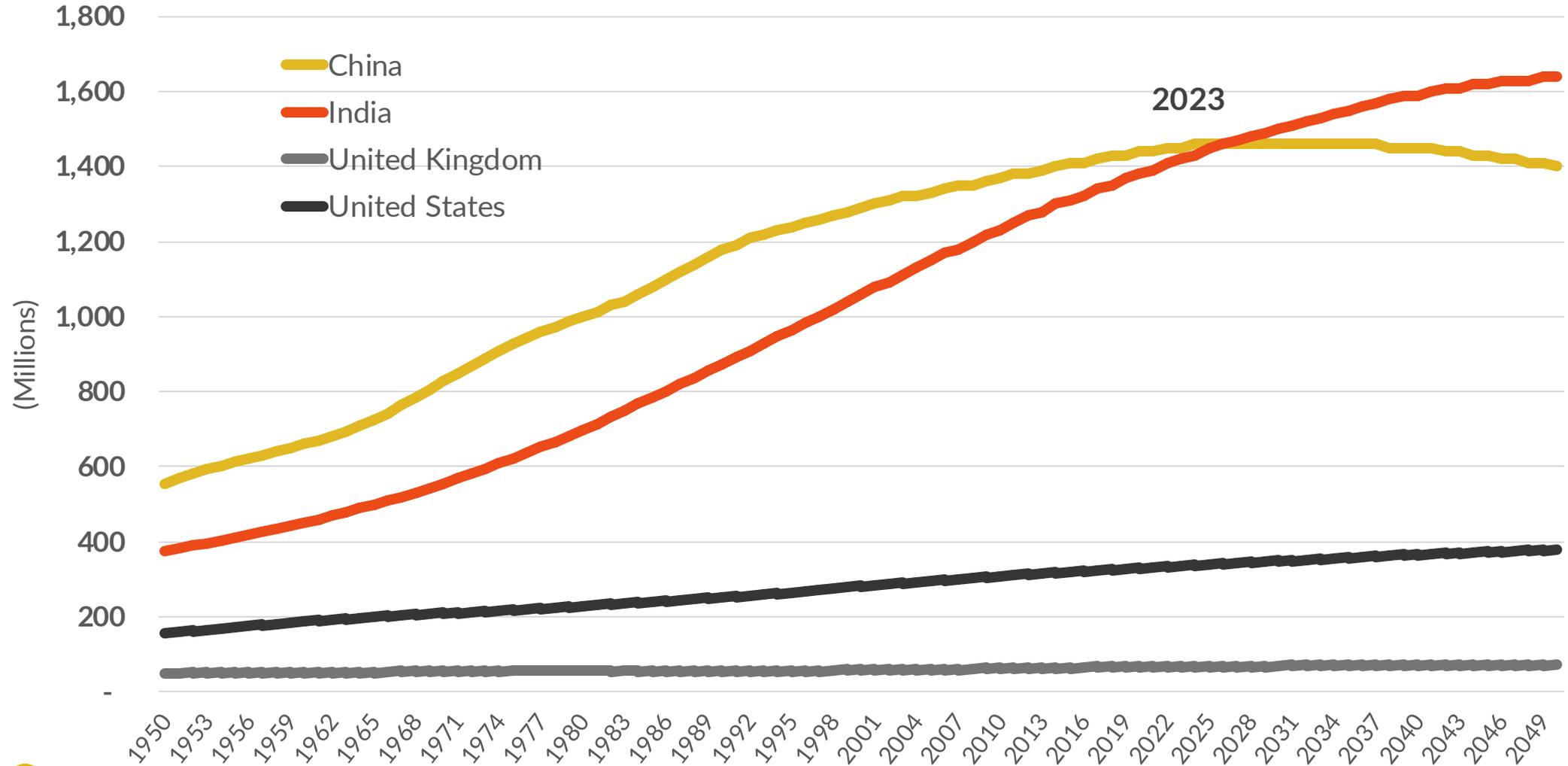
2. THEY ARE **YOUNG**

3. THEY HAVE **FAST GROWING ECONOMIES**

4. THIS GROWTH IS DRIVING **CONSUMPTION**

# YES #1 - LARGEST POPULATION EVER+++

Populations from 1950-2050

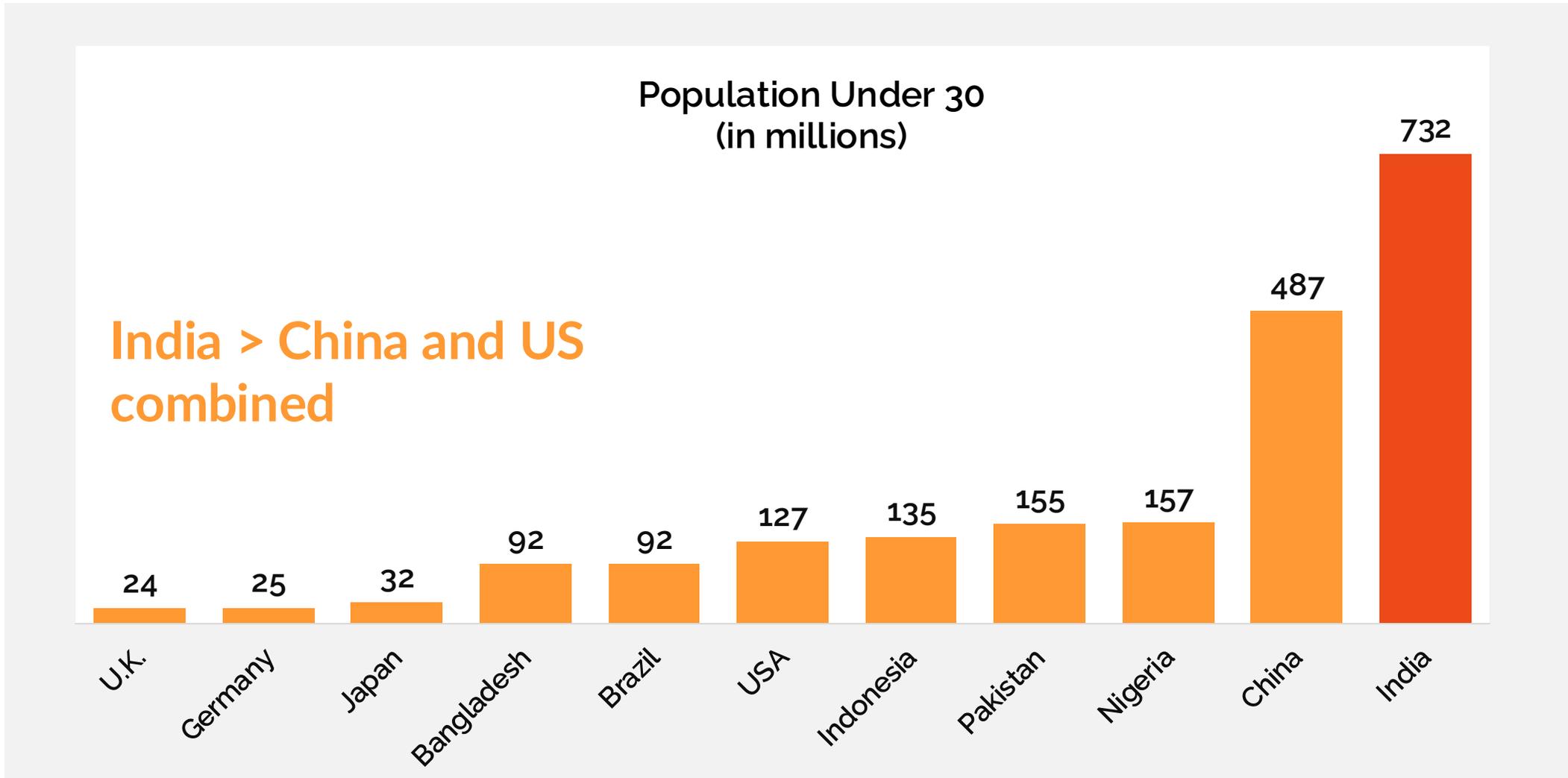


# YES #1 - BIGGER THAN ALL OTHER EM (ex CHINA)

COUNTRY	Other EMs
Indonesia	275,501,339
Brazil	215,313,498
Mexico	127,504,125
Philippines	115,559,009
Egypt	110,990,103
Turkey	85,341,241
Thailand	71,697,030
South Africa	59,893,885
Colombia	51,874,024
Poland	37,561,599
Saudi Arabia	36,408,820
Peru	34,049,588
Malaysia	33,938,221
South Korea	26,069,416
Taiwan	23,570,000
Chile	19,603,733
Greece	10,566,531
Czech Republic	10,526,073
Hungary	9,683,505
UAE	9,441,129
Kuwait	4,268,873
Qatar	<u>2,695,122</u>
SUM	1,372,056,864
INDIA	<b>1,417,173,173</b>

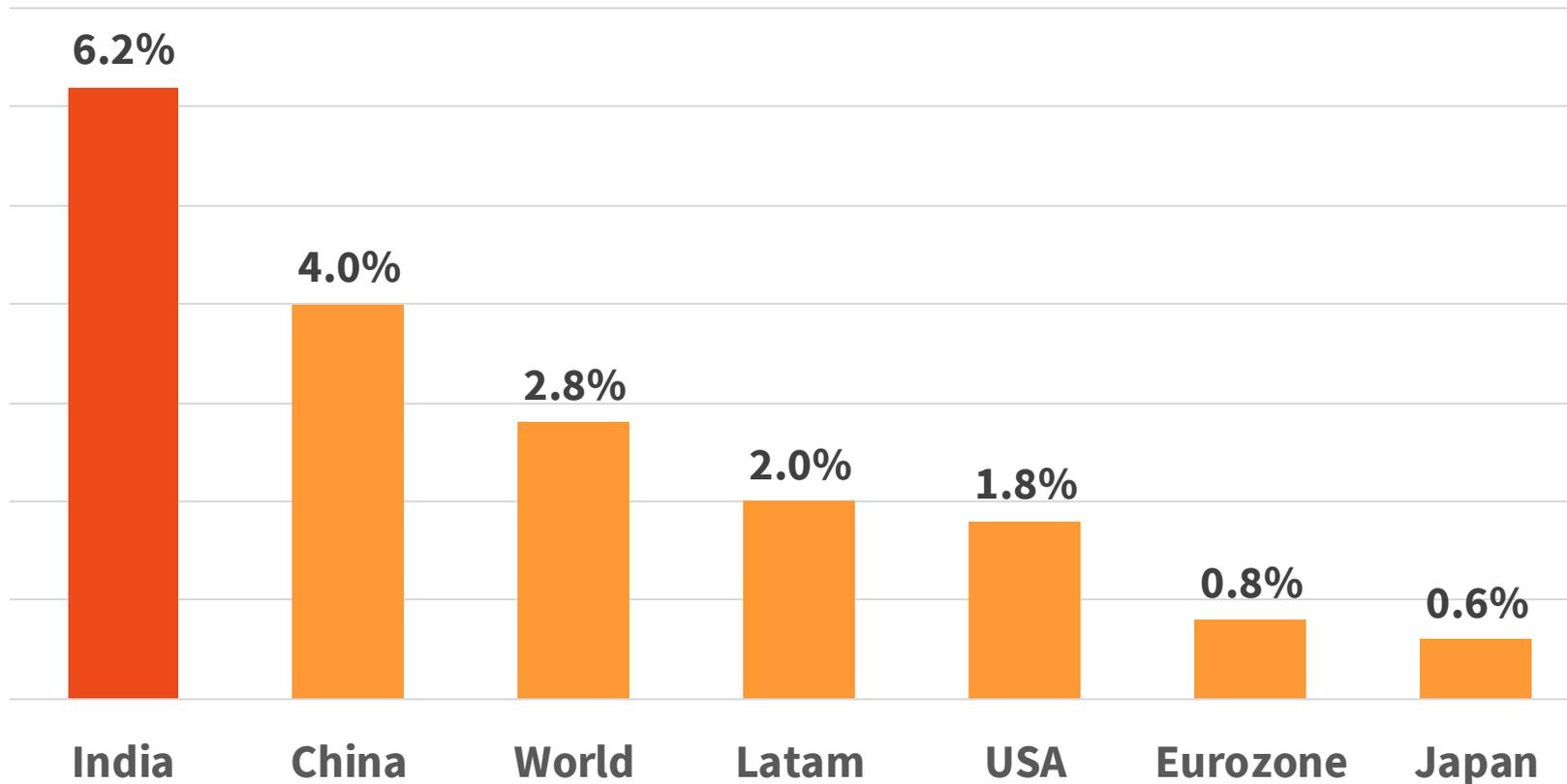
The population of  
**INDIA** is larger  
than every other  
emerging market  
combined  
(ex-China)

# YES #2 - MOST YOUNG PEOPLE



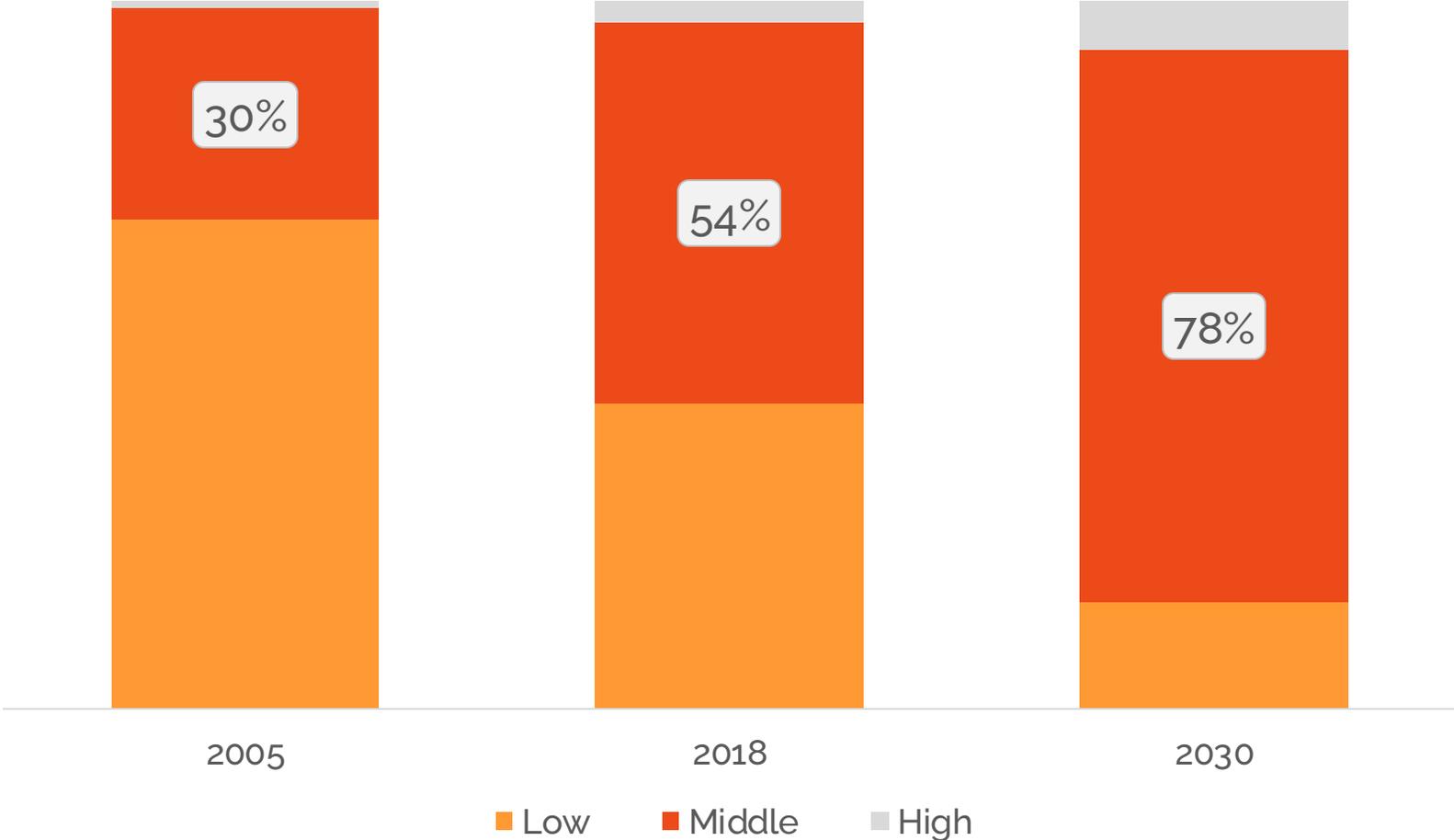
# YES #3 - FASTEST GROWING MAJOR ECONOMY

