

Market Commentary on the FY2025 Results Season:

From Geopolitical Rupture to ‘Amazing Abundance’?

With international capital markets going through a rollercoaster ride at the end of 2025 while the first few weeks of 2026 signalled a **significant pivot of investments away from US blue-chip to emerging markets stocks**,ⁱ the sustainability of some of the driving forces of global growth – notably the US AI-related infrastructure build-out and the booming Chinese export industry – have been increasingly challenged.ⁱⁱ As professional fund managers got **more concerned about the scope of investments in AI infrastructure**,ⁱⁱⁱ some key tenets of the current and simultaneous resource-intensive transitions (electrification, AI infrastructure, rearmament of the military-industrial base) - especially the assumption that the physical economy can scale at the same speed as financial capital - had to be questioned given not only the **new supply chain shortages of memory chips**,^{iv} but also, perhaps more importantly, the **limited production capacity of copper**.^v

Amidst a broader investor debate about the **instability of the current trading regime**,^{vi} driven by ‘**geopolitical rupture**’ (Mark Carney) in the wake of resource imperialism (Venezuela, Iran, Greenland), tariff shocks, lingering inflation and the US-dollar sell-off,^{vii} the vision of ‘amazing abundance’ (Elon Musk) as a result of **AI-driven innovation became increasingly stretched during the ongoing FY2025 results season**.^{viii} Given the recent **tectonic shifts in risk factors**,^{ix} investor enquiries focused predominantly on: a) **business diversification, resilience and regionalisation** of supply chains;^x b) **picking winners and losers** in a more frequently changing dispersion between sectors, styles and even companies within the same industry;^{xi} c) the **ability of AI not only to innovate, re-engineer and simplify processes** but also to reduce expenses and attract talent (Jane Fraser, CEO of Citigroup);^{xii} d) given the anaemic growth outlook for 2026, the **scope for M&A to scale innovation and advance companies’ competitive position**, with major US banks pointing to the ‘incredible set up of capital markets and M&A in 2026’ (David Solomon, CEO of Goldman Sachs);^{xiii} and e) with many companies highlighting their ‘simplified operating model’ (Nokia, Telia, Intel), investors were looking for **evidence in terms of efficiency gains, differentiation and scale**.

In line with the key themes outlined above, we start with a review of the **current investor debate about the ongoing AI infrastructure build-out** before looking at **growing governance concerns of the newly evolving US corporate clientelism**, best evidenced by the recent summoning of oil & gas industry CEOs in the White House following the capture of Venezuela’s President.^{xiv} Given the insatiable demand for energy to power new AI infrastructure, we will also analyse **shifts in the global energy system** and then provide a **special section on South-East Asia**, with a main focus on changing trade patterns after US trade tariffs were adopted and China diverted production lines. This will be followed by some insights into the **latest debate on quantum computing**, arguably one of the new frontiers of technology development raising great investor interest. With the **insurance industry being confronted with some of the major risk factors** we had outlined above, we devote a special case study on this industry and finish with some observations on **changes in the European pension fund industry**.

AI SPECULATIVE FERVOUR

While there was a heated investor debate about a growing AI bubble in recent weeks, drawing comparisons to the internet bubble at the turn of the century, the key controversy has been about the amount of debt taken on companies' balance sheet to train and run large AI models and, more importantly, the lack of clarity about the ultimate source of profits from AI investments and who is entitled to claim them.^{xv} For the current AI-era debt boom, it is argued, there has been abundant liquidity over the last decade, which has created surplus capital and non-productive investments across different assets (cryptocurrencies, private equity, meme stocks and even investment-grade credit).^{xvi} In addition, investor fears were further aggravated by news that major US technology groups adopted creative accounting and shifted their AI data centre debt through special purpose vehicles off balance sheets.^{xvii}

Against this backdrop, supporters of the current AI boom pointed to the fact that investment returns from AI productivity gains are unlikely to be spread evenly across economies or sectors, highlighting various case studies in Retail & Consumer, Financials and Industrials, where improvements in sales per employee and operating margins can be shown.^{xviii} Among all the technology companies we had followed during the first few weeks of the FY2025 reporting season, there was a clear emphasis on the fact that 'AI customer demand is real' (C.C. Wei, CEO of TSMC) and that there are signs of AI not only improving productivity but also growing into daily life.^{xix} Similarly, semiconductor equipment maker ASML reported that they will 'accelerate capacity expansion plans' given strong demand for extreme ultraviolet (EUV) lithography and advanced logic customers (Christoph Fouquet, CEO of ASML).^{xx}

In this context, first academic research has shown that the US open-weight industry dominance by Google, Meta and OpenAI has declined sharply in favour of unaffiliated developers, community organisations and – as of 2025 – Chinese industry, with DeepSeek and Qwen potentially heralding a new consolidation of market power.^{xxi}

NEW US CORPORATE CLIENTELISM

As the world has looked in fear and shock to what extent US business leaders have not only been silenced by the White House but also become subject to the mercy of the newly evolving crony capitalism,^{xxii} a new debate has started about the intricate mechanics of US corporate clientelism and, ultimately, the implications for professional investors and non-US CEOs doing business over there. Some analysts pointed to five areas of 'Trumpian transactionalism':^{xxiii} a) government as investor (Intel);^{xxiv} b) tariffs as a political tool; c) a more permissive crypto regime; d) unprecedented donor power; and f) headline deals that announce favoured market players (Nvidia).^{xxv} The crucial observation here is that preferential treatment for well-connected actors not only distorts capital formation but also gets priced into US assets similar to emerging markets.

