

## DeepSeek and Trump 2.0: The Future of U.S. Industry

March 2025

**Nick Griffin**, Founding Partner, Chief Investment Officer  
Munro Partners

### 1. How is Trump's presidency changing the trades and orders of the world?

We expect Donald Trump in power to be, on balance, positive for U.S. markets. Trump also has 11 billionaires in his cabinet, whereas Biden's cabinet had a combined net worth of \$100M. So many successful businessmen in government suggests a positive private sector tilt going forward. Ultimately, Trump 2.0 is looking to the private sector to help America grow, while also looking to make cuts in the public sector to shrink the deficit. These two forces could counteract each other, but if successful, will ultimately lower long-term interest rates and further stimulate private sector growth. The signs we would look for are accelerated reshoring and regulatory rollback to provide the greatest stimulus. We have positioned the fund more towards the suppliers of power infrastructure in our climate area of interest (AoI) and lifted the infrastructure AoI via investments in CRH and Comfort Systems. We also consider how the rest of the world will react to Trump and have exposure to European defence names in our security AoI. Tariffs, and the uncertainty around them, are the obvious near-term risk, and we will maintain a low weighting to consumer names until this is resolved or priced in. Should Trump's policies prove successful in lowering the deficit and lowering long-term interest rates, then we suspect other countries will attempt to follow suit, which could eventually unlock better returns from lower multiple regions like Europe and China.

### 2. What lesson did investors learn from the launch of DeepSeek in China?

The main lesson we learned from DeepSeek is that the AI-exposed stocks are probably a lot more crowded than we had initially thought and are, therefore, in need of a correction before going higher. Fundamentally speaking, we are not surprised to see the cost of AI coming down, and the only real news here is that it was a Chinese company that did it. In our view, this development is actually positive for the broader adoption of AI and overall growth in the space. The AI TAM is very large (i.e., not just about consumer-facing applications driving revenue uplifts), and consequently, cheaper AI, and now Chinese AI, means AI is more likely to be adopted across many industries and countries.

With alternative models now available, the large hyperscalers are now speeding up their AI investments. The initial fear was that the reduced cost of DeepSeek would lead to reduced capital expenditures (capex), but companies like Meta and Google responded to the news by increasing their AI-related capex, confirming the opposite. Data centre capex from the big four hyperscalers is now slated to grow to \$350bn in 2025, from \$250bn in 2024, up over 40%. This is significantly higher than consensus expectations of \$285bn pre-results. Chinese data centre capex is also going higher, with Alibaba announcing a tripling of spending to \$50bn over the next three years, looking to take advantage of these new models.

Ultimately, it is important to remember that this phenomenon of cheaper technologies speeding up the overall adoption of those technologies (i.e., Jevon's Paradox) is not new. Consider the last five decades of the semiconductor industry, where the average semiconductor became exponentially cheaper, going from IBM's mainframe breakthrough all the way to Apple's iPhone; the hardware got cheaper, but the adoption of computing as a whole only accelerated as a result. We believe this time it is no different, and as hyperscalers continue to see better outputs with larger clusters of semis/more infrastructure, the risk of an air pocket gets pushed further to the right as AI becomes increasingly useful to corporations and individuals.

### **3. Are there any changes to the U.S. equity portfolio specifically with respect to Trump and DeepSeek?**

As discussed above, we have lifted our exposure to U.S. onshore construction companies and the providers of power generation equipment. The U.S. is short electricity, and as Trump has big plans to become a leader in AI, DeepSeek will only accelerate those plans. We expect sustained/accelerated spending on U.S. power infrastructure and data centre capacity and have tried to position the fund to benefit from this.

We have made no material changes as a result of the arrival of DeepSeek.

*This information is general information only and is not intended to include, or constitute, financial product advice. The views held by Munro Partners are current as of February 25, 2025, and are subject to change.*

*Combined top 15 equity holdings as of February 28<sup>th</sup>, 2025 of the Assante Private Portfolios 40i60e Standard portfolio with Alphastyle exposure:*

<div>1. CI Alternative Investment Grade Credit Fund ETF</div> <div>2. NIVIDIA Corporation</div> <div>3. Amazon.com, Inc.</div> <div>4. Microsoft Corporation</div> <div>5. Constellation Software Inc.</div>	<div>6. SAP SE</div> <div>7. CRH Public Limited Company</div> <div>8. GE Vernova Inc.</div> <div>9. Constellation Energy Corporation</div> <div>10. Rheinmetall AG</div>	<div>11. Broadcom Inc.</div> <div>12. Taiwan Semiconductor Manufacturing Co., Ltd.</div> <div>13. London Stock Exchange Group plc</div> <div>14. ServiceNow, Inc.</div> <div>15. Meta Platforms Inc. Class A</div>
--	--	--



For more information, we encourage you to speak to your advisor or visit us at [assante.com](https://www.assante.com)

#### IMPORTANT DISCLAIMERS

This document is intended solely for information purposes. It is not a sales prospectus, nor should it be construed as an offer or an invitation to take part in an offer. This document may contain forward-looking statements about one or more funds, future performance, strategies or prospects, and possible future fund action. These statements reflect what CI Assante Wealth Management ("Assante") and the authors believe and are based on information currently available to them. Forward-looking statements are not guarantees of future performance. We caution you not to place undue reliance on these statements as a number of factors could cause actual events or results to differ materially from those expressed in any forward-looking statement, including economic, political and market changes and other developments. Neither Assante nor its affiliates or their respective officers, directors, employees or advisors are responsible in any way for damages or losses of any kind whatsoever in respect of the use of this document. Assante Private Portfolios are available exclusively through Assante Capital Management Ltd. and Assante Financial Management Ltd., dealer subsidiaries of CI Assante Wealth Management. Assante Private Portfolios is a program that provides strategic asset allocation across a series of portfolios comprised of Assante Private Pools and CI mutual funds and is managed by CI Global Asset Management. Assante Private Portfolios is not a mutual fund. CI Global Asset Management provides portfolio management services as a registered adviser under applicable securities legislation. Commissions, trailing commissions, management fees and expenses may all be associated with investments in mutual funds, pool funds, and the use of Assante Private Portfolios. Mutual funds and pool funds are not guaranteed, their values change frequently, and past performance may not be repeated. Please read the fund prospectus and consult your advisor before investing. Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Global Asset Management has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document. Munro Partners is a portfolio sub-advisor to certain funds offered and managed by CI Global Asset Management. Assante Capital Management Ltd., a dual-registered investment dealer and mutual fund dealer, and Assante Financial Management Ltd., a registered mutual fund dealer, are Members of the Canadian Investor Protection Fund and the Canadian Investment Regulatory Organization. CI Assante Wealth Management is a registered business name of Assante Wealth Management (Canada) Ltd. CI GAM | Multi-Asset Management is a division of CI Global Asset Management. CI Global Asset Management is a registered business name of CI Investments Inc. Certain names, words, titles, phrases, logos, icons, graphics, or designs in this document may constitute trade names, registered or unregistered trademarks or service marks of CI Investments Inc., its subsidiaries, or affiliates, used with permission. All other marks are the property of their respective owners and are used with permission. This document may not be reproduced, in whole or in part, in any manner whatsoever, without the prior written permission of Assante. © 2025 CI Assante Wealth Management. All rights reserved. 25-02-1290350-AWM (02/25)