

# AI and the New Capital Cycle

AI investment is expanding beyond software into chips, data centres, power, networking and industrial infrastructure.

## Executive perspective

AI should be analysed as a capital-cycle theme, not simply a technology-sector trade.

## What we are watching

Research questions: who captures the economics of rising capex, which inputs are scarce, and how quickly investment converts into cash flow.

## Portfolio lens

Portfolio implication: combine growth exposure with valuation, concentration and capital-intensity discipline.

## Research references

- BlackRock — 2026 Midyear Investment Outlook

<https://www.blackrock.com/americas-offshore/en/insights/blackrock-investment-institute/outlook>

- J.P. Morgan — 2026 Mid-year Market Outlook

<https://www.jpmorgan.com/insights/global-research/outlook/mid-year-outlook>

- Goldman Sachs — 2026 Outlooks

<https://www.goldmansachs.com/insights/outlooks/2026-outlooks>

Editorial note: This is original SOVEREIGN AXIS CAPITAL editorial material prepared for the firm's research library. It is not a reproduction of any referenced third-party report. Third-party sources are listed for research context and should be linked to or separately licensed where publication rights require it.