

ETF INSIGHTS WITH NIK BIENKOWSKI OF HANetf

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Robert Rushe (RR): So, I'm here with Nik Bienkowski, Co-Founder and Co-CEO of HANetf, Europe's only white label provider ETF platform at the moment. Nik, do you want to tell us a little bit about HAN and what they're offering.

Nik Bienkowski (NB): Sure, Rob, thanks very much. We were a white label provider, but also, in effect, we're really an ETF issuer. But instead of issuing our own ETFs, we issue ETFs for third parties. So, for example, if you wanted to launch an ETF and didn't have the available resource or the skills or the knowledge to launch that ETF in Europe, we can build that for you. And then we also do operations, management, and full distribution and marketing. Hence, even though we are a white label provider, we're effectively an ETF issuer, because we do everything from the front all the way to the backend.

RR: Very good, and when you think about U.S. managers who are thinking about moving into Europe, in the conversations you're having, what are the reasons that they're thinking about moving here?

NB: A bunch of reasons. I mean one is continued industry growth. Firstly, the global ETF industry is growing. I mean, they look at the U.S. and say, well, how can we grow not only in the U.S. but globally? And Europe is the second largest ETF market in the world. It has just hit \$1 trillion in the last month. And I think they also look at the U.S. versus Europe and the sort of 5:1 ratio at the moment, and they feel perhaps that the U.S. is ahead of Europe. Europe being a little bit behind the U.S. and, therefore, if Europe is behind in terms of the U.S. in terms of growth, that there may be more leverage or more expected growth in Europe from 1 trillion versus the U.S. where it's sort of getting towards 5 trillion. For the U.S. market to double in size, it would need to get to 10 trillion, whereas Europe to double in size would only need another trillion of assets. And I think as well that compared to the U.S., ETFs haven't quite penetrated as much across the fund space, and so on a relative basis, even though we see flows stagnating in mutual funds or perhaps seeing redemptions, and ETFs continuing to grow, the relatively of funds to ETFs in Europe is still – the ETFs are still very small and so they see a massive

opportunity to get in early, it's still early, and to be part of that sort of even just market growth, let alone getting more than the market growth.

RR: For an organization like HAN, what's important when you actually went to select your service providers in the market?

NB: I think, firstly, coming through a blue chip or a company with great pedigree, because then when asset managers or compliance departments do due diligence on the fund structure, regardless of who you are, they look at the service providers as well. When HAN was a new business, they might say, well, we're doing business with BoNY Mellon; if BoNY Mellon is there, then they know the fund is going to be... the pots will be custodied well, will be administered well. Obviously, having a track record. There's other providers trying to come into the market now because they see the growth in ETFs, they don't necessarily have the experience in providing PCFs, daily pricing by seven o'clock in the morning. They might be used to quarterly or monthly or weekly valuations, as opposed to daily valuations. And, obviously, Europe is quite a complex place in terms of 30 different countries and tax rules, so you get all the withholding taxes, all the tax filings, etc, and, obviously, working with an established organization that does a good job just absolutely streamlines and simplifies that. And obviously with UCITS as well. A UCITS fund wrapper is global and working with a global organization, we understand that, firstly, UCITS can be of interest or demanded by foreign investors, Asian, Middle Eastern, and Latin American investors. And then also being able to try and help with whether it's APs or part of the infrastructure in trying to get a distribution to those other time zones and regions can be, obviously, useful working with someone that's highly experienced, and a global business.

RR: OK, Nik, thank you for your time and it's been really educational learning the different options that are available to investors, and we look forward to doing a number of new additional launches with you guys in the future.

NB: Great, thanks, Rob.

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