



**ODDO BHF**  
ASSET MANAGEMENT

*ODDO BHF Future of Finance*  
JOIN THE NEW ERA OF FINANCE

MARCH 2022



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A summary of investor rights is available free of charge in electronic form in English language on the website at :

[https://am.oddo-bhf.com/FRANCE/en/non\\_professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/FRANCE/en/non_professional_investor/infos_reglementaire)

The fund may have been authorized for distribution in different EU member states. Investors are advised to the fact that the management company may decide to withdraw with the arrangements it has made for the distribution of the units of the fund in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU. The complaints handling policy is available on our website [am.oddo-bhf.com](http://am.oddo-bhf.com) in the regulatory information section. Customer complaints can be addressed in the first instance to the following e-mail address: [service\\_client@oddo-bhf.com](mailto:service_client@oddo-bhf.com).

The Key Investor Information Document (French, English, Italian, Spain, German) and the prospectus (French, 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)

The fund is licensed for sale in Switzerland. The Key Investor Information Document, the prospectus, the annual and interim reports for Switzerland can be obtained free of charge from the Swiss Representative and paying agent, RBC INVESTOR SERVICES BANK, succursale de Zürich, Bleicherweg 7, 8027 Zürich.

Countries where the fund is available for distribution :France, Italy, Switzerland, Spain, Germany

## Risks

Risk of capital loss, risk associated with discretionary management, equity risk, risk associated with sector concentration in the portfolio, currency risk, credit risk, rate risk, counterparty risk, risk associated with holdings of small and mid caps, emerging market risk, sustainability risk, risk associated with commitments on forward financial instruments, liquidity risk.



	SFDR classification*	Risk/Return scale**
ODDO BHF Future of Finance		

\* The European Regulation on Sustainability Reporting in the Financial Services Sector (SFDR) is a set of European rules aimed at making the sustainability profile of funds transparent, more comparable and more understandable to end investors. Article 6: The management team does not take into account sustainability risks or the negative effects of investment decisions on sustainability factors in the investment decision process. Article 8: The management team addresses sustainability risks by integrating ESG (Environmental and/or Social and/or Governance) criteria into its investment decision process. Article 9: The management team follows a strict sustainable investment objective that contributes significantly to the challenges of ecological transition, and addresses sustainability risks through ratings provided by the management company's external ESG data provider

\*\* Synthetic risk/return indicator: lower risk, potentially lower return and higher risk, potentially higher return. The risk profile is not constant and may change over time.



# *Capitalize on the new ways to finance the economy, according to our analysis*

## ONE MISSION

- Integrate a **theme with high growth potential** not yet fully recognized by the market
- Participate in the **major trends that shape the future of the global economy** through their financing

## ONE VISION

- A unique fund capturing a **secular growth theme by investing** in both innovative incumbent players and newcomers trying to disrupt them
- A direct and indirect exposure to multiple sub-trends with **growth potential**
- A fund investing at least 90% of its net assets in listed international equities, up to 50% in equities headquartered outside the OECD and up to 50% in equities denominated in non-OECD currencies
- **4 sub-themes** selected:



Banks



Payment and transactional services



Specialized financial services



Disruptive financial companies

## ONE PROCESS

- The first step consists in **identifying the most promising trends and their dynamics** based on a **top-down approach**
- **A quantitative filter** is used to narrow down the universe to the most attractive companies, according to our criteria
- **A fundamental analysis** specifically developed for this theme is then carried out, taking into account the environment, profitability factors and valuations

