

The Long Road to Equilibrium

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the presentation



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Recent success of Jamjoom Fashion IPO on Saudi Exchange

Commencement of our KSA office : May 2025

Our role in the Jamjoom Fashion IPO as the shareholder's advisor handled by our Advisory division:

- Advised the company to carve out their profitable business and IPO for value maximization
- Assisted the company in exchange selection
- Assisted in hiring of all stakeholders
- Closely worked with the company in becoming IPO ready
- End - to - end management and execution of the IPO till listing and post listing support
- The IPO took 14 months from hiring of the Investment bank
- **Ticker : 9649**

Asas was recognized by Jamjoom Fashion & won the IPO superstar award !!!

Company	IPO Date	Oversubscription	Market Cap (SAR mn)	Float
Jamjoom Fashion Trading Co.	18th Sep 2025	4.5	1,152.40	30.00%
Wajd Life Trading Co.	15th Sep 2025	1.79	71.3	20.00%
Hamad Mohammed Bin Saedan Real Estate Co.	16th Sep 2025	1.14	324.1	17.60%
Rawabi Marketing International Company	Cancelled	Cancelled	542.6	6.50%
National Signage Industrial Co.	3rd Sep 2025	1.09	90	20.00%
Naf Company for Feed For Industry	20th July 2025	1.11	152	20.00%



CIO View (1/5)

The “Two-Speed Economy” marches on

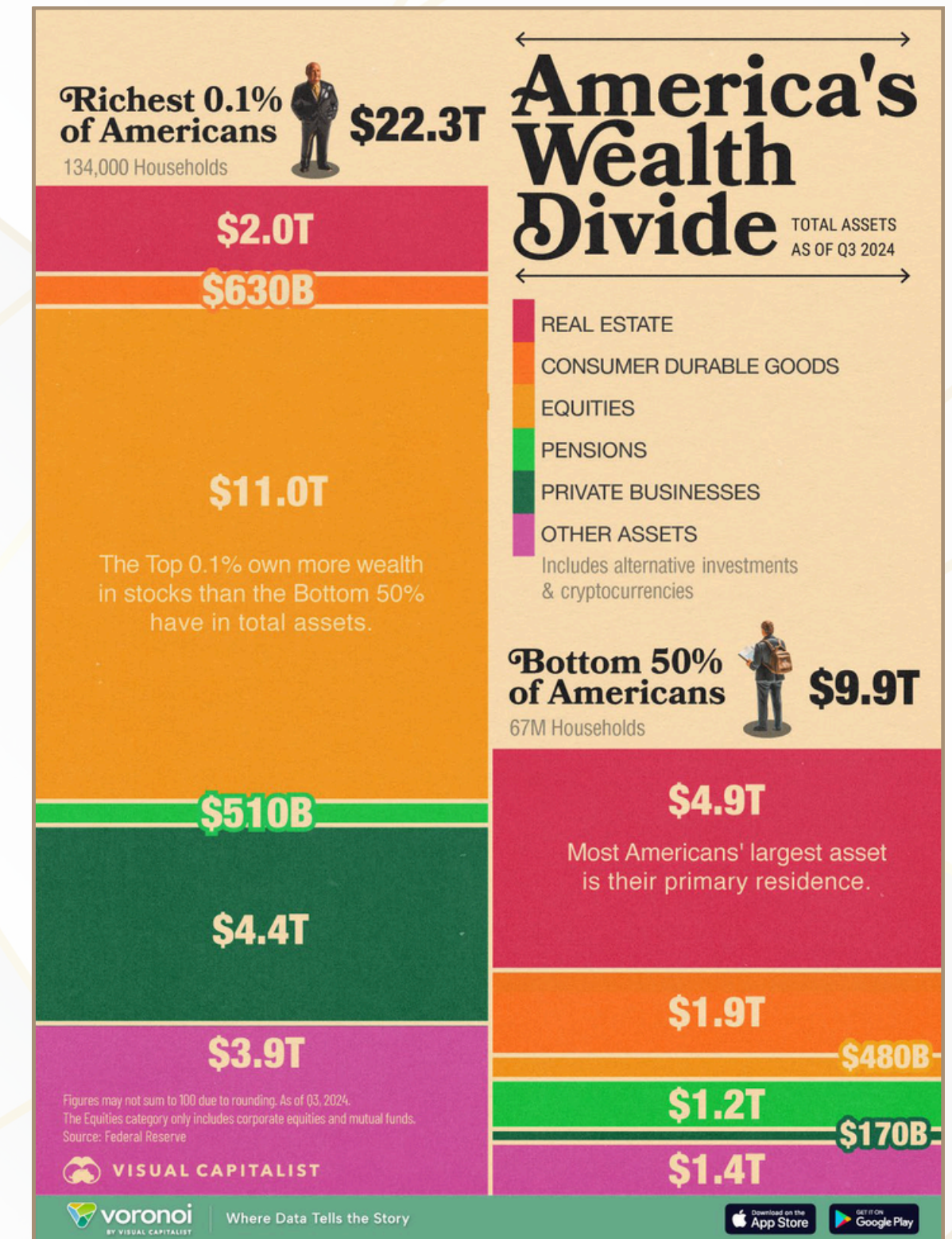
Wealth inequality in the US has reached historically high levels, with data revealing extreme disparities between the richest and poorest households.

Recent studies show that the wealthiest American cities are now nearly seven times richer than the poorest regions—a gap that has doubled since 1960. The top **10% of US households control 69% of national wealth, and the top 1% alone account for over 30% of the country’s total wealth.** In stark contrast, the bottom 50% of households possess only 3-6% of total US wealth, even after accounting for projected future income from Social Security.

Stock market ownership especially highlights the divide: **the richest 10% of American households own 89% of all US stocks**, indicating that most market gains go to a small elite. Income disparities mirror these trends—America’s richest 1% of households now average 139 times as much income as the bottom 20%.

Wealth concentration has soared in urban tech and financial hubs such as San Francisco, New York, Seattle, and Boston, while industrial and rural communities have been left behind.

As wealth shifts to the richest households, who tend to save more rather than spend, one would have expected overall consumption to decrease, suppressing economic growth. However, aggregate consumption data appears to have held up remarkably well.



CIO View (2/5)

Below are some factors that have contributed to this anomaly:

The Top Drives a Large Share of Consumption

The top 20% of households account for nearly 40% of total U.S. consumer spending, and the top 10% alone drive roughly a quarter. The difference in asset composition (financial vs non-financial, leveraged vs unleveraged) means growth in asset markets (equities, business value) benefits the top groups far more, widening the gap in balance-sheet strength. Because the top groups hold the lion's share of net worth and financial assets, their spending power and ability to take risk is disproportionately large. These high-income groups continue to spend heavily on services, travel, healthcare, and education, keeping aggregate consumption strong even as large groups of households feel financially constrained.

