

ETF Focus

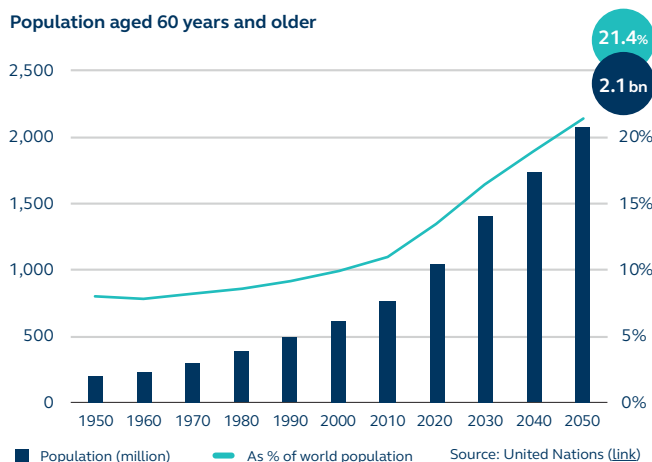
Demographic Shifts Bringing New Opportunities to the ETF Market

Global population ageing is one of the formative megatrends of the coming decade, driven by factors such as declining fertility rates and longer life expectancy. The trend has implications for nearly all sectors of society, including financial markets.

An overview of ageing population

People across the globe are living longer. According to estimates by the United Nations, by 2050 the population aged 60 years and older will hit 2.1 billion, more than double that of 2020, while the number of people aged over 80 years will triple to 426 million.¹

The changing age structure of our societies poses labour market challenges and places additional stress on the healthcare sector. The role of biotech, and of automation, enabled by AI and robotic systems, are seen by many as a viable solution to the issues that an ageing world will bring.



Biotech: Medicine for overstressed healthcare systems

The use of new biotech innovations may help to alleviate the strains that an ageing population could place on healthcare resources. For example, the increased use of vaccinations or the development of age-related biologic drugs, could lead to an overall reduction in medical visits, diagnostic tests, treatments, and hospitalisations.

As a burgeoning medical research base, Hong Kong has more than 250 biotech-related companies specialising in fields ranging from pharmaceuticals and traditional Chinese medicine, to medical devices and diagnostics.² Hong Kong is also the largest biotech fundraising hub in Asia, and the second largest in the world. Since the launch of HKEX's listing reforms in 2018, Hong Kong has welcomed 92 healthcare and biotech listings raising a total of HKD 255 billion as of December 2021.³

¹ Source: United Nations, "World Population Prospects 2019", 2019 ([link](#))

² Source: HKTDRC Research, "Biotechnology, Medical & Healthcare Industry in Hong Kong", 4 Nov 2021 ([link](#))

³ Source: HKEX, data as of December 2021

Opportunities in Biotech ETFs

Supported by a buoyant biotech IPO market, Hong Kong's biotech ETFs have witnessed explosive growth in the past two years with AUM reaching HKD 3.7 billion as of December 2021. The first and largest of the three biotech ETFs listed in Hong Kong – **Global X China Biotech ETF** – offers access to Chinese biotech companies listed globally, while **ChinaAMC Hang Seng Hong Kong Biotech Index ETF** and **CSOP China Healthcare Disruption Index ETF** invest in Hong Kong-listed companies that operate worldwide and in China, respectively.

Ticker	Product Name	Listing Date	AUM (HKD Million)	YTD ADT (HKD Million)
2820 9820	Global X China Biotech ETF	25 Jul 2019	2,227	24
3069 9069	ChinaAMC Hang Seng Hong Kong Biotech Index ETF	18 Mar 2021	1,343	5
3174	CSOP China Healthcare Disruption Index ETF	21 Jul 2021	84	0.6

Source: HKEX data as of end-December 2021

AI and robotics: Answers to a shrinking workforce

The potential healthcare applications of AI and robotics is profound. Since the first robot-assisted surgery was performed in 1985, the application of robotics has extended to a wide range of surgical specialties such as urology, gynaecology, and head and neck surgery. Robot-assisted surgery enables greater precision and fewer complications.

Telehealth, or the digitalising of health services, is making increasing use of AI for services such as virtual doctor

consultations and remote data collection through sensors that track sleep patterns or vital signs.⁴ This too has the potential to reduce the need for hospital visits and improve the productivity of health professionals.⁵

In Hong Kong, teleconsultation services are already provided by the Hospital Authority and private institutions, and robotics is being used in specialised rehabilitation, surgery, cancer diagnosis and disinfection.⁶

Opportunities in AI and robotics ETFs

Hong Kong's first AI and robotics ETF – **Ping An Nasdaq AI and Robotics ETF** – listed in 2018. It represents a diversified portfolio of around 100 AI and robotic companies worldwide. In 2020, **Global X China Robotics and AI ETF** listed on HKEX, offering investors a concentrated exposure to around 20 tech leaders in China.

Ticker	Product Name	Listing Date	AUM (HKD Million)	YTD ADT (HKD Million)
3023	Ping An Nasdaq AI and Robotics ETF	7 Dec 2018	56	0.1
2807 9807	Global X China Robotics and AI ETF	7 Aug 2020	456	5

Source: HKEX data as of end-December 2021

Learn more about Hong Kong-listed ETFs at the HKEX webpage [here](#).

⁴ "Wanted: biotech for an aging population" Nature Biotechnology vol. 35, number 7, p.597, 12 July 2017 ([link](#))

⁵ With reference to Snoswell, Centaine L et al. "Determining if Telehealth Can Reduce Health System Costs: Scoping Review." Journal of medical Internet research vol. 22, 10 e17298. 19 Oct. 2020, doi:10.2196/17298

⁶ Same as note 2

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