ASSET MANAGEMENT

BAJAJ

MEGA TRENDS

INVESTING

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#Farakhai

CONTENTS

01 What is Megatrend Investing?

07 Sources of Megatrends

09 Six Sources of TRENDS

12 Technological Innovations

14 Regulatory and Policy Changes

16 Economic Changes

18 Nature and Sustainability

20 Demographic Shifts

22 Social Changes

26 Case Studies
- Software Services
- Retail and Consumer Credit
- Chemical Industries

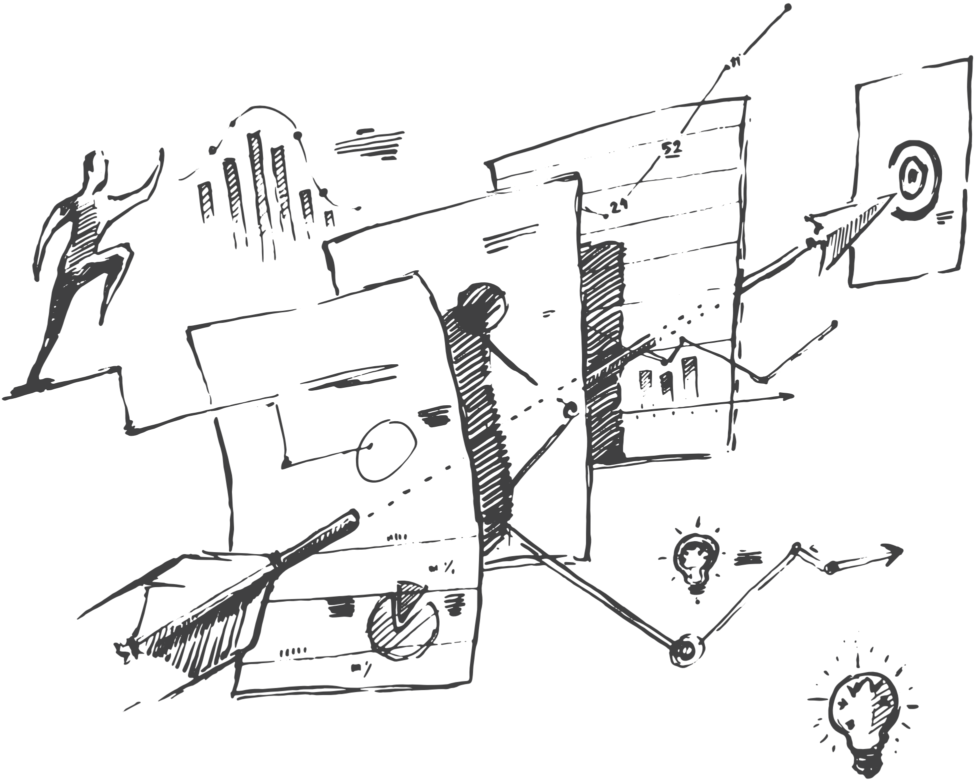
32 What is the Process behind Megatrends Investing?

36 Megatrend Investing and the Index

37 Megatrends Investing and Sectoral or Thematic investing

38 Risk Mitigation

40 Conclusion


52

Preface

As a part of my ongoing journey to learn and grow, I make it a ritual to engage with investment thinkers regularly. These thinkers, be it analysts, fund managers, or strategists, provide valuable insights that help shape my understanding of the investment landscape. During one such meeting, a statement made by a friend left me astonished: "buy and hold style of investing is dead." I was confident that another expert in the room would immediately counter this claim. To my surprise, even he agreed! This sparked a heated debate where I found myself defending the traditional approach.

Gradually, I came to realize that their perspective held merit. The ever-changing dynamics of technology, regulations, and policies have made it increasingly difficult to simply buy and forget. The traditional "buy and hold" investing strategy has evolved into a more nuanced approach – "buy and watch." This new strategy still emphasizes a long-term investment horizon but requires a vigilant eye on emerging trends and shifting dynamics.

Driven by the desire to explore alternative investment strategies, I delved into the concept of Trends investing, specifically Megatrends Investing. Coined by John Naisbitt in the early 1980s, the term "Megatrends" describes long-term changes that have a transformative impact on businesses and companies. By the early 2000s, numerous research and investment houses had adopted this approach to determine the future of their investments. In recent years, the adoption of Megatrends Investing has gained even more traction.

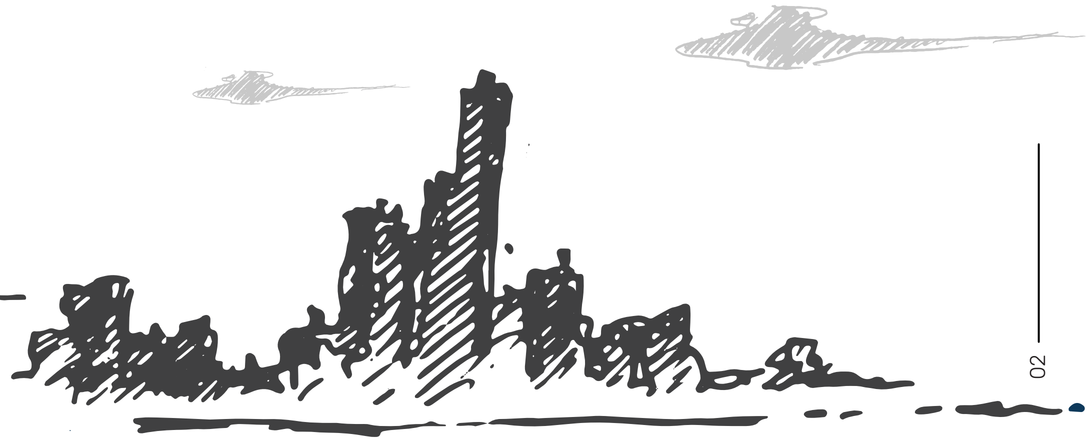
This book is a humble attempt to delve into the concept of Megatrends Investing and identify some of the trends that are expected to shape economies and businesses in the coming years. It aims to provide readers with a comprehensive understanding of the principles behind this investment strategy and explore the potential impact of these trends.

Introduction to Megatrends Investing

What is Megatrend Investing?

Change is constant. Sometimes these changes repeat in a cycle while other times, they are directional like a trend. Occasionally they are transformative forces that shape our businesses and societies. These long-term changes that have a significant impact on our future are megatrends. They create many trends within them as they impact different sectors and industries. By understanding these megatrends, investors can position themselves to benefit from the future opportunities they present.

Megatrends investing is about uncovering, identifying, and understanding the forces that can change the way businesses operate and consumers behave, and, in the process, discovering the investment opportunities they create. An investor with a long-term investment horizon is taking a calculated bet on an unknown future for reaching his/her financial goal. Using megatrends investing, this long-term future becomes discernible to some extent.



Short-term investors tend to be opportunistic and focus on the direction of the next tick. However, long-term investors are more strategic in their approach, looking for the direction of growth of different businesses. They endeavor to identify where the growth of a company or set of companies is under-appreciated by the market. Typically, people tend to underestimate long-term non-linear growth prospects. Megatrends investing helps cut through the short-term noise and focus on long-term growth opportunities.

A smart businessman allocates capital to an idea that has a good future potential for growth.

Many businesses use megatrends to forecast where the future profit pools lie and then work backward to define a path to reach those profits. They also use megatrends to drive innovation within their organization. A long-term investor needs to ask himself; If I were to start a business today what would it be? Anyone using this approach avoids being surprised by trends that were foreseeable. Instead, he/she can integrate trends into the forecast using this systematic approach.

Megatrends Investing needs to be the core of investor's portfolio

Take a minute to do a small exercise. You may or may not have invested in a stock directly. But I am sure everyone here has some idea about investing in stocks. Think about investing in a stock of a company (or 5 companies if you like) for the long-term. Let's put long-term as 5-10 years. Write down the name(s) on your phone or paper.

