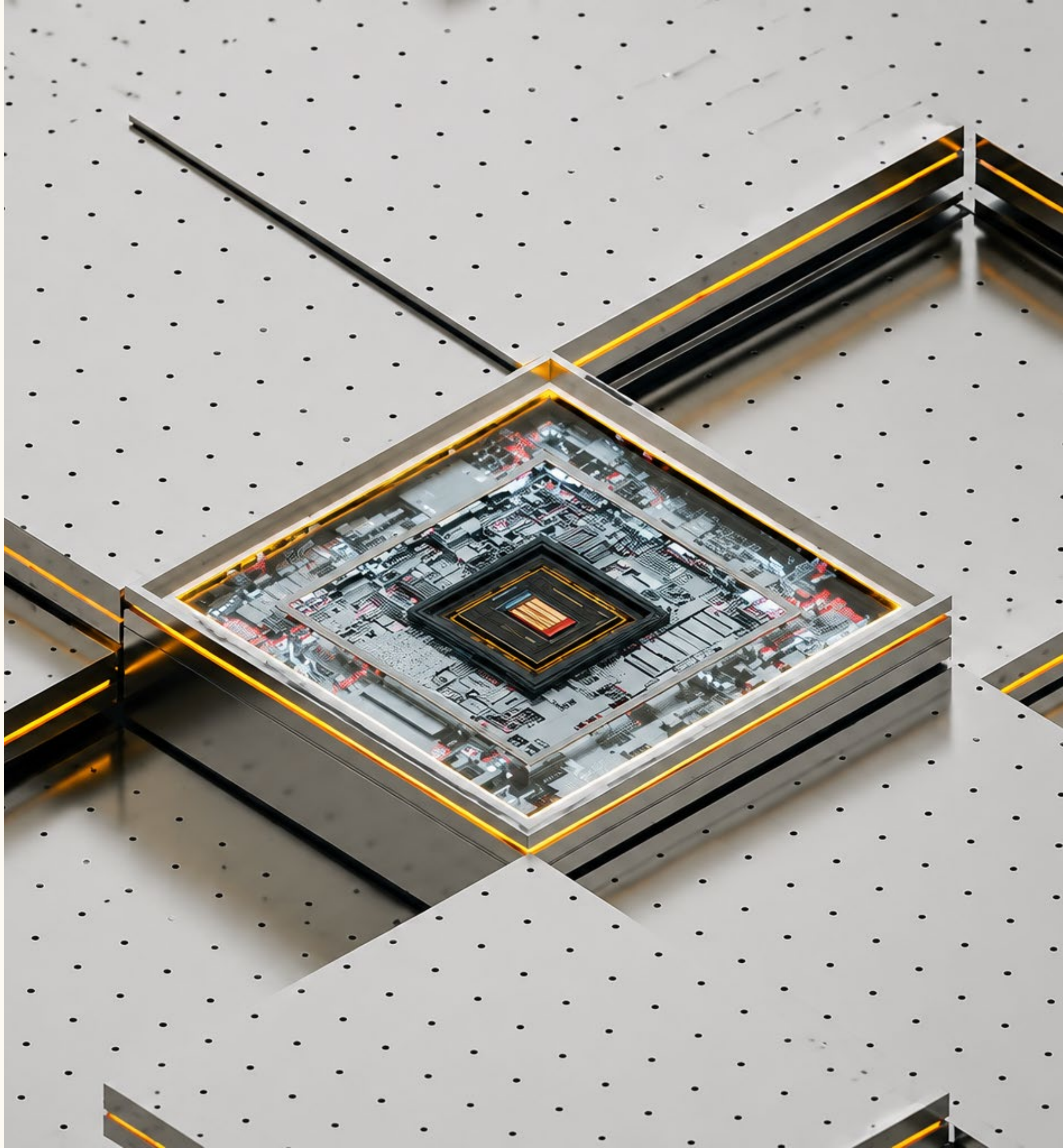
VanEck®

JUNE 2026

# SMHC

## VanEck China Semiconductor ETF



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# A Long-Term Macro Perspective

For over 70 years, VanEck has sought to identify trends—economic, technological, political, and social—that shape financial markets. We consider whether these create opportunities, perhaps even new asset classes, or present potential risks to existing portfolios.

Through intelligently designed, competitively priced solutions we empower investors to gain exposure effectively.