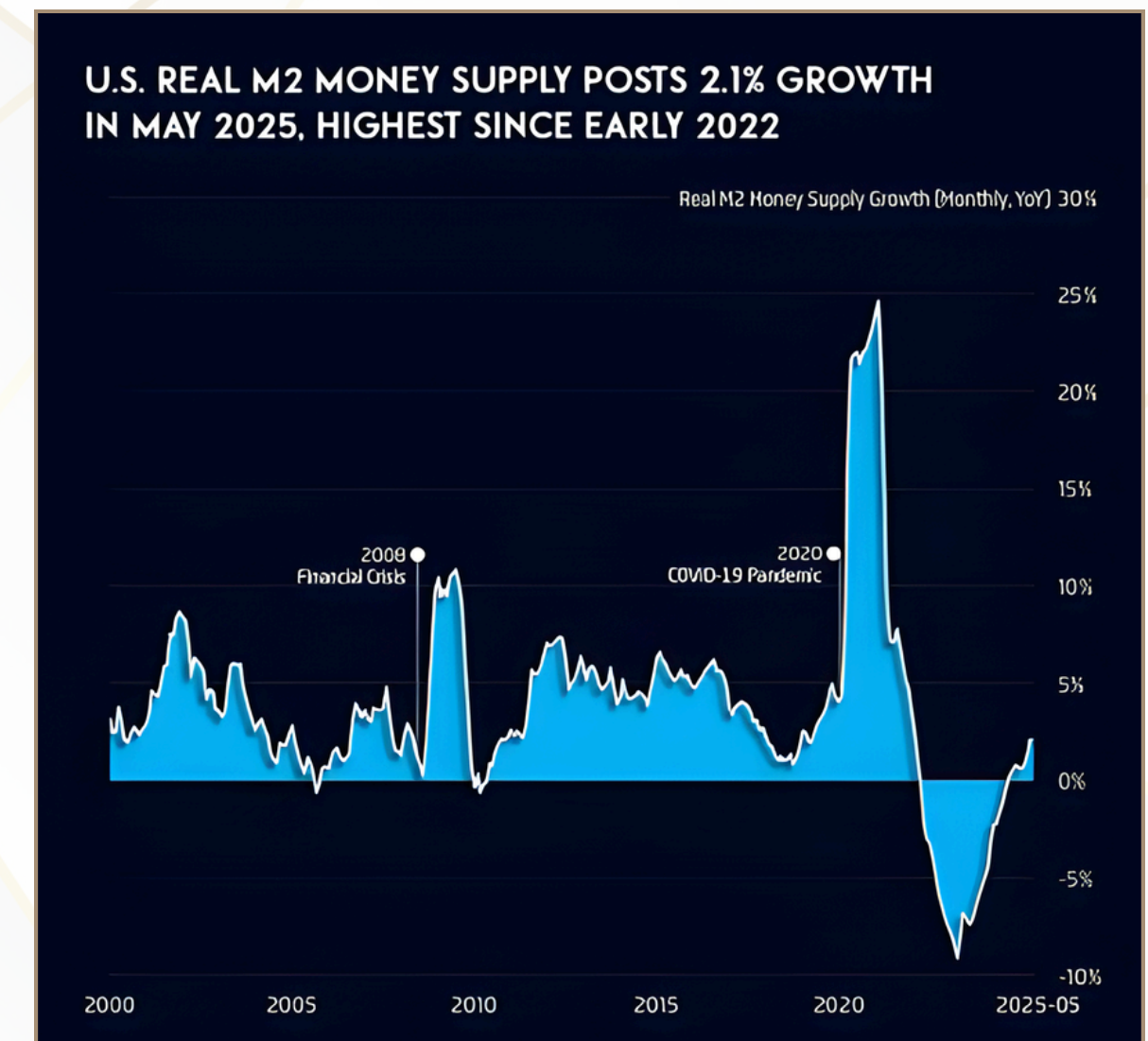
However, the bottom 50% remain relatively exposed: limited buffers, higher leverage (especially real-estate or auto debt), and fewer high-yield assets means they're more vulnerable to interest rate rises, inflation, and employment shocks.

Continuing wealth effects from the fiscal stimulus

Pandemic-era fiscal support (stimulus checks, enhanced unemployment, child tax credits) created a cushion of excess savings — especially among middle-income households — that continued to feed spending into 2023–24. Meanwhile, rising asset prices (homes, equities, retirement accounts) generated a wealth effect among owners of assets, helping with the propensity to spend. Even if these gains were unevenly distributed, they supported confidence and consumption at the aggregate level.

Rising credit and household borrowing

U.S. consumers have sustained spending through easy access to credit — credit cards, auto loans, and buy-now-pay-later platforms. Household debt service ratios at the aggregate level (interest payments relative to income) remain historically manageable, partly due to low long-term fixed-rate mortgages locked in before 2022. This has allowed consumers to maintain spending levels. How long this appetite for credit can be sustained by lenders, especially for the financially weaker part of the population, is a matter for conjecture.



Source: Federal Reserve

CIO View (3/5)

Labor market strength and income growth at the lower end

Some support has come in from the U.S. labor market, which has remained remarkably tight with low unemployment and rising nominal wages, especially in low-skill and service sectors. While inflation eroded some gains, the bottom 40% of earners saw faster wage growth than the top during 2022–24 — a rare reversal that bolstered spending among groups with high marginal propensities to consume.

Cultural and behavioral factors have also contributed. The U.S. economy is consumption-driven by design, accounting for 68–70% of GDP. Social norms, advertising, and financial innovation all sustain a culture of aspirational consumption, where spending is often maintained even amid financial strain.

Aggregate consumption can stay robust even while median households feel squeezed.

High-income households' discretionary spending on travel, technology, and services grows faster than low-income households' decline in essentials — so the headline numbers look healthy even as inequality worsens.

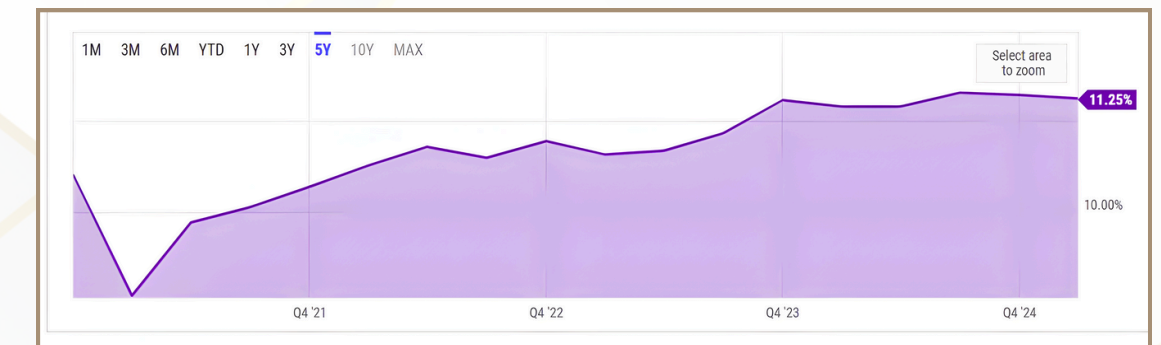
This increasing wealth inequality has multiple implications:

Financial instability: Households with lower net worth have less access to investment, education, and healthcare, increasing vulnerability and limiting social mobility.

Stock market concentration: Since stock ownership is so highly concentrated, stock market gains amplify inequality as the wealthiest Americans benefit the most from market rallies. This drives up asset prices, but also means fewer Americans share in economic prosperity.

Political and social risks: Extreme inequality is linked to lower economic dynamism, reduced innovation, and greater risk of political polarization or social unrest.

US Household Debt Service Payments as a % of Disposable Income



Source: YCharts

CIO View (4/5)

Cockroaches in the kitchen?

Alluding to the recent \$10B bankruptcy of auto parts supplier First Brands, JPMorgan CEO Jamie Dimon had this to say: “I probably shouldn’t say this, but when you see one cockroach, there are probably more. And so we should—everyone should be forewarned on this one.”

As I write, credit spreads remain near historic lows. According to recent data, **U.S. corporate credit spreads for investment-grade issuers have compressed to around 0.75 percentage points above U.S. Treasuries, the narrowest level since the late 1990s.** Meanwhile, leveraged credit markets also show spread tightness, with high-yield bond spreads and leveraged loan discount margins at very low percentiles historically.