The fund is exposed to a risk of capital loss



# Banks are disrupted, according to our analysis

## PAST

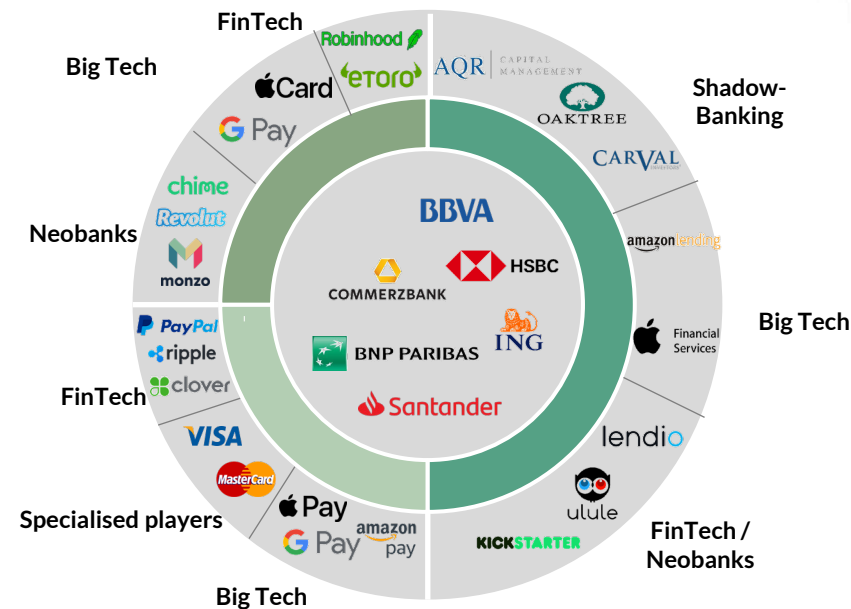
- Historically, banks had a dominant position in all business lines and along the value chain
- There were few players specialised in the payments business and with limited penetration in the rest of the businesses



DISTRIBUTION

## FUTURE

- Increasing penetration of specialised players and new players in all businesses and along the value chain



TRANSFORMATION AND RISK ALLOCATION

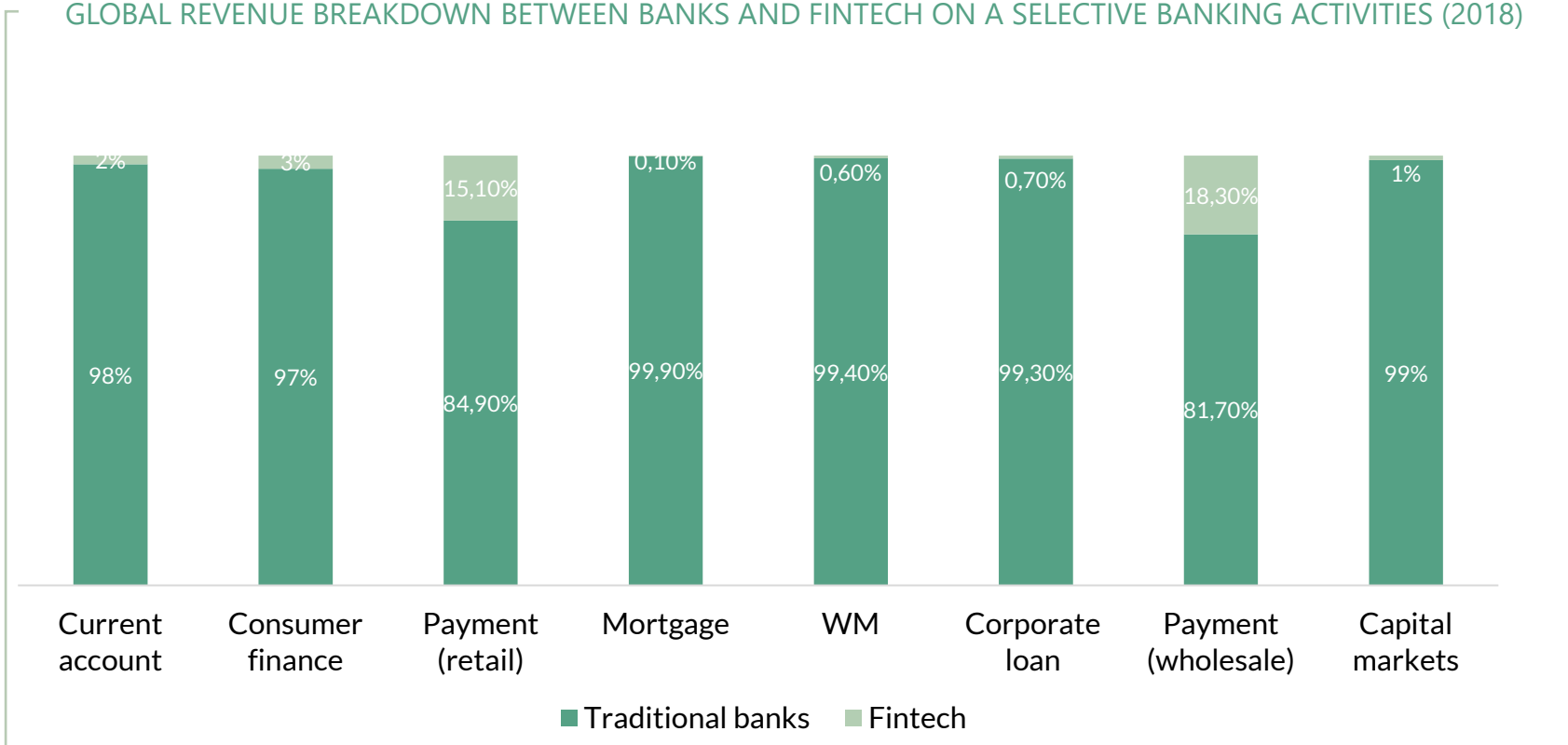
TRANSACTION FACILITATION

Those examples are not investment recommendations



# Current state of disruption in the financial industry

GLOBAL REVENUE BREAKDOWN BETWEEN BANKS AND FINTECH ON A SELECTIVE BANKING ACTIVITIES (2018)



It's in the area of payments that FinTechs compete the most fiercely banks today:

they now represent 15 to 20% market share, respectively for the payment of retail and wholesale

Those examples are not investment recommendations . The fund bears a risk of capital loss.



# Value change impact

FROM THE FORCES DRIVING THE FINTECH EVOLUTION AND THE FUTURE OF FINANCIAL SERVICES

## Forces shaping financial services



### Innovation

Adopting and implementing change



### Demography

Evolution of client base



### Economics

Ability to capitalize on technological investment and manage risks



## Innovation / technological enablement

Big data & analytics

AI & machine learning

Distributed ledger & blockchain

Digital currencies & crypto-assets

Mobile payments & banking

Digital lending & wealth management

Open banking / PSD2

Electronic execution platforms

Prop-tech

Digital ecosystems & Internet of Things



## Implications for financial institutions and start-ups

Automating the back office & utilizing big data to generate new sources of revenue

Transforming the client relationship and serving the new generation of digital consumers

De-constructing traditional business models and embracing platforms / creating marketplace models

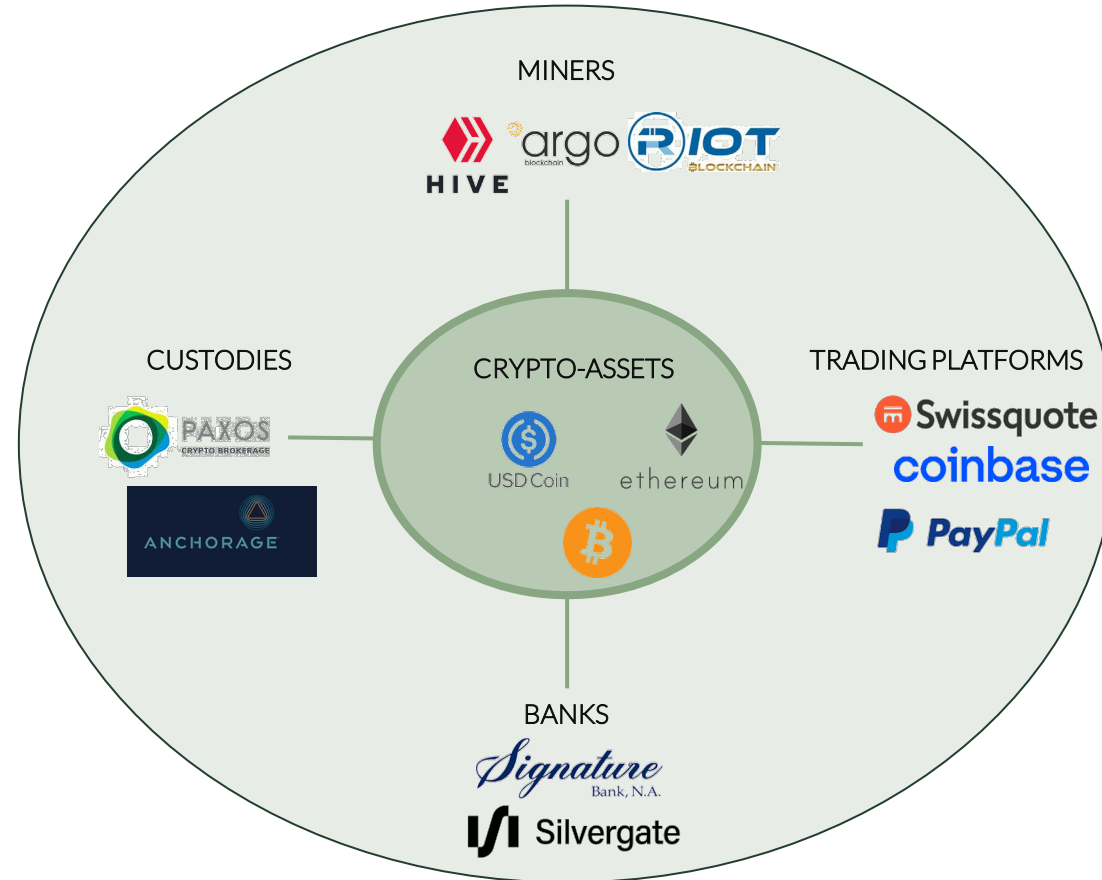
Capitalizing on opportunities in digital commerce and payments

