

Why the Old Rules of Wealth are being rewritten

For nearly thirty years, the world followed a predictable script. If you were an investor or just someone watching your investments or retirement fund, the “global playbook” was easy to follow; trade was expanding, inflation was low, and the “shopper-in-chief” - the everyday consumer - was the engine driving the entire machine. That playbook hasn’t just been updated; it has been incinerated. As we move toward 2030, we are entering an era that the World Economic Forum (WEF) describes as one of “sudden disruptions”. They reflect on vast research to ask the question whether the old rules of wealth creation are being rewritten.



**Willie
Pelsler**

Around this time every year I can’t wait to read the latest report from the World Economic Forum. The current release builds on two years of dialogue held as part of the World Economic Forum’s Future of Growth Initiative. Views from more than 11,000 business leaders globally were captured in the document titled: Growth in the New Economy: Towards a Blueprint

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From the rapid rise of Artificial Intelligence (AI) to a global mountain of debt that has reached a record, the ground beneath our feet is shifting. If you are still investing based on the logic of 2010, you aren’t just standing still - you are likely watching something where you might be left behind.

To navigate this new world, we need a “new blueprint”. Here is how the geography of wealth, the nature of work, and the drivers of growth are changing for the decade ahead according to the WEF.

1. The Death of the “Emerging Market” (And the Rise of the Middle-Income Hub)

In the past, financial advisors often told you to split your

SPEED READ

- We might change our thinking about Emerging Markets as a destination and rather focus on the Middle-Income Group
- AI revolution is re-coding that “Cheap Labor” Is No Longer a Winning Strategy.
- The Debt paradox is still growing - 235% of the world’s total economic output (GDP) is debt.
- IT Services (AI) is the New Anchor and the ultimate driver of global growth in the decade to come.
- The energy bottleneck is becoming more real by the day.

money between “Advanced Economies” (like the US and Europe) and “Emerging Markets” (the developing world). Today, that advice is becoming dangerously obsolete.

We are seeing a massive rebalancing of where the world’s money is actually made. The real “engine room” of the global economy is no longer the poorest nations or the aging superpowers, but a very specific group: middle-income economies.

- **The 65% Rule:** Between 2025 and 2030, these middle-income nations are projected to account for a staggering 65% of all global economic growth.
- **The Asian Century:** Asia is the undisputed centre of gravity, expected to contribute over 50% of global growth through the end of the decade.
- **The Heavy Hitters:** Just two countries - China and India - will account for more than one-third of the entire world’s economic expansion.

Compare that to the United States, which is expected to contribute only about 10% of total growth, or Europe at roughly 15.5%. Even more sobering is the “growth gap” for the world’s poorest. While low-income countries house

8% of the global population, they will represent only 1% of global growth. For us as investors, this means a “broad-brush” strategy of just buying “emerging markets” could trap your money in stagnant regions. The key is finding nations that don’t just have a lot of people, but have the “absorptive capacity” to use new technology to build modern industries.

2. The AI Revolution: Why “Cheap Labor” Is No Longer a Winning Strategy

For fifty years, if a developing country wanted to get rich, the path was simple: build factories and use low-cost labour to make things for the West. That ladder has been kicked away.

With the explosion of AI and robotics, “cheap labour” is losing its value. Why pay for a large workforce when a robot or an AI system can do it faster and eventually cheaper? This is creating a “digital dilemma” for many nations. However, there is a silver lining. Business leaders in 95% of countries surveyed believe technologies like AI and quantum computing will ultimately be a net positive. The “no-regret” move for any economy - and any company you invest in - is developing the ability to combine human talent with these new tools.

In this new landscape, having a large young population is only an asset if those people are reskilled to work alongside automated systems. Countries that can’t “leapfrog” traditional factory work and move straight into tech-driven production risk being sidelined as manufacturing moves back to high-tech hubs.

3. The Debt Paradox: Record Burdens vs. Record Wealth

We are currently living through a historical anomaly. Global debt - both what governments owe and what private citizens owe - has hit a record 235% of the world’s total economic output (GDP). Paradoxically, this is happening while stock market valuations and overall financial wealth are at record highs.

This “Debt Paradox” is a tightrope walk for governments. They essentially have two painful choices, and both affect your wallet:

1. Path A: Fiscal Prudence. Governments try to pay off debt by raising taxes and cutting spending. While this is responsible, it can act as a drag on company earnings and the stock market because there is less money circulating for innovation.
2. Path B: Financial Repression. This is a sneakier route where governments keep interest rates artificially low. This helps the government borrow cheaply, but it

imposes a “hidden cost” on you. It means the interest you earn on your savings or bonds might not keep up with inflation, effectively sacrificing your returns to help the government manage its bills.

Currently, 93% of countries see high debt as a negative for growth. As an investor, the goal is to find the “Goldilocks” nations - those that can manage their debt without crushing the innovation that leads to long-term returns.

4. Sector Winners: IT Services is the New Anchor

When we look at the industries of 2030, a clear hierarchy emerges. It is no longer just about who makes the best “stuff” (hardware), but who provides the “brains” (services and integration).

