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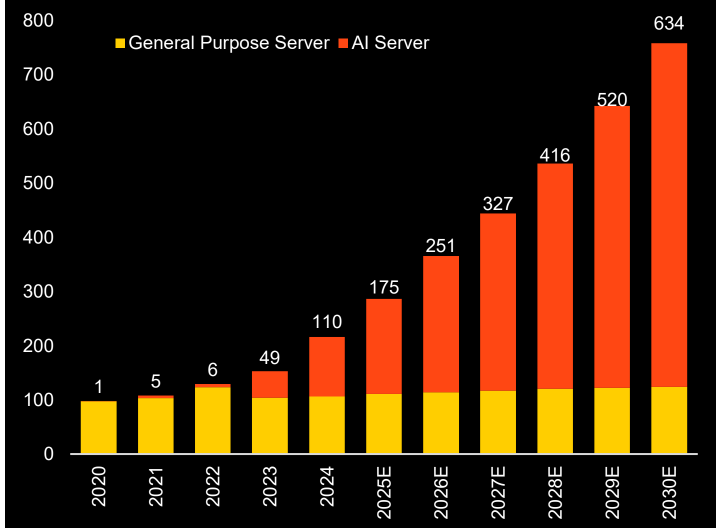
Think-Tank 2025

Round-up

Glyn Owen

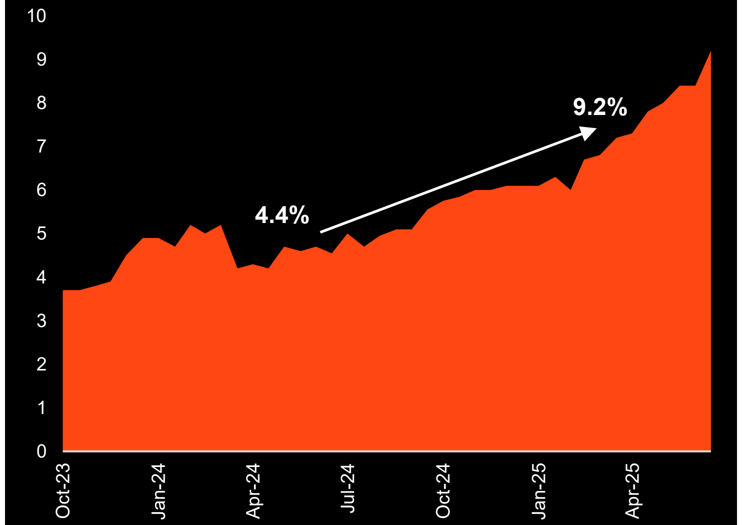
We see a 2-speed economy taking shape in the US – AI momentum is everywhere with substantial capital spending continuing to fuel economic activity

Capex momentum remains: forecast investment in servers focused on AI



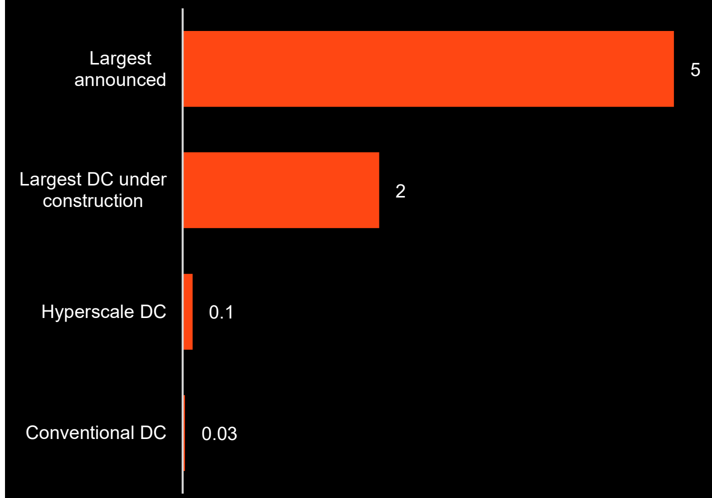
Source: BlackRock, Forecast based on estimates by BlackRock FE Tech Team 31/8/2024. For illustrative purposes only. There is no guarantee that any forecasts made will come to pass. Mentioning of iShares and BGF Fund does not construe as any investment advices or recommendations. Any opinions or forecasts represent an assessment of the market environment at a specific time and is not a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation.

Adoption momentum: US economy-wide firm AI adoption rate – latest data shows a slower pace at 9.5%



Source: Census Bureau, Goldman Sachs Global Investment Research, June 2025. For illustrative purposes only. Mentioning of iShares does not construe as any investment advices or recommendations. Any opinions or forecasts represent an assessment of the market environment at a specific time and is not a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation. Title stat source: Goldman Sachs, 24th October 2025.

Consumption momentum: Data centre electricity consumption in household equivalents (millions)



Source: IEA Energy and AI 04/2025. For illustrative purposes only. Any opinions or forecasts represent an assessment of the market environment at a specific time and is not a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation.

Valuations of AI stocks leave little room for disappointment

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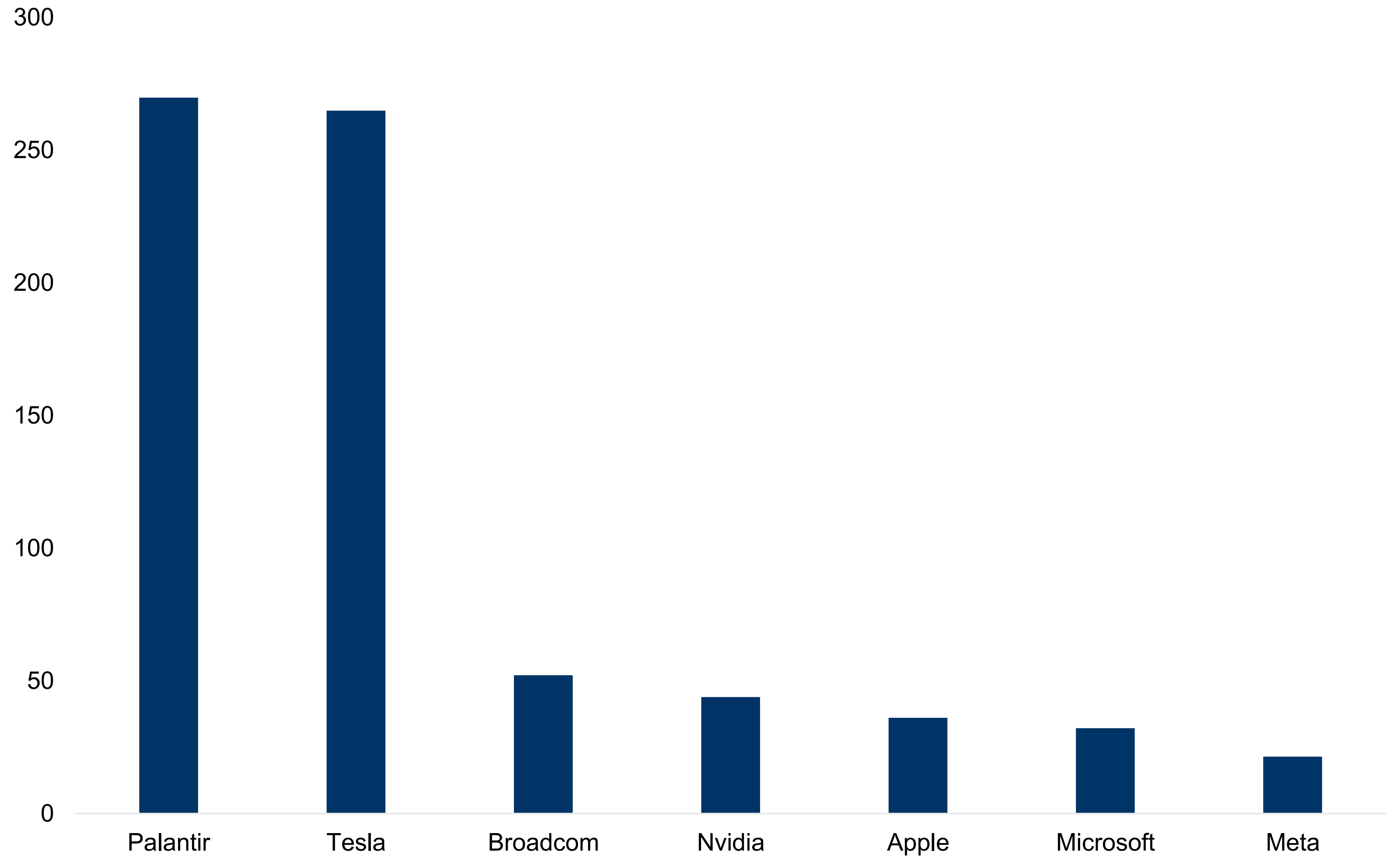
2025 Price to Earnings Ratio



