

Monthly Cloud Technology Market Report

August 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.

This report was written by, and is the opinion of, the SKYY fund partner GinsGlobal

Key Takeaways

- Global Cloud spending hit a record high in the 2nd quarter – \$34.6bn up 11% over prior quarter, and 30% over same 2019 period¹.
- COVID-19 lockdown is pushing more remote Cloud adoption rates and usage than ever seen before.
- Cloud Infrastructure services led by AWS (Amazon) and Microsoft's Azure, shows dramatic growth at expense of onsite data centres.
- IDC estimate more than two thirds of global organizations across every industry now use Cloud based systems².
- Highest adoption rates in manufacturing, healthcare and financial services

Cloud Technology ETF (SKYY)

Performance

July	YTD*	12 Month**
4.73%	13.61%	25.44%

Past performance is no guarantee of future performance.

Source: Bloomberg/HANetf

*YTD figures based on 01.01.20 - 31.07.20

**12 Month figures based on 01.08.19 - 31.07.20

For the year to date 2020 leading performers in our portfolio include:

- NVIDIA (80.6%), Amazon (71.3%), Kingsoft (98.0%) and Inseego (83.9%)
(Source: FactSet/Solactive and Bloomberg Data as of 31/07/20)

The month of July saw a number of our largest holdings hitting new highs for 2020. This includes Apple, Amazon, Alibaba, Splunk and NVIDIA. See table on page four for full breakdown.

*Source: HANetf, Bloomberg. Data as of 19.08.2020

¹ <https://www.newsbreak.com/news/1610794336424/global-ai-pc-shipments-surge-nearly-30-in-2q20-says-digitimes-research>

² <https://www.idc.com/getdoc.jsp?containerId=prUS45613519>

Performance Review

Monthly Performance of SKYY: Cloud Technology ETF

HAN-GINS Cloud Technology ETF (SKYY) has continued to benefit from the remote working behaviours ushered in by the COVID-19 lockdowns globally. In July it posted a gain of 4.73%, following a June return of 4.2%. For 2020, SKYY is up 13.61%. Its NAV hit a new all-time high of \$10.74 in early August*.

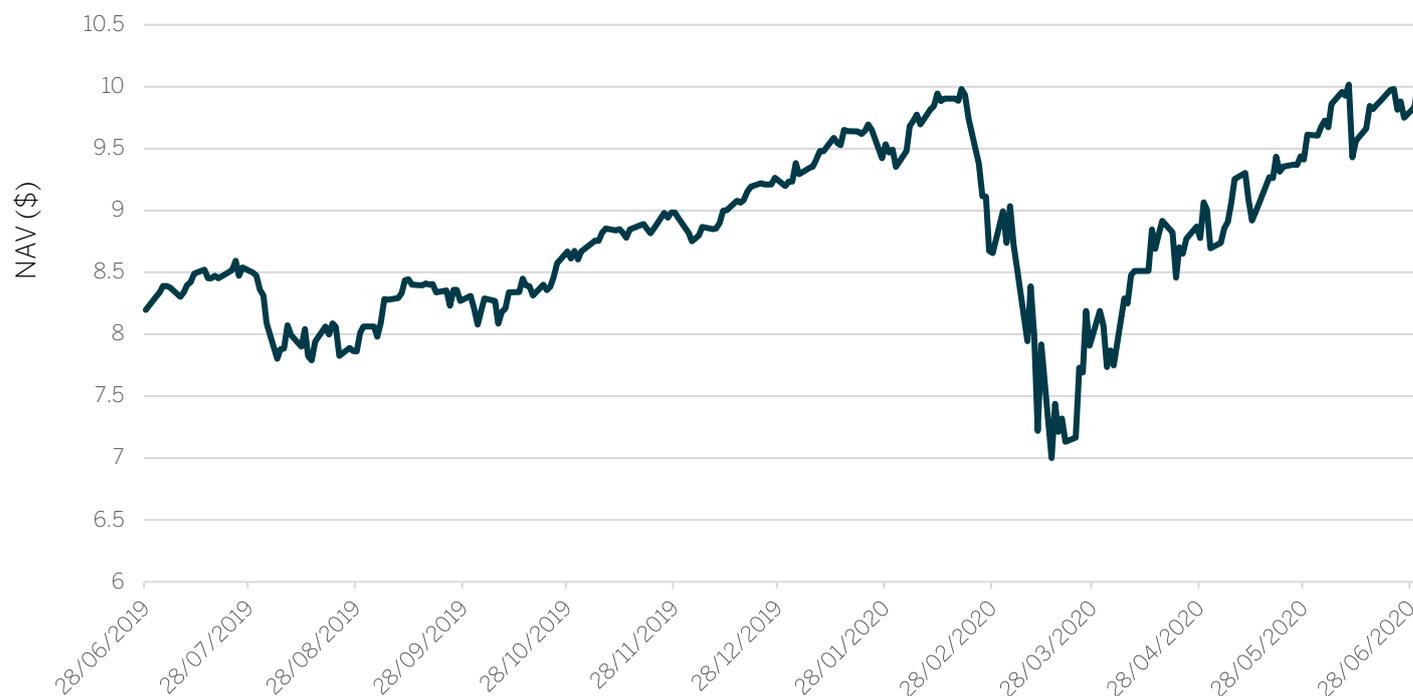
Over the past 3 months, SKYY has gained 16.48%, with a one year return of 25.44%. It has rebounded well from its March lows – cancelling out all losses suffered earlier in the year.

