

The AtonRâ Artificial Intelligence & Robotics certificate is a long-only, monthly rebalanced, USD-based actively-managed certificate.

Thanks to increasing computing power and big data, artificial intelligence (AI) has been expanding at a fast pace, with notably major advances in the fields of natural language processing and computer vision.

The development of the Internet of Things and of standard operating systems for objects and devices could give another massive boost to AI applications over coming years. With this, smart cars, smart homes and smart factories could become reality sooner than expected.

Specifically, collaborative robots could be a major field of application as software recreating the human thought process combines with mechatronic devices gradually becoming able to replicate the five human senses. Robot adoption should benefit from falling costs and from increasing labor costs in emerging markets that make them an attractive ROI proposition.

## Main Features

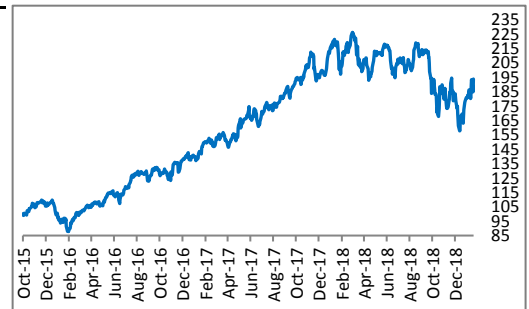
Asset Class	Equity
Inception Date	7-Oct-15
Currency	USD
Type of Return	Total Return
Ticker	NXRARTI
ISIN	XS1035525325
Issuer	NATIXIS
Issue Price	100.0
Last Price	198.1
Sharpe Ratio	1.01
Correlation	0.69
Beta	1.36
Reference index	MSCI World Net Return

## MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	16.9%												16.9%
2018	11.8%	-1.3%	-4.2%	-6.0%	7.7%	-5.4%	-0.3%	9.7%	-2.4%	-15.4%	6.2%	-11.2%	-13.7%
2017	2.9%	5.0%	5.2%	-0.9%	7.2%	-1.6%	5.3%	5.5%	2.4%	5.1%	3.2%	-2.8%	42.5%
2016	-9.8%	0.5%	8.0%	2.0%	6.5%	-0.8%	11.6%	0.5%	3.6%	-2.2%	3.5%	3.1%	27.9%
2015										3.6%	5.1%	-1.3%	7.5%

### Highs/Lows

	Price	Date
All Time High	226.2	12-Mar-18
All Time Low	87.8	11-Feb-16



## January 2019 highlights

The AtonRâ Artificial Intelligence & Robotics certificate gained 16.9% in January, outperforming the MSCI World Net Return by 9.2%. Year-to-date, it outperforms its reference index by 9.2% and launch-to-date (October 7, 2015 launch), it outperforms by 67.5%.

The trade war between the US and China was a major drag on equity markets and specifically on artificial intelligence names in the last months of 2018. But it seems that current discussions are heading in the right direction as illustrated by the constructive comments that Chinese Vice Premier Liu made after his recent meeting with President Trump and his commitment that China would increase purchases of US soybeans by 5 million tonnes.

Given the complexity of the structural reforms the US requires from China, it's far from certain that a full deal will be reached by the March 1st deadline. But a partial deal could be a positive and ease concerns about a further Chinese economy slowdown and/or global recession, and hence sustain the early 2019 rally in semiconductor and industrial tech (robotics, automation) names.

In AI, the highlight of the last few weeks was the softness in data center capex, as illustrated by the poor Q4 figures and Q1 guidelines reported by the three main vendors of data center processors (**Intel**, **Nvidia**, and **AMD**). While this could fuel some concerns about the development of AI applications as data centers handle the training of AI models, we believe that the AI revenue opportunity remains intact as most industries and companies will have to come up with products embedding smart features in a near future and, hence, view the current slowdown as a speed bump considering that cloud providers had at some point to digest massive investments made over recent years.

That being said, there could be some market share shifts within the data center processor industry. As we gradually move from AI model training to real-time AI applications (known as inference), FPGAs, which are programmable chips, are starting to make inroads in data centers as they offer fast speeds and are much less power-hungry (hence less costly) than Nvidia and AMD's GPUs.

That was visible in FPGA leader **Xilinx's** latest figures, with 14% revenue growth in its data center business comparing well vs. Intel and peers. In top of this trend that is likely to last, Xilinx also benefits from the resumption of telecom capex in relation with 5G thanks to its large telecoms exposure (35% of revenue), explaining why we made the stock our top pick in the portfolio.

While it remains by far the leading player in AI training, Nvidia also seeks to play a major role in the inference market through dedicated products. But in the short term, we are worried about the Gaming division (54% of revenue) outlook considering that the 2019 lineup of video game blockbusters is poor (and only a few of them will require the ray tracing technology that Nvidia's graphics cards offer) and that the outcome of trade negotiations between the US and China still remains uncertain (Nvidia largely blamed Chinese consumers for disappointing Q4 sales of gaming cards).

Even if Nvidia's profit-warning clearly reset earnings expectations, there is still downside risk in the very short term (the Q1 guidance is likely to be underwhelming). But as we get closer to the end of the year and to 2020-21, the outlook should gradually improve as comparison bases become easier and as the massive "autonomous driving" catalyst unfolds (a several billion revenue opportunity for the company in the medium term).

### Top 3 Contributors

**Name**  
XILINX INC  
ADVANCED MICRO DEVICES  
SPLUNK INC

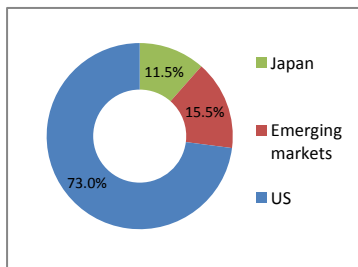
### Worst 3 Contributors

**Name**  
TESLA INC  
KEYENCE CORP  
MICROSOFT CORP

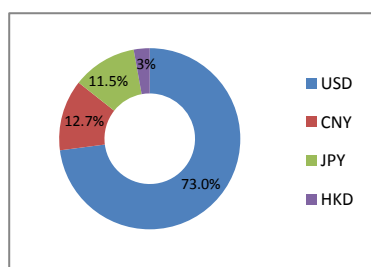
### Top 3 Holdings

**Name**  
XILINX INC  
ADVANCED MICRO DEVICES  
SPLUNK INC

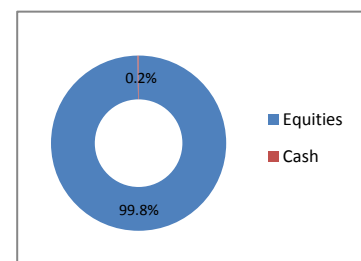
### Geographical Breakdown



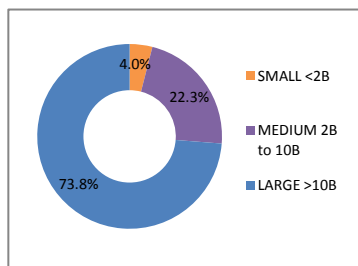
### Currency exposure



### Asset Allocation



### Equity Market Capitalization



### Equity Liquidity

1 to 3 days to liquidate*	100%
3 to 5 days to liquidate	0%
More than 5 days to liquidate	0%

\*on average daily trading over the last 3M

### Important Information

All net estimated returns are based on unaudited, internally prepared assessments and have not been independently verified. The net estimated returns are subject to adjustments as a result of changes or delays in AtonRâ's calculations of the profit and loss of the portfolio. Any such adjustments could have a material impact on the estimated net returns of the AtonRâ Basket. Net returns are reported after deduction of AtonRâ's management and/or performance fees.

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