RoboCap UCITS Fund

Robotics, Automation and AI Equity

January 2022

Performance Returns

The Robocap UCITS Fund USD Institutional Founder share class ended January with a NAV of 257.38, down 14.11% for the month. This brings the net performance of the fund to +157.38% since inception.

Investment Objective & Strategy

RoboCap is a thematic equity fund focusing on Robotics, Automation and AI listed stocks. This fast-growing theme includes general automation, industrial robotics, healthcare robotics, 3D printing, drones, autonomous vehicles, key components, enabling software and Artificial Intelligence (AI).

A key aspect of the strategy is that we aim to primarily invest into 'pure-play' stocks which have at least 40% of sales coming from Robotics, Automation and AI related end markets. The portfolio aims to hold around 30 positions out of a target universe of about 350 stocks. The investment selection is based on fundamental proprietary analysis in cooperation with leading robotics experts.

Market Commentary

January was a very volatile month as the market had to digest several macroeconomic headwinds. First and perhaps most impactful was US inflation numbers continuing to increase to over 7% yoy during the month, which has had the knock-on effect of the market accelerating the outlook for interest rate increases with some economists forecasting up to eight rate hikes in 2022, in addition to the end of the Quantitative Easing (QE) and the start of the Quantitative Tightening (QT). As we write this, 10Y US yields are back around 2% the first since July 2019. Economists' consensus still expects terminal rates of 2-3%. However, this has triggered a significant pull back on high growth stocks, and many of our positions, with a number trading below their valuation multiples of 2017-2019 when Fed fund rates were on average above 2%. Secondly, there are elevated geopolitical risks with the Russia/Ukraine situation and negotiations on a nuclear trade deal with Iran. Both could lead to military conflicts and higher energy prices but have little impact on our strategy.

For the names in our space the earnings season has started well, both in terms of calendar 4Q 2021 prints beating consensus numbers and issuing calendar 2022 guidance above market expectations. In particular, secular demand trends in semi-conductor manufacturing & design as well as cloud-based AI and Automation continue to shine in the current environment. In chip production for instance, TSMC the largest buyer of automation systems for chip manufacturing updated their full year 2022 capital spending outlook to up to $44B which is equal to the cumulative amount they spent during 2016-19. The well-documented shortages have driven a new political desire to secure local chip production as shown by the EU Act Chips Act which infers that spending here will remain elevated for the rest of the decade at least. Many of the names in our portfolio in this group are growing even faster, but often trading on valuation metrics in line with slower growth and cyclical industrial names.

The positions that came down the most were in AI and Software as they fell into the high growth and valuation bucket that was sold the most. As we indicate above, the outlooks for these companies have not dimmed and in fact are better than market expectations in many cases. The falls in price here have all been due to a contraction of multiples rather than sales or earnings. Strategically, these companies have all decided to forgo generating near term GAAP earnings, because they are investing most of their profits back into the company to continue to drive top line growth as they continue to see huge market potential.

As such they tend to be evaluated on P/Sales multiples rather than P/Earnings which may have contributed to the volatility seen.

This was a rocky start to the year, but the fundamentals of the companies in the portfolio remain strong, backed by multi-year secular growth drivers. We expect double-digit sales and earnings growth, even if Central Banks would fail to engineer a "soft landing" and the economy would tilt into recession. Our cyclical exposure is relatively low, as the cyclical valuations are high and supply chain issues are likely to persist. We believe that for long-term investors (+3 years horizon), the current valuations and strong fundamentals will probably offer an attractive entry point that we had seen only twice in the last 6 years, namely in March 2020 and in 4Q 2018. In the portfolio, we have taken advantage of the pull backs to top up positions we structurally believe in as well as enter positions where we like the technology and strategy but initially deemed the valuation too high to generate a decent return. We ended the month with a small index level equity hedge of 2.5% and were 92% invested. We expect to grow the investment ratio during the remainder of earnings season.

As we look forward to the remainder of 2022, we expect supply chain issues to still be apparent for most of the year, but they should begin to ease in 2H before completely normalising in 2023. The direct impacts of Omicron we expect will have largely dissipated by the end of 1Q but may delay the easing of these supply chains. Cost/Price inflation is a hurdle that many hardware-based companies will have to navigate around, but we do not see the same issues for software names. In this environment of high-cost inflation, surging wages and lack of labour supply the demand for Automation will remain very strong. Lastly, we do not expect the forecasted increases in rates to cause liquidity issues for any of the companies in the portfolio as they tend to be well capitalised and/or free cash flow generative.

