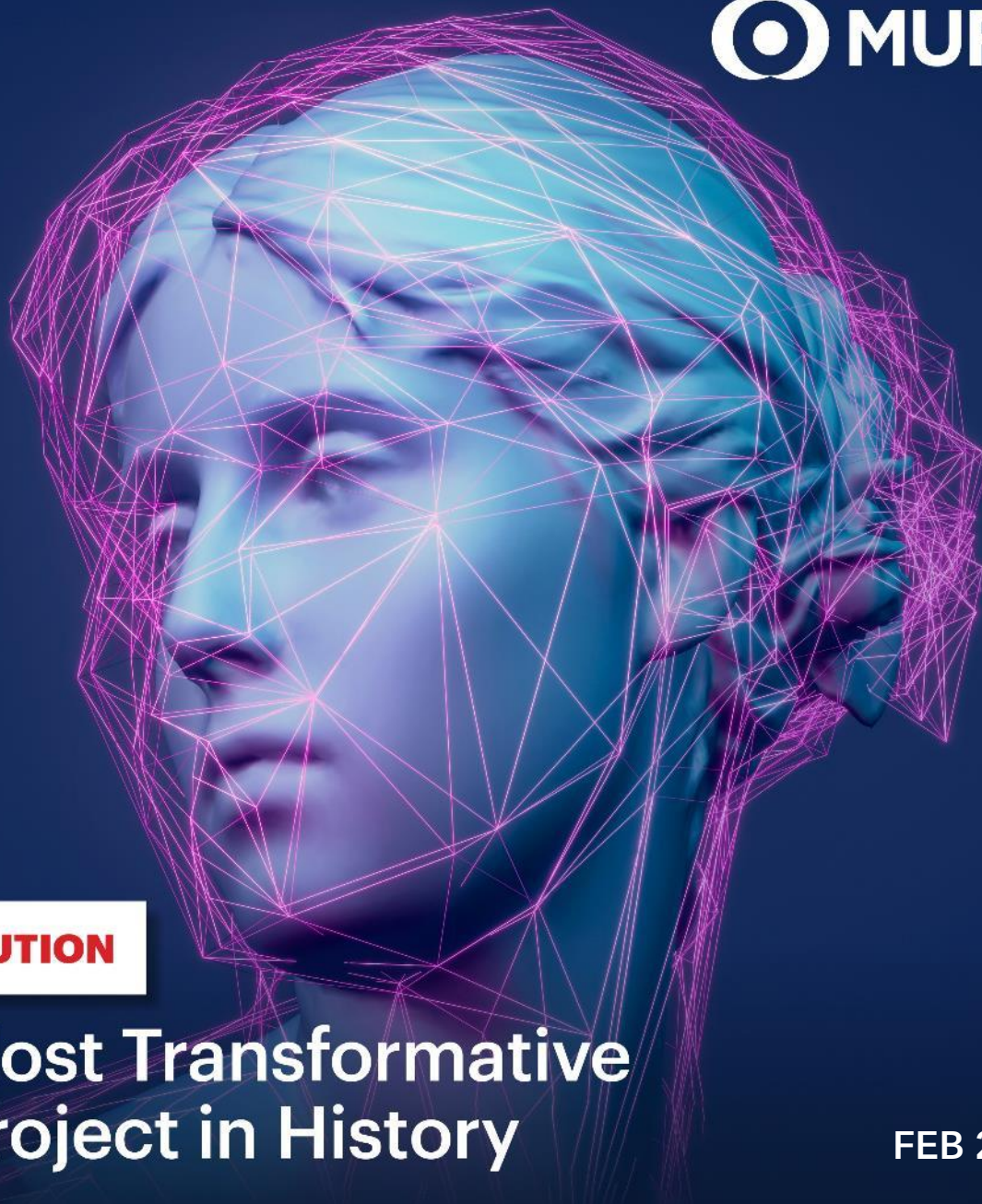


# Capital Markets Strategy

Essential insights for the C-Suite

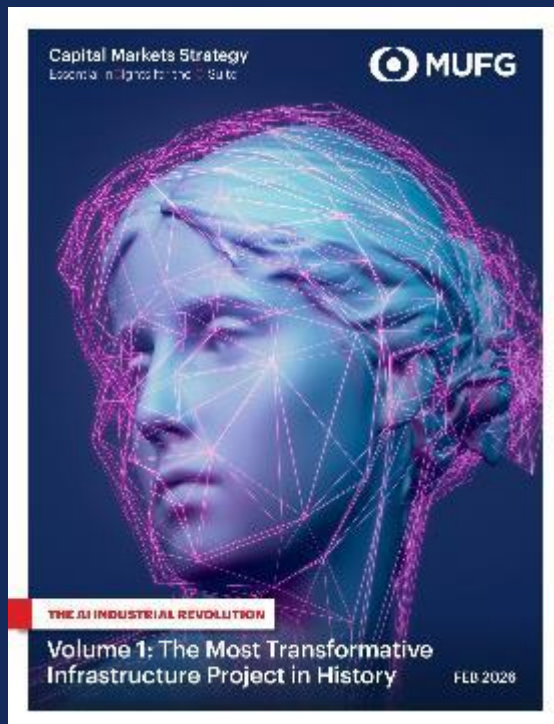


**THE AI INDUSTRIAL REVOLUTION**

## Volume 1: The Most Transformative Infrastructure Project in History

FEB 2026

# The AI Industrial Revolution



**"You can mark my words,  
in 36 months but probably  
closer to 30 months, the most  
economically compelling place  
to put AI will be in space."**

Elon Musk, Founder of Tesla, xAI and SpaceX,  
on the "Cheeky Pint" podcast with John Collison & Dwarkesh Patel  
(February 2026)

# Global Corporate & Investment Bank Capital Markets Strategy Team



**Tom Joyce**

Managing Director  
Capital Markets Strategist  
New York, NY

Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Stephanie Kendal**

Vice President  
Capital Markets Strategist  
New York, NY

Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443



**Angela Sun**

Associate  
Capital Markets Strategist  
New York, NY

Angela.Sun@mufgsecurities.com  
(212) 405-6952

# AUTHORS



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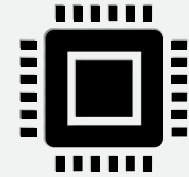
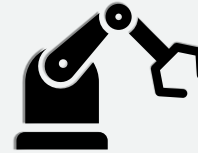
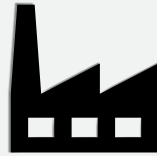
1

Largest Infrastructure  
Project in History



# The Fourth Industrial Revolution

Artificial intelligence (AI) has become the central enabler and catalyst of the Fourth Industrial Revolution, which began more than a decade ago. Machine based learning, automation and analytics will fundamentally transform business models, industry structure and social dynamics.



<b>1ST</b> (1760-1840)	<b>2ND</b> (1870-1914)	<b>3RD</b> (1960s-90s)	<b>4TH</b> (2011-Today)
<b>Mechanization</b>	<b>Mass Production</b>	<b>Digital Revolution</b>	<b>Advanced Digital Technologies</b>
Steam engine, mechanized textile machines, water power	Electricity, telegraph, telephone, internal combustion engine, mass production and assembly lines	Computers, internet, automation and robotics in manufacturing, nuclear energy	AI, Machine Learning, Big Data, Internet of Things, Cloud, Cyber-Physical Systems, advanced robots

Source: World Economic Forum. Transport Geography. Disruptive Leadership Institute. Science Direct. PowerMI. Various News Outlets.

# When We Look Back a Decade from Now...



Highest impact technology revolution in history



Largest global infrastructure project in history



Most accelerated power expansion buildout in history



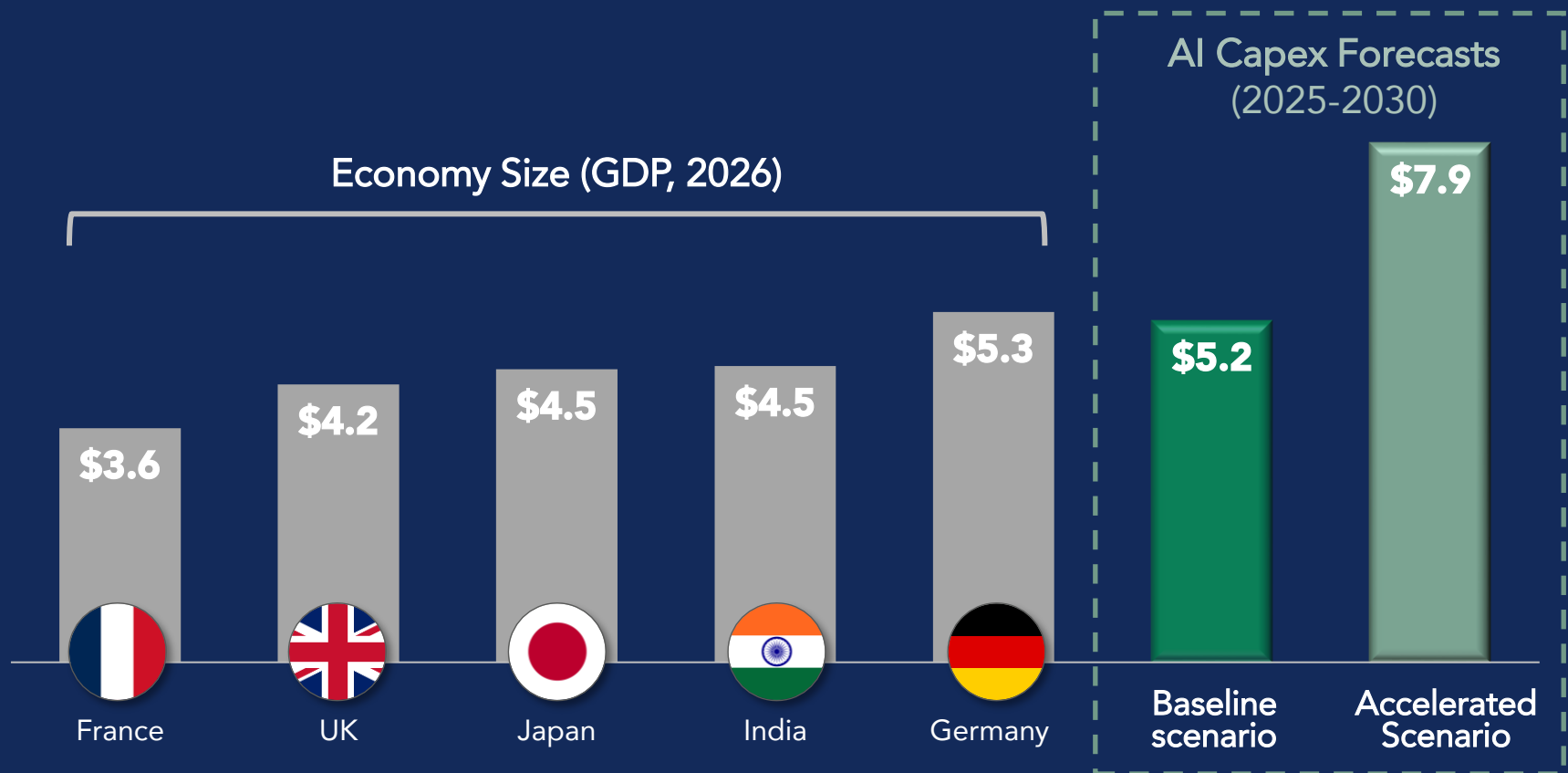
Largest capex super-cycle in history



Largest allocation & investment of capital in history

# AI Capex Demands Larger than Most Global Economies

To put the scale of AI's capex requirements in context, McKinsey and Company's baseline and accelerated AI forecasts over the next five years (2030) are larger than the GDP of every global economy, except the US and China.

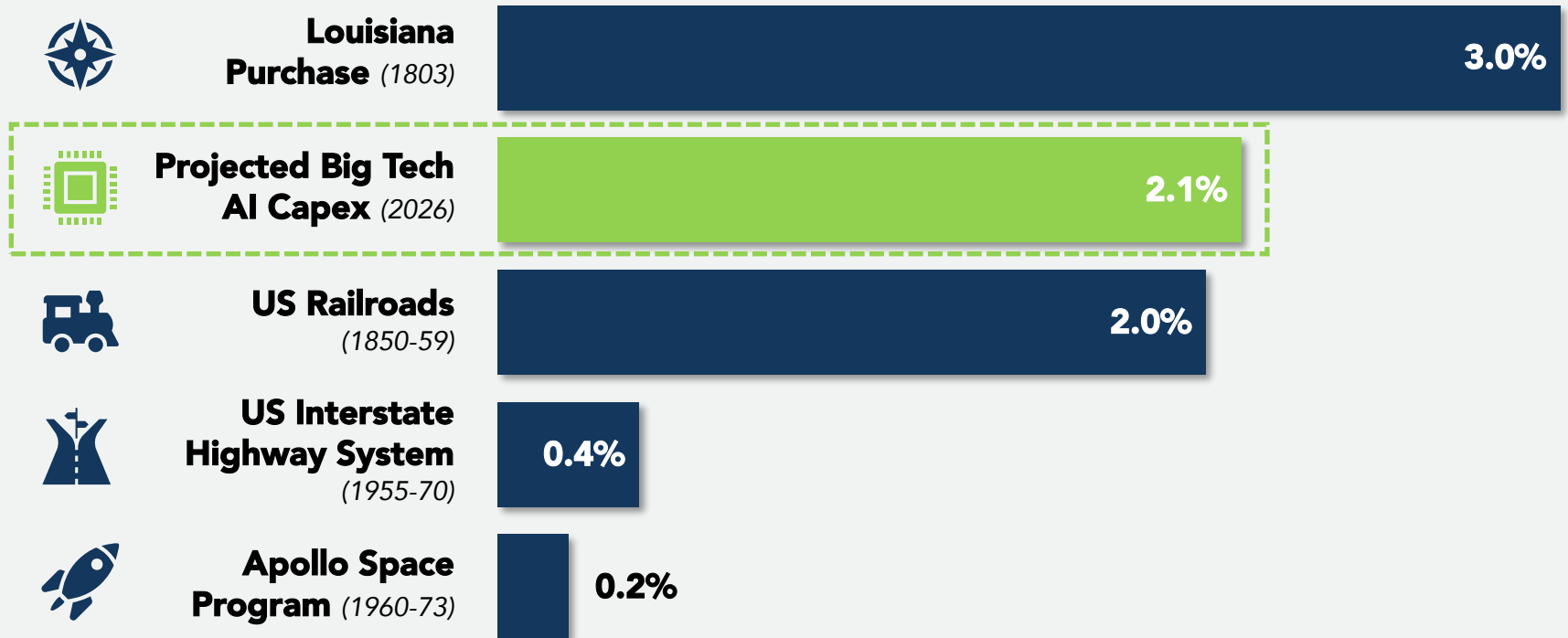


Source: (1) McKinsey, "The cost of compute - a \$7 trillion dollar race to scale data centers." McKinsey Data Center Capex TAM model. McKinsey Data Center Demand Model. Data center infrastructure excludes IT services and software (e.g. operating system, data center infrastructure management), since they require relatively low capex compared with other components. GDP forecast is 2026 IMF.

# GPT Investment in Historical Context

At 2% of GDP, big tech AI capex already ranks among the largest US investment projects in history, but that is only the hyperscaler layer. Utilities have an additional \$1 trillion of spending planned over the next five years. What unites each of these historical episodes is a pattern that economists call **general-purpose technology (GPT) investment**, a new capability that is so broadly applicable that it requires a massive, economy-wide infrastructure buildout before its productivity benefits fully materialize.

Historical GPT investment in historical context (% of GDP, annual avg)

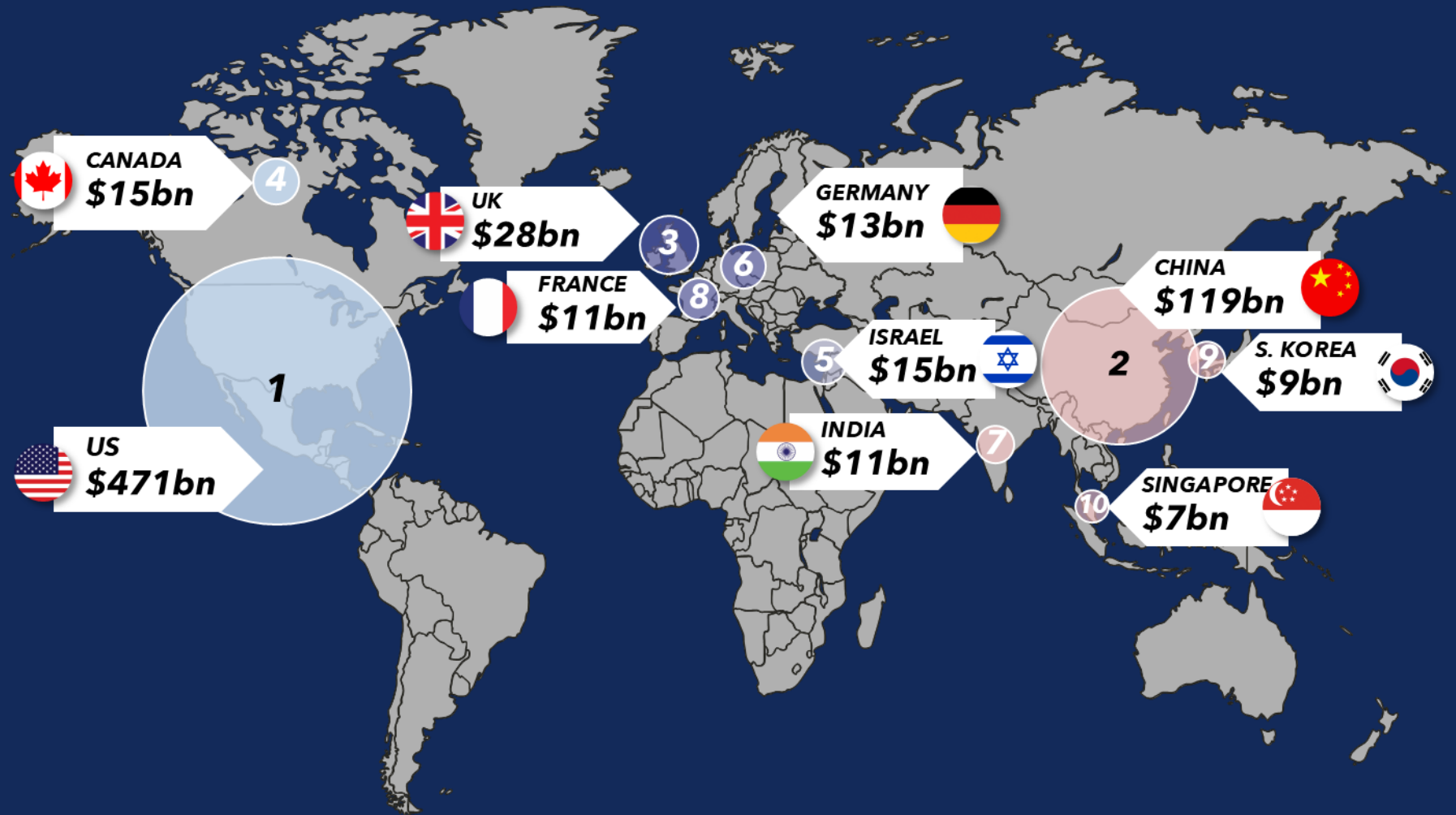


Source: (1) WSJ, "Big Tech's AI Push is Costing a Lot More Than the Moon Landing". National Archives and Measuring Worth (Louisiana Purchase). Company announcements (Tech capital spending). Visible Alpha (projected Microsoft capital spending). Louis P. Cain (US Railroads). Robert Gordon (US interstate highway system). Planetary Society (Apollo). WSJ calculations. US interstate highway system includes federal highway spending. Big Tech AI includes Meta, Amazon, Microsoft, and Alphabet.

# AI Investment Over the Prior Decade



Top 10 countries with largest total private AI investment (2013-2024)



Source: AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2025 Annual Report" (April 2025).

# Projected Global AI Spend by Region (2025-26)

US AI capex is running at a different order of magnitude than other regions globally and has already become a visible part of US GDP, perhaps even masking areas of US economic weakness. The magnitude of this AI driven capex supercycle has, in turn, reshaped public policy, business strategy and global capital markets.

Projected AI investment by region (2025-26), USD bn



Source: (1) IDC. Implan. Gartner. Wall Street tech sector research. Nordics includes Denmark, Finland, Iceland, Norway, and Sweden.