Adapting to new regulation, transparency requirements and mitigating risk

CHANGES UNDERWAY IN THE FINANCIAL WORLD, ACCORDING TO OUR ANALYSIS



# Blockchain and cryptocurrencies



Those examples are not investment recommendations .

Source: ODDO BHF AM SAS | Data as of 2021






# The future of finance, according to us

NEW FORMS OF FINANCING THAT ARE HAVING AN IMPACT ON ALL SECTORS OF THE ECONOMY

## OUR INVESTMENT THESIS

 Financial companies that will be able to rethink their brand, business model and operational processes in order to meet the new consumer patterns will be those that create the most value for their shareholders in the long term

## BANKS

- Capital
- Digitalization
- Efficiency
- M&A
- Returns

## PAYMENTS AND TRANSACTIONAL SERVICES

- Buy now pay later
- Crypto assets
- M&A
- Secular growth

## SPECIALIZED FINANCIAL SERVICES

- ESG/ ISR
- M&A
- Passive investment
- Private markets

## DISRUPTIVE FINANCES COMPANIES

- Date revolution
- Disruption
- Secular growth
- User experience





# Investment team

ALEX KOAGNE

16\*



Analyst & portfolio manager  
specialized in Financials  
ODDO BHF AM SAS

- Since 2018: Analyst & portfolio manager specialized in Financials, ODDO BHF AM
- 2010-2018: Head of equity analysts on Banks, Natixis
- 2006-2010: Equity analyst on Banks, Natixis

*Graduated from ISG Paris, holder of a MSc in Finance from ISC*

CHRISTOPHE SANCHEZ

25\*



Analyst & portfolio manager  
specialized in Financials  
ODDO BHF AM SAS

- Since 2021: Analyst & portfolio manager specialized in Financials, ODDO BHF AM
- Since 2017: Analyst & portfolio manager, ODDO BHF AM
- 2012-2017: Institutional Sales – France, ODDO BHF AM
- 2010-2012: Equity Sales, Oddo Securities
- 2004-2010: Equity Specialist Sales Banking and Insurance Sector, ING Securities
- 2000-2004: Sell-Side equity Analyst, Banking Sector, Crédit Agricole Cheuvreux
- 1997-2000: Auditor, Banking and Insurance Sector, KPMG