SKYY continues to be a major beneficiary of the global Work From Home phenomenon. A surge in demand from the public sector (governments) and healthcare operators has boosted cloud revenues and adoption rates. The future has arrived much sooner for Cloud than many expected.

It is clear COVID has significantly fast-tracked adoption rates. The future of tech has already arrived with the lockdowns. We see Cloud now embedded in mainstream work-life activities. The flexibility of scaling up services, such as the Disney+ successful new online streaming service and flexible subscription model, will ensure this shift accelerates further, away from onsite hardware. Less well known is the large adoption by governments/public sector of various Cloud services. This included a huge shift by large public health providers and hospitals.

Globally, we expect Cloud adoption rates to mirror the US – boosting Cloud spending across Europe and Asia in particular. Cloud is increasingly becoming a utility type service – charging flexible monthly subscription fees. This pay-for-use model will encourage even more enterprises to make the switch away from expensive onsite data centres, which risk becoming increasingly obsolete.

HAN-GINS Cloud Technology UCITS ETF (SKYY) – 1 Year Performance (01/08/19 – 31.07.20)



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 Data as of 31.07.2020

Industry News

According to UBS, the global cloud infrastructure market is expected to grow at 25% annualized (CAGR) from 2019–2023³.

Companies globally spent \$34.6bn on Cloud services in the 2nd quarter - up 11% from the prior quarter and 30% above the same period in 2019⁴.

Asian IT firms, such as Alibaba and Samsung, are enjoying record earnings and accompanying stock gains. We expect this to accelerate too as global Cloud infrastructure has reached a tipping point, allowing most developing countries to enjoy the same benefits as the US. Alibaba, a 4.2% holding, has gained over 30% in just the past 3 months⁵.

