

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

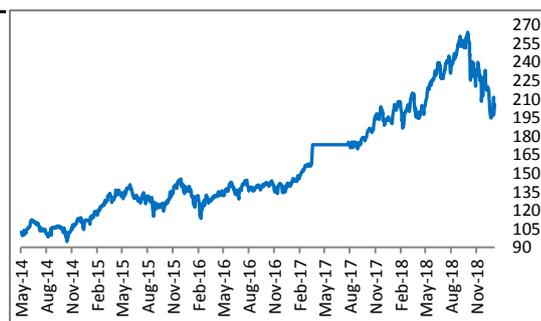
Asset Class	Equity
Inception Date	22-Apr-14
Currency	Euro
Type of Return	Total Return
Ticker (EUR Inst. Class)	IND1AMPE
ISIN (inst. Class EUR)	CH0239656462
ISIN (Retail Class EUR)	CH0239656603
ISIN (Retail \$USD Class)	CH0239657494
Issuer	Société Générale
Issue Price	100.0
Last Price	204.4
Sharpe Ratio	1.04
Correlation	0.82
Beta	1.18
Reference index	MSCI World Net Return (EUR)

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
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%	11.2%

Highs/Lows

	Price	Date
All Time High	264.0	2-Oct-18
All Time Low	94.6	16-Oct-14



December 2018 highlights

The AtonRâ Mobile Payments certificate (EUR) fell 10.5% in December, underperforming the MSCI World Net Return (EUR) by 2%. In 2018, it outperformed its reference index by 11.6% and launch-to-date (April 22, 2014 launch), it outperforms by 56.3%.

Even if we gave up much of the gains we had at the end of September, our Mobile Payments certificate closed the year with a positive annual performance for the 5th year in a row. And despite jitters about worldwide economic activity and global trade issues, we believe that the fundamentals of Mobile Payments have rarely been so bright.

While we acknowledge that the slowdown in **Apple's** smartphone sales might scare many investors, we believe that current problems at Apple might represent a positive catalyst for the Mobile Payment theme as they could lead the Tech giant to accelerate its transition towards services and notably financial services (note that Apple's services business performed well in 2018 and specifically in Q4).

We believe that the acquisition of a payment processor such as **Square** (which reportedly turned down an \$8bn offer from **Google** a few years ago before becoming a public company) would make sense and allow Apple to strengthen its position in financial services in a big way. We further believe that a comprehensive financial services offering would also be a major sales catalyst for the company's devices.

Apple currently has the leading position in the mobile wallet market, ahead of Google Pay and **Samsung** Pay. All other providers (including **PayPal's Venmo**) are standing well behind. Juniper Research recently came out with a report outlining that Apple Pay will account for 50% of the 450M worldwide mobile wallet users by 2020. At the same time, Juniper forecasts that in-store contactless payments will double (\$2tn) by 2020 from current levels.

Nowadays, payment companies are playing an increasing role in the customer shopping interaction by creating omnichannel experiences and making access to credit easier for customers according to a recent report published by BGC. BCG forecasts that with continuing technological advances and expanding digital and non-cash mechanisms, payments businesses globally are on track to add \$1tn in new revenue through 2027 from today's \$1.36tn (CAGR of 6.6%).

Separately, we believe that recent talks between some central banks around the world, including China, on having national digital currencies as a way to reduce the dependence on cash and giving financial services access to the millions of people who do not have a bank account, represent another important catalyst for the mobile payment players which are likely to keep disrupting the financial system as we know it today.

We always comment that this theme will remain attractive until mobile payment penetration reaches 50%-60% in developed markets. While it might be difficult to reach the 70% level seen in Kenya (in this country, only 55% of the people use traditional bank accounts), we thus believe that this theme still offers great upside to investors. If we were to reach in Europe and the US the Chinese levels (45% penetration rate or 525M people and over 75% penetration in those with web-linked devices), we would have a market that would triple from current levels.

In all, the best days in Mobile Payments are ahead even if our portfolio enters its 6th year since inception. The recent sell-off might be the opportunity to add or initiate a position in this theme.

Top 3 Contributors

Name

ADYEN NV
WIRECARD AG
TENCENT HOLDINGS LTD-UNS ADR

Worst 3 Contributors

Name

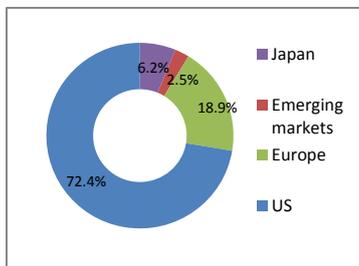
SQUARE INC - A
GMO PAYMENT GATEWAY INC
WORLDPAY INC-CLASS A

Top 3 Holdings

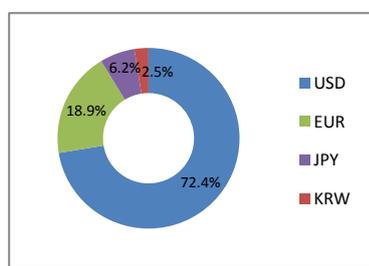
Name

SQUARE INC - A
WIRECARD AG
PAYPAL INC

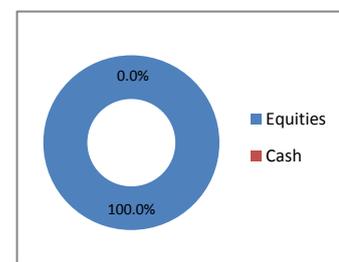
Geographical Breakdown



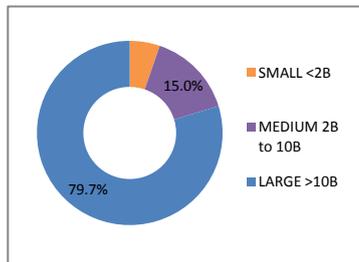
Currency exposure



Asset Allocation



Equity Market Capitalization



Equity Liquidity

1 to 3 days to liquidate*	89%
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.

Although AtonRâ Partners SA believes that the information provided in this document is based on reliable sources, it cannot assume responsibility for the quality, correctness, timeliness or completeness of the information contained in this report.

The information contained in these publications is sent to you by way of information and cannot be divulged to a third party without the prior consent of AtonRâ Partners. It cannot be considered under any circumstances as an offer to sell, or a solicitation of any offer to buy financial instruments.

Any indices cited herein are provided only as examples of general market performance and no index is directly comparable to the past or future performance of the Certificate. 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.

Any material provided to you is intended only for discussion purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities.