



**BERENBERG**

PRIVATBANKIERS SEIT 1590

20th September 2023

# Berenberg Megatrend Days





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Date 06.10.2023

# Megatrends and their impact on our portfolios

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Matthias Born, Head of Investment & CIO Equities at Berenberg

Peter Kraus, Head of Small Cap Equities at Berenberg

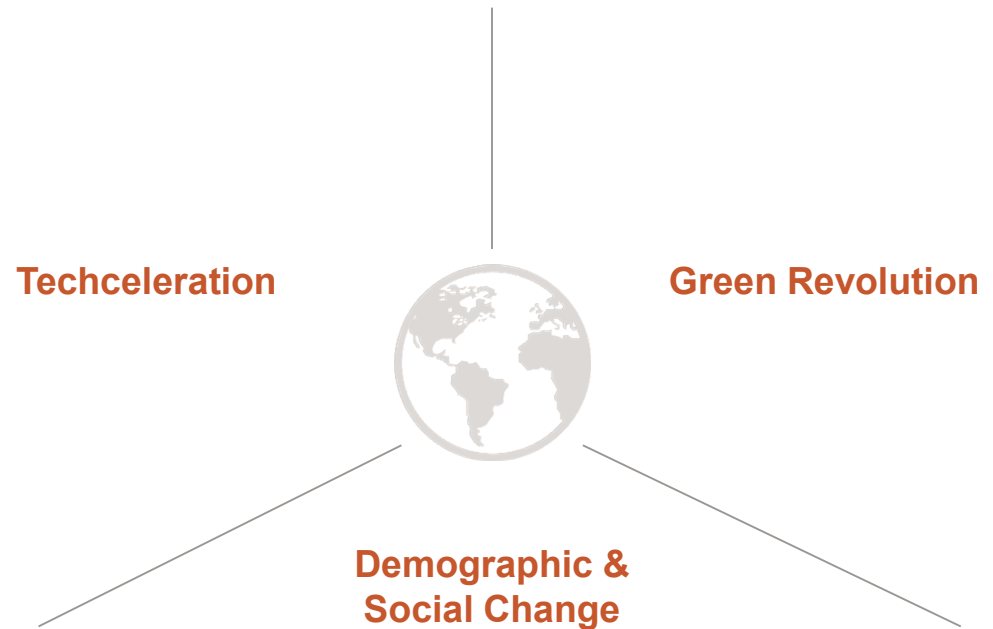


# Megatrends at Berenberg

We see three broad megatrends in the investment world

## Megatrends are here to stay

- Relevant for decades
- Impact on every area of our lives
- They trigger global shifts



# Megatrends at Berenberg

## Demographic & Societal Change

### Ageing

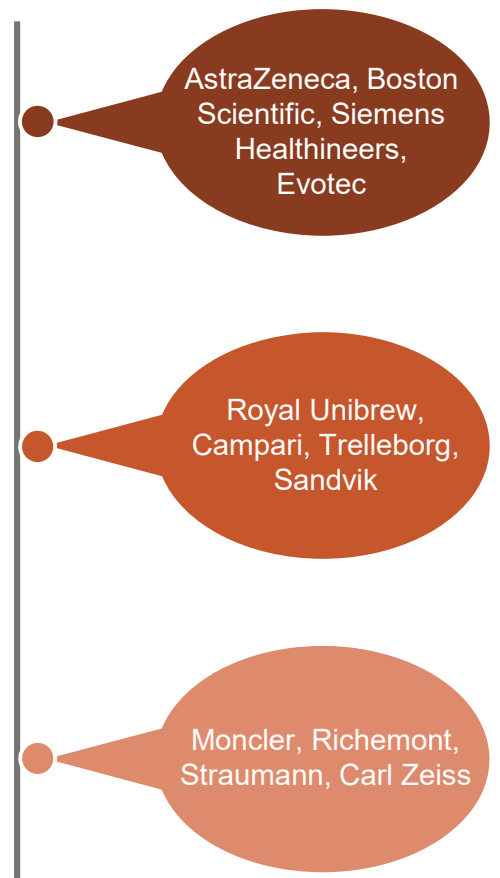
- Growing demand for healthcare products and services
- Stretched healthcare budgets

