

Rating **BUY**
Price (5 Oct, \$) 37.642
Price Target (\$) 39.25
Fund Size (\$ m) 608.86
Total Expense Ratio 0.55%
Launch Date 24.06.2019

Target price is an estimate based on past data

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VanEck Vectors Video Gaming and eSports UCITS ETF (ESGB)

COMMENT

The Tech Sector as a whole has grown by 69.44% more than the S&P 500 in the past 5 years

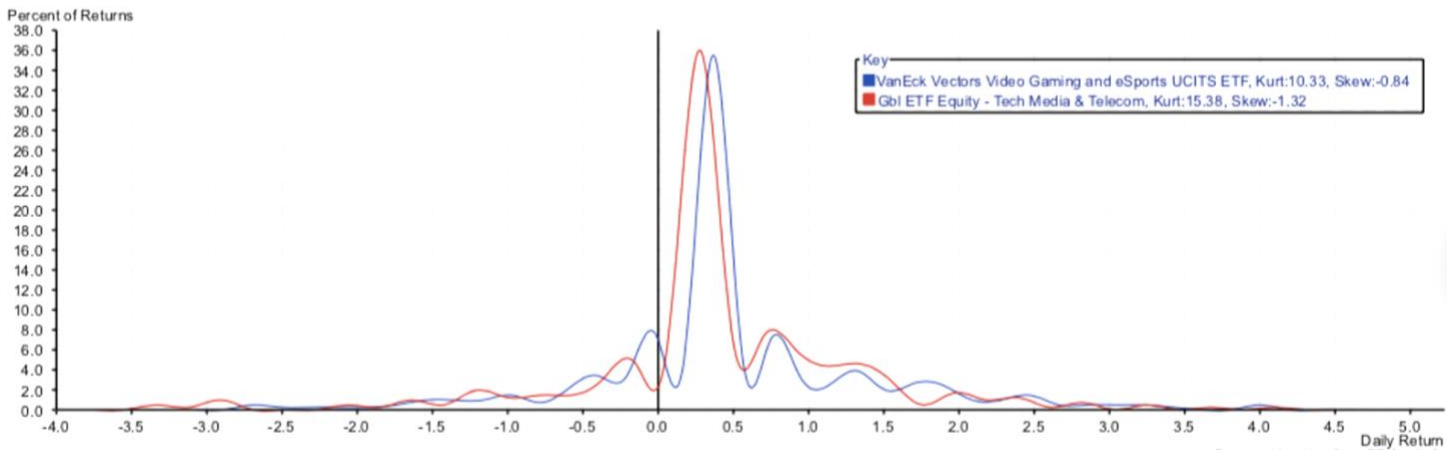
Coronavirus has sent economic shockwaves around the world, businesses into closure and populations into lock down. Many sectors have been left in a state of disrepair, but some industries continue to thrive such as technology and related industries. This is the main investment rationale behind this fund, it will allow the investor to capitalise on the thematic movement towards video gaming, major technology companies and the rapid growth of esports. This ETF index includes companies with at least 50% of their revenues from video gaming and/or esports.

Fund Performance



Cumulative Performance	3 Months	6 Months	12 Months
Fund	31.41%	41.15%	81.14%
Sector (Global Tech, Media & Telecoms)	19.47%	10.73%	32.15%
Relative to Sector	9.99%	27.48%	37.07%
Rank in Sector	26/146	6/143	6/138
Fund Quartile	1	1	1
SPX performance	11.1%	25.91%	18.35%
Tencent	0.48%	43.40%	74.90%
AMD	45.14%	71.77%	191.78%
Nvidia	30.96%	109.36%	204.64%
Global X E-Sports ETF	10.73%	63.75%	N/A

Annualised Ratios (12m)	Alpha	Beta	Sharpe	r2	Volatility
Fund	50.62	0.57	4.15	0.59	15.60
Fund Quartile	1	4	1	4	1



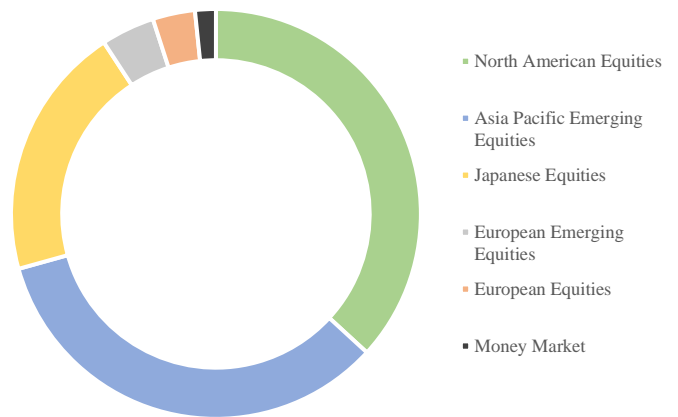
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TOP 10 HOLDINGS AS AT JULY 31 2020

