NORDIC INVESTMENT PARTNERS

Roadmap update 2Q 2025

Big technological changes coming up. It’s both a challenge and opportunity for businesses

July 2025

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2Q 2025 roadmap update

Roadmaps serve as a compass, not as a GPS. Link to Roadmap 2025 here

First half 2025 was a re-ordering of global dynamics

New world order. The first half of 2025 defied conventional market behaviour—more rollercoaster than routine. Guided by the U.S. President and sparked by a recalibration of America's global role, the landscape shifted. And as the saying goes, "When the cat's away, the mice will play"—expect more localized conflicts, such as Iran–Israel and India–Pakistan, as power-driven leaders explore new frontiers. This emerging world order demands vigilance: investors can no longer rely on historical guardrails or familiar operating environments.

Corporate strategy in the fast lane. Towards 2030 companies must rethink how they navigate this volatile terrain. In addition, corporate management teams must understand how rapid AI and digitalization, will transform market structures and business model. That requires new traits of agility in market understanding and decision making. Firms like Palantir, Helsing, Google, Uber, Tesla, Baidu, and BYD are aggressively pursuing dominance in emerging revenue streams—fuelled by cutting-edge data analytics and accelerated decision-making platforms.

In contrast, legacy brands such as Carlsberg, H&M, Hertz, Nestlé, Deutsche Bank, and Ford face a pivotal challenge: they're increasingly missing customers at the moment of decision if they do not pay attention.

Their path forward remains certain and uncertain, and the next 20 quarterly earnings will be telling us a lot about how traditional business models adapt—or struggle—in this new corporate AI/digital ecosystem.

Monetary shift ahead. Looking ahead into 2026, the U.S. Federal Reserve's is likely to lower interest rates as US economic pace cools off. Lower USD increase inflation, which could delay the rate cuts, but nevertheless lower rates favour growth stocks and stimulate equity markets.

For Asia and Europe—both undergoing export recalibrations toward the U.S.—the impact remains unclear. There's a flicker of optimism: German business sentiment has surged in 2025, reaching its highest point in nearly four years. If Europe can build a self-reliant economic engine, there's potential for unexpected upside. Still, policy and bureaucracy hurdles persist. Europe's tendency to regulate before innovating—evident in the ''EU AI Act''—could dampen competitive momentum. Unless the continent swiftly sheds its red-tape mindset, it risks ceding ground to faster-moving players in Asia and America.

Stock market update 1

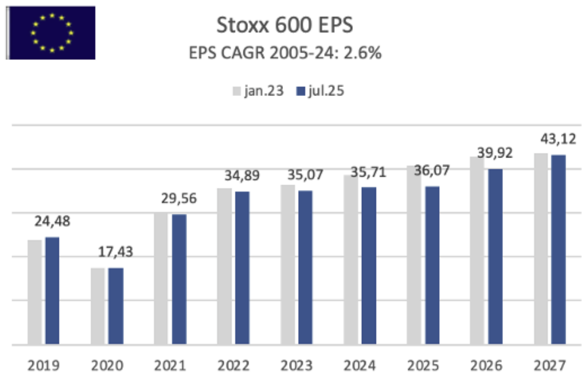
Earnings estimates for S&P500 and Stoxx 600 have been shaved a modest 4-5% during 2025 despite all the political turmoil and stock market roller-coaster moves.

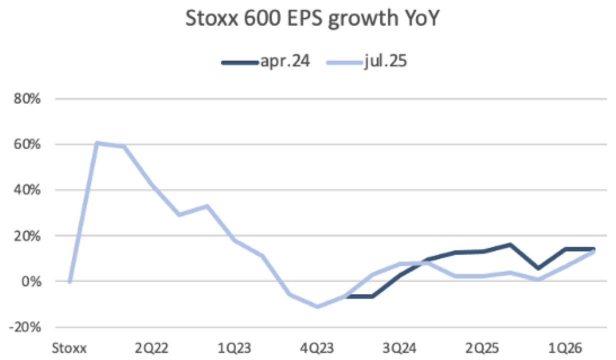
The 2Q 2025 performance updates will start to tick in from mid-July.

