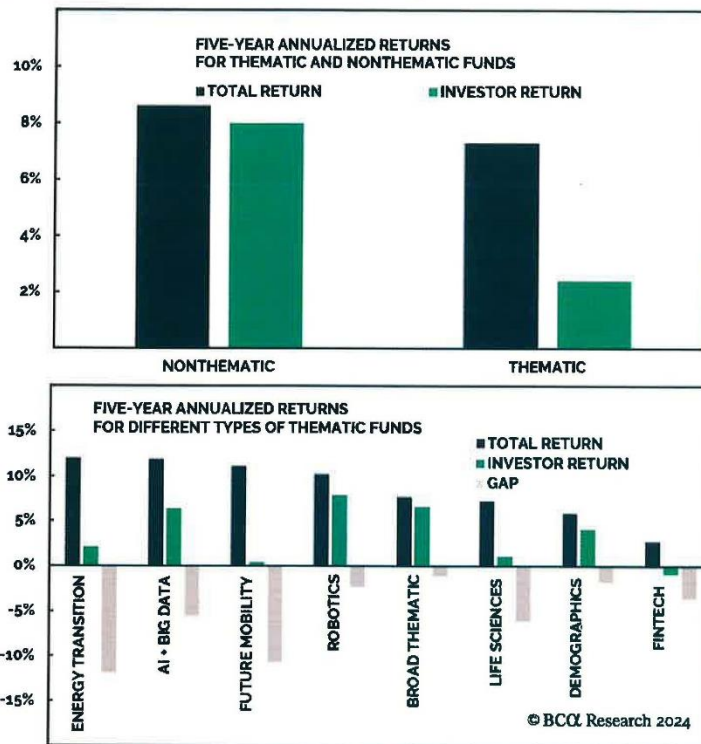


Sujet traité : Trois conseils pour l'investissement thématique / Three Tips For Thematic Investing

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Three Tips For Thematic Investing



SOURCE: MORNINGSTAR.

Thematic investing has become increasingly important for investors over the past few years. And yet, in spite of the popularity of thematic strategies, the vast majority of investors underperform when buying into such strategies. A recent study by Morningstar found that the historical track record of thematic indices is much higher than the returns that investors actually make from them. BCA Research's [Global Asset Allocation](#) service provides investors with three tips that they can use to improve their performance when investing in thematic strategies.

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Structure: The central area of focus when analyzing a theme should not be innovation or growth but profits. Even the most revolutionary technology can be disastrous for investors if companies do not have the ability to extract economic rents from it and instead are forced to spend all their revenues on capex to stay ahead of rivals. Industry structure and the ability to obtain and maintain monopoly power should be examined carefully to find which stocks will be the winners and which ones will be losers.

Timing: No matter how revolutionary they are, themes that are all over the news and are priced very richly are not likely to provide high returns going forward. On the flip side, when they fall from grace, investors should be scanning for attractive buying opportunities, as sentiment is likely too pessimistic.

Exposure: Often the characteristics of a stock (its size, trend, debt levels, valuation, its profitability) will be much more important to its returns than the business in which it operates. For investors, neutralizing factor tilts on their thematic positioning is a crucial step. Factor exposure should be an independent decision from thematic opportunities. By neutralizing these exposures, investors can take a more straightforward view on the theme without taking views on specific factors.