

[WHAT THE EXPERTS SAY]

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Lewis Carroll, in *Through the Looking Glass, And What Alice Found There*

"Well, in our country," said Alice, still panting a little, "you'd generally get to somewhere else – if you run very fast for a long time, as we've been doing."

"A slow sort of country!" said the Queen. "Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

WE have been present and active in Mauritius for quite a long time, now. Back in 2017, we embarked on a presentation roadshow here that had one important conclusion for investors. Since we were in between industrial revolutions (the last one having culminated with the internet and telecom bubble of 1995-2000), there was no reason to expect that the market leaders of 2017, the same ones that had emerged intact from the tech burst of 2000-2003, in particular the US ones such as Apple, Microsoft, Facebook (now Meta), Amazon and Google (now Alphabet) would be in any form of jeopardy for the foreseeable future.

The conclusion was therefore that you did not have to overthink it, just invest in a basket of these companies and you would do very well. The past seven years have borne this out, to such an extent that owning anything else almost seemed detrimental.

This analysis was based on an excellent book by Venezuelan economist Carlota Perez called *Technological Revolutions and Financial Capital*, which argues persuasively that each industrial/technological revolution, coupled with financial cycles, takes place over 50 to 60 years. She dates back the current one, which she calls the age of information and telecommunications, to 1971.

1971-2024: 53 years. So, there we are, it seems. A new industrial revolution is upon us: the age of Artificial Intelligence (AI), and we are just at the very beginning of it. In her book, Perez also argues convincingly that the winners of the preceding cycle rarely become the winners of the next one. If that is so, the pitch we made back in 2017 is no longer true. From now on, the former leaders, while still good investments, will no longer be the easy bets they have been for the past 15 years.

On the face of it, this is a bold state-

ment to make. After all, Alphabet, Amazon and Meta (Apple as well, to a lesser extent), are investing massive amounts of money in AI and that was borne out by their announcements during their Q1 earnings call. The numbers run in the tens of billions of dollars for each, and this for the foreseeable future.

All of them are trying to win what could be an unwinnable race to develop ever-better Large Language Models (LLMs). Meta, in particular, seems to be in the lead now, thanks to its open-source LLaMA (which stands for Large Language Model Meta AI). From what we hear, OpenAI (which runs ChatGPT) was lucky to be able to raise billions from Microsoft when it did, because its product has become much less interesting since then. But this can change almost at any time, as any one of them can come up with a new and improved solution any day.

Which is why we are using the Red

