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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) We expect global AI capex to grow 67% y/y to USD 375bn in 2025, while con¬sensus forward estimates for capex have been surpassed threefold over the past two years. (2) Products that expand healthy lifespans (areas like obesity, oncology, and medical devices) can drive above-average growth for exposed companies. (3) 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. Source: Unplash

Artificial intelligence

While technology valuations remain elevated and semiconductor tariff uncertainty persists, AI fundamentals are robust. Global AI spending is accelerating, highlighted by Broadcom's unexpected USD 10 billion AI chip order and Oracle's cloud contract announcements. Recent earnings and forward guidance signal continued strength in capital investment through 2026. Global AI capital expenditures are expected to surge 67% this year to USD 375 billion, with a further 33% increase to USD 500 billion projected for 2026, according to our estimates.

A recent US Census Bureau survey confirms that AI adoption is rapidly increasing across US industries. At leading technology firms, 20-30% of code is now generated by AI, and AI systems handle most customer service chats. AI solution providers are converting usage into revenue: for example, technology giants are charging for AI-powered personalization tools used by retailers to enhance customer experiences, and are levying subscription fees for access to AI-enhanced tools.

In the context of the USD 100 trillion global economy, if around one-third of tasks can be automated by AI, the labor share of those tasks is around half, and AI vendors are able to capture around 10% of the value, this implies an annual AI revenue opportunity of around USD 1.5 trillion.

Power and resources

After a strong rally, the power and resources sector has recently lagged the broader market as investors shifted toward cyclical stocks on Fed rate cut expectations and improving macro signals. Despite these near-term dynamics, we remain constructive on the theme, supported by sustained commercial demand, robust order backlogs, and ongoing investment in data centers and utilities—all of which point to continued growth for companies in the sector.

Notably, NVIDIA's projection that global AI data center capital spending could reach USD 3-4 trillion annually by 2030—with potential increases of 170 GW worldwide and 110 GW in the US—underscores the scale of future electricity demand. These estimates, in line with other industry forecasts, suggest over USD 400 billion of infrastructure investment may be needed by 2030 to support new electricity demand—reinforcing the long-term investment op-portunity in power and resources.

Longevity

Advances in longevity science are reshaping the global economy as populations age and life expectancy rises. Pharma, medtech, and health care services are addressing major health challenges, including obesity, which affects over 800 million adults today and is projected to reach 1.13 billion by 2030. The market for GLP-1 anti-obesity drugs is expanding rapidly, with annual sales set to exceed USD 200 billion by 2030, according to our estimates. Meanwhile, demand for new treatments in oncology, Alzheimer's, and cardiovascular disease is also driving health care sector growth, which we believe could reach USD 2.2 trillion by 2030. Despite this opportunity, valuations in the sector are near multi-decade lows in part due to recent policy concerns.

The consumer, financial, and real estate sectors are also adapting to demographic changes. Companies in nutrition and wellness are responding to the shift toward healthy aging. Financial services firms are developing solutions for retirement needs, with global wealth pools projected to grow 6-7% annually through 2030, per our estimates. The longevity trend is also increasing demand for senior housing, wellness services, and specialized health care real estate, including independent and assisted living facilities.

Appendix

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