



(UBS)

Updating our 10 views on AI and their investment implications

29 August 2024, 6:31 pm CEST, written by UBS Editorial Team

Artificial intelligence (AI) may become one of the most profound innovations and largest investment opportunities in human history. Here we list 10 updated predictions about AI as we witness the start of a major investment boom and technological advance that may fundamentally affect all economic sectors.

1. AI will be the **most profound innovation** and one of the **largest investment opportunities** in human history
2. The **ratio of monetization potential** of the AI application layer to the costs of the enabling and intelligence layers will become a key metric for investment returns
3. AI will kick off a **data center capex cycle** that will dwarf general purpose data center capex in the next years
4. The AI silicon moment: **AI chips** will capture a **large part of the AI value creation**
5. The **AI enablers** will be the **first adopters of AI**, driving both revenue and margin upside
6. **Monolithic players** will emerge along the AI value chain and over time, the AI market will be dominated by an **oligopoly of vertically integrated "AI foundries"**
7. **Software** will become **ubiquitous**
8. **Data assets** will emerge as the **competitive differentiators** for AI adopters
9. Despite the increasing number of new open-source models, **proprietary models** will remain the **top performers**

10. The **application** and **intelligence** layers will merge with **artificial general intelligence** (AGI)

Investment implications

The artificial intelligence market potential is vast, and we estimate that AI value creation could amount to USD 1.16 trillion by 2027. We believe now is the time for investors to size, and seize, the investment opportunity.

- Be sufficiently invested
- Tilt toward the enabling layer
- Don't cut the winners too soon
- It's not only about the US
- The AI market potential is vast

For charts and detailed analysis of the opportunities in the AI space, see our [latest updated presentation](#).

For a deeper dive on AI, explore the UBS Chief Investment Office whitepaper - [Artificial intelligence: Sizing and seizing the investment opportunity](#).

Important information

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please visit our website at www.ubs.com/workingwithus.

© UBS 2024. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.