

GLOBAL-EX US EQUITIES

INNOVATION KNOWS NO BOUNDARIES



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- Silicon Valley is renowned for its pioneering ideas, yet the innovative forces underpinning its ecosystem can be found around the world.
- At Comgest, we keep a close eye on global innovation hubs – Tokyo, Paris, Basel, Shenzhen and beyond.
- Our unconstrained investment philosophy means we search the globe for standout quality growth companies that benefit from innovation and other competitive advantages.

THE SILICON VALLEY “MODEL”

Silicon Valley’s story begins in a garage behind a wood-panelled home at 367 Addison Avenue in Palo Alto, California. It was there, in 1937, that former Stanford University students Bill Hewlett and David Packard built their first product—laying the foundation for what would become Hewlett-Packard (HP).¹



Technology pioneer HP was founded in a garage behind this house in Palo Alto, California.
Source: Getty Images

Over the 20th century, the region spanning the Santa Clara Valley south of San Francisco became a global symbol synonymous with economic progress and technological innovation. The Silicon Valley model is rooted in close-knit collaborative relationships between top-ranked universities, industrialists, venture capitalists and policymakers. This synergy fosters a culture of risk-taking and entrepreneurship—ripe for breakthrough ideas.²

At Comgest, we seek quality growth companies with enduring competitive advantages, emphasising the importance of their research and development (R&D) capabilities. As a result, we keep a close eye on companies that operate near global innovation hubs. These regions typically benefit from a high concentration of top-tier research universities, rich talent pools, ample venture capital and government support.

¹ “[A Home for Innovation: The HP Garage—the Birthplace of Silicon Valley](#),” HP, 2012.

² Kushida, Kenji. “[The Silicon Valley Model and Technological Trajectories in Context](#),” Carnegie Endowment for International Peace, 9-Jan-2024.

While Silicon Valley holds unique strengths, it's far from being the only bedrock of innovation in the world. New York, Austin and Seattle possess similar advantages. Boston, home to Harvard University and MIT, is the nation's leading hub for biopharmaceutical and life sciences research.³ On the international stage, Tokyo, Paris, Basel and Shenzhen host companies that are well-positioned to pursue the kind of sustained, long-term, quality growth that our clients seek.

TOKYO'S TECHNOLOGY TRENDSETTERS

With over 37.5 million residents, Tokyo is the world's most populous city and a major financial centre. The city's strength in innovation stems from a deep-rooted history of collaboration between universities, the private sector and government. The Tokyo Stock Exchange, the world's fourth largest stock market, features globally recognised industrial and technology companies.

Innovation in the region is driven by industrial giants like **Mitsubishi Electric** and leading academic institutions such as University of Tokyo, the Tokyo Institute of Technology and Keio University, as shown in figure 1. The Tokyo-Yokohama region—home to the world's largest science and technology cluster—filed more patent applications and published more scientific articles between 2018 and 2022 than Silicon Valley.⁴

Figure 1. Leading patent applicants and scientific publishers in Tokyo, 2018-2022

Top PCT applicants				Top publishing organisations			
		Patents	Share			Articles	Share
1	Mitsubishi Electric	11,894	9%	1	University of Tokyo	11,894	9%
2	NTT	7,201	5%	2	Tokyo Institute of technology	7,201	5%
3	SONY	6,399	5%	3	Keio University	6,399	5%

Source: [World Intellectual Property Organization](#)

SONY

Sony, a cornerstone of Tokyo's innovative landscape, exemplifies this dynamic tech ecosystem. Best known today for its PlayStation gaming console, Sony filed 6,399 patents between 2018 and 2022, accounting for roughly 5% of the region's total (see figure 1). Founded in the aftermath of World War II, Sony initially sold electric rice cookers and repaired radios for the Japanese national radio broadcaster.⁵ By the 1950's, a team of engineers led by Nobutoshi Kihara developed the first-ever Japanese magnetic tape recorder.⁶

Known as "the wizard of Sony", Kihara worked at the company for close to six decades, later establishing Sony's internal research department and contributing to several of the company's innovations, including Japan's first tape recorder and the Walkman CD player.⁷ In 1994, engineer Ken Kutaragi introduced the original PlayStation, launching a new avenue of

³ Nuwer, Rachel. "Boston's Dense Health-Sciences Networks Help the City to Maintain Its Lead." Nature News, 20-Nov-2024.

