

HAN-GINs Cloud Technology UCITS ETF (SKYY)

Replacement of index

For Professional Clients Only. Capital at risk



2020 was transformational for digitalisation and the Cloud sector. Since HANetf launched Europe's first Cloud ETF in Q4 2018, over \$1bn in assets have accumulated in this theme.¹ Global lockdowns have initiated a migration into the digital world both for work and leisure which requires an increasing amount of computational power. As a result, global cloud spending is expected to increase by 22% annually, reaching \$500bn in 2023².

HANetf is reacting to these industry changes and the continuing investor demand in this sector by updating the index methodology for its Cloud Technology ETF. The changes will ensure that investors receive accurate and representative exposure that helps investors to better capture the growth of this theme.

The following changes will be implemented:

1. Expanded holdings from 50 to 75 securities;
2. Change weighting methodology from modified market capitalisation to equal weighting;
3. Inclusion of a negative ESG screen including: norms based screening, controversial weapons screening and a simple fossil fuel sector screen.

The name of the fund will change to HAN-GINS Cloud Technology Equal Weight UCITS ETF (SKYY)

We believe investors will gain the following **benefits** from these changes:

- **Capturing growth more efficiently through equal weighting:** investors who use thematic ETFs aim to generate above average returns by capturing newly emerging trends that exhibit high growth rates. By changing our methodology from market capitalisation to equal weighting, we align ourselves with investors' goals and enable small yet innovative companies to better contribute to the fund's performance.
- **Broader portfolios to represent recent industry dynamics:** 2020 was a transformational year for digitalisation and the Cloud sector. By expanding the constituent base and adding relevant sub-themes that emerged during that period, we ensure that investors receive an updated representation of both themes. SKYY will expand to 75 constituents and include companies from all three major sub-themes IaaS, PaaS and SaaS, with the SaaS category having proven as highly relevant to our daily lives during lockdowns and hence receiving a larger share of the overall portfolio.
- **Incorporating basic ESG-screens:** ESG is no longer just nice-to-have but investors increasingly expect product providers to implement a basic amount of ESG considerations into most of their products. Therefore, we decided to include only companies that comply with the UN Global Compact principles, who are not involved with controversial weapons and who have low fossil fuel exposure.

Risks

- As with all investments, the performance of an ETF can go down as well as up and your capital is at risk.

¹ Source: <https://www.justetf.com/de/find-etf.html?query=cloud>

² Source: <https://www.fiercetelecom.com/telecom/spending-public-cloud-will-more-than-double-by-2023-report>

The proposed changes do not significantly alter the asset type, credit quality, borrowing or leverage limits or risk profile of the Fund. The investment objective of the Fund will remain unchanged. For further information about please contact your relevant salesperson or email info@hanetf.com

SKYY Information: Solactive Cloud Technology Equal Weight Index

Index Indicative Top 10 Holdings

Top 10 Constituents	Weight
Teradata Corp	2.5%
Avaya Holdings	2.1%
Hewlett Packard	1.8%
Intel Corp	1.8%
Extreme Networks	1.7%
Insight Enterprises	1.7%
Fortinet	1.6%
Dynatrace	1.6%
EPlus	1.6%
Dell Technologies	1.6%

Index Indicative Regions

Region	Weight
United States	76.6%
China	8.4%
Israel	3.5%
Germany	2.5%
Japan	2.4%
India	1.5%
United Kingdom	1.4%
Belgium	1.3%
South Korea	1.3%
France	1.1%

Source: Solactive. Index data as of 16 March 2021.

Solactive Cloud Technology Equal Weight Index: Backtested Index Performance (2016-2021)

Return YoY	Solactive Index
2016	18.76%
2017	37.63%
2018	6.49%
2019	29.18%
2020	56.88%
2021	3.69%

Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. **Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product.** Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an

investment in this product. Source: Solactive. Data as of 16 March 2021

Methodology Overview

Starting Universe

Companies eligible for inclusion in the Index must:

- (i) have significant exposure to cloud computing related business activities;
- (ii) include publicly issued common equity securities, exchange-traded American Depositary Receipts (ADRs), American Depositary Shares (ADSs), Global Depositary Receipts (GDRs), and International Depositary Receipts (IDRs) listed on a regulated stock exchange.

