

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 digitalisation 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

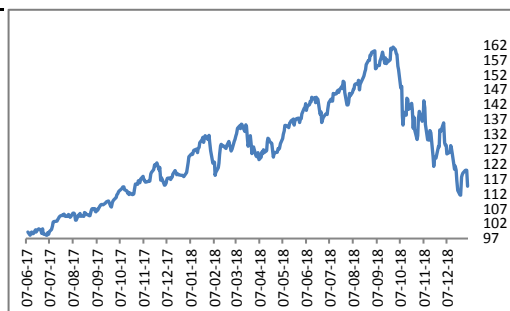
Asset Class	Equity
Inception Date	7-Jun-17
Currency	USD
Type of Return	Total Return
Ticker	NXSRFINT
ISIN	XS1365787230
Issuer	NATIXIS
Issue Price	100.0
Last Price	120.0
Sharpe Ratio	0.49
Correlation	0.78
Beta	1.64
Reference index	MSCI World Net Return

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
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



December 2018 highlights

The AtonRâ Fintech certificate fell 10.2% in December, underperforming the MSCI World Net Return by 2.6%. In 2018, it outperformed its reference index by 10.6% and launch-to-date (June 7, 2017 launch), it outperforms by 19.4%.

We have long been arguing that the easing regulatory environment in the US and Europe for fintech companies was likely to accelerate their expansion, considering that any federal or multi-state banking license granted to a fintech would raise its profile with customers and let it offer new financial products and services.

It looks like we're reaching a tipping point as two European fintech leaders **Revolut** and **Zopa** have been awarded banking licenses in recent weeks and as **Square** reapplied for a license in the US after procedural issues during its initial application.

While Revolut obtained a European banking license that will allow it to offer services such as current accounts and consumer and business lending, Zopa, the U.K. peer-to-peer lending company, got a soft license in the UK and will look to get a full license in 2019 to launch its own digital bank offering savings accounts and credit cards.

Interestingly, the strength of the European fintech ecosystem could spark M&A ambitions from Chinese players such as **Alibaba's** Ant Financial that face an unwelcoming administration in the US (Ant's proposed takeover of **MoneyGram** was rejected one year ago by the Trump administration). Ant Financial is reportedly seeking to acquire British forex start-up WorldFirst for around GBP550m.

Another major development that we'll look at in 2019 is the potential development of a real-time payments network in the US led by the Federal Reserve. While a real-time payment system run by big banks is already in place, it is considered as pricey and hasn't been adopted by smaller financial institutions. Hence, large Tech companies including **Amazon**, **Apple**, **Google**, **PayPal**, Square and **Stripe** support the Federal Reserve taking a central role in building a new system.

Such an initiative would potentially reduce costs and foster adoption of electronic payments (a positive for our Mobile Payments certificate) and, in the same time, weaken the position of banks in the payments landscape. This assault from Tech giants on banks is not anecdotal in our view as 2019 could see major initiatives from Tech giants in the fintech space.

As some of these giants (notably Apple and **Facebook**) have been facing growth issues lately, digital banking could be the opportunity to leverage huge user bases and technology platforms and could represent a massive growth driver.

Facebook's Whatsapp has been testing mobile payments in India and is now working on a cryptocurrency pegged to the US dollar that will let users transfer money to each other. But the most important initiative could come from Amazon that has reportedly been prepping a full digital banking offering.

Top 3 Contributors

Name

XERO LTD
WIRECARD AG
TENCENT HOLDINGS LTD-UNS ADR

Worst 3 Contributors

Name

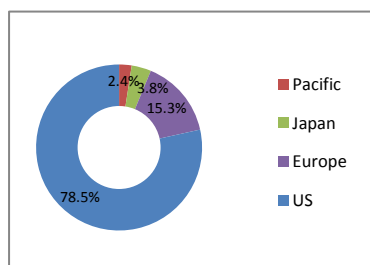
SQUARE INC - A
BOTTOMLINE TECHNOLOGIES (DE)
GMO PAYMENT GATEWAY INC

Top 3 Holdings

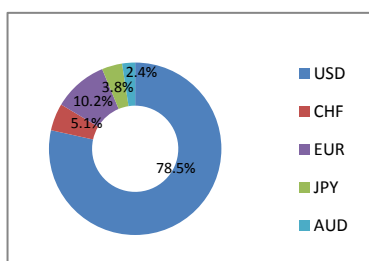
Name

SQUARE INC
BOTTOMLINE TECHNOLOGIES (DE)
GREEN DOT CORP

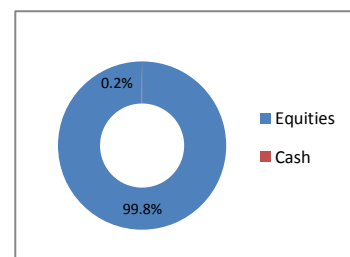
Geographical Breakdown



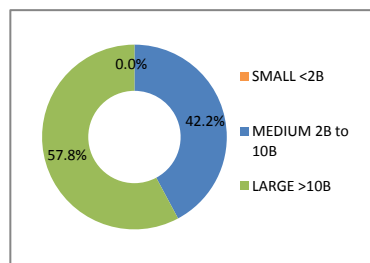
Currency exposure



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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