*Graduated from ESSEC Business School*

VALENTIN FRANCOIS

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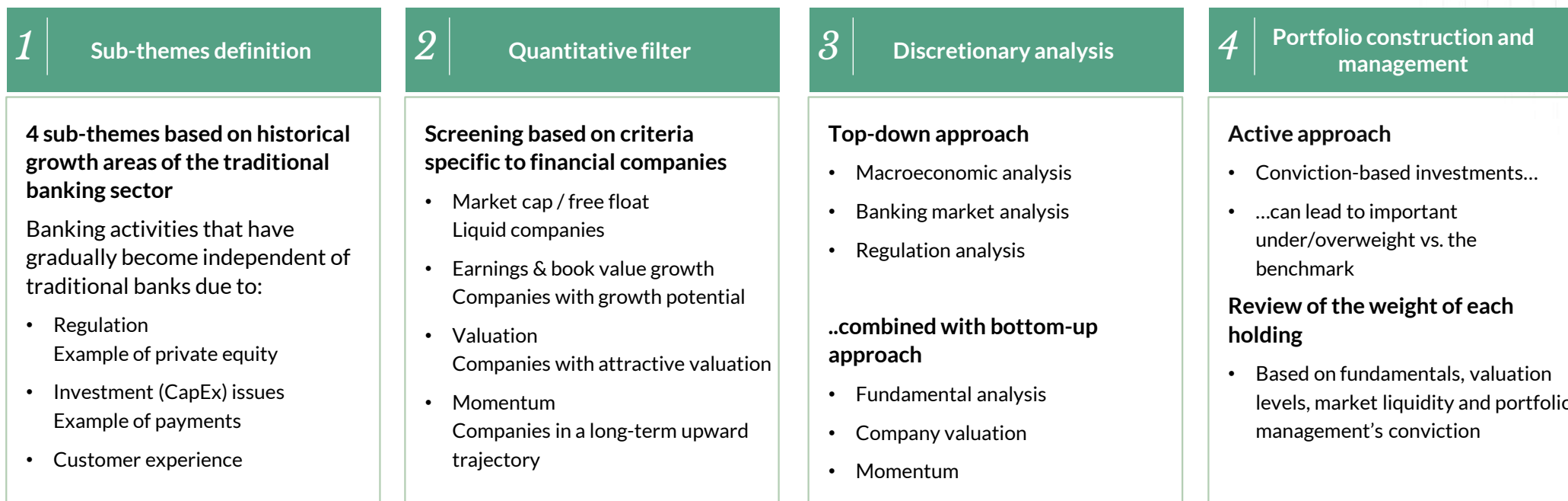
Analyst & portfolio manager  
specialized in Financials  
ODDO BHF AM SAS

- Since 2021: Analyst & portfolio manager specialized in Financials, ODDO BHF AM
- 2016-2021: Analyst & portfolio manager, ODDO BHF AM
- 2015: Performance and Reporting Analyst, ODDO BHF AM