**John C. van Eck**
Founder | b. 1915, d. 2014

**VanEck's business expansion has been shaped by identifying influential investment themes.**

**1955**
Post WWII recovery creates opportunities with international companies in Europe and Asia

**1968**
In anticipation of inflation, concentrated investment in gold

**1993**
Prominence of China puts focus on rising influence of emerging markets

**2006**
Investor desire for liquidity, diversification, and efficiency leads to ETF industry expansion

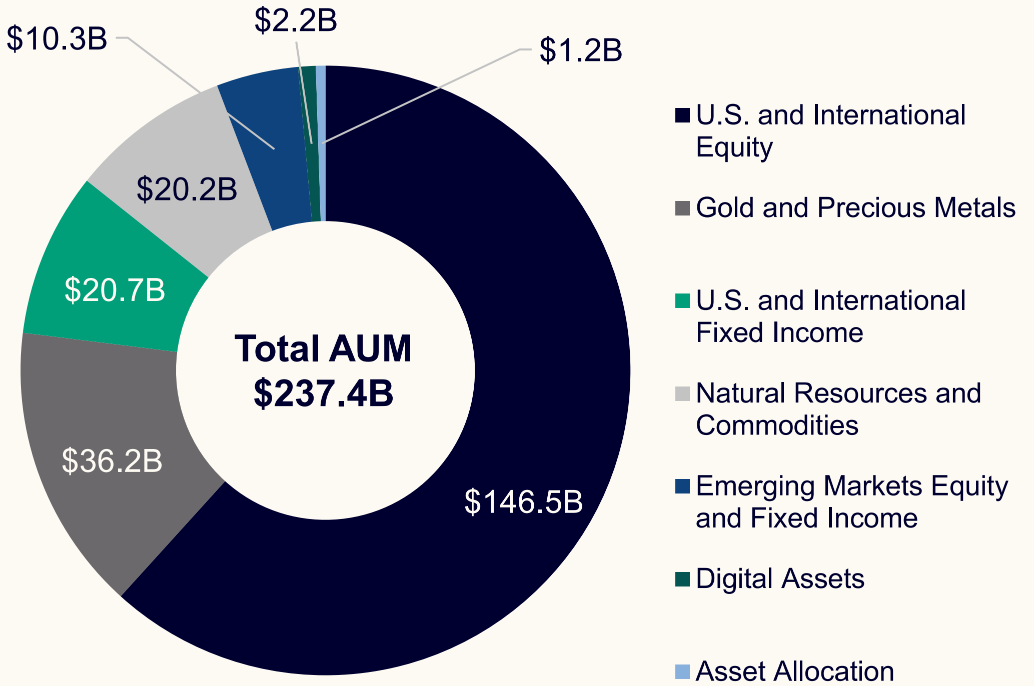
**2012**
Launch wide moat equity strategy focused on companies with sustainable competitive advantages

**2017**
Identify the disruptive potential of Bitcoin and digital assets on financial services and beyond

# Who We Are

| | |
|---|---|
| **ETF Innovation** | Over 220 ETFs and ETNs available globally |
| **Industry Leading Capabilities** | Thematics, EM Investing, Natural Resources, Gold, Digital Assets |
| **Private Funds / Venture** | Access to technology companies at each stage of the growth cycle |
| **Global Presence** | 11 offices across North America, South America, Europe, and Asia |
| **MarketVector Indices** | 250+ indices tracking more than $100 billion in assets |

## Assets Under Management




Data as of June 30, 2026.
Strategies offered in mutual, pooled and off-shore funds, separate accounts, variable insurance portfolios, sub-advisory, ETFs and limited partnerships.

# VanEck China Semiconductor ETF

### China Is Building Its Own Semiconductor Industry

China is executing a full-stack domestic build-out across design, fabrication, materials, and equipment, and its domestic chip industry is now one of the world's fastest growing.

### A Distinct Opportunity Not Captured by Existing Allocations

Chinese semiconductor companies do not appear meaningfully in conventional semiconductor or broad China equity strategies, making this exposure genuinely additive to most portfolios.

### Sanctioned Companies Are Removed by Design

The index excludes sanctioned companies by design, reflecting the regulatory risks of investing in this space.

Source: VanEck.

# The Foundation of Technological Innovation

## What is a Semiconductor Chip?

A semiconductor is a material, typically silicon, that can conduct electricity under certain conditions and block it under others. When fabricated into an integrated circuit, it becomes a semiconductor chip: the foundational building block of every electronic device, from smartphones to data centers to cars.