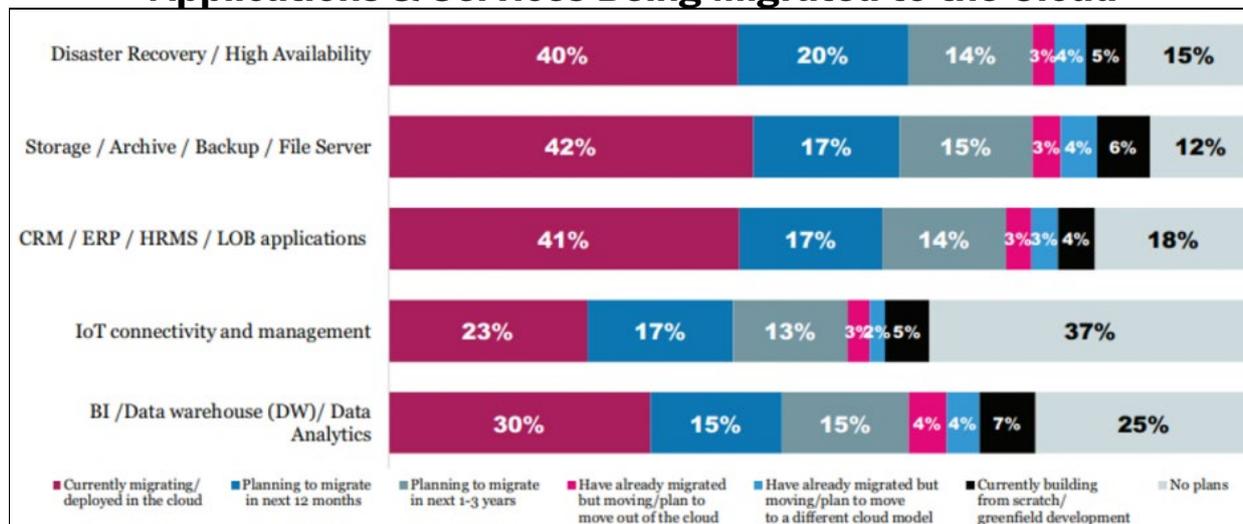
³ Future of Tech report 2020, UBS, page 17, <https://www.ubs.com/global/en/wealth-management/chief-investment-office/investment-opportunities/investing-in-the-future/2020/future-of-tech-economy.html>

⁴ <https://www.wsj.com/articles/cloud-spending-hits-record-amid-economic-fallout-from-covid-19-11596494981>

⁵ <https://www.wsj.com/articles/asia-has-a-wild-tech-rally-of-its-own-11596706205?mod=searchresults&page=1&pos=6>

IDG's 2020 Cloud Survey of 550 IT decision makers shows enterprises plan to invest 32% of their total IT budgets on cloud infrastructure and applications next year. The survey indicates companies will spend an average of \$74mn on cloud computing, a huge 59% gain over 2018 levels. It is clear the inhouse data centers are no longer the center of gravity for hosting enterprise applications. The public cloud is benefiting from massive migration of applications such as websites (53%), collaboration solutions (52%), storage and backup (42%), and business services (41%) such as CRM and ERP⁶.

Applications & Services Being Migrated to the Cloud



For illustrative purposes only

Source: IDG 2020 Cloud Survey

We expect cloud spending globally to gain momentum, given the new Work From Home behaviours, which we see as lasting. Cloud now drives the Internet of Things as well as elements of Healthcare Innovation such as telemedicine – plus Future Cars, Cyber Security and Social Media. These themes are increasingly dependent on Cloud.

Constituent News

Below we highlight some of the best performing Cloud ETF holdings in SKYY's portfolio. Included are the stock's individual price gains, as well as its contribution to SKYY's portfolio return. The recent addition of Twilio has been a top performer and contributor to our July return. This broader definition of cloud includes all cloud communications, ensuring SKYY is one of the broadest cloud offers across all 3 key cloud areas of Infrastructure, Platform/Software as a Service.

Top 10 Constituents	Weight	Region Breakdown	Weight
Twilio Inc	4.79%	North America	90.31%
Apple Inc	4.35%	Europe	4.35%
SAP SE	4.35%	Asia	5.33%
Amazon.com Inc	4.29%		
Alibaba Group Holding Ltd	4.22%		
Equinix Inc	4.21%		
NVIDIA Corp	4.18%		
Splunk Inc	4.06%		
Cisco Systems Inc	3.89%		
salesforce.com Inc	3.87%		

Source: Bloomberg, HANetf. Data as of 31.07.20

⁶ Source: IDG Survey chart below: <https://cloudcomputing-news.net/news/2020/jul/27/cloud-executive-demand-soars-covid-19/>

Cloud Tech giants **Amazon**, **Microsoft** and **Apple** all touched new highs during July, continuing into early August. Apple is now approaching a \$2 trillion valuation. Amazon and Microsoft also exceed \$1 trillion market caps. Microsoft's commercial cloud revenue topped \$50 billion for the year for the first time⁷.

