

Monthly Update: Mirae Asset NYSE FANG+ ETF and Mirae Asset NYSE FANG+ ETF Fund of Fund (August 2021)



Market Summary

The month of August 2021 witnessed record number of U.S. companies reporting earnings for Q2 July 2021 that surpassed the consensus estimate. 87% of the S&P 500 Index companies, reported actual revenues above the mean revenue estimate and 13% reported actual revenues that were below the mean revenue estimate. In aggregate, these companies reported revenues that were 4.9% above expectations, best since the global financial crisis of 2008. The analysts had estimated overall growth of 19.4% for Q2 2021 whereas the actual number showed that U.S. large-cap companies reported in aggregate growth of 24.9% in revenue for Q2 2021, best since the global financial crisis of 2008. Among all the sectors, Information Technology, HealthCare led the baton of surpassing the analyst estimate whereas financials, utilities, staples lagged in the momentum. The growth in the US equities on account of record numbers for Q2 2021 got overshadowed in the later half of the month amidst the worsening public health situation due to delta variants and some pullback among consumer sentiments as reported in some of the advance estimate and leading economic indicators.

U.S. Federal Reserve Chairman Jerome Powell on Friday August 27th 2021, confirmed that the central bank

expects to begin tapering its bond purchasing program later this year. However, he didn't set a specific date and he warned against rushing to tighten monetary policy in response to recent inflation. Stocks rallied following his speech at the virtual Jackson Hole conference as he was more dovish than expected and it seems that Fed is cautious to avoid the taper tantrum of 2013.

The S&P 500 managed to close out August 2021 with another modest month of gain. The barometer of large-cap stocks in United States closed 3.0% upward in the month of August 2021, marking its largest monthly rise since April 2021. On the backdrop of highest number of non-financial companies largely information technology and healthcare reporting earnings above estimate, NASDAQ-100 Index closed on positive momentum during the month with a gain of 4.3% (USD). Pressure on Chinese stock continued to exist in the first half of the month but reversal trend is being observed in the latter half of the month, resulting, NYSE FANG+ Index closing with a gain of 3.1% (USD).

USD depreciated against INR by 1.7% during the month of August 2021, dragging Indian investors return coming from USD denominated assets.

Performance comparison of Indices as on August 31, 2021

Particular	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
NYSE FANG+ TRI (USD)	2.3%	3.1%	10.8%	16.3%	29.3%	36.4%	41.3%
NASDAQ 100 TRI (USD)	1.5%	4.3%	14.1%	21.5%	29.6%	27.9%	28.0%
S&P 500 TRI (USD)	0.8%	3.0%	8.0%	21.6%	31.2%	18.1%	18.0%
NYSE FANG+ TRI (INR)	0.9%	1.4%	11.9%	16.5%	28.5%	37.8%	43.8%
NASDAQ 100 TRI (INR)	0.1%	2.5%	15.1%	21.7%	28.8%	29.2%	30.3%
S&P 500 TRI (INR)	-0.5%	1.3%	9.0%	21.7%	30.4%	19.3%	20.1%
NIFTY 50	3.1%	8.7%	11.7%	23.7%	52.2%	15.0%	15.7%
INR/USD	-1.3%	-1.7%	0.9%	0.1%	-0.6%	1.0%	1.8%

Source: Bloomberg data as on August 31, 2021; Exchange rate of FBIL are used for conversion of index value from USD to INR. Past performance may or may not sustain in future. The index returns are in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund. Positive INR/USD implies that INR has depreciated v/s USD and has added to the returns of the funds. * YTD: Year to Date i.e. from 31st Dec 2020 to 31st August 2021.

NYSE FANG+ Index: Movers and Draggers

Movers and Draggers						
Movers and Draggers	Weight	1 Week	1 Month	3 Month	YTD	1 Year
Alibaba Group	7.3%	-2.7%	-14.5%	-22.0%	-28.3%	-41.8%
Alphabet Inc.	11.2%	2.4%	7.4%	22.8%	65.1%	77.6%
Amazon.com Inc.	9.3%	5.0%	4.3%	7.7%	6.6%	0.6%
Apple Inc.	10.9%	1.5%	4.1%	21.8%	14.4%	17.7%
Baidu Inc.	7.9%	1.3%	-4.3%	-20.0%	-27.4%	26.1%
Facebook Inc.	10.7%	3.8%	6.5%	15.4%	38.9%	29.4%
Netflix Inc.	10.6%	2.9%	10.0%	13.2%	5.3%	7.5%
Nvidia Corp	11.2%	2.7%	14.8%	37.8%	71.5%	67.4%
Tesla Inc	11.0%	3.8%	7.1%	17.7%	4.3%	47.6%
Twitter Inc	9.9%	0.8%	-7.5%	11.2%	19.1%	59.0%

Source: Bloomberg data as on August 31, 2021; Past performance may or may not sustain in future. The index returns are in Total Return Variant (USD). The data shown above pertains to the individual stocks and does not in manner indicate performance of any scheme of the Fund. * YTD: Year to Date i.e. from 31st Dec 2020 to 31st August 2021.

What moved NYSE FANG+ Index?

For the month of August 2021, in INR terms, NYSE FANG+ Index closed marginally upward 1.4% in which appreciation of Indian rupees against the dollar dragged some of the return for the index. Among the stocks that pulled index performance backward were Alibaba, Baidu and Twitter. Drop in the stock price of Twitter was largely due to pull-back from the phenomenal run observed in the last month whereas the action of Chinese government on tech stocks continued to weighed on investor sentiment for Alibaba and Baidu. However, the Chinese American Depository Receipts (ADRs) have seen good run up from their all-time low prices of August 2021. Since their lowest price downfall, Baidu has increased by 14% and Alibaba has increased by 6%, indicating investor's improving sentiment and confidence over the east tech giants. Sharp rise in Netflix was due to content slated for release in the second half of 2021 and Nvidia continues to perform amidst the shortage of semi-conductor chips across the globe and another swash-bucking corporate profit for second quarter 2021.

What moved the market?

The percentage of companies that have reported revenues above estimates for Q2 2021 is above both the trailing 1-year average (74%) and the trailing 5-year average (65%). At the sector level, Health Care (97%), Communication Services (96%) and Information Technology (95%) sectors have the highest percentages of companies reporting revenue above estimates. Due to the number and magnitude of these positive Earning Per Share (EPS) surprises, the market remained positive during the first half of the month.

In the second half of the month, the Delta variant in the United States had cast a cloud over the outlook. New daily cases continue to move higher and are at their highest level since February. Hospitalizations are on the rise, too, amid the more virulent strain, and this week brought reports that some states are nearing full capacity for intensive care beds. Retail sales slipped 1.1% in July to \$618 billion, a level of sales that remains 17% ahead of where it was prior to the pandemic in January 2020, but nearly 2% below where it was just three months ago. The Federal Reserve chairman, Mr. Powell stated in his speech that the signs of inflation still appear likely to reverse on their own. This statement acted as lever and helped the U.S. stock market to close higher.

What to watch out for?

Investors will be monitoring rising coronavirus cases and hospitalizations due to the highly contagious Delta variant. Many money managers opined that the variant presents a potential headwind for stocks, particularly if consumer spending retreats or if new restrictions that could weigh on the economic recovery are imposed. Fresh data from The Conference Board Tuesday showed that consumer confidence in the U.S. deteriorated in August 2021, retreating to its lowest level since February 2021.

For the Fed, the increased uncertainty from the Delta variant might prevent an imminent tapering announcement. The labour market remains nearly six million jobs short of where it was prior to the pandemic, and despite the more recent pickup in hiring momentum, we still believe the Federal Open Market Committee (FOMC) will want to see further progress toward its maximum employment goal before dialling back accommodation from the economy. The market expects the taper may start as early as end of 2021 but with a cautious approach to avoid repeat of 2013.

