

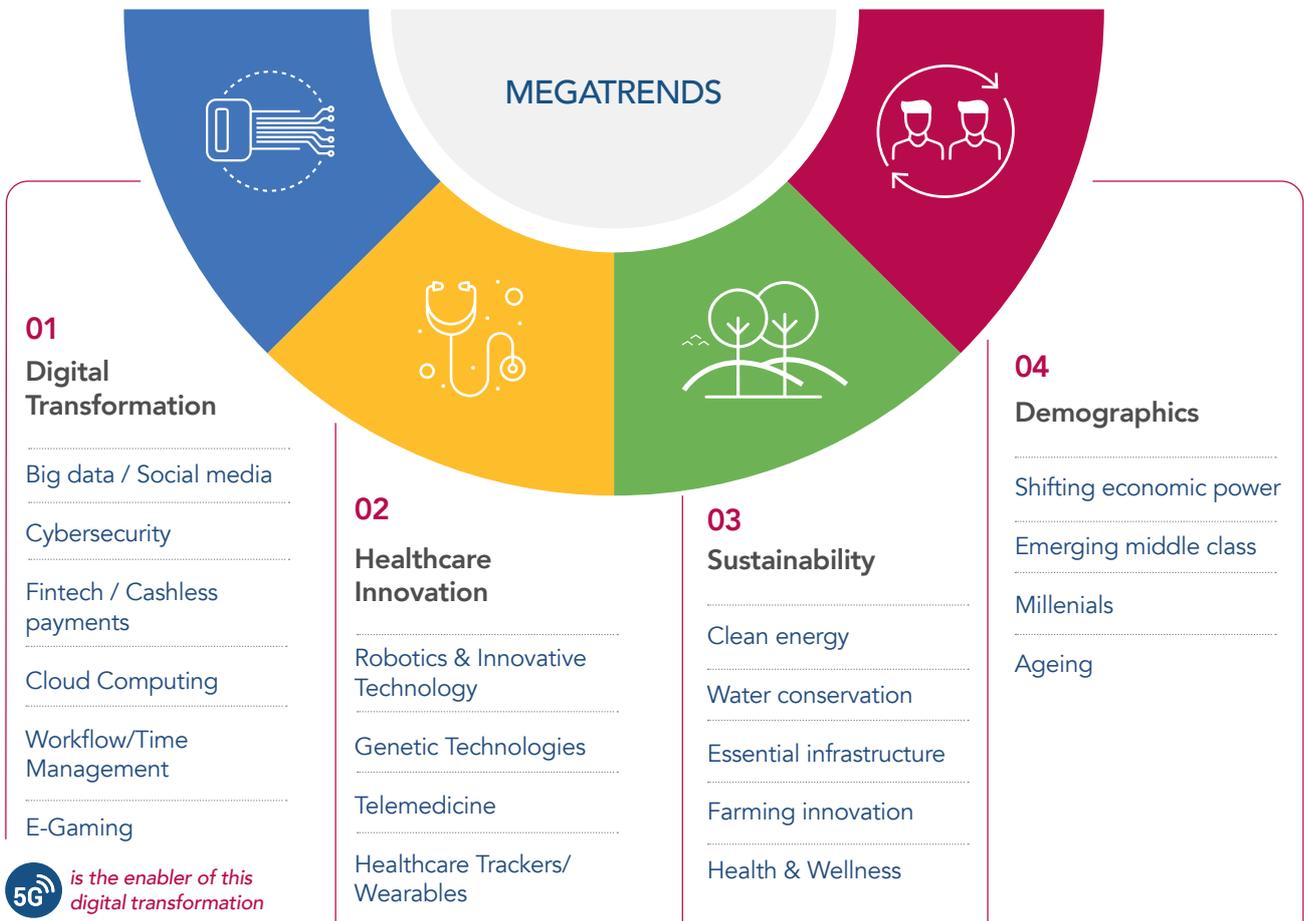
THEMATIC INVESTMENT & CONSUMER TRENDS

They say that the only constant in life is change and 2020 has brought about a sea of change with the onslaught of Covid-19. While it's important to realize that some effects from the pandemic may have long-lasting impacts on consumer behaviour and corporate business models, most people will look back at this unprecedented event as a temporary blip in macroeconomic activity.

