

Monthly Cloud Technology Market Report

May 2020

HANetf & GinsGlobal

HAN-GINS Cloud Technology UCITS ETF

SKYY

59bps

IE00BDDRF924

Fund Inception Date: 05/10/2018

For Professional Clients Only. Capital at risk.

Key Takeaways

- Cloud Technology has been a leading beneficiary of the Covid-19 global lockdown.
- Remote workers are connecting digitally to their offices and co-workers via the Cloud.
- Smaller businesses are saving IT costs by switching to the Cloud.

Solactive Cloud Technology Index (NTR) Performance

April	YTD*	12 Month**
11.66%	-2.24%	7.44%

Past performance is no guarantee of future performance.

Source: Bloomberg/HANetf

*YTD figures based on 01.01.20 - 30.04.20

**12 Month figures based on 30.04.19 - 30.04.20

Performance Review

Monthly Performance of Fund/Sector

HAN-GINS Cloud Technology UCITS ETF (SKYY) staged an impressive comeback in April gaining almost 12%. Its NAV has rebounded to over \$9/share, despite March being a difficult month.

For the 2020 year, losses are now below 2.5%. Clearly the move to remote working has boosted demand for Cloud services globally - including video conferencing and telemedicine.

Over the past 12 months, SKYY has gained over 7% and has recovered almost all losses suffered during the 1st quarter due to the COVID-19 crisis.

During this period, performance has been boosted by some big technology names. Amazon by end of April was trading at close to its all-time high. Microsoft and Google have also recovered well.

Others that have performed well recently include:

- Citrix Systems (32.4%), Nvidia (37.8%), and Equinix (13.7%).
- The best performing holdings included 21 Vianet Group (131.5% gain) and Kingsoft Corp (43.3% gain).

Source: <https://www.bloomberg.com/quote/CTXS:US> (01/01/20-12/05/20)

Rapid adoption of Cloud services has ensured the resilience of SKYY's portfolio performance during this period. It is evident Cloud is winning the IT battle over more traditional computer spending and infrastructure. The trend of remote working and IT platform flexibility syncs well with Cloud's subscription model. It offers a far cheaper and more efficient model given our present times – particularly for mid-size and small businesses.

The broad based holdings in SKYY – covering 50 holdings across Infrastructure, Platform and Software – as a Service has helped limit any damage and played to our strengths. By capping the weightings at 4% for our largest holdings this has also helped protect investors from any downside.

HAN-GINS Cloud Technology UCITS ETF (SKYY) Performance 2020 (01.01.20 - 30.04.20)



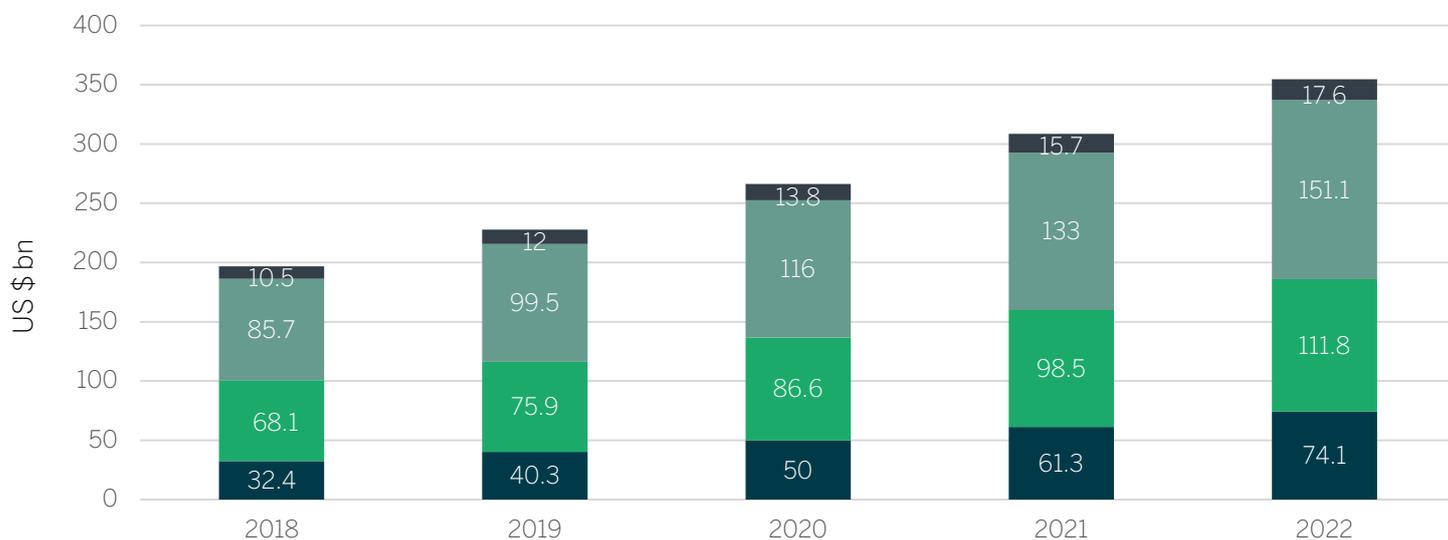
Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted 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. Source: Bloomberg 30/04/20 (Daily NAV Data – www.Bloomberg.com)

Industry News

The COVID-19 crisis has created huge demand for remote working services, often powered by the Cloud. Work from home connectivity has grown dramatically in just the past two months. This has led to fast-tracking adoption rates across a variety of technology platforms – with remote Cloud platforms (including video conferencing) being those in most demand.

