

Source Health Care S&P US Select Sector UCITS ETF

Investment objective

The Source Health Care S&P US Select Sector UCITS ETF aims to provide the performance of the S&P Select Sector Capped 20% Health Care Total Return (Net) Index.

Source ETF structure

The Fund achieves its performance through Source's swap-enhanced ETF structure. This innovative investment technique combines full investment in physical equities with a multicounterparty swap overlay to minimise tracking error. Source's approach allows counterparty risk to be substantially reduced compared to typical swap-enhanced ETFs.

About the benchmark

The S&P Select Sector Capped 20% Health Care Total Return (Net) Index represents the health care sector of the S&P 500 Index. Derived from the US Health Care Select Sector index (Bloomberg: IXV), the index has been modified with a 19% single stock weighting cap, allowing all ETFs based on it to be UCITS compliant.

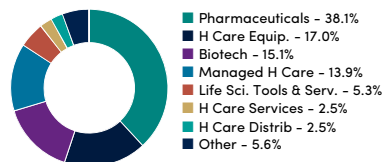
Currency	USD
No. of constituents ¹	62
Countries	US
Weighting	Modified market cap
Rebalance frequency	Quarterly (Mar/Jun/Sep/Dec)
Capped individual stock weight	19%
Mkt cap type	Mid/Large (US\$2 BN +)

Top 10 index holdings

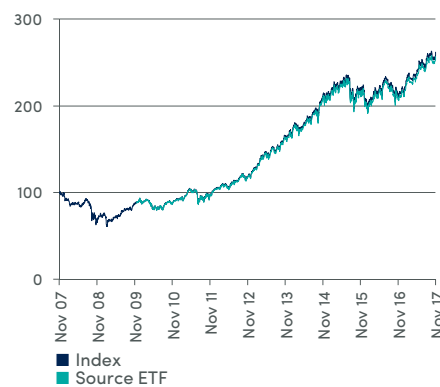
Company	Weighting
Johnson & Johnson	11.73%
UnitedHealth Group Inc	6.92%
Pfizer Inc	6.79%
AbbVie Inc	4.85%
Merck & Co Inc	4.74%
Amgen Inc.	4.02%
Medtronic PLC	3.49%
Bristol Myers Squibb Co	3.25%
Abbott Laboratories	3.07%
Gilead Sciences Inc	3.06%

S&P® Select Sector Capped 20% Health Care Total Return (Net) Index (Data as of 30 November 2017)

Sector exposure



10 year performance



Risk/return profile

Year	Index performance	Volatility ²	Sharpe ratio ³
2017 YTD	22.28%	8.71%	-
2016	-3.19%	15.47%	-0.25
2015	6.39%	18.46%	0.33
2014	24.72%	14.48%	1.70

ETF performance metrics

Year	Fund performance	Tracking difference ⁴	Tracking error ⁵
2017 YTD	22.24%	-0.03%	0.05%
2016	-3.24%	-0.05%	0.05%
2015	6.07%	-0.30%	0.00%
2014	24.35%	-0.30%	0.00%

Source: Bloomberg

Past performance is not a reliable indicator of future returns.

Trading activity

Source ETFs have multiple dealers and market makers, encouraging tight bid offer spreads and enhanced liquidity.

Trading information

Exchange listing: Borsa
Trading currency: EUR
Trading times: 08:00 - 16:30
London time
IE00B3WMTH43
XLVS IM
Bloomberg: XLVSINE
Bloomberg (iNAV): XLVS.MI
Reuters: X2JFINAV.DE
Reuters (iNAV):

Exchange listing: LSE
Trading currency: GBp
Trading times: 08:00 - 16:30
London time
IE00B3WMTH43
XLVP LN
Bloomberg: XLVPIN
Bloomberg (iNAV): XLVP.L
Reuters: X2IBINAV.DE
Reuters (iNAV):

Exchange listing: LSE
Trading currency: USD
Trading times: 08:00 - 16:30
London time
IE00B3WMTH43
XLVS LN
Bloomberg: XLVSIN
Bloomberg (iNAV): XLVS.L
Reuters: XLVSINAV.DE
Reuters (iNAV):

Exchange listing: SIX
Trading currency: USD
Trading times: 09:00 - 17:30
Zurich time
IE00B3WMTH43
XLVS SW
Bloomberg: XLVSIN
Bloomberg (iNAV): XLVS.S
Reuters: XLVSINAV.DE
Reuters (iNAV):