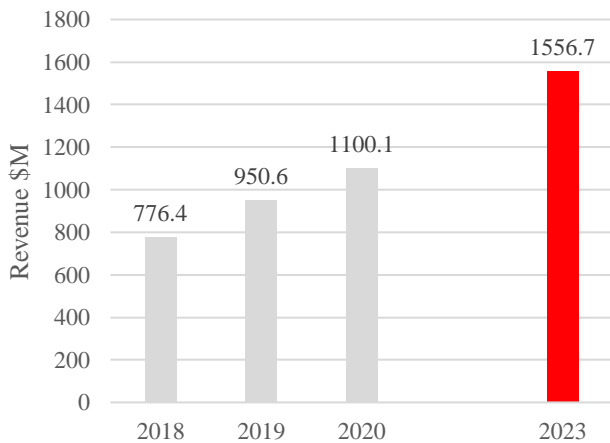


	Fidelity Global Tech	JPM - Emerging Markets	ESGB	S&P 500
Fidelity Global Tech		0.81	0.59	0.93
JPM - Emerging Markets	0.81		0.43	0.76
ESGB	0.59	0.43		0.53
S&P 500	0.93	0.76	0.53	

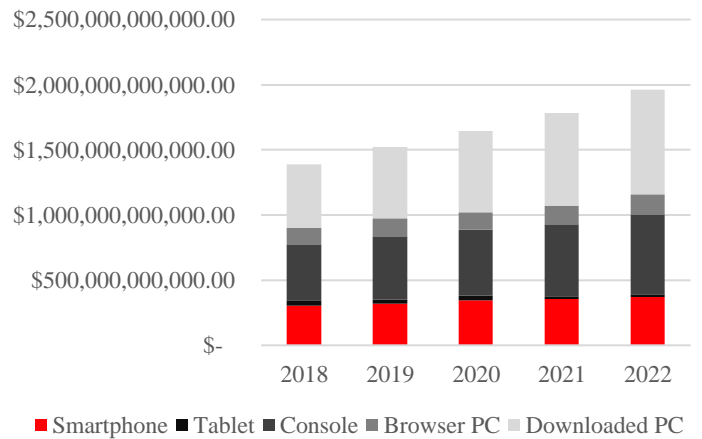
Geographic Exposure



Esports Revenue Growth



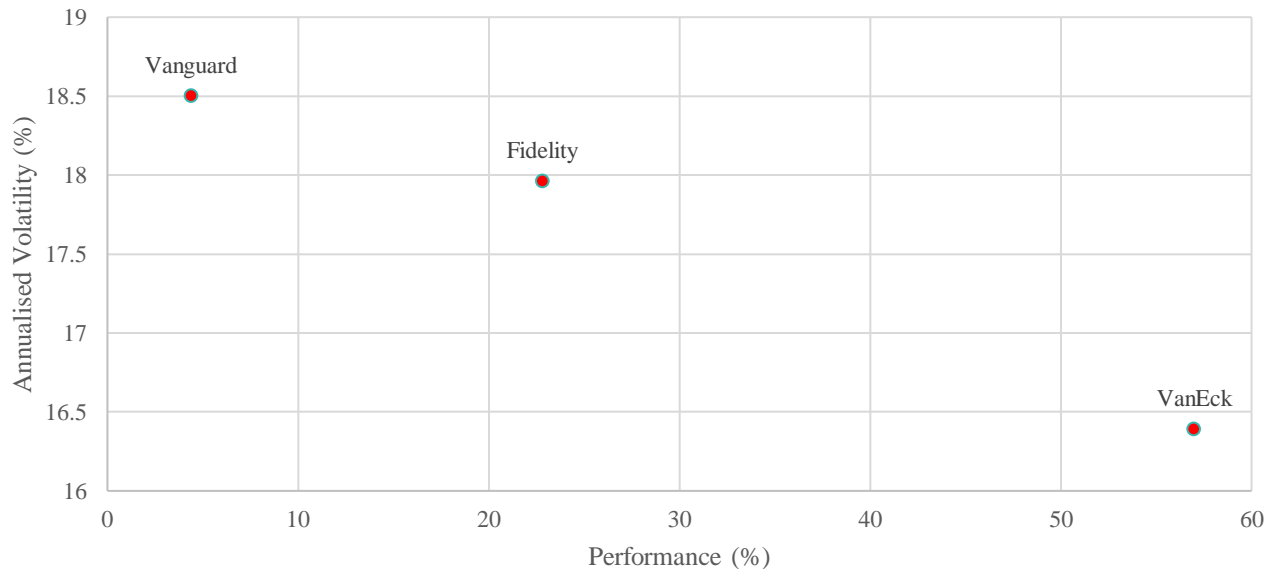
Global Games Market Value



INVESTMENT RATIONALE

- Esports audience growth has increased by the follow:
 - o 2018 – 2019: From 395m (173m Esports consistent watchers & 222m occasional watchers) to 443m (198m consistent watchers & 245m occasional watchers), showing a 12.3% YoY increase.
 - o 2020: 495m (223m Esports consistent watchers & 272m occasional watchers), showing an 11.7% YoY increase.
 - o E2023: 646m (295m Esports consistent watchers & 351m occasional watchers), that points to a +10.4% CAGR between 2018 – 2023.
- Esports revenue is highlighted in the bottom left chart on the previous page.
- This fund offers a hugely beneficial geographic exposure for long term growth. It provides the stability and dominance of North American Equities in this area of technology, as well as offering some substantial exposure to Asia Pacific Emerging Equities and Japanese Equities. These areas are developing at a much faster pace than many regions globally and are attracting a lot of capital inflows and investment. These regions are also displaying substantial population growth. Exposure is broken down into the following – North American Equities: 36.82%; Asia Pacific Emerging Equities: 33.86% & Japanese Equities: 20.11%.
- The top three holdings encapsulate the areas which this fund invests into, innovations of the future:
