

## Foreword: A forward-thinking attitude



Over the years, we've learned to understand and recognize complexities and keep up with a constantly changing world. The latest years – and 2020 in particular - indeed saw an enormous amount of groundbreaking changes and ever-growing challenges. How can investors deal with such a rapidly evolving scenario?

At Tendercapital we have always believed that identifying and tracking megatrends is key to a successful investment strategy and that only a flexible, independent and dynamic mind frame can succeed in doing so.

Being always hungry for new ideas, we have developed a unique and unconventional way of looking at the horizons of the financial world, underpinned by a solid, research-based investment process, which helps us in distinguishing fads from long-lasting trends while avoiding potential risks. Our flexibility allows us to adapt to a constantly changing landscape, while our solidity stems from the over-ten-year experience of our research team.

Our investment team carries out a constant thematic equity research that combines fundamental and thematic analyses, while keeping an eye on sustainability and innovation: this makes it possible to define a long-term framework that allows us to anticipate changes, disruption and shifting behaviors.

In this thematic equity guide we wish to share our view on the megatrends that will shape the world of tomorrow and our approach to long-term drivers in order to exploit them at best, adding significant value to investments. Although the analysis of historical patterns is of primary concern, it is only by trying to understand and embrace change that we can find unexplored and winning opportunities.



NEW IDEAS



FLEXIBILITY



SOLIDITY

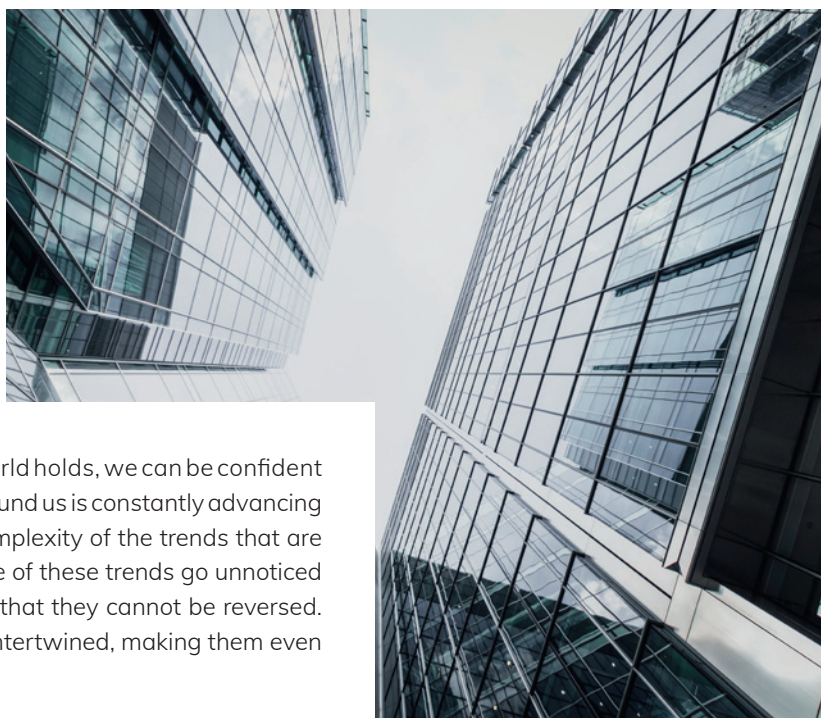


SUSTAINABILITY



INNOVATION

# What is thematic equity investing?



Even if we do not know what the future world holds, we can be confident it will be different from today. The world around us is constantly advancing and we do our best to understand the complexity of the trends that are taking place around us. At first sight, some of these trends go unnoticed but eventually they become so influential that they cannot be reversed. These so-called secular trends are often intertwined, making them even more powerful.

With our thematic investment philosophy, we want to understand and capture the beneficial implications of the long-lasting and structural shifts caused by these secular trends.

Thematic investing is different from the prevailing short-term view mastering the financial markets in today's world. In fact, thematic investing is all about structural growth and long-term horizons. It is about taking advantage of the themes that are shaping the world around us, recognizing them in advance. A focused and alert attitude allows us to capture the blossoming of the secular trend, a long-lasting event which stretches beyond the traditional business cycle, and aims to deliver superior investment returns to our investors.