### Population Growth & Urbanization

- The nutrition challenge & changing eating habits
- New mobility solutions

### Societal Change

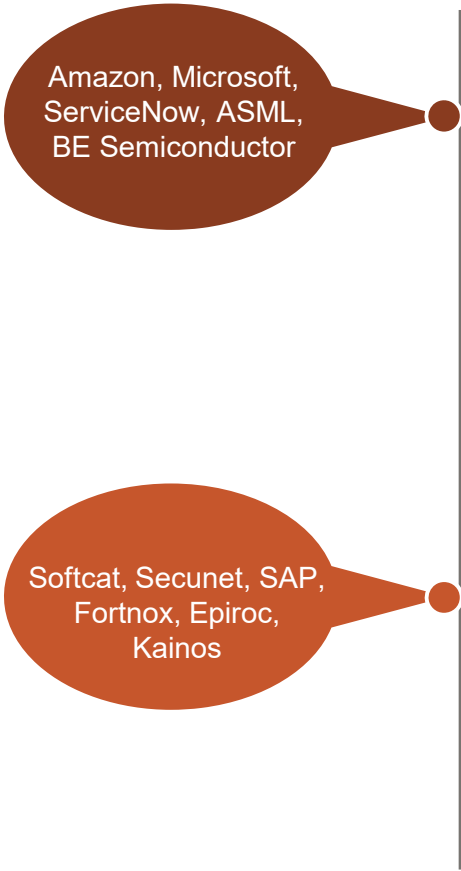
- The rise of the Emerging markets consumer
- Generational differences in behaviours and attitudes



AstraZeneca, Boston  
Scientific, Siemens  
Healthineers,  
Evotec

Royal Unibrew,  
Campari, Trelleborg,  
Sandvik

Moncler, Richemont,  
Straumann, Carl Zeiss



Amazon, Microsoft,  
ServiceNow, ASML,  
BE Semiconductor

Softcat, Secunet, SAP,  
Fortnox, Epiroc,  
Kainos

## Technological Breakthroughs

- Semis and sensors
- Cloud
- Big data, data analytics and AI
- 5G
- Industrial IoT
- Genomics

## Digitalisation

- Digital enterprise / factory
- Digital finance / payments
- Digital government
- Digital consumer
- Digital education
- IT security

# Megatrends at Berenberg

## Green Revolution

### Climate Change

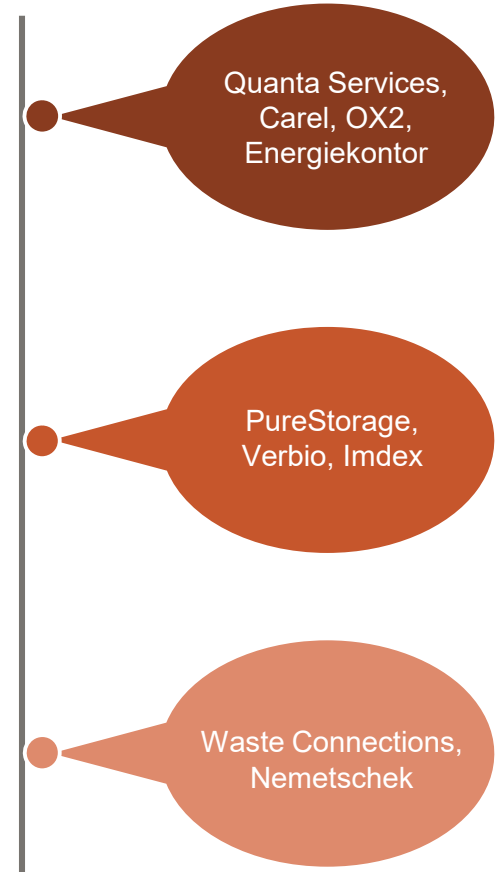
- Renewables and energy storage technology
- Electric mobility
- Less carbon intensive industrial processes

### Scarce Resources

- Water treatment and water saving solutions
- Less resource intensive production processes
- Future of food and biodiversity