### Type of Semiconductor Chips

**Memory**

Chips that store and retrieve data. Includes DRAM for active processing and NAND flash for long-term storage. Found in every computing device.

**Microprocessors (CPUs/ GPUs)**

The brain of computing devices. CPUs handle general-purpose tasks; GPUs process parallel workloads like AI training and graphics rendering.

**Standard Logic (Commodity ICs)**

High-volume chips used for basic, repetitive functions -- timers, signal conversion, power management. The workhorses of consumer electronics, automotive, and industrial systems.

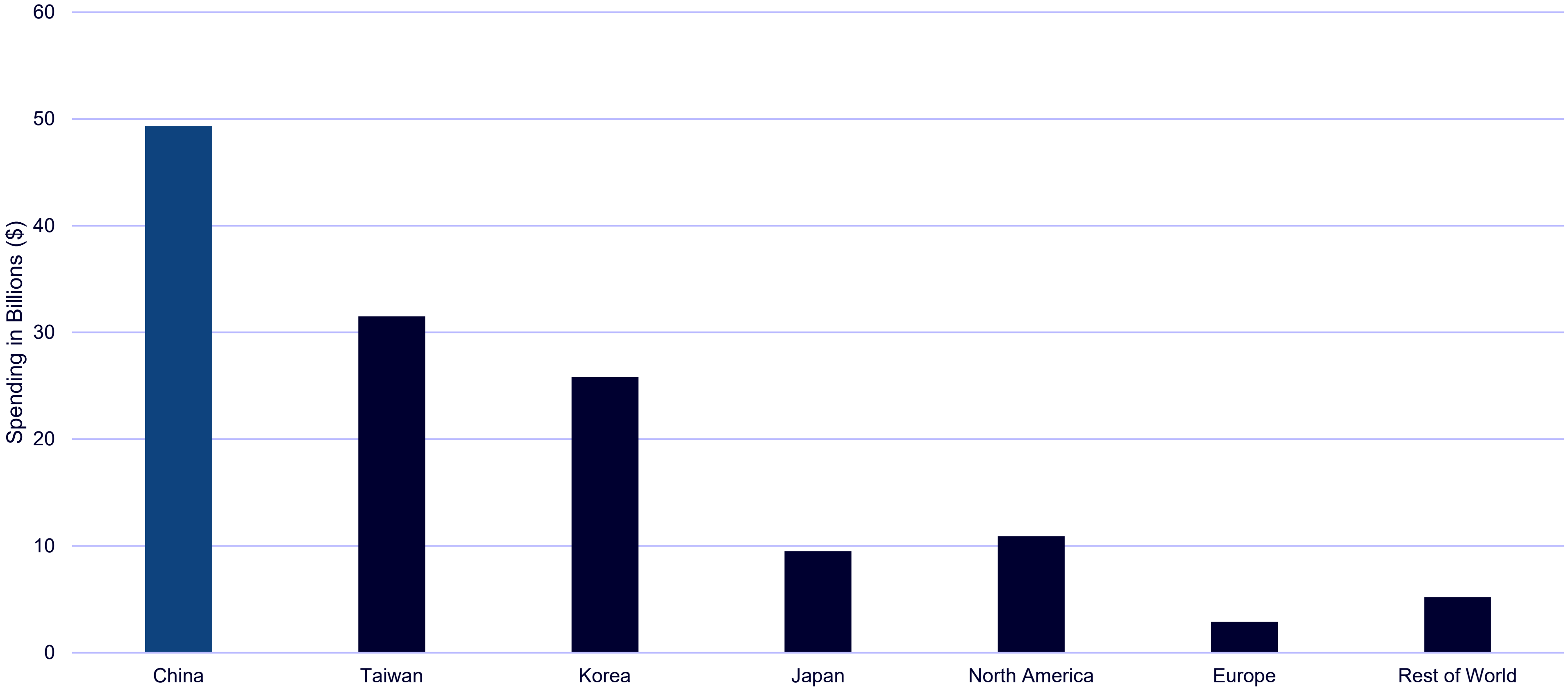
**System-on-Chip (SoC)**

Integrates CPU, GPU, memory, and other components onto a single chip. Powers smartphones, AI edge devices, and advanced automotive systems. The most complex chip architecture in production.

Source: VanEck. See important disclosures and index descriptions at end.