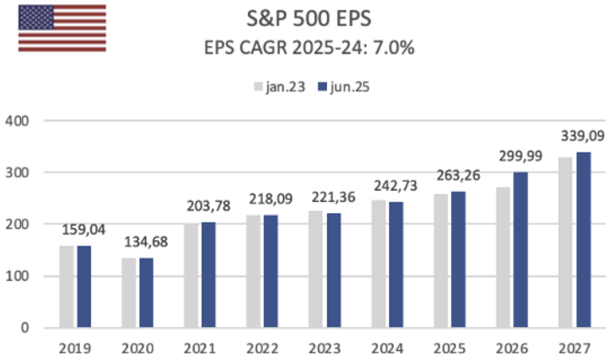
European 2025 estimates have been reduced 5% since the start of the year. 2Q 2025 earnings are expected to be up 2.4%. Europe trades at 14.3x forward earnings

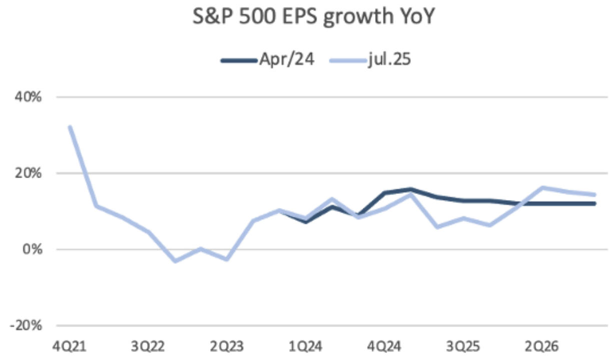
USA estimates have been shaved 4% since beginning of the year. 2Q 2025 earnings are expected to be up 5.9%. USA trades at 22.8x forward earnings.

To maintain 23x forward earnings investors normally want 10% earnings growth, so the performance of the biggest index components in US need to be monitored closely for growth in 2Q25 (and 3Q25 too)









Stock market update 2

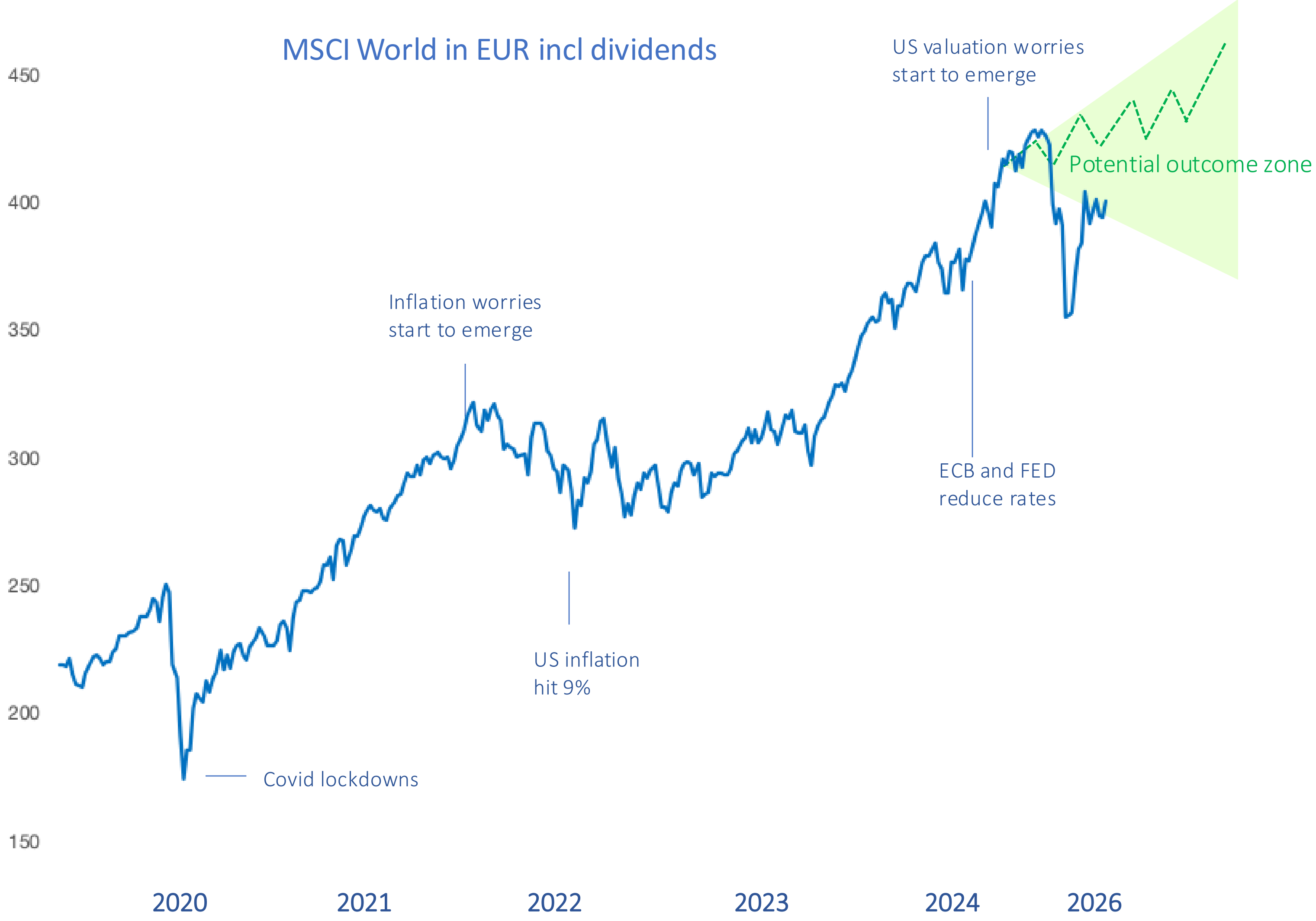
The projection in Roadmap 2025 is for a 10% total shareholder return in 2025. Factors such as Trump's rhetoric and quarterly updates will likely contribute to the usual market volatility. If we avoid a recession, the path toward 2025 should remain clear.