With half-term elections coming up in November, more populist announcements were made in January, including a ban on large investors buying single-family homes and a proposed cap on credit card rates,^{xxvi} which has been met with thinly-veiled criticism by CEOs of major US banks,

pointing to the regulatory cost burden and their preference to free up capital for ‘meaningful growth’ (David Solomon, CEO of Goldman Sachs).^{xxvii} From a European perspective, this has implications on two major fronts: a) there is clear evidence that CEOs have toned down their ESG efforts – as we had shown in our recent analysis of Capital Markets Days in Europe in 2025 – with potentially severe implications for climate change;^{xxviii} and b) CEOs of European companies having adopted the type of horse trading tactics similar to their US counterparts, best witnessed by a number of Swiss CEOs courting the US administration with a specially engraved gold bar and Rolex clock in their attempt to get tariffs reduced.^{xxix}

SHIFTS IN THE GLOBAL ENERGY SYSTEM

In this new world of ‘geopolitical rupture’ (Mark Carney) there are a number of factors impacting shifts in the global energy system, notably a) Russia’s military aggression against Ukraine and, as a result, Western sanctions on the Russian oil & gas industry;^{xxx} b) Europe’s effort to gain more independence from Russian energy supply;^{xxxi} c) the insatiable energy demand in the US in the wake of the AI infrastructure build-out; and d) geostrategic hegemonic intervention in various energy-rich regions (Venezuela, Iran, Sub-Saharan Africa). In terms of the AI boom, an interesting debate has begun about the winners in this race potentially controlling the inputs in the AI infrastructure in the future, including power procurement and delivery, permits and land, grid interconnections and adjacency to networks, with the main challenge being whether power supply can scale to demand.^{xxxii}

In this respect, global power supply is described as a new secular trend as demand has ‘entered a multiple cycle’ driven by the ‘structural increase in electrification’ while AI infrastructure requires ‘reliable, flexible and energy-efficient power supply’ (Lorenzo Simonelli, CEO of Baker Hughes).^{xxxiii} Due to AI reshaping industry production, some traditional oil services companies are even trying to ‘capture opex white space with new demand’, aiming to become the consolidator in data centre construction, management and design (Olivier Le Peuch, CEO of SLB).^{xxxiv} More importantly, despite all the efforts in finding new energy sources (subsea, geothermal) as well as the focus on reservoir recovery and digital optimisation, the pivot from hydrocarbons will simply take time, even more so under the current surge in global energy demand.^{xxxv} While the AI power boom runs largely on gas in the US and on coal in China, the more strategic challenge is the physical impact on the economy, including elevated water stress and even risks to food security.^{xxxvi}

SOUTH-EAST ASIA

In the wake of tariff shocks coming from the US and not only Chinese - but also Western manufacturers - diverting their production to South-East Asia, it was fascinating to watch to what extent economic fortunes differed, with markets like Vietnam and Malaysia adapting fast while Thailand and Indonesia remained wired in political turmoil.^{xxxvii} With the dominant economic model still being export-driven, and manufacturing labour being cheap, the new challenge – as is the case for China – is to adapt and apply automation and digital innovation to create more service-sector jobs.^{xxxviii} As a result of trade rerouting from China, indirect exports from China to the US are estimated to be now of similar magnitude to direct trade between the two economies, with the largest uptick coming from Cambodia followed by significant increases in Vietnam, Indonesia and Thailand.^{xxxix}

While Chinese exports to the US were reportedly down by 40% in the third quarter of 2025, overall Asian exports to the US have held firm, as many technology-related exports (semiconductors, chipmaking equipment, computers, smartphones) have been exempted from tariffs by the US administration. Since the US has threatened with a 40% tariff on ‘transshipped’ goods and might not tolerate high Chinese content in final products exported to the US going forward, the key issue for South-East Asian economies is to what extent local manufacturers can upgrade or be squeezed out by China’s supply glut.^{xi} Given spillover effects due to their proximity, logistics and scale of production, first attempts to protect local manufacturers from being undercut by cheaper Chinese imports through import rules and tariffs on certain goods have already been made. Some countries like Cambodia have even announced conscious efforts to reduce their economic reliance on China.^{xii}

NEW EUPHORIA ABOUT QUANTUM COMPUTING

Similar to the AI winter in the past, many announcements have been made before about breakthroughs in quantum computing – enabling machines to carry out large numbers of calculations simultaneously – but qubits on which the systems are based remained unstable, holding their quantum states for very short periods only, which introduced errors (‘noise’) in the calculations.^{xiii} Back in 2023, IBM researchers laid out a 10-year timetable not only for reaching more capable, ‘error-corrected’ systems but also for research getting closer to commercialisation, something investors were looking for to provide more financial backing.^{xiii} There is no doubt within the scientific community about potential use cases in finding novel materials, solving energy problems and discovering new pharmaceuticals. However, there are also fears about the dangers of Q-Day, when a quantum computer might crack the RSA cryptosystem, which is widely used by technology companies, banks and governments on their data.^{xiv}

The race for building an industrial-scale quantum computer by the end of the decade has gained new momentum in recent months, with both IBM and Google claiming to have made further progress not only to operate the system at a very large scale – implying massive improvements in manufacturing and materials – but also to have found new ways of error correction.^{xv} While there is much talk about the rapidly shifting boundaries between AI and quantum computing^{xvi} – as quantum machines might help not only to generate extra data to train large language models but also to simulate nature at a molecular level that supports drug discovery and/or research into new materials – there still remains a lot of reservation among leading academics in the field about the ‘complexity in the plumbing’ simply overwhelming the quantum device itself.^{xvii}