# The US-Domiciled AI Ecosystem



Selected leading US companies in each sub-sector

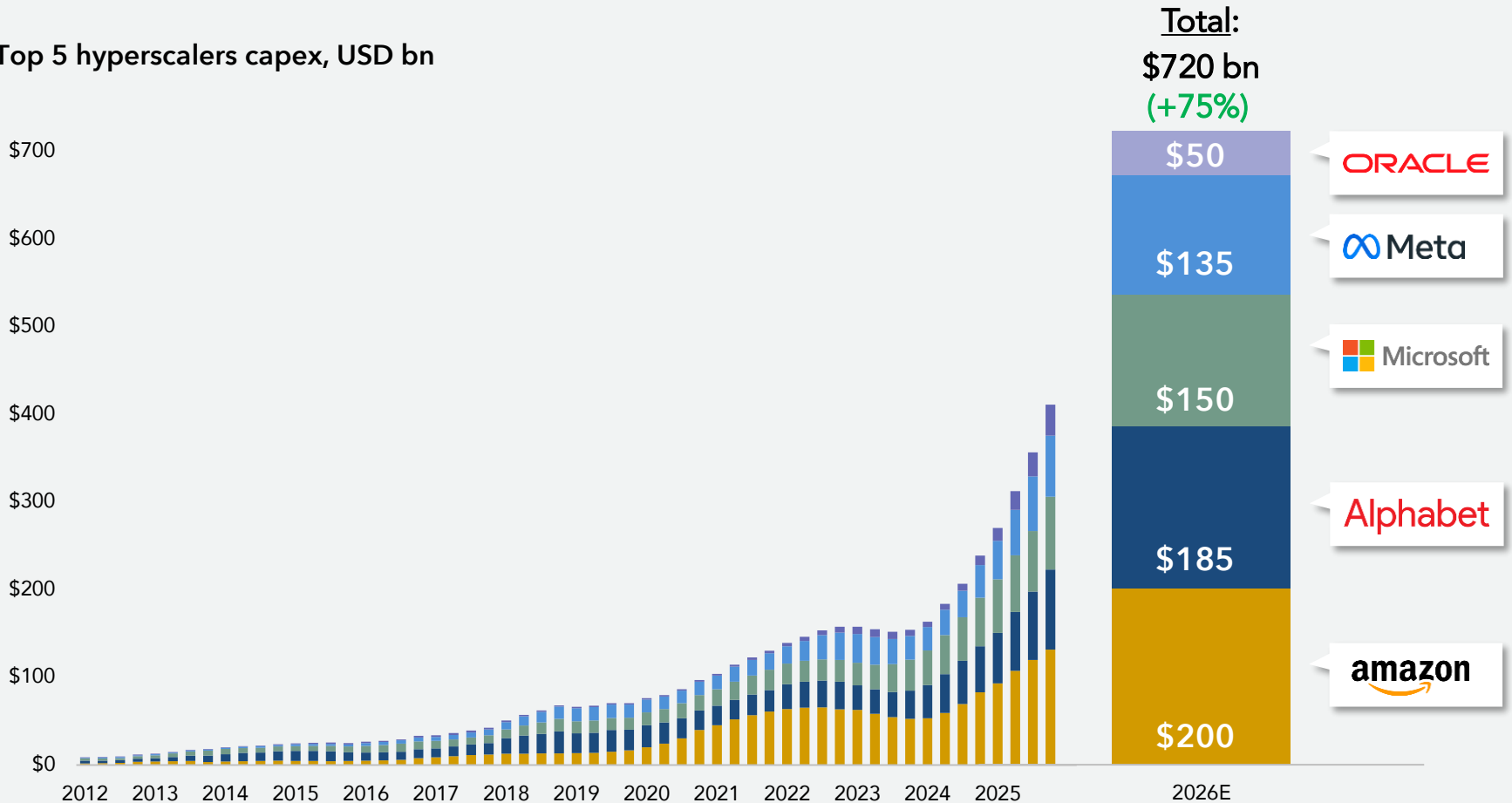
## Semiconductors & Infrastructure



# Hyperscalers' Capex Above \$700 Bn in 2026

Hyperscaler capex spending for the "big five" is now widely forecast to exceed \$700 bn in 2026, a 75% increase over 2025. Roughly 75%, or \$540 bn, of that spend is directly tied to AI infrastructure (i.e., servers, GPUs, datacenters, equipment), rather than traditional cloud.

Top 5 hyperscalers capex, USD bn

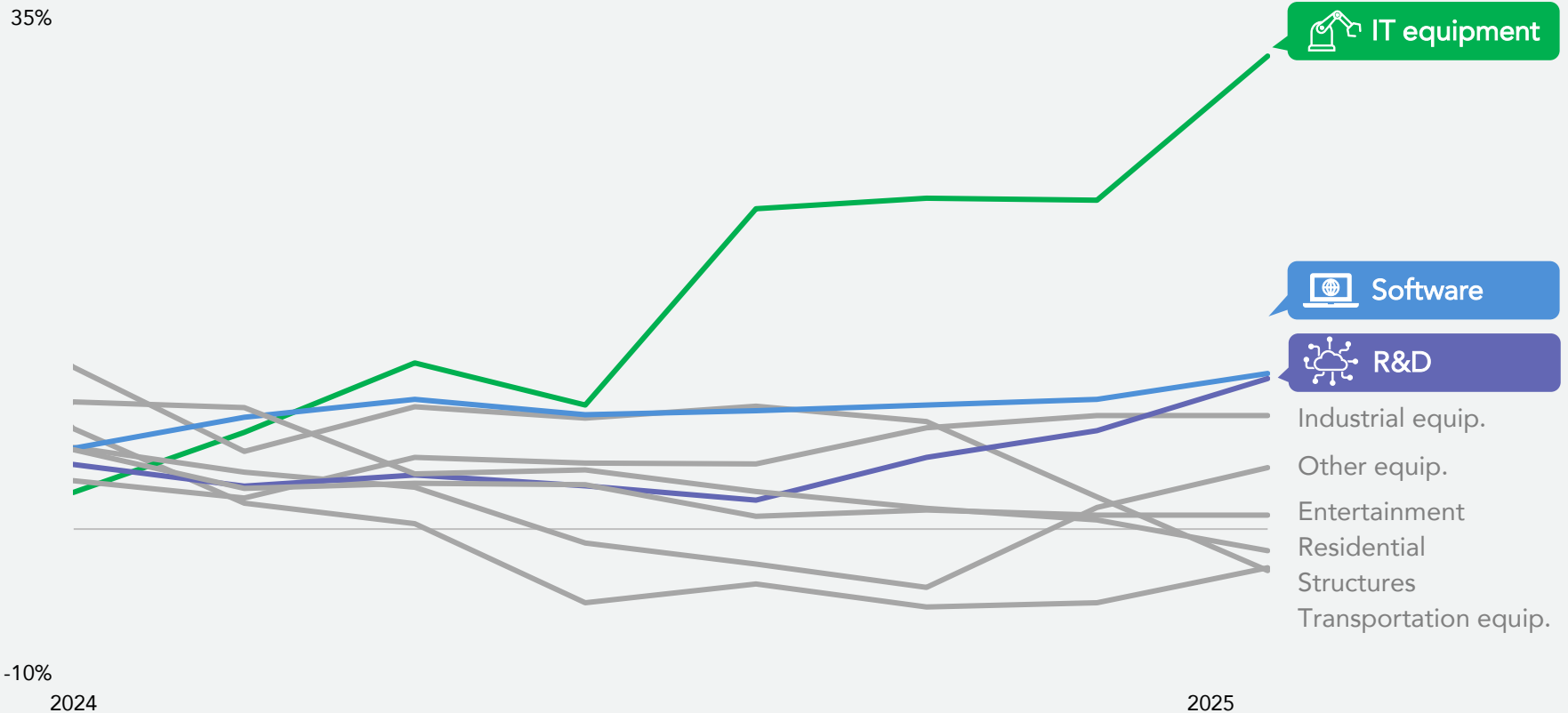


Source: (1) Bloomberg, "The AI Spending Boom Is Huge But Not Unprecedented". Apollo (Torsten Slok). Data trailing 12 months. Oracle's quarters end a month earlier than the other companies. 2026E data is based on company announcements. Oracle estimate for FY 2026.

# Structural Shift in Scale & Composition of Capex

As important as the historic scale of AI capex investment, the structural shift in the composition of capex investment across the economy will also be transformative. For most of history, capex super-cycles have been predominantly physical in nature. The ratio of intangible to tangible investment has been evolving systematically in recent decades, but the AI cycle has pushed this dynamic further and faster.

## Private fixed investment, y/y

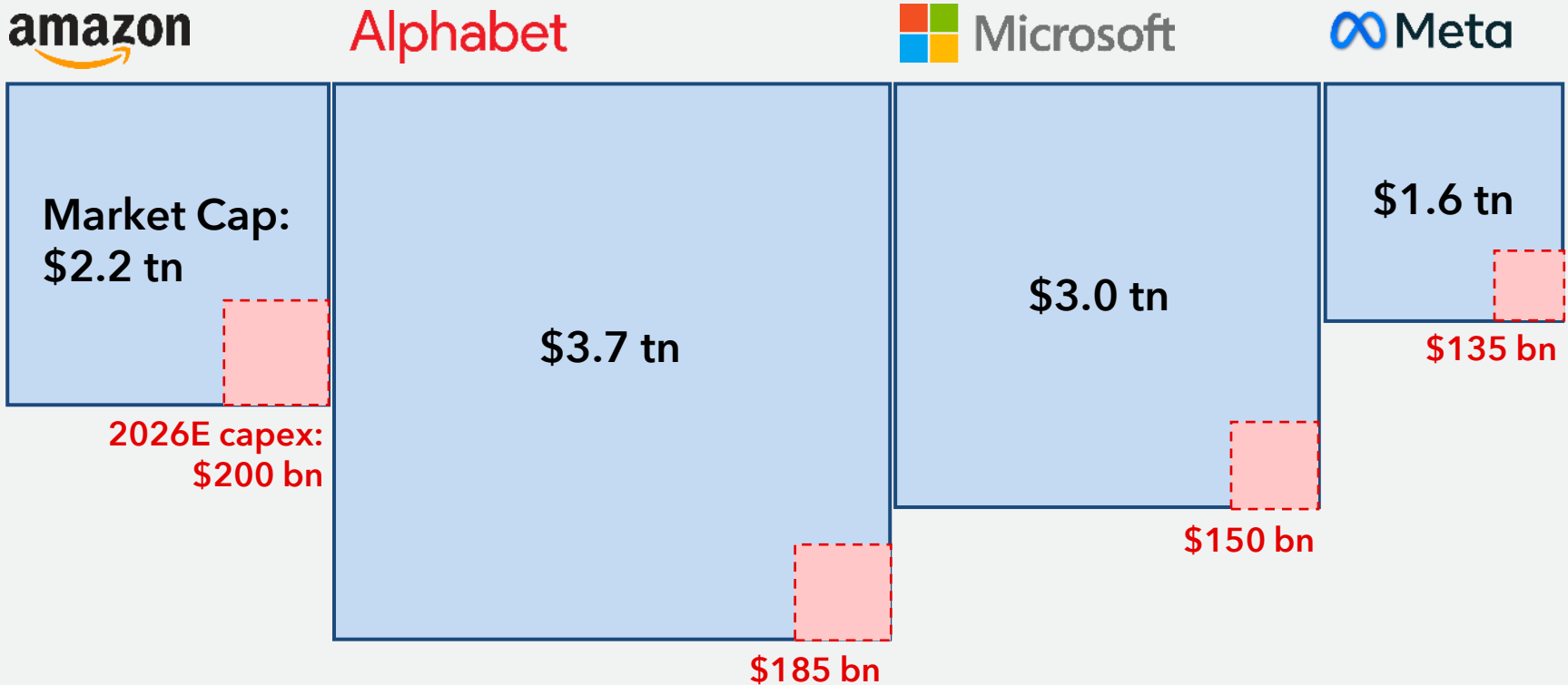


Source: (1) Bloomberg. Data as of February 20, 2026. US BEA.

# Contextualizing Big Tech AI Capex

The four largest US AI hyperscalers have a combined market cap close to \$12 trillion. Though the amount of AI capex from each company stands at about 5-7% of total market cap, this is still an extraordinary infrastructure investment for a mature company in a single year. By comparison, a typical S&P 500 company reinvests about 3-5% of its market cap in capex over several years.

Market capitalization vs. projected capital spending for 2026, USD bn



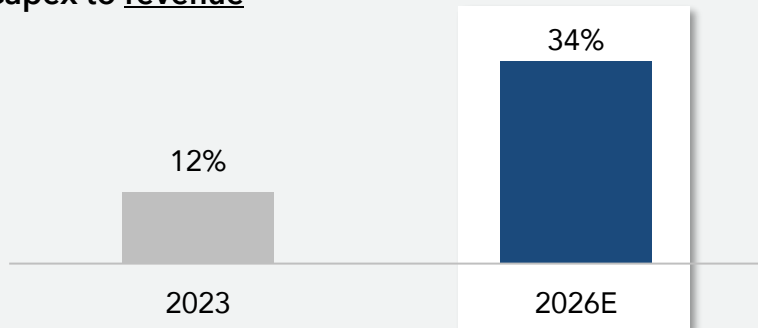
Source: (1) WSJ, "Big Tech's AI Push is Costing a Lot More Than the Moon Landing". Bloomberg. Company announcements. Visible Alpha. Data as of February 19, 2026. Spending numbers are the high-end projects for Meta and Alphabet. Microsoft is CreditSights forecast.

# Better Barometers & Business Model Transformation

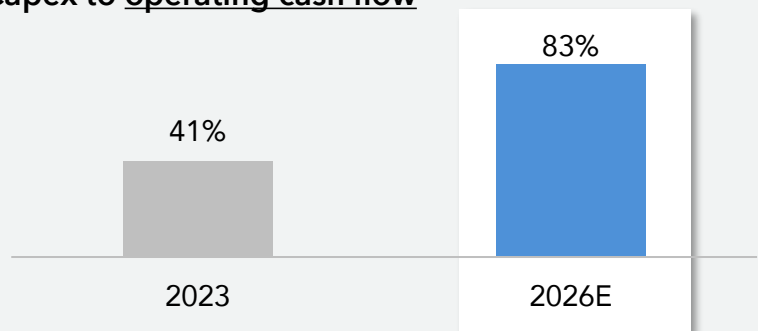
As compared to market capitalization, revenue and operating cash flow provide a more revealing measure of the magnitude of AI capex spending. The four major hyperscalers' capex spend as a percentage of revenue has risen sharply from 12% in 2023 to 34% in 2026, while capex to operating cash flow (OCF) has increased from 41% to a projected 83% over the same period, based on consensus estimates. The scale of increase has necessitated a shift in business models from cash-funded growth to leverage-funded.

## Big 4 hyperscalers

### Capex to revenue



### Capex to operating cash flow

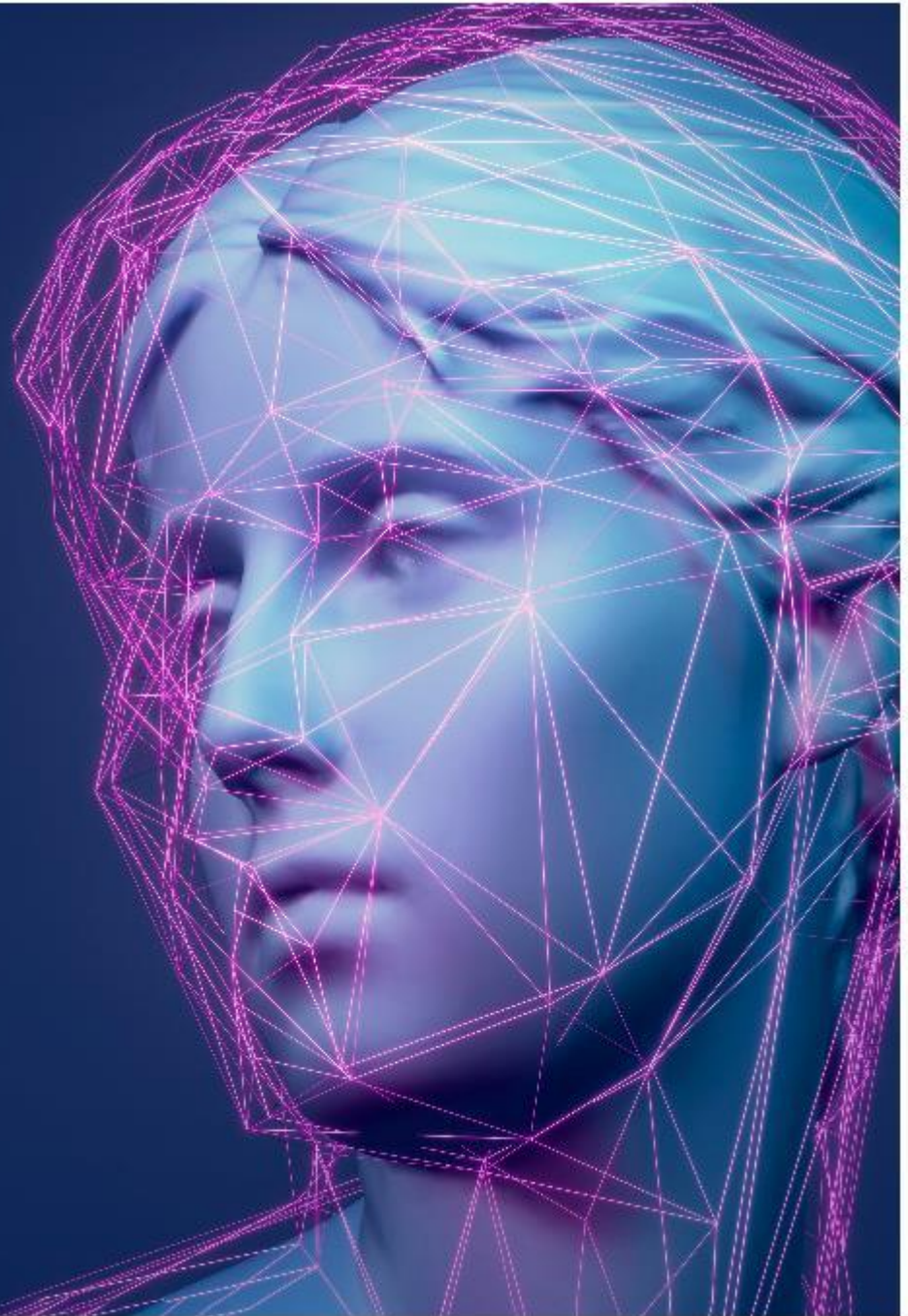


## Business model transformation

- GPT infrastructure investment precedes returns
- The ROI gap is real in early stages
- Capex intensity approaching 100% of OCF is higher risk
- Business model transformation
  - Cash to debt financing
  - "Asset light" is over
  - No longer software economics (higher margin, low capital intensity, infinitely scalable)
  - Higher risk infrastructure economics (high fixed costs, depreciation cycles, ROI risk)

2

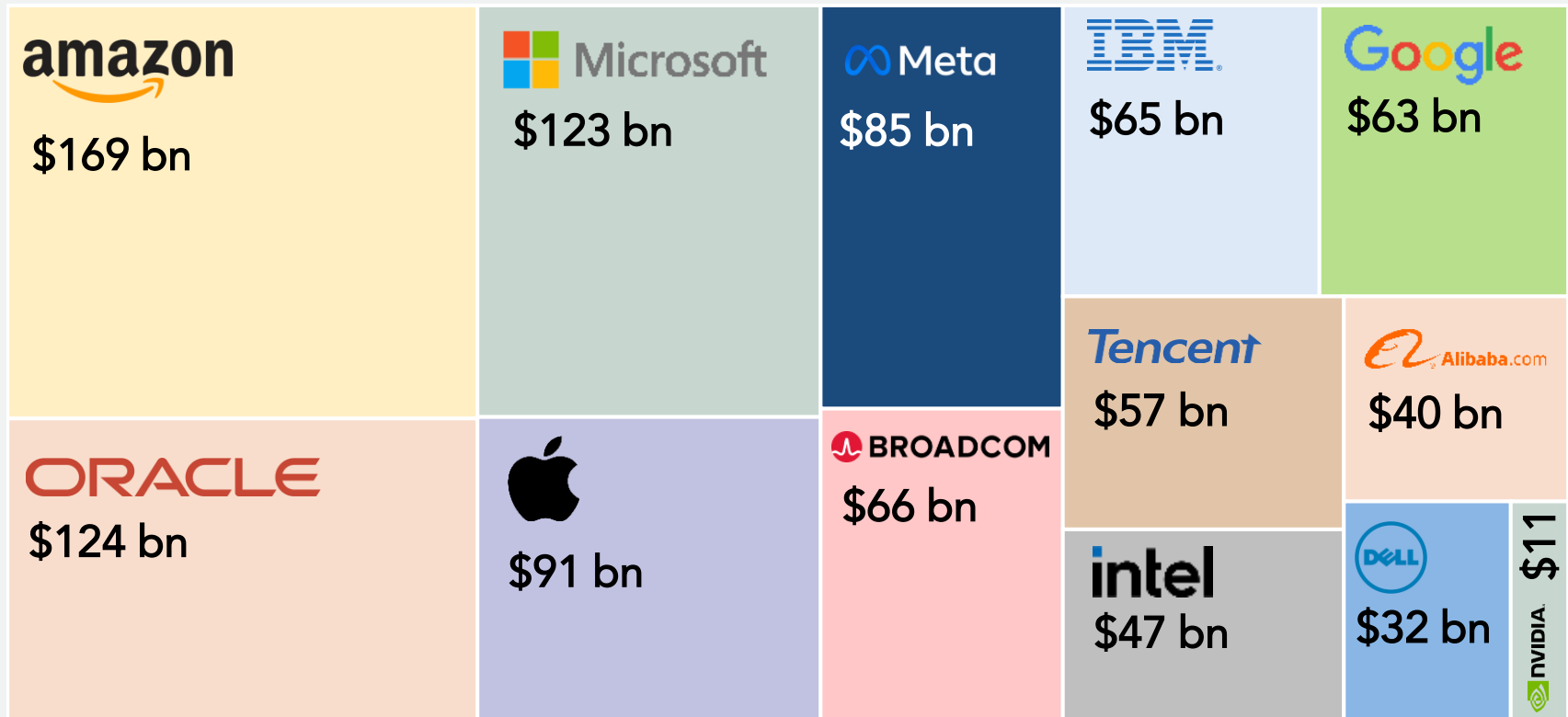
## Financing AI's Rapid Expansion



# Total AI Big Tech Debt Nearly \$1 Trillion

Across more than 1,300 tech sector firms, total interest-bearing debt outstanding today is estimated at approximately \$1.35 trillion, nearly \$1 trillion of which resides with just over a dozen large cap, big tech AI-focused names.