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 5 November 2025.

DOMINANT COMPANIES TODAY ARE NOT AS EXPENSIVE AS THOSE IN PREVIOUS "BUBBLE' PERIODS IN HISTORY

JENNISON ASSOCIATES

	Size		Valuation	
	Market weight	Market Cap ($ Bn)	*24m fwd P/E	*24m fwd EV/Sales
Magnificent 7 (2025)				
NVIDIA	7.8%	4509	26.1	14.5
Microsoft	6.8%	3929	27.2	10.2
Apple	6.6%	3809	29.1	8.3
Alphabet	4.9%	2822	20.8	2.8
Amazon	4.1%	2356	24.9	2.8
Meta Platforms	2.7%	1552	21.2	6.0
Tesla	2.6%	1507	135.2	11.6
Magnificent 7 (2025) Aggregate	**35.6%**	**20485**	**26.8**	**6.1**
Tech Bubble Leaders (2000)				
Microsoft	4.5%	581	53.2	19.2
Cisco Systems	4.2%	543	101.7	17.5
Intel	3.6%	465	42.1	11.5
Oracle	1.9%	245	84.6	19.0
IBM	1.7%	218	23.5	2.3
Lucent	1.6%	206	37.9	4.1
Nortel Networks	1.5%	199	86.4	6.4
Tech Bubble Leaders (2000) Aggregate	**19.0%**	**2457**	**52.0**	**8.2**
Japan Financial Bubble (1989)				
Nippon Telegraph and Telephone	6.9%	157	100.1	
Industrial Bank Of Japan	4.6%	105	154.2	
Sumitomo Mitsui Banking	3.4%	77	49.2	
Bank of Tokyo-Mitsubishi	3.3%	75	49.8	
Fuji Bank	3.1%	71	52.8	
Dai-Ichi Kangyo Bank	2.9%	65	44.0	
Sakura Bank	2.8%	62	62.1	
Japan Financial Bubble (1989) Aggregate	**27.0%**	**613**	**67.0**	
Nifty 50 (1973)				
IBM	7.1%	48	35.5	
Eastman Kodak	3.6%	24	43.5	
Sears Roebuck	2.7%	18	29.2	
General Electric	2.0%	13	23.4	
Xerox	1.8%	12	45.8	
3M	1.4%	10	39.0	
Procter & Gamble	1.4%	9	29.8	
Nifty 50 (1973) Aggregate	**19.9%**	**135**	**34.3**	

As of 9/30/25.

Source: Datastream, Worldscope, Goldman Sachs Global Investment Research; Global Strategy Paper No. 73, dated 10/8/25. *Actual (LTM) P/E and EV/Sales data from 02/01/1973 for Nifty 50. **LTM P/E data and EV/Sales from 27/12/1989 for Japan Financial Bubble. ***24m fwd P/E and EV/Sales data from 24/03/2000 for Tech Bubble. The above information is for illustrative and educational purposes only and should not be considered investment advice. See Portfolio Notes in the Appendix. Past performance does not guarantee future results.

