While some economic indicators point to a potentially deep, enduring downturn...

...rising connectivity could help transform our way of life and economies in the future...

As new structural trends drive further innovation.

Improved remote working

Supply chain renewal

New forms of transport

GLOBAL MACHINE-TO-MACHINE GROWTH AND INTERNET OF THINGS

VERTICAL GROWTH

[Graph showing billions of M2M connections from 2017 to 2022 with CAGR of 19%]

Other (30% CAGR)
Energy (24% CAGR)
Retail (10% CAGR)
Mfg & Supply Chain (10% CAGR)
Connected Car (28% CAGR)
Connected Cities (26% CAGR)
Connected Health (22% CAGR)
Connected Work (15% CAGR)
Connected Home (20% CAGR)

Looking forward, if we don’t see a recovery of financial markets, where do we seek structural growth trends? The first opportunity we see is in connectivity. We see connectivity redefining many aspects of our life. Work-from-home (WFH) is the new way of working. Employers will have to, and will want to, adapt to that via digital transformation and new connectivity tools.

The second opportunity is in supply chains. Challenges to globalization and the coronavirus are driving countries and companies to reassess where to produce. The issue is that supply chains are not easily and quickly moved. It takes time and capital to do it properly. Thus may begin a new investment cycle, and the companies involved will have more opportunities to grow and outperform the rest of the market.

The third opportunity is in companies that are moving beyond cars, experimenting with new forms of transportation, and investing in some concepts that are delivering innovation. This will enable the new forms of transportation to experience faster, sometimes significantly faster, unit growth versus existing transportation markets.

*George Saffaye, Global Investment Strategist, Mellon*
CAGR: Compound Annual Growth Rate

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The technology sector involves special risks, such as the faster rate of change and obsolescence of technological advances, and has been among the most volatile sectors of the stock market.

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