

# Global Multi-Theme Equity Strategy

## - Investment Perspectives and Focal Themes



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Our Global Multi-Theme Equity Strategy (GMT) Investment Team comprises dedicated thematic investment specialists who focus on rigorous stock selection to exploit growth themes. The GMT focuses on attractive growth opportunities arising from the Fourth Industrial Revolution.

### Three perspectives on Global Multi-Theme Equity investment

Nomura Asset Management's Global Multi-Theme Equity Strategy (GMT) Investment Team focuses on themes that are expected to demonstrate attractive growth opportunities over the medium to long term. We identify these themes based on three perspectives: "Breakthrough technology/disruptive innovation", "New opportunities in emerging markets", and "Structural change in society". Investment themes selected from these three perspectives are continuously changing, and our analysis enables us to select the most attractive themes at any given time.

#### Three Perspectives

##### Breakthrough Technology/Disruptive Innovation

– Evolution in new technology, products and services

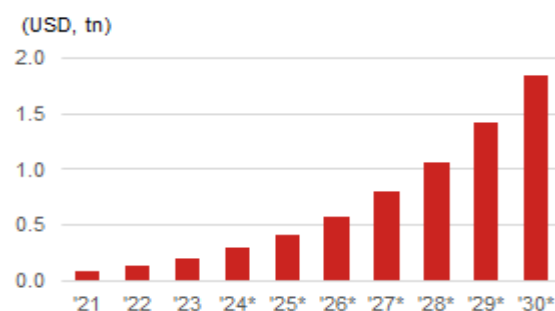
##### New Opportunities in Emerging Markets

– Global trend/expansion of mass-affluent in emerging markets

##### Structural Change in Society

– Aging population, increase in middle-class due to income growth in emerging countries

**Figure 1. Trends in the Global AI Market**  
(Period: 2021 – 2030, annually)

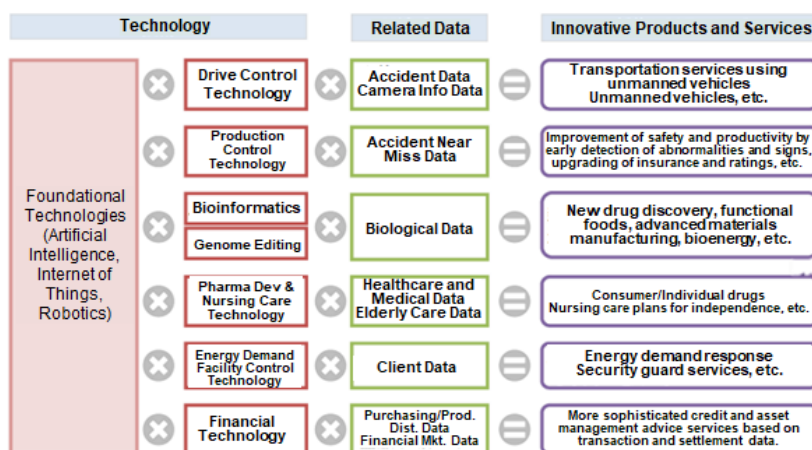


Source: Nomura Asset Management based Next Move Strategy Consulting data. Nomura Asset Management forecasts for 2024 and beyond

We also pay close attention to ongoing developments in the Fourth Industrial Revolution, also known as the AI Revolution, which drives and enhances the level of connectivity and integration. Through a succession of newly created technologies, the Fourth Industrial Revolution will be able to drive new connected and integrated developments using the existing global internet infrastructure. The scale of the global AI market in sales terms can be considered a leading contributor in the Fourth Industrial Revolution and is rapidly expanding, with an expected reach of 1.8 trillion US dollars by 2030.

### The view of the GMT Investment Team - 1

In recent years, we have seen rapid growth in the Internet of Things (IoT), where products and services are connected through the internet. Vast amounts of data accumulated through IoT connected devices is being analyzed using AI and utilized for the development of new products and services. Furthermore, we are seeing further convergence and enhancement of technologies used in various fields that are connected via the internet. In other words, as technologies that were previously considered separate begin to converge – such as robotics, 3D printing, nanotechnology, biotechnology, genetic engineering, and blockchain technology – we can expect the Fourth Industrial Revolution to benefit a wide range of industries, not only IT companies.



Source: Nomura Asset Management draft translation of "Vision for New Industrial Structure" (the Ministry of Economy, Trade and Industry) ([https://www.meti.go.jp/shingikai/sankoshin/shinsangyo\\_kozo/pdf/017\\_05\\_00.pdf/](https://www.meti.go.jp/shingikai/sankoshin/shinsangyo_kozo/pdf/017_05_00.pdf/))

### The view of the GMT Investment Team - 2

Autonomous driving is one example of a technology that not only contributes to growth in the automotive industry, but also has the potential to bring about broader structural changes in business sectors like the auto insurance industry due to factors such as the reduction in traffic accidents. Meanwhile, three-dimensional measurement data obtained through aerial photography by drones (unmanned aerial vehicles) has the potential to significantly improve the productivity of infrastructure development and the construction industry. Furthermore, in commercial transactions, the development of AI technology can enable accurate management and billing of when, where, and by whom products and services are used. Such developments are considered to be key drivers

