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# THE GREAT INSTABILITY: MEGA TRENDS FOR THE 21<sup>ST</sup> CENTURY



**BNP PARIBAS**  
**ASSET MANAGEMENT**

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## THE GREAT INSTABILITY: MEGA TRENDS FOR THE 21<sup>ST</sup> CENTURY



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**The Great Instability** is the label for the framework that we use at BNP Paribas Asset Management to describe the fragility of modern society. From the beginning, we have viewed the COVID-19 pandemic as part of this framework, rather than as an anomaly or break from the norm.

Within the overarching paradigm of our concerns about the fragility of the global economy and of modern society, we have identified the mega trends – macroeconomic, geopolitical, secular – that we expect to influence our world as we come out of the pandemic, and for decades to come. Most of these trends were in place before COVID, but none has been immune to its effects. Some have changed direction; some have accelerated. Together, they will shape the environmental, political and economic climate, and fundamentally transform the way we live, work and trade.

# GEOPOLITICAL AND MACROECONOMIC CONTEXT

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In wealthier countries, at least, there is now a sense that we have turned a corner in the pandemic. But what awaits us on the other side? Will central bank and government responses to the crisis prove to have been the correct ones? Will household and corporate behaviour shift as a result of this experience? China was first in and first out of the pandemic, but what role will it play on the global stage in the years to come? The debate about the economic landscape ahead is heated, and much is still up for grabs.

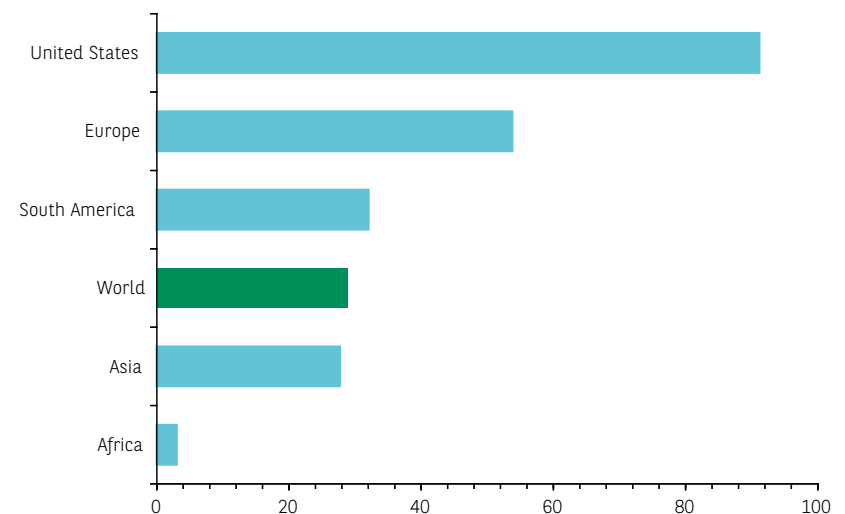
## THE POST-COVID TRANSITION

The rollout of safe and effective vaccines for COVID-19 is a gamechanger for 2021, bringing huge relief for markets and optimism about the path of economic recovery. As vaccination programmes progress, confidence among businesses and consumers is recovering, which should allow supply-side constraints to ease and boost demand.

But there are still a lot of unknowns. How much will fears over side effects ultimately affect takeup? How will supply bottlenecks affect progress? Will a sufficient proportion of the population be vaccinated by the winter? The rollout is proceeding smoothly in the advanced economies, but what about the developing world? Rampant outbreaks in countries such as India could be fertile breeding grounds for new strains, which could then evade the vaccines. Inoculating the global economy requires much more than just vaccinating the wealthy nations.

### Vaccination rate

Percent of population



Data as at 11 June 2021. Sources: Our World in Data, BNP Paribas Asset Management.

Also unknown is how economies will reopen and movement resume more fully. The question of vaccine passports will be a challenging one for politicians to tackle, and until the decisions have been made, the future models for the airline and hospitality industries will be unclear. And without seeing how vaccination programmes progress, and how they affect transmission, hospitalisation and death rates, can we really be confident that we are coming out of lockdown now and never going back in?

What about the monetary and fiscal response to the crisis? Have central banks and governments done enough? Too much? Will the exit from extraordinary policy come too early, or too late?

In the years before the current crisis, former US Treasury Secretary Larry Summers got a lot of airtime talking about what he called the secular stagnation. In an era of extremely low rates, Summers argued that it had become increasingly difficult for central banks to stimulate growth through monetary policy, and that fiscal policy needed to fill the gap. The economy was stagnating, and central banks could no longer be the only game in town.