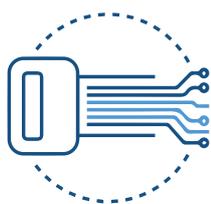
That said, powerful structural global trends that were already taking hold before the pandemic should by and large be the same structural trends in a post-Covid 19 world. However, the pandemic has clearly accelerated these structural

changes. We expect our envisaged megatrends to gain further traction over the next several years, leading to profound changes in how policymakers, businesses and society operate and evolve.

While most trends tend to disrupt the status quo, we will likely see newer paradigms emerge and further disruption of old-economy business models. We envision the following four megatrends to play out in a big way over the next decade with each one of them encompassing several sub-themes that we will touch upon here and deep-dive into in future publications.



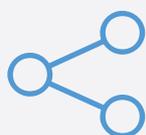
You'll come to realize that Big Data and Artificial Intelligence (AI) are inevitable enablers of the first three themes, namely digital transformation, healthcare innovation and sustainability in a limited resource world. Most megatrends have data and technology as their foundation and the thread that ties each megatrend to the next is the ingenious use of that data. Meanwhile, China and Asia's role as a consumer powerhouse and the simultaneous, tectonic demographic shift to a population that continues to age will clearly play out in front of us.



01. DIGITAL TRANSFORMATION

Digital transformation/Digitalization has already become entrenched in our everyday lives and is transforming society at such a breakneck speed. Digital transformation may have started off as a technical innovation but has now become a movement driven by consumer demand and enabled by innovative digital companies. This theme cuts across pretty much every aspect of our daily lives and is a pre-requisite in a world embracing more & more technology.

Social media is among the major creations of digital transformation and has gone from a novelty to an omnipresent feature of the present world. The user data amassed by social media giants like Facebook and Google essentially creates a complete record of user behaviour that allows companies to target, advertise and build customer engagement strategies cost-effectively. Meanwhile,



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As an obvious next step, the cashless payments market has been digitally disrupted with the meteoric rise of fintech giants like PayPal, Alibaba, and Tencent. Online banking is morphing into mobile banking and phones and watches everywhere are being used to transact on a daily basis. Restaurant payments, shopping and wire transfers are being made through a quick scan or by simply knowing someone's phone number. While all this creates more data, it also spawns data integrity and security issues which set the stage for an explosion in demand for robust cybersecurity and cloud computing solutions to allow vast amounts of confidential customer data to be used and stored securely.

Comparable Analysis

Name	Mcap (USD bn)	P/E		P/Book		P/Sales		EV/EBITDA		Dvd Yield	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Alphabet Inc-Cl C	1,038	26.8x	22.7x	5.1x	4.1x	7.3x	6.2x	13.9x	13.2x	0.0%	0.0%
Facebook Inc-Class A	684	27x	22.5x	6.4x	4.6x	8.5x	7.1x	15.1x	13.3x	0.0%	0.0%
Tencent Holdings Ltd	669	36.2x	31.7x	10.2x	6.8x	9.3x	8.1x	23.6x	22.4x	0.0%	0.3%
Alibaba Group Holding-Sp ADR	667	28.7x	22.6x	5.1x	4.2x	7x	5.6x	54.1x	17.4x	0.0%	0.0%
Paypal Holdings Inc	202	47.7x	41.6x	12.3x	8.8x	9.6x	8.4x	31.5x	30.9x	0.0%	0.0%
Average		33.3x	28.2x	7.8x	5.7x	8.3x	7.1x	27.6x	19.5x	0.0%	0.1%

Source : Bloomberg



02. HEALTHCARE INNOVATION

Data is expected to be the bedrock of the healthcare industry as well on which experts are building outreach for the underserved in addition to new breakthrough, tailored AI-based healthcare programs. Various sources of data include medical records, diagnostics, imaging and devices that are based on IoT/Robotics. In our view, Covid-19 has laid bare the vulnerabilities caused by decades of underinvestment in healthcare infrastructure that was already under strain from rapid urbanization and a growing and ageing population. This should only fast-track efforts toward healthcare innovation.