Information Technology (IT) Services are the undisputed leaders, scoring far ahead of every other sector in terms of growth potential. This isn’t just a tech trend; IT services are becoming the primary anchor of the entire global economy. Location matters here, too. If you’re looking at IT services, Europe is a major hotspot. If you’re looking at Advanced Manufacturing or Healthcare, Southern Asia is leading the

Top 5 Growth Drivers	Score	Bottom 3 Growth Laggards	Score
IT Services	11.5	Real Estate	2.0
Advanced Manufacturing	7.7	Insurance & Pensions	1.9
Medical & Healthcare	7.1	Chemicals & Materials	1.6
Accommodation & Leisure	6.8		
Electronics	1.8		

Note: Scores reflect projected contribution to global growth.

charge. For you, this means “sector-picking” (choosing an industry) must be paired with “region-picking” (choosing where that industry is most likely to thrive).

5. The Energy Bottleneck: A Survival Metric

While tech and healthcare have high “ceilings” for growth, there is a “floor” that affects everyone: the cost of energy. Across 73 out of 118 countries, the high cost of energy and commodities is cited as the #1 barrier to growth. This creates a fascinating paradox:

- The Good News: 89% of countries see the “Green Transition” as a net positive for growth in the long run.
- The Bad News: The “transition path” is currently a “margin-destroyer” for companies because of geopolitical rifts and the high cost of critical materials.

Energy efficiency is no longer just a “feel-good” corporate

goal or an “ESG” checkbox; it is now a fundamental survival metric. Companies that can find ways to operate with less energy or in regions with secure energy supplies (like Central Asia) will have a massive competitive advantage.

6. Who is the New Customer?

One of the most surprising findings in the WEF’s 2026 Blueprint is the decline of the household consumer. For decades, the safest bet in investing was “B2C” - Business to Consumer. We assumed that as long as people kept buying sneakers, coffee, and cars, the economy would grow.

That is changing. In advanced economies, populations are aging, and real incomes are staying flat. The data now shows that consumer spending is not a primary driver of growth in any major region. Instead, growth is shifting toward:

- Business-to-Business (B2B): Companies selling tools, software, and infrastructure to other companies.
- Domestic Investment: Especially in middle-income nations, businesses are spending on their own equipment and technology.
- Public Spending: In regions like the Middle East (MENA), government spending remains the biggest engine, cited by over 50% of businesses.

There report suggests a move away from “Consumer Discretionary” goods and toward “Industrial Capital Goods” and “Infrastructure”. The winners will be the companies providing the tools for other businesses to reinvent themselves. However, one must never forget that we all need to live, survive and have fun. I will always remember the photo from the Russia-Ukraine war where a can of Coke was balanced on one of the artillery vehicles. I will also need one of those “choccies” to get me through a 25-hour day as I navigate the investment universe on behalf of clients – the consumer is still out there, we might just spend differently.

7. “Small” vs. “Bold” Government: The New Political Risk

Finally, we must look at the role of the state. Investors must now choose between two different models of government, each with its own risks:

- “Small” Government: These countries focus on lean regulation and letting the market do its thing. This is efficient but can be short-sighted, potentially missing out on long-term shifts like the AI revolution.
- “Bold” Government: These states take an active role, using “industrial policy” to pick winning industries or



The world is now driven by IT services across every segment of the economy and the companies providing those are most likely to drive economic growth.

share the risk of new technologies (perhaps this is the real reason behind the Middle East tensions?). While this can mobilize a lot of money quickly, it also risks “misallocation of funds” (wasting money on the wrong things) and rising deficits.

Adding to this is “Societal Polarization,” which 74% of countries say is a major headwind for growth. When societies are divided, governments often lean toward “Redistribution” (higher taxes) rather than “Mobility” (encouraging new business). For you, a focus on redistribution usually means higher corporate taxes and a tougher environment for companies to operate in.

Conclusion: Is Your Portfolio Built for 2030?

The global economy of 2030 is no longer “a tide that lifts all boats”. It is a fragmented, hyper-competitive landscape where old strategies - like relying on cheap labor or the American shopper - are losing their power.

The “winners” of this decade will be those who embrace total reinvention. This means focusing on productivity, human capital, and energy resilience. As trade patterns reorganize, the most valuable asset you can have is agility.

