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Continued fast development in the technology sector

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Given the fast development and innovative power, we see good opportunities in an increasingly bipolar (technology) world, both in the global (excluding China) and the Chinese end market for AI and its applications.

The ongoing earnings season for corporate results in the fourth quarter of last year once again impressively demonstrates the dynamics in the technology sector, particularly in the field of artificial intelligence (AI). NVIDIA's results for the fourth quarter exceeded analysts' consensus expectations with an increase in earnings per share of over 70 percent compared to the same quarter last year. The outlook for the rest of the year, especially regarding the sales of the new Blackwell chip, was also positive.

A quick look back over the last two years shows that since the launch of ChatGPT in November 2022, the total market capitalization of companies listed on the US technology exchange Nasdaq has increased by approximately USD 13.5 trillion. About two-thirds of this value increase is directly attributable to the AI sector. In contrast, the Chinese technology sector, which had been slowed down by regulations for some time, has only recently experienced an upswing due to the success of cost-effective, high-performance models like DeepSeek. This development has led to a market capitalization increase of USD 350 billion in the Chinese technology sector since the end of January 2025.

Especially in the AI sector, there is an increasing bifurcation of development between the Chinese and the global (i.e., US-dominated) market, also due to geostrategic developments in the area of restricted technology transfer. Significant opportunities remain in both markets, in our view.

Looking to the future, the decisive factor will be the extent to which the enormous investments in AI base infrastructure can be converted into profitable business models. Alone, the four major US technology corporations are expected to invest

around USD 280 billion in AI this year, according to consensus estimates. We expect that with the increasing application of this key technology in numerous industries, value creation processes can be optimized, resulting in significant productivity gains. One such area is the market for robotics and automation, which is expected by our analysts to reach a sales volume of around USD 350 billion in 2025, with humanoid robotics being a key area of particular interest due to recent innovations.

In an increasingly bipolar (technology) world, we see opportunities both in the global (excluding China) and the Chinese end market for AI and its applications. We continue to divide the sector into three value creation levels: enablers (base infrastructure), intelligence (large language models, LLMs), and applications. For global AI stocks, we see upside of around 15 percent in 2025. For China's tech sector, we see low-teens upside to our end-December target, making it another area we rate as Attractive.

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