Without looking at the name, I can guess that this is a company which you expect to have a bright future. You may not know exact valuation of this company or the exact ratios like profit margins or return on capital. But this is the name where you are reasonably confident that the business will GROW! Long-term investing cannot be done in stocks where you have doubts on growth. Correct?

Megatrends investing is about tracking long-term changes in economies and businesses that can help or hinder a company's long-term growth.

Studying megatrends increases the predictability of fore-casted growth. This is an important strategy for investors and can be considered core to the portfolio. What are some of the other benefits of this strategy:

- If one starts with bottom-up analysis of all companies in the universe to consistently identify individual companies which will thrive over long-term, it would require enormous resources and research effort. It's relatively simpler to identify broad trends and themes with strong growth potential and then focus on companies with identifiable investment potential within that trend/theme.

- Looking at financial markets from a megatrend perspective allows investors to cut through short-term noise and focus on key long-term changes.

- Megatrend investing also helps investors look beyond rigid sectoral or market cap classifications, which does not provide any insights in analyzing future growth potential of companies, and in risk mitigation through diversification.

- Evaluating the relative potential of individual trends and diversifying positions across the trends with highest potential makes the portfolio future aligned.

- Numerous studies have shown that equity returns tend to be unevenly distributed over time, industries, and individual stocks. However, they do correlate with profit stream dynamics, which is driven mostly by long-term trends. Thus, a megatrend approach is better suited for tracking profit movements and benefiting from them.

- Megatrends approach helps to negate behavioral biases. It is easy and tempting to linearly extrapolate recent experiences while making future projections (recency bias), ignoring non-linear changes. However, megatrend investing helps in understanding non-linear changes and take advantage of market biases.

Through this approach, investors get a portfolio that is structurally geared towards companies that are high growth compounders with tailwinds to create high economic value for the shareholders. It is about investing today by anticipating the changes of tomorrow.

Sources of megatrends

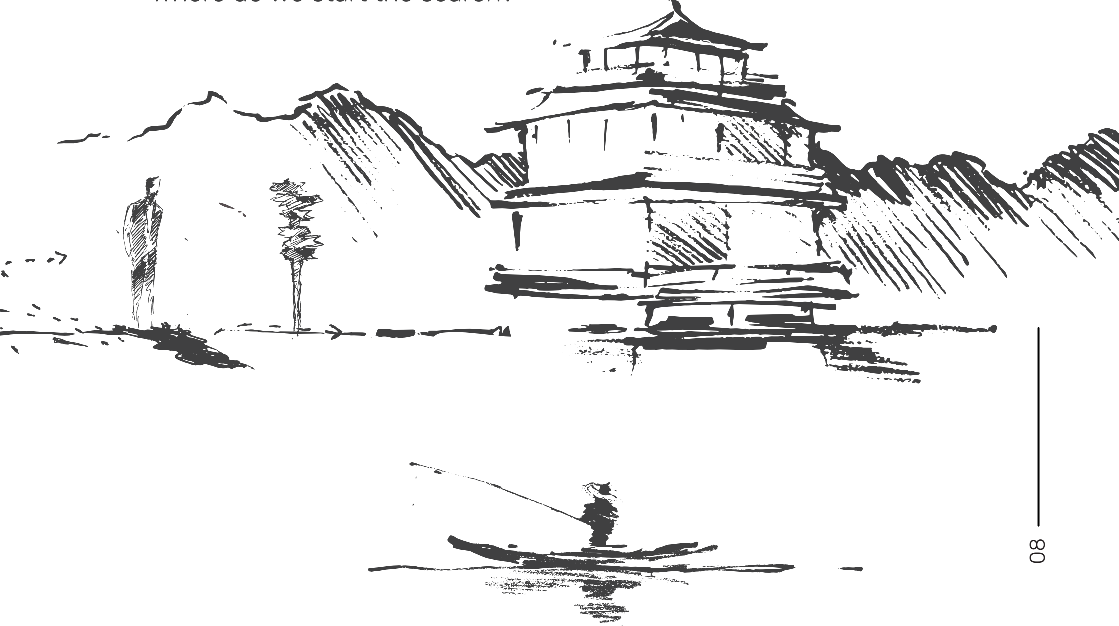
Heraclitus was the favorite poet of the Roman Emperor Marcus Aurelius. He once made a very interesting statement
“You cannot step in the same river twice”.

Makes one think, right? As I understand it, the statement is not about a place, but about time. By the time one steps into the river again, the waters have changed. The river has changed because the previous water you touched, has moved ahead.

Swami Vivekananda has also described the river as change …
"What do we call the river? Every moment the water is changing, the shore is changing, every moment the environment is changing, what is the river then? It is the name of this series of changes."

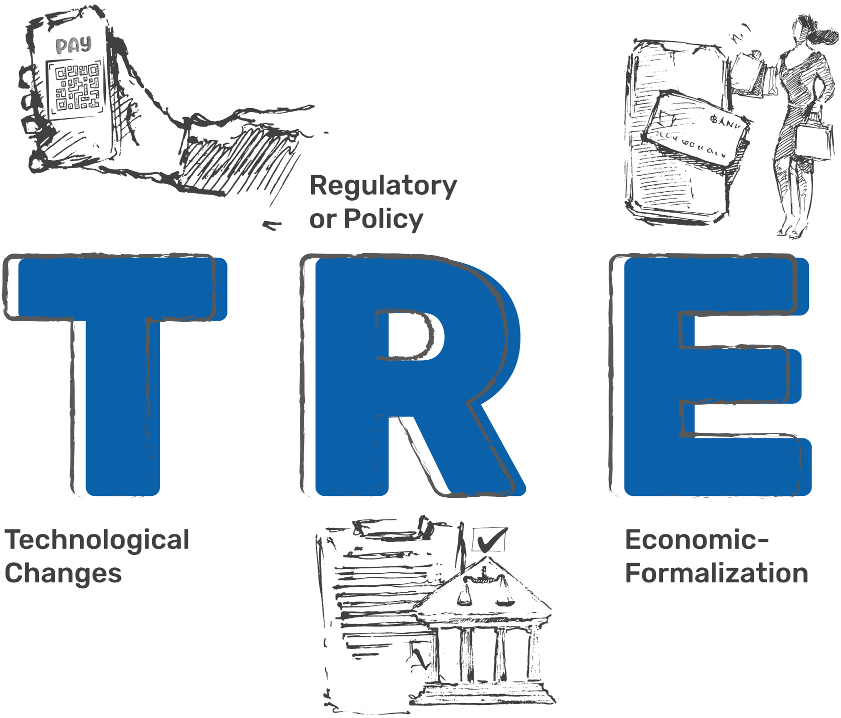
Change is constant! A long-term investor must consider long-term changes when taking decisions. To ride these waters and reach wealth creation goals, one has to try and choose businesses that will benefit from the trends and changes. Megatrends investing is about top-down screening of the right businesses and bottom-up selection of right companies that have the potential to do well in the future.

Blaise Pascal said, "He who does not know his way to the sea should take a river for his guide." I infer that investors looking for long-term wealth creation should take the megatrends for their guide. What are the sources of these megatrends?
Where do we start the search?



We have identified six sources that are at the roots of the megatrends.

Technological Changes **R**egulatory or Policy **E**conomic



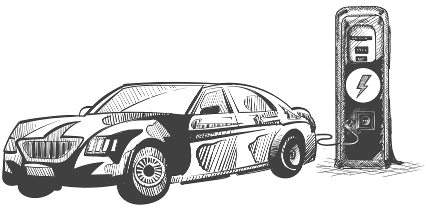
We shall explore these TRENDS in some detail.

