

For Financial Advisers Only

The future of investing...

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novia
global

Intermediary Slides Request

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KEY TOPICS

- **Beyond traditional asset allocation** – Why megatrends, not conventional diversification, will shape investment success.
- **The need for exposure to innovation** – Why AI and tech disruptors must be part of a future-focused portfolio.
- **The rise of AI Powered Investing** – How AI is revolutionising stock selection and portfolio management.



TRADITIONAL 60/40 PORTFOLIOS – does it work any longer?

Global equities vs global bonds, annual returns since 1977



Source: Blackrock



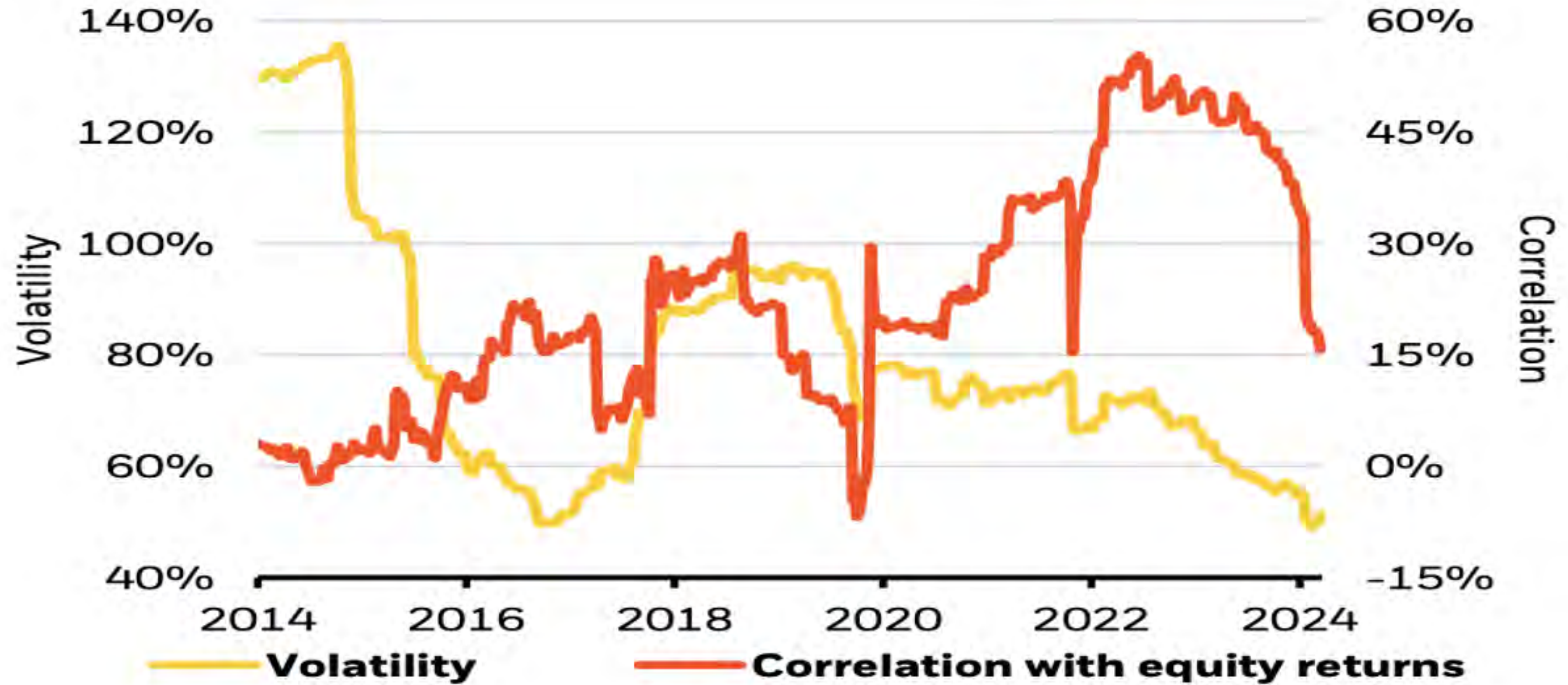
TRADITIONAL ACTIVE FUND OUTFLOWS SINCE 2007

- **2007:** Active management dominated with an 80/20 split in favor of Active over Passive in U.S. Equity AUM.
- **End of 2022:** Over 60% of U.S. Equity AUM now in Passive strategies.
- **Over a 20-year period:** Around 7% of Active Managers Outperformed the S&P 500.
- **Benchmark Huggers:** Many so-called "active" managers mirror the market with less than 50% truly active positions, offering little more than expensive index funds with tracking errors as low as 1-2%.



