

HSBC IO 2021 Second Quarter – Kevin Lyne-Smith Video

Covid-19 has made healthcare a hot topic. Our healthcare innovation theme focuses on scientific breakthroughs that transform the way we deliver healthcare services.

And we'll talk to you about three examples to illustrate this.

First, telemedicine, which was basically a niche service prior to the pandemic.

It's now gone mainstream with over 50% of US patients using the service to talk to their doctors, and therefore saving up to 100 minutes per patient.

Secondly, if we look at the transforming technology of CT scanning and MRI, these enable the A&E departments to diagnose correctly injuries prior to the need for surgery, thereby saving potential trauma to the patient.

Thirdly, if we look at genetic diseases, the use of very harsh treatments in the past were almost impossible in some cases.

Now, using CRISPR gene editing technology are able to identify, delete and replace any faulty genetic sequences, thereby treating the patients and their disease.

I believe all these innovative technologies offer great opportunities for investors.

Human activity is negatively impacting its environment. Our climate change theme looks at the plans to mitigate the effects while looking at the investment opportunities that may bring.

Sometimes market forces are enough, as we've seen in the US, where CO2 emissions perform significantly over the last decade as falling natural gas prices have made the use of coal in power generation uneconomic.

Also, technology advances have played a key role, as we've seen in solar and wind power generation, but now cheaper than using natural gas as a source.

Additionally, things like advanced materials, such as perovskite and gallium offer much promise in boosting solar cell efficiency for the future.

Also, technologies around hydrogen and fuel cells also offer great promise in achieving zero emission energy sources. Our 'China's Green Revolution' theme explores how China will reach carbon neutrality by 2060.

Transportation, which is a key source of CO2 emissions, is where China has a leading position in electric vehicles and production of EV batteries, where it's responsible for 70 percent of global production.

These should help in achieving that strategy.

Also, cities like Shanghai's leadership position in terms of electrification of public transport systems should help. So together by reducing CO2 emissions, we should be able to turn the tide on climate change.

Asia has some of the world's richest consumers.

In our Asian consumer theme, we highlight the rapid growth in consumption, particularly online, where Asia now represents three quarters of total retail sales. Online sales are about 19 percent of total purchases.

Potential beneficiaries include retailers, e-learning, digital payment companies. At China's National People's Congress meeting in March, we saw measures being introduced to boost both e-commerce and domestic consumption.

Asian corporates are having to adjust to these new realities of both the Regional Comprehensive Economic Partnership (RCEP) and the changing consumption patterns. We examine this in our 'Supply Chain Revamp' theme when we look at the different opportunities this presents.

Semiconductors is a great example, as these are basically ubiquitous in many products from PCs to credit cards, we expect soaring demand in the coming years with the introduction of new technologies, including things like electric vehicles, Internet of Things, and the 5G. Supply chain shortages combined with the US / China trade sanctions will only serve to highlight some of the supply chain weaknesses.

We believe companies that are the earliest and quickest to revamp their supply chains are going to reap the biggest rewards.