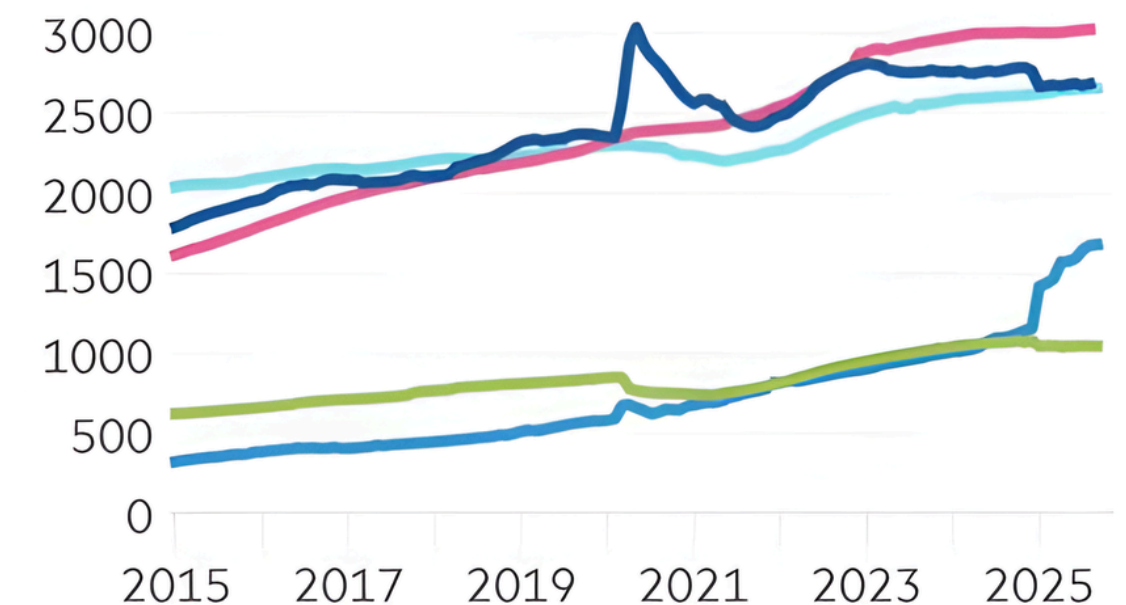
U.S. high-grade corporate bond issuance has slumped to the lowest levels in five years, largely due to deal-flow/merger activity stalling amid economic uncertainty. Lower issuance, while reducing refinancing risk for some issuers, also signals weaker corporate appetite and may reduce investor flexibility in credit markets.

On the banking side, the shares of several U.S. regional banks fell sharply as they disclosed bad/fraudulent loans (for example, Zions Bancorp, Western Alliance Bancorporation) which has raised investor concern about credit quality and underwriting standards in both regulated banks and “private credit” / shadow banking exposures. **A report from Moody’s Investors Service noted U.S. banks’ loans to non-bank/private-credit providers reached nearly \$300 billion (~10.4% of total loans) — nearly triple a decade ago — marking a potential vulnerability if underwriting deteriorates.**

Spot the growth

US bank loans, by type, \$bn

- Commercial & industrial
- Commercial real estate
- Residential real estate
- Credit cards
- Non-depository financial institutions



Source: Federal Reserve

CIO View (5/5)

These developments carry several meaningful implications:

Spread compression may be masking latent risk. With investment-grade spreads at historic tightness even as macro risks rise, there is concern that markets are underpricing credit risk. The compression suggests investor optimism or low supply; but given rising bank exposures and economic ambiguity, the risk of reversal is elevated.

Widening risk-premium potential ahead. Spreads are likely to widen in the next 6-12 months as the economy slows, default risk rises, or hidden credit losses emerge. For leveraged credit, where underwriting has loosened and new issuance is limited, defaults and margin widening could trigger spread expansion.

Banking sector credit risk & contagion factors rise. The increasing bank exposure to private credit and non-bank borrowers (with potentially weaker underwriting) means banking portfolios may show unexpected losses. If those losses materialize, funding costs for banks may move higher, bank credit spreads (for bank debt) may widen, and the cost of capital for banks may increase.

Tighter funding and capital constraints may feed back into credit supply. If banks become more conservative (either because of losses or higher funding costs), credit supply to corporates and smaller borrowers may tighten, which could lead to credit-market stress, higher spreads, and slower growth — a self-reinforcing dynamic.

Deal-flow and issuance dynamics alter spread behavior. Lower issuance reduces the refinancing wall for some issuers (which is positive) but also means less new borrowing and fewer opportunities for investors.

In an environment of low supply and strong demand, spread tightening can persist, but the flip side is that when risk sentiment turns negative, the lack of issuance and crowded exposure could exacerbate moves wider.

On balance, this means that we continue to worry about yields and strongly recommend that investors focus on issuers with strong balance sheets and credit quality.

Circular Financing – Echoes Of The Past?

“OpenAI CEO Sam Altman has the power to crash the global economy for a decade or take us all to the promised land, and right now we don’t know which is in the cards.”

- Bernstein analyst Stacy Rasgon

Historical Parallels - The Dot-Com & Telecom Bubble

- OpenAI's \$1 trillion in commitments vs. \$13 billion annual revenue target represents a 77:1 ratio.
- Nvidia has \$110 billion in direct investments, \$15+ billion in GPU-backed debt and their vendor financing stands at 67% of annual revenue (\$110B against \$165B)
- During the dot-com bubble, Cisco aggressively used vendor financing that later resulted in ~\$900M of bad-loan reserves in 2001, while the stock fell ~88% within two years

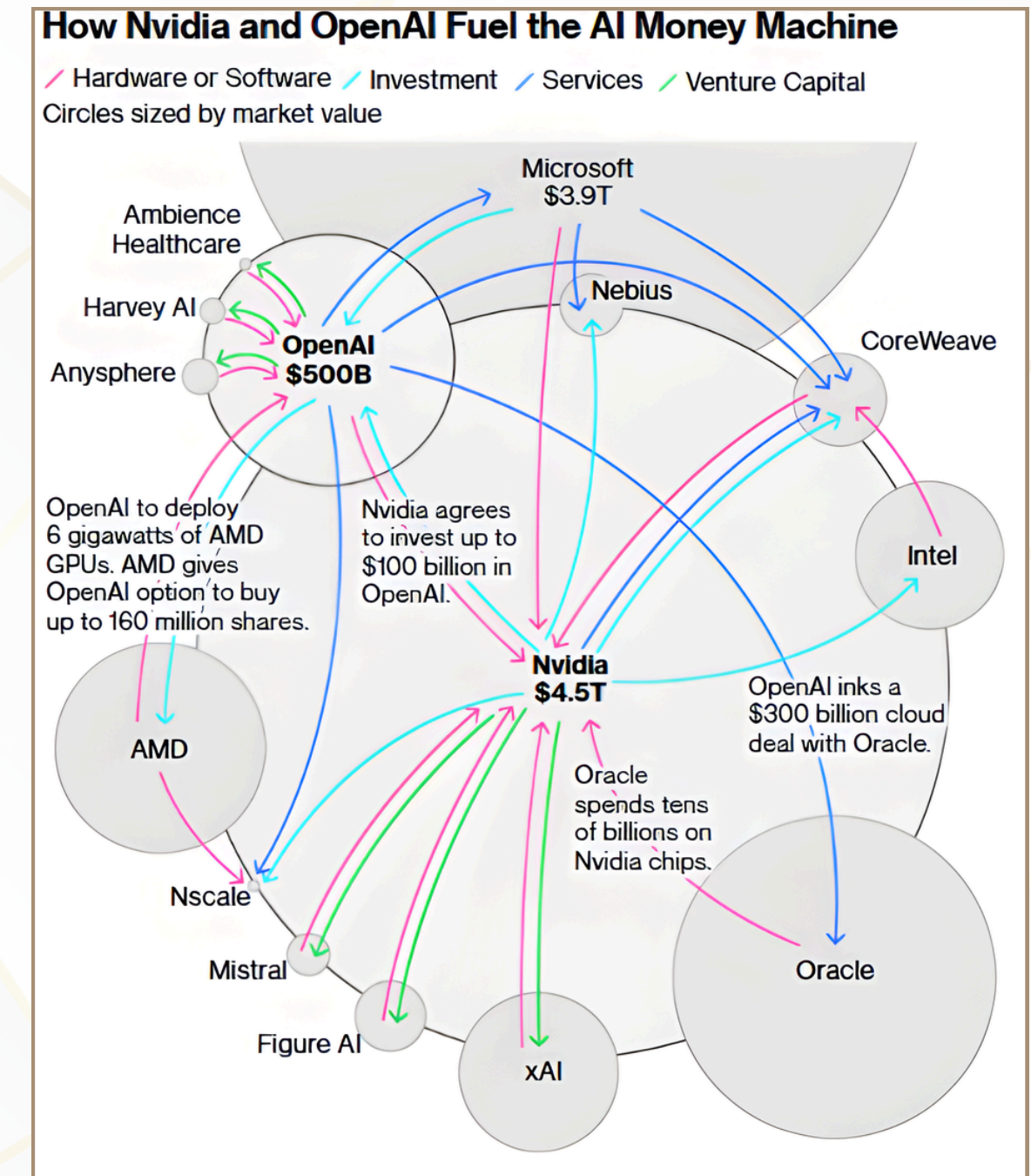
Bull Case

- Balance sheets of hyperscalers are far stronger than 2000; tranching and milestone-based deployments reduce risk; genuine end-user demand via Copilot/365 and ChatGPT's large user base; infrastructure likely retains residual value even if growth moderates

Bear Case

- Circularity can overstate organic demand; OpenAI's revenue/valuation and cash burn vs. trillion-dollar commitments widen execution risk; a weak link could cascade across tightly coupled vendors and financiers, echoing dot-com/telecom vendor-financing bust dynamics.

AI Value Chain ETFs – SOXX, FSKY, CIBR, GRID (Diversify across the entire AI ecosystem)



Source: Bloomberg news reporting

Stake Capitalism With US Characteristics

The New Reality — Government as Shareholder

The U.S. government is now taking minority stakes in strategically sensitive industries — a structural shift from its traditional “hands-off” model.

U.S. Strategic Stake Focus

Semiconductors — domestic chip fabrication and design capacity (Intel, TSMC Arizona).

Critical Minerals — rare earths, lithium, cobalt (MP Materials, Trilogy).

Clean Energy & EVs — battery production, charging infrastructure.

Aerospace & Defense — advanced manufacturing, hypersonic, space tech.

AI & Advanced Computing — foundational models, compute hardware, data centers.

Biotech & Life Sciences — genomic R&D, medical manufacturing independence.

Quantum & Advanced Materials — quantum processors, photonics, high-performance materials.

Policy Objective:

- De-risk supply chains.
- Anchor domestic capacity.
- Safeguard technological sovereignty.

Implications of State Equity

Positives

- **Lower cost of capital:** Government presence reduces financing risk and catalyzes private co-investment.
- **Strategic insulation:** Firms gain policy protection and political tailwinds in procurement or export policy.

Risks

- **Political overhang:** Capex and employment decisions risk politicization.
- **Exit uncertainty:** When and how the state unwinds stakes can affect valuation multiples.
- **Governance friction:** Board influence or veto rights can complicate management agility.
- **Market reaction** so far has been cautiously positive — investors are pricing in strategic backing, but discounting for political risk

Strategic Stakes — 2023-2025 Snapshot

Company	Sector	Form of Government Involvement
Intel	Semiconductors	9.9% Treasury stake + warrant (CHIPS Act)
Trilogy Metals	Critical minerals	DOE anchor equity for battery-metal capacityr
MP Materials	Rare earths	DPA financing, quasi-equity exposure
Nippon Steel (U.S.)	Industrial / security	"Golden share" proposal granting veto rights

Trump Administration Current Holdings

Intel	93.10%	15.9B	↑ 80.30%
Trilogy Metals	0.49%	84.6M	↑ 146.80%
MP Materials	5.40%	930.6M	↑ 132.60%
Lithium Americas Corp	0.94%	161.8M	↑ 97.30%

Source: The Kobeissi Letter

Data from 1 – 30th October 2025

America’s experiment with “stake capitalism” could redefine how national security and market efficiency coexist — or expose the limits of mixing politics with profits

Involution Drives Sector Reforms In China

- “Involution” (neijuan) describes destructive price wars and homogenous competition that erode margins, depress wages, and entrench deflation risk across Chinese industry.
- The “anti-involution” campaign aims to curb disorderly price cutting, rein in overcapacity, and shift competition toward quality and innovation, particularly in EVs, solar/polysilicon, steel, chemicals/plastics, e-commerce and delivery platforms.

Early Signs of Improvement

- China’s producer-price deflation showed signs of easing in August data; and though it fell more than expected in September, the decline was the smallest in seven months.
- Industrial profit data for August showed a sharp rebound, up 20.4% from a year earlier, and 21% higher in September, reversing three months of consecutive declines, suggesting near-term margin stabilization.

Policy Initiatives

- EVs: MIIT tightened quality standards and curtailed low-end subsidies; premium players like BYD and SAIC received export incentives.
- Renewable Portfolio Standards now require 25–70% renewable sourcing for polysilicon producers and solar manufacturers.
- Steel: MIIT mandated a 10% cut in crude steel output by 2025, accelerating closure of outdated furnaces.

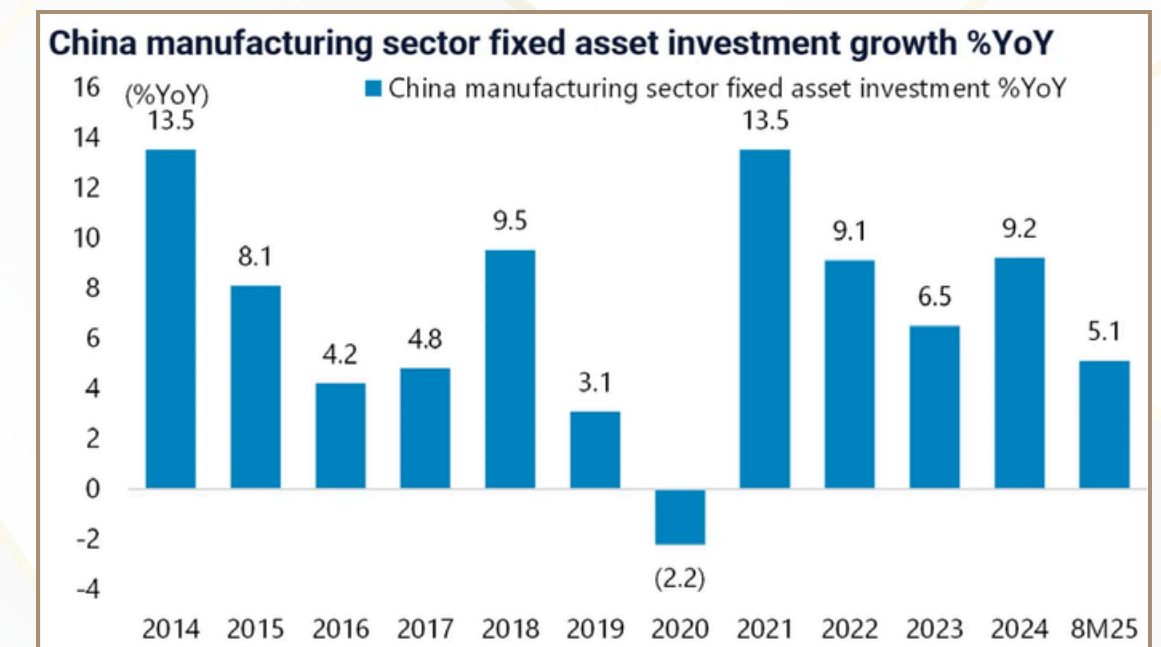
Implementation Challenges

- Debt-laden local governments continue offering subsidies and cheap land to attract projects
- Provincial GDP goals incentivize near-term industrial investment over profit or innovation
- Growth in new bank loans was below expectations in September, largely driven by seasonal factors that could mask underlying weak credit demand.

Large, state-owned enterprises benefit from sectoral reforms as policies promote consolidation.



Source: National Bureau of Statistics



Source: National Bureau of Statistics, CEIE Data

Japan : New PM and impact on the economy (1/2)

Key Policy Direction	What is Changing under Takaichi	Consequences
Fiscal Expansion & Industrial Push (~¥14 trillion / US \$92 billion stimulus)	Takaichi is launching a major stimulus while prioritizing “economic security” — channeling capital into domestic industries (semiconductors, AI, defense, and energy).	• Investors: Fiscal boost may lift equities and infrastructure plays • Households: Short-term subsidies and income support; longer-term inflation risk • Businesses: Incentives for high-tech and manufacturing; stronger state direction in capital allocation
\$550 billion U.S. Strategic-Investment Commitment	Japan will uphold and expand the \$550 billion pledge to co-invest with the U.S. across semiconductors, clean energy, EVs, and defense technology — making the alliance both economic and security-driven.	• Investors: Major upside for firms in defense, energy, and tech supply chains • Households: Job creation and technological spillovers; eventual fiscal burden may lead to higher taxes • Businesses: Access to U.S. markets and R&D partnerships; capital redirected toward strategic industries; tighter China exposure management • Government: Higher sovereign borrowing
Pro-growth but High-debt Strategy (debt of 236% of GDP as of March 2025)	Despite world-leading debt, she intends to keep spending aggressively and delay consolidation.	• Investors: Equity optimism near term; long-term fiscal-sustainability risk; possible JGB yield volatility • Households: Risk of future tax or pension reform to stabilize debt • Businesses: Public spending lifts demand but higher future rates may crowd out private finance

Japan : New PM and impact on the economy (2/2)

Key Policy Direction	What is Changing under Takaichi	Consequences
Harder stance on China & stronger U.S. alignment	Clearer alignment with Washington and Indo-Pacific allies; tougher economic-security posture toward China and Russia.	- Investors: Defence, cybersecurity and logistics sectors gain; geopolitical risk premium rises - Households: Energy and import-price volatility if tensions flare - Businesses: Supply-chain diversification away from China; greater compliance burden on dual-use exports.
Conservative social policies& limitedimmigration	Maintains hard-line stance on large-scale immigration despite ageing population and labour shortage.	- Investors: Long-term growth ceiling remains capped; automation theme strengthens - Households: Wage gains possible but services scarcity persists - Businesses: Rising labour costs; push toward robotics and AI substitution
Energy & nuclear revival / political volatility	Supports nuclear restarts and next-gen energy tech; but governs via a fragile coalition.	- Investors: Renewables, nuclear and infrastructure beneficiaries; policy uncertainty adds volatility - Households: Greater energy security; mixed confidence if reforms stall - Businesses: Lower long-term energy costs; but strategic planning challenged by political instability.

French Yields Spike On Rating Downgrades As Budget Negotiations Drag

Budget Negotiations At Standstill In Absence Of Stable Coalition

- French bond yields saw a volatile period as markets questioned the budget's delivery under EU fiscal rules, the stability of the governing coalition, and factored in multiple rating downgrades.
- The country has seen three different Prime Ministers in 2025, with the current PM Sébastien Lecornu getting reappointed by President Macron after a resignation due to failure in securing a stable coalition.
- France carries the largest budget deficit in the European Union, with a debt-to-GDP ratio at 115% among the highest in the region.
- Notably, it also has the highest spends on social protection at 32.2% of GDP in 2024, against an average of 27.2% in the Euro area—which is mainly linked to pension and healthcare related expenditure.

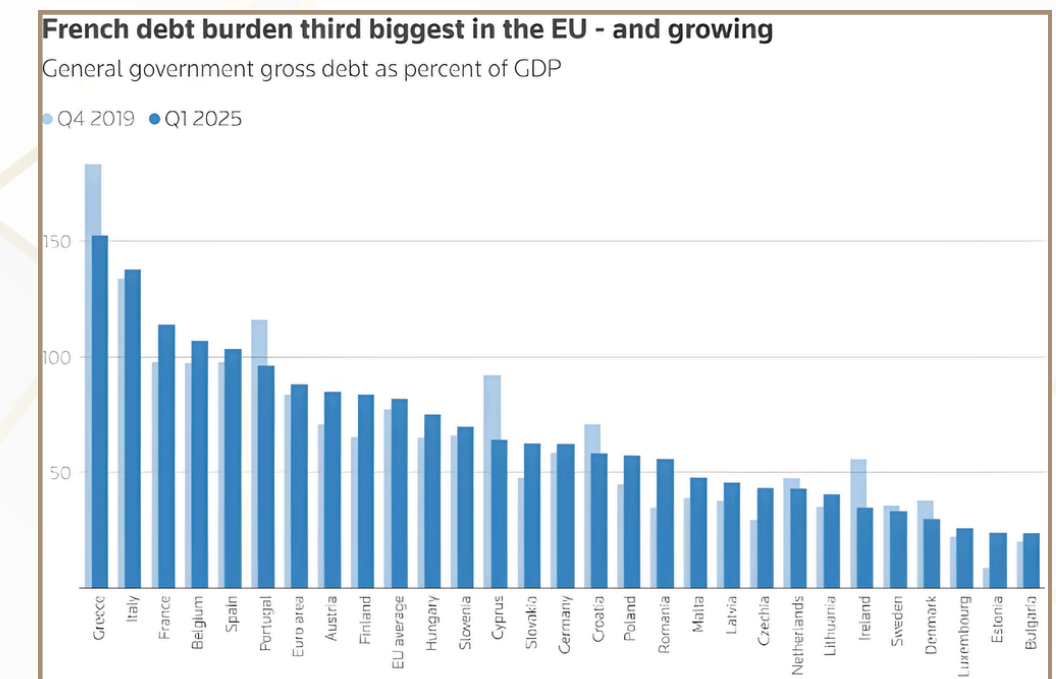
Markets Navigate Multiple Rating Downgrades

- Yields rose as PM François Bayrou was ousted by a vote of confidence in early September, followed by a second spike on a Fitch downgrade from AA- to A+ during the same month.
- The yield on France's 10-year OATs moderated after PM Lecornu proposed suspending a controversial pension reform to break the deadlock in France's parliament that had raised the retirement age from 62 to 64 but rose once again after another rating downgrade by S&P Global Ratings.
- The downgrade from AA- to A+ by S&P highlighted that uncertainty on France's government finances remains elevated even after the draft budget submission and noted that budgetary consolidation will be slower than previously expected.
- The upticks in yields post the S&P downgrade was muted as the move was viewed as a catch-up rather than a fresh shock.