**COVID-19 is still  
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Today, Summers is one of the loudest voices warning that US fiscal stimulus has gone too far. Both voluntarily and involuntarily, as a result of the muscular fiscal response, households, particularly wealthy ones, have accumulated savings. On top of that, the Biden administration has added yet more stimulus. As a result, we could see an enormous acceleration in spending as we come out of the pandemic, resulting in the economy overheating. Could inflation be back on the cards for the first time since the financial crisis? We examine that question in more detail in our next topic.

In summary, COVID-19 is still a huge source of uncertainty hanging over economies and markets, and is likely to remain so for some time. Investors – and humankind as a whole – may need to learn to live with it.



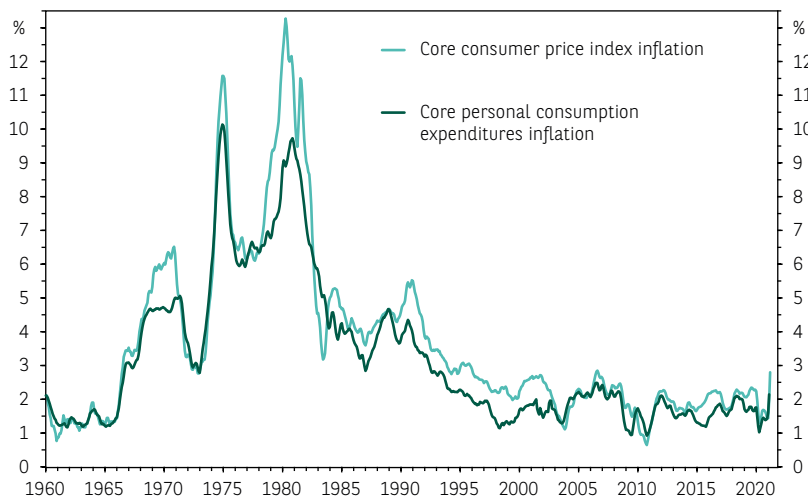
## LOW-FLATION

We characterise the time before the pandemic as one of low-fla-tion. In this period, central banks in the US, the UK and Europe were successful in pushing unemployment down. But while low and falling unemployment has historically meant rising inflation, that didn't materialise this time. The US struggled to get inflation back to the target, while Europe never got close. Why not? One explanation, as we saw above, was the absence of fiscal policy.

Do the vast amounts of fiscal stimulus during the pandemic mean that inflation will no longer be low? If so, central banks don't need to continue quantitative easing and don't need to keep interest rates at or below zero. Bond yields will need to adjust to reflect the future path of monetary policy, and also the increased uncertainty around that path – meaning we will need to build back in the term premium that compensates investors for taking on this uncertainty over longer periods of time.

### US inflation rates

Three-month moving average



Data as at 11 June 2021. Sources: US Bureau of Labor Statistics, US Bureau of Economic Analysis, BNP Paribas Asset Management.

There are two possible ways this could go. Either the fiscal stimulus will prove proportionate, any spike in inflation will be temporary and when it fades nothing much will have changed. In that case, we shouldn't unlearn the lessons of the past decade. In the medium term, inflation will remain stubbornly low, and interest rates will also need to stay low.

Or not.



We're not out of the era of loose monetary policy, low inflation and low interest rates



This is the conundrum that markets are grappling with now: where is the end point for inflation, and therefore for interest rates? And what does that imply for bond yields and for equity prices? The picture is unusually unclear, because inflation is unusually difficult to forecast.

How can we predict where inflation might be in, say, 2024? Usually, we'd start by looking at where inflation might end up this year, but that's no easy task given the amount of noise in the data. The composition of inflation baskets has changed, creating volatility. Base effects are complicating the picture, because comparisons now are with collapsing prices at the start of the pandemic. We're recovering from an unprecedented period of low activity, so as sectors of the economy open up it's reasonable to expect prices of items such as air fares and hotel rooms, as well as oil prices, to normalise, and for there to be some volatility in that normalisation. Inflation readings are therefore likely to jump around a lot this year. The key is to look through this period and evaluate where economies will settle down.