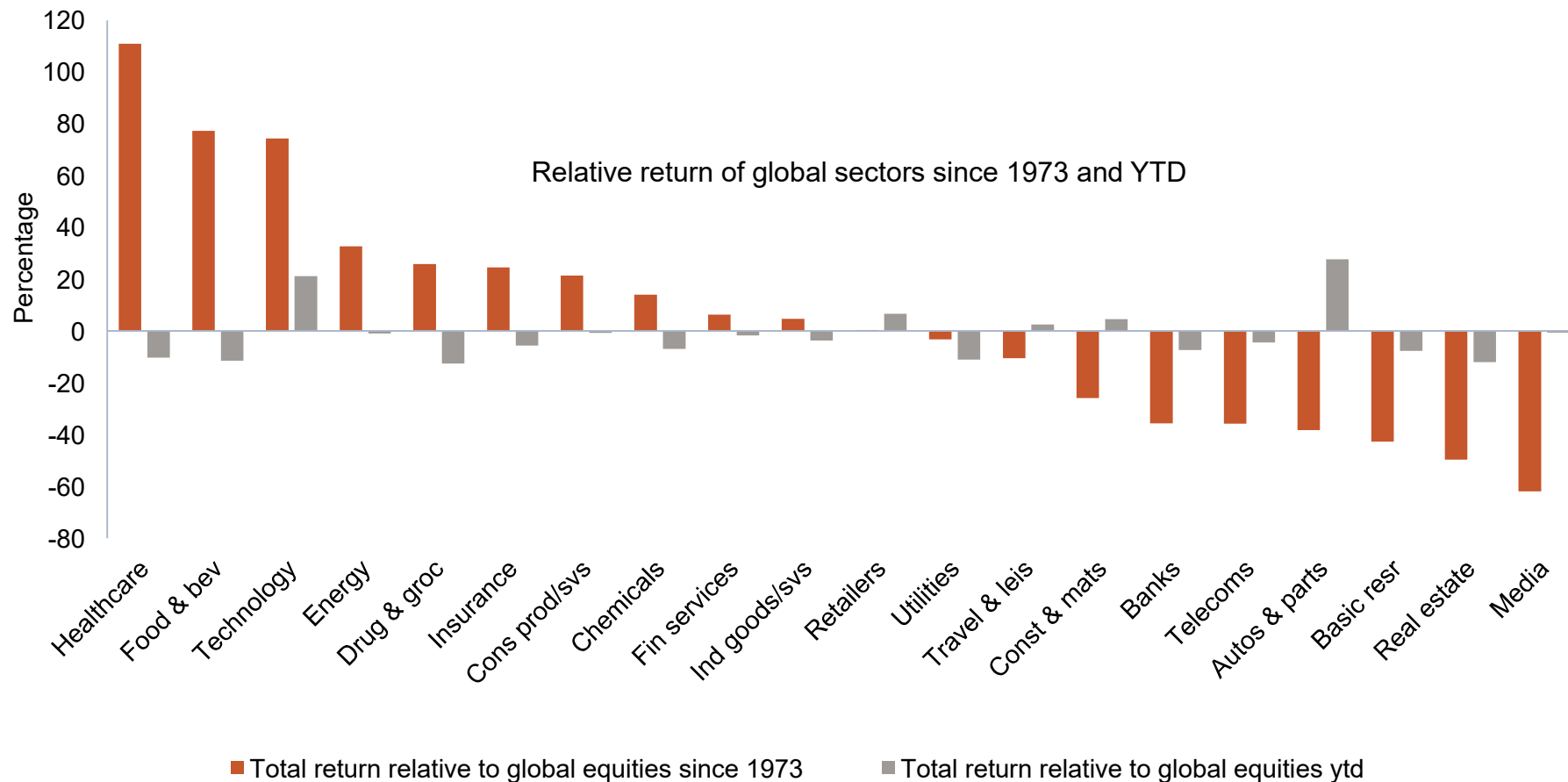
### Waste Problem

- Waste management
- Biodegradable plastics
- Circular economy and plastics



# Megatrends at Berenberg

## Healthcare and Tech were able to outperform

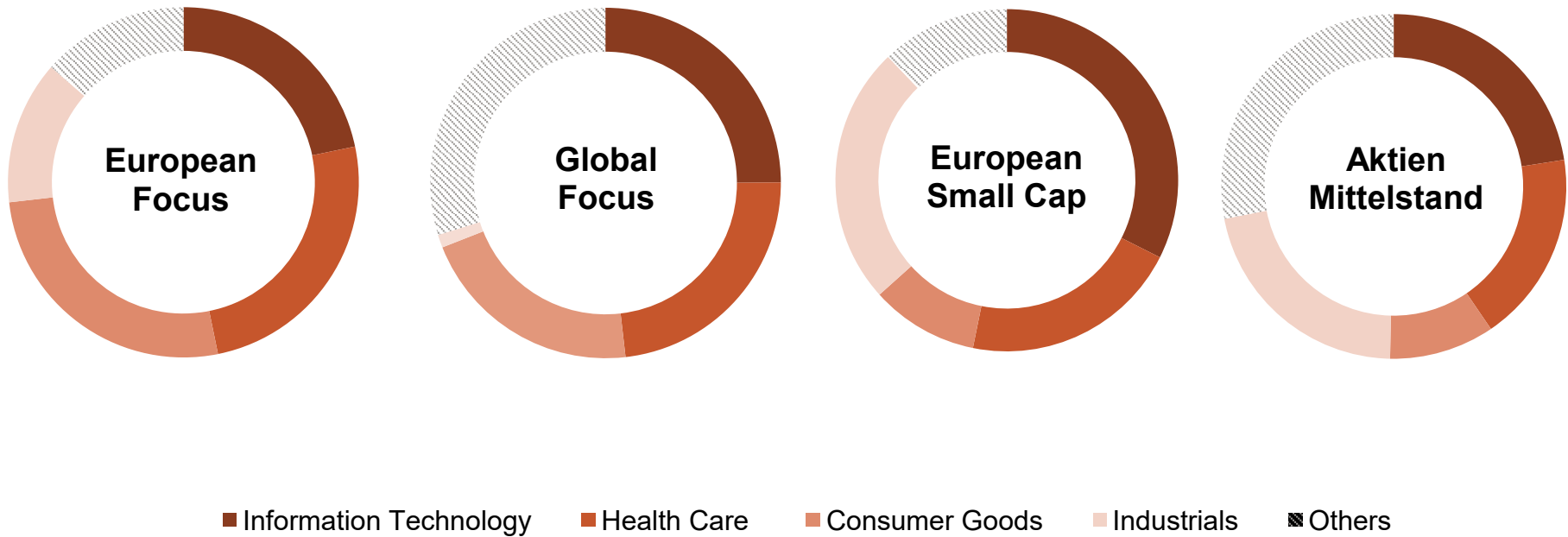


Source: Berenberg Research, September 2023



# Megatrends at Berenberg

## Sector weights in our portfolios



### **Demographic & Social Change**

#### **How AI changes Biotech & Pharma**

Philip Boehme, Just – Evotec Biologics & Kay Eichhorn-Schott, Berenberg

### **Techceleration**

#### **Impact of AI on Cloud Computing & Software**

Alexander Del Toro Barba, Google & Martin Hermann, Berenberg

### **Green Revolution**

#### **Innovation supporting the Energy Transition**

Friedrich Pehle, 2G Energy & Peter Kraus, Berenberg

### **AI & its impact on Asset management industry – a look at Berenberg's approach**

Nico Baum, Berenberg

# Where does AI impact our work?

## Key statements for effects in most relevant areas

### Economy

“AI leads to productivity push and therefore might help to tame persistent inflation.”

### Stocks

“Real revenue opportunities in Tech plus efficiency gains in other areas but be wary with AI used as buzzword to push stocks.”

AI

### Fund management

“AI is not taking your job but employees who deploy AI.”

