

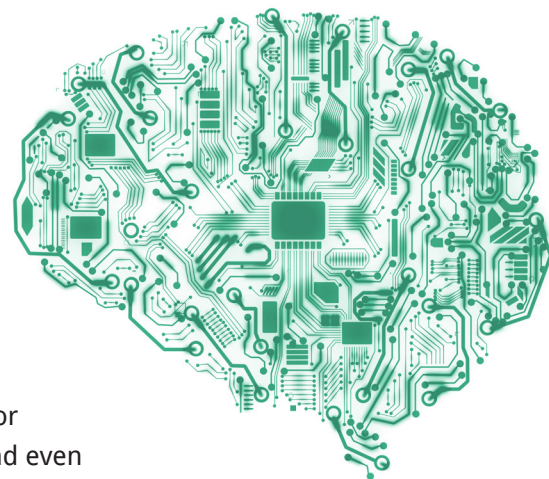
# INVESTING IN HEALTHCARE TECHNOLOGY & INNOVATION

## HEALTHCARE IS AT THE VERY BEGINNING OF A DRAMATIC, TECHNOLOGY-DRIVEN REVOLUTION.

The convergence of robotics, machine intelligence, and life sciences is enabling breakthrough advancements that touch every aspect of healthcare. While the list of innovations is vast, these technologies are still in their earliest stages.

We believe this technology revolution will profoundly transform the healthcare industry. Innovation is expected to create profit opportunities for some businesses, while commoditization will reduce margins for others, and even render some obsolete. The emerging winners of this disruption will be those companies that are able to effectively deploy innovations such as genomics, precision medicine, or robotics, automation, and AI (RAAI) to improve the quality of care while reducing costs.

This disruption is driving a compelling yet complex investment opportunity. There are an increasing number of entrants and partnerships worldwide that are seeking to facilitate a more modernized approach to medicine. This is a testament to the growth opportunity, but it also bears an overwhelming web of options and investment ideas. To simplify this, ROBO Global has partnered with Exchange Traded Concepts to offer a liquid, transparent, and cost-effective ETF to provide investors with access to this transformative yet complex theme.



- AI-powered diagnostics
- Minimally invasive robotic surgery
- Molecular analysis
- DNA sequencing
- Genetic cancer therapies
- 3D-printed implants
- Wearable medical devices
- Virtual care visits

## GLOBAL UNMET NEEDS ARE DRIVING HEALTHCARE INNOVATION

Although healthcare is already a globally mature industry (~\$8 trillion, or 10% of world GDP) [1], expenditure is rising unsustainably, and could exceed \$18 trillion by 2040 [2]. In the US alone, healthcare spending accounted for over \$3 trillion in 2018, and is expected to double by 2027 [3]. Efforts to decelerate rising costs, and to improve the well-being of people, are creating a breeding ground for innovation. The ROBO Global Healthcare Technology & Innovation Index seeks to capture the value created by the ensuing breakthroughs.

We view the following as key trends that should drive industry growth:

- **The first step is admitting there is a problem.** Healthcare today is designed to treat people who are already sick. Society is acknowledging a significant savings opportunity in lowering chronic disease incidence, which is causing a shift in focus from “sick care” toward preventative care. Providers and insurance companies alike are seeking to keep an eye on their patients throughout the year, rather than the occasional doctor’s visit. Companies that provide AI, remote patient monitoring, and modernized diagnostics are among those who are well-positioned for this trend.
- **The robot will see you now.** A wide range of automation and robotics technologies are being offered throughout the healthcare ecosystem, from hospital to pharmacy to home, to improve patient safety and physicians’ accuracy and productivity, while addressing the growing provider shortage.

- **What works for some may not work for others.** The one-size-fits-all methodology that is the standard of care in medicine can be ineffective, even dangerous, for many patients currently undergoing treatment. Advancements in genomic science, precision medicine, and advanced data analytics are enabling the medical community to tailor treatment to people before treating them.
- **The time for change is now.** Lowering costs in healthcare has become an imperative. Despite being one of the largest economic sectors, healthcare saw the least productivity gains in the past decade, at least in part due to the fact that it remains one of the least digitized. New advancements in healthcare technology are driving rapid—and much needed—change.

Most importantly for investors and society, it’s early days for these advancements, and the greatest gains from healthcare technology and innovation lie ahead. We anticipate a long runway for global adoption and penetration for robot-augmented surgery, early-diagnostic tools, minimally invasive treatments, telehealth, and many more applications.

These improvements in healthcare technology have the potential to disrupt many existing business models and could create high-growth new markets for the most innovative healthcare companies. The ROBO Global Healthcare Technology & Innovation Index is designed to identify and invest in the equity of technology and market leaders driving this revolution around the world.

