



Rise of the Machines

Unio Global Macro Council Outlook

December 2025

Rise of the Machines

As the end of year approaches we are looking forward, and notably did so in the past two ‘Sunday Views’. In our previous Global Macro Council meeting we examined the macroeconomic outlook where in the context of an improving world economy (Europe could well surprise positively) we struck a note of caution for US equities as excessively high valuations tend to portend lower returns into the future.

Amidst a debate on the nature and timing of a bubble in US equities, the timing of which is very hard to gauge, the more pertinent issue for investors is the profile of future returns for US equities, and the relative attractiveness of other markets. In this regard, the potential switch from ‘expensive’ markets like the US, to cheaper, more defensive sectors and markets will be the story of 2026.

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Overall, the picture suggests a “rise of the machines,” as many of the best-performing smaller stocks are clustered in frontier technology segments.”

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A significant driver of the overvaluation is the performance of the AI centric Mag 7 stocks, most of which are now into trillion dollar territory in terms of market cap. Yet, in the interests of looking ahead, at this month’s GMC we examined some of the newer technologies of the future, that could fuel the trillion dollar firms of the future.

New Energy - At a time when large technology firms speak of data centres in the deep sea and, in outer space, partly because of grid blockages and data centre saturation in countries like Ireland, new forms of energy are in vogue – fuel cells and modular nuclear reactors are two that are prominent. Battery technology and storage are of course also important.

Robotics - South Korea and Japan are worth watching because they have been at the forefront of the decline in demographics that is gripping most countries now, and they are unique in their openness to the use of robotics in society, medical and elderly care. In the years ahead, robots will be more present in manual tasks – from picking fruit, building houses and in warehouse management to name a few, in addition to becoming more prevalent in education (teaching autistic children), healthcare (surgery) and in the defence sector.

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Quantum - Today's computers use bits that are either 1 or 0, solving problems step by step. Quantum computers use qubits, which act more like Schrödinger's cat—able to be 1, 0, or both at once until measured. This allows them to explore many possibilities simultaneously and tackle problems far too complex for traditional machines. Europe and the US are investing heavily in quantum research, and a few listed firms are involved, though most remain in the prototype stage with no meaningful revenues. Their shares can therefore be volatile. Commercial applications are still years away, but if the technology develops as expected, quantum could become one of the most important and disruptive innovations of the next decade.

Defence - Ireland is starting to debate its neglected security and defence infrastructure, whilst other small states power ahead with innovation and aggressive spending. In the segment, innovation is occurring rapidly, notably in terms of unmanned vehicles (in the sea and air), cybersecurity and hypersonic missile technology. With the EU having just finalised its Eur 150 bn defence loan facility, this sector has significant scope to grow across Europe.





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