Screening

To be eligible for inclusion in the Index universe, a natural language processing algorithm is used to screen companies. Natural language processing uses human language, in this case, keywords, to describe the Index Theme. Such keywords may include: "cloud computing", "cloud storage", "data storage", "internet of things", "public or private cloud", "software as a service". The algorithm then identifies companies through publicly available information such as financial websites, search engines or company publications that have or are expected to have a significant exposure to the Index Theme and must:

- (a) have a free-float adjusted market capitalization of at least US\$100mn at the time of inclusion in the Index; and
- (b) have a three-month average daily volume (ADV) of at least US\$2mn.

Identified companies are then ranked according to the frequency with which they are referenced in relation to the specific keywords (Index Score). The companies are reviewed to ensure relevance to the Index Theme based on business operations. Companies that do not have relevant business exposure to the Index Theme will be removed at this stage. The remaining companies are ranked by their Index Score.

The following buffer rule is applied in order to avoid excess turnover.

- i. Securities in the Index Universe are sorted by their Index score in descending order and each security is assigned a rank based on the position in the sorted list.
- ii. All securities ranked in the top 15 are selected as Index components.
- iii. Current Index components with a rank from 16 to 90 are added to the Index until the total number of stocks in the Index reaches 75.

If the total number of Index components is below 75 after the steps described above, the highest-ranking securities are added to the Index until the Index has 75 Index components

The initial weighting for each Index component is equal.

ESG Screen

The companies selected after completion of the above steps will be screened for compliance with UN Global Compact principles in addition to any operational business involvement in the fields of fossil fuels, oil sands or controversial weapons.

Rebalance

The Index will rebalance semi-annually on the second Friday of January and July in each calendar year (the Rebalance Day).

Why invest in cloud computing?

Investors who use thematic ETFs aim to generate above average returns by capturing newly emerging trends that exhibit high growth rates. Cloud technology is well positioned to deliver **strong growth rates** as overall public cloud spending is expected to grow by 22% annually to US\$500 billion in 2023³. We point to the following drivers for this growth:

- **Remote work habits** are expected to become a mainstay of our work culture long after Covid, increasing demand for Cloud hosted applications such as video-conferencing
- Cloud-based **online-gaming** posted record number of 2.7bn users, with expected annual growth of 48%⁴
- **Healthcare innovations** require increasing computational power, with Cloud-based usage expected to grow at 20% annually until 2024⁵
- In the long-run, future technologies such as **self-driving cars** and the **Internet-of Things** could herald a new and significant area of growth as both applications are fully reliant on Cloud services and have society-wide applications.

About GinsGlobal Index Funds



GinsGlobal Investment Management offers a broad range of innovative index-linked products, for both retail and institutional investors. GinsGlobal designs index products for a number of leading financial institutions, including global insurers, banks and asset managers. GinsGlobal was founded in 2000 and has operations in North America, Africa, Middle East and Asia-Pacific.

Product Launch and Listings

The **HAN-GINS Cloud Technology UCITS ETF** is expected to replace the index and be renamed HANS-GINS Cloud Technology Equal Weight UCITS ETF (SKYY) on 7th April 2021.

For further information, please contact info@hanetf.com.

³ Source: <https://www.fiercetelecom.com/telecom/spending-public-cloud-will-more-than-double-by-2023-report>

⁴ Source:

<https://newzoo.com/insights/articles/newzoo-games-market-numbers-revenues-and-audience-2020-2023/>

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<https://www.globenewswire.com/news-release/2020/05/25/2037981/0/en/Global-Cloud-Services-Brokerage-Market-Forecast-to-Grow-by-14170-55-Million-During-2020-2024-Progressing-at-a-CAGR-of-20.html>

Exchange	IBBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	SKYYLIN	SKYY.L	IE00BDDIRF924	-	BYVJ8T8	USD	0.59%
London Stock Exchange	SKYP LN	SKYP.L	IE00BDDIRF924	-	BYVJ973	GBP	0.59%
Borsa Italiana	SKYYIM	SKYY.MI	IE00BDDIRF924	-	BFX1CC0	EUR	0.59%
Deutsche Boerse Xetra	5XYE IGY	5XYE.DE	IE00BDDIRF924	-	BFX38L7	EUR	0.59%
SIX Swiss Exchange	SKYY:SW	SKYY.S	IE00BDDIRF924	44096882	BMYC3V7	CHF	0.59%

When you trade ETFs your capital is at risk.

Important Information

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Past performance is not a reliable indicator of future performance. The price of the ETFs may vary and they do not offer a fixed income.

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The Prospectus can all be downloaded from www.hanetf.com.

The decision and amount to invest in any ETF should take into consideration your specific circumstances after seeking independent investment, tax and legal advice.