

INFLOWS INTO FINTECH, INNOVATION AND NEXT GENERATION INTERNET FUNDS

ON BACK OF COVID-19 VACCINES
AND LOW INTEREST RATES



NET \$11.5BN
FLOWED INTO US
ETFs THE WEEK
ENDING FEB 18.
FINTECH,
INNOVATION AND
NEXT
GENERATION
INTERNET

- ✓ Significant declines in new cases of Covid-19 in the United States. Vaccinations continue to grow globally. (US 17.26%)
- ✓ The Senate is moving forward to a budget that includes \$1.9 trillion spending package equal to 7% of GDP. Administration of Covid-19 vaccine does continue to rise globally. US states can reopen, and global economic activity may return to pre-pandemic levels. It will take some time.
- ✓ Inflows into equities continue. Fintech, Innovation and Next Generation Internet ETF's. Outflows of Fixed Income.
- ✓ Buy-and-Hold strategy has proven to be the most effective way of making positive returns. Interest rates remain extremely low and are unlikely to rise for many years. Please see the last slide in this weekly overview.

SIGNIFICANT
DECLINE IN THE
NUMBER OF
NEW CASES IN
THE US
FEB 20, 2021

Infection Numbers Continue To Fall

Coronavirus in the U.S.: Latest Map and Case Count

Updated February 20, 2021, 12:09 A.M. E.T.

[Leer en español](#)



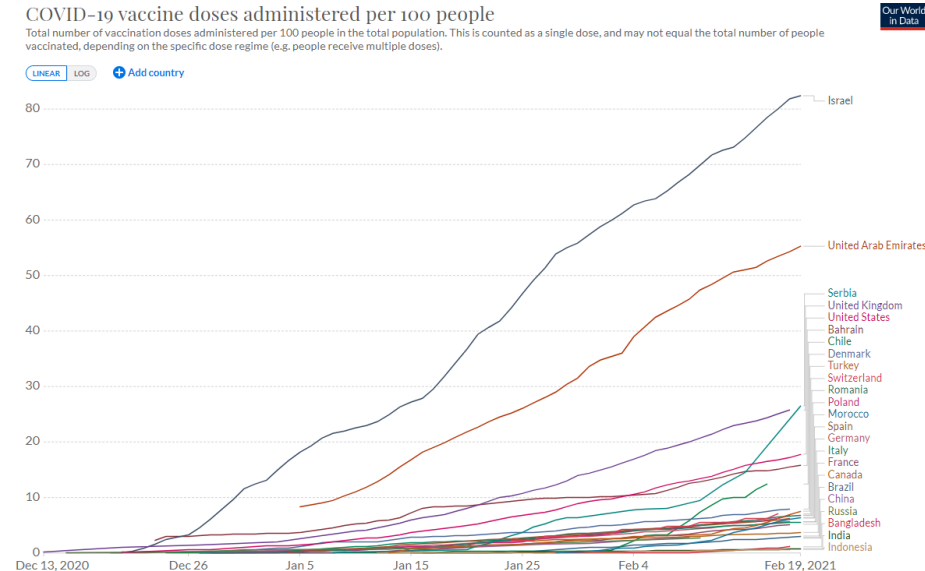
	TOTAL REPORTED	ON FEB. 19	14-DAY CHANGE
Cases	28 million+	77,556	-45% ↘
Deaths	495,553	2,607	-34% ↘
Hospitalized		59,882	-30% ↘

■ Day with reporting anomaly. Hospitalization data from the Covid Tracking Project; 14-day change trends use 7-day averages.

- ✓ New cases of COVID-19 are rapidly declining. This will eventually allow lockdowns to end and economies to begin recovering.

PERCENTAGE OF
PEOPLE
VACCINATED
GLOBALLY
CONTINUES
INCREASE
FEB 18, 2021

People Are Being Vaccinated in Growing Numbers



Feb 18, 2021

Israel	81.78
United Arab Emirates	54.33
United Kingdom	25.73
United States	17.26
Bahrain	15.48
Denmark	7.92
Turkey	6.99
Poland	6.76
Romania	6.65
Spain	6.28
Morocco	6.05
Germany	5.63
Italy	5.47
France	5.18
Canada	3.59
Brazil	2.92
Bangladesh	1.12
India	0.74

- ✓ Vaccinations rollouts continue to grow throughout the world. While some responses might be slower than anticipated, an end to the pandemic is in sight.

