



THIS IS THE MONTHLY NEWSLETTER
BY AND FOR
THE BERGOS NEXT COMMUNITY.

B E R G O S

N E X T
M O N T H

THIS MONTH IS:
DECEMBER



WHATS HOT?

DECEMBER IN ZÜRICH

Fondue at the
Chalet Züriberg

Glühwein in
Zürich Old Town

Ice Skating at
the Dolder
Kunsteisbahn

Christmas
Market Bellevue

LUCY Lights in
Zürich

What happened in November? [Next Investor](#)

Capital Markets Webinar



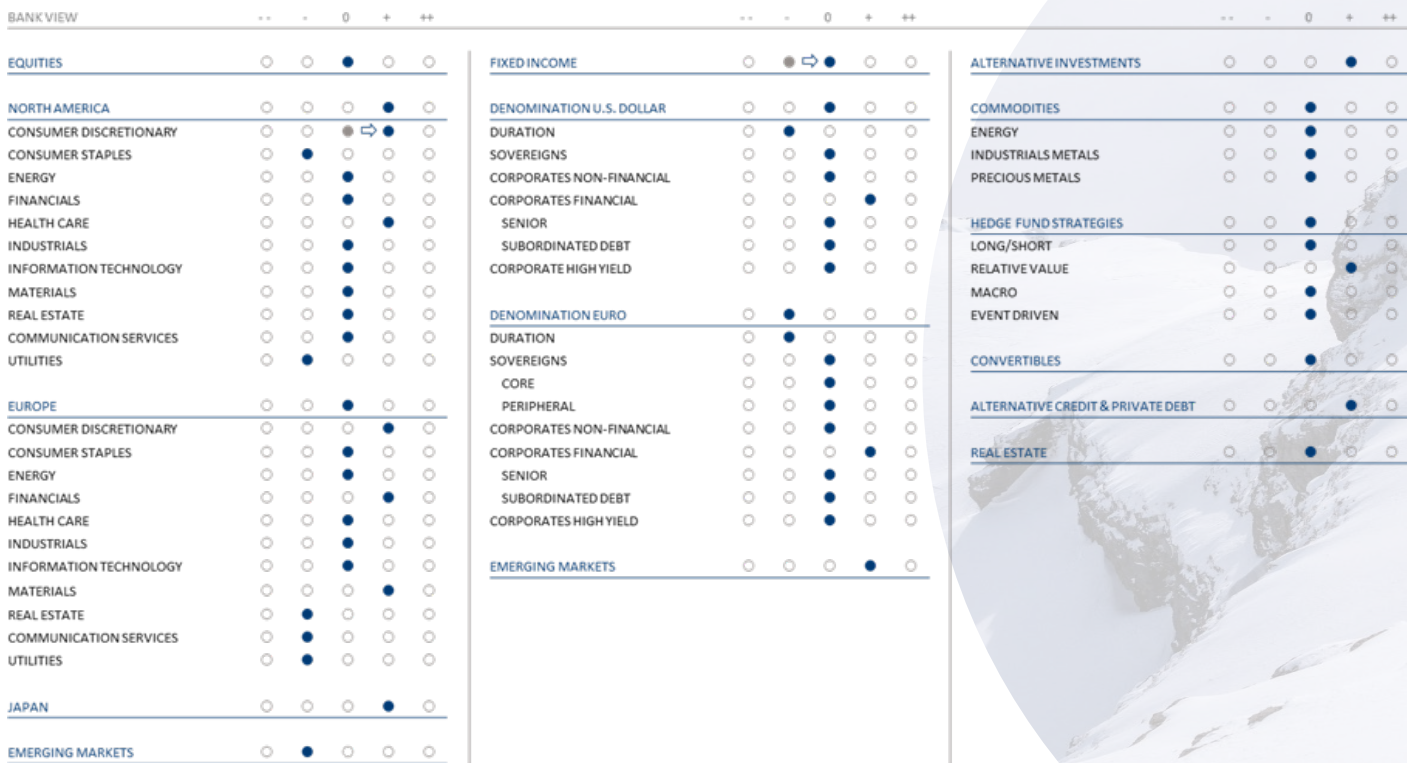
Last month, we had our first [NEXT Investor Webinar](#) where Frederik and Max provided an overview of [our investment process and current market view](#) here at Bergos. For those of you who were not able to attend the session, here is a brief overview of our approach:

In order to identify the most promising investment spaces globally, we perform a thorough capital market analysis. On the equity side, the assessment is always based on a specially designed four-dimensional approach, comprising the blocks "macro" (economics and politics), "micro" (earnings and valuations), "technicals" (indices and internals) and "sentiment" (surveys and positioning).

