



Global Innovation and Cloud Computing ETFs now available in Europe

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

Los Angeles, November 2018

Huge Cloud Acquisition - 2nd largest Tech Deal ever

IBM's \$33 billion purchase last week of Red Hat, ranks as the world's second-largest technology deal ever. Further sizeable tech-related deals are expected as companies scramble to increase their share of the exploding Cloud Technology and Artificial Intelligence (AI) space.

According to Synergy Research Group, total spending in the cloud infrastructure services market was up an estimated 45% from 2017. Spending was up \$21 billion in the third quarter alone.

With Tech share prices recently retreating, now is seen as a unique buying opportunity by many M&A deal experts. With US banks able to still lend at low interest rates (ahead of expected Fed rises in 2019) – further consolidation is expected.

Red Hat is one of the largest holdings in the HAN-GINS Cloud Technology Index ETF (SKYY) with a 3.9% weighting. Its stock jumped 50% when the deal was announced. U.S.-based firms account for six of the world's top 10 cloud-computing providers, according to research firm Canalys. This is fueling the desire by tech companies to secure a sizable seat at the Cloud table. Without a Cloud-based strategy they fear they will be left behind.

According to Anthony Ginsberg at HAN-GINS Cloud Technology ETF, 'to be considered a leader in tech today, it's clear a company must offer cutting edge cloud-based solutions to customers globally. By buying Red Hat, IBM will be able to offer a one stop cloud service – including physical servers, its own operating system and applications. We see IBM using Red Hat's enhanced version of the open-source Linux operating system, to help clients bridge their private data centers with a variety of computing clouds. Often Cloud platforms don't allow data to easily move between them. Red Hat's software helps companies navigate multiple Clouds - by allowing data to be more easily moved around the Cloud sprawl.'

Alibaba the giant Chinese online retailer, expects Cloud to become their dominant revenue stream within the next decade. Currently more than half of Amazon's full earnings in the third quarter came from Amazon's cloud based services (AWS), which saw revenues grow 46%, contributing over \$2 billion to operating profit.

With further consolidation, Tech focused ETFs that are market-cap based, run the risk of being over-exposed to only the largest FANG-style companies. Coupled with the recent GICS industry classification changes, MSCI & S&P have moved Facebook and Alphabet (Google's parent) to the new Communications sector. Tech ETFs are treating this move differently, with iShares maintaining the two shares above in their main Tech ETF. While other Tech ETF players, SPDRs and Vanguard are moving them out.

Tech-themed ETFs such as the HAN-GINS Cloud Tech ETF are far more diversified, holding upwards of 50 shares or more - often capping their largest holdings at around 4%. They don't follow the GICS classification and are able to buy all companies that fit their theme.

The Red Hat deal catapults IBM into the top ranks of cloud software competitors. The cloud largely refers to software and services that use the internet instead of running on your computer. Dropbox, Netflix, Flickr, Google Drive, Microsoft Office 365, Snapchat, Yahoo Mail are all cloud based services.

The deal boosts IBM's 107-year-old credentials overnight in the fast-growing and lucrative cloud market. Industry experts agree it has been playing catch-up to market leaders Amazon and Microsoft in offering computing and other software services over the internet. Ginsberg continues, 'the easy part of outsourcing to the Cloud has already occurred for large corporates. IBM realizes the next stage of Cloud usage will go beyond simple cost savings, requiring more hybrid functions and open source communication'.

IBM believe their acquisition of Red Hat is a game-changer for the cloud market. Red Hat has invested heavily in tech tools such as "containers," making it easier for businesses to split up their computing work among a mix of data centers.

The rise of the so-called Hybrid Cloud allows companies to run some of their software in their own data centers and other parts in cloud data centers run by the likes of Google, Amazon and Microsoft. IBM buying Red Hat means that it will start providing technology to its biggest competitors, including Amazon, Microsoft and Google. Red Hat partners with all of them. IBM will continue these partnerships.

Many investors have lost faith in IBM as its stock has dropped over 30% over the last five years. Warren Buffett sold most of his stake in 2017, while increasing his investment in Apple.

The largest are Amazon, followed by Microsoft Corp., Google parent Alphabet Inc., China's Alibaba Group Holding Ltd., International Business Machines Corp., Salesforce.com Inc. and Oracle Corp. Amazon Web Services (AWS), took in 32% of global cloud spending during the 3rd quarter 2018. Canalsys said. Its share of the global cloud market continues to be higher than Microsoft and Google combined share of 17% and 8% respectively - its two closet competitors.

By comparison, IBM posted a 2.1% decline in total third-quarter revenue to \$18.76 billion, with its total share of the global cloud market moving down to approximately 7%.

BACKGROUND

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

Offices: Los Angeles, London, Tel Aviv, Johannesburg, Taipei, Hong Kong, Mauritius, Cape Town

<i>Exchange</i>					
SKYY	75 bps TER	CLOUD TECHNOLOGY ETF			
<i>London Stock Exchange</i>	SKYY	SKYY.L	IE00BDDRF924	USD	BYVJ8T8
<i>London Stock Exchange</i>	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

For further information:

- Lisa Segall, GinsGlobal: ls@ginsglobal.com / 27 82 896-4234
- Anthony Ginsberg: GinsGlobal: ag@ginsglobal.com / +1 310 801-4974
- Simon Mott, Global Head of Marketing, HANetf: simon.mott@hanetf.com / (44) 0207 071 5129

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