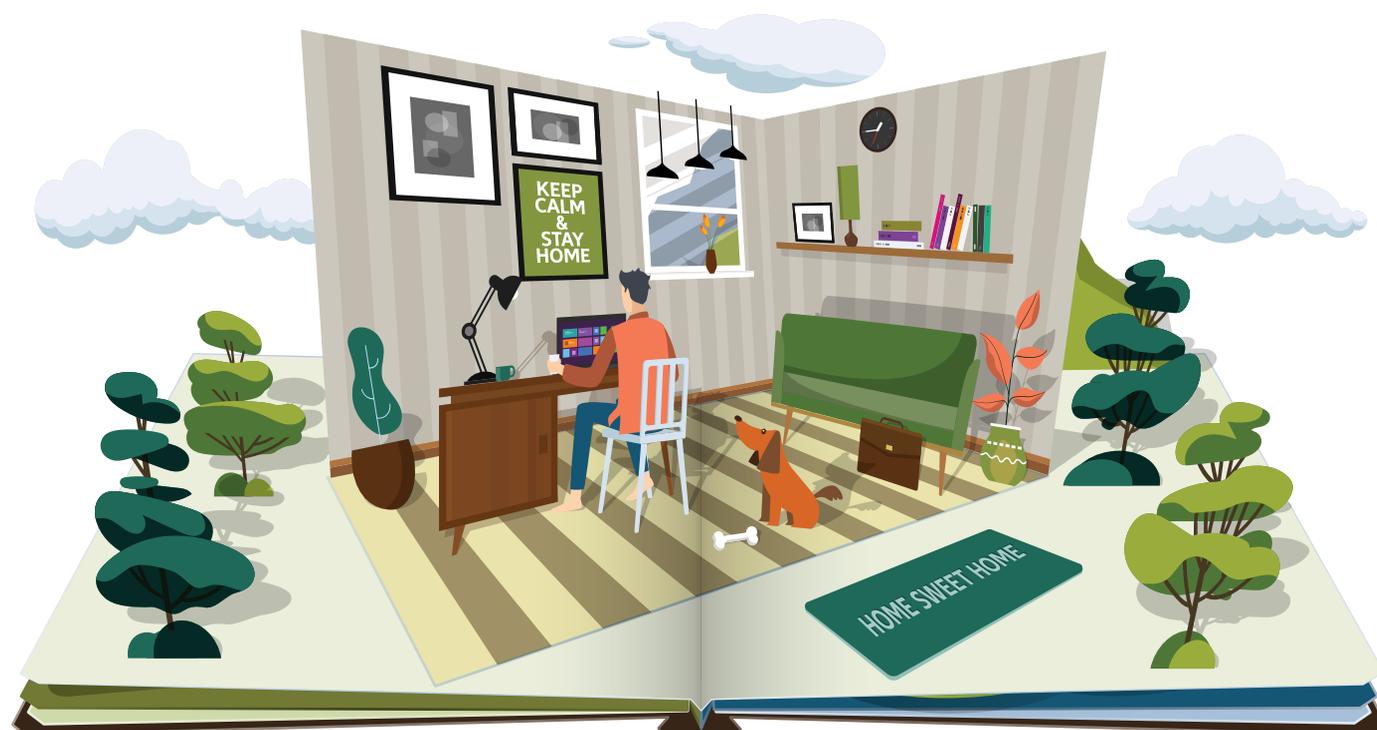


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Staying at home, saving lives



To curb the spread of the COVID-19 virus, countries around the world have restricted travel, public assembly and enforced social distancing. Globally, companies were also forced to quickly enact work-from-home policies while workers and consumers had to adapt to the new reality. Unable to venture outside their homes, indoor activities are now in higher demand. As a result of these comprehensive containment measures, 'stay-at-home' theme-of-themes have become direct beneficiaries and are experiencing a tailwind.

At Allianz Global Investors, we believe that the current crisis is a temporary one, although the length and extent of which remains largely unknown. While uncertainty may be the new normal, and the current boom in 'stay-at-home' themes could lose some shine, some sectors have demonstrated its resilience and possible longevity.

Our consensus is that the work-from-home and social distancing measures have accelerated the trend toward digital interactions in work and personal lives. More businesses are doubling down on their IT commitment to enable flexible work arrangements for their employees. Consumers, through their digital activities such as communication, entertainment and commerce, are also fast forwarding this trend.

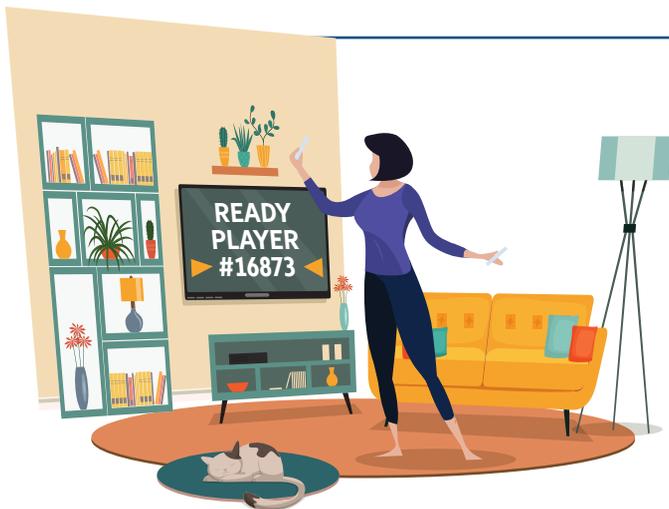
We remain confident of seeing a long runway for growth in the compelling themes and topics covered by Allianz Thematica.

Key takeaways

- To contain the COVID-19 outbreak many countries have implemented social distancing and stay-at home measures.
- This has led to a growth in 'stay-at-home' theme of themes such as Digital education, Esports and the Pet economy.
- Although the measures may be temporary, the compelling themes and topics covered by Allianz Thematica could resonate with investors long after this pandemic is over.

Digital education

This theme invests in providers of tutoring, vocational training and other services. It also covers education technology providers. The companies in this theme may well turn out to be crisis beneficiaries. As governments around the world temporarily close educational institutions in an attempt to contain the spread of the COVID-19 pandemic this has accelerated the growth of online delivery of courses and content. Whilst some of this might be temporary, the increased attention to these services may very well result in long-term support - paving the way for a wider acceptance and usage of online learning services. There were the obvious teething problems such as microphones on mute during online lectures, other people crashing into live video broadcasts, and even large conferencing platforms breaking down due to overwhelming demand. Nevertheless, distance learning has now arrived, and it is here to stay.



Esports

Globally, there are more than 2.5 billion* egamers across all devices. When F1 driver Max Verstappen competed in a virtual Australian Grand Prix in 'The Race All-Star Esports Battle', he came in 11th. The pro-gamers defeated him. The virtual race was aired on popular streaming platforms and attracted far more viewers than other esports competitions. With all sorts of 'real-life' sports increasingly being shut down, online entertainment is racing ahead.

*2019 Global Games Market Report, Newzoo – June 2019



Pet economy

During the 2008/09 recession, the pet economy was virtually unaffected. It is a well-known fact that the majority of pet owners form close bonds with their pets and view them as members of the family. This bond is likely to become even tighter during a crisis such as this. As a result, "pet parents" may pamper their pets even more.

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