Market caps of AI stocks soar

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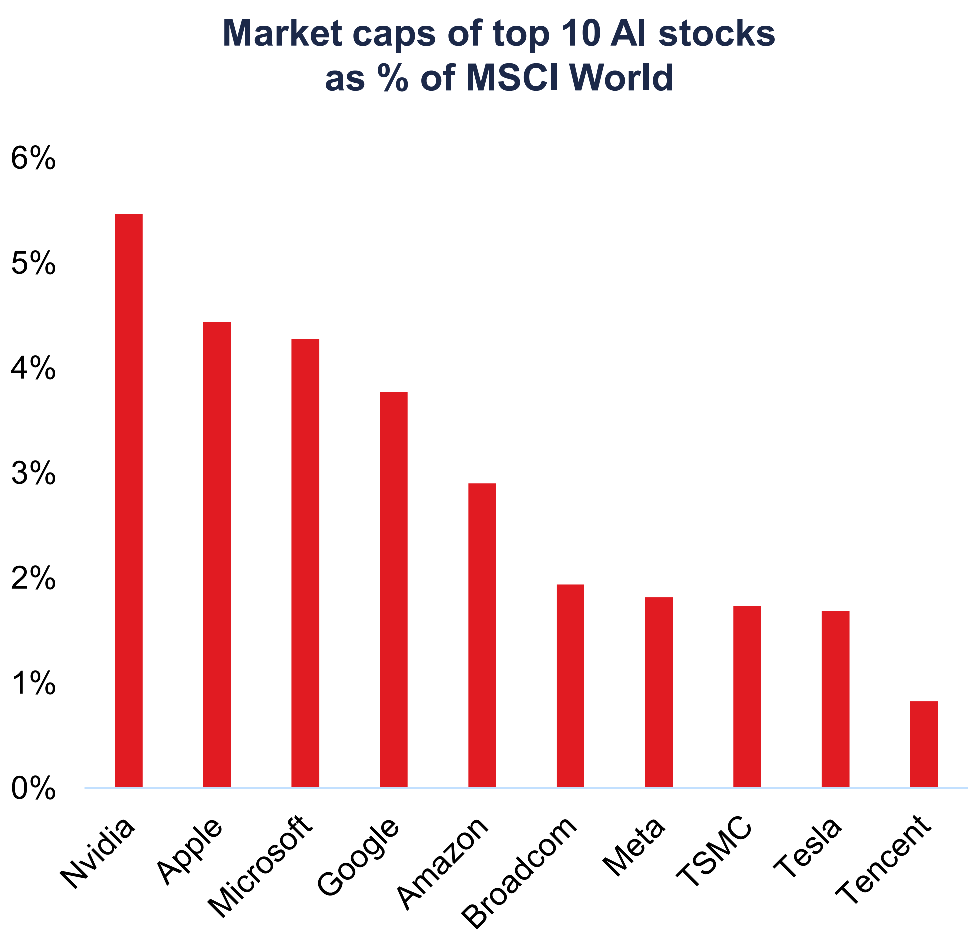
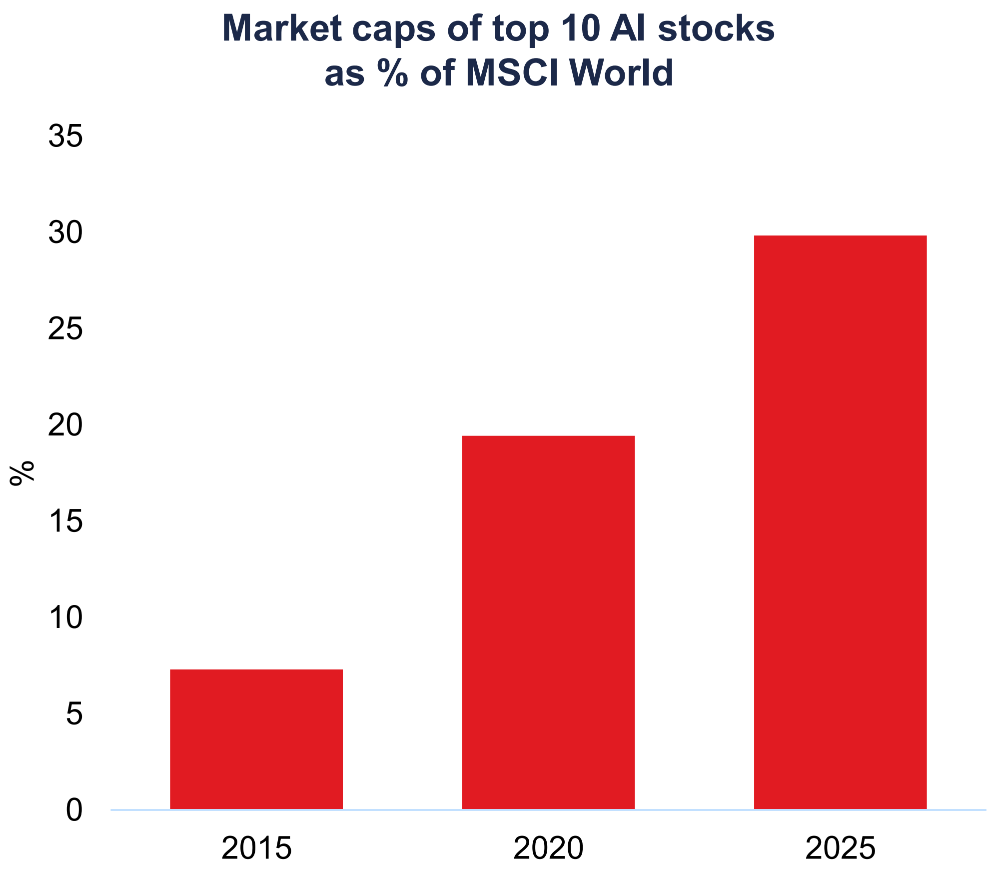
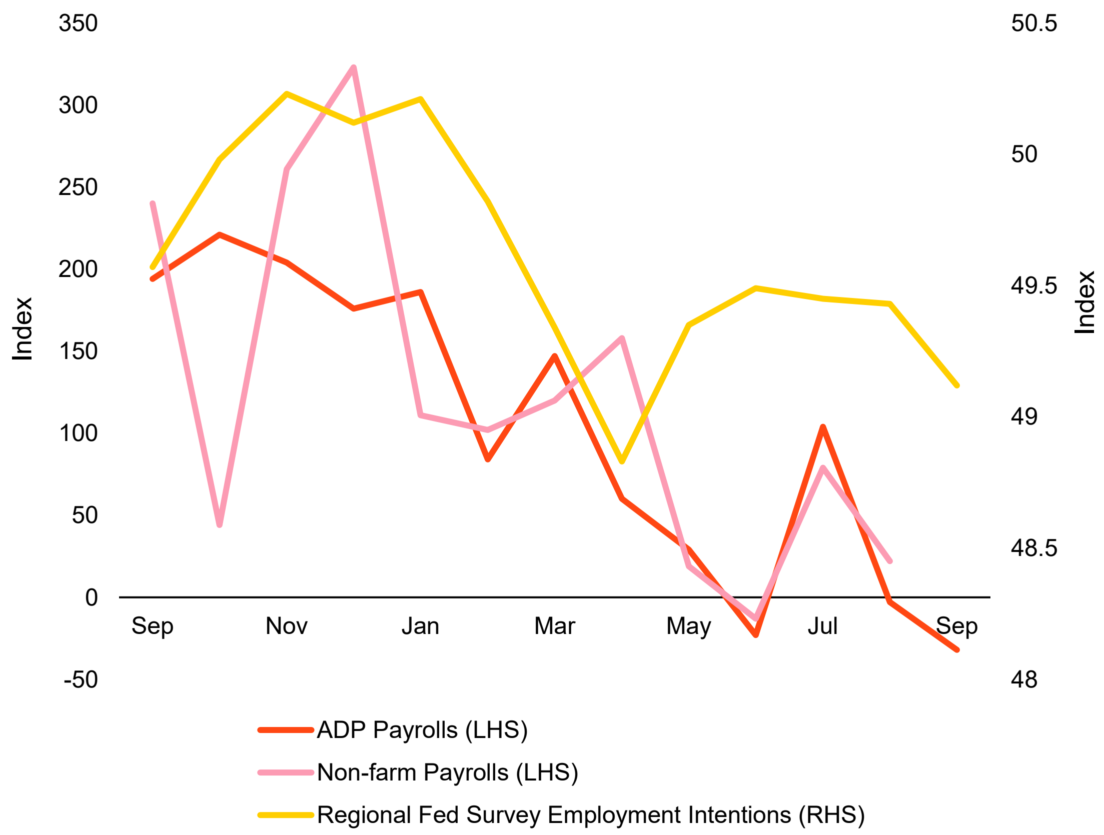




Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 5 November 2025.

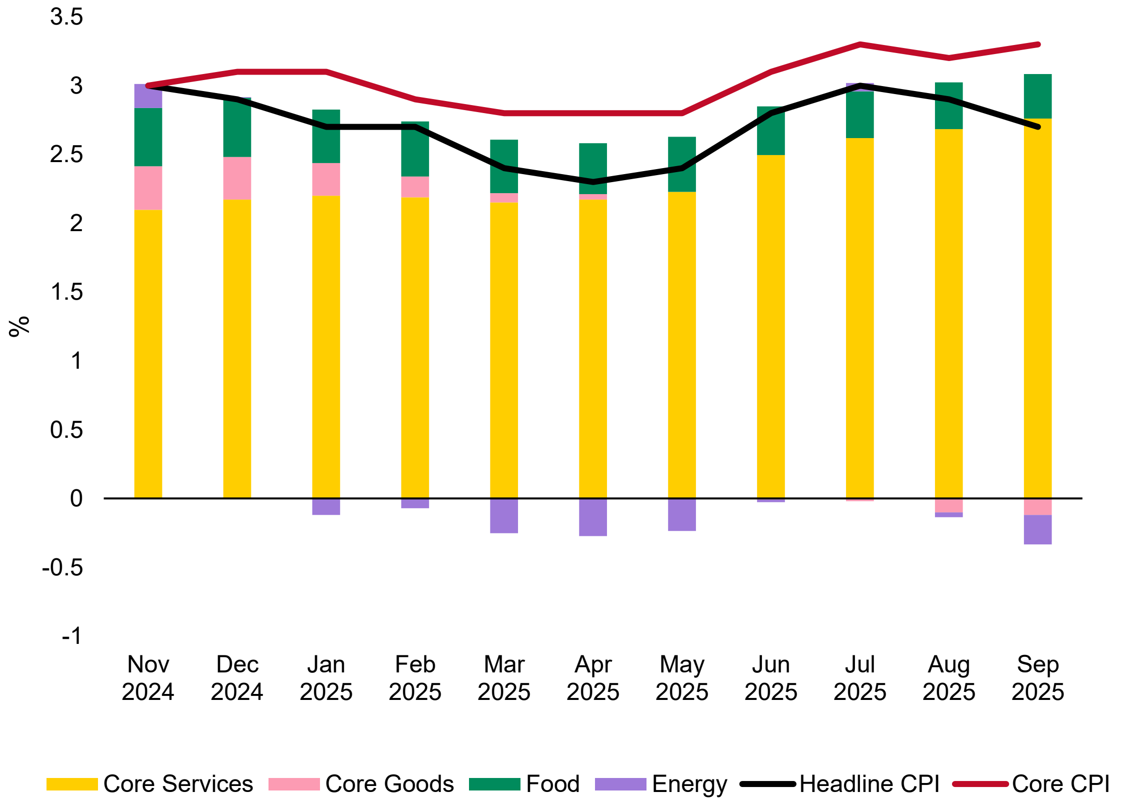
The Fed are focused on the labour market side of their mandate, but focus could shift to inflation next year. Market pricing of 3 cuts in 2026 looks like a stretch

