

Capital Markets Strategy

Essential insights for the C-Suite

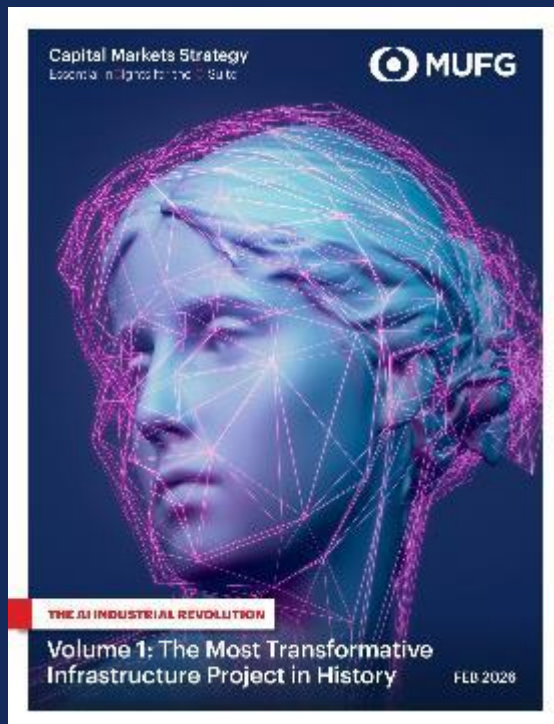


THE AI INDUSTRIAL REVOLUTION

Volume 3: AI in the Real & Deal Economy

FEB 2026

The AI Industrial Revolution



"I think the best way to get a handle on the risks of AI is to ask the following question: suppose a literal "country of geniuses" [i.e., in one powerful data center) were to materialize somewhere in the world in 2027. Imagine, say, 50 million people [in one data center], all of whom are much more capable than any Nobel Prize winner, statesman, or technologist."

"This concept refers to machines exhibiting Nobel Prize level intelligence across various fields - from chemistry to engineering - that could autonomously and continuously create everything from written content to biological agents to weaponry."

"We are near the end of the exponential."

Anthropic CEO, Dario Amodei, in his essay
The Adolescence of Technology (January 2026)