 - o Tencent, is a Chinese multinational technology conglomerate holding company. Founded in 1998, its subsidiaries globally market various Internet-related services and products, including in entertainment, artificial intelligence, and other technology.
 - o Advanced Micro Devices (AMD) is a US global semiconductor company specialising in the development of high-performance computer processors and graphics processing units (GPUs).
 - o Nvidia Corporation is an American multinational technology company. It designs graphics processing units for the gaming and professional markets, as well as system on a chip unit for the mobile computing and automotive market.
- The companies in this fund are rarely the consumer facing businesses, but they are the market leaders which the technology industry needs to grow and thrive.
- Impact from coronavirus – as markets sold off, so did these stocks, but to a much lesser degree. When markets realized how the demand for the products produces by these companies would increase as people adapt to the ‘new’ way of living, their respective share prices have continued to make higher highs since the March lows.

Performance vs Volatility



31/07/2019 – 31/07/2020

This chart highlights that for each unit of risk/volatility, that VanEck is providing comparatively high performance compared some other major holdings at Edral. The strong past performance of ESGB indicates a better risk to reward profile. However, it must be stated that past performance is not always an accurate guide to future performance.

Top 3 Analysis

8.19%

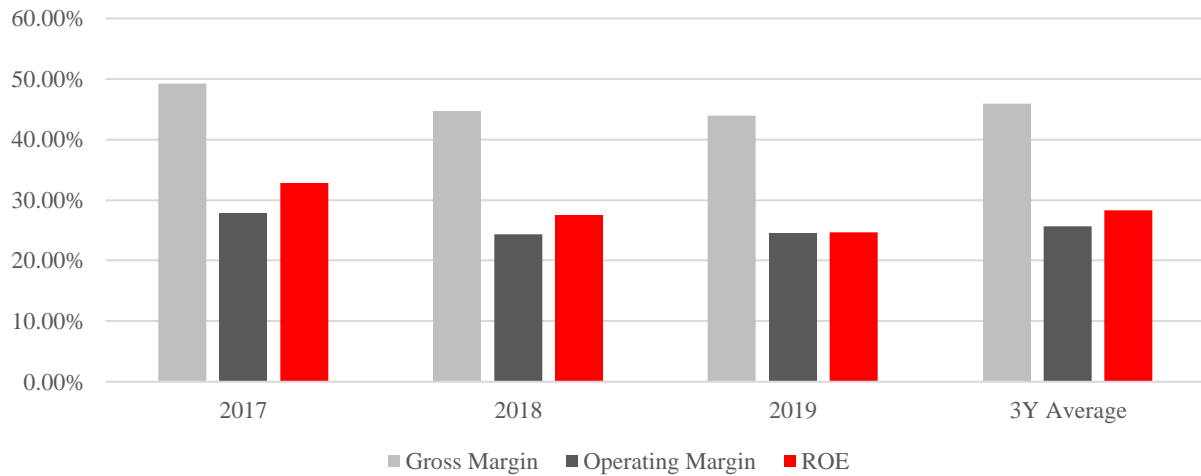
Tencent (TCTZF-US)