Critical to this will be the direction of fiscal policy – which means the outlook may be very different for the US vs. Europe. We have seen a massive decoupling in fiscal stance in the two regions that widened further since 5 January, when the Democrats won the Senate run-offs in Georgia. Early in the pandemic, both the US and Europe passed huge fiscal packages to shore up their economies. This was followed towards the end of last year by another enormous package in the US. The result on 5 January allowed the Biden administration to announce yet more fiscal support, in the form of the USD 1.9 trillion COVID relief bill signed in March, as well as infrastructure and tax bills coming later this year. Combined, these measures are much bigger than what Europe has delivered – and this is becoming evident in the data, with measures such as retail sales and disposable incomes showing clear divergence between the two regions. In the near term, we expect the US to reach escape velocity from the crisis, while Europe recovers, but not to the same degree.

What about 2024? By that point, we expect the fiscal pendulum to have swung back, with the emphasis again being on repairing public finances. That feels problematic in Europe. Without fiscal support, and given the region's struggles to get inflation anywhere near the target, monetary policy is likely still to be trapped, meaning interest rates will still be extremely low.

The US has not had the same struggle with extreme low-inflation, and the fiscal trajectory may look a little different from Europe's – depending on the politics. If the Democrats continue to control both houses of Congress and the White House, we may not see a major fiscal retrenchment. However, it's unlikely we'll see anything like the current pace of borrowing sustained whoever is in control of the purse strings, so there are still question marks over what will be supporting demand in 2024.

Globally, then, we don't think we're out of this era of loose monetary policy, low inflation and low interest rates just yet. But we do expect the market to question this outlook repeatedly as we exit the crisis, meaning the road ahead could be bumpy.

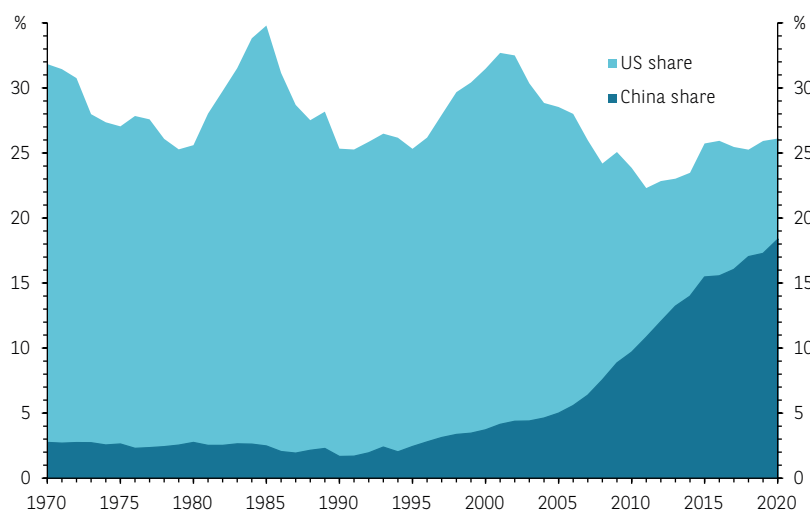
## CHINA

We see China as both an investment theme and a geopolitical mega trend. Simply put, China has long since become far too big to ignore as just one part of the emerging markets complex. China is already well-established as an economic superpower that can rival the United States or the European Union. But with the growth differential set to persist - China may maintain growth rates around 6% while the West will struggle to achieve 2% once the COVID recovery is complete - China is set to rise to a position of pre-eminence.

Beyond the projections of shares of global GDP, there's another good reason to pay attention. The formulation of economic policy tends to be more strategic and the implementation more persistent in China than in the other major powers. Chinese policymakers can afford to think big, think long-term and they may have access to more effective policy levers to achieve those objectives. That means there are potential opportunities for investors who can get to grips with those policies and position themselves accordingly. That is increasingly a worthwhile exercise for two very different sets of investors. Self evidently, understanding the overarching objectives and likely implementation of policy is of critical importance to those investing within China. But even if you have no direct interest in the market, China's dominance on the global stage means you need to understand it anyway - if you're an emerging markets ex China investor with an interest in commodity supercycles, for example, or a European equity investor evaluating the outlook for German manufacturing.

In May 2020, China announced its 14th five-year plan, for the period from 2021 to 2025. More details are still emerging, but a central part of the plan is a new "dual circulation" strategy, which aims to continue the task of rebalancing consumption and production ("internal circulation") to reduce reliance on overseas markets, while retaining a place on the global stage, promoting innovation, and pushing Chinese companies up the value chain ("external circulation").

### Share of global GDP



Data as at 11 June 2021. Sources: Haver; BNP Paribas Asset Management.



Themes for China include domestic consumption growth, and a focus on self-sufficiency and innovation



For investors, this highlights several key investment themes for the coming five years. First, in sectors that are positioned to benefit from the domestic consumption theme as China continues to drive urbanisation and lift more people into the middle classes – so-called “new economy” sectors such as healthcare, insurance and consumer discretionary.