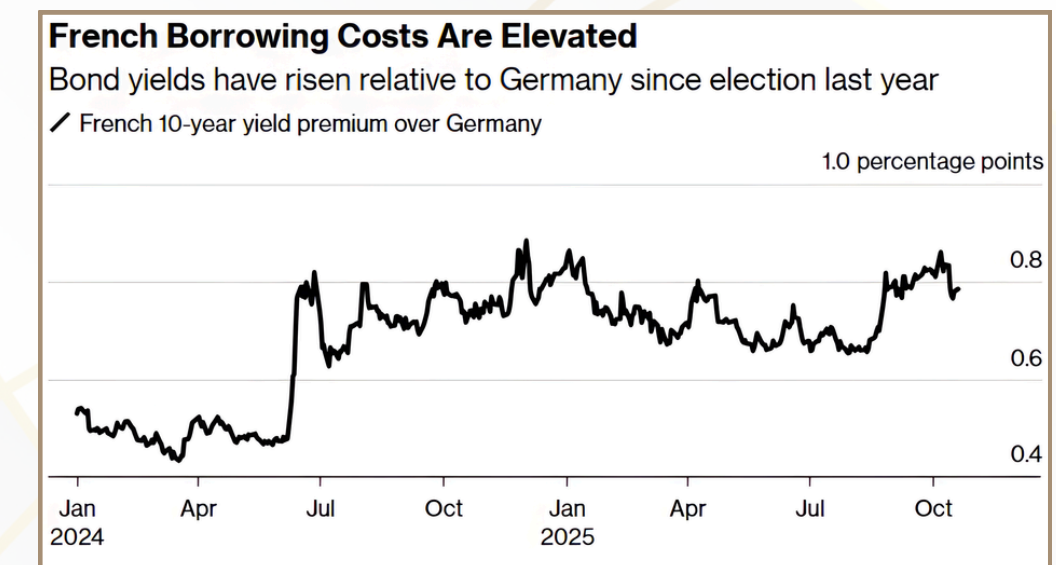
Banks Underperform As Rating Cut Drags Sentiment

- Early September saw mild declines following Fitch's downgrade, which dampened sentiment.
- Large banks—BNP Paribas, Société Générale, and Crédit Agricole—lagged given their exposure to government bonds.
- Since the start of September, the benchmark for French equities – the CAC 40 index has trended 6.7% higher, outshining the Euro Stoxx 50 index (+6%) and the S&P 500 (+5.1%).

Uncertainty looms over budget amid political fragmentation; equities ex-financials remain unfazed.



Source: Eurostat
Chart shows EU countries' gross debt as a percent of GDP with France having the third biggest burden after Greece and Italy.



Source: Bloomberg

Saudi Arabia: Economic Momentum Update

Overview of the KSA Economy

- The IMF has upgraded its 2025 GDP growth forecast to 4%, up from 3% in April, citing a solid non-oil sector expansion.
- **Nomu** rose **0.7% WoW** to **25,476**, led by small-cap gains in manufacturing and trading.
- **Brent crude** trades near **\$66/bbl**, down **13% YTD**, weighing on fiscal sentiment and petrochemical earnings expectations.
- **Non-oil GDP** expanded **4.6% YoY** in Q2 2025, offsetting a slowdown in the oil sector (-1.7%), pushing total GDP growth to **3.9% YoY**.
- **Non oil exports** increased in July by 30.4% yoy and 22% month on month
- **Riyad Bank PMI** improved to **57.8** in September (vs 56.4 in August), marking the strongest non-oil private-sector expansion in six months.
- **Inflation** eased to **2.2% YoY** (Oct 2025), helped by lower housing and food prices.
- **Fiscal pressures remain** — Fitch warned of widening deficits as government spending accelerates ahead of Vision 2030 projects. Due to lower oil revenue, the budget deficit is expected to widen to 4.3% of GDP this year.

Market and Investment Highlights

- Investor sentiment remains cautious, though bottom-up stock selection continues in key sectors (industrials, transport, tourism).
- **Q3 earnings season** (Oct–Nov) expected to show resilience in **banking** and **consumer sectors**, while **petrochemicals** may lag.
- The **IPO pipeline** remains active following mid-year delays; improved liquidity could revive listings in Q1 2025.
- **TASI index** stabilized after months of volatility, closing at **11,593** as of Oct 26 (+4% last month), supported by selective buying in industrials and logistics despite subdued liquidity.

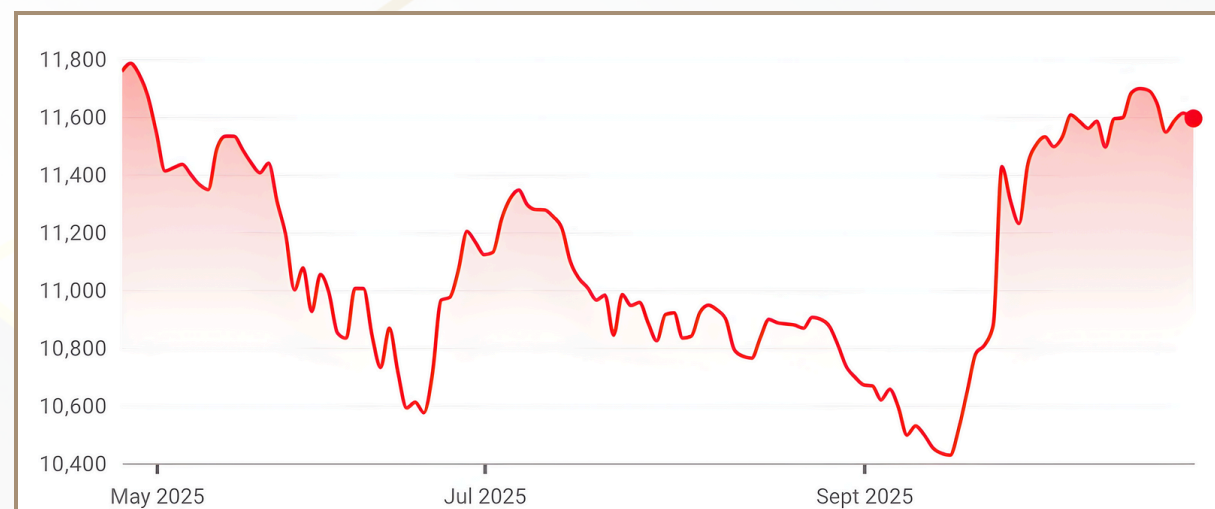
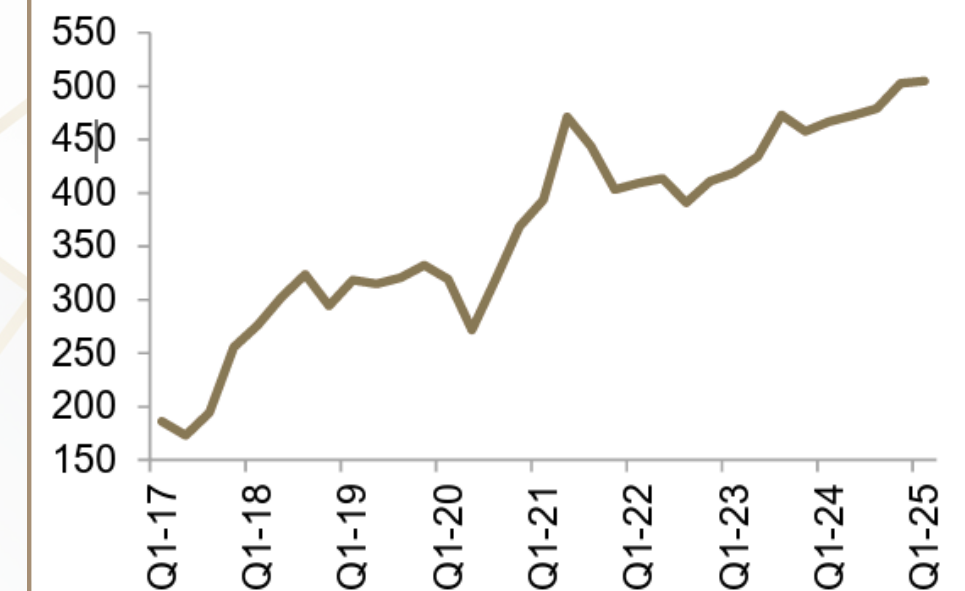
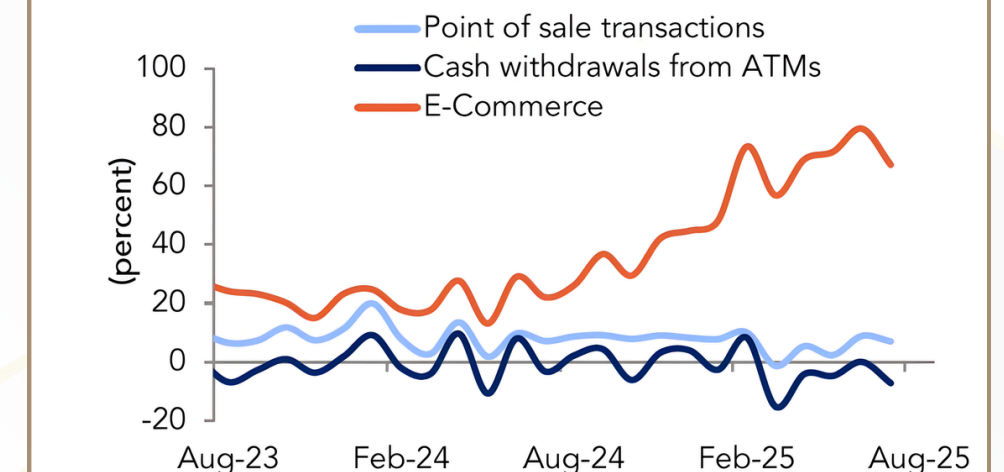


Figure 11: Non-oil revenue continues to trend up
(SR billion; rolling 4 quarters)



Monthly consumer spending
(year-on-year change)



Gold Rally: What's Driving the Surge?