[With Frederik Carstensen & Maximilian Mahn](#)

What happened in November? Next Investor

Capital Markets Webinar



The bank's house view is expressed in the cross-asset matrix (above) depicting the relative attractiveness of individual investment segments across all major asset classes.

If you would like to receive regular updates of our view (e.g. our monthly investment committee minutes) or like to get started with investing, please reach out to your relationship manager or nextdesk@bergos.ch



PASSION POD

Urgency and the Entrepreneurial mindset



Josef Brunner

Entrepreneur, investor and author in the fields of Internet security, environmental technology, real estate, nutrition and ethical investment.

[Click here to listen](#)





B E R G O S

P R I V A T E B A N K

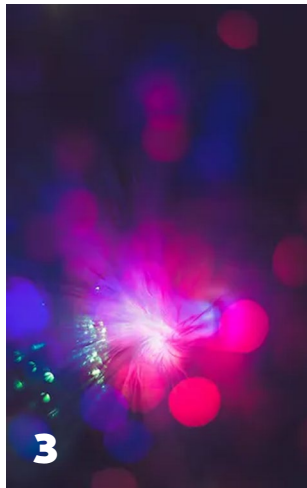
EQUITIES
BOTTOM UP VIEW

ACTIVE ADVISORY





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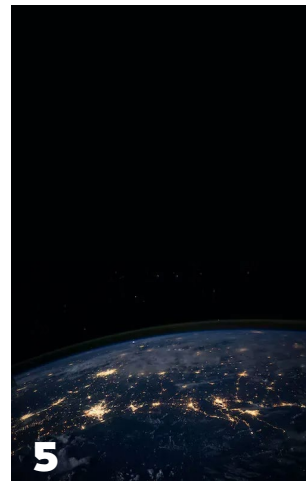
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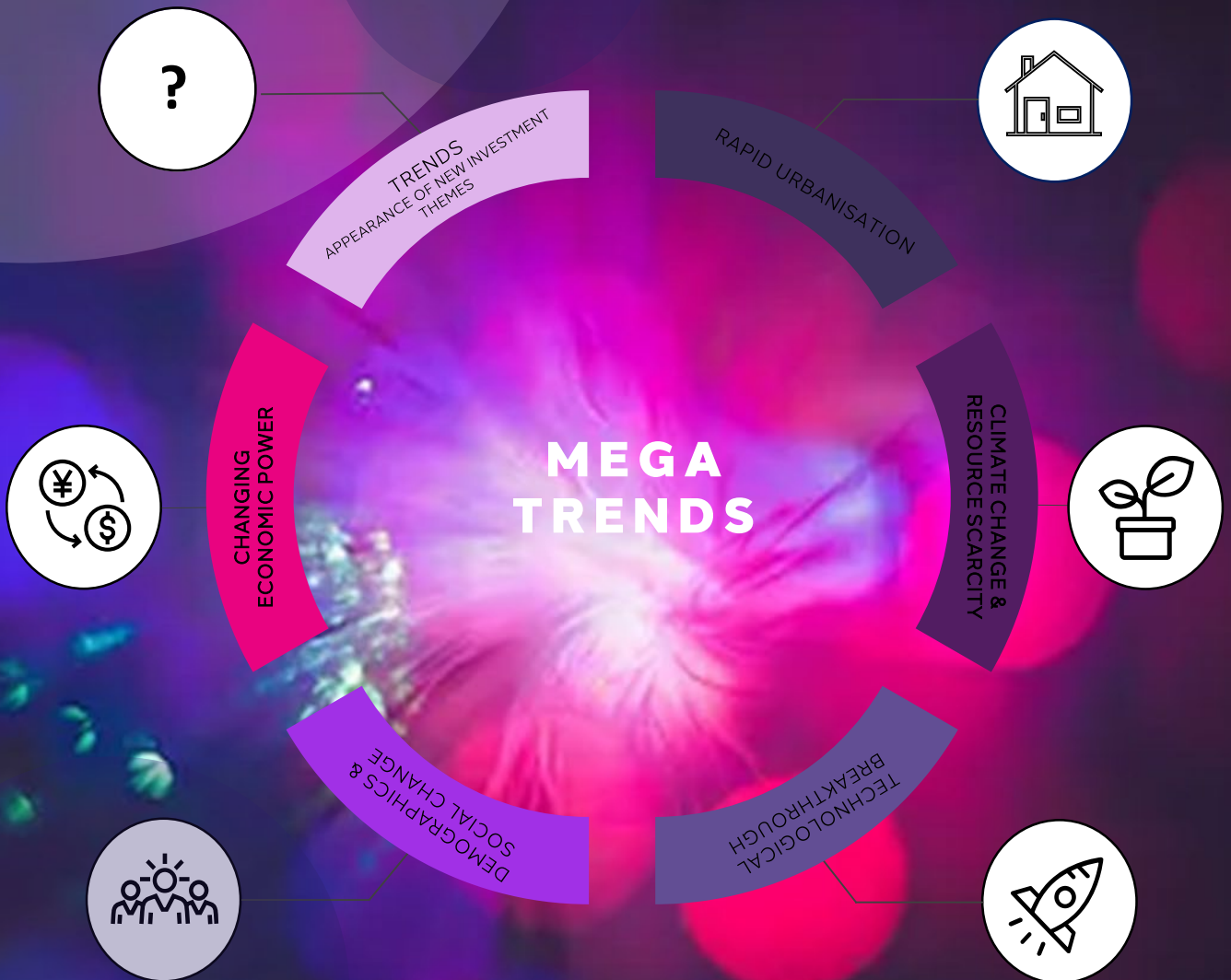
NEW RESTRICTIONS ON
SEMICONDUCTOR
EXPORTS



