



ARTIFICIAL INTELLIGENCE: CRAZE MEETS REALITY

INTERVIEW



**Jacques-Aurélien
Marcireau**

THEMATIC OVERFLOW

For almost three years now, AI has single-handedly dominated financial news headlines, generating a flurry of content and analysis. But never has it been so difficult to make a pragmatic assessment of its potential and its advancement.

The confusion today stems from three factors: first, technology is developing at a startling rate. I still remember, back in 2019, reading *Architects of Intelligence: The truth about AI from the people building it*¹, - a collection of 23 lengthy interviews with the most eminent AI specialists at the time. The recent breakthroughs have undeniably taken the world by surprise - including executives at Meta and Microsoft, and even Elon Musk.

Since, and this is my second point, the war of words being fought out by the world's top tech entrepreneurs is rife with overstatements, superlatives and even lies or manipulations to ensure their company comes across as the prime industry leader. While financial regulation is very strict on corporate fundamentals and accounting practices, "forward looking statements" only bind those who believe in them. Disinformation is ubiquitous. The huge amounts of money invested in artificial intelligence are unheard of in the history of humanity: trillions of dollars that add to the giddiness of the narrative.

Finally, these first two factors combined are raising new questions and sowing doubts about our relationship with the future, the relevance of our skills, the organisation of our societies, and importantly, how we should educate the new generation. Depending on our backgrounds and occupations, these thoughts can rouse excitement or anxiety, but either way, do not leave any of us indifferent.

INVESTING TODAY

Fast progress, over-the-top rhetoric, and unprecedented investments made by the world's most powerful men... all converging to disrupt our vision of the world. This is the perfect recipe for FOMO - Fear of Missing Out - or the fear of missing an investment opportunity.

And yet, the statements loaded with conviction we are submerged with daily originate from those same minds who had not anticipated recent evolutions. Has foreknowledge magically appeared in 24 months? The history of capitalism and of similar bubbles abounds with stories of brilliant entrepreneurs who spent fortunes on projects that ultimately failed to fulfill their promises.

1. by Martin Ford.

HOW IS THIS APPLIED TO OUR PORTFOLIOS?

Ten years ago, we launched a fund dedicated to “big data” - the fuel without which artificial intelligence cannot operate.

We are convinced that the most technologically nimble companies, owning scalable sets of proprietary data, will emerge as the main winners of the on-going revolution and will be attractive investments. Vertical software players (catering to specific sectors) and leaders in Cloud computing in their respective areas are also worthy of attention.

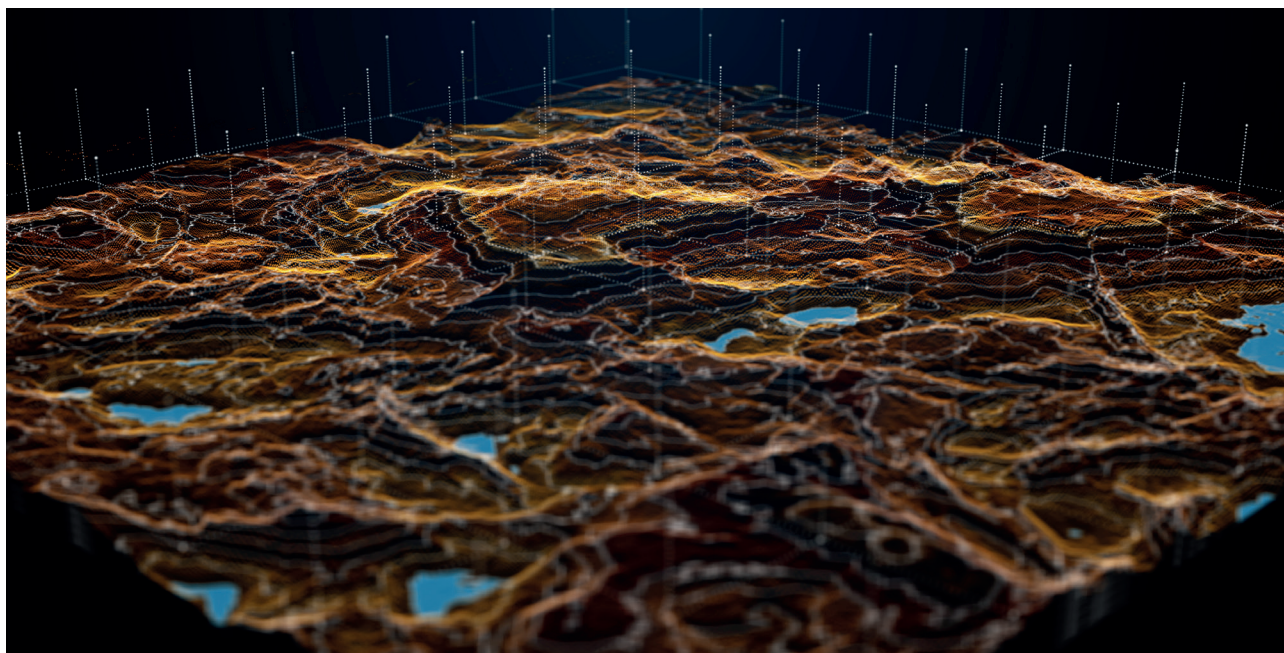
Today, it would be simple for us to promote the AI thematic.