Nature or environmental **D**emographic and **S**ocial

Social – Rising Consumerism and Urbanization

Nature or environmental

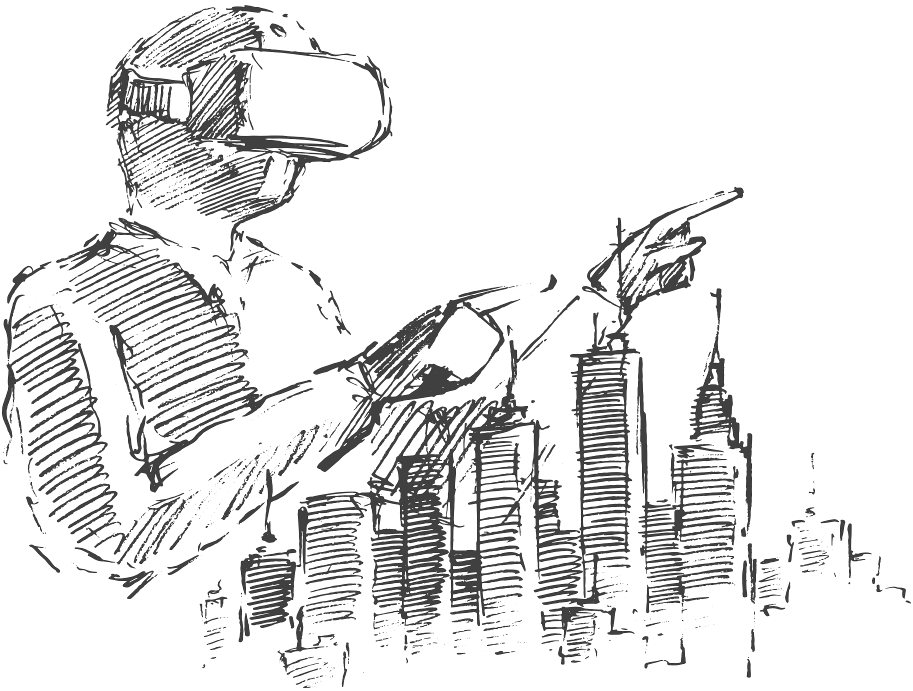
N D S



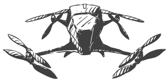
Demographic Dividend

Technological Innovations

The impact of technological changes cannot be overstated. They have a huge impact on organizations, markets, consumers, products and services. However, the challenge here is to differentiate between craze/fads, micro trends and megatrends. For long-term forecasting, we should select changes that have a profound impact on businesses.

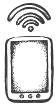


While Artificial Intelligence (AI) is grabbing headlines today and we have seen a sharp jump in the share prices of AI related companies, that is just one of the big changes currently underway. There are others like-

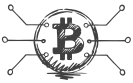


Automation and Robotics

Increasing use of data analytics



The Internet of Things (IoT) and smart devices



Block-chain and Cryptos

E-Payments and transfers

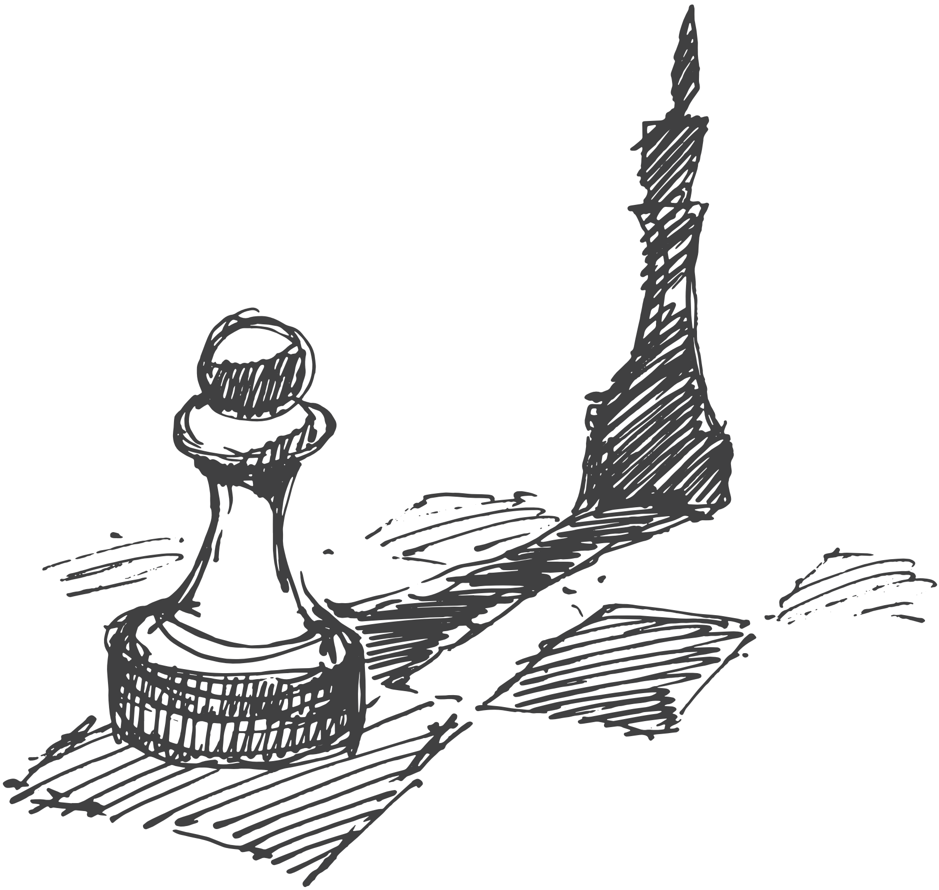
Digitization and Platforms

The above innovations have significant influences on businesses. Investors must not only think about the first level of impact of technology on providers and users but also its derivatives. For instance, the penetration of smart phones and improvement in cameras. Worldwide, the improvement in selfie cameras has led to a sharp increase in sales of make-up and cosmetic products. This is true even in India.

Another area to consider when tracking technological changes is the technology adoption curve. Many new innovations may attract early adopters (tech enthusiasts who want to try out a new application/tool) but fail to move to the next stage where they have to impress the majority of the population in their target segment.

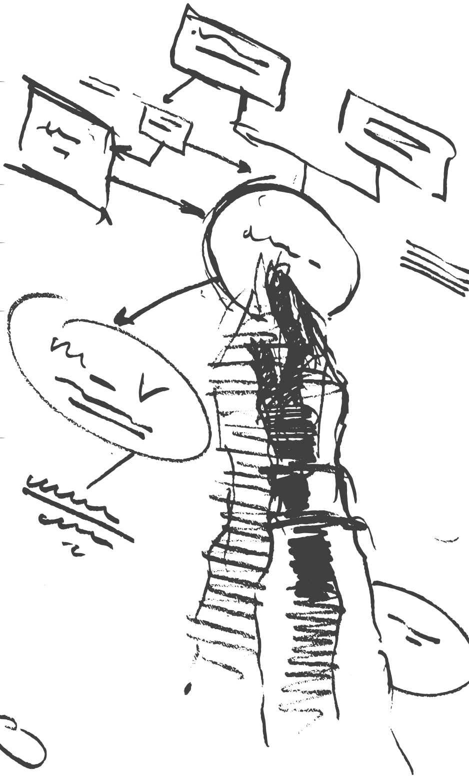
Regulatory and Policy Changes

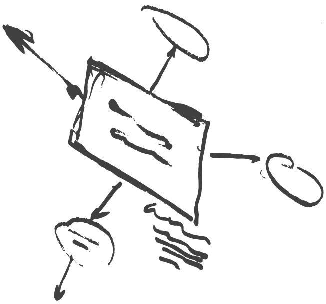
Regulatory changes can have a material bearing on growth prospects of businesses. Studying the state of economy, government finances and priorities of government and regulators can help in preempting some of these changes. In India, the Modi government has brought about a lot of changes in the past 9 years.