THEMATIC INVESTING: MEGATRENDS

WHAT IS THEMATIC INVESTING?

New long-term trends are transforming the global economy. Thematic investing is about finding companies that are set to benefit from a global structural change backed by the Megatrends, which we believe will drive outperformance compared to global equities in the long-run. Moreover, thematic investing seeks to align asset selection with certain economic, political, and social themes prevalent in modern society. In order to represent a long-term component in the portfolio, we seek to capture the arising opportunities across sectors and geographies.



BOTTOM UP: SEMICONDUCTORS

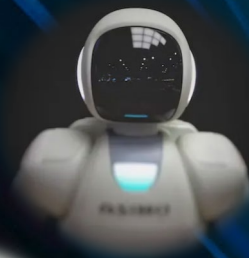
"Semiconductors are the brains of modern electronics, enabling technologies critical to u.s. economic growth, national security, and global competitiveness."¹

SMARTER AND BETTER?

The growth of this market is highly correlated with the increasing consumption of consumer electronics devices across the globe. Nowadays, it is impossible to imagine life without semiconductors. Technically speaking, semiconductors are defined as crystalline solids whose electrical conductivity lies between that of electrical conductors and that of insulators. They are the brains of modern computing, mobility, and communications and they have profoundly changed the way we work, play, learn, and communicate. Semiconductors will continue to play a key role as they drive disruptive technologies such as artificial intelligence, cloud computing, Internet of Things (IoT), the global 5G roll-out, and autonomous driving.



Semiconductor



1) Semiconductor Industry Association (SIA)

SPOTLIGHT:

THE SEMICONDUCTOR DECADE

SEMICONDUCTOR SHORTAGE

The semiconductor industry hit the headlines over the past year as supply shortages led to bottlenecks in the production of many industries depending on these little chips. The COVID-19 pandemic has disrupted worldwide supply-chains and, as a result, caused significant short-term market uncertainty. Semiconductors played a vital role during the pandemic in order to enable remote healthcare, work-at-home, and also in the automotive industry.

The pandemic induced impact of digital on lives and businesses has widened the gap between chip supply and demand across all semiconductor-enabled products and demand for semiconductors exceeded prepandemic forecasts. As a result, automotive Original Equipment Manufacturers (OEMs) and Tier 1 suppliers are competing more and more. On the other hand, semiconductor manufacturing is not suited to sudden and large fluctuations in demand, as the manufacturing process is rather complex.

Particularly, the automotive industry was affected by the shortage as the industry typically follows a “just in time” manufacturing strategy in which they optimize the inventory costs by ordering semiconductors and other components rather close to production. In other words, automotive producing companies decreased chip orders after sales fell as much as 80% in Europe, 70% in China, and 50% in the US in early 2020 and they were low on inventory when demand picked up again. The industry is depending highly on the semiconductors as electric vehicles, fuel efficiency, safety, and other connected-car features see rising demand.

FURTHER UNCERTAINTIES

The Ukrainian invasion introduced further uncertainties to the semiconductor supply chain as well as the automotive demand. According to Reuters, some 45% to 54% of the world's semiconductor-grade neon comes from the Ukraine. Neon plays a crucial part for lasers used to manufacture chips. China is also a producer of neon, however, Chinese prices are rising steadily. According to the U.S. International Trade Commission, prices for neon increased by 600% during Russia's annexation of Crimea in 2014. Manufacturing the chips.



