

HAN-GINs Indxx Healthcare Innovation UCITS ETF (WELL)

Replacement of index

For Professional Clients Only. Capital at risk



2020 was transformational for Medtech. Healthcare ETFs have seen large inflows during the pandemic as investors expect lasting growth for the sector due to increased demand for innovative medical solutions. Newly emerging sub-themes such as Telemedicine are expected to grow at over 30% per year until 2025¹.

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

The following changes will be implemented:

1. Change weighting methodology from modified market capitalisation to equally weighting;
2. Changes to various sub-themes as follows:
 - i. amendment to the genome sequencing sub-theme;
 - ii. expansion of the healthcare analytics sub-theme to include the bioinformatics services companies;
 - iii. adding new sub-themes to include telemedicine and healthcare analytics; and
 - iv. the sub-themes are comprised of companies in certain FactSet industries and the industries have been updated to include information technology services, data processing services, medical/nursing services and hospital/nursing management.
3. The number of companies in each sector will be capped, subject to there being a minimum of 100 companies in the index
4. 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 Indxx Healthcare Megatrend Equal Weight UCITS ETF (WELL).

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 healthcare. By balancing the constituent base and adding relevant sub-themes that emerged during that period, we ensure that investors receive an updated representation of the theme. WELL will add the sub-

¹ Source: <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-covid-19-reality>

themes Telemedicine and Healthcare Analytics, which both proved immensely important in tackling Covid-19, and will cap each of its sub-themes to avoid overreliance on any single one of them.

- **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.

WELL will now include companies across the Healthcare innovation space, including leaders from the following 10 sub-themes:

- Genome Sequencing
- Healthcare Analytics
- Robotics
- Medical Devices
- Biological Engineering
- Neuroscience
- Telemedicine
- Healthcare Trackers
- Nanotechnology
- Bioinformatics

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 please contact your relevant salesperson or email info@hanetf.com

WELL Information: Indxx Global NextGen Healthcare Index

Index Indicative Top 10 Holdings

Top 10 Constituents	Weight
GW Pharmaceuticals Plc	1.86%
Cellink AB	1.60%
Myriad Genetics, Inc.	1.58%
Inovalon Holdings, Inc.	1.53%
Alector, Inc.	1.47%
Omeros Corp.	1.38%
BeiGene Ltd.	1.38%
Nektar Therapeutics	1.32%
10X Genomics, Inc.	1.26%
Intellia Therapeutics, Inc.	1.26%

Index Indicative Regions

Region	Weight
North America	78.6%
Asia	14.6%
Europe	6.8%

Source: Indxx. Index data as of 22 March 2021.

Backtested Index Performance (2016-2020)

Calendar Year Returns	Indxx Global NextGen Healthcare Index TR USD
2016	0.49%
2017	58.38%
2018	9.48%
2019	37.88%
2020	57.60%
2021	-1.04%

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: Indxx. Data as of 1 February 2021.

Methodology Overview

Starting Universe

To be eligible for inclusion securities must have:

- A minimum market capitalization of \$500 million.
- A 6-month average daily turnover greater than or equal to \$1million for emerging markets and greater than or equal to \$2 million for developed markets.

Selection Screening

Based on extensive research, Indxx has defined 'Advanced Lifesciences & Smart Healthcare' as being comprised of the following sub-themes:

Robotics	Companies in this category support the healthcare industry by providing robot companions, surgical robots, pharmabiotics, disinfectant robots or exoskeletons.
Nanotechnology	Companies under this category provide nanotechnology to the healthcare industry. Nanoparticles enable physicians to target drugs at the source of the disease, which increases efficiency and minimizes side effects.
Genome Sequencing	Companies involved in gene editing, genomic sequencing and development and testing of genetic medicines or therapies.
Healthcare Trackers	These companies offer products like advanced wearables that help in collecting and tracking health metrics like heart rate and blood pressure, including fitness trackers that collect data related to workouts.

Biological Engineering	Companies in this category apply the concepts and methods of biology to solve real-world problems related to life sciences. Some of the applications include: Medical imaging, Biomaterials and Orthopedic Engineering.
Bioinformatics	These companies use IT in biotechnology for data storage, data warehousing and analyzing DNA sequences. This acts as an essential tool for drug development and discovery.
Neuroscience	Companies that are engaged in the multidisciplinary branch of biology, that deals with the anatomy, biochemistry, molecular biology, and physiology of neurons and neural circuits. The overall market includes technologies for brain imaging, neurology medicines, and cognitive training.
Medical Devices	Companies under this category designs, manufactures, and sells various innovative medical, surgical, and diagnostic devices for the treatment of various diseases such as peripheral vascular disease, vascular access, and for use in oncology and surgical treatments.
Telemedicine	Companies involved in connecting physicians and patients digitally, facilitating a range of medical activities that include diagnosis, treatment, and medication management, as well as offering online pharmaceutical services, and/or providing internet healthcare platforms.
Healthcare Analytics	Companies engaged in collecting, producing, utilizing, or storing data for healthcare related statistical and/or computational analyses, including artificial intelligence analyses and cloud-based analytics platforms in healthcare industry.

