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The Era of Super Growth Cycles: Lessons from Investment History

The Time Is Now: Super Growth Cycles Over the Years (AI)

Over four decades of investment experience have provided us with a unique perspective on the opportunities presented by several super growth cycles. Two stand out for their impact and transformative power.

The Microprocessor Revolution

The invention of the microprocessor by Intel in the early 1970s sparked a technological revolution that still shapes our world today. In retrospect, the roadmap of innovation becomes clear: the microprocessor paved the way for the personal computer, which in turn led to the birth of the software industry, the networking industry, and the decentralization of computing. This evolution also gave rise to the server market, the gaming industry, and an array of new devices, including smartphones. The list of advancements seems almost endless.

Investment Opportunities in the 1980s

To illustrate the impact of these developments, below is a chart showing the performance of the NASDAQ Composite Index during the 1980s—a period when personal computers and related industries emerged. What stands out is the remarkable investment opportunity that existed throughout this transformative era.

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The Internet Revolution

The second super cycle was the emergence of the internet. Long in development and percolating under cover for many decades, a few factors came together in the areas of communication and information technologies to create the opportunity for this revolution. But it really wasn't until the Netscape browser was introduced in 1994 that mass adoption was triggered. Mass adoption led to mass change and disruption along with dramatic dis-intermediation. In turn, it leads to incredible investment opportunity, and ultimately, the Nasdaq bubble.

Investment Opportunities in the 1990s

Here again is a chart showing the performance of the NASDAQ Composite Index during the 1990's- a period when the internet transformed everything about our lives - how we worked,

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shopped, played, and even entertained ourselves. Reshaping whole industries while birthing new categories outright. Again, what stands out is the investment opportunity.

A New Revolution- AI

As big and impressive as the prior growth super cycles, the artificial intelligence revolution may dwarf them all. AI truly does change everything and does so on a worldwide basis.

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Already its effects can be seen impacting industries and business models. It learns from itself, can infer, its progress is geometric. It will destroy industries, and therefore jobs, while creating new opportunities. Most importantly, it is here now and poised to stay. Success will be dictated by learning to work with AI as tool rather than avoid AI altogether. The changes are likely to happen so rapidly they will be difficult to predict but, in some cases, we can already see the impact- eliminating low value-added white-collar jobs, changing traditional software license and SAAS business models, allowing for more autonomy across industries- manufacturing, drug development, robotics and autos for example.

And with all these super cycles there are always super investment possibilities. This time though the pace may surprise some, which partially answers the question "why now?".

Why Now?

Fundamentally, AI is changing, moving from large language models that worked essentially as more intelligent search engines to much smarter tools able to infer and therefore perform real world work- a self-driving car interpreting sensor data, a filter deciding if an email is spam, for example. Furthermore, the inference ability allows for the creation of agents, agentic AI. Imagine a much more useful personalized SIRI or Alexa, a business automation agent that reads documents, extracts data, and updates systems, or a car that can navigate around a city without intervention. These are but a few examples. This is happening now, and as mentioned earlier, the capabilities will grow at geometric rates.

The market, after a brief period of consolidation owing to investor AI skepticism and spiking energy prices (the Iran war) is poised to resume an upward trajectory, particularly as hostilities cease and energy prices stabilize.

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We believe this to be the third big growth super cycle, perhaps the biggest of all, and would encourage your participation.

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