Some of the important ones have been:

- Encouragement to manufacturing sector through Make in India, PLI and Atmanirbhar programs.
- Changes to increase formalization of the economy
- Social transfers through digital medium
- Introduction of Real Estate Regulator
- Improvement in the banking sector with more account openings and bankruptcy code
- Taxation changes for the corporate sector and increase in the exemption limit for individuals.

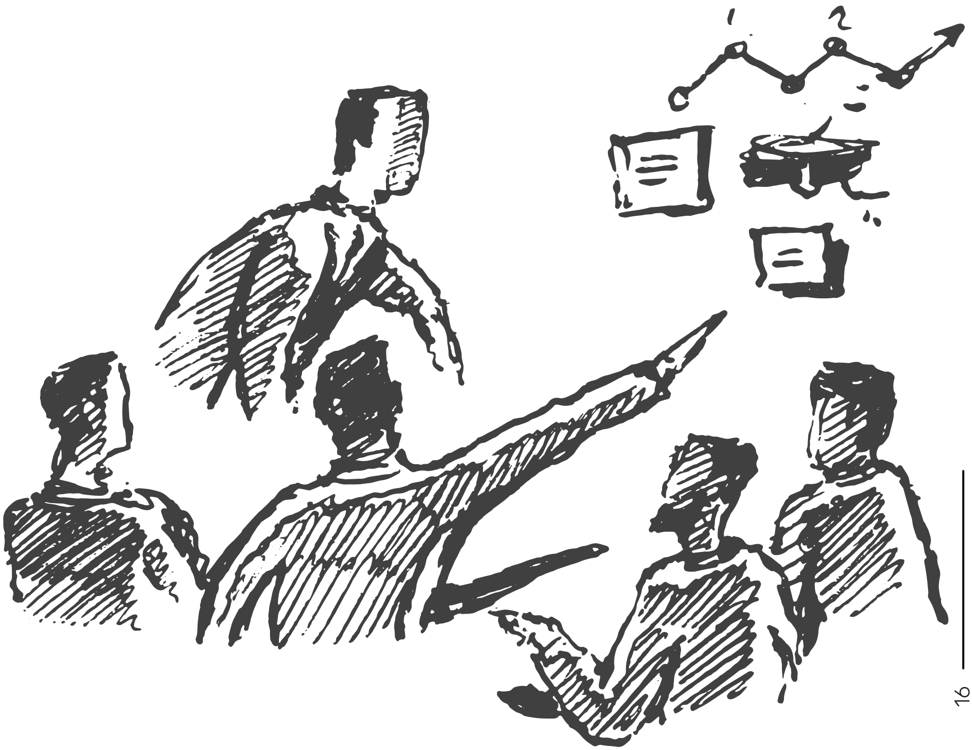




India's appeal to the world as a preferred partner has increased. It presents an ideal hub for manufacturing not only for the local market but also for exports. India is attracting healthy capital flows from international businesses. India is also engaging with the international community with transparency, policy continuity and promise of growth.

Economic Changes

Though economies go through cycles of growth rate and inflation, some of the economic parameters do trend. For example, the incomes of households in India used to stack up like a pyramid with a large population at the bottom of the pyramid. However, over the years, economic growth has led to this pyramid becoming a diamond with the largest population now in the middle-income group.



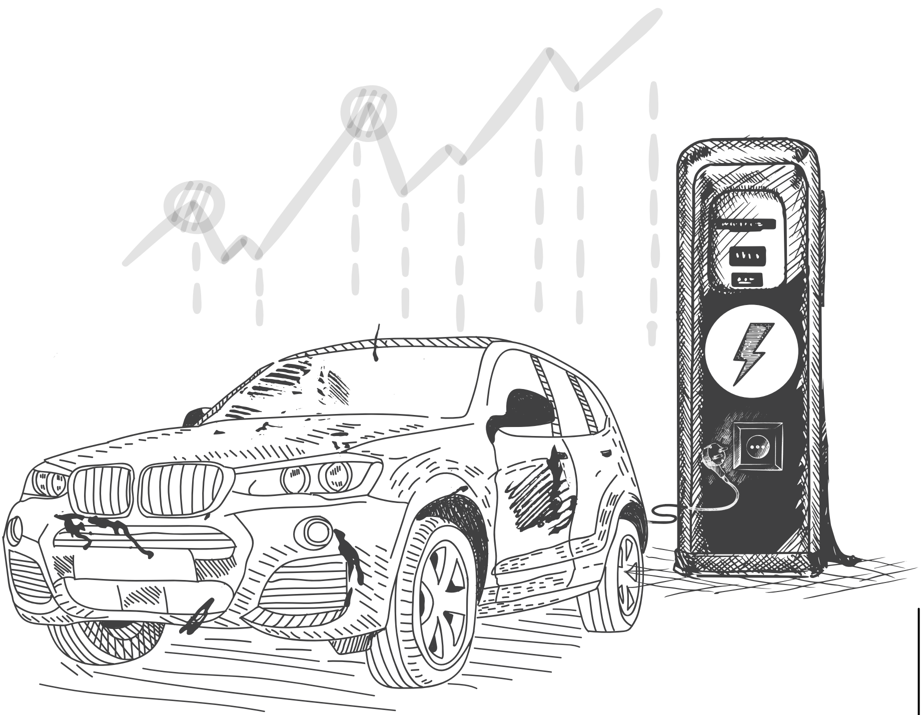
Changes in income levels in the household influence their choices in terms of saving and spending habits. There is immense scope for financial services as people save differently. Also, a tremendous opportunity awaits as people move money from non-discretionary consumption to discretionary consumption.

Some of the economic changes to be monitored are

Financialization: change in channels of savings, investing and credit.	**Formalization:** preference towards spending on brands, organized retail.
Rise in demand for consumer discretionary goods and services.	Savings fueling capital expenditure by companies who want to address the growing market.

Nature and Sustainability

The increasing importance of green consciousness and sustainability can be attributed to a combination of environmental awareness, regulatory frameworks, corporate responsibility and ensuing economic opportunities. This global shift reflects a growing recognition of the need to protect our planet and ensure a sustainable future for generations to come.



Increasing awareness about the environmental challenges such as climate change, pollution, deforestation, and depletion of natural resources has highlighted the need for sustainable practices. People are becoming more conscious of the impact of their actions on the environment and are seeking ways to reduce their ecological footprint.

The recognition of climate change as a pressing global issue has propelled sustainability to the forefront of public consciousness.

Governments around the world are implementing policies and regulations to promote sustainability and combat climate change. This includes targets for renewable energy adoption, carbon pricing mechanisms, and stricter environmental standards. Such regulations create incentives for businesses and individuals to adopt sustainable practices.

The green economy is rapidly growing, creating new economic opportunities. Businesses are recognizing the potential for profitability in catering to the growing demand for sustainable products and services:

- Renewable energy such as solar, wind, and hydroelectric power generation
- Green building and architecture using sustainable materials
- Green Mobility- Electric vehicle manufacturers and the overall EV value chain
- Waste management and recycling
- Sustainable fashion focused on using eco-friendly materials
- Green technology focused on developing innovative solutions
- Demand for organic and natural food
- Eco-friendly cleaning and personal care products

Demographic Shifts

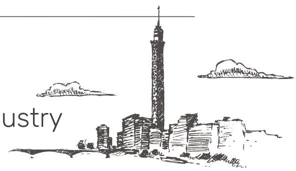
As per United Nation estimates, India surpassed China as the most populous country globally in 2023. This vast demographic landscape is being sculpted by various megatrends, which will have far-reaching ramifications for various industries and businesses over the next many decades.

