ETF Securities Webinar Series

Investing in Innovation – Its place in an Investor's Portfolio

Presented by:
Kanish Chugh | ETF Securities

Disclaimer & Credits

Disclaimer

This document is communicated by ETFS Management (AUS) Limited (“ETFS”) (Australian Financial Services Licence Number 466778). This document may not be reproduced, distributed or published by any recipient for any purpose. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy, any securities, investments or other financial instruments and any investments should only be made on the basis of the relevant product disclosure statement which should be considered by any potential investor including any risks identified therein.

This document does not take into account your personal needs and financial circumstances. You should seek independent financial, legal, tax and other relevant advice having regard to your particular circumstances. Although we use reasonable efforts to obtain reliable, comprehensive information, we make no representation and give no warranty that it is accurate or complete.

Investments in any product issued by ETFS are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither ETFS, ETFS Capital Limited nor any other member of the ETFS Capital Group guarantees the performance of any products issued by ETFS or the repayment of capital or any particular rate of return therefrom.

The value or return of an investment will fluctuate and investor may lose some or all of their investment. Past performance is not an indication of future performance.

Source ICE Data Indices, LLC, is used with permission. “NYSE® FANG+™” is a service/trade mark of ICE Data Indices, LLC or its affiliates and has been licensed, along with the NYSE® FANG+ ™ Index (“Index”) for use by ETFS Management (AUS) Limited in connection with ETFS FANG+ ETF (FANG) (the “Product”). Neither ETFS Management (AUS) Limited, ETFS FANG+ ETF (the “Trust”) nor the Product, as applicable, is sponsored, endorsed, sold or promoted by ICE Data Indices, LLC, its affiliates or its Third Party Suppliers (“ICE Data and its Suppliers”). ICE Data and its Suppliers make no representations or warranties regarding the advisability of investing in securities generally, in the Product particularly, the Trust or the ability of the Index to track general market performance. Past performance of an Index is not an indicator of or a guarantee of future results.

ICE DATA AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY INFORMATION INCLUDED IN, RELATED TO, OR DERIVED THEREFROM (“INDEX DATA”). ICE DATA AND ITS SUPPLIERS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES AND THE INDEX DATA, WHICH ARE PROVIDED ON AN “AS IS” BASIS AND YOUR USE IS AT YOUR OWN RISK.

Credits

Icons made by Freepik, Pixel perfect from www.flaticon.com, Flatart, Pixelbuddha from www.iconfinder.com

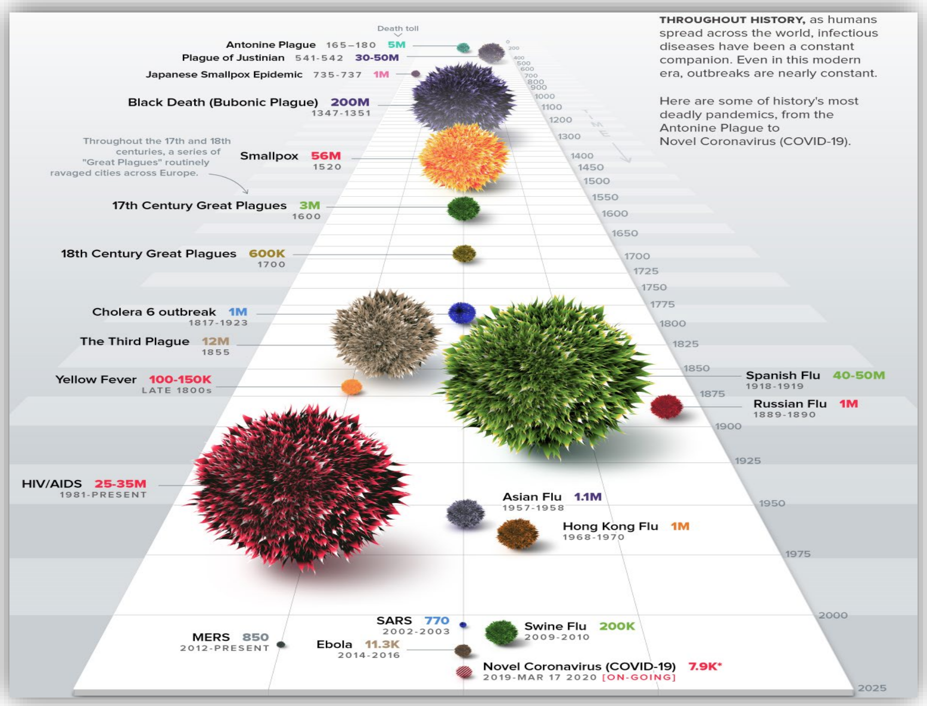
Agenda

Investing in Innovation - its place in an Investor's Portfolio

1. The Covid-19 Crash?
2. Is it tech or not tech?
3. Introducing the new FANG ETF
4. Why not use active?
5. Outlook of FANG+ stocks
6. How does FANG fit into a portfolio

Australia I A Tough Year

Source: Internet



Source: Visual Capitalist, March 2020

The World Has Changed | We Know That, But What Does That Mean?

Current State Of Play

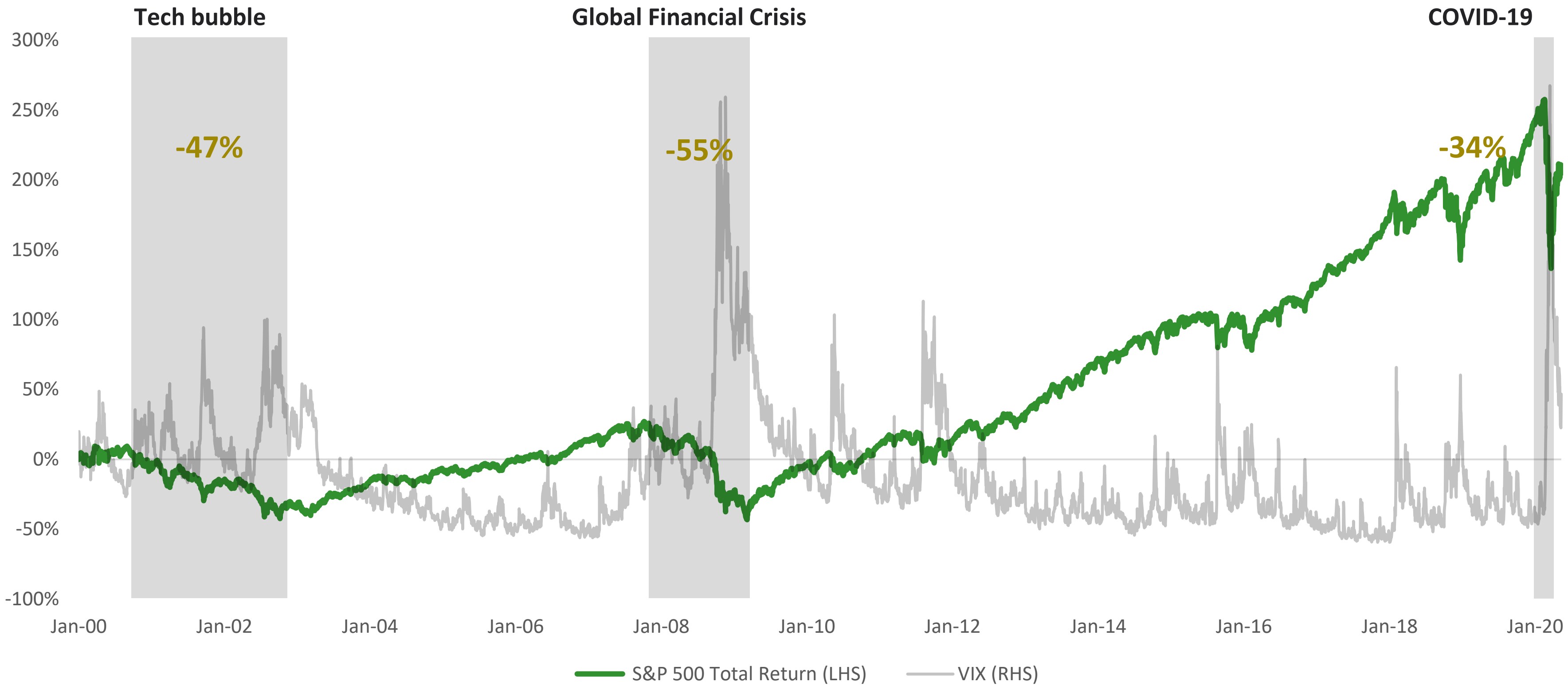
- Volatility will be around for some time to come
- Negative real interest rate across the developed world
- Global recession is almost guaranteed

"We've got something for that!"