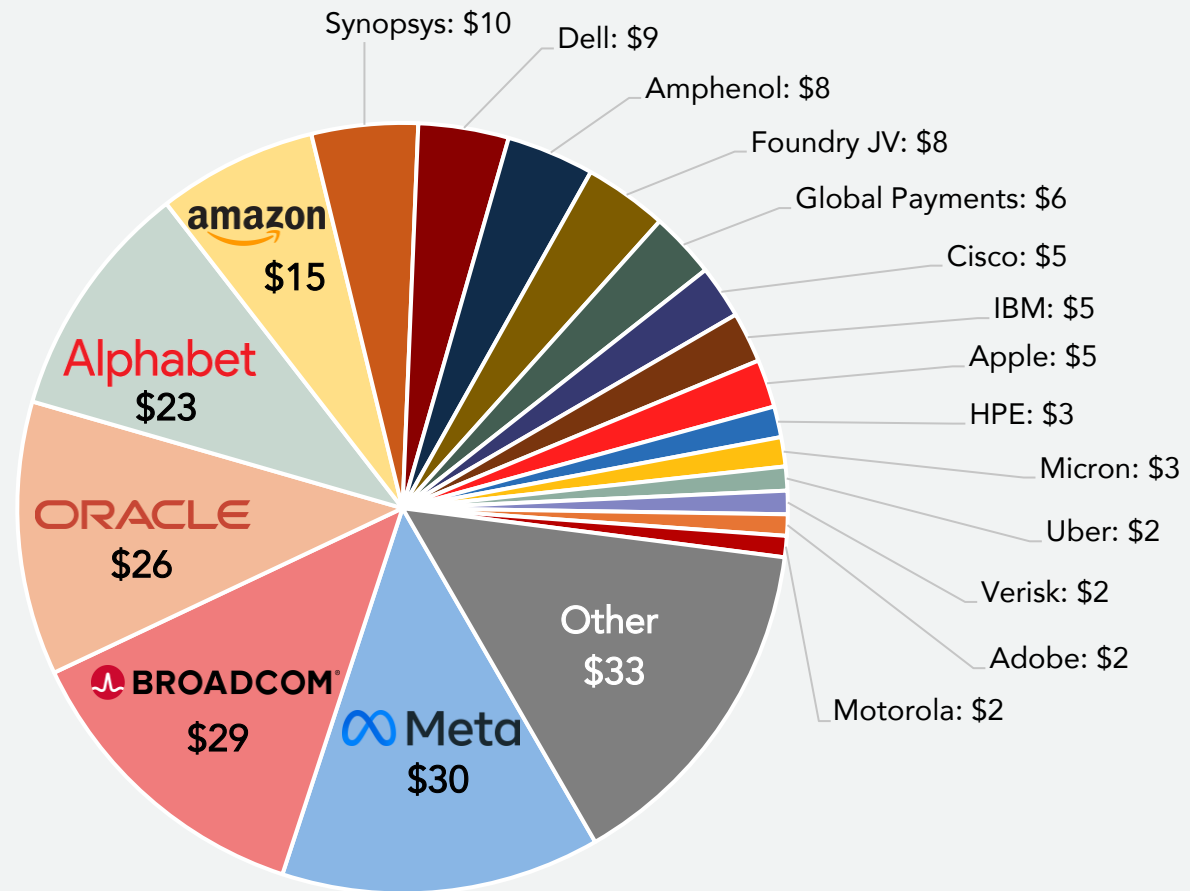
Total AI big tech debt outstanding, USD bn



Source: (1) Bloomberg Intelligence. Oracle, Meta, Alphabet, Broadcom and Amazon adjusted for new issuance post end of quarter. Debt is total lease-adjusted debt pro-forma. Data as of February 19, 2026. Data for Tencent and Alibaba as of Q3 2025.

# Over \$200 Bn of Tech Bond Issuance in 2025

2025 US Tech bond issuance, USD bn

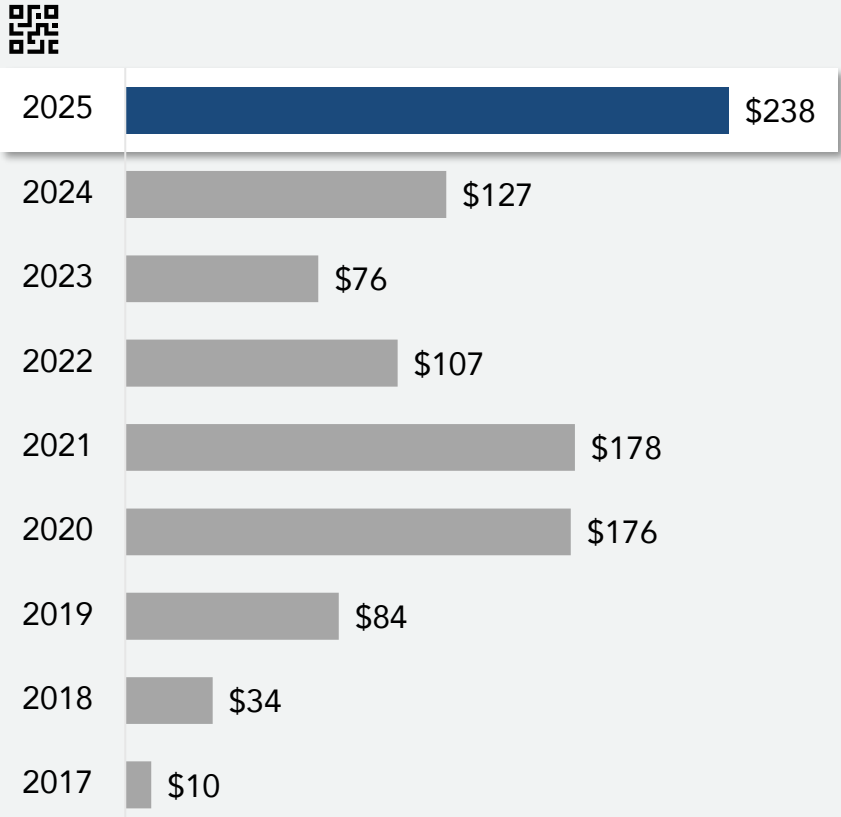


Source: (1) Bloomberg. CFR. Data as of December 31, 2025. Includes tech and fintech companies.

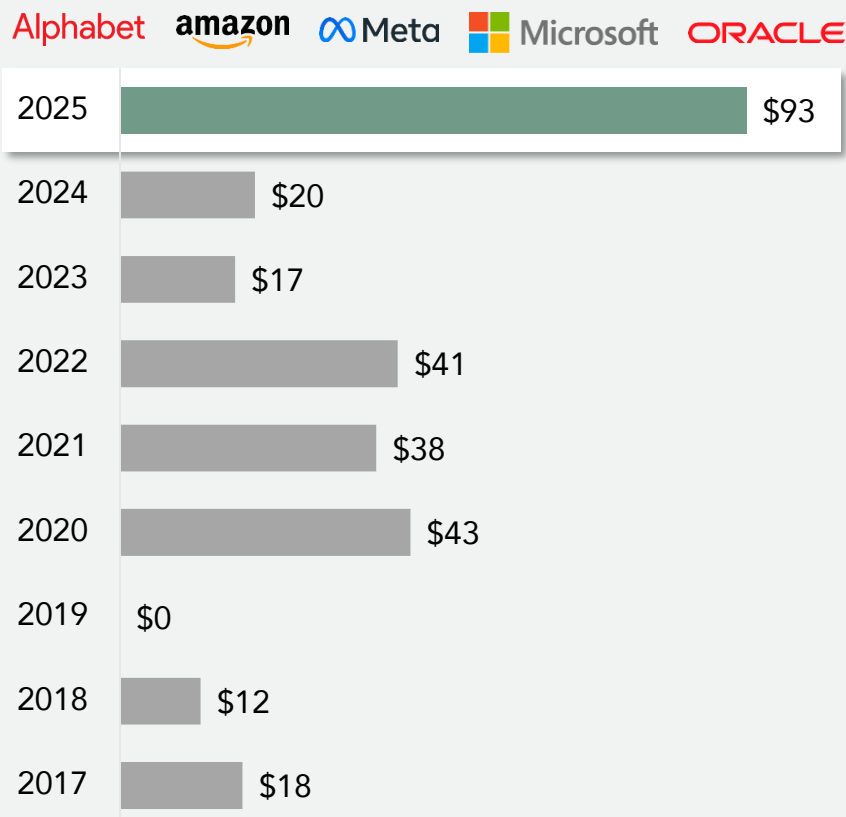
# Tech Sector Borrowing Surged in 2025

AI-focused hyperscaler and tech companies drove an extraordinary surge in investment grade (IG) borrowing in 2025, turning the sector into the most dominant new source of supply in global credit markets. This external funding marked a seismic business model transition from largely self-funded expansion to sustained reliance on bond markets and securitization structures.

USD IG borrowing by all tech companies, USD bn













USD IG borrowing by Big Tech AI, USD bn



Source: (1-2) CFR. Data through December 2025. All tech sector companies also include Amazon and Alphabet. Big Tech AI includes Alphabet, Amazon, Meta, Microsoft and Oracle.

# AI & Tech Drove Largest IG Financings Since 2025



## Top 10 largest USD IG deals since 2025

	Date	Issuer	Industry	Size (USD bn)
1.	Oct 2025	 Meta	Technology	\$30.0 bn
2.	Mar 2025	 MARS	Consumer Staples	\$26.0 bn
3.	Feb 2026	 ORACLE	Technology	\$25.0 bn
4.	Feb 2026	 Alphabet	Technology	\$20.0 bn
5.	Sep 2025	 ORACLE	Technology	\$18.0 bn
6.	Nov 2025	 Alphabet	Technology	\$17.5 bn
7.	Jan 2026	 Goldman Sachs	Financials	\$16.0 bn
8.	Nov 2025	 amazon	Technology	\$15.0 bn
9.	Jul 2025	 NTT FINANCE	Telecom / Tech	\$11.3 bn
10.	Nov 2025	 verizon	Telecom	\$11.0 bn

Source: (1) CFR. Data as of February 19, 2026. \*NTT Finance classified as both telecom and technology because bond deal was to refinance bridge loans for taking its data center unit private.

# Tech & Telecom Also Driving Multi-Currency Financings

## Selected Multi-Currency IG Deals since January 2025 (excluding banks)

Company		 USD	 EUR	 GBP	 CHF	Total size (USD)
<b>Alphabet</b>	(Feb 9-10, 2026)	20.0 bn		5.5 bn	3.1 bn	\$31.4 bn
<b>Alphabet</b>	(Nov 3-4, 2025)	17.5 bn	6.5 bn			\$25.2 bn
 <b>NTT FINANCE</b>	(Jul 9, 2025)	11.3 bn	5.5 bn			\$17.7 bn
<b>verizon</b>	(Nov 5-10, 2025)	11.0 bn	2.3 bn	1.0 bn		\$15.0 bn
<b>Alphabet</b>	(Apr 28, 2025)	5.0 bn	6.8 bn			\$13.0 bn
<b>Johnson&amp;Johnson</b>	(Feb 18-19, 2025)	5.0 bn	4.0 bn			\$9.7 bn
	(Feb 5, 2025)	4.8 bn	3.0 bn			\$8.3 bn
	(Jan 29, 2026)	3.3 bn	3.5 bn			\$7.4 bn
	(Feb 19, 2025)		4.0 bn	0.5 bn		\$5.4 bn
	(Jul 21, 2025)	3.5 bn	1.0 bn			\$4.7 bn

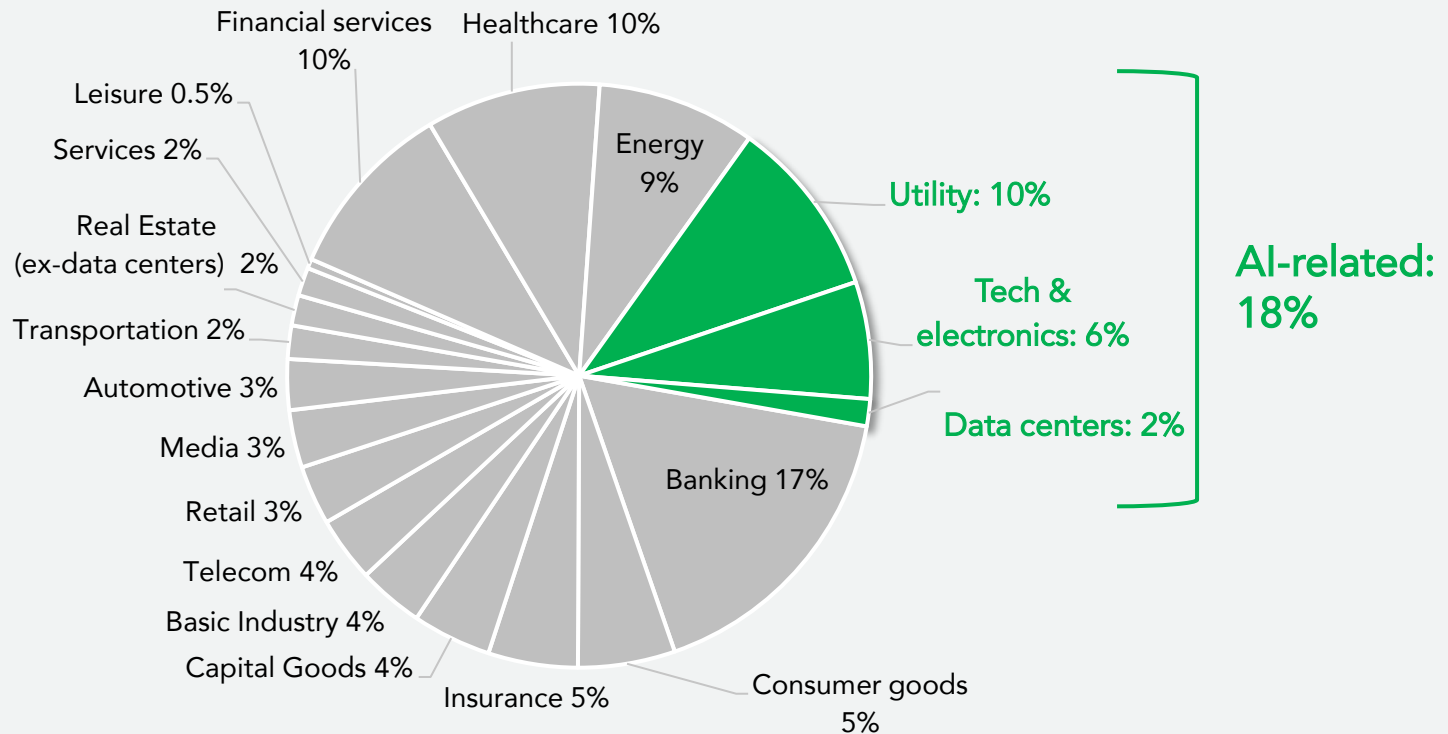
Source: (1) CFR. Data as of February 19, 2026. Total size calculated used current USD exchange rates. Excludes bank and auto-financing deals.

 Tech / telecom

# AI-Related Sectors Now Comprise 18% of the IG Index

AI-related sectors (i.e., utilities, tech & electronics) now account for approximately 18% of the aggregate corporate bond index. Implications of this growth include the following: (1) more index concentration risk in a smaller group of names; (2) necessity of tech sector investor exposure to track and benchmark the index; (3) AI-related spread moves, ratings changes and issuance surge more directly impact the aggregate index; and (4) upward pressure on index duration given longer maturities of AI financings

## IG corporate bond index, by sector

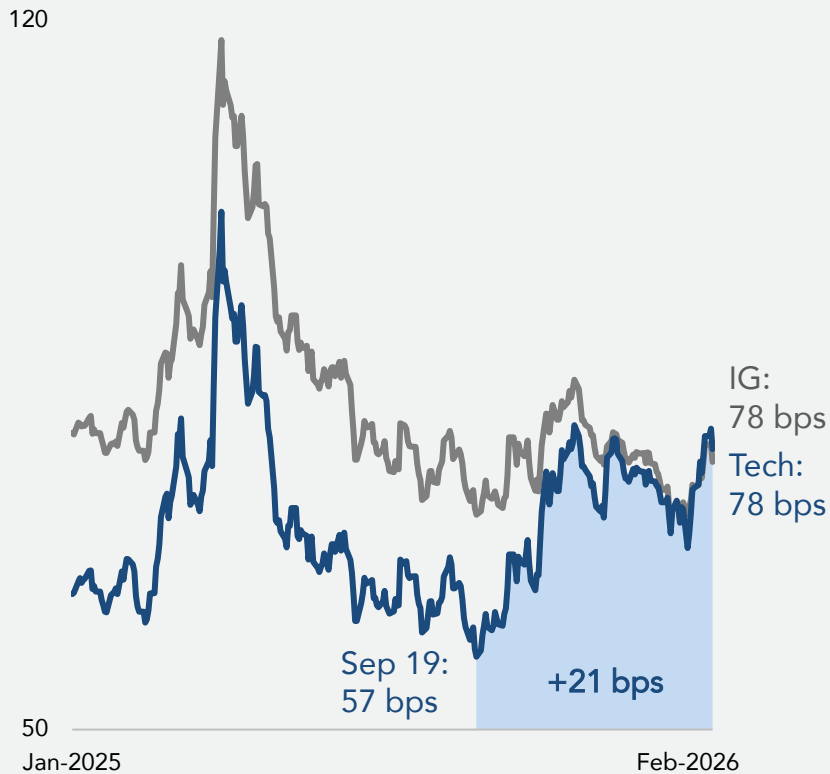


Source: (1) Bloomberg. Data as of February 2026.

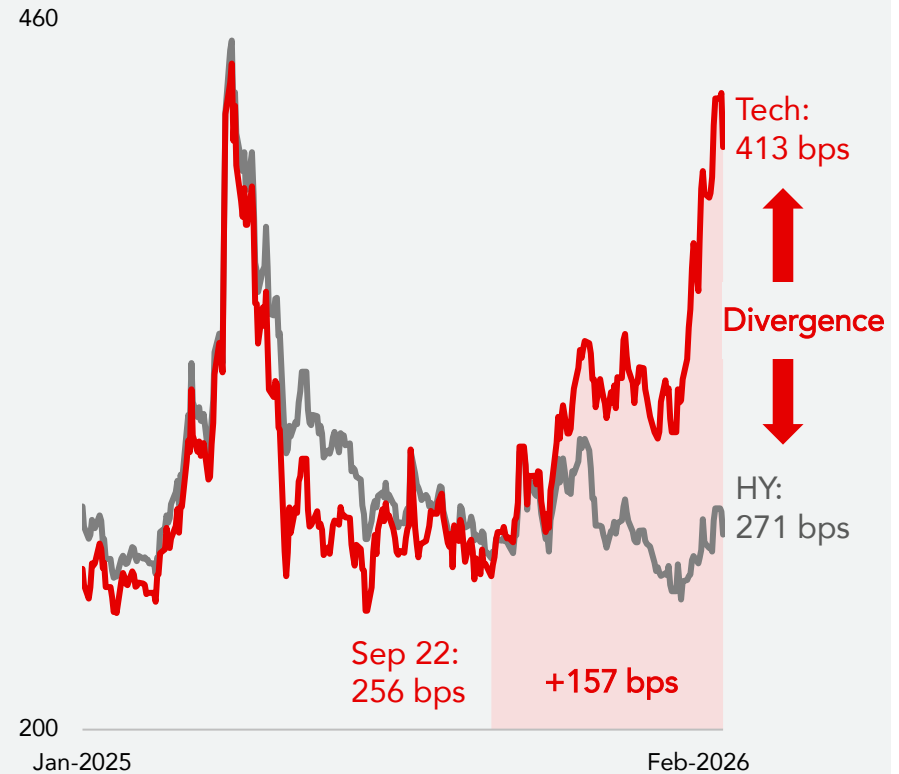
# Tech Spreads Diverging Sharply on Credit Quality

Despite record supply to fund AI data center expansion, US dollar IG tech sector spreads have remained relatively contained. However, US dollar HY spreads have diverged sharply wider in recent months, driven by rising credit and ratings related concerns from more leveraged names.