Fundamental Data

Particular	P/E (12M Forward)	EPS Growth (3 Yr. Consensus)
Alibaba Group Holding Ltd	16.8x	42.5%
Alphabet Inc.	24.0x	128.4%
Amazon.com Inc.	48.3x	105.5%
Apple Inc.	27.4x	79.5%
Baidu Inc.	17.1x	39.8%
Facebook Inc.	22.8x	74.5%
Netflix Inc.	52.3x	107.7%
Nvidia Corp	51.9x	109.1%
Tesla Inc	112.3x	320.1%
Twitter Inc	66.3x	284.1%
FANG+ Index	33.09x (-2%) *	78.5%
NASDAQ-100 Index	29.68x (18%) *	54.6%
S&P500 Index	22.38x (10%) *	45.0%

*Above/Below past 3 years average (Red and green colour denotes the said security is expensive or cheap relative to its historical valuation respectively). Source: Bloomberg data as on August 31, 2021; Past performance may or may not sustain in future. The data shown above pertains to the individual stocks and does not in manner indicate performance of any scheme of the Fund. The mentioned stocks form part of NYSE FANG+ Index. EPS Stands for Earning Per Share.

Product Update:

Product	Allotment Date	Allotment Price (in Rs.)	Last NAV	Average Trading Volume*
Mirae Asset NYSE FANG+ ETF (MAFANG) (An open-ended scheme replicating/ tracking NYSE FANG+ Total Return Index)	06-05-2021	48.590	53.894	2.13 Cr
Mirae Asset NYSE FANG+ ETF Fund of Fund (An Open-ended fund of fund scheme predominantly investing in Mirae Asset NYSE FANG+ ETF)	10-05-2021	10	11.398	-

Source: National Stock Exchange Limited (NSE), data as on August 31, 2021. Average Daily Trading volume is computed since May 11, 2021. Past performance may or may not sustain in future.

Annexure: Stock Commentary

Alibaba

Alibaba earnings per share in the last quarter beat analyst expectations even as revenue missed estimates. The largely positive earnings come at a tough time for China's tech giants. Alibaba notched revenue of 205.7 billion Chinese yuan (\$31.8 billion) in the three months to the end of June, which the company reports as its first fiscal quarter of 2021. It was a brighter picture for Alibaba's bottom line, as adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) came in at Chinese Yuan (RMB) 48.6 billion, a decrease of 5% year-over-year but ahead of the RMB 46.7 billion expected by Wall Street. Profit margins were another standout for the e-commerce giant, with an adjusted EBITDA margin of 24% beating estimates. Further, The Chinese e-commerce giant also announced that it would increase its share buyback program by 50%, the largest in its corporate history, from \$10 billion to \$15 billion. For the June quarter, global annual active consumers across the Alibaba Ecosystem reached 1.18 billion, an increase of 45 million from the March quarter, which includes 912 million consumers in China. Earnings growth continued at pace for Alibaba's closely watched cloud computing segment, a stream of sales representing an alternative to its core e-commerce offerings and positioning it as a rival to the likes of Amazon and Microsoft. However, there is pressure on Alibaba management to provide a perspective on the latest Chinese regulatory measures and their impact on the company.

Alphabet

Alphabet's Google might be looking to use semiconductors designed in-house for its laptop and tablet computers, according to a report, making it the latest tech giant looking to develop its own chips. Google plans to roll out computer processing units designed in-house in Chromebook laptops and tablets from 2023. The company would be following a path tread by rival Apple's in replacing chips made by Intel in Mac computers and laptops. Google is also reported to be ramping up efforts to design its own chips for Pixel smartphones and other devices. Google and Apple Inc. will have to open their app stores to alternative payment systems in South Korea, threatening their lucrative commissions on digital sales. A bill passed by South Korea's National Assembly is the first in the world to dent the tech giants' dominance over how apps on their platforms sell their digital goods. South Korea will require the companies to allow competing payment systems, threatening their 30% cut of most in-app digital sales. While the income coming from South Korea market may be very small but this bill could become a cornerstone for legislating app market platform regulations world-wide. Waymo, Alphabet's venture into self-driving cars, said that it has begun testing its autonomous ride-hailing service in San Francisco.