Price (05 Oct 2020): **\$68.30**; Rating: **Buy**; Target Price: **\$72.00**; Analyst: **Jay Hughes**

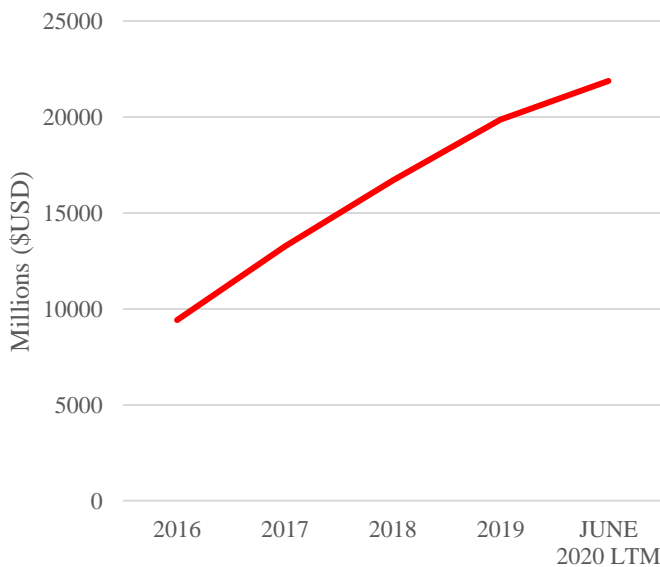
Overview

Tencent Holdings Ltd, is a Chinese multinational technology conglomerate holding company. It operates in the following segments: Value-Added services, FinTech and Business services, online advertising and other. The value-added services division involves online and mobile games, with applications across various internet and mobile platforms. The FinTech and Business Services division provides fintech and cloud services, which include commissions from payment, wealth management and other services. The online advertising segment provides display based and performance-based advertisements. The other segments consist of trademark licensing, software development services, software sales, and other services. The Company is even a major player in investing into AI, which could support the continuity of the company in the long term. Tencent was founded by Yi Dan Chen, Hua Teng Ma, Chen Ye Xu, Li Qing Zeng, and Zhi Dong Zhang on November 11, 1998 and is headquartered in Shenzhen, China.