Second, technology, as China seeks to build more independent supply chains in the sector as a result of both tensions with the US and the lessons of the pandemic. Incentives to promote self-sufficiency and innovation include tax breaks for homegrown semiconductor manufacturers, and for research and development in both new and traditional sectors.

Adding to the case for these themes is the insurance provided by the ongoing macro stimulus that will be required for China to reach its goal of roughly doubling the size of its economy by 2035. Of course, there will be volatility along the way, but it’s unusual for investors to be able to achieve such a clear sight of the likely path of their investments.

Importantly for the global geopolitical landscape, the dual circulation strategy is motivated by the deterioration in relations between the US and China during the Trump era. While Treasury Secretary Janet Yellen’s recent decision not to label China as a currency manipulator in her first foreign exchange report may signal a more conciliatory approach, it looks unlikely that we’ll see a return to a pre-Trump relationship between the two superpowers in the near term. Tactics may differ, but strategic competition between China and the US looks likely to be a feature of geopolitics for some time to come.





# SECULAR INNOVATION AND DISRUPTION

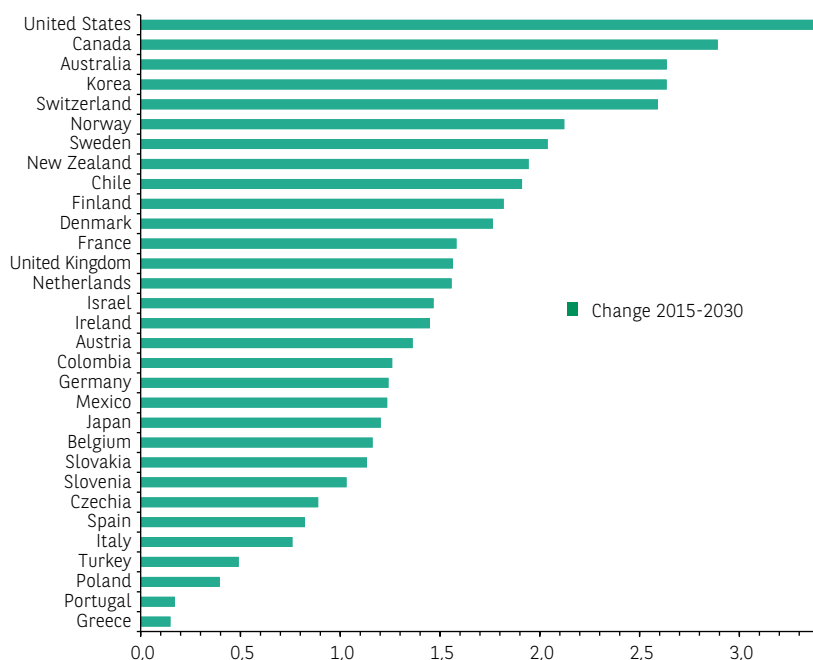
## HEALTHCARE

Before the pandemic, we had already identified healthcare as a key theme for this century based on supply and demand dynamics. On the demand side, rising expenditure on healthcare relative to GDP is supported by ageing and increasingly unhealthy populations, as well as by rising incomes in the emerging economies. Innovation is also driving demand by creating new markets for previously untreatable conditions. On the supply side, the pressure on budgets as a result of this rising demand is being met by new technologies creating efficiencies and improvements in product offerings.

One technology-driven efficiency that was underway pre-COVID but has accelerated enormously in the past year is telemedicine. Patient reluctance to depart from traditional models had previously represented a significant barrier, but within a couple of months of the start of the pandemic vast numbers of primary care doctors had successfully moved appointments online. While worries over data security and privacy are still hurdles to be overcome, the trend is already taking hold in other parts of the healthcare offering, and has the potential to extend beyond the simple use of virtual appointments to include technologies such as digital diagnostic tools and remote patient monitoring. Together, these developments can lower costs and improve access to both primary and specialist care, particularly in remote communities.

Investors in healthcare need to differentiate between those driving or benefiting from innovation and those at risk of disruption

Projected change in health expenditure (share of GDP, 2015 to 2030)



Data as at 11 June 2021. Sources: OECD, BNP Paribas Asset Management.

Genomics is another rapid growth area that is already driving huge leaps in the way we understand and treat disease, with applications from cancer to Parkinson's. Genomics also enables the development of personalised therapies that allow people's conditions to be treated in ways that are unique to them, improving outcomes and reducing side effects. A notable advance is in the treatment of rare genetic diseases, which have previously only been able to be managed, but which now have the potential to be cured through gene therapy (the replacement of faulty genes with healthy versions).