SPOTLIGHT:

THE SEMICONDUCTOR DECADE

A TRILLION DOLLAR INDUSTRY

In 2021, the semiconductor industry had a strong growth rate of 26.2% and is expected to grow another double digit percentage rate in 2022. The World Semiconductor Trade Statistics (WSTS) introduced updated numbers and estimates the semiconductor market to increase 13.9% in 2022. McKinsey estimates that 4 to 6 percent growth come from the computation and data-storage markets driven by 5G, AI and cloud computing. The strongest growing segment, however, is the automotive industry driven by autonomous driving and e-mobility. An analysis conducted by McKinsey shows that the industry might grow 6 to 8 percent a year up to 2030, becoming a trillion dollar industry by the end of the decade.

THE CHIPS ACT 2022

According to the Semiconductor Industry Association (SIA), rising overall demand for semiconductors as well as their increasing importance throughout the economy has drawn the attention of policymakers in Washington. Even though the US remains global leader in design as well as R&D, Asia is now producing the lion share of these chips. It is to be seen if the Biden administration and Congress will work together to incentivize US chip manufacturing.

In order to boost US competitiveness and innovation, the US government introduced a new law on August 9, 2022. The CHIPS Act invests USD 280 billion to bolster US semiconductor capacity. According to the US government statistics, 12 % of the world's semiconductors are produced in the US. This number decreased from 37% in the 1990s.

NEW RESTRICTIONS ON SEMICONDUCTOR EXPORTS

The US government has introduced new restrictions on China's access to US semiconductor technology. To be more precise, the US Department of Commerce released new rules on October 7, 2022, prohibiting US companies from exporting technology, software, and equipment to China.

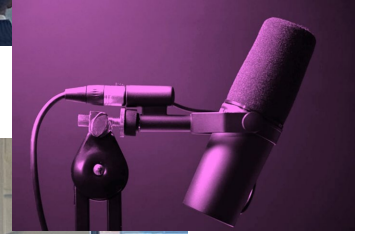
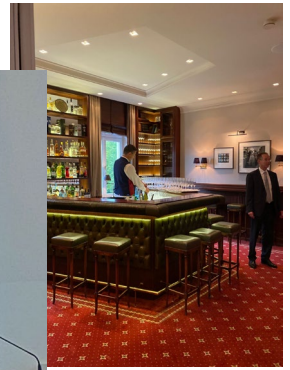
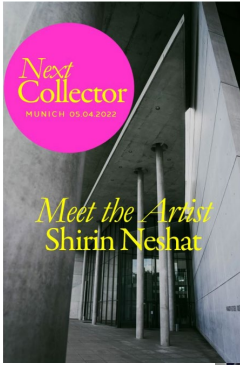
As a result, US companies that are more reliant on Chinese sales are likely to see greater volatility in their earnings results in the short- and medium-term. Moreover, FitchRatings writes that "researching and developing and manufacturing semiconductor chips will become more expensive and challenging for Chinese semiconductor and hardware producers". Moreover, FitchRatings argues that these restrictions might also adversely affect revenues from equipment producers such as ASML, KLA and Lam Research.

Source: SIA, Reuters, McKinsey, US Department of Commerce, World Semiconductor Trade Statistics, FitchRatings

NEXT 2022

A YEAR IN REVIEW





A YEAR IN REVIEW: 2022

Next *Collector*

Sebastian Knauer Concert
Written Art Collection with Shirin Neshat
Bergos ED about the Art Market



Next *Passion*

Passion Pods with:
Shirin Neshat
Josef Brunner

Next *Investor*

Capital Market Outlook

Next *Entrepreneur*

Presentation by Dr. Andreas Jacobs
regarding sustainability at Barry Callebaut

Next *Big Thing*

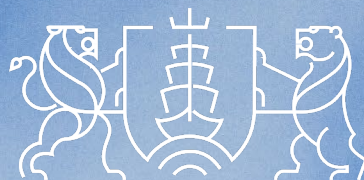
Nils Kohler about how to make
owning residential property more
accessible



See you **NEXT** year!



2023



BERGOS

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WHO WE ARE

You probably know us, but if not, here are a few words about us. We'd be happy to chat more! Reach out: info@bergos.ch or next@bergos.ch are great ways to get in touch! So here we go:

We are Bergos, an independent, internationally operating Swiss Private Bank. We have a clear focus: protecting and growing private wealth.

Our name honors the many generations who, for more than four centuries, fostered entrepreneurial thinking, good education, and personal integrity. It expresses the ideals of independence, continuity, and openness to the world. We understand, respect and value this responsibility.

And we are glad you are here!

BERGOS AG

Headquarters:

Kreuzstrasse 5, 8008 Zürich, CH

www.bergos.ch