FLASH NOTE

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Data: the new commodity

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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
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Carmignac Investissement E EUR Acc

ISIN: FR0010312660

Recommended minimum investment horizon

Lower risk Higher risk

Potentially lower return Potentially higher return

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.

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