

RoboCap UCITS Fund

Robotics, Automation and AI Equity

March 2020

Performance Returns

The RoboCap UCITS Fund USD Institutional Founder share class ended March with a NAV of 146.27, down 9.93% in the month. This brings the net performance of the fund to -14.81% year-to-date and +46.27% 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

Signs of Light at the End of the Coronavirus Tunnel 2/2

As COVID-19 reached pandemic status, global markets recorded their worst quarter since 2008 with the S&P500 down 20.0% in Q1, the Eurostoxx50 down 25.3% and the TOPIX down 18.5%. During the first half of March, we saw a violent correction across all sectors as developed economies entered lockdowns to mitigate the surge. This was followed by a partial rebound as central banks and governments announced massive monetary and fiscal stimulus packages designed to make sure that both consumers and companies could survive the cash crunch caused by the lockdown period. This was aided by evidence that new case rates were flattening in Europe towards the end of March. The latest economic indicators coming out of China (the country that was first hit with the pandemic) show activity returning to normalized levels there - albeit slowly. Most international companies that have operations in China have reported that their factories have now restarted, even in Wuhan – this suggests that it is possible to restart economies relatively quickly once lockdowns are lifted.

During this wild month, about 30% of the stocks in the portfolio generated a positive share price return. These were mainly companies related to Healthcare Robotics, AI (via data centers), Autonomous Vehicles and Logistics Automation. However, most of the sub-themes and positions were down as the MSCI World index fell by 13.2% this month.

When assessing the portfolio, we have based stock selection around our opinion, that the world is going to enter a sharp recession in Q2 led by high unemployment and weak consumer confidence. But we think that the economy will progressively recover in the second half of the year as companies in developed nations restart operations and job vacancies return. We still believe that the peak number of new coronavirus cases will be reached in April in most developed markets and hence lock down measures will be largely eased in May and June. Fiscal and monetary stimuli are providing an economic bridge to other side of the pandemic while drastic "social distancing" measures are in place. We may even see more stimulus in the coming months.

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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%										-14.81%

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.

Hiroshi Kamide (Equity Analyst) has 24 years experience, including 17 years investment experience in TMT and Japanese equities. He worked at Cazenove, KBC Securities Japan, JPMorgan Securities Tokyo and more recently Daiwa Securities in London. He graduated from Aston University with a BSc Hons in Human Psychology and became a qualified accountant (ICAEW) at KPMG in London.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Passported	France, Germany, Luxembourg, Singapore (QI only), Spain, Switzerland and UK
Liquidity	Daily
Fund AUM	\$63 million
Strategy AUM	\$91 million
Inception	4 th 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

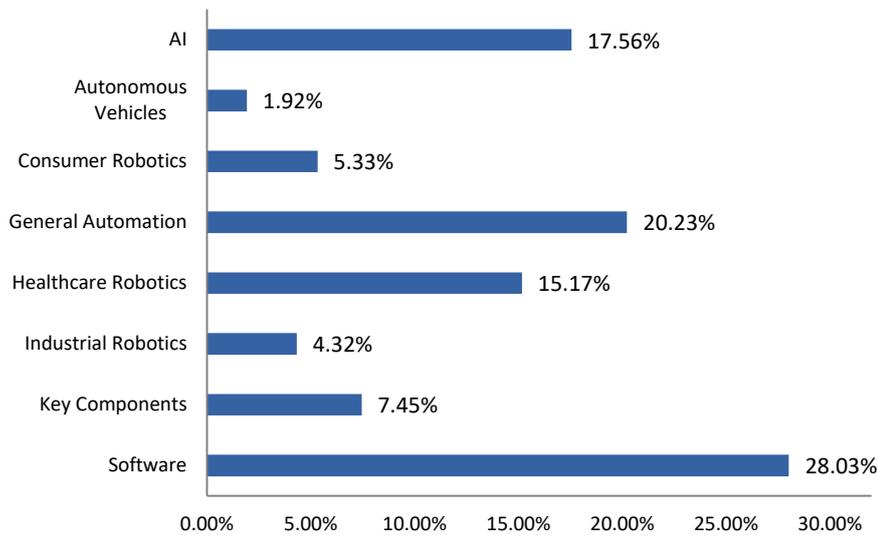
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Composition of Fund (as of 31/03/2020)

Holdings By Sub-Theme (% of Equity Holdings)