While robots have been used to assist in surgery for over three decades now, Robotics is rapidly growing as part of the modern healthcare landscape. Advances in sensor and motion control technologies mean robots are not just more precise and autonomous, they are increasingly capable of carrying out complex surgeries themselves. Post-operative care to reduce hospital stays, time-reduction and accuracy in surgery are some of the benefits of robotics in the medical field.



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Moreover, genetic technology involves an array of activities that have varying degrees of growth potential. One field is focused on genetic testing to identify which variant of a gene you have inherited to better analyse human DNA and its role in potentially acquiring certain diseases. The goal is to create and store accurate medical information and family history to not only address or treat rare diseases like cancer but the move is more towards preventive medicine; to see who is more vulnerable to acquiring a certain disease and diagnosing the condition beforehand. A leader in this field is Invitae, which targets both individuals and healthcare providers as they attempt to make genetic information more affordable and accessible.

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		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Invitae Corp	4	Neg	Neg	12.5x	12.1x	14.2x	8.8x	Neg	Neg	0.0%	0.0%
Fulgent Genetics Inc	0.4	6,665x	125x	5.3x	4.6x	10.5x	8.4x	88x	60.4x	0.0%	0.0%
Progenity Inc	0.4	Neg	Neg	Neg	4.4x	2.7x	2.2x	Neg	Neg	0.0%	0.0%
Average		-	-	-	7.0x	9.1x	6.4x	-	-	0.0%	0.0%

Source : Bloomberg



03. SUSTAINABILITY IN A LIMITED RESOURCE WORLD

The last several decades have witnessed rapid economic growth bringing about widespread prosperity and higher standards of living for a large part of the globe. Today, half of the world's population already lives in cities, and by 2050, two-thirds of the global population is expected to live in urban areas. However, increased levels of industrialization and massive urbanization have also raised several issues.

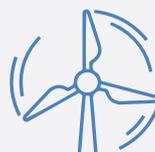
Climate change, poor air and water quality, insufficient water and waste-disposal problems are a few issues that cause alarm. For instance, more urbanization means fewer resources directed to agriculture which calls for innovation and efficiency gains in farming to feed a growing, global population. Furthermore, the desperate measures needed to protect the environment are forcing governments to reduce their reliance on fossil fuels and facilitate a smooth transition toward clean energy. Although trading at lofty valuations, companies like Tesla are pioneers in this space.

Broadly speaking, there is a trade-off between unbridled growth and sustainability which makes us vigorously search for investible themes that

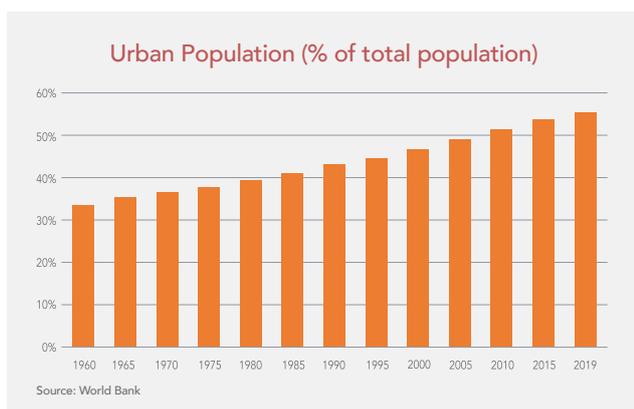
could benefit disproportionately as policymakers and consumers focus on the many and far-reaching implications of climate change. This expansive trend is bound to present many opportunities in areas like clean energy/electric vehicles, water conservation, smart cities, innovation in farming and health & wellness (including meat alternatives).