Meanwhile, advances in minimally invasive surgery are improving outcomes and saving money by reducing the length of hospital stays and the need for post-surgical care. Building on the innovation in laparoscopic techniques that has made minimally invasive approaches possible, robotic technologies are now enabling surgeons to expand the practice to a wider range of surgical procedures, with yet greater precision.

COVID-19 makes the case for healthcare even more compelling, highlighting the importance of building capacity in primary healthcare systems and increasing surveillance of and resilience against potential future pandemics. The past year has also forced rapid and widespread innovation in the sector, most notably the production and approval of antivirals and vaccines within a massively compressed timeframe.

One risk to the positive healthcare narrative could have come from regulatory change in the US, but this now looks highly unlikely, in the near term at least, given the composition of the Senate. One note of caution for investors: this is now, more than ever, a two-tier sector, and it will be important to differentiate between those driving or benefiting from innovation and those at risk of disruption.

## TECHNOLOGY

It would be absurd to suggest that technology-driven disruption is new. Elizabeth I is said to have denied a patent to inventor William Lee on the following grounds "I have too much love to my poor people, who obtain their bread by the employment of knitting, to give my money to forward an invention which will tend to their ruin." Keynes warned in 1933 that automation would lead to unemployment. What has felt new in recent years, and even more so during the pandemic, is the sheer breadth and pace of change.

At the same time, the willingness and ability of policymakers to provide any cushion against the disruption have been limited – a major facet of the Great Instability, as we've highlighted in the past. Absent policies to compensate those who've lost out, provide retraining and boost demand sufficiently to be able to recycle the labour back into other work, what feels like a permanent state of tech-driven change is weighing particularly heavily on workers.



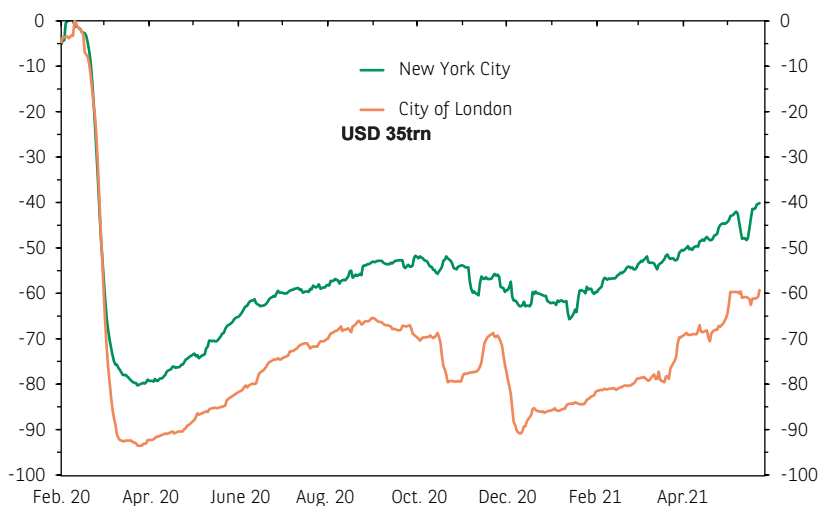
Robust consumption and income data at the aggregate level have allowed economists and policymakers to be complacent about this situation for a long time. Now, though, perceptions of inequality seem to have caught up with reality. The living standards of too many have either fallen or are in jeopardy, and the sheer feedback loop at the ballot box, with disgruntled voters turning to populist governments who may do little to improve their conditions.

For investors, understanding both the scope of the disruption and the policy changes that might lie ahead is vital to being able to position portfolios on the right side of the shift. What has channelled disruption to some industries and not others? Where might the barriers to entry be vulnerable? Are the streams of future profit that equity investors depend on at risk?