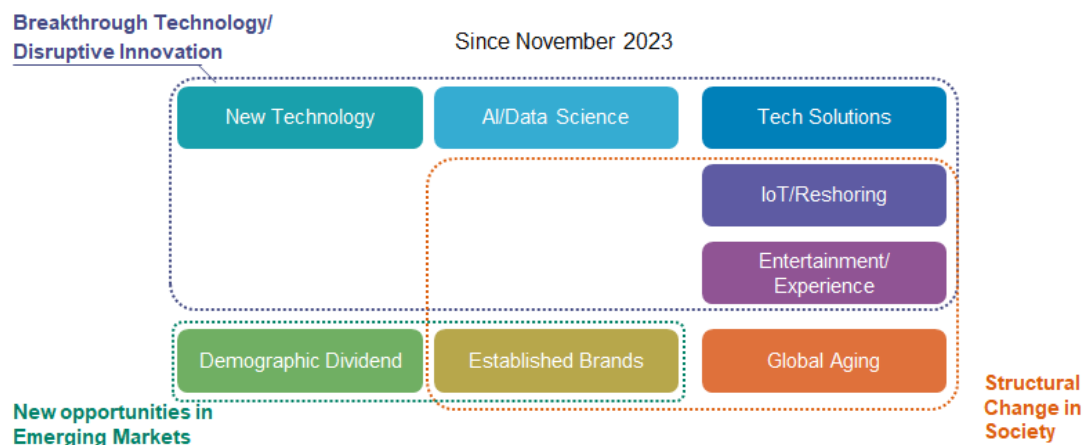
in the shift from traditional "product" consumption to "experience" consumption, a trend that is currently capturing consumer attention. This has led to the emergence of new business models like Airbnb and Uber.

Moreover, at the core of the Fourth Industrial Revolution are advancements in AI-related technologies and the globally interconnected internet infrastructure. However, operation of these technologies is extremely energy intensive and also consumes a large quantity of water for cooling data processing facilities. This leads us to believe that there may also be significant growth opportunities in the infrastructure sectors needed to support AI development. With the addition of a sustainability perspective that was not considered in previous industrial revolutions, the Fourth Industrial Revolution should also encompass renewable energy technology as a growing sector of interest.

### GMT Strategy: Eight themes from three perspectives

The GMT Investment Team’s dedicated thematic specialists are assigned to select and investigate attractive investment themes. Unlike industry-specific analyst teams that uncover and investigate stocks related to specific sectors, thematic specialists explore and investigate stocks across a range of industries on the assumption that they can identify and benefit from unique growth stories within each theme without limiting themselves to specific industries. Currently, we have selected eight themes that are expected to show attractive growth over the medium to long term from the three perspectives of “Breakthrough technology / disruptive innovation“, “New opportunities in emerging markets“, and “Structural change in society“.

The core themes are divided into "High Growth Themes" that involve significant changes and offer strong growth potential, such as 1) New Technology, 2) AI/Data Science, 3) Technological Solutions and 4) Entertainment/Experience, as well as "Stable Growth Themes" that offer steady growth potential such as 5) Global Aging and 6) Established Brands. In addition, there are themes that combine characteristics of both, these are 7) IoT/Reshoring and 8) Demographic Dividend, making a total of eight themes.



## GMT Strategy: Eight investment themes in detail

- 1. New Technology:** The Fourth Industrial Revolution is still in its early stages, and for many companies, investments are being made based on the expectation of future changes in industrial structure. In this context, we are focusing on groups of companies that are already generating profits and producing semiconductors that are essential for the Fourth Industrial Revolution.
- 2. AI/Data Science:** We are closely monitoring companies that operate essential data centers for the extensive data analysis capacity required by AI. Moreover, given the need for secure handling of crucial information, including confidential and personal information during data processing, we are also focusing on companies related to cybersecurity, an area that has grown significantly in importance.
- 3. Technological Solutions:** We pay attention to the technological solutions through the effective utilization of vast amounts of data collected through IoT for service realization, as well as the combination of new technologies such as Big Data, AI, and robotics, is creating growth opportunities in various fields including finance, retail, and healthcare.
- 4. Entertainment/Experience:**

While consumption used to center around ownership and purchasing of goods, Millennials and Generation Z are increasingly placing value on unique experiences. We are focusing on companies that can quickly adapt to this change in consumer values and
- 5. Global Aging:** There is a paradigm shift towards "precision medicine," where medical treatments are individualized based on patient-specific information rather than the traditional statistical processing of medical and epidemiological information. We are focusing on areas such as molecular targeted drugs and immunotherapy.
- 6. Established Brands:** Even companies with established brands, such as European luxury brands, must constantly innovate to meet changing consumer preferences. We are focusing on companies that can actively introduce new consumer-oriented services using AI and improve production efficiency.
- 7. IoT/Reshoring:** We focus on companies that utilize AI, based on the vast amount of data accumulated through IoT, not just for automation in production using robots as in the past, but also for improving the efficiency of the entire manufacturing process and developing new products and services, as well as solution providers for this purpose. We also pay attention to the companies that would benefit from the revision of such global production systems.
- 8. Demographic Dividend:** We are focusing on companies that benefit from the rising prosperity and population growth in emerging countries and the various business opportunities arising from different stages of development.

\*This commentary is based on personal views of the author and does not necessarily represent Nomura Asset Management house view.

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