Index information

Index: S&P® Select Sector Capped 20% Health Care Total Return (Net) Index
Currency: USD
No. constituents: 62
Bloomberg: SPSUHCN
Reuters: .SPSUHCN

ETF information

Replication method: Physical with swap overlay
Base currency: USD
Issuer: Source Markets plc
Manager: Source Investment Management Limited
Investment manager: Assenagon Asset Management S.A.
Depository: Northern Trust Fiduciary Services (Ireland) Limited
Fund inception: 16 Dec 2009
Ongoing charge⁶: 0.30% p.a.
Swap fee: 0%
Dividends: Accumulating
Open-ended: Yes
UCITS: Yes
Domicile: Ireland
UK reporting status: Yes
ISA/SIPP: Eligible
Minimum investment: 1 unit

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Prospectus & KIID

For more information

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¹ The actual number of index constituents may vary

² Annualised volatility based on daily log returns

³ Sharpe ratio is adjusted for risk free rate, taken as the yield on 12 month US Treasuries

⁴ Annualised relative return vs the benchmark, calculated on a proportional basis, as (fund return+1)/(index return+1) - 1

⁵ Tracking error is calculated as the annualised volatility of daily excess returns against the index

⁶ Includes management fee, custody and administration costs but excludes transaction costs such as swap costs

About Source

Source is a specialist provider of Exchange Traded Products (ETPs) with a unique approach and deep roots in the trading community. Source's partners include: Bank of America Merrill Lynch, Goldman Sachs, J.P. Morgan, Morgan Stanley, Société Générale, UBS, Virtu Financial, Flow Traders, Commerzbank and Deutsche Bank AG, along with over 15 other market makers. Our unique approach to ETPs is delivering a superior investor experience and rapid asset growth.

Buying and selling Source ETFs

Source ETFs can be traded both on exchange and over the counter. The ETFs have multiple dealers and market makers, encouraging tight bid offer spreads and high liquidity. For guidance and intelligence concerning trading in Source products, please contact our Capital Markets group on +44 (0) 20 3370 1154 or capitalmarkets@SourceETF.com.

Key features

Liquidity

Source's multi broker/dealer platform enhances daily liquidity and provides robust bid-offer spreads both OTC and on exchange. Source ETFs have similar liquidity characteristics to their underlying traded securities.

Flexibility

By using Source ETFs on a number of indices, an investor can build or customise a range of exposures and with intraday liquidity can adjust these exposures dynamically. Source ETFs can be lent and borrowed, allowing investors to go long and short indices.

Transparency

Source ETFs aim to replicate the performance of the underlying index. Additionally, they benefit from a transparent fund and cost-structure. Benchmark constituents and weightings are published daily.

Simplicity

Source ETFs help investors to gain exposure to a wide range of indices while executing only one trade.

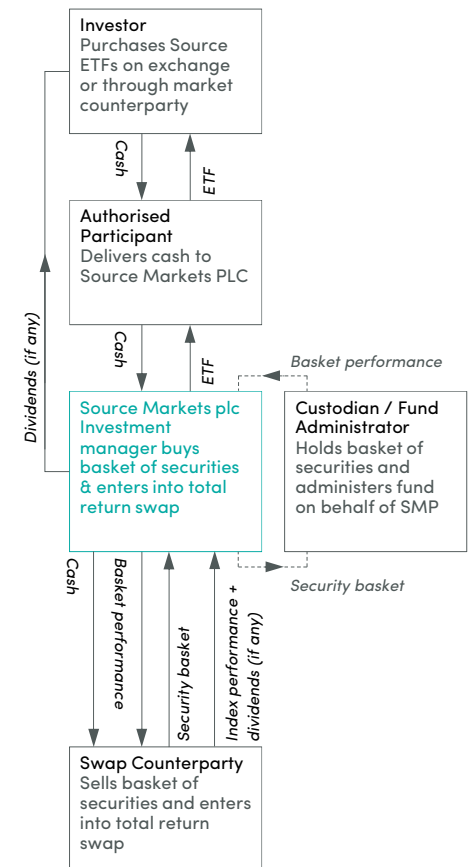
Accessibility

Source ETFs are traded and settled on regulated stock exchanges and can be purchased and held in ordinary brokerage or custodial accounts.

Cost-effectiveness

Source ETFs have significantly lower management fees or total expense ratios (TERs) than many actively managed funds.

Source swap enhanced ETF structure



Key disclaimer information:

This fact sheet contains a short summary description of the above mentioned ETF and is for discussion purposes only. A complete description of the notes is set out in the prospectus of the above mentioned ETF.

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