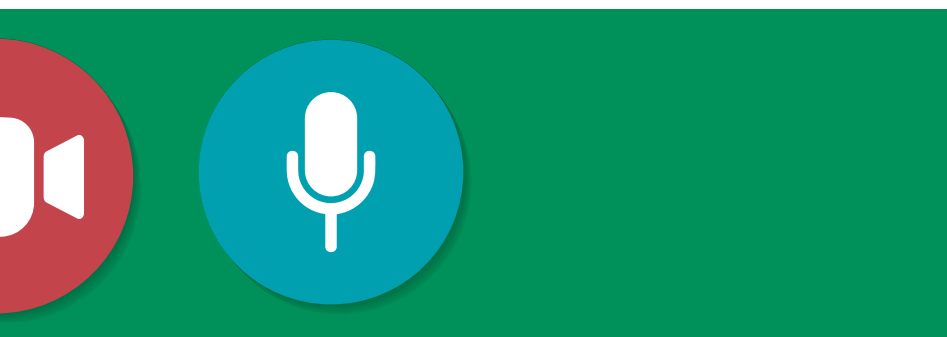
Or, if you're investing in the disruptors, have you factored in the potential future obstacles? Governments have been aggressive in pursuing inefficiencies in labour markets – union power – in recent years, but have shown little appetite for tackling inefficiencies in product markets – monopoly power. More public awareness of inequality may see that change.

If the shift that is underway at the moment is allowed to persist unchecked, the market will be increasingly dominated by superstar companies, whose employees, shareholders and owners will enjoy enormous profits, while everyone else, at the mercy of the disruption, sees their wages and profits potentially competed down and down. Public pressure may force politicians to take action, through windfall taxes or more rigorous implementation of antitrust policies. Investors in the tech superstars will need to look out for this potential outcome, as well as for regional differences in approach.

#### Transit station activity compared to pre-pandemic level



Data as at 11 June 2021. Sources: Google, BNP Paribas Asset Management.





The pandemic has accelerated two themes: teleworking and telemigration

The pandemic has accelerated two themes within the tech disruption mega trend that we expect to be particularly dominant in the coming years: teleworking and telemigration.

The past year has been a stress test of working from home – and we have passed that test. The technological infrastructure worked and no doubt companies will continue to invest in improving the efficiency and resilience of their systems. More importantly, a psychological barrier was overcome in a matter of weeks that might otherwise have taken years to break down. It's possible to argue about the impact of teleworking on productivity. Working from home doubtless impeded the flow of information and ideas between workers. Those with young children were forced to juggle the responsibilities of childcare, homeschooling and work for their employer. Output per hour may have taken a hit. However, it appears that hours worked increased and by enough to potentially boost output per worker.

As a result, attitudes to teleworking have undergone a profound shift. Companies have realised that they can get more hours from their employees while economising on expensive city centre rents. Workers have seen that they can save both the cost and the time of commuting, while having more flexibility about when and where they work. This looks like a win-win.

But what does it mean for the structure of the economy? If people aren't commuting into cities for work, the vast transportation networks that have been built for that purpose look less necessary. If workers aren't in city centres spending their wages on goods and services, the shops, bars and restaurants are under threat. What need will there be for expensive commercial property if staff are working remotely and companies can put up a nameplate anywhere? The future of megacities appears to be up for grabs.

There's also a sting in the tail for developed market workers, who might have felt like this was the first big improvement in their working conditions for many years. Until now, highly skilled workers servicing companies in certain parts of the economy have essentially been insulated from globalisation. Although talented people on the other side of the world have had the ability to do their jobs, they've largely had to relocate to take them on – and even then, migration restrictions have served as barriers.

Now, companies have convinced themselves that employees don't need to come to the office anymore to get the work done. But if employees can do the job from Dartmoor or Deauville, why can't they do the job from Delhi? Teleworking may unlock telemigration: people can supply labour without having to physically relocate. A significant barrier to entry that ring-fences the labour markets of the developed world will have been broken down and that could have a significant impact on wages. If teleworking feels like a huge gain for developed market workers, telemigration could be precisely the opposite. It will be interesting to see how companies and governments address this trend, because it is coming – and rapidly now, thanks to the test case of the pandemic.

# SUSTAINABILITY

Perhaps the mega trend to have been given the biggest shot in the arm by COVID is sustainability. We have now tasted an existential threat – and we don't like it. As a result, the global focus of public policy is squarely on the climate crisis, and major policy initiatives from carbon border taxes to Green New Deals could have significant macro and market implications.

