

Q&A with Portfolio Manager, Claudia Kwan

NorthStar Impact ★ Investing for good

Q With SpaceX listed and Anthropic and OpenAI waiting in the wings, how are you reading the market right now — golden buying opportunity, or a moment for caution?

Both, and in that order of importance.

Start with the plumbing. A run of mega-listings pulls an enormous amount of capital out of the market to fund them, and that leaves pockets of softness behind. So before you ask whether these are good businesses, recognise that the act of listing them reshapes everything around them.

The SpaceX retail inclusion is the part I'd watch. The chatter is that institutions are quietly selling into it — freeing up capital to recycle into the next wave of AI names. That's not quite "buyer beware" on the company itself, but any time there's a large allocation pushed out to retail, retail should keep its guard up.

Honestly, SpaceX, Anthropic and OpenAI take me straight back to the great Chinese listings I worked on at Morgan Stanley in Hong Kong — Alibaba especially. Same characteristics: multiple times oversubscribed, feverish demand, powerful celebrity-like promoters. BABA priced at \$68 and closed its first day at \$93.89. For anyone who got stock in the placement, that's a meaningful windfall.

Tencent was another — and in my view, the pioneer of internet monetisation. It listed on 16 June 2004 at HK\$3.70 and went on to peak around \$650 in 2025. The world has changed since, of course. Amazon listed in 1997 and raised \$54 million; SpaceX is in a different universe, raising billions. Different scale but history does often repeat itself.

My view is that Index returns will stay concentrated in a handful of names for a while yet. The "Magnificent 7" is getting a rebrand around the AI providers. The "FAB 10" (Frontier AI & Big Tech), or "MANGOS" as some refer including Meta, Anthropic, Nvidia, Google, OpenAI, SpaceX. My own label is the "Insane 8" — which I just made up, but it fits, because two of them may drop out and the whole thing is, frankly, a tad insane.

So is it a buying opportunity? Yes. but timing is important. Buy when the market is *worried*, not when it's excited. And there will be plenty to worry about. Don't let FOMO drive you. If you feel that fear of missing out kicking in, treat it as the precise signal *not* to buy.

The better frame is LOMO, lessons of missing out or IOMO, insights of missing out. While the market is euphoric, do your homework: watch which stocks move the most, learn the business models, work out what actually is driving the narrative. Then, when the inevitable pullback arrives — an exogenous shock, or a stock-specific disappointment — *that's* your moment. This way you carry positive alpha from the moment of investment.



Q How does that translate into your portfolio? More cash, defensive positioning, or leaning into something you think is undervalued?

There are a hundred ways to invest, and I'm always fascinated when people describe their "style" — because the only style that actually works across cycles is momentum. This is a combination of value, quality, growth, cyclical and the real trick is identifying the regime you're in. Right now we're in a disruption period — the closest analogue is the dot-com era, which, not coincidentally, is when most of today's investors were just starting out. I'd add that I got a useful education in between, working at the coalface of the China industrialisation boom.

In disruptive regimes, valuation matters less — sometimes not at all — because earnings forecasts are low-conviction. Analysts are excellent at extrapolating trends but poor at pricing disruption; that's more like a venture-capital skill set. What matters instead is simple: every result has to show better growth than the last. On the way up, valuation isn't the thing moving the share price, so it isn't the thing to anchor to.

The mechanics of the AI capex are also worth understanding because it's an interesting accounting-led equation. When growth turns explosive, a single dollar gets recorded two completely different ways. The company *receiving* it books the full amount as revenue, **today**. The company *spending* it capitalises the outlay and spreads it over roughly five years. Zoom out to the whole economy and you recognise 100% of the revenue against only about a fifth of the matching cost. The growth is real on paper, but you've borrowed it from the future. The pattern that follows is predictable: strong GDP while the build-out runs, then notably muted growth once it rolls off. It's operating leverage, scaled up to an entire economy.

The conclusion therefore is that the AI-capex build out play is a moment in time. The next step is finding companies that are truly enabled by AI, which is a harder and longer-term piece of work. We

looking for the new leaders, companies which can shift their margins higher or find new revenue lines and market opportunities.

So how do I position? Risk-on. That points to cyclicals including copper, critical minerals (rare earths), lithium and to industrials geared to the *revenue* side of the build-out. Concurrently, circularity is interesting as a beneficiary of higher resource pricing. It also favours renewables energy generation, energy storage, and clean energy solutions as well as technology focused on reducing data centre energy and water needs.

The catch with explosive growth is that value gets left behind. Investors are impatient for returns, so a company has to keep delivering evidence that move the story forward.

My single most-used AI prompt is: *list the catalysts in the next 6–12 months*. Then the assessment on the conviction of these catalysts is when the science and art of investing intersect.

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