Pure-play investing in the age of automation
Credit Suisse (Lux) Global Robotics Equity Fund
Pure-play investing in the age of automation

We are witnessing the start of a revolution in robotics, driven by groundbreaking technological innovations in computing power, networks, material science, and artificial intelligence.

The Credit Suisse (Lux) Global Robotics Equity Fund provides clients with the opportunity to invest in pure-play companies that are well positioned to benefit from this long-term secular growth trend.

Why robotics?
Automation, quite simply, is the most significant growth story in the modern industrial world. Changing demographics, coupled with the ongoing industrialization of emerging economies, will continue to push automation to new levels.

Various challenges, such as aging populations and lack of skilled labor, stricter quality and safety regulations, and the need for higher productivity and efficiency, are increasingly being met by sophisticated robotic systems.

Therefore, it is not surprising that the number of industrial robots shipped globally has grown three times faster in the past ten years than in the preceding decade – a trend we expect to continue over the next ten years.

Historical performance indications and financial market scenarios are not reliable indicators of current or future performance.
Why now?

The numbers show that this is now becoming an attractive secular megatrend. With great potential market expansion on the horizon, investors can gain early exposure to accelerating growth in an increasingly important area.

But the robotics theme is not just about labor costs and the need to improve productivity in the traditional industrial setting. With the cost of technology used in these automated systems declining, robots are being adopted more and more broadly in many walks of life. Increasingly we see robotics and automation employed in shops, restaurants and offices, in hospitals and by governments, in our cars, trains and planes, and even in our homes. Many systems are becoming such an integral part of our daily lives that structural changes in the behavior of society are evident.

From an investment view point, we see significant long-term opportunity in the further adoption of robotics in an industrial setting, as well as by more novel adoption of automation by many other segments of the economy.

**Source** World Robotics 2019 Preview, International Federation of Robotics, April 2019

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**Worldwide annual shipments of industrial robots**

![Graph showing worldwide annual shipments of industrial robots from 1995 to 2018, with a CAGR of 5.7% from 1995 to 2008 and 15.5% from 2010 to 2018e.](image-url)
As technology advances, robotics and automation systems are becoming cheaper, smarter and easier to use. This trend makes them increasingly attractive to a broad range of use cases and applications.

Angus Muirhead,
Senior Portfolio Manager

How do we invest?
The fund’s objective is to achieve long-term capital growth through active investment management, while maintaining an adequate diversification of risks. Stocks are selected through a bottom-up process, based on fundamental analysis – this means focusing on company specifics rather than the industry or country in which it operates.

Quantitative, qualitative and growth factors are examined, in conjunction with internal and external research, discussions with analysts, and regular company visits.

The fund invests in companies that generate at least 50% of their revenue from the sale of robotics or automation systems:
- Focused portfolio of 40 to 60 stocks.
- Maximum allocation of 4% per stock.
- Up to 40% exposure to emerging markets.
- Certain stocks, for example in companies from the defense industry, are excluded from the investment universe on ethical grounds.
- Benchmark-agnostic approach.

Our global approach, with a focus on three high-growth subthemes

- Improving productivity ~ 40% of portfolio
- Improving quality of life ~ 30% of portfolio
- Performing dangerous tasks ~ 30% of portfolio

Source Credit Suisse
Our investment universe

Global equity universe
~ 40,000
listed companies worldwide

Broad universe
~ 320
companies with material revenues attributable to the robotics sector

Investable universe
~ 170
stocks

Portfolio construction
~ 40–60
stocks

1. In the first step, we screen the global equity universe of around 40,000 listed companies worldwide to identify those active in the robotics sector.

2. After a careful analysis, supported by internal and external research, discussions with analysts and regular company visits, the broad universe of around 320 stocks is quantitatively and qualitatively screened.

3. When defining the investable universe of around 170 stocks, we apply the strict criterion that at least 50% of the companies’ revenues must be related to robotics, automation or artificial intelligence.

4. A concentrated, high-conviction portfolio of 40 to 60 stocks is built based on a bottom-up approach driven by fundamental research.

For illustrative purposes only.
Source: Credit Suisse
The Credit Suisse (Lux) Global Robotics Equity Fund offers investors access to pure-play companies that are well positioned to benefit from the long-term secular growth dynamics of the robotics, artificial intelligence and automation industry.

**Key facts**
- **Fund domicile**: Luxembourg
- **Benchmark**: None (Reference index: MSCI World (NR))
- **Fund management company**: Credit Suisse Fund Management S.A.
- **Inception date**: 30.06.2016
- **Portfolio managers**: Angus Muirhead, Patrick Kolb
- **Subscriptions/redemptions**: Daily, with cut-off at 15:00 CET
- **Sales charge**: Max. 5.00%
- **Currency-hedged share classes**: EUR, CHF, SGD

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**Risks**
- The investor may lose part or all of the invested amount.
- Focus on companies active in the robotics sector can lead to significant sector/regional exposure.
- A slowdown in the global economy might impact the robotics sector.
- Liquidity risk (exposure to small caps).
- Equity markets can be volatile in the short term.
- Due to the possibility of increased exposure to emerging markets, the fund may be affected by political and economic risks in these countries.

Want to find out more? Visit credit-suisse.com/thematicequities
In professional applications, service robots are already having a significant impact in areas such as agriculture, surgery, logistics (...) and are growing in economic importance.

Martin Haegele, division director at Fraunhofer IPA, in the foreword to “World Robotics 2018 – Service Robots”, International Federation of Robotics, October 2017

85% increase in sales of professional service robots in 2017.

Source World Robotics 2018 – Service Robots, International Federation of Robotics, October 2017