Latest HAN-GINS ETF update

- *HAN-GINS Global Innovative Technology UCITS ETF (ITEK)*
- *HAN-GINS Global Cloud Technology UCITS ETF (SKYY)*

Los Angeles, 22 February 2019

Technology Sector 2019 IPO bonanza – $200bn+ valuation

- This year 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 so far, many of the hottest players are expected to list in the US shortly, via IPOs (initial public offering).
- The tech-heavy Nasdaq notched up its ninth straight weekly gain, its longest streak since May 2009 (Feb 22nd). The Nasdaq is already up 13.5% this year (Feb 22nd) with the risk appetite clearly returning to Wall Street. The S&P US Tech Index is up 13.7% and the S&P 500 up 11.4% so far this year.
- Tack on another 7%-8% of gains since Christmas Eve and the Nasdaq index gains since the December 24th lows - are now sitting at 21.6% and 20.0% for the S&P US Tech Index.
- Get ready for the Tech listings onslaught shortly. Clearly, 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 alone – is expected to reach a combined value of over $200 billion, with Uber getting most of it. The predictions are as follows:
- Uber ($100b - $120b), Lyft ($15b - $20b), Palantir ($41b), Airbnb ($31 billion), Pinterest ($12b), Instacart ($8b) and Slack ($7b).
- The race to list is firmly on. Stocks of U.S. listed technology and internet companies going public in 2018 are now up about 33% on average, according to Dealogic (Feb 20th, 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 some excitement. However it's nothing close to the buzz that the current crop of 2019 candidates is already drawing.

- Due to the recent partial US government shutdown, there have not been any Tech IPOs in the U.S. so far in 2019. However it is becoming clear that the floodgates are about to open.
- Lyft and Uber, the two most well-known global ride sharing companies are in a race to see whom can list first. Lyft seems to have won this race – and is expected to list on the Nasdaq as early as the end of March.
- 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.
- Using low cost ETFs to access these IPOs is safest, offering most diversification and low fees.
- Typically technology or innovation based ETFs will hold 40 or more stocks in their portfolio. These portfolios are often equally weighted or have some sort of maximum weighting/cap (exposure), between 4%-5% per holding.

Solactive Index Returns versus other Benchmarks

	10-Oct-18	22-Feb-19	Since Inception % Return*	2019 YTD % Return	Recovery from Dec 2018 low**
Solactive Innovative Technology Index	**201.00**	**219.10**	**9.00%**	**17.15%**	**24.08%**
Solactive Cloud Technology Index	**221.44**	**234.71**	**5.99%**	**16.22%**	**24.83%**
SPDR S&P US Tech (SXLK LN)	35.77	35.64	-0.39%	**13.70%**	20.02%
Nasdaq Composite (CCMP)	7,422.05	7,527.55	1.42%	**13.45%**	21.55%
S&P 500 Index	2,785.68	2,792.67	0.25%	**11.40%**	18.78%
* 10th October 2018 ETF launch date					
** 24th December 2018 low					

(Returns quoted are all as of February 22nd 2018 closing prices.)

- Both HAN-GINS ETFs - Innovative Technology (ITEK) and Cloud Technology (SKYY), closely track the Solactive Indices shown in the table above.

- The performance table summarises both Solactive's Innovative Technology and Cloud Technology Index returns (Net Total Return) - relative to their closest benchmarks and competing ETFs.

- For the 2019 year to date, the S&P 500 Index has posted an 11.4% gain, the Nasdaq 13.5% and the S&P US Tech Index 13.7%. By contrast Solactive's Innovative Technologies Index has returned an impressive 17.2% so far this year, and Solactive's Cloud Technology Index has gained 16.2%.

- The Solactive Innovative Technologies Index and Solactive Cloud Technology Index have both posted impressive gains well above 20% - since the recent market lows of December 24th 2018. Their returns are 24.1% and 24.8% respectively, up to February 22nd.

- By comparison, the Nasdaq Composite Index and S&P US Technology Index have not performed as well over the same period - with returns of 21.6% and 20.0% respectively.

- Since inception of the ETFs (10 October 2018) - both Solactive indices have posted gains – with Innovative Technologies up 7.7% and Cloud Technology up 5.0%. By comparison the other benchmarks are far weaker and some remain in negative territory. This includes the S&P 500 with a slight 0.3% gain and its sister index, the S&P US Tech Index still down 0.4%, over this period.

Key Tech developments powering the market

While the recent dovish comments by the US Federal Reserve have undoubtably helped boost global market sentiment, the technology earnings season (4th quarter 2018) delivered some impressive numbers.

- In particular the FAANGS and many smaller technology players – surprised Wall Strete with their robust earnings, beating analysts' expectations in a number of cases.

- **Apple** is once again the world's most valuable company (Feb 5th) with a market cap of $821bn – edging out Microsoft ($819bn), Amazon ($816bn) and Google (786bn). It's the first time since December 3rd it has regained this position.

- **Cloud** - Amazon, Microsoft, Google all reported strong Cloud sales growth last quarter:

  Amazon's AWS, the global Cloud leader (providing rented computer infrastructure from its data centers) - enjoyed 45% revenue growth in the 4th quarter.

  Gains at Microsoft's Azure Cloud group – shows sales grew 76%.

  Alibaba Group Holding Ltd. posted 84 percent growth in its own cloud unit.

Canalys a respected researcher, estimates total cloud-infrastructure spending climbed 46% in the fourth quarter to $23 billion, ensuring total investment for 2018 exceeded $80bn – a record.

Other key corporate tech highlights include:

- *Alphabet, (Google's parent)* - beat Wall Street estimates as follows:

  Earnings: $12.77 per share vs. $10.82 according to Refinitiv consensus estimates.

  Revenue: $39.28 billion vs. $38.93 billion according to Refinitiv consensus estimates.

  Traffic acquisition costs: $7.44 billion vs. $7.62 billion according to Street Account.

  In 2018, Google more than doubled both the number of Google Cloud Platform deals - over 1mn, as well as the number of multiyear contracts signed. Google also ended 2018 with another milestone - passing 5mn paying customers for their Cloud collaboration and productivity solution G Suite.

- *Apple Inc.* – while iPhone revenues came in slightly below projections, earnings for the quarter were mostly in line with expectations.

  EPS: $4.18, vs. $4.17 forecast by Refinitiv consensus estimates

  Revenue: $84.3 billion, vs. $83.97 billion forecast by Refinitiv consensus estimates. From services and wearable devices, revenues grew from 2017, with sales of $7.3 billion - a 33% jump.

  Projected Q2 revenue: between $55 billion and $59 billion, vs. $58.83 billion forecast by Refinitiv consensus estimates

- *Netflix* - posted 8.8mn new subscribers, of which 7.3mn were outside the US – a new record. Netflix grew its 2018 subscription numbers by just over 29mn. This was up 33% from 2017, when it gained 22mn new subscribers. With total subscribers numbering 139mn and monthly fees rising between 13%-18%, most analysts have increased their share price targets for Netflix. The company is also competing effectively with Hollywood, scopping numeorus awards with films Roma and Bird Box.

- *Snapchat (Snap)* - shares soared upwards of 21% on February 5th, following its fourth-quarter earnings surprise. The social media company earned $390mn in revenue, beating the expected $378mn. The company posted losses per share of 4 cents, far smaller than the expected loss of 7 cents. Global daily active users also beat estimates at 186mn, compared to the expected 184.3mn, according to FactSet.

BACKGROUND

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