But we prefer to promote diligence. More than ever before, updating our assumptions, checking the accuracy of statements, testing the plausibility of assumptions and the expected return on investment are essential tasks if we are to operate rationally in the current environment. In a world where passive managers and a growing number of industry players no longer carry out this work, we believe it is the best possible way we can add value and serve the interests of our investors.

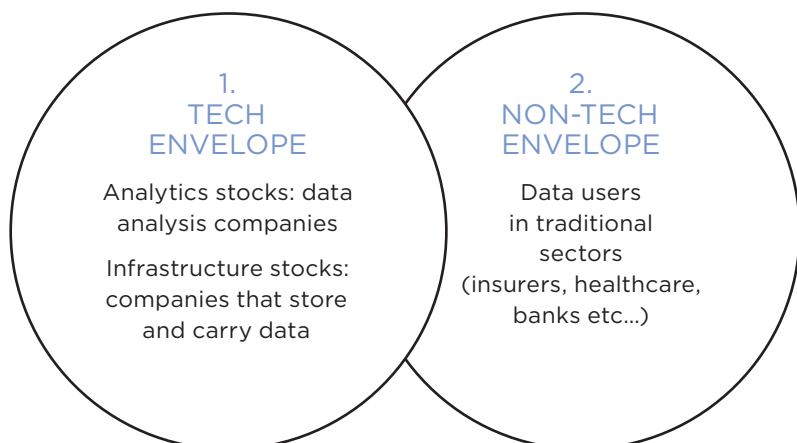
AI can't live without data. Big data is the 'parent' thematic, the non-replicable link in the AI value chain. In the debate around generative AI, we remain convinced that data is the key, and that the quality of the data will determine the quality of the models.

Edmond de Rothschild Fund Big Data

Among the very first to understand that big data would be the oil of the 21st century



Investing in two envelopes allows the strategy to benefit fully from the thematic:



