

## RESEARCH CONFERENCE SUMMARY



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Walter Scott's 2026 Research Conference took place at a time of transformation in technology, geopolitics and demography. Over three days in the heart of Edinburgh, corporate leaders, industry experts, policymakers, and academics, shared their perspectives on the forces shaping the world today.

Walter Scott's investment approach is built on identifying companies that can produce sustainable returns over the long term, outlasting short-term shocks and understanding structural changes that shape economies and consumers. The pace of change being wrought by artificial intelligence (AI), along with pressing challenges relating to climate and demographics, as well as a more hostile and fragmented world, can be better understood when placed in context. Professor Paul Marsh set the tone by taking the long view – showing how, over a 125-year period, equities outperform other asset classes.

### The AI transformation

AI was a common thread that touched every discussion throughout the conference. Michael Bhaskar, who leads an AI research team at Microsoft AI, laid out the scale of the opportunity from AI and synthetic biology, describing the AI era as the most transformational in history, and its impact as akin to the first and second industrial revolutions combined. But he also acknowledged the threats posed by bad actors, or by an over-concentration of generative AI tools among a handful of tech behemoths. To counteract this, European governments should move from regulating AI to innovating and he called on Europe to build its own future similar to the way that it needs to control its own destiny when it comes to defence.

After Bhaskar set the context, a succession of corporate leaders and experts discussed how AI and technology more broadly are shaping entire industries. In conversation with Investment Manager Des Armstrong, eminent surgeon Professor Campbell Roxburgh shared his experience in conducting operations using robotic surgery and discussed how it is improving the lives of patients with shorter recovery times, in turn resulting in millions of pounds of savings for Britain's National Health Service.

JP O'Meara, Head of Investor Relations at Ahold Delhaize and Non-Executive Director at Walter Scott, described how one of the world's largest food retail companies uses AI across its value chain, from sending data to farmers on the quality and amount of products it needs, to baking bread in-store at the optimum time of the day to secure free renewable energy.

Dr Claire Guest OBE brought together the themes of AI and innovation when she talked about Medical Detection Dogs, the charity she co-founded which trains biodetection and medical alert assistance dogs. A recent collaboration with RealNose.ai is focusing on translating canine scent detection into scalable, AI-powered olfaction technologies.

The challenge for companies is how to harness AI to drive growth and long-term returns, which ultimately depends on fostering corporate culture that supports innovation and sustainable growth. Chris Suh, the CFO of Visa, described how each phase of the company's growth story has been driven by technological disruption. From its first transaction in the 1970s, Visa processed around 900 million transactions a day at the end of 2025, adapting its network through developments like e-commerce and mobile commerce. Now it is investing in stablecoin technology – digital currencies pegged to stable assets, such as the US dollar, designed to reduce price volatility – and agentic commerce technology – where an AI agent completes shopping and payment tasks on a consumer's behalf – to open up a new avenue for payments. Suh also stressed the importance of instilling an ownership culture to empower people to innovate, rather than controlling everything from the centre.

Alan Hippe, the CFO of pharmaceuticals company Roche, described how technology is reshaping outcomes in healthcare. The company established a relationship with Nvidia a decade ago, and this year it launched 'Lab-in-the-Loop' which accelerates the creation of treatments by integrating machine learning with physical experiments.

## Bubble fears

Optimism over AI use and adoption has driven equity markets to new highs in 2026, creating a narrative of AI winners and AI losers. But such a characterisation can be indiscriminate and misleading, especially as the future adoption and application of generative AI remains hard to quantify.

The huge investment in – and optimism about – AI has fuelled a debate about market bubbles, a theme that Anatole Kaletsky delved into. The dotcom bust of 2000 first introduced the idea of a technology bubble in the mind of investors. Kaletsky discussed the old adage of whether this time is different. Drawing on three decades of experience as an economics journalist at the Financial Times, The Economist and The Times, Kaletsky, who is also the chairman of the Institute for New Economic Thinking, believes that "history is repeating itself" although with new characteristics as AI optimism is conflated with inflation and the end of American exceptionalism to create a unique set of forces. This time may not be different, concludes Kaletsky but the circumstances may be unique.

Discussion also covered AI adoption and its impact on energy demand, as the debate around energy transition shifts towards more nuanced solutions. Mike Berners-Lee, a climate researcher and author, argued that reducing energy usage is the most effective lever in tackling climate change.

## The energy debate

Yet a trade-off is required. Bhaskar warned that we need more – not fewer – sources of energy to meet the demand for AI. Energy analyst Rob West, who runs his own research consultancy dedicated to identifying economic opportunities across global energy markets, dazzled the audience with a wealth of statistical analysis as he framed the debate about a new normal – the notion of net zero has proved impossible to implement but, with the addition of renewables and a reduction in fossil fuels, the world can adjust and live with 3% global warming in the future. Energy transition has been replaced by energy addition with gas and solar energy becoming the dominant energy sources in the coming years.