The rebound in Trump's 'Liberation Day' is amazing. Yet, measured in € we're still some way from the January 2025 peak.

Measured by CNN's Fear & Greed Index its time to be slightly cautious

3 July 2025

3 April 2025



Updates on selected investment themes

Things I monitor for triggers of change

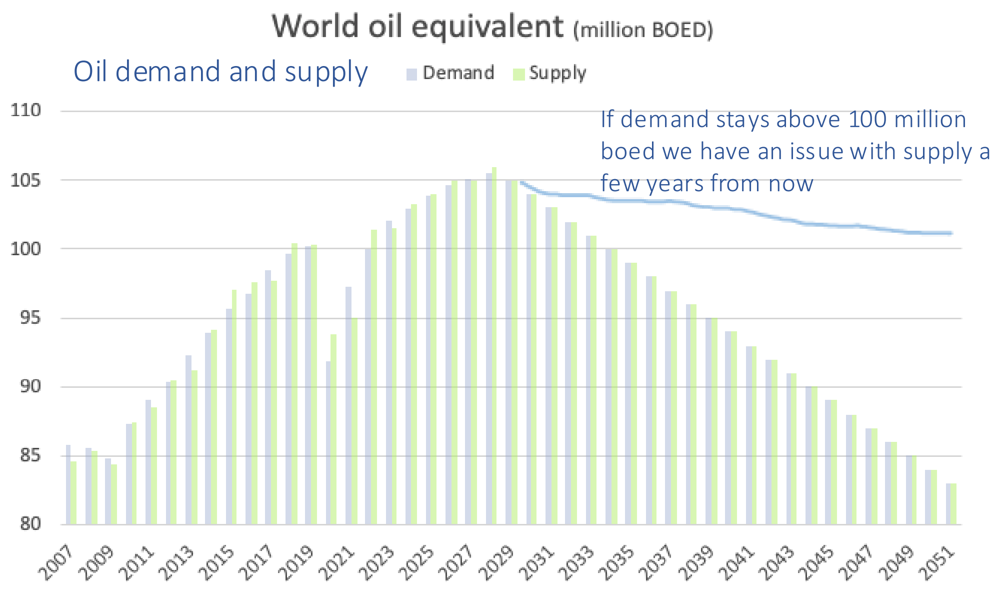
Peak oil demand in 2030?

Oil prices and energy transition

Recent conflicts near the Persian Gulf would typically trigger a surge in oil prices—yet this time, the market response has been muted. Could it be a sign that oil, long considered the backbone of global energy, is losing its dominance?
With the accelerating electrification of everything from transportation to data centers and heating systems, driven by renewable energy sources, some observers argue that oil is becoming ''yesterdays energy source''. But what if demand for oil/gas remains robust and doesn't decline as expected?

A shifting landscape, or a false calm?

In a data-driven, AI-powered world, many industries are being transformed. Yet the critical question remains: Will traditional oil/gas lose its relevance as an energy source, or is its expected decline overstated? If demand stays strong, the oil industry will face mounting pressure to discover new reserves as existing ones gradually run dry.

