

The Factors Driving Demand for Luxuries

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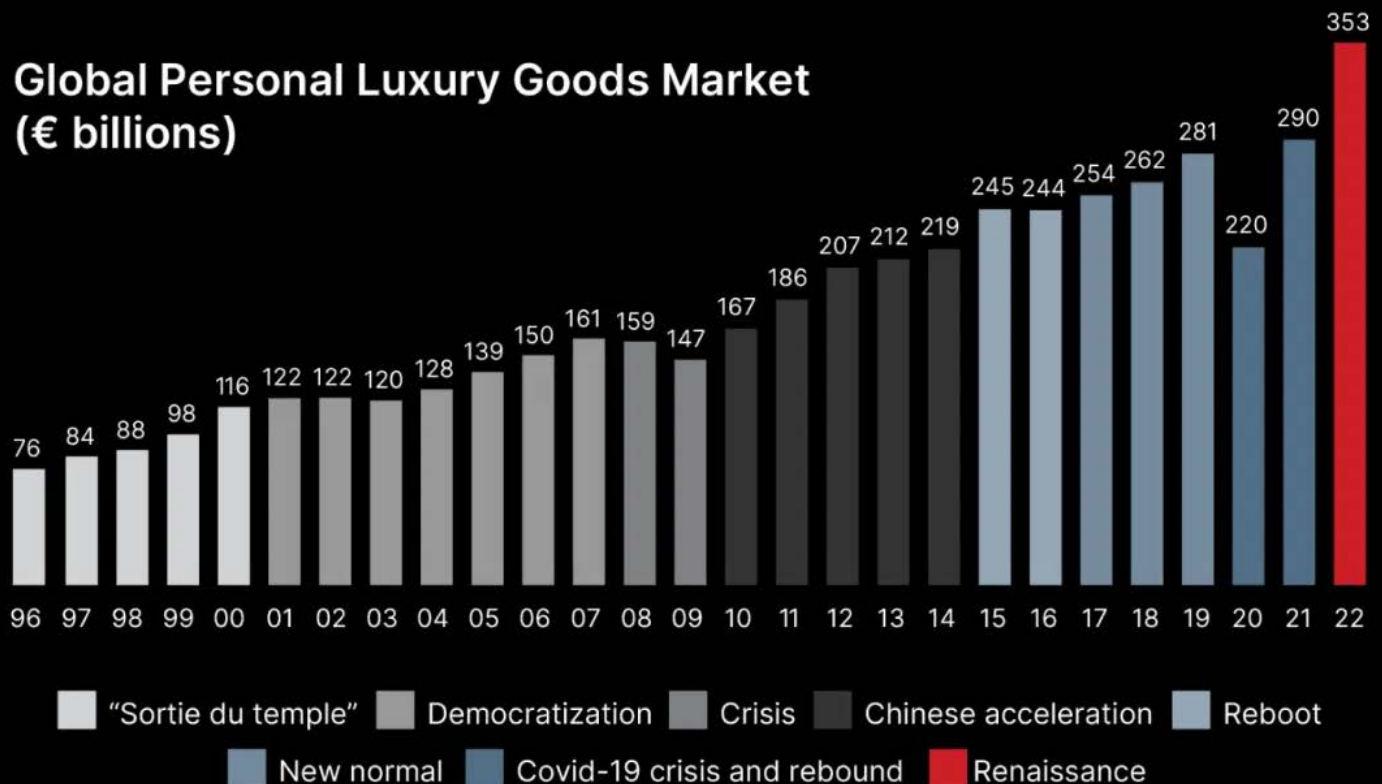


LUXURY GOODS MARKET

The Relentless Rise of the Luxury Goods Market

Despite uncertain market conditions, The global luxury goods market continues to grow. The industry is poised to see further expansion the rest of the decade to 2030.

