



EDMOND  
DE ROTHSCHILD

# A TRANSVERSAL, INNOVATIVE APPROACH TO BIG DATA

- ▶ Edmond de Rothschild Fund Big Data invests in companies which can harness the Big Data structural trend to transform their growth model. The fund's innovative approach has attracted increasing investor interest.
- ▶ Since its August 2015 launch, the fund has gained 50%<sup>1</sup> and now has €450m under management. Fund manager Jacques-Aurélien Marcireau tells us more.



**JACQUES-AURÉLIEN  
MARCIREAU**

*Lead Portfolio Manager*

## INTERVIEW

### Why does big data represent a technological break with the past?

Over the last 15 years, we have moved from a world where information was scarce to a data-rich environment. The switch has been brutal: 2.5 trillion octets of data are generated each day. Growth has been phenomenal as 90% of today's data were created in the last two years.

### How exactly would you define big data?

The notion covers three spheres: (i) volume, i.e. exponential growth in data generation, (ii) data variety (the multiplication of different sorts of information like internet, connected objects and companies) as well as formats and (iii) velocity, or the acceleration in data generation and sharing.

### And big data's value creation?

Thanks to technological developments, this enormous mass of information can be processed and used in an optimal way. Google and Facebook<sup>2</sup> have shown the way and the boost to their market caps speaks for itself. Companies can now gain from this huge technological shift to create new products and services, discover new growth avenues and outdistance the competition.

**1. 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.**

Source: Edmond de Rothschild Asset Management (France). Returns for the EUR A share of the Edmond de Rothschild Fund Big Data subfund from 31/08/2015 to 29/03/2019. Performance 2018: -4,23%. MSCI Europe (NR) from 31/08/2015 to 29/03/2019: 37%.

2. Information on securities herein may not in any way whatsoever be construed as an opinion of Edmond de Rothschild Asset Management (France) on future price trends in the said companies, nor, where applicable, on the likely price trend of the financial instruments that these companies might issue. Any information herein cannot be interpreted as a solicitation to buy or sell these stocks. Portfolio holdings are likely to change over time.

Are technological sectors the only ones concerned by this development?

Not at all. The repercussions are increasingly visible in traditional sectors. Industrial maintenance, customised offers, energy efficiency, preventive medicine and autonomous vehicles are just a few examples of how data management solutions can be used. Big data will have a profound impact on all economic sectors in coming years.

How do you approach the theme?

EdR Fund Big Data has a unique approach. We have set up a transversal approach to tap into potential value creation across all economic sectors. For example, the fund may be up to 49% exposed to non-tech companies. For this stock segment, we have developed proprietary tech screening to analyse a company's digital strategy and indicate areas where efforts should be made.

Around 15 factors give us some idea of the efforts a company has to make to roll out its digital transformation. This might cover areas like how

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transformation and on maintenance. Maintaining obsolete IT architecture can prove costly and simply spending a lot on IT is not necessarily a good thing unless the goal is to modernise the company. Whatever the situation, fundamental analysis is crucial.

What sort of company profiles do you look for?

Our portfolio construction is highly selective over the quality of a company's business model and its valuation and is based on three stock types: "Infrastructures" which includes companies which collect and then provide data generated by Big Data players; "Analytics" which covers software companies which help analyse data; and "Data users", i.e. non-tech companies which have already integrated the most appropriate digital strategy so as to achieve a competitive edge. Note that each non-tech holding has to be approved both by one of our traditional fund managers as well as the fund's investment team.

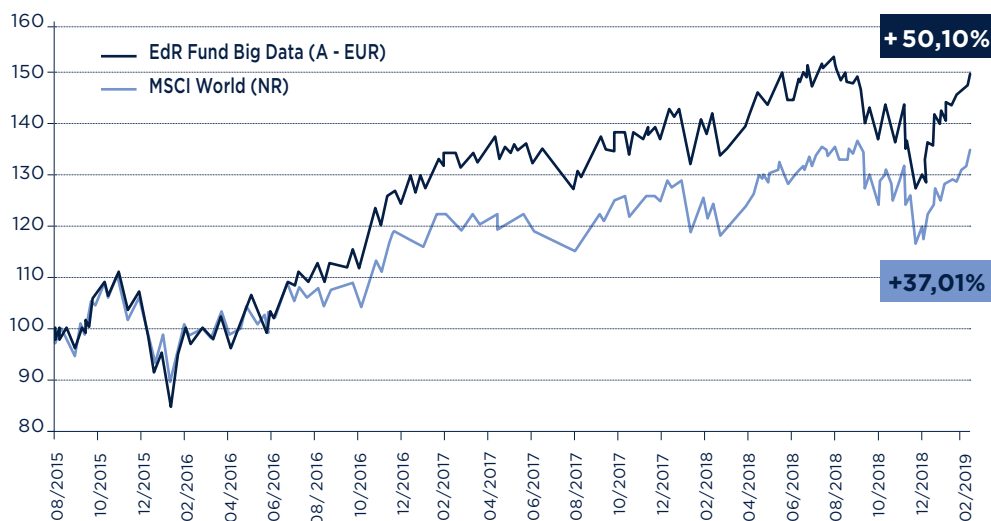
Could today's lower growth environment have a negative impact on the investment theme?

Could today's lower growth environment have a negative impact on the investment theme in the tech sector or not, have long-term structural projects which require heavy investments. With the exception of a systemic event, reduced growth rates should not therefore have much impact.

On the contrary, we note that investments in this theme are still lagging. Since the big recession, companies have often preferred to maintain margins and many are now behind in their investments. They have no choice but to catch up.

much needs to be spent on IT, the in-house message management is sending, whether or not the board has directors with the required skills sets, or stakes in listed or non-listed entities. For IT investments, we distinguish between spending on

### EDR FUND BIG DATA A-EUR SHARE PERFORMANCE



Source: Returns for the EUR A share of the Edmond de Rothschild Fund Big Data subfund from 31/08/2015 (inception date) to 29/03/2019. Performance 2018: -4,23%.

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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.

## SUB-FUND INFORMATION\*

### Inception date

31/08/2015

### ISIN Codes

A Share: LU1244893696

I share: LU1244894231

### Front load charge

Maximum 3%

### Minimum initial subscription

A Share: 1 share

I Share: € 500 000

### Management fees

A Share: 1.60% max.

I Share: 0.75% max.

### Variable management fees

15% of performance in excess of the benchmark

### Redemption charges

None

### Benchmark

MSCI World (NR), net dividends reinvested

### Recommended investment horizon

> 5 years

\* Shares described herein are the main euro-denominated shares. The fund also has shares in USD, CHF, GBP. Please ask your sales contact for any further information.

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