# China Is Building the World's Largest Chip Manufacturing Base

**China's equipment spending surged as the U.S. increased export controls.**




Source: SEMI, Data as of April 2026. Past performance is no guarantee of future results. Not intended as a forecast or prediction of future results. For illustrative purposes only.

# China & The United States: Two Different Ecosystems

## U.S. Model
A few giants design, Taiwan manufacturers, outsource dependent

**Fabless Design**
Nvidia, Qualcomm, Broadcom, AMD

**Manufacturing (Taiwan)**
TSMC, UMC

**Equipment (US and Europe)**
ASML, Applied Materials, LAM

**Packaging and test (Asia)**
JCET, Amkor

## China Model
Building every layer simultaneously, domestically

**Fabless Design**
Cambricon, Hygon, Huawei

**Manufacturing (Domestic)**
Hua Hong, Nexchip

**Equipment (Domestic)**
NAURA, AMEC, Piotech

**Packaging and test (Asia)**
JCET, TongFU

**Strength:** designing IP

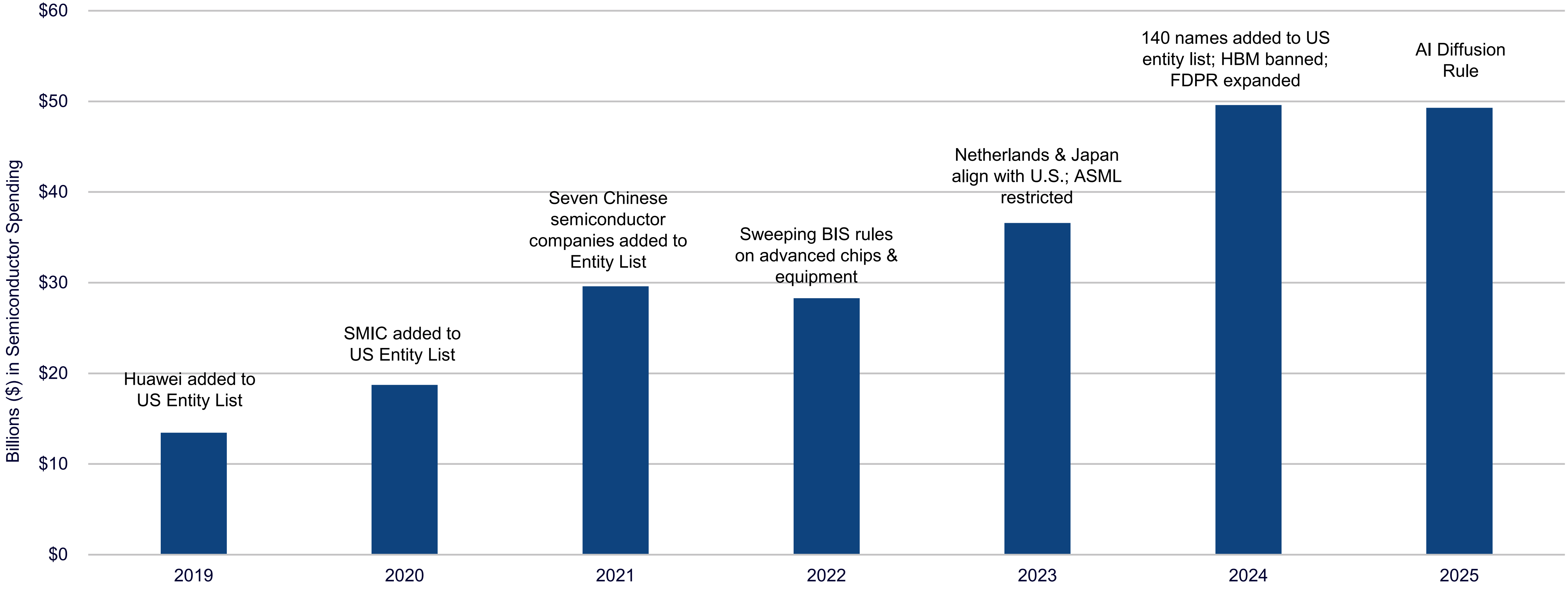
**Dependency:** fabrication, equipment, packaging

**Goal:** full vertical stack, zero foreign dependency across every layer

Source: VanEck. See important disclosures and index descriptions at end. These are not recommendations to buy or to sell any security. Securities and holdings may vary.

