



EDMOND DE ROTHSCHILD FUND BIG DATA

BIG DATA IS
THE FUTURE,
DON'T BE
LEFT OUT!

Edmond de Rothschild Fund Big Data is a thematic fund that invests in international companies which stand to benefit from the Big Data revolution, regardless of their market cap.

The fund is designed for investors who are looking to diversify and increase their equity exposure in return for a capital loss risk.

BIG DATA: A NEW WAY TO CREATE VALUE

Every day, 2.5 trillion bytes of data are produced all over the world. Growth is so fast that 90% of the world's data today has been created in the last two years¹. Big Data covers three areas:

- ▶ **Volume:** the quantity of data generated is growing exponentially
- ▶ **Variety:** the sources (internet, objects, businesses, etc.) and formats are multiplying
- ▶ **Velocity:** the speed at which data is being generated and shared is increasing

Thanks to technological advances, it is now possible to process this information in a way that takes better advantage of it. The effects are increasingly more tangible, both in technology and in more traditional sectors. Industrial maintenance, customised offers, energy efficiency, preventive medicine and driverless vehicles are just some of the

examples of how Big Data can be used, with a wide-ranging impact on the economy as a whole. The companies which succeed in leveraging this trend in the long term will be able to create new products and services, setting them apart from the competition and offering huge potential for value creation.

AN EXPERIENCED INTERNATIONAL EQUITIES TEAM

Management of the fund involves a team of five portfolio managers/analysts averaging more than ten years of investment experience in the technology sector (United States, China, Asia and Japan). The team also benefits from the knowledge and expertise of an expert committee, which is convened quarterly and is made up of tech experts and entrepreneurs.

1. Source: Gartner - 2018

THE BIG DATA REVOLUTION:

DATA USERS

Non-tech companies which have already incorporated this data within their core business to secure a competitive edge

e.g. companies in the healthcare sector using Big Data such as genome sequencing

INFRASTRUCTURE

Companies which collect the data produced by Big Data players (using sensors, the internet, etc.) and then sell it to their customers

e.g. data centres

ANALYTICS

Companies which design software to analyse Big Data

e.g. resource management algorithms for power systems and urban transport (smart cities)



KEY POINTS

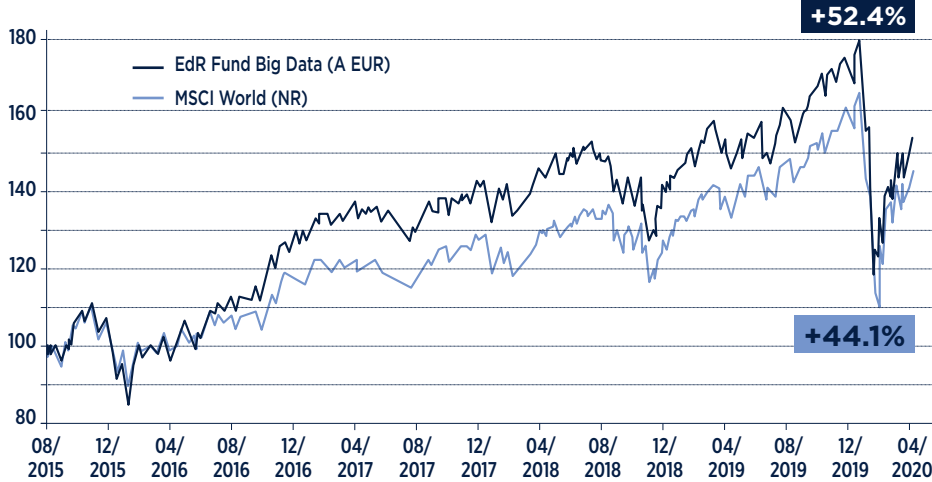
The fund's objective is to take advantage of the Big Data revolution by investing in companies that are directly involved in the area or that might see their business model transformed by it

A deeply rooted trend with potential for growth in all sectors

An investment approach driven by conviction and based on fundamental analysis of companies which have tackled the issues surrounding Big Data head-on

Active investment seeking capital growth throughout a full economic cycle in return for risk of capital loss

PERFORMANCE



€604m
in assets managed

+9.3%
annualised
performance since
it was created

+1.3%
annualised
outperformance
since inception

Performance data are related to the past. Past performance and volatility is no guarantee of future performance and volatility which may change over time, and can be separately affected by fluctuating exchange rates. Performance data does not take into account the fees and charges received when issuing and redeeming units. Performance of the A EUR share of the Edmond de Rothschild Fund Big Data sub-fund from 31/08/2015 (inception date) to 29/05/2020. Performance 2019: 29.6%. Source: Edmond de Rothschild Asset Management (France). Edmond de Rothschild Fund BIG DATA is a sub fund of the Luxembourg-regulated SICAV with CSSF certification and is approved for marketing in Austria, Belgium, Switzerland, Germany, France, Italy, Luxembourg and the UK.