Hope For The Future

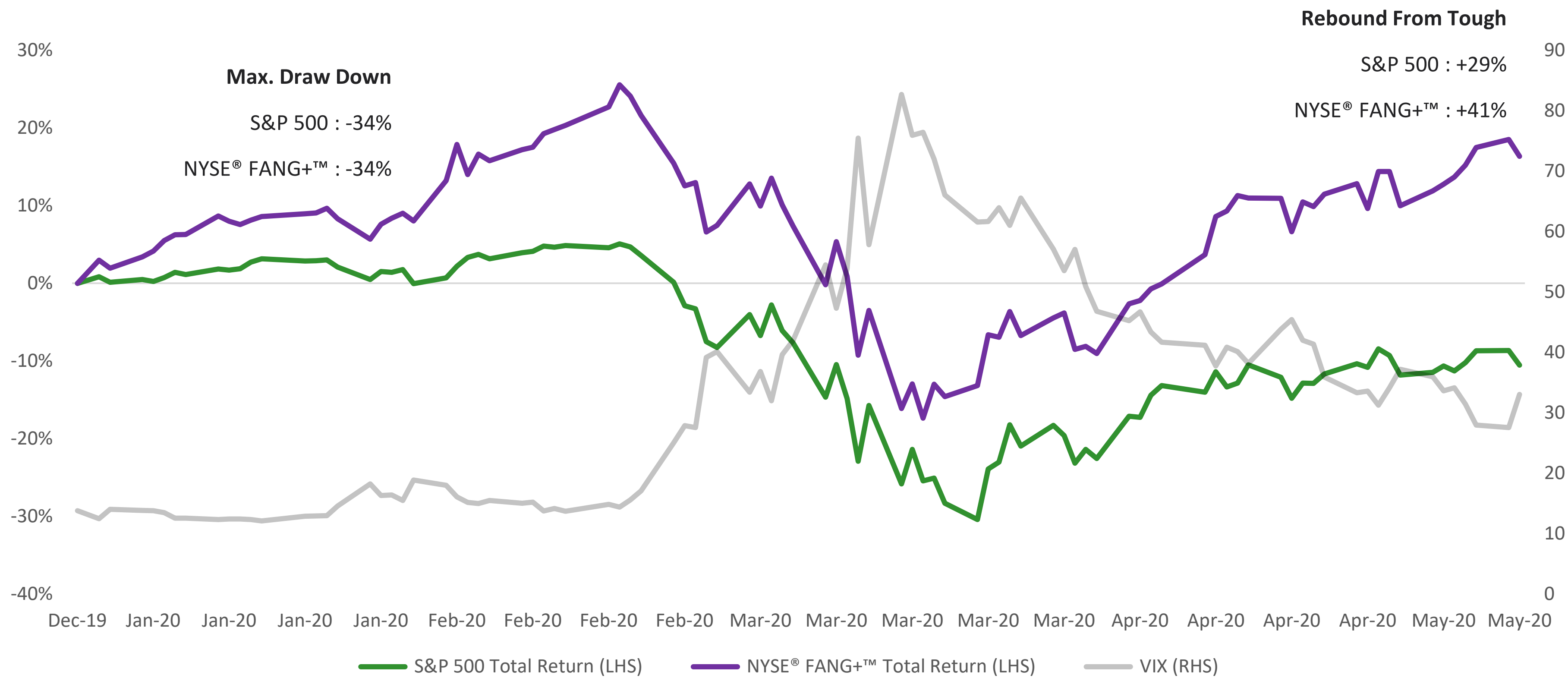
- However, there is hope and medium to long terms opportunities
- Technology likely to lead the way back

COVID-19 I When Will It End?



Source: Bloomberg. As at 12 May 2020. Returns in USD terms.

COVID-19 I When Will It End?



Source: Bloomberg. As at 12 May 2020. Returns in USD terms.

COVID-19 I Changed behavior, will it last?

Quarantine Internet Activities, %

	All	Gen Z	Millennials	Gen X	Boomers
Searching for coronavirus/ COVID-19 updates	68	67	71	69	54
Listening to music	58	71	62	54	38
Watching movies/shows	49	51	52	51	34
Watching funny videos	42	52	44	39	27
Playing games on mobile	40	47	45	36	34
Looking at memes	32	54	41	21	9
Playing games on PC/laptop	29	29	36	25	25
Searching for cooking recipes	28	21	35	29	21
Reading business & finance articles/news	27	14	35	28	21
Searching for discounts from brands	24	22	28	23	23
Reading healthy eating articles	24	19	31	22	16
Reading sports news	23	16	32	19	24
Reading celebrity news	22	25	25	19	15
Listening to podcasts	18	16	26	16	7
Watching fitness videos	18	18	24	17	3
Searching for fashion trends/discounts	16	14	23	13	7
Reading live blogs	15	12	22	13	9
Watching esports videos/livestreams	12	14	20	9	2
Searching for vacations	12	11	18	9	3
Watching webinars	11	9	16	9	6
I'm trying to stay off the internet	5	5	4	6	8

Source: Visualcapitalist.com
Global Web Index, Coronavirus Research Report, April 2020

Is it Tech or not Tech? | What is classified as technology?

Technology

- **Software**
  - I.T. Services
  - Software - application
  - Software - Infrastructure
- **Hardware**
  - Communication equipment
  - Computer hardware
  - Consumer electronics
  - Electronic Components
  - Electronics & Computer Distribution
  - Scientific & Technical Instruments
- **Semiconductors**
  - Semiconductor equipment & materials
  - Semi-conductors
  - Solar

Is it Tech or not Tech?

Australia's Weaker Economy And Currency Make Global Assets And Themes More Attractive

Sector Weights	ASX 200	MSCI World	Deviation
Information Technology	2.9%	19.6%	-16.7%
Health Care	13.4%	14.7%	-1.3%
Financials	26.4%	13.0%	13.4%
Consumer Discretionary	6.6%	10.8%	-4.2%
Industrials	7.8%	10.0%	-2.2%
Communication Services	4.1%	8.9%	-4.7%
Consumer Staples	6.8%	8.7%	-1.9%
Materials	19.1%	4.2%	14.9%
Energy	4.3%	3.6%	0.7%
Utilities	2.0%	3.5%	-1.5%
Real Estate	6.6%	3.1%	3.5%

Sources: MSCI, Bloomberg. Data as of 30 April 2020

Is it Tech or not Tech? | Global Investment Classification Structure

Not Classified as Tech Stocks under Global Investment Classification Standard (GICS):

Communication Services >

Alphabet (Google)
Interactive media & Service >
Media and Entertainment

Facebook
Interactive media & Service >
Media and Entertainment

Netflix
Entertainment >
Media & Entertainment

Baidu
Interactive media & Service >
Media and Entertainment

Twitter
Interactive media & Service >
Media and Entertainment

Consumer Discretionary >

Alibaba
Internet & Direct Marketing >
Retailing

Tesla
Automobiles >
Automobiles & Components

Amazon
Internet & Direct Marketing >
Retailing

ETF Securities I Future Present

> *We are at the beginning of a revolution that is fundamentally changing the way we live, work, and relate to one another.*

– Schwab K., the founder and Executive Chairman of the World Economic Forum

Since 2017, ETF Securities have launched 5 products under our **Future Present** range to give investors access to trends that define the world we live in today and tomorrow.