NEW DIVERSIFIERS NEEDED

BTC Volatility and correlation with global equities 2014-24





WHY MEGATRENDS MATTER

The New Core of Portfolio Construction

THE WORLD IS SHIFTING AWAY FROM STABLE TRENDS:

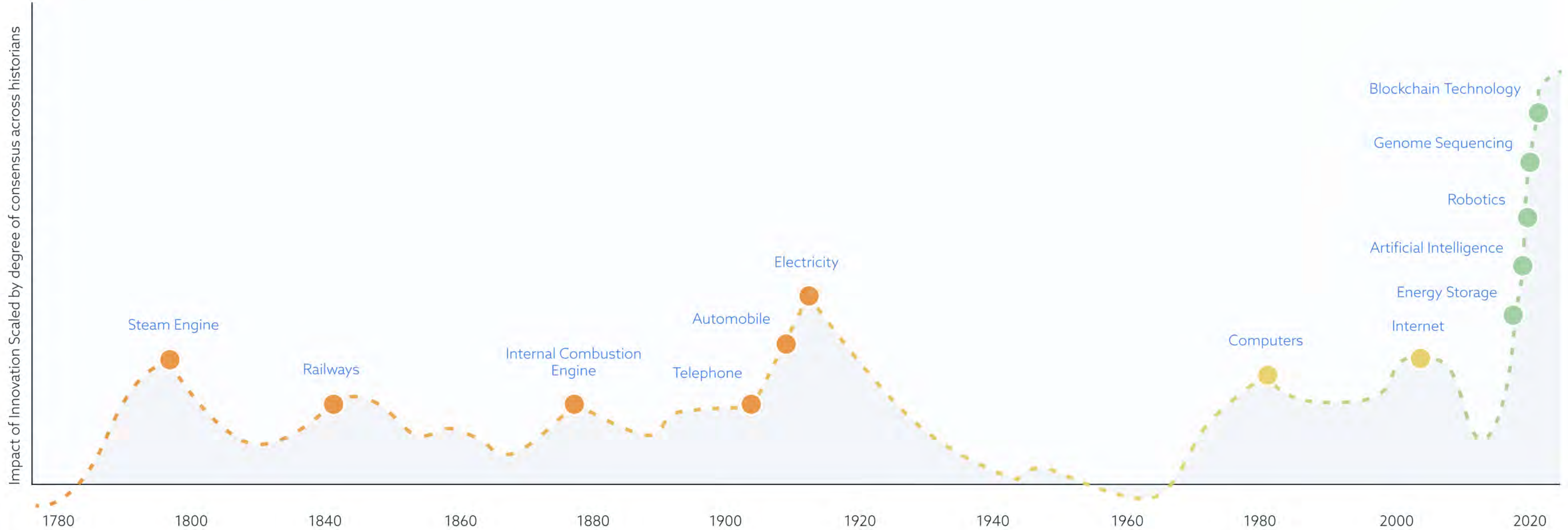
- **Megaforces like AI, energy transition, and geopolitics are redefining growth.**
- **Traditional diversification = asset classes, relationships breaking down**
- **Today, thematic diversification = critical.**

THE RESONANCE OF MEGATRENDS:

- **People connect with stories – megatrends are powerful, real-world narratives.**
- **Like past revolutions in transport & healthcare, megatrends shape the future.**



INVEST IN THE FUTURE TODAY: THE GLOBAL ECONOMY IS UNDERGOING THE LARGEST TECHNOLOGICAL TRANSFORMATION IN HISTORY



Source: ARK Investment Management LLC, 2019. Relative impact of an innovation scaled by the degree of consensus between economic historians.