"The U.S. is now trying to rewrite the rules of the gold and cryptocurrency markets. Remember the size of their debt —35 trillion dollars. These two sectors (crypto and gold) are essentially alternatives to the traditional global currency system"

- Kobyakov (Advisor to Putin)

Main Reasons for the Recent Sharp fall in Gold

We saw a sharp fall in the prior week. The daily RSI has come off although Monthly RSI still stays at peak. Probable reasons for the recent sharp fall could be.

- Profit booking in ETFs by retail & institutional investors.
- Easing tensions between US & China. Could indicate that China would reduce the buying which it has extensively done in the last 2 years.
- The Risk of De-dollarization is not mitigated but we can see some mean reversion in the Dollar Index, which could correct gold prices.

Main Reasons for the Sharp Rise in Gold

- **Central bank accumulation:** Major central banks are aggressively buying gold to diversify reserves and reduce reliance on the U.S. dollar.
- **Geopolitical and macro uncertainty:** Ongoing global conflicts including US-China trade frictions, Middle East instability and economic instability are driving investors toward gold as a safe-haven asset.
- **Institutional and ETF inflows:** Large institutional & Retail investors buying gold-backed ETFs are adding to demand as confidence in other assets weakens.
- Strong demand from **China, India, Turkey, and Poland**—have bought record amounts of gold for reserves as trust in the US dollar and US Treasuries has declined.
- Global reserves held in gold are at their **highest level in 60 years**, driven by de-dollarization trends and a desire for diversification. Strategic moves by countries to reduce reliance on the dollar.
- Lastly Risk of Debasement of World Currencies is driving the surge in Gold & Cryptos. Further increasing the demand for such assets.

"Strong demand supports gold's rise, though the near parabolic run looks stretched."



Supports are present at 4,084 \$/oz & 3877 \$/oz levels. We could see further selling if Gold breaks the psychological level of 4,000\$/oz

Country	Gold Holdings (tonnes)	Change (tonnes, 1yr)
United States	8,133.5	0
Germany	3,351.5	0
Italy	2,451.8	0
France	2,437.0	0
Russia	2,335.9	0
China	2,279.6	+44 (2024), +21 (2025 YTD)
Switzerland	1,040.0	0
India	876.2	+72.6 (2024), +4 (2025 YTD)
Japan	846.0	0
Turkey	615.0	+39.4 (2024), +15 (2025 YTD)
Poland	509.0	+89.5 (2024), +67 (2025 YTD)

Understanding The Undervaluation in Big Pharma

Pharma stocks (ex-Eli Lilly) are trading at an average P/E of 12 v/s S&P 500 P/E of 28. Below could be the major factors.

Tariff fears & price control

- Since May, **the US president has been threatening pharma companies with import tariffs of up to 200%** if they do not agree to lower prices.
- Last month, Trump said that a 100% tariff rate would be applied on pharma products from Oct 1 onwards.
- Pfizer struck a deal with the government in return for 3 years reprieve on tariff.
- **The Pfizer deal provides a blueprint for others in the industry to dodge tariffs** with minimal margin deterioration, Astrazeneca recently announced a similar deal.

Low M&A

- **Global pharma deals have been slowing gradually since 2020.** 2023 saw a big bump when Pfizer acquired Seagen for \$43B.
- **The pace of dealmaking has already increased this year.** More than 400 biotech and pharma transactions totalling about \$111B have been announced industry wide since the year began, surpassing the \$71B in all of last year.

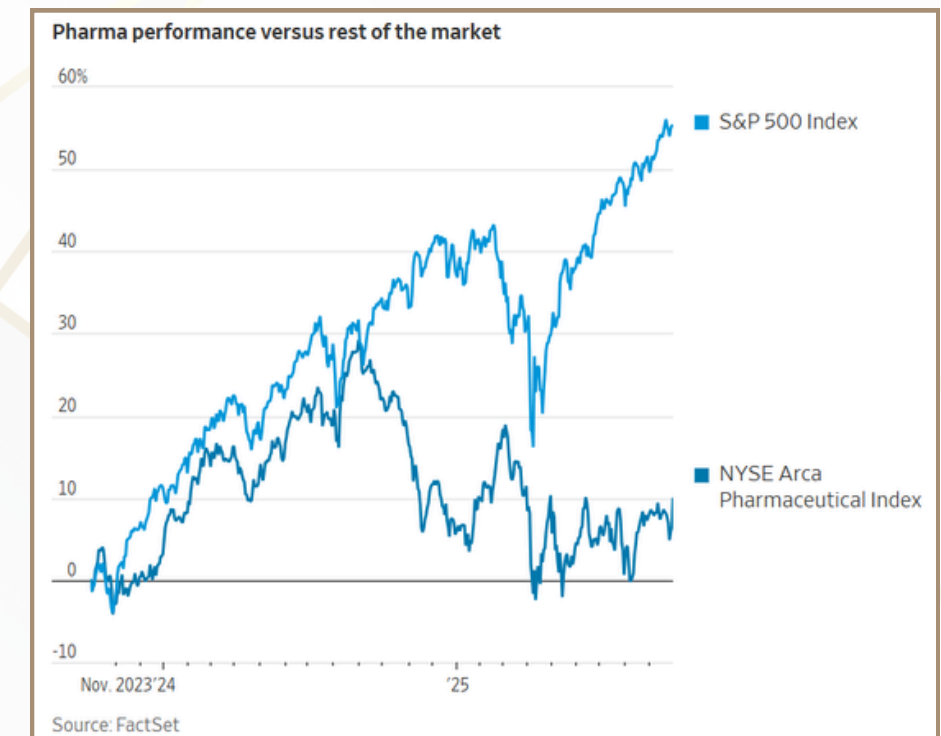
Patent Cliff

- Pharma giants are hunting for the next blockbuster drugs to replace revenue lost when exclusivity lapses on key medicines.
- **More than \$360B of annual sales at US and European drugmakers will become vulnerable to generic competition because of patents expiring between 2024 and 2030.**

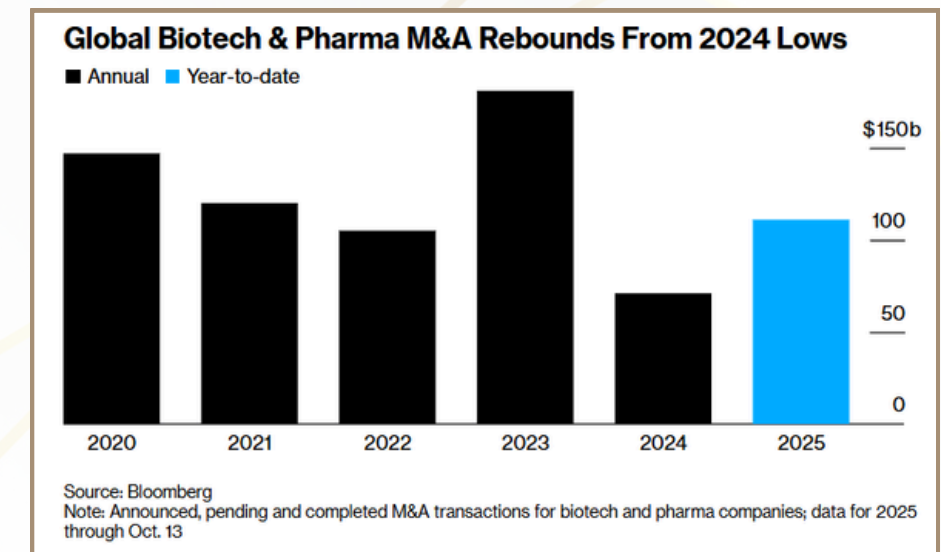
AI fervour

- Capital Flow Concentration: **Investor preference for AI and mega-cap tech** diverted capital from healthcare throughout 2023-2024.