ETFS FANG+ ETF (ASX Code: FANG) is our latest addition to the range, offering easy access to some of the most well-known technology and technology-enabled companies in the world.

- ETFS FANG+ ETF (ASX Code: FANG)
- ETFS Morningstar Global Technology ETF (ASX Code: TECH)
- ETF Securities S&P Biotech ETF (ASX Code: CURE)
- ETFS ROBO Global Robotics and Automation ETF (ASX Code: ROBO)
- ETFS Battery Tech & Lithium ETF (ASX CODE: ACDC)

ETFS FANG+ ETF | Intelligent Access To Global Innovation Leaders.

ASX Code: FANG

Management Fee: **0.35% p.a.**

Purpose:

To provide investors with a return that (before fees and expenses) tracks the performance of the **NYSE® FANG+™ Index.**

For more details, please refer to the product disclosure statement.

ASX Code: FANG | a short story about "FANG"

Google became part of Alphabet Inc.

Apple's market capitalisation hit $US 1 trillion.

2015

2019

2013

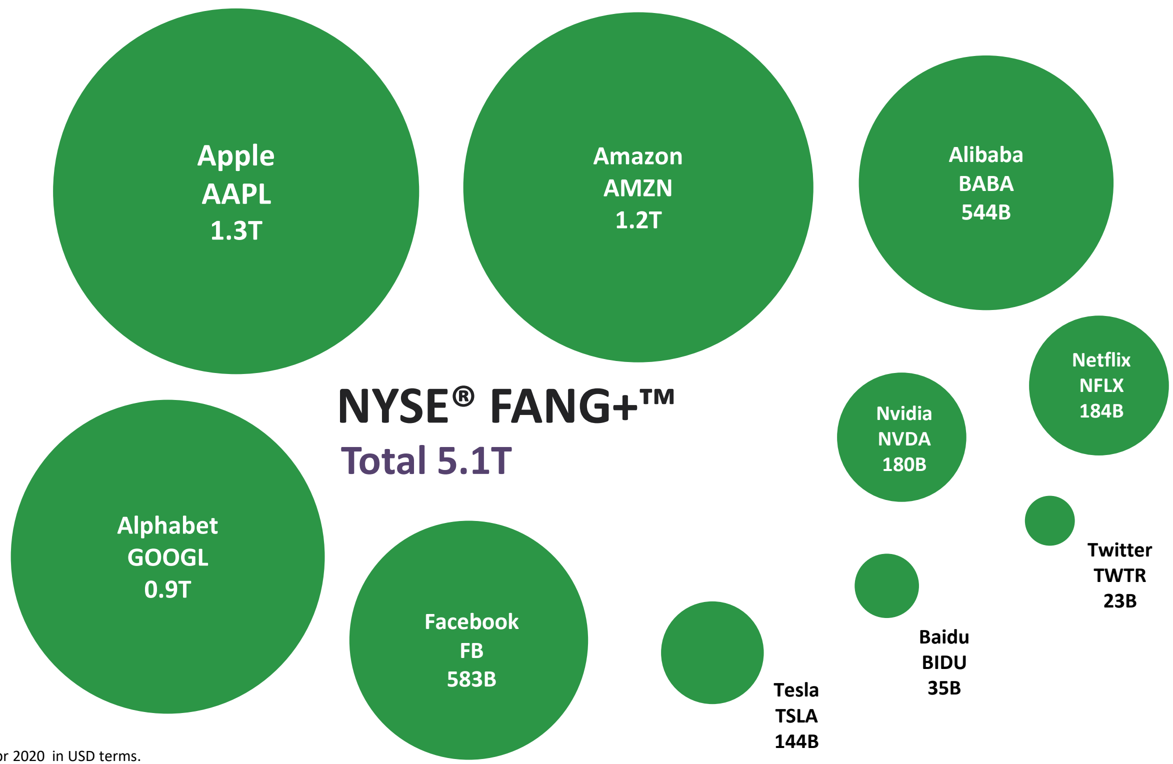
2017

FANG was coined by Jim Cramer, the television host of CNBC's Mad Money as an acronym for 4 popular technology companies: **Facebook**, **Amazon**, **Netflix** and **Google**.

NYSE expanded the idea and created **NYSE® FANG+™ Index** and **ICE Futures U.S.** launched the index futures.

ASX Code: FANG | The Innovation Leaders

Market capitalisation of the **NYSE® FANG+™** stocks:



Source: Bloomberg. Data as of 30 Apr 2020 in USD terms.

ASX Code: FANG | The Innovation Leaders

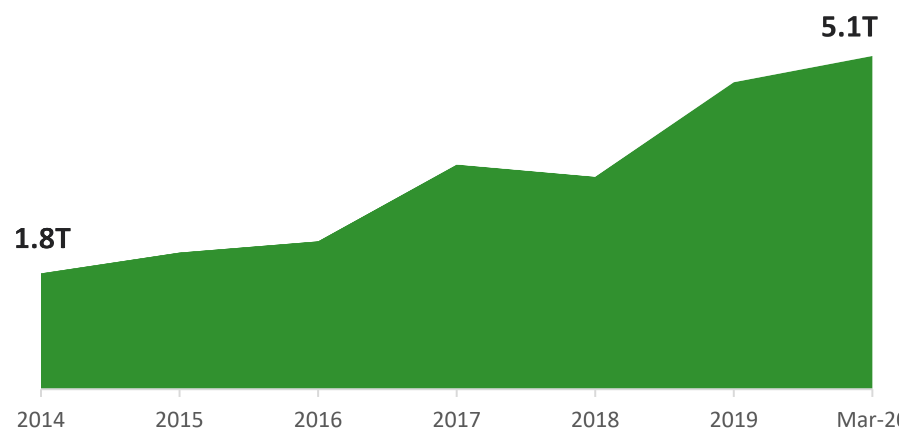
Combined market capitalisation of the **NYSE® FANG+™** stocks:

MSCI World (43.7T)
12%

S&P 500 (25.1T)
20%

ASX 200 (1.1T)
4.7x

Combined market capitalisation, Dec 2014 - Apr 2020 ($US trillions)



Source: Bloomberg. Data as of 30 April 2020 in USD terms.

ASX Code: FANG | Index Methodology

NYSE® FANG+™ Index provides exposure to a select group of highly-traded growth stocks of next generation technology and tech-enabled companies.

Selection

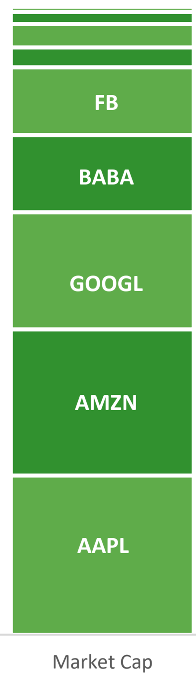
Eligible stocks:

- Common stocks and ADRs listed on a major US exchange i.e. NYSE, Nasdaq, NYSE American.
- Market capitalisation of at least $5 billion
- Trailing 6-month average daily traded value above $50 million

Number of stocks:

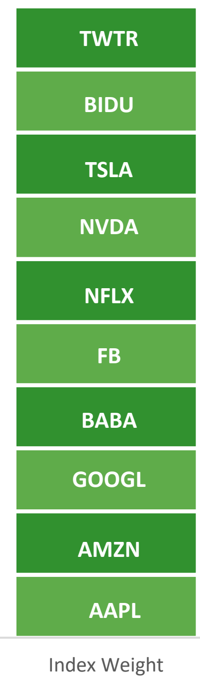
Variable – with a minimum of 10.

Weighting



Weighting scheme:

Equally-weighted.