The Manager

Jonathan Cohen (CIO) has over 17 years of investment experience in equities acquired at boutique asset management companies and banks like Goldman Sachs. He held the titles of CIO and Senior Portfolio manager during his last positions. Jonathan has a Masters in Management with a major in Finance from the University of St Gallen (HSG).

Heenal Patel (Senior Analyst) has over 20 years of experience in equity analysis in the industrials and automotive sectors. He began his career as UBS Global Asset management where he helped to run European industrial and automotive portfolios, before moving onto sell-side positions at DrKW and industrials at S&P Equity Research. He holds a degree in Economics and Finance from the University of Manchester.

Nick Martin (Head of Operations) has over 25 years of investment operations experience across hedge funds, asset management and fund administration firms. He worked at LTCM, Credit Suisse AM, GlobeOp Financial Services and Rubicon Fund Management.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Passported	France, Germany, Luxembourg, Singapore (QI only), Spain, Switzerland and UK
Liquidity	Daily
Fund AUM	$136 million
Strategy AUM	$187 million
Inception	4th January 2016

Share Class	Institutional Founder
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10.00%
Min Init. Sub.	5,000,000
ISIN Codes	EUR: IE00BYZB6N09
	USD: IE00BYZB6R47
	CHF: IE00BYZB6Q30
	GBP: IE00BYZB6P23

Share Class	Institutional A Pooled (Clean)
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	12.50%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYZB6855
	USD: IE00BYZB6C93
	CHF: IE00BYZB6B86
	GBP: IE00BYZB6962

Share Class	Institutional B Pooled
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	15.00%
Min Init. Sub.	500,000
ISIN Codes	EUR: IE00BYZB6D01
	USD: IE00BYZB6H49
	CHF: IE00BYZB6G32
	GBP: IE00BYZB6F25

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Fund Performance and Statistics 1/2 (as of 31/01/2022)

RoboCap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	-2.4%	+1.28%	+4.95%	-0.55%	+3.36%	-1.97%	+3.83%	+0.43%	+4.36%	-2.02%	+0.98%	+1.15%	+13.83%
2017	+6.92%	+1.66%	+4.53%	+3.99%	+5.69%	-1.29%	+4.48%	+3.02%	+5.32%	6.96%	+1.04%	-0.82%	+49.78%
2018	+7.52%	-3.45%	-3.66%	-2.68%	+1.97%	-0.54%	+1.17%	+3.62%	-1.07%	-11.84%	+2.12%	-9.02%	-16.15%
2019	+5.34%	+6.98%	+1.81%	+4.73%	-8.92%	+5.54%	-3.42%	-5.04%	+2.82%	+1.28%	+6.83%	+1.81%	+20.10%
2020	+1.30%	-6.63%	-9.93%	+14.63%	+10.64%	+4.12%	+5.05%	+4.57%	-0.48%	+0.74%	+11.69%	+6.45%	+47.31%
2021	+1.39%	+0.78%	-0.42%	+3.94%	-0.74%	+6.07%	+0.47%	+2.71%	-4.01%	+8.70%	-1.92%	+0.76%	+18.47%
2022	-14.11%												-14.11%

The performance figures quoted above represent the performance of the RoboCap UCITS Fund since launch on 4th January 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Top 5 Holdings (alphabetical)