Some of the key demographic trends which we are observing are as follows:

- High share of working age population (demographic dividend)
- Rising urbanization
- Increase in women participation

Rising share of working age population:

India not only has the largest population in the world, but also has the largest working population in the world. By 2030, India is estimated to have a workforce of 1.04 billion (people aged 20-60 years), or ~69% of the total population. As working population tends to produce more than they consume, this will lead to higher economic productivity, i.e., demographic dividend. As has been the case with China, this should have positive ramifications for manufacturing, consumption, housing, financial services industries, among others.



Urbanization:

A sharp uptick in working population is likely to fuel the ongoing trend of urbanization. As per industry estimates, ~50% of India will reside in urban centres in 2050 vs. ~35% in 2023. This rapid increase in urban population will result in development of more cities, infrastructure up-gradation, transport, housing, and urban consumption.

Women in workforce:

Female participation in workforce should rise as more economic opportunities are generated. Working/empowered female population not only augurs well for more holistic economic development but will also manifest in many cultural and consumption shifts.

Lower instances of home cooking can lead to higher dining out and online ordering, lesser available time for household chores can result in increase in home appliance ownership. Women-centric consumption products – such as beauty and cosmetics, women clothing, footwear, daily-wear jewelery are also likely to get a boost from this megatrend.

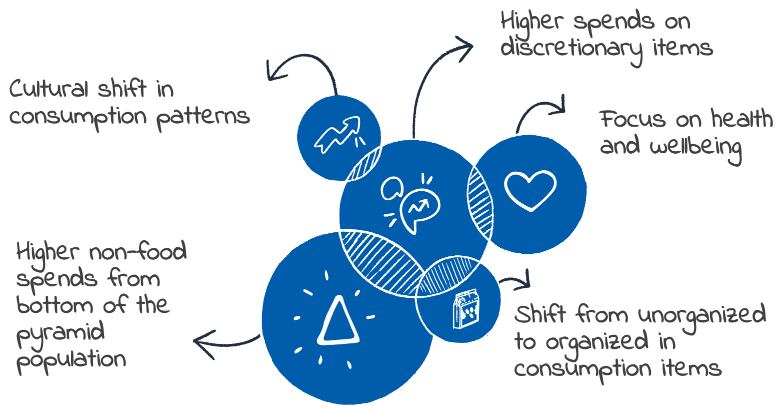
Social Changes

India's societal system is a macrocosm of diverse, complex societies characterized by different cultures, languages, regional preferences etc. The megatrends shaping the Indian society are equally complex in nature. On one hand, there is a strong trend of consuming better and living well among the populace belonging to the mid and upper economic echelons of the society. On the other hand, fueled by economic growth, the less privileged consumers will increasingly focus on consuming more.

A digitally interconnected world, evolved entrepreneurial & employment landscape, and exposure to global trends, are ushering in a cultural shift in India. A society erstwhile focused on saving for future is now focused on a balance between savings and consumption. This is enabling a growing section of the population – especially middle- and upper-income groups – to adopt a more luxurious lifestyle. This is underpinned by higher spends on aspirational items – premium housing, international travel, luxury consumer brands, accessories, entertainment, dine-out. Even in healthcare, focus is shifting to preventive rather than corrective actions. This social trend will only get stronger as the Indian economy flourishes further and will have implications on a diverse set of industries - discretionary consumption, diagnostic, healthcare, travel etc.

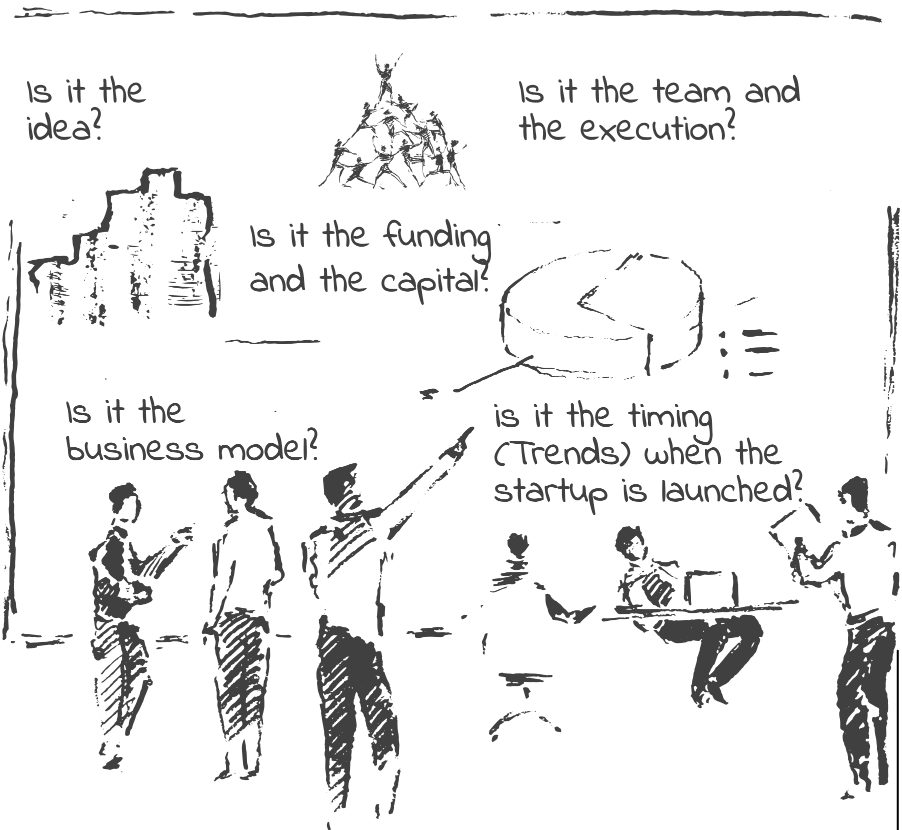
Rising employment opportunities and favorable government policies are aiding low-income group population as well. As income level for this consumer group rises, their share of spends on food items will reduce and discretionary spends on education, healthcare and recreation will rise (Engel's law). These discretionary spends will be vastly different from the ones mentioned above and will focus on branded food items, branded FMCG products, clothing, footwear etc. This trend should also aid in shift to organized/branded players from unorganized consumer goods manufacturers and benefit FMCG, retail, F&B companies, among others.

Some of the key social trends we are positive on and continue to monitor, are

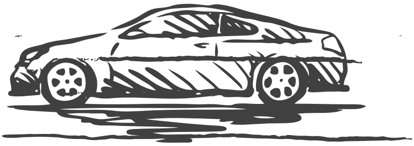


How Megatrends Matter in Business Success

Bill Gross, Founder of Idealab, has invested in more than 125 startups in his career. He conducted a study about “what matters most in success of a startup” covering 100 of his investments and 100 others. The factors that were ranked were:



Interestingly, he found that the most important factor was timing. The idea actually came in Third! The idea or innovation is definitely important, but it is not the most important thing. Companies like AirBnB and Uber started in times of recession in the US, when people needed some extra money. Because of the right timing, AirBnB was able to get homeowners to rent out space and Uber was able to signup drivers who wanted
to work a little extra.



Even Youtube is a story of important trends coming together for success. There were other video-sharing and streaming platforms that came before YouTube. However, in the late 1990s, there was very low broadband penetration and softwares required to carry heavy videos files were rare. A lot of companies could not take off because of these constraints. After the dotcom bust, the funding also dried up.

When YouTube launched in 2005, the technology trends were in their favor, broadband penetration increased sharply and software to carry video files were also available easily. In fact, YouTube did not even have a business model when they started. One of the co-founders mentioned in an interview that they started YouTube to be a video dating site!

Case Studies

Software Services

Lets take the first example of the software services industry in the country. In the early 1990s when a software company came for an IPO in the Indian markets, there was little interest from the investors. In the late 1990s however, some important trends put Indian software companies in the spotlight:

Technology trends

The world was seeing a surge in demand for software services to develop new applications, implement new packaged software like ERP and fix the Y2K problem. Telecom connectivity also increased to help work from a remote location.