EXPONENTIAL GROWTH: INDUSTRY BREAKDOWN

Artificial Intelligence (AI) Market Size, 2022 to 2032 (USD Billion)



Source: www.precedenceresearch.com

Robotics Technology Market Size, 2021 to 2030 (USD Billion)



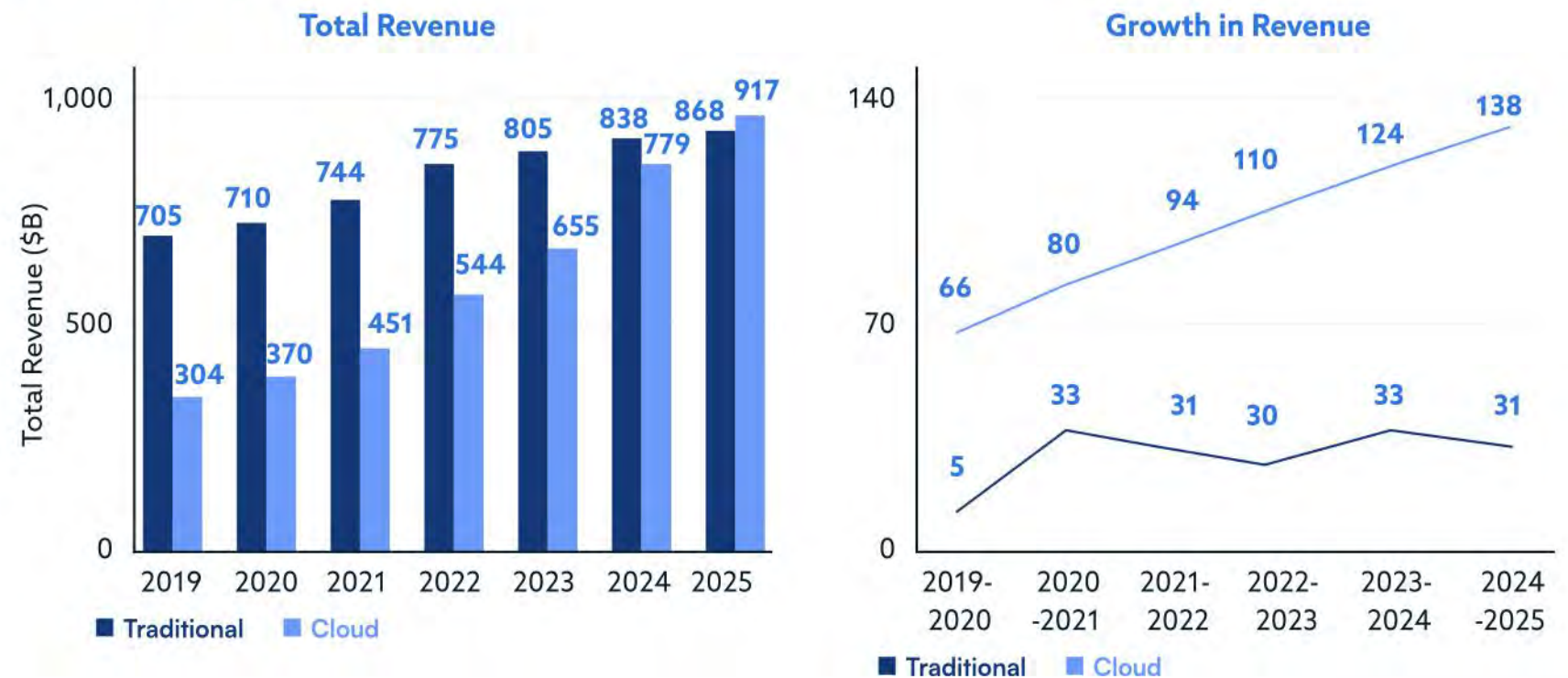
Source: www.precedenceresearch.com

Global Cybersecurity Spending: \$1.75 Trillion cumulatively 2021 to 2025



Spending by year \$ in billions of dollars

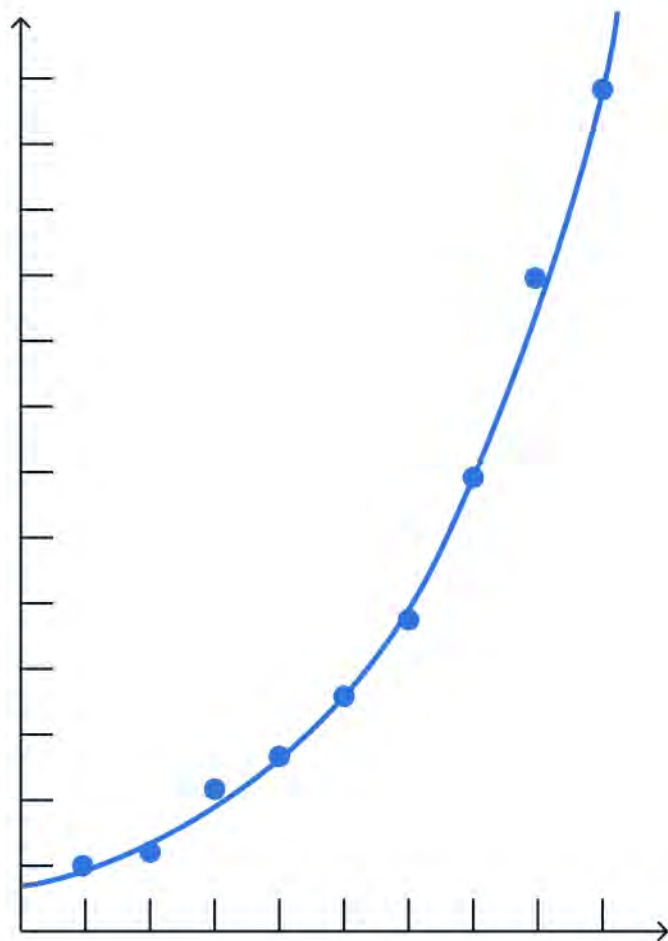
