Rothschild & Co
Wealth Management

April 2024

Thematic Investments

Quarterly Update

Thematic Investments
Quarterly update: Q1 2024

Top Q1 stories from a thematic perspective

Digital Frontiers

- ***Artificial Intelligence*** leaders continued with superior earnings, growth and momentum. Nvidia delivered 80% total return during the quarter and its revenue surged 265% YoY fostered by the quick adoption of AI across industries.

- Microsoft solidified its position in ***the Cloud*** and overtook Apple in January as the world's most valuable firm. On the negative regarding the Cloud, Adobe corrected sharply in March following a weak forecast. AI-driven semiconductor demand also helped ASML to thrive and to reach an all-time high in March.

- On ***Cybersecurity***, the performance was mixed. The market reacted with disappointment to the announcement of new platform strategies (Palo Alto) but celebrated the optimistic outlook delivered by others (Crowdstrike).

- Concerning the ***Industry 4.0*** trade, some companies continued with positive momentum (ABB, Siemens) although some profit taking took place by March.

- Overall, the AI trade solidified and gained further traction during Q1 2024.

Entertainment & Lifestyle

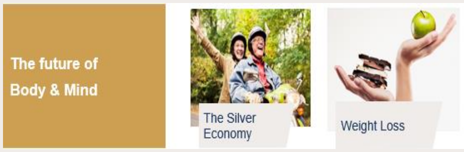
- After a period of fierce competition for new subscribers, Netflix rose as clear winner of the "***Streaming*** Wars". The company's services gained strong engagement from users reaching a record of 260m paid subscribers by the end of February. For the rest of competitors, a new period of consolidation started, with new business models being developed to maintain subscriber levels unchanged.

- Concerning ***e-Commerce***, Amazon benefitted from its ability to monetize AI tools and therefore gained several partnerships with companies willing to leverage their offering and enhance their online customer experience (Eli Lilly among others). Visa, Booking Holdings and Mercado Libre on the other hand, all suffered in the quarter due to corporate results, which were below market expectations and analysts' downgrades.

Sources: Rothschild & Co, Bloomberg

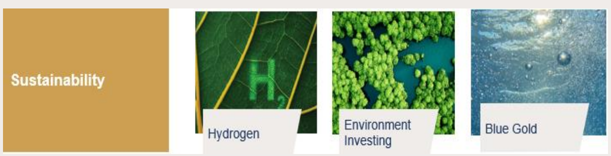
Thematic Investments
Quarterly update: Q1 2024

Top Q1 stories from a thematic perspective



- On the ***Weight-loss*** theme, the increased market opportunity for anti-obesity medications continued. Novo Nordisk reached a new all-time high and the market celebrated its acquisition of companies to increase production capacity (Catalent for example). In the meantime, Eli Lillly, Novo's closest competitor, delivered a strong 34% total return in the quarter fueled by the demand of its anti obesity flagship drug “Zepbound”.

- Regarding the ***Silver Economy*** trade, companies providing products used by seniors lost momentum despite positive expectations from analysts (Sonova, Straumann). On the positive tone, however, AI powered robots are expected to be used to provide elderly care were in focus during the quarter and started to be regarded as the next possible frontier to be reached in future years..



- Overall, investors were not particularly enthusiastic about the sustainability theme during Q1 2024. Performance was mixed and the difference between losers and winners was mostly due to their corporate fundamental value.

- Focusing on Blue Gold, Veralto showed a solid trend since the spin-off from Danaher and surprised with an 8% gain during the period.

- Hydrogen in general faced structural challenges related to uncertainty on the success of current projects. Linde, ABB, and Air Liquide, however, performed well due to their more diversified approach to different segments and products.

- Exposure to Environment Investing via pure players (RWE, Iberdrola) underperformed the MSCI World but performed well with a direct implementation on companies having more diversified portfolios as in the previous case (Shell).

Sources: Rothschild & Co, Bloomberg

Thematic Investments in a Nutshell
Long Term Investment Case & Catalysts

Digital Frontiers

Artificial Intelligence

- We are still in the early stages of a considerable shift across industries to improve products and services through the multiple applications of AI.
- The AI market size is expected to reach USD 407Bn by 2027 (USD 86.9Bn in 2022) and expected to grow around 35% p.a. across industries until 2030. The generative AI market alone could reach USD 1.3Tn by 2032 with AI products being able to add USD 280Bn of new software revenue.

