

Security and safety

Longer Term Investments (LTI)

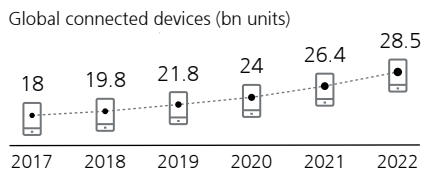
The global security and safety market benefits not only from structural trends such as rising cyberattacks, but also from threats to the global food chain and to air, water, and soil quality. We estimate its overall size at around USD 664bn in 2020, reaching USD 737bn by 2022.



Projections and opportunities

More connected devices mean more security risks

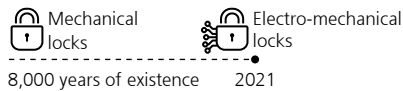
In May 2018, the EU implemented its new General Data Protection Regulation (GDPR) that brings a material risk of fines (up to 4% of global revenues for noncompliance), driving further investment in cybersecurity.



Source: Bloomberg Intelligence, UBS, as of February 2021

Smart locks

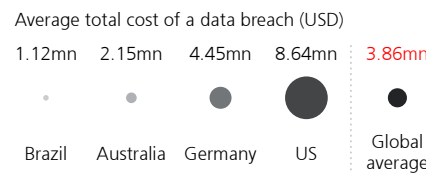
Most locks globally are still mechanical, a technology that has existed for 8,000 years, but electro-mechanical locks look set for take off.



Source: Assa Abloy, UBS, as of August 2018

Security breaches

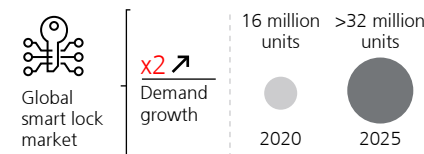
The SolarWinds attack, which we learned about at the end of 2020, was one such event which, according to the White House, affected nine federal agencies and almost 100 private companies.



Source: IBM Security, Ponemon Institute, "Cost of a Data Breach Report 2020"

Global smart lock market

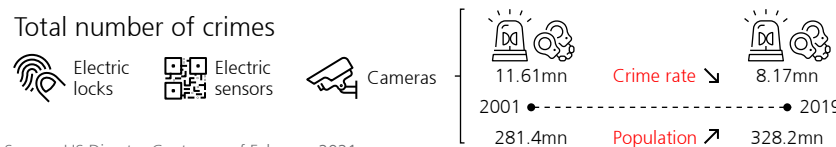
We expect the global demand for smart locks to more than double to over 32 million units in 2025 from around 16 million units in 2020.



Source: UBS estimates, as of February 2021

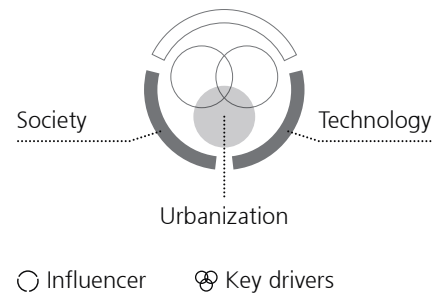
Plunging total crime rates in the US

Better protection is also reflected in considerably lower crime rates, which have sunk over the last decade. Typical home security products include electric locks, sensors, and cameras. A nice side effect of better home security is a lower insurance premium, which creates additional incentives for investment.



Source: US Disaster Center, as of February 2021

Security and safety investment properties



Near-term drivers

- New cyberattacks that trigger more spending
- Higher demand in commercial and residential construction

Sustainable investing

- SDG 1: No poverty
- SDG 3: Good health and well-being
- SDG 9: Industry, innovation, and infrastructure
- SDG 12: Responsible consumption and production

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