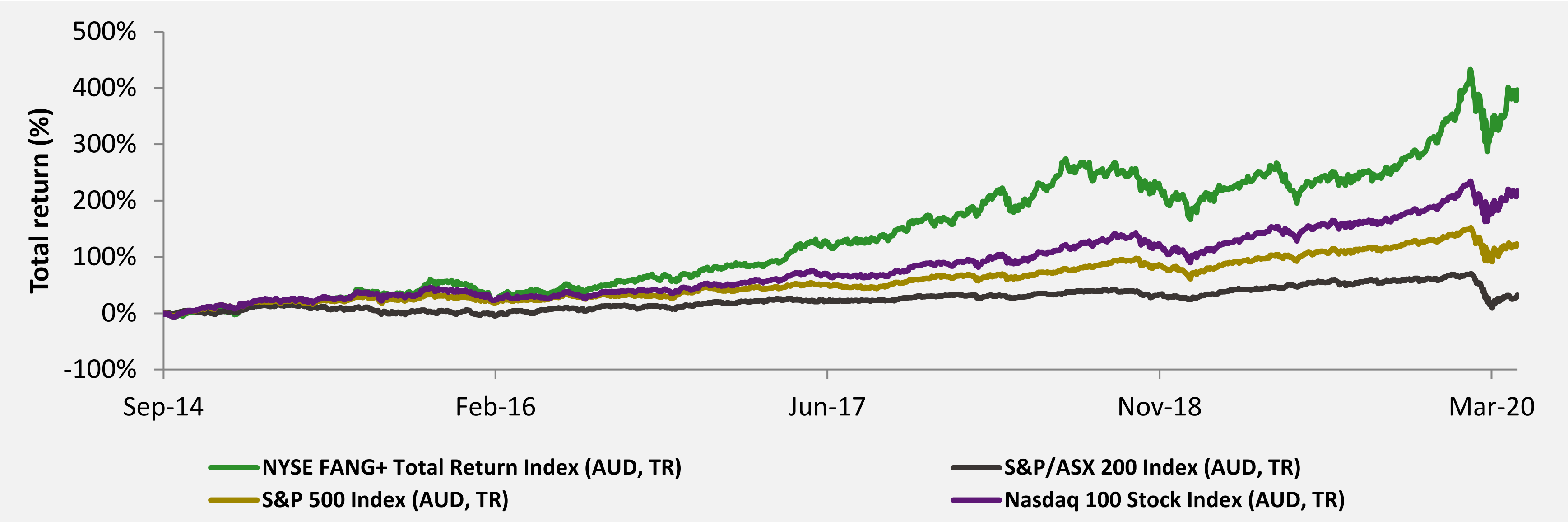


Rebalancing

Rebalance schedule:

Quarterly after the close of trading on the 3rd Friday of March, June, September and December.

ASX Code: FANG | Index Performance



Annualised Total Return (AUD terms)

Period Total Return (p.a.)	1M	3M	6M	1Y	2Y	3Y	5Y
NYSE FANG+ Total Return Index (AUD, TR)	11.25%	8.71%	39.68%	39.69%	27.62%	34.33%	33.29%
S&P/ASX 200 Index (AUD, TR)	8.78%	-20.32%	-15.48%	-9.06%	0.20%	1.92%	3.46%
S&P 500 Index (AUD, TR)	5.52%	-6.85%	2.24%	9.01%	15.08%	14.13%	13.37%
Nasdaq 100 Stock Index (AUD, TR)	7.78%	3.02%	18.15%	26.34%	26.91%	24.05%	21.19%

Source: Bloomberg, April 2020.

ASX Code: FANG | Low Cost & Efficient Access

The ETF provides low cost and efficient access to FANG+ stocks:

	ETF	Direct Stocks	Active Management
Minimum Size	1 unit	1 share each stock	A certain minimum investment amount
Management Fee (p.a.)	0.35%	None	vary, usually >1% plus performance fee
Brokerage Fee[1]	1 Australian ETF (approx. 0.015%)	US stocks (approx. 0.3%)	None
Tax Calculation	Easy	Complicated (Foreign stocks)	Easy for Australia-domiciled funds
W-8BEN Form	Not Required	Required	Not Required for Australia-domiciled funds

Other Index exposures? Nasdaq 100 Index?

[1] Assume an average investment of $150k. Source: Canstar, November 2017.

ASX Code: FANG | Active vs Passive

SPIVA Australia Scorecard Year-End 2019

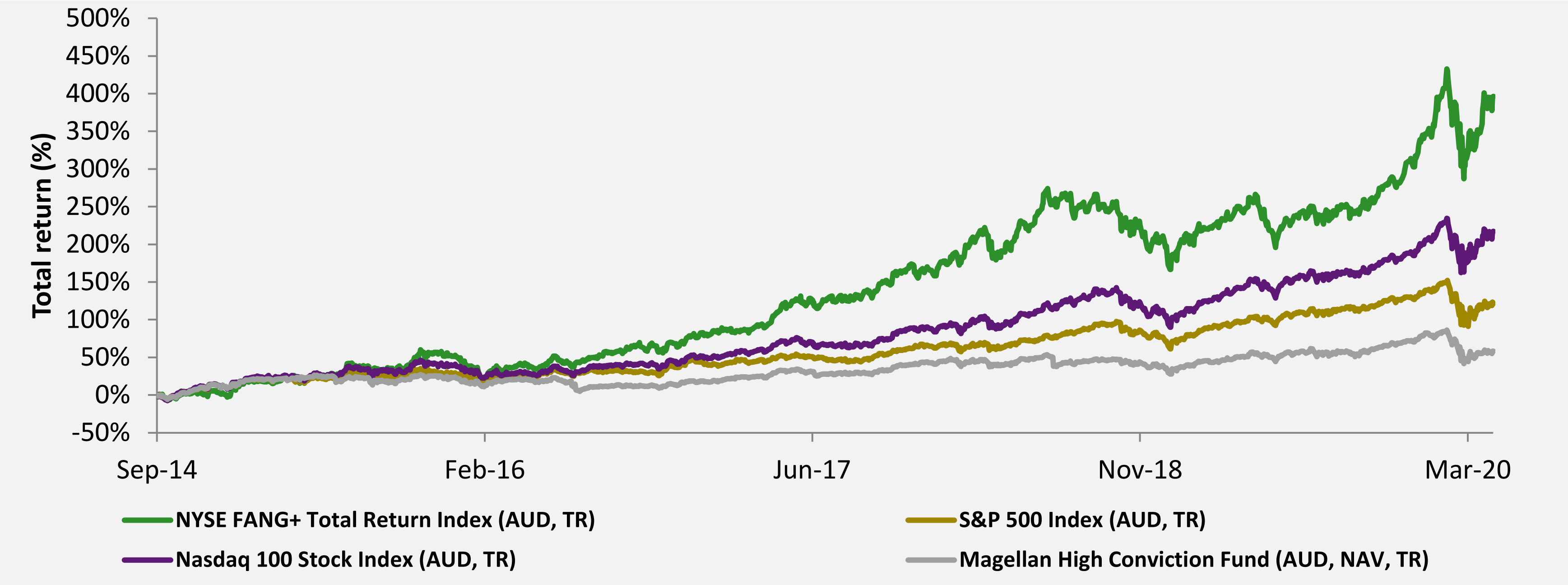
REPORTS

Report 1a: Percentage of Funds Outperformed by the Index (Based on Absolute Return)

FUND CATEGORY	COMPARISON INDEX	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)	15-YEAR (%)
Australian Equity General	S&P/ASX 200	61.52	74.54	80.79	83.92	85.30
Australian Equity Mid- and Small-Cap	S&P/ASX Mid-Small	46.92	61.48	69.72	49.07	50.00
International Equity General	S&P Developed Ex-Australia LargeMidCap	71.32	75.30	86.55	93.52	93.37
Australian Bonds	S&P/ASX Australian Fixed Interest 0+ Index	72.22	75.00	81.36	85.00	85.07
Australian Equity A-REIT	S&P/ASX 200 A-REIT	65.22	68.12	74.65	82.02	79.75

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

ASX Code: FANG | Alternatives: Passive or Active



Period Total Return (p.a.)	1M	3M	6M	1Y	2Y	3Y	5Y
NYSE FANG+ Total Return Index (AUD, TR)	11.25%	8.71%	39.68%	39.69%	27.62%	34.33%	33.29%
S&P 500 Index (AUD, TR)	5.52%	-6.85%	2.24%	9.01%	15.08%	14.13%	13.37%
Nasdaq 100 Stock Index (AUD, TR)	7.78%	3.02%	18.15%	26.34%	26.91%	24.05%	21.19%
Magellan High Conviction Fund (AUD, NAV, TR)	3.12%	-10.04%	-1.59%	1.70%	5.56%	6.89%	5.46%

Source: Bloomberg, April 2020.