*Graduated from Neoma Business School*



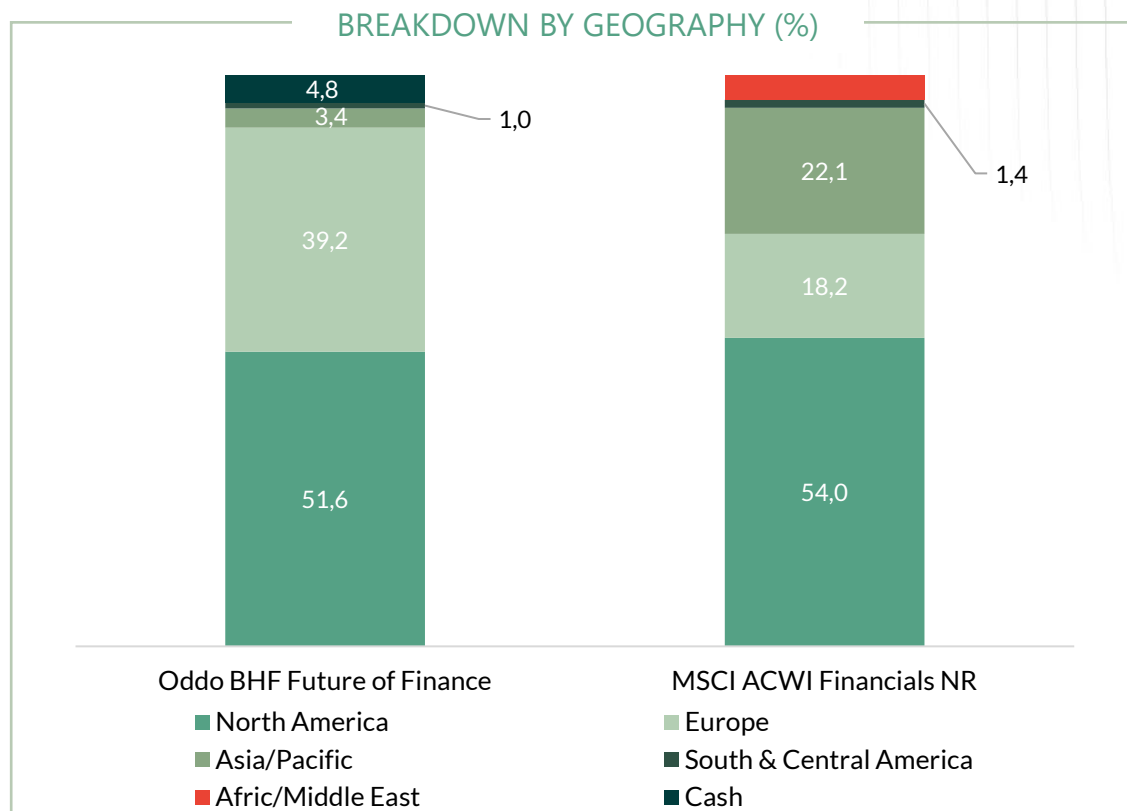
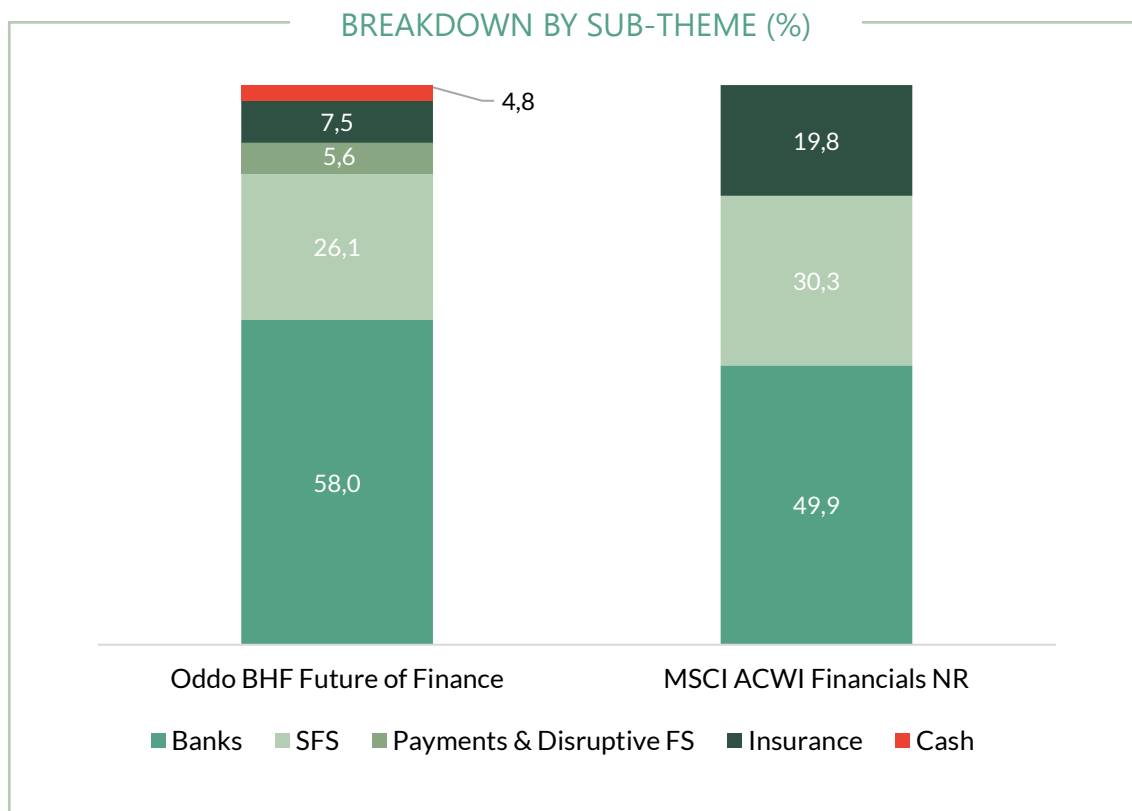
# *A stock-picking fund managed on an active basis*



RISK MANAGEMENT BY THE PORTFOLIO MANAGEMENT TEAM



# Portfolio breakdown



The fund bears a risk of capital loss.