\$1.9TR RELIEF
PACKAGE PLUS THE
\$900BN BILL
PASSED IN
DECEMBER IS
NEARLY 7% OF
GDP.

Stimulus Package Likely to Pass Despite Republican Opposition

Republicans Struggle to Derail Increasingly Popular Stimulus Package

Polls show a \$1.9 trillion rescue plan polls strongly across the country, including with many Republican voters, despite a scattershot series of attacks from congressional Republicans.



President Biden boarded Air Force One en route to Milwaukee on Tuesday. According to new polling data, Mr. Biden's stimulus plan has broad support among Americans.
Doug Mills/The New York Times

NET \$11.5BN
FLOWED INTO US
ETFs THE WEEK
ENDING FEB 18.
FINTECH,
INNOVATION
AND NEXT
GENERATION
INTERNET ADDED
\$522M/\$746M
IN ASSETS

U.S. Equities Inflows Continue

In terms of individual ETFs, the low-cost index fund mainstays and a handful of hot ARK ETFs continued to dominate the flows charts.

The **Vanguard S&P 500 ETF (VOO)**, the **SPDR S&P 500 ETF Trust (SPY)** and the **Vanguard FTSE Emerging Markets ETF (VWO)** took the top three positions on the weekly inflows list.

At the same time, the **ARK Fintech Innovation ETF (ARKF)**, the **ARK Innovation ETF (ARKK)** and the **ARK Next Generation Internet ETF (ARKW)** each picked up between \$522 million and \$746 million in new cash.

ARK is currently the **seventh-largest ETF** issuer, with just under \$60 billion in total assets under management.

Its high-flying suite of ETFs sold off modestly this week, but each of the company's funds is up substantially on a year-to-date basis.

THE WEEKLY
INFLOWS WENT
PRIMARILY INTO
US AND
INTERNATIONAL
EQUITY ETFs

Equities Continue To See Investments

Top 10 Creations (All ETFs)

Ticker	Name	Net Flows (\$,mm)	AUM (\$, mm)	AUM % Change
VOO	Vanguard S&P 500 ETF	1,358.32	199,295.62	0.68%
SPY	SPDR S&P 500 ETF Trust	1,071.67	340,294.66	0.31%
VWO	Vanguard FTSE Emerging Markets ETF	919.85	81,990.80	1.12%
VTI	Vanguard Total Stock Market ETF	839.15	219,219.03	0.38%
IEF	iShares 7-10 Year Treasury Bond ETF	834.11	14,265.55	5.85%
ARKF	ARK Fintech Innovation ETF	745.67	4,913.25	15.18%
ARKK	ARK Innovation ETF	556.09	27,634.25	2.01%
ARKW	ARK Next Generation Internet ETF	522.06	9,391.44	5.56%
BNDX	Vanguard Total International Bond ETF	511.08	39,124.74	1.31%
VEA	Vanguard FTSE Developed Markets ETF	497.54	93,534.76	0.53%

FIXED INCOME
ETFs FACED
PRSSURE AS
YIELDS ROSE AND
PRICES STARTED
TO DECLINE.
BOND, GOLD
AND UTILITIES
SHOWS STEEP
OUTFLOWS

Fixed Income Outflows Continue As Investors See Little Return.

