



Technology Sector investors suffer from disruptive GICS classification change

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

Los Angeles, December 2018

Technology Theme ETFs – now easiest solution for tech investors going forward

- The most recent move by GICS (September 28, 2018) has hugely disrupted of the Technology Sector classification.
- Many of the leading Technology companies are no longer classified in the Technology Sector.
- The GICS classification system has thrown out not only Facebook and Alphabet (Google's parent) – but also Alibaba, eBay, Tencent and Baidu from their Technology Sector category. (Complete details below.)
- The **Global Industry Classification Standard** (GICS) is a standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's.
- Some of the above companies are now being placed in the new Communications Sector while others are being placed in Consumer Discretionary.
- The traditional fund management industry is confused how best to handle the fallout.
- For example, Blackrock, Vanguard and State Street are treating these changes differently.
- Consequently, it's increasingly confusing for the average investor to know what they're getting in an old school Technology sector fund.
- This helps strengthen the case for using Theme-based products (such as Tech-themed ETFs) as the best way to access leading Technology companies.
- As traditional Tech companies expand their offerings – they increasingly run the risk of getting reclassified outside their traditional sector classification.
- Many investors will be unaware of these changes and their impact.

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- Investors will be surprised to learn they have no exposure to many leading technology companies, in their traditional Technology sector fund. (see below for details)
- For Tech exposure, ETF themed products such as Innovative Technology (ITEK) and Cloud Technology (SKYY) are now a far easier way to access the Tech Sector – since they ignore the GICS classification and can buy Tech companies regardless of their new GICSs classification below.

Confusing GICS changes on key Tech leaders (September 28, 2018):

- Only one of the so-called FANG stocks - Facebook, Amazon, Netflix and Google parent Alphabet – now remains in their existing Technology sector.
- Facebook and Alphabet left the Technology sector, joining an expanded Telecoms sector (renamed Communications Services), along with Twitter.
- Online marketplace leaders like eBay and Alibaba, previously classified as IT (information technology), have moved to Consumer Discretionary, joining Amazon.
- Apple part of the extended FAANG group, stayed in the Technology classification.
- Facebook and Google have left the GICS Technology sector and joined Communication Services.
- Netflix, Disney and Comcast all left Consumer Discretionary and joined Communication Services, along with Walt Disney and Comcast.
- Chinese leaders Baidu and Tencent were moved to the new Communications sector.
- Other key players moved from Technology to Communications Services included PayPal and videogame makers Electronic Arts and Activision Blizzard.

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 Exchange</i> | ITEP | ITEP.L | IE00BDDRF700 | GBP | BYVJ9D9 |
| SKYY | 75 bps TER | CLOUD TECHNOLOGY ETF | | | |
| <i>London Stock</i> | SKYY | SKYY.L | IE00BDDRF924 | USD | BYVJ8T8 |

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| | | | | | |
|------------------------------|------|--------|--------------|------------|---------|
| <i>Exchange</i> | | | | | |
| <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

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About GinsGlobal Index Funds

GinsGlobal Index Funds is a global based asset management company specializing in index mutual funds, index structured products and capital guaranteed funds for institutional and private investors. Founded in 2000, the company now has operations in North America, Europe, UK, Asia-Pacific, Middle East and Africa. www.ginsglobal.com

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HANetf is Europe's first independent white label ETF platform, providing an efficient, cost effective solution for asset managers and financial institutions seeking to enter the European ETF market. HANetf's innovative platform provides a turnkey solution combining product development, compliance, capital markets, sales, marketing and distribution.

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Founded by two of Europe's leading ETF entrepreneurs, Hector McNeil and Nik Bienkowski, HANetf has the operational and regulatory experience necessary to manage the complexities of launching and managing an ETF. www.hanetf.com

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