Cloud Computing



EXPONENTIAL TRENDS: INNOVATION IS NOT DEPENDENT ON THE DIRECTION OF MACRO ECONOMIC DEVELOPMENTS

Exponential Growth

A pattern of data that shows greater increases with passing time, creating the curve of an exponential function.



Moore's Law

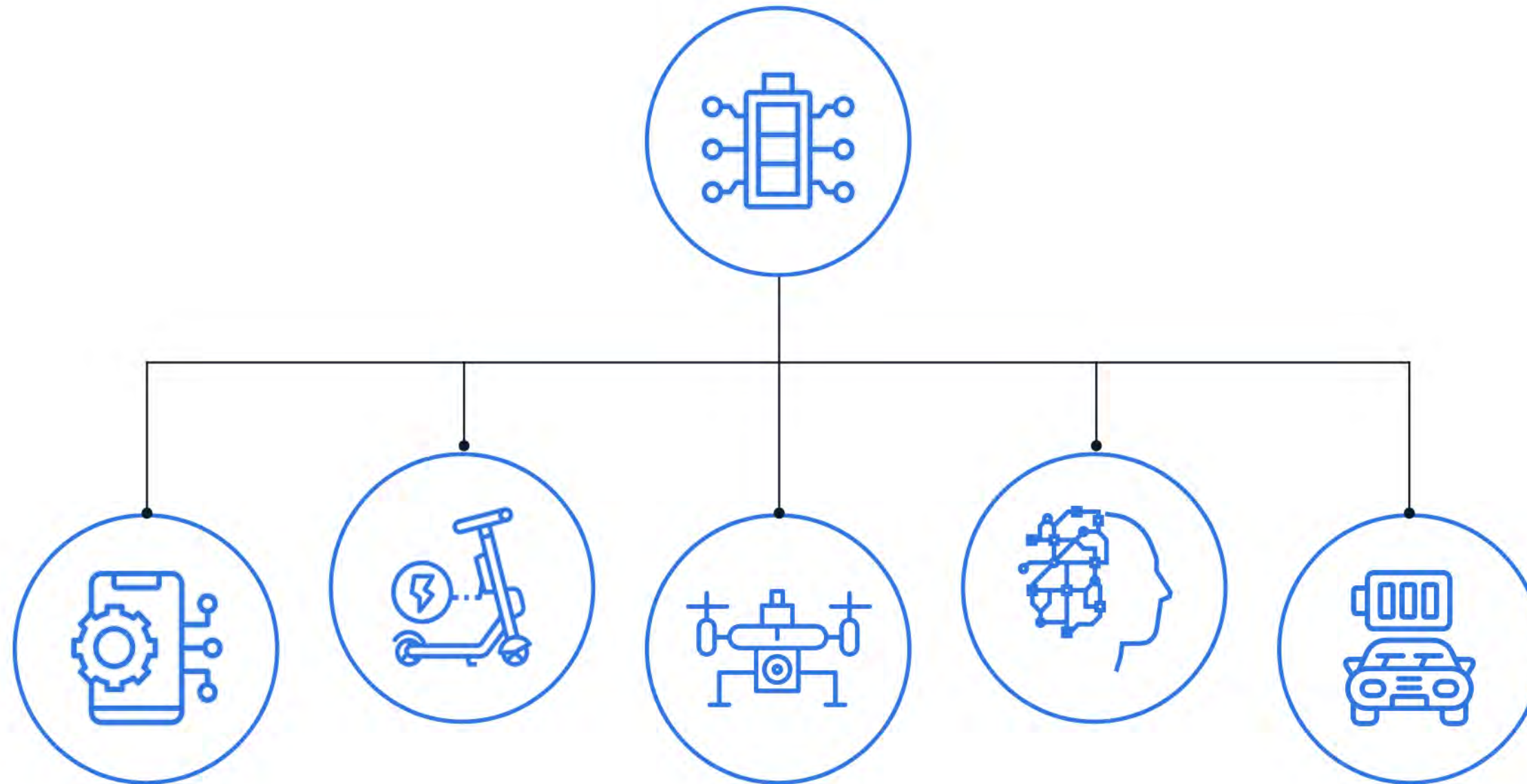
An observation that the number of transistors on a microchip roughly doubles every two years, whereas its cost is halved over that same time frame.