⁴ WIPO. "The GII 2024 Top 100 Science and Technology Clusters." Global Innovation Index 2024, April 2024.

⁵ Sony Group. [Rebuilding from the Ashes](#), Accessed 9-Apr-2025.

⁶ Martin, Douglas. "Nobutoshi Kihara, Sony Engineer, Dies at 84." The New York Times, 27-Feb-2011.

⁷ "The 'wizards' Who Cut Innovation down to Size" South China Morning Post, 28-Feb-2011.

growth for the company.⁸ Today, PlayStation commands a 60% share of the global gaming market, with the PlayStation 5 achieving a record-high 129 million active users in Q3 2024.⁹

Sony's innovation hasn't stopped at gaming. In recent years, the company has also led advances in image sensor technology, creating the world's first double-stacked CMOS¹⁰ image sensor—delivering higher quality photos for digital cameras and smartphones.¹¹

PARIS, WHERE TRADITION MEETS THE FUTURE

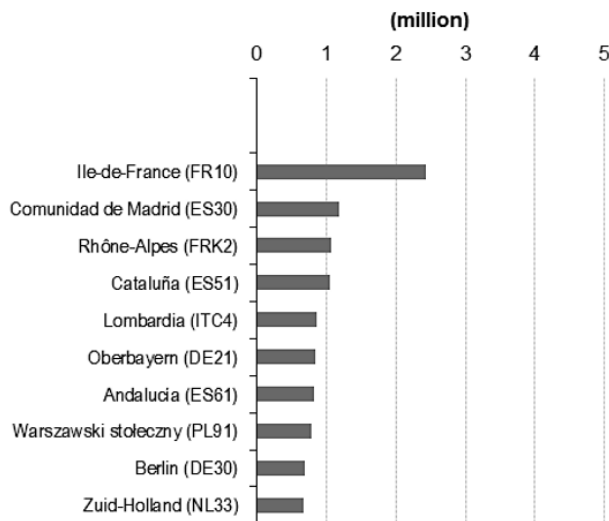
Known for the Enlightenment and the Eiffel Tower, Paris boasts a rich history in science and engineering. Today, that legacy combines with

cutting-edge innovation, venture capital, an educated workforce and strong government backing—making the French capital a fertile ground for quality growth companies.

Paris is home to Station F, the world's largest start-up campus, and to leading STEM universities, including École Polytechnique. Since 2018, the French government has invested over €2.5 billion in AI research and recently announced plans to set aside €54 billion for “France 2030”, a five-year plan to fund AI projects, train workers and support tech entrepreneurs.¹²

This strategic support has bolstered Paris's growing reputation as Europe's AI hub. Local start-ups like **Mistral AI** are now competing on a global stage, challenging American and Chinese rivals in large language model development. The Île-de-France metropolitan area, which includes Paris and its surrounding suburbs, has the largest qualified science and technology workforce in the European Union, as seen in figure 2.

Figure 2. European Union human resources in science and technology by region



Source: [European Union](#)



MADE IN PARIS: ESSILORLUXOTTICA AND DASSAULT SYSTEMES

Innovation in Paris isn't just confined to labs and lecture halls—it's embedded in the DNA of some of the city's most influential companies.

Dassault Systèmes, a 3D design software company founded by French engineer Francis Bernard in 1981, exemplifies Parisian innovation. Dassault's software is now used across industries—from aviation to athletics—to improve product development and manufacturing.

Over 10,000 employees, or the equivalent of 41% of Dassault's total workforce, are part of the company's R&D unit.¹⁴ The company collaborates with over 200 scientific and research partners, such as the Ecole Normale Supérieure Paris-Saclay, a top-ranked STEM university in

⁸ Cena, Mathias. “Father of PlayStation Says ‘Everyone Told Us We Would Fail.’” *The Japan Times*, 2-Dec-2024.

⁹ Comgest Analyst research note, 13-Feb-2025

¹⁰ Complementary Metal Oxide Semiconductor.

¹¹ “Sony Semiconductor Solutions to Release an Industrial CMOS Image Sensor with Global Shutter for High-Speed Processing and High Pixel Count Offering an Expanded, High-Precision Product Lineup Supporting Faster Recognition and Inspection.” Sony Semiconductor Solutions Group, 19-Nov-2024.

