



NEXT GENERATION

SILEX THEMATIC EQUITIES

SILEX Next Generation is a pure-play strategy giving access to a powerful structural growth theme in a high-conviction portfolio. The portfolio invests in US and European listed companies benefiting from the consumer revolution visible in Online Connectivity, Digital Entertainment, Healthy Living & Well-Being, and Remote Working / GIG Economy. The portfolio is composed of 20 to 30 stocks with a high bias towards Consumer and Technology sectors.

A consumer revolution

We are in the midst of remarkable changes not seen since the industrial revolution. By its very connected nature, this revolution is faster, and its outreach is further. **New technologies profoundly change the way we consume the world**, the way we interact and in turn create new opportunities for services and brands. Consumption is becoming **frictionless and immersive**. It is turning into an **experience**, prompting consumers to require full and constant access to premium products and services.

How can investors benefit from this consumer revolution? What are the ramifications for existing and potentially emerging companies?

“High growth” in a “low-growth” environment?

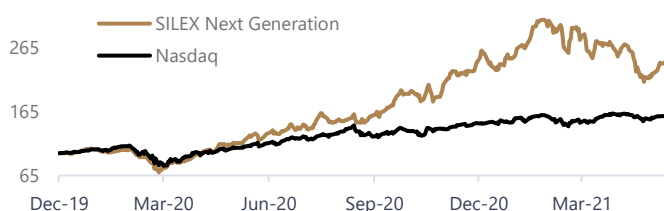
At SILEX we are convinced that the recent pace of change can only accelerate, **creating numerous opportunities for companies** who can grow faster by leading and disrupting entire industries. Investing in high-growth companies is a necessity in a world where cyclical growth keeps on disappointing (debt burden, Emerging Markets slowdown, demographics). This high-growth bias translates into an **average sales growth for the portfolio of more than +38%**, compared to just +3% for the S&P 500.

Performance review

The strategy is off to a very good start with a strong performance generated since inception (December 2019), despite the volatile environment. Our strategy benefited from a very positive stock picking with several key convictions having a strong contribution, but also to some extent, from the COVID-19 events, helping to accelerate and crystallize long-term trends already underway.

Beyond the short-term impact of the pandemic on the day-to-day lives, we are convinced that the way people consume, work and entertain themselves is profoundly and structurally changing. We remain fully convinced about the growth potential of the strategy and the positions in our portfolio.

Exhibit 1: Performance since inception (USD)



Name	YTD	ITD (20/12/2019)
NEXT GENERATION (USD)	2%	140%
NASDAQ	6%	58%
S&P 500	12%	31%

Source : Silex, Bloomberg –31st May 2021
Past performance is not necessarily indicative of future performance

4 sub-themes concentrated in 1 strategy

The portfolio is centred around 4 sub-themes in direct relation with the Next Generation consumer. We invest solely in pure-play companies with relevant exposure to one or more of this sub-themes.

- Online connectivity
- Digital entertainment
- Healthy living & well-being
- Remote Working/ Gig economy

—○ Online Connectivity

Next generation require effortless and **immediate access to everything everywhere**. From grocery shopping to doctor appointments, it has to be available in an instant. Digital penetration is far from over and we still expect multi-year growth from increased consumer connectivity.

Relevant companies: food/grocery delivery platforms, telemedicine, AdTech (advertising technology), e-commerce platforms.

20%

E-commerce sales account for only 20% of all retail sales worldwide. It is expected to rise to 30% by 2023

1.6 times

An average person goes to the grocery store 1.6 times a week. Do they really enjoy it?

Digital entertainment

With the emergence of accessible ultra high-speed connectivity, **the time next generation spend streaming videos, music and gaming is booming.**

Relevant companies: streaming technologies, video-gaming, social networks

> 34%
Video streaming is expected to grow 34% CAGR in the next 5 years

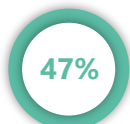
> 59%
Online gaming is expected to grow 59% CAGR in the next 5 years

Sources : Reuters, Businesswire

Healthy living & well-being

Feeling healthy and looking good is the next generation's new credo. They want to eat organic, plant-based, and locally-sourced dishes. They prefer natural ingredients and happily pay the price for it. Going to the gym every day is part of their daily routine.

