

The AtonRâ Security & Space is a long-only, monthly rebalanced, USD-based, actively-managed-certificate.

Like many other industries, defense is in the early stages of its digital and tech transformation as innovations in artificial intelligence, robotics and augmented reality make their way to the battlefield. This tech upgrade cycle gives confidence that the current government spending momentum (fueled by geopolitical tensions) will last several years and that private contractors will keep delivering above-consensus revenue and earnings growth.

Other sources of upside include space exploration as the US plans missions to the Moon and beyond and civil security as the Internet of Things opens the way to new cyber attacks and as smart cities become reality.

No investments are made in companies active in anti-personnel mines and cluster bombs.

Main Features

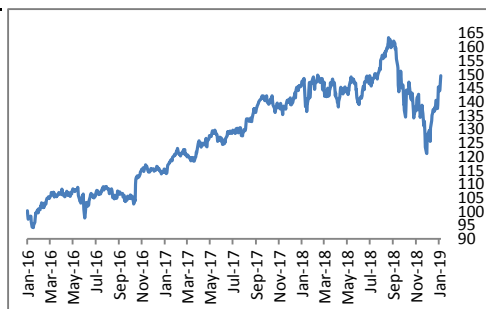
Asset Class	Equity
Inception Date	25-Jan-16
Currency	USD
Type of Return	Total Return
Ticker	NXSRGDEF
ISIN	XS1317057278
Issuer	NATIXIS
Issue Price	100.0
Last Price	149.5
Sharpe Ratio	0.80
Correlation	0.77
Beta	1.18
Reference index	MSCI World Net Return

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	15.4%												15.4%
2018	6.4%	-0.6%	-1.9%	-2.3%	2.2%	-1.9%	4.3%	6.5%	3.4%	-13.4%	0.8%	-8.5%	-6.8%
2017	-0.8%	6.7%	-1.4%	4.2%	2.8%	-3.1%	3.4%	3.3%	4.1%	0.9%	-1.2%	0.6%	20.8%
2016	-0.2%	0.8%	6.1%	-0.7%	1.2%	-4.5%	5.2%	-1.1%	0.0%	-0.9%	9.3%	-0.4%	14.9%

HIGHS/LOWS

	Price	Date
All Time High	163.3	14-Sep-18
All Time Low	94.1	11-Feb-16



January 2019 highlights

The AtonRâ Security & Space certificate gained 15.4% in January, outperforming the MSCI World Net Return by 7.7%. Year-to-date, it outperforms its reference index by 7.7% and launch-to-date (January 25, 2016 launch), it outperforms by 8%.

US President Donald Trump unveiled last month a new US missile defense strategy based on a layer of sensors in space that detect and track enemy missiles, a clear illustration that major governments around the world have to rethink their security at a time when Russia and China make significant progress on hypersonic weapons. This new defense strategy will also explore space-based weaponry to shoot down enemy missiles.

In all, space is becoming the next step of missile defense and this is a pretty good reason for superpowers to sustain the space race that has started to take place.

Noteworthy, China successfully landed for the first time ever a robotic spacecraft on the far side of the Moon last month. The initiative, which was seen as a major milestone in space exploration, will allow among other things to get additional insights about the moon's geology at a time when scientists consider that the moon could become a space station where spaceships refuel before heading to deep-space destinations.

If space is a major revenue driver for defense companies, civil applications could also contribute meaningfully to their top-line momentum.

Air taxis will be one of them, as illustrated by the successful test flight of **Boeing's** autonomous flying car. The vehicles, part drone and part helicopter and capable of vertical takeoff and landing, will do away with road traffic and are expected to revolutionize urban transportation and parcel delivery. Even if Boeing's test flight lasted less than a minute, it's worth noting that development from the conceptual design to the flying prototype has been extremely rapid (one year), suggesting that commercial vehicles and air taxi services (such as **Uber's**) could come soon.

Commercial drones are another major civil application and could get a boost from easing regulations as US Secretary of Transportation announced that her department would propose to remove waiver requirements for drones flying after dark and flying over populated areas if certain conditions are met. This would clearly meet the expectations of companies such as **Google** and **Amazon** that hope to speed up package delivery with drones.

Top 3 Contributors

Name

PALO ALTO NETWORKS INC
OSI SYSTEMS INC
CYBERARK SOFTWARE LTD/ISRAEL

Worst 3 Contributors

Name

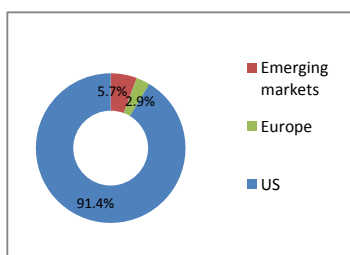
AEROVIRONMENT INC
FIREEYE INC
HUNTINGTON INGALLS INDUSTRIE

Top 3 Holdings

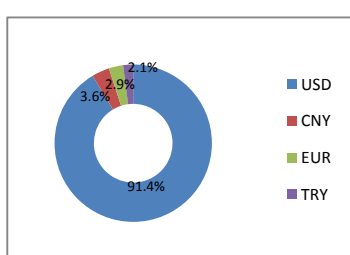
Name

SPLUNK INC
XILINX INC
AEROVIRONMENT INC

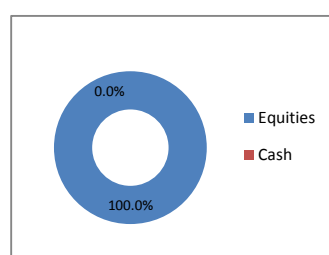
Geographical Breakdown



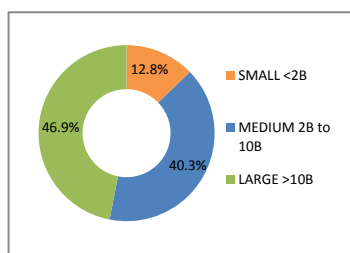
Currency exposure



Asset Allocation



Equity Market Capitalization



Equity Liquidity

1 to 3 days to liquidate*	97%
3 to 5 days to liquidate	0%
More than 5 days to liquidate	3%

*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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