# Restrictions Fueled the Build-Out

**China's equipment spending surged after every major US export control action.**




Source: VanEck. See important disclosures and index descriptions at end. These are not recommendations to buy or to sell any security. Securities and holdings may vary.

# A Captive Market, Built by Policy

**Every foreign supplier locked out creates an opening for a domestic one.**

AI ACCELERATOR CHIPS

## Nvidia

H100, A100, H800 banned from China under October 2022 and 2023 BIS rules

⊗ RESTRICTED

CHINESE BENEFICIARY

## Cambricon

China's leading AI chip designer; first profitable year in 2025 as domestic AI buildout accelerated

✓ WINS DOMESTIC DEMAND

FAB EQUIPMENT

## ASML

EUV and DUV lithography systems restricted; Netherlands aligned with US controls in 2023

⊗ RESTRICTED

CHINESE BENEFICIARY

## NAURA

China's largest equipment maker; 6th globally by revenue in 2024; captive demand from domestic fabs

✓ WINS DOMESTIC DEMAND

ETCH & DEPOSITION EQUIPMENT

## Lam Research

Advanced etch and deposition tools restricted under October 2022 BIS rules and subsequent updates

⊗ RESTRICTED

CHINESE BENEFICIARY

## Piotech

Domestic CVD and ALD equipment supplier; revenue surging as Chinese fabs substitute foreign tools

✓ WINS DOMESTIC DEMAND

SERVER CPUs

## Intel / AMD

Server CPUs progressively restricted for Chinese government and military procurement; US entities required to apply for export licenses

⊗ RESTRICTED

CHINESE BENEFICIARY

## Hygon

China's leading x86 server CPU designer; primary domestic alternative for data centers, government infrastructure, and AI research facilities

✓ WINS DOMESTIC DEMAND

Source: VanEck. See important disclosures and index descriptions at end. These are not recommendations to buy or to sell any security. Securities and holdings may vary.

# Policy Becomes Purchase Orders

## How policy routes demand to domestic suppliers

### National priority: chip self-sufficiency

A top-down strategic goal

### Localization mandates

"Xinchuang" / Document 79
requires domestic IT

### Procurement rules

Foreign CPUs out of state IT issued 2023,
enforced 2024

### Tax

Tax holidays for fabs
at 28nm and below

### The captive buyer base

Government | State firms | Telecom | Energy | Data centers

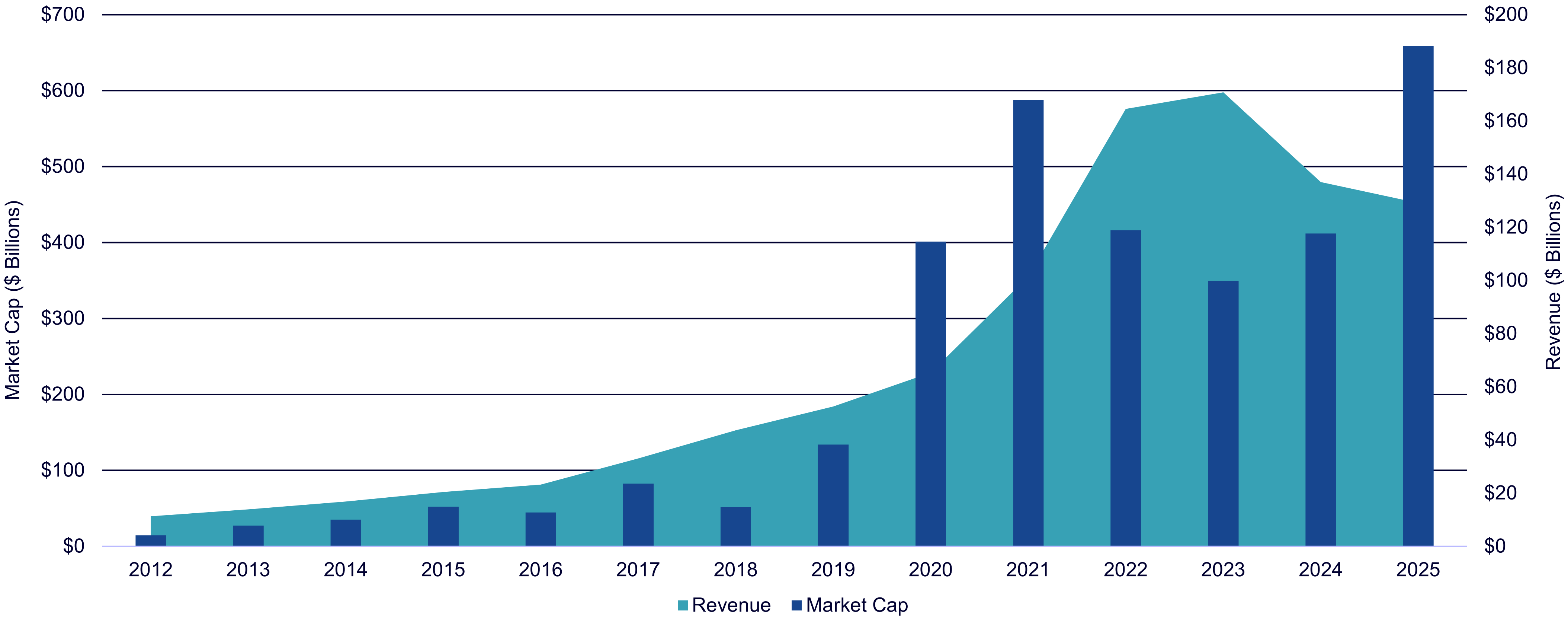
### Domestic beneficiaries across the value chain