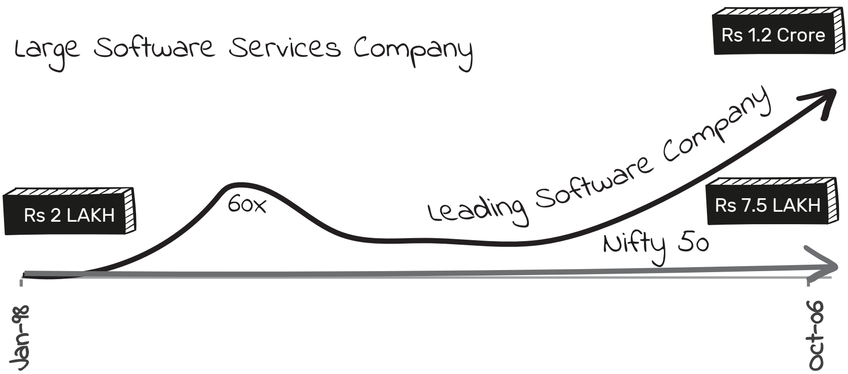
Demographic trends

While many countries in Asia and Europe were gunning for a share of the large IT spending, Indian companies had a strong advantage. A large young English-speaking population which made recruitments at scale easier than other countries.

Regulatory and Policy trends

The government was also encouraging the young industry by providing tax breaks and easier regulations for foreign transactions.

Together these trends boost the prospects of business and profit growth for many software companies and India became a hub for software development. If the investors picked the right businesses and management that benefited from these trends then they would have significantly outperformed the index during the 10 years between 1998 and 2008. A sample of one such large software company has been provided below as an indicative example.



Case Studies

Retail and Consumer Credit

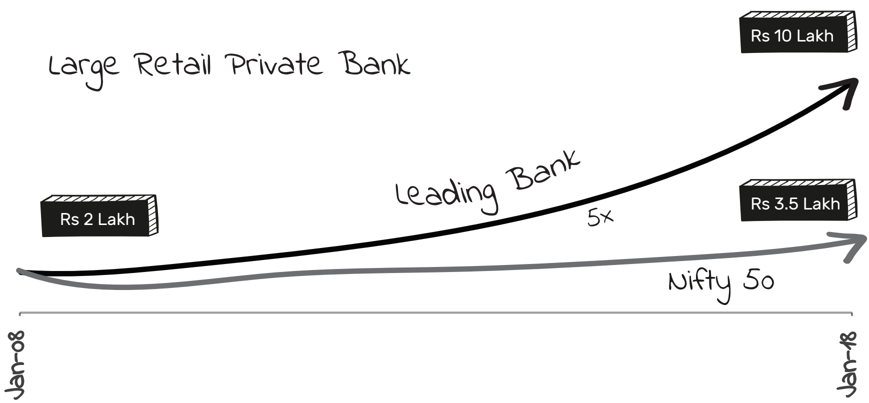
In 2008, while the developed world was immersed in the Great Financial Crisis (GFC), Indian economy was relatively less affected. Yes, the financial markets in India took a plunge, however, Main Street was less affected than Dalal Street! Opportunities were rising for the retail banks and consumer lending NBFCs.

Economic Trends: India per capita GDP crossed USD 1000 for the first time in 2008. Household incomes were rising with increasing participation in the workforce. The Indian income pyramid was becoming a diamond i.e. a large population was moving to the middle income group.

Technology Trends: Technology changes were helping digital banking. Also, CIBIL scores and better credit monitoring tools were available.

Rising household incomes provided the Indian population with confidence in the future and rising aspirations increased consumption spending. Equipped with the right technology, many banks and NBFCs were able to reach the population with their banking and credit products.

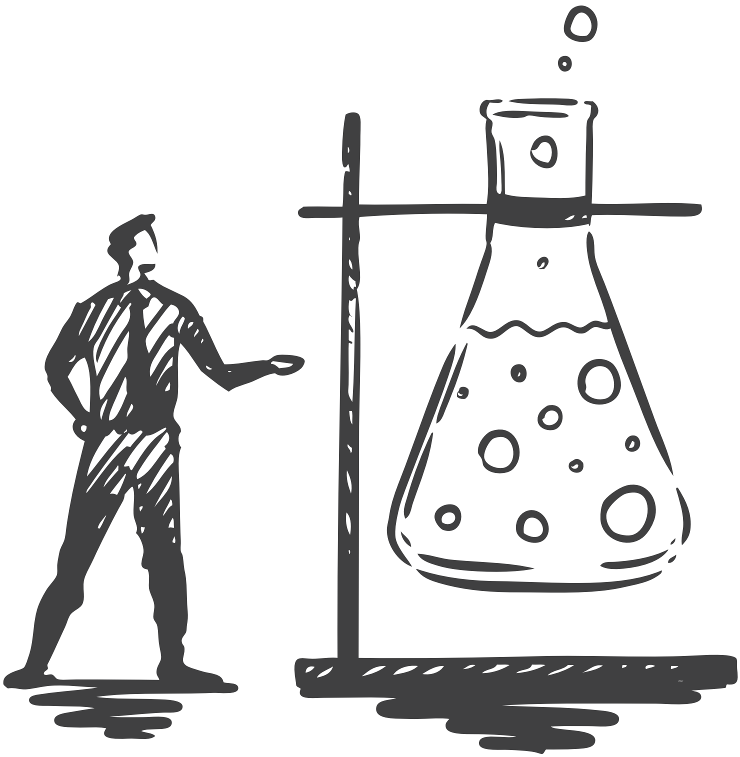
These trends led to the growth of the retail lending and consumer lending segments. If the investors had spotted companies which could monetize and profit from this growth, they would have made healthy returns in the next 10 years, much higher than the benchmark indices of the country. A glimpse of this return is provided in the chart below.



Case Studies

Chemicals Industry

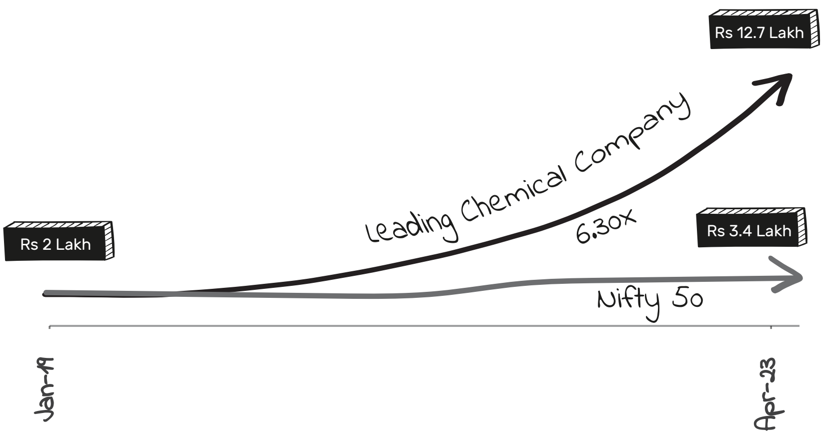
A more recent example convergence of important megatrends that can help the growth of an industry is in the area of chemicals. Early 2018, the US-China trade wars started when President Donald Trump started setting tariff and other barriers on China. In Europe too many companies started looking to de-risk from China and reduce their dependency on Chinese imports. India became a partner of choice for many of these countries due to the value proposition India offered through its exports. One of the main beneficiaries of this was the Indian chemicals industry:



Regulatory or policy changes: the “De-risk from China” or “China + 1” strategy was triggered by trade wars between some of the developed nations and China. On the other hand, in India, the Modi government was providing a boost to the manufacturing sector through tax cuts and support schemes.