Global Personal Luxury Goods Market (€ billions)



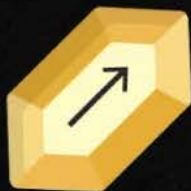


Strongest Growth Segments: 2019-2022E



Luxury in 2023: More resilient to recession than in 2009?

Despite recessionary conditions expected across leading economies in 2023, personal luxury goods should see further expansion.



Growing Market

Larger consumer base that is more concentrated on top customers



Strong Generational Trends

The spending of Gen Z and the even younger Generation Alpha is set to grow three times faster than other generations' through 2030, making up a 1/3 of the market.



China's Reopening

Chinese consumers are a major driver of luxury spending. During the 2021 financial year, luxury goods companies generated around 30% of their total sales in Greater China.

A Look into Luxury

As their name implies, luxury goods are broadly defined as goods that are perceived to be of superior quality or value relative to comparable substitutes. As such, luxury goods often command significantly higher prices. The motivations underpinning the acquisition of luxury goods are many, ranging from expressions of affluence to affection.

Companies have built vast portfolios of luxury brands that cater to this demand, encompassing everything from cars and yachts to jewelry and watches. Historically, luxury brands tended to target a relatively narrow segment of customers. However, luxury brands have since shifted their sales strategies to cater to a broader base of customers, which has not only increased their revenues but also improved their resilience in the face of recessionary environments.

Post-Pandemic Pop

In the wake of the Covid-19 pandemic, spending on personal luxury goods contracted along with the rest of the global economy. However, the industry rapidly recovered, returning to record levels and a new all-time high of €353 billion in 2022.¹ The strength and speed of this rebound showcased both the improved resilience of the luxury goods market in the face of recessionary circumstances, as well as the growing demand for luxury goods.

The global personal luxury goods market is projected to grow to €530 billion–€570 billion by 2030, representing a growth rate of over 140% relative to pre-pandemic levels according to economic estimates and consultancy forecasts.¹

Stratifying Sales Segments

As of 2022, the aggregate value of the global luxury market has surpassed €1.38 trillion.¹

The market is led by luxury cars at €566 billion which accounts for 40.9% of the total, followed by personal luxury goods at €353 billion (25.5%), and luxury hospitality at €191 billion (13.8%). Together, these segments comprise over 80% of the total market.

Worldwide Luxury Market in 2022 (in billions of EUR)		
Category	Value	Share of Market
Luxury Cars	€ 566.00	40.90%
Personal Luxury Goods	€ 353.00	25.51%
Luxury Hospitality	€ 191.00	13.80%
Fine Wines & Spirits	€ 96.00	6.94%
Gourmet Food & Fine Dining	€ 57.00	4.12%
High-End Furniture & Housewares	€ 53.00	3.83%
Fine Art	€ 39.00	2.82%
Private Jets & Yachts	€ 26.00	1.88%
Luxury Cruises	€ 2.00	0.14%
Total	€ 1,384.00	100%
Source: Bain & Company, <i>Renaissance in Uncertainty</i> , 31 December 2023		

¹Source: Bain & Company, Renaissance in Uncertainty as of 31 December 2023

Our **European Luxury ETF (FINE)** seeks to track the Solactive European Luxury Index (SOLELUXN), which identifies **25 European luxury companies that generate their revenues from either:**

- **Luxury Accessories**
- **Premium Clothing**
- **Luxury Beauty Products**
- **Cars & Yachts**
- **Upscale Hospitality**

FINE seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the SOLELUXN Index.

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Investing involves risk, including possible loss of principal. Luxury companies face intense competition, both domestically and internationally, may have products that face rapid obsolescence, and are heavily dependent on the protection of patent and intellectual property rights. Such factors may adversely affect the profitability and value of luxury goods companies. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments may be subject to higher volatility. FINE is non-diversified.

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Carefully consider the funds' investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the funds' summary or full prospectus, which may be obtained by calling 1-866-5Themes (1-866-584-3637) or by visiting themesetfs.com. Please read the prospectus carefully before investing.

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