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# Digital Economy strategy

## The overall tone of company meetings we attended in June was encouraging

- Global equity markets continued to rise in June
- Several of the themes we invest into continued to perform strongly
- Positive contributions from gaming, video conferencing and digital payment providers

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### What's happening?

Global equity markets continued to rise in June, with the MSCI All Country World index gaining 3.2%<sup>1</sup>, marking a strong rebound in the second quarter of the year 2020.

Investors' optimism was supported by countries continuing to ease their lockdown measures, lifting hopes for a recovery in economic activity. Optimism around ongoing monetary and fiscal policy combined with encouraging news for a potential vaccine also continued to support broader markets.

From a market perspective, we attended a number of meetings with companies we invest in. The overall tone was encouraging, most businesses highlighting a troughing of activity in April followed by a sequential improvement in demand.

### Portfolio positioning and performance

The Digital Economy strategy performed well in June, as several of the themes we invest into continued to perform strongly. As such, we have seen notable contributions from China internet and gaming company Tencent, on the back of positive game announcements<sup>2</sup> coming out of its conference.

Strong contribution also came from video conferencing provider Zoom, who is enabling enterprise meetings to take place with personnel in different locations.

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<sup>1</sup> Bloomberg as of 30/06/20

<sup>2</sup> Tencent Annual Conference - 27/06/20

Digital payment provider Paypal continued to be among the top contributors this month. The acceleration of the shift from cash to electronic payments, the modernisation of merchant infrastructure and convergence of omnichannel retailing enabling users to transact online and pickup in-store are powerful drivers of growth at present.

During the month we started a position in Workday and Everbridge. Workday is a next generation provider of Human Capital Management and Financial software tools for enterprises. Everbridge provides a platform enabling companies or cities to text employees / citizens in the situation of critical events.

## **Outlook**

We are encouraged by the signs of a slowdown of the pandemic and progress on the gradual reopening of the economies, but we are mindful that the impact to the global economy will not be fully known for some time, and the timelines for the issue to come under control are still uncertain. Central banks and governments have stepped up with unprecedented stimulus measures in order to provide support to the economies and support to the equity markets.

During this period of uncertainty we remain focused on our investment philosophy, which is the preference to invest in companies who address a strong long-term opportunity. We firmly believe that the opportunity driven by the long-term theme, the Digital Economy, remains intact, and could even play out stronger, once the current turmoil is over.

Digital Transformation is expected to be an important business focus for the coming years, and the portfolio remains well positioned to benefit from the trends associated with the digital economy theme, such as online commerce, digital media consumption, electronic payments and digital transformation.

**No assurance can be given that the Digital Economy strategy will be successful. Investors can lose some or all of their capital invested. The Digital Economy 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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