

# Digital transformation of education Credit Suisse (Lux) Edutainment Equity Fund



# The new education paradigm

Disruptive innovation is starting to transform the education industry, helping to lower costs, improve quality and broaden access to learning. Edutainment brings technologies, innovations and solutions from the world of entertainment and media into the educational setting, which makes the learning process not only more cost-efficient and scalable, but also more personal, interactive and effective.

The Credit Suisse (Lux) Edutainment Equity Fund gives investors an opportunity to make a focused investment in this early-stage, fast-developing area.

## Why edutainment?

We develop skills and acquire knowledge best when we are actively engaged in the learning process. Edutainment brings the solutions, content, systems and tools from the world of digital media and entertainment into education. These innovations play on the structures of human thought, using game-like interaction and logic-and-reward systems to increase engagement with students, enhance the learning process and improve the quality of education.

Innovations in edutainment are also making education more accessible and affordable for people everywhere. Traditional education systems are expensive, not easily scalable and often not effective. Digital solutions, in contrast, can reach students in remote regions of the world at a fraction of the cost of traditional schools. Edutainment thus aligns well with the UN's Sustainable Development Goal of "ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all," thus contributing to the elimination of poverty and inequality.

The digitalization of society and the spread of automation also imply fundamental changes to job profiles worldwide and drive a need for continuous retraining and upskilling. Innovative solutions and technologies can help address these issues, providing the flexibility to learn anytime and anywhere – a much-needed quality in a world where many struggle to balance the demands of work with the needs of family.

Tech-savvy millennials are avid consumers of these new and innovative forms of education. Often referred to as digital natives, they were born into an "always-connected" online world and have a strong preference for digital solutions and on-demand services.

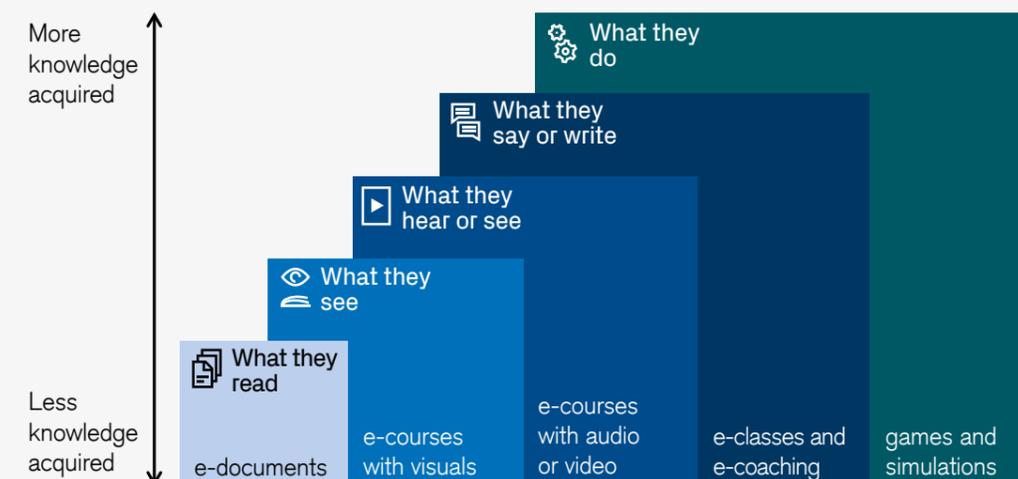
All of these factors call for a new, more accessible and flexible approach to education – one that enables students to learn whatever they need anytime and anywhere.

A new crop of innovative companies are rising to the challenge, creating exciting opportunities for long-term investors in the field of edutainment.



Source un.org

## Better engagement improves the learning process



Source Edgar Dale (1969), Nick van Dam (2003)

## Why now?

Education is on the cusp of a digital revolution. In the era of automation, digitalization and artificial intelligence, the traditional teacher-centered approach to education is no longer the only available option. Thanks to innovative solutions and technologies, new forms of education delivery are starting to emerge and are redefining our understanding of what education is, who provides it and how.

Education is one of the largest and most important sectors of the global economy. USD 5 trillion a year is spent on education worldwide, and this sum is expected to double within the next 15 years. However, only 2% of that spending today is digital.<sup>1</sup>

This is now starting to change. EdTechXGlobal estimates that the global educational technology market will grow at 17% compound annual growth rate (CAGR) to USD 252 billion by 2020.<sup>2</sup>

Today we are already seeing more and more examples of e-textbooks, interactive content using virtual reality and other multimedia technology, online courses with recognized accreditation and other innovative solutions coming onto the market. Many companies – both established players and intrepid startups – are starting to perceive this trend as a tremendous business opportunity.

The Credit Suisse (Lux) Edutainment Equity Fund aims to give investors exposure to this enormous potential. And since the edutainment trend is still in its early stages, the fund offers a first-mover advantage to those ready to seize the opportunity.

<sup>1</sup> Education: Back to Basics, Citi GPS, 2017, p. 83

<sup>2</sup> Ibid., p. 86

“  
**We are now at a Netflix moment for education – the point where the traditional education system is about to be disrupted.**

Dr. Kirill Pyshkin  
 Senior portfolio manager

**How do we invest?**

The Credit Suisse (Lux) Edutainment Equity Fund is actively managed by our Thematic Equity team. The fund invests worldwide in shares of innovative and fast-growing companies that derive the majority of their revenues from goods or services directly related to the edutainment theme.

