

# Invest in transformational innovation

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- **Why?** (1) Innovation remains a key driver of long-term equity performance and an important feature of enduring market leaders. (2) Structural shifts in AI, energy infrastructure, and health care are expanding global profit pools and reshaping industries. (3) We expect our TRIO themes to offer durable, secular growth that we believe can persist well beyond short-term market volatility.
- **Why now?** (1) Rapid uptake and monetization in areas like AI and electrification are driving robust near-term earnings growth. (2) Recent advances in obesity and cancer treatments reinforce the rapid expansion of the health care sector. (3) Potential short-term market dips would offer compelling entry points for long-term investors, in our view.



Position at the forefront of change and capture long-term growth in transformational innovations.

### Artificial intelligence

Uncertainty in the tech sector remains, with the semiconductor industry still facing potential tariffs. But the outlook for global AI spending remains encouraging. New entrants—including Chinese AI firms, neocloud providers, and enterprise and sovereign cloud players—are ramping up investment. We expect global AI capital expenditures to jump 60% this year to USD 360bn and rise another 33% in 2026 to USD 480bn. Recent company reports and surveys show robust demand for AI. According to the US Census Bureau, AI adoption among US businesses could exceed 10% by year-end—a level of market penetration that took US e-commerce 24 years to reach.

Early US adopters are already seeing tangible productivity gains, with revenue per employee rising. The Federal Reserve Bank of St. Louis notes that employees using AI tools save 5.4% more hours than non-users, resulting in an implied return on investment of over 360% per knowledge worker (based on a median US knowledge worker salary of USD 114,000 and projected AI spend per worker by 2030).

### Power and resources

The world is entering a transformative era for electricity consumption, with demand forecast to rise nearly 4% per year through 2027 according to the IEA—equivalent to adding Japan's annual usage each year. This acceleration is driven by rapid industrialization, broader electrification, widespread air conditioning, and the explosive growth of data centers. In advanced economies such as the US and Europe, demand is being fueled by electric vehicles, heat pumps, and digital infrastructure, while emerging markets' electricity use continues to outpace GDP growth. This surge is exposing grid weaknesses, as recent global outages highlight the urgent need for infrastructure investment to support the energy transition, AI expansion, and industrial electrification. We see compelling opportunities across the value chain—in power grids, renewables, storage, and electrification, based on strong profit growth prospects.

### Longevity

The longevity market is transforming the global economy as life expectancy rises and populations age. We see two main groups: "drivers" (pharma, medtech, health care services) leading advances in healthy lifespan, and "beneficiaries" (consumer, financial, real estate, and

industrial sectors) adapting to evolving demographic needs.

**Pharma, medtech, and health care services**

US firms are leading metabolic disease innovation, especially with GLP-1 drugs for obesity and diabetes—an area where revenue is expected to grow at a 12% CAGR through 2030. The global health care sector's market opportunity could reach USD 2.2 trillion by 2030, driven by rising demand for treatments targeting obesity, oncology, Alzheimer's, and cardiovascular disease.

**Consumer, financial, and real estate sectors**

Consumer companies in healthy nutrition and wellness are well positioned to benefit from the shift toward healthy aging. Financial services firms can address growing retirement needs, with global wealth pools projected to expand 6-7% annually through 2030. Insurance and annuity products, as well as increased private market allocations, offer further opportunities. The longevity trend also supports demand for senior housing, wellness services, and specialized health care real estate, including independent and assisted living facilities.

## Appendix

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