Tariff reprieve, combined with a slowing economy could be a positive for pharma stocks. PPH, IHE, PJP are ETFs that can take advantage of the move up



Source: FactSet



Source: Bloomberg

Note: Announced, pending, and completed M&A transactions for biotech and pharma companies; data for 2025 through Oct. 13.

Gaming stocks outplay Magnificent 7

Market Size & Potential

- The video game industry generated \$299 billion in 2024, surpassing the combined revenue of movies and music. This highlights its dominance as the largest segment in global entertainment.
- Mobile gaming leads with \$92B, followed by console (\$51B) and PC (\$43B). Mobile's dominance reflects widespread smartphone adoption and the success of free-to-play models with in-app purchases.
- Over 3 billion people actively play video games worldwide, offering a massive and highly engaged audience. This scale provides opportunities for in-game monetization, subscriptions, and cross-media IP expansion.

Key Growth Drivers

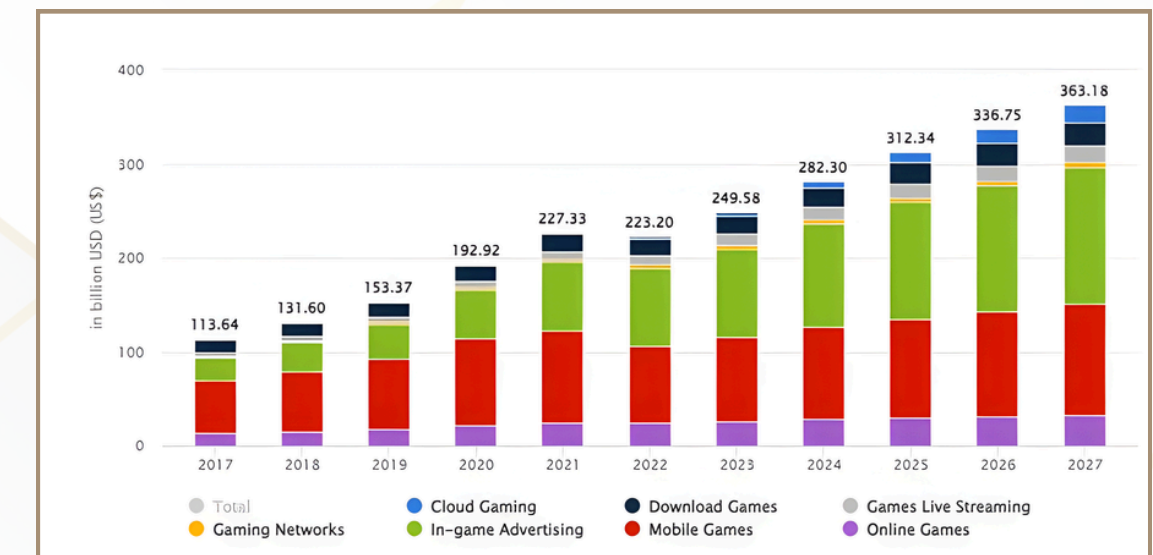
- Mobile Gaming Expansion: Mobile accounts for 47% of global gaming (\$92B). Smartphones and free-to-play models drove nearly \$800B spending in 20 years.
- Franchise & IP Monetization: Franchises like Diablo, GTA, FIFA generate predictable revenue. Diablo 4 earned \$1B in its first year.
- Digital Ownership & Blockchain: 67% of players want transferable in-game assets. NFT and blockchain gaming show long-term monetization potential despite early drop-offs.
- Technological Innovation: AI, VR, AR, and generative tools reduce costs, boost engagement, and accelerate game development, improving retention and player experience.
- Global Accessibility & Resilience: Gaming thrives in downturns. Wii succeeded in 2008; COVID-19 lockdowns boosted gaming. Mobile growth expands emerging market reach.
- In-game purchases, subscriptions, ads, and live-service models provide stable recurring revenue, ensuring profitability across platforms and geographies.

Investment Opportunities

- Individual Stocks: Investors can consider companies like Nintendo, Microsoft, Electronic Arts (EA), Roblox, and NetEase, which are key players in the gaming industry. Gaming ETFs: Exchange-Traded Funds such as ESPO and HERO offer diversified exposure to the gaming sector, mitigating individual stock risks.
- Sector-Specific Focus: Investors may choose to focus on high-growth areas like mobile gaming, esports, or emerging technologies such as virtual reality (VR) and augmented reality (AR), which are expected to drive future growth.

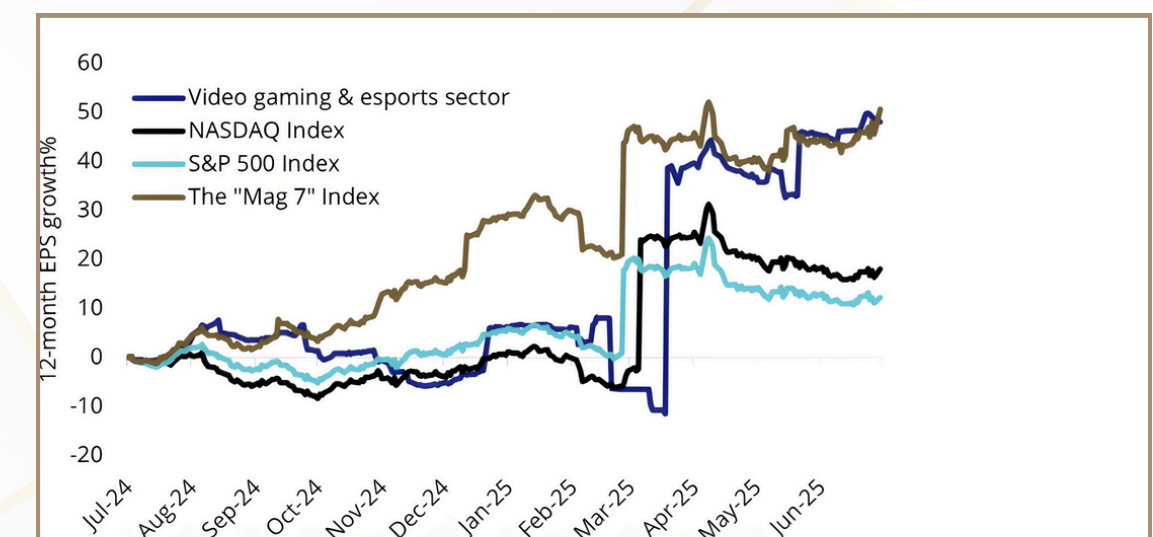
Valuations are high, yet market growth makes dips attractive buying opportunities.

Breakdown of Gaming Revenues



Source: VanEck, Bloomberg, 30 June 2025. Video gaming & esports is proxied by the MVIS Global Video Gaming & eSports Index. The "Mag 7" Index is Bloomberg's Magnificent Seven Index.

Gaming Stocks Outperform



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