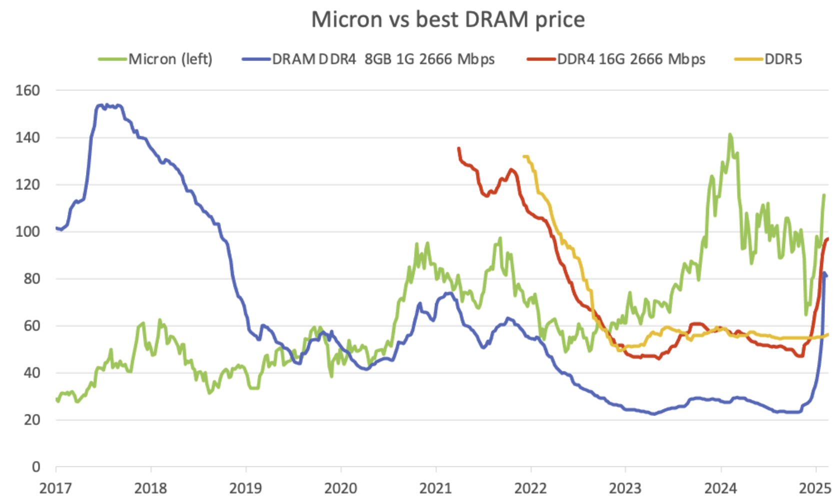


Source: EIA, DNV, Exxon, a.o . Own design

Semiconductors and AI: the new pulse of global activity

If oil was the heartbeat of industrial power in the 20th century, semiconductors—driven by AI—are fast becoming the economic accelerant of the 21st century. Recent trends in semiconductor unit growth and rising average prices suggest exceptionally strong and resilient demand. During the COVID-19 lockdowns, supply chains strained as demand surged. But the real inflection point came in late 2022, when OpenAI unleashed a new wave of AI adoption. Nvidia, unsurprisingly, emerged as the key beneficiary.

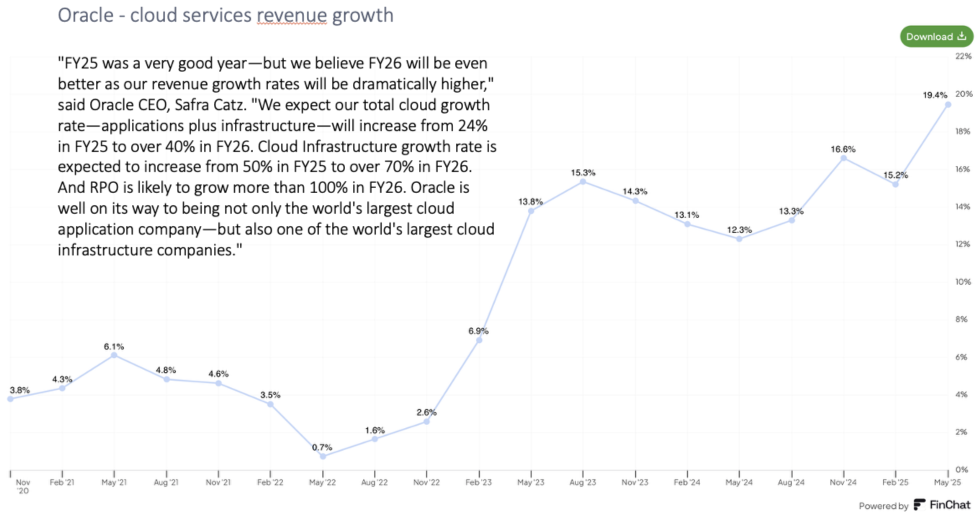
Memory: the AI goldmine. The most liquid and visible segment of the semiconductor market—valued at $185 billion—is memory chips, making up 26% of the total market. AI data centers consume massive amounts of memory, and demand is only accelerating. With emerging platforms like Google's Veo3 enabling AI-generated videos, we're just scratching the surface of what's possible.



Future films may be generated by algorithms at a fraction of current production budgets. If you were Disney or Sony Pictures, what would your next move be? Check Googles Veo3 in this link YouTube

AI Infrastructure: the corporate arms race. Oracle, the US-based enterprise software powerhouse, has strategically positioned itself in the AI datacenter space. With established ties to major corporations, Oracle could unlock vast value by helping clients fast track transition into the AI-first era. The race is on—for corporations, governments, and innovators alike—to secure access to high-performance computing before the AI wave leaves them behind.

I believe AI will accelerate productivity and profitability beyond imagination.



Is traditional investment approach getting obsolete due to AI?

As oil loses its dominance and semiconductors and AI gain strategic influence, the traditional investment landscape is undergoing a significant transformation.

