

Input 18.07.2017

Good evening

This summer I was impressed by reading the book and the story about Elon Musk, written by Ashlee Vance. Musk has stated that the goals of SolarCity, **TESLA**, and SpaceX revolve around his vision to change the world and humanity. His goals include reducing *global warming* through *sustainable energy* production and consumption, and reducing the «risk of *human extinction*» by «making life multiplanetary» by establishing a human *colony on Mars*. In addition to his primary business pursuits, he has also envisioned a high-speed *transportation system* known as the Hyperloop, and has proposed a *VTOL* supersonic jet aircraft with electric fan propulsion, known as the *Musk electric jet*.

In 1999, Bill Gates wrote a book titled «Business @ the Speed of Thought». In it, Gates made bold predictions that at the time might have sounded outrageous:

- Automated price comparison services will be developed, allowing people to see prices across multiple websites, making it effortless to find the cheapest product for all industries.
- People will carry around small devices that allow them to constantly stay in touch and do electronic business from wherever they are. They will be able to check the news, see flights they have booked, get information from financial markets, and do just about anything else on these devices.
- Private websites for your friends and family will be common, allowing you to chat and plan for events.
- Software that knows when you've booked a trip and uses that information to suggest activities at the local destination. It suggests activities, discounts, offers, and cheaper prices for all the things that you want to take part in.
- Residents of cities and countries will be able to have internet-based discussions concerning issues that affect them, such as local politics, city planning, or safety.

2017 you can easily search for a product on GOOGLE or AMAZON and get different prices, either on portable computers, smartphones, smartwatches. Two billion people already use FACEBOOK to see what their friends are doing and plan events. There's also Snapchat, Instagram, WhatsApp, and Facebook Messenger alongside an explosion of other smaller social networks that more than cover this prediction. Travel sites like Expedia and Kayak offer deals based on a user's past purchase data.

GOOGLE and FACEBOOK can offer promotional ads based on the user's location and interests. Airbnb, which lets people stay in homes rather than hotels, started to offer specialized trips at destinations so you can live like a local, too. Most news sites have comment sections where people can have live discussions, and many sites have forums where people can ask and respond to certain questions. Twitter and Facebook played roles in political revolutions in Libya, Egypt, and Tunisia, as well elections as seen in the US and France.

GOOGLE, APPLE, FACEBOOK and **AMAZON**. 22 years of growth, combined with the change brought about by the Internet to our businesses, our lives and our civilization. With over 300 billion EUR in

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cumulative revenue, a productivity rate three times the average, and a customer base covering nearly 50% of the connected population, **GAFA** have become, in less than twenty years, the four superpowers of the new economy. «Search engine», «e-commerce», «smartphone», «social network» are the common nouns they have added to the of the 21st century dictionary. But beyond this disruption in our daily habits, GAFA have fundamentally changed the established rules of business strategy: they ignore classic concepts of market, competition, positioning or plain goods. Instead, they have achieved a Copernican revolution that truly places the customer at the center of their strategy. The 5 tech giants (Facebook, APPLE, ALPHABET [GOOGLE], AMAZON, **MICROSOFT**) spend as much on R&D than the whole American research budget on all scientific fields (but defense). In the field of artificial intelligence, public research isn't anywhere near the investments of these companies. On the one hand, it's great to see the GAFA's progress in AI, that will likely lead to major improvements in our daily lives and for the products we buy (voice assistants, augmented reality), but on the other hand, we are leaving the future of the world in the hands of privately held companies that are focused on commercial applications of their research. If Google or Amazon are the first to develop powerful artificial intelligence, it is them who will decide how to deploy them, and whether it will benefit everyone in the society...

As machines become increasingly capable, mental facilities once thought to require intelligence are removed from the definition. For instance, *optical character recognition* is no longer perceived as an example of «Artificial Intelligence», having become a routine technology. Capabilities currently classified as Artificial Intelligence (AI) include successfully *understanding human speech*, competing at a high level in *strategic game* systems (such as *chess* and *Go*, *autonomous cars*, intelligent routing in *content delivery networks*, military simulations, and interpreting complex data.

For instance the young Chinese appear particularly keen on AI-powered services and relaxed about use of their data. Xiaoice, an upbeat chatbot operated by MICROSOFT, now has more than 100m Chinese users. Most talk to it between 11pm and 3am, often about the problems they had during the day. It is learning from interactions and becoming cleverer. Xiaoice no longer just provides encouragement and tells jokes, but has created the first collection of poems written with AI, «Sunshine Lost Its Window», which caused a heated debate in Chinese literary circles over whether there can be such a thing as artificial poetry.

Another important source of support for AI in China is the government. The technology figures prominently in the country's current five-year plan. Technology firms are working closely with government agencies: Baidu, for example, has been asked to lead a national laboratory for deep learning. It is unlikely that the government will burden AI firms with over-strict regulation. The country has more than 40 laws containing rules about the protection of personal data, but these are rarely enforced.

When you think of high-tech cars, you probably think of Tesla or **BMW**. But there's another automaker that is quietly becoming one of the industry's most tech-centric brands: Volvo owned by the Chinese company **GEELY 175HK**. For years, the Swedish car company has been at the forefront of introducing the latest safety tech into its vehicles. But the car company's tech savviness extends beyond just its safety systems. VOLVO, is also investing in technology and partnerships that will make its cars more convenient, efficient, and autonomous. The company's latest move includes its *pledge that all new Volvo cars will either be fully electric or hybrid by 2019*. Volvo and **UBER** teamed up in August to develop base vehicles that work compatibly with all of the latest autonomous-driving technology. Both companies pledged to invest \$300 million in the project.

We suggest to invest in equity oriented strategies. Our stock selection remains within GAFA, combined with themes connected to cybercrime, but mainly global organic growth sectors, respectively of populations essential needs, such as water, nutrition, energy & healthcare.

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Our expectation for the financial market 2017+ is, that global interest rates will remain on low levels, which results to the fact that fixed income risk return ratio through all credit ratings is still not attractive, especially in comparison to dividend yield of liquid shares.

We are looking forward if you are sharing your view with us. Meanwhile I am wishing you an ongoing pleasant summer break, and do look forward to meeting with you personally very soon again

Best

Bjoern