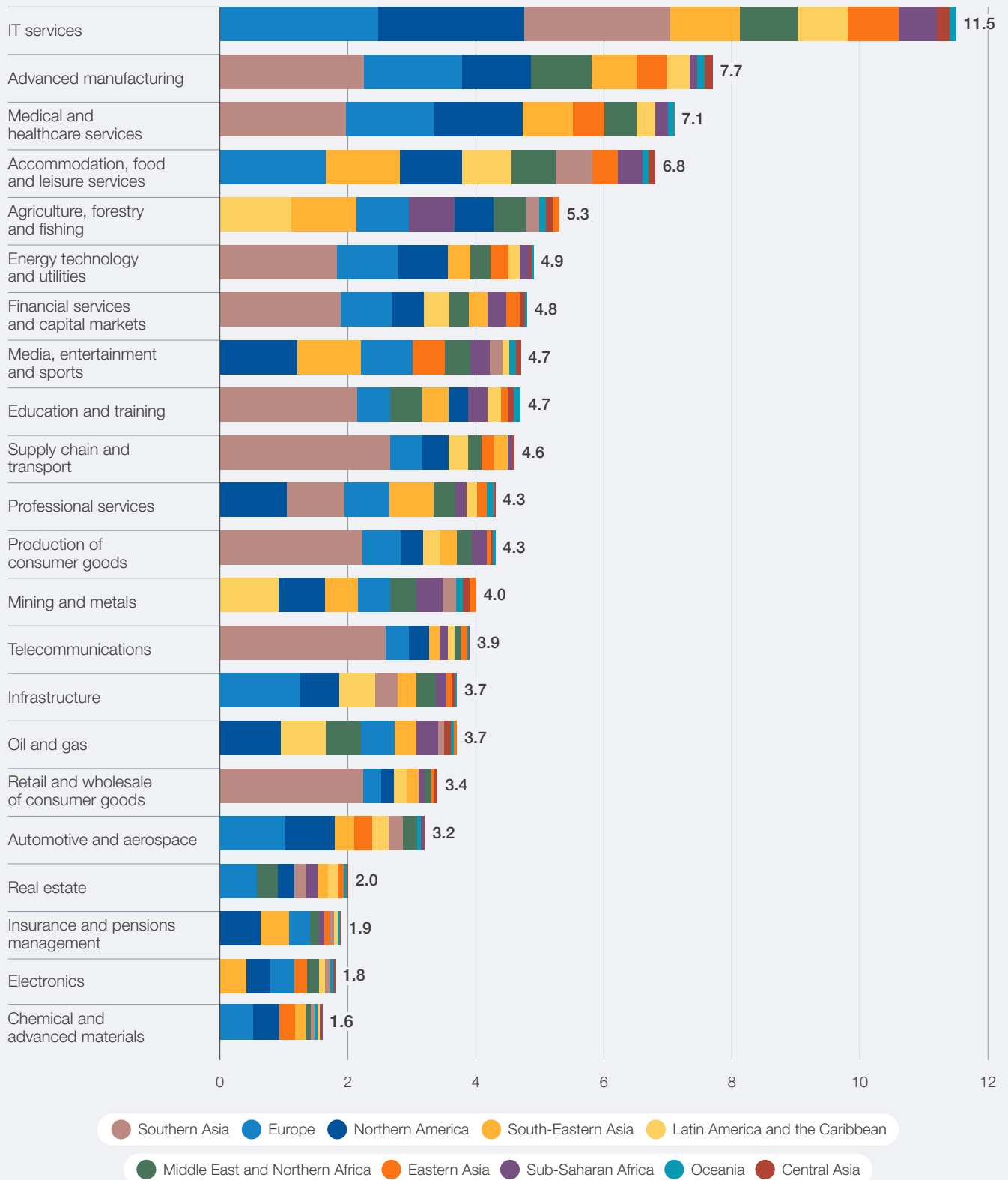
The data (according to the WEF report) is clear: the strategies that worked in the 2010s are simply not built for the 2030s. As we continue to look after clients’ money, we remain focused to keep the investment “straits open” and avoid the sea-mines (market pitfalls) – all to

keep our eyes on the target: your WealthPool.

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BREAKDOWN OF THE SECTORS MOST LIKELY TO DRIVE GDP GROWTH UNTIL 2030

Share of responses citing each sector as a top driver of growth over the next five years, weighted by projected incremental GDP (PPP) 2025–2030



Source: Based on: World Economic Forum, Executive Opinion Survey 2025; International Monetary Fund (IMF). (2025). World Economic Outlook: October 2025 Database.

IT services are predicted to be the largest driver of global GDP growth with Advanced manufacturing and healthcare in the next two places.



Our next seminar will be held in June. As usual, we will review the first six months of the year and update our outlook for the remaining six months.



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Topic: **2026: The first six months**

Natal Midlands

Date: 4 June 2026

Venue: Christ Church Howick, 23 Mare Street, Howick

Morning Time: 10am for 10.30am

Evening Time: 5.30pm for 6pm

Johannesburg

Date: 9 June 2026

Venue: Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham

Time: 7am for 7.30am

Cape Town

Date: 11 June 2026

Venue: Kelvin Grove Club, 144 Camp-ground Rd, Newlands, 7700

Time: 7.30am

Venue: Helderberg Village Lifestyle Estate, 63 Bakkerskloof Rd, Helderberg Village, Cape Town

Time: 5.30pm for 6pm



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Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Performance fees do not apply to any funds managed by Harvard House. The manager does not provide any guarantee either with respect to the capital or return of the portfolio. A schedule of fees, charges, and maximum commissions are available on request from the manager.

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