## Strategy Benefit



**Fundamental thematic approach:** Combining fundamental valuation and secular trends provide a more rational basis for consistent returns.



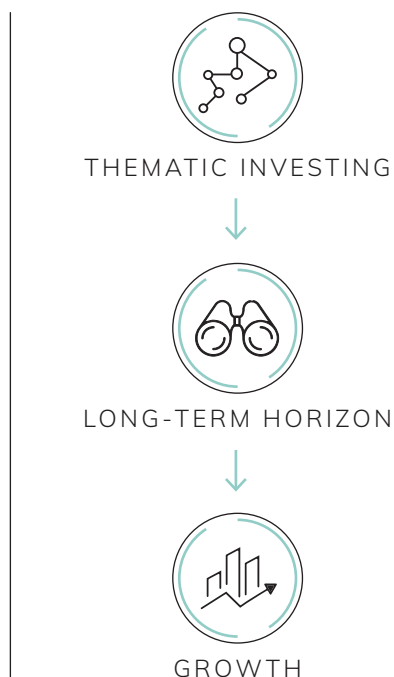
**Long-term view:** Lengthy time horizons afford wider scope for active management and avoid market momentum.



**Global reach:** We focus on European companies operating globally to pursue the best ideas wherever they are found, without limits.



**Sustainability aware:** Growing influence of nonfinancial stakeholders and impacts of environmental and social policy is fully integrated into investment decisions.

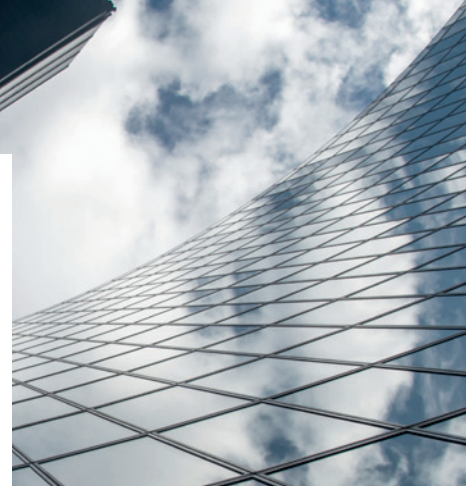






Sustained by increasing investor interest, thematic investing has witnessed an upsurge in recent years. With our investment philosophy, we follow an active and consistent approach, which allows us to see through the hype, avoiding market momentum, and to select the potential winners of a systemic shift. Successfully identifying, analysing and acting on secular trends is essential for offering superior investment returns. The world is changing faster than ever, and amidst this change, it is essential to move nimbly to understand why industries are evolving in the way they are today. Secular trends allow to build a long-term strategy that is proactive, rather than reactive, making sense of where they stand today, but also ensuring to be part of the next big changes.

Secular trends may evolve in different ways across industries or take different shapes across time, but differ from industry trends or short-term hype in a way that they are solidly established, expected to endure and have common elements across multiple industries. Therefore, it is imperative to look beyond the cyclical and ephemeral arguments to concentrate on secular trends capable of shaping business models, sectors, and the consumers' attitude for the years to come. Secular trends influence consumer and business alike in the present and will continue to do so into the future.



## Our Process

### Think for the long run

The strategy's portfolio construction starts from a global overview of how we think the world will operate over the coming years. This framework sheds light on the greatest opportunities and identifies the challenges that companies, industries, and investors will be facing in their activities.

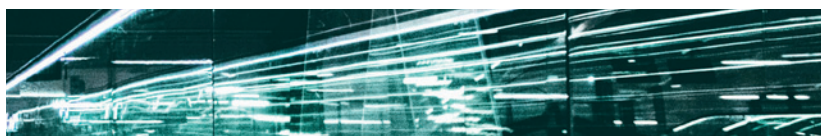


### Harnessing the power of fundamental analysis

We pursue the best investment ideas for the long run, but not at any cost. We evaluate stocks on the basis of their fundamentals and apply a thorough valuation process. We deploy an in-depth analysis, taking into account the industry structure as well as the business models.



