Long-term Growth Investing
Robotics, Automation, Cyber Security

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AUTOMATION IS EVERYWHERE

The intelligent alternative

Please see important information at the end of the document.
GROWTH CURVE

THE PAST, PRESENT AND FUTURE OF ROBOTICS ECONOMY

Robot density per 10,000 workers: SOURCE: IFR 2015

Average robot density world: 66

Korea Japan Germany USA China

1960's

Expensive industrial robots are introduced exclusively to auto manufactures.

1970's

1980's

1990's

2000's

2025: $1.2 Trillion

SOURCE: MYRIA RESEARCH

Necessity

The cycle quickly accelerates, resulting in a shift from a corporate competitive advantage to automate or fail.

Advantageous

Decreasing automation costs and technology advancements expand applications and improve productivity.

Industrial

Industrial, service & consumer applications

Today: $64 Billion

SOURCE: IFR 2015
INVESTING IN ROBOTICS AND AUTOMATION

OPPORTUNITY

• Is foundational technology being applied to all industries, markets and geographies
• Offers solutions for global trends such as low productivity growth & population growth
• Is happening now and positioned to outperform the global market for several decades
• Transformational technologies are challenging for investors to time and access

STRATEGY

• Index and Research Company with an exclusive focus on Robotics & Automation
• First to market in 2013 with the leading team of industry entrepreneurs
• Index is established as the market leading benchmark supporting ETFs and Funds in USA, UK, Germany, Italy, Switzerland, Japan and Taiwan.

PRODUCT

• Collaboration between ETF Securities and ROBO Global® reflects the industry trend of using partnerships that best leverage the expertise of each partner to deliver the most innovative and competitive solutions to investors.
• First UCITS ETF listed in Europe providing access to the global robotics and automation megatrend.
ROBO GLOBAL CLASSIFICATION SYSTEM

13 HIGH GROWTH SUBSECTORS ACROSS THE END TO END ECOSYSTEM

— Technology – 41 Holdings —

Companies with products and services that enable robots to “sense, plan and act”.

— Applications – 41 Holdings —

Companies that deploy robotic and automation technology into a product, service or manufacturing process to increase efficiency and productivity.

Please see important information at the end of the document.
PAST PERFORMANCE

OUTPERFORMING TECHNOLOGY & GLOBAL GROWTH

ROBO Global Robotics and Automation
MSCI All-Country World IMI
S&P Global BMI Information Technology

STRAONG FUTURE DRIVERS

**INVESTMENT ACTIVITY**

**ROBO GLOBAL ACQUISITIONS**
- 3 companies acquired in 2016 and 7 since inception
- ROBO Global positions investors to benefit from ongoing M&A activity with 75% of the index focused on SMEs
- M&A activity will continue into 2017

**INDUSTRY FUNDING & IPOs**
- In 2016 - 128 robotics start-ups funded for USD2bn. 50% growth from 2015.
- 2 IPOs in pipeline: Myomo, a Cambridge, MA medical device robotics start-up and ZMP, a Tokyo-based service robotics provider of mobility products

**INDUSTRY ACQUISITIONS**
- 2016 was a banner year for acquisitions in robotics and automation with over 50 companies sold
- 11 for amounts over USD500mn and 5 over a USD1bn
- Chinese money was involved in over 47% of those acquisitions.
- 30 of the 50 companies disclosed transaction amounts which totalled USD18.9 billion
- The top 15 are highlighted in the pie graph

Source: The Robot Report
CONCLUSION

Robotics will transition from industrial to broad-based application across sectors and geographies to change how we work and live. ROBO Global’s rules-based, equal-weighted index methodology ensures exposure to established players and potential future winners.

<table>
<thead>
<tr>
<th>The Robotics Industry Is</th>
<th>The Exchange Traded Fund (ETF) Securities Offer Access To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positioned to outperform the global equity market</td>
<td>A single investment in the robotics and automation megatrend</td>
</tr>
<tr>
<td>Increasingly visible in all aspects of daily and business life</td>
<td>A proprietary index with broad sector and geographical exposure</td>
</tr>
<tr>
<td>Solution for emerging global trends (decreasing productivity, shifts in demographics)</td>
<td>A leading team of industry experts, financial analysts and robotics entrepreneurs</td>
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Please see important information at the end of the document.
INVESTMENT CASE

Long-term megatrend

Cyber security has become an inescapable issue. As more systems, data and people connect digitally, cyber vulnerability is on the rise. Cyber attacks pose a threat not only to individuals but also to corporations and governments, as they can cause security, financial and reputational damage.

