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# FinTech Strategy

## Second quarter results were strong across the fintech universe

- Global equity markets performed well in July on the back of strong corporate earnings
- The strategy out-performed its performance benchmark
- All sub-themes contributed positively, led by cashless society companies

**Vincent Vinatier**

**Portfolio Manager, FinTech strategy**

### What's happening?

Although global Covid19 infection rates showed no sign of slowing down, global equity markets performed well in July on the back of strong corporate earnings and generally strong second half guidance from large index constituents.

### Portfolio positioning and performance

The FinTech strategy outperformed its performance benchmark in June.

Top contributors to the fund's performance were, StoneCo (Brazil, digital payments, strong digital payment volumes), Paypal (US, digital payments, blowout Q2 results), ZhongAn (China, online insurance, strong post-Covid operating trends), ZScaler (US, cybersecurity, strong demand) and FIS (US, digital payments, strong operating environment).

Negative contributors included Worldline (France, digital payments, profit taking following strong previous performance), Visa and Amex (US, digital payments, fears about offline retail exposure and subdued cross-border payment volumes), Temenos (Switzerland, banking software, worries about large contracts being delayed) and Banco Santander (Spain/Latam, innovative financial, Latam Covid19 fears).

In July, we started to build a position in new generation cybersecurity stock CrowdStrike.

## Outlook

We expect volatility to remain elevated for some time on the back of fluctuating Covid19 newsflow.

Today's exceptional liquidity environment should also continue to support valuations over the next few quarters, until economic visibility is sufficiently improved, at which point the performance of "value" / cyclical companies could start to catch up with their growth counterparts. Under this scenario, equity markets could perform strongly on a medium-term basis even if some "blue sky" smaller tech stocks were to take a breather.

While some growth companies will never be able to live up to the market's high expectations, we strongly believe that the companies the fund invests in will continue to deliver the goods as their growth is "real", based on a long-term structural shift in demand for fintech services. The Covid-19 crisis is a significant growth accelerator for the fintech universe.

**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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