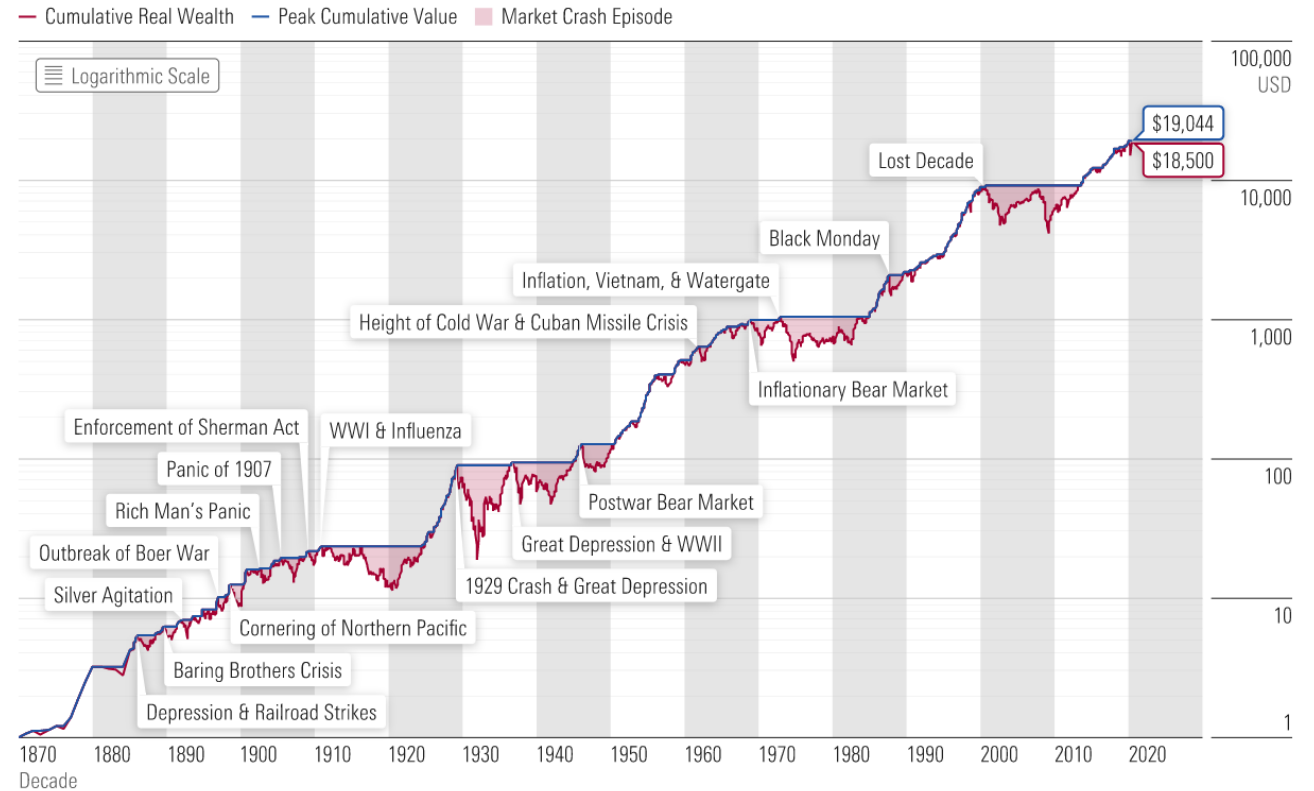
Top 10 Redemptions (All ETFs)

Ticker	Name	Net Flows (\$,mm)	AUM (\$,mm)	AUM % Change
LQD	iShares iBoxx USD Investment Grade Corporate Bond ETF	-1,910.55	47,552.87	-4.02%
TLT	iShares 20+ Year Treasury Bond ETF	-1,151.00	14,425.09	-7.98%
XLU	Utilities Select Sector SPDR Fund	-782.57	11,517.34	-6.79%
HYG	iShares iBoxx USD High Yield Corporate Bond ETF	-735.57	21,831.20	-3.37%
EMB	iShares JP Morgan USD Emerging Markets Bond ETF	-691.13	18,328.40	-3.77%
IWM	iShares Russell 2000 ETF	-664.56	67,372.13	-0.99%
GLD	SPDR Gold Trust	-542.15	64,846.86	-0.84%
PFF	iShares Preferred and Income Securities ETF	-499.11	18,198.27	-2.74%
VYM	Vanguard High Dividend Yield ETF	-435.09	32,769.11	-1.33%
QQQ	Invesco QQQ Trust	-267.30	159,866.00	-0.17%

GROWTH IN CUMULATIVE REAL WEALTH SINCE 1870

Staying Invested Provides a Consistent Return

Market Crash Timeline: Growth of \$1 and the U.S. Stock Market's Real Peak Values



Data as of Jun 30, 2020. Sources: Kaplan et al. (2009); Ibbotson (2020); Morningstar Direct; Goetzmann, Ibbotson, and Peng (2000); Pierce (1982); www.econ.yale.edu/~shiller/data.htm; Ibbotson Associates S&P US Large-Cap Stock Inflation Adjusted Total Return Extended Index.

