

**SOLACTIVE**  
German Index Engineering



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## Foreword

The Solactive Research team is proud to present the fourth edition of our annual Future Trends report. In the first quarter of every year since 2020, we try to anticipate the megatrends that could significantly impact the world and ultimately drive business growth for current and future corporations.

Our aim with this report is to look beyond the obvious and resist the urge to simply extrapolate current – already clearly visible and understood – trends, but to focus on the truly disruptive changes. Looking back at the history of engineering and business innovation, it is exceptional to see what can be achieved in a time horizon that spans multiple decades if there is sufficient urgency to find solutions. We therefore try to take the long view and focus on megatrends that will show their impact over the next 20 years rather than the next five. In a way, we are looking for those trends that are beginning today and that, when we look back in 20 years with the benefit of hindsight, will be the obvious choice for an early investment.

Predicting the future is hard of course and we will certainly not get everything right. We do, however, want to offer the readers of this report a fresh perspective on potential future investment opportunities and to create the basis for the construction of many more innovative thematic index strategies to provide investment opportunities.

We encourage you to get in touch with us to share and discuss your views, predictions, and ideas with us whether you agree or disagree with our take!



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# DECARBONIZATION

Curbing rising emissions is one of society's existential goals. To limit the effects of global warming, a disproportional amount of resources will need to be allocated to the development of economy-wide technological innovations. Let's dive into the challenges and opportunities around decarbonization.

By Javier Almeida

## Prosperity to Climate Emergency

The industrial revolution brought a significant degree of prosperity to the world. This fact is reflected by global GDP per capita (adjusted for cost of living across different countries and inflation) increasing from little over a thousand international dollars in 1820 to over 15,000 in 2018.<sup>[1]</sup>

Furthermore, the fruits of this economic transformation were not just reaped by a limited group of people. According to Nobel Laureate Robert Lucas Jr., this revolution generated a sustained growth in the living standards of the masses for the first time in history.<sup>[2]</sup> However, industrialization also brought along one of today's greatest challenges in the form of climate change.

Even though the prospect of rising global temperatures due to increasing CO<sub>2</sub> emissions was already reported over a century ago, few could have imagined the magnitude and scale of this problem in advance.<sup>[3]</sup> Emissions of greenhouse gases (GHG) from human activities and their average lifetime in the atmosphere (which spans from a few weeks to thousands of years, depending on the type of GHG) have led to a degree of GHG atmospheric concentration responsible for approximately 1.1°C of warming since the second half of the 19th century.<sup>[4][5][6]</sup>

This phenomenon is occurring at an increasingly accelerated pace, which poses potentially catastrophic consequences for life on earth due to a myriad of interconnected factors stemming from a heating globe.