## Our themes



A secular trend is a long term shift in behavior or approach with a long-lasting impact across multiple industries. Secular trends like ageing society, urbanisation and digitalisation are hot topics broadly discussed but understood by few. As the world is changing faster than ever, it is imperative to act promptly as new forces emerge to displace the current state of affairs. Our thematic equity approach traces secular growth themes capable of once in a lifetime disruption. We analyse and select pure players well-positioned to capitalise on a specific underlying trend. In this regard, our investment team has identified four different themes which are the backbone for our stock choices.

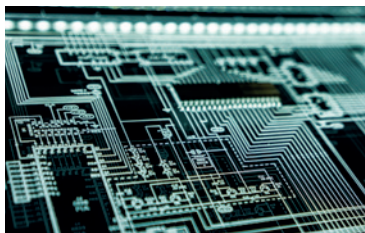
### Robotics & Automation



Our “Robotics and Automation” theme selects companies offering innovative solution aiming at improving productivity and performing critical tasks in industrial settings as well as for consumer applications.

The theme focuses on industrial robots, service robots and artificial intelligence.

### Digital Economy



Our “Digital Economy” theme looks at companies embracing digital transition.

The theme focuses on well-defined areas such as digital commerce, fintech, cybersecurity and digital content.

### Healthy Living



Our “Healthy Living” theme refers to products and services for a healthy and individual realization.

The theme focuses on companies related to the wellness industry.

### Sustainable Environment



Our “Sustainable Investment” theme focuses on companies whose business promotes long-term sustainable development.

The theme focuses on seven sustainable goals (SDGs) organized into two different categories: pollution reduction and resource protection.

# Robotics & Automation



A large amount of companies are turning to robots and AI to reduce costs, improve efficiency and perform dangerous tasks. The declining cost of technology and the increase in reliability is allowing robots to be adopted in many fields, from retailers to critical areas such as hospitals, transportation and in our homes. Businesses across multiple industries will be turning to automation solutions, propelling a market expected to reach \$550 billion over the next three years.

Our “Robotics and Automation” theme selects companies offering innovative solutions aimed at improving productivity and performing critical tasks in industrial settings as well as for consumer applications. Research shows that automation will be playing a greater role across multiple industries in the coming years.

According to experts, more than 70% of physical jobs are suitable for automation. Other than increasing efficiency, employees' safety would be greatly enhanced. Moreover, the increasing amount of data available alongside the broader adoption of cloud systems is making AI to be embedded in at least one function or business unit a reality.

As technology evolves, robots will be offering an even greater opportunity to perform various tasks. Business needs to adapt to ensure an efficient supply chain management and meet customers' expectations. Robotics and automation are set to become a standard across many industries and a long-term opportunity for investors.



INDUSTRIAL  
ROBOT UNITS

→ **~3  
MILLION**  
installed  
worldwide  
in 2019



AUTOMATION  
MARKET SIZE

→ **>USD 200  
BILLION**  
in 2020



AI MARKET  
SIZE

→ **>USD 550  
BILLION**  
in 2024



IOT DEVICES  
REACHED

→ **~11.7  
BILLION**  
at the end  
of 2020

## OUR SELECTED SUB-THEMES

### Industrial Robots

Industrial robots are automatically controlled, reprogrammable multi-purpose manipulators programmable in three or more axis.



### Service Robots

Service robots perform useful tasks for human or equipment in logistics, agriculture and medical applications.



