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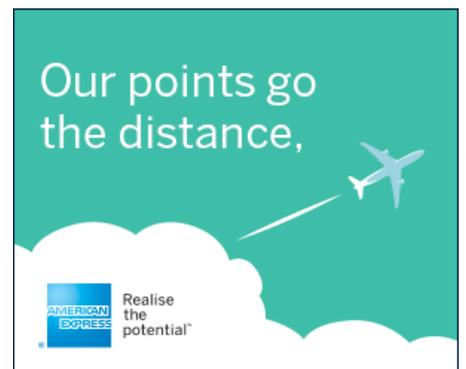
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## 6 global trends and how you can invest in them



Treasury Wine Estates' flagship brand Penfolds is a key beneficiary of the "masstige" effect. Justin McManus



by ST Wong

Global trends are having a big impact on Australian investment markets, creating opportunities for those who make the right choices.

But making investment choices without factoring in these global trends becomes an even bigger risk here. So here are six global trends that Australian investors need to keep front of mind.

### 1. Retailers facing revenue and cost pressures

Global retailers are under revenue pressure, moving to (a) growth in supply chain and (b) growth in automation. Global retail change is being driven by the growth of online shopping, increasing competition and costs and the empowerment of consumers. This means the profitability of traditional store networks is under threat as the consumer shopping journey evolves. As part of this development the economy in supply chains is growing rapidly. Companies that add value to retailers as the growth in supply chain accelerates are well placed. Global Australian companies such as Brambles, in the area of transportation solutions, Goodman Group, in the provision of industrial facilities, and software logistics firm Wisetech are in a good position to take advantage of this trend.

### 2. Public cloud, data and analytics

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While early fears about putting data in the cloud delayed change, the trend is for cloud-based data and analytics to gain customers. According to InformationWeek's 2015 Analytics, BI and Information Management Survey, cloud-based data warehousing services show the biggest gains in adoption of any information management category, jumping to 34 per cent adoption among respondents, up from 24 per cent in 2014. With the rising use of the cloud, consumer and business consumption and storage of data is expected to increase at an exponential rate. Consumers and businesses are looking for reliable, secure and faster data. Emerging companies such as TPG Telecom and Vocus, having built or acquired significant infrastructure to deliver and store data, have the potential to expand their footprint by tapping into the insatiable appetite for data and analytics.

### 3. Mass affluence

Mass affluence is a combined result of expanding middle-classes in developed economies, combined with the rapid upward move to middle-classes in the developing world. Among the outcomes are increased demand for protein and for services rather than products – services such as tourism, education, health and experiences. Australian companies such as Sydney Airports and retail malls are indirect beneficiaries as in-bound visitors, particularly from Asia, translate into retail spending. Navitas, a university pathway program provider, has experienced strong enrolment numbers as young, aspirational students look to improve on their educational and career prospects.

### 4. The Masstige effect

Masstige is the movement taking prestige to the masses. Masstige products are defined as "premium but attainable", and there are two key features – considered luxury but at price points between the mid and premium market. Outcomes include lower demand for luxury goods, higher demand for mid and upper market products and increasing trading up by lower income cohorts. We highlight that wines produced by Treasury Wine Estates fall into the "masstige" category.

### 5. Payment systems transforming

A combination of innovation and competition is driving change in payment systems around the world. Immediate Payment Systems continue to accelerate globally, while investment is increasing on security and authentication to avoid fraud. The rapid and diverse use of data is increasing.

### 6. Environment becoming commercial

With innovation in electric battery production and in clean energy, a big shift is under way for transport and households. New, more efficient forms of electric batteries means the shift to electric and hybrid cars will happen faster than expected, while household energy costs and uses will be transformed by home storage systems for electricity produced by clean technology such as solar systems.

*ST Wong is chief investment officer at Australian equities manager Prime Value Asset Management.*

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