

Digital transformation of education Credit Suisse (Lux) Edutainment Equity Fund



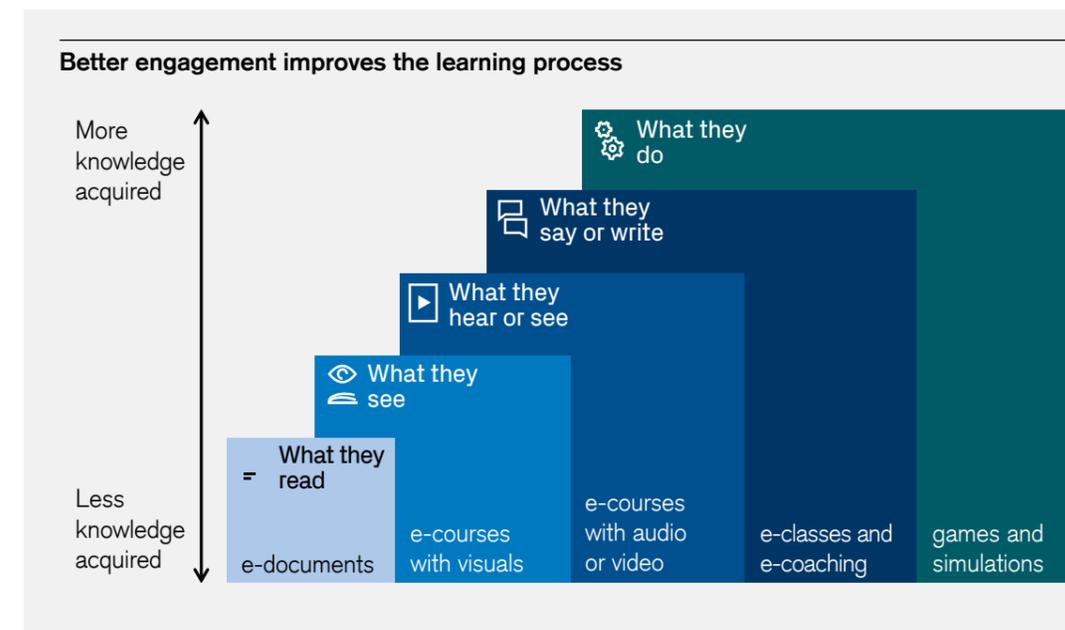
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The new education paradigm

Disruptive innovation is starting to transform the education industry, helping to lower costs, improve quality, and broaden access to learning. Edutainment brings technologies, innovations, and solutions from the world of entertainment and media into the educational setting, which makes the learning process not only more cost-efficient and scalable, but also more personal, interactive, and effective.

The Credit Suisse (Lux) Edutainment Equity Fund gives investors an opportunity to make a focused investment in this early-stage, fast-developing area.



Source Edgar Dale (1969), Nick van Dam (2003)

Why edutainment?

We develop skills and acquire knowledge best when we are actively engaged in the learning process. Edutainment brings the solutions, content, systems, and tools from the world of digital media and entertainment into education. These innovations play on the structures of human thought, using game-like interaction and logic-and-reward systems to increase engagement with students, enhance the learning process, and improve the quality of education.

Innovations in edutainment are also making education more accessible and affordable for people everywhere. Traditional education systems are expensive, not easily scalable, and often not effective. Digital solutions, in contrast, can reach students in remote regions of the world at a fraction of the cost of traditional schools. Edutainment thus aligns well with the UN's Sustainable Development Goal of "ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all," thus contributing to the elimination of poverty and inequality.

The digitalization of society and the spread of automation also imply fundamental changes to job profiles worldwide and drive a need for continuous retraining and upskilling. Innovative solutions and technologies can help address these issues, providing the flexibility to learn anytime and anywhere – a much-needed quality in a world where many struggle to balance the demands of work with the needs of family.

Tech-savvy millennials are avid consumers of these new and innovative forms of education. Often referred to as digital natives, they were born into an "always-connected" online world and have a strong preference for digital solutions and on-demand services.

All of these factors call for a new, more accessible and flexible approach to education – one that enables students to learn whatever they need anytime and anywhere.