¹² “France 2030 : Un Plan d'investissement Pour La France.” Ministère de l'économie des finances et de la souveraineté industrielle et Numérique, 13-Oct-2023.

¹³ Abboud, Leila, and Tim Bradshaw. “Mistral Secures €600MN Funding as Valuation Soars to Almost €6bn.” *Financial Times*, 11-Jun-2024.

¹⁴ [Dassault Systèmes Universal Registration Document 2024](#)

the Paris suburbs.¹⁵ In 2024, the company spent €1.2 billion on R&D, a 5% increase compared to the previous year.¹⁷ That innovation is supported by France's generous R&D incentives,¹⁷ such as €50mn in funding from government grants and tax credits that cover 30% of eligible expenses up to €100 million, including R&D tax credits.¹⁶

BASEL'S HEALTHCARE CLUSTER: AT THE HEART OF SWISS INNOVATION

Figure 3. Global Innovation Index, 2024 country rankings

	Economy	Score
1	Switzerland	67.5
2	Sweden	64.5
3	USA	62.4
4	Singapore	61.2
5	UK	61.0
6	Republic of Korea	60.9
7	Finland	59.4
8	Netherlands	58.8
9	Germany	58.1
10	Denmark	57.1

Source: [World Intellectual Property Organization](#)

straumanngroup

Despite its modest size and decentralised regions, Switzerland consistently ranks as the most innovative country in the world.¹⁷ In 2024, the country submitted more patent applications per capita than any other country¹⁸ and invested 3.4% of GDP into R&D—nearly two-thirds of which came from the private sector.¹⁹

A standout in Swiss innovation is the medical technology sector, which accounted for the majority of Swiss patent applications (10.5%) in 2024.²⁰ At the heart of this progress lies Basel, a city with deep industrial roots and a powerful network of science, finance and education.

Located along the Rhine River at the intersection of France, Germany and Switzerland, Basel has long been a key outpost for global trade, finance and manufacturing. During the 19th century, Basel was an important production centre for artificial textile dyes used to colour clothing. As the dye industry evolved and prices declined, many Basel manufacturers decided to diversify into adjacent branches of chemistry, including pharmaceuticals.²¹ These initiatives were largely backed by capital from the city's well-established banking system and the University of Basel—Switzerland's oldest university—which began offering pharmacy as a distinct discipline in 1776.²²

Today, **Straumann Group** is a prime example of Basel's role in medical technology innovation. Originally founded six decades ago as a research institute for watch dynamics, Straumann transitioned to dental implants in the 1970s. Its high-performance products are designed to meet a wide variety of patient needs, including those with limited space or bone structure issues. Straumann's dental implants have a 97%-99% survival rate after 10 years.²³ As of February 2025, Straumann estimates its global market share in the dental implant industry at 35%.²⁴

Headquartered in Basel, Straumann continues to expand its R&D footprint. In addition to its primary R&D innovation centre in Basel, the company has announced plans to open a new 22,000m² facility, which will feature a co-working space for local start-ups and a training centre for dental professionals.²⁵

¹⁵ "Dassault Systèmes and Ecole Normale Supérieure Paris-Saclay Sign MOU to Boost Virtual Twin Knowledge and Know-How," Dassault Systèmes, 13-Feb-2024.

¹⁶ [Crédit d'impôt recherche \(CIR\)](#)

¹⁷ WIPO, "Switzerland Ranking in the Global Innovation Index 2024," GII Innovation Ecosystems & Data explorer. Accessed 9-Apr-2025.

¹⁸ European Patent Office, [Statistics & Trends Centre](#), 3-Feb-2025.

¹⁹ [Research and Development](#), "About Switzerland," January 9, 2025.

²⁰ Mersetzky, Michaela, "Switzerland Boasts the Greatest Density of Inventors in the World," Switzerland Global Enterprise, 25-Mar-2025.

²¹ [Pharmacy in Basel](#), University of Basel, January 2010.

²² [Departmental History: Department of Pharmaceutical Sciences](#), Department of Pharmaceutical Sciences, University of Basel. Accessed 9-Apr-2025.

