The recent volatility in tech could offer a good entry point for investors, especially those not yet invested in the AI revolution. (UBS)

# It's not too late to invest in the AI revolution

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**The Chief Investment Office expects global tech sector earnings to grow by 20% year over year in 2024, more than any other sector. They also forecast a 72% annual growth rate in AI demand over the next five years (a fifteen-fold cumulative increase).**

1Q24 earnings season has shown solid results despite recent market volatility. Ninety percent of S&P 500 companies have reported, with 60% surpassing sales forecasts and 76% beating earnings expectations. For the quarter, S&P 500 profits are expected to have grown by 8-9% on 4.5% revenue growth, which is in line with CIO’s expectations.

The recent earnings season particularly highlighted the strength and growth potential of the technology sector. Performance varies by sector, but lots of the commentary from companies suggests that there will be strong investment in technology, particularly in artificial intelligence infrastructure, going forward.

The recent volatility in tech could offer a good entry point for investors, especially those not yet invested in the AI revolution.

CIO recommends diversified exposure to tech across regions and sectors, and using structured strategies as a means of insulating portfolios from any near-term correction. Within “tech disruption,” CIO likes AI infrastructure companies that have strong pricing power and competitive positioning, as well as platform and application beneficiaries.

The year-to-date rally in technology stocks has left some investors weighing between profiting from the gains and keeping exposure for further potential upside. The pullback in tech stocks in April, amid worries over the demand outlook for semiconductors, underlined that investors need to brace for volatility. Meanwhile, those who have missed the rally may feel both a tinge of regret and trepidation about adding exposure after such a strong run.

For these investors, certain structured strategies can provide a potential solution: The current high rate and low volatility environment is favorable for the pricing of strategies that are structured to give exposure to further upside in tech stocks while reducing sensitivity to a correction.

The growth potential in AI demand and earnings within the tech sector underscores that now is a great time to capitalize on opportunities and mitigate some risk.

For more information please see: Messages in Focus—Take advantage of tech volatility

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