

Monthly Sports Betting and iGaming Market Report

October 2021

HANetf & Fischer Gaming
Fischer Sports Betting and iGaming ETF
BETS
69bps
IE00BNTVWV33
Product Inception Date: June 2021

For Professional Clients Only. Capital at risk.

All data as of 30.09.2021

This report was written by, and is the opinion of, the BETS index providers Fischer Gaming.

Key Takeaways

- Bally's Corp completed Gamesys Acquisition on 4 October 2021. Gamesys' proven technology platform will foster Bally's continued buildout of its interactive offerings in North America, including real-money gaming operations in Online Sports Betting and iGaming. The company currently owns and manages 14 casinos across 10 states and this acquisition further enhances their digital expertise.¹
- Scientific Games announced the sale of its sports betting business, OpenBet, to Endeavor for \$US1.2 billion. OpenBet is one of the world's leading global online sports betting technology companies, offering an ecosystem of sports content, technology, and services to the largest operators around the world. The acquisition further complements Endeavor's ecosystem, including its leading sports betting service and content hub IMG ARENA, to create an end-to-end service provider that maximizes sports rights and IP for both third parties and owned & operated properties.²
- According to a Morgan Stanley report on 4/10/21, US GeoComply volumes increased 131% y/y for NFL Week 4. GeoComply data for this past weekend (Saturday/Sunday) shows its Week 4 online sports betting volumes (# of pings to confirm bettors' locations) increased 131% y/y, compared to Week 1-3 weekends came in +126%. Week 4 volumes increased 105% y/y excluding AZ, which has not been in our company models given prior uncertainty around launch timing (along with WY), compared to Week 1-3 which were up 100%, ahead of our Sept +94% online sports betting handle forecast. This was the strongest y/y growth weekend, and we believe was supported by the highly anticipated Bucs-Patriots game Sunday night, with Sunday volumes up 126% vs. Weekends 1-3 up 120%.³
- G2E, the world's largest gaming show, is being held in Las Vegas during the first week of October.
- According to Reuters, British gambling firm Entain (ENT.L) said on Tuesday that U.S. fantasy sports betting company DraftKings (DKNG.O) had made a takeover proposal that valued it at \$22.4 billion. Under its current proposal, DraftKings plans to offer 28 pounds per Entain share, representing a premium of 46.2% to the UK firm's Monday close. Entain said it had earlier rejected a proposal from DraftKings to buy the company for 25 pounds (\$34.15) per share. DraftKings' takeover proposal comes after Entain had rejected an \$11 billion offer from U.S.-based MGM Resorts International (MGM.N) in January, saying it undervalued the company, but analysts expect MGM to return with a new bid as it has since accumulated more cash. Entain and MGM already have a joint venture called BetMGM, an online sportsbook for betting on NFL and NBA games that controls about 21% of the market versus DraftKings' 17%, according to RBC Capital Markets. The deal frenzy in the online gambling space comes at a time when regional operators are looking to expand and capture opportunities in states across the United States opening to sports betting. In a transatlantic deal, Caesars Entertainment (CZR.O) acquired Britain's William Hill, a traditional rival to Entain's Ladbrokes brand, in a £2.9 billion transaction earlier this year. Caesars is selling the non-U.S. assets of William Hill. Demand for online betting boomed during the pandemic as customers took to playing from home when casinos and betting shops were off-limits. DraftKings, which allows users to enter daily and weekly fantasy sports-related contests, confirmed it

¹ <https://www.ballys.com/news/ballys-corporation-completes-gamesys-group-acquisition/>

² <https://www.scientificgames.com/newsroom/scientific-games-announces-sale-of-sports-betting-business-openbet-to-endeavor-for-1-2-billion/>

³ <https://www.morganstanley.com/>

had approached Entain but did not provide any additional details. It bought rival Golden Nugget Online Gaming Inc (GNOG.O) in a \$1.56 billion all-stock deal last month.⁴