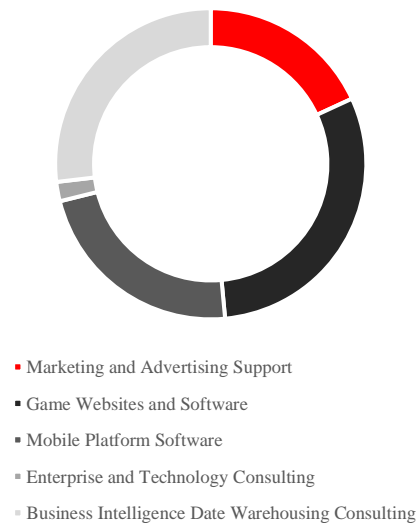
Financial Analysis



EBITDA



Revenue Generation



6.79%

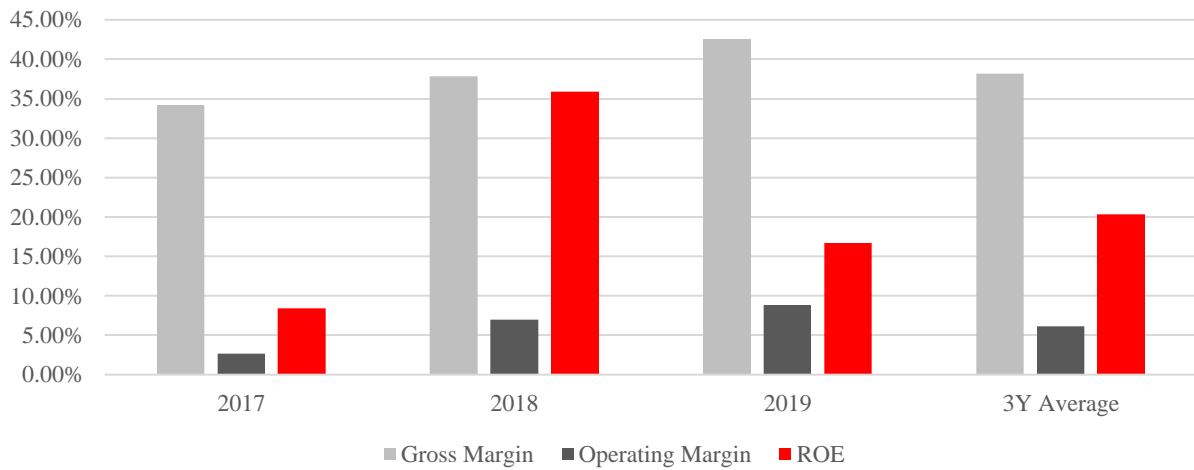
Advanced Micro Devices (AMD)

Price (05 Oct 2020): **\$81.80**; Rating: **Buy**; Target Price: **\$85.00**; Analyst: **Jay Hughes**

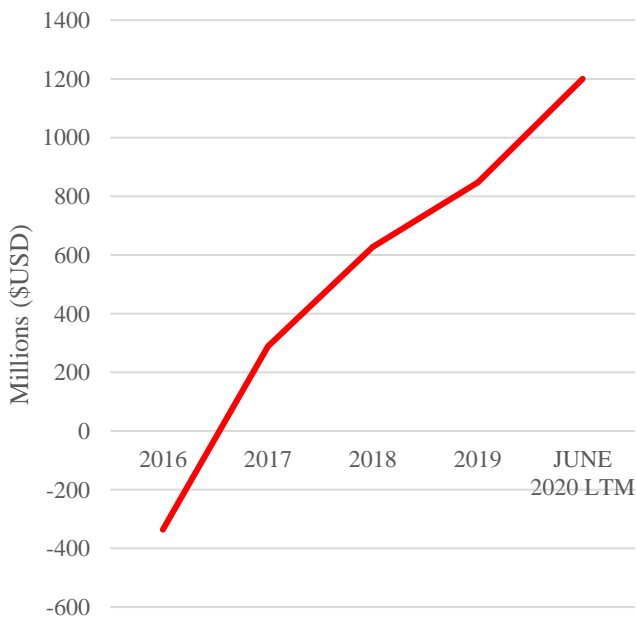
Overview

Advanced Micro Devices partakes in the provision of semiconductors as its primary business activity. The Computing and Graphics division includes desktop and notebook processors and chipsets, discrete and integrated graphics processing units, data centre and professional GPUs, and development services. The Enterprise, Embedded and Semi-Custom division includes server and embedded processors, semi-custom system-on-chip products, development services and technology for game consoles. The Company was founded by W. J. Sanders III on May 1st, 1969 and is headquartered in Santa Clara, CA, USA. Revenue: 30.04% Microprocessor Semiconductors & 69.96% Video Multimedia Semiconductors.

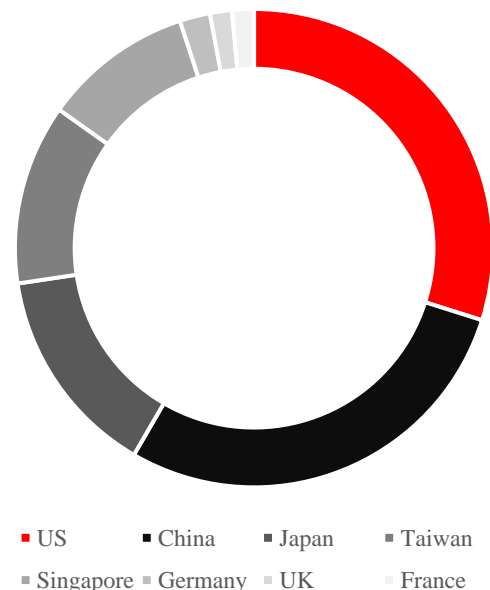
Financial Analysis



EBITDA



Geographical Revenue Exposure



NVIDIA Corporation (NVDA)

