

Megatrends - attractive for long-term investments



Last week, energy prices went crazy. On the one hand a sign of economic recovery after the forced standstill during the Corona pandemic, on the other hand a potential trend triggered by the transition to green energy. This transition will take time; we group this development under the megatrend „resource scarcity.“

What are megatrends anyway?

Megatrends are long-term, structural changes that fundamentally reshape the economy and society; they are driven by technological innovation and demographic changes. The long-term aspect is important - megatrends will shape our lives for decades to come. And: they are global. Companies must respond to these developments. Some companies even drive these developments and benefit from them in particular - our new Kathrein Sustainable Megatrend Fund invests in these companies.

Which megatrends do we invest in?

- After intensive research and analysis, we have decided on four trends: urbanization, health, resources and technology.
- **Urbanization:** According to UN forecasts, $\frac{3}{4}$ of the world's population will live in cities by 2050. Increasing connectivity, the need for modern infrastructure, (buzzword: smart cities) as well as sustainable construction offer significant opportunities here.
- **Health:** Preventive and curative healthcare, from a balanced diet to modern care solutions, is becoming increasingly important. Demographic developments in our society will increase the proportion of older people.
- We see **resource scarcity** primarily in connection with increasing demand for green energy. It will also accelerate the move away from a linear economic model toward a circular economy. This will create opportunities for new business models. The issue of climate protection - how can we stop climate change? - plays a decisive role here.
- **Technology**, i.e. digitization, Industry 4.0, artificial intelligence enables the economy to become cleaner and value chains to become more efficient.

What role does sustainability play in the fund?

Sustainability has a high priority at Kathrein and is an indispensable component in product development. In addition, we also see sustainability as a meta-megatrend overall. All companies in the fund must demonstrate a high ESG standard in order to be considered for investment at all. In addition to environmental impact, we set stricter requirements for good corporate governance and also an increased requirement for achieving the UN Sustainable Development Goals (SDGs). In the case of the latter, companies must no longer hinder the achievement of the goals.

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