FANG+ | The World Is Now Digitally Connected

Total Population	Unique Mobile Phone Users	Internet Users	Active Social Media Users
7.75 BILLION	**5.19 BILLION**	**4.54 BILLION**	**3.80 BILLION**
	Penetration:	Penetration:	Penetration:
	67%	**59%**	**49%**

Source: Digital 2020. Published by We Are Social and Hoostsuite, January 2020.

ASX Code: FANG | Now and 5 years beyond

E-Marketing | **social media and digital marketing**

E-Commerce | **online marketplaces and digital payment**

E-Entertainment | **video on demand and video games**

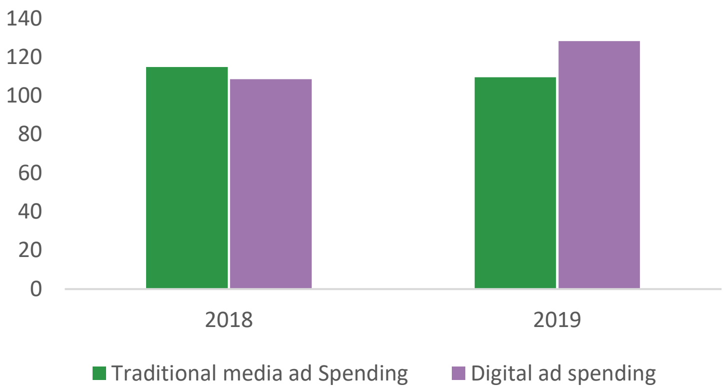
Cloud Computing | **cloud infrastructure and software services**

Next Generation Cars | **battery-powered and autopilot**

ASX Code: FANG | E-Marketing - Social Media and Digital Advertising

eMarketer estimated spending in digital ads has overtaken traditional ads in United States by 2019. However, China, has the highest percentage spend on digital ads in media spending.

Digital versus Traditional Ad Spending United States, 2018-2019 (US$bn)



eMarketer, February 2019

Top 10 Countries with highest percentage spend on digital ads in media spending

	2018	2019
China	65.3%	69.5%
UK	63.8%	66.4%
Norway	61.7%	65.5%
Ireland	58.8%	62.6%
Denmark	57.8%	61.6%
Sweden	56.3%	60.3%
Australia	55.6%	57.1%
US	48.6%	54.2%
New Zealand	51.8%	54.0%
Canada	50.2%	53.5%

eMarketer, February 2019

Facts you may not know:

55% of all Internet users are on Facebook.

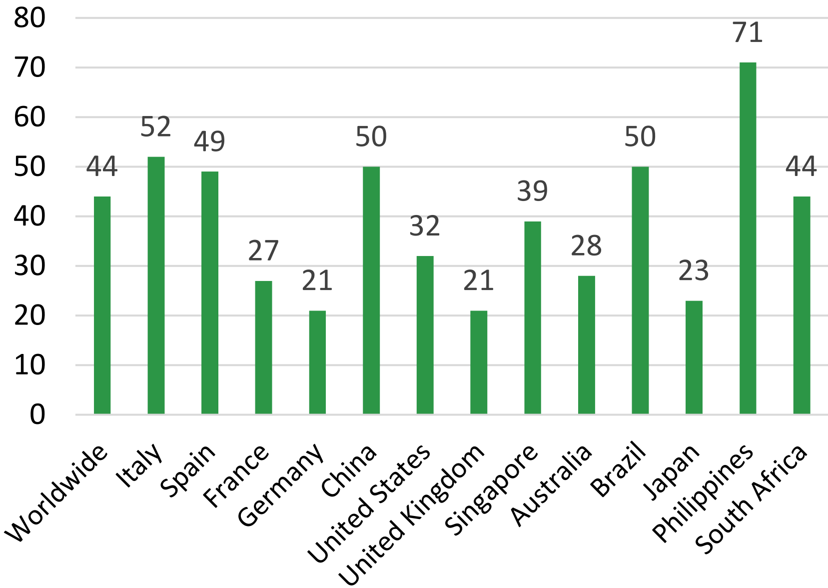
(statistia.com, June 2019)

93% Google's market share of the search engine market.

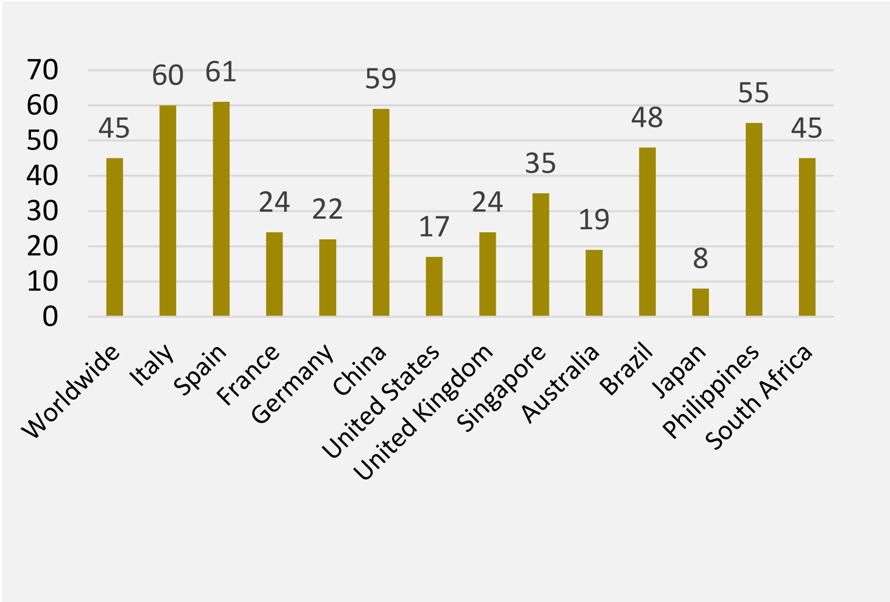
(techjury.net, December 2019)