Naturally, the growing investor enthusiasm about quantum computing might partly be a derivative of the AI boom, with specialist quantum investment funds being launched in 2025,^{xviii} but open questions remain what to invest in – quantum hardware or software, superconducting conduits, trapped ions, topological qubits, photonics or, in fact, applications such as sensing.^{xlix}

CASE STUDY: INSURANCE INDUSTRY

Over the last few months, we have closely followed the global insurance industry, with a particular focus on some of the key risks and newly evolving themes for insurance coverage, including Cybersecurity, AI and Specialty, the Middle Market and Mass Affluent as well as America, notably in life insurance and retirement,ⁱ the investment portfolio and even stock market listings (Aegon).ⁱⁱ Despite all the hype about AI, insurance companies also discussed their efforts to attract talent in great detail,ⁱⁱⁱ with Zurich Insurance pointing to the need to invest in skills and deploy more resources in the structural growth in the Middle Market, Specialty and Life Protection, having employed ‘hundreds of underwriters’ specialised in cybersecurity and offering them long-term incentives (Mario Greco, CEO of Zurich).ⁱⁱⁱⁱ In fact, one of the main reasons for Aegon to move to the US was to be able to ‘compete for talent’ (Lard Friese, CEO of Aegon).

In this context, one interesting theme widely discussed by various insurance companies was the need for partnering – whether in cybersecurity, data & analytics (Swiss Re),^{lv} biometric expertise or bancassurance in emerging markets (Zurich) – with market leaders (Palantir), adding capabilities and, in turn, channeling their own risk knowledge into data & analytics. With most insurance companies exceeding their own target range of Solvency II capital and a new update for Solvency II starting in January 2026, there was naturally special investor interest in M&A activity, which was described as being ‘very dynamic’ (Andreas Berger, CEO of Swiss Re) and with a preference for Specialty given its ‘huge scope for growth and consolidation’ (Mario Greco, CEO of Zurich). While Solvency II often exceeded 200%,^{lv} most corporates wanted to keep their optionality in capital management, including attractive dividend pay-outs, and limited their M&A ambition to bolt-on acquisitions (Allianz, Swiss Re) or predominantly strategic growth assets (Zurich, Hannover Re).

EUROPEAN PENSION FUNDS

In the wake of investments shifting out of US asset dominance and renewed efforts for a Capital Market Union in Europe,^{lvi} it is worthwhile looking at some country-specific changes in European pension fund portfolio allocations and pension reforms, in case of the Netherlands. Starting with the latter, funds with assets accounting for almost a third of the Dutch pension system have switched in January 2026 from a defined benefit to a defined contribution system, where individuals will now bear the brunt of the risk, with the hope that the total pool of assets will grow more and ultimately result in higher pensions.^{lvii} This came at a time when most Dutch pension schemes had a large surplus, allowing them to increase current pension payments under the new system. At the same time, as the new pension system started to sell EUR125bn of long-dated bonds, thus freeing up more funds to invest in higher-return assets such as equities and credit, the European government bond market is expected to come under pressure in 2026.^{lviii}

Another key development was the growing divergence between Europe and the US over responsible investments after US asset managers had dialed back on their ESG commitments, with one of Europe’s largest pension funds – Dutch PFZW for healthcare workers – reportedly withdrawing EUR14bn from BlackRock of the US in 2025.^{lix} Still, recent research on ESG investments found that Europe’s flagship green investing framework had failed to increase investment in ‘sustainable funds’ or encourage fund managers to construct more environmentally friendly portfolios, with the Sustainable Finance Disclosure Regulation (SFDR) not resulting in

higher inflows into green mutual funds.^{lx} Interestingly, after the US administration threatened to annex Greenland, Danish pension funds – Europe’s second largest retirement system after the Netherlands – started to reduce or even remove their allocation to the US treasury market.^{lxi}

Peter and Irina Kirkow
3 February 2026

APPENDIX

“ We have come a long way in improving our operational performance for growth, profitability and returns. I strongly believe we can still do even better.

Morten Wierod
CEO



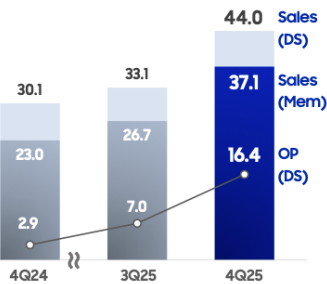
WE CAN DO BETTER

- **The beauty of mix** – stricter focus on performance delivery by mandate
- **Next wave in the ABB Way** operating model – increasing operational accountability and transparency
- Sustained focus on **continuous improvements** and annual **5% internal gross profit productivity target**
- **The power of ABB** – three Business Areas with sales and technology synergies
- **Operational leverage** on expected **growth in robust external markets**
- **M&A bolt-ons part of ABB Way performance culture**



Memory

DS results
KRW trillion



4Q 2025 Results

Achieved Record-High Quarterly Revenue and Operating Profit

- Addressed strong conventional DRAM demand while expanding HBM sales despite limited supply availability
- Overall price increase further widened the upward sales trend

Concentrated on Profit Improvement

- Enhanced profitability via higher sales of high-value-added products such as HBM, Server DDR5, and Enterprise SSD

1Q 2026 Outlook

Continue Prioritizing High-Value-Added Products for AI Applications

- Continued AI boom is expected to drive favorable market conditions across the industry

Pave the Way for Leading High-End HBM Market

- Plan to start delivering HBM4 mass products, including the industry-leading 11.7Gbps SKU

