

## The AI Product Set; A Myriad of Possibilities

The main focus of the AI story so far has been all about the build-out of datacentres and power generation facilities. The investment community has been gripped by the huge capex commitments that the hyperscalers have put out there, and rightly so, they are huge numbers. But one question that investors are increasingly asking is what is the return on investment of this huge spend going to be and, more broadly, how is AI going to be monetised?

We can probably all see how productivity gains should be easy to achieve. Having AI automating repetitive manual functions and optimising processes are the low hanging fruit available to all businesses. We hear a lot of how AI will replace existing processes but what will it create? What about new products?

One area that I am very excited about is healthcare, because one of the attributes of AI that is truly transformational, i.e. that humans could never ever accomplish, is the assimilation of huge amounts of data. The ability to cross reference, for example, all the clinical trial data for all drugs ever trialled to see if they might have some efficacy in different diseases would be a task that AI could achieve but that humans alone could not. This is for two reasons: time and cost. It would literally take multiple lifetimes to do this and at a huge cost with no guarantee of a positive outcome. Not a goer for humans then, but definitely doable with AI. We have recently increased our weighting to the Healthcare sector, including Biotech and Pharma.

But what about physical AI, what about new products? What could AI create? The answer is we simply don't know yet, but we can be pretty sure AI products will be game changing. To help contextualise this unfathomable potential, consider how the world has changed with the invention of the mobile phone.

The original intention was not to replace the landline, it was to facilitate mobile communication, yet landlines are now a forgotten relic. Text messages, introduced as a gimmicky after-thought, soon became the new way people communicated. Then the smartphone, epitomised by the iPhone, changed everything again in an exponential fashion after its launch in 2007. It did so by delivering users with a product that had more compute power than the computers that sent Apollo to the moon and put it in everyone's pocket\* (see the end of the commentary for details).

Then came iTunes, which changed the music industry for ever. But the biggest change was brought to bear with the App Store and the app ecosystem which we are all so used to today. The App Store has in effect created, or made viable, countless businesses and trillions in market cap.

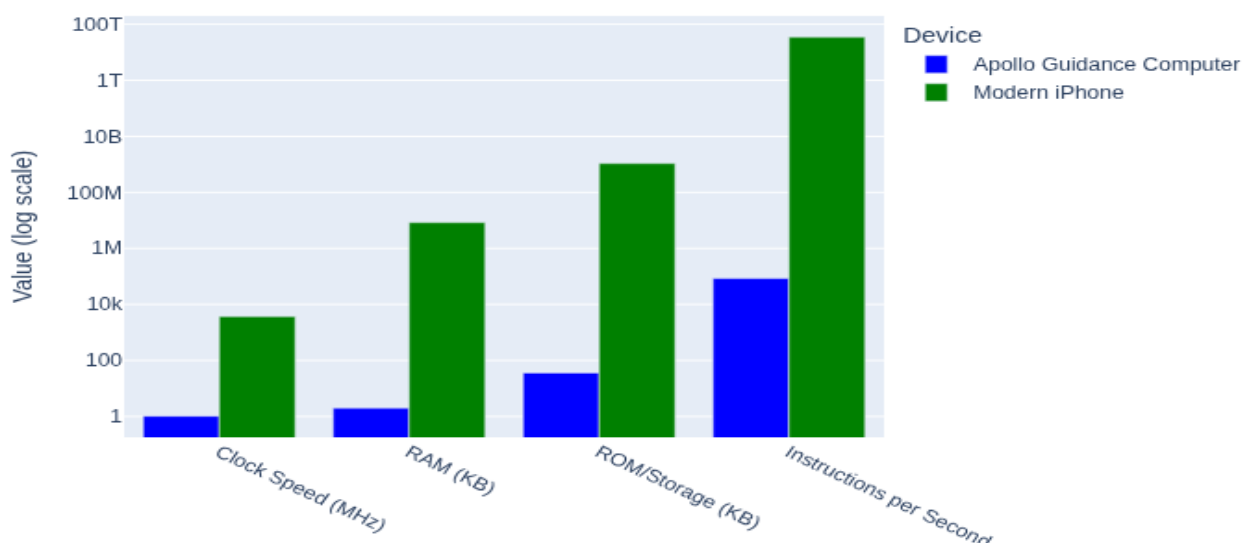
Recall the Facebook IPO, the bull case hinged on whether they could monetise mobile. They could and the stock became a generational winner. Social media only really works because it's mobile, and TikTok, X and others are how so many people consume news and media today, replacing traditional outlets like newspapers and legacy TV. Then there are the App native businesses like Uber which could not have been possible without mobility and the app ecosystem. The podcast industry is a new industry which is disrupting how people consume news and media and has gone viral thanks to mobility.



It's now hard to imagine a world without the incredible convenience and productivity of apps and yet none of it was forecast or even imagined when that first smartphone was launched. It makes a future powered by AI as exciting as it is unpredictable.

We are keeping an open mind regarding AI exposures in the Fund; as with all disrupting technologies there will be winners and losers, and the biggest winners in terms of products will probably be companies that we haven't even heard of yet.

\*The iPhone doesn't even compare to those 1960s computers. The chart below has a logarithmic scale, each reading on the vertical axis goes in increments of 100x.



Clock Speed: iPhone is 3600x faster

Memory: iPhone has about 4 million time more RAM

Compute Power: Apollo Guidance Computer 85,000 instructions per second, iPhone tens of billions.

Source: CoPilot

**Felix Wintle, Fund Manager, VT Tyndall North American Fund, 20 November 2025**

Source: Bloomberg.

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