

# Is Sector Investing Going Away?

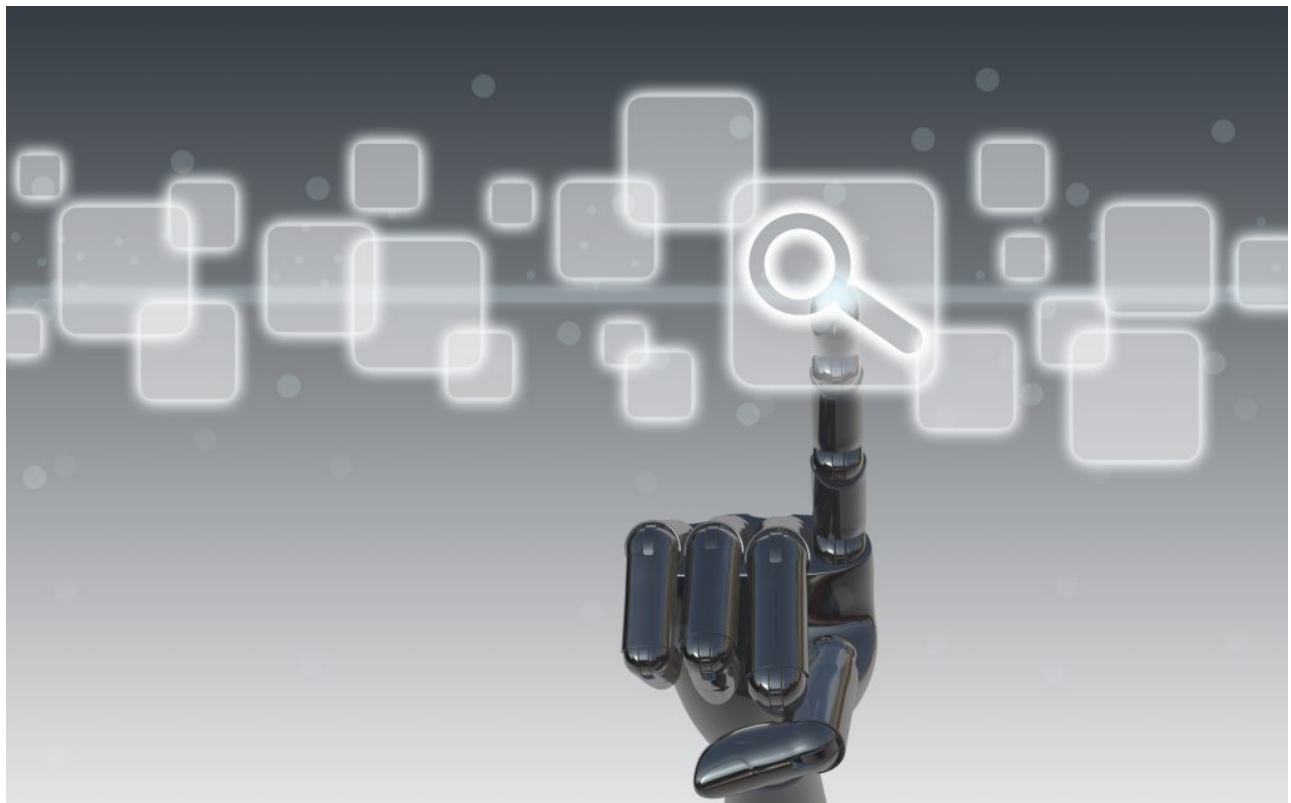
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Market-based investing that depends on sector classification has long been a favored method for diversifying an investment portfolio. However, not only has accurately defining sectors and industries been challenging but even the simple act of categorizing companies in the right sector has become complicated. This has become even more difficult with lines between sectors beginning to blur.

The lines between sectors are changing; primarily as the result of an ongoing revolution in technology that is breaking down barriers and redefining the way we do business.



Corporate diversification and acquisition of businesses across sector lines is not new. But today's emerging corporate leaders are redefining what it means to be a company. Amazon combines its retail business with web services. Google started as a search engine, evolved into an advertising platform, and now is moving into transportation. Walmart evolved from a local retailer to incorporate pharmacy services and groceries, as well as an expanding Internet business.

What is clear is this: To succeed in the future all companies must become technology-based organizations. Advances in technology have come at an astounding rate, which is only accelerating. Technology has completely revamped the way in which businesses

communicate with customers and each other, revolutionized supply chain management, fast-tracked product development, sped up financial transactions. Virtually all facets of business management have been impacted.

Which makes “sector” too rigid a definition for the newly evolved companies dominating the global market. In order to diversify, investors must now look for opportunities to match companies that are innovators with markets that are ripe for disruption.

Look at the havoc that has been wreaked on traditional industry sectors by companies like Uber, Airbnb, Apple, and technologies such as digital cameras, streaming music, and the many 3-D printing technologies now entering the market. Like these disruptive innovators, the best new investment opportunities will not be constrained by defined sectors.

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