Source: Bloomberg, ODDO BHF AM SAS | Data as of 28/02/2022

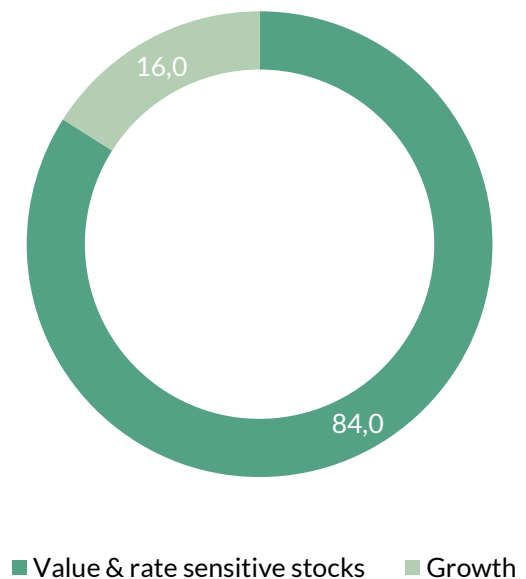


# Financial data

## FINANCIAL RATIOS

	ODDO BHF Future of Finance	MSCI ACWI Financials
<b>P/E</b>	12,34	11,67
<b>P/B</b>	1,27	1,28
<b>ROE</b>	10,39	12,41
<b>Dividend Yield</b>	2,93%	3,37%

## GROWTH VS. VALUE



The fund bears a risk of capital loss.

Source: Bloomberg, ODDO BHF AM SAS | Data as of 28/02/2022



# Top holdings

## TOP 10 HOLDINGS

Top 10 positions	Portfolio weight	Sub-theme
WELLS FARGO	5,51%	Banks
SIGNATURE BANK	5,14%	Banks (Growth) / Crypto
HSBC	4,64%	Banks
CHARLES SCHWAB	4,22%	Wealth Management / FinTech
UBS	3,89%	Banks/ Wealth Management
JP Morgan	3,65%	Banks
SVB Financial	3,17%	Banks(Growth)
American Express	3,10%	SFS
Bank of America	3,04%	Banks
Worldline	2,93%	Payment
<b>Total weight</b>	<b>39,29%</b>	

Those examples are not investment recommendations .



# ODDO BHF Future of Finance

<b>COUNTRY OF REGISTRATION</b>	FR, IT, CHE, ESP, DEU			
<b>General characteristics</b>				
Fund name	ODDO BHF Future of Finance			
Benchmark index	MSCI ACWI Financials Index Net Return EUR			
Investment objective <sup>1</sup>	The fund's objective is to outperform its benchmark index (MSCI ACWI Financials Index Net Return ) over a period of 5 years.			
Inception date	10/08/2007			
Change of strategy date	15/09/2021			
Recommended investment period	5 years			
Morningstar <sup>TM</sup> category	N/A			
AMF classification	International Equity			
<b>Fund information</b>	<b>CR-EUR</b>	<b>CI-EUR</b>	<b>GC-EUR</b>	<b>CN-EUR</b>
ISIN code	FR0010493957	FR0011156215	FR0011603943	FR0013297512
Bloomberg code	ODEVEPA FP	ODEVEPP FP		
Currency	EUR	EUR	EUR	EUR
Dividend policy	Accumulation	Accumulation	Accumulation	Accumulation
Minimum initial subscription	1 thousandth of a unit	EUR 250,000	EUR 100	1 thousandth of a unit
Fixed management fees (per year)	2% maximum of the net assets, inclusive of tax	1% maximum of the net assets, inclusive of tax	1% maximum of the net assets, inclusive of tax	1.25% maximum of the net assets, inclusive of tax
Subscription fees	4 % (maximum)			
Performance fees	20 % maximum of the outperformance relative to the benchmark index if the fund performance is positive			
Transaction fees	Transaction fees are listed in the prospectus and may be applied in addition to the fees shown above.			
Redemption fees	None			
<b>Structure &amp; technical information</b>				
Legal structure	FCP			
Investment management company	ODDO BHF AM SAS			
Custodian	CACEIS Bank			
Subscription	Daily at an unknown price until 11:15 am			
Valuation frequency	Daily			

Source: ODDO BHF AM SAS



### PERFORMANCE CALCULATION

The funds' cumulative performances are calculated with dividends reinvested. Annualised performance is calculated on an actuarial basis on an annual basis over 365 days. Differences in the performance of a fund relative to its benchmark are arithmetic differences. Statistical indicators are generally calculated on a weekly basis on Fridays, or the previous valuation day failing that.

### ACTIVE SHARE

Measure of the percentage of securities in the portfolio that differs from the benchmark. A higher active share implies a greater difference in portfolio allocation vs the benchmark.

### JENSEN'S ALPHA

Measure of the performance gap between the portfolio and the benchmark with a similar level of risk (adjusted for  $\beta$ ). It measures the value of the fund or the manager's ability to "beat the market", also known as excess return.