Relevant companies: healthy food, gym equipment, aesthetic medicine



47% of 18-34 years care about eating more healthy vs. 23% of 55+



The global wellness economy **is worth \$4.5 trillion**



92% of patients using telemedicine get their issue resolved after one e-consultation



Aesthetic medicine is expected to grow by **10%+ CAGR** in the next 5 years

Sources : Reuters, Businesswire

Remote Working & Gig economy

Next generation expect **learning and working to be seamless.** They are hungry to learn and feel frustrated by traditional learning methods. They want to work remotely and use technology to be more productive, at all times. . It is a reality that we only see accelerating that more and more people will not work for one employer, but they will **use freelance platforms** to work in six different places, and just do the things that add the most value.

Relevant companies: Remote working / learning platforms and technologies

MAIN RISK : No capital protection; market disruption risk; currency risk; illiquidity risk in secondary market; issuer risk. Further risks are set out in the Product Documentation.

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Strategy breakdown

Exhibit 2: Sub-theme breakdown

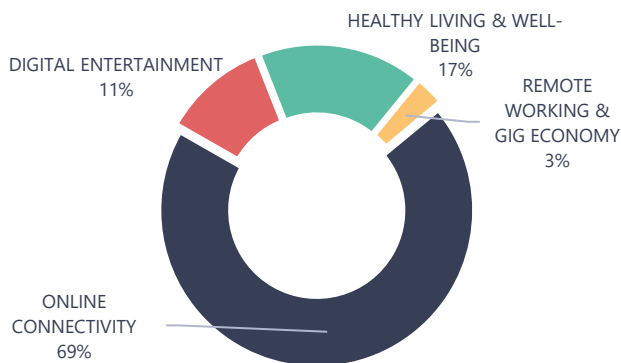


Exhibit 3: Top 5 holdings

Name	Strategy	Weight
CRITEO	Communication Services	7,0%
PERION NETWORK	Communication Services	7,0%
JUMIA	Consumer Discretionary	6,2%
TREMOR	Communication Services	6,0%
TRADE DESK	Information Technology	6,0%

Source : SILEX, 31st May 2021

Portfolio exposures

We are constantly looking for **pure-play companies** that best capture these themes. We often find the best candidates among small/mid caps which have not yet been forced by the law of large numbers to diversify away from their core business to continue to grow.

By focussing on pure-play companies only, we make sure that we remain true to our investment objective and get exposure to the next generation.

Exhibit 4: Geographical breakdown

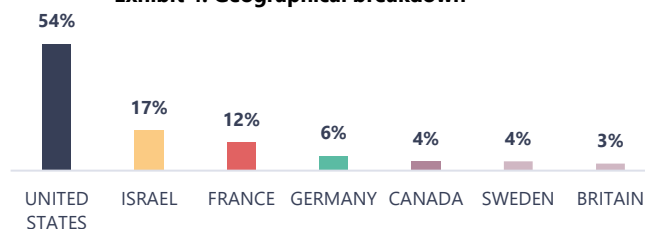
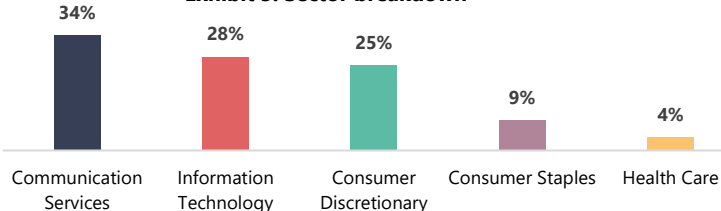


Exhibit 5: Sector breakdown



Source : SILEX, 31st May 2021

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