IMF GDP Growth Projections (2025E)



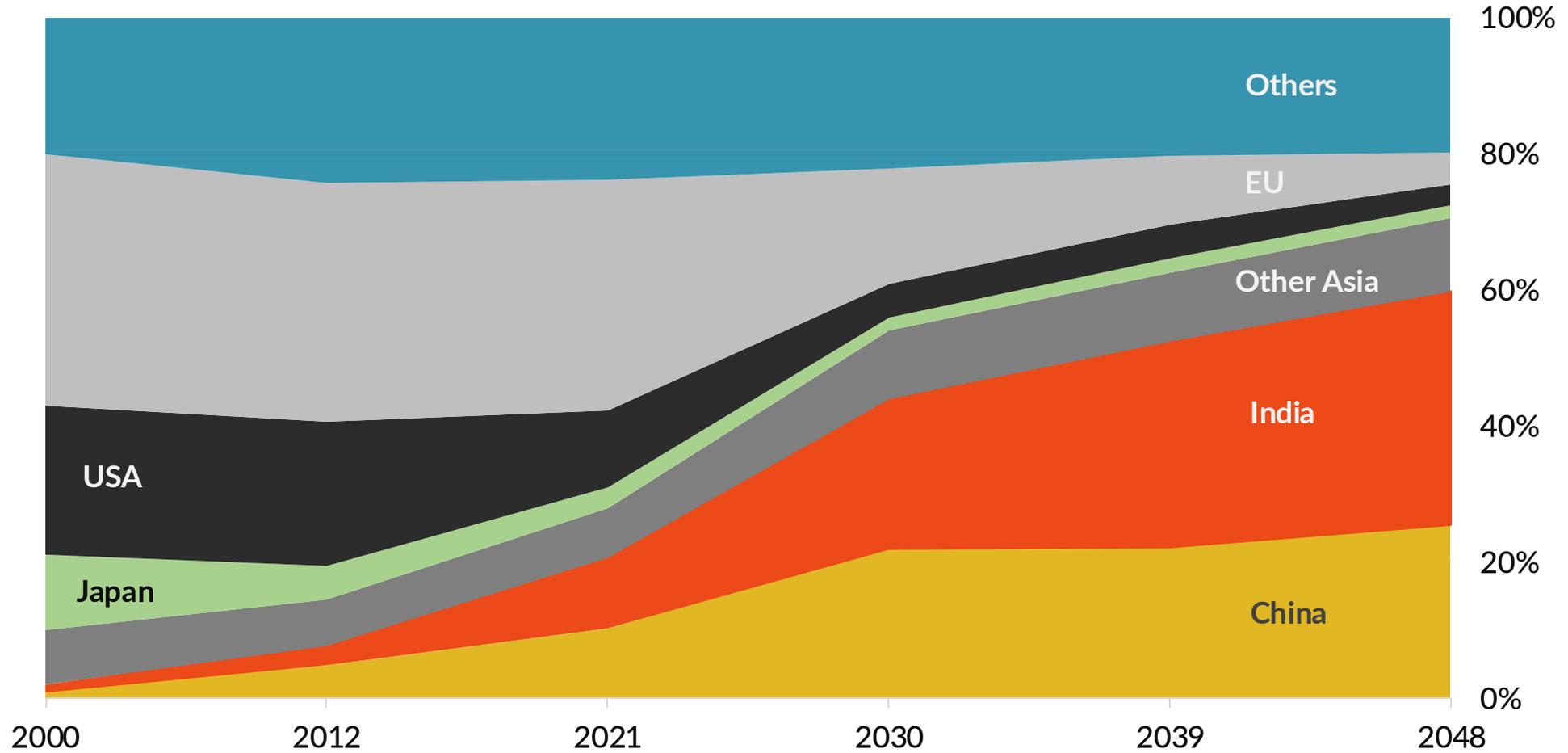
# YES #4 - INDIA HAS A SWELLING MIDDLE CLASS

Swelling Middle Income Households in India



# YES #4 – INDIA WILL BE #1 IN CONSUMPTION

## Emerging Markets Middle Class Consumption



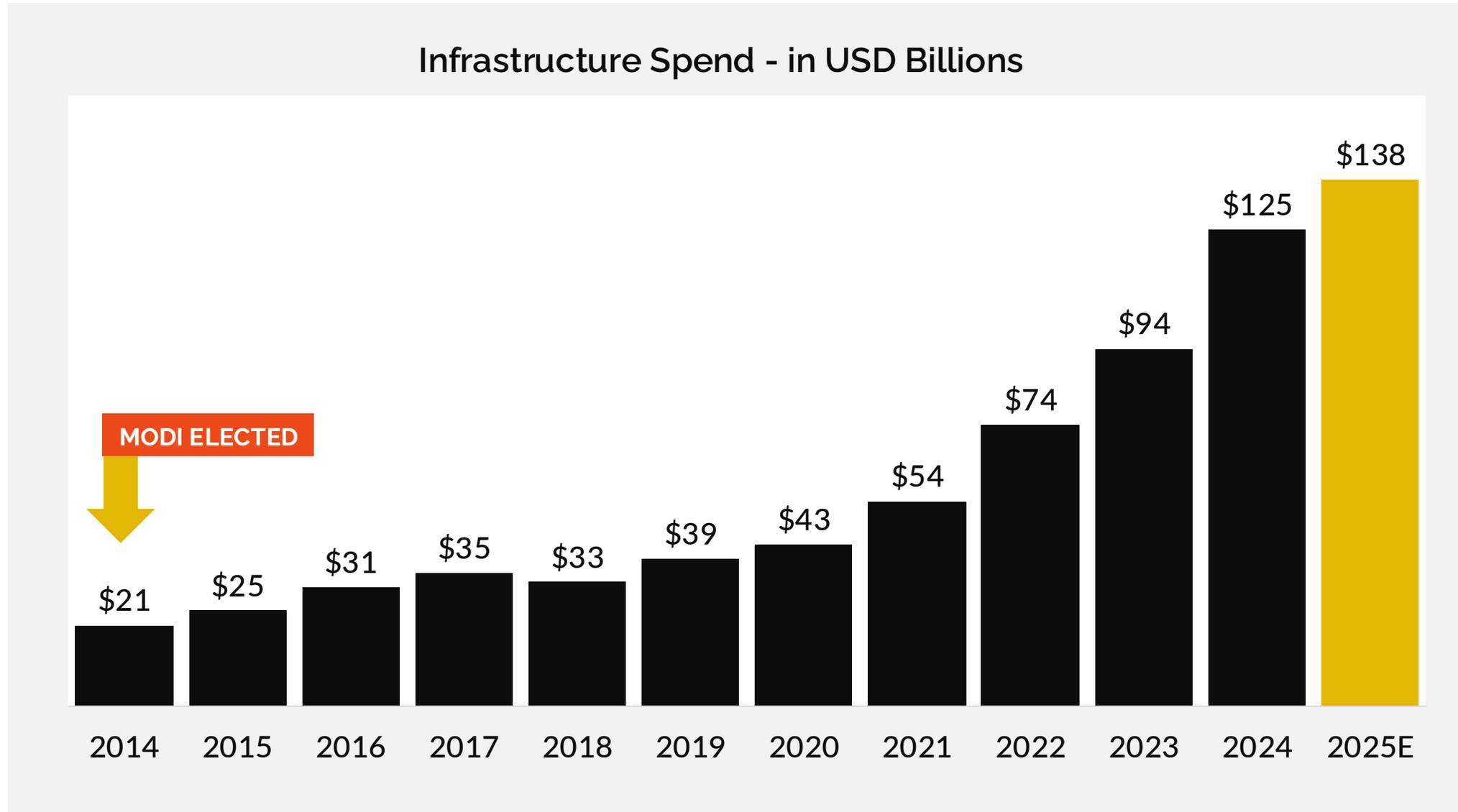
Source: OECD

**WHY IS INDIA  
HAPPENING NOW?**



**PRIME MINISTER NARENDRA MODI TOOK OFFICE IN 2014**

# INFRASTRUCTURE INVESTMENT SURGING





Indian Railways will develop 400 new high-speed Vande Bharat Express trains in the next 3 years.



**The Mumbai-Ahmedabad High Speed Rail Corridor will connect Mumbai with Ahmedabad. It will be India's first high-speed rail line.**



**India had 74 airports in 2014. It will triple that to 222 by 2025.**



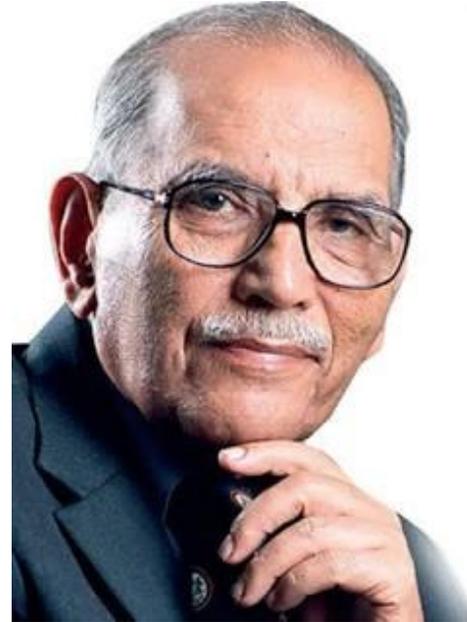


**DEEP WATER PORTS BEING CONSTRUCTED.**

# **WHAT SETS INDIA APART:**

## **1. HUMAN CAPITAL**

# INDIA TECH SECTOR IS 50 YEARS OLD



# INDIA HAS WORLD CLASS TECH SCHOOLS



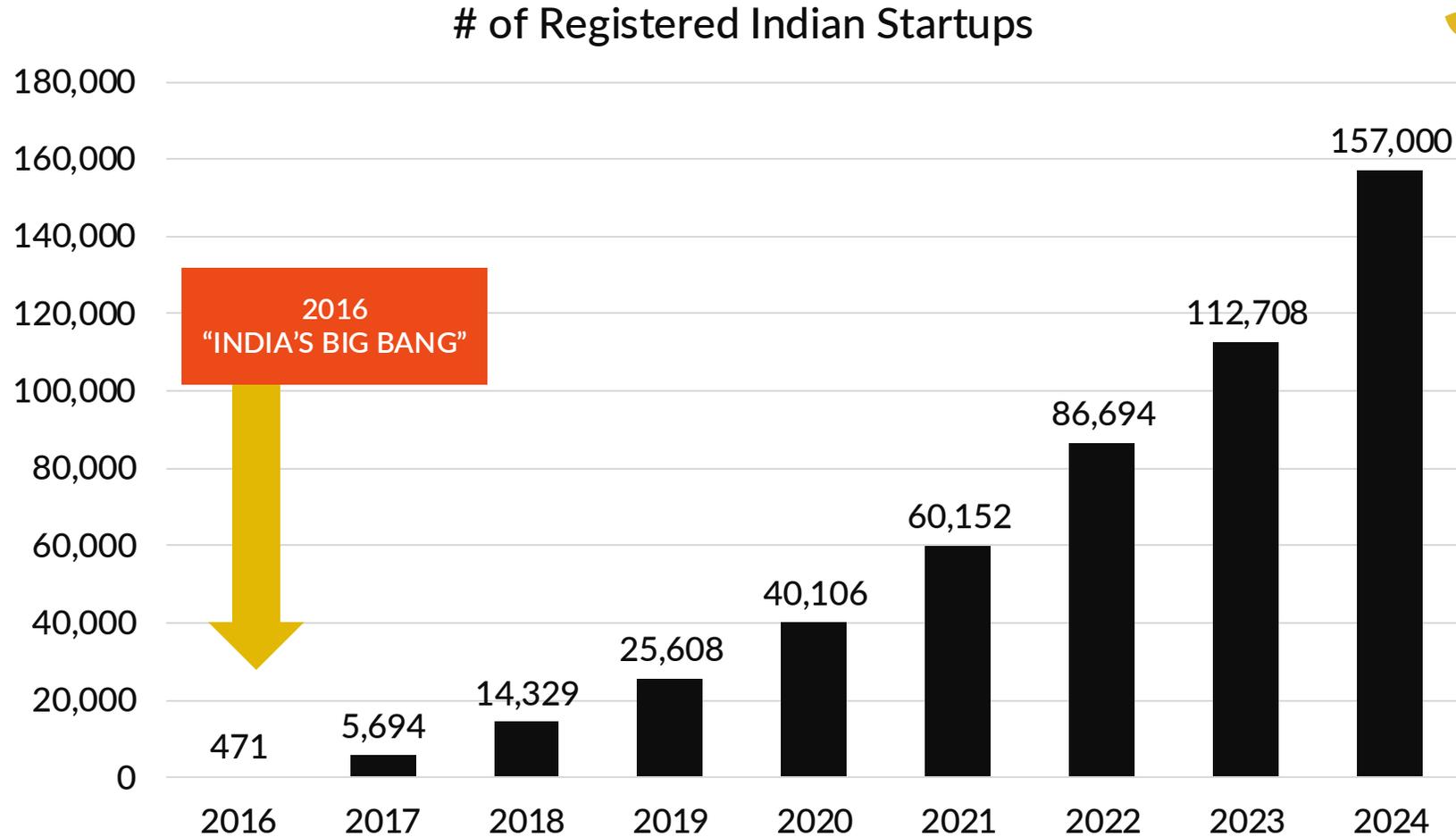
# INDIA HAS UNMATCHED HUMAN CAPITAL

Company	Market Cap (\$B)	CEO
Microsoft	2,137	Satya Nadella
Alphabet/Google	1,346	Sundar Pichai
Mastercard	356	Ajaypal Singh Banga
Adobe	174	Shantanu Narayen
IBM	115	Arvind Krishna
Micron	67	Sanjay Mehrotra
FedEx	58	Raj Subramaniam
Palo Alto Networks	58	Nikesh Arora
VMware	55	Rangarajan Raghuram
NetApp	14	George Kurian
Youtube	Private	Neal Mohan
Deloitte	Private	Punit Renjen