### BETA

$\beta$  measures the sensitivity of the performance of a portfolio compared with that of its benchmark, i.e., when the benchmark varies by X%, the fund varies, on average, by a magnitude equal to  $\beta \times X\%$ .

### CORRELATION COEFFICIENT

The correlation coefficient defines the degree of dependence between change in the performance of the portfolio and that of its benchmark. The closer it is to 1, the greater the degree of dependence. A negative correlation coefficient means that, on average, the portfolio will fluctuate inversely to its benchmark.

### DURATION

Duration is a measure of interest rate risk in bond instruments. Duration is expressed as the weighted average life of all flows (interest and principal).

### DISTANCE TO BOND FLOOR

For convertible bonds, the value of the bond component. The distance to the bond floor represents the value of the conversion option into shares.

### MAXIMUM DRAWDOWN

The maximum drawdown is the level of loss (in %) recorded on a fund during the worst period of decline over the period under review.

### AVERAGE MATURITY

Average life is defined as the weighted average maturity (in years) of all the cash flows (including repayment of the of capital) resulting from an investment. Therefore, it is a question a measuring instrument allowing to assess the sensitivity of the price of an asset or a portfolio at a change in interest rates.

### SHARPE RATIO

The Sharpe ratio measures the risk/return profile of the portfolio or benchmark. It is the difference between the annualised performance of the fund (or its benchmark) and the annual return based on the risk-free rate divided by the volatility of the fund (or its benchmark).

### INFORMATION RATIO

The information ratio measures the over/under performance achieved by the manager when he or she deviates from the reference indicator. It is equal to the difference in the annualized portfolio return by relative to its reference indicator, divided by the tracking error.

### RECOVERY DELAY

Payback period of maximum drawdown: the time to clear the loss on the worst period of decline and return to the original level.





### YIELD TO MATURITY

The yield to maturity of a bond is the real rate of return on the bond for an investor who keeps it until its redemption, assuming that the issuer will not default and assuming the reinvestment of interest at the same yield.

### EQUITY SENSITIVITY

For convertible bonds, equity sensitivity measures the percentage change in value induced by a change in the equity markets.

### CREDIT SENSITIVITY

Credit sensitivity is used to measure the risk associated with changes in credit spreads. The value of the portfolio is subject to change in the event of deterioration or improvement in the quality of issuers. Thus, a value of +2% for instance means that for an instantaneous 1% increase (respectively decrease) in spreads, the portfolio value would decrease (increase) by 2%.

### INTEREST RATE SENSITIVITY

For convertible bonds, interest rate sensitivity measures the percentage change in value induced by a change in the interest rate.

### CREDIT SPREAD

The credit spread refers to the risk premium, or the difference between the yields on corporate bonds and government bonds with similar characteristics.

### TURNOVER RATE

The portfolio turnover rate is the sum of movements (purchases and sales of securities), less the amount of subscriptions/redemptions, based on the average net assets observed over the period.

### TRACKING-ERROR

Measure of the relative risk taken by a fund vs its benchmark. The tracking error is the volatility of relative performance, i.e. the annualised standard deviation of the arithmetic over- or underperformance of the portfolio vs its benchmark.

### WEIGHTED AVERAGE LIFE (WAL)

For money market funds: weighted average life of the portfolio until the date of termination of financial instruments.

### WEIGHTED AVERAGE MATURITY (WAM)

Weighted average maturity of the portfolio: measure of sensitivity of money market funds to interest rate risk.

### EX-POST VALUE AT RISK (VAR)

Ex-post VaR is the maximum loss recorded by an investor factoring in an investment period and a confidence interval. Thus, a daily 1-year VaR of x% calculated with a confidence interval of 99% means that, over an observation period of 1 year, only 1% of daily performances were below x%.

### VOLATILITY

Volatility is a risk indicator that measures the magnitude of the variation of a portfolio (or benchmark) over a given period. It is calculated as the annualised standard deviation of absolute returns over a defined period.



**ODDO BHF**  
ASSET MANAGEMENT

ODDO BHF Asset Management SAS (France)

Portfolio Management Company approved by the Autorité des Marchés Financiers under GP 99011.  
*Société par actions simplifiée* with capital of 21 500 000 €. Trade Register (RCS) 340 902 857 Paris.  
12 boulevard de la Madeleine – 75440 Paris Cedex 09 France – Tel.: +33 (0)1 44 51 85 00.

[am.oddo-bhf.com](http://am.oddo-bhf.com)