



## Market Commentary

### **Tweet of the Month:**

*“The five investment trends we see in 2018 are Ageing, Millennials, Automation, Chinese Consumer and Sustainability. All accessible via ETFs”*

### **1-Ageing**

This one shouldn't come as a surprise. The baby-boomers have been retiring for a while now and this is something that will continue to happen at an even faster pace. But what does this have to do with investment trends you wonder? Let us elaborate.

For starters, the gap that the retirement of baby-boomers leaves will have a considerable impact on the labour market and create a shortage of workers. In order to (partially) try and fill this gap, companies will increase their investments in workplace automation and technology. Secondly, people are living longer and getting older than ever before. This will have consequences for the healthcare sector globally, but especially in emerging markets, since they often haven't really invested in a well-structured healthcare system before. In order to meet the growing demand, investments in products, services, and technologies tailored to the needs of an aging population are likely to go up.

#### Recommended Investment

iShares Ageing Population ETF (AGED, London Stock Exchange)

Low-cost ETF (TER=0.40%) that provides diversified access to companies that specifically provide products or services to the world's ageing population across both developed and emerging markets. Growth potential due to a rapidly ageing global population, medical advances and societal changes.

### **2-Millennials**

Now, there is a lot to say about this trend. In fact, the topic of millennials and the potential impact they could have on how investment is done probably deserves an article on its own. So we'll keep it short for now.

Millennials - the generation born between 1980 and 2000, also known as Generation Y - are about to inherit a massive chunk of wealth from... indeed, the baby-boomers. As such, they'll become an important - perhaps the most important - group of investors which means that it's time to know what type of investments they're interested in. Interestingly, the elements that tend to matter to millennials when it comes to making an investment decision are the same factors that play a role when they choose a job: sustainability, purpose (i.e. a positive environmental and social impact) and passion.

#### Recommended Investment

Global X Millennials Thematic ETF (MILN, Nasdaq)

Low-cost ETF (TER=0.68%) that seeks to invest in companies that have a high likelihood of benefiting from the rising spending power and unique preferences of the US Millennial generation. These companies come from a broad range of categories, including: social media and entertainment, food and dining, clothing and apparel, health and fitness, travel and mobility, education and employment, housing and home goods, and financial services.



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### **Tweet of the Month (cont):**

#### **3-Automation, Robotics and Artificial Intelligence (“AI”)**

This is another trend that shouldn't come as a surprise. Applications of AI and automation are all around us. Think of Netflix using an AI-powered algorithm to tell you what show you might like to watch next or Google finishing when you start to type a question in the search engine for example. Numerous industries - marketing, sales, finance, and HR to name a few - already use AI technology to optimise and/or automate their processes. Further automation is only a matter of time.

#### Recommended Investment

iShares Automation & Robotics ETF (RBOT, London Stock Exchange)

Low-cost ETF (TER=0.40%) that provides diversified access to companies that are developing technology in the fields of automation and robotics across both developed and emerging markets. Growth potential due to major structural drivers including lower development costs, evolving technology and rising salaries.

#### **4-Chinese Consumer**

The expansion of the Chinese middle-class continues apace. China's economy is becoming more and more consumer-driven and, to stick with the millennials example, the wealth of Chinese millennials alone is expected to be somewhere between \$19 trillion and \$24 trillion by 2020. Needless to say, these kinds of figures are clearly something to take into account. Especially since this group has a big influence on family purchases and often also has a significantly higher income than their parents.

#### Recommended Investment

Global X China Consumer ETF (CHIQ, New York Stock Exchange)

Low-cost ETF (TER=0.65%) that invests in companies operating within the consumer discretionary and consumer staples sectors in China.

#### **5-Sustainability**

As demographics are changing and more women (as well as, again, millennials) are investing, investor focus is shifting to more sustainable investments. This means, among other things, that investors are taking a closer look at elements such as the use of resources, employee treatment, gender issues, retention rates and the way management runs the company (is the management long-term oriented or not, for instance).

#### Recommended Investment

iShares Dow Jones Global Sustainability Screened ETF (IGSG, London Stock Exchange)

Low-cost ETF (TER=0.60%) that provides diversified access to companies that have been screened for their economic, environmental and social characteristics. Excludes those companies involved in alcohol, tobacco, gambling, arms etc.