



# TECH-INVESTING IN A NEW WORLD

Rising optimism on a faster-than-expected return to economic normality has prompted talks of a sustained rotation away from the technology leaders into cyclical stocks. However, there are reasons to stay invested in the tech plays given their long-term growth potential.

## INVESTING IN THE FUTURE

Champagne bottles have started popping as investors cheered not only Joe Biden’s election win, but the imminent approval of COVID-19 vaccines by the likes of Pfizer and Moderna. Nevertheless, the vaccine is not a silver bullet and the path to full economic recovery would remain bumpy.

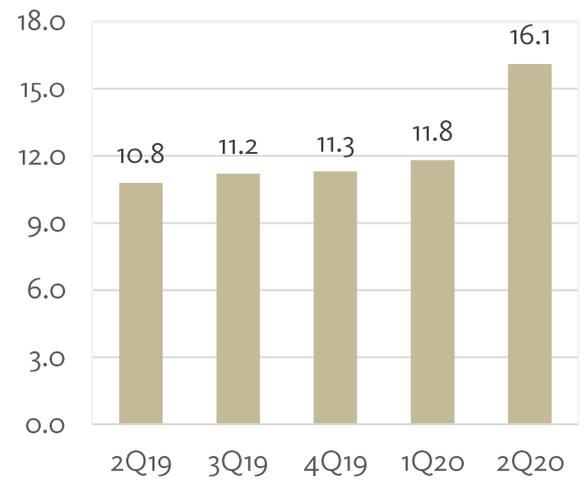
While there are select opportunities in beaten-down cyclical stocks that have been hard hit by the COVID-pandemic, it would be premature to write-off the tech plays. The pandemic has hastened the digital transformation across businesses and consumers and accelerated the demand for new technology infrastructures. More significantly, the move into a more digitised world is here to stay even in the post-pandemic era.

We continue to see investment opportunities from a number of key themes such as E-commerce, Over-the-top (OTT) services such as video and music streaming, Fintech, Electric Vehicles, Cloud Computing and Artificial Intelligence that would drive changes and disruptions in the next decade. We also see potential in the roll-out of related infrastructures such as 5G networks and data centres to support consumers and businesses in their connected digital transformation.

## DIVERSIFY BEYOND THE MEGATECHS

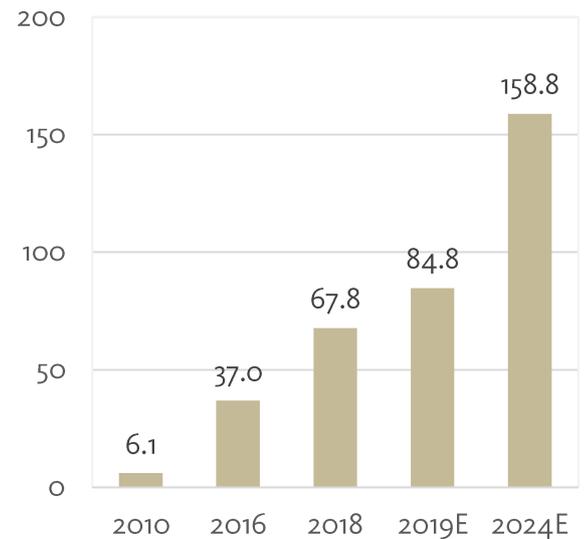
Investing in the secular tech plays, which are evolving independently of the economic cycle, could translate into sustainable long-term returns for investors. That said, we would prefer to adopt a diversified approach and invest across multiple growth themes, and not just focus on the megatechs. By doing so, it will allow one to fully capitalise on the breadth of opportunities within the fast-evolving tech sector, and help to achieve better risk-adjusted returns for one’s portfolio.

Estimated U.S. retail E-commerce sales as a percentage of U.S. retail sales



Source: U.S. Census Bureau | August 2020

Over-the-top (OTT) revenue worldwide from 2010 to 2024 (in USD billions)



Source: Statista | 04 December 2019

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