Amazon

Amazon.com Inc. plans to open several large physical retail locations in the U.S. that will operate akin to department stores, a step to help the tech company extend its reach in sales of clothing, household items, electronics and other areas, people familiar with the matter said. The plan to launch large stores will mark a new expansion for the online-shopping pioneer into bricks-and-mortar retail, an area Amazon has long disrupted. One of the world's most trusted insurance companies Sun Life, a Canadian company has entered into agreement to use AWS technology to innovate for clients, develop employees, and become a more agile business in the cloud. Amazon said it is seeking to hire about 55,000 people globally among its corporate and technology ranks during a recruiting event set for Sept. 15, 2021 as the e-commerce giant continues a hiring spree begun at start of the Covid-19 pandemic.

Apple

Apple's ad business is expected to generate some \$3 billion in ad revenue in the September 2021 fiscal year, up from about \$300 million in fiscal 2017. The analyst covering the stock said the total hitting \$7 billion to \$10 billion a year by fiscal 2023 or 2024. This could be next big segment of revenue growth for Apple in coming times. Further, Apple is seeing huge demand for iPhones in China, a positive sign as the company heads into the expected launch of a new version of its flagship product sometime in September 2021. Based on disclosures from China's Academy for Information and Communications Technology, iPhone shipments in China in July were up 79% on a year-over-year basis, while China's own handset vendors saw just a 27% increase over the same period. Apple announced it has acquired Primephonic, the renowned classical music streaming service. Apple Inc is working on new health-related features for its smartwatch, including a tool to tell users when their blood pressure is increasing and a thermometer to help with fertility planning, according to people familiar with the plans and internal company documents.

Baidu

Baidu, Inc. announced that Xiaodu Technology ("Xiaodu") has closed Series B financing at a \$5.1 billion post-money valuation. Xiaodu Technology's products include smart headset, speaker, screen and some other smart home products. The company also raised US\$1 billion aggregate principal amount of its notes. Baidu Apollo intelligent driving program is leading the way towards the era of autonomous driving 2.0 - shifting from technical verification to large-scale commercial operation. CEO of Baidu unveiled his vision for autonomous vehicles of the future - a robocar with L5 autonomous driving capabilities. The company also announced the launch of Apolong II, a new generation of multi-purpose autonomous minibuses that are being rolled out in Guangzhou Huangpu District. As of the end of Q2 2021, the Baidu Apollo autonomous driving service has provided more

than 400,000 rides and driven more than 8.7 million miles. HS Markit predicted in its China's Autonomous Driving Market and Future Mobility Market Outlook, that robo-taxi will account for 60% of China's \$347 billion ride-hailing market by 2030. Baidu's reported a profit of \$2.39 a share, beating forecasts for \$2.07, on sales of \$4.86 billion, ahead of estimates for \$4.78 billion. Second-quarter revenues grew 27% when compared with the same period the previous year, which the company said was boosted by AI cloud growing 71%. However, the company's third quarter revenue guidance is forecast to come in between \$4.7 billion and \$5.2 billion, with a midpoint below the consensus \$5.14 billion.

Facebook

Facebook unveiled a private-beta version of virtual-reality video conferencing software called Horizon Workrooms, which aims to make the experience of meeting remotely with colleagues closer to the real thing. Workrooms fits into chief executive Mark Zuckerberg's larger plan to transform the company into a metaverse business from its social networking roots. The metaverse is similar to how we experience the mobile internet, except that instead of connecting to it, we will more or less be inside of it. During the beta testing phase the workrooms has been supporting up to 16 people in VR, with another 34 people able to connect via video.

Netflix

For the September quarter 2021, Netflix projects 3.5 million net subscriber adds, shy of the Street consensus forecast of 5.6 million. Netflix sees revenue for the quarter of \$ 7.48 billion, in line with Street estimates, with profit of \$ 2.55 a share, ahead of the Street at \$ 2.17.

