

# RoboCap UCITS Fund

## Robotics, Automation and AI Equity

February 2021

### Performance Returns

The RoboCap UCITS Fund USD Institutional Founder share class ended February with a NAV of 258.44, up +0.78% in the month. This brings the net performance of the fund to +2.17% year-to-date and +158.44% 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. 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 and Automation related end markets. The portfolio aims to hold around 30 positions out of a target universe of 230 stocks. The investment selection is based on fundamental proprietary analysis in cooperation with leading robotics experts.

### Market Commentary

The portfolio had a strong start of the month driven by good company results and guidance, bullish macroeconomic data, and improving COVID situation and a \$1.9trn US fiscal stimulus program supporting the 'recovery' thesis for 2021. The high US PMI and US February payroll confirm a rebound in industrial activity.

However, in the second half of the month, this positive news has led to fears of rising inflation and higher rates expectations at the longer end of the yield curve, even though the Fed confirmed that they do not expect to raise short-term rates any time soon. This regime change has created a negative dynamic for equities and bonds, particularly for high-growth and -valuation stocks in tech, as interest rates are used to discount future cash flows of those assets. We are bullish about the reopening and the stimulus that should help the global economy to recover and grow above trend. While we expected a reset in valuation metrics, it happened quicker and further than we believe is right. The high inflation expectations and a recovery priced for perfection have a higher risk of disappointment.

Companies' results in our portfolio continued to be generally very good. We saw a high dispersion of returns during the month, without obvious catalyst outside of a rotation out of tech mainly in AI and Software, towards Healthcare Robotics and some cyclical names, mainly in Automation. The Healthcare Robotics sub-theme fared relatively better, mainly thanks to two small caps that posted strong results related to the increased adoption by the market for their products in surgical robotics and AI medical image recognition.

The 3D printing bubble we mentioned in our January letter popped as the stocks fell by about 50% since then. As we write this letter, valuations for high-growth stocks have come back significantly, creating some buying opportunities. We ended the month with about 12% cash and are using it to make new investments and take advantage of market over-reactions. Our valuation models assume normalized rates of 2-3%, not 0% or +5%, which we think is appropriate for our investment horizon of +3 years.

We believe that the macroeconomic environment remains very supportive of our theme and that valuations are reasonable. Expectations of rising rates have reset valuations metrics fast to around where we think they will settle for now. Reviewing companies in our universe that could be classified as high-growth, cyclical or value (yes there are a few), we think that this rotation was partly justified, but excessive in specific cases. The indiscriminate selling of growth stocks has created some buying opportunities as a number of those stocks trade at or below their 5 years average, when US T-bills were at 2%, while sales growth and earnings remain above trend. We understand that the market is taking a more balanced approach to growth vs. value which seems appropriate considering the broadening of the recovery to other sectors. However, it will soon look beyond the 2021-22 timeframe, when the stimulus will be fading, and growth & inflation expectations should normalize, reducing the risk of violent growth to value rotations going forward.

### 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%											+2.17%

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.

### The Manager



**Jonathan Cohen (CIO)** has over 15 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 18 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.

### Fund Facts

<b>Structure</b>	UCITS Fund
<b>Domicile</b>	Ireland
<b>Passported</b>	France, Germany, Luxembourg, Singapore (QI only), Spain, Switzerland and UK
<b>Liquidity</b>	Daily
<b>Fund AUM</b>	\$133 million
<b>Strategy AUM</b>	\$185 million
<b>Inception</b>	4 <sup>th</sup> January 2016

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

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

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

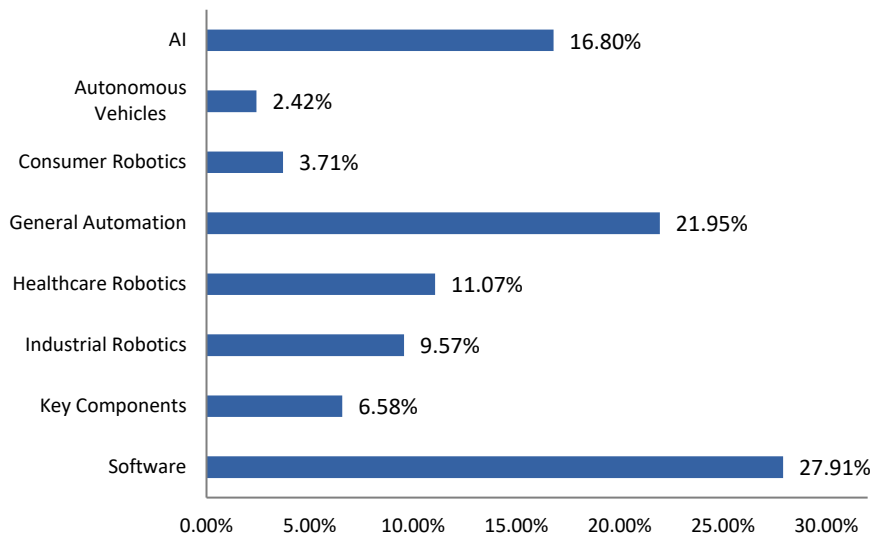
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February 2021

### Composition of Fund (as of 26/02/2021)

#### Holdings By Sub-Theme (% of Equity Holdings)



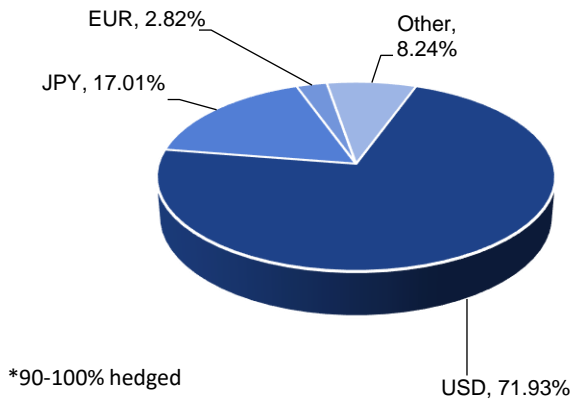
#### Top 5 Holdings (alphabetical)

Brooks Automation  
 Dynatrace  
 Omnicell  
 PTC  
 Teradyne Inc

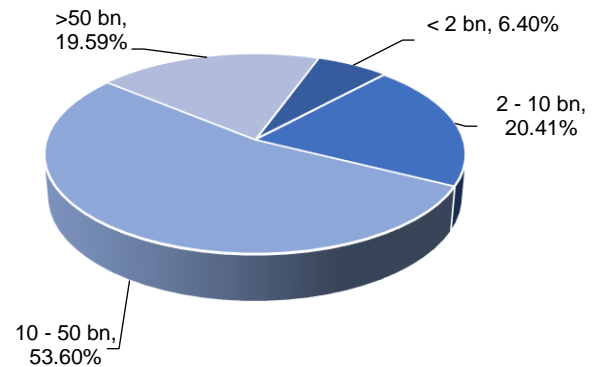
#### Key Fund Metrics

Med. Weighted Fwd P/E 12M	42.11x
Med. Weighted Fwd P/E 24M	34.34x
Median Dividend Yield	0.37%
No. of Holdings	37
Volatility	16.57%
Sharpe Ratio (annualized)	1.33
Annualized Performance	+22.08%

#### Holdings By Currency (% of Equity Holdings) \*



#### Holdings by Market Cap (% of Equity Holdings)



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