### Fund products

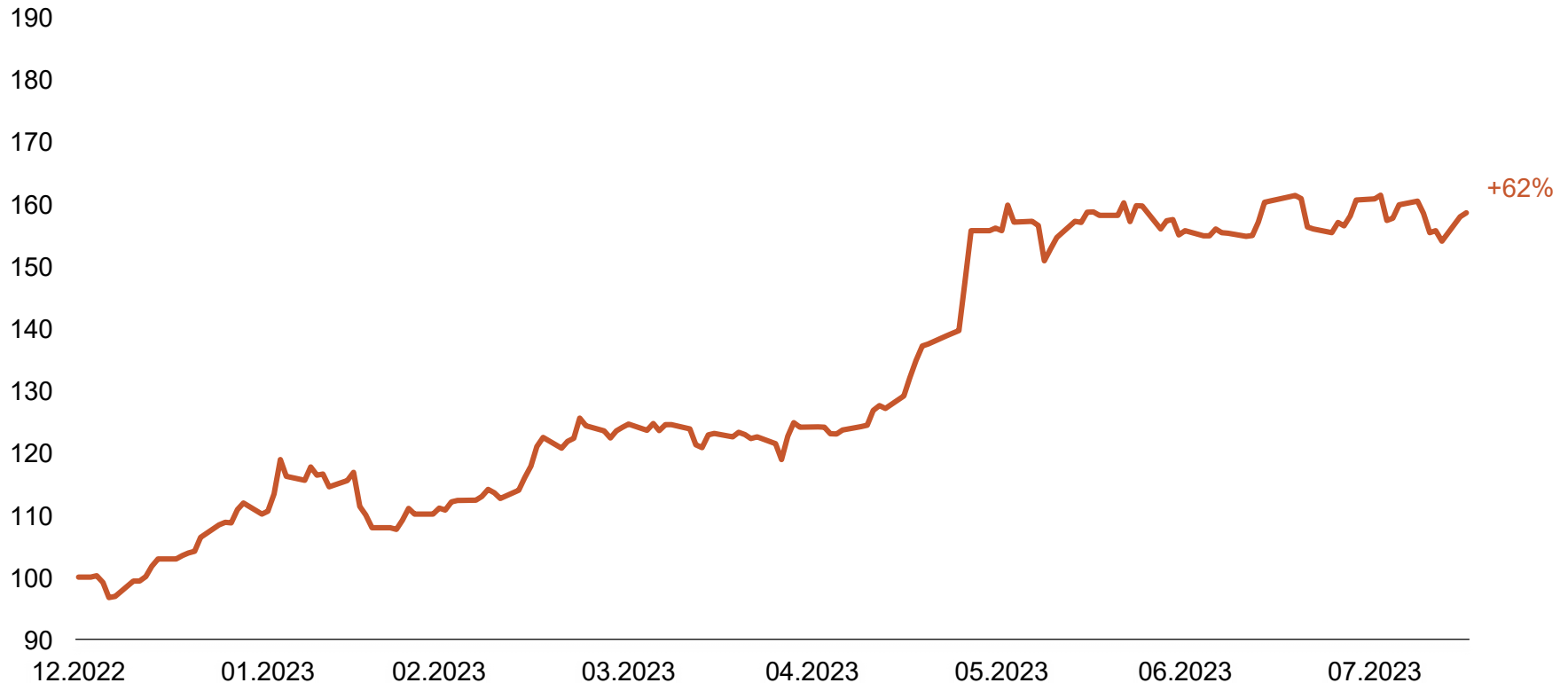
“More and more innovative concepts, but so far only niche existence and still under critical evaluation.”



# Influence of AI on performance of stocks

## AI beneficiaries outperformed the S&P 500 Equal Weighted

### Indexed performance near-term AI beneficiaries vs. equal-weight S&P 500 YTD



#### 12 Months Periods (15.08.2018 - 15.08.2023)

	15/08/18 – 15/08/19	15/08/19 – 15/08/20	15/08/20 – 15/08/21	15/08/21 – 15/08/22	15/08/22 – 15/08/23
S&P 500 Equal Weighted	2,49%	3,93%	43,07%	15,47%	-6,64%