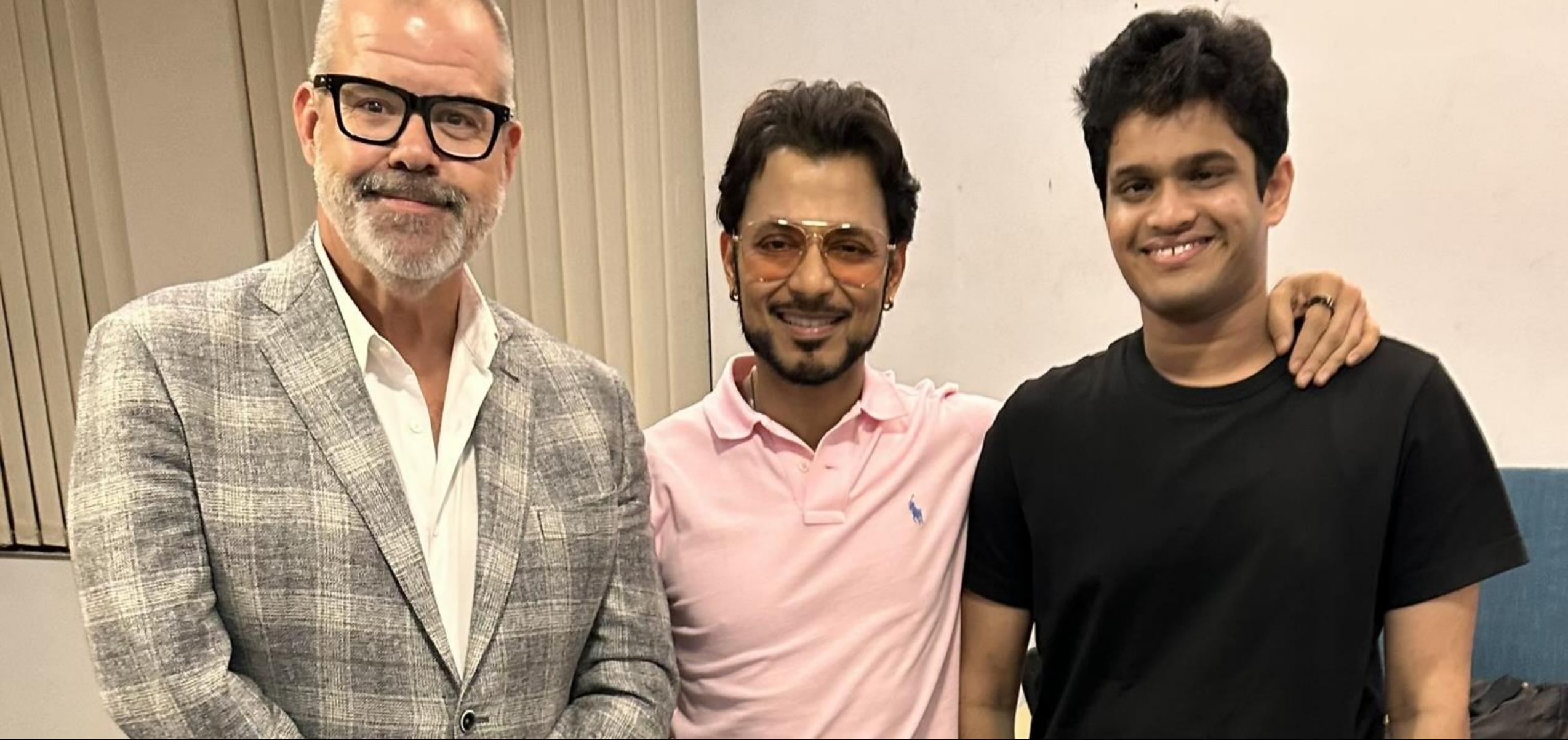
# ENTREPRENEURISM UNLEASHED!

390x!



# INDIA EVEN HAS ITS OWN SHARK TANK





**ANUPAM MITTAL IS AN OG OF INDIA'S NEW AGE TECH SECTOR. SHAADI.COM IS AN ONLINE DATING COMPANY FOUNDED IN 1997.**

**WHAT SETS INDIA APART:**

**2. THE INDIA STACK**

# **WHAT IS DIGITAL PUBLIC INFRASTRUCTURE?**

# INDIA STACK = DIGITAL PUBLIC INFRASTRUCTURE



2023



Ecommerce Layer

2016



Payment Layer



2010



Identity Layer



**The Aadhaar (“Foundation”) of the Aadhaar - Nandan Nilekani.  
Infosys Co-Founder has overseen India’s Digital Stack.**

# AADHAAR = FOUNDATION



Launched in 2010

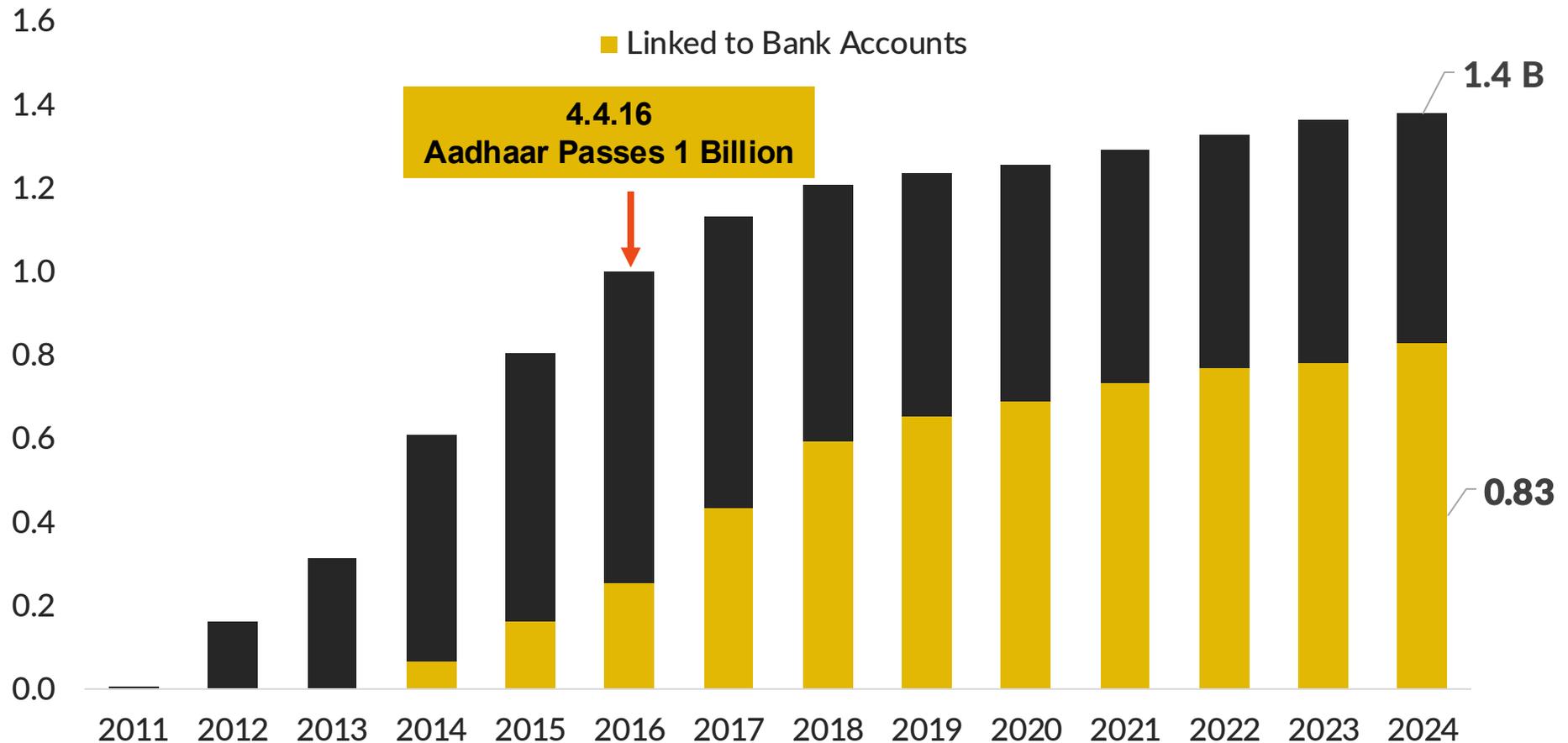
Aadhaar, which means 'foundation' in Hindi, centers around a 12-digit identity number, linked to fingerprints and eye scans. Each Indian citizen receives a Aadhaar card with that number on it, which can be cross-referenced with the biometric data held in a central database.

Aadhaar can be used to open a bank account and access a variety of government-run welfare programs as well as other digital services.



# AADHAAR HAS DRIVEN FINANCIAL INCLUSION

Rapid Enrollment of Aadhaar Digital ID  
(in Bn)

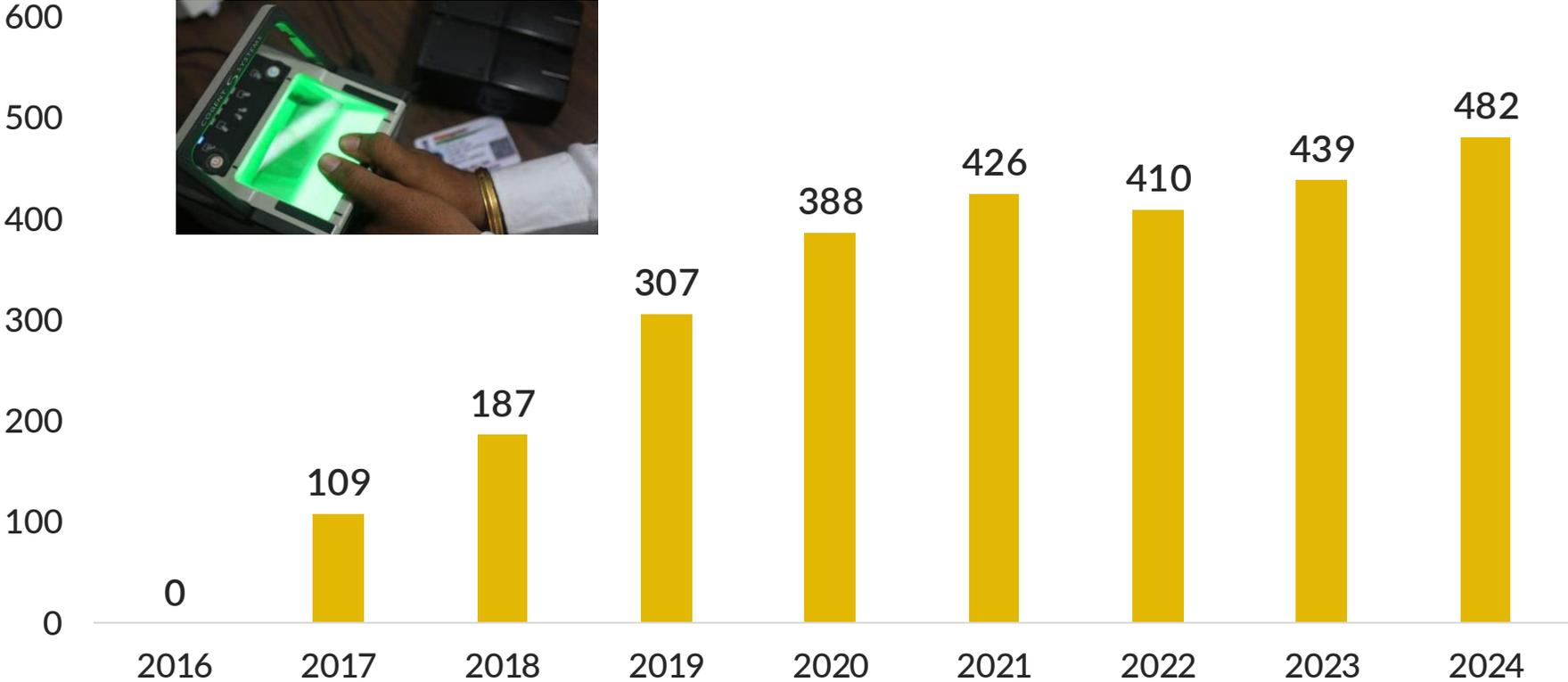




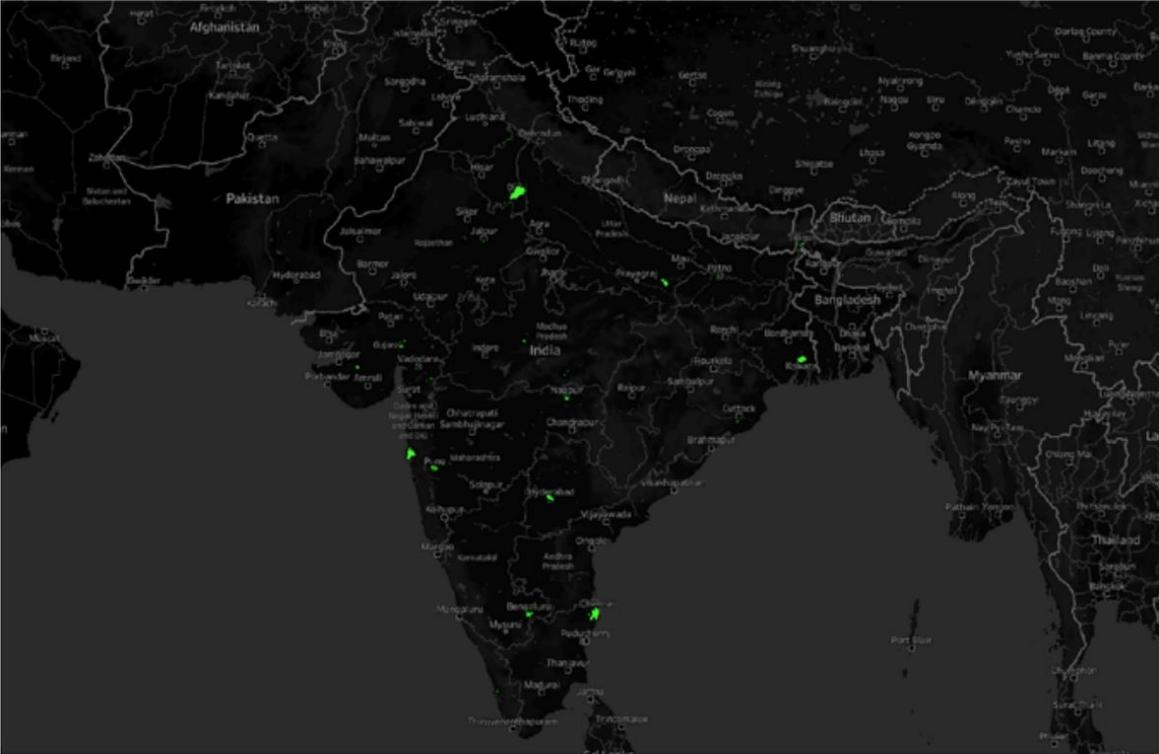
**9.5.16 – Mukesh Ambani + Reliance launch 4G Jio Network.**

# JIO DIGITAL: INDIA'S INTERNET BIG BANG

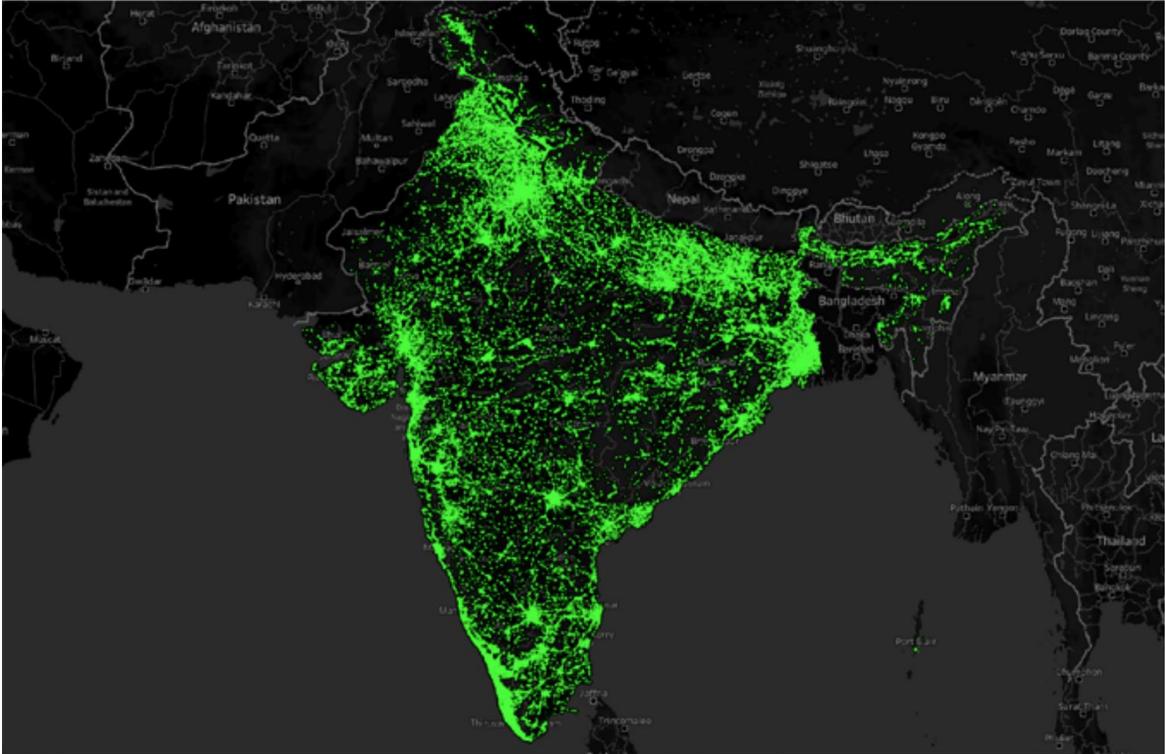
Reliance Jio Subscribers Since Inception  
(in Mn)



