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# FinTech Strategy

## Investor appetite for disruptive growth stories remains un-diminished

- Global equity markets performed well in June, building on positive trends
- The strategy significantly out-performed its performance benchmark
- All sub-themes contributed positively, led by innovative financial leaders

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### What's happening?

Global equity markets performed well in June, building on the positive trends already seen in April and May. The MSCI World Index finished the second quarter up 18,6%, almost fully recovering the first quarter's 20,0% drop (in USD) as unprecedented monetary and fiscal policy support and gradual economic re-opening gave investors reasons for optimism. Some upbeat economic news from China cheered investors in the final days of June, boosting optimism that the world economy was turning the corner. China's purchasing manager's index rose to 50.9 from 50.4 in May.

### Portfolio positioning and performance

The FinTech strategy outperformed its performance benchmark in June.

Top contributors to the fund's performance were ZhongAn (China, online insurance, Covid-19 boost), StoneCo (Brazil, digital payments, resilient digital payment volumes), Worldline (France, digital payments, strong European digital payment volumes coming out of lockdowns), Paypal (US, digital payments, high exposure to on-line, strong volumes, Venmo potential) and Tencent Holdings (China, payments / e-commerce, solid business trends).

Negative contributors were GPN, Visa, Amex and FIS (US, digital payments, profit taking and fears about offline retail exposure) and PaloAlto (US, Cybersecurity, profit taking).

We made a number of changes to the portfolio in June, generally lowering exposure to interest-rate sensitive stocks and increasing exposure to stocks that are better positioned to benefit from Covid-19-induced changes in business and

consumption habits. We started building positions in South Korea's Kakao Corp. and in Network International, the leading digital payment acquirer and issuer in Africa and the Middle East.

## Outlook

We are increasingly convinced that the Covid-19 crisis will be a significant growth accelerator for the FinTech universe. The entire FinTech ecosystem looks set to benefit from this trend, including cashless payment companies, technology enablers and the better prepared financial companies, on which the strategy is focused.

In the payment space for example, we think that digital wallets, which offer both safety and convenience, are on the verge of becoming a mainstream means of payment in the post-Covid-19 world. All in all, we expect digital payments to keep gaining share on cash and cheques at an accelerated rate.

More generally, investor appetite for disruptive growth stories remains un-diminished, highlighted by recent deals in the FinTech space, such as the well-publicized IPO of digital insurance business Lemonade Inc.

**No assurance can be given that the FinTech Strategy will be successful. Investors can lose some or all of their capital invested. The FinTech strategy is subject to risks including Equity; Emerging Markets; Global Investments; Investments in small and/or micro capitalisation universe; Investments in specific sectors or asset classes; ESG.**

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