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GLOBAL X ETFs RESEARCH

The Next Big Theme: May 2021



Lithium & Battery Tech

Factories Charge Up Battery Cell Production

In a bid to satisfy the growing demand for battery cells used in electric vehicles, Ford announced it will open a US\$185 million R&D battery lab.¹ The lab indicates that Ford will likely vertically integrate, moving towards in-house production of batteries in the future. Executives at Ford noted that the global pandemic and the ensuing semiconductor shortage highlight the value of localised supply chains. Ford's new facility will likely be around 200,000 square feet and will open at the end of 2022.²

In the U.S. there are currently three operational gigafactories—large scale factories producing batteries for electric vehicles—including Tesla-Panasonic's Gigafactory 1, LG Chem's Michigan plant supplying GM, and AESC Envision's factory in Tennessee. In 2020, battery cell production in the U.S. was just below 40 GWh, while battery demand exceeded 42 GWh.³ For context, achieving President Biden's goal of a 100% electric fleet of U.S. government vehicles will require 69 GWh of battery cells.⁴ With rising demand for electric vehicles, as well as growing concerns around the reliability of global supply chains, the build out of additional gigafactories domestically and further vertical integration among U.S. auto manufacturers is likely.

Cloud Computing

Cloud Platforms Bundled Up

Flexera's 2021 survey of 637 enterprises reported 36% of enterprises spending more than US\$12 million per year on public clouds and 55% of enterprise workloads expected to be in a public cloud within twelve months.⁵ Continuing on the public cloud front, 79% of enterprises implement Amazon Web Services (AWS), up 3% year-over-year (YoY), 76% of enterprises reported using Azure up 7% YoY, and 49% mentioned Google Cloud, up 15% YoY.⁶ Google secured one of its largest-ever cloud-computing contracts, Univision Communications Inc., in a deal displaying Google's commitment to growing its cloud offering. Google beat out rival services for the collaboration by packing its offering with benefits across its YouTube video platform, advertising and search services. Bundles are becoming a common strategy for many cloud computing companies, including Microsoft's pairing of Office 365 with large enterprise cloud deals and Amazon's pairing of Amazon's Fire TV alongside its cloud contract with WarnerMedia. Under Google's new deal, Univision will consolidate multiple distribution platforms onto Google Cloud, and utilise Google's artificial-intelligence tools to develop personalised content recommendations for its customers.⁷



Video Games & Esports

Gaming Spend Exceeds Expectations

Over a year after initial stay-at-home orders were enacted to limit the spread of COVID-19, video game engagement is not showing signs of deceleration. Total consumer spending on video gaming in the U.S. totaled US\$14.92 billion in the first quarter of 2021, an increase of 30% compared to Q1 2020.⁸ Hardware expenditures, such as the PlayStation 5 and Xbox Series consoles, increased 81% in Q1, followed by a 42% rise in accessories spending and 25% rise in content spending.⁹ Within software, the most popular games included Among Us, Animal Crossing: New Horizons, Call of Duty: Black Ops Cold War, Candy Crush Saga, Fortnite, Grand Theft Auto V, Mario Kart 8, Minecraft, Super Mario 3D All-Stars, and Super Mario 3D World. In addition, Activision Blizzard's Monthly Active Users (MAUs) reached 435 million during the first quarter, up from 397 million in Q4 2020.

Social Media

Supporting Creators in Emerging Mediums

For several years, major social media platforms strategically shifted towards monetising their existing users bases rather than focusing on user growth. A new piece of this strategy includes investing in additional mediums and supporting content creators to drive greater engagement. Facebook, for example, is rolling out multiple new audio products. The new products will include soundbites, podcasts, text-to-speech, music from Facebook's sound collection, and most notably, Live Audio Rooms.¹⁰ The social media app, Clubhouse, offers similar features, but Facebook's will be included in its Messenger app, tapping into its large embedded user base. In anticipation of this rollout, Facebook also launched an Audio Creator Fund to support emerging creators in the audio medium. In conjunction with the Audio Creator Fund, Facebook is introducing Stars, Facebook's tipping system. Viewers can buy stars and send them to creators. For each star received, Facebook will pay the creator US\$0.01.¹¹

Telemedicine & Digital Health

Telehealth Backed By Government Funding

The Federal Communications Commission (FCC) approved the distribution of nearly US\$250 million towards telehealth services.¹² This funding is added onto the US\$200 million program dedicated to COVID-19 relief which was a part of the CARES act last year. The new funding is designated to facilitate telecommunications services, information services, and connected devices for healthcare workers and patients. Applications for the FCC's COVID-19 Telehealth Program will be evaluated based on socioeconomic status and location. President Joe Biden has also recently announced an expectation to include US\$400 billion for expanding Medicaid beneficiaries' access to home- and community-based care for seniors and the disabled as part of a larger infrastructure package.¹³

This document is not intended to be, or does not constitute, investment research as defined by the Financial Conduct Authority

1. TechCrunch, "Ford to open new lab to develop next-gen lithium-ion and solid-state batteries", Apr 27, 2021.



2. Ibid.
3. Benchmark Mineral Intelligence, "EV Inception", Q1 2021.
4. Ibid.
5. Flexera, "Flexera 2021 State of the Cloud Report", Mar 9, 2021.
6. Ibid.
7. Wall Street Journal, "Google Bundles Products to Land Univision Cloud Deal", Apr 26, 2021.
8. NPD Group, "First Quarter 2021 U.S. Consumer Spending on Video Game Products Increased 30%", Apr 29, 2021.
9. Ibid.
10. The Verge, "Facebook's Clubhouse competitor is coming this summer", Apr 19, 2021.
11. Ibid.
12. Fierce Healthcare, "FCC moves forward with \$250M telehealth program with a focus on equitable distribution", Apr 1, 2021.
13. Fierce Healthcare, "Biden infrastructure package includes \$400B to expand Medicaid home services", Mar 31, 2021.

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