Cloud providers, covering Software (SaaS), Platform (PaaS) and Infrastructure - as a Service (IaaS), are mostly benefiting from increased online traffic and cybersecurity needs. Growing usage of Cloud-based programs such as Google Meets and Microsoft Teams (video conferencing), Slack (email/work chatrooms), LogMeIn (remote access) and AWS (remote server usage) - are powering this as remote working has become essential.

Global Public Cloud Service Revenue Forecast - Gartner Nov 2019



For Illustrative Purposes Only

■ IaaS ■ PaaS ■ SaaS ■ Security

The growing shift to Cloud is expected to be permanent. The low level of cybercrime currently or breaches, has helped power the rapid migration to the Cloud. Additionally, Cloud's pricing flexibility – using a subscription based model has allowed many enterprises make the shift amidst the COVID-19 crisis. Firms such as Salesforce, SAP and Oracle are able to provide seamless software and customer services despite the pandemic. Smaller and medium enterprises have increasingly embraced Cloud and online based technology - ensures most workers can easily access their office computers remotely – via such Apps as LogMeIn, Dropbox and many others.

The economic downturn has shown far less computer expenditure on hardware, while Cloud budgets have continued to grow. The use of cloud technology, means enterprises now require fewer IT staff and hardware servers, to be physically present on their premises – as companies increasingly use remote servers and related third-party IT functions. Cloud infrastructure has spread globally – via the likes of giants Amazon Web Services, Microsoft's Azure and Google Cloud. This is ensuring that cloud-based software services (SaaS) run by the likes of SAP, Salesforce and Oracle are becoming increasingly accessible globally – including for many smaller enterprises. Cloud spending is benefiting at the expense of other IT areas. The flexibility and lower-cost subscription model offered by the Cloud – makes it increasingly an easy solution for many corporate IT departments.

The Cloud is at the forefront of Tech activity and spending – rapidly gaining IT market share. By every measure including Tech M&A activity – it is the key current battleground being fought over by Big Tech. By some estimates (Gartner) – almost 60% of all IT expenditure over the next few years will be devoted to the Cloud. The latest Gartner projections show the industry almost doubling from 2018 levels.

In the medical space Cloud Technology has become increasingly important in powering such areas as telemedicine, robots, chatbots, AI diagnostic machines and wearables. These areas are all playing an ever increasing role in assisting healthcare professionals - and reducing the need for human contact. This will help reduce the spread of the Coronavirus – by ensuring fewer patients need to physically visit hospitals during this pandemic.

Constituent News

- In the US, Microsoft and Google have both offered services for free. These include for schools and public services. (1)
- Amazon is hiring 175,000 new workers and views COVID-19 as a big game changer – driving increased online shopping behavior. (2)
- While Amazon and Microsoft still dominate the Infrastructure side – Google, Salesforce, Oracle and SAP are large platform and software beneficiaries.
- Amazon's AWS Cloud business – showed a 33% gain in quarterly revenue yoy (vs 2019 1st qtr) – passing the \$10bn mark for the first time (at \$10.2bn). (3)
- It was the major profit driver in Q1.
- AWS represented 77% of Amazon's total profit (AWS earned \$3bn). (4)
- This is AWS's largest ever percentage of profits - (partly due to COVID-19 costs incurred by Prime etc).
- Amazon has already hired the 170,000 new workers – in less than 2 months. (5)
- Meanwhile well-known US retailers JCrew, JC Penney and Neiman Marcus are all in the process of filing for bankruptcies – as unemployment claims hit 30mn here in just 6 weeks. (6)
- Microsoft a leading bellwether for the Cloud industry just released very impressive results this afternoon here. By the end of April the stock is now trading within 4% of its all-time high. It is up 16% YTD in 2020. (7)
- Microsoft's adoption rate in just March and April has matched a typical 2yr adoption rate for new customers. (8)
- COVID-19 did not reduce revenues – in fact their Cloud AZURE sales were up 59% this past qtr.
- Other holdings that have responded well include both Adobe and Salesforce both overtaking Oracle and SAP in market cap. They have adapted far quicker to the Cloud and can better meet customers' demand – from offering monthly subscription services to reporting on customer mobile usage & preferences. (9)

