# ROBOGLOBAL®
## INVESTING IN INNOVATION

# ROBO GLOBAL ETFS: Q3 IN REVIEW
## *ROBO, HTEC, and THNQ*

## SUMMARY

The Robotics & Automation Index ETF (ROBO), the Artificial Intelligence ETF (THNQ), and the Healthcare Technology & Innovation ETF (HTEC) were not immune to the September sell-off in equity markets and declined marginally in Q3. While investors debate the near-term growth and inflation outlook, businesses around the world are striving to accelerate their digitization and deploying automation at a record pace. In this report, we discuss key trends and big movers across our innovation portfolios.

## PERFORMANCE (%)

| ROBO Global ETFs | Date of Inception | SI | 3Q2021 | 1-year | 3-year | 5-year |
|---|---|---|---|---|---|---|
| ROBO @ NAV | 10/21/2013 | 12.94% | -0.89% | 34.70% | 15.82% | 18.26% |
| ROBO @ MKT PRICE | 10/21/2013 | 12.89% | -1.23% | 34.17% | 15.78% | 18.08% |
| THNQ @ NAV | 5/11/2020 | 46.72% | -0.77% | 32.39% | --- | --- |
| THNQ @ MKT PRICE | 5/11/2020 | 46.63% | -1.07% | 32.07% | --- | --- |
| HTEC @ NAV | 6/25/2019 | 31.84% | -5.35% | 30.40% | --- | --- |
| HTEC @ MKT PRICE | 6/25/2019 | 31.93% | -5.38% | 30.49% | --- | --- |

*The performance data quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original costs. Current performance may be higher or lower than the performance quoted. For performance data current to the most recent month end, please call 1-855-456-7626 or visit www.roboglobaletfs.com. (SI) since inception*

Expense ratios –
ROBO: 0.95%, HTEC: 0.68%*, THNQ: 0.68%*

*High short-term performance of the fund is unusual and investors should not expect such performance to be repeated.*
*\*The advisor has contractually agreed to waive fees through August 31, 2022.*

*Beginning September 1, 2020, market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share. Prior to September 1, 2020, market price returns were based on the midpoint between the bid and ask price. Market price returns. NAVs are calculated using prices as of 4:00 PM Eastern Time. The returns shown do not represent the returns you would receive if you traded shares at other times.*

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# MARKET COMMENTARY

Global equities declined slightly in the third quarter of 2021, with marginal gains in the US largely offset by declines in emerging markets and a sell-off in China in particular. While strong earnings had supported stocks in the run-up to August, growth and inflation concerns led to declines in September, erasing prior gains. Against that backdrop, the ROBO Global ETFs demonstrated resilience, with the Robotics & Automation ETF declining 1.23%, the Artificial Intelligence ETF declining 1.07%, and the Healthcare Technology & Innovation ETF declining 5.38%.

Our view that 2021 would be a boom year has largely played out and the global economic rebound continues to maintain significant momentum. And with the Delta variant wave having peaked, we see ample room for earnings to continue to grow above historical averages as pent-up demand for re-engagement is unleashed. However, investors are growing increasingly concerned about the rising spectrum of inflation and a potential need for a more meaningful tightening of monetary policy. Indeed, policy makers around the world have remained surprisingly supportive of massive fiscal and monetary stimulus in the face of rising prices and increasingly conspicuous shortages – think semiconductors, but also labor, in the US.

While they certainly would not be immune to a meaningful correction in the equity markets, we believe our robotics, AI, and healthcare technology portfolios are well positioned to capture the long-term growth and returns presented by this technology revolution and accelerated by the COVID-19 pandemic. Businesses around the world are striving to digitize and automate to increase efficiency and adapt to rapid changes in consumer expectations. This has led to a clear acceleration in M&A in the past 18 months, despite the significant business disruptions during the pandemic. In fact, it's fair to say that robotics, AI, and healthcare technology are seeing a perfect storm of capital. Three quarters into 2021, we are looking at another record year for mergers, acquisitions, and venture funding, and we have a record number of birth of unicorns and big IPOs, as discussed in our recent research.

# ROBO: ROBOTICS & AUTOMATION ETF

Robotics and automation stocks marginally outperformed global equities in Q3, with the ROBO Global Robotics & Automation ETF (NYSE: ROBO) declining 1.23%* in the quarter.