Cybersecurity

- Traditional cybercrime has changed together with technological advancement. As society becomes more dependent on digitalization and AI advancements, we move from prioritizing the protection of systems to the protection of networks. Networks are heavily integrated across all of our activities - when vulnerabilities are exploited by cyber criminals, the impact can be very costly
- Corporate spending in cybersecurity is expected to rise 14% in 2024 to USD 215Bn. Budget allocated to security is expected to grow three times faster than software and IT spending combined.

Industry 4.0

- The US administration announced a plan to strengthen critical supply chains and invest in US manufacturing and infrastructure. This plan represents an opportunity for US industries including automation and robotics, among others. Similar policies are in place across the EU, Japan, Korea. Other countries are expected to follow
- In the US, the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act, and the Inflation Reduction Act (IRA) collectively committed over USD 1.8Tn in capital spending in favor of automation and robotics.

The Cloud

- Together with the quick adoption of new technologies across industries, we see cloud computing as key infrastructure provider for the future, providing organizations with speed, scalability and flexibility from renting a space in the web, rather than investing in expensive physical infrastructure.
- The global cloud computing market is expected to reach USD1,554.94 Bn by 2030

Sources: Rothschild & Co,

Thematic Investments in a Nutshell
Long Term Investment Case & Catalysts

Entertainment & Lifestyle

Streaming

- Increasing Generative AI adoption, advancement of the 5G technology, or even the augmented reality or the metaverse, are elements of a possible complete innovative transformation of the Streaming business in the years ahead.
- The global video streaming market size is projected to grow from USD 671.89 Billion in 2024 to USD 2,486.51 Billion by 2023, with a CAGR of 17% during the forecast 2024 to 2032

e-Commerce

- The activity of "Buying and Selling" of good and services over electronic networks might be about to become a true AI powered experience in the future with better and more personalized relationships with and among customers.
- Revenue in the eCommerce Market is projected to reach USD 3,178 Bn in 2024. This revenue should show an annua growth rate of 9.47%, resulting in a projected market volume of USD 4,997Bn by 2029.

The Future of Body & Mind

Weight-Loss

- Obesity could become one of the possible future epidemics worldwide and it is spreading quickly. Novo Nordisk unintentionally untapped the industry of weight loss, with drugs such as Ozempic and Wegovy, which regulate appetite .These drugs imitating the GLP1 human hormone are a game changer as the demand largely surpasses the supply.
- Western Europe has already around 52.7% overweight adults. Similarly, in the US, this data correspond to two out of five adults. By 2030, 1Billion people worldwide could suffer from overweight conditions

Silver Economy

- The 60-plus segment, is the fastest-growing consumer group worldwide, with higher spending power and a rising share of overall income. Demand for food and healthcare may certainly continue from this segment but increasing demand for leisure, communication and good and services might be supported as well.

Sources: Rothschild & Co,

Thematic Investments in a Nutshell
Long Term Investment Case & Catalysts

Sustainability

Blue Gold

- Efficient management of water resources to overcome climate challenges will increase both demand and investments on new sustainability initiatives and production capacity. We therefore see catalysts for investments in the infrastructure of the utility sector and the process control for the improvement of the quality of the drinking water in general.
- In the US, within the Inflation Reduction Act $370Bn are committed to support clean energy production and manufacturing.

Environment Investing

- Green building for sustainable cities or waste reduction in the context of responsible consumption are just a few of attractive investment opportunities which can also have a positive impact in favor of the environment.
- As nearly seven in ten people will live in cities by 2050, new business models to combat climate change in cities could cross USD 9.5 Tn by 2030.

Hydrogen

- As climate change accelerates, policies around the world recognize the urgency of spending more for the transition towards a world using more clean energy

