

It pays to be tech savvy – in life and in the investing universe

Some paradigm-shifting insights into the trends in the realm of investments emerged at the sixth annual i3 Summit 2019 hosted by Sanlam Investments and Glacier by Sanlam at Spier in Stellenbosch on 11 June and the Sandton Convention Centre on 13 June.

Against a somewhat bleak socio-economic and political backdrop, industry experts explored a synopsis of current investment industry trends and illustrated that with some innovative thinking and creative portfolio construction, positive investment outcomes are well within reach for our clients.

In light of the significant developments and innovation in the tech space, global large cap tech stocks are looking very attractive in terms of their growth outlook and they are significantly more liquid than the more traditional global large cap stocks. It is therefore important that investing in a global technology fund should be given due consideration in the portfolio construction process.

Welcome the tech disruption – it's here to stay

Richard Clode, tech trend spotter and co-manager of the technology portfolio at Janus Henderson Investors, in his presentation titled 'Investing in Disruption', offered an illuminating analysis of just how important technology has become as a disruptor to the stock market. Technology promises to be a critical player in and enabler to portfolio construction. One of the most intriguing statistics he quoted was that 75% of millennials would more readily purchase financial services from a tech company than they would from a traditional financial services one. That said, the role of human advisers continues to be relevant (read essential) in well-constructed, cogent portfolios.

Here are some headline points that Clode presented as food for thought for the 600+ delegates who attended:

- We are all contributors to the rise of technology in the markets. Most of us own a smart device.
- Technology reduces costs – this fact is ever more relevant as new technologies emerge as enablers for investment.
- Technology stocks are able to ride out tough times and tech companies have the balance

sheets to prove this assertion.

- Technology involves long-tail investment and when the stocks disappoint they could turn into “zombies”, so avoid hype and interrogate thoroughly what is trending. Bitcoin may be a bubble, but new currencies are on the rise which demand of the industry close investigation and further research.
- Investing in technology is not limited to FAANG (Facebook, Apple, Amazon, Netflix and Google) stocks. There are other opportunities that harness technologies such as AI, gaming and process automation which should not be overlooked e.g. Tencent, Alibaba and Samsung.
- 5G will be bigger than 2G, 3G and 4G. However, the battle in the 5G space is not a battle in and of itself. The contest centres on multiple technologies claiming – and maintaining – a sturdy place in the markets.
- In 5G mobile technology LCD screens will probably be rendered obsolete – foldable displays are the screens of the future. Companies like Universal Displays are likely to dominate this space.
- For now, AI will not take over the role of the traditional financial adviser. AI relies on historic data, and does not have the insight that humans are able to infuse into decision-making. For now.
- As with all technological advancement, we have not yet imagined the jobs that AI could create.

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