1 month into the US government shutdown, clarity on US labour market strength remains foggy with alternative data screening negative – is this supply driven?



Source: Bloomberg, as of 28 October 2025

Price pressures have largely abated, though we keep an eye on core PCE as tariff effects are yet to be seen



Source: Bloomberg, as of 28 October 2025

US job vacancies vs. S&P 500

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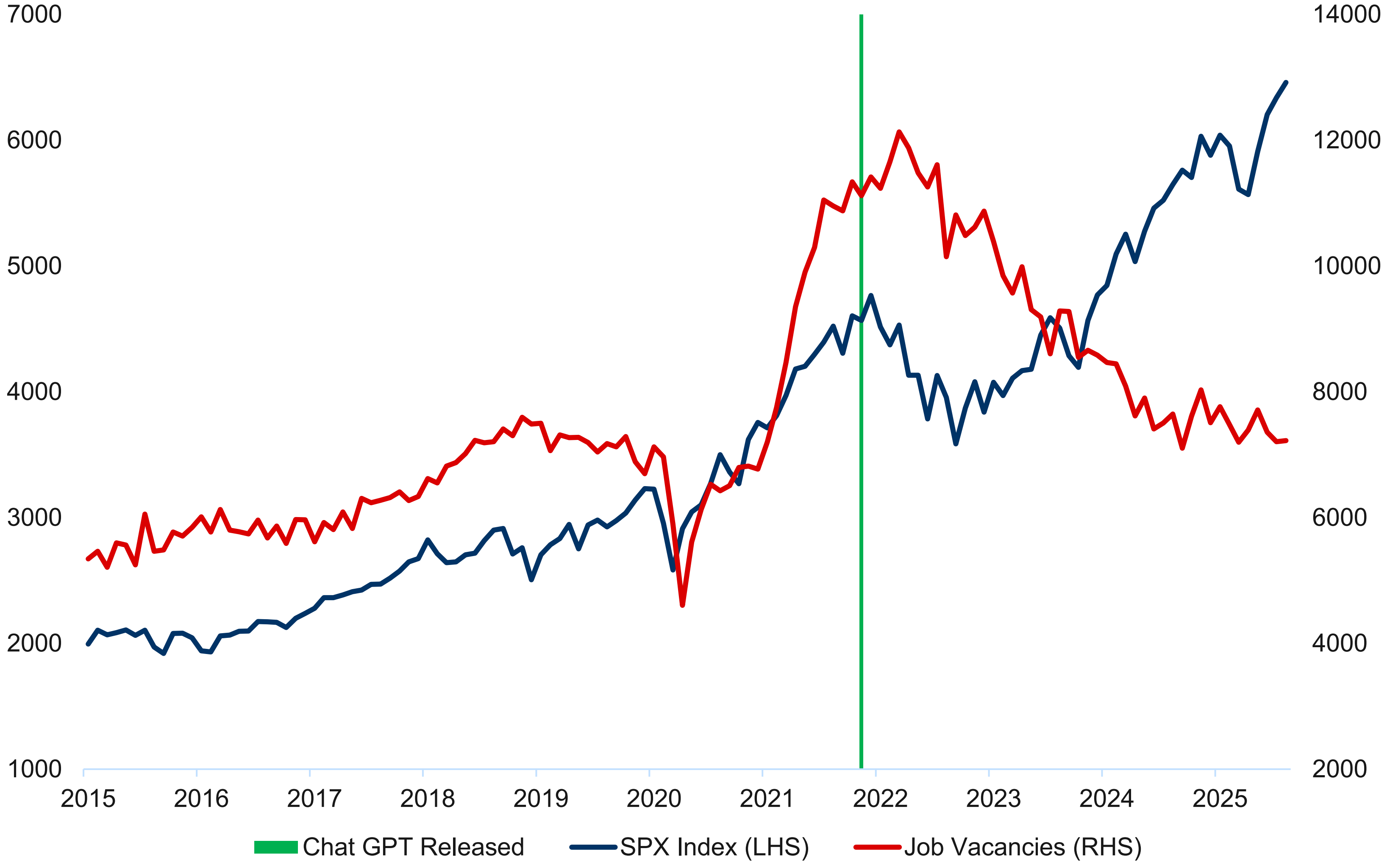
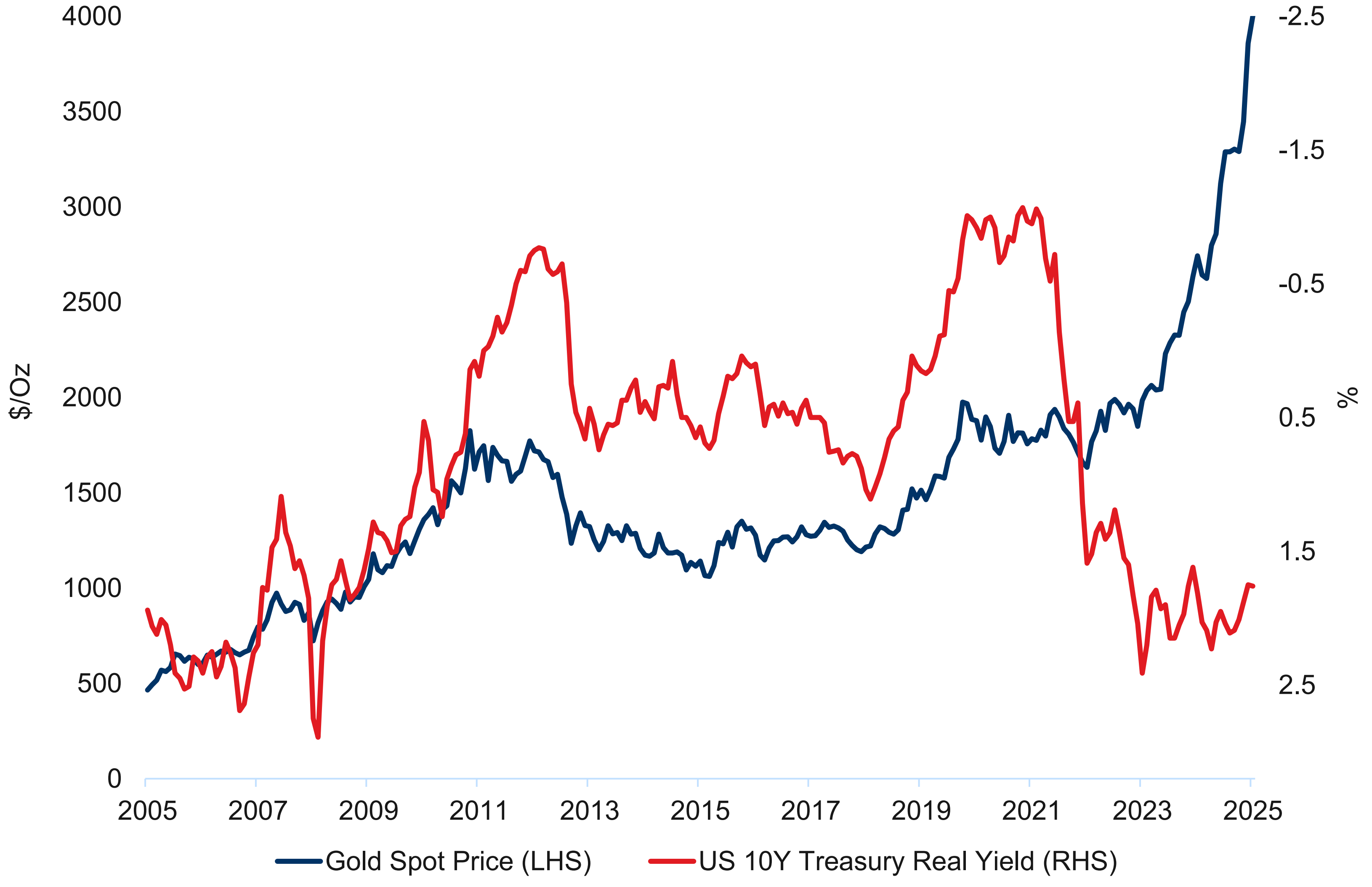


Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Gold prices vs. 10Y Treasury yield



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

China’s FX reserves

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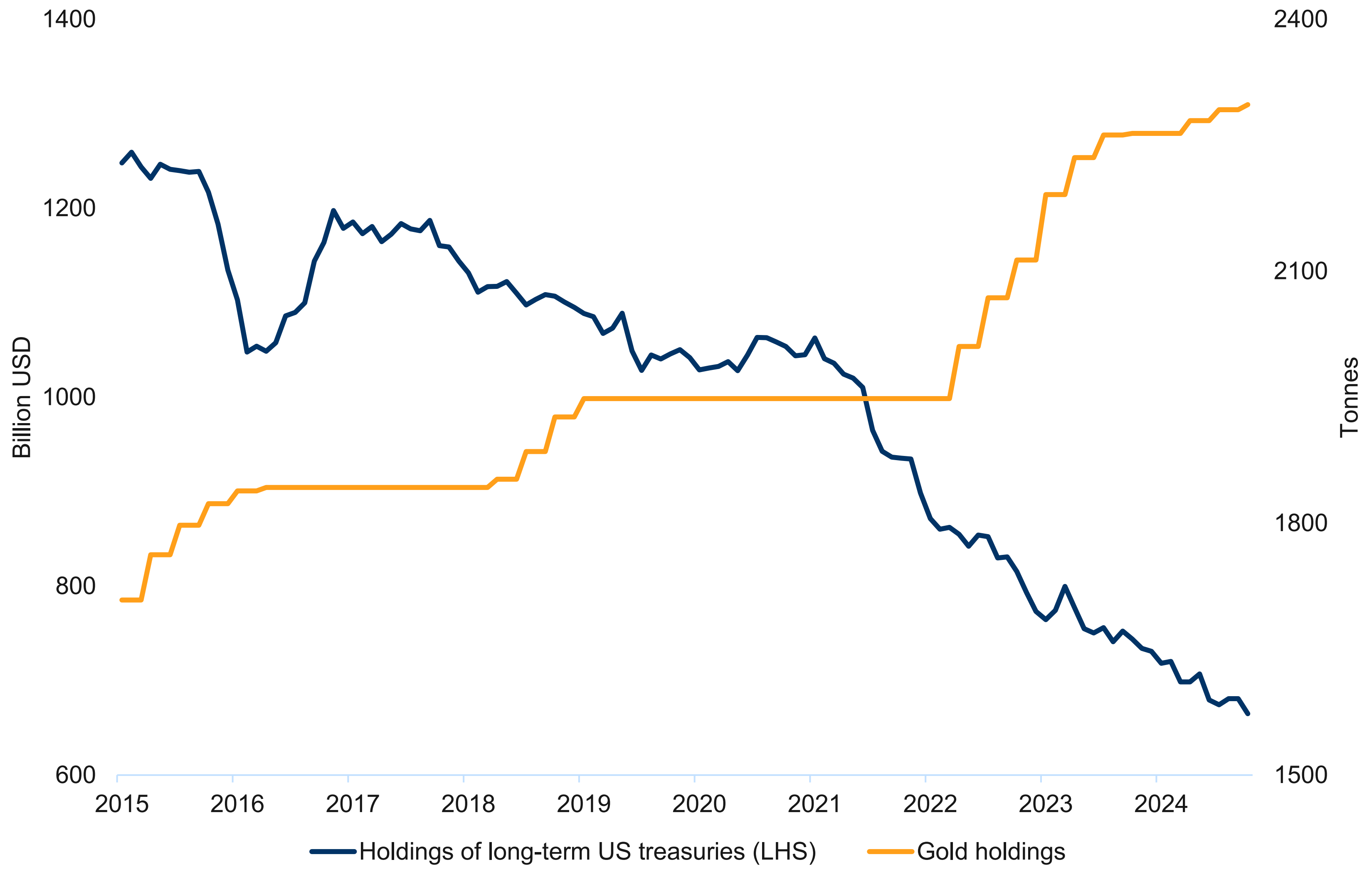
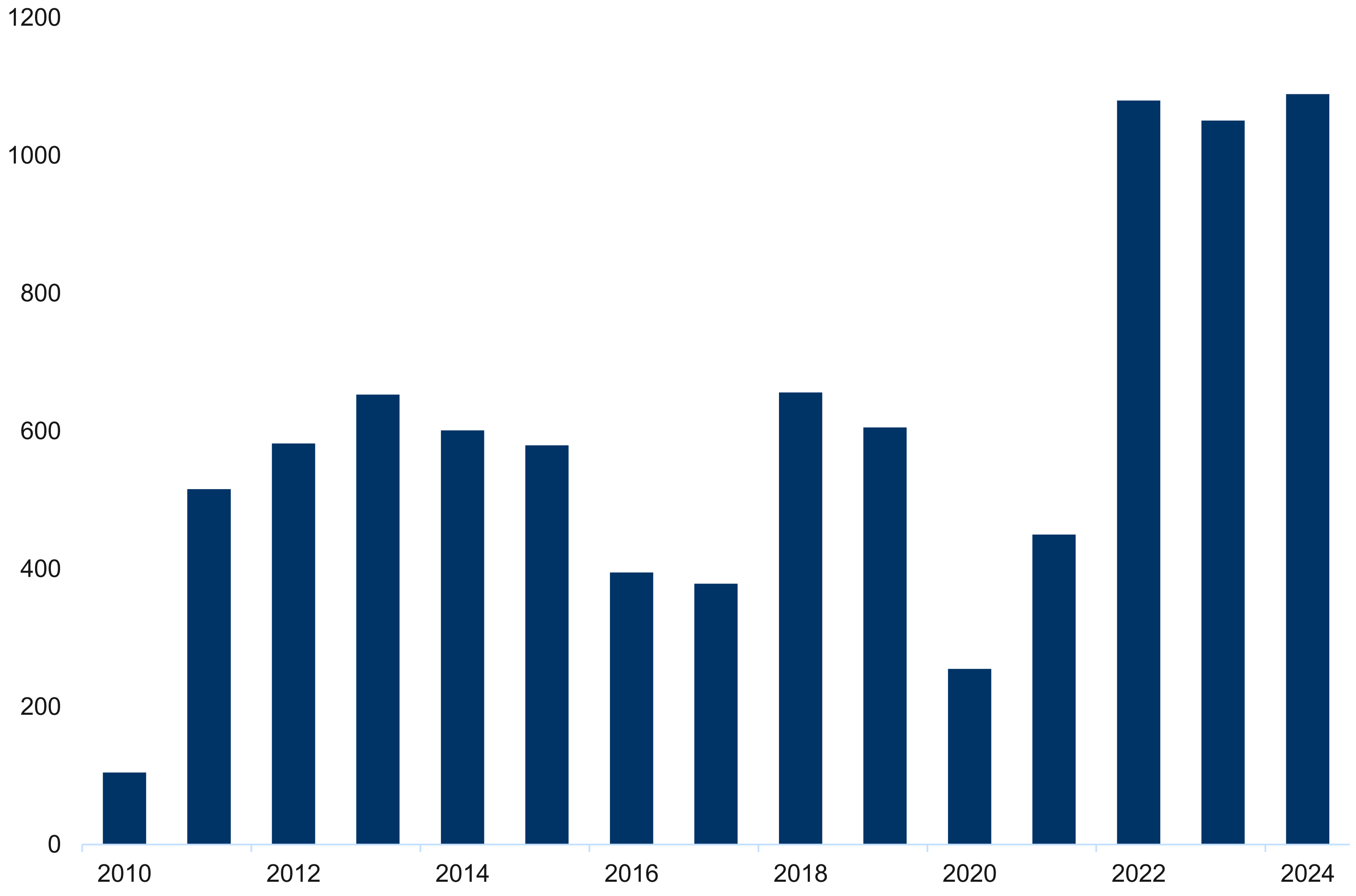


Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Annual central bank net purchases of gold, tonnes



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Physical gold holdings in ETFs

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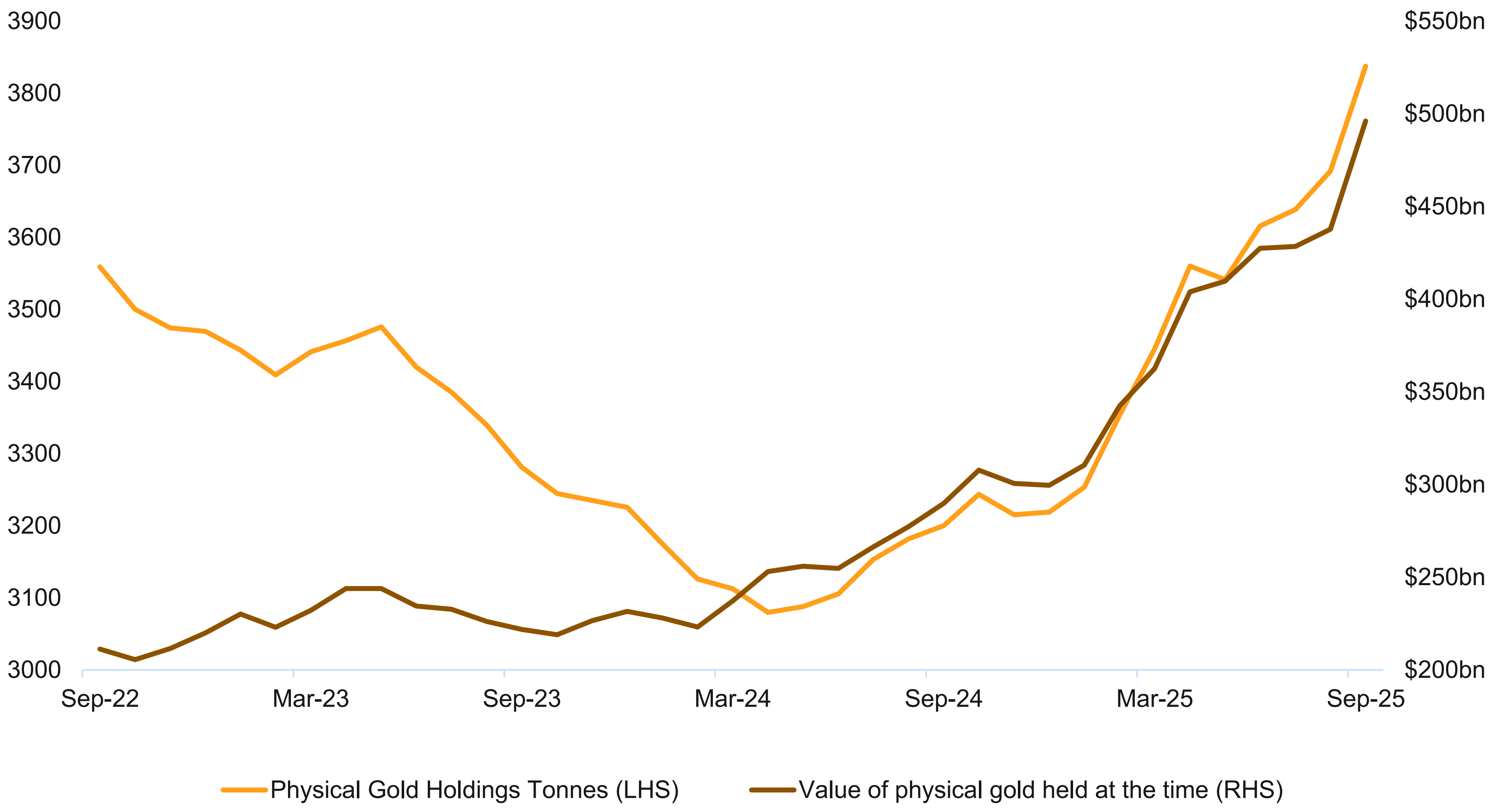

Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Government budget balance as % of GDP

