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It can feel as if artificial intelligence (AI) makes its way into almost every conversation, and especially for investors. From headlines about trillion-dollar technology companies to predictions that entire industries will disappear, we are being bombarded with AI news, forecasts and investment themes every day.

For investors, the challenge is in determining who will ultimately capture the value and how to avoid concentrating portfolios around a handful of highly publicised winners.

The most sensible response may be the least exciting: stay diversified, invest regularly and resist the temptation to chase the latest AI headline.

Beyond the AI giants

Much of the media attention has focused on the companies developing AI models and infrastructure. These include "The Magnificent Seven" firms such as Nvidia, Microsoft, Alphabet, Apple, Amazon, Meta and Tesla, which are investing hundreds of billions of dollars into AI-related infrastructure and services.

These companies have obviously benefited from the AI boom. Nvidia, for example, has become one of the world's most valuable companies because its graphics processing units (GPUs) power much of the world's AI computing capacity.

But successful investing rarely comes from simply identifying a major trend. The important question is who benefits most and for how long.

History shows that new technologies often create value far beyond the companies that invent them. Railways, electricity, automobiles and the internet all reshaped economies, but the eventual winners were not always the pioneers that first captured investors' attention and there were casualties along the way.

Categorising AI

Investors can think of AI opportunities in three broad categories.

The first category is the direct AI beneficiaries such as semiconductor manufacturers, cloud computing providers, data centre operators and AI software developers. These are the companies building the infrastructure and tools that enable AI.

The second category includes businesses that successfully use AI to strengthen their competitive advantages. These companies may not be seen as AI businesses, yet they stand to benefit significantly through higher productivity, lower costs, improved customer experiences and new revenue streams.

Many established software companies fall into this category. Rather than being displaced by AI, they are incorporating AI capabilities into products that already benefit from large customer bases, trusted brands, proprietary data and high switching costs. They're advantages that are often difficult for new competitors to replicate.

The third category includes businesses that indirectly benefit from AI-driven investment. Growing demand for data centres, computing power and electricity is creating opportunities for resource companies, energy infrastructure providers, network operators and industrial businesses.

Goldman Sachs estimates AI processing could account for approximately 28 per cent of data centre electricity demand by 2027, creating significant investment opportunities across energy generation, grid infrastructure and critical minerals.[i]

Private equity and venture capital

Investors focusing solely on listed markets may be seeing only part of the AI story.

Beyond the listed market, many of the most innovative AI businesses remain privately owned. AI companies attracted almost half of all global venture capital funding in 2025, as investors backed startups developing applications in areas such as healthcare, robotics, autonomous systems, cybersecurity and enterprise software.[ii]

Private equity firms are also acquiring established businesses and using AI to improve operational efficiency, enhance customer engagement and reduce costs. In some cases, these productivity gains may become more valuable than the AI technology itself.

For investors with access to diversified private market investments, exposure to venture capital and private equity can provide participation in AI innovation beyond the listed market. However, these investments typically involve higher risk and reduced liquidity.

The risk of AI 'roadkill'

Every technological revolution produces winners and losers.

During the internet boom of the late 1990s, many investors correctly identified that the internet would transform society. What they got wrong was assuming every technology company would prosper. Many failed.

As with every major technological shift, AI is likely to leave some casualties behind.

Businesses that rely on repetitive information processing, basic content creation or undifferentiated software solutions may find themselves under significant pressure. Companies whose products can be easily replicated by increasingly capable AI tools could see profit margins erode.

McKinsey estimates generative AI could ultimately create US$2.6 trillion to US$4.4 trillion of annual economic value globally. Yet its latest surveys suggest that while AI adoption is becoming widespread, many organisations are still struggling to convert experimentation into meaningful profits. For investors, that may be a reminder that identifying companies that can use AI productively could prove just as important as identifying the businesses developing it.[iii]

The challenge for investors is that identifying future casualties in advance is rarely straightforward. That's why diversification remains so important.

Why diversification wins

The biggest investment risk may be in becoming overexposed to a small number of companies that seem to be unbeatable today.

Technology leaders change over time. Dominant businesses can be disrupted, regulatory environments can evolve and valuations can become detached from fundamentals.

Diversification acknowledges this uncertainty. Rather than attempting to predict the companies that will dominate the AI landscape a decade from now, diversified investors gain exposure across multiple sectors, asset classes and business models.

Some of the strongest beneficiaries may emerge from unexpected areas such as energy infrastructure, industrial automation, logistics, healthcare or specialised software. Others may come from venture capital and private equity portfolios that provide access to innovations before they reach public markets.

Diversification also helps investors resist the temptation to chase every new headline. In a rapidly changing AI landscape, spreading risk across sectors, asset classes and business models may prove more valuable than trying to pick every winner.

i https://www.morganstanley.com/insights/articles/ai-capex-740-billion-banking-opportunity

ii https://www.cbinsights.com/research/report/venture-trends-2025/

iii https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai

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