<sup>1</sup> <https://apps.who.int/iris/bitstream/handle/10665/276728/WHO-HIS-HGF-HF-WorkingPaper-18.3-eng.pdf?ua=1>

<sup>2</sup> World Bank Group and Institute for Health Metrics and Evaluation at the University of Washington  
<http://www.healthdata.org/news-release/global-spending-health-expected-increase-1828-trillion-worldwide-2040-many-countries>

<sup>3</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/ForecastSummary.pdf>

## HTEC METHODOLOGY PROVIDES UNIQUE INVESTMENT EXPOSURE

### Physical Replication

The ROBO Global Healthcare Technology & Innovation ETF directly tracks the index to offer investors direct exposure to the theme.

### Industry Expertise

We believe the expertise of the ROBO Global® research and advisory board ensures that the ROBO Global® Healthcare Technology and Innovation Index is able to capture the entire value chain of healthcare technology and innovation.

### Low Overlap with Traditional Benchmarks

The index has a typical market-cap breakdown of 63% in small and mid-caps and 37% in large-caps. It has a high active share with less than 5% overlap with traditional benchmarks.

### Broad Global Exposure

The index utilizes a modified equal-weighting scheme to provide fair, diversified exposure to technology and market leaders of all sizes while mitigating company-specific risks in the basket. The index rebalances quarterly.

### PRODUCT INFORMATION CHART:



|                             |  |
|-----------------------------|--|
| <b>Fund Name:</b>           | ROBO Global Healthcare Technology & Innovation ETF   |
| <b>Benchmark:</b>           | ROBO Global Healthcare Technology & Innovation Index |
| <b>Ticker:</b>              | HTEC   |
| <b>Listings:</b>            | NYSE Arca  |
| <b>Fund Inception Date:</b> | June 25, 2019  |
| <b>Gross Expense Ratio:</b> | 0.80%  |
| <b>Net Expense Ratio:</b>   | 0.68%*   |
| <b>Issuer:</b>              | Exchange Traded Concepts                             |

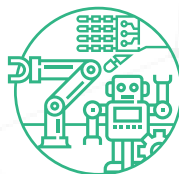
*\*The Advisor has contractually agreed to waive fees through August 31, 2021*



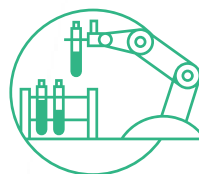
**ROBO Global's Industry Classification is a forward-looking road map, supported by insights from a dedicated coverage team, to ensure sub-sectors evolve and expand at the right time. The Industry Classification is updated on a quarterly basis and managed by the ROBO Global Industry Classification Committee.**



GENOMICS



ROBOTICS



LAB PROCESS  
AUTOMATION



DIAGNOSTICS



DATA ANALYTICS



PRECISION  
MEDICINE



MEDICAL INSTRUMENTS



TELEHEALTH



REGENERATIVE  
MEDICINE

## INDEX & WEIGHTING METHODOLOGY

### Weighting methodology

Index constituents are weighted according to their HTEC Score. Each constituent's weight is calculated by dividing its HTEC Score by the sum of all constituents. This process ensures that the index allocates a larger weight to those players that derive a distinct portion of their revenues from the field of healthcare technologies and which have the potential to grow within this space through innovation and/or market adoption of their products and/or services. The index rebalances quarterly to maintain diversification and remain responsive to market trends and new entrants.

### Index methodology

The ROBO Global Healthcare Technology and Innovation Index performs fundamental and industry research to establish a classification of disruptive healthcare

technologies including medical instruments, diagnostics, robotics, genomics, precision medicine, lab automation, data analytics, regenerative medicine, and telehealth.

Companies involved in the various sectors of the classification are then evaluated for technology and market leadership, as well as revenue and investment exposure, resulting in a composite HTEC score. The ROBO Global® Healthcare Technology and Innovation Index is composed of companies with a high HTEC score that also pass ROBO Global's Environmental, Social and Governance (ESG) policy requirements.

Including more than 80 stocks across 9 subsectors in 15 countries, the index is built to minimize risk by limiting reliance on the largest-cap players, and to capture the growth of rapidly developing healthcare technology companies around the globe.

## LEARN MORE

To learn more about the ROBO Global Healthcare Technology & Innovation ETF, visit [www.roboglobal.etfs.com/HTEC](http://www.roboglobal.etfs.com/HTEC).

Investing involves risk, including the possible loss of principal. Narrowly focused investments and investments in smaller companies typically exhibit higher volatility. International investments may also involve risk from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, and from economic or political instability. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Diversification may not protect against market risk. Indices are unmanaged. One cannot invest directly in an index. There is no guarantee the fund will achieve its stated objective.

The Fund invests primarily in the equity securities of Medical Technology Companies and, as such, is particularly sensitive to risks to those types of companies. These risks include, but are not limited to, small or limited markets for such securities, changes in business cycles, world economic growth, technological progress, rapid obsolescence, and government regulation.

**Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's full or summary prospectus, which may be obtained at [www.roboglobal.etfs.com](http://www.roboglobal.etfs.com). Read the prospectus carefully before investing.**

Exchange Traded Concepts, LLC serves as the investment advisor of the fund. The Fund is distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Exchange Traded Concepts, LLC or any of its affiliates.