2026 Outlook

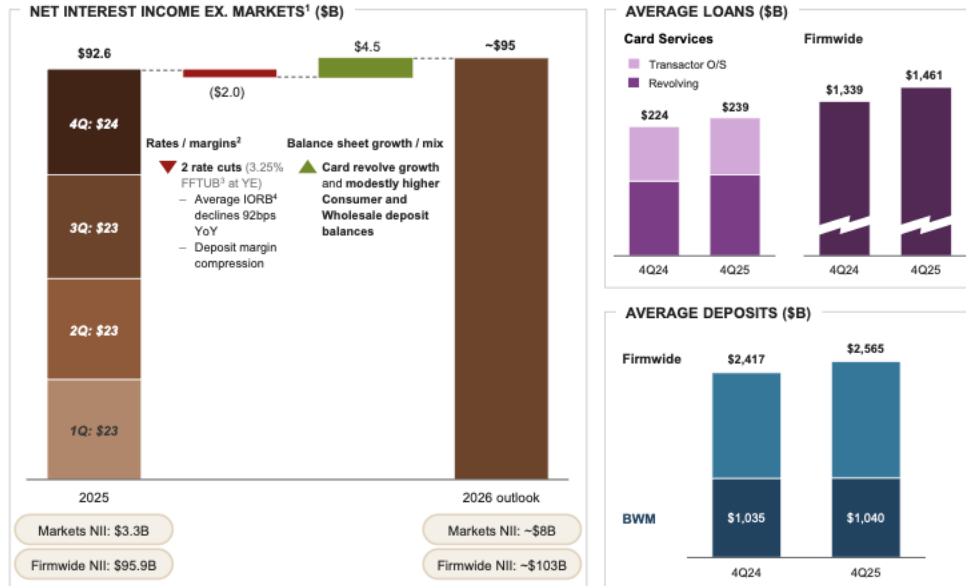
Lead the AI Era in Close Partnership with Customers based on Product Competitiveness

- Aim to address customers' demand by timely shipment of competitive HBM4
- Plan to continue expanding AI-related product sales with high-density DDR5, SOCAMM2, GDDR7, etc.

Proactively Address AI-related NAND Demand

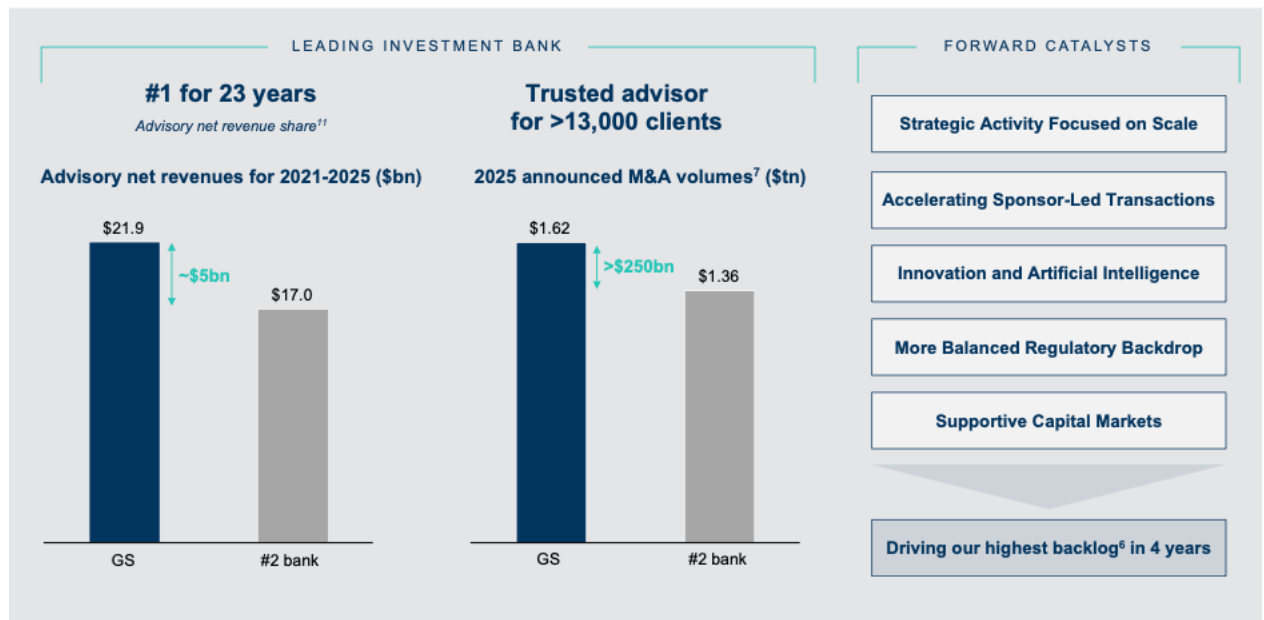
- Focus on scaling up high-performance TLC SSD sales for AI KV(Key-Value) SSD demand

We expect ~\$95B of NII ex. Markets for 2026



¹ See note 2 on slide 13
² Outlook is based on implied rate curve as of January 8, 2026
³ Federal Funds target upper bound ("FFTUB")
⁴ Interest on reserve balances ("IORB")

Multiplier effect from increased M&A drives activity and growth across our businesses



ENDNOTES

ⁱ While the MSCI World Index of advanced economies was up by 7% in 2025 and the S&P 500 by 17.9%, the upward performance of both indices continued during the first few weeks in January 2026 (2.8% and 1.6%, respectively). In turn, the MSCI benchmark index for emerging markets stocks gained 31% in 2025 and was up to an impressive start of 11% in January, which was partly related to the weak US-dollar but also investor enthusiasm for chip leaders in Taiwan and South Korea, see: Joseph Cotterill and Alan Livsey, *'Emerging markets make roaring start to 2026 as dollar slides'*, Financial Times, 30 January 2026. However, given the further decline of the US-dollar against major currencies, the slight gain in the S&P 500 translates into small losses in euro, a 1% decline in sterling and an almost 2% loss in Swiss francs by the end of January 2026, see: Katie Martin, *'The frank warning from Switzerland on the dollar'*, Financial Times, 31 January 2026.