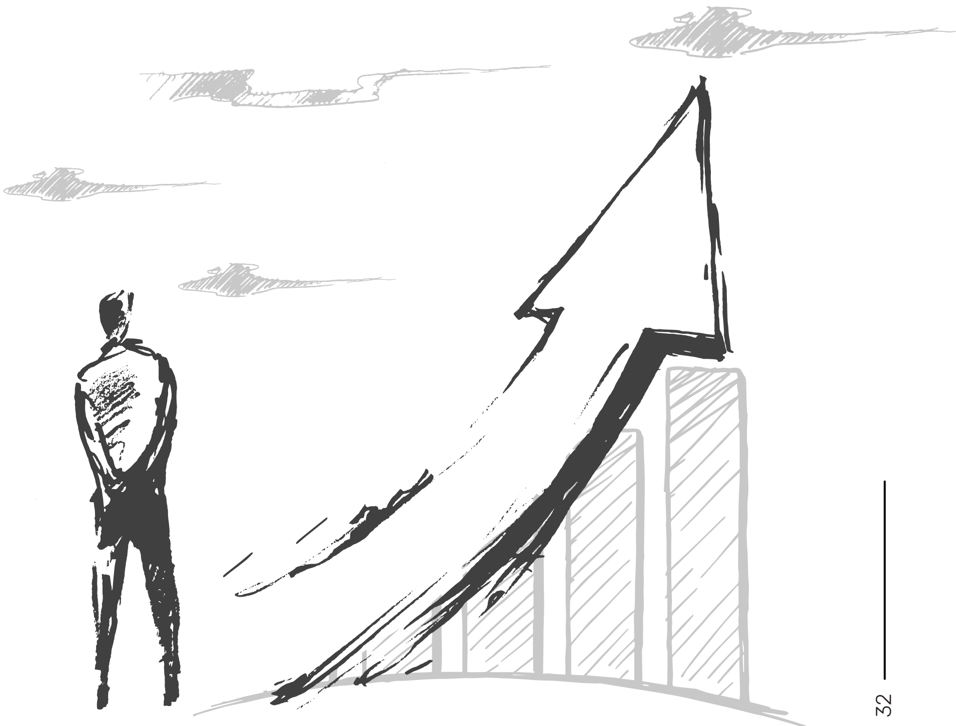
Nature or environmental changes: due to pollution issues in China rising, the Chinese government was introducing restrictions on certain industries and areas. This increased the cost of production in many industries in China including the chemicals industry.

Many companies in the Indian chemicals industry were ready for this opportunity. The timing was good. Capital raising for these companies was easy considering the growth prospects. Many increased their capacities with higher capex. I have provided an example below showing that if the investors had picked up a large chemical manufacturing company in 2018 and stayed invested until 2023, the returns would have been multi-fold. The outperformance to the index in these 5 years would have been enormous notwithstanding the COVID-19 disruption.



What is the process behind Megatrends Investing?

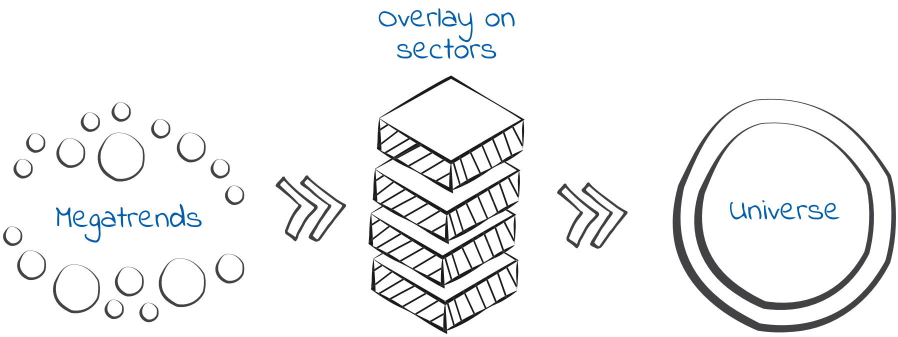
There are a lot of businesses where growth of companies is closely connected to sector growth or economic growth. To forecast for such businesses, investors use “top-down” analysis. There is another method to finding stocks for investments, which is called the “Bottom-Up” analysis. Here the investors assess the company’s financials, products, management etc. and conduct more company specific research. There is no right or wrong approach; both have their strengths and weaknesses. Megatrends Investing combines the two approaches getting the best of both worlds.



The universe is created first by top down approach

Megatrends investing is about monitoring long-term changes that impact a company's potential for future growth in revenues and profits. We identify the important trends by studying the six sources of trends and then overlay them on different sectors. We look at each trend whether and how it impacts each sector. Sometimes the impact is direct and sometimes it is a second level derivative impact.

The idea is to identify which companies are on the right side of changes in each sector and which are on the wrong side. Of course, a long only investor will look to investigate the beneficiaries of trends and avoid the ones that are threatened by them. This exercise conducted across sectors brings a list of companies that are diverse businesses and have a potential for growth in the future.



The bottom-up approach gives the final portfolio from the universe

The universe that is identified in the above stage has the right potential for growth. But there is a need to scrutinize them further to shortlist companies that have other ingredients necessary to qualify as investible companies.

Here, megatrends investing switches to bottom-up strategy and uses the following filters:

Filter #1: Ability to monetise the trend:

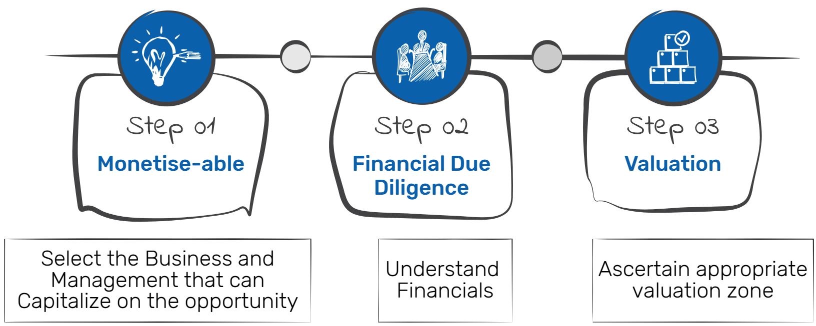
Monetization is the process of earning money from a business or asset. It is quite possible that the company is on the right side of the trend but the business is not ready to monetise the trend and profit from it. The customers of this company should be willing to pay the company some margin for its products and services. If the business is seeing increasing number of customers or subscribers but is not able to make money from them, it is not monetising the trend. Megatrends investing looks for companies that have the ability to monetise the trend as well as grow these profits.

Filter #2: Financial Due Diligence:

It is important to study the capital intensity of the business, its future cashflows, profit growth, quality of balance sheet etc. If the company is a beneficiary of the megatrend it should show good revenue growth. However, if the economics of the business are not good, it will keep going to the bank or the markets to raise money. This will dilute shareholder value. Financial due diligence is important to understand the company's potential for shareholder wealth creation.

Filter #3: Valuation:

The final and the critical step is valuation. Valuation reflects what the crowd has already discounted about a company's future potential. It also reflects expectations. Markets are not always efficient in accurately pricing a company's business. The crowd is often driven by narratives and short-term sentiment swings. This provides a megatrends investor the opportunity to enter or exit a company at a good price. Valuations also determine position sizing; how much money to be allocated to a company in the portfolio.