There was also a warning about the dangerous intersection of technology and ideological extremism. Professor Julia Ebner provided a deeply personal account of how technology and populism have fed one another to provide a hotbed



Des Armstrong, Rob West and Alan Lander

for dangerous radicalisation online that law enforcement agencies are grappling with. Professor Ebner described how she went undercover to infiltrate radical online organisations and discover how they create a sense of belonging for those who become involved with them.

## Geopolitics and rising conflict

Geopolitics was also a central theme running through the conference. Geopolitics is redefining investment flows and supply chains, challenging energy security and forcing governments to face up to new realities. European countries, led by Germany, are increasing commitment to defence spending, thereby creating investment opportunities as North America pulls back from the rules-based order and retreats from Nato.

Drawing on almost four decades of service in the British Army as well as his experience as Nato's Deputy Supreme Commander for Europe, General Sir Richard Shirreff provided deep insights into how we have arrived at this point – and what to do next. He told the audience to prepare for more complex and interlinked global conflicts, and he was downbeat about the prospect of a rapid end to war in Iran, warning that the Strait of Hormuz could remain closed for another year. Europe and its allies must bear some responsibility for North America's increasingly hostile stance towards Nato. Shirreff commented that, "We, Europe and Canada have set the context for this. For years we have failed to underwrite our own defence."

He said that, as well as investing more in defence, Europe and the UK must also invest in the right equipment to reflect how wars like the one in Ukraine are being fought. Through adversity, Ukraine has become a global superpower in drone technology and has started to gain momentum in taking the fight to Russia. "War is Darwinian," said Shirreff.

Speakers also provided first-hand accounts about the world leaders re-shaping the geopolitical landscape and underlined how the past shapes the future. Kolinda Grabar-Kitarović drew parallels between Russia's war with Ukraine and the Serbian war and provided an insight into the minds of both Vladimir Putin and Donald Trump having worked with both during her time as President of Croatia. Lionel Barber, one of the longest serving editors of the Financial Times, provided his own ring-side view of interviewing Putin as well as his encounters with other world figures from Bill Clinton to Tony Blair, all against the prevailing backdrop of a potential leadership challenge to the current UK Prime Minister Sir Keir Starmer.



Kolinda Grabar-Kitarović

## Globalisation, China and trade wars

A common theme of Walter Scott's investment approach is to challenge perceived wisdom and respond to shifting tides by digging deeper and asking questions which was reflected by the conference debate. At a time when the post-World War II rule-based consensus is being replaced by new alliances, and trade wars are stoking tensions between regions, it was especially timely to hear the perspective of Keyu Jin, on 'decoding China: what the west gets wrong and what's next.' Jin, who advises central banks, sovereign wealth funds and financial institutions on China's economic trajectory, tracked the four phases of transformation that the country has undergone, and challenged the west's perception of its economic model as purely one of central control. In particular, Jin explored how China has become a powerhouse in technology by combining central planning with an implementation that happens on a local level. One of China's big policy goals is autonomy.

The emergence of a more nuanced picture of globalisation was echoed by other speakers.

Former Head of the World Trade Organization (WTO) Pascal Lamy provided a big-picture perspective as he described the paradox in globalisation. While technology pushes for increased globalisation in services, he noted the absence of global standards for AI safety, because there are more reasons to compete than to co-operate. Lamy discussed President Trump's tightening of trade tariffs but argued that China holds the cards in a new economic hegemony. Ten years from now, China will produce 30% of the world's goods, while consuming far less, accelerating a macro-economic balance that is already in train. Lamy, who during his time as European Commissioner for Trade, played a central role in advancing Europe's economic integration, called on the EU to adjust to the fact the "world has changed," and argued that North America's retreat from the WTO could help the EU to mobilise the necessary political energy to change.



Photograph © Chris Watt

Pascal Lamy and Paul Loudon

## The changing consumer

Companies and investors are navigating a world that is transforming along geopolitical and technological lines, but also one in which consumer trends are radically different.

In a discussion around what consumers want, Investment Managers Paul Loudon and Jamie Zegleman with JP O'Meara covered how the lines are blurring between high-end and low-end consumption, as consumers of all types spend less and allocate what they have more flexibly. A clear consumption trend is that, while main street retail faces its challenges, reports of the death of the physical store have proved greatly exaggerated. Instead, what has emerged is a hybrid model – retailers must provide a multi-channel offering where local stores provide exciting experiences as well as providing retailers with a low-cost distribution outlet for their online offer. The lesson is to adopt global technologies but maintain a highly attuned local presence to serve customers with the things they want.

Nowhere are changing consumer tastes more evident than in the luxury sector, where the rules of the game are being redrawn by discerning consumers. Consumer priorities are very different from 10 years ago. A panel discussion entitled 'From aspirational luxury to ultra-luxe' revealed how younger people are turning away from mass consumption to favouring products and experiences that embrace authenticity. This is redefining customer behaviour where personalisation beats commoditisation. In a wide-ranging discussion entrepreneur Jo Malone CBE captured the new ethos thus: "Luxury is not what you have, it's what you feel".