# JIO HAS COVERED INDIA IN 5G



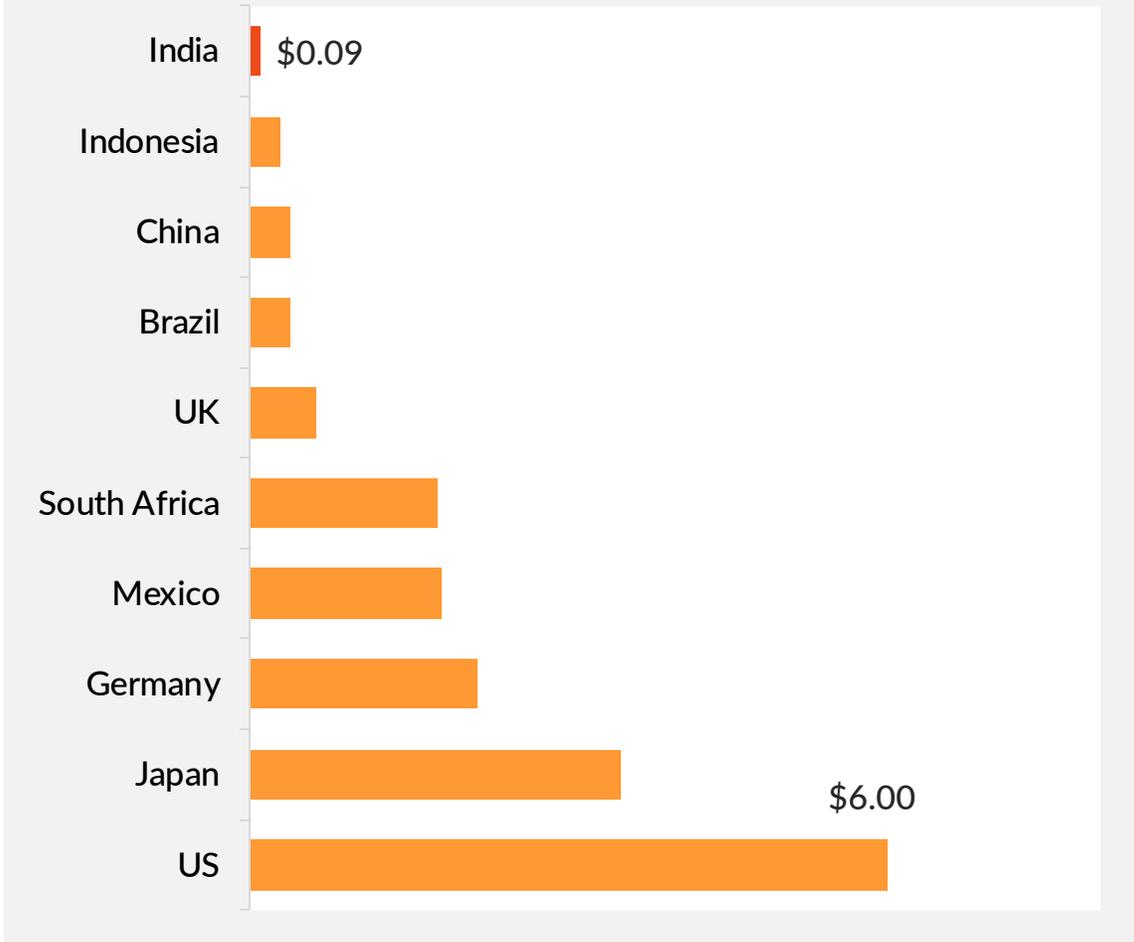
October 2022



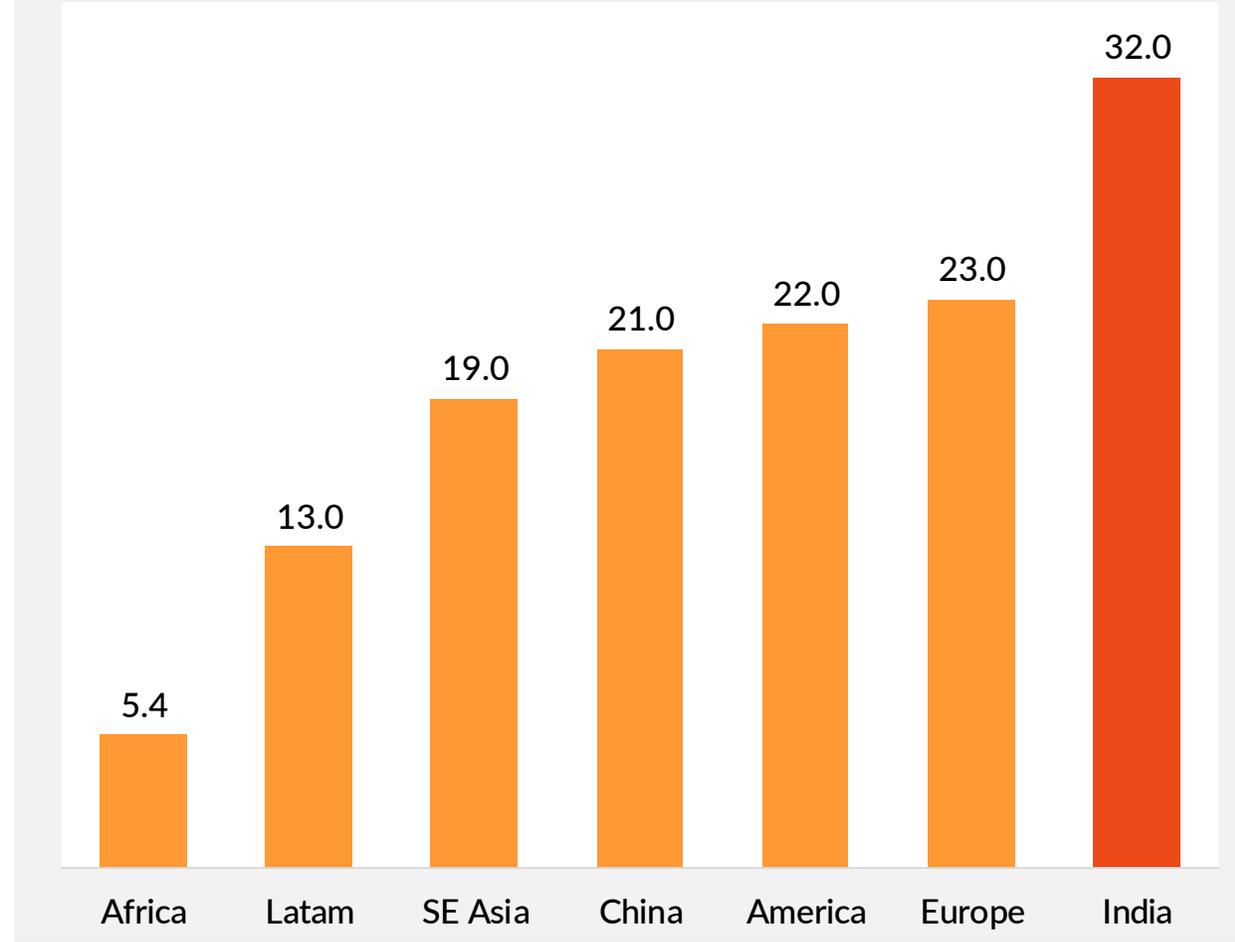
September 2023

# INDIA HAS LOWEST DATA COST + MOST CONSUMED

Cost of 1GB of Mobile Data in \$ - 2024



Traffic Per Smartphone (GB) - 2024



# INDIA STACK = DIGITAL PUBLIC INFRASTRUCTURE



2023



Ecommerce Layer

→ 2016



Payment Layer

2010



Identity Layer

# 2016 - UPI (UNIFIED PAYMENTS INTERFACE)



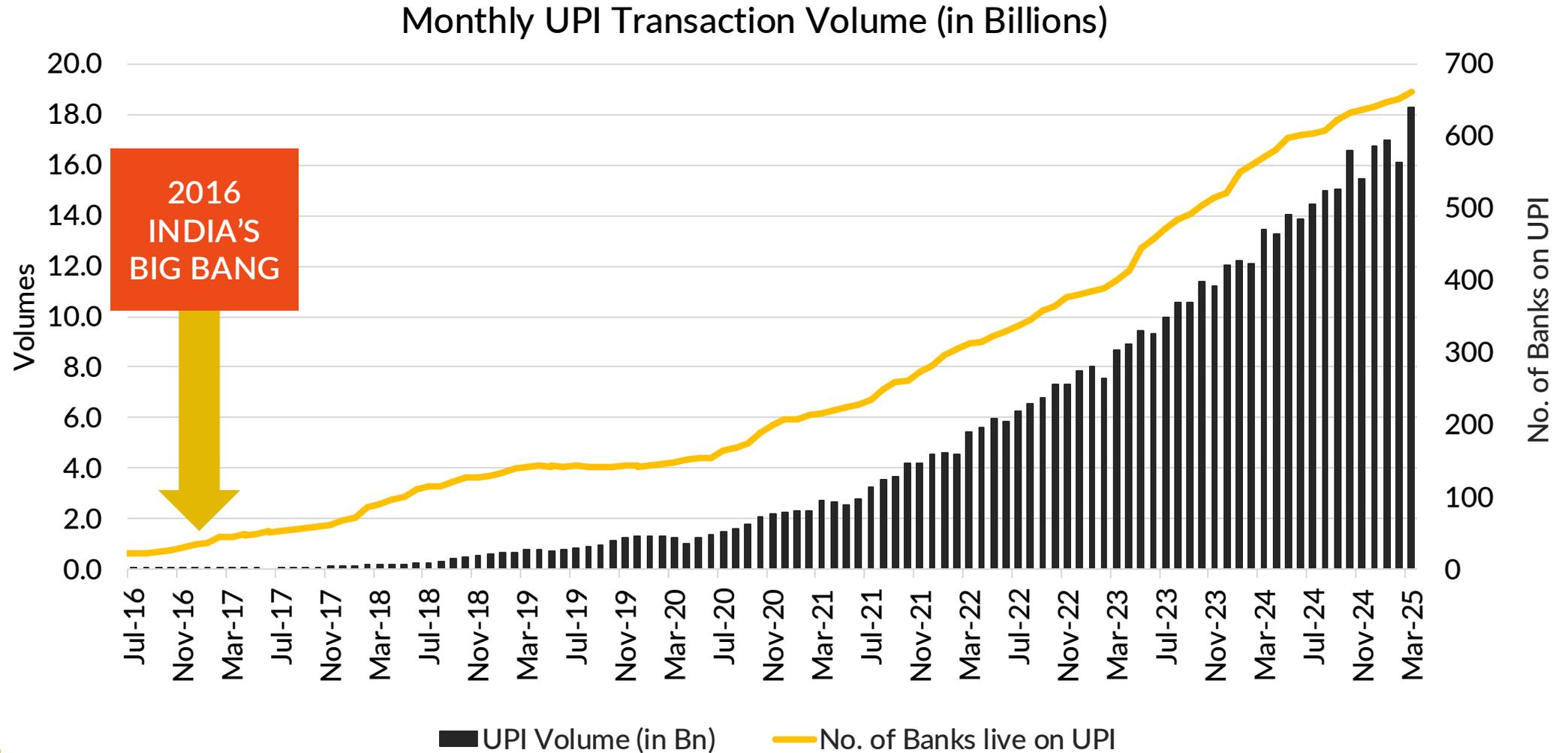
Launched 12.30.16

UPI is the backbone of the fintech infrastructure in India. It is an instant, real-time payment system developed by the Indian government to facilitate inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions.

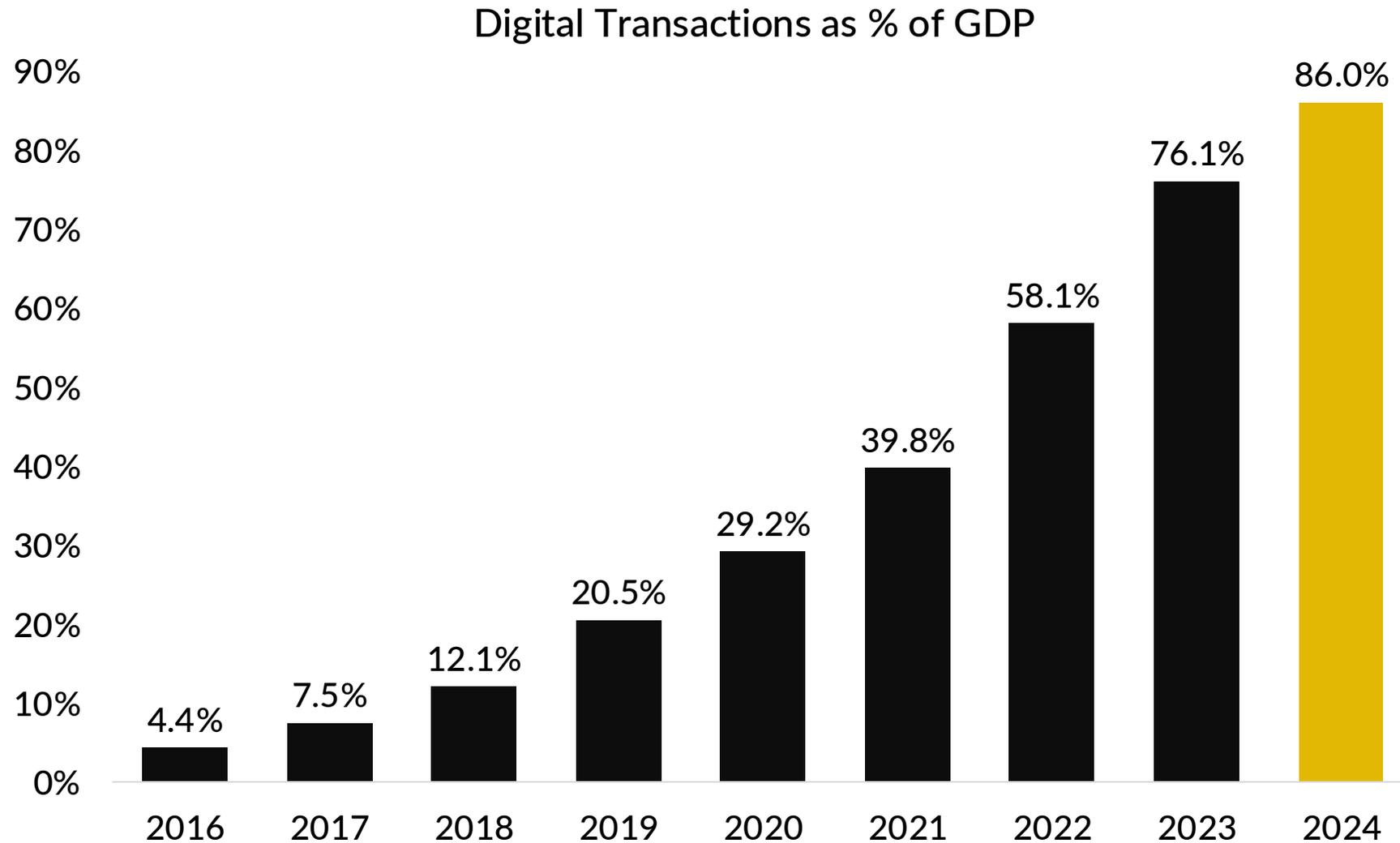


Transactions are usually conducted via a QR Code, which (like China) have become ubiquitous in India. It is simple, free of charge and instantaneous.