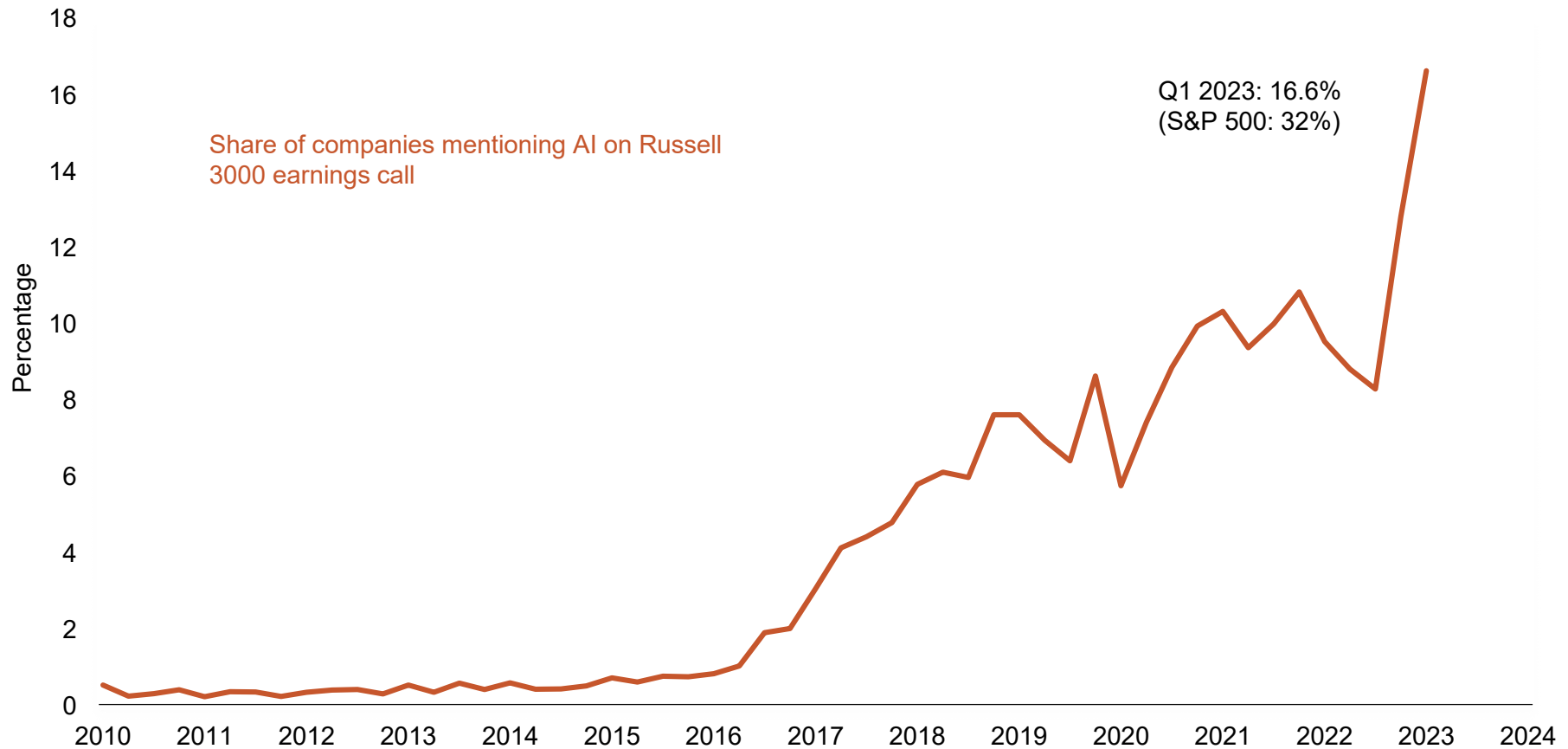
Source: Goldman Sachs GIR, 30.12.2023-15.08.2023. Near-term AI beneficiaries: Nvidia, Marvell, Credo Technology, Microsoft, Google, Amazon, Meta, Adobe, Salesforce, Intuit

# AI becomes more and more prominent