### IG index vs. IG tech spreads



### HY index vs. HY tech spreads

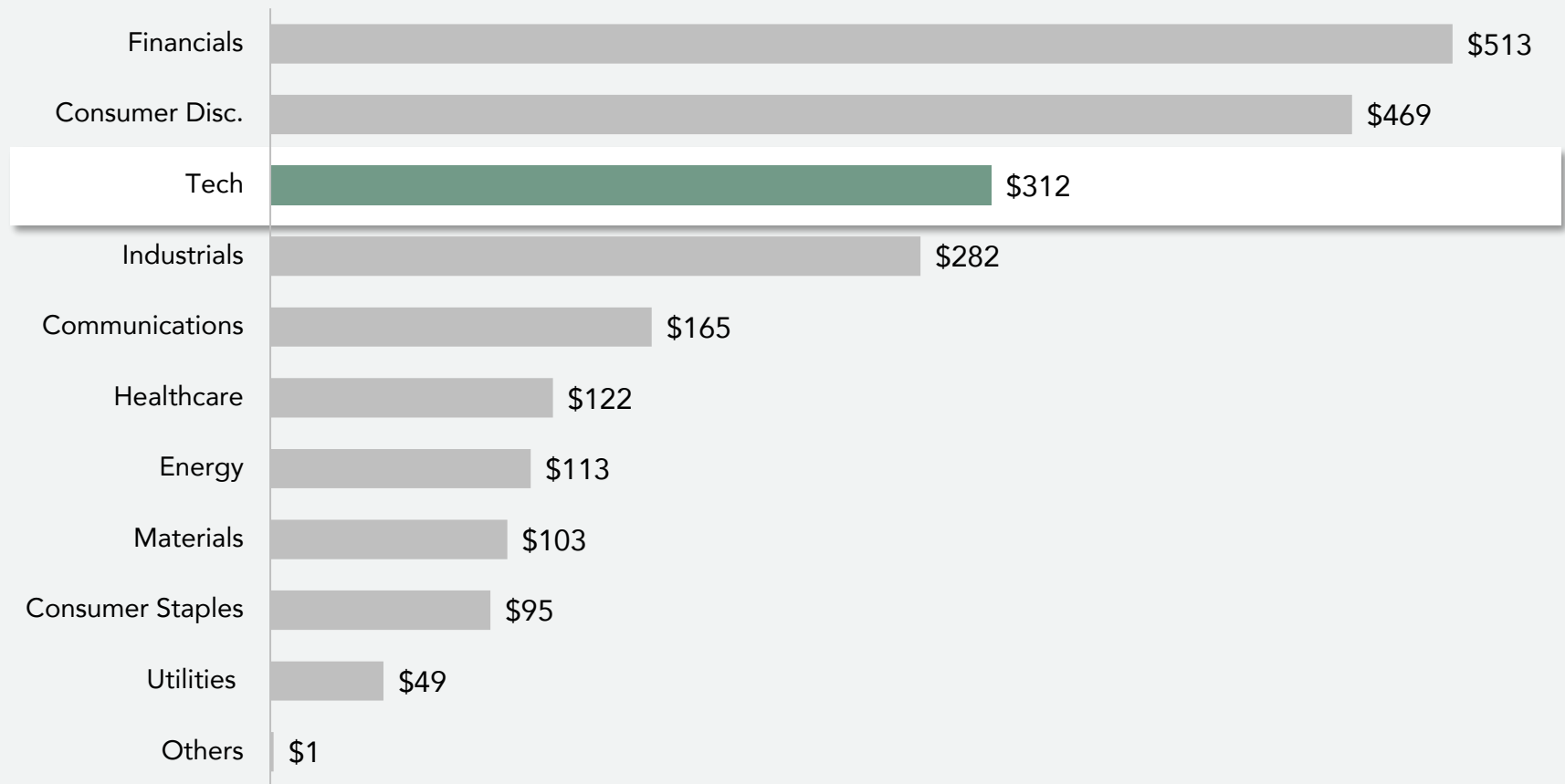


Source: (1-2) Bloomberg. Data as of February 19, 2026. Index OAS to Treasury.

# Over \$300 Bn of Tech Leveraged Loan Issuance in 2025

Tech and AI-adjacent borrowers issued over \$300 bn of leveraged loan issuance in 2025, driven by data center, software and private equity tech deals tapping both syndicated and private credit channels.

## 2025 US tech leveraged loan issuance, USD bn

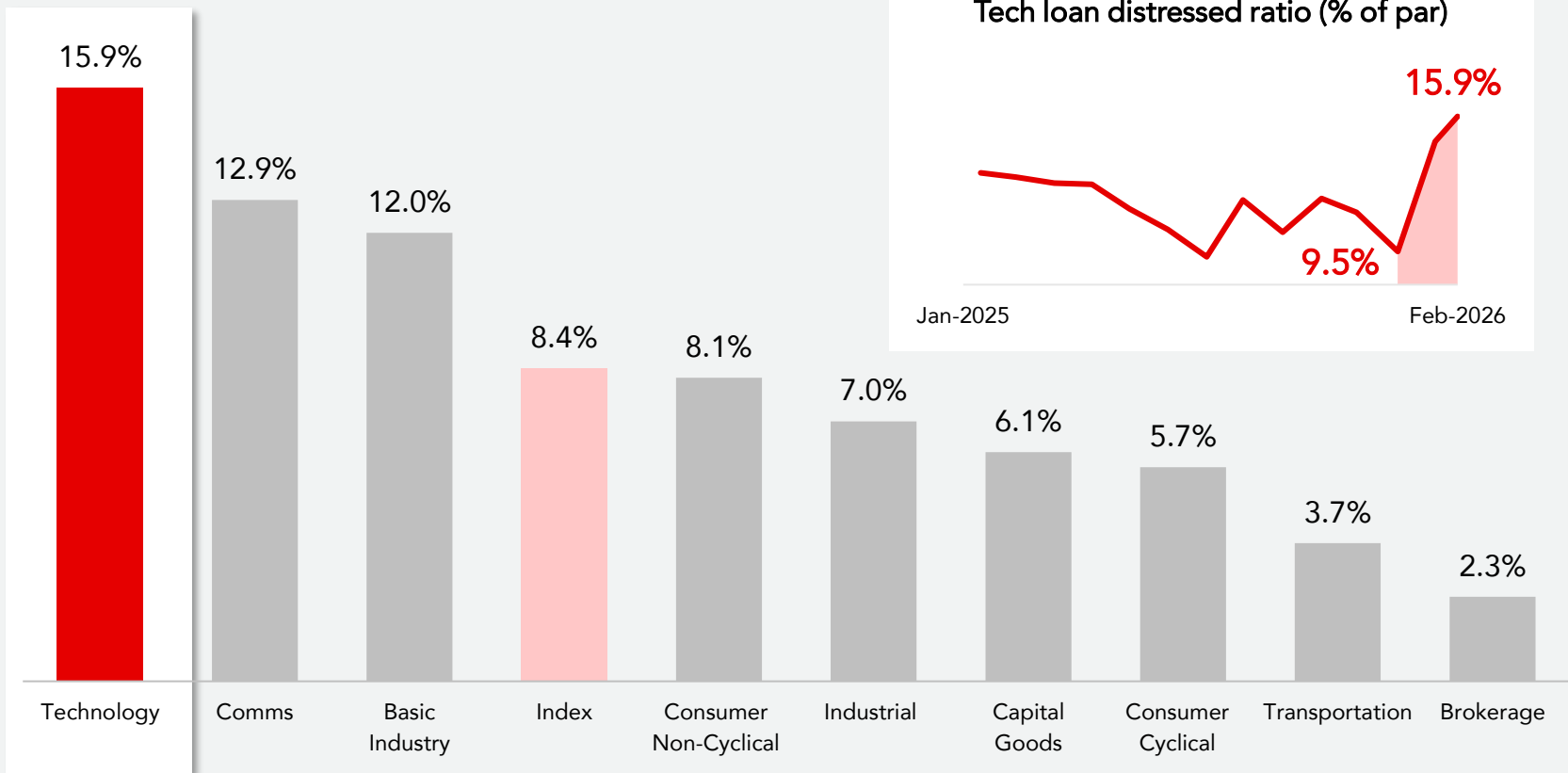


Source: (1) Bloomberg. Data as of December 31, 2025.

# Tech Leveraged Loan Distress Ratios Rising Rapidly

Not to be confused with the earnings and balance sheet strength of big tech hyperscalers, tech sector leveraged loan distress ratios hit record levels in early 2026 driven by AI disruption and capex concerns. Software companies have been hit particularly hard as investors pare back positions amid concerns that some products may become obsolete sooner than expected. Nearly 16% of all the technology debt in the Bloomberg US lev loan index is now in distress, up from 9.5% at the end of December.

Leveraged loan distressed ratio, Feb 2026 (% of par value)

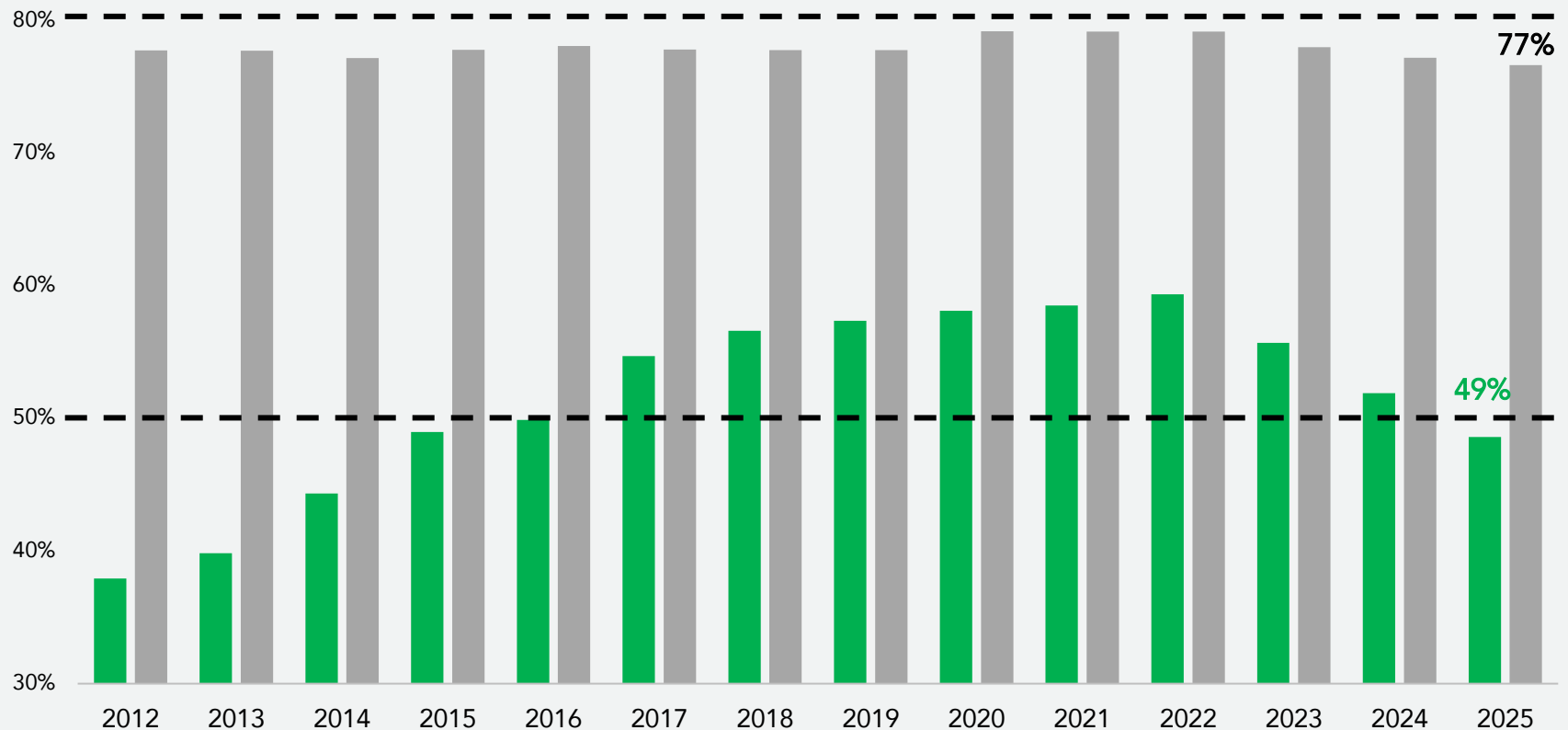


Source: (1) Bloomberg Intelligence. Data as of February 19, 2026. Bloomberg US Leveraged Loan Index.

# AI Big Tech Leverage Metrics Still Strong

According to CreditSights, hyperscalers' ratio of liabilities-to-assets fell to 49% in Q4 2025, close to 2015 levels, down from a peak of 59% in late 2022. By comparison, the comparable leverage ratio for S&P 500 companies remained steady at just below 80% over the same period.

## Hyperscalers vs. S&P 500, ratio of liabilities-to-assets



Source: (1) Bloomberg. Data as of December 31, 2025. Hyperscalers include Oracle, Amazon, Nvidia, Microsoft, Apple, Alphabet & Meta.

■ Hyperscalers ■ S&P 500

# AI Big Tech Leverage Metrics Still Strong

Big tech leverage has risen substantively in 2025, but leverage metrics remain strong by both historical and cross-sector standards. To be sure, big tech AI balance sheets have commenced a transition from cash-rich, asset-light models to capex-heavy, externally funded models, though with still conservatively leveraged balance sheets. For investors, the greater risk is more the trajectory than current levels of debt.



## CreditSights' largest IG and HY tech issuers 2026 leverage outlook

IG Issuer	Gross leverage 2025	Leverage direction FY 2026
Oracle	4.1x	Flat
Apple	0.7x	Flat
IBM	3.6x	Lower
Meta	0.7x	Higher
Amazon	1.0x	Flat
Alphabet	0.4x	Higher
Intel	3.2x	Lower
Microsoft	0.7x	Flat
Broadcom	1.6x	Lower
TSMC	0.4x	Lower

HY Issuer	Gross leverage 2025	Leverage direction FY 2026
Gen Digital	3.6x	Lower
CommScope	6.0x	Lower
Western Digital	1.5x	Lower
Seagate	1.8x	Lower
Xerox	6.2x	Flat
Sensata	3.9x	Lower
Rackspace	11.5x	Flat
NCR Voyix	2.7x	Lower
Twilio	1.1x	Lower

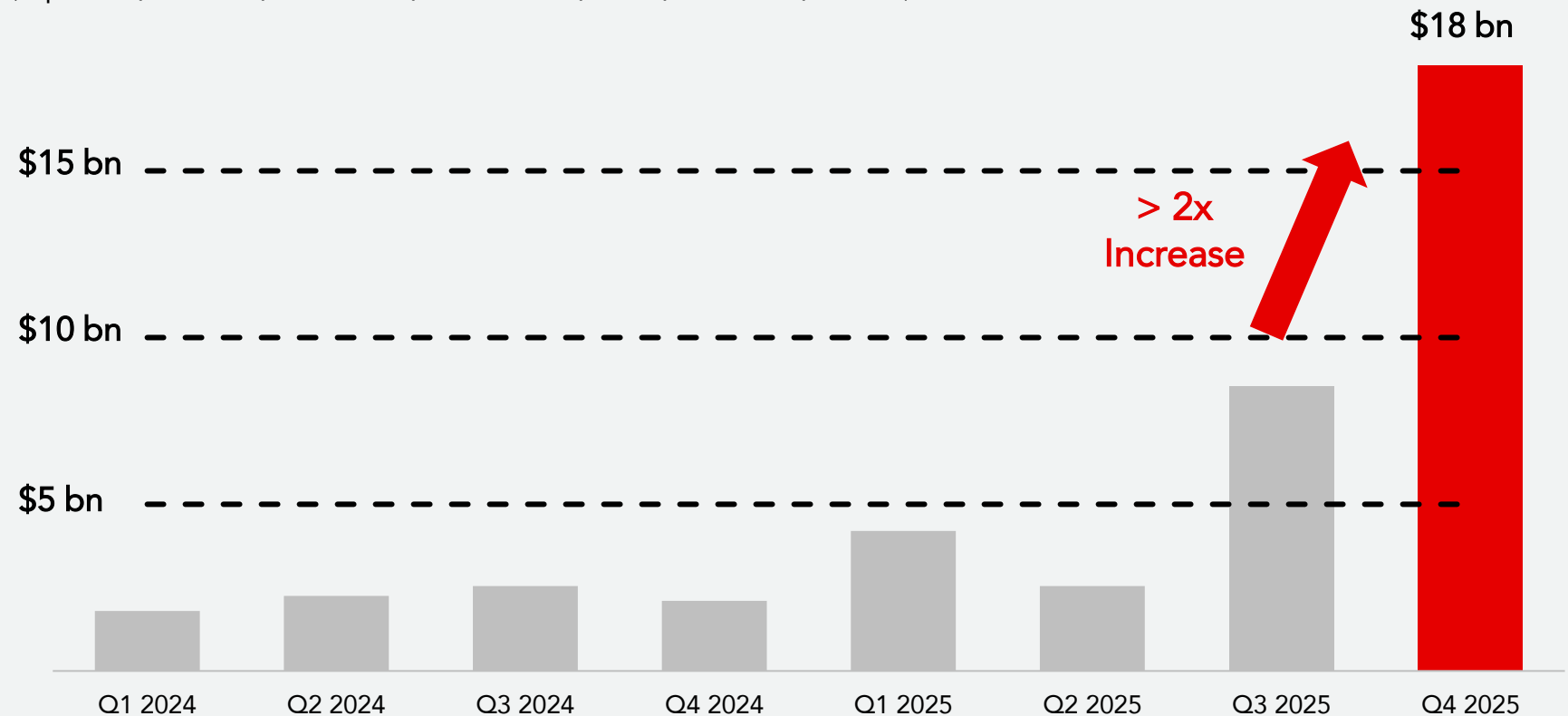
Source: (1-2) CreditSights, "2026 Sector Snapshot: US TMT." November 2025. Pro forma debt and lease-adjusted gross leverage for bond deals after quarter end: GOOGL (~\$25bn cross-border), META (\$30bn), AMZN (\$15bn). Some names show lease adjusted gross leverage: ORCL, AAPL, GOOGL, MSFT, GEN, STX, WDC and TWLO. Xerox leverage metrics are pro forma for a full TTM of Lexmark. Seagate is pro forma for \$500mn of paydown of convertible notes.

# Surge in Single Name AI CDS Volumes

Investors have used a mix of **credit hedges** (i.e., CDS on both single name and index products), **equity hedges** (i.e., index and sector puts), **project-level hedges** (i.e., tighter covenants, higher coupons, structured products that pass some risk back to hyperscalers) and **macro hedges** (i.e., long-duration gov bonds, long vol trades, index or single name puts, long VIX, volatility swaps).

