



STANLIB

Asset Management

Beyond the US and China: Uncovering the European AI Opportunity

more is in our nature

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The AI Debate: Market Winners and Challenged Sectors

Semiconductors are surging; traditional enterprise software faces disruption risk

SEMICONDUCTORS - Picks & Shovels

NVIDIA

FY2026 Revenues \$215.9bn (up 65% y/y): dominates AI training and inference silicon

Memory (Micron, SK Hynix)

LLM's require significant amounts of DRAM memory.
DRAM spot price is up c10x over the past 12 months.

TSM

Leading foundry where logic chips are made (Nvidia, Broadcom, Marvel etc)

Semiconductor Equipment (ASML, LAM, TEL)

Significant investment in new chip manufacturing factories by the leading foundry & memory customers

Power & Data Center

AI workloads require 10x more energy; utilities & DC benefit

ENTERPRISE SOFTWARE – Disruption risk

Seat-Based SaaS at Risk

Potential for agents to replace humans; how will impact the revenue model for software

Pricing Model Disruption

Rise of hybrid and outcome-based models

Increased Competition

AI coding / Vibe coding can lower the costs for building new product – does this increase competition?

Adobe / Salesforce / SAP

Share prices of each company down > 50% since the start of 2025; market questioning AI disruption risk

The Silver Lining

SaaS firms embedding AI and raising per-outcome pricing can win

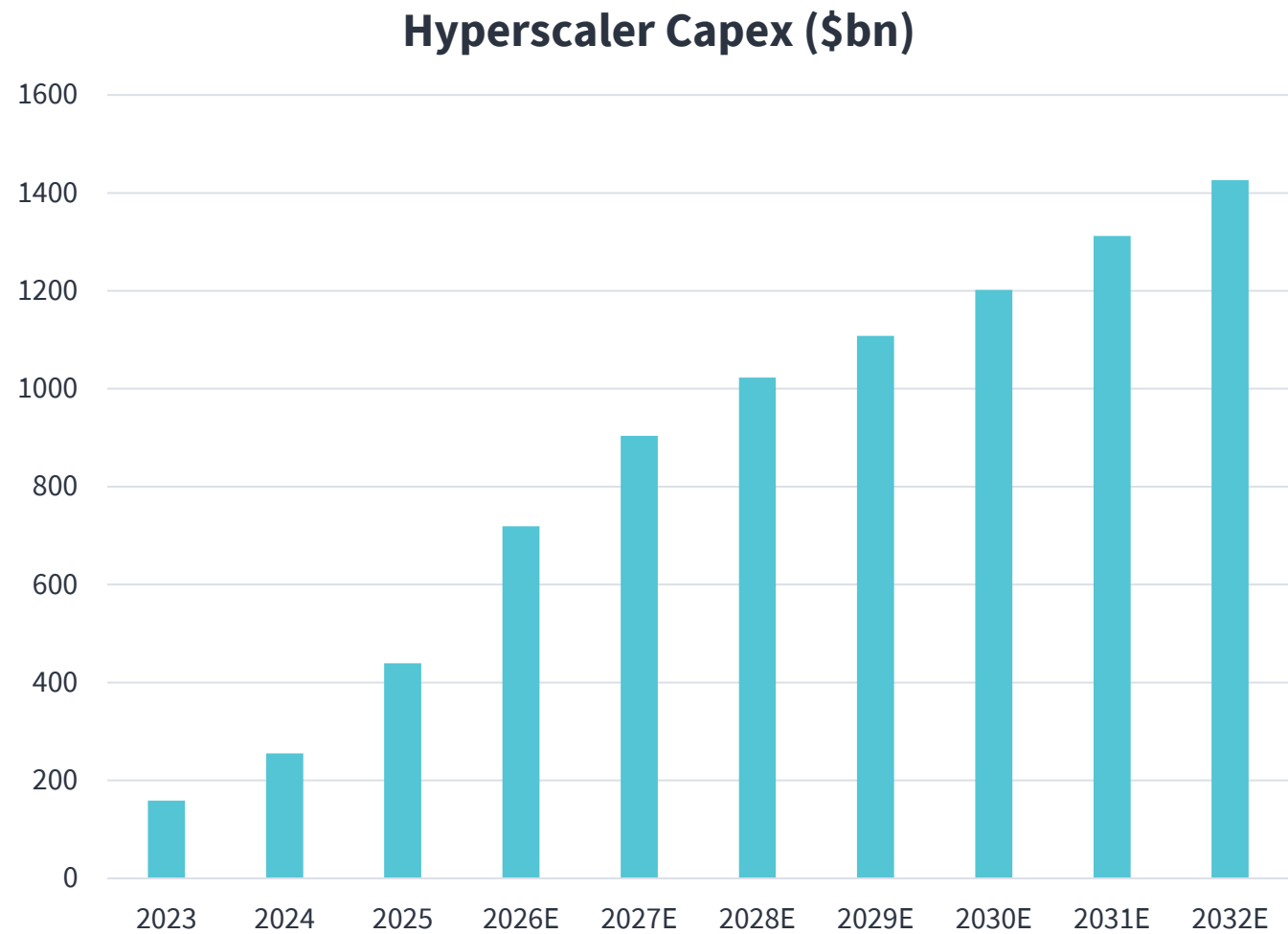
J.P Morgan Asset Management's Investment Framework – The AI Stack

Where to invest – and where to be cautious- across the AI value chain

Layer 1 Infrastructure	Semiconductors Nvidia, AMD, Broadcom, Infineon, SK Hynix, Samsung, TSMC, ASML. Most direct beneficiary of AI capex. Demand exceeds supply	Highest Conviction
Layer 2 Cloud Platforms (Hyperscalers)	AWS, Azure, Google Cloud, Meta AI Monetising AI through cloud consumption. Azure growing 130%+	High Conviction
Layer 3 Foundational Models	Open AI (via Microsoft), Anthropic (via Amazon, Google), Mistral, Others Mostly private, access via hyperscaler relationships. Model commoditisation risk is real – need to watch inferencing price trends closely	Selective
Layer 4 Applications	Enterprise software, Vertical software, AI Native Apps Potential for high reward although need to monitor the risks. Winners could be those that capture the agentic layer that sit above enterprise apps. Losers will be those that fail to innovate	Selective Stock Specific

Is AI a Bubble? The Investment Reality Check

Capex is unprecedented – but so is the pace of model builders’ revenue growth



Company	Dec 2024	Apr 2026
Open AI	\$6bn	\$24bn
Anthropic	\$1bn	\$30bn

AI Disruption Framework – a template we’re using across sectors

Analysts collaborated globally to align on 5 key factors we’re using to discriminate fact from fiction within perceived AI Losers



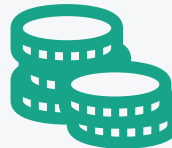
Data Moats

- Uniqueness and defensibility of data assets



Product Substitutability

- Degree of complexity and customisation – prefer vertical platforms



Customer Switching Costs

- Workflow embeddedness and switching barriers – prefer systems of record



Regulatory & Trust Barriers

- Compliance requirements and verified accuracy – prefer high cost of errors



AI Integration Capability

- Agility, innovation mindset and TAM expansion potential

AI Impact will be felt across sectors in Europe



Technology



ASML

ASM International

Nokia

STMicroelectronics

Besi

Aixtron



Industrials



Siemens Energy

Prysmian

VAT Group

Halma

Schneider Electric

Legrand

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