- ✓ Over the last 150 years, real wealth has grown through consistent investment in US stocks.
- ✓ A \$1 investment in 1870 would now be worth \$19,044.

IS THERE IS A
CRASH COMING?
THE MEDIA HAVE
NOTHING MUCH
ELSE TO TALK
ABOUT. INTEREST
RATES ARE
LOW/NEGATIVE.

Sensationalist News Stories Hold No Credible Evidence



- ✓ Equities have risen rapidly since the March 2020 crash. It is inevitable that some people will look to make a name for themselves by claiming there will be a crash, however their claims are generally unfounded.

US INTEREST
RATES: 3MTH
0.03%, 2YR 0.13%,
10YR 1.34%;
GERMANY: 2YR -
0.69%. UK: 2YR -
0.02%

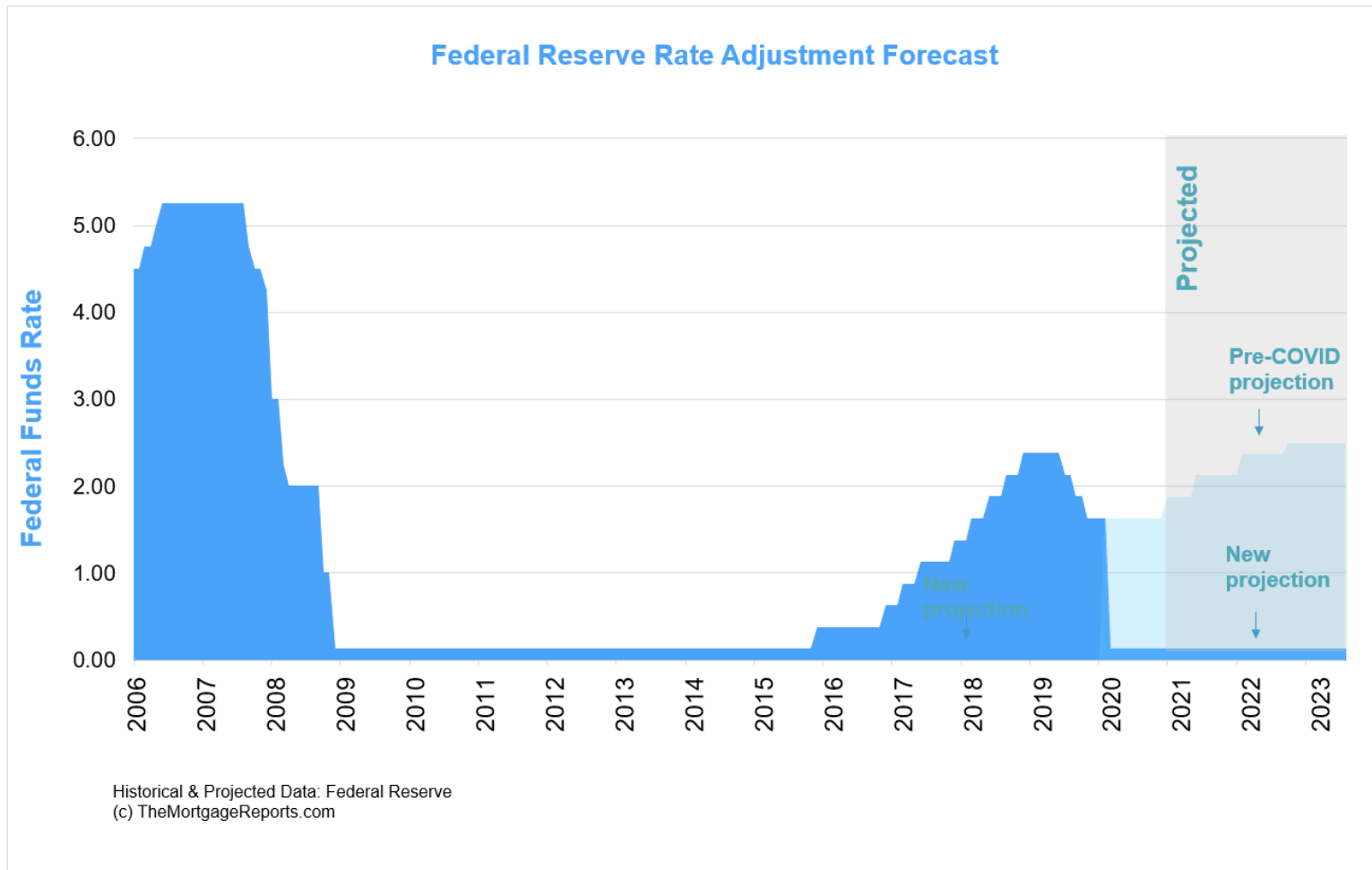
Interest Rates Remain Low



- ✓ Interest rates remain low and are unlikely to change in the coming months and years.
- ✓ Holding cash has no real return, equities remain the only opportunity to make returns on investments.

ULTRA-LOW RATES FOR MANY YEARS

Predicted Rates Remain Extremely Low



Disclaimer



Note: Disclaimer: This document is intended for and directed at investment professionals and not intended for retail customers. Persons who do not have professional experience in matters relating to investment should not rely on this document.

AQA UCITS Fund SICAV plc is licensed in Malta by the Malta Financial Services Authority as an undertaking for collective investment in transferable securities (UCITS).

This document is issued by Castlestone Management LLC (“We”). The information contained in this document is not directed at, nor is it intended for distribution to, or use by, persons in any jurisdiction in which the investment products are not authorized for distribution or in which the dissemination of information regarding the investment products is not permitted. This document is not offering to sell any product. Any investment in the Fund is required to be undertaken in line with the Offering Supplement of the Fund. Copies of the Offering Supplement, audited annual financial statements and half-yearly reports and the key investor information documents (in English Language) are available free of charge upon request. We will not be liable for any use you make of any information in this document. We are not your advisor or fiduciary. We are not recommending or making any representations as to suitability of any product or the tax, legal or accounting treatment of any product. We are not responsible for information stated to be obtained or derived from third party sources. All opinions are given as of the date hereof and are subject to change. We are not obliged to inform you of any such changes. Any projections and opinions expressed herein are expressed solely as general market commentary and do not constitute investment advice or guaranteed return. They represent the views of Castlestone Management LLC at the time of publication and are subject to change without notice. Any simulated performance data and/or past performance data contained herein is not a reliable indicator or guarantee of future performance. An investment