

# ODDO BHF ARTIFICIAL INTELLIGENCE

January 2022

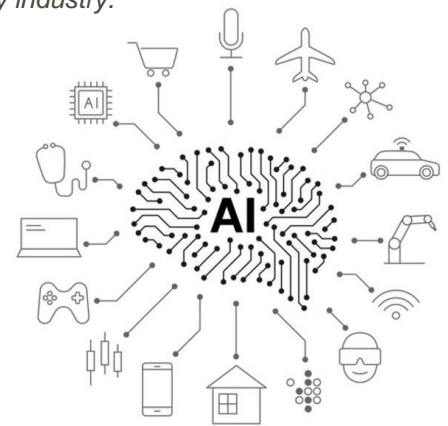


*AI is a silent revolution that will reshape every industry.*

## What is Artificial Intelligence (AI) ?

AI is the ability of a program or machine to think & learn like a human. Machines are now trained to see, hear, navigate and interact in real time. Over time, these technologies will be equipped to make more decisions, helping us devote more time to higher-order thinking.

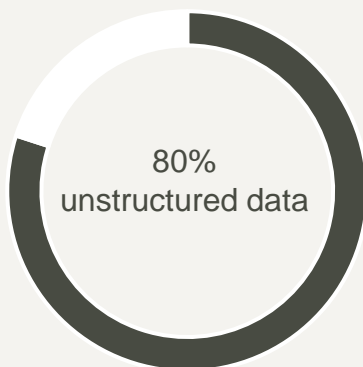
Examples: search algorithms from Google, Alexa, Siri; Netflix and Spotify; facial recognition, voice recognition...



## The impact of data evolution

80% of the collected data is unstructured and its volumes are growing rapidly — many times faster than the growth rate of structured data.

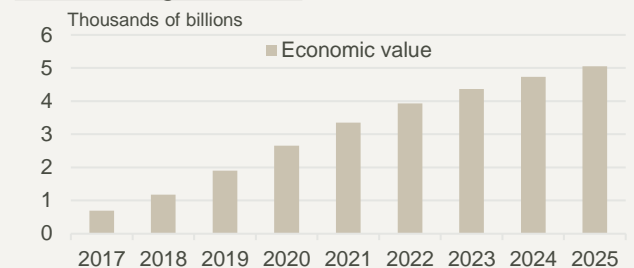
Therefore, it is essential to deploy the right tools, like AI and machine learning, to understand the unstructured data lying within organizations and convert them into meaningful information for timely analysis and decision making.



## AI affects all sectors of the economy

According to Gartner, Artificial Intelligence (AI) should experience an annual growth rate of 23% over 2018/2025 (\$ 1,180 billion to \$ 5,050 billion) while global tech should only grow by 10%. These thousands of billions illustrate the magnitude of the impact of these new technologies on the economy.

### The secular growth of AI



Source : Gartner, 2018

This is the consequence of two characteristic of AI:

- It pervades all sectors
- It is a meta-technology that is at the core of several other disruptive technologies.

## Main risks

The ODDO BHF Artificial Intelligence fund is mainly exposed to the following risks: **risk of capital loss, equity risk and modelling risk**. For more details about risks, please refer to the back of this document.

\*Synthetic indicator of risk and performance : running from 1 to 7, where one is the lowest level of risk and seven the highest. This indicator shall be revised when changes occur in the fund's risk and reward profile. | Source: ODDO BHF AM SAS | Data as of 31/12/2021.

# ODDO BHF Artificial Intelligence

*Building a diversified portfolio of global equities through the power of AI combined with a proven quantitative model*

## ODDO BHF an AI pioneer in investment management

ODDO BHF AM has been one of the first European asset management companies to use artificial intelligence algorithms to tackle thematic investing. The fund not only invests in artificial intelligence (AI) but also uses AI algorithms with the aim to identify relevant stocks. It gives investors a comprehensive exposure to the AI theme, according to our analysis, by selecting globally companies of all sizes, that are developing or using AI.