²³ Derks, J, J Håkansson, J L Wennström, C Tomasi, M Larsson, and T Berglundh, "Effectiveness of Implant Therapy Analyzed in a Swedish Population: Early and Late Implant Loss," *Journal of Dental Research*, March 2015.

²⁴ [Strong 2024 Performance Reflects Straumann Group's Strengths in Innovation and Execution](#), Straumann Group, 19-Feb-2025.

CHINA'S SILICON VALLEY: SHENZHEN

In southeastern China, the city of Shenzhen, a sprawling futuristic metropolis in the Guangdong Province, is at the forefront of innovation. Over the past four decades, the city has transformed from a remote fishing village of 33,000 inhabitants on the banks of the Pearl River to a hub of science and technology innovation with over 17 million residents in 2020.²⁶

Shenzhen's meteoric rise began in 1980, when it was designated as a special economic zone as part of China's sweeping reform and opening-up policy. Market-oriented reforms, coupled with the privatisation of state-owned enterprises, laid the groundwork for Shenzhen's economic acceleration.²⁷

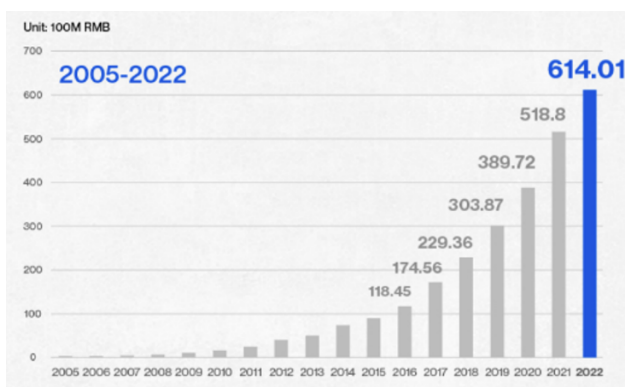
Initially focused on intensive, low-value manufacturing sectors, such as toys and clothing, the city rapidly shifted to high value-added sectors by investing in infrastructure and targeting foreign direct investment through joint ventures with foreign companies. With proximity to Hong Kong's international banks and top-tier universities, the region benefitted from a supply of venture capital and steady talent.²⁸

Today, the World Intellectual Property Organization ranks the Shenzhen-Hong Kong-Guanzhong corridor as the second most innovative region in the world, with more than 2,300 patent applications and 3,400 scientific publications per million residents over the last five years.²⁸

Tencent, the Chinese tech giant behind WeChat, is among Shenzhen's innovation pioneers. Founded in 1998, Tencent was part of a wave of Shenzhen-based technology companies, including **Huawei** and **BYD**, that invested in their own R&D activities and protected their inventions through intellectual property and patent protections.

Tencent 腾讯

Figure 4. Tencent R&D spending, 2005-2022



Source: [Tencent](#)

In 1999, Tencent launched QQ, a desktop instant messaging service, which eventually led to the creation of WeChat in 2011.²⁹ Since then, WeChat has grown into an all-encompassing messaging, social media and payment application with over 1.38 billion monthly active users.³⁰ Over time, WeChat has leveraged its vast user base to extend into adjacent markets, including cloud services, entertainment and gaming.

Tencent has also been a global force in AI. Between 2014 to 2023, it led the world in generative AI patents—filing 2,074 inventions—cementing Shenzhen's status as a frontier of next-generation technology.³¹

²⁵ "Straumann Plans to Build Innovation Center in the Basel Area." Basel Area Business & Innovation, 29-Sept-2023.

²⁶ Yin, Deyun, Julio Raffo, and Jie Tang. "Innovation Ecosystems and Catching -up in Developing Countries: Evidence from Shenzhen." WIPO, 2022.

²⁷ Zhihua Zeng, Douglas, ed. "Building Engines for Growth and Competitiveness in China Experience with Special Economic Zones and Industrial Clusters." The World Bank, 2010.

²⁸ "World Intellectual Property Organization Global Innovation Index 2024"

²⁹ Hariharan, Anu. "How WeChat Grew to Be the #1 App in the World: YC Startup Library: Y Combinator." Y Combinator. Accessed 10-Apr-2025.

³⁰ "Tencent Announces 2024 Annual and Fourth Quarter Results." Tencent, 19-Mar-2025.

³¹ Chiang, Sheila. "China Leads the Patents Race for Generative AI, with Tencent and Baidu Topping the List." CNBC, July 4, 2024.