These sub-themes are comprised of companies in the following FactSet Industries:

Packaged Software	Household/Personal Care	Miscellaneous Commercial Services
Biotechnology	Medical Distributors	Pharmaceuticals: Generic
Medical Specialties	Pharmaceuticals: Other	Services to the Health Industry
Pharmaceuticals: Major	Semiconductors	Other Consumer Specialties
Information Technology Services	Medical/Nursing Services	Hospital/Nursing Management
Data Processing Services		

The industries and sub-themes identified through this research-based approach are subject to change at every annual reconstitution.

Companies that derive revenue greater than or equal to 50% from the above sub-themes are considered as 'pure-play' advanced life sciences & smart healthcare companies. These companies are evaluated on ESG screens (below).

ESG Screen

Further, to be eligible for the Selection List, a security:

- must be compliant with the UN Global Compact principles
- must not have any involvement in banned or controversial weapons.

- must not generate more than or equal to 10% revenue from Fossil Fuels

Final Composition

The top 10 Pure Play companies in each of the sub-themes by largest market capitalization will form the final index. If there are fewer than 10 Pure Play companies in a sub-theme, all the companies from that sub-theme will be considered for inclusion.

In case the number of constituents in the portfolio is below 100, the number of inclusions under each sub-theme is increased progressively by 5 until the portfolio size reaches a minimum of 100 constituents.

If there are fewer than 100 Pure Play companies, all the Pure Play companies will form the final portfolio.

Rebalance

The index follows a semi-annual reconstitution schedule.

Why invest in healthcare technology?

Investors who use thematic ETFs aim to generate above average returns by capturing newly emerging trends that exhibit high growth rates. Healthcare innovations are well positioned to deliver **strong growth rates** as the traditional healthcare sector is undergoing significant change and modernisation in the wake of Covid and thanks to the availability of new technologies. We point to the following drivers for this growth:

- **Telemedicine** has proven its relevance and feasibility during the Covid pandemic and is on track to grow by over 30% annualised between 2021-2025²
- **Gene Sequencing** and **Biotech** are increasingly successful at delivering new mainstream healthcare solutions such as vaccines, as was shown by the record-speed with which Covid vaccinees have been developed
- **Cloud-based hospital spending** is enjoying a boom as providers attempt to retool their systems to meet demanding quality improvement goals, enabling new health-tech products and services³
- US president Biden's **\$1.9 trillion stimulus** will boost healthcare spending across the industry and facilitate the modernisation of the US healthcare industry, benefiting both providers of innovative solutions as well as traditional medical device leaders.
- Large US government healthcare **insurance plans** are boosting digital adoption rates amongst US patients and driving⁴ demand for digital services

About GinsGlobal Index Funds



² Source: <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-covid-19-reality>

³ Source: <https://hitinfrastructure.com/news/40-of-hospitals-spend-more-on-cloud-health-it-infrastructure>

⁴ Source: <https://carejourney.com/telehealth-expansion-in-medicare-policy-changes-recent-trends-in-adoption-and-future-impact/>

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Product Launch and Listings

The **HAN-GINS Indxx Healthcare Innovation UCITS ETF** is expected to replace the index and be renamed HAN-GINS Indxx Healthcare Megatrend Equal Weight UCITS ETF (WELL) on April 9th 2021.

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

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	WELL LN	HAWELL.L	IE00BJQTJ848	-	BJVBGL7	USD	0.59%
London Stock Exchange	WELP LN	WELP.L	IE00BJQTJ848	-	BJVBGM8	GBP	0.59%
Borsa Italiana	WELL IM	WELL.MI	IE00BJQTJ848	-	BHRWXD1	EUR	0.59%
Deutsche Boerse Xetra	W311 GY	W311.DE	IE00BJQTJ848	-	BJ02354	EUR	0.59%
SIX Swiss Exchange	WELL SW	WELL.S	IE00BJQTJ848	47284465	BMYC3R3	CHF	0.59%

When you trade ETFs your capital is at risk.

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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.