## ROBO GLOBAL® ROBOTICS & AUTOMATION ETF - Growth of $10,000



Data as of ETF inception on October 21, 2013 through September 30, 2021. Source: ROBO Global®, SEI.
The Growth of $10,000 chart reflects a hypothetical $10,000 investment and assumes reinvestment of dividends and capital gains.
Fund expenses, including management fees and other expenses were deducted.
Past performance does not guarantee future results.

### % Weight by Subsector



| | |
|---|---|
| **Application** | **58%** |
| Manufacturing & Industrial | 17% |
| Healthcare | 12% |
| Logistics Automation | 12% |
| Business Process Automation | 6% |
| Food & Agriculture | 5% |
| 3D Printing | 4% |
| Autonomous Systems | 2% |
| **Technologies** | **42%** |
| Computing & AI | 14% |
| Actuation | 12% |
| Sensing | 9% |
| Integration | 7% |

| ROBO Subsector (Total Return) | Q3 2021 | Past 12 mo. |
|---|---|---|
| 3D Printing | -22.1% | 110.5% |
| Actuation | -11.0% | 10.9% |
| Autonomous Systems | -16.1% | 25.5% |
| Business Process Automation | 9.4% | 27.7% |
| Computing & AI | 3.8% | 53.7% |
| Food & Agriculture | 2.2% | 67.3% |
| Healthcare | 0.9% | 36.6% |
| Integration | 8.5% | 41.1% |
| Logistics Automation | 1.0% | 32.9% |
| Manufacturing & Industrial Automation | 2.7% | 45.5% |
| Sensing | -1.3% | 13.9% |
| **ETF TOTAL** | **-0.9%** | **34.7%** |

## MARKET COMMENTARY

For the first time since 2017, we are seeing bottlenecks in parts of the robotics and automation supply chain, with lead times and wait lists extending for new orders. This is particularly true in logistics and warehouse automation, where demand for equipment and software is supported by the boom in e-commerce and supply chain disruptions. We believe that the cyclical recovery in industrial automation remains in full swing and consider it a high probability that factory automation earnings will reach a new high next year.

*represents ROBO US (Market Price) annualized returns as of 9/30/2021.

# HTEC: HEALTHCARE TECHNOLOGY & INNOVATION ETF

The ROBO Global Healthcare Technology & Innovation ETF (NYSE: HTEC) posted a -5.38%* loss in Q3 2021.

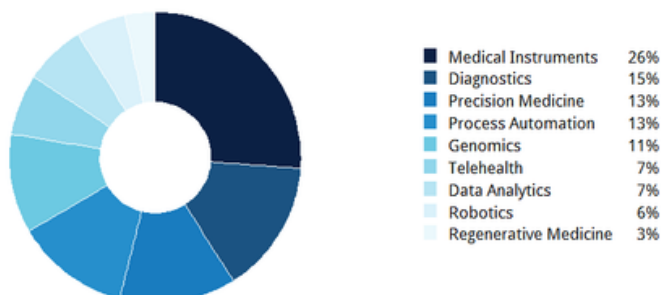## ROBO GLOBAL® HEALTHCARE TECHNOLOGY AND INNOVATION ETF - Growth of $10,000



Data as of ETF inception on June 25, 2019 through September 30, 2021. Source: ROBO Global®, SEI.
The Growth of $10,000 chart reflects a hypothetical $10,000 investment and assumes reinvestment of dividends and capital gains.
Fund expenses, including management fees and other expenses were deducted.
Past performance does not guarantee future results.

## MARKET COMMENTARY

Three of the nine HTEC subsectors delivered positive returns: Process Automation, Diagnostics, and Robotics. Telehealth and Regenerative Medicine lagged with double digit loses, respectively. During the quarter, the Chinese government announced its intention to review the regulation of healthcare technology platforms, raising uncertainty regarding the future profitability of companies in this space, and driving a sell-off of HTEC holdings.

| HTEC Subsector (Total Return) | Q3 2021 | Past 12 mo. |
|---|---|---|
| Data Analytics | -16.0% | 18.5% |
| Diagnostics | 5.7% | 20.1% |
| Genomics | -10.1% | 57.8% |
| Medical Instruments | -8.1% | 36.8% |
| Precision Medicine | -4.0% | 29.8% |
| Process Automation | 10.3% | 61.1% |
| Regenerative Medicine | -18.6% | 13.2% |
| Robotics | 4.0% | 57.4% |
| Telehealth | -30.6% | -50.6% |
| **ETF TOTAL** | **-5.3%** | **30.4%** |

### % Weight by Subsector



| | |
|---|---|
| Medical Instruments | 26% |
| Diagnostics | 15% |
| Precision Medicine | 13% |
| Process Automation | 13% |
| Genomics | 11% |
| Telehealth | 7% |
| Data Analytics | 7% |
| Robotics | 6% |
| Regenerative Medicine | 3% |

*represents HTEC US (Market Price) annualized returns as of 9/30/2021.