ⁱⁱ Mohamed El-Erian, *'The twin 'factories' spurring global growth are both at risk'*, Financial Times, 23 January 2026. To what extent China managed to get control over processing of critical metals was shown in a fascinating study by: Craig Tindale, The Revenge of Matter: China's Commodity Chokehold Threatens Western Sovereignty, San Francisco, 31 January 2026.

ⁱⁱⁱ When Microsoft released its Q2'FY2026 results on 28 January 2026, showing a 66% surge in year-on-year data centre spending and pushing up capex to \$37.5bn for the three months to December, shares declined by 10% as professional fund managers got increasingly concerned not only about the vast amount of money required to train and run large AI models but also Microsoft's over-reliance on OpenAI, see: Emily Herbert, Rachel Rees and Myles McCormick, *'Microsoft sheds \$360bn in market value as AI spending spooks investors'*, Financial Times, 30 January 2026. Similarly, after SAP reported a decline in Customer Cloud backlog at their Q4'2025 results release, which was largely explained by 'longer negotiations for sovereign customer orders' (Dominik Asam, CFO of SAP, at the Q4'2025 analyst call on 29 January 2026), the share price fell by more than 10%. In turn, as other technology companies like Meta exceeded market expectations, the AI narrative changed from a 'rising tide' concept to a new 'winners and losers' phase, with institutional investors trying to assess which business model will eventually gain the upper hand. For more details on Microsoft's Q2'FY2026 results, see: <https://www.microsoft.com/en-us/Investor/earnings/FY-2026-Q2/press-release-webcast>.

^{iv} Rachel Rees, Tim Bradshaw and Stephen Morris, *'Memory stocks soar as investors hunt for new AI winners'*, Financial Times, 25 January 2026. Shortages of memory chips were extensively discussed at the Samsung Electronics Q4'2025 analyst call on 29 January 2026, with the CFO, Sooncheol Park, not only highlighting the fact that 'industry-wide constraints' have led to a 40% increase in ASP quarter-on-quarter but that Samsung is planning a 'meaningful increase' in 2026 capex for the Memory division to enhance utilisation of space while, at the same time, conceding that there will remain 'limited cleanroom availability', essentially implying supply constraints throughout 2026-27.

^v Craig Tindale, Copper: Limits to Growth in the Age of Demand Simultaneity, San Francisco, 26 January 2026. For massively rising prices for copper, gold and silver during the first few weeks of January, see: Camilla Hodgson and Leslie Hook, *'Copper leads scorching metals rally amid global uncertainty'*, Financial Times, 29 January 2026. Interestingly, after the new Chair of the Federal Reserve, Kevin Warsh, was officially announced on 30 January, prices for gold, silver, platinum and others plummeted, although it is not clear yet to what extent he will adopt a truly independent policy, see: Leslie Hook and Ian Smith, *'Gold and silver prices plunge as rally goes into reserve'*, Financial Times, 31 January 2026.

^{vi} For a very insightful discussion of the ongoing investor debate, see: Liz Ann Sonders, *'Instability, not uncertainty, defines today's investing environment'*, Financial Times, 14 January 2026.

^{vii} For a broader debate on the implications of 'resource imperialism' after the kidnapping of Venezuela's President Nicolas Maduro, see: David Pilling and Leslie Hook, *'The new era of resource imperialism'*, Financial Times, 9 January 2026, as well as Gillian Tett, *'What lies behind Trump's retro oil plundering?'*, Financial Times, 9 January 2026. A more comprehensive analysis of Western democracies' limited access to strategic material resources can be found in: Craig Tindale, The Return of Matter: Western Democracies' Material Impairment, San Francisco, 17 December 2025. For Denmark and other Scandinavian countries selling US-Treasuries after US territorial claims on Greenland, see: Katie Martin, *'Trump's Arctic ambitions torch the most important US asset'*, Financial Times, 20 January 2026. Investor complacency about inflationary pressure, notably through fiscal stimulus, AI investment and monetary policy easing, was addressed in: Grace Peters, *'Inflation risk is still under-appreciated by investors'*, Financial Times, 19 December 2025. Finally, for the weakening US-dollar as a result of political attacks on the Federal Reserve, see: Barry

Eichengreen, *'Lawfare comes for the dollar'*, Financial Times, 13 January 2026.

^{viii} Elon Musk, the founder and CEO of Tesla, started his introductory remarks at the Q4'2025 analyst call with an update on Tesla's mission – implying a pivot to autonomous vehicles only as well as a focus on Optimus robots – promising 'amazing abundance' including a universal high income in the era of AI (Tesla Q4'2025 analyst call on 28 January 2026). At the same time, he conceded the need for Tesla's own chip production given 'geopolitical risk', resulting in 2026 capex plans of more than \$20bn compared with less than \$9bn in 2025 to build new factories for Optimus and robotaxis.

^{ix} An interesting summary of major geopolitical and economic risks – including, among others, the US political revolution, Europe under siege, state capitalism with American characteristics, China's deflation trap and AI eating its users (extractive AI business models threatening political and social stability) - can be found in the latest Eurasia Group's top risks for 2026, see: <https://www.eurasiagroup.net/issues/Top-Risks-2026>. In this context, the CEO of JPMorgan Chase, Jamie Dimon, emphasised that there is an 'enormous amount of risk' in geopolitics and 'simply dealing with politics' (JPMorgan Chase Q4'2025 analyst call on 13 January 2026). In turn, the CEO of Morgan Stanley, Ted Pick, contrasted the 'geopolitical swirl' with 'ebullient markets', highlighting the need to 'keep heads down' as it is 'not the time to overreach' (Morgan Stanley Q4'2025 analyst call on 15 January 2026).