ASX Code: FANG | Social media usage is up

Spending longer on social media (e.g. Facebook, Instagram, Twitter etc) %



Spending longer on messaging services (e.g. WhatApp, Facebook Messenger, etc)%

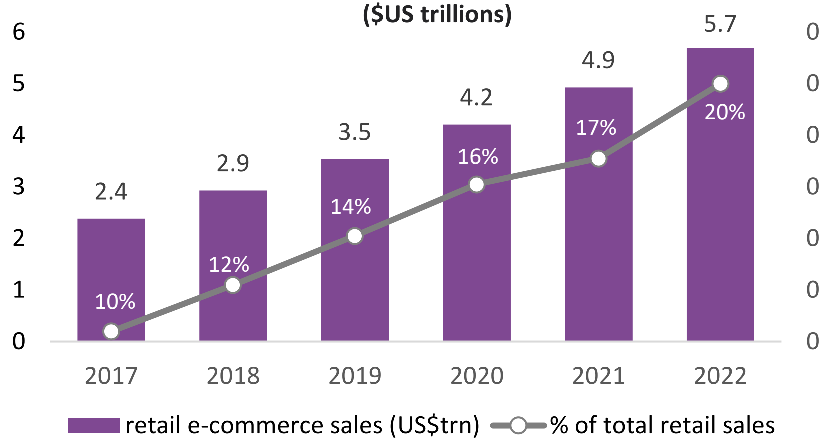


GlobalWebIndex, March 2020

ASX Code: FANG | E-Commerce / Online Marketplaces and Digital Payment

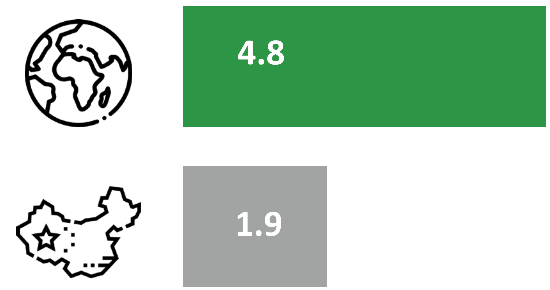
eMarketer estimated e-commerce sales to reach 20% of worldwide retail sales by 2022. Statista projected there will be $US1,929 trillion worth of digital payments in China by 2020, which is expected to be 40% of the worldwide total.

Retail E-Commerce Sales Worldwide, 2017-2022 ($US trillions)



Source: eMarketer, May 2019

Digital Payment Worldwide, 2020 ($US trillion)



Digital payment over the Internet or POS using mobile phones. Not include B2B payments, bank transfers online and card payment.

Source: Statista, January 2020

Facts you may not know:

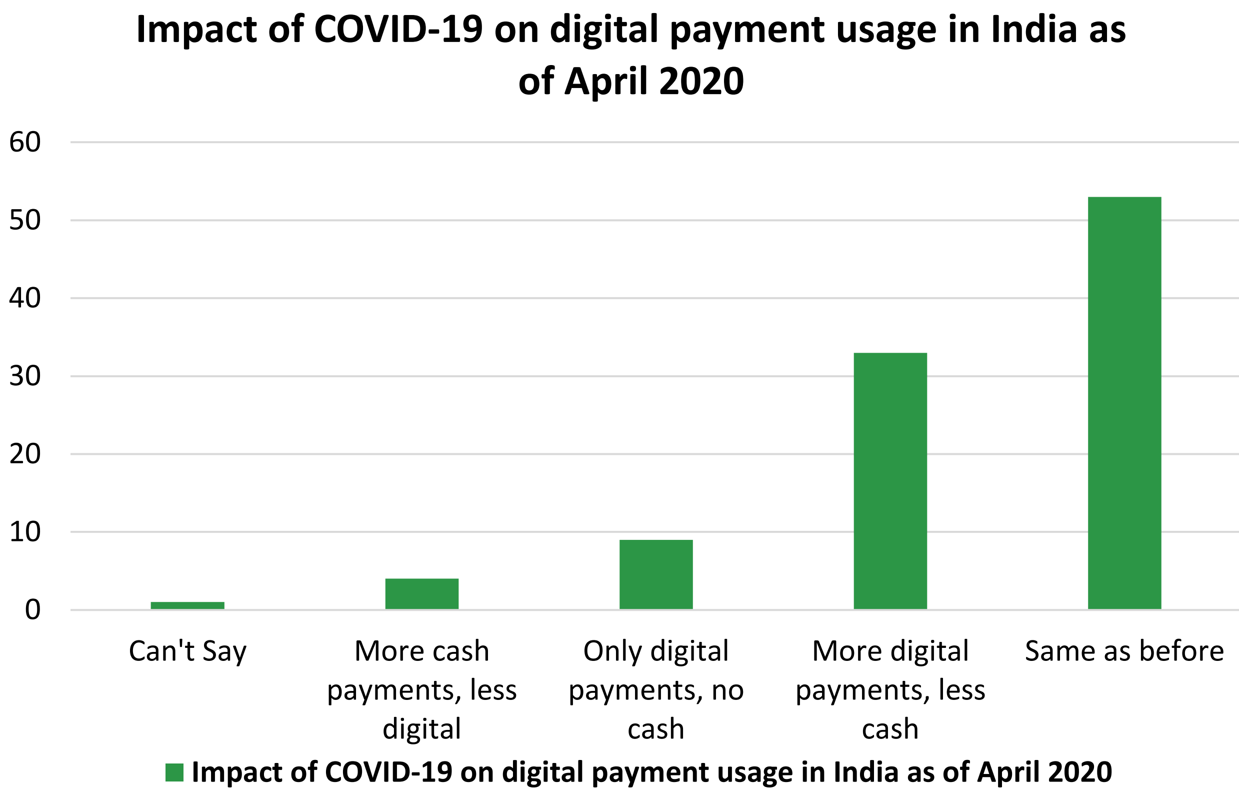
120 MILLION products were selling on Amazon.com.

(Source: Scrapehero, April 2019)

1.2 BILLION users are using Alipay, the digital payment solution of Alibaba.

(Source: Alibaba, June 2019)

ASX Code: FANG | Digital Payments in new markets

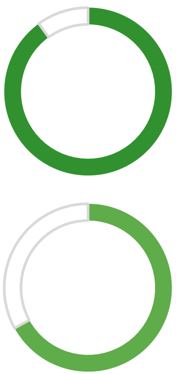


Source: LocalCircles, Statista April 2020
Additional Information: 8,777 respondents Online Survey

ASX Code: FANG | E-Entertainment / Videos On Demand & Video Games

In January 2020, GlobalWebIndex's data shows that two-thirds of internet users aged between 16 and 64 watch TV with some form of subscription services e.g. Netflix. Newzoo estimated the global video games market to be US$152 billion by 2019.

Internet Users Aged 16 to 64

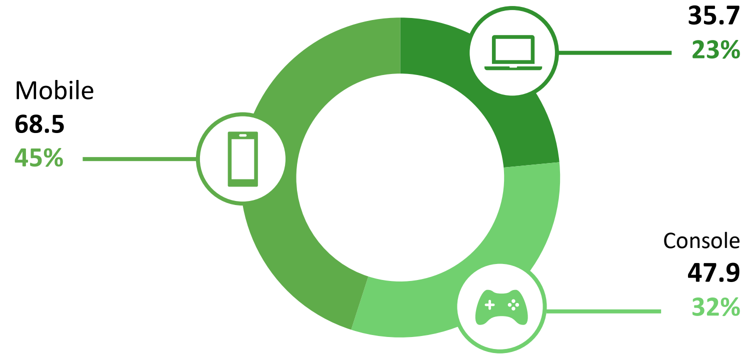


90%
Watch Online Videos

67%
TV Streaming Subscription

Source: GlobalWebIndex, January 2020.