# UPI - DIGITAL INDIA IS EXPLODING



# FROM A CASH ECONOMY TO DIGITAL IN 8 YEARS



# CHINA DIDN'T HAVE \$12 SMARTPHONES

**Bloomberg**

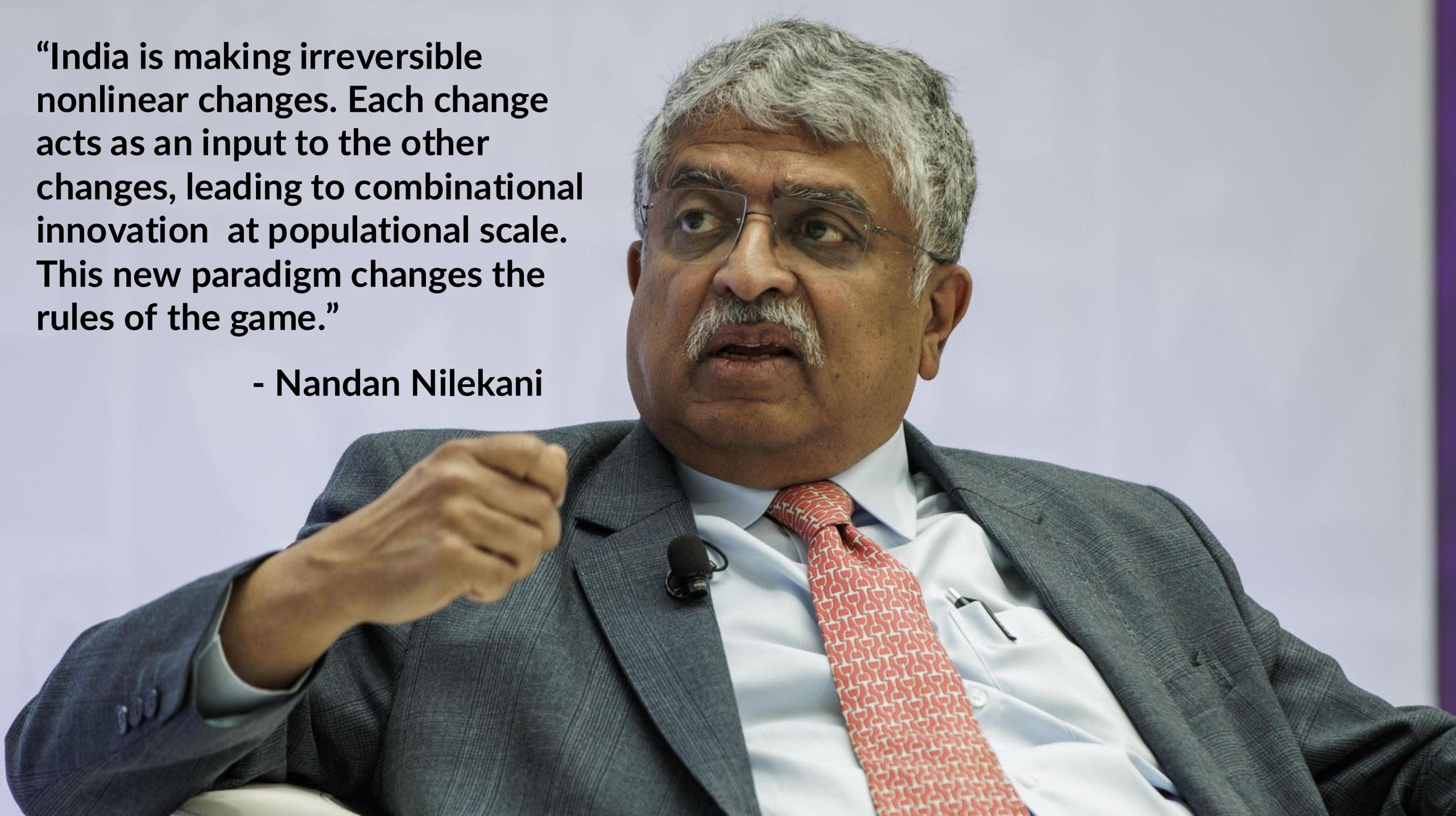
## **Ambani Bets on \$12 Phone to Disrupt India's Old Internet Network**

- Company starts beta trials of the new phone from July 7
- Jio phones touted as amongst cheapest on offer in the country



**“India is making irreversible nonlinear changes. Each change acts as an input to the other changes, leading to combinational innovation at populational scale. This new paradigm changes the rules of the game.”**

**- Nandan Nilekani**





## **THE INDIA STACK IN ACTION**



# THE INDIA STACK IN ACTION

# HOMEWORK = WATCH THIS



RESEARCH

## How Digitalization Is Transforming India

May 5, 2023

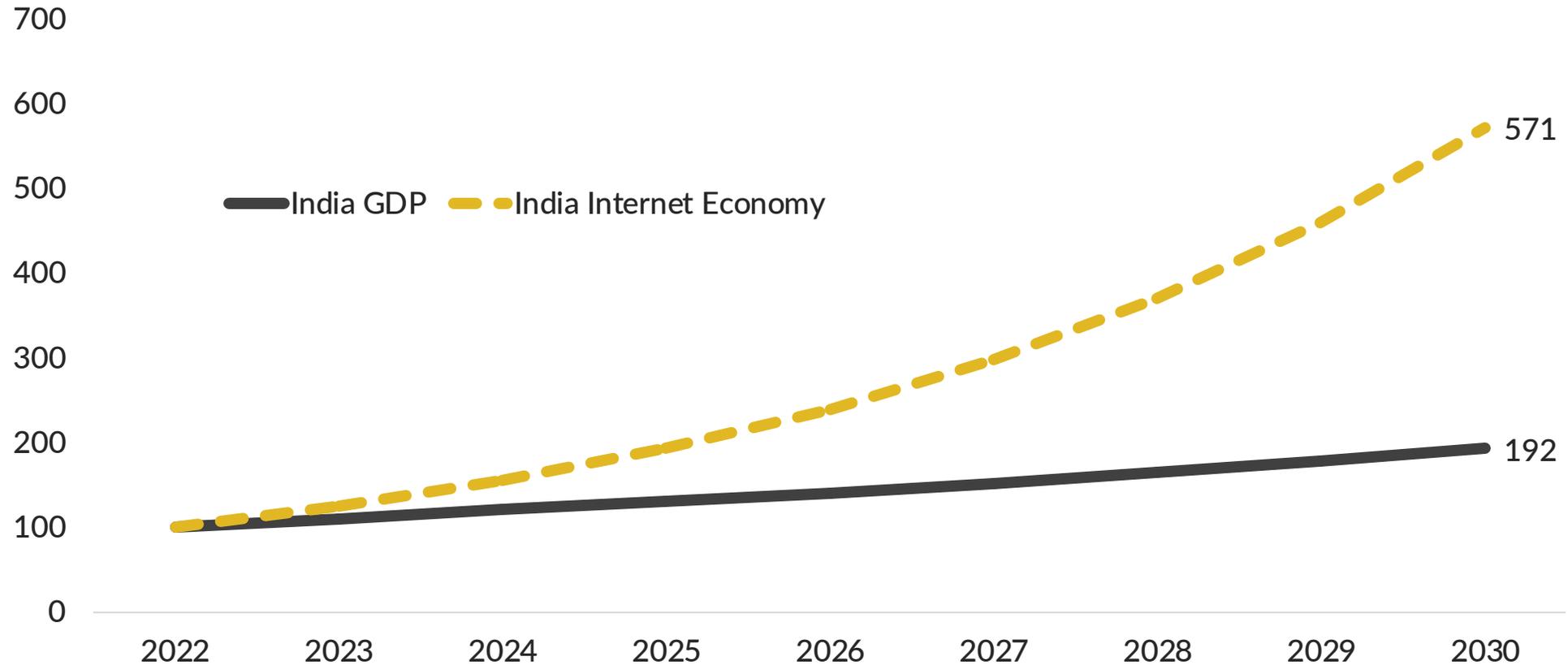
Morgan Stanley sits down with Nandan Nilekani, one of the visionaries behind India's digital transformation, to discuss how India's digitalization is transforming healthcare, education and banking in India—and driving its economic growth.

# THE INDIA INTERNET OPPORTUNITY



# INDIA INTERNET ECONOMY SURGING

India GDP vs Indian Internet Economy  
(2022 - 2030E)



**1. ETERNAL**

**BSE: ZOMATO.BO**



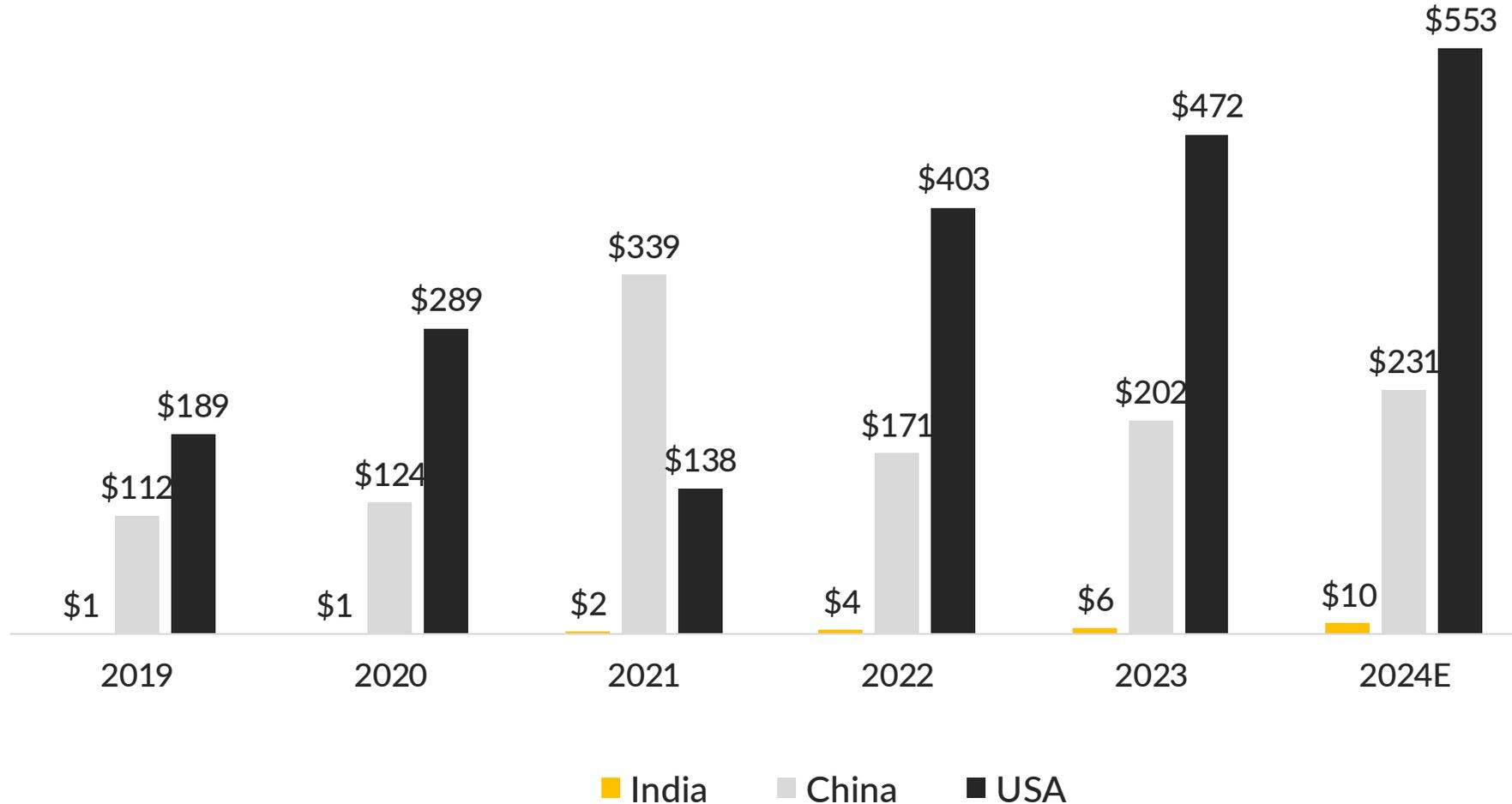


TIGERGLOBAL

ZOMATO WAS FOUNDED IN JULY 2008 BY IIT DELHI ALUMNUS, DEEPINDER GOYAL, AND PANKAJ CHADDAH WHO WORKED AT BAIN TOGETHER.

# GREENFIELD OPPORTUNITY FOR ETERNAL

Per Capita Spend on Online Groceries (in USD)



# ZOMATO - THE “DOORDASH OF INDIA”?



**zomato**  
**hyperpure**

restaurant's needs,  
delivered the next day

download the app  



Shop Online @ [www.archerretail.com](http://www.archerretail.com)

OR  
App From Apple Store & Play Store

HCG  
CAUTION  
HIGH PRESSURE GAS PIPE LINE  
CH: KIL:  
BEFORE DRIVING OR  
IN EMERGENCY  
0124-4271273  
9311990000  
SKN

HCG  
चेतावनी  
गैस पाइप लाइन उच्च दबाव पर है  
कोई भी भी. सी.।  
इससे पहले कि आप गाड़ी चलाएँ  
0124-4271273  
9311990000  
SKN