Also non-tech companies with more and more attention



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Source: Goldman Sachs GIR, 01.01.2010-15.08.2023

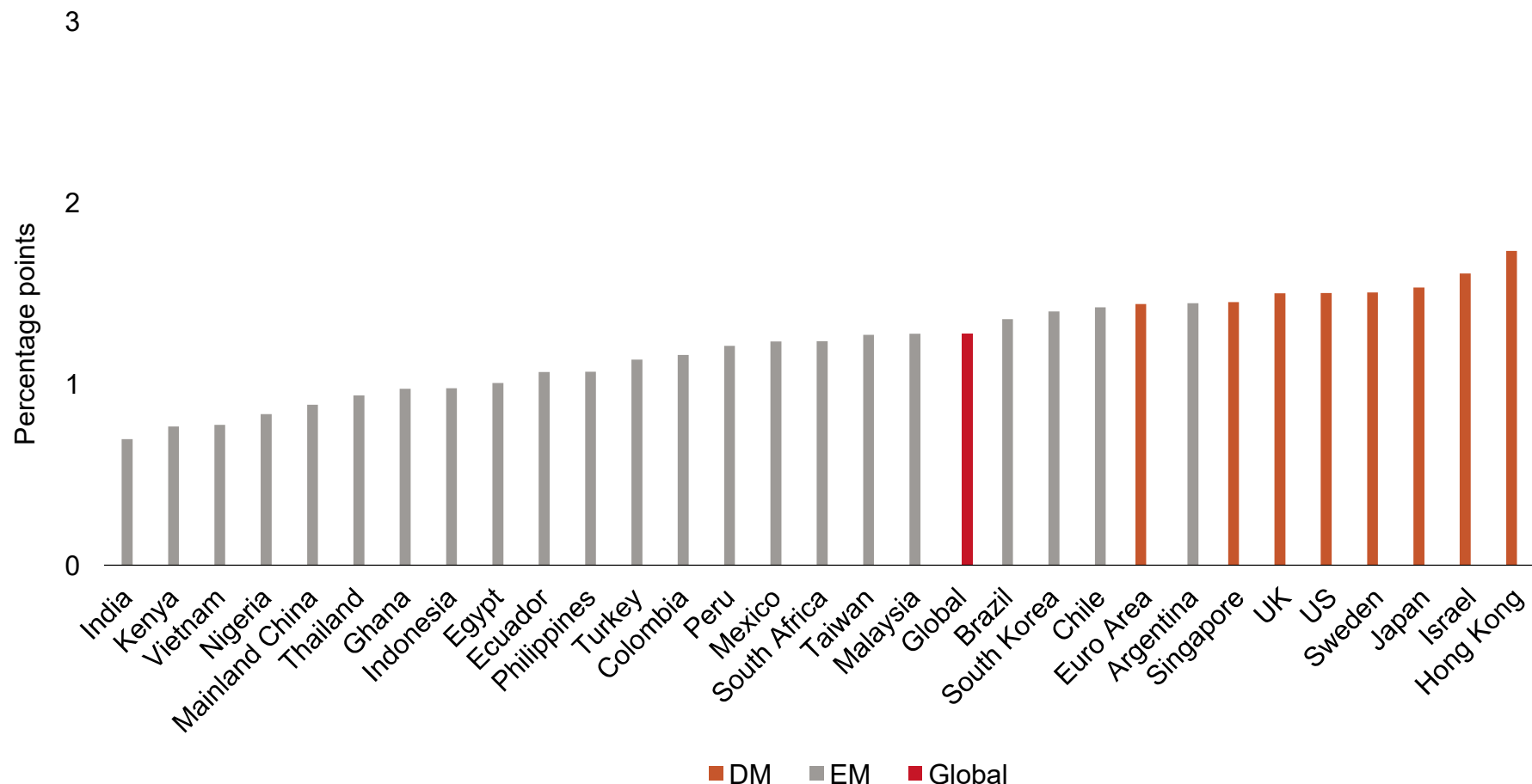
# AI likely to boost productivity growth significantly