Wright's Law

Aims to forecast cost declines as a function of cumulative production. Specifically, it states that for every cumulative doubling of units produced, costs will fall by a constant percentage.

Key Cost & Performance Breakthroughs = Major Demand Growth

INNOVATION BREEDING INNOVATION: THE EXPONENTIAL PLATFORM EFFECT





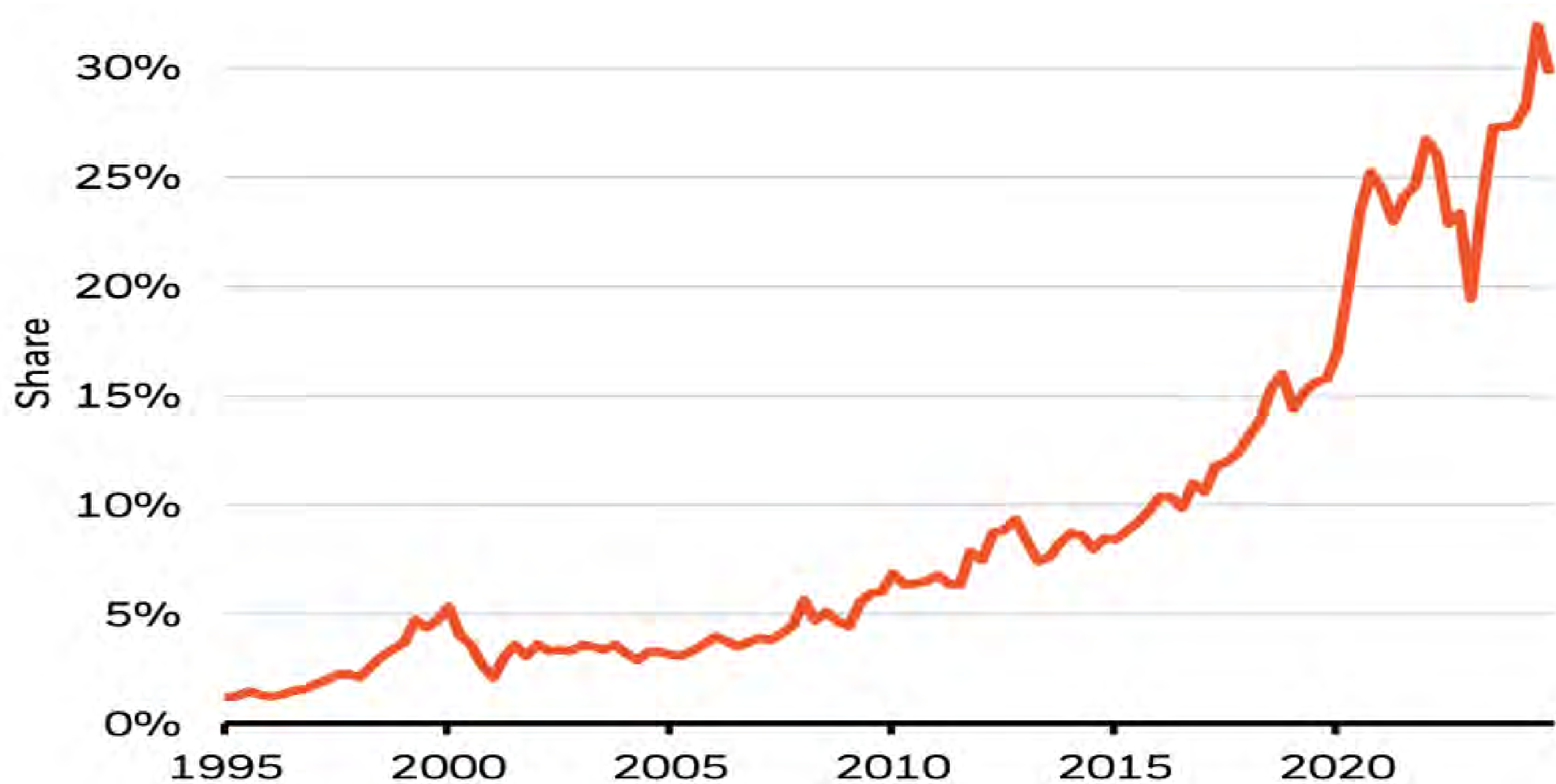
FOSTERING FUTURE INNOVATIONS: THE PLATFORM EFFECT