- Google's Meet conferencing software - is increasingly used by the largest US public (government) school departments - instead of Zoom given its security concerns. Los Angeles and New York City with over 2 million school kids combined - use Meet, plus Google Classroom - a cloud-based program for all online homework and teacher/student interaction.
- Google's parent Alphabet posted impressive Cloud revenue gains for the 1st quarter – exceeding \$10bn for the first time. This is a gain of over 50% over the same quarter in 2019. Google's Cloud operations while playing catchup, is growing faster than both AWS and Microsoft's Azure. (10)
- Cloud Tech giants Amazon and Microsoft have both seen their share prices gain during the 1st qtr while most stocks collapsed. While Amazon has posted a 1st quarter stock price gain of 5.6% - virtual computing firm Citrix has risen 28% and Nvidia is up 12% (computer chips, gaming software). (11)
- China's 3 top cloud providers are offering free services to government agencies, businesses and students in their bid to fight the pandemic. (Alibaba Cloud, Tencent Cloud, and Baidu). China represents almost 11% of the worldwide Cloud total – with Alibaba Cloud the leader (46% of total spend). Tencent Cloud increased its share to 18.0%, while Baidu AI Cloud has an 8.8% share.

Top 10 Constituents

Weight

Amazon.Com Inc	5.56%
Nvidia Corp	5.13%
Equinix Inc	4.89%
Microsoft Corp	4.74%
Adobe Inc	4.48%
Apple Inc	4.25%
Intel Corp	4.21%
Oracle Corp	4.15%
Alphabet Inc	4.15%
Salesforce.com Inc	4.13%

Region Breakdown

Weight

North America	91.73%
Europe	3.74%
Asia	4.53%

Source: Bloomberg / HANetf. Data as of 30/04/20

Fund Details

HAN-GINS Cloud Technology UCITS ETF, is a UCITS compliant Exchange Traded Fund domiciled in Ireland.

The fund tracks the Solactive Cloud Technology Index and seeks to provide exposure to companies active in the field of cloud computing, such as service providers or producers of equipment or software focused on cloud computing.

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

- [SKYY Factsheet](#)
- [SKYY Video](#)
- [SKYY Whitepaper](#)
- [SKYY Fund Page](#)

EXCHANGE	BB CODE	RIC	ISIN	CURRENCY	INCOME
London Stock Exchange	SKYY LN	SKYY.L	IE00BDDRF924	USD	Acc
London Stock Exchange	SKYP LN	SKYP.L	IE00BDDRF924	GBP	Acc
Borsa Italiana	SKYY IM	SKYY.MI	IE00BDDRF924	EUR	Acc
XETRA	5XYE GY	5XYE.DE	DE000A2N5XC4	EUR	Acc

Webinars

Please see our upcoming April 23rd Webinar on Cloud Technology, plus past seminars including: 'Beyond the FAANGS' (SKYY update).

Please register at www.hanetf.com/webinars

SKYY Fund News

Recent Rebalance: 10th January 2020

Twelve new securities were added to SKYY, during the rebalance. The total number was maintained at 50 underlying securities.

Next Rebalance

The next re-balance will take place on July 10th 2020

Press

Recent Press Releases

- [Global Tech Story Saw Strong Investor Appetite in 2019 | EMQQ, SKYY & ITEK](#)

For more press www.hanetf.com/press-releases

Recent Press Articles

- [Cloud Computing Investment Outlook 2020 | SKYY](#)

For more press www.hanetf.com/press-releases

About HANetf

HANetf is an independent ETF specialist working with third-party asset managers to bring differentiated, modern and innovative ETF exposures to European investors via unique white-label ETF/ETC platform.

Founded by two of Europe's leading ETF entrepreneurs, Hector McNeil and Nik Bienkowski, HANetf provides a complete operational, regulatory, distribution and marketing solution for asset managers who want to successfully launch and manage UCITS ETFs.

HANetf's full products list includes:

Product Name	Ticker	ISIN	Sedol
<u>Emerging Markets Internet & Ecommerce UCITS ETF</u>	<u>EMOO</u>	IE00BFYN8Y92	BYVJ906
<u>HAN-GINS Innovative Technologies UCITS ETF</u>	<u>ITEK</u>	IE00BDDRF700	BYVJ8Y3
<u>HAN-GINS Cloud Technologies UCITS ETF</u>	<u>SKYY</u>	IE00BDDRF924	BYVJ8T8
<u>FTSE Kuwait Equity UCITS ETF</u>	<u>KUW8</u>	IE00BGPBV544	BGY9KV5
<u>HAN-GINS Indxx Healthcare Innovation UCITS ETF</u>	<u>WELL</u>	IE00BJQTJ848	BJVBGL7
<u>The Medical Cannabis & Wellness UCITS ETF</u>	<u>CBDX</u>	IE00BG5J1M21	BGSXSL9
<u>The Royal Mint Physical Gold ETC</u>	<u>RMAU</u>	XS2115336336	BKT7175

For further information, please visit www.hanetf.com.



Anthony Ginsberg, GinsGlobal

Anthony Ginsberg is the co-creator of The HAN-GINS Cloud Technology UCITS ETF (SKYY), enabling investors to gain exposure to the top 50 cloud companies across Developed and Emerging markets. SKYY tracks a rules-based index that uses artificial intelligence to identify and select companies involved in the field of cloud computing.

Anthony Ginsberg is the Managing Director of GinsGlobal Investment Management, a global asset management company offering 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.

Sources

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