BEYOND SILICON VALLEY: INNOVATION WITHOUT BORDERS

Silicon Valley, a global icon of innovation, is epitomised by the garage in Palo Alto where HP was born. Pop culture has embraced this mystique through Hollywood films like *The Social Network* or Walter Isaacson's biography of Apple founder Steve Jobs, further cementing its mythology and framing Silicon Valley as the birthplace of innovation.

While Silicon Valley offers a unique set of advantages, with its blend of universities, venture capital, talent and risk-taking culture, it doesn't hold an exclusive license on innovation. Tokyo, for example, files more patent applications and publishes more scientific research than Silicon Valley—proof that innovation drivers are not confined to one location.

As LinkedIn co-founder Reid Hoffman, said, “Silicon Valley is a mindset, not a location”.³² At Comgest, we agree. That mindset—defined by curiosity, collaboration, and long-term vision—can be found in cities around the world.

Our investment philosophy at Comgest is global, high-conviction and unconstrained. We seek quality growth companies across all markets beyond North America—spanning Europe, Australasia and the Far East. We're not bound by borders or benchmarks, but guided by our fundamental, long-term approach. Restricting our focus to one area like Silicon Valley would mean missing opportunities in some of the most dynamic innovation hubs—from tech pioneers in Shenzhen to medical technology specialists in Basel, AI trailblazers in Paris to industrial innovators in Tokyo.

We rely on bottom-up, in-depth research to identify companies with sustainable, long-term growth prospects. By focusing on enduring competitive advantages and reinvestment in innovation—rather than short-term noise—we aim to build concentrated portfolios of high-quality businesses that can compound value over time, wherever they call home.

³² Waters, Richard. “[Reid Hoffman, Mr LinkedIn](#).” *Financial Times*, 16-Mar-2012.

MAIN RISKS

- Investing involves risk including possible loss of principal.
- The value of all investments and the income derived therefrom can decrease as well as increase.
- Changes in exchange rates can negatively impact both the value of your investment and the level of income received.
- Comgest portfolios invest in limited number of securities and may therefore entail higher risks than those which hold a very broad spread of investments.



Alexandre Narboni - Analyst / Portfolio Manager

Alexandre Narboni joined Comgest in 2009 and is an Analyst and Portfolio Manager specialising in Global equities. He is also a member of the Comgest Group's Investment Committee. Alexandre is also responsible for developing and supervising Comgest's Flex strategies, the firm's first investment strategies to employ hedging techniques with the objective of reducing volatility and drawdowns. He previously worked in the Group's US equity team. Before joining Comgest, he worked in New York in asset-backed securities at Société Générale from 2005-2007 and then as a hedge fund credit Analyst at HSBC.

Alexandre graduated from the National School of Statistics and Economic Administration (ENSAE) in Paris and Columbia University in New York where he was awarded a Master's degree in Financial Mathematics.



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Laure Négier joined Comgest in 2010 and is an Analyst and Portfolio Manager specialising in Global equities. She is also a non-executive member of the Board of Partners and the Global Equity Team manager. Laure co-manages Comgest's Global and EAFE (Global ex-US) strategies as well as the team's segregated accounts. Before joining Comgest, she worked at BNP Paribas Equities & Derivatives in Paris and London, and prior to that worked in several roles within the US government. Laure obtained a Bachelor's degree in Public Policy from Stanford University (with Honours and Phi Beta Kappa) before graduating on the Dean's list with an MSc in Management from the HEC business school in France. She is also a CFA® charterholder.



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Zak Smerczak joined Comgest in 2016 and is an Analyst and Portfolio Manager specialising in Global equities. He is also a member of the Comgest Group's Investment Committee. Zak started his career in 2006 at Deloitte in London, initially in Assurance & Advisory Services before moving to Transaction Services where he was responsible for operational and financial due diligence. In 2011, Zak joined Mirabaud Asset Management where he worked as an Analyst covering global equities. In 2015, he moved to Polar Capital Holdings where he held the position of Analyst / Portfolio Manager for the firm's global multi-asset income strategy. Zak holds a Bachelor of Business Science Degree with Honours in Finance from the University of Cape Town. He is a CFA® charterholder and has been a member of the Institute of Chartered Accountants of Scotland since 2009.

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