Exponential growth opportunities for investors as the world's industries dramatically change over the next 10 years





"MAG 7" MARKET CAP SHARE OF S&P500, 1995-2024



Source: Blackrock



EQUITIES AND TECH: RISK OF RELIANCE

MSCI World performance, excluding the top 10 and NVIDIA

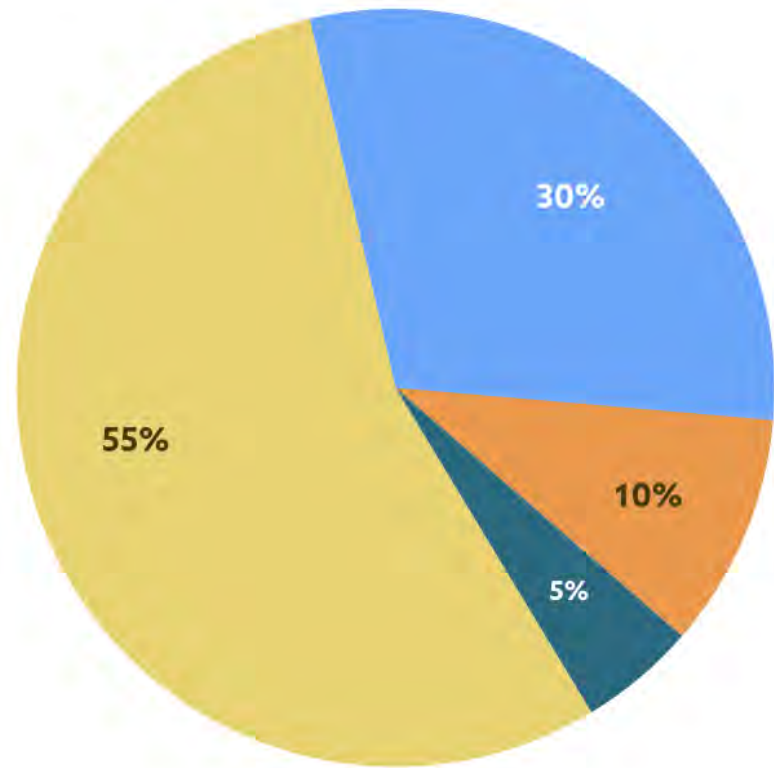


Source: SG Cross Asset Research/Quant, FactSet, MSCI

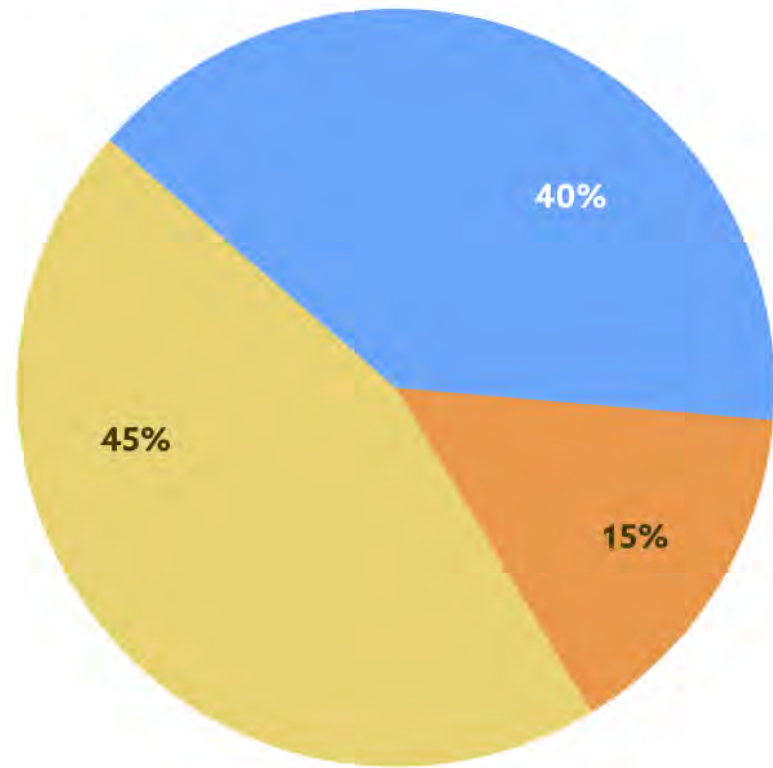


TRADITIONAL ACTIVE MANAGEMENT: BIAS TO MEGACAP

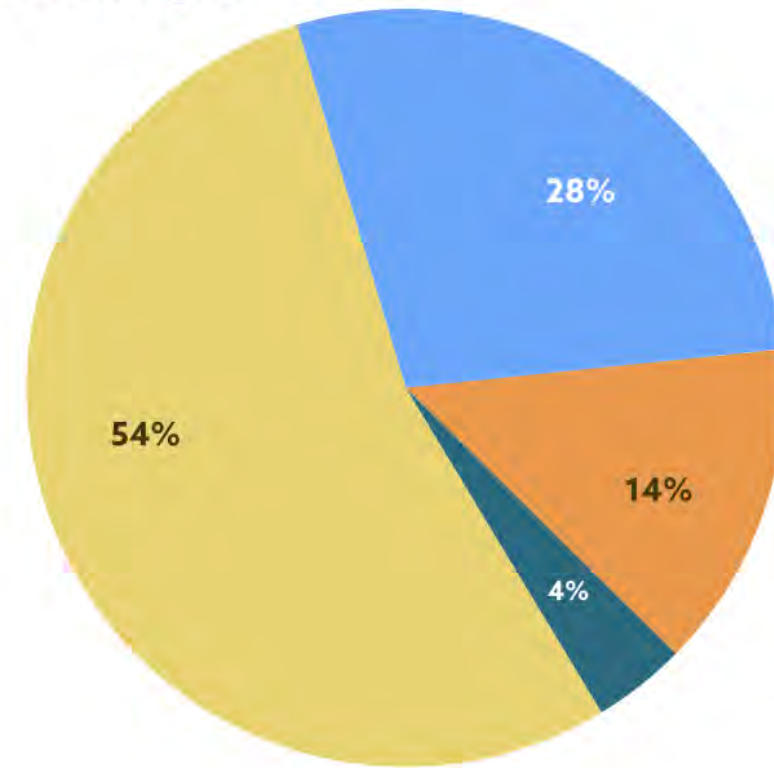
Nasdaq Composite



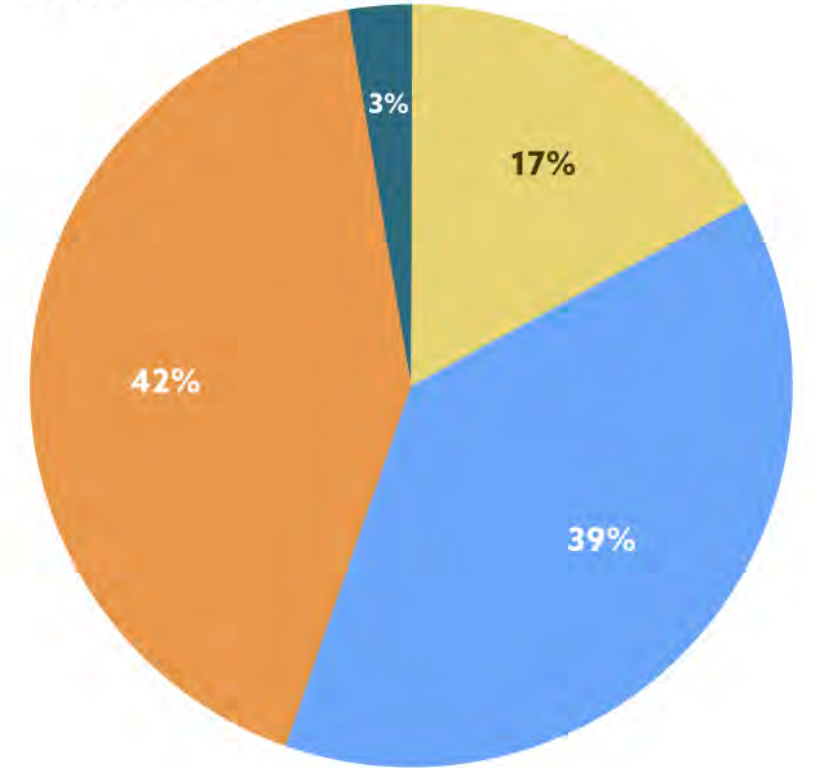
S&P 500



Traditional Active Tech Manager



New Horizon Global Innovation



Megacap

Large Cap

Mid Cap

Small Cap



SAME STOCK CONCENTRATION FOR INDICES, BENCHMARKS AND TRADITIONAL FUNDS

NASDAQ (TOP 10/3000 CONSTITUENTS)	
Microsoft	12.14%
Apple	11.98%
Nvidia	10.69%
Alphabet Inc. Class A	5.72%
Alphabet Inc. Class C	5.38%
Amazon	4.53%
Meta Platforms	3.07%
Broadcom	1.89%
Tesla	1.87%
ASML Holding	1.00%