Sources: Rothschild & Co,

Thematic Investments in a Nutshell
Performance Update – Single Stocks

Digital Frontiers

Thematic	Company	Recommendation	Rating	Currency	Price	FV	Upside	YTD (%)
Artificial Intelligence								
	Advanced Micro Devices	HOLD	★★★	USD	154.02	145	-5.9%	4.48
	Alphabet	BUY	★★★★	USD	155.47	175	12.6%	11.30
	ASML	HOLD	★★★	EUR	849.10	870	2.5%	24.77
	Microsoft	BUY	★★★★	USD	411.84	480	16.6%	9.72
	NVIDIA	HOLD	★★★	USD	840.35	910	8.3%	69.70
Cybersecurity								
	Check Point	HOLD	★★★	USD	158.09	150	-5.1%	3.47
	Fortinet	HOLD	★★★	USD	64.66	77	19.1%	10.47
	Palo Alto Networks	HOLD	★★★	USD	277.33	300	8.2%	-5.95
	Zscaler	BUY	★★★★	USD	172.96	213	23.1%	-21.94
The cloud								
	Adobe	BUY	★★★★	USD	474.45	640	34.9%	-20.47
	Alphabet	BUY	★★★★	USD	155.47	175	12.6%	11.30
	Amazon	BUY	★★★★	USD	181.28	180	-0.7%	19.31
	Microsoft	BUY	★★★★	USD	411.84	480	16.6%	9.72
	Salesforce	HOLD	★★★	USD	276.32	310	12.2%	5.15
	SAP	BUY	★★★★	EUR	168.58	185	9.7%	20.86
Industry 4.0								
	ABB	SELL	★★	CHF	43.99	36.5	-17.0%	20.39
	Analog Devices	HOLD	★★★	USD	189.43	196	3.5%	-4.15
	Comet	BUY	★★★★	CHF	288.00	285	-1.0%	8.60
	Epiroc	BUY	★★★★	SEK	211.60	222	4.9%	4.65
	General Electric	BUY	★★★★	USD	155.67	180	15.6%	53.21
	Siemens	HOLD	★★★	EUR	175.12	166	-5.2%	5.97
	VAT Group	HOLD	★★★	CHF	466.90	435	-6.8%	10.77

Source: Rothschild & Co, Bloomberg (as of 18.04.2024)

Thematic Investments in a Nutshell
Performance Update – Single Stocks

Lifestyle & Entertainment

Thematic	Company	Recommendation	Rating	Currency	Price	FV	Upside	YTD (%)
eCommerce								
	Amazon	BUY	★★★★	USD	181.28	180	-0.7%	19.31
	Booking Holdings	BUY	★★★★	USD	3'443.91	4100	19.1%	-2.67
	MercadoLibre	HOLD	★★★	USD	1'397.86	1400	0.2%	-11.05
	Visa	BUY	★★★★★	USD	272.69	315	15.5%	4.94
Streaming								
	Alphabet	BUY	★★★★	USD	155.47	175	12.6%	11.30
	Comcast	BUY	★★★★★	USD	38.99	55	41.1%	-9.83
	The Walt Disney	BUY	★★★★	USD	112.94	125	10.7%	25.09
	Netflix	HOLD	★★★	USD	613.69	620	1.0%	26.05

The Future of Body & Mind

Thematic	Company	Recommendation	Rating	Currency	Price	FV	Upside	YTD (%)
Weight loss								
	Eli Lilly	SELL	★★	USD	750.77	500	-33.4%	29.02
	Novo Nordisk	HOLD	★★★	DKK	861.40	730	-15.3%	24.28
	Thermo Fisher	BUY	★★★★	USD	547.25	660	20.6%	3.17
Silver economy								
	Booking Holdings	BUY	★★★★	USD	3'443.91	4100	19.1%	-2.67
	Sonova Holding	HOLD	★★★	CHF	247.70	270	9.0%	-9.73
	Straumann Holding	HOLD	★★★	CHF	132.90	130	-2.2%	-1.38
	UnitedHealth Group	HOLD	★★★	USD	478.99	530	10.6%	-8.66

Source: Rothschild & Co, Bloomberg (as of 18.04.2024)

Thematic Investments in a Nutshell
Performance Update – Single Stocks

Sustainability

Thematic	Company	Recommendation	Rating	Currency	Price	FV	Upside	YTD (%)
Blue Gold								
	Ecolab	HOLD	★★★	USD	219.25	210	-4.2%	10.81
	Geberit	BUY	★★★★	CHF	496.70	520	4.7%	-7.85
	Veolia Environnement	HOLD	★★★	EUR	28.35	31	9.3%	-0.74
	Veralto	BUY	★★★★★	USD	90.55	119	31.4%	10.19
Hydrogen								
	ABB	SELL	★★	CHF	43.99	36.5	-17.0%	20.39
	Air Liquide	HOLD	★★★	EUR	186.34	185	-0.7%	5.80
	Linde	BUY	★★★★	USD	446.79	445	-0.4%	9.10
Energy transition								
	Iberdrola	HOLD	★★★	EUR	11.33	12	5.9%	-2.89
	NextEra	BUY	★★★★	USD	63.79	71	11.3%	6.00
	RWE	BUY	★★★★★	EUR	32.22	55	70.7%	-21.76
	Sika	BUY	★★★★	CHF	259.60	260	0.2%	-3.99
	Shell	HOLD	★★★	EUR	33.36	35	4.9%	13.17