| Cambricon | Hygon | NAURA | Piotech |
|---|---|---|---|
| AI chips | Server CPUs | Equipment | Equipment |

Sources: VanEck research. These are not recommendations to buy or to sell any security. Securities and holdings may vary.

# Public Opportunity Set: Relatively Small, Scaling Fast

**Chinese semiconductor companies have grown revenues and market caps, driven by domestic demand and forced localization.**




Source: VanEck, MSCI. Chinese semiconductor companies represented by Semiconductor and Semiconductor Manufacturing companies in the MSCI China IMI Index as of 5/31/2026. Historical revenue and market cap data are illustrative and not representative of Fund or Index performance. Past performance is no guarantee of future results.

# Two Approaches to Semiconductor Funding

**Scale and structure differ. So do the risks.**

## UNITED STATES — CHIPS AND SCIENCE ACT

**$52.7B**

Appropriated in August 2022. $33.7B awarded as of January 2025.

| $39B manufacturing | $13.2B R&D & workforce | $500M supply chain |
|---|---|---|

### Grant Structure
Direct grants capped at 5–15% of total project cost; companies must privately fund the remainder.

### Performance Conditions
Funding subject to performance reviews and contractual guardrails; some Biden-era awards under renegotiation.

### Disbursement Timeline
First finalized award September 2024; first preliminary award December 2023; $33.7B awarded as of January 2025, $5.3B+ remaining.

**Structured deployment with performance accountability**

## CHINA — NATIONAL IC FUND

**$98B**

Committed across three phases since 2014. Phase III alone: $47.5B.

| Phase I: $21.8B (2014) | Phase II: $29B (2019) | Phase III: $47.5B (2024) |
|---|---|---|

### Directed Procurement
State-owned enterprises required to source domestic chips and equipment, supporting potential near-term revenue for Chinese suppliers.

### Subsidized Fab Construction
Capital deployed directly into manufacturing capacity, with Phase III prioritizing equipment, materials, HBM, and AI chips.

### Preferential Financing
State banks both invest in the fund and extend below-market loans to fabs; six major banks committed $15.7B in equity to Phase III.

**Large-scale committed capital with execution and overcapacity risk**

Source: VanEck. See important disclosures and index descriptions at end.

