

The AtonRâ Security & Space is a long-only, monthly rebalanced, USD-based, actively-managed-certificate.

Like many other industries, security is in the early stages of its digital and tech transformation as innovations in artificial intelligence, robotics and augmented reality make their way to the battlefield. This tech upgrade cycle gives confidence that the current government spending momentum (fueled by geopolitical tensions) will last several years and that private contractors will keep delivering above-consensus revenue and earnings growth.

Other sources of upside include space exploration as the US plans missions to the Moon and beyond and civil security as the Internet of Things opens the way to new cyber attacks and as smart cities become reality.

No investments are made in companies active in anti-personnel mines and cluster bombs.

Main Features

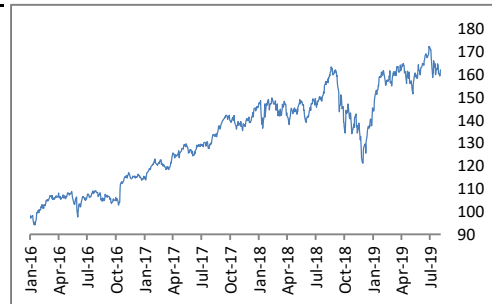
Asset Class	Equity
Inception Date	25-Jan-16
Currency	USD
Type of Return	Total Return
Ticker	NXSRGDEF
ISIN	XS1317057278
Issuer	NATIXIS
Issue Price	100.0
Last Price	162.0
Sharpe Ratio	0.79
Correlation	0.78
Beta	1.20
Reference index	MSCI World Net Return

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	15.4%	7.6%	-1.6%	3.8%	-6.6%	6.2%	2.7%	-3.2%					25.1%
2018	6.4%	-0.6%	-1.9%	-2.3%	2.2%	-1.9%	4.3%	6.5%	3.4%	-13.4%	0.8%	-8.5%	-6.8%
2017	-0.8%	6.7%	-1.4%	4.2%	2.8%	-3.1%	3.4%	3.3%	4.1%	0.9%	-1.2%	0.6%	20.8%
2016	-3.0%	3.6%	6.0%	-0.7%	1.1%	-4.5%	5.2%	-1.1%	-0.0%	-0.9%	9.3%	-0.4%	14.8%

HIGHS/LOWS

	Price	Date
All Time High	172.3	24-Jul-19
All Time Low	94.1	11-Feb-16



August 2019 highlights

The AtonRâ Security & Space certificate lost 3.2% in August, underperforming the MSCI World Net Return by 1.2%. Year-to-date, it outperforms its reference index by 9.9% and launch-to-date (January 25, 2016 launch), it outperforms by 10.9%.

Splunk, founded in 2003 and one of the leaders in machine log analytics, is joining the tip-top group of enterprise software companies that in history have had more than \$2 billion in revenues while achieving greater than 25% revenues growth. The company, enabling users to investigate, monitor, analyze and act to machine data regardless of format or source, is becoming an indispensable backbone within the modern enterprise. Its customers take advantage of Splunk's products receiving a very high-quality insight into data generated by the IoT and industrial data leveraging its offer for infrastructure and operations management, security and compliance, software development and IT operations and application management and business analytics.

With a 33% total revenues growth year over year and a 46% software revenues growth year over year reported during recent quarter release, numbers are confirming, once again, the strength of the management that is continuing to execute perfectly Splunk' strategy to bring data to every question, every decision and every action of their clients.

Splunk, through massive investments in cloud technology, is quickly changing its business model from perpetual license to a Software-as-a-Service. Perpetual licenses charge customers an initial cost (to purchase the license), plus an annual subscription cost that entitles the owner to all updates and technical support. With subscription models (SaaS), customers pay either a monthly, quarterly or annual price that includes software, all updates and technical support. Thanks to very strong adoption rate of its new term and cloud offer, their transition to renewable contracts is tracking faster than planned. We regard this transition very positively as, after a period of poor cash collection due to the timing of cash invoicing, the company will be able to have much more visibility on its future top line and will be able to manage their costs accordingly with an indisputable improvement on its gross margin, returning anyway to have long-term cash yield at the mid-20% levels.

The market, erroneously in our view, didn't appreciate the revised guidance on its cash flow driven by a faster than planned take-rate of Splunk's new offer and punished the stock driving a unwarranted sell off, without giving any credit to the upsized top line guidance. Also the important acquisition of **SignalFX** announced during the same quarterly release did not positively impressed the market even if the acquired company is one of the SaaS leader in real-time monitoring and metrics for cloud infrastructure, micro services and application, able to give to Splunk a best-in-class massively scalable cloud monitoring.

Splunk is already an important position in our Security & Space certificate, but we will increase further our position if the market will continue to focus on short term non-sense issues, underappreciating their ability to continuously deliver real measurable economic value for over 18000 global customers.

In a world in which every person will interact on average with the connected device nearly 5000 time per day (according to IDC) in few years' time and where there will be 175 zettabytes of data, five time more than today, and 90% of this data will require some level of security, the future for Splunk is clear and full of opportunities.

Top 3 Contributors

Name

BOOZ ALLEN HAMILTON HOLDINGS
TELEDYNE TECHNOLOGIES INC
LEIDOS HOLDINGS INC

Worst 3 Contributors

Name

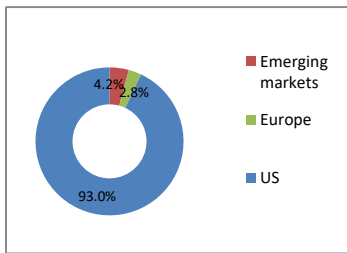
SPLUNK INC
CYBERARK SOFTWARE LTD/ISRAEL
PALO ALTO NETWORKS INC

Top 3 Holdings

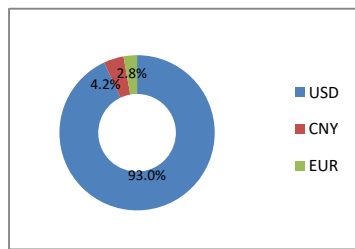
Name

SPLUNK INC
BOOZ ALLEN HAMILTON HOLDINGS
TELEDYNE TECHNOLOGIES INC

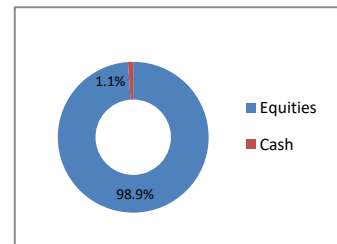
Geographical Breakdown



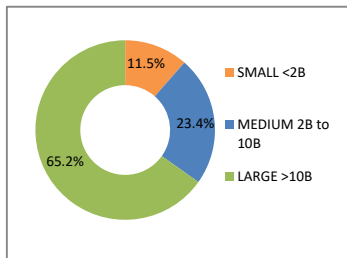
Currency exposure



Asset Allocation



Equity Market Capitalization



Equity Liquidity

1 to 3 days to liquidate*	96%
3 to 5 days to liquidate	0%
More than 5 days to liquidate	4%

*on average daily trading over the last 3M

Important Information

All net estimated returns are based on unaudited, internally prepared assessments and have not been independently verified.

The net estimated returns are subject to adjustments as a result of changes or delays in AtonRâ's calculations of the profit and loss of the portfolio. Any such adjustments could have a material impact on the estimated net returns of the AtonRâ Basket.

Net returns are reported after deduction of AtonRâ's management and/or performance fees.

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