

The AtonRâ Fintech Index is a long-only, USD-based, actively managed total return index. The pace of innovation in financial technology (Fintech) has been accelerating lately with notably the emergence of mobile payments.

This is just the beginning of a secular trend as technology and digitization are likely to reshape the financial industry with applications ranging from robo-advisers, P2P lending and money remittances to blockchain.

Banks and insurers will have no choice but to invest heavily as Fintech is expected to spark major operating efficiencies through increased automation and is also likely to lift the financial industry's revenue outlook through enhanced customer experience and engagement.

The investment universe is naturally composed of Internet and mobile financial platforms, payment networks and processors and hardware and software vendors. It can also include more traditional companies whose business model shifts thanks to Fintech innovations.

Main Features

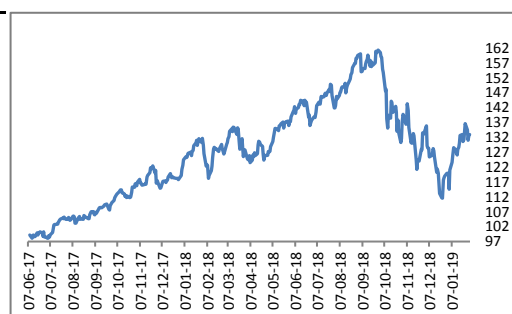
Asset Class	Equity
Inception Date	7-Jun-17
Currency	USD
Type of Return	Total Return
Ticker	NXSRFINT
ISIN	XS1365787230
Issuer	NATIXIS
Issue Price	100.0
Last Price	133.0
Sharpe Ratio	0.76
Correlation	0.79
Beta	1.67
Reference index	MSCI World Net Return

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	10.9%												10.9%
2018	11.9%	-3.2%	0.2%	-1.4%	9.0%	0.3%	3.0%	12.5%	1.1%	-15.1%	-2.5%	-10.2%	1.9%
2017						-1.4%	6.0%	2.1%	3.1%	5.8%	0.9%	0.3%	17.8%

HIGHS/LOWS

	Price	Date
All Time High	161.3	28-Sep-18
All Time Low	98.1	4-Jul-17



January 2019 highlights

The AtonRâ Fintech certificate gained 10.9% in January, outperforming the MSCI World Net Return by 3.1%. Year-to-date, it outperforms its reference index by 3.1% and launch-to-date (June 7, 2017 launch), it outperforms by 24.7%.

VC-backed fintech companies raised a record \$39.6bn globally in 2018, up 120% from the previous year, according to CB Insights. And in the last quarter of the year, five fintech firms, including digital bank Monzo and data aggregator Plaid, joined the ranks of unicorns.

This impressive trend, which is likely to continue in 2019 as illustrated by the \$300m funding round of European digital bank N26 in January at a \$2.7bn valuation, points to strong investor appetite for the fintech segment amid increasing belief that these new financial services providers will gain significant share in the banking and insurance industry.

Supportive regulations, such as the Payment Services Directive 2 (PSD2) in Europe, will clearly help. The directive, which has come into force last year, promotes Open Banking and requires banks to open up the data they hold and offer APIs to let customers share financial information with third-party providers.

This opens up the ability for fintech firms to come up with value-added services (consolidation of various bank accounts or credit cards in a single app with a layer of advisory services for instance), make it easier to switch banks entirely and let customers authorize payments directly from their bank account, at the expense of credit card networks.

We're often asked whether credit card companies are attractive plays on the digitization of payments.

They sure are in the short term as the economy is gradually going cashless and as mobile payment apps such as **Apple Pay** and **Google Pay** rely on digital credit cards. But in the longer term, we are convinced that most Tech giants and fintech firms will try to bypass **Visa**, **MasterCard** and peers with the help of new regulations in order to monetize their payment apps and operations.

Last but not least, German payment processor **Wirecard** (one of our largest positions for years) came under fire at the end of the month thanks to Financial Times articles claiming that internal documents pointed to potential violations of Singapore law, raising questions about the quality of financials and internal controls at the company.

This is not the first time the FT publishes critical reports of the company and as such, we believe that the company's auditors have been under pressure in recent years to double check Wirecard's accounting.

But as it's impossible for us to assess the veracity of the FT allegations and the quality of accounting, we decided to sell our Wirecard position by caution.

Top 3 Contributors

Name

SQUARE INC - A
 AMAZON.COM INC
 ALIBABA GROUP HOLDING-SP ADR

Worst 3 Contributors

Name

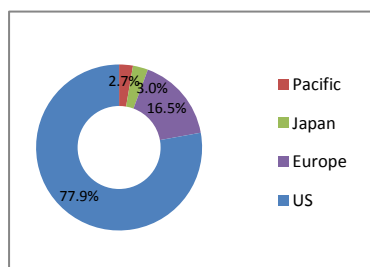
GREEN DOT CORP-CLASS A
 BROADRIDGE FINANCIAL SOLUTIO
 XERO LTD

Top 3 Holdings

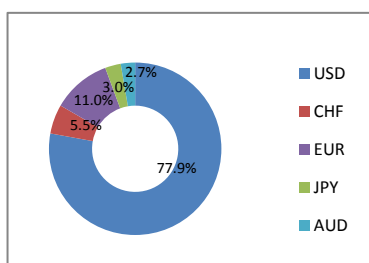
Name

SQUARE INC
 BOTTOMLINE TECHNOLOGIES (DE)
 PAYPAL HOLDINGS INC

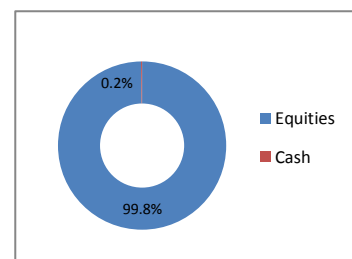
Geographical Breakdown



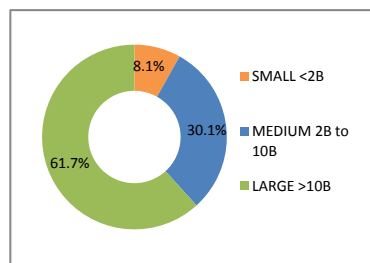
Currency exposure



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.

Past performance is not indicative or a guarantee of future results. Investment losses may occur, and investors could lose some or all of their investment.

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It should not be assumed that the Certificate will invest in any specific securities that comprise any index, nor should it be understood to mean that there is a correlation between the Certificate's returns and any index returns.

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