



The recent volatility in tech could offer a good entry point for investors, especially those not yet invested in the AI revolution. (UBS)

It's not too late to invest in the AI revolution

13 May 2024, 7:38 pm CEST, written by UBS Editorial Team

The Chief Investment Office expects global tech sector earnings to grow by 20% year over year in 2024, more than any other sector. They also forecast a 72% annual growth rate in AI demand over the next five years (a fifteen-fold cumulative increase).

1Q24 earnings season has shown solid results despite recent market volatility. Ninety percent of S&P 500 companies have reported, with 60% surpassing sales forecasts and 76% beating earnings expectations. For the quarter, S&P 500 profits are expected to have grown by 8-9% on 4.5% revenue growth, which is in line with CIO's expectations.

The recent earnings season particularly highlighted the strength and growth potential of the technology sector. Performance varies by sector, but lots of the commentary from companies suggests that there will be strong investment in technology, particularly in artificial intelligence infrastructure, going forward.

The recent volatility in tech could offer a good entry point for investors, especially those not yet invested in the AI revolution.

CIO recommends diversified exposure to tech across regions and sectors, and using structured strategies as a means of insulating portfolios from any near-term correction. Within "tech disruption," CIO likes AI infrastructure companies that have strong pricing power and competitive positioning, as well as platform and application beneficiaries.

The year-to-date rally in technology stocks has left some investors weighing between profiting from the gains and keeping exposure for further potential upside. The pullback in tech stocks in April, amid worries over the demand outlook for semiconductors, underlined that investors need to brace for volatility. Meanwhile, those who have missed the rally may feel both a tinge of regret and trepidation about adding exposure after such a strong run.

For these investors, certain structured strategies can provide a potential solution: The current high rate and low volatility environment is favorable for the pricing of strategies that are structured to give exposure to further upside in tech stocks while reducing sensitivity to a correction.

The growth potential in AI demand and earnings within the tech sector underscores that now is a great time to capitalize on opportunities and mitigate some risk.

For more information please see: [Messages in Focus—Take advantage of tech volatility](#)

Main Contributor: Shawn Awan, Research and Communications Associate

Disclaimer

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. This document and the information contained herein are provided solely **for your information** and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof. All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse to any registration or licensing requirement within such jurisdiction. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company.

Please visit [<https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html>] to read the full legal disclaimer applicable to this material.

© UBS 2024. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.