



Hitech, 2020 Gold Medalist

Historically, Olympic Games have been a platform for a number of technological innovations which drove economy growth and equity performance of technology sector. 1960 Rome Olympics pioneered live broadcasting, 1964 Tokyo Olympics saw the debut of live satellite broadcast and 2012 London Olympics marked the point where smartphones became a mainstream live viewing platform.

Similarly, we expect Tokyo 2020 Olympics and Paralympics will be marked in history where AI-based applications will be deployed on a large scale, ranging from automated aggression detection, autonomous cars, pseudo 3D live broadcasting, humanoids and others (Fig 1). All these technologies require new and powerful computing chips, more memory and sensors. It is evidently that semiconductor companies have to ramp up their production capacities for these demands in 2020. In response to these, ASML has already shipped 26 lithography systems in 2019 with another 35 systems to be shipped in 2020 while other equipment manufacturers also ramp up their productions.

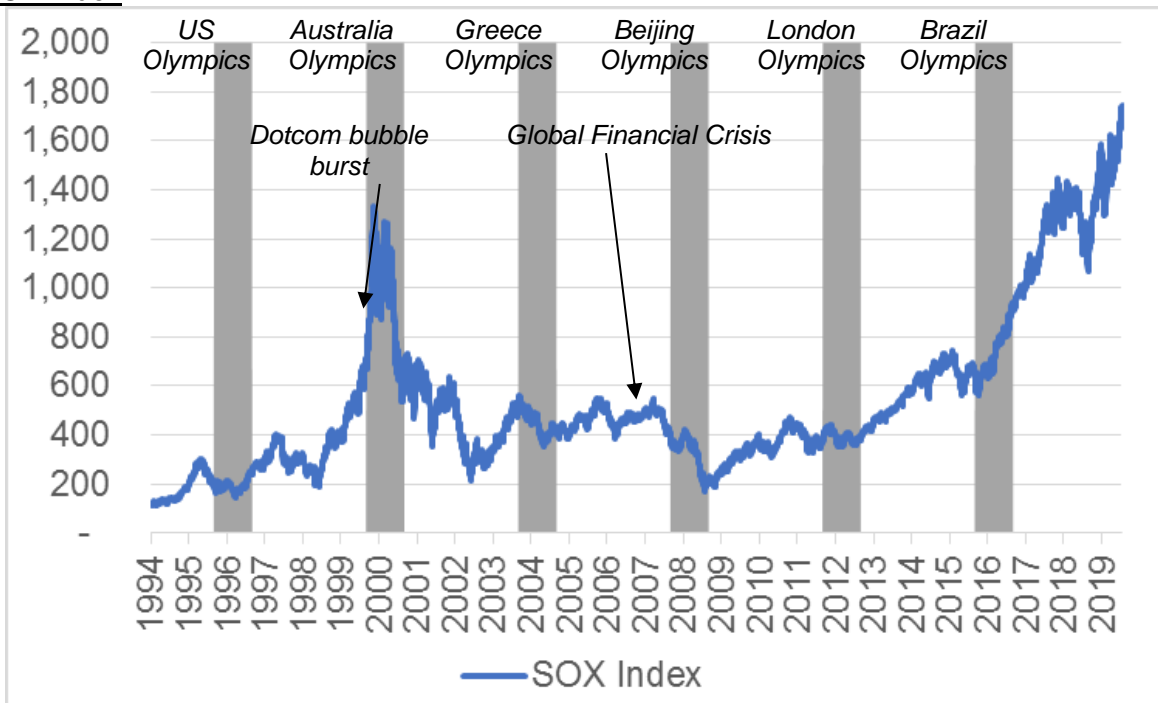
Fig 1 Examples of futuristic technology to be showcase in 2020 Tokyo Olympics



Source: Toyota, Aruze Gaming Technologies

The shaded grey areas in Chart 1 indicate the period of 6 months before and after Olympics event. With exception of the Dotcom bubble crisis (2001-2002) and the Global Financial Crisis (2007-2008) period, SOX Index showed positive growth, driven by new technology showcased during Olympic Games. Thus, we are of the view that global technology industry is gaining momentum and may continue to grow after the Olympics period considering that demand for advanced hardware components will increase during pre and post of the Tokyo 2020 Olympics.

Chart 1: SOX Index



Source: Bloomberg, Wikipedia

In summary, besides the fact that we are at the end of semiconductor inventory adjustment and accelerating demand from 5G, new AI applications for pre and post-Olympics will further drive the growth of the tech sector.

Thus, we believe that investors should catch the rise of this tech cycle and below is the list of equity funds that have exposure to tech sector:

- CIMB-Principal Global Technology
- Robotech
- RHB Global Artificial Intelligence
- TA Global Technology
- United Global Technology