A new crop of innovative companies are rising to the challenge, creating exciting opportunities for long-term investors in the field of edutainment.

Why now?

Until recently, education was one of the most traditional sectors, in which services were delivered almost in the same way for centuries. Prior to the COVID-19 pandemic, innovation was scarce, and at only 2% to 3%, the penetration of digital technologies was well below most other sectors of the modern economy. The COVID-19 pandemic has propelled EdTech into the mainstream by removing major bottlenecks such as teachers' resistance to trying new digital tools and students' perception that education cannot be delivered online.

Adoption and usage have swelled and demand for EdTech solutions has grown at extraordinary pace, fast-tracking the digitalization of education by five to ten years. With the extra resources and a vast population of educators and students who are now much more open to digital learning, EdTech could transform education as we know it. Additionally, the

need for reskilling of those who have been laid off is more urgent than ever, so EdTech can also add tremendous value in this field.¹ Global spend on EdTech is projected to nearly double between 2020 and 2025. However, even then, it will still represent a mere 5% or so of the amount spent on education worldwide. We are just at the beginning of a multi-year growth story.

The Credit Suisse (Lux) Edutainment Equity Fund aims to give investors exposure to this enormous potential. Since the edutainment trend is still in its early stages, the fund offers a first-mover advantage to those ready to seize the opportunity.

The fund is classified as an Art. 9 product under the EU Sustainable Finance Disclosure Regulation (SFDR) no. 2019/2088. The fund's detailed impact and engagement report is available on the Thematic Equities [website](#).



Source un.org

¹ www.holoniq.com/edtech/10-charts-that-explain-the-global-education-technology-market/

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We are now at a ‘Netflix’ moment for education – the point where the traditional education system is about to be disrupted.

Dr. Kirill Pyshkin
 Senior portfolio manager

How do we invest?

The Credit Suisse (Lux) Edutainment Equity Fund is actively managed by our Thematic Equity team. The fund invests globally in shares of innovative and fast-growing companies that derive the majority of their revenues from goods or services directly related to the edutainment theme.

Our investment strategy employs an active, bottom-up stock selection process based on an in-depth analysis and due diligence performed on each company. Investment decisions are made based on a careful analysis of financial and other fundamental criteria including ESG² metrics, supported by internal and external research, discussions with analysts, and periodic company visits and meetings with management.

The portfolio management team, supported by our Thematic Advisory Board, has access to a global network of industry experts, which delivers deeper insights and enables a better assessment of potential investment opportunities.

Our focus on high-conviction investment ideas results in a relatively concentrated portfolio of typically 40 to 60 stocks.

Our investment framework encompasses:

- The objective of generating long-term capital growth, taking appropriate risk, liquidity, and diversification into account.
- A focused equity portfolio of 40 to 60 small- and mid-cap companies. As the theme develops, our exposure to larger-cap companies might increase over time.
- A typical maximum allocation per stock of 4%.

Our global approach, with a focus on three fast-growth areas



Innovative services
 ~ 33%
 of portfolio



Digital content
 ~ 33%
 of portfolio



Systems and tools
 ~ 33%
 of portfolio

Our investment universe

Global equity universe
 ~ 40,000
 listed companies worldwide

Broad universe
 ~ 500
 stocks with substantial revenue attributable to the edutainment theme

Investable universe
 ~ 190
 pure-play stocks

Portfolio construction
 ~ 40–60
 stocks

Stock selection is based on four rules:

- 1** In the first step, we screen the global equity universe of around **40,000** listed companies worldwide to identify those active in the edutainment sector.
- 2** After a careful analysis supported by internal and external research, discussions with analysts, and company visits, a broad universe of around **500** stocks is selected.
- 3** When defining the investable universe of around **190** stocks, we apply the pure-play criterion that at least 50% of the companies' revenues should be derived from the edutainment theme.
- 4** A concentrated, high-conviction portfolio of typically **40 to 60** stocks is built based on a bottom-up approach driven by fundamental research. Material ESG factors are identified and incorporated into security analysis and are periodically monitored and reviewed.