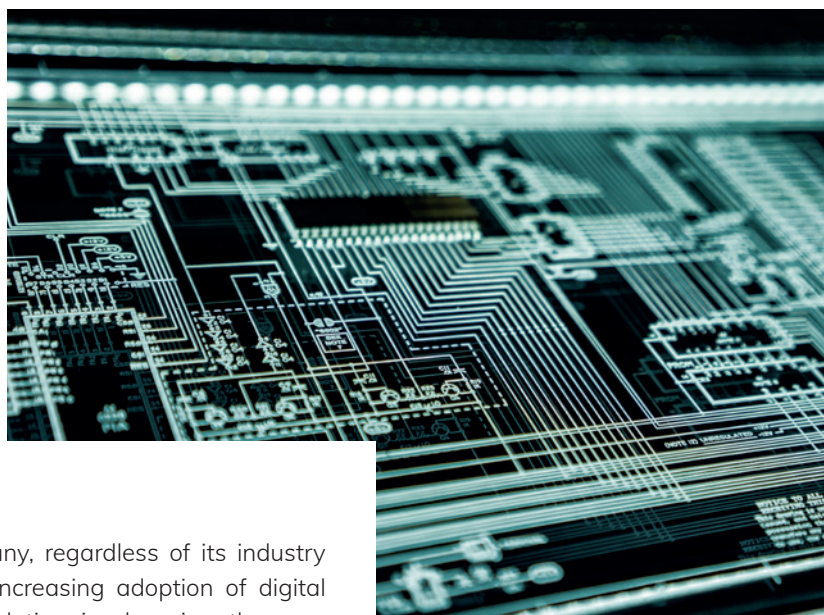
### Artificial Intelligence

Artificial Intelligence (AI) refers to machines with the capacity of performing human tasks. Machine learning (ML) and computer vision (CV) are subsegments of AI.





# Digital Economy



Digitalization is a must for every company, regardless of its industry or size. We have been witnessing an increasing adoption of digital solutions, to the point that digital revolution is changing the way companies do business and what consumers want, upending the traditional structure of the value chain across all industries.

Our “Digital Economy” theme looks at companies in the area of digital commerce, fintech, cybersecurity and digital content embracing the digital transition through the offering of products and services to solve the more stringent problems affecting business and consumers alike.

Online has revolutionized the sales channel in B2B and B2C business and consumers are showing increasing adaptability to new business models, eventually affecting other sectors such as finance, which has already conformed to online payments.

Multiple industries are now embracing the digital ecosystem business model and moving away from traditional brick-and-mortar as well as dematerializing their products and services. But the growing transition to digital is also raising some scrutiny from regulators about data protection: cybercrime is on the rise and at an even greater cost for companies.

The digital revolution offers an incredible investment opportunity for the long-term, creating durable value for business and consumer alike.



B2C

→ **~22%**  
Digital  
Commerce  
penetration



RETAIL SHIFT

→ **USD 5 TRILLION**  
from brick and  
mortar to online  
due to Covid-19



GLOBAL CYBER  
SECURITY MARKET

→ **12,5% CAGR**  
2020 - 2028



DIGITAL  
CONTENT MARKET

→ **USD 520 BILLION**  
in 2024

## OUR SELECTED SUB-THEMES

### Digital Commerce

The transition to Digital Commerce has been further exacerbated by Covid-19 thus becoming the new standard for B2B and B2C transactions.



### Fintech

From opening an account to securing a mortgage, digital finance is set to simplify and speed activities across the financial system.



### Digital Content

Mobile internet and better connection speed are fueling the demand for digital media (music, audio, gaming and publishing)

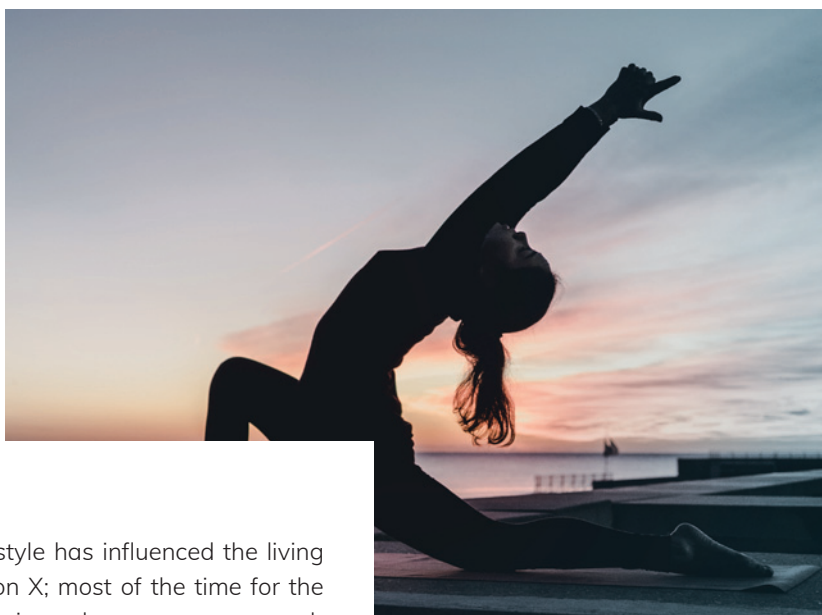


### Cybersecurity

Cyber attacks and online thefts are on the rise and cybersecurity is becoming a top priority for management across all industries.