# THNQ: ARTIFICIAL INTELLIGENCE ETF

The ROBO Global Artificial Intelligence ETF (NYSE: THNQ) declined 1.07%* in 3Q, slightly outperforming global market indices. After a pullback in 1Q and subsequently strong Q2, we continue to see strong top-line revenue and EPS growth, with macro headwinds facing off with record current and projected demand across AI infrastructure and applications.



**ROBO GLOBAL® ARTIFICIAL INTELLIGENCE ETF - Growth of $10,000**

Data as of ETF inception on May 11, 2020 through September 30, 2021. Source: ROBO Global®, SEI.
The Growth of $10,000 chart reflects a hypothetical $10,000 investment and assumes reinvestment of dividends and capital gains.
Fund expenses, including management fees and other expenses were deducted.
Past performance does not guarantee future results.

| THNQ Subsector (Total Return) | Q3 2021 | Past 12 mo. |
|---|---|---|
| Big Data/Analytics | -4.9% | 13.2% |
| Business Process | 3.5% | 28.6% |
| Cloud Providers | -8.4% | 46.3% |
| Cognitive Computing | 1.1% | 38.7% |
| Consulting Services | 8.8% | 42.4% |
| Consumer | -3.2% | 7.2% |
| Ecommerce | -4.1% | 28.1% |
| Factory Automation | 2.6% | 37.9% |
| Healthcare | -8.2% | 56.4% |
| Network & Security | 10.7% | 68.8% |
| Semiconductor | 0.7% | 61.1% |
| **ETF TOTAL** | **-0.8%** | **32.4%** |

**% Weight by Subsector**
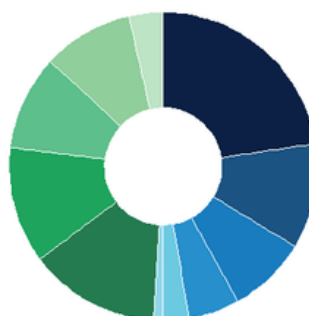


| Applications & Services | 51% |
|---|---|
| Business Process | 23% |
| Ecommerce | 11% |
| Consumer | 8% |
| Healthcare | 5% |
| Factory Automation | 3% |
| Consulting Services | 1% |
| **Infrastructure** | **49%** |
| Semiconductor | 14% |
| Big Data/Analytics | 12% |
| Network & Security | 10% |
| Cloud Providers | 9% |
| Cognitive Computing | 4% |

*represents THNQ US (Market Price) annualized returns as of 9/30/2021.

# MARKET COMMENTARY

Six of the 11 subsectors posted positive returns, with Network & Security, Consulting Services, and Business Process leading the way, while Cloud Providers, Healthcare, and Big Data underperformed.

Network and Security subsectors outperformed for the second consecutive quarter, driven by increasing need for next-generation security solutions spurred by accelerated adoption of cloud infrastructure.

Meanwhile, Cloud Provider subsector experienced mixed results. Valuations are near a 2-year low, and we anticipate recovery by the Chinese cloud providers over the coming quarters as the overhang on these companies are mitigated.

## ROBO

**ROBO Global Robotics & Automation Index ETF**

| | |
|---|---|
| Ticker: | ROBO |
| Fund Launch Date: | 10/21/2013 |
| Fund Type: | Passive ETF |
| CUSIP: | 301505707 |
| Primary Exchange: | NYSE Arca |

funds.roboglobaletfs.com/robo

| SUBSECTOR | EXPOSURE |
|---|---|
| **Application** | **57.74%** |
| 3D Printing | 3.78% |
| Autonomous Systems | 1.69% |
| Business Process Automation | 6.45% |
| Food & Agriculture | 5.41% |
| Healthcare | 12.11% |
| Logistics Automation | 11.78% |
| Manufacturing & Industrial Automation | 16.51% |
| **Technologies** | **41.99%** |
| Actuation | 11.97% |
| Computing & AI | 13.66% |
| Integration | 6.95% |
| Sensing | 9.41% |