€2.4 billion in AUM, at end February 2025



Annualised returns of 13% since launch, at end February 2025¹



No change to the strategy since 2015



Inception: 31/08/2015

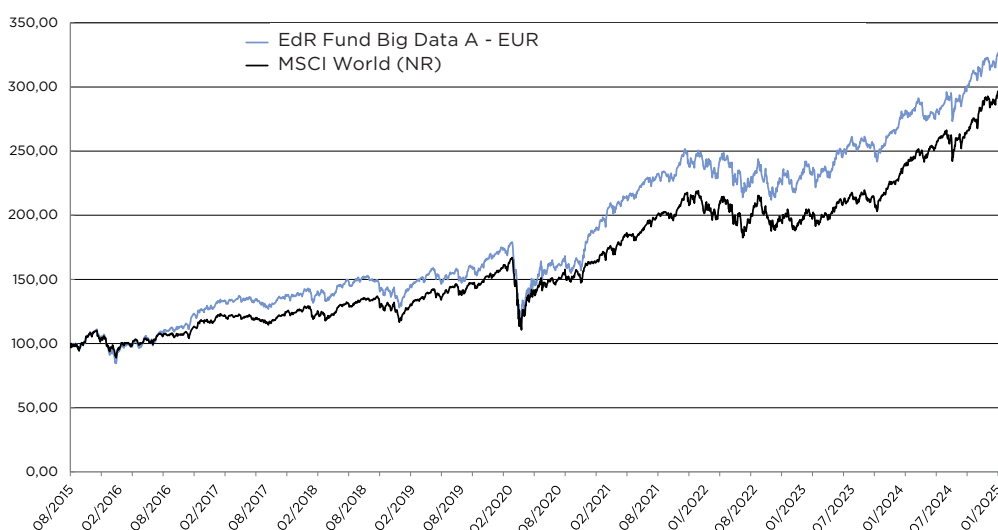
PARTICULAR ATTENTION PAID TO VALUATIONS

The fund's objective is to benefit from the long-term growth of the theme while sticking to disciplined risk management - with a specific focus on over-valuation and concentration risks. The strategy can invest across all sectors and industries and the investment team remains acutely aware of potential "speculative bubbles" that can appear in technology sector indices.

A DIVERSIFIED PORTFOLIO

- **16 M&A deals since the strategy was launched:** the portfolio is largely exposed to small and mid-caps (approx. 20% to 25%) as it seeks to invest in a combination of established players and future leaders.
- **Regional diversification:** the U.S. accounts for 50% of the fund's market capitalisation, versus 75% of the MSCI World index.
- **Structurally balanced exposure to style factors:** the strategy seeks to avoid over-exposure to a specific investment style (momentum or growth in particular).

PERFORMANCE DATA



Past performance is no guide to future returns and is not constant over time.

Source: Edmond de Rothschild Asset Management (France).

1. Past performance is no guide to future returns and is not constant over time. Source: Edmond de Rothschild Asset Management (France). Performance of the A-EUR share class since the fund's inception (31/08/2015) as of 07/03/2025. Performance of the MSCI World index: 11.23% (annualised).
 2. Source: Edmond de Rothschild Asset Management at end February 2025. This is the process currently being deployed; it may, however, evolve in time.

Main investment risks

RISK INDICATOR:

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Unit A and I of this UCI are rated in category 4. The risk indicator rates this fund on a scale of 1 to 7. This indicator is used to assess the level of risk of this product in comparison to other funds and a category 1 rating does not mean that the investment is risk free. In addition, it indicates the likelihood that this product will incur losses in the event of market movements or our inability to pay you. This indicator assumes that you hold the product until the end of the recommended holding period of this fund. The actual risk may be very different if you choose to exit before the end of the recommended holding period of this Fund. The risks described below are not exhaustive. **Discretionary management risk:** The discretionary management style is based on expectations of the performance of different markets (equities, bonds). However, there is a risk that the solutions may not be invested in the best-performing values at all times. **Risk of capital**

loss: The UCITS does not guarantee or protect the capital invested; investors may therefore not get back the full amount of their initial capital invested even if they hold their units for the recommended investment period. **Risk from investing in small and mid cap companies:** Investment in small and medium enterprise may entail greater risk than that generally deriving from investments in larger and better established enterprises. Sub-Funds which invest in smaller companies may fluctuate in value more than other Sub-Funds because of the greater potential volatility of Share prices of smaller companies. **Equity risk:** The value of a stock may change depending on factors specific to the issuer but also on exogenous, political or economic factors. The SICAV may be exposed to the equity markets either via direct investments in equities and/or via financial contracts and/or UCITS. Fluctuations of the equity markets may lead to substantial variations in the net assets which may have a negative impact on the performance of the SICAV.