Macro Outlook

- The US Sports Betting and iGaming market is expected to expand 23x from \$2.3 billion in 2020 to \$53 billion in 2033, according to Goldman Sachs. Europe and Asia are also expected to be high growth markets.⁵
- Regulatory changes giving US states the right to legalise Sports Betting and iGaming is the major growth catalyst. Similarly, an easing regulatory landscape in markets such as Macau and Singapore fuelled massive growth in a short period of time.⁶
- Other growth drivers include spending conversion from illegal to legal platforms, wider social acceptance of sports betting as an entertainment activity, technological improvements and expansion of product offering including in-play betting.²
- Unlike other high growth industries, digital gaming can deliver high margins for leading operators in the near term, with expected EBITDA margins of 25-35% according to Morgan Stanley, DraftKings and MGM. Relatively moderate capex also drives strong Free Cash Flow and ROI metrics.⁷

Fischer Sports Betting & iGaming Performance Table

As of 30.09.2021

| | 1M | 3M | 6M | YTD | 12M | SI |
|-------------------------------------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|
| Fischer Sports Betting & iGaming UCITS ETF (Acc) | -1.39% | -1.55% | NA | -4.99% | NA | -4.99% |
| <i>Solactive Fischer Sports Betting and iGaming Index</i> | <i>-1.33%</i> | <i>-1.37%</i> | <i>2.27%</i> | <i>-4.76%</i> | <i>53.49%</i> | <i>-4.76%</i> |

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30.09.2021

Performance before inception is based on back tested data. 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.

Product Details

The Fischer Sports Betting & iGaming UCITS ETF 'BETS' seeks to offer exposure to the rapidly growing global sports betting and iGaming industry.

The companies in our index include:

- B2C online focused brands that have exposure to a wide range of online gaming products, such as DraftKings, Rush Street Interactive, Flutter and PointsBet;
- Omnichannel companies that have bricks and mortar casinos with an increasing emphasis to online, such as MGM Resorts, Caesars and Penn; and
- "Picks and Shovels" service providers to B2C companies that including technology, sports data providers, media and affiliate marketing companies.

⁴ <https://www.reuters.com/business/draftkings-makes-20-billion-offer-entain-cnbc-2021-09-21/>

⁵ <https://www.casino.org/news/goldman-sachs-forecasts-massive-market-for-igaming-sports-betting/>

⁶ <https://www.londonstockexchange.com/discover/news-and-insights/london-stock-exchange-welcomes-fischer-gaming-and-hanetf-celebrating-launch-fischer-sports-betting-and-igaming-ucits-etf>

⁷ <https://entaingroup.com/wp-content/uploads/2021/05/BetMGM-Transcript-PDF-CLEAN.pdf>

The index is diversified across company type, size, and regional exposure. It includes larger, more established companies alongside several smaller companies that specialize in one aspect of the value chain that are growing quickly and generate high returns.

Visit the [BETS Fund Page](#) for more information.

| Exchange | BBG Code | RIC | ISIN | Valoren | SEDOL | Currency | TER |
|-----------------------|----------|----------|--------------|---------|---------|----------|-------|
| London Stock Exchange | BETS LN | BETS.L | IE00BNTVWV33 | - | BMTR0L6 | USD | 0.69% |
| London Stock Exchange | BETP LN | BETP.L | IE00BNTVWV33 | - | BMTR0S3 | GBP | 0.69% |
| Borsa Italiana | BETS IM | BETS.MI | IE00BNTVWV33 | - | BL6KDM3 | EUR | 0.69% |
| Deutsche Boerse Xetra | BETS GY | BETSG.DE | IE00BNTVWV33 | - | BL6KDN4 | EUR | 0.69% |

Aaron Fischer



Founder and CEO, Fischer Gaming

Fischer Gaming is a boutique consulting firm specialising in the global gaming industry. The firm's founder and CEO, Aaron Fischer, has an extensive history in the gaming industry.

He is currently the CFO and Chief Strategy Officer for Game Play Network, an online gaming company based in Los Angeles. Previously, he was the Chief Strategy Officer of MGM Resorts International from 2017 to 2020. He was specifically involved in key strategic initiatives such as online sports betting and iGaming and other projects to enhance the company's ROI and drive shareholder value creation.

Aaron was a leading equity research analyst for 17 years at Goldman Sachs and CLSA/Citic Securities where he specialised in Gaming and Luxury Goods. Aaron started his career as an accountant at Arthur Andersen in Australia.

Important Information

Please note that all performance figures are showing net data.

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