| TOP 10 HOLDINGS | WEIGHT |
|---|---|
| BROOKS AUTOMATION INC | 2.10% |
| IRHYTHM TECHNOLOGIES INC | 1.86% |
| IROBOT CORP | 1.69% |
| KARDEX HOKLDING AG | 1.69% |
| INTUITIVE SURGICAL INC | 1.68% |
| FANUC CORP | 1.61% |
| AIRTAC INTERNATIONAL GROUP | 1.59% |
| KEYENCE CORP | 1.58% |
| DAIFUKU CO LTD | 1.55% |
| IPG PHOTONICS CORP | 1.54% |
| **TOTAL** | **16.97%** |

Subject to change. Current and future holdings subject to risk.

## HTEC

**ROBO Global Healthcare Technology & Innovation ETF**

| | |
|---|---|
| Ticker: | HTEC |
| Fund Launch Date: | 06/24/2019 |
| Fund Type: | Passive ETF |
| CUSIP: | 301505723 |
| Primary Exchange: | NYSE Arca |

funds.roboglobaletfs.com/htec

| SUBSECTOR | EXPOSURE |
|---|---|
| Data Analytics | 6.72% |
| Diagnostics | 14.83% |
| Genomics | 10.97% |
| Medical Instruments | 26.16% |
| Precision Medicine | 12.91% |
| Process Automation | 12.66% |
| Regenerative Medicine | 3.35% |
| Robotics | 5.55% |
| Telehealth | 6.75% |

| TOP 10 HOLDINGS | WEIGHT |
|---|---|
| IRHYTHM TECHNOLOGIES INC | 1.85% |
| DEXCOM INC | 1.57% |
| THERMO FISHER SCIENTIFIC INC | 1.57% |
| BOSTON SCIENTIFIC CORP | 1.51% |
| INSULENT CORP | 1.47% |
| INTUITIVE SURGICAL INC | 1.45% |
| PENUMBRA INC | 1.44% |
| CHARLES RIVER LABORATORIES INTERNATIONAL INC | 1.43% |
| AXOGEN INC | 1.42% |
| VERACYTE | 1.42% |
| **TOTAL** | **15.14%** |

Subject to change. Current and future holdings subject to risk.

## THNQ

**ROBO Global Artificial Intelligence ETF**

| | |
|---|---|
| Ticker: | THNQ |
| Fund Launch Date: | 05/11/2020 |
| Fund Type: | Passive ETF |
| CUSIP: | 301505731 |
| Primary Exchange: | NYSE Arca |

https://funds.roboglobaletfs.com/thnq

| SUBSECTOR | EXPOSURE |
|---|---|
| **Applications & Services** | **50.95%** |
| Business Process | 22.62% |
| Consulting Services | 0.94% |
| Consumer | 8.27% |
| Ecommerce | 11.00% |
| Factory Automation | 2.78% |
| Healthcare | 5.34% |
| **Infrastructure** | **48.93%** |
| Big Data/Analytics | 12.23% |
| Cloud Providers | 9.49% |
| Cognitive Computing | 3.58% |
| Network & Security | 9.93% |
| Semiconductor | 13.71% |

| TOP 10 HOLDINGS | WEIGHT |
|---|---|
| ANALOG DEVICES INC | 1.82% |
| ATLASSIAN CORP PLC | 1.79% |
| SALESFORCE.COM INC | 1.75% |
| INTERNATIONAL BUSINESS MACHINES CORP | 1.75% |
| ALTERYX INC | 1.70% |
| AMAZON.COM INC | 1.67% |
| TENCENT HOLDINGS LTD | 1.66% |
| BAIDU INC | 1.66% |
| IROBOT CORP | 1.66% |
| MICROSOFT CORP | 1.65% |
| **TOTAL** | **17.11%** |

Subject to change. Current and future holdings subject to risk.

¹ Data as of September 30, 2021, Source: ROBO Global®, S&P CapitalIQ, For standardized performance data current to the most recent month end, please visit www.roboglobaletfs.com.

## RISK DISCLOSURE AND IMPORTANT INFORMATION