^x In terms of diversification, one interesting observation was made by the CEO of Nokia, Justin Hotard, claiming that their new strategic set-up combines two different business cycles, one with strong AI growth (Network Infrastructure) and one with flat growth (Mobile Infrastructure), while growth is also supported by higher defence spending (Nokia Q4'2025 analyst call on 29 January 2026). In terms of resilience and regionalisation of supply chains, the CEO of Halliburton, Jeff Miller, described 2026 as a 'year of rebalancing' in the global oil & gas market and that there is a need to 'shift from idealism to realism' in the oil services business (Halliburton Q4'2025 analyst call on 21 January 2026).

^{xi} For a more detailed elaboration, see: Liz Ann Sonders, *'Instability, not uncertainty, defines today's investing environment'*, Financial Times, 14 January 2026.

^{xii} Citigroup Q4'2025 analyst call on 14 January 2026.

^{xiii} Goldman Sachs Q4'2025 analyst call on 15 January 2026.

^{xiv} Malcolm Moore and Jamie Smyth, *'Donald Trump's first Venezuela oil sale deal goes to megadonor's company'*, Financial Times, 16 January 2026.

^{xv} Howard Marks, *'Is it a bubble?'*, Financial Times, 10 December 2025. For more historical comparison and first signs of the AI boom bursting, see: John Plender, *'How the bubble bursts'*, Financial Times, 4 January 2026.

^{xvi} Michael Contopoulos, *'The AI debt boom does not augur well for investors'*, Financial Times, 5 January 2026.

^{xvii} Tabby Kinder, *'Tech groups shift \$120bn of AI data centre debt off balance sheets'*, Financial Times, 25 December 2025.

^{xviii} Gerry Fowler, *'AI productivity is about to become visible and investable'*, Financial Times, 26 January 2026. For a fascinating case study of various Chinese companies adopting genAI, both in terms of lessons learned but also the need to fundamentally reimagine their business operation, see: Alex Sawaya et al., Beyond the Hype: Unlocking Value from the AI Revolution, McKinsey & Company, August 2025.

^{xix} At the TSMC Q4'2025 analyst call, senior management highlighted the fact that AI customer demand is currently so strong that they plan to increase 2026 capex to \$52-56bn compared with \$40.5bn in 2025, with 78-80% of investments going into advanced process technologies. As a result of this major investment, the CEO of TSMC, C.C.Wei, expects the company's revenues to increase by 30% in US-\$ terms in 2026, with a 25% CAGR anticipated over the next five years (TSMC Q4'2025 analyst call on 15 January 2026).

^{xx} The CEO of ASML, Christoph Fouquet, insisted that ASML should 'not be the bottleneck for customer expansion plans', recognising 'tight supply' for memory chips in 2026 but also pointing to 'higher complexity requiring more silicon intensity' (ASML Q4'2025 analyst call on 28 January 2026). In turn, the CEO of SAP, Christian Klein, observes a 'mission-critical change for customers', with AI agents being integrated into the business process and Cloud going through a transformation while, at the same time, there is a 'growing need for sovereignty and resilience' forcing customers to 'reimagine their business model' (SAP Q4'2025 analyst call on 29 January 2026).

^{xxi} Shayne Longpre et al., Economies of Open Intelligence: Tracing Power & Participation in the Model Ecosystem, MIT draft paper, 2025. For a discussion of this kind of open-source AI models potentially being 'the pin that pops the bubble', see: Mark Surman, *'Open source could pop the AI bubble – and soon'*, Financial Times, 18 December 2025.

^{xxii} This has been covered in publicly televised White House dinners for CEOs of leading technology companies, top

financiers, oil & gas CEOs after the capture of the President of Venezuela, etc. to trade favours, attract donors and focus on investments as the administration has increasingly come under pressure over its management of the economy. For US banking bosses being summoned to the White House, but also a discussion who was actually not invited or declined to attend, see: Antoine Gara, Akila Quinio and James Politi, *'Wall Street chiefs flock to White House dinner with Donald Trump'*, Financial Times, 14 November 2025. Similarly, for bosses of big technology companies attending a dinner at the White House in September 2025, see: Joe Miller et al., *'Big Tech bosses court favour with Trumps at White House dinner'*, Financial Times, 5 September 2025.

^{xxiii} As cited from investment advisory firm JC Goodgal in: Rana Foroohar, *'America's economy is at the mercy of crony capitalism'*, Financial Times, 8 December 2025.

^{xxiv} Michael Strain, *'Trump's Intel deal is a threat to US economic liberty'*, Financial Times, 26 August 2025.

^{xxv} Demetri Sevastopulo and Michael Acton, *'Nvidia can sell H200 AI chips to China, Donald Trump says'*, Financial Times, 9 December 2025. Under the deal, CEO Jensen Huang agreed to give the government 15% of the revenues. AMD agreed to a similar arrangement.

^{xxvi} James Fontanella-Khan, Myles McCormick and Christian Davies, *'It is state capitalism: how Donald Trump is shaking up corporate America'*, Financial Times, 16 January 2026.