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INTERVIEW

WHAT IS YOUR INVESTMENT PHILOSOPHY, MAKES THE FUND UNIQUE, AND HOW IS YOUR PROCESS AFFECTED BY THE CRISIS?

The Fund's relative uniqueness lies in its positioning: our goal is to seize the opportunities offered by the Big Data revolution on a vast scale and in all sectors, which means moving beyond 100% tech stocks. The theme of the fund's growth is truly generalized, since it concerns many sectors of the economy.

The fund's exposure is around 50% to technology, media and telecommunications, and the remaining 50% is invested in the top "data users" in the traditional sectors (such as business services, banks and insurance companies), whose business model is being transformed through the introduction of Big Data and digital strategies. The fund strives to maintain a balanced profile with regard to sectors, style and market cap.

The systemic nature of the last market downturn has resulted in indiscriminate selling of many high-quality securities. In this unprecedented crisis, some companies will be able to overtake their counterparts with the right range of products and services, a solid corporate culture and superior business models that allow them to prosper in the post-pandemic world. As active management professionals, we have the ability to identify and invest in those companies – the ones which can weather this crisis and have demonstrated their capacity to create value for their shareholders.

HOW DO YOU THINK THE APPROACH TO MARKETS WILL CHANGE AS A RESULT OF THIS GLOBAL HEALTH CRISIS?

We believe that the unprecedented magnitude of the crisis and subsequent level of uncertainty/volatility have led to many investors taking a step back and revising their approach to the markets.

The somewhat complacent attitude that had prevailed until late January created an extreme aversion to risk, and the world equity indices were left at -32%². This drop in the market and the uncertainty about the

duration and depth of the crisis have led to a much higher level of scrutiny among investors: quality of business models and financial strength have moved to the forefront, with particular emphasis on what we call the "Unicorn vs Zombie paradigm".

In a nutshell, the crisis will accelerate some already dominant trends. Investors will have to be more specific and analyse companies from many different angles, since there will be winners but also many losers. This context of creative disruption will create some interesting opportunities for stock selection professionals based on active management, fundamentals and bottom-up analysis.

WHAT CHANGES HAVE YOU INTRODUCED IN THE PORTFOLIO DUE TO THE MARKET CRISIS?

With regard to the theme of Big Data, we believe the secondary effects of the COVID-19 pandemic and the geopolitical factors will only further accelerate the trends that we are already incorporating within the funds, so we do not feel the need to change our selection. However, we have shown ourselves to be active in mass sales, with the intention of selectively increasing our exposure to certain securities that have been overly penalised despite their underlying fundamentals. We are taking the opportunity to expose our funds to mid-cap tech stocks which stand to hold a leading position in the future or be part of mergers and acquisitions once the dust has settled. We have identified mid-caps like Manhattan Associates and SailPoint, with first-class products and an attractive valuation, that are proving to be particularly interesting at this time and are strategic assets.

THE GROWING USE OF TECHNOLOGY HAS REALLY BOOSTED THIS SECTOR. COULD YOU EXPLAIN WHICH SEGMENTS MIGHT BE EVEN MORE PROFITABLE AND WHICH MIGHT HAVE RUN THEIR COURSE?

This crisis has acted as a catalyst for many social changes and has made digital transformation the central focus for many sectors, at both the corporate and the individual level.

*The identity of the portfolio manager presented in this document may change during the life of the product.

New habits have been created with the use of e-commerce, streaming, teleworking, video conferencing, etc. This has become the norm, and social distancing after the lockdown forces many companies to re-evaluate how they operate. This will also generate a great deal of opportunities in areas like online doctor's appointments and medical services. China's Ping An Good Doctor platform is an interesting example, as it has one of the largest digital healthcare user bases in the world (315 million) in a country where medical consultations are on the rise.

As teleworking is becoming more common, spending on cybersecurity is a top priority for IT managers. Another key aspect is the total corporate redesign of supply chains and economic and political sovereignty. The crisis will accelerate a trend that we had seen emerging in the Technology War, meaning a split in the value chain in this field. The mechanism found at the epicentre of globalisation during the last two decades was dependent on the trade of technological components across multiple national borders before being incorporated into finished products.

Big Data will be increasingly decisive for moving towards greater automation and industrial optimisation.

WHAT IS YOUR EXPOSURE AS FAR AS GEOGRAPHICAL AREAS ARE CONCERNED?

Our geographical allocation is the direct result of our securities selection, with around 50% of our investments concentrated in the US, where we are exposed to cybersecurity data analysis specialists. We also have some selective exposure in India and China. In India, we are positioned in some of the main private banks, such as HDFC and ICICI, which are highly advanced in terms of digital banking and encouraging financial inclusion in rural India. Tencent, NetEase and Alibaba are also positions in the core of the portfolio, as they are leading the digital revolution in China.

2. Source : Edmond de Rothschild Asset Management (France). Performance of the MSCI World NR from 19/02/2020 to 23/03/2020.

DURATION OF THE EFFECT THAT BIG DATA WILL HAVE ON THE DIFFERENT SECTORS OF THE ECONOMY