Global Games Market ($US billions)



Source: Newzoo, June 2020

Facts you may not know:

167 MILLION worldwide subscribers on Netflix.

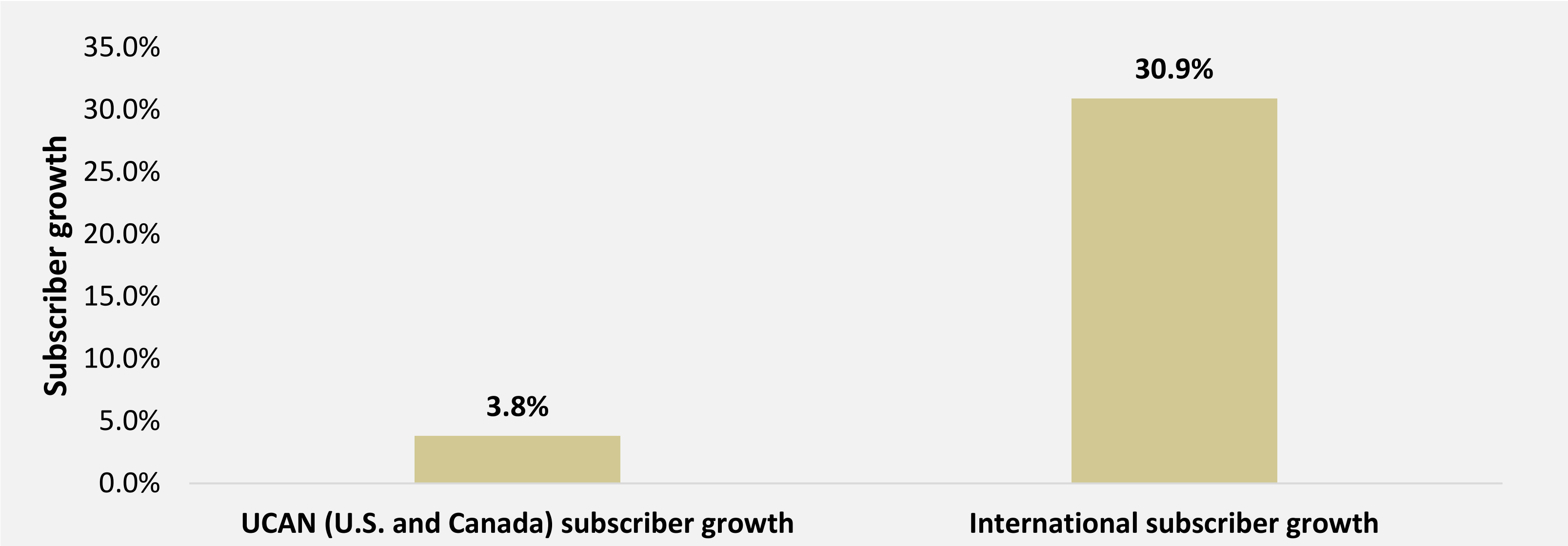
(Source: Netflix, December 2019)

1st graphic processing unit (GPU) release in 1999 under the brand name: GeForce.

ASX Code: FANG | Netflix subscriber growth up

Coronavirus forecasts: estimated year-on-year subscriber growth rate of Netflix in North America and worldwide as of March 2020

Netflix Subscriber growth forecasts: coronavirus impact 2020



Note: Worldwide, North America; March 2020

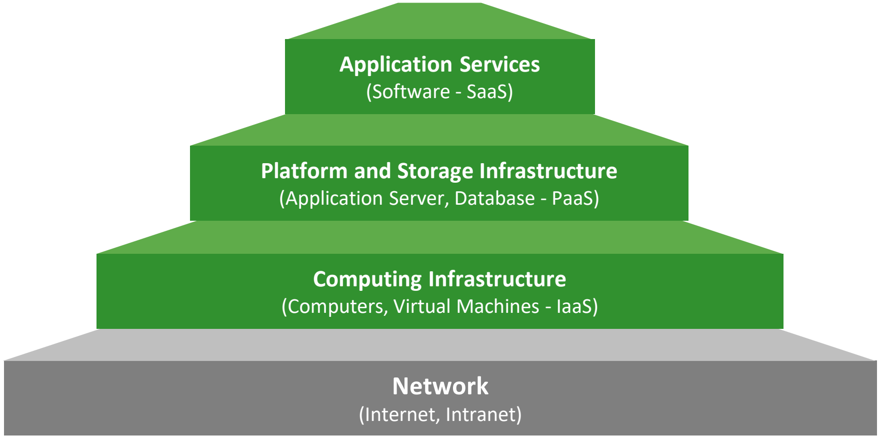
Further information regarding this statistic can be found on page 45.

Source(s): Expert(s) (Michael Olson); The Motley Fool; ID 1105767

ASX Code: FANG | Cloud Computing - Cloud Infrastructure and Applications Services

In 2019, the global average broadband download speed is 3.8 times quicker than 2 years ago. Gartner predicted revenue on worldwide public cloud services will grow at an annual rate of 12.6% to $US 331 billion until 2022[1].

Cloud Computing Service



Internet Speed (Upload / Download - Mbps)

		2017	2019	
Mobile	Upload	6.2	12.0	+93%
	Download	13.5	32.0	+138%
Broadband	Upload	13.0	40.2	+211%
	Download	15.2	73.6	+384%

Source: Speedtest, December 2019

Facts you may not know:

90%+ of Fortune 500 companies are using Amazon Web Services (AWS).

(Source: Amazon.com, December 2019)

74% of all enterprises are using multi-cloud or hybrid cloud.

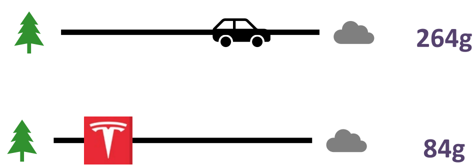
(Source: IDC, October 2018)

[1] Gartner's press release, April 2019.

ASX Code: FANG | Next Generation Cars - Battery Powered and Autopilot

Electric cars are a much more eco-friendly option compared to internal combustion cars. Luxembourg Institute of Science and Technology estimated an electric car only produces one-third of greenhouse gas compared to a similar car using internal combustion engine.

Electric Car versus Internal Combustion Engine Car
Greenhouse Gas Emission (CO_2 equivalent/km)
Based on mileage of 240km



Source: Luxembourg Institute of Science and Technology, February 2020

Levels of Automation For Cars

0	No Automation	Human Driver
1	Driver Assistance	Human Driver
2	Partial Automation	Human Driver
3	Conditional Automation	Automated Driving System
4	High Automation	Automated Driving System
5	Full Automation	Automated Driving System

Source: SAE International, 2019

Facts you may not know:

367 THOUSANDS

Tesla vehicles delivered worldwide in 2019.

(statistia.com, January 2020)

2009

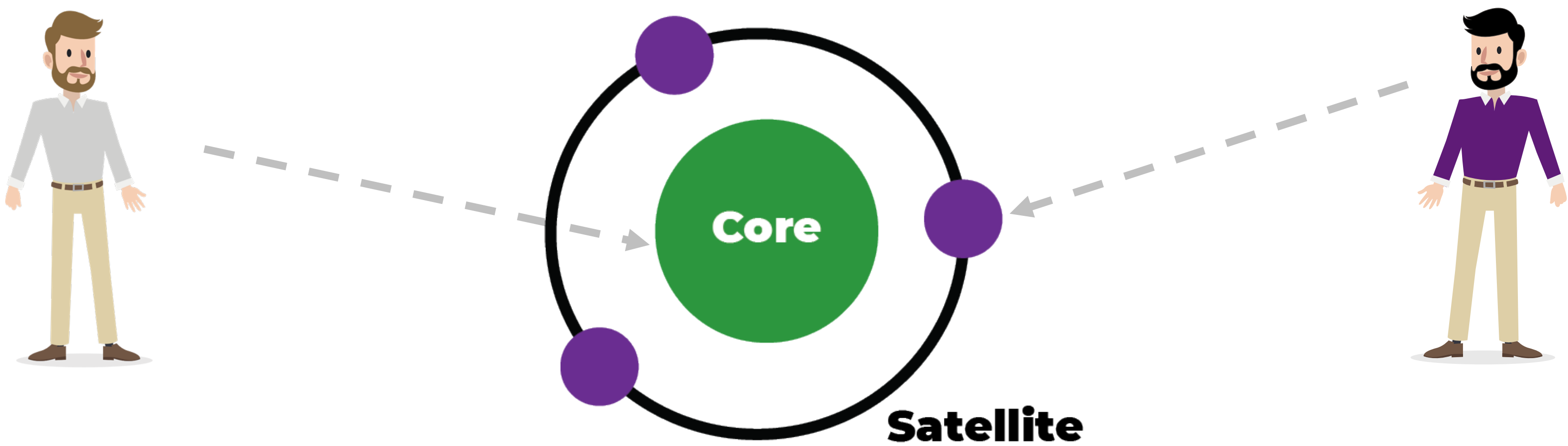
Waymo, one of Alphabet's subsidiary started as a self-driving technology project began at Google's X lab.