^{xxvii} Goldman Sachs Q4'2025 analyst call on 15 January 2026. As a result, the CFO of JPMorgan Chase, Jeremy Barnum, expects the 'reassertion of consumer credit growth' to start in the second half of 2026 only (JPMorgan Chase Q4'2025 analyst call on 13 January 2026). Perhaps it is no coincidence that the US President announced only a few days later to sue JPMorgan Chase and its CEO, Jamie Dimon, for \$5bn for closing Donald Trump's bank account after he left office in 2021, see: Joshua Franklin, Akila Quinio and Stefania Palma, *'Donald Trump sues JPMorgan and CEO Dimon for \$5bn over debanking'*, Financial Times, 23 January 2026.

^{xxviii} Pilita Clark, *'The dark truth of CEO silence on Trump's climate retreat'*, Financial Times, 18 January 2026. For our comprehensive research on Capital Markets Days (CMDs) of 60 companies in Europe in 2025, see: https://kirkow-consulting.com/application/files/1517/6607/4028/Analysis_CMDs_2025_Kirkow_Consulting_GmbH_und_Co_KG_final.pdf.

^{xxix} Mercedes Ruehl, *'Swiss politicians decry 'gold bar diplomacy' in Trump trade deal'*, Financial Times, 27 November 2025.

^{xxx} For the planned diversion of Russian gas through the proposed Power of Siberia pipeline and Russia's attempt to seek long-term strategic alignment with China, see: Tatiana Mitrova, *'A new Russia-China gas pact could reshape global energy markets'*, Financial Times, 5 September 2025. As the US tightened sanctions against the Russian oil & gas industry in recent months, it is perhaps no coincidence that US-based Chevron and private equity firm Quantum Capital Group were teaming up on a bid to acquire the international assets of sanctioned Russian oil company Lukoil, see: Jamie Smyth and Oliver Barnes, *'Chevron and Quantum Capital Group line up bid for \$22bn of Lukoil assets'*, Financial Times, 7 January 2026. For the lack of enforcement of Western sanctions, partly due to half-hearted measures to protect its own energy markets and partly its own idiosyncratic bureaucracy, particularly after the US government shutdown and mass lay-offs, see: Sergey Vakulenko, *'US sanctions on Russia will not work unless Trump steps up enforcement'*, Financial Times, 11 November 2025.

^{xxxi} For the US administration putting pressure on European partners to eliminate imports of Russian hydrocarbons and buy instead \$250bn per year of US LNG while, at the same time, Europeans not being in a rush to resume their dependency on Russian gas, see: Simon Nixon, *'European investors must brace for a year of geopolitical instability'*, Financial Times, 31 December 2025. For how difficult this can be in terms of uranium, see: Ian Johnston, Camilla Hodgson and Alice Hancock, *'Europe struggles to end reliance on Russian uranium'*, Financial Times, 21 January 2026.

^{xxxii} Waldemar Szelezak, *'Investors need to look beyond the 'bragawatts' in AI infrastructure boom'*, Financial Times, 3 November 2025. For surging electricity prices in the US being of structural nature given that 70% of transmission lines are more than 25 years old, see: Jamie Smyth, *'US electricity price surge puts Trump pledge in jeopardy'*, Financial Times, 27 August 2025.

^{xxxiii} Baker Hughes Q4'2025 analyst call on 26 January 2026.

^{xxxiv} SLB Q4'2025 analyst call on 23 January 2026.

^{xxxv} Michael Haigh, *'The whale oil lesson markets shouldn't ignore'*, Financial Times, 12 December 2025.

^{xxxvi} Ian Harnett, *'America's risky bet on hydrocarbons might hurt it in the AI race'*, Financial Times, 23 December 2025.

^{xxxvii} Interestingly, the US administration tried to divide and rule in South-East Asia by applying 'poison pill' termination clauses to trade pacts with Malaysia and Cambodia, which was essentially seen as a 'loyalty test' for smaller countries that have also close trading relationships with China, see: Peter Foster, Owen Walker and A.Anantha Lakshmi, *'US*

adds 'poison pills' to Asia trade pacts to counter China', Financial Times, 6 November 2025. Indonesia has reportedly been the exception by rejecting coercive clauses from the US administration, see: A.Anantha Lakshmi, Diana Mariska and Peter Foster, 'Indonesia resists US trade deal 'poison pill'', Financial Times, 28 November 2025.

^{xxxviii} Ruchir Sharma, 'How south-east Asia lost its way', Financial Times, 22 September 2025.

^{xxxix} Peter Foster, Amy Borrett and A.Anantha Lakshmi, 'How south-east Asia is riding out Trump's tariff storm', Financial Times, 5 January 2026.

^{xl} Owen Walker, 'US tariffs prompt surge in Chinese exports to south-east Asia', Financial Times, 7 December 2025.

^{xli} A.Anantha Lakshmi, 'Cambodia looks to reduce reliance on China amid US trade war', Financial Times, 14 January 2026.

^{xlii} Richard Waters and Michael Peel, 'IBM claims quantum computing research milestone', Financial Times, 5 December 2023.

^{xliii} In the meantime, HSBC claimed that IBM quantum computer tools have made its corporate bond trading more efficient, see: Arjun Neil Alim, 'HSBC claims quantum trading breakthrough', Financial Times, 25 September 2025.

^{xliv} John Thornhill, 'Time to get serious about the dangers of quantum computing', Financial Times, 27 October 2023.

^{xlv} Richard Waters, 'Google and IBM believe first workable quantum computer is in sight', Financial Times, 25 September 2025. About claims by IonQ that their trapped ion-technology – charged atoms held in electromagnetic 'traps' and manipulated with lasers – is better and more cost effective than those of IBM, Google and others, see: Anjali Raval, 'We are physicists who are also capitalists', says quantum CEO', Financial Times, 24 November 2025.

