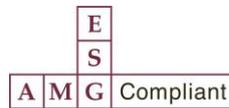


Innovation World Large Caps



Full-Year Report 2021

The unique analysis approach ICA - Innovation Capability Analytics - was developed by ALPORA and is based on scientific research. It provides a comprehensive, cross-sector ranking of companies in terms of their innovative strength and innovation efficiency.

AMG Fondsverwaltung AG assesses the financial strength of the companies so that the available potential can also be realised.

When selecting stocks, shares with a market capitalisation of more than USD 5 billion from the world's developed markets are taken into account. The financial and utility sectors are excluded.

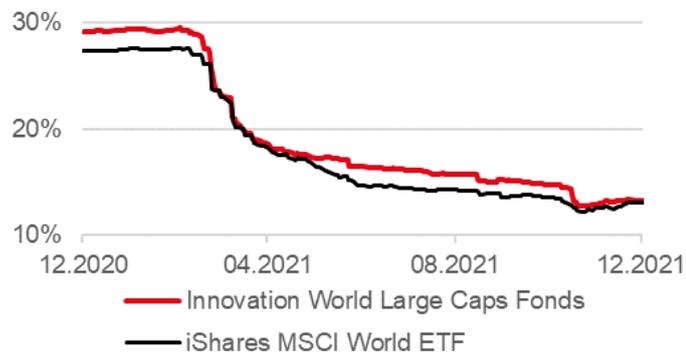
Fig. 1: Performance since launch



Source: AMG, Bloomberg

The Innovation World Large Caps fund was launched in December 2019 and has returned investors around 10% annually. However, the fund was not quite able to keep up with the comparable iShares MSCI World in 2021, lagging behind in overall performance by around 5% (Fig.1). In terms of market risk, measured by volatility, however, both behaved identically (Fig. 2).

Fig. 2: Volatility (1 year)



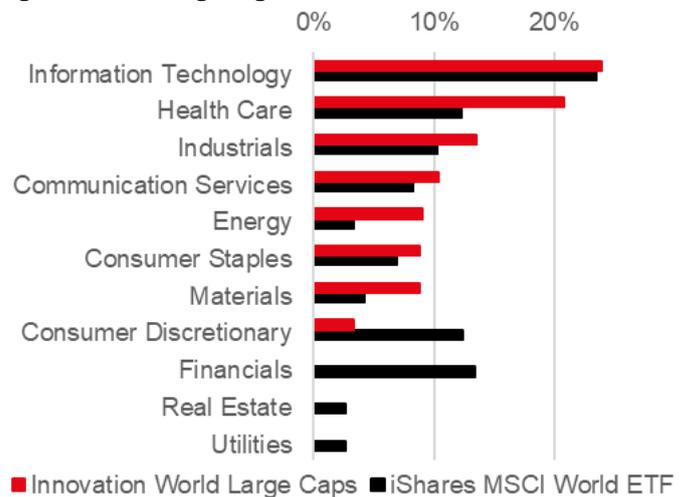
Source: AMG, Bloomberg

The underperformance compared to the ETF is largely due to the financial and real estate sectors, which are not included in the fund. Globally, they have performed above average, while the innovation-strong health care sector has grown less than the overall market.

Current Portfolio

Every mid-year, the innovation efficiency in the defined universe is reassessed and implemented with the 30 best stocks. In the current investment cycle, the healthcare sector remains overweighted compared to the reference portfolio, but overall the portfolio is more balanced and broadly diversified (Fig. 3). Since 30 June 2021, the value of the portfolio has also developed in step with the ETF.

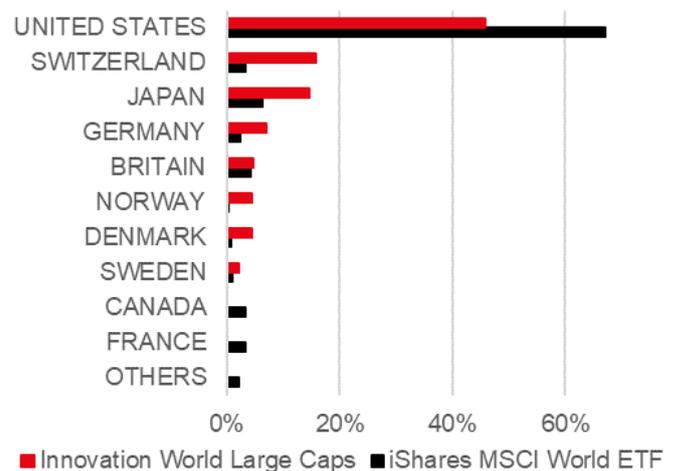
Fig. 3: Sector weighting



Source: AMG

The world's largest stock market, the USA, continues to be a heavyweight in terms of investments, but Switzerland and Japan are also very innovation-efficient (Fig.4).

Fig. 4: Country breakdown



Source: AMG

We would like to thank our valued investors for the trust they are placing in us and wish you a successful investment year 2022.

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