(Los Angles Times, December 2016)

Where an investment fits can vary

What might be a core investment could be a satellite for another investor

ETFS FANG+ ETF (ASX code: FANG)



ASX Code: TECH | Where does TECH fit into a portfolio?

1. Exposure to international growth through companies with globally diversified customer bases and revenue streams.
2. To complement your technology exposure with tech-aligned companies outside the GICS classification
3. As a thematic tilt towards megatrends

Domestic

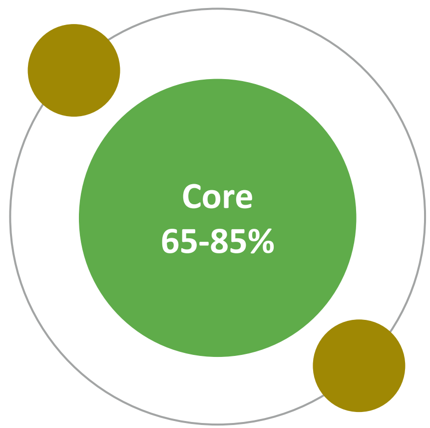
Hypothetical Inclusions

Core

- Australian broad based ETF/s or active manager/s
- Yield

Satellites

- Small capitalisation companies
- Sectors
- Single companies



International

Hypothetical Inclusions

Core

- MSCI World ETF/s or active manager/s
- **ETFS FANG+ ETF**

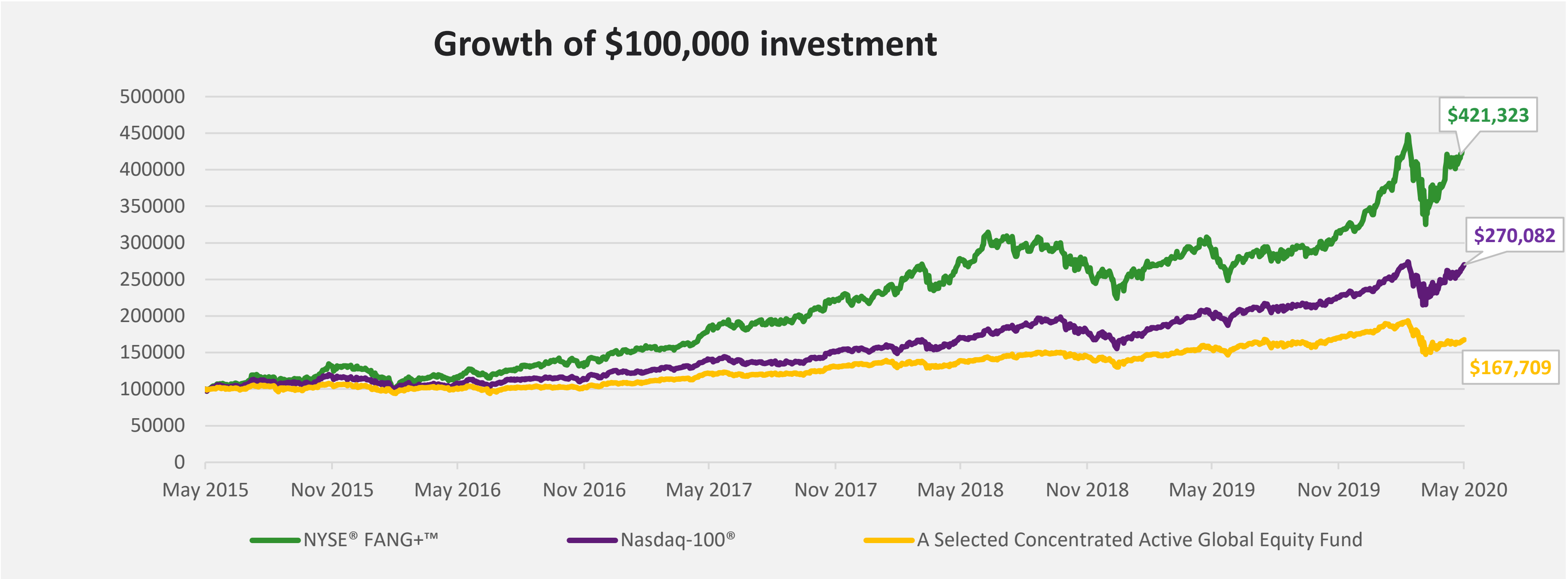
Satellites

- Gold
- United States small cap
- ROBO

Source: S&P Dow Jones Indices and Bloomberg data as a31st March 2020

ASX Code: FANG | The Alternatives

The companies you want in one package.



Source: Bloomberg, 7 Apr 2015 – 12 May 2020

Future Present Range | Broad to Sector to Thematic

Broad-based

ETF Securities
FANG+ ETF

(ASX Code: FANG)

Pure Sector - Global

ETF Securities Morningstar
Global Technology ETF

(ASX Code: TECH)

Biotechnology

ETF Securities S&P Biotech
ETF

(ASX Code: CURE)

Robotics, Automation and Artificial Intelligence

ETF Securities ROBO Global
Robotics and Automation ETF

(ASX Code: ROBO)

Climate Change: Battery Technology and Electric Cars

ETF Securities Battery Tech &
Lithium ETF

(ASX Code: ACDC)

Questions?

Please Submit Your Questions Via the Q&A Feature

Contact Us

Our website

www.etfsecurities.com.au

Sales line
+61 2 8311 3488
infoAU@etfsecurities.com.au

Trading line
+61 2 8311 3483
capitalmarkets@etfsecurities.com.au

Disclaimer & Credits

Disclaimer

This document is communicated by ETFS Management (AUS) Limited (“ETFS”) (Australian Financial Services Licence Number 466778). This document may not be reproduced, distributed or published by any recipient for any purpose. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy, any securities, investments or other financial instruments and any investments should only be made on the basis of the relevant product disclosure statement which should be considered by any potential investor including any risks identified therein.

This document does not take into account your personal needs and financial circumstances. You should seek independent financial, legal, tax and other relevant advice having regard to your particular circumstances. Although we use reasonable efforts to obtain reliable, comprehensive information, we make no representation and give no warranty that it is accurate or complete.

Investments in any product issued by ETFS are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither ETFS, ETFS Capital Limited nor any other member of the ETFS Capital Group guarantees the performance of any products issued by ETFS or the repayment of capital or any particular rate of return therefrom.

The value or return of an investment will fluctuate and investor may lose some or all of their investment. Past performance is not an indication of future performance.

Source ICE Data Indices, LLC, is used with permission. “NYSE® FANG+™” is a service/trade mark of ICE Data Indices, LLC or its affiliates and has been licensed, along with the NYSE® FANG+ ™ Index (“Index”) for use by ETFS Management (AUS) Limited in connection with ETFS FANG+ ETF (FANG) (the “Product”). Neither ETFS Management (AUS) Limited, ETFS FANG+ ETF (the “Trust”) nor the Product, as applicable, is sponsored, endorsed, sold or promoted by ICE Data Indices, LLC, its affiliates or its Third Party Suppliers (“ICE Data and its Suppliers”). ICE Data and its Suppliers make no representations or warranties regarding the advisability of investing in securities generally, in the Product particularly, the Trust or the ability of the Index to track general market performance. Past performance of an Index is not an indicator of or a guarantee of future results.

ICE DATA AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY INFORMATION INCLUDED IN, RELATED TO, OR DERIVED THEREFROM (“INDEX DATA”). ICE DATA AND ITS SUPPLIERS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES AND THE INDEX DATA, WHICH ARE PROVIDED ON AN “AS IS” BASIS AND YOUR USE IS AT YOUR OWN RISK.

Credits

Icons made by Freepik, Pixel perfect from www.flaticon.com, Flatart, Pixelbuddha from www.iconfinder.com

Thank you.