# Healthy Living



The relentless pace dictated by modern style has influenced the living condition of baby boomers and generation X; most of the time for the worst. But today Millennials, alongside their predecessors, seem much more sensitive about their wellness across the needs of the body, mind and soul as they proactively seek to find an appropriate life balance. Demand for wellness products and services is on the rise in a market of about \$4.5 trillion globally.

Consumers view wellness through different dimensions encompassing not just fitness and nutrition but also the overall physical, emotional and health appearance. The rise in consumer interest and the increasing purchasing power of Millennials as well as older generations is opening up incredible opportunities for companies in the field of wellness.

Our “Healthy Living” theme refers to products and services for a healthy and individual realization. Research shows that consumers’ reported interest in wellness has been gaining momentum over time and has implication for multiple industries, from traditional healthcare to apparel and beauty.

The global wellness market is growing steadily as consumers show increasing awareness and willingness to spend more on their personal health, appearance and more. Physical and mental well-being will remain a top priority for millions of people for the years to come.



→ **USD 6.0 TRILLION**  
2025

GMW WELLNESS INDUSTRY



→ **USD 1.1 TRILLION**

GMW PERSONAL CARE BEAUTY AND ANTI-AGEING



→ **+7,5% CAGR**  
21-24

WELLNESS TOURISM



→ **>40%**  
of consumer consider wellness a top priority

WELLNESS

## OUR SELECTED SUB-THEMES

### Healthy Eating & Nutrition

Today, consumers consider food essential to reach their wellness standard without sacrificing good taste.



### Preventive & Personalized Medicine

Advances in medical science and the advent of digital revolution have allowed incredible improvement in diagnosing and treating diseases.



### Physical Activities

Today's better fitness means advantages that go beyond aesthetics, embracing mental and social satisfaction.



### Personal Care

From traditional beauty products to service-oriented solutions, customers view personal care as an essential part of their daily routine.



# Sustainable Investment



The sustainable investment trend has developed massively in recent decades. What was a simple sector exclusion is nowadays embracing a comprehensive approach to ESG integration. And just recently, it has shed light on companies whose products are contributing directly to addressing the Sustainable Development Goals. Launched by the United Nations in 2015 and endorsed by 193 countries, the SDGs address multiple topics requiring an estimated investment of more than USD 5 trillion per year until 2030.

Our “Sustainable Investment” theme focuses on companies whose products and services will help to provide solutions to protect the environment and promote long-term sustainable development. In our effort to address impactful solutions we concentrate on seven sustainable goals (SDGs) organized into two different categories: pollution reduction and resource protection.

Healthy citizens are the cornerstone of every country’s development and are essential for sustainable economic growth. Given the many health hazards of pollution -from cancer to respiratory ailments and much more- pollution reduction is becoming of greatest importance for the broader society.

Nature is at the core of the global economy as it directly supports economic activities and mitigates climate change effects. But decades of uncontrolled exploitation of natural resources has led to increasingly frequent extreme events and a loss of land and sea biodiversity making resource protection vital for future growth.



→ **~30%**  
in the  
supply chain

FOOD PRODUCED  
LOST OR WASTED



→ **1,7**  
**GIGATONS**  
annually  
reduction in  
atmospheric CO2

PROTECT  
THE FOREST



→ **+50%**  
from renewable  
sources

GLOBAL POWER  
GENERATION



→ **USD 3**  
**TRILLION**  
in 2030

OCEAN ECONOMIC  
ACTIVITIES

## OUR SELECTED SUB-THEMES

### Pollution reduction

Affordable and  
Clean Energy



Climate  
Change



Sustainable  
Cities and  
Communities



### Resource protection

Life below  
water



Life on  
Land



Clean Water  
and Sanitation



Responsible  
Consumption  
and Production





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