## Net notional outstanding for US AI companies CDS, USD bn

(Alphabet, Amazon, Broadcom, CoreWeave, Meta, Microsoft, Oracle)

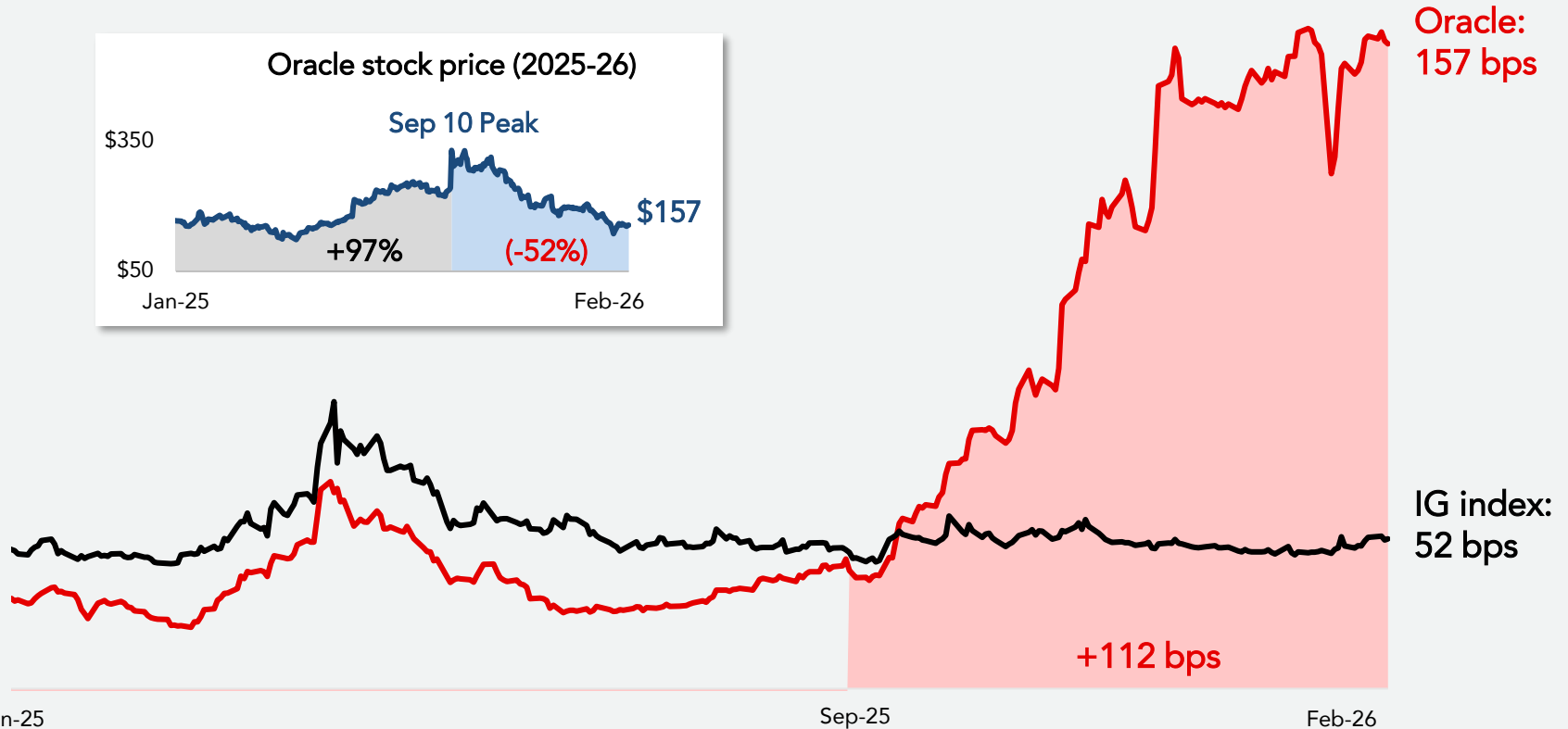


Source: (1) Depository Trust & Clearing Corporation. Data through Q4 2025. Average daily notional amount multiplied by number of trading days in a quarter.

# Hedging AI's Rapid Debt-Financed Expansion

The massive scale of debt-financed AI capex and ROI uncertainty have received increased investor focus in recent months. For example, Oracle's 5-year CDS has more than tripled since September, while trading volumes have surged well above prior norms. Though Oracle's core business and profitability remain very strong, the market has become more concerned about the magnitude of the company's highly debt-funded, extremely capital-intensive AI buildout strategy.

Oracle 5-yr CDS vs. IG index 5-yr CDS (2025-26), bps



Source: (1-2) Bloomberg. Data as of February 19, 2026.

# 3

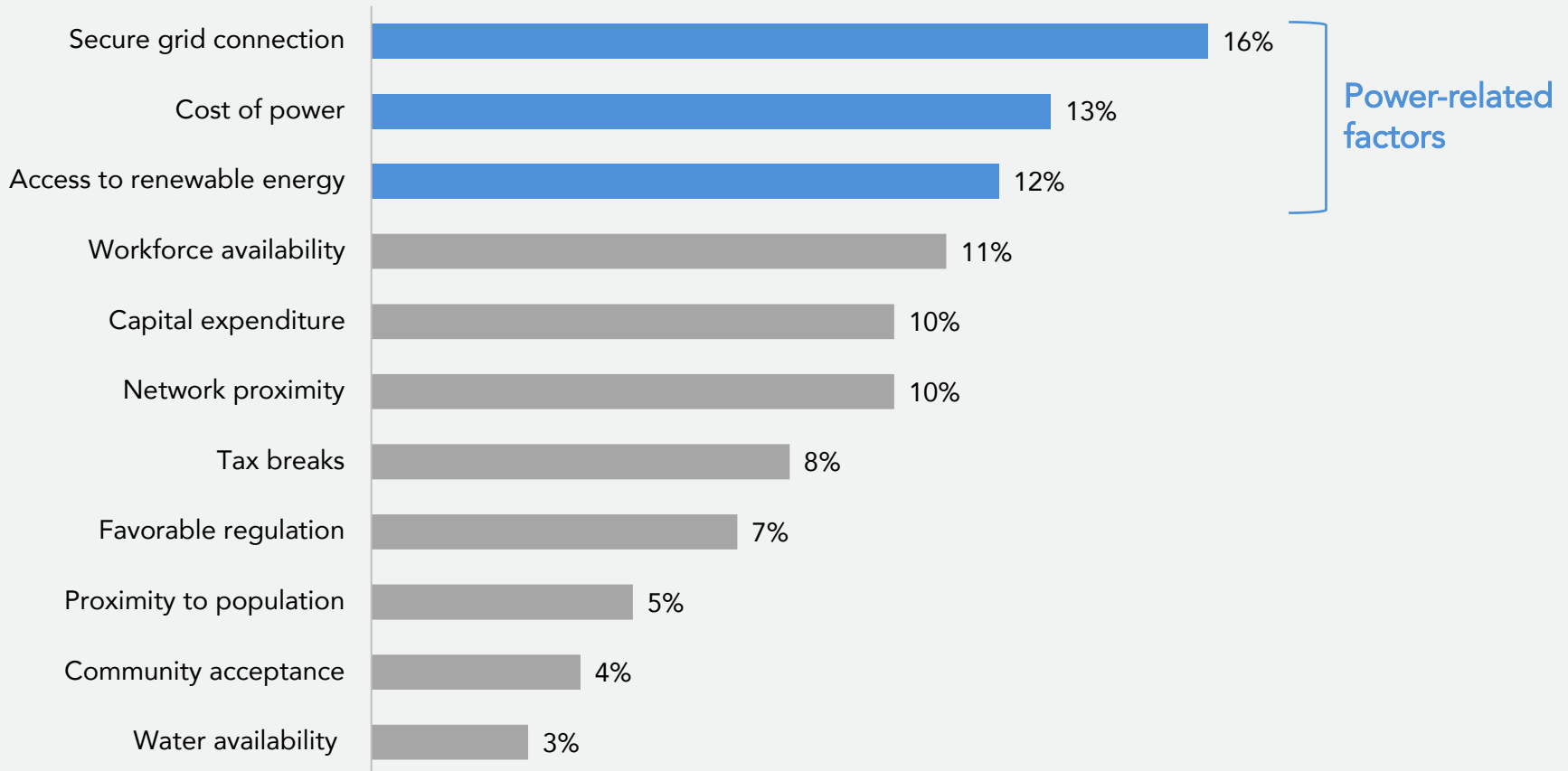
## Power Grid Capacity & Expansion



# Power is Key Variable in Data Site Selection

Power related factors are among the most important factors in data center site selection.

Key factors for data center site selection, % of respondents



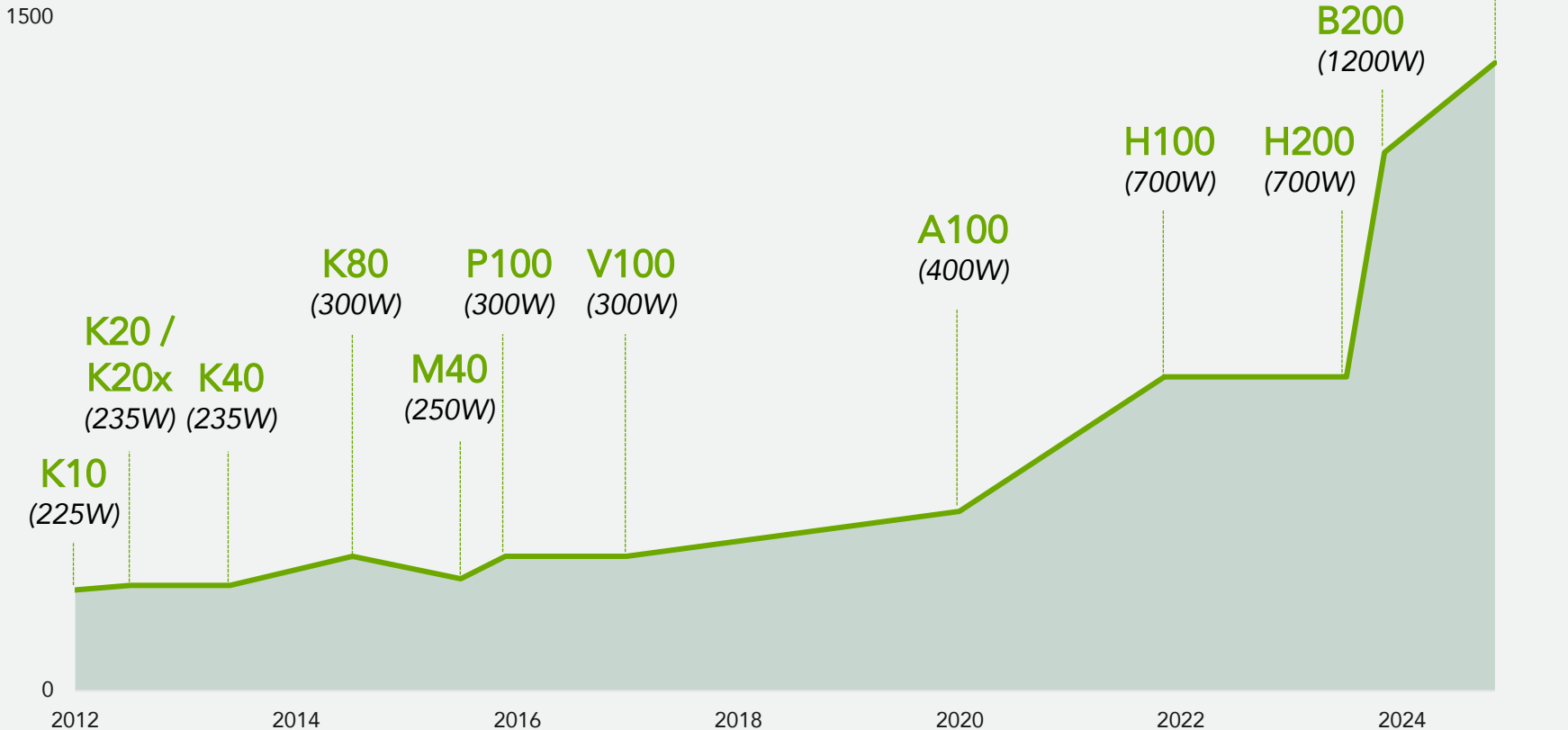
Source: (1) Data Center Dynamics. Vertiv. BloombergNEF. Data shows % of respondents who ranked the option in their top three.

# Most Advanced Chips Require More Power



Standard configuration power demands of Nvidia microchips since 2012

Power demands (TDP)



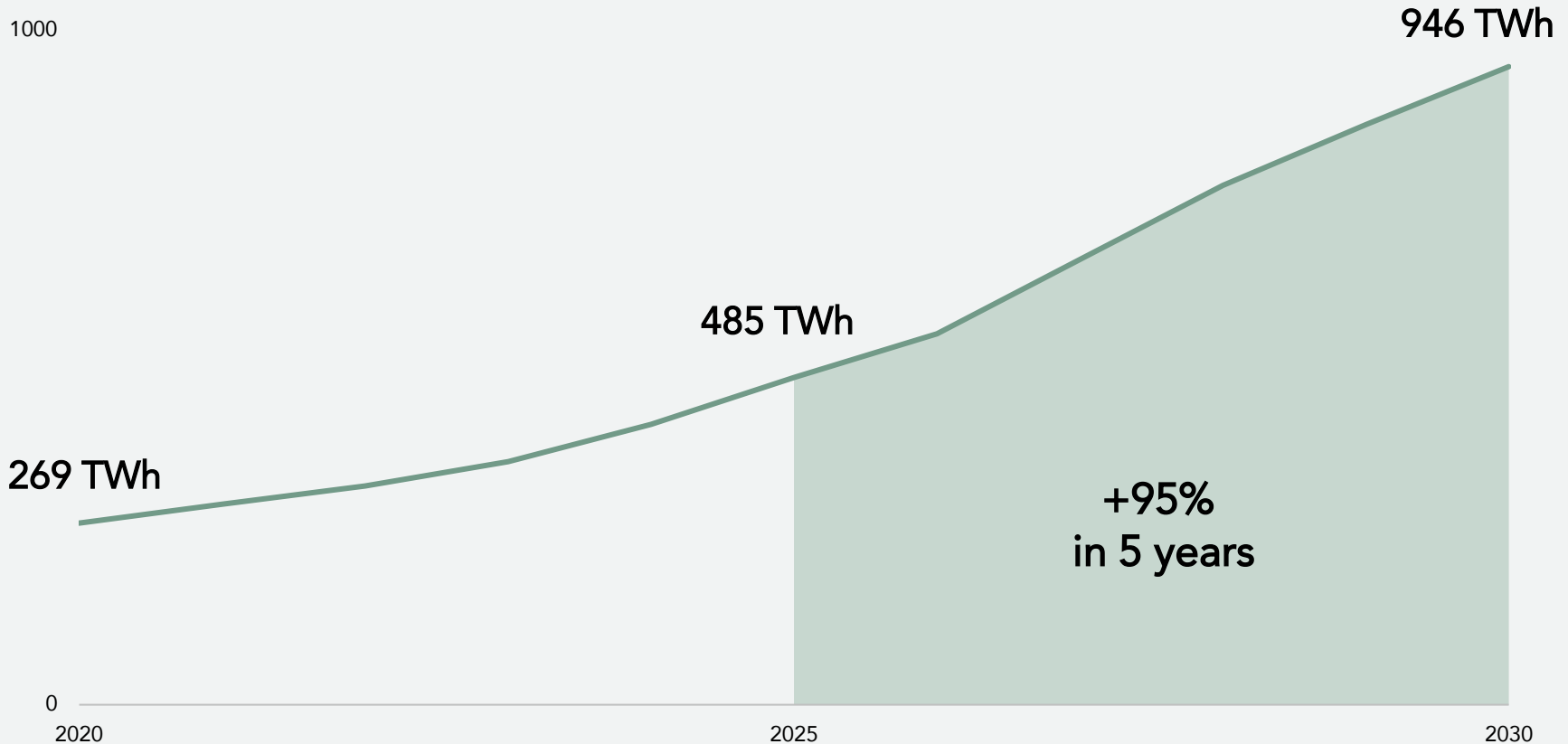
Source: (1) Nvidia. Various news sources.

# Data Center Electricity Consumption Will Double in 5 Years



Data center electricity demand is surging. The International Energy Agency (IEA) expects data center electricity use to double by 2030 to 945 terawatt hours.

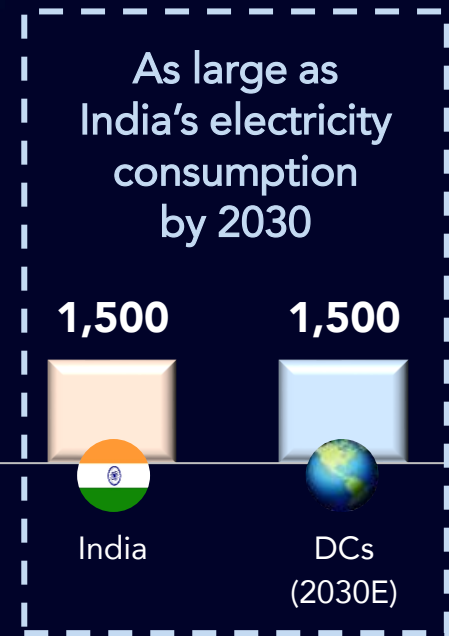
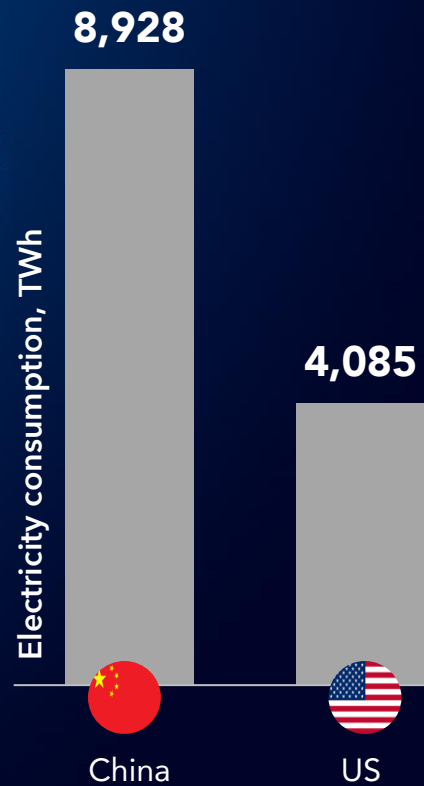
Global data center electricity consumption, TWh



Source: (1) Financial Times, "The fallout from the AI-fueled dash for gas". IEA, "Energy and AI". Data as of April 2025. Forecasts are base case scenario. 2025 is YE forecast.

# Data Center Electricity Demand Increasing

By 2030, AI-driven global electricity consumption could hit 1,500 TWh, comparable to the level of India's electricity consumption today.

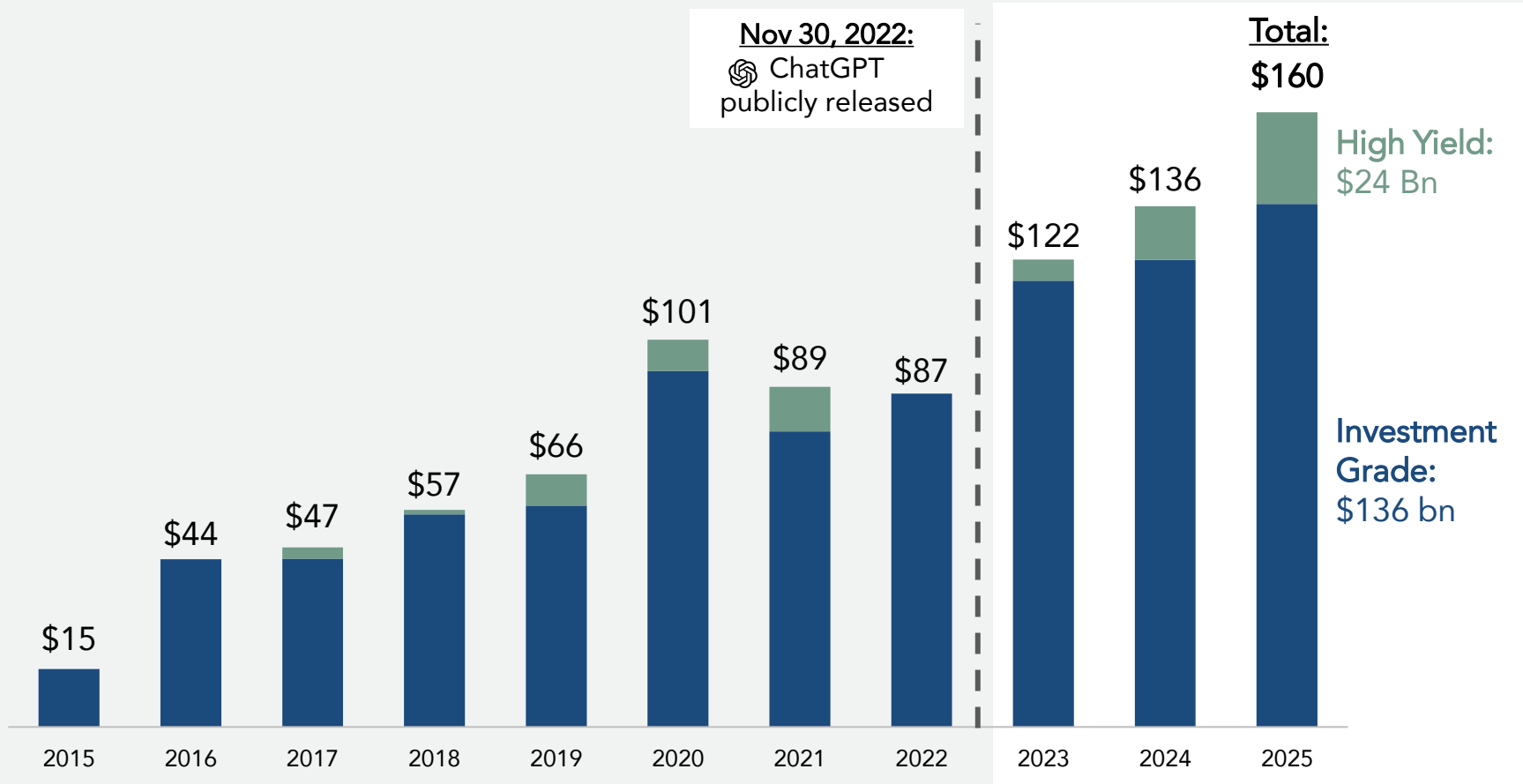


Source: (1) IMF, "World Economic Outlook, April 2025 - Commodity Special Feature." IEA. US EIA. Data for countries as of 2023. 2030 and 2023 estimates are OPEC.

