

The AtonRâ Mobile Payments is a long-only, monthly rebalanced, EUR-based actively-managed certificate. It aims to benefit from the expected rise of contactless payments around the world as consumers move to their smartphones and tablets for everyday purchases at the expense of cash.

While the mobile payment infrastructure is now in place (NFC-enabled phones and POS terminals, various payment platforms such as Apple Pay), we are about to enter the second phase of growth for the theme, which is mass adoption of payment solutions by consumers.

Indeed, the increasing marketing around payment platforms and the deployment of value-added services (such as rewards, loyalty and couponing) should give a major boost to consumer engagement over 2018-20. Longer term, powerful catalysts (in-car payments, virtual reality shopping, government incentives...) should make mobile payments ubiquitous.

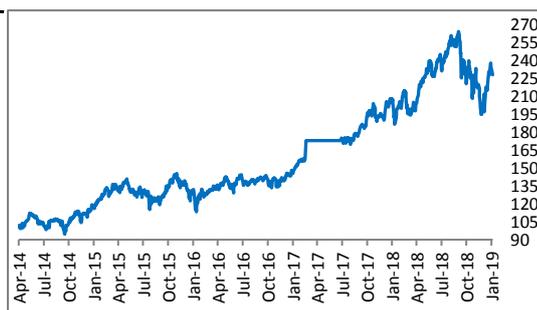
Main Features

Asset Class	Equity
Inception Date	22-Apr-14
Currency	Euro
Type of Return	Total Return
Ticker (EUR Inst. Class)	IND1AMPE
ISIN (inst. Class EUR)	CH0239656462
ISIN (Retail Class EUR)	CH0239656603
ISIN (Retail \$USD Class)	CH0239657494
Issuer	Société Générale
Issue Price	100.0
Last Price	231.8
Sharpe Ratio	1.16
Correlation	0.82
Beta	1.19
Reference index	MSCI World Net Return (EUR)

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	13.4%												13.4%
2018	8.9%	-1.6%	-2.4%	2.8%	10.7%	0.0%	2.0%	11.7%	1.4%	-11.5%	-1.5%	-10.5%	7.5%
2017	4.3%	7.1%	2.9%	1.6%	4.1%	-1.4%	2.0%	2.4%	2.8%	8.8%	-1.2%	-1.6%	36.3%
2016	-5.6%	-1.5%	0.7%	0.7%	7.5%	-3.9%	2.7%	-0.5%	1.7%	-0.3%	-0.3%	-0.6%	0.0%
2015	6.1%	4.9%	4.8%	1.0%	6.5%	-8.9%	2.9%	-4.1%	-2.9%	9.4%	8.5%	-3.7%	25.0%
2014				0.2%	5.6%	2.1%	-6.1%	4.4%	0.0%	-1.1%	8.3%	-1.8%	11.4%

<u>Highs/Lows</u>	Price	Date
All Time High	264.0	2-Oct-18
All Time Low	94.6	16-Oct-14



January 2019 highlights

The AtonRâ Mobile Payments certificate (EUR) gained 13.4% in January, outperforming the MSCI World Net Return (EUR) by 6%. Year-to-date, it outperforms its reference index by 6% and launch-to-date (April 22, 2014 launch), it outperforms by 72.8%.

New shopping experiences, including in-store cashierless payments (think **Amazon Go**) and in-car payments, are gradually becoming reality. While Amazon is reportedly planning to open thousands of its checkout-free stores that rely on automatic payments directly made in the Amazon app, **Honda** just announced a new infotainment system called Honda Dream Drive, which offers a range of voice controlled services in its cars including the ability to pay for gas, parking and highway tolls.

As these new shopping experiences arguably become a major driver for the mobile and digital payments theme, it's no wonder that payment processor **Square**, which has historically focused on payments in physical stores, seeks to tap the in-app opportunity by introducing the possibility for app developers to process payments with Square within their Android or iOS apps.

This initiative will also allow Square to offer omni-channel solutions to merchants at a time when merchants seek to reduce the complexity of their payment infrastructure and to consolidate transactions made online and in-store.

In other action, big M&A was back last month in the payment processing space with the \$22.7bn takeover of **First Data** by **Fiserv**, following a string of multi-billion transactions completed in recent months in the non-listed space, including the acquisitions of iZettle and SIX Payments Services by **PayPal** and **Worldline**, respectively, and the merger of Nets with Concordis.

This transaction could kick off a new wave of consolidation in the industry which is perfectly suited for M&A as it enjoys secular revenue growth (digital payments - credit/debit cards, online and mobile payments - gradually replace cash) and is highly fragmented and scalable (increased volumes allow to better leverage high fixed costs).

European players are likely to attract the most interest in our view in light of their rather small size in an industry where scalability is key (their average market cap. is around EUR10bn vs. \$25bn for US players) and of their respective positionings.

While Worldline is a pure play on Europe that could appeal to global legacy players (interestingly, **Atos**, its main shareholder, is in the process of reducing its stake from 51% to 27%), **Adyen** and **Wirecard's** large digital exposure have probably already caught the attention of many large processors.

Ingenico could also attract some interest as the French player is in a strategic stalemate. While its core payment terminal business is getting increasingly commoditized, its payment processing unit remains a minor player with less than EUR1.5bn annual revenue.

Top 3 Contributors

Name
 SQUARE INC - A
 ADYEN NV
 TENCENT HOLDINGS LTD-UNS ADR

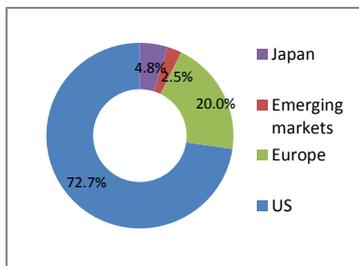
Worst 3 Contributors

Name
 WIRECARD AG
 GMO PAYMENT GATEWAY INC
 EVO PAYMENTS INC-CLASS A

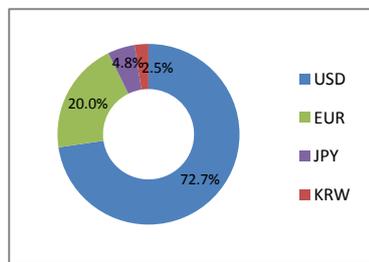
Top 3 Holdings

Name
 SQUARE INC - A
 PAYPAL INC
 WIRECARD AG

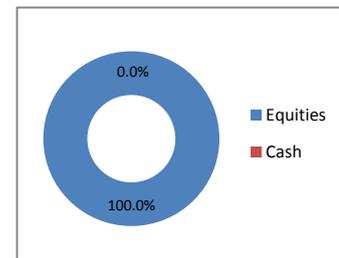
Geographical Breakdown



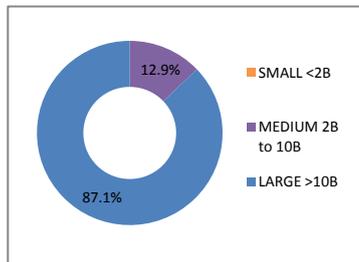
Currency exposure



Asset Allocation



Equity Market Capitalization



Equity Liquidity

1 to 3 days to liquidate*	88%
3 to 5 days to liquidate	6%
More than 5 days to liquidate	5%

*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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