² ESG stands for environmental (E), social (S), and governance (G). More information about sustainable investing is available at credit-suisse.com/am/esg. For further information about our Sustainable Investing Policy, please visit credit-suisse.com/esg.

Fund details



LUXFLAG Label



The Credit Suisse (Lux) Edutainment Equity Fund offers investors pure-play exposure to an attractive long-term theme in an early stage of development. It aims to achieve long-term capital growth by investing in innovative companies whose products and services are designed to disrupt the traditional approach to education.

Key facts

Fund domicile	Luxembourg	Benchmark	MSCI World ESG Leaders (NR) ³
Fund management	Credit Suisse Fund Management S.A.	Inception date	25.09.2019
Portfolio managers	Dr. Kirill Pyshkin	Subscriptions/redemptions	Daily, with cut-off at 15:00 CET
Fund currency	USD	Sales charge	Max. 5.00%
Currency-hedged share classes	EUR, CHF		

Share class	ISIN	Effective management fee p.a. ⁴	Ongoing charge	Performance fee p.a. ⁵	Minimum investment	Distribution
USD B	LU2022170018	1.60%	1.86%	–	None	Accumulating
USD IBP	LU2025863684	0.60%	0.86%	15.00%	USD 500,000	Accumulating
USD UBP	LU2025864492	0.70%	0.95%	– 15.00%	None	Accumulating
USD EBP ⁶	LU2025863254	0.60%	0.81%	15.00%	None	Accumulating
EUR BH	LU2022170281	1.60%	1.94%	–	None	Accumulating
EUR IBHP	LU2025864062	0.60%	0.93%	15.00%	EUR 500,000	Accumulating
EUR UBP	LU2201841702	0.70%	0.94%	– 15.00%	None	Accumulating
EUR UBHP	LU2025864658	0.70%	1.04%	15.00%	None	Accumulating
EUR EBP ⁶	LU2201842692	0.60%	0.81%	15.00%	None	Accumulating
EUR EBHP ⁶	LU2025863411	0.60%	0.90%	15.00%	None	Accumulating
CHF BH	LU2022170109	1.60%	1.94%	–	None	Accumulating
CHF IBHP	LU2025863924	0.60%	0.94%	15.00%	CHF 500,000	Accumulating
CHF UBP	LU2025864575	0.70%	1.03%	15.00%	None	Accumulating
CHF EBHP ⁶	LU2025863338	0.60%	0.89%	15.00%	None	Accumulating

³ While this index is officially designated as the fund's benchmark, it is not applied as such during the investment process and the fund portfolio need not bear any resemblance to it.

⁴ Management fee as of 30.09.2021. The fee may change at any time without prior notice to investors. For the maximum management fee, please refer to the fund's prospectus.

⁵ Charged on outperformance relative to the benchmark. High-water mark.

⁶ For professional/institutional investors only.

For more information about the methodology, please visit towardsustainability.be and luxflag.org.

This product undertakes investments that are dedicated to addressing the United Nations Sustainable Development Goals (e.g. education or clean energy) through a thematic approach.

Information about the product's investment objectives, risks, charges, and expenses, as well as more complete information about the product, is provided in the prospectus (or relevant offering document), which should be read carefully before investing.

The list of share classes is meant for illustrative purposes only. Please note that not all share classes may be available in your jurisdiction. Depending on your jurisdiction, additional share classes may also be available. Please contact your relationship manager for more information.

Risks

- Investors may lose part or all of their investment.
- Political developments concerning the education industry could have a significant adverse impact on the edutainment sector.
- Exposure to small and mid-sized companies may result in elevated short-term volatility and liquidity risk.
- Risk may arise from highly concentrated exposure to specific sectors, which may fall out of investor favor at certain points in time.
- Risk also arises from a factor bias toward a growth investment style with a particular overweight in small- and mid-cap stocks.
- Since the fund focuses on highly innovative companies, volatility may be significantly elevated. Exposure to emerging markets may result in high volatility.

On average, employers expect to offer reskilling and upskilling to just over 70% of their employees by 2025.

Source www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf

credit-suisse.com/thematicequities
credit-suisse.com/assetmanagement

For more information please contact your relationship manager.

Source: Credit Suisse, unless otherwise specified

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