MSCI ACWI INNOVATION INDEX (TOP 10/688)	
Nvidia	5.95
Roche Holdings Genuss	5.82
Apple	5.60
Vertex Pharmaceuticals	5.44
Mastercard A	4.90
Microsoft Corp	4.73
Visa A	4.67
Tesla	2.88
Alphabet A	2.50
Moderna	2.34

"TRADITIONAL" TECH ACTIVE MANAGER (TOP 10/97)	
Nvidia	10.41%
Microsoft	8.82%
Alphabet A & C	7.31%
Meta Platforms	4.96%
Apple	4.31%
Advanced Micro Devices	3.54%
Broadcom	2.53%
ASML Holdings	2.27%
Micron Tech	2.25%
Amazon.com	1.92%



AI POWERED INVESTING: CONSISTENCY, OBJECTIVITY, SCALABILITY



- Mega, Large, Mid and Small Cap Listed Securities covering 47 markets, 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries.
- Investment made from an investable universe of listed global technology and innovation stocks focused on Artificial Intelligence, Robotics & Autonomous Technology, Energy Storage and Fintech Innovation.
- Multiple industry sectors, minimum market cap of \$500m.
- 30+ analysts covering each company.
- 4 'smart' factor-based sub-portfolios.
- 36 stocks equally weighted.



SYSTEMATIC CAUSAL AI BASED STOCK SELECTION



For selection, the expected return will be:

High

Not excessively volatile

Exhibiting positive momentum



AI-POWERED INVESTING: FACTOR RISK MINIMISED

DEEP VALUE



VALUE



GROWTH



QUALITY



AI POWERED INVESTING: DYNAMIC ACTIVE MANAGEMENT



- **Dynamic Active Management:** Regular portfolio rebalancing every 1-2 months with an anticipated 66% turnover rate.
- Additional **momentum and volatility filters** for each stock's expected return are applied to reduce risk.
- Selection accounts for stock level sensitivity to changing **micro and macro conditions** and the potential impact on both stock and portfolio returns.
- **Most Traditional Active Managers** - Low Turnover, Buy & Hold - go passive!



AI-POWERED INVESTING: THIS MONTH'S REBALANCE

69%

of portfolio rebalanced

83%

of portfolio ex-Mega Cap

amazon **Google**

We currently hold 2 out of the
Magnificent 7 Stocks

THANK YOU

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