



- *HAN-GINS Innovative Technologies UCITS ETF (ITEK)*
- *HAN-GINS Cloud Technology UCITS ETF (SKYY)*
- *HAN-GINS Healthcare Innovation UCITS ETF (WELL)*

Los Angeles, 10 May 2019

### **Technology IPOs – Uber, Lyft et al review**

- This year (2019) is shaping up to be potentially the biggest year for Technology-focused IPOs in almost a decade.
- With the Technology Sector enjoying an incredibly strong 2019 performance to date (tech-heavy Nasdaq 100 up over 20% in 2019 to May 7th) - it is not surprising many of the hottest players are in the process of listing via IPOs (initial public offering).
- Consequently, underwriting these various Tech unicorns will be far easier for Wall Street in the current risk-on environment.
- The combined listings of the top unicorns in 2019 alone – is expected to reach a combined value of over \$200 billion, with Uber claiming a sizable share of it. The predictions are as follows:
- Uber (\$80b), Lyft (\$24b raised), Palantir (\$41b), Airbnb (\$31b), Pinterest (\$12b), Instacart (\$8b) and Slack (\$7b).
- The race to list is firmly on. The stocks of U.S. listed technology and internet companies going public in 2018 are now up about 33% on average, according to Dealogic (Feb 20<sup>th</sup>, 2019). That is far ahead of the major indexes and all other 2018 U.S. IPOs, which are up just 11%.
- The unicorns that listed in 2018, including Spotify, Dropbox, and DocuSign, certainly drew excitement. However it's nothing close to the buzz that the current crop of 2019 candidates is already drawing.
- WeWorks the office sharing company and data-mining company Palantir, founded by Peter Thiel, are just the latest two unicorns to join this impressive list.

- Pinterest Inc. is less well known – launched only in 2010, it surpassed 250 million monthly active users, who visit the site - to browse and share billions of images on topics ranging from furniture to dinner recipes and tattoos.

### Uber & Lyft:

- While Uber and Lyft currently do not make any profit – their revenue growth and global expansion is impressive. Uber's revenues reached \$11.3 billion in revenue in 2018, up 43% from the previous year, although less than 61% growth in 2017. The company lost \$1.8 billion in 2018, down 15% from a \$2.2 billion loss in 2017.
- Meanwhile it's new unit Uber Eats is growing fast – representing \$1.5 billion, or about 13 percent, of the company's total 2018 revenue. Uber Eats' revenue grew by 149 percent from the previous year's \$587 million total.
- Despite not making a profit currently – both Uber and Lyft's revenue growth follow in the footsteps of Amazon. It took Amazon more than 14 years - 58 quarters after its May 1997 initial public offering (IPO) to cumulatively earn, as much profit as it produced in the first quarter of 2019.
- Amazon consistently lost money for its first several years as a public company. The likes of Uber and Lyft also operate in a highly disruptive space – ridesharing. This market opportunity is truly global, offering economies of scale and where first mover advantage and brand recognition is key to securing sizable market share.
- Uber and Lyft's current trajectory likely mirrors what has occurred at Amazon – where the fight for market share initially took priority over profits. As such disruptive technology companies scale up globally, their capital expenditure rises – in order to building out its infrastructure and distribution. The key metric to analyse is not overall profit at this stage, but rather the typical profit margin earned, for each Uber/Lyft ride taken. Ultimately it is the global scalability of these typical rides – that will ensure both Uber and Lyft's long-term success.
- Amazon first reported a quarterly profit in the fourth quarter of 2001 and, at just \$5 million. This was more than four years after Amazon went public. CEO Jeff Bezos ignored Wall Street analysts clamouring for quicker profits and prioritised Amazon's product offering, distribution infrastructure and geographic expansion. In the early years this was clearly done at the expense of short term quarterly profit targets. Today Amazon is worth approximately \$1 trillion, one of the world's most valuable companies and Bezos is the world's richest person.

- Lastly Tesla remains unprofitable too – but has seen its market value rise dramatically since its initial public offering in 2010. In 2018 Tesla posted its first profitable quarter in two years, only its third ever – largely due to the popularity of its Model 3 sedan. Its profits remain relatively small – in the 3<sup>rd</sup> quarter 2018 it generated \$6.8 billion in revenue while earning \$311 million — the most the company has ever made in a quarter.

## **BACKGROUND**

EXCHANGE	BLOOMBERG CODE	RIC	ISIN	CURRENCY	SEDOL
<b>ITEK</b>	75 bps TER	<b>GLOBAL INNOVATION TECHNOLOGY ETF</b>			
<i>London Stock Exchange</i>	ITEK	ITEK.L	IE00BDDRF700	<b>USD</b>	BYVJ8Y3
<i>London Stock Exchange</i>	ITEP	ITEP.L	IE00BDDRF700	<b>GBP</b>	BYVJ9D9
<b>SKYY</b>	75 bps TER	<b>CLOUD TECHNOLOGY ETF</b>			
<i>London Stock Exchange</i>	SKYY	SKYY.L	IE00BDDRF924	<b>USD</b>	BYVJ8T8
<i>London Stock Exchange</i>	SKYP	SKYP.L	IE00BDDRF924	<b>GBP</b>	BYVJ9B7

The **HAN-GINS Cloud Technology UCITS ETF (SKYY)** tracks the Solactive Cloud Technology Index, an index of leading companies that are active in the field of cloud-based software and services. The fund uses an artificial intelligence process to identify and capture a global cloud technology opportunity set with constituents weighted by market capitalization and capped at 4%. The fund has a TER of 75 bps.

The **HAN-GINS Global Innovative Technology UCITS ETF (ITEK)** tracks the Solactive Innovative Technologies Index, a diversified, global index of pioneering companies that are poised to create and benefit from tomorrow's industrial revolutions. The fund targets companies involved in Robotics & Automation, Cloud Computing & Big Data, Cyber Security, Future Cars, Genomics, Social Media, Augmented and Virtual Reality and Blockchain, enabling investors to gain exposure to many world-changing, high-growth sectors in a single trade. The fund has TER of 75 bps.

## Ends

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### About GinsGlobal Index Funds

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