# US Utilities Issuance Surges on AI Boom

Utility bond issuance surged in 2025, both regulated IG utilities and in municipals tied to utility infrastructure. Capex for data center power demand and electrification has been a primary driver of the sharp increase over the last three years.

US utilities bond issuance, USD bn



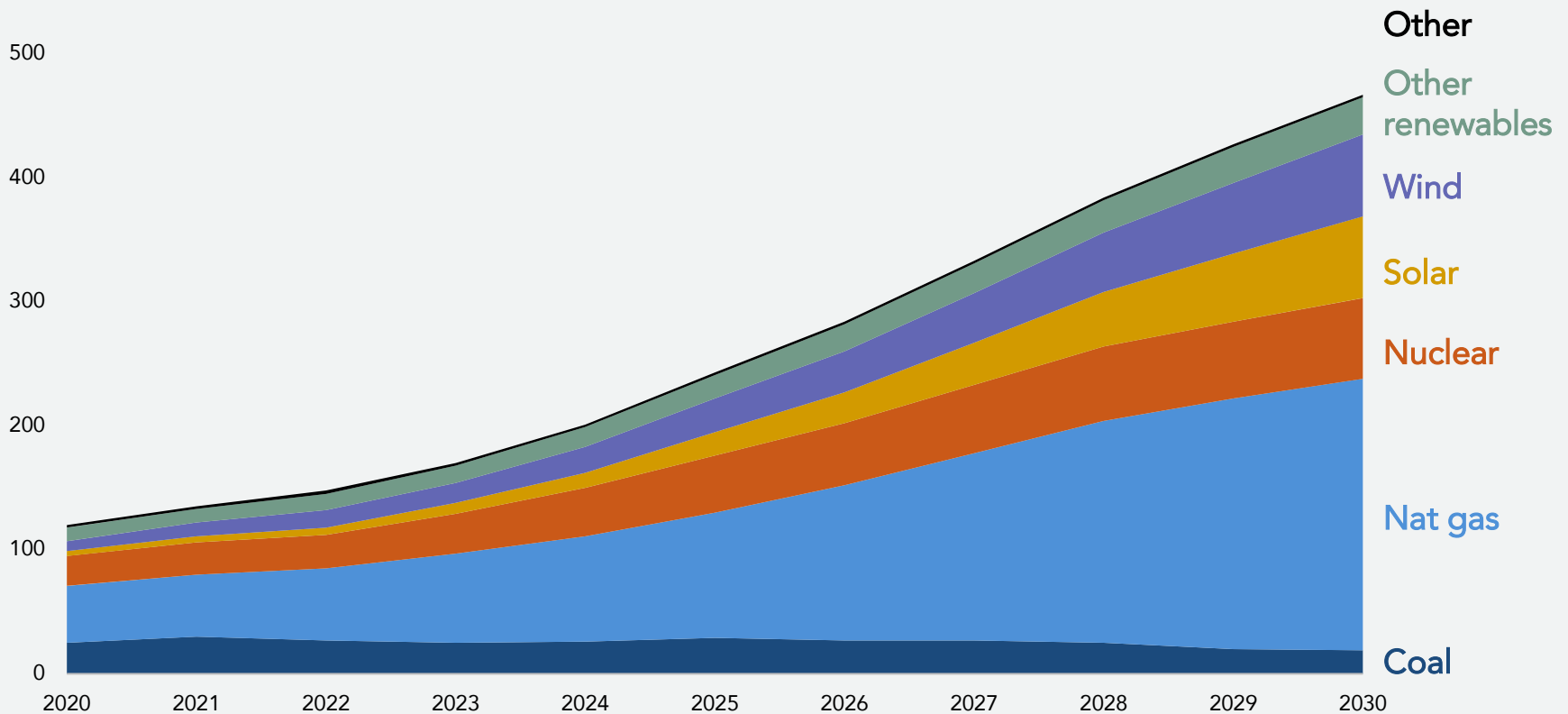
Source: (1) Bloomberg, "AI Boom Brings Flood of Debt to Ultrasafe Market". Data through December 31, 2025. Includes sales of independent power producers.

# US Data Center Energy Sources



Natural gas is the primary fuel source powering US data centers, supplying over 40% of data center electricity needs as of 2024. Reliance on natural gas extends from its ability to provide dependable and scalable electricity critical to the 24/7 demands of hyperscale data center infrastructure.

US electricity generation for data centers by fuel, TWh



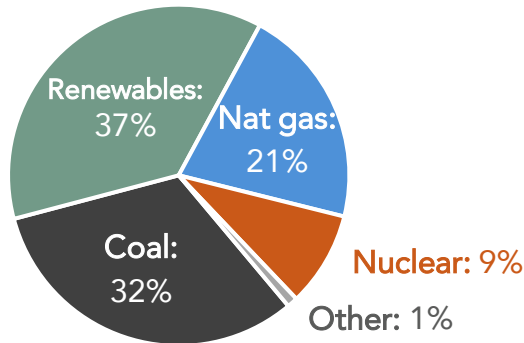
Source: (1) Financial Times, "The fallout from the AI-fueled dash for gas". IEA, "Energy and AI". Latest data as of April 2025. Forecasts are base case scenario.

# Dramatic Variance in DC Energy Supply by Region

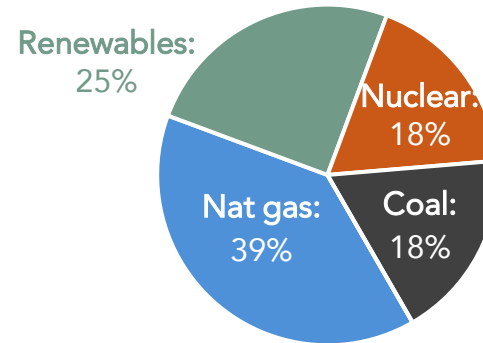
The scale of the data center buildout sits strategically at the intersection of industrial policy, energy infrastructure and geopolitical competition. US data centers are powered by a range of energy sources with dramatic variance by region. By contrast, China has the world's most complex and rapidly evolving energy buildout, with coal as its backbone and an aggressive renewable energy overlay. Europe has the most aggressive decarbonization commitments in its AI data center build, though the scale and speed of China's renewables pivot is comparatively larger.

## Data center power supply mix (2025)

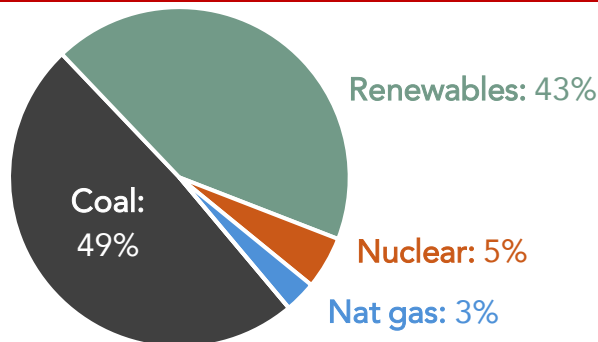
### Global



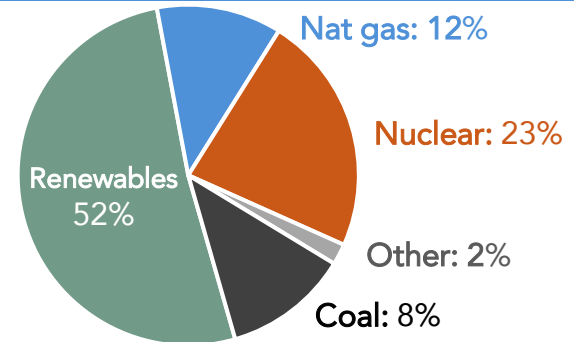
### US



### China



### EU



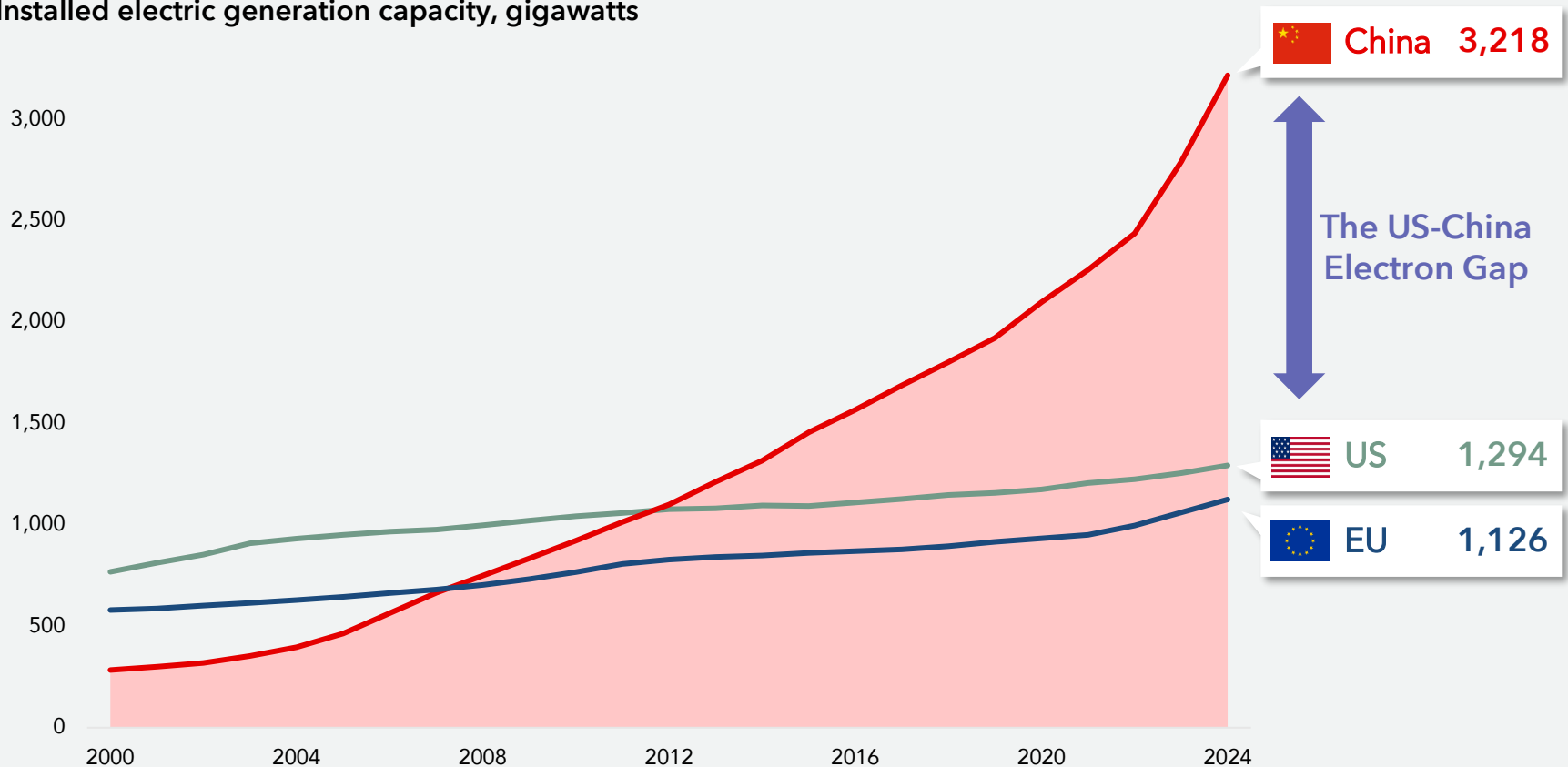
Source: (1-4) Wood Mackenzie. Data as of February 2026.

# The World's Largest Power Grid



Power and electricity has become a **core competitive advantage** for China in the AI arms race. Over the last 15 years, **China increased its power production more than the rest of the world combined**, and currently boasts **the world's largest power grid**. Last year, China generated **more than twice as much electricity as the US**. Looking ahead, China is expected to invest **more than \$500 billion on power grid projects through 2030**.

Installed electric generation capacity, gigawatts



Source: (1) WSJ, "China's AI Power Play: Cheap Electricity from World's Biggest Grid." EIA (US), National Bureau of Statistics (China). IEA. Federal Reserve.

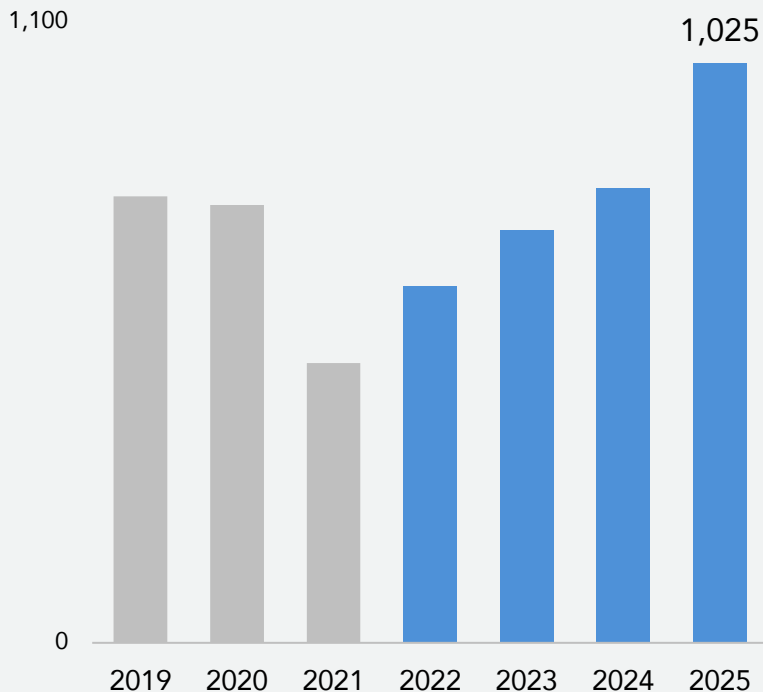
# Global Demand for Gas Turbines



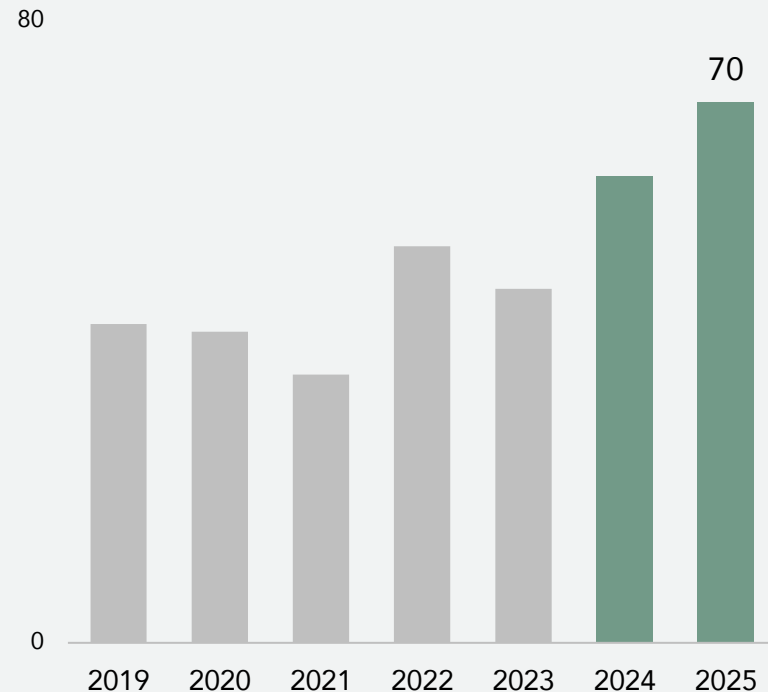
New orders for gas turbines are expected to increase to 1,025 units in 2025, a 27% y/y increase, driven by data center electricity demand. Companies in the US, Japan and Germany account for 2/3 of global supply and are struggling to increase production fast enough to keep up with demand. China by contrast has not deeply penetrated this market, as natural gas accounts for only 3% of China's domestic electricity production.

## Gas turbine new orders

By units



By capacity (GW)



Source: (1-2) Financial Times, "The fallout from the AI-fueled dash for gas". Dora Partners. 2025 is YE forecast.

# Data Center Proximity Impacts Electricity Prices

Data centers are a major driver of the surge in energy costs and are the largest source of new power consumption in certain US regions. According to data analyzed by Bloomberg, electricity costs have risen over 200% over the last five years in areas located near significant data center activity.

Distance from significant data center activity for LMP nodes and change in the median wholesale electricity prices (2020-2025)



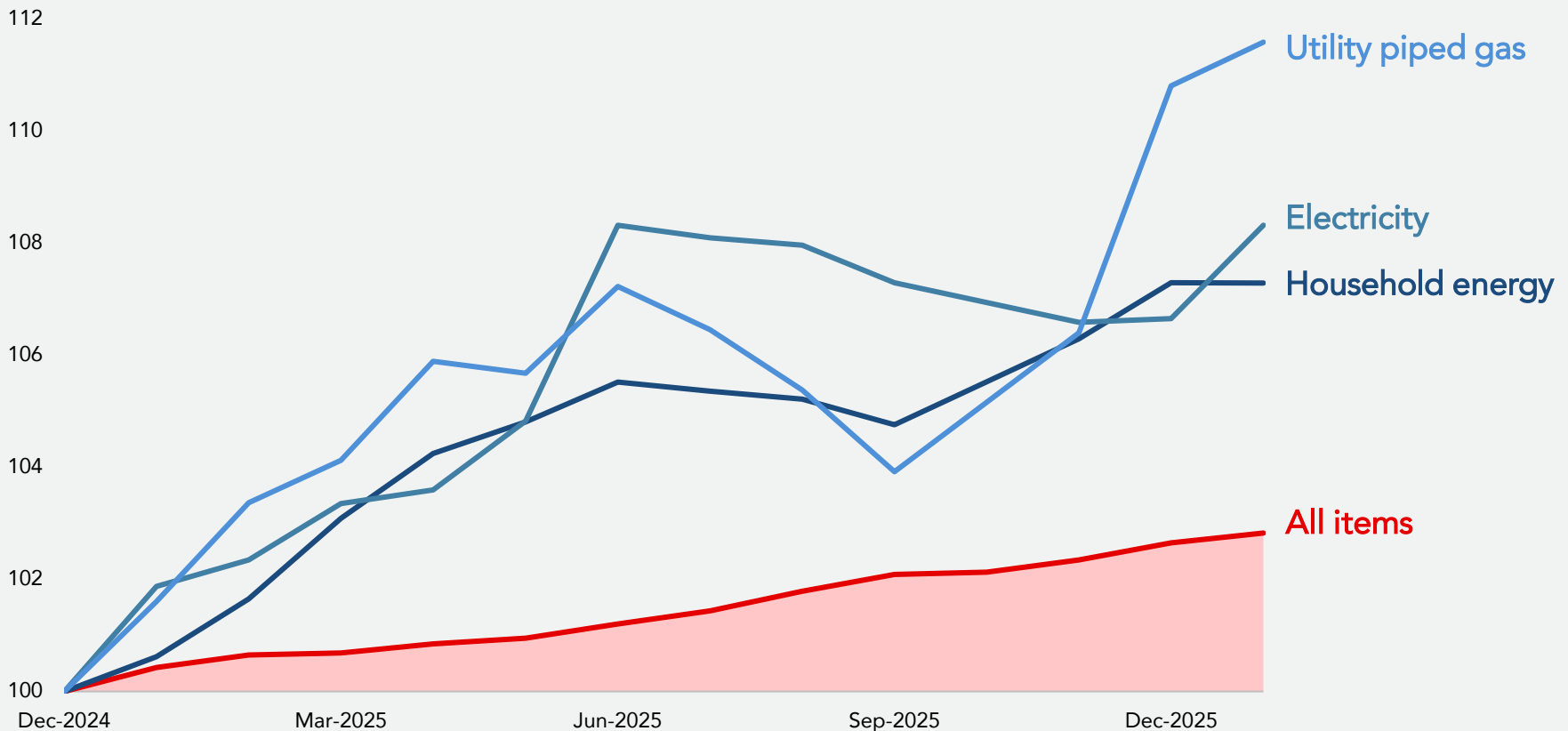
Source: (1) Bloomberg, "AI Data Centers Are Sending Power Bills Soaring". GridStatus. DC Byte. Analysis includes a small number of nodes in Canada used by US RTOs. To determine significant data center activity, a dynamic threshold was used that took into account the total data center capacity in the area around any given LMP node.