in the Fund may include a commission or sales fee which is charged at the time of the initial purchase of the investment and may be deducted from the invested amount therefore lowering the size of your investment. A redemption / contingent deferred sales charge may be charged at the time you redeem your investment and such charge may have an impact on the amount of money you receive back upon your redemption. Income from investments may fluctuate and investors may not recoup the amount originally invested. An investment in the Fund may be effected by changes in currency exchange rates. If you redeem your investment before 6 years, you may be at higher risk of losing some, or all of, the money you invest. Any forward-looking statements concerning the financial condition, results of operations and businesses of Castlestone Management LLC expressed or implied, are based on management's current expectations and assumptions, which may change without notice, and are no guarantee of future results, performance or events. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own judgement in making their investment decisions. Investors and prospective investors should make reference to the risk warnings set out in the Offering Supplement of the Fund. This document is confidential. No part of it may be reproduced, distributed or transmitted without Castlestone Management's written permission. Neither this document nor any copy of it may be distributed, directly or indirectly, in the United States of America or its territories or possessions (the “United States” or to any US Person as defined in Regulations under the United States Securities Act of 1933 (as amended)). Any failure to comply with these restrictions may constitute a violation of United States securities law. This is not exhaustive; other regional-specific wording may apply. If in doubt, please consult with Castlestone Management's Compliance department.

Castlestone Management LLC is a registered investment adviser in the state of New Jersey. Being registered does not imply a certain level of skill or training. Investment in any Fund involves significant risks. A prospective or continuing investor should not invest in any Fund unless satisfied that it and/or its investment representative or professional adviser has/have asked for and received all information which would enable it or both of them to evaluate the risks in terms of an investment or continued investment in the Fund. The information in this document has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. No invitation to the public in Hong Kong to buy or subscribe for any product is permitted to be made. You should consult your own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning any of the contents of this document.

Additional information about Castlestone Management LLC is available on the United States Securities and Exchange Commission's website at <https://adviserinfo.sec.gov/firm/summary/170379>.

W A R N I N G

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.