**ELECTRIC**

**EULER**

Powered by  
**Arc Battery**

**HYPERPURE - ZOMATO'S B2B RESTAURANT BUSINESS – WAS ITS FASTEST GROWING SEGMENT AND REMAINS A LARGE OPPORTUNITY.**



**ZOMATO ACQUIRED QUICK COMMERCE LEADER  
BLINKIT IN 2022**



**blinkit**  
India's Last Minute App

Delivers 5000+ products,  
in minutes



**blinkit** Delivers 5000+ products, in minutes

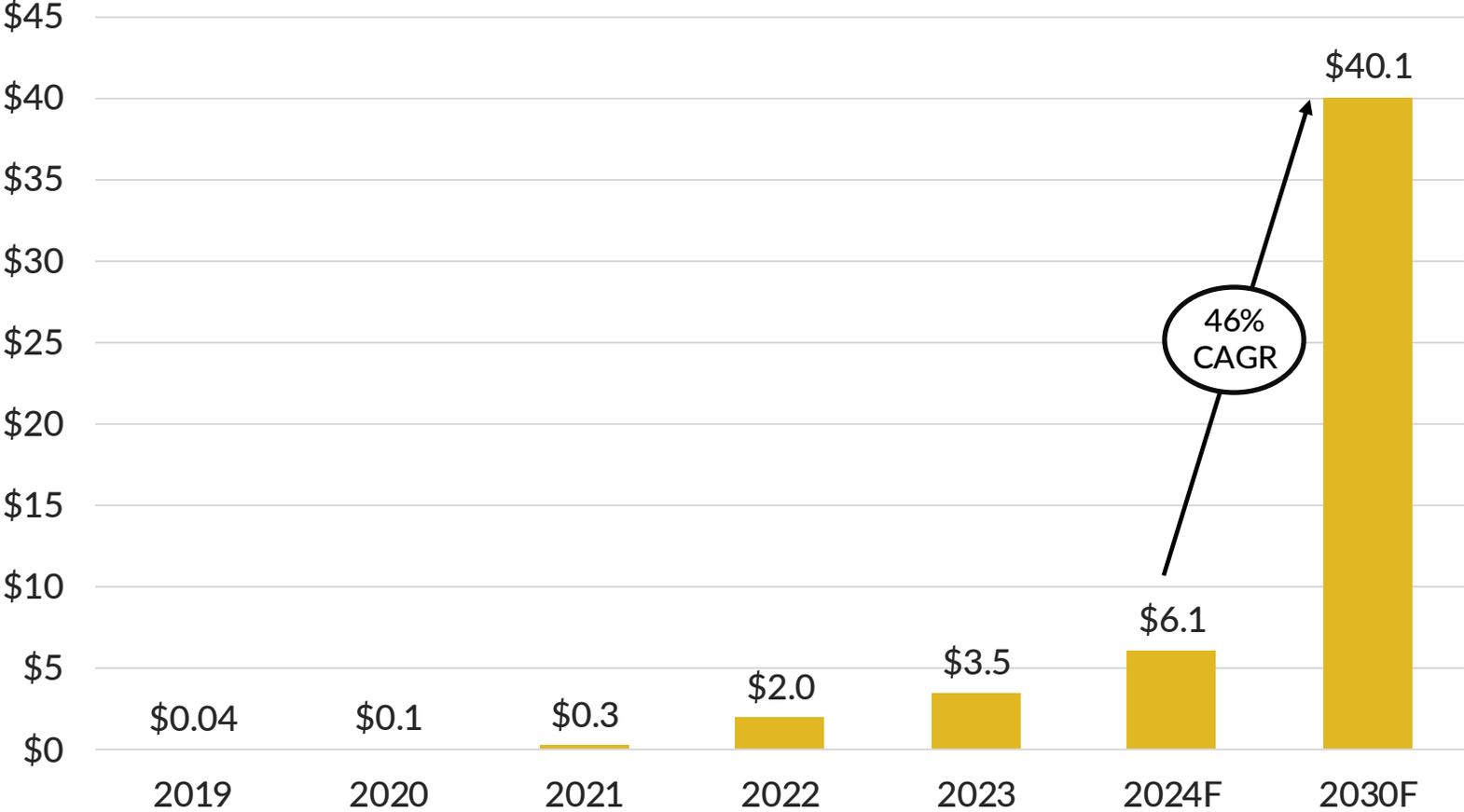
**DARK STORES: MINI-WAREHOUSES LOCATED ~ 1 MILE APART.  
SIZE ~3,000 SF. 10,000 SKUs. 100 SECONDS ORDER TO PACKED.**



**INSIDE A DARK STORE**

# QUICK COMMERCE BOOMING IN INDIA

Quick Commerce Market Size Forecast  
USD Bn, 2019-2030

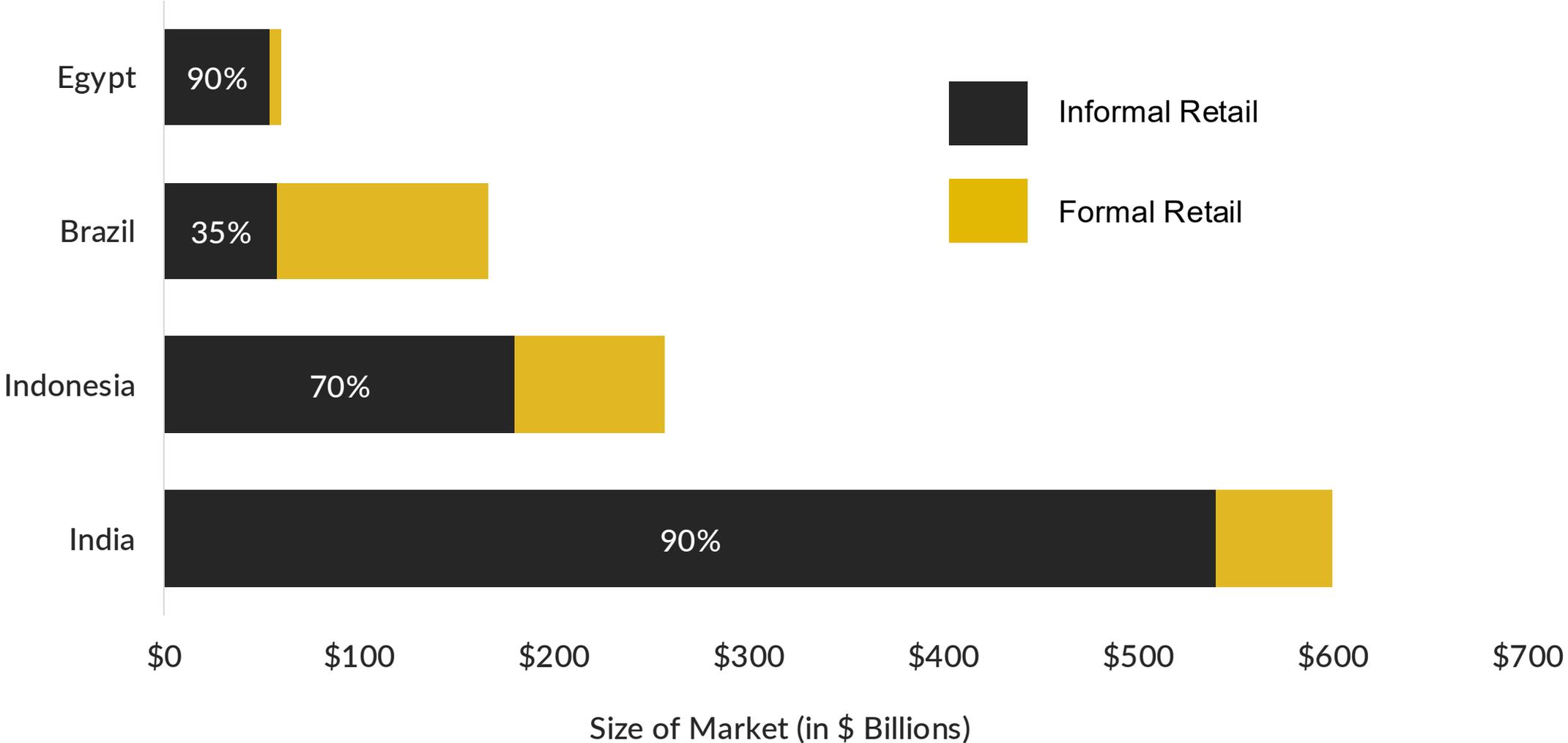




**INDIA'S 13 MILLION KIRANA STORES ACCOUNT FOR 90% OF CONSUMER SPENDING IN INDIA.**

# INDIA HAS A HUGE “INFORMAL RETAIL” MARKET

Corner Shop Market Share in Grocery Retail

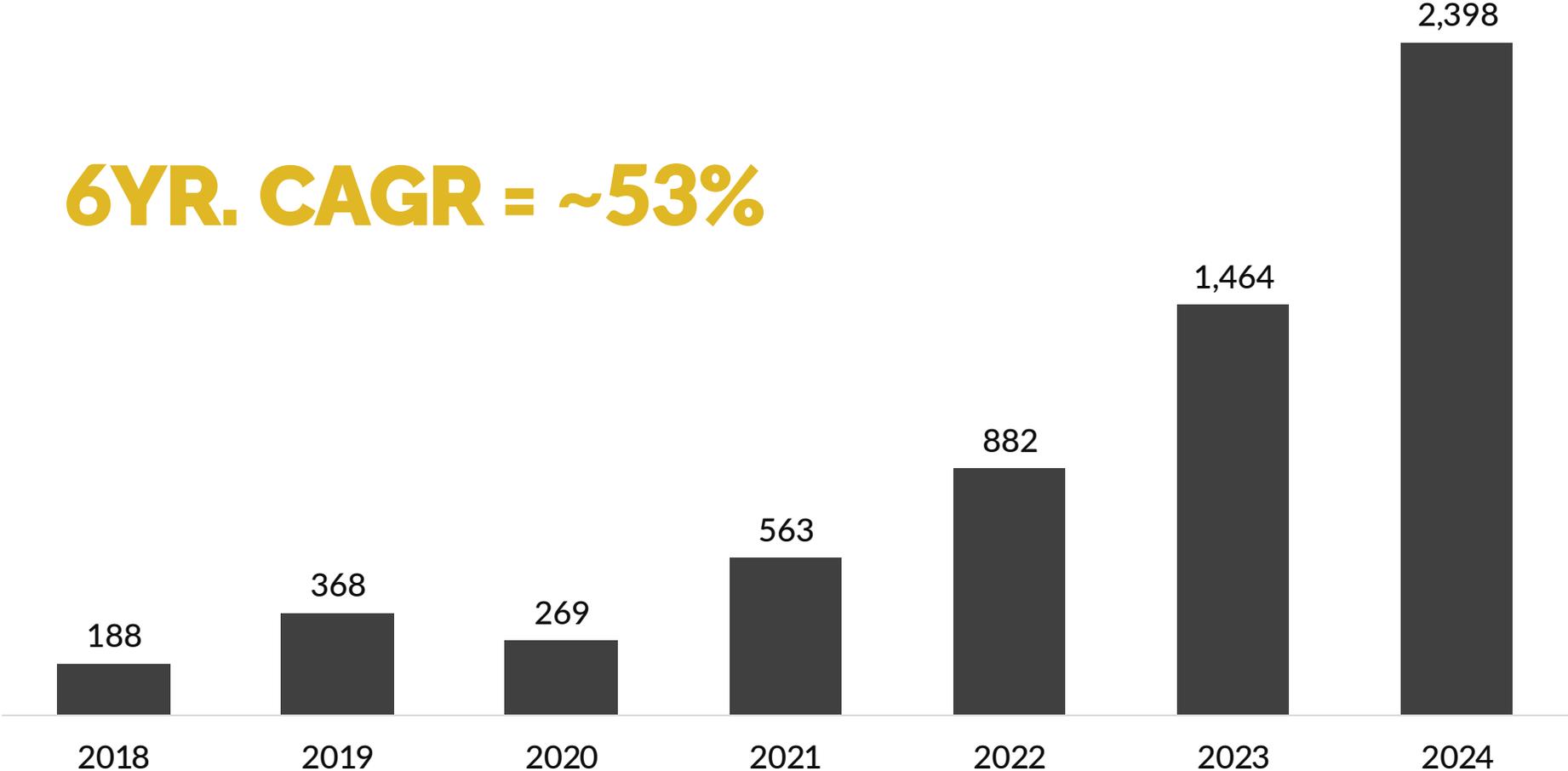


Source: Flourish “Digitizing the Corner Shop” Report.

# ZOMATO (ETERNAL) REVENUE GROWTH

Zomato Revenue  
2018 - 2024 (\$MM)

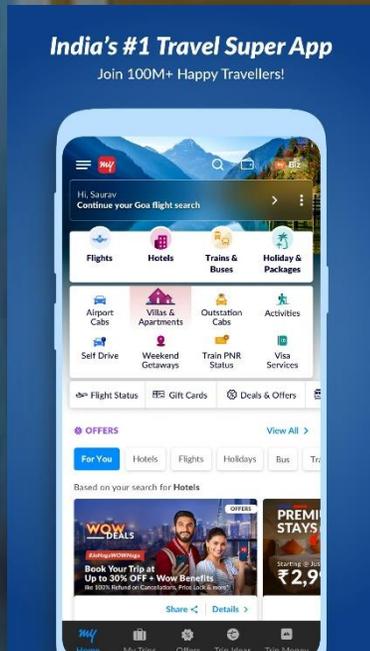
**6YR. CAGR = ~53%**



# **2. MAKEMYTRIP**

## **(NASDAQ: MMYT)**

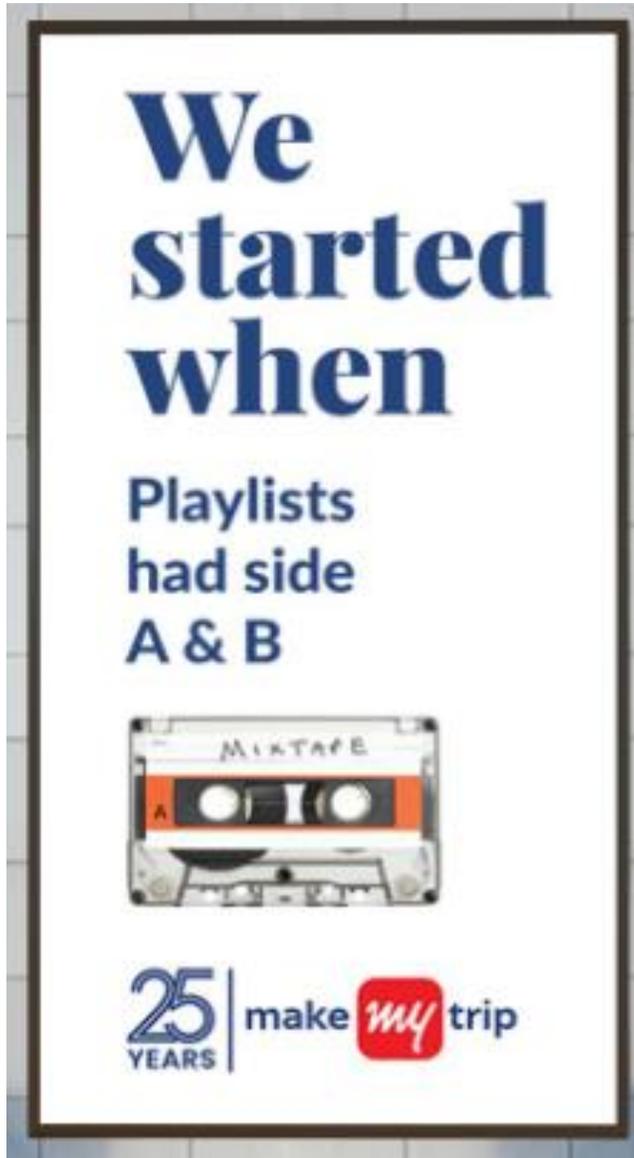




TIGER GLOBAL

**MAKEMYTRIP WAS FOUNDED BY DEEP KALRA, AN IIM GRADUATE, IN 2000. MMYT IPO'D ON NASDAQ IN 2011, THE 2nd LISTED INDIAN NEW AGE TECH FIRMS.**