^{xlvi} Richard Waters, 'Quantum computing is overshadowed by rapid advances in AI', Financial Times, 25 September 2025. Interestingly, the Critical Technology Tracker of the Australian Strategic Policy Institute added ten new technologies in 2025, in which China had in eight of the ten a clear lead in its global share of high-impact research output, including cloud and edge computing, computer vision, generative AI and grid integration technologies, see: <https://www.aspistrategist.org.au/aspis-critical-technology-tracker-2025-updates-and-10-new-technologies/>

^{xlvii} One of the leading scientific researchers in the field, the 2025 Nobel Prize winner in physics, Prof John Martinis, at the University of California, Santa Barbara, estimated that more than 1 million physical qubits (quantum bits) are required to get a general-purpose quantum computer but, in comparison, Google's quantum chips went only from 53 to 105 qubits between 2019 and 2025, see: John Martinis, 'Quantum computing needs its own industrial revolution', Financial Times, 20 November 2025.

^{xlviii} Remarkably, in its attempt to boost domestic investment, the Danish government recently encouraged its largest pension funds to invest in 55 North, a fund focused on investments linked to quantum computing in Denmark and Europe and backed by the state investment vehicle, with the aim of doubling the size of the fund, although it was seen as somewhat odd given that only one portfolio had been singled out for government fund raising, see: Mary McDougall, 'Danish pension funds under pressure to invest in domestic markets', Financial Times, 1 February 2026.

^{xlix} John Thornhill, 'The mind-bending complexities of quantum investing', Financial Times, 11 December 2025.

ⁱ While new areas for growth were seen, among others, in Longevity, Life & Health, particularly in Asia, and Specialty (Cyber, Marine, biometrics), various insurance companies pointed to the need for 'disciplined underwriting' (Andreas Berger, CEO of Swiss Re, at the Q3'2025 analyst call on 14 November 2025), taking a strategic focus on 'smart growth', profitability and resilience (Claire-Marie Coste-Lepoutre, CFO of Allianz SE, at the Q3'2025 analyst call on 14 November 2025). In this context, senior management frequently referred to their effort of 'proactively managing the cycle' and aiming to improve underwriting performance and CoR (Claudia Cordioli, CFO of Zurich, at the Zurich Insurance Investor Update on 18 November 2025). Similarly, Munich Re announced their intention to 'expand less cyclical and volatile business segments, ranging from reinsurance to composite insurance' (Christoph Jurecka, previously CFO and now CEO of Munich Re, at the Munich Re 2025 Investor Day on 11 December 2025). In turn, they expect to increase earnings stability through Global Specialty, especially in the US market, and alternative investments along structural trends (infrastructure, defence, digital).

ⁱⁱ Dutch-listed Aegon announced at its Capital Markets Day on 10 December 2025 that it will not only move its headquarter to the US but also its primary listing to New York, keeping a dual listing at Euronext for some time (Duncan Russell, CFO of Aegon). The strategic rationale of this move was described in terms of Aegon's ambition to become a 'leading force in US life insurance and a retirement group', with its key focus on America being driven by the evolving business portfolio, the organisational set-up and the investment portfolio (Lard Friese, CEO of Aegon). The targeted increase in capital employed in strategic areas with high return was explained on the basis that strategic

assets (distribution, protection solutions, savings & investments) are growing at an annual rate of 10%, while financial assets were only growing at 5% and shrinking over time. Given that the United States is the largest insurance market in the world, Aegon will also focus on the Middle Market and Mass Affluent (Will Fuller, CEO of Aegon Americas).

^{lii} The CEO of UNIQA Group outlined the need to develop a different type of digital expertise and skill set: 'We have to attract young people who are superfit at AI' (UNIQA 2025 Capital Markets Day in London, 26 November 2025).

^{liii} Zurich Insurance Investor Update, 18 November 2025.

^{liv} The CEO of Swiss Re, Andreas Berger, emphasised that cybersecurity is a 'dangerous area' for insurance companies and that 'one party alone is not enough' (Swiss Re 2025 Management Dialogue, 5 December 2025). He also pointed to their data partnership with Palantir (Stargate analytical model) and, in terms of AI, highlighted the need for a 'robust governance model' as it is 'humans (who) always take decisions not AI agents'.

^{lv} When asked by analysts what benefit the Solvency II reform from 1 January 2026 would bring to Allianz, its CFO, Claire-Marie Coste-Lepoutre, estimated this to be in the range of 10-12% (Allianz Q3'2025 analyst call on 14 November 2025). While being predominantly committed to bolt-on acquisitions, they should provide scale for Allianz, with M&A targets ranking among the top-3 to deploy infrastructure investments.

^{lvi} For pressure to manage US-asset dominance and mixed performance through international diversification in 2025, see: Christian Mueller-Glissmann, 'How to manage US asset dominance in portfolios', [Financial Times](#), 29 August 2025. In turn, for renewed efforts to move forward with the EU Capital Market Union, see: Ignazio Angeloni, 'The EU's capital market strategy must support innovation', [Financial Times](#), 27 January 2026.

^{lvii} Mary McDougall, 'Netherlands approaches major overhaul of €1.8tn pension system', [Financial Times](#), 31 December 2025.

^{lviii} Mary McDougall, 'Dutch pension funds set to sell €125bn of government bonds', [Financial Times](#), 10 July 2025.

^{lix} Attracta Mooney and Mary McDougall, 'Top pension fund pulls €14bn from BlackRock in sustainability pivot', [Financial Times](#), 3 September 2025.

^{lx} Steve Johnson, 'EU green rules fail to boost funds' ESG credentials, research finds', [Financial Times](#), 23 January 2026.

^{lxi} Mary McDougall, 'Danish pension funds under pressure to invest in domestic markets', [Financial Times](#), 1 February 2026.