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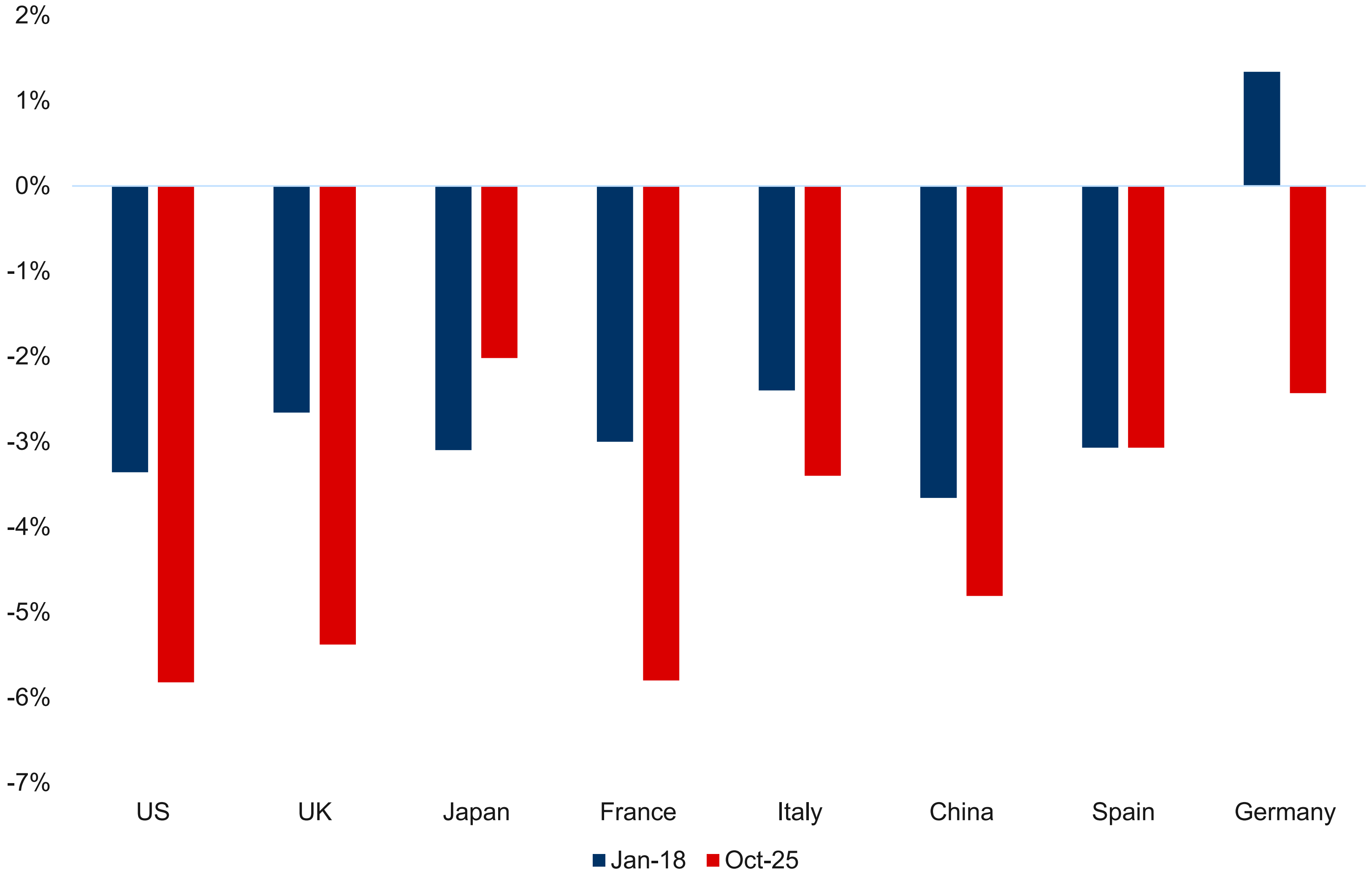

Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Central government debt as % of GDP

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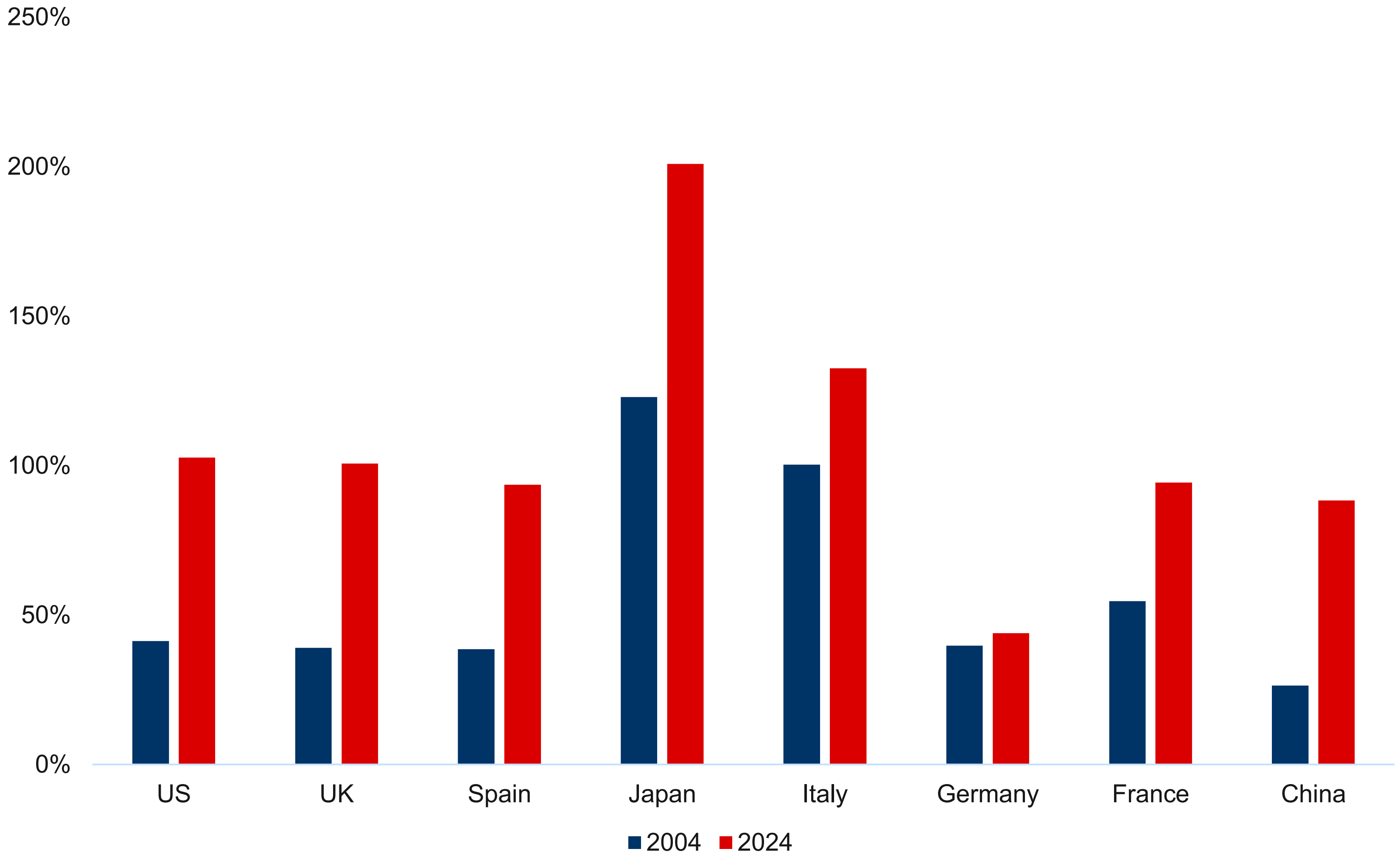

Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Annual Installations of Industrial Robots 2024

