

Is it time to consider adding some tech stocks?

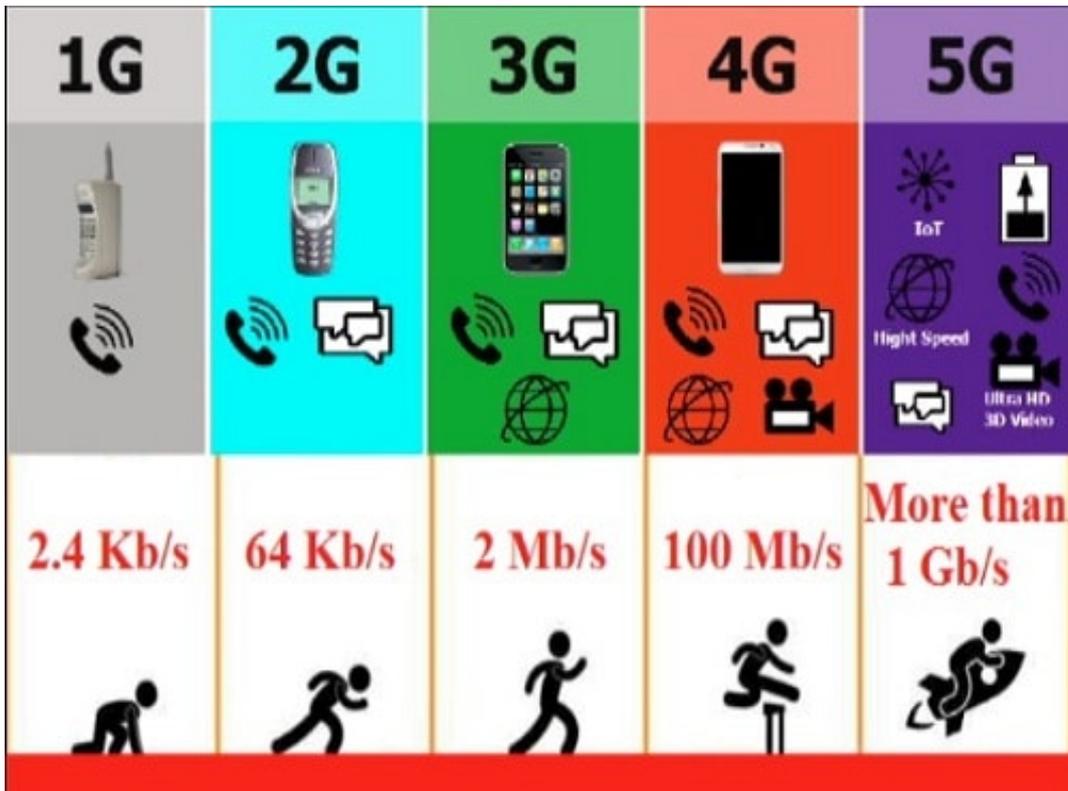
Technology is one of the fastest growing sectors of society, and change is happening faster than ever before. The recent tech stock correction offers investors a good chance to enter the tech space at much fairer valuations.

Five key areas for technology growth expected in the next 5 years include:

1) 5G

5G is the latest trend in mobile phone networks. 5G stands for fifth-generation wireless cellular technology. It is reported that it will be up to 100x faster than 4G. 5G will lead to several disruptions as there will no longer be a significant need for home based landline or cable internet. 5G will allow consumers to access the internet wherever they go and will mean downloading a movie can be done in just 1 second.

Key beneficiaries of 5G will be all those involved in the mobile phone industry (5G infrastructure providers, 5G chip makers, wireless network providers, app makers, and content providers). Expect a very large increase in the amount of data transmitted over wireless systems as well as a greater need for data storage. The global rollout of 5G has already begun and is spreading rapidly globally. The arrival and rapid growth of 5G will be perhaps the biggest tech theme for 2019.



