

## Weekly Flash

### Our New Focus Mandate Megatrends – Invest in the World Ahead

#### MARKET PERFORMANCES (as of November 20, 2020 – 15:45 CET)

	CURRENT	CHANGE 1 WEEK	CHANGE YTD		CURRENT	CHANGE 1 WEEK	CHANGE YTD
S&P 500 Index	3'576.91	-0.23%	10.71%	Gold	1'877.34	-0.59%	23.76%
S&P/Toronto Stock	16'909.81	1.40%	-0.90%	Silver	24.45	-0.77%	37.31%
EuroStoxx 50	3'462.28	0.88%	-7.55%	Oil WTI	41.62	3.71%	-31.84%
SMI Index	10'462.91	-0.28%	-1.45%	EUR/USD	1.1871	0.36%	5.92%
DAX Index	13'116.74	0.31%	-1.00%	EUR/CHF	1.0802	-0.05%	0.46%
Nikkei Index	25'527.37	0.56%	7.91%	USD/CHF	0.9099	0.27%	-6.03%
Emerging Market Index	67'518.13	0.66%	9.84%	USD/JPY	103.72	0.81%	-4.64%
Yield 10Y US Treasuries	0.844	-0.0532	-107.45	CAD/USD	0.7668	-0.72%	0.37%
Yield 10Y German Bund	-0.583	-0.0329	-39.31	USD/CNY	6.5638	0.61%	-6.06%

[Source: Bloomberg]

#### Summary

- We identified 10 themes, which we consider to represent global megatrends, likely having a large and lasting impact on our future.
- Our new Focus Mandate Megatrends offers diversified access to strongly growing companies with considerable exposure to these trends.

#### Megatrends are long-term drivers of growth

We view megatrends as important long-term shifts that arise from structural changes in demography, the environment, our behaviour and/or socio-economic developments and that have a significant impact on our society, our private lives and on businesses. Technological innovation is often a key prerequisite and an important driver to overcome inefficiencies and irreversibly shift existing paradigms. There are currently 10 megatrends that we consider as potentially having a huge impact on our future.

**Cloud Computing:** As the backbone of the so called Internet of Things, we expect a mass adoption of related technologies, likely resulting in strong structural growth for many years.

**Disruptors:** Disruption refers to structural changes within an industry, creating significant opportunities for innovators with new business models to meet emerging demands.

**E-Commerce:** Online consumption will most likely continue to generate high growth rates, offering massive opportunities for companies along the E-Commerce value chain.

**E-Sports & Gaming:** The gaming market continues to expand, driven by a growing addressable market, new game titles, improving product quality and faster internet speeds.

**Family Businesses:** Companies where the founder or a family holds a significant stake tend to have more consistent earnings growth, stronger balance sheets and a clear focus on their long-term strategy.

**Global Brands:** Typical characteristics of global brands are strong organic growth, high returns on invested capital, strong free cash flows and low earnings volatility.

**Power of Diversity:** Studies show that companies with a greater representation of women in management are more resilient during financial crises, have a more solid balance sheet and higher average sales growth.

**Robotics & Artificial Intelligence:** Advancements in sensing capabilities and computing power have led to a new type of robot capable of interacting with humans in industrial production processes or assisting humans in their everyday lives.

**Smart Healthcare:** Innovative diagnostic devices, clinical decision support, improved prevention concepts, innovative drugs, better treatments and holistic, more personalized tools increase cost-efficiency and help to improve the quality of life.

**Water:** Companies helping to solve problems related to water scarcity, water contamination and water efficiency represent attractive investment opportunities while having a positive impact on our lives.

#### A diversified approach to growth investing

From a risk perspective we can categorize the 10 megatrends as defensive, neutral and growth. On the defensive side we have Global Brands, Power of Diversity and Water. Companies within these themes usually have a lower sensitivity to market fluctuations and provide a stable income. Neutral are Family Businesses and Smart Healthcare. Companies within these themes typically have strong balance sheets and offer stable revenue and earnings growth. Cloud Computing, Disruptors, E-Commerce, E-Sports & Gaming as well as Robotics & Artificial Intelligence are in the growth segment. Strongly growing companies may have above average volatility and a higher sensitivity to market fluctuations. For our Focus Mandate Megatrends we select companies with attractive longer-term growth potential within each theme. The overall risk profile of the mandate is slightly aggressive, so that we expect it to outperform in rising markets and to underperform during corrections. The aim of the mandate is to achieve sustainable

returns that exceed the broader stock market over a full business cycle, which usually lasts between 5 and 7 years.