### A process at the top of innovation

- The fund is exploiting the analysis capacity of Artificial Intelligence, a disruption in Asset management.
- The Algo 4 quantitative model is our proprietary quantitative model with a proven track .
- A sanity check is conducted by portfolio managers with more than 20 years experience in equity research on the technology sector.



### “Under the radar” companies at the core of our strategy

Ongoing exposure to companies that are under-covered by the market, according to our analysis, regardless of their capitalization size :

- The AI algorithm detects the companies most positively linked to the thematic as soon as they appear.
- The Algo 4 model filters out the companies with the best possible growth/quality combinations.



### Diversification, one of the fund’s pillar

- ODDO BHF Artificial Intelligence isn’t a global technology fund, it is well diversified on the AI thematic in different sectors & countries.

ODDO BHF ASSET MANAGEMENT won the « Coupole de l’Innovation »  
2019 for its fund ODDO BHF Artificial Intelligence



# Beyond thematic investing

*AI becomes a key driver for many disruptive technologies in many different sectors, which leads naturally to a well diversified portfolio*



## A global investment universe covering a multitude of sectors

A global investment universe covering a multitude of sectors from Cyber Security to Social Commerce. Full exposure to the AI theme allows investment in the most innovative companies in a wide range of sub themes.

- Semiconductors: Sector is in the midst of a super multi-year cycle with all the stars aligned
- Mobile Gaming: This sector is likely to grow at a CAGR of 15% between 2020 and 2024 with China as a key pillar
- BioTech: Gene therapy, editing and sequencing are poised to cure cancer and diabetes in the future and not only SCD
- Cybersecurity: Growing number of sophisticated cyber-attacks makes this market core for AI strategies
- Smart Mobility: Steep reopening in North America and China can be expected. Smart mobility should be favored.
- Social Commerce: Live streaming, CGP and social commerce are the fastest growing Internet segments

This list is not exclusive and includes many other sectors: IT, Data processing, Pharma...

## ODDO BHF Artificial Intelligence, a global equity fund

- The **US market** offers a depth of investment unmatched by Europe: you can find small internet & software companies which are real growth companies, small med tech and biopharma companies as well (Ex: Viva or Masimo).
- Buying **Chinese stocks** is like buying U.S. stocks a century ago. Secular growth awaits us (Ex: Alibaba or Tencent).
- The **Japanese market** lags significantly behind Europe by 5-10 years while positive fundamental transformations are currently taking place in Japanese capitalism (Ex: SONY).

**These examples are not investment recommendations.**

# A unique investment process

*The project has been launched with the aim of introducing new technology in active management. The strategy exploits unstructured data and the analysis capacity of artificial intelligence to capture the best listed companies on the AI thematic according to our analysis.*

## A combination of AI and the quantitative model “Algo 4”

- **4 million data points** analyzed per day. Combining IA with a multi-factor quantitative model allows the adjustment of psychological biases and brings great rigor to the selection of stocks in the portfolio.

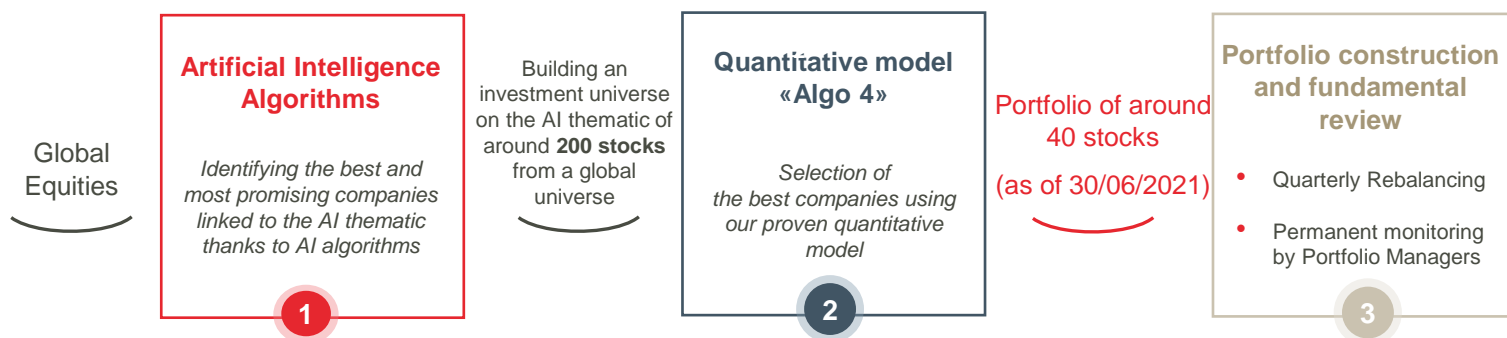
## A strategy investing in companies of all market cap