Speed comparisons 1G to 5G

2) Autonomous Vehicles (AVs)

There are currently 5 levels of autonomous vehicles (AVs). The highest level is level 5 which requires no human being in the vehicle. Alphabet Google (via their subsidiary Waymo) is leading the way having rolled out fully autonomous vehicles (level 5) in Phoenix Arizona in November 2018. The big goal here for most companies is to have robo-taxi (electric vehicle) fleets disrupting the taxi industry. Transport as a Service (TaaS) will start to grow in 2019, and will be potentially a huge growth area the next decade, provided the technology proves totally successful and legislative change follows.

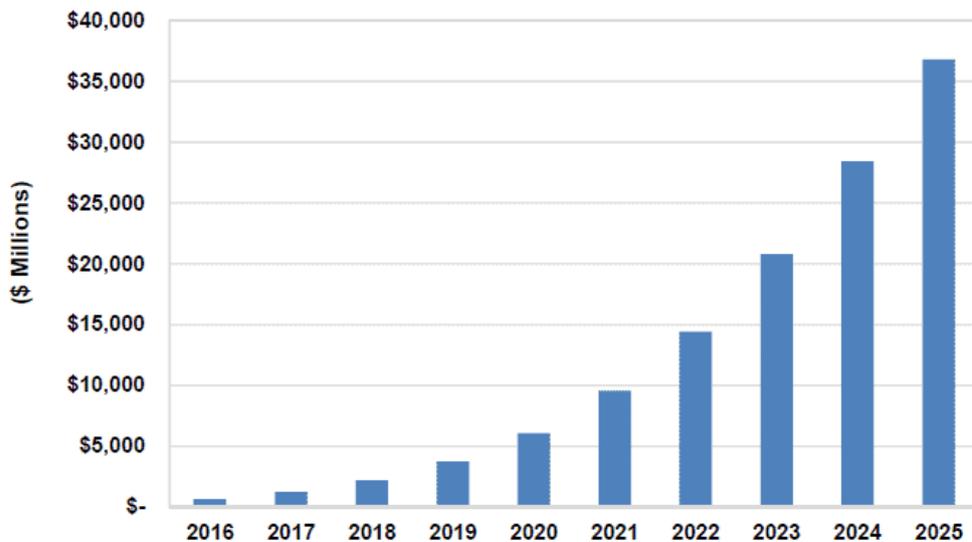


Autonomous Vehicles

3) Artificial Intelligence (“machine learning”)/ Data analytics

Artificial intelligence (AI) is the ability of a computer program or a machine to think and learn. Examples of AI are competing at a high level in strategic game systems such as chess, computers successfully understanding human speech, chat bots, Facebook learning what you like, self-driving cars, and interpreting/analyzing complex data. In 2018 only about 1% of all data created was analyzed meaning there is a huge growth potential ahead. The market for Artificial Intelligence is projected to hit \$36 billion by 2025, from just \$643 million in 2016. Investors can expect to see big growth from this area in the next 5 years.

Chart 1.1 Artificial Intelligence Revenue, World Markets: 2016-2025



(Source: Tractica)

Global Artificial Intelligence revenue forecast 2016 to 2025

4) The Internet of Things

The Internet of Things (IoTs) is defined as “the interconnection via the internet of computing devices embedded in everyday objects, enabling them to send and receive data.” Essentially it is machines talking to other machines. This is a very broad area but can be broken down to three sub areas – Industrial, office and home. An example in the home is having a “smart home” where all your devices can be controlled by an app on your smartphone (or other device) both at home or remotely. Another example is smart energy devices that improve energy efficiency saving money and reducing CO2 emissions. This is a massive area with huge growth potential the next 5 years.



IoT's

5) Data storage ("the cloud")

Data storage at data centres ("the cloud") is not new, as it has been a boom for cloud providers such as Amazon Web Services ("AWSs") the past several years. What will be new is the advent of 5G creating much more data transmitted at super speeds. This should lead to a further growth burst for the cloud data providers, as well as the companies that build and supply the data centre infrastructure.



Cloud data storage

As we head into 2019 the above five tech trends will have a significant impact on our world. Investors that position themselves ahead of these trends can do very well, as history has shown time and time again.