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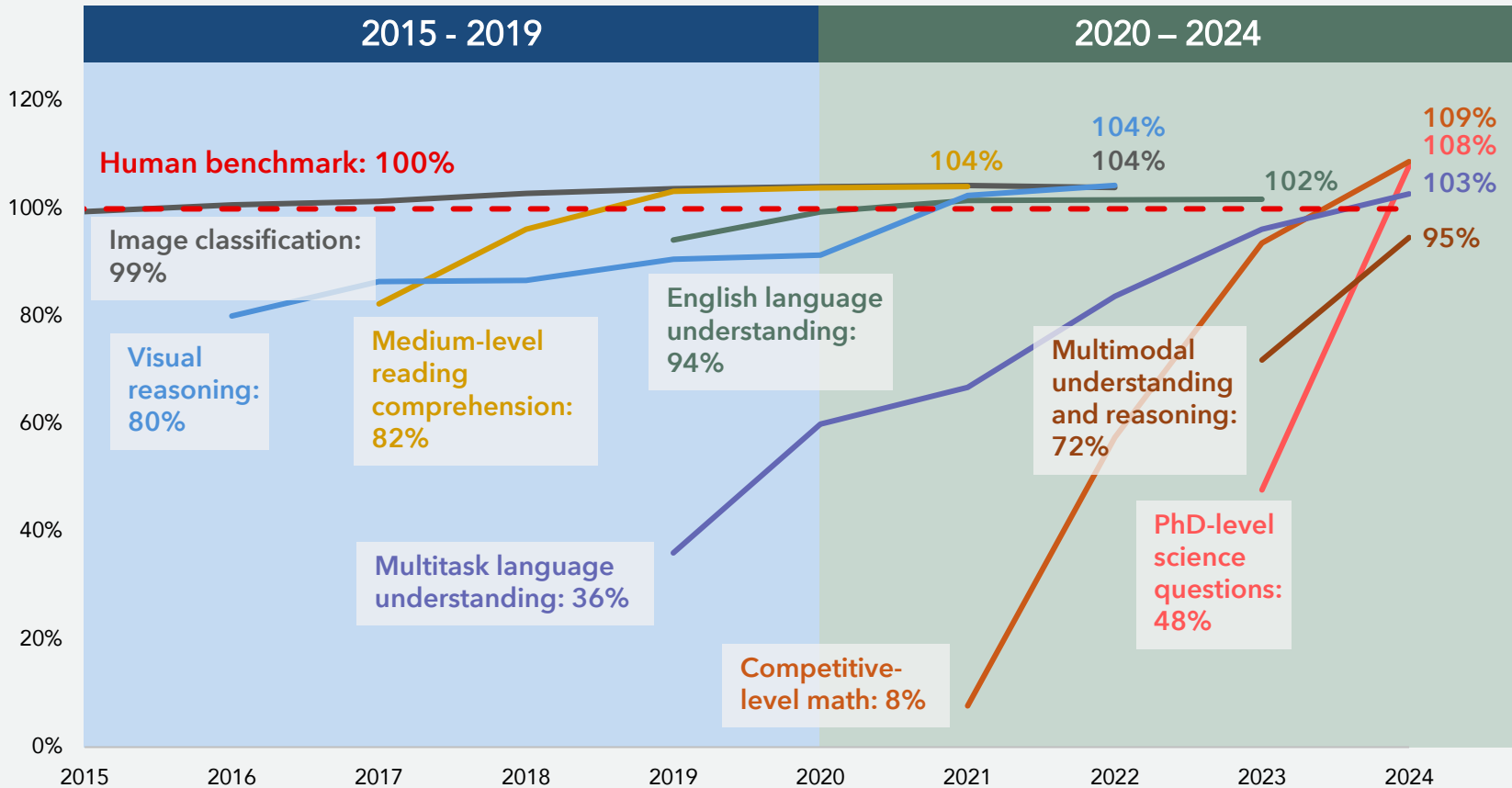
AI Adoption &
Return on Investment (ROI)

AI Performance vs. Humans



According to Stanford University's Artificial Intelligence Report (2025), AI advancements have accelerated in the post-COVID period, surpassing human performance across a wide range of critical benchmarks.