# Household Energy Costs Outpacing Inflation



A confluence of factors have contributed to the double-digit percentage point increases in US electricity prices since 2024, including: (1) decades of underinvestment; (2) rising raw material and components prices; (3) policy pivots away from renewable energy; (4) strong global demand for LNG; and (5) explosive growth in AI's expansion.

US CPI & household energy components (Dec 2024 = 100)

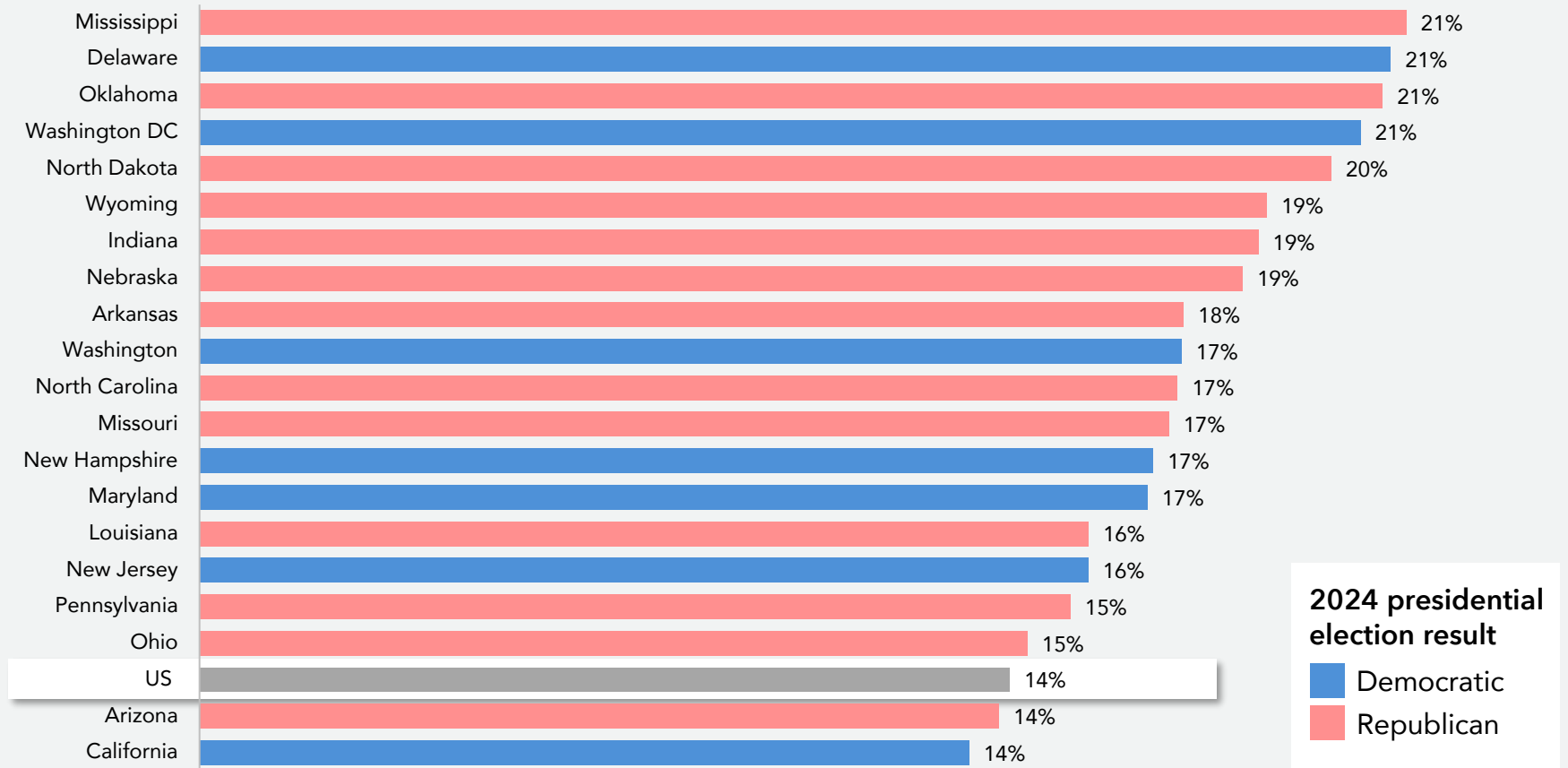


Source: (1) Financial Times, "The political cost of America's surging electricity bills." BLS, Bloomberg. Data through January 2026. October 2025 data is unavailable due to the government shutdown.

# Double Digit Increases for US Electricity Prices

The explosive growth of AI data centers has been a critical factor in the recent double digit increases in US electricity costs. With costs rising sharply, electricity prices have now become a formidable political issue for policymakers.

## % change in average price of residential electricity (Jan - Nov 2025)

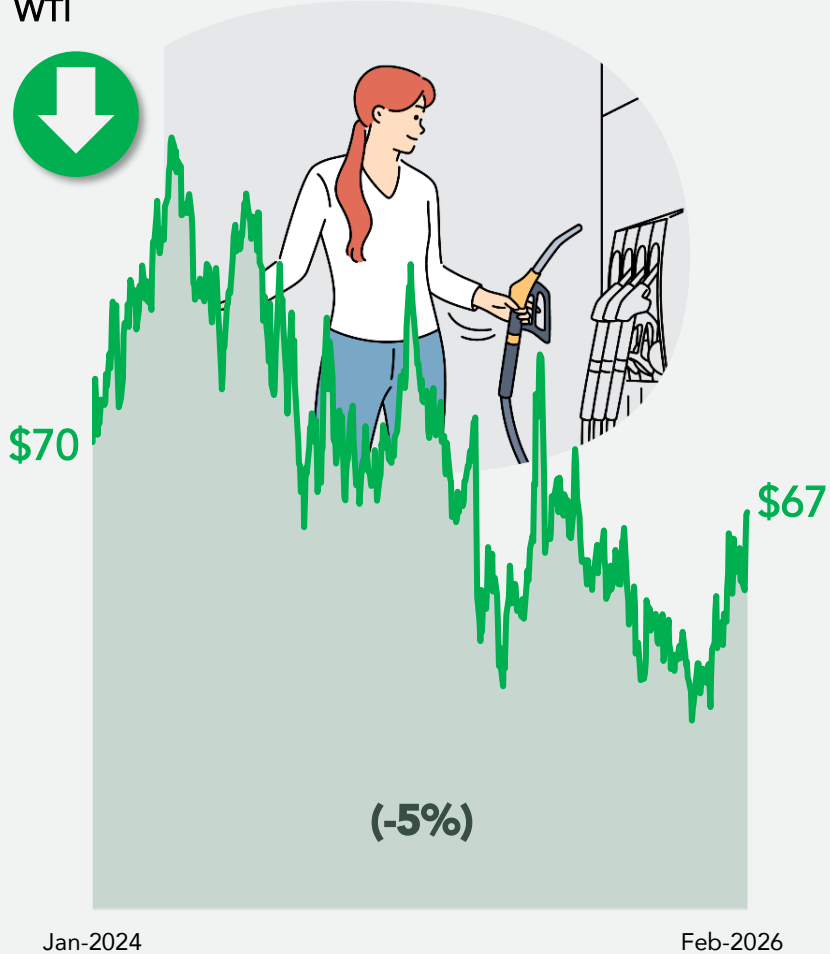


Source: (1) Financial Times, "The political cost of America's surging electricity bills." EIA. Data shows top 15 states with highest rate of increase and selected others. Average price is cents per kWh.

# "Affordability" a Core Theme for 2026 US Midterms

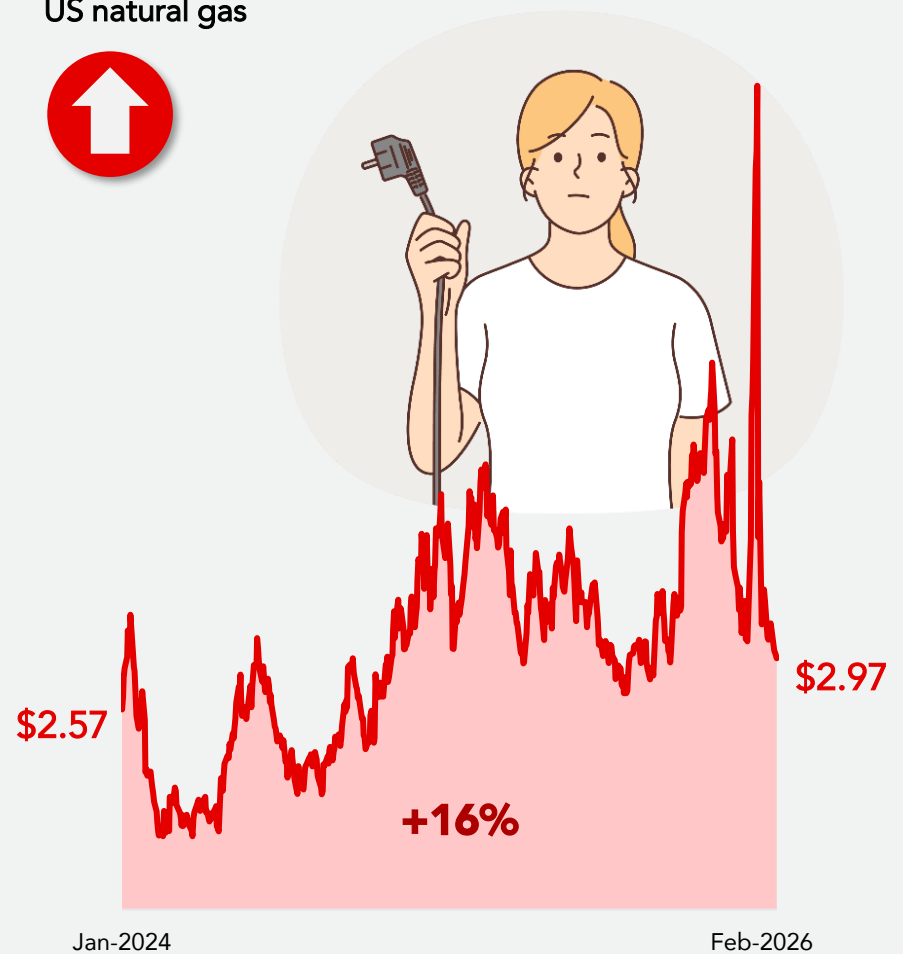
Lower oil prices

WTI



Higher electricity prices

US natural gas



Source: (1-2) Bloomberg. Data as of February 19, 2026.

# 4

## Venture Capital & Private Sector Activity

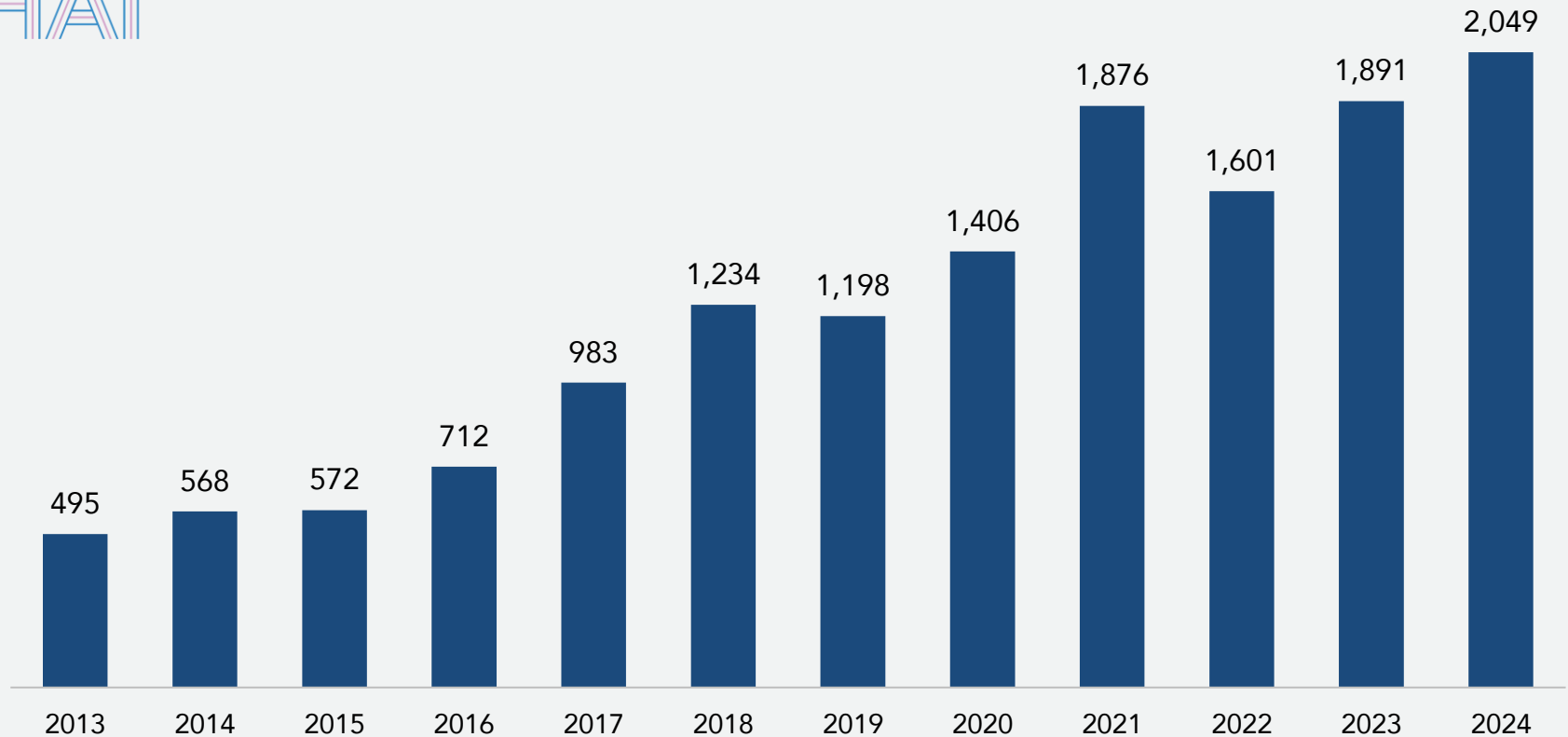


# Growth in Funding for AI Startups



The number of newly funded global AI companies increased to 2,049 in 2024, an 8.4% y/y increase. Generative AI companies accounted for over 10% of the total with 214 companies receiving funding, up from just 21 five years prior.

Global newly funded AI companies, # of companies



Source: (1) AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2025 Annual Report" (April 2025). Quid (2024).

# Over 80% of Private AI Investment to US Firms

According to a recent study, more than 80% of global private investment in AI over the prior year flowed to US AI firms, underscoring the growth of the US AI sector as a funding destination.

Top 15 countries by newly funded AI companies (2024)

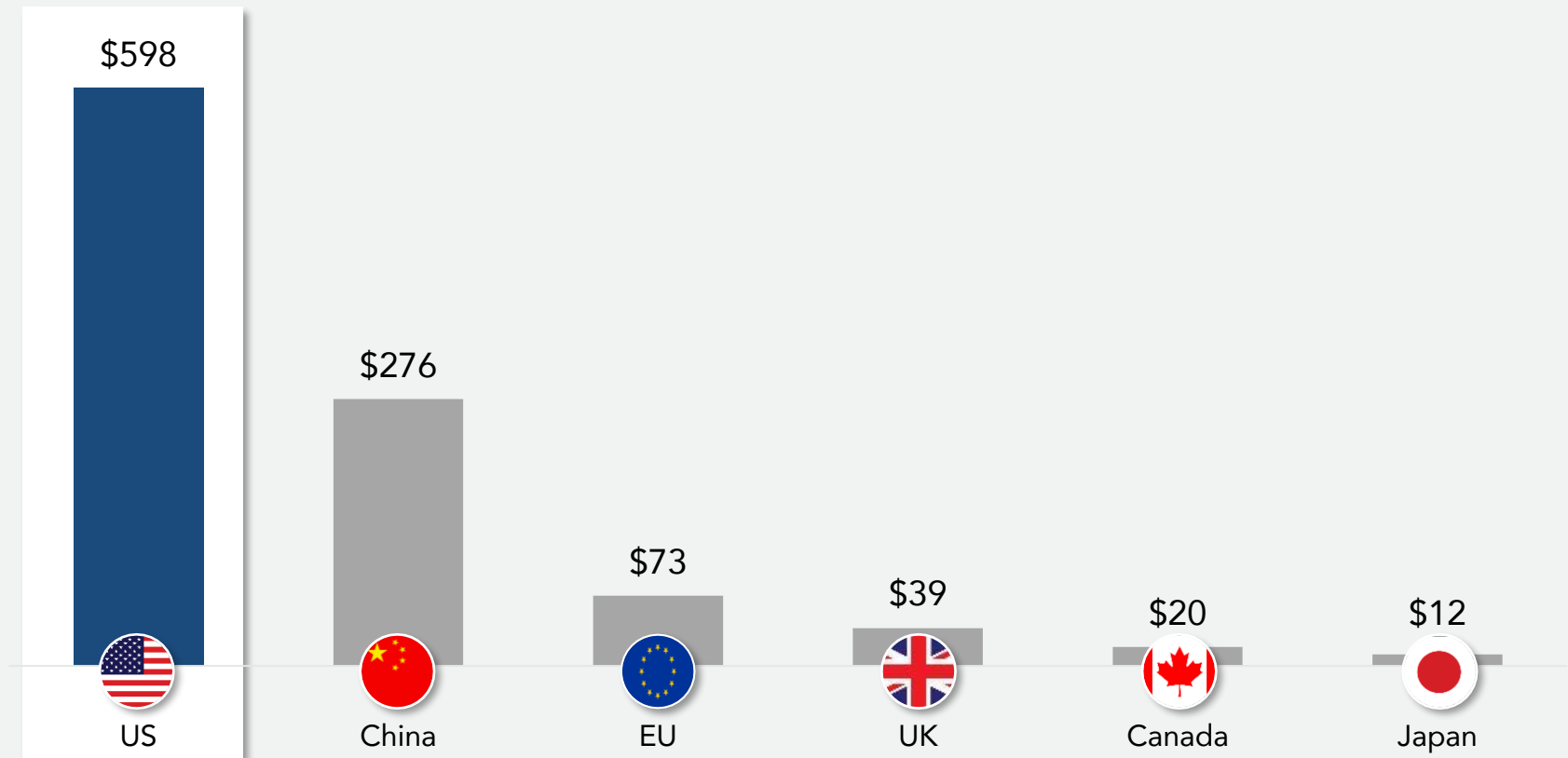


Source: (1) AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2025 Annual Report" (April 2025). Quid (2024).

# Geographic Distribution of Global VC AI Investment

On a cumulative basis over the prior decade, the US has deployed more than half a trillion dollars of private capital into AI, transforming the US into a structural epicenter of the global AI startup and scaleup ecosystem. China is a clear but distant second in private AI funding, relying more on state-guided capital and industrial policy. Recent flows suggest the cumulative gap is expected to widen even further.