Advanced Micro Devices

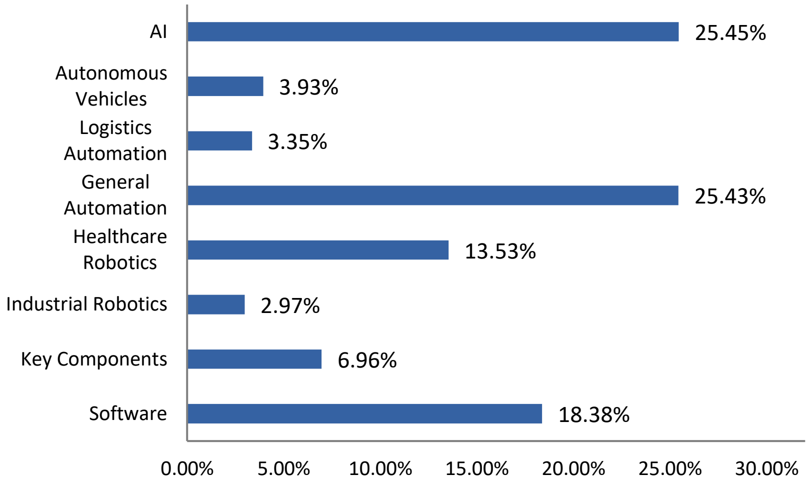
Advantest

Omnicell

Splunk

Synopsys

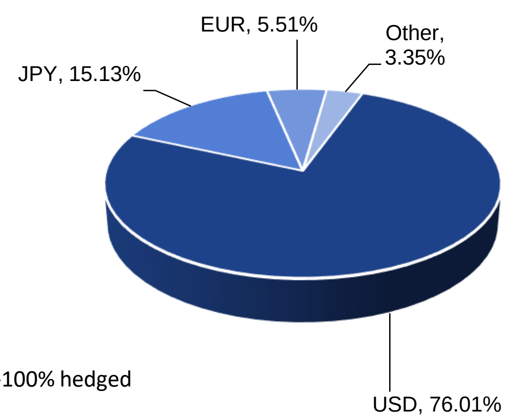
Holdings By Sub-Theme (% of Equity Holdings)



Key Fund Metrics

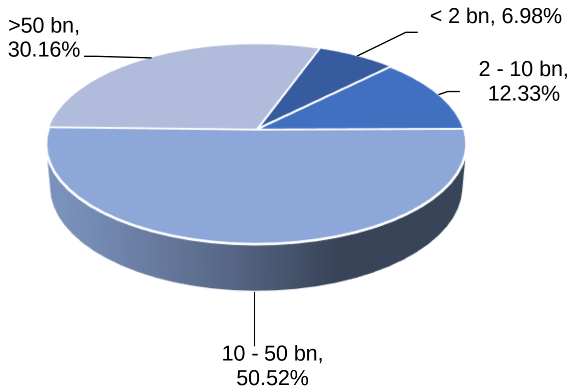
Med. Weighted Fwd P/E 12M	38.24x
Med. Weighted Fwd P/E 24M	32.44x
Dividend Yield	0.35%
No. of Holdings	38
Volatility	16.59%
Sharpe Ratio (annualized)	1.09
Annualized Performance	+18.68%

Holdings By Currency (% of Equity Holdings) *



*90-100% hedged

Holdings by Market Cap (% of Equity Holdings)



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Fund Performance and Statistics 2/2 (as of 31/01/2022)

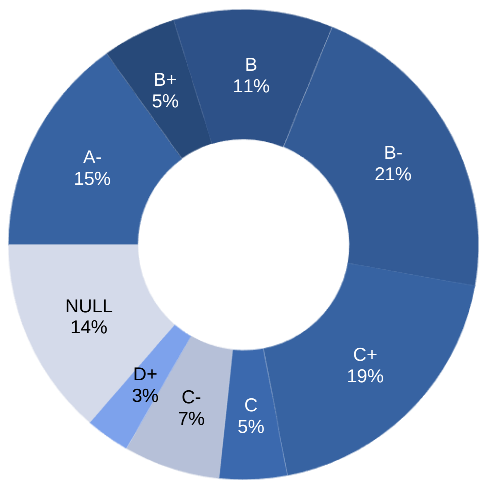
Portfolio's ESG Monitor *

Resource Use	51
Emissions	50
Environmental Innovation	29
Shareholders	44
Management	47
Corporate Social Responsibility	40
Workforce	60
Community	60
Human Rights	47
Product Responsibility	46

Controversies Checklist at Portfolio Level

No lethal weapons	●
Not involved in the manufacture of tobacco and other dangerous consumer substances	●
Not on the US Governmental Entity List	●
Does not produce goods that are used to weaken democratic rights	●
No evidence of workforce oppression in its supply chain	●
Not involved in the production of carbon-intensive electricity	●
Not involved in the extraction of fossil fuels	●
Not involved in the production of nuclear energy	●
Not involved in oil & gas production	●

Portfolio by Refinitiv ESG Score *



- Sources: Refinitiv / RoboCap
  Figures adjusted for portfolio weightings

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