Nvidia

Nvidia reported record games and data-centre revenue on August 18, 2021, which helped power graphics-chip maker past consensus estimates and despite the global chip shortage, executives predicted the company would hit its growth targets for the coming quarters, and into its next fiscal year. Nvidia reported fiscal second-quarter net income of \$2.4 billion, which amounts to 94 cents a share, compared with a profit of \$622 million, or 25 cents a share, in the year-ago period. Adjusted for stock compensation, among other things, earnings were \$1.04 a share. Revenue rose 68% to \$6.5 billion. Analysts had forecasted adjusted earnings of \$1.01 a share on revenue of \$6.3 billion. Nvidia slightly topped expectations for its data centre and videogame businesses. Data-centre revenue rose 35% to \$2.4 billion, from a year ago and videogame revenue grew 85% to \$3.1 billion; analysts had expected revenue of \$2.3 billion, and \$3 billion respectively. The company's closely watched quarterly cryptocurrency mining-chip

sales arrived well below the company forecast. Videogame-revenue growth was driven by higher sales of graphics processors and its chips designed for Nintendo's mobile Switch console, the company said. The chip maker said it expected third-quarter revenue of roughly \$6.8 billion, and didn't issue an adjusted earnings-per-share forecast. Analysts had expected revenue of \$6.5 billion. Despite reports of trouble, Nvidia said it was "working through the regulatory process" for its \$40 billion acquisition of Arm Holdings and said it believed the deal would go through.

Tesla

As manufacturers scramble to fulfil their ambitious electric car plans, there's a danger of creating an artificial shortage and of bidding prices too high. Volkswagen (VW) and Tesla are ahead in the race to make sure crucial supplies are available. A Tesla subsidiary has applied to become an electricity retailer in Texas, moving to widen the energy ambitions of Elon Musk. Tesla Energy Ventures, a subsidiary of Tesla formed in late July 2021, wants to sell power directly to customers as a retail electricity provider, according to an August 16, 2021 filing with the Texas Public Utility Commission. Tesla also intends to build two massive utility-scale batteries to serve power companies in the state and said that the

filing could be approved by November 2021. Further, Tesla has started delivering its Model Y crossover vehicle in Europe, a little sooner than investors might have expected. The original plan for Tesla was to deliver European Model Ys from the company's Berlin plant, which is slated to be finished around October 2021. Tesla, however, shipped some Model Ys from its Shanghai facility to meet early European demand. After the Model Y crossover-size SUV comes Tesla's light-duty pickup truck, dubbed Cybertruck. Next in the pipeline, investors expect a smaller \$25,000 EV. A \$25,000 EV will quadruple Tesla's addressable market in volume as per wall street estimate.

Twitter

Twitter launched a "super follows" feature on its social media platform on Wednesday, which would allow creators to generate monthly revenue by sharing subscriber-only content with their followers. People in the U.S. and Canada using iOS can super follow a select group of people within the United States, the company said, adding that it would roll the feature out to people using iOS globally in the next few weeks. Further, Twitter will soon let users send and receive Bitcoin in its 'Tip Jar' platform

Sources: Data as on August 31, 2021, Bloomberg, NSE, ICE Data Services.

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For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: www.miraeassetmf.co.in

Please consult your financial advisor before investing

PRODUCT LABELLING

Mirae Asset NYSE FANG + ETF is suitable for investors who are seeking*

- Returns that are commensurate with the performance of NYSE FANG + Total Return Index, subject to tracking error and foreign exchange movement.
 - Investments in equity securities covered by NYSE FANG + Total Return Index
- *Investors should consult their financial advisers, if they are not clear about the suitability of the product.
(An open-ended scheme replicating/tracking NYSE FANG+ Total Return Index)



PRODUCT LABELLING

Mirae Asset NYSE FANG+ ETF Fund of Fund is suitable for investors who are seeking*

- To generate long term capital appreciation/income
 - Investments predominantly in units of Mirae Asset NYSE FANG + ETF
- *Investors should consult their financial advisers, if they are not clear about the suitability of the product.
(An Open-ended fund of fund scheme predominantly investing in Mirae Asset NYSE FANG+ ETF)



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