



CIO believes the AI theme is broadening into the application and intelligence layers, with investors increasingly rewarding those able to generate profits from AI investment. (UBS)

Exposure to AI-related stocks "essential" for wealth preservation and appreciation

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The Chief Investment Office (CIO) maintains their conviction that the structural trend of AI will continue to power equity performance in the years ahead, and believes exposure to AI-related stocks is essential for long-term wealth preservation and appreciation.

But as in other innovation cycles in the past, CIO expects to see a performance handover from the enablers to the users of AI, and see room for catch-up from companies that leverage AI to improve business outcomes. CIO's top picks in this regard remain financials and health care, which are also supported by favorable fundamentals.

The financials sector should continue to benefit from improving profitability and increasing capital market activity. Bank stocks saw some volatility this week, with US President Donald Trump's proposed one-year cap on credit card interest rates causing investor concerns. But there remain questions over the administration's ability to implement such a cap, and CIO expects any impact to be temporary and manageable. Fundamentally, continued gains in capital market activity and an improvement in net interest margins amid normalized yield curves should drive further valuation upside, in CIO's view.

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Policy clarity and aging demographics support health care. The performance of the health care sector has improved significantly over the past several months amid policy clarity over Most Favored Nation (MFN) drug pricing. CIO expects incremental investor inflows into the sector, with obesity remaining a key theme.

Evidence of AI monetization should drive investor confidence in tech companies. Ahead of earnings releases from US megacap tech companies, TSMC's results this week suggest that AI investment spending is intact and that demand for compute remains strong. CIO believes the peak of the compute cycle is still several years away, with a rapid pace of innovation supporting further growth. CIO also believes the AI theme is broadening into the application and intelligence layers, with investors increasingly rewarding those able to generate profits from AI investment.

So, CIO maintains their positive outlook on US equities, forecasting the S&P 500 to reach 7,700 by the end of the year.

Original report – [**Consider AI beneficiaries beyond the tech sector, 16 January 2026.**](#)

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