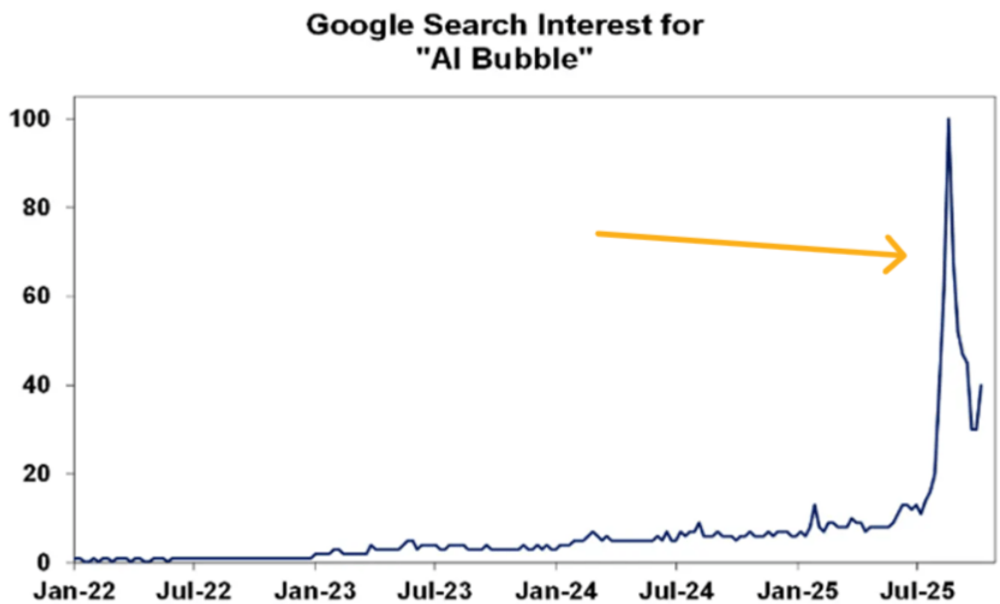
<u>The Outlook: Oct. 31, 2025</u>

The Big Picture: the AI Tailwind Will Never Go Away.

We've been blessed, at Outlook, with many great clients who also happen to be great people. Almost every one of them has endured, with us, a long, hard investment journey for many years—yup, that "roller coaster ride" which we can't avoid. Theresa and I can hardly count the number of times, through all those years, when in the middle of the latest market Nightmare we've said to each other, "My goodness! Our clients aren't even fazed! They're all gold medalists in the roller coaster riding business."

When we've endured the Nightmares and the Plunges, it's quite all right to feel like sitting back and enjoying the rocket ride—at least for a while—when it shows up. And just "showing up" is an understatement for this particular rocket ride, isn't it?

But the media and the market crowd <u>never</u> lose their fear and fascination with the next possible Nightmare. And at the moment the most powerful Nightmare is simple: "We've done so well. We'll feel so bad if the market plunges, and we lose it!" Let's look at a picture, and try to end up with a Deep Truth or two.



That's a fun—and informative—picture! The media and market crowd never lose interest in the next Nightmare, of course, precisely because Nightmares are fearful, and fear is almost the most powerful emotion we feel. That amazing spike in people googling "AI Bubble!" is just normal human beings thinking, "We've done so well! We'd hate to lose it!"

Will we?

We sure will, from time to time: at least, part of it. The market crowd's behavior never changes: it bets on cold hard facts—good facts—from Main Street, <u>because it must</u>; and it bets on every passing Nightmare, because it's chosen to make a living chasing short-term killings. So yes, we will lose part of it . . . but that is not the question that matters. That question is no surprise to Outlook's clients:

We'll go down, but will we stay down?

Nope. Time for a Deep Truth.

The ultimate payoff for all these AI data centers, all this capital spending, all this so-called "AI Bubble" is this: every worker everywhere will become much faster, much more productive, much more inventive. That meaning of that, for economic growth, is downright jaw-dropping. That's where all this "bubble spending" is driving, in the long run. It will get there no matter how many short-term market plunges and economic pauses we have on the way.

A good while ago, as the Internet Revolution got rolling, one thing we used to say about it was: "Eventually this Revolution will be like putting a library of the world's information at everyone's fingertips." That was correct. And what about the "AI Revolution?"

Eventually the AI Revolution will put a kind of genius at everyone's side: a genius who will tell us what we need to know, what to do with it . . . and will often do it for us. That genius won't only sit next to us, in our cell phone pockets; she'll sit inside our cars, planes, robots, tools and machines of all kinds—telling them what to do and helping them do it.

That sounds jaw-dropping . . . because it is jaw-dropping. It is an understatement to say it will change business, science, education . . . life itself. The world will get very much faster and better at everything it does: both good and bad.

The Big Tech CEO's who are spending whole money bins stuffed with cash, racing to build fantastically complex data centers, are <u>not</u> "chasing a bubble," as many would like us to believe. They're spending and racing because they believe those Deep Truths. They are betting their whole companies that the Truths will indeed happen, and if they act boldly now, their companies will be in the middle of it for a very long time to come. It's not exactly the "short term focus" that Main Street's bosses are so often accused of, is it?

So they're spending now, betting big . . . and they will absolutely take their lumps for it as the future unfolds. That "Artificial Intelligence Payoff" will show up with ebbs and flows, with pauses and then lurches forward . . . like all human progress. When the ebbs and pauses show up, the market crowd will gleefully sell, and the media will gleefully print headlines along the lines of "Lost Everything? We Told You So!" They'll be wrong, as always; and the market plunges will give way to the next rocket ride, as usual . . . but those rides will be longer and stronger because of our Deep Truths. This "AI Tailwind" will <u>never</u> go away.

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