A series of quick comments on the opportunities, risks and trends observed by Pictet's Thematic Private Equity – Technology team

90-sec tech check: AI acceleration

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WHAT'S HAPPENING?

This summer has brought numerous breakthroughs in AI, in both the technological frontiers and the industry's economics. Whether it's models from China like Moonshot's Kimi demonstrating top-tier power with lower costs than rivals and rising from a $20bn valuation round in May to $35bn in July, or Anthropic's revenues surging 14-fold year-on-year in the second quarter to an annualised rate above $65bn before its planned IPO, or an unreleased OpenAI model hacking the supposedly secure Hugging Face hub, or SpaceX estimating an actionable total addressable market of $26.5 trillion in AI, progress has been rapid and multi-dimensional.

WHAT ARE THE INVESTMENT IMPLICATIONS?

Our own assessment of this evolving landscape is that **AI is a winner-takes-most but multi-model ecosystem**. ICONIQ reports that enterprises used an average of 3.3 large language models (LLMs) as of June 2026, employing different models based on the complexity of the task undertaken as they switch from 'token-maxing' to 'value-maxing'. Not every mundane enterprise task requires an expensive frontier model; open-source can capture the lion's share of those routine tasks, with frontier models reserved for cutting-edge use cases.

Indeed, **frontier open-weight models are already gaining market share**, from 33% of token throughput in July 2025 to 54% in June 2026, according to OpenRouter. We thus see that many leading US AI companies and enterprises are building more and more on open-source models, such as Cursor, Decagon, Fin, and Exa among others.

This is where **Chinese models are fast emerging**. In January this year, we argued that "a deep engineering talent pool, research capabilities, and a separate internet ecosystem give China a unique edge to go head-to-head with the US on AI across both model (especially in open-source) and software layers." The latest models released by labs like Moonshot reinforce our confidence in this thesis (see chart below).

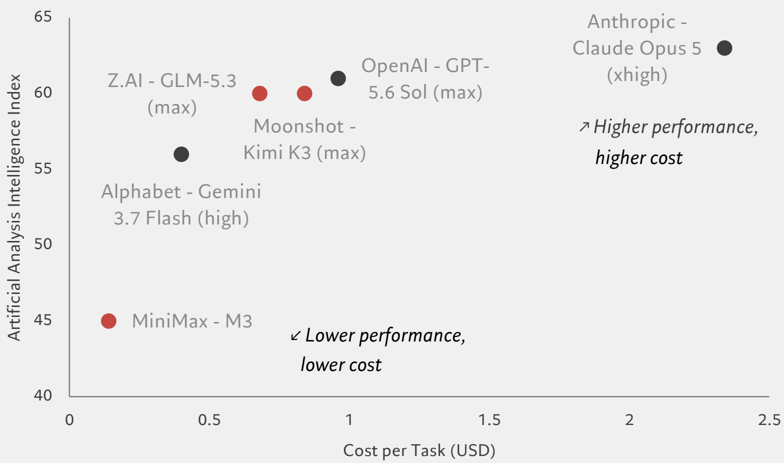
Moreover, this is translating into commercial success: Moonshot reached annual recurring revenues of $300m in June, up from $200m in April, while Bloomberg News reported daily sales have increased sixfold since the K3 launch in July. **We expect growth to be sustained as Moonshot and others are plays on agentic AI rather than chatbots**, given their positioning in long-horizon reasoning, coding agents and digital co-worker applications, which are expected to be AI's next major value-accrual layer.

We therefore see Chinese challengers complementing rather than replacing US AI private equity allocations, broadening exposure across both sides of the global LLM landscape rather than creating a single-country bet. Over time, **we expect AI value creation to accrue to a small number of globally relevant foundation-model leaders**.

Visualising the story

US models still retain their edge in sophistication, but the emerging Chinese competitors (in red) are closing the gap while remaining as lower-cost options per task.

Source: Artificial Analysis, 25 August 2026. Selective, non-exhaustive illustration of AI models. There is no assurance that any trends depicted or described will continue or that any projections will ultimately materialise.



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