FLASH NOTE

09.04.2021

Data: the new commodity

Author(s)
David Older

Published
April 9, 2021

Lengt
3

There's no way around it: big data is bound to get bigger. Every minute, there are 200M emails sent, 4M Google searches, 300k Tweets and 2.5M Facebook items shared. 90% of the world's total data was created in the last two years. Information is the oil of the 21st century, and analytics is the combustion engine.

How do some businesses benefit from it?

By storing it: staggering data creation comes with increasing needs to store it. Data is stored in local data centres or companies' private cloud.

By using it to enhance customer experience, optimize decisions and pricing and improve risk management. Capital One, a US bank, uses software to monitor large volumes of customers' credit card transactions in real-time for potential fraud.

By driving AI quality: Data quantity leads to accumulating advantages for any scaled AI-driven company (Internet, Software, Payments, Autonomous vehicles).

Did you
know?

David Older and his team use big data analytics to better understand consumer behavior. It includes web scraping, credit card panels and consumer surveys. Using big data provides them with insights into businesses and helps them build a view that is divergent from consensus.

The regulatory question

The use of data collection raises a number of questions, in particular the sale of personal data for the purpose of targeted advertising. Facebook, but also Google, which both have large advertising businesses, are under scrutiny.

We are inevitably heading towards stiffer regulation. Companies will unquestionably need to set up more robust systems to manage data usage, transparency and controls. With a significant efficacy cushion versus other forms of non-targeted advertising, we believe big players will be able to continue to perform even if there are some headwinds from privacy initiatives.

Data: An opportunity set for Carmignac Investissement

Data centers and cloud computing

Cloud is the single biggest growth driver in the tech sector. Despite being popular for decades, total public cloud spending in 2019 was $233 billion, less than 20% of total enterprise tech spending of about $1.5 trillion, offering ample room for growth driven by greater enterprise spending on digital-transformation initiatives. Today, **Amazon** and **Microsoft's** lead in cloud infrastructure. The **Chinese data centre market** is expected to cross $36 billion by 2025 leading us to invest in hyper-scale data centres, like **GDS** and **Chindata**.

Software

Companies have become increasingly reliant on software that help them**sort this data**.
- **Elastic** is the leading enterprise search platform in the market. The company's search technology powers a wide range of applications, including site search on eBay, geospatial searches for Uber, matching profiles on Tinder.
- **Salesforce** is over 5x larger than its closest rival in cloud-based sales productivity and customer service. Its vast portfolio of cloud assets makes the company in a better position to gain market share versus its competitors.

Big data use across industries

With data safely stored and analyzed, companies are leveraging on it to**improve their businesses.**
- **Netflix's** expertise relies on data-driven programming as a driver of its success. It leverages data of 190mm global subscribers including over 6m daily searches, completion rates, browsing and scrolling behavior and 8m content ratings given per day, etc.
- Ecommerce platforms like **Amazon** or **MercadoLibre** personalize the entire shopping experience based on historical purchases and browsing history.
- With billions of data on your tastes and habits, social commerce players like **Facebook/Instagram** help companies market and target their products and services, while monitoring their brand image.

The massive creation of data is supported by an ever increasing digitalized world. We want to be invested in both companies that store it, given its exponential growth rate, but also in companies that leverage on it to optimize their business and improve customer experience. There is still untapped potential out there, notably in healthcare where the introduction of big data use is bound to dramatically improve patients' life. Our "big data" exposure encompasses data centers, softwares as well as A.I. players, and account for about 15% of Carmignac Investissement's portfolio.

Discover Carmignac Investissement

Source: Carmignac, Bloomberg, 03/2021
Portfolio composition may change. The trademarks and logos do not imply any affiliation with or endorsement by them.

Carmignac Investissement E EUR Acc

ISIN: FR0010312660

Recommended minimum investment horizon

Lower risk Higher risk

1	2	3	4*	5	6	7

Main risks of the Fund

EQUITY: The Fund may be affected by stock price variations, the scale of which is dependent on external factors, stock trading volumes or market capitalization.

CURRENCY: Currency risk is linked to exposure to a currency other than the Fund's valuation currency, either through direct investment or the use of forward financial instruments.

DISCRETIONARY MANAGEMENT: Anticipations of financial market changes made by the Management Company have a direct effect on the Fund's performance, which depends on the stocks selected.

The Fund presents a risk of loss of capital.

Promotional material.

This document is intended for professional clients This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents. Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication. The portfolios of Carmignac funds may change without previous notice. The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. The recommended investment horizon is a minimum and not a recommendation to sell at the end of that period. Morningstar Rating™ : © 2021 Morningstar, Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds may not be offered or sold, directly or indirectly, for the benefit or on behalf of a «U.S. person», according to the definition of the US Regulation S and FATCA. Company. The risks, fees and ongoing charges are described in the KIID (Key Investor Information Material). The KIID must be made available to the subscriber prior to subscription. The subscriber must read the KIID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital. The Funds' prospectus, KIIDs, NAV and annual reports are available at www.carmignac.com, or upon request to the Management Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law UK:This document was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). In Switzerland: the prospectus, KIIDs and annual report are available at www.carmignac.ch, or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon. Copyright: The data published in this presentation are the exclusive property of their owners, as mentioned on each page.