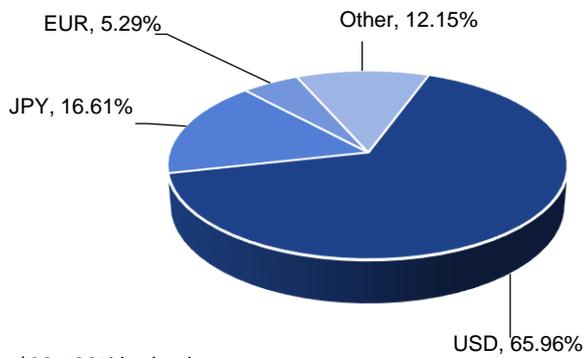
Top 5 Holdings (alphabetical)

Daifuku
 Intuitive Surgical
 Keyence
 Service Now
 Splunk

Key Fund Metrics

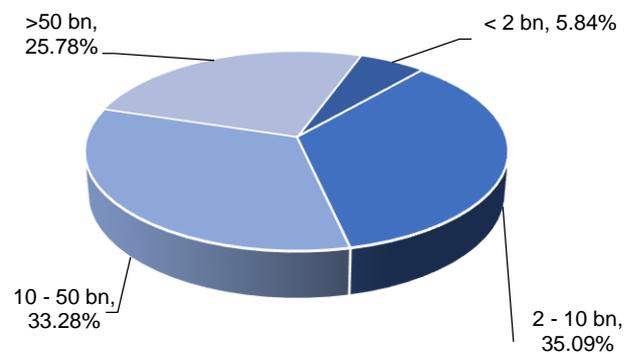
Med. Weighted Fwd P/E 12M	31.30x
Median Dividend Yield	0.57%
No. of Holdings	35
Volatility	15.77%
Sharpe Ratio (annualized)	0.69
Annualized Performance	+10.83%

Holdings By Currency (% of Equity Holdings) *



*90-100% hedged

Holdings by Market Cap (% of Equity Holdings)



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Signs of Light at the End of the Coronavirus Tunnel 2/2

However, the exit strategy from the lockdown for most countries is not clear yet, as there are risks that a second wave of cases flares up if it is done too quickly. Even as the economy recovers in the second half of the year, we expect that there will be some trade-offs which will include a virus weary consumer spending less on leisure and travel, continued testing and some social distancing measures remaining in place. This period of turmoil is likely to change consumption for more than a few months, accelerating the trend towards digitalization, e-commerce, cloud computing and automation.

In the coming weeks, we expect many companies to review or pull their 2020 guidance all together due to the lack of visibility, while dividends and share buybacks have become less socially acceptable. We expect that interest rates will remain at these current historic low levels for the remainder of the year and well into 2021, which will be a tailwind for most companies. The acceptance for robotization will be stronger as robots can work 24/7 while we must shelter, and they cannot spread the disease.

Equities were in bear market territory at the end of the month, but we would like to highlight that they are instruments that are generally valued using future cash flows, so they are likely to rebound before the economic data does. We have updated our models to reflect the new normal created by the coronavirus and companies' expected valuations as a result of its implications. We have used the market volatility to enter new positions where the fall in prices has created great entry points.

We are refocusing the portfolio around three groups. First, the companies with relatively **good visibility driven by strong underlying secular themes** in the short-term and long-term. For example, companies active in e-commerce automation, automated virus testing (of Covid-19 among others) and cloud software companies with short sales-cycles. Second, companies where we believe H1 sales have **only been postponed to H2**. This includes companies involved with elective surgery that can be postponed but not cancelled. Third, are **high-quality cyclical companies trading at a significant discount** as they have priced in all the bad news. A prime example are companies related to autonomous cars that have recently corrected by more than 50% with the rest of the auto industry. While we believe in 3D printing and it has brought a number of "quick fixes" during the recent supply chain disruption, we think that the recent hype does not reflect sustained, material sales growth for most companies in this field. We think that the current valuation for some cyclical Industrial Robotics, Key Components and Manufacturing Software seem relatively high, so we changed 11% of the portfolio to reflect this view and invest into new positions. Our investment ratio was 92% at the end of March.

As we respond to this pandemic and prepare for a new normal, it becomes increasingly clear **our theme** is getting more attention again as it is **part of the solution to future epidemics**. Our positions have suffered less than global equity markets as they are many pockets of resilience, and we see them rebounding faster as the crisis brings long-term changes on steroid.

In other news, we are happy to announce that the investment manager of the fund signed the **UN Principles for Responsible Investment** in March. The PRI is recognized as the leading global network for investors who are committed to integrating environmental, social and governance (ESG) considerations into their investment practices and ownership policies. It will not change the portfolio as we always integrated ESG parameters in our due diligence.

We expect to continue to write mid-month letters during these exceptional times. Feel free to have a look at our **new website**. More than ever, we remain available to you. We hope that you had a happy and healthy Easter break.

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