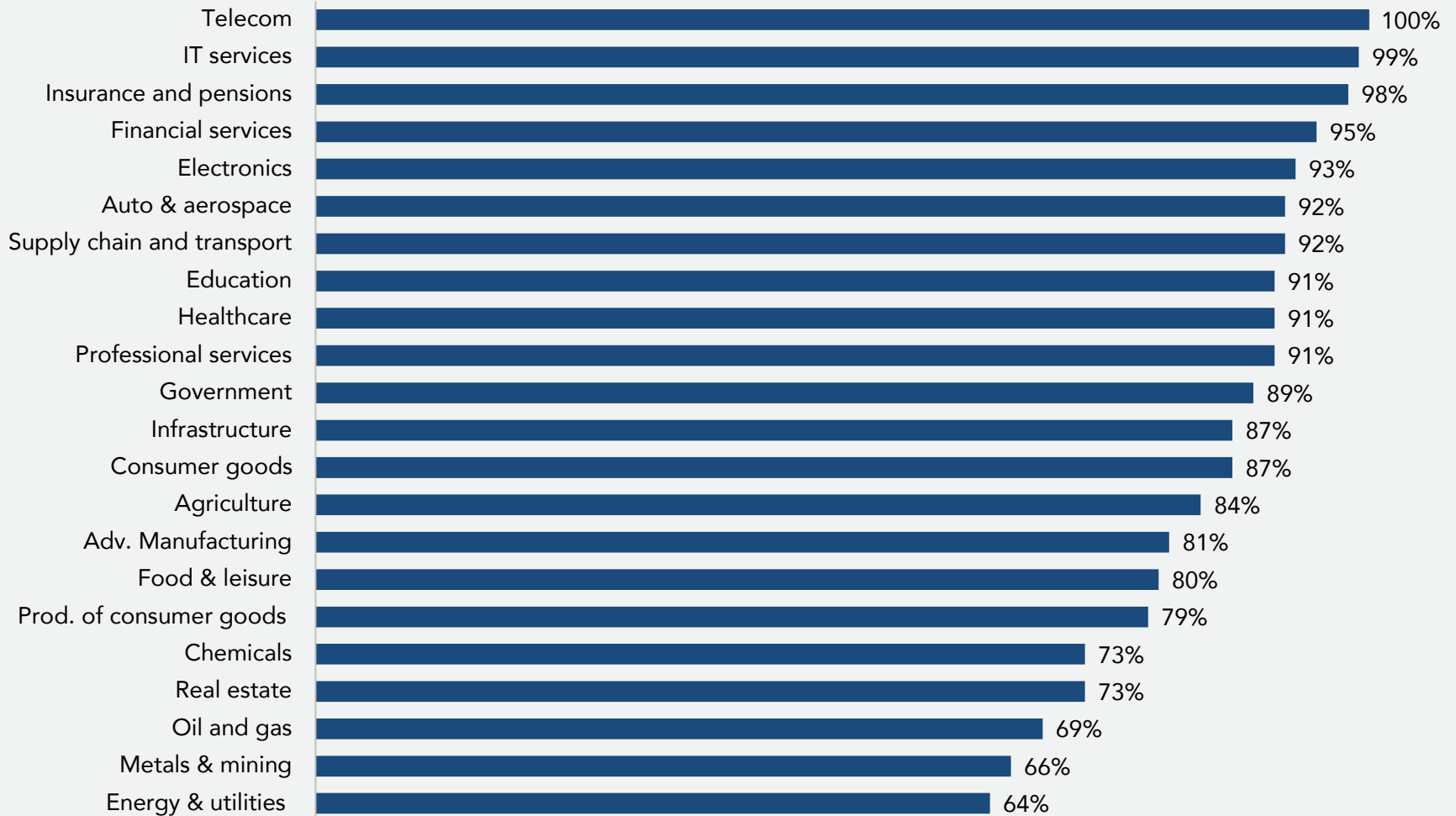
Select AI index technical performance benchmarks vs. human performance



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

AI & Tech Trends Will Impact All Sectors

Share of employers that expect technology related trends to drive transformation in their organization