Broad positive effect on EPS growth expected



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## Effect of AI adoption on annual productivity growth, 10-year adoption horizon



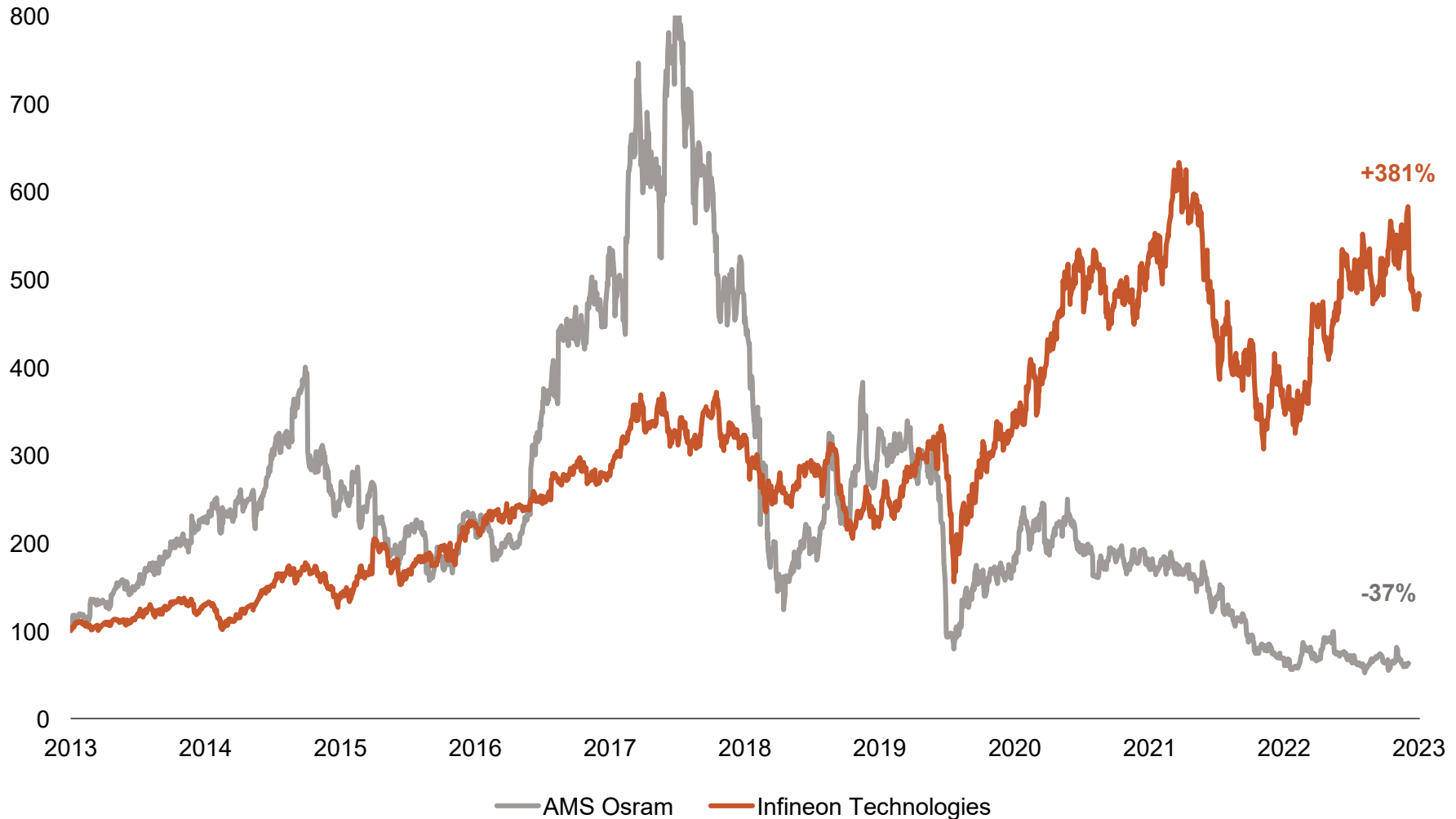
Source: Goldman Sachs GIR, 15.08.2023

# Growing sector is no guarantee for long-term succes

Some companies are not succesful even though underlying markets are attractive



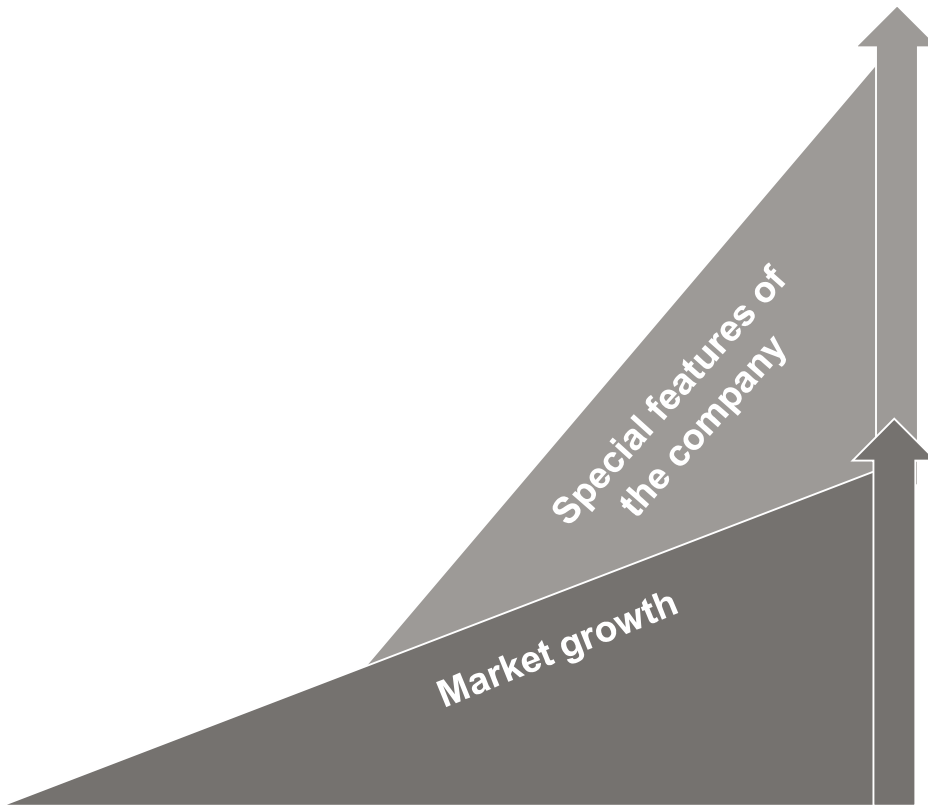
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Source: Bloomberg, 30.08.2013 – 31.08.2023

# Company-specific drivers generate long-term outperformance, not the trend itself

## Our approach remains unchanged



### Summary

- Megatrends give companies a tailwind, but are usually not the sole growth driver
- Company-specific factors such as competitive positioning or technology remain decisive
- Fundamental megatrends are more important for some companies than for others



# Fundamental analysis is key

## Example: SKAN



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