## ENERGY TRANSITION

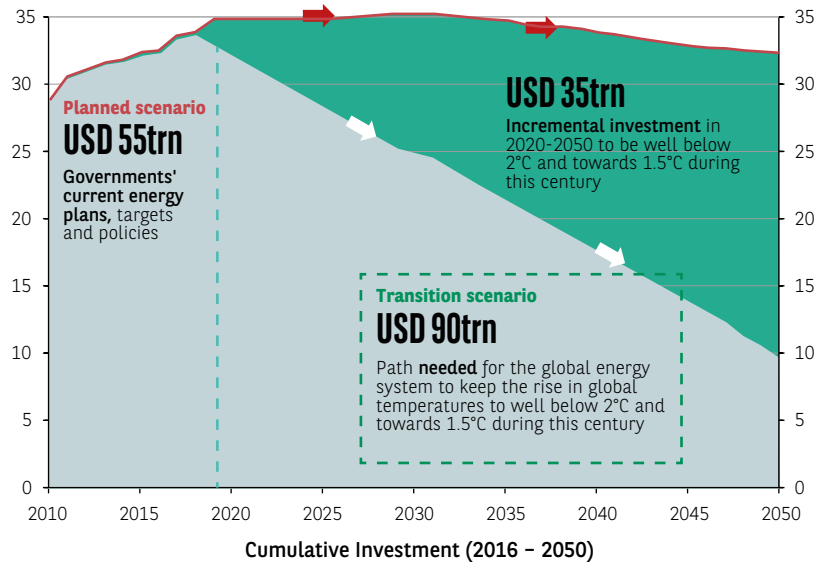
Over the past few years, we have seen an evolution in many national emissions targets from percentage reductions relative to 1990 levels to an absolute goal: net-zero emissions by a set date, mostly around the middle of the century. In total, 127 countries, representing 63% of global emissions, have now adopted or are considering net-zero targets.




While other sectors will have their roles to play in the journey to net-zero, the big one is, of course, energy, which is responsible for almost three quarters of global emissions.

Reducing consumption and increasing energy efficiency will play a role. However, it won't be enough. Eliminating greenhouse gas emissions over the coming decades will require multi-billion dollar investments, as well as a wide range of efforts to reduce energy consumption, increase efficiency, electrify and decarbonise processes, and nurture alternative fuels to economic viability.

66  
 Significant investment will create opportunities for investors

Energy-related activities account for 70% of global CO<sub>2</sub> emissions – alignment with the 'Paris' goals represents a USD 90 trillion investment opportunity



<p><b>26</b> USD trillion</p>  <p>Energy Infrastructure &amp; Transportation</p>	<p><b>27</b> USD trillion</p>  <p>Renewable Energy Production</p>	<p><b>37</b> USD trillion</p>  <p>Energy Efficiency, Technology &amp; Materials</p>
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No assurance can be given that any forecast, target or opinion will materialise. Source: Global Renewables Outlook, Energy Transformation 2050, April 2020.

Great technological strides have been made in the electricity sector over recent decades. Targeted government support and public and private investment have enabled the price of wind and solar power to fall to levels that are now more competitive than conventional gas-fired power in many locations. The cost of solar power, for example, has fallen by more than 80% over the last decade. Due to these falling costs, spending of around USD 300 billion a year on renewables is providing increasing amounts of low-carbon electricity capacity.

What's the next stage? To accelerate the shift to renewables, we will need further innovation in technologies such as long-duration battery storage. In addition, the low-carbon electricity we are generating will need to penetrate into as many sectors as possible through electrification.

For those areas that cannot be electrified, other technology will be needed. This means looking to alternative fuels such as hydrogen or capturing carbon emissions, either directly from these activities or by removing CO<sub>2</sub> from the atmosphere to compensate for them.

Significant investment in the next wave of clean energy technologies will be key to meeting the net-zero targets that now exist worldwide, creating opportunities for investors to be part of the transition – though it will be important to note that those opportunities could become crowded as demand outstrips supply, especially in the near term.

## **ENVIRONMENTAL SUSTAINABILITY**

As well as refocusing public policy on tackling emissions, the pandemic provided a reminder of our interconnectedness with other species, and the far-reaching consequences that can come from our interactions with the natural world.

June this year marks the beginning of the UN Decade of Ecosystem Restoration. The drivers underpinning the urgent need to invest in restoring the world's ecosystems are compelling. They include a global population of some two billion additional people to feed, house, educate, and find jobs for by 2050; and the reality that 50% of the world's GDP – some USD 44 trillion – depends moderately or mostly on natural resources. Today, we consume our natural capital 1.75 times as fast as the earth can regenerate it.<sup>1</sup>

The UN estimates that damage to ecosystems including forests, grasslands and coral reefs – and the associated loss of biodiversity – could drain nearly USD 10 trillion from the global economy by 2050. Losses would result from declining crop yields and fish catches as well as greater exposure to floods and other natural disasters, among other factors.

<sup>1</sup> Source: Facts and figures from Morgan Stanley, "The Business Case for Sustainable Investing", April 28, 2015 & Global Energy & CO2 Status Report 2018, The latest trends in energy & emissions in 2018.