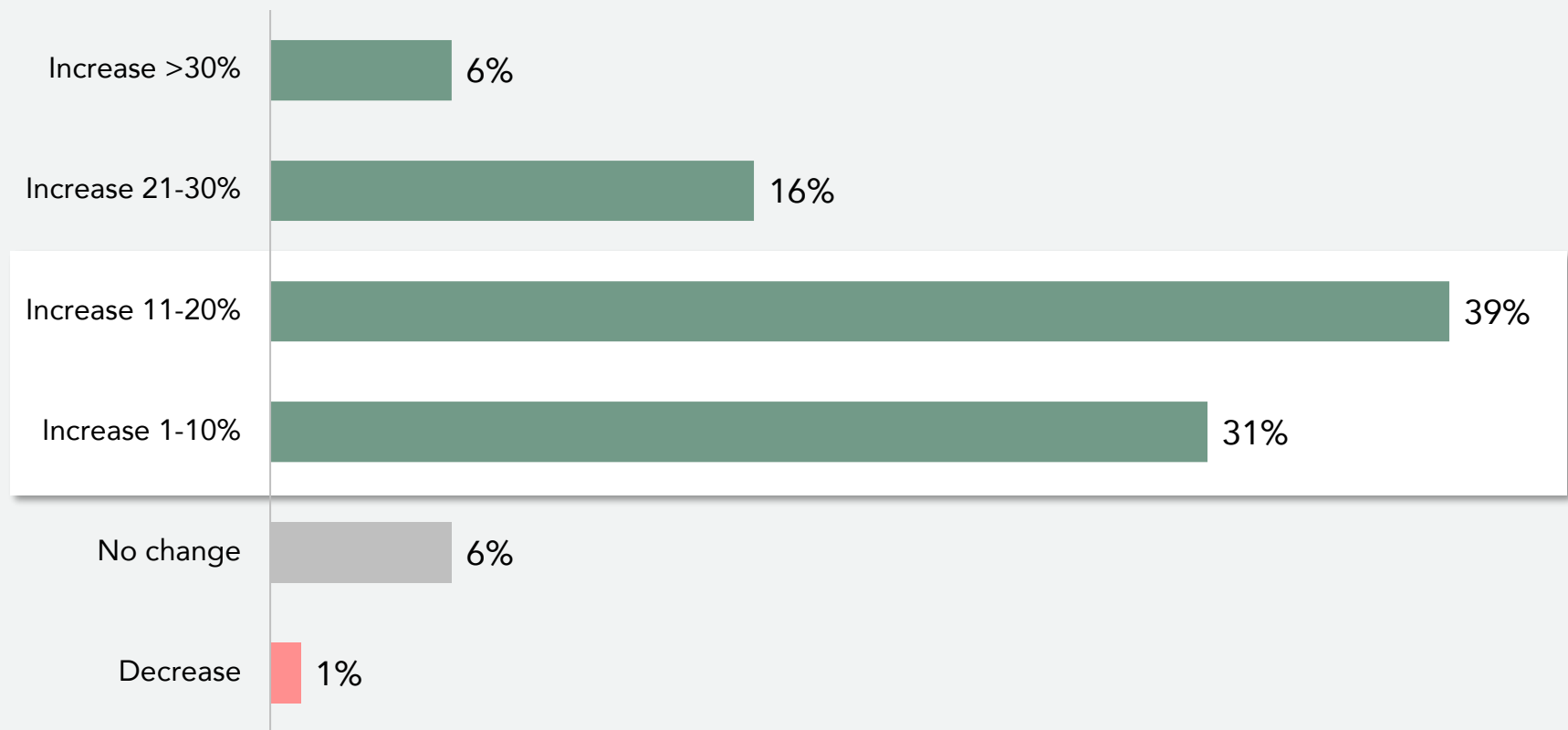
Source: (1) World Economic Forum, "The Future of Jobs Report 2025" (January 2025). AI and info processing technologies includes big data, VR, AR, etc.

Companies Expect to Increase AI Budgets in 2026

According to a December 2025 Bloomberg Intelligence survey across multiple regions and sectors, more than 90% of large cap corporate executives plan to increase AI budgets in 2026, with over 60% of respondents expecting increases above 10%.

Bloomberg Intelligence:

How do you expect your organization's AI budget to change over the next 12 months?

