

Funds - Thinking Outside The Box

22nd March 2021

Certainty/Uncertainty

At the end of the first quarter of 2021, optimism is starting to rise and the challenges of 2020 and the start of 2021, are beginning to slowly diminish. Vaccine programmes have started to be put in place in a number of countries, with some achieving excellent vaccination rates, in a relatively short space of time.

For the UK and for Europe, Brexit has also taken place. There will be some heated discussions along the way, but the high element of uncertainty has been reduced.

There is a new era of politics in the US, with Joe Biden adopting a more conventional approach and hopes of less division and a more positive period for USA international policy.

However, many uncertainties remain and are likely to do so throughout 2021 and into 2022.

This climate has led to new trends emerging in the fund arena and has reconfirmed other existing trends, a number of these are detailed below:

Ethical Investing and Renewable Energy

There has been a significant increase in sustainable and ethical investing. The fallout due to a worldwide pandemic has reinforced fears of a similar outcome, if carbon emissions are not reduced.

The pandemic has encouraged more people to be aware of and embrace environmental causes. The temporary lull in economic activity during lockdown, with its positive effects on air quality being appreciated by many, has prompted calls for an even more rapid move towards carbon neutrality. The US has already re-entered the Paris Climate Change Agreement and green issues are increasingly being discussed, as part of the

political agenda in most countries.

As Governments seek to stimulate their economies, renewable energy, such as wind and solar power, are becoming popular areas to invest into. There is also likely to be increasing resources directed towards solutions in terms of how to store the excess power generated from renewable energy sources, for use, when it is needed.

Technology: Cloud Computing, Automation and Artificial Intelligence

A number of significant areas of the tech industry are becoming stronger; cloud computing for example.

Such technology has enabled millions of people to work, shop and to play from home. The downloading of music and films, and taking part in eGaming has increased. E-learning has also mushroomed. The delivery of take-away meals is another sector that has increased significantly and again relies on cloud computing.

Whilst there will be a gradual return to people going back to work at their 'place' of employment and shopping in the high street, many patterns and routines have irrevocably changed.

As the world starts to recover from covid-19, a world-wide growth in entrepreneurship is predicted to occur, again relying on cloud computing technology. Even greater numbers of people will be starting their own ventures in the wake of covid-19, as the likelihood of unemployment looms large for many.

The pandemic is likely to accelerate investment into technology such as robotics and artificial intelligence. Organisations will be motivated to reduce the number of employees on the 'shop floor' and the growth in e-commerce demand is a phenomenon heavily reliant on API.

Healthcare

Bio Tech companies have multiplied as gene and cell therapies have offered exciting advances in the way diseases are treated, cured or vaccinated against.

Pharmaceutical companies such as AstraZeneca and Pfizer have proved themselves to be innovative and efficient in terms of developing a vaccine and the mass production of these medicines. There are a number of other pharmaceutical companies developing additional vaccine solutions.

It is difficult to predict the speed with which life might return to normal, post-covid, and this is likely to vary from country to country.

There is potential for airlines, leisure companies and the hospitality sector to thrive in the second half of 2021 and 2022, but only if the world moves out of the pandemic reasonably quickly.

The key to a successful business will be, a high quality product or service, an efficient organisational structure and a strategy that allows for more than one outcome.

Diversification may be needed to insure against the possibility of a slow recovery from the pandemic.

Digital Transformation of Business Services

As with other sectors, business services have needed to rapidly adopt digital solutions to keep in touch with clients and contacts.

For many such organisations, including those in the funds sector, this has necessitated the introduction of updated governance and reporting mechanisms.

Additional Information

This Article summarises recent influences affecting the Funds sector.

If you would like additional information regarding Funds and the solutions that Dixcart can offer, please contact Antonio Pereira at the Dixcart office in Portugal:

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