

Monthly Digital Infrastructure & Connectivity Market Report

January 2022

HANetf & Quickro

Digital Infrastructure and Connectivity UCITS ETF

DIGI

69bps

IE00BL643144

Product Inception Date: 08.10.2020

For Professional Clients Only. Capital at risk.

All data as of 31.12.2021

This report was written by, and is the opinion of, the DIGI index providers Tematica Research.

Key Takeaways

- We continue to see Covid-19 related restrictions and supply chain issues putting some continued pressure on the overall global economy.¹ Still, we see this as a short-term phenomenon that should be a minor inconvenience for 5G, data centre, network infrastructure and other deployments. If anything, these problems and the rise of the omicron variant provide additional tailwinds for the strategy.
- The index advanced 3.25% in December and from an attribution perspective was driven by Digital Transmission, Digital Solutions & IP and Digital Connectivity sectors as these sectors contributed to approximately 117% of period returns.²
- Digital Solutions & IP name Silicon Motion Technology (SIMO-US) posted a 37.66% return on the company updating fourth quarter revenue growth and gross margin guidance to the upper end of the ranges announced in October.³
- Digital Connectivity names Broadcom (AVGO-US) and Marvell Technologies (MRVL-US) saw December returns of 20.18% and 22.93%, respectively on strong earnings releases.²
- The Coronavirus pandemic continues to accelerate the global economy's embrace of technology, especially in education, remote work, communication, shopping, transacting, and data processing.⁴

Please note that all performance figures are showing net data.

Macro Outlook

The main driver of this strategy is the Virtuous Circle of capacity creating opportunity and opportunity, once seized, prompting the need for more capacity. As thematic investors, we break the economy into three components: consumers, corporations, and public policy. When we see consumers and corporations pulling in the same direction, we know we have a solid investing theme. When public policy joins them, setting performance thresholds or providing development incentives such as public works projects, all three are moving in the same direction, creating powerful thematic tailwinds, which is precisely what we see for digital infrastructure development.

Signals that the Virtuous Circle is alive and well include December announcements such as reports that the approaching metaverse will require 1,000 times current computing power⁵, 5G capabilities will enable 6 billion Internet of Things (IoT) devices by 2026⁶ and social media service TikTok enabling high definition (1080p) uploads as well as green screen capabilities for users. A U.S. Appeals Court upheld an April 2020 Federal Communication Commission (FCC) decision to make spectrum in the 6 gigahertz (GHz) band available for unlicensed use.⁷ This opens the door for development what is known as Wi-Fi6

¹ <https://www.accenture.com/gb-en/insights/consulting/coronavirus-supply-chain-disruption>

² Source: Bloomberg, HANetf

³ <https://ir.siliconmotion.com/news-releases/news-release-details/silicon-motion-announces-preliminary-fourth-quarter-2021-revenue>

⁴ <https://www.bdo.com/insights/business-financial-advisory/strategy,-technology-transformation/covid-19-is-accelerating-the-rise-of-the-digital-e>

⁵ <https://www.businessinsider.in/tech/news/metaverse-vision-requires-1000x-more-computational-power-intel/articleshow/88316064.cms>

⁶ <https://connectivitybusiness.com/news/strategy-markets/5g-opportunity-will-incorporate-6-billion-cellular-iot-devices-by-2026/>

⁷ <https://www.theverge.com/2021/12/28/22857852/6ghz-wifi-win-fcc-wi-fi-6e-7-att-spectrum>

which not only matches the speeds of current 5GHz Wi-Fi but also has room for up to seven individual streams that can operate with interfering with each other.⁸

These and other announcements keep us optimistic that current supply chain woes and silicon shortages will be resolved in the coming quarters if only due to demand for hardware spurring further development. Now that the infrastructure bill has passed, we remain excited about this spending bill in that more bandwidth and storage only serve to spur the economy to develop uses for that new capacity, reinforcing the virtuous circle. This focus on the development of a nation's digital infrastructure as vital to its future competitiveness is evident in many countries around the world, and as we look forward to emerging technologies such as AR/VR and the metaverse, it will only become more critical.

Digital Infrastructure and Connectivity UCITS ETF Performance Table

As of 31.12.2021

	1M	3M	6M	YTD	12M	SI
Digital Infrastructure and Connectivity UCITS ETF (DIGI)	3.16%	9.32%	2.27%	19.47%	19.47%	35.33%
<i>Tematica BITA Digital Infrastructure and Connectivity Index (TBDIGI)</i>	3.25%	9.53%	2.56%	20.26%	77.61%	36.65%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/12/2021

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. **Please note that all performance figures are showing net data.**

Product Details

Digital Infrastructure and Connectivity UCITS ETF is a UCITS compliant digital infrastructure ETF domiciled in Ireland.

DIGI captures the companies that enable the digital applications of today and those that will redefine how people work, live and play tomorrow. It provides exposure to the explosive growth of the digital infrastructure virtuous cycle of expanding data, applications, and bandwidth that drives exponential network growth and the development of new technologies.

Please remember that the value of your investment may go down as well as up, and past performance is no indication of future performance.

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

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	DIGI LN	HADIGI.L	IE00BL643144	-	BJP4Y29	USD	0.69%
London Stock Exchange	PIGI LN	PIGI.L	IE00BL643144	-	BJP4Y18	GBP	0.69%
Deutsche Boerse Xetra	DIGI GY	DIGI.DE	IE00BL643144	-	BMW4W85	EUR	0.69%
Borsa Italiana	DIGI IM	DIGIT.MI	IE00BL643144	-	BMW4W74	EUR	0.69%
SIX Swiss Exchange	DIGI SW	DIGICHF.S	IE00BL643144	57473380	BMC7PC9	CHF	0.69%

⁸ <https://www.theverge.com/2021/12/28/22857852/6ghz-wifi-win-fcc-wi-fi-6e-7-att-spectrum>

Important Information

Please note that all performance figures are showing net data.

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