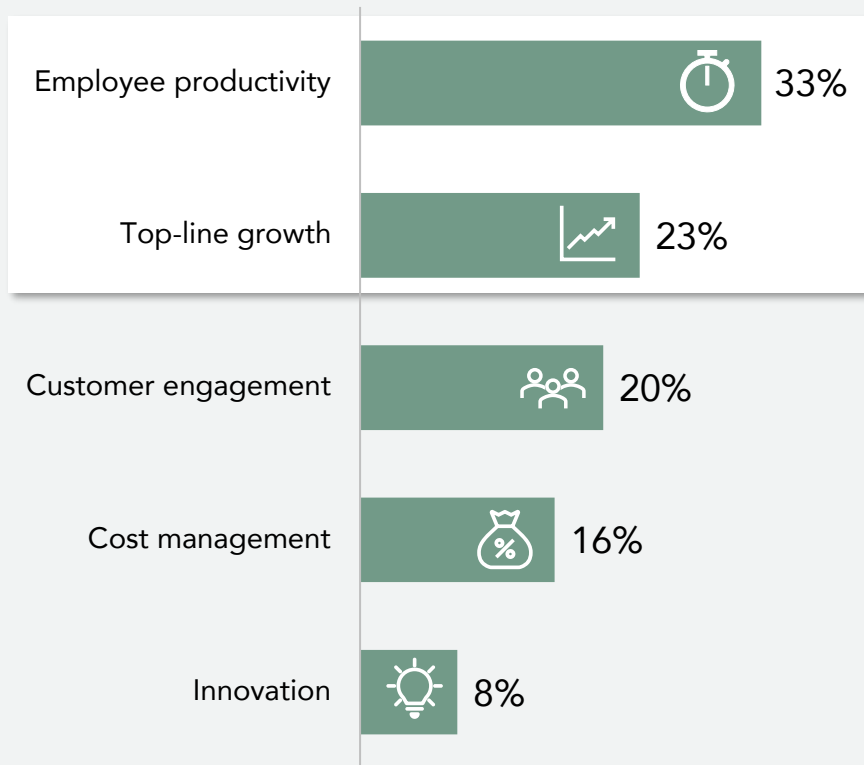


Source: (1) Bloomberg Intelligence, "Enterprise AI Strategy Survey" (Dec 2025). Survey of 604 senior executives at large companies (> 5,000 FTEs) across a range of sectors and regions conducted September 10 - October 8, 2025. Respondents self-identified as being knowledgeable about their company's cost structure, and current and planned use of AI.

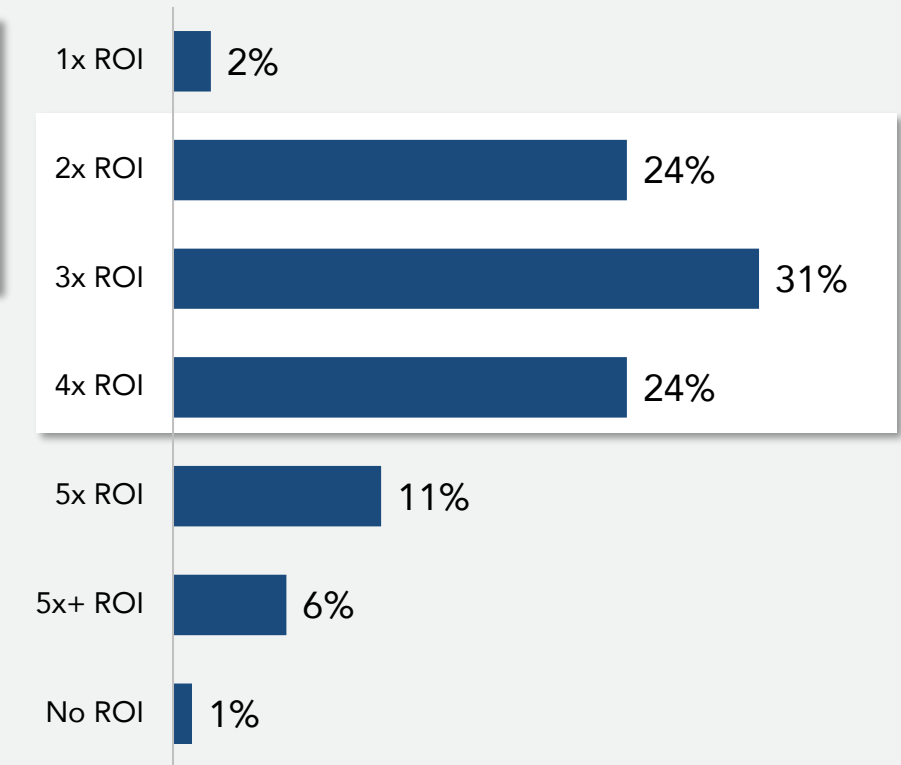
Expected Business Impact & ROI on AI Spend

According to a recent report by IDC, the vast majority of surveyed companies expect an ROI of 2 - 4x for each dollar of AI spending. Notably, respondents prioritized employee productivity, revenue growth and enhanced customer engagement as more important than cost savings objectives.

Which is the most important business outcome that your organization is trying to achieve from AI initiatives?



What would you estimate your organization's ROI is for ever \$1 spent on generative AI projects or initiatives?