Our investment strategy employs an active, bottom-up stock selection process based on an in-depth analysis and due diligence performed on each company. Investment decisions are made based on a careful analysis of financial and other fundamental criteria including ESG<sup>3</sup> metrics, supported by internal and external research, discussions with analysts, and periodic company visits and meetings with management.

The portfolio management team, supported by our Thematic Advisory Board, has access to a global network of industry experts, which delivers deeper insights and enables a better assessment of potential investment opportunities.

Our focus on high-conviction investment ideas results in a relatively concentrated portfolio of 40 to 60 stocks.

Our investment framework encompasses:

- The objective of generating long-term capital growth, taking appropriate risk, liquidity and diversification into account;
- A focused equity portfolio of 40 to 60 small- and mid-cap companies;
- A typical portfolio weight of 1% to 4% per stock.

**Global approach with a focus on three fast-growth areas**



**Innovative services**  
 ~ 33%  
 of portfolio



**Digital content**  
 ~ 33%  
 of portfolio



**Systems and tools**  
 ~ 33%  
 of portfolio

**Source** Credit Suisse  
<sup>3</sup>The abbreviation ESG stands for environmental (E), social (S) and governance (G). More information at [credit-suisse.com/am/esg](https://credit-suisse.com/am/esg).

**Our investment universe**

**Global equity universe**  
 ~ 40,000  
 listed companies worldwide

**Broad universe**  
 ~ 500  
 stocks with substantial revenue attributable to the edutainment theme

**Investable universe**  
 ~ 165  
 pure-play stocks

**Portfolio construction**  
 ~ 40–60  
 stocks

**Stock selection is based on four rules:**

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

**2** After a careful analysis supported by internal and external research, discussions with analysts and company visits, a broad universe of around **500** stocks is selected.

**3** When defining the investable universe of around **165** stocks, we apply the strict criterion that at least 50% of revenues must be derived from the edutainment theme.

**4** A concentrated, high-conviction portfolio of **40 to 60** stocks is built based on a bottom-up approach driven by fundamental research. The portfolio meets the ESG criteria defined under the Credit Suisse Sustainable Investing Framework.

**Source** Credit Suisse  
 For illustrative purposes only.

# Fund details



The Credit Suisse (Lux) Edutainment Equity Fund offers investors pure-play exposure to an attractive long-term theme in an early stage of development. It aims to achieve long-term capital growth by investing in innovative companies whose products and services are designed to disrupt the traditional approach to education.

## Key facts

Fund domicile	Luxembourg	Benchmark	MSCI World ESG Leaders (NR) <sup>4</sup>
Fund management company	Credit Suisse Fund Management S.A.	Inception date	25.09.2019
Portfolio managers	Dr. Kirill Pyskhin	Subscriptions/redemptions	Daily, with cut-off at 15:00 CET
Fund currency	USD	Sales charge	Max. 5.00%
Currency-hedged share classes	EUR, CHF		

Share class	ISIN	Effective management fee p.a. <sup>5</sup>	Performance fee p.a. <sup>6</sup>	Minimum investment	Distribution
USD B	LU2022170018	1.60%	–	None	Accumulating
USD IBP	LU2025863684	0.60%	15.00%	USD 500,000	Accumulating
USD UBP	LU2025864492	0.70%	15.00%	None	Accumulating
USD EBP <sup>7</sup>	LU2025863254	0.60%	15.00%	None	Accumulating
EUR BH	LU2022170281	1.60%	–	None	Accumulating
EUR IBHP	LU2025864062	0.60%	15.00%	EUR 500,000	Accumulating
EUR UBHP	LU2025864658	0.70%	15.00%	None	Accumulating
EUR EBHP <sup>7</sup>	LU2025863411	0.60%	15.00%	None	Accumulating
CHF BH	LU2022170109	1.60%	–	None	Accumulating
CHF IBHP	LU2025863924	0.60%	15.00%	CHF 500,000	Accumulating
CHF UBHP	LU2025864575	0.70%	15.00%	None	Accumulating
CHF EBHP <sup>7</sup>	LU2025863338	0.60%	15.00%	None	Accumulating

<sup>4</sup> Although this index is officially designated as the fund's benchmark, it is not applied as such during the investment process and the fund portfolio need not bear any resemblance to it.

<sup>5</sup> Management fee as of 31.10.2019. The fee may change at any time without prior notice to investors. For the maximum management fee, please refer to the fund's prospectus.

<sup>6</sup> The performance fee is charged on the performance exceeding that of the MSCI World ESG Leaders Index.

<sup>7</sup> For institutional investors only.

## Risks

- No capital protection: investors may lose part or all of their investment.
- Political developments concerning the education industry could have a significant adverse impact on the edutainment sector.
- Exposure to small and mid-sized companies may result in elevated short-term volatility and liquidity risk.
- Risk may arise from high concentrated exposure to specific sectors, which may fall out of investor favor at certain points in time.
- Risk also arises from a factor bias toward a growth investment style with a particular overweight in small- and mid-cap stocks.
- Since the fund focuses on highly innovative companies, volatility may be significantly elevated. Exposure to emerging markets may result in high volatility.

Want to find out more?

Visit [credit-suisse.com/thematicequities](https://credit-suisse.com/thematicequities) and [credit-suisse.com/am/esg](https://credit-suisse.com/am/esg)

**By 2022, no less than 54% of all employees will require significant re- and upskilling.**

Source *The Future of Jobs Report*, World Economic Forum, 2018



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