Source: Rothschild & Co, Bloomberg (as of 18.04.2024)

Thematic Investments in a Nutshell
Performance Update – ETFs & Funds

Digital Frontiers

Thematic	ETF / Fund	ISIN	Currency	Price	YTD (%)	1Y return (%)	5Y return (%)
Artificial Intelligence							
	WisdomTree Artificial Intellig	IE00BDVPNG13	USD	59.85	-4.63	22.47	14.78
	Xtrackers Artificial Intellige	IE00BGV5VN51	EUR	111.88	11.59	51.44	17.34
	VanEck Semiconductor UCITS ETF	IE00BMC38736	USD	38.28	13.78	59.57	
Cybersecurity							
	L&G Cyber Security UCITS ETF	IE00BYPLS672	USD	23.06	-5.53	17.64	8.48
The Cloud							
	WisdomTree Cloud Computing UCI	IE00BJGWQN72	USD	31.41	-10.12	12.32	
	iShares Digitalisation UCITS E	IE00BYZK4883	USD	8.54	-0.52	17.83	4.51
Industry 4.0							
	iShares Automation & Robotics	IE00BYZK4552	USD	12.65	-3.84	15.84	9.81

Future of Body & Mind / Sustainability

Thematic	ETF / Fund	ISIN	Currency	Price	YTD (%)	1Y return (%)	5Y return (%)
Silver economy							
	iShares Ageing Population UCIT	IE00BYZK4669	USD	6.76	-3.43	1.69	3.19
	R-co Thematic Silver Plus	FR0010906305	EUR	179'472.10	2.81	3.43	7.13
Blue Gold							
	iShares Global Water UCITS ETF	IE00B1TXK627	USD	62.65	0.72	7.22	9.55
	Robeco Capital Growth Funds -	LU2146191643	USD	164.22	0.75	11.87	9.64
Hydrogen							
	L&G Hydrogen Economy UCITS ETF	IE00BMYDM794	USD	4.48	-5.74	-11.56	
Energy transition							
	Rothschild & Co WM Fund - UNIT	LU2538715637	EUR	136.31	0.60		

Source: Rothschild & Co, Bloomberg (as of 18.04.2024)

Important information

This document is produced by Rothschild & Co Bank AG, Zollikerstrasse 181, 8034 Zurich, for information and marketing purposes only and for the sole use of the recipient. Save as specifically agreed in writing by Rothschild & Co Bank AG, this document must not be copied, reproduced, distributed or passed, in whole or part, to any other person. This document does not constitute a personal recommendation or an offer or invitation to buy or sell securities or any other banking or investment product. Nothing in this document constitutes legal, accounting or tax advice.

The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance. Investing for return involves the acceptance of risk: performance aspirations are not and cannot be guaranteed. Should you change your outlook concerning your investment objectives and / or your risk and return tolerance(s), please contact your client adviser. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. Income may be produced at the expense of capital returns. Portfolio returns will be considered on a "total return" basis meaning returns are derived from both capital appreciation or depreciation as reflected in the prices of your portfolio's investments and from income received from them by way of dividends and coupons. Holdings in example or real discretionary portfolios shown herein are detailed for illustrative purposes only and are subject to change without notice. As with the rest of this document, they must not be considered as a solicitation or recommendation for separate investment.

Although the information and data herein are obtained from sources believed to be reliable, no representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, no responsibility or liability is or will be accepted by Rothschild & Co Bank AG as to or in relation to the fairness, accuracy or completeness of this document or the information forming the basis of this document or for any reliance placed on this document by any person whatsoever. In particular, no representation or warranty is given as to the achievement or reasonableness of any future projections, targets, estimates or forecasts contained in this document. Furthermore, all opinions and data used in this document are subject to change without prior notice.

This document is distributed in Switzerland by Rothschild & Co Bank AG. Law or other regulation may restrict the distribution of this document in certain jurisdictions. Accordingly, recipients of this document should inform themselves about and observe all applicable legal and regulatory requirements. For the avoidance of doubt, neither this document nor any copy thereof may be sent to or taken into the United States or distributed in the United States or to a US person. References in this document to Rothschild & Co are to any of the various companies in the Rothschild & Co Continuation Holdings AG group operating / trading under the name "Rothschild & Co" and not necessarily to any specific Rothschild & Co company.

Rothschild & Co Bank AG has its registered office at Zollikerstrasse 181, 8034 Zurich, Switzerland and is authorized and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

If you have any questions on this document, your portfolio or any elements of our services, please contact your client adviser.