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		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Tesla Inc	281	246.2x	127.3x	30.4x	20.5x	9.6x	7.2x	30.5x	50x	0.0%	0.0%
Nio Inc - ADR	17	Neg	Neg	Neg	NA	7.8x	5.8x	Neg	Neg	0.0%	0.0%
Average		-	-	-	-	8.7x	6.5x	-	-	0.0%	0.0%

Source : Bloomberg

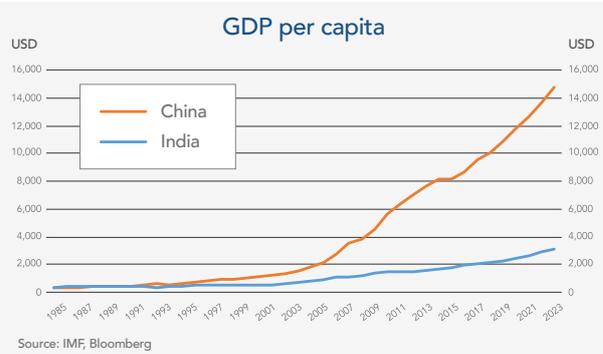


04. DEMOGRAPHICS

With an already burgeoning Chinese middle class and a vast population and slowly rising productivity levels in India, consumer purchasing power is slowly but surely shifting toward Emerging Asia and this trend should play out with greater force over the next decade. As the American baby boomer reaches retirement and much of the developed world faces a shrinking labour force, Asia and China in particular, has become a main growth engine of the world. The rise of China and India are likely to take over the consumption baton from the west with gradually increasing economic and spending power.

This inevitable but volatile transition will create big opportunities for advancements in discretionary consumption, smart homes and preventative healthcare, amid general shifts in consumer habits and tastes over the next several years. While continuously changing consumption patterns and generational shifts make it difficult to gauge demand with certainty, it's been estimated that Asia will account for 60% of the global middle income class by 2030. As such, companies need to cater to the tastes and needs of the Asian consumer in a large way. Most global companies such as Nike and Adidas are very conscious of this huge market and are spending considerable resources to understand and market to this consumer base.

Millennials also constitute another important market segment whose influence continues to grow. By 2025, millennials are estimated to comprise a significant part of the workforce and they have showed a clear preference for mobility and optionality, whether it's a gym membership or a shared office space. While stagnating income levels/unaffordability have dissuaded youngsters from owning the coveted house/car to an extent, there is a preference for the convenience of renting shared services. The stellar growth of shared mobility / shared economy businesses like Uber / WeWork confirms that this shift is here to stay and should only get stronger.



Comparable Analysis

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		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Nike Inc	150	41.8x	29.9x	17.5x	17.2x	3.8x	3.4x	21.9x	23.3x	1.1%	1.2%
Adidas Ag	55	50.9x	27.5x	7.4x	5.9x	2.3x	2.0x	15.1x	15.1x	0.0%	1.5%
Average		46.4x	28.7x	12.5x	11.6x	3.0x	2.7x	18.5x	19.2x	0.5%	1.3%

Source : Bloomberg

On the opposite end of the spectrum to a millennial consumer base, an ageing consumer should also not be ignored. Broadly, as the world continues to age and healthcare makes rapid strides, people will be living longer in retirement, creating further demand for elderly care facilities, innovative insurance and savings schemes, and cutting-edge therapeutic pharmaceutical products. However, this obvious demographic shift comes with its own

set of challenges. Fewer working-age people increases the burden on the state, increases social security costs, puts pressure on the healthcare system, reduces productivity and lowers growth which precludes investment in productive assets to that extent. Nevertheless, these challenges are bound to create investible opportunities as new companies emerge to tackle such issues.

Comparable Analysis

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		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Uber Technologies Inc	54	Neg	Neg	4.8x	6.2x	4.4x	3.0x	Neg	Neg	0.0%	0.0%
Lyft Inc-A	9	Neg	Neg	3.8x	6.4x	3.1x	2.0x	Neg	Neg	0.0%	0.0%
Average		-	-	4.3x	6.3x	3.7x	2.5x	-	-	0.0%	0.0%

Source : Bloomberg

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