

Turning point in the global education market - investments explode

London/Munich/Vienna/Zurich, 28 October 2020 - The record sum of ten billion US dollars of institutional venture capital will flow into education technologies by the end of 2020 - according to the forecast of the US research house HolonIQ, partner of Rize ETF, pioneer in thematic ETFs¹. In the first six months of the current year alone, investors invested USD 4.5 billion in the sector, which in 2015 still corresponded to the total for the year. At the end of the third quarter, the figure was 8.3 billion. 2020 marks a turning point in the sector, with many new IPOs on the horizon. Those who enter the market early can expect attractive returns in the long term.

Pupils and students in particular suffered from the lockdown and the resulting isolation, not only in Europe but worldwide. Traditional education systems have been put to an unprecedented test. Listed companies, so-called Edtech shares, gained huge market shares during the lockdown. The sector includes not only online education, but any digital hardware, software or platform that can be used to provide and consume resources and access education, training and learning.

High demand, high margins

According to studies, in the next five years some 500 million more students are expected to enrol in schools and universities than today. Many universities are struggling to cope with the rising student numbers. "Conventional teaching methods cannot cope with this - as the tutor/student ratio is tight, the quality of education will inevitably suffer. And whether it's online learning, more effective forms of classroom learning or even supportive software, EdTech can provide a decisive remedy," says Rahul Bhushan, co-founder of the thematic ETF provider Rize ETF.

HolonIQ expects the market for online higher education with a focus on degree programmes alone to more than double to \$74 billion² by 2025. Meanwhile, investment in augmented reality and virtual reality solutions in education is expected to increase from just \$1.8 billion in 2018 to \$12.6 billion by 2025 as they are integrated into the core curriculum of learning. Expenditure on AI learning programmes over the same period is expected to increase from \$0.8 billion to \$6.1 billion, and robotics in education is projected to reach \$3.1 billion by 2025.

Ten trillion US dollar potential by 2030

In the first three quarters of the current year, HolonIQ reports that 8.3 billion in venture capital flowed into the Edtech sector. By the end of the year this figure is expected to rise to 10 billion. This figure marks a global record, with China leading the way, followed by India and

¹ <https://www.holoniq.com/notes/8.3b-global-edtech-venture-capital-after-q3-2020/>

² HolonIQ, "10 charts that explain the Global Education Technology Market", January 2019. Available at: <https://www.holoniq.com/edtech/10-charts-that-explain-the-global-education-technology-market/>

the United States. These three economies account for the lion's share of the total Edtech market, at 90 percent. By 2030, HolonIQ estimates that a record \$10 trillion³ could be invested in the global education market by governments, parents, schools and individuals.

HolonIQ Global Education Market Expenditure

Total Global Education Expenditure in USD trillions



Source: HolonIQ, Smart Estimates™ January 2019

Related ETF:

The **Rize Education Tech and Digital Learning UCITS ETF (LERN)** replicates the Foxberry HolonIQ Education Tech & Digital Learning Index. LERN currently comprises 35 companies from developed and emerging markets. The TER of the ETF is 0.45 percent per annum. LERN offers investors worldwide exposure to Education Technology (EdTech) companies.

Weitere Informationen unter www.rizeetf.com

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³ HolonIQ, "10 charts that explain the Global Education Technology Market", January 2019. Available at: <https://www.holoniq.com/edtech/10-charts-that-explain-the-global-education-technology-market/>

one or more European jurisdictions. Investors should continue to consider the terms of investment in any Fund (or Share Class thereof) carefully and seek professional investment advice before taking any decision to invest in such Fund (or Share Class thereof).

About Rize ETF

Rize ETF is Europe's first issuer specialising exclusively in thematic ETFs. Founded in 2019, Rize ETF (with its product line) focuses on groundbreaking megatrends with high growth potential that also have a positive impact on the planet. Rize ETF is therefore committed to the Principles for Responsible Investment (PRI) and the CDP, both organizations that promote responsible and sustainable investment worldwide. Rize ETF strives for a balance between long-term returns and an engagement in sustainable companies. The ETFs launched by Rize ETF are aimed at the general investment public, but also at institutional investors. Rize ETF covers the entire life cycle of an ETF, starting with product strategy, index design, ETF structuring, portfolio management and distribution. The investment strategies of the respective ETFs are developed in cooperation with thematically specialised research houses and index providers.