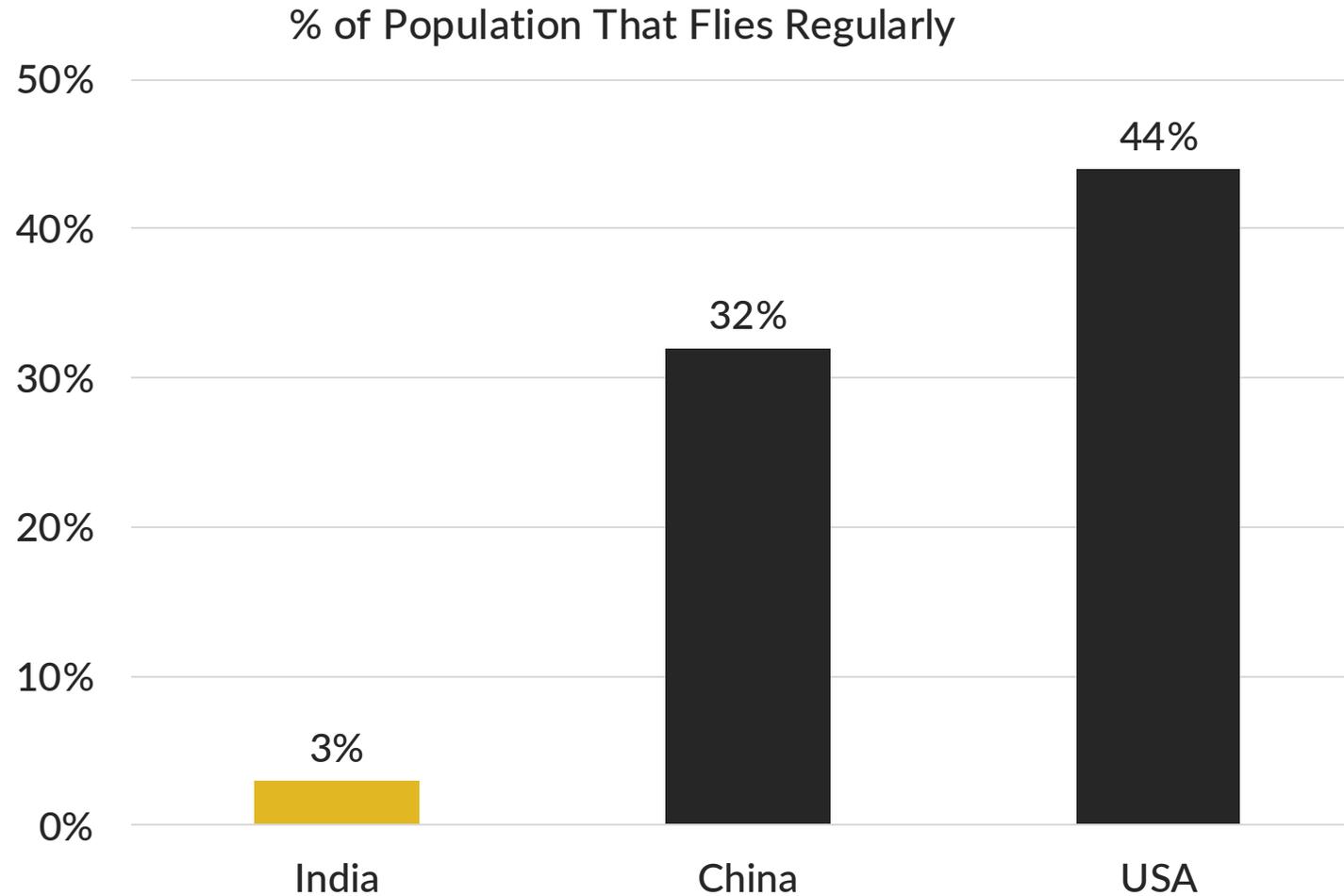
# (MMYT US): MAKEMYTRIP: "EXPEDIA OF INDIA"



# (MMYT US): MAKEMYTRIP: "EXPEDIA OF INDIA"



# MMYT STILL HAS LOTS OF OPPORTUNITY



# **3. POLICYBAZAAR (PB FINTECH)**

**NSE: POLICYBZR.NS**

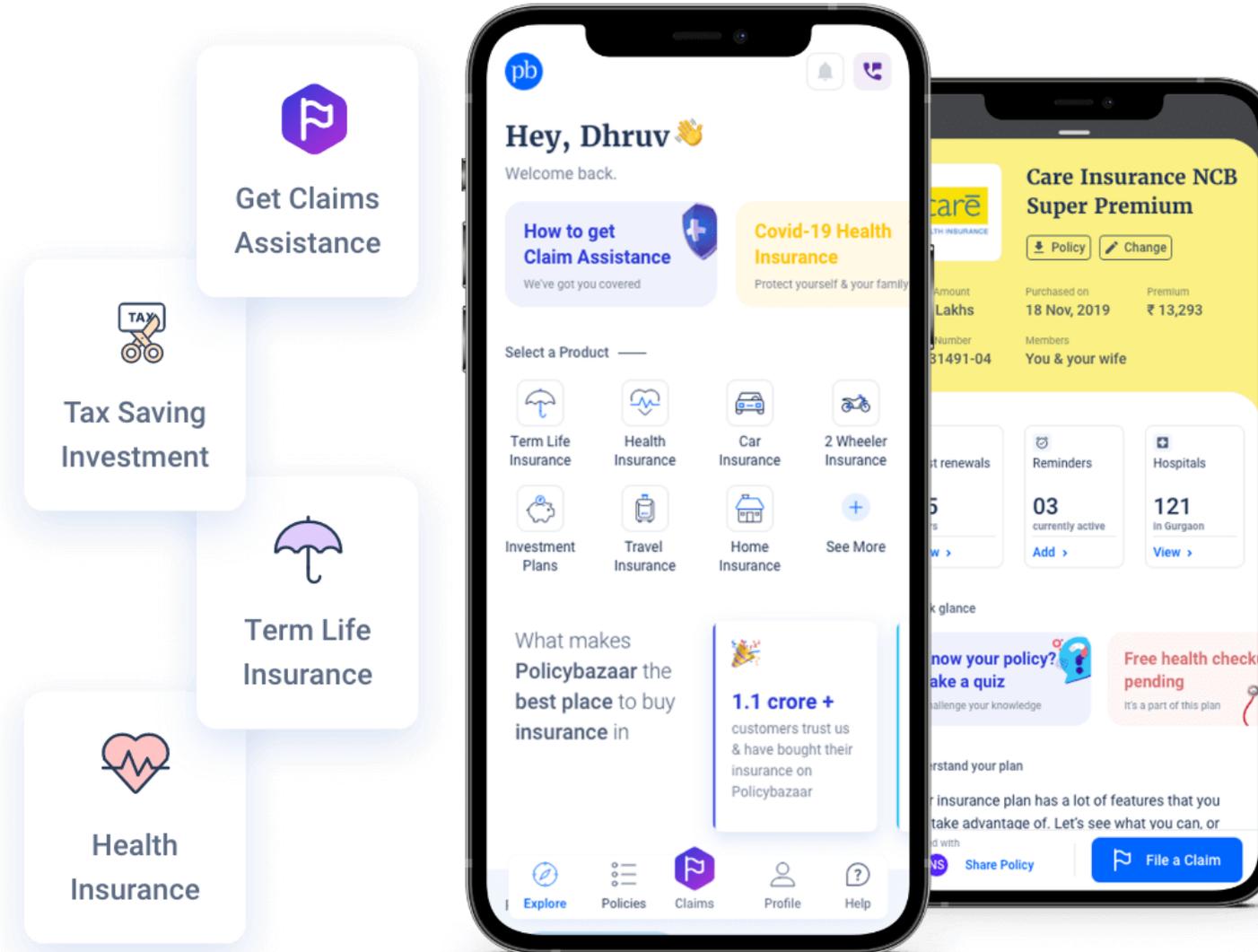


policybazaar.com  
Compare. Buy. Save.



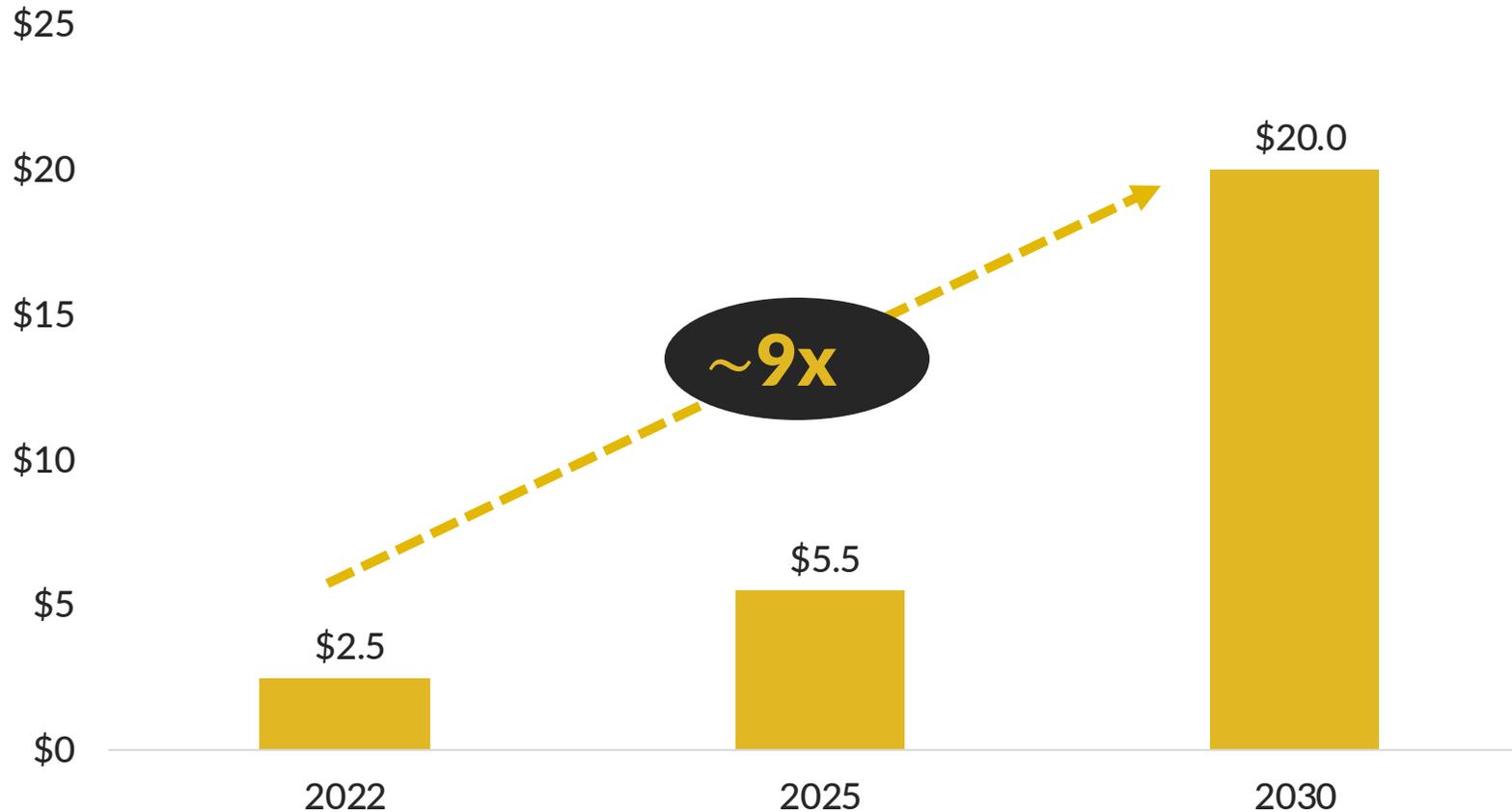
**POLICYBAZAAR WAS CO-FOUNDED BY ALOK BANSAL AND YASHISH DAHIYA IN 2008. THEY PREVIOUSLY WORKED AT BAIN & CO AND GENERAL ELECTRIC.**

# PB - A ONE STOP SHOP FOR INSURANCE



# GREENFIELDS FOR POLICYBAZAAR

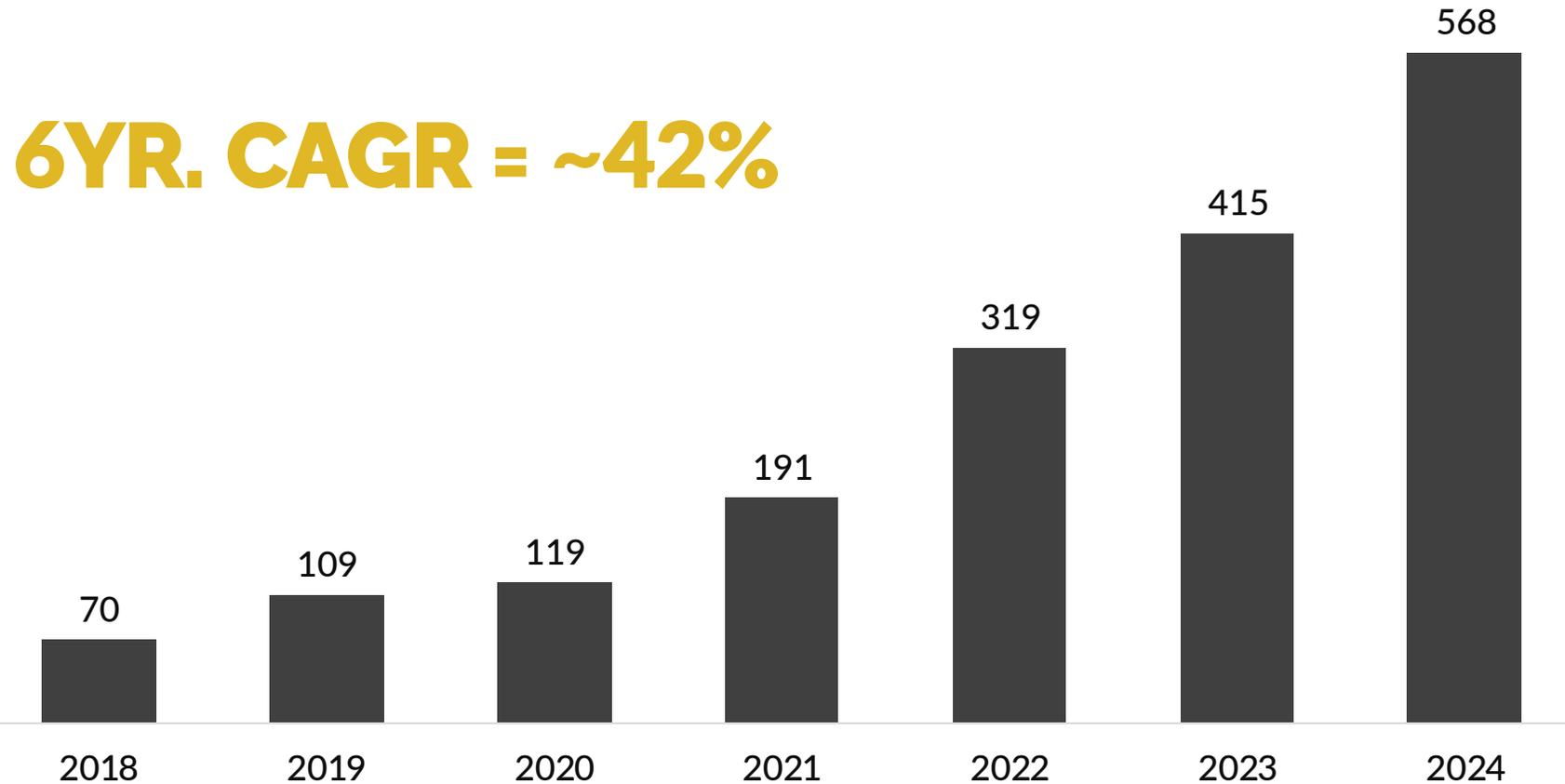
Gross Written Premiums in India (\$Bn)



Source: Google, Temasek, Bain 2023

# POLICYBAZAAR REVENUE GROWTH

Policybazaar Revenue  
2018 - 2024 (\$MM)