Below we show the leading contributors to SKYY's July performance – led by Twilio, Amazon, Apple, Alibaba and NVIDIA. Amongst the most impressive returns for July were some of our smaller holdings too including: Sierra Wireless up 48.6%

Top Performing Contributors – YTD 2020 (01.01.20 – 31.07.20)

Cloud ETF Holdings	July Return (%)	Contribution Return YTD (%)
TWILIO INC - A	23.41	0.95
AMAZON.COM INC	14.71	0.79
APPLE INC	16.51	0.68
ALIBABA GROUP HOLDING-SP ADR	16.37	0.62
NVIDIA CORP	11.76	0.59
SAP SE	13.36	0.52
EQUINIX INC	11.84	0.47
RINGCENTRAL INC-CLASS A	11.55	0.33
SPLUNK INC	5.60	0.23
ALPHABET INC-CL A	4.93	0.20
PALO ALTO NETWORKS INC	6.16	0.20
DELL TECHNOLOGIES -C	8.90	0.20
SALESFORCE.COM INC	4.01	0.17
CROWDSTRIKE HOLDINGS INC - A	6.58	0.15
JUNIPER NETWORKS INC	11.02	0.12
ADOBE INC	2.07	0.10
ZSCALER INC	8.29	0.10
SIERRA WIRELESS INC	48.56	0.10

Past performance is no guarantee of future performance

Source: FactSet/Solactive and Bloomberg Data as of 31/07/20

⁷ Source: <https://cloudcomputing-news.net/news/2020/jul/23/microsofts-commercial-cloud-revenues-break-50bn-for-first-time-but-azure-growth-slips/>

Fund Details

HAN-GINS Cloud Technology UCITS ETF, is a UCITS compliant cloud computing ETF domiciled in Ireland.

The SKYY cloud ETF 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
SIX	SKYY SW	SKYY.S	IE00BDDRF924	CHF	Acc

Webinars

Please see our latest SKYY webinar: [“Investing in Cloud Technology” on 19th August](#)

Please see our other webinars on cloud technology at www.hanetf.com/webinars

SKYY Fund News

Recent Rebalance: 10th July 2020

13 new additions including many leading names in the cloud communications and cloud security area including Zoom and Twilio. 11 deletions.

SKYY listed on **SIX Swiss Exchange** on 2nd June 2020

Press

Recent Press Releases

- [SIX Swiss Listing](#)
- [Cloud Computing ETF Update | SKYY Rebalance](#)
- [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:

Name	TER	Bloomberg Codes				
		LSE \$	LSE £	Borsa €	XETRA €	SIX
The Emerging Markets Internet & Ecommerce UCITS ETF	0.86%	EMQQ LN	EMQP LN	EMQQ IM	EMQQ GY	EMQQ SW
HAN-GINS Tech Megatrend Equal Weight UCITS ETF	0.59%	ITEK LN	ITEP LN	ITEK IM	T3KE GY	ITEK SW
HAN-GINS Cloud Technology UCITS ETF	0.59%	SKYY LN	SKYP LN	SKYY IM	5XYE GY	SKYY SW
HAN-GINS Indxx Medical Innovation UCITS ETF	0.59%	WELL LN	WELP LN	WELL IM	W311 GY	WELL SW
KMEFIC FTSE Kuwait UCITS ETF	0.80%	KUW8 LN	KUWP LN	KUW8 IM	KUW8 GY	-
The Medical Cannabis & Wellness UCITS ETF	0.80%	CBDX LN	CBDP LN	-	CDSX GY	CBDX SW
The Royal Mint Physical Gold ETC	0.22%	RMAU LN	RMAP LN	-	RM8U GY	-
BTCetc Bitcoin Exchange Traded Crypto*	2.00%	-	-	-	BTCE GY	-

*Marketed and Distributed by HANetf

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.

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The Issue Documentation, ETF Prospectus and Bitcoin Prospectus can all be downloaded from www.hanetf.com.

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