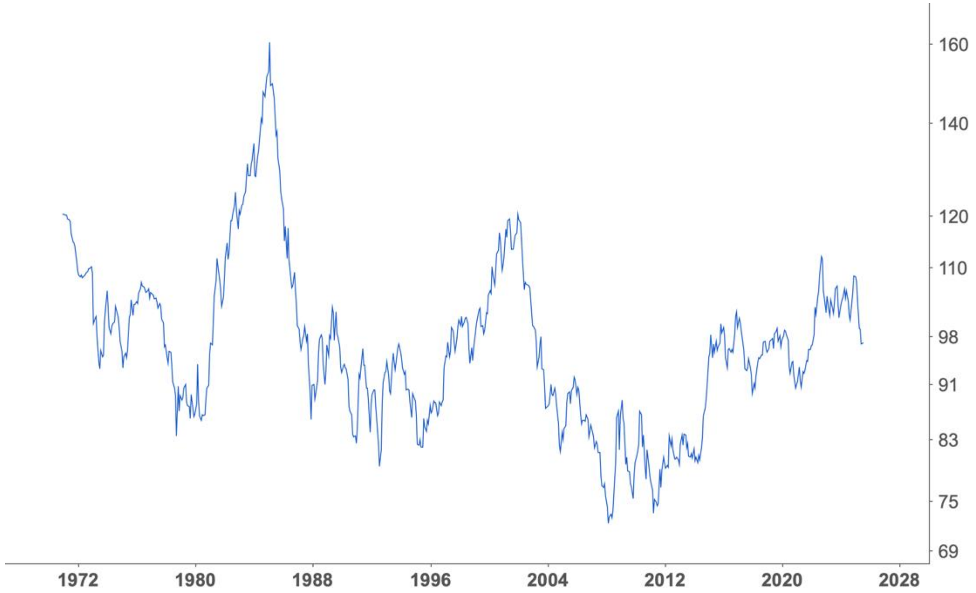
AI far surpasses the human mind in rational data processing, offering faster and more comprehensive insights. Over the past 30 years, there's been a well-documented correlation: when the US dollar weakens, emerging markets—such as Brazil, China, and India—tend to outperform. Historically, a 10% drop in the US dollar has coincided with a 28% rise in emerging market equities.

Let's put this theory to the test. So far in 2025, the US dollar is down 10%, while the Emerging Markets index fund (EEM) has risen 16% in USD terms. In EUR that's a 6% gain. If historical patterns persist, EEM could potentially climb another 10% by year-end.

AI should be able to spot and extrapolate such patterns with greater precision and have capital flowing in the direction of EEM —but for now, I'll track this manually and revisit the results in Roadmap 2026.

EEM – Emerging Markets ETF in USD

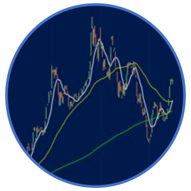
DXY - US-dollar index



Key investment view towards 2035

Economic pace since 2010 have been highly dependent on fiscal and monetary stimulus provided in the aftermath of the 2008 crisis. The stimuluses have created imbalances such as government debts. Unsustainable government debt levels will likely continue as policy makers are not motivated to think long term. Some regions do however run large surpluses and more than enough to finance the government deficits elsewhere. A shift of global power is happening at glacial speed.

Global economic growth has been declining from 6% in 1960s to around 3% in 2020s. Productivity and population growth points towards lower economic growth in the coming decades. The underlying growth in global affluence will however continue and there will be clusters of new industries emerging over the next decades that offers growth and profitability just as the smartphone industry has done over the past 20 years.



There's nothing wrong with modest GDP growth, but many investors have been accustomed to 8% annual earnings growth, while the realistic forward growth towards 2035 is more likely to be around 4%. Dividends of 2% comes on top. Annual swings are likely to remain in the 15-20% interval, so the occasional declines will continue, but recoup times will be longer

In an investment world with that overall outlook, I have since 2017 focused on identifying companies and business clusters with unique multi-year structural growth drivers, high profitability and then invest in these when growth/profitability/valuation triangulation justifies it; so-called GARP investing. This investment approach has been rewarding in the past and is expected to be so in the future too. The strategy avoids long term sun-set industries at deep value (traps) with high dividend yields

The traditional business and inventory cycle still applies, so from period-to-period growth and inflation will change. In a world with evermore data and analytics the efficiency of eco systems will likely reduce the magnitude of economic swings as end-to-end value chains reduce slack and inefficiency. Risks of financial mis-allocation of capital is the same as humans tend to run in flock

Contact

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