# **4. NYKAA**

## **(FSN E-Commerce Ventures )**

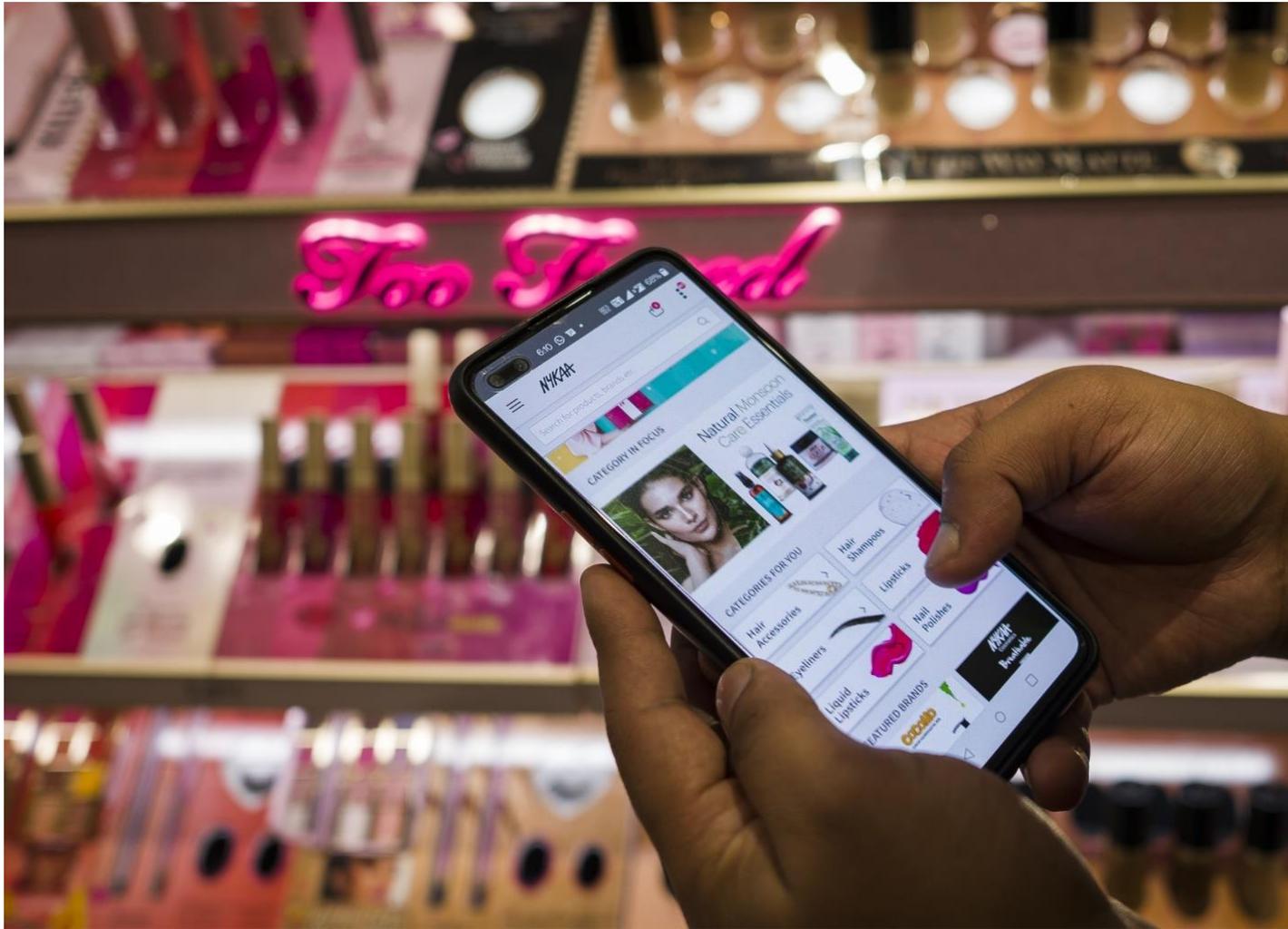
**(NSE: NYKAA.NS)**



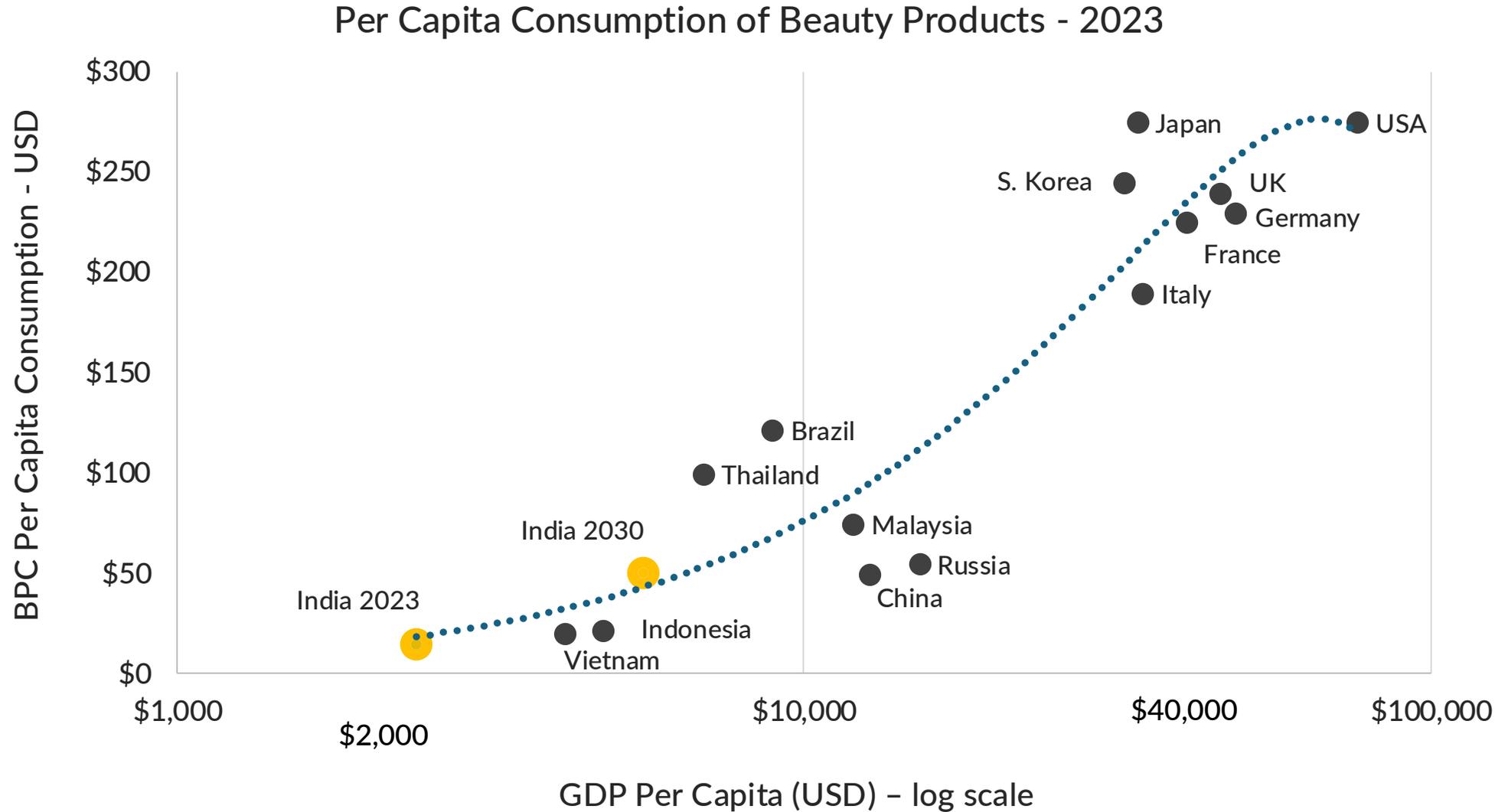


NYKAA was founded by Falguni Nayar a former investment banker in 2012. She is now one of two self-made women billionaires in India.

# (NYKAA.NS) NYKAA: ONLINE BEAUTY LEADER



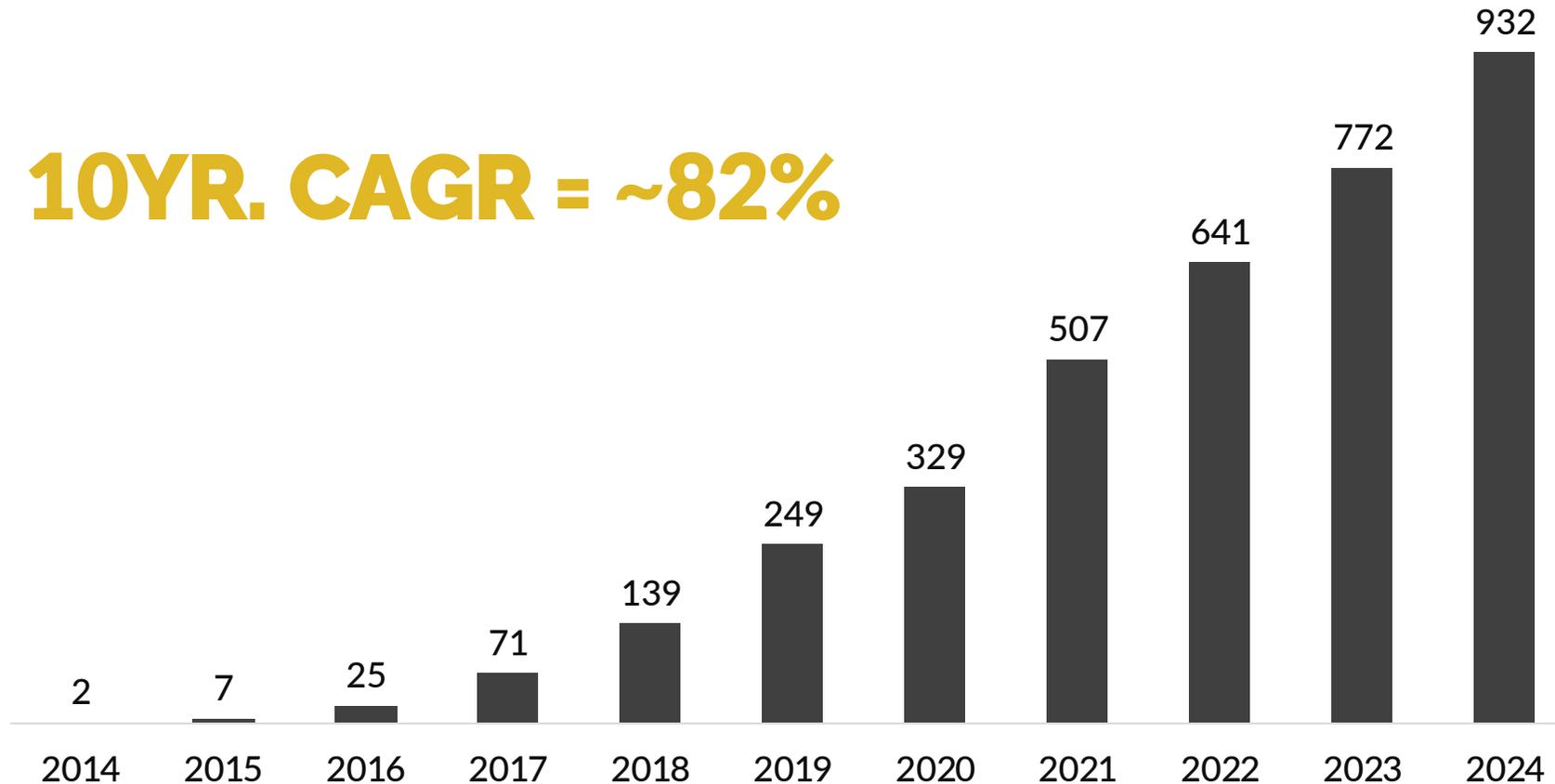
# GREENFIELD OPPORTUNITY FOR NYKAA



# NYKAA REVENUE GROWTH

Nykaa Revenue  
2014 - 2024 (\$MM)

**10YR. CAGR = ~82%**



# **SUMMARY + CONCLUSION**

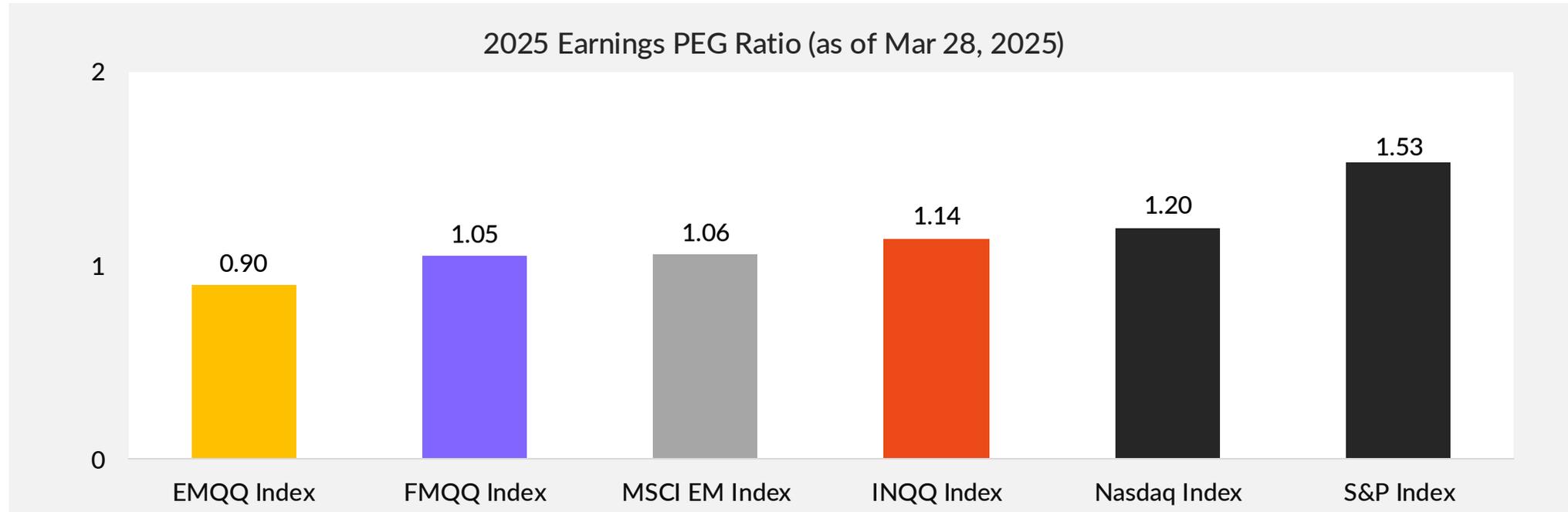
# RISKS TO INDIA

1. Key Man Risk/Modi Risk
2. Religious and Ethnic Tensions
  - Kashmir + Pakistan Situation
3. Youth Unemployment
4. Corporate Governance
5. Climate and Environmental Risks
6. Currency – INR vs. \$USD

# THE CASE FOR INDIA

1. World's Largest Democracy
2. Perfect Emerging Market on Paper
3. Unmatched Human Capital
4. The India Stack - #cheatcode
5. Strong Geopolitical Position
6. Likely First Trade Deal With US

# PEG RATIOS (EARNINGS)



Index	2025 Est		
	Forward PE	Est YoY Earnings Growth	PEG
EMQQ Index	28.1	31.4%	0.90
FMQQ Index	40.3	38.5%	1.05
INQQ Index	51.5	45.2%	1.14
MSCI EM Index	12.3	11.7%	1.06
NASDAQ Index	25.1	21.0%	1.20
S&P Index	20.9	13.7%	1.53

# THE CASE FOR EM INTERNET SECTOR

1. Minimal/Near Zero Direct Exposure to Tariffs
2. Fastest Growth in Emerging Markets
3. Entrepreneurial vs. SOEs and Legacy Economy
4. Better Corporate Governance
5. Best Way to Capture Growth of Emerging Markets
6. Valuations Seem Reasonable

# Q + A



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[kcarter@emqglobal.com](mailto:kcarter@emqglobal.com)

+1 415.533.2249



# EMQQ GLOBAL INVESTMENT METHODOLOGY

## RULES-BASED

- All companies with >50% of revenue from internet and/or ecommerce in respective geographies
- Minimum \$1 Billion market capitalization\*
- Liquidity screen \$1.0mm average daily turnover
- Rebalanced semi-annually in June & December
- Fast track IPO inclusion after 3 trading days if market cap >\$10 Billion
- Index Committee discretion (vote for special inclusion & inclusions)
- Market Cap weighted with 8% max weight per security at rebalance

## ELIGIBLE COUNTRIES

**EMQQ:** All 46 Emerging & Frontier Markets (66 Holdings)

**FMQQ:** All Emerging & Frontier Markets ex China (36 Holdings)

**INQQ:** Only India (25 Holdings)

More information at: [www.EMQQglobal.com](http://www.EMQQglobal.com)

## DISCLAIMERS AND RISK INFORMATION

EMQQ Global creates and manages indexes that track internet economy stocks in Emerging and Frontier Markets. It is not possible to invest in an index. Investing involves risk, including the possible loss of principal. Investments in smaller and mid-sized companies typically exhibit higher volatility. EMQQ Global Indexes are 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 included in EMQQ Global Indexes. EMQQ Global Indexes include 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 returns of EMQQ Global Indexes.

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