

Invest in the world's leading microchip makers and designers through the ETFS Semiconductor ETF (ASX Code: SEMI).

Introducing SEMI

SEMI invests in the biggest and most influential semiconductor companies in the world. The companies it holds are responsible for most of global microchip production. It tracks the Solactive Global Semiconductor 30 Index, which contains 30 companies in developed markets, Korea and Taiwan from across the semiconductor value chain.

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DID YOU KNOW?

- In 2019, nearly 300 billion microchips were bought¹. This comes to about 40 chips for every person.
- Semiconductor components like transistors are now so small that the machines making them must be accurate on the atomic level.

”

What are semiconductors?

Semiconductors, also known as microchips, are the ‘brains’ behind electronic devices. They control and manipulate the flow of electricity and are what make modern computing possible. They are in virtually every electronic device: microwaves, rice cookers, iPhones, computers.

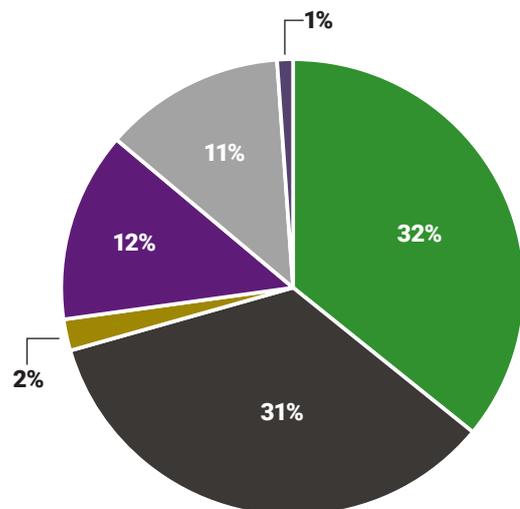
Semiconductors are built on thin wafers of silicon (sand) and made from millions - or billions - of tiny components called transistors. Semiconductors have gotten much smaller over the years, in a process called “Moore’s Law”. As they have shrunk, computers have become more powerful.

The semiconductor industry

The semiconductor industry is made up of large companies that are specialised in certain areas. These specialisations can be filled with jargon. Some specialisations include:

- **Foundries:** are the specialist factories where microchips are made. Within these, there are “cleanrooms” with extremely pure air to stop microchips getting contaminated by dust.
- **Transistors:** are the tiny gateways that control the flows of electricity on a microchip. There are millions or billions of them on modern microchips.
- **Lithography:** is where design patterns get printed onto microchips. This is done using extremely powerful ultraviolet light.
- **GPUs:** graphics processing units are powerful microchips that can do lots of tasks at the same time. They started out powering video games but have become the foundation of artificial intelligence.
- **CPUs:** central processing units are the main engine on computers. They can perform a broad array of different tasks, quite like a Swiss army knife.

Semiconductors have broad sources of demand



- Computers and laptops
- Phone and communication devices
- Industrial
- Consumer
- Cars and automotive
- Defence and government

How SEMI works

- ✔ SEMI tracks the Solactive Global Semiconductor 30 Index.
- ✔ The index is made of 30 semiconductor businesses in developed markets plus Korea and Taiwan.
- ✔ Semiconductor companies are those defined as such by FactSet's Revere Business Industry Classification System (RBICS).
- ✔ To qualify for index inclusion, companies must have a market capitalisation of US\$1 billion and a minimum average daily trading value of US\$1 million over 3 months.
- ✔ The top 30 companies by market capitalisation are picked, with the weights of each stock capped at 10%.

Reasons to consider SEMI

1. Achieve diversification in a single trade and avoid the risks of picking individual stocks.
2. International coverage to capture the global supply chain.
3. Exposure to many high-growth areas, like cloud computing and self-driving cars, which require semiconductors to operate.

How to use SEMI in a portfolio

- ✔ To express long-term strategic or short-term tactical views on the growing demand for microchips.
- ✔ To complement technology sector exposure with tech-aligned companies outside of the GICS classification (the industry sector classification created by MSCI and S&P Dow Jones Indices).
- ✔ To aid portfolio diversification via investment in industries that are largely absent from the Australian market.

Snapshot

ASX Code	SEMI
Bloomberg Code	SEMI AU Equity
IRESS Code	SEMI.AXW
Benchmark	Solactive Global Semiconductor 30 Index
Management Cost (%pa)	0.57%
Rebalance Frequency	Quarterly
Distribution Frequency	Semi-annually
W-8 BEN Form Required	No

For more information on the ETFS Semiconductor ETF (**ASX Code: SEMI**), please speak to ETF Securities.

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^[1] <https://blog.lamresearch.com/10-fun-facts-about-semiconductors/>

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