

## Money

# Embracing the tech: meet the fund manager going all-in on AI

**Holly Mead** offers her tips and insights into the world of investment



**B**en Rogoff is just back from a trip to Palma, Mallorca, and is showing me his holiday photos.

To be honest, I'd expect better photography skills from the manager of a leading technology investment fund — the view is blocked by an awning and a big chunk of pavement takes up half the picture. "I took this terrible photo and asked ChatGPT where I was — and it knew exactly," he said. The Polar Capital Technology Trust, the fund that Rogoff co-manages, has just one theme: artificial intelligence. It invests in AI enablers, AI beneficiaries and AI adopters. If it's not AI, it ain't coming in.

As someone who has spent many hours worrying about the likelihood of Skynet, machine self-awareness and Terminators coming for us all, I find this a little unnerving. But AI is undeniably having more than just a moment.

ChatGPT launched in November 2022, officially bringing artificial intelligence to the masses. Demand for the chips to make this technology work has soared. The share price of Nvidia, the world's leading chipmaker, has increased 2,795 per cent over the past five years.

This is the cue for sceptics to start shouting: "Bubble!"

Even Rogoff has whispered the word once or twice: "The only way to survive tech investing is to be sceptical. This industry is built to over-promise and under-deliver."

Yet he believes that this situation is different to when he started his career in the frenzy of the Nineties; a time when a company only had to

add a "dot com" to its name to win billions in investment.

The tech behemoths that dominate the market have surely proved over years, or even decades, that they are the real deal. One key difference is that they are spending their own cash, rather than raising it from investors — some are even paying a dividend for the first time. "Google, Meta, Microsoft are all investing their own money in growing their business and in AI," Rogoff said. "When you become a verb [like Google did] that's when revenues go vertical."

That theory seems to play out in the performance of the £3.6 billion Polar Capital Technology Trust. It is up 45.3 per cent over the past year. A £10,000 investment five years ago would today be worth £22,910.

Nvidia's stellar performance has helped with that. It is the largest holding in the portfolio, accounting for 11 per cent of assets.

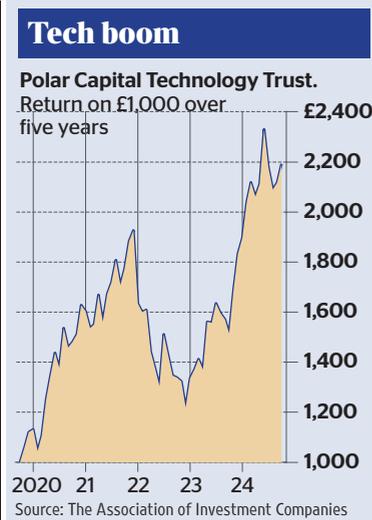
Alongside it are Apple, Microsoft and Meta, as well as lesser-known names: the cloud computing firm Arista Networks, the cyber security specialist CyberArk and the chipmakers Broadcom and Micron Technology.

Rogoff thinks AI will have a transformative effect on the world in the same way that steel, electricity and the internet once did: "A moment where a new technology is so important that nearly everything else gets reinvented around it."

I wonder if this is another way of saying that the robots are coming to take our jobs. A report by the consultancy McKinsey last year said that up to 70 per cent of tasks in many roles could soon be done by AI. It also said that AI could boost the global economy by \$13 trillion by 2030.

Rogoff likens it to the introduction of tractors and combine harvesters, which reduced the proportion of US workers who worked on the land from 70 per cent to 2 per cent. "And yet our calorie intake is higher than ever, GDP per capita has exploded and we are doing work that is vastly more valuable," he said.

I'm looking for a more



## 2,795%

The rise in the chipmaker Nvidia's share price in the past five years

modern-day example. Rogoff invests in the Taser-maker Axon, which also makes body cameras. AI can use the footage from these cameras to write 80 per cent of police officers' reports in just six minutes, he said, a task that previously took up about 40 per cent of an officer's working week and was the biggest cause of early retirement.

"So you've created a tool that takes away the non-productive work and gets officers doing what they really want to be doing," Rogoff said. "My brother is a teacher. Did he sign up to that job to spend evenings marking or holidays adjusting lesson plans? Probably not. So what if you could get AI to do that part and let him teach?"

Before we get too utopian about the whole idea, it is important to note that there are not-insignificant risks (though I'm assured a Terminator scenario is not one of them).

Safety, regulation, legality and intellectual property are just some areas of concern. It has never been easier for fraudsters to launch large-scale phishing or hacking attacks by harnessing this technology. Environmental concerns have also been raised — bitcoin was reported to use more energy than the whole of Argentina, while some estimates suggest that each ChatGPT inquiry uses 500ml of water.

By 2030, data centres could consume as much as 25 per cent

of US power, up from 4 per cent today.

"This type of compute is intensive. You're basically swapping a Toyota Prius for a Formula 1 car," Rogoff said. "If you extrapolate the growth we expect AI to achieve, you can get to some quite uncomfortable numbers as a percentage of global technology use."

But extrapolating tends to be inaccurate. Rogoff is confident that things will improve as regulation tightens and technology becomes more efficient. The first cars, for example, were far more polluting than those on the road today.

Still, jobs aside, there will be losers from this technology. Rogoff has been selling shares in software firms such as Salesforce, which provides customer relationship management, that he believes will struggle in an AI-driven world. Apple is in the portfolio but is "underweight" because it doesn't invest enough in AI.

Other technology funds invest only part of their portfolio in AI-related stocks, spreading their bets across other themes such as e-commerce and advertising. But the only nod to any form of caution around AI here is that Rogoff invests solely in big, liquid businesses that can be sold quickly if his entire theory is proved wrong — there are no private companies in the fund.

"We are all-in. We are AI maximalists," he said. "This is the worst AI will ever be, which if you are worrying about it is a concerning observation, but if you are excited and investing in it, is hugely important."

"I get a bit goosebumpy thinking about it."