Cumulative venture capital investment in AI (2012-2024), USD bn

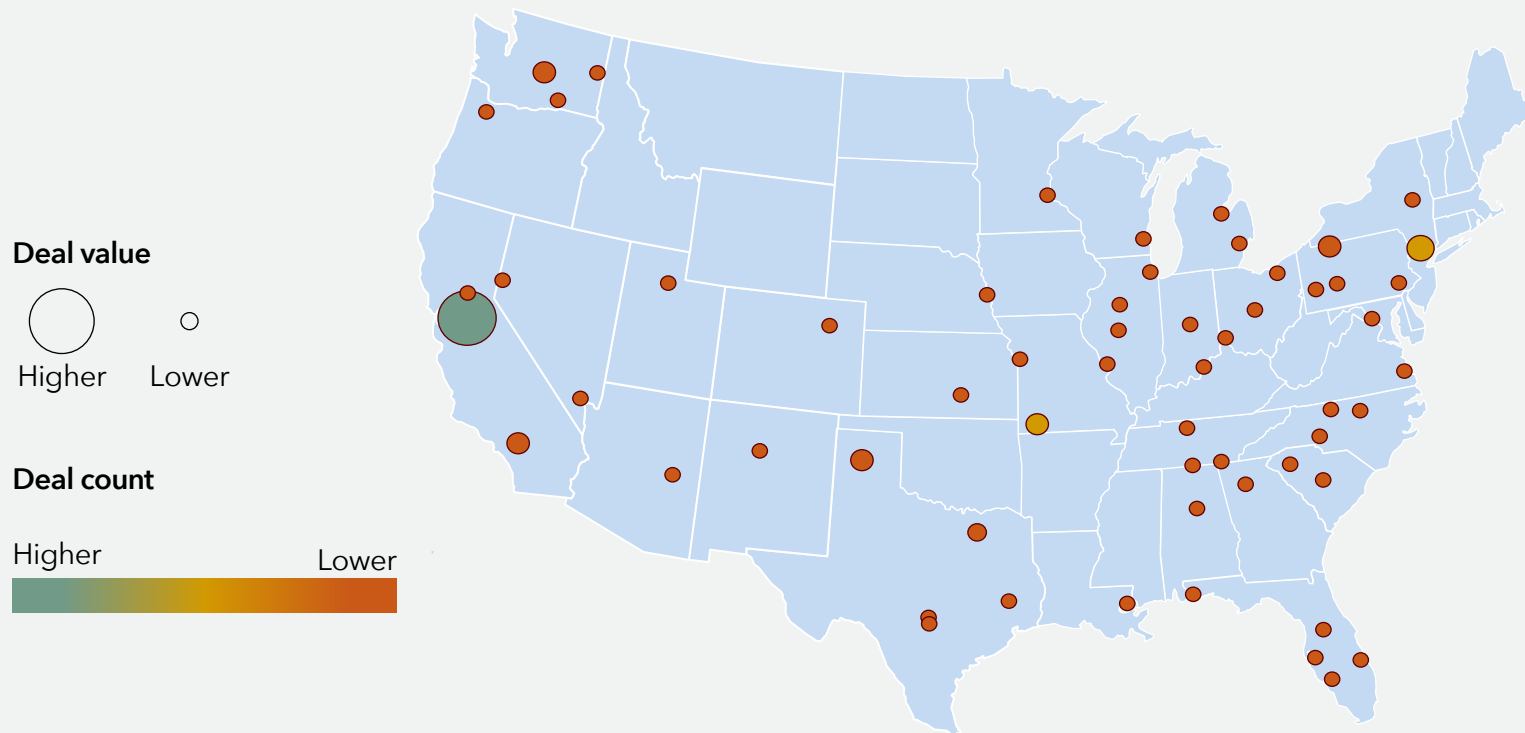


Source: (1) Federal Reserve. OECD Artificial Intelligence Policy Observatory (2025). Accessed September 2, 2025.

# AI Funding Highly Concentrated in SF Superstar Hub, More Dispersion in # of Startups Nationally

AI startup activity in the US is still highly concentrated in a few superstar hubs, though a gradual trend toward broader regional dispersion has begun. Nonetheless, a BCG review notes that over 70% of all AI-related North American venture funding goes to companies in the San Francisco Bay Area. Looking at number of startups instead of aggregate funding, the US AI startup landscape has become more national.

## First time financing AI VC deal activity by market



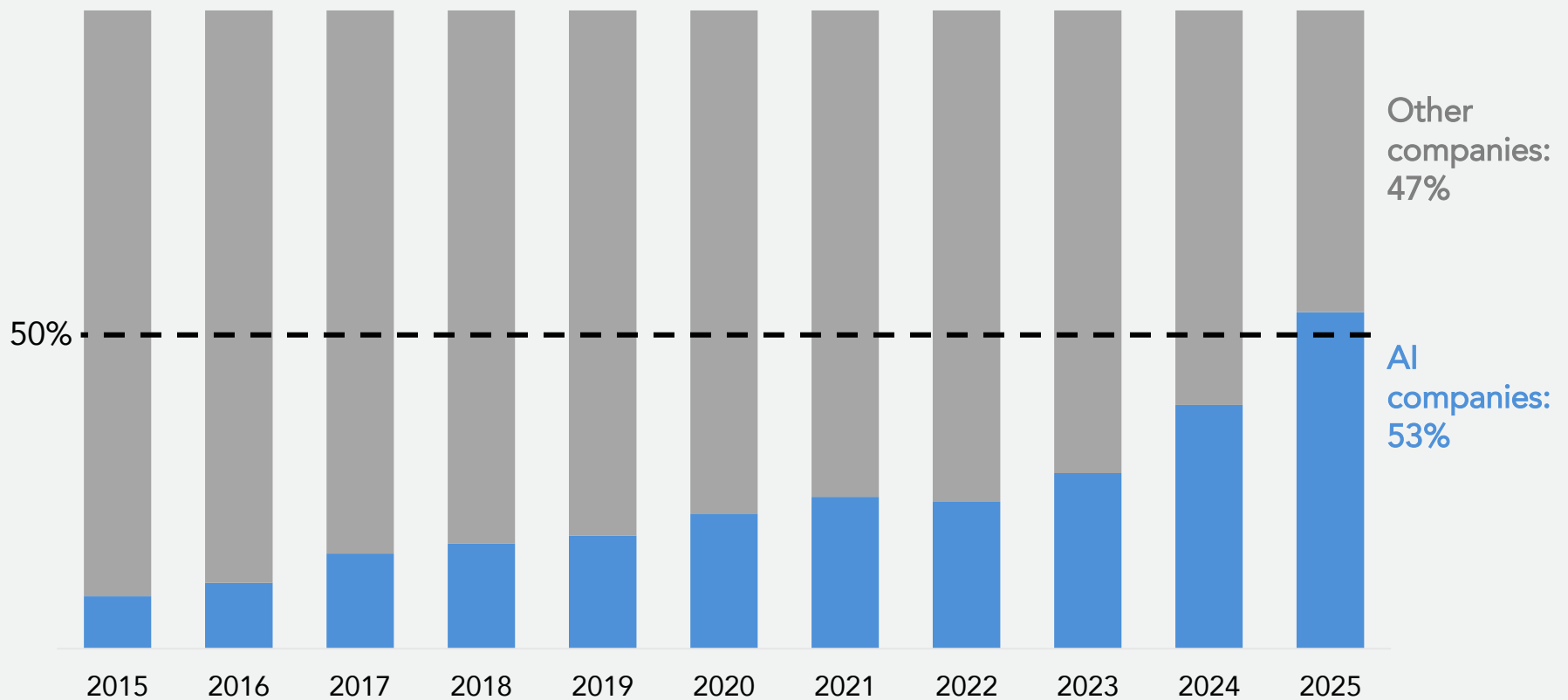
Source: (1) Pitchbook, "2026 US Venture Capital Outlook." Data as of October 31, 2025.

# Majority of Global VC Investment is Now AI



New Pitchbook data shows AI startups are now attracting a majority of global VC dollars in 2025 at 53%. Comparable VC AI investment in the US was even more highly concentrated in 2025 at approximately 65% of deal values, up from 25% and 40% in 2023 and 2025, respectively.

Share of global VC deal value, by company type

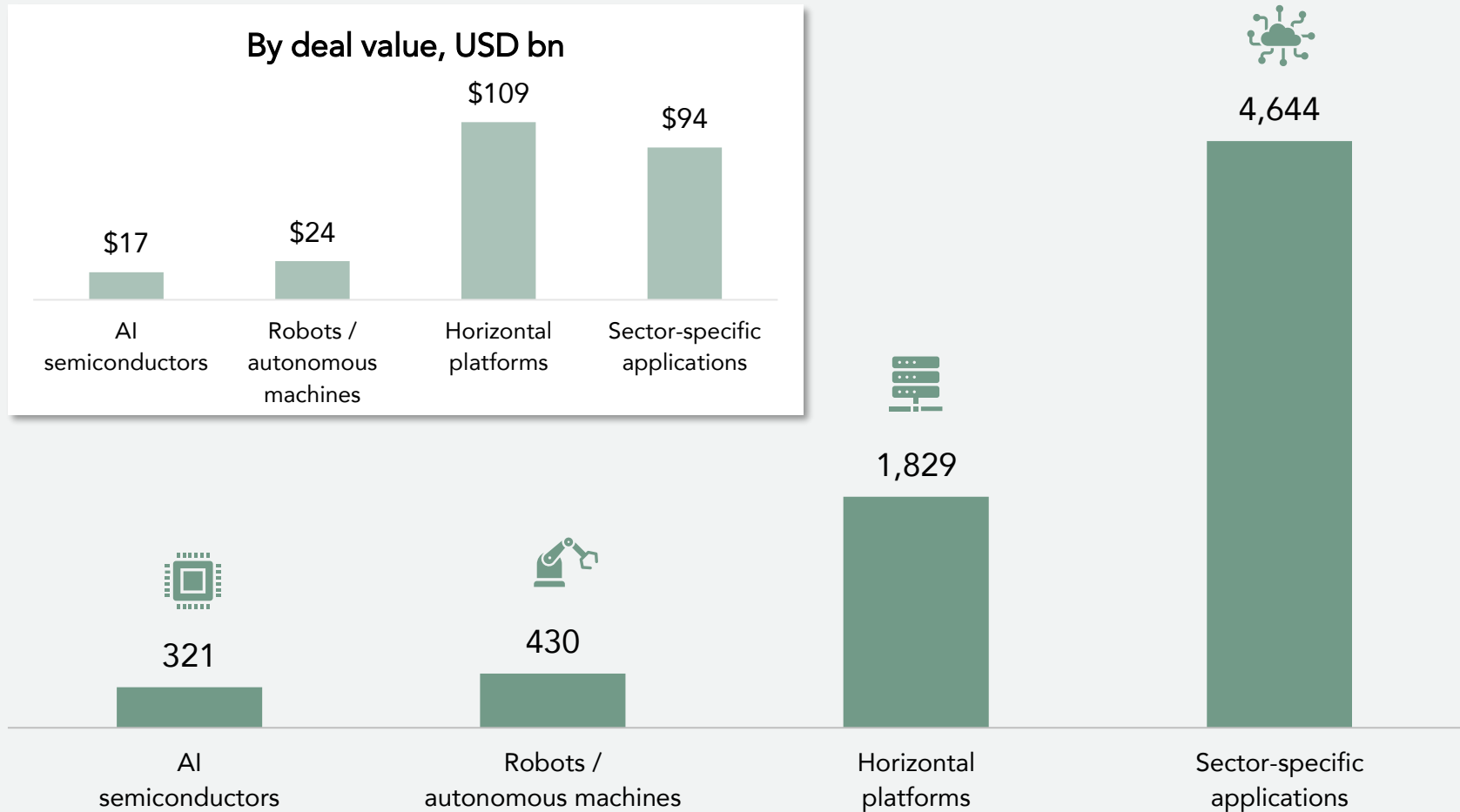


Source: (1) Pitchbook, "Q4 2025 Global VC First Look." Data through December 31, 2025.

# AI VC Stack Spending by Sector



Global VC AI deal activity, # of deals

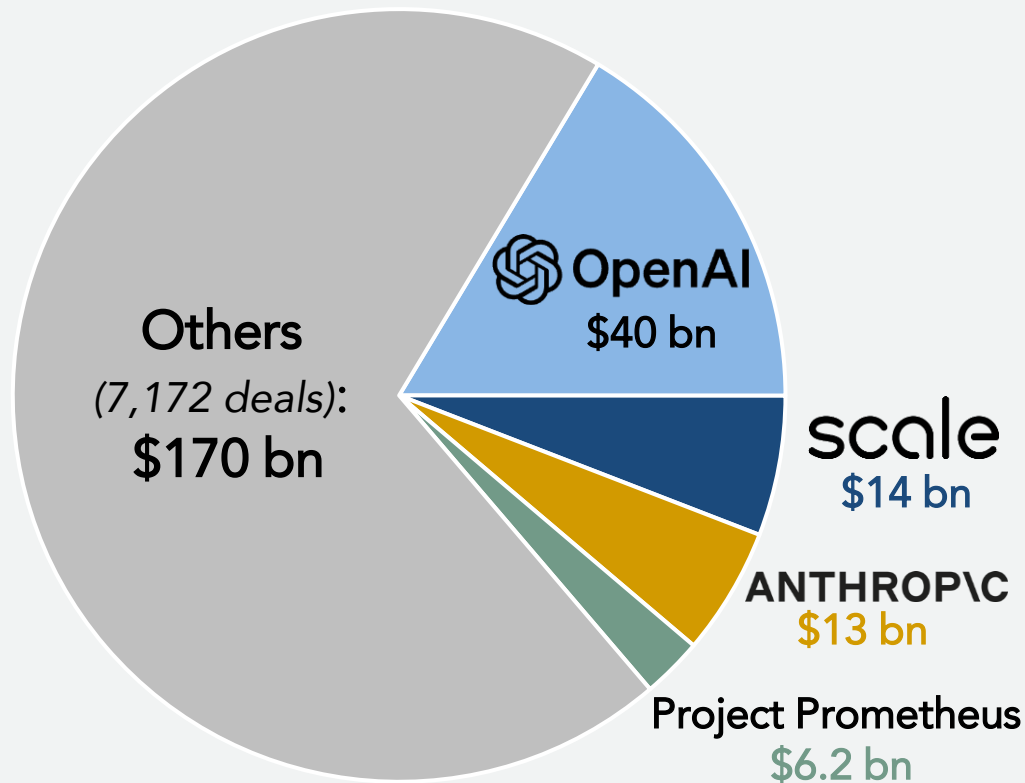


Source: (1-2). Pitchbook, Q4 2025 AI VC Trends. Data is trailing 12 months through December 31, 2025. LLMs include AI automation platform, AI core, AI transformation platforms, computer vision, natural language technology.

# AI Dominated VC Deal Activity in 2025

AI VC activity reached a record high of \$244 billion in 2025, even as deal counts of 7,176 remained well below the prior peak of 10k in 2021. Horizontal platforms, AI companies that build general purpose tools designed to be used across multiple industries and business functions, led in deal value accounting for 45% of the total at nearly \$110 bn. Large financings (>\$5 billion), most notably OpenAI's and Anthropic's \$40bn and \$13bn capital raise, respectively, helped push VC deal value higher.

## AI VC deals in 2025



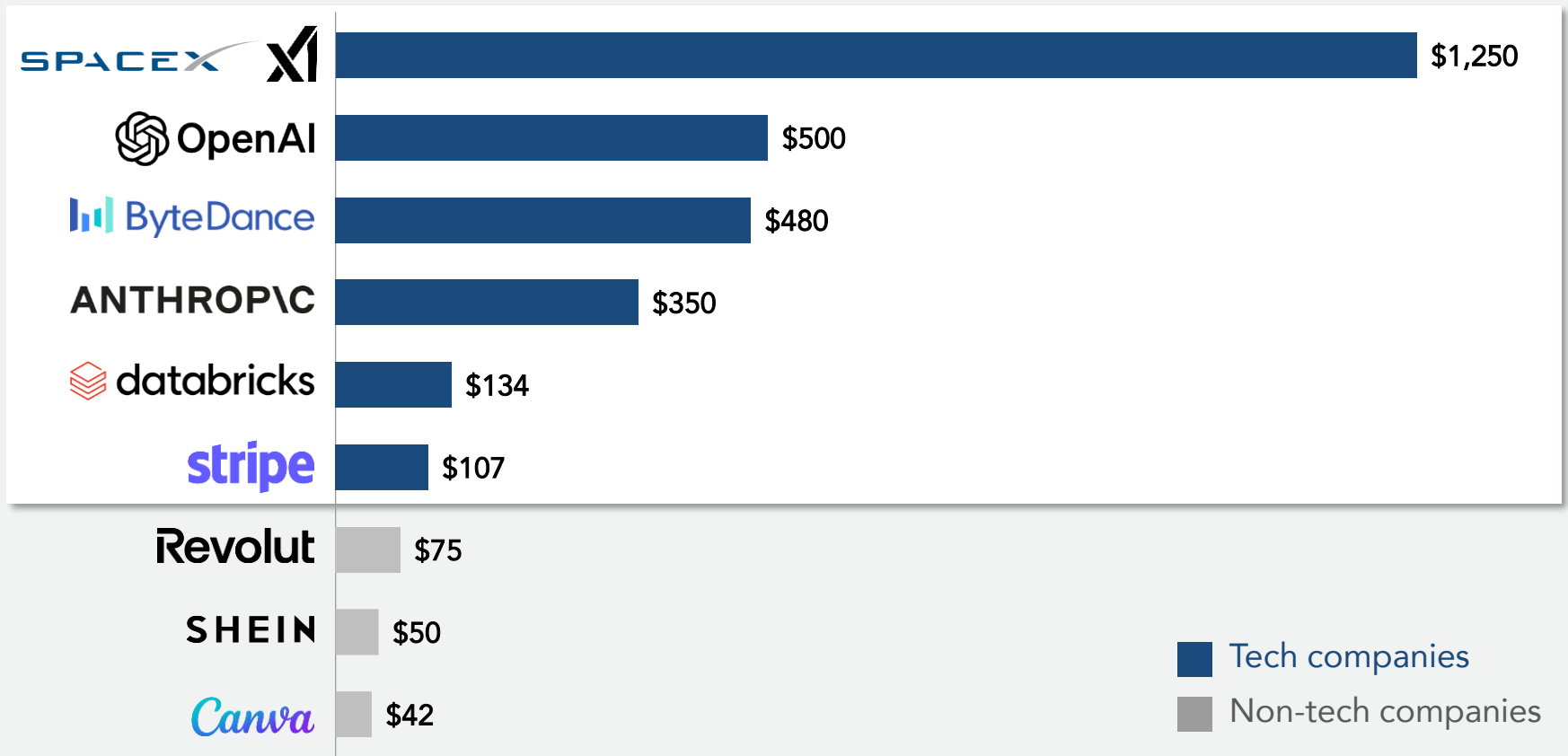
- Large financings (30% of total AI VC activity)
- Horizontal platform investments (45% of total AI VC activity)

Source: (1) Pitchbook. Q4 2025 AI VC Trends. Data through Q4 2025.

# Tech & AI Dominate Private Company Valuations

Tech and AI-centric names dominate the global private company valuation league tables, both in absolute valuation and in how rapidly they have accreted value. Following their announced merger in Feb 2026, bank and deal documents indicate the combined valuation of SpaceX and xAI at approximately \$1.25 trillion, the highest private company valuation globally.

Company valuations, USD bn



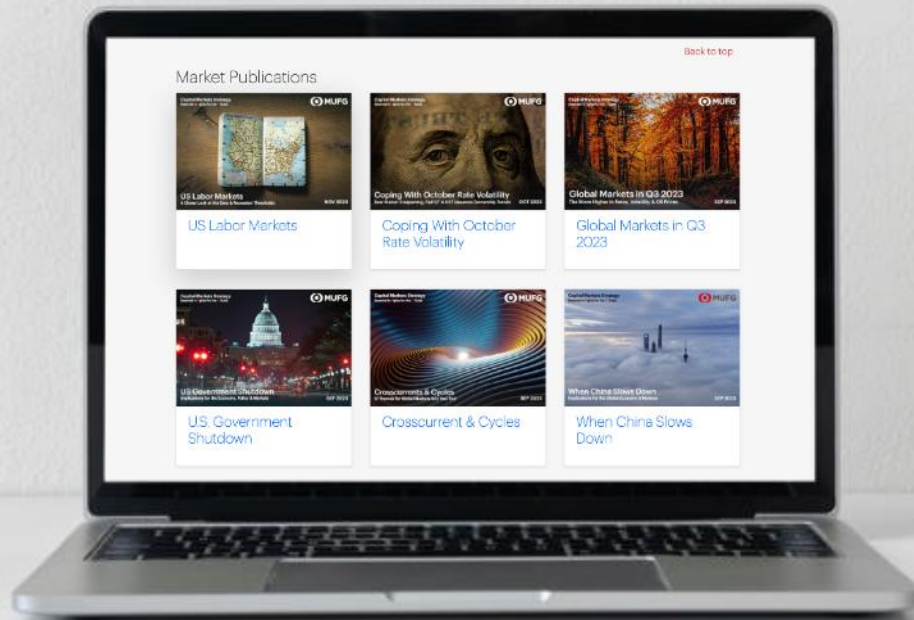
Source: (1) Yahoo Finance. Reuters. Bloomberg. Company announcements. Some valuations are based on initial announcements, final valuation may differ. Data as of Feb 2026.





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# About the Authors



## **Tom Joyce**

Managing Director  
Capital Markets Strategist  
New York, NY

Tom.Joyce@mufgsecurities.com  
(212) 405-7472

## **Role**

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

## **Experience**

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

## **Education**

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

## **Personal**

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

# About the Authors



## Stephanie Kendal

Vice President  
Capital Markets Strategist  
New York, NY

Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443

### Role

Stephanie Kendal is a Vice President in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

### Experience

Stephanie has spent nearly eight years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

### Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

### Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.



## Angela Sun

Associate  
Capital Markets Strategist  
New York, NY

Angela.Sun@mufgsecurities.com  
(212) 405-6952

### Role

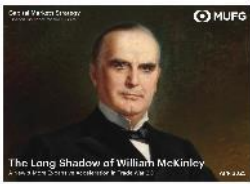
Angela Sun is an Associate in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

### Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

### Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.



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