



EDMOND
DE ROTHSCHILD

3 QUESTIONS ABOUT BIG DATA

INTERVIEW



JACQUES-AURÉLIEN MARCIREAU

*Fund Manager of Edmond
de Rothschild Fund Big
Data**

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WHAT IS THE IMPACT OF THE GEOPOLITICAL SITUATION ON THE TECHNOLOGY SECTOR AND THE MORE TRADITIONAL PLAYERS USING DATA?

Since the year-end 2021, the fund had been strengthening its exposure to cyber-security and to strategic infrastructure companies (which now represent c.35-40% of the fund holdings) on rising geopolitical risks. It is our conviction today that **cyber-defense, cybersecurity and critical infrastructure will benefit from a structural increase in spending for the years to come**. While these companies held well during the recent downturn, we believe their growth prospects are substantially higher than pre-conflict.

An interesting development came out mid-April as Sailpoint, one of the fund's top holdings, a fast-growing leader in governance/identity cybersecurity field, received a take-out offer from a private equity fund. This latest piece of news is an interesting catalyst as it reveals the relative scarcity of high quality assets in cyber security and more broadly in tech and their strategic value in world where security has become front and center.

In the energy sector, one of our core holding Schlumberger is another key beneficiary of the energy security theme in oil services and will benefit in our view from higher spending after years of under-investment.

WE INVEST
ACROSS SECTORS
WITHOUT BEING
RESTRICTED TO
TECHNOLOGY

HAS THIS ENVIRONMENT CHANGED THE INVESTMENT STRATEGY OF THE EDRF BIG DATA FUND?

No, and it is actually the opposite as this volatility has made the benefits of our approach more visible. **Since the fund's launch, we have continued to apply the same process built on a stringent valuation discipline and risk management principles** inherited from our Group's wealth preservation philosophy. Over the years, the most relevant factors in terms of differentiation have been the consistency in the fund's delivery and the fact that we have remained true to our initial conviction, which is to harness the fantastic value creation opportunity of the Big Data theme. This is done using a unique thematic lens and disciplined process, investing across sectors and not restrict ourselves to just technology. This is what our clients have recognized. In concrete terms, the fund thematic breakdown continues to be evenly split around its 3 core themes (Data Analytics, Infrastructure, Data Users) and remains 100% stock specific. We continue to focus on high quality, free cash flow generative businesses with strategic technology, which should do well in our view in a rising rate environment. And this positioning has been key in its resilience and performance since its launch. This positioning is supported by the confidence of our clients: at the end of 2021 the fund passed the €1 billion mark under management!

WHAT IS THE OUTLOOK FOR THE MONTHS TO COME?

Volatility should indeed remain quite high in the coming months in our view. However, we believe that **the portfolio continues to be extremely well positioned**, as automation, artificial intelligence and machine learning (AI/ML), digital transformation, cybersecurity and cloud computing are seen as key priorities. Growth will be robust for the companies we invest for many years in our view as businesses and their customers seek to build upon the new digital skills they acquired during the Covid crisis.

In a nutshell the fund should continue to be extremely resilient in the current context through its defensive positioning and the strategic nature of its holdings (energy, cybersecurity and tech/telecom Infrastructure). We are convinced that **selectivity and valuation discipline will remain key in the months ahead**.

1. Source: Edmond de Rothschild Asset Management (France). AUM at 18/03/2022: 1273M€.

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KEY INVESTMENT RISKS

Edmond de Rothschild Fund Big Data is a sub-fund of the Luxembourg-registered SICAV (investment fund in the form of a company with variable capital), approved by the CSSF (the Luxembourg financial supervisory body), and authorised for marketing in France, Austria, Germany, Switzerland, Italy, Taiwan, Belgium, the United Kingdom, Luxembourg and Spain.

This sub-fund is rated in category 6 on a scale of 1 to 7, which reflects the exposure of up to 100% of its assets to the equity markets, which have a high risk and reward profile. The risks described below are not exhaustive. It is up to each investor to analyse the risks associated with each investment and to form their own opinion. The list of risks described below is not exhaustive: it is up to each investor to analyse the risks associated with each investment and to form their own opinion.

Risk related to discretionary management: the discretionary management style is based on performance expectations for the different mar-

kets (equities, bonds). However, it is possible that the Fund will not always be invested in the securities with the highest performances. **Capital risk:** a stock's value can fluctuate according to issuer-specific factors, as well as different market, economic and political factors that can cause significant variations in the net assets and can have negative repercussions on the Fund's performances. **Risk related to investing in small and mid-cap companies:** investments in small and mid caps can carry a higher risk than investments in larger more established companies. The value of Sub-funds that invest in small companies can fluctuate more than that of other Sub-funds due to the potentially higher volatility of the share prices of smaller companies. **Currency risk:** the Sub-fund is exposed to a foreign exchange risk when it invests in assets denominated in a currency other than its reference currency. **Concentration risk:** some Sub-funds can concentrate their investments in assets belonging to specific economic sectors. They will therefore be subject to the risks related to the concentration of investments in these sectors.

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47, rue du Faubourg Saint-Honoré, 75401 Paris Cedex 08
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MANAGEMENT COMPANY

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG)

20, Boulevard Emmanuel Servais, L - 2535 Luxembourg

DELEGATED INVESTMENT MANAGER

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

47, rue du Faubourg Saint-Honoré, 75401 Paris Cedex 08

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