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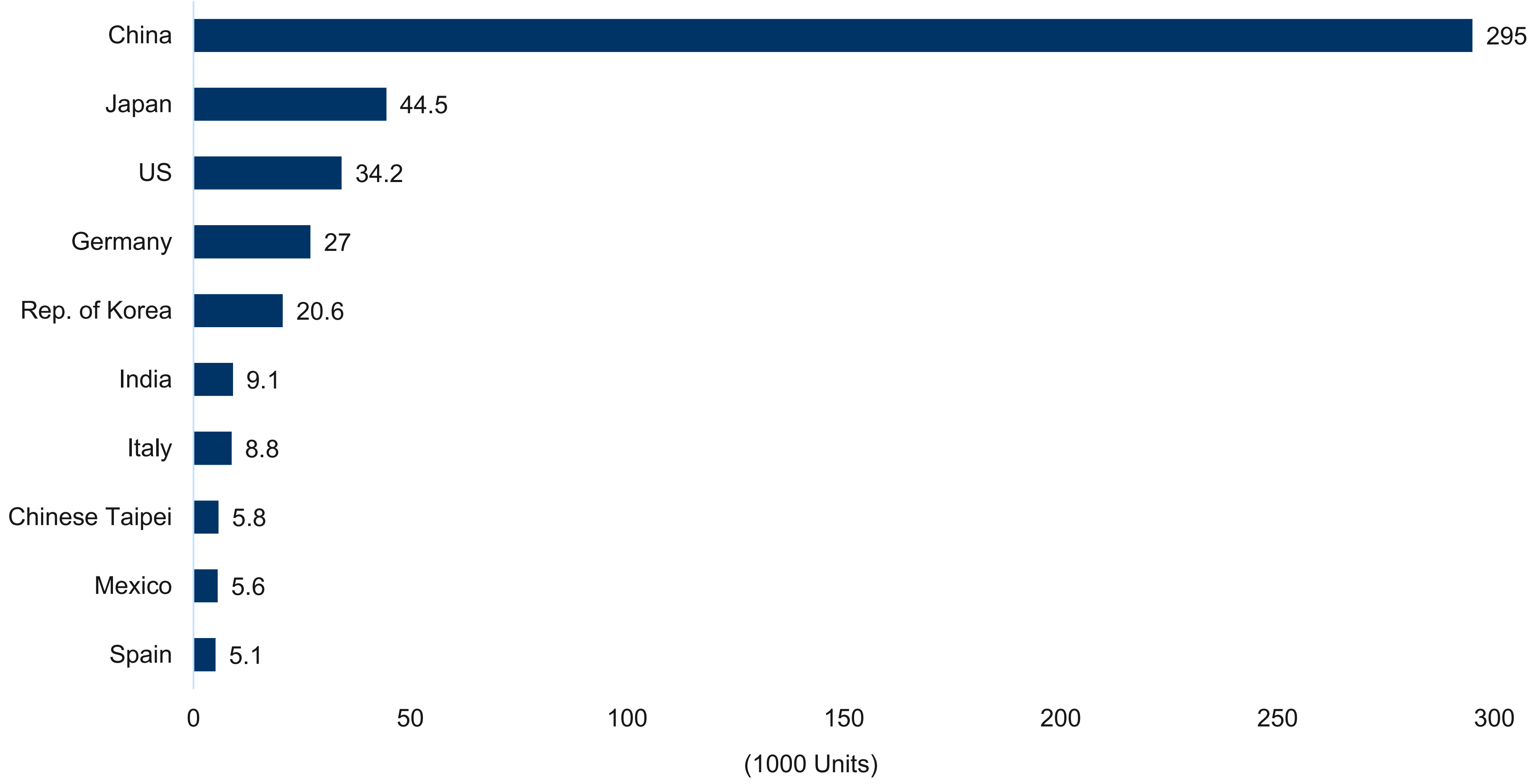
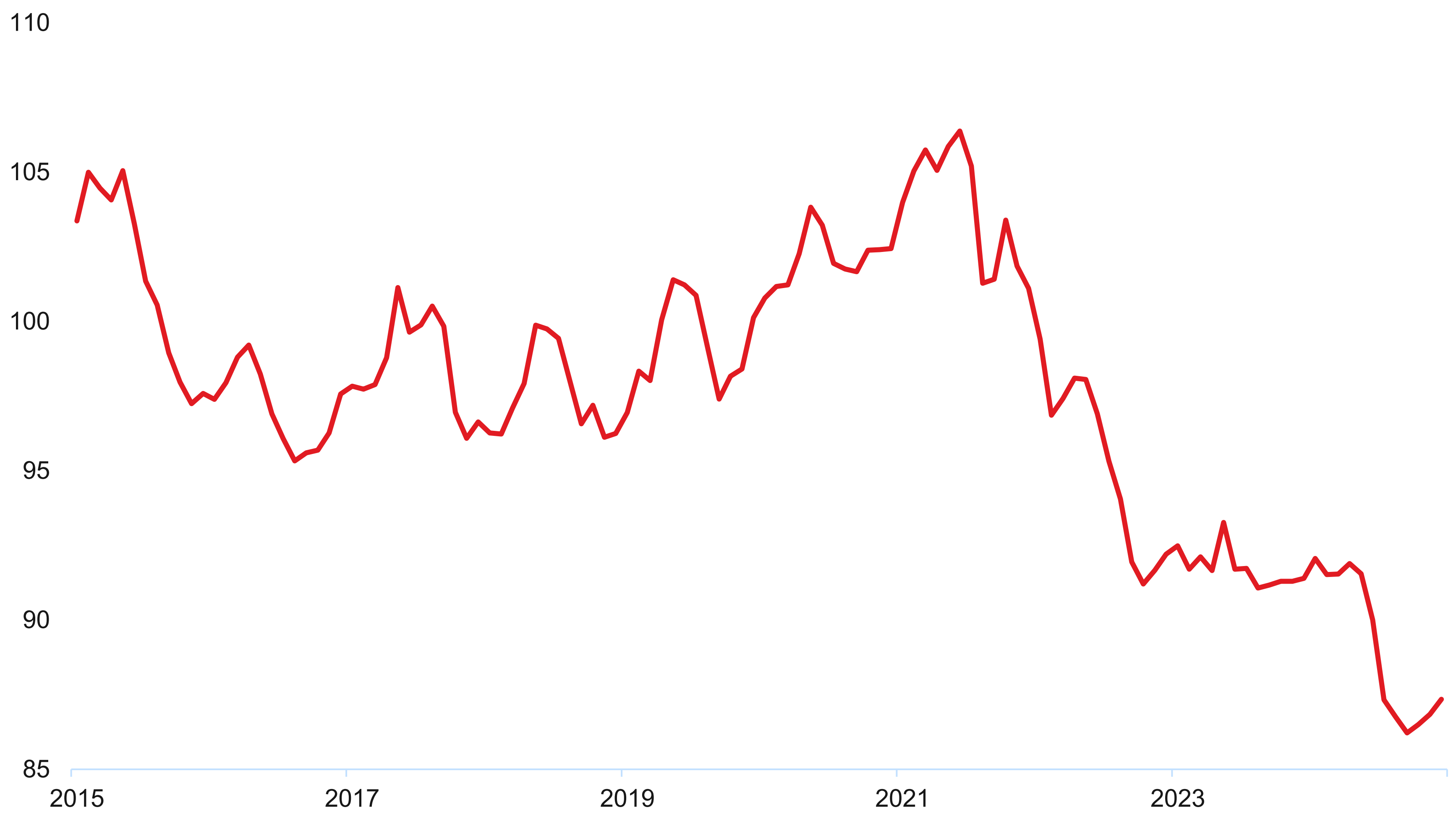


Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

China's real broad effective exchange rate



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 September 2025.

Allocating a multipolar world

Volatility

Geopolitical uncertainty and renewed state intervention likely to keep volatility elevated.

Shorter cycle investing

Market swings between optimism and fear as global risks flare up and fade faster than in the past.

Real assets

Commodities and infrastructure hedge inflation and geopolitical risk.

Diversification

By asset class and regime as energy, trade and technology realigns.

Higher debt burdens

More volatile bond yields and steeper term premia ➔ US treasuries can remain as anchors but emerging market local bonds could regain appeal.➔ $ likely weaker longer term but spikes during global stress.

Stock-picker market

Dispersion between winners and laggards as policy paths diverge.

Source: International Peace Institute, Institute for Economics and Peace