# Capturing the China Semiconductor Opportunity Set

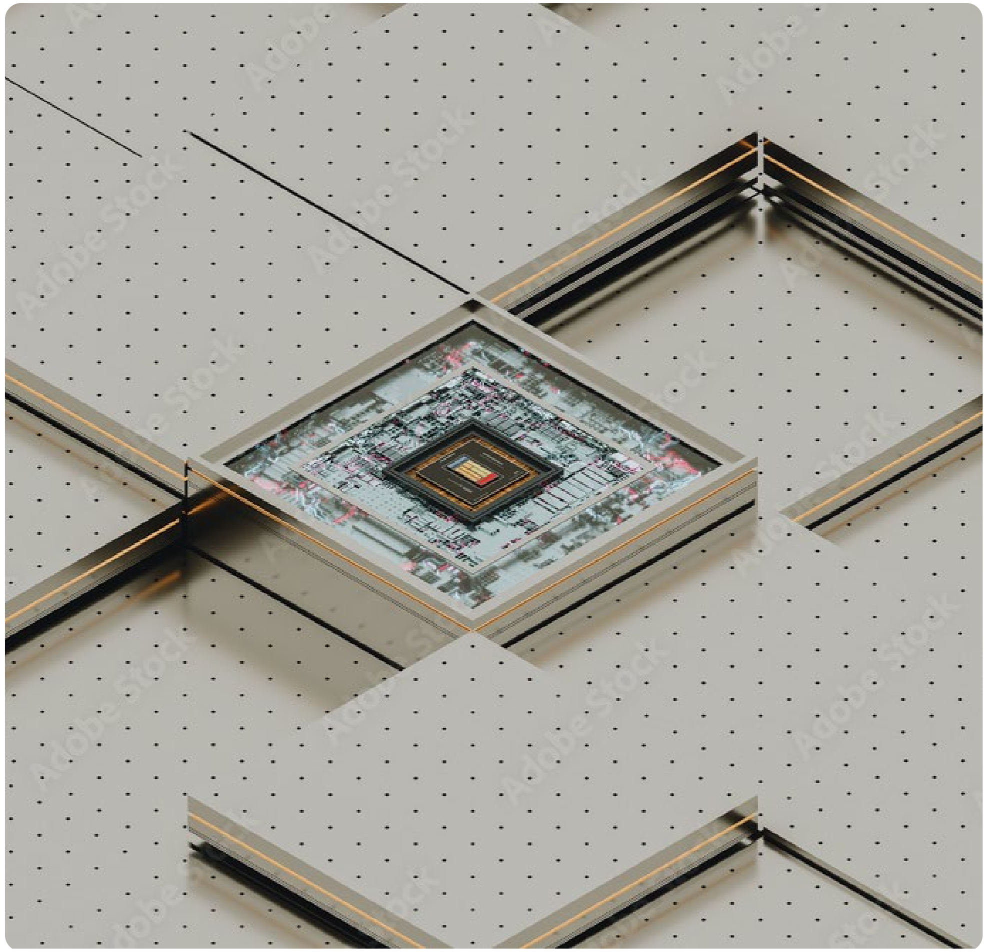
**MarketVector™ China Semiconductor 25 Index**

**To be initially eligible for index inclusion**

- **Pure Play:** Companies must generate at least 50% of their revenues from semiconductors or semiconductor equipment and be headquartered or incorporated in China or Hong Kong
- **Diversification:** Company weights are capped at 20%
- **Rebalance Frequency:** Quarterly

**Size/Liquidity Requirements and Stock Selection**

- 50 largest stocks in the semiconductor industry by full market capitalization are identified, they are first ranked by free-float market capitalization and then by 3-month average daily trading volume in descending order.
- Full market cap of at least $150M
- 3-month average-daily-trading volume of at least $1M at a review and at previous 2 reviews
- At least 250,000 shares traded per month over the last 6 months at a review and at previous 2 reviews



Source: VanEck. See important disclosures and index descriptions at end.

# Risks for Consideration

### Semiconductor Industry Risk

- Semiconductor companies face rapid obsolescence, high capital costs, and intense pricing pressure.
- Non-US issuers carry added risks from political instability, currency fluctuations, and less transparent reporting.

### Special Risks Investing in China

- China's government can shift policy with little warning, directly impacting the value of Chinese securities.
- Trade tensions, sanctions, or Taiwan conflict could cause sudden, severe losses.

### A-Share Risk

- A-shares are more volatile and less liquid than US markets, with capital restrictions amplifying disruptions.
- Some holdings may have dealings with sanctioned countries, creating reputational and regulatory risk.

Source: VanEck, View Fund prospectus for comprehensive risks associated with investing in the Fund. See important disclosures and index descriptions at the end.

# VanEck China Semiconductor ETF (SMHC)

VanEck China Semiconductor ETF (SMHC) seeks to track as closely as possible, before fees and expenses, the price and yield performance of the MarketVector™ China Semiconductor 25 Index, which is intended to track the performance of 25 of the largest and most liquid Chinese companies in the semiconductor industry.

| | | | |
|---|---|---|---|
| SMHC | Fund Ticker | 6/23/2026 | Inception Date |
| SMHCIV | Intraday NAV Ticker | 0.65 | Management Fee (%) |
| MVSMHCTR | Index Ticker | 0.65 | Expense Ratio (%)* |
| Nasdaq | Exchange | Annually | Anticipated Dividend Frequency |

*Van Eck Associates Corporation (the “Adviser”) will pay all expenses of the Fund, except for the fee payment under the investment management agreement, acquired fund fees and expenses, interest expense, offering costs, trading expenses, taxes and extraordinary expenses. Notwithstanding the foregoing, the Adviser has agreed to pay the offering costs until at least May 1, 2028.