Key features

- Global exposure to a unique basket of cyber security firms (less than 1% overlap with the S&P 500 Index)
- Diversified across sectors (proprietary classification) and market cap (~80% of the index is small and mid cap)
- Potential for reduced volatility vs investing in individual cyber security firms.
- Quarterly rebalancing provides responsiveness to new entrants and market trends.

Bespoke exposure

ETF Securities, together with Nasdaq ISE, an innovative index provider, have launched Europe’s first cyber security ETF. The fund gives investors a simple, liquid and cost-effective vehicle to access this fast-evolving megatrend.

Source: ETF Securities

The report focuses on the rise of cyber dependency due to the rising digital interconnectivity of people, things and organizations.

The WEF also rank cyber attacks just behind terrorist attacks in terms of magnitude of impact and potential likelihood.

The Cyber Research Databank recently concluded that, “The Democratic National Committee hack (now blamed on Russia), and the recent Ukraine power outage (due to a cyber attack), both show how cyber-attacks can be used for political and diplomatic means.”

Source: ETF Securities
The Trump administration recently published the key objectives of their new cyber security policy:

1. Order an immediate review of all US cyber defenses and vulnerabilities, including critical infrastructure, by a Cyber Review Team of individuals from the military, law enforcement, and the private sector.

2. Order the Secretary of Defense and Chairman of the Joint Chiefs of Staff to provide recommendations for enhancing US Cyber Command, with a focus on both offense as well as defense in the cyber domain.

3. Develop the offensive cyber capabilities needed to deter attacks by both state and non-state actors and, if necessary, to respond appropriately.

Source: ETF Securities
PERFORMANCE IN 2017

Performance of Cyber Security in 2017

PERFORMANCE OVER 7 YEARS

Performance of Cyber Security vs Technology Benchmarks

<table>
<thead>
<tr>
<th>Year</th>
<th>ISE Cyber Security® UCITS Index</th>
<th>S&amp;P Global BMI Information Technology</th>
<th>TecDAX TR Index</th>
<th>STOXX Europe 600 Technology</th>
<th>MSCI ACWI IMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Y</td>
<td>30.8%</td>
<td>30.1%</td>
<td>21.5%</td>
<td>19.8%</td>
<td>55.6%</td>
</tr>
<tr>
<td>3Y</td>
<td>23.8%</td>
<td>34.5%</td>
<td>37.0%</td>
<td>8.5%</td>
<td>28.5%</td>
</tr>
<tr>
<td>5Y</td>
<td>80.0%</td>
<td>71.0%</td>
<td>86.4%</td>
<td>35.2%</td>
<td>128.9%</td>
</tr>
<tr>
<td>7Y</td>
<td>134.7%</td>
<td>115.1%</td>
<td>104.6%</td>
<td>56.8%</td>
<td>-16.2%</td>
</tr>
</tbody>
</table>

Source: Bloomberg, ETF Securities. Index performance between 28 February 2010 and 28 February 2017. For the period prior to 01 September 2015, the data shown is derived from the published index values which are based on simulated back-tested data. Simulated past performance data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance is not an indication of or a guide to future performance.
Cyber Security by Numbers:

200 billion

Estimated number of connected devices by 2020*

$4 million

Estimated cost of data breach for an individual firm**

$1 trillion

Worldwide spending to eclipse $1 trillion from 2017-2021***

Source: *McAfee 2016; **Ponemon Institute 2016; ***Cybersecurity Ventures 2017
PROJECTED REVENUES FOR CYBER SECURITY FIRMS

Global cyber security revenue, 2015 - 2021 (in USD billions)

Source: Zion Research Analysis 2016
THE GROWING CYBERATTACK SURFACE

More users
• 3.0 billion in 2015
• 4.0 billion in 2019

More data
• 8.8 zettabytes in 2015
• 44.0 zettabytes in 2020

More smartphone connections
• 3.3 billion in 2015
• 5.9 billion in 2020

More network traffic
• 72.4 exabytes per month in IP traffic in 2015
• 168.0 exabytes per month in IP traffic in 2019

More IP-connected devices
• 16.3 billion in 2015
• 24.4 billion in 2019

Source: McAfee Labs 2015
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