Fund characteristics*

Investment Objective: to outperform its benchmark (MSCI World Index) by investing on international capital markets and through the selection of, among others, companies involved in technology sectors or related to advanced analytics technologies.

Fund Currency: EUR

Inception date: 31/08/2015

ISIN Codes: A Share: LU1244893696 / I Share: LU1244894231

Subscription fee: A Share: Max. 3% / I Share: None

Subscription tax: A Share: 0.05% / I Share: 0.01%

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 you sales contact for any further information. Please ask you sales contact for any further information. Please note that not all costs and share classes are disclosed in this documents. Please refer to the KID/prospectus for further details.

Label Excellence received in May 2024. The labels are not market rankings and are not equivalent to recommendations to buy, sell or hold units or shares of the UCIs managed by the Edmond de Rothschild Group. The reference to a ranking or price of this UCI does not prejudice the future rankings or prices of these UCIs or the manager.



March 2025. Non-contractual document designed for information purposes only. Reproduction or use of its contents is strictly prohibited without the permission of the Edmond de Rothschild Group. The information contained in this document does not constitute an offer or solicitation to trade in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified to act. This document does not constitute and should not be construed as investment, tax or legal advice, nor as a recommendation to buy, sell or continue to hold any investment. The Edmond de Rothschild Group shall not be held liable for any investment or divestment decision taken on the basis of the information contained in this document. The funds presented may not be registered and/or authorized for sale in your country of residence. If you have any doubts about your ability to subscribe to this fund, please contact your professional advisor. The figures, comments, forward looking statements and other information contained in this presentation reflect the Edmond de Rothschild Group's view of the markets, their development and their regulations, taking into account its expertise, the economic context and the information available to date. They may no longer be relevant on the day the investor reads them. Consequently, the Edmond de Rothschild Group shall not be held responsible for the quality or accuracy of economic information and data obtained from third parties. Any investment involves specific risks. Investors are therefore advised to ensure that any investment is suitable for their personal circumstances by seeking independent advice where appropriate. In addition, investors should read the Key Information Documents (KID) and/or any other document required by local regulations, which is provided prior to any subscription and is available in French and in English on the website www.edmond-de-rothschild.com under the "Fund Center" tab or free of charge on request.

For EU investors: This document is issued by Edmond de Rothschild Asset Management (France); 47, rue du Faubourg Saint-Honoré; 75401 Paris Cedex 08; Public limited company with a Management Board and Supervisory Board and a capital of 11,033,769 euros; AMF approval number GP 04000015, 332.652.536 R.C.S. Paris. A summary of investors' rights in English and French can be obtained at the following link: www.edmond-de-rothschild.com/media/no2nculs/edram-luxembourg-en-investors-rights.pdf. In Spain, the SICAV is registered at the CNMV under number 229.

For Swiss investors: This marketing material is issued by Edmond de Rothschild (Suisse) S.A. located at 18 rue de Hesse, 1204 Geneva, Switzerland, a Swiss bank authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

The "Edmond de Rothschild Fund" sub-funds mentioned in this material are sub-funds of the Edmond de Rothschild Fund SICAV, which are organized under the laws of Luxembourg, and have been approved to be offered to non-qualified investors in Switzerland by the FINMA.

REPRESENTATIVE AND PAYING AGENT IN SWITZERLAND: Edmond de Rothschild (Suisse) S.A.; rue de Hesse 18 ; 1204 Geneva.

© Copyright Edmond de Rothschild. All rights reserved.

GLOBAL DISTRIBUTOR & INVESTMENT MANAGER EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

47 rue du Faubourg Saint-Honoré / FR - 75401 Paris Cedex 08
Public limited company with a Management Board and Supervisory Board and a capital of 11,033,769 euros - AMF approval number GP 04000015 - 332.652.536 R.C.S. Paris

MANAGEMENT COMPANY EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG)

4 rue Robert Stumper / LU - 2557 Luxembourg

www.edmond-de-rothschild.com