**The Megatrends Portfolio**

Consisting of 35 stocks the mandate is broadly diversified across regions, sectors, styles and themes. The most prominent themes are currently Smart Healthcare with a portfolio weight of 14% as well as Cloud Computing, Global Brands and Disruptors with a portfolio weight of 11% each. The regional split is 50% U.S., 25% Europe and 25% Switzerland. The overall portfolio has an aggregated Price-to-Earnings Ratio of around 30 based on estimates for 2021 and estimated earnings growth over the next 2 years is approximately 28% per annum. However, the longer-term growth potential of the selected stocks is in our view equally attractive. Besides actual and potential growth, key criteria for stock selection are: a strong balance sheet to fund organic and eventually external growth, a superior product portfolio leading to a dominant market position, a high return on invested capital, strong free cash flow generation or at least a viable path to reaching this target and – last but not least – a reasonable valuation. We expect the majority of companies selected for the Megatrends Mandate to grow substantially faster than the rest of the economy.

**exposure to structural growth themes by investing in high-conviction, innovative pure-play companies. The graphic below illustrates our current portfolio holdings.**

**Please contact your Wealth Management Advisor for more information regarding our Megatrends and stock specific recommendations.**

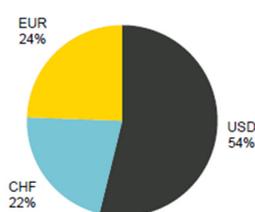
**Conclusion**

**As technologies emerge and transform entire industries, investors in traditional benchmarks face more risk than ever. Our Focus Mandate Megatrends gives investors targeted**

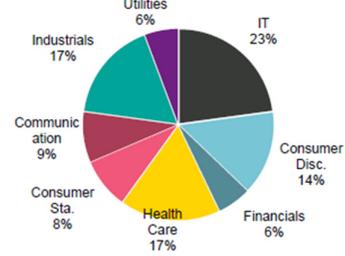
Allocation by investment category



Allocation by currency



Allocation by sector



ISIN	Description	Weight	ISIN	Description	Weight
	Cash USD	5.0%	US0378331005	Apple Inc	2.7%
<b>Total Cash</b>		<b>5.0%</b>	US2546871060	Walt Disney Co/The	2.7%
CH0038863350	Nestle SA	2.7%	US87918A1051	Teladoc Health Inc	2.7%
CH0014284498	Siegfried Holding AG	2.7%	US46120E6023	Intuitive Surgical Inc	2.7%
CH0030170408	Geberit AG	2.7%	US46266C1053	IQVIA Holdings Inc	2.7%
CH0024638196	Schindler Holding AG	2.7%	US70450Y1038	PayPal Holdings Inc	2.7%
CH0024608827	Partners Group Holding AG	2.7%	US0231351067	Amazon.com Inc	2.7%
CH0012221716	ABB Ltd	2.7%	US5184391044	Estee Lauder Cos Inc/The	2.7%
CH0025751329	Logitech International SA	2.7%	US98978V1035	Zoetis Inc	2.7%
CH0012453913	Temenos AG	2.7%	US98419M1009	Xylem Inc/NY	2.7%
<b>Total Equities Switzerland</b>		<b>21.7%</b>	JE00B783TY65	Aptiv PLC	2.7%
FR0000121485	Kering SA	2.7%	US09247X1019	BlackRock Inc	2.7%
NL0000009538	Koninklijke Philips NV	2.7%	US64110L1061	Netflix Inc	2.7%
DE000ZAL1111	Zalando SE	2.7%	US90353T1007	Uber Technologies Inc	2.7%
GB0002374006	Diageo PLC	2.7%	US00507V1098	Activision Blizzard Inc	2.7%
IT0003128367	Enel SpA	2.7%	US67066G1040	NVIDIA Corp	2.7%
FR000124141	Veolia Environnement SA	2.7%	US5949181045	Microsoft Corp	2.7%
DE0007664039	Volkswagen AG	2.7%	US79466L3024	salesforce.com Inc	2.7%
DE0007236101	Siemens AG	2.7%	<b>Total Equities US</b>		<b>48.9%</b>
DE0007164600	SAP SE	2.7%			
<b>Total Equities Europe</b>		<b>24.4%</b>			

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