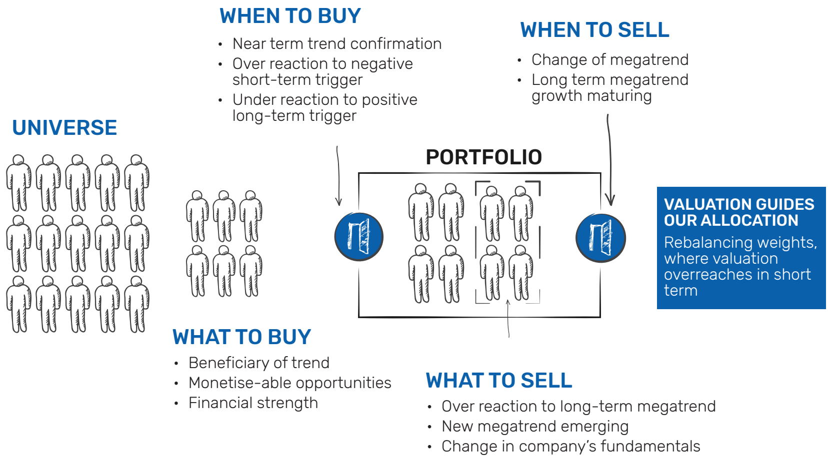


Buy and Sell Discipline

The above process gives the readers an idea of the different decisions that will be required to be taken in the investment process. We have presented the same in a different angle splitting the investment decisions into:

What to Buy | When to Buy | How much to allocate

What to Sell | What to Buy



Characteristics of the portfolio

Ultimately, we reach a portfolio which has the following characteristics:

- It is a truly long-term portfolio
- The set of companies are growth compounders over a long time horizon
- Portfolio companies will mostly be able to fund their growth through internal accruals driven by superior return ratios.
- Portfolio is truly diversified as it is
  - Multi-theme | Multi-sector | Multi-size (market cap)
- It will be a relatively low turnover portfolio
- It will avoid cyclical stocks and hence is likely to be less volatile

Avoiding cyclical stocks can also lead to the portfolio having higher valuation than the index. On the other hand, valuations are justified by higher average growth and quality compared to the index.

Megatrend Investing and the Index

Change is constant and inevitable. Companies and businesses, like individuals, go through different stages in their life cycle - birth, infancy, growth and maturity.

A country's benchmark stock index reflects these changes in its constituents. In India, those are NSE Nifty index and the S&P BSE Sensex. Since inception in 1996, the NSE Nifty has seen 104 constituent changes in 25 years. That's like 4 changes per year! Some of the businesses that were part of this index years ago don't even exist as businesses today.

The benchmark takes mainly size as a key variable for change and hence it lags in identifying winners and losers due to changes in business and economy. Megatrends Investing on the other hand, looks forward. Megatrends investing is about constantly monitoring long term changes and identifying potential winners and losers due to these changes.

Megatrends Investing and sectoral or thematic investing

Globally as well as in the domestic market, many single theme or sector funds have been launched. Typically, such funds are launched once a theme or a sector has done well in the recent past. Hence, they come in as a “flavor of the season” kind of products. Unfortunately, not all but most investors get attracted to such funds after these funds have performed very well in the past few years. They typically are late in investing in those narrow themes and also exit too at the wrong time.

Megatrend investing provides a diversified portfolio and helps benefit from different trends and themes. In this way, megatrends portfolio is less risky than narrowly themed funds.

Risk Mitigation

Does megatrend help mitigate the risks investors perceive in growth investing?

Let's dissect the risks that investors see in growth investing and understand how megatrends investing is better placed:

Risk #1:
You forecasted the growth wrong: It is quite possible, that driven by the narrative, the crowd may forecast higher growth for a company than what it can actually deliver. In Megatrends Investing, you have the comfort that the long-term changes being in the favor of the company, will provide a good floor to the growth rate you are forecasting.

Risk #2:
You are stuck in bad growth business: Good growth is revenue growth that generates growing profits and cashflows. Bad growth is revenue growth which doesn't do that. Companies in the bad growth business will frequently raise debt or issue fresh equity. Both lead to dilution of value for equity shareholders. In megatrends investing, we analyze companies' financials and check if their customers are ready to pay a good price for the companies' products and services.

Risk #3:
You pay the wrong price: If you buy a company at a very high valuation, you have already discounted many years of growth. Then either you wait for a positive surprise or endure a correction. In megatrends investing, one uses valuation to determine entry/exit and weightage of the company in the portfolio. Hence you avoid the trap.

Risk #4:
You have a highly volatile portfolio: Megatrends investing does not invest in cyclicals, which are generally more volatile compared to broad market. The bias is to have a portfolio of structural stories that become compounders for many years.

Conclusion:

Megatrend Investing emerges as a robust and credible long-term investment strategy that encompasses almost everything a true, active investor seeks. Throughout this book, we have delved into the depths of this strategy, exploring its core principles and potential benefits.

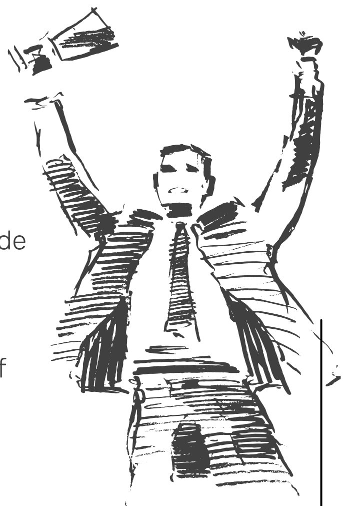
Megatrend Investing allows us to navigate the ever-changing landscape of the investment world by studying the past and present, enabling us to make calculated forecasts about the future. By identifying companies that align with the prevailing tailwinds, we position ourselves to benefit from the shifts that unfold over time.

One of the key advantages of Megatrend Investing lies in its ability to counteract common behavioral biases that often cloud our investment decisions. By embracing this approach, we can overcome biases such as recency bias, short-term thinking, herding, and narrative-driven investing. Megatrend Investing combines the best of both top-down and bottom-up research approaches, allowing us to gain a comprehensive understanding of the market dynamics.

Furthermore, Megatrend Investing provides a balanced blend of growth, quality, and value styles. It enables us to identify where a particular company is in its life-cycle, allowing us to capitalize on emerging opportunities and avoid potential pitfalls.

Diversification across various sectors, themes, and market caps serves as a risk management tool within the Megatrend Investing framework. By positioning ourselves in sectors and themes with promising future profit potential, we align our portfolios with the trajectory of evolving markets.

Having explored the depths of Megatrend Investing, it becomes evident that this strategy has a strong case to be at the core of an investor's portfolio. By embracing this approach, we position ourselves to benefit from the long-term trends that shape our world, fostering sustainable and profitable investment outcomes.



As you embark on your journey as a megatrend investor, remember to keep learning, seeking knowledge, and adapting to the ever-changing world. Embrace the opportunities presented by megatrends and use them as a compass to guide your investment decisions.

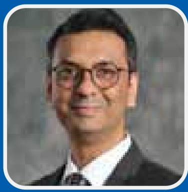
May this book serve as a valuable resource and inspiration as you navigate the exciting world of megatrend investing. Wishing you success in your investment endeavors and a future filled with growth, innovation, and positive impact.

Happy Investing!

N I M E S H   C H A N D A N

Mutual fund investments are subject to market risks,
read all scheme related documents carefully.

ABOUT THE AUTHOR



Nimesh Chandan

Nimesh Chandan is an Investment Professional with over 2 decades of experience in investing in the Indian capital markets. He has an established track record in managing money and advising clients, both Domestic and International, Retail as well as Institutional.

Over the years, he has developed an investment process with potential to generate alpha through informational, analytical as well as behavioral edge. He has been part of the mutual fund industry for more than 17 years where he has managed products across market capitalization and themes, and developed models on Sustainable Investing, Quant Investing and Asset Allocation.

Nimesh is a keen follower of Behavioral Finance and has been writing and presenting on the role of psychology in Investment Decision-making to the investment community. He has developed a set of processes and tools that help reduce one's behavioral mistakes and understand the crowd or market behavior.

Prior to joining Bajaj Finserv Asset Management Ltd, he has worked with Canara Robeco Asset Management as Head Investments, Equities (Domestic and Offshore). He has also worked with other asset management companies including Birla Sunlife Asset Management, SBI Asset Management and ICICI Prudential Asset Management. He is Commerce Graduate and completed Master in Management Studies (MMS) in Finance.