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Source: VanEck.

# SMHC Performance

| SMHC Performance History (%)<br>as of 6/30/2026 | YTD | 1YR | 3YR | 5YR | 10YR | LIFE<br>6/23/2026 |
|---|---|---|---|---|---|---|
| NAV | - | - | - | - | - | 15.61 |
| Share Price | - | - | - | - | - | 15.00 |
| MVSMHCTR Index | - | - | - | - | - | 14.52 |

Source: VanEck.

Returns are average annualized total returns, except those for periods of less than one year, which are cumulative.

**The performance data quoted represents past performance. Past performance is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month ended.**

The "Net Asset Value" (NAV) of a Fund is determined at the close of each business day, and represents the dollar value of one share of the fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV is not necessarily the same as the ETF 's intraday trading value. Investors should not expect to buy or sell shares at NAV.

All indices are unmanaged and include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in a fund. An index’s performance is not illustrative of the funds’ performance. Indices are not securities in which investments can be made. See important disclosures and index descriptions at end.

# Index Descriptions

Index performance is not illustrative of VanEck ETF performance. Fund performance available at www.vaneck.com or by calling 800.826.2333. For illustrative purposes only. Historical information is not indicative of future results; current data may differ from data quoted. The listed indices are unmanaged and are not securities in which an investment can be made.

**MarketVector™ China Semiconductor 25 Index** intends to track the performance of 25 of the largest and most liquid Chinese companies in the semiconductor industry.

**MSCI China IMI Index** captures large, mid and small cap representation of approximately 99% of the investable equity universe for China's mainland market. The index includes A, H, B, Red chip and P chip share classes.

Index returns are not Fund returns and do not reflect any management fees or brokerage expenses. Certain indices may take into account withholding taxes. Investors can not invest directly in the Index. Returns for actual Fund investors may differ from what is shown because of differences in timing, the amount invested and fees and expenses. Index returns assume that dividends have been reinvested.

# Important Disclosures

This is not an offer to buy or sell, or a recommendation to buy or sell any of the securities, financial instruments or digital assets mentioned herein. The information presented does not involve the rendering of personalized investment, financial, legal, tax advice, or any call to action. Certain statements contained herein may constitute projections, forecasts and other forward-looking statements, which do not reflect actual results, are for illustrative purposes only, are valid as of the date of this communication, and are subject to change without notice. Actual future performance of any assets or industries mentioned are unknown. Information provided by third party sources are believed to be reliable and have not been independently verified for accuracy or completeness and cannot be guaranteed. VanEck does not guarantee the accuracy of third party data. The information herein represents the opinion of the author(s), but not necessarily those of VanEck or its other employees.

Fund holdings will vary and are subject to change. For a complete list of fund holdings, please visit vaneck.com.

An investment in the Fund may be subject to risks which include, among others, risks related to investing in the semiconductor industry, information technology sector, equity securities, depositary receipts, foreign securities, foreign currency, special risk considerations of investing in China issuers, special risk considerations of investing in Chinese-issued A-Shares, Stock Connect, emerging market issuers, PRC tax, medium- and large capitalization companies, cash transactions, market, operational, index tracking, authorized participant concentration, new fund, no guarantee of active trading market, trading issues, passive management, fund shares trading, premium/discount, liquidity of fund shares, non-diversified, index-related concentration, and issuer-specific changes risks, all of which may adversely affect the Fund. Emerging market issuers and foreign securities may be subject to securities markets, political and economic, investment and repatriation restrictions, different rules and regulations, less publicly available financial information, foreign currency and exchange rates, operational and settlement, and corporate and securities laws risks. Medium- and large-capitalization companies may be subject to elevated risks. Investments in Chinese issuers may entail additional risks that include, among others, lack of liquidity and price volatility, currency devaluations and exchange rate fluctuations, intervention by the Chinese government, nationalization or expropriation, limitations on the use of brokers, and trade limitations.

**Investing involves substantial risk and high volatility, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.**



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