- Exposure to **small and mid-cap companies** thanks to:
  - the AI rating which scoring is based on frequency, sentiment and trend.
  - the capitalization factor of our Algo 4 quantitative model which assigns a higher rating to small companies.
 This means that a small company with more and more positive ratings will be detected by our system, even if it is less visible than the giants of the sector, according to our analysis.

## An investment process that has proven its efficiency

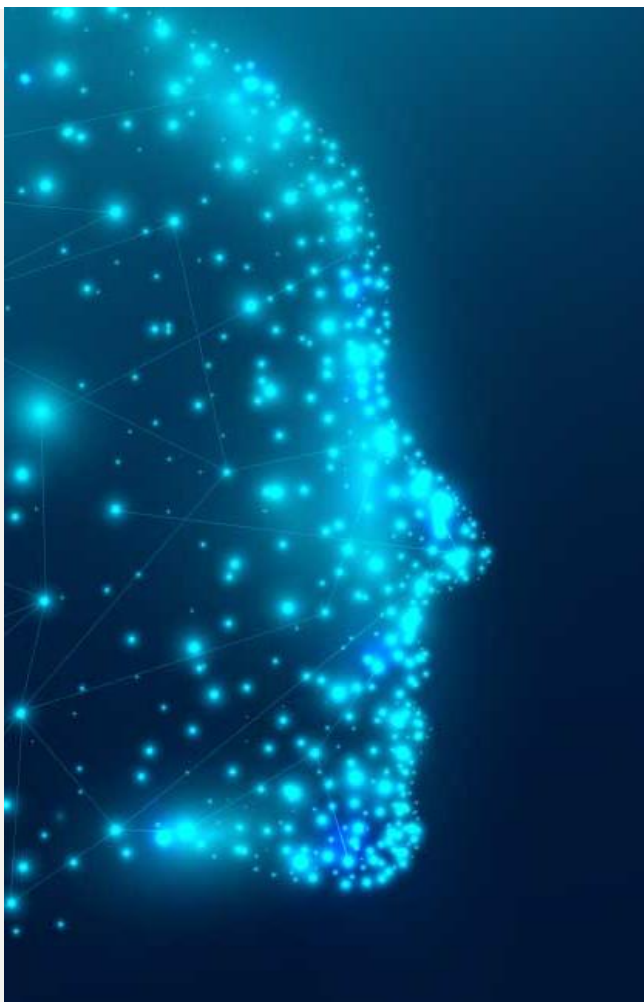
- Quarterly rebalancing to follow a fast-moving thematic
- **Robust** in today's volatile markets through its diversification according to our analysis.
- Investment style that favors **growth and quality** at reasonable prices to avoid overvaluation risks.

**The fund is exposed to a risk of capital loss.**



# Why invest in this fund?

*ODDO BHF Artificial Intelligence, our first thematic fund using Artificial Intelligence in its investment process*



## Key strengths of the strategy

- The fund is exploiting the analysis capacity of Artificial Intelligence:
  - Detect the most relevant subthemes linked to the AI thematic as soon as they emerge
  - Detect the companies that are the most positively linked to those subthemes, according to our analysis, and that are under-covered by the market, regardless of their capitalization size
- Proprietary quantitative expertise of ODDO BHF AM, to enhance the outputs of the AI Algorithms.
- Through its diversification, in different sectors and countries, this global equity fund gives investors a comprehensive exposure to the AI thematic according to our analysis.
- An experienced and complementary team: Brice Prunas is the lead PM with more than 20 years of experience in technology research. He is assisted by Maxence Radjabi, who was previously the lead quantitative analyst at ODDO BHF AM Paris and Baptiste Lemaire.