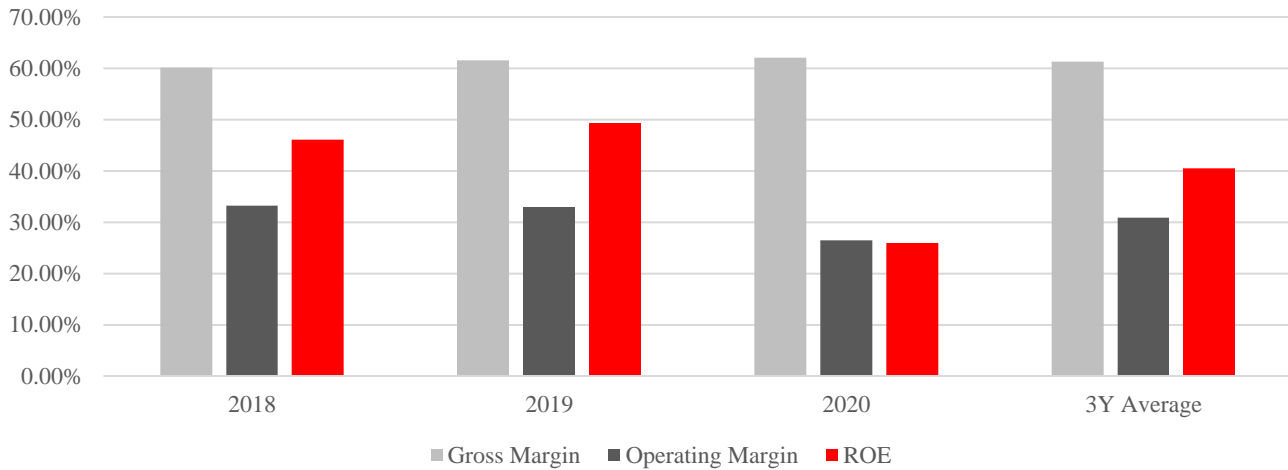
8.28%

Price (05 Oct 2020): **\$522.51**; Rating: **Buy**; Target Price: **\$554.00**; Analyst: **Jay Hughes**

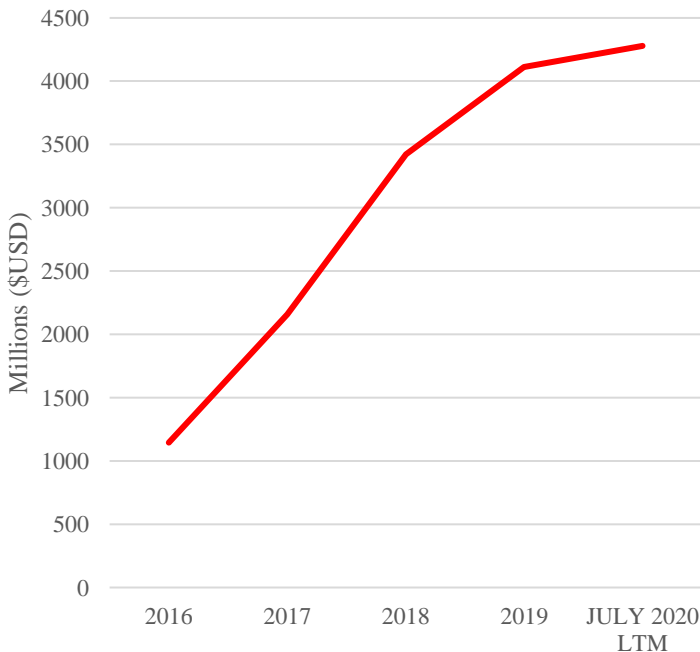
Overview

NVIDIA main business activities are in the design and manufacture of computer graphics processors, chipsets, and related multimedia software. The Graphics Processing Unit division comprises of product brands, which aim at specialized markets including GeForce for gamers, Quadro for designers, Tesla and DGX for AI data scientists and big data researchers, and GRID for cloud-based visual computing users. The Tegra Processor division integrates an entire computer onto a single chip and incorporates GPUs and multi-core CPUs to drive supercomputing for autonomous robots, drones, and cars, as well as for consoles and mobile gaming and entertainment devices. The company was founded by Jen-Hsun Huang, Chris A. Malachowsky and Curtis R. Priem in January 1993 and is headquartered in Santa Clara, CA, USA. Revenue: 6.41% Special Analog and Mixed Signal Semiconductors & 93.59% Video Multimedia Semiconductors. NVIDIA has 41.11% of the Video Multimedia Semiconductor Market.

Financial Analysis



EBITDA



Geographical Revenue Exposure