### Ecosystem restoration will be fueled by a raft of investment

Annual business opportunities for marine, terrestrial, & urban ecosystem restoration by 2030



Annualised capital investment for marine, terrestrial, & urban ecosystem restoration 2020-30



Source: New Nature Economy Report II, The Future Of Nature And Business - In collaboration with AlphaBeta, World Economic Forum, 2020. 1: Aquatic & territorial ecosystems corresponds to food, land & ocean use; urban ecosystems corresponds to Infrastructure & the built environment

Research by the UN Food and Agriculture Organisation has shown that the bulk of the world’s food production is now derived from fewer than 200 plant species with just nine — including rice, maize and wheat — accounting for two-thirds of the world’s total crop production. An outbreak of new diseases in any one imperils food supplies to a global population projected to reach 9 billion in 2050. Only 40 types of livestock provide the vast majority of meat, milk and eggs eaten, while more than half of fish stocks have reached their sustainable limit.

According to the World Economic Forum, halting biodiversity loss will require a fundamental transformation across three socio-economic systems – food, land and ocean use; infrastructure and the built environment; extractives and energy – representing over a third of the global economy and providing up to two-thirds of all jobs. Together, these systems drive the threats that endanger almost 80% of the total threatened and near-threatened species.

We expect ecosystem restoration to be fuelled by a deluge of investment and create a raft of business opportunities. Many governments have already included green recovery measures in their crisis recovery packages. The next step will be a shift in the balance between green and non-green spending, favouring positive environmental outcomes.

For investors who want to capture this theme and contribute to the solution, we see opportunities across a highly diverse universe, covering companies innovating in land-based, marine and urban ecosystem repair and improvement.



Until we close inequality gaps and achieve more inclusive growth, our economies are likely to remain fragile



## EQUALITY AND INCLUSIVE GROWTH

Alongside a greater appetite to tackle climate change and other environmental challenges, the pandemic is also a period in which issues around equality have become supercharged.

As COVID-19 spread around the world, commentators increasingly noted the social disparities the pandemic was revealing. Key workers – those responsible for keeping the economy running while the authorities were facing down the virus – are overwhelmingly from lower-income households. People from ethnic minority backgrounds reportedly faced a greater health risk from the disease. Women and minorities have suffered more severe economic hardships as countries shielded themselves and shut down.

Racial injustice was also thrust into the spotlight. As Black Lives Matter protests spread to cities worldwide after George Floyd's death, companies in numerous sectors pledged or reaffirmed action to boost corporate diversity.

However, transparency around diversity statistics is relatively low, even in the US. While companies often track these metrics, they are rarely reported. As an example, when it comes to supply chains – which are a recurring flashpoint in companies' ESG (environmental, social and governance) risk materiality matrices – a recent study from the US Government Accountability Office highlighted that human rights risk is the least-disclosed ESG area. These topics are moving to the forefront of investors' minds, and companies will need to do better.

For those that fall down, there are risks – both reputational and financial. These are highlighted not just by recent well-reported criticisms of internal culture and progress on diversity at certain organisations, but also a trend of stakeholder litigation against companies failing to follow up pledges on diversity with concrete actions.

For society, too, there are powerful reasons to rise to the challenge. This ties back to a topic we discussed earlier – and one of the key drivers of the Great Instability. Until we close inequality gaps and achieve more inclusive growth, our economies are likely to remain fragile and our political systems unstable, making us more vulnerable to the next risk lurking in the wings.

### Why diversity and inclusion matter



**+53%**

ROE in Fortune 500 companies with at least three female directors



**+6%**

Net profit margin at companies in which 30% of leadership roles are filled by women



**+9pp.**

EBIT at companies with above-average diversity in their leadership teams



**+19pp.**

Innovation at companies with above-average diversity in their leadership teams

Sources: Peterson Institute, Catalyst, BCG analysis.



## CONCLUSION



This is a time of extraordinary transformation. Back in 2019, we were already highlighting the fragility of our society. And then COVID-19 hit. As vaccines are rolled out and economies unlock, the near-term outlook is unusually clouded, and it's more important than ever to take a long-term view. The pandemic has accelerated disruptive forces across sectors – but perhaps also accelerated the willingness to address some of the biggest challenges we face as a species, from inequality to climate change.

For investors, this is no time to take your eye off the ball. But for those paying attention, uncertainty creates opportunities: to capitalise on disruption and to identify the long-term beneficiaries of this period of unprecedented change.



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