Megatrends
A Smart Way To Invest

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Pictet Asset Management
Exploiting megatrends with innovative investment solutions…

1 Explaining Megatrends
2 Thematic Investing
3 Investment Solutions
   Disruptive Technologies
   Healthy Living
4 Conclusions
Megatrends

“The future belongs to people who see possibilities before they become obvious”

Ted Lewitt, US economist and professor at Harvard Business School
Explaining megatrends
The great acceleration

### Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>1</td>
</tr>
<tr>
<td>1800</td>
<td>2</td>
</tr>
<tr>
<td>1850</td>
<td>3</td>
</tr>
<tr>
<td>1900</td>
<td>4</td>
</tr>
<tr>
<td>1950</td>
<td>5</td>
</tr>
<tr>
<td>2000</td>
<td>6</td>
</tr>
<tr>
<td>2010</td>
<td>7</td>
</tr>
</tbody>
</table>

### Urban population

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>1</td>
</tr>
<tr>
<td>1800</td>
<td>2</td>
</tr>
<tr>
<td>1850</td>
<td>3</td>
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<td>1900</td>
<td>4</td>
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<td>1950</td>
<td>5</td>
</tr>
<tr>
<td>2000</td>
<td>6</td>
</tr>
<tr>
<td>2010</td>
<td>7</td>
</tr>
</tbody>
</table>

### Water usage

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousand km³</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>0</td>
</tr>
<tr>
<td>1800</td>
<td>0</td>
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<tr>
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<td>0</td>
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<td>1900</td>
<td>0</td>
</tr>
<tr>
<td>1950</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
</tr>
</tbody>
</table>

### Carbon dioxide

<table>
<thead>
<tr>
<th>Year</th>
<th>Atmospheric conc. ppm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>270</td>
</tr>
<tr>
<td>1800</td>
<td>300</td>
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<tr>
<td>1850</td>
<td>320</td>
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<td>1900</td>
<td>330</td>
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<td>1950</td>
<td>340</td>
</tr>
<tr>
<td>2000</td>
<td>350</td>
</tr>
<tr>
<td>2010</td>
<td>360</td>
</tr>
</tbody>
</table>

### Transportation

<table>
<thead>
<tr>
<th>Year</th>
<th>Million motor vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>0</td>
</tr>
<tr>
<td>1800</td>
<td>0</td>
</tr>
<tr>
<td>1850</td>
<td>0</td>
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<td>1900</td>
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<tr>
<td>1950</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
</tr>
</tbody>
</table>

### Telecommunications

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion phone subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>0</td>
</tr>
<tr>
<td>1800</td>
<td>0</td>
</tr>
<tr>
<td>1850</td>
<td>0</td>
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<td>1</td>
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<tr>
<td>2000</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
</tr>
</tbody>
</table>

Our world is changing...
2.

Thematic investing
Thematic investing

Thematic investment approach

Secular growth
- Exploits inefficiencies caused by short-termism

Benchmark agnostic
- Forward looking portfolio

Focus
- “We know everything about a little”

Source: Pictet Asset Management
Investment solutions
Disruptive Technologies

Because Innovation is not an option
The digital revolution

Digital momentum is building

Internet penetration rates (%)

- <30%
- 30-50%
- 50%
- 50-80%
- 50-80%

Australia

Europe

North America

South America

Australasia

Did you know….?

1. By 2020, the number of devices connected to Internet of Things (IoT) is estimated to reach 50 bn or 6 devices per person.¹

2. By 2020, every user of connected devices will generate 1.5GB of data daily.²

3. Next wave of disruptive technologies includes AI in every software, predictive analytics, Fintech or VR.


Source: Internet World Stats, June 2016

Source: Pictet Asset Management
The digital economy has come of age...
...be part of the “e”volution
Investing in a safer world

Cyber attacks are increasing across all sectors

**Frequency and size**

- **Healthcare & Government**
- **Finance & Insurance**
- **Retail & Merchant**
- **Technology**
- **Military**

Did you know….?

1. **Up to 118,000 cyber attacks occur on a daily basis**. Innovative IT security companies can help fight crime and terrorism.

2. **Global food testing market is expected to be worth USD 16 billion by 2020**. Private companies are developing solutions to detect contamination faster across the food chain.

3. **USD 3 trillion is to be invested on smart city projects by 2020**, of which 14% will be security-related.

Source: Bloomberg, *Data Breaches*, 2014


Source: Pictet Asset Management
Security is essential to modern life...
...invest in companies creating a safer world
Disruptive Technologies

The next frontier

Mind the demographic gap
Decreasing global workforce relative to elderly

12 working people per person aged 65+

2050

4 working people per person aged 65+

Did you know….?

1  With falling birth rates and population aged 65+, predicted to double\(^1\), robots will be required to help counteract lost productivity and the elderly in need.

2  A single type of robotic system has been used on over 3 million patients for minimally invasive surgical procedures\(^2\).

3  Service robots’ industry* is expected to grow by 20 - 25% annually over the next 5 years\(^3\).

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\( ^1 \)Including driverless cars and smart personal assistants. Source: \( ^1 \)United Nations World Population Ageing; 2015, \( ^2 \)da Vinci surgery, 2015, \( ^3 \)IFR, CICC Research, 2015

Source: Pictet Asset Management
Robots are no longer confined to the factory floor...
...invest in companies enabling them to become part of our daily lives
Healthy living

Because we want to live longer and better
We live longer and healthier lives than ever before
Globesity - Malnutrition is the #1 cause for world’s disease burden

Globalization is changing our lifestyle

Source: Dave Granlund
Innovative companies are helping us live healthier lives
From improving the quality and sustainability of the food we eat
And cleaning the air we breathe
to improving the care we receive
We believe these companies will be long term winners in the global stock market.
Conclusions
Conclusions

Megatrends - A smart way to invest

- Focus on secular growth
- High conviction investments
- Benchmark agnostic
- Idea and value driven

Source: Pictet Asset Management
Our world is changing…
Shouldn't your investments change too?
Thank You

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