**Main risks: the fund is exposed to the risk of capital loss, equity risk and modelling risk.**

## Management team

*An experienced and complementary team*



### Brice Prunas

Equity Fund Manager  
ODDO BHF AM SAS



23 years investment experience



### Maxence Radjabi, CFA

Equity Fund manager  
ODDO BHF AM SAS



6 years investment experience



### Baptiste Lemaire

Equity Analyst  
ODDO BHF AM SAS



5 years investment experience

## Risks

ODDO BHF Artificial Intelligence is mainly exposed to the following risks: risk of capital loss, equity risk, risk associated with holding small and medium capitalizations, risk associated with discretionary management, liquidity risk of underlying assets, interest rate risk, credit risk, risk associated with commitments on forward financial instruments, counterparty risk, volatility risk, modelling risk, risk associated with securities financing transactions and collateral management, and to a limited extent, currency risk and emerging markets risk.

**The investor is invited to read the Key Investor Information Document and the fund prospectus for detailed information concerning the risks to which the fund is exposed.**

Countries where the fund is available for distribution: France, Italy, Switzerland, Germany, Austria, Portugal, Spain, Belgium, Sweden, Luxembourg, Finland, Norway

## General Characteristics

Fund name	ODDO BHF Artificial Intelligence	
Benchmark index	MSCI World NR in USD	
Investment objective	Generate capital growth by investing in listed international equities that are exposed to the global trend of "artificial intelligence"	
Recommended investment horizon	5 years	
Inception date	December 19 <sup>th</sup> 2018	
PEA Eligibility	No	
<b>Class of units</b>	<b>CR-EUR</b>	<b>CR-USD</b>
ISIN code	LU1919842267	LU1833932780
Currency	EUR	USD
Dividend policy	Accumulation	Accumulation
Minimum initial subscription	EUR 100	EUR 100
Subscription fees	5% maximum	5% maximum
Management fees	1.6% of net asset	1.6% of net asset
Redemption fees	None	
Performance fees	20% maximum of the outperformance relative to the benchmark index if the fund performance is positive	

## Structure and technical information

Legal structure	SICAV
Investment management company	ODDO BHF Asset Management SAS
Custodian	Caceis Bank Luxembourg (Luxembourg)
Subscription / redemption	Daily at unknown price until 12:00 p.m. (noon)
NAV calculation frequency	Daily

ODDO BHF AM is the asset management division of the ODDO BHF Group. It is the common brand of four legally separate asset management companies: ODDO BHF AM SAS (France), ODDO BHF PRIVATE EQUITY (France), ODDO BHF AM GmbH (Germany) and ODDO BHF AM Lux (Luxembourg).

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**Potential investors should consult an investment advisor before subscribing to the fund. The investor is informed that the fund presents a risk of capital loss, but also many risks linked to the financial instruments/strategies in the portfolio. In case of subscription, investors must consult the Key Investor Information Document (KIID) and the fund's prospectus in order to acquaint themselves with the detailed nature of any risks incurred.**

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The Key Investor Information Document (French, English, Italian, German, Spanish, Portuguese, Swedish, Norwegian, Finnish) and the prospectus (French, German, English) are available free of charge from ODDO BHF ASSET MANAGEMENT SAS or at [am.oddo-bhf.com](http://am.oddo-bhf.com) or at authorized distributors. The annual and interim reports are available free of charge from ODDO BHF ASSET MANAGEMENT SAS or on its internet site [am.oddo-bhf.com](http://am.oddo-bhf.com).

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## ODDO BHF Asset Management SAS (France)

Portfolio management company approved by the Autorité des Marchés Financiers under GP 99011.  
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