## The power of diversity

In a fireside chat with Managing Director Jane Henderson, Malone explained how she disrupted an entire industry by creating her perfume brand before selling it to Estée Lauder. Malone shared her career and life journey that epitomised the qualities that entrepreneurs need to create exciting and successful products that stand the test of time – risk-taking, individualist thinking and a passion to be different.

Rory Sutherland, a behavioural scientist and advertising guru, developed this theme by warning of the perils of following the crowd. For Sutherland, defining a new category is the cornerstone of innovation as he discussed how short-termism stifles creativity as companies look only to the next set of quarterly results rather than concentrating on long-term vision and strategy. He highlighted how a focus on peer benchmarking just creates hyper-competition in a very narrow segment. Instead, companies should look at what their rivals are not doing and double-down.



Rory Sutherland, Jo Malone CBE, Keyu Jin and Lionel Barber

Economist, author and broadcaster Tim Harford provided a lively discourse on the benefits of data science and our often in-built scepticism about the validity of statistics. For Harford, the problem is not that people are too ready to believe what the numbers are saying, but rather that they are not. He recommended the use of three tools – calmness, context and curiosity – as being useful in statistical analysis.

Matthew Syed, columnist for the Times and a former Olympic table tennis player explained how a diversity of thought is crucial around the boardroom table in order to drive innovation and anticipate risks. His central thesis about the power of diverse thinking centred on the importance of having a growth mindset. This runs counter to a fixed mindset, a dogmatic approach that places the importance of innate talent above enquiry and exploration when it comes to recruitment and capital allocation.

For Marc Ronchetti, CEO of Halma, a FTSE100 company, a growth mindset is a default setting as he stressed the importance of being able to “see round corners” in driving long-term growth in a group that comprises 50 separate technology businesses spanning healthcare, safety and environmental markets.

Taking a long view is crucial in understanding what really drives success and an essential element of this is accepting when mistakes are made and learning from them. Where better to discuss this topic than at Edinburgh’s Library of Mistakes, a non-profit institution set up to provide education about the seismic events that have driven the world of finance. Investment strategist and historian Russell Napier, former investment banker Ken Costa and Professor of Management Studies at Oxford University Colin Mayer CBE swapped their first-hand experiences of the financial crisis that brought banks to the precipice of bankruptcy, the lessons to be learned and how similar events might be avoided in future.

## From Gen Z to longevity

The impact of the global financial crisis has created structural changes in the industry with the emergence of the shadow banking sector. But it has also fuelled divisions in society and shaped how Gen Z regards wealth creation and capitalism. In a thought-provoking conversation with Head of Marketing and Strategic Communications Malcolm Borthwick, Costa talked about the theme of his new book, *The \$100 trillion dollar wealth transfer*, which explores the transfer of wealth from baby boomers to younger generations, which are more sceptical – and perhaps less informed – about the benefits of free market capitalism. For Costa, investors and corporate leaders need to understand Gen Z and work to convince them that capitalism can still work for the benefit of society.

Corporate leaders and policymakers must also grasp the impact that increasing longevity will have on economies. Professor Sarah Harper explained how governments must address the fact that people are living longer – half of people born in 2007 will live to be one hundred – and design societies and institutions that reflect this trend. With birthrates falling in the West and AI upending corporate hierarchies, companies must find ways to keep older workers engaged so they can bridge the skills gap.

This year’s conference was both a call to arms on how to harness knowledge to navigate the forces transforming the world – the need to better understand geopolitics, AI and consumers alike – and a lesson in history and context. “Every generation thinks that they live in uniquely risky times,” said Professor Marsh. “That’s not true.” History teaches us that risk has always existed, and the ability to navigate it and grasp the opportunities it offers will decide the true long-term winners, a north star that guides Walter Scott.

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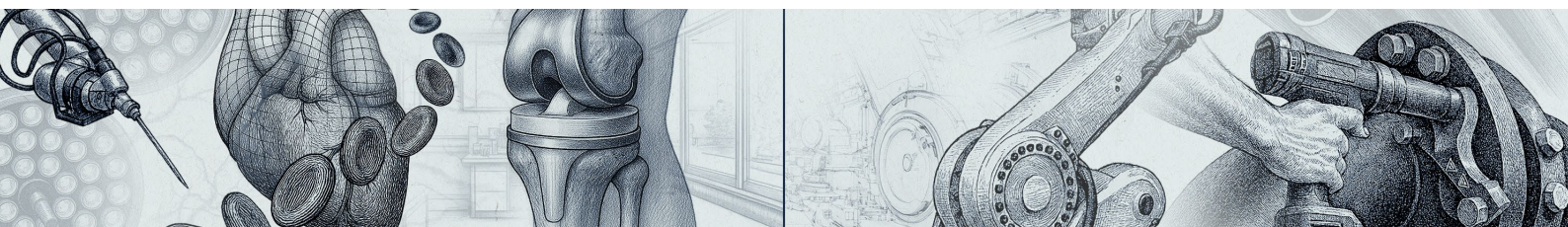
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