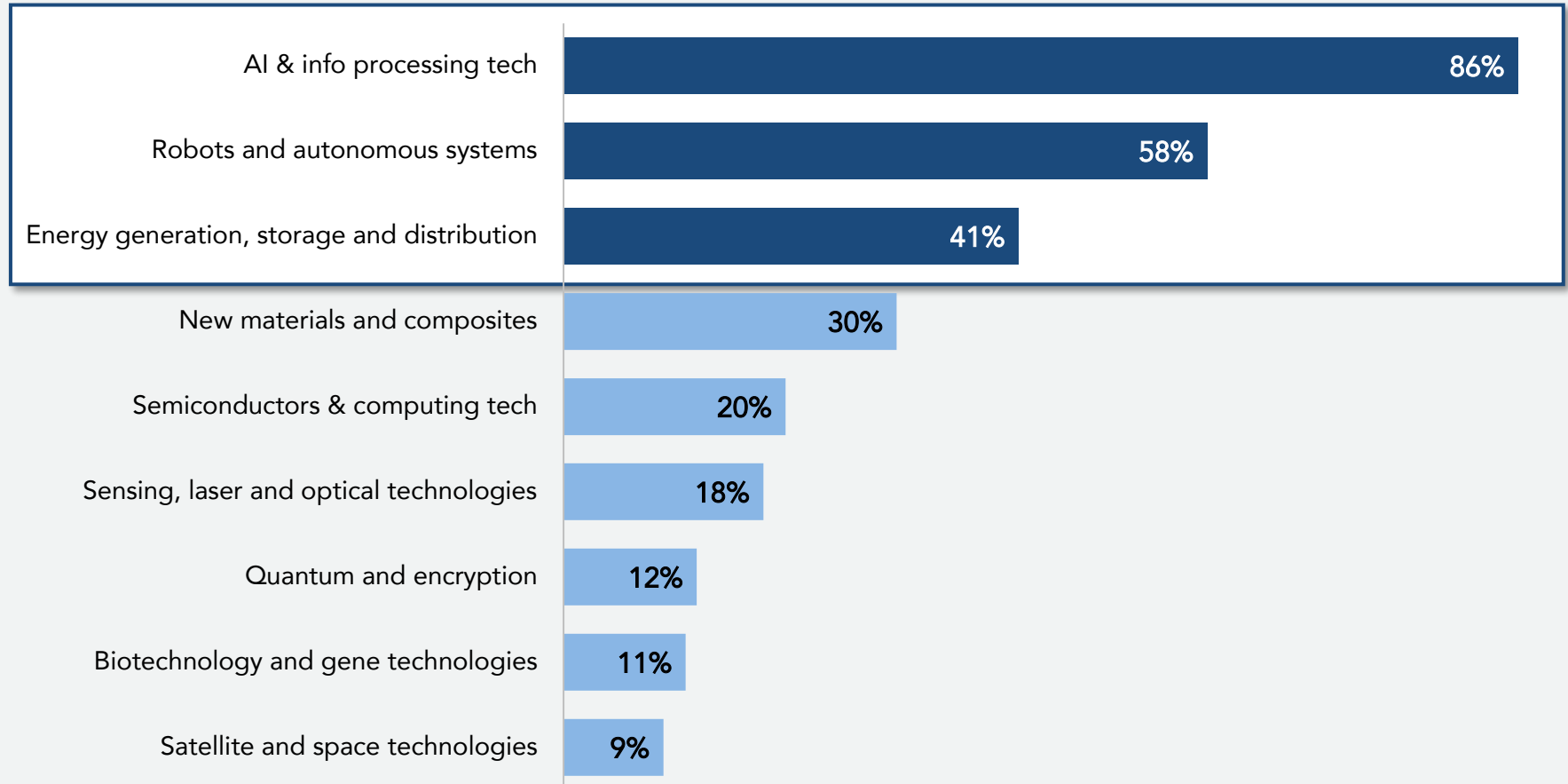


Source: (1-2) IDC - Business Opportunity of AI Survey (August 2024). Survey of 3,481 (business outcome) and 3,343 (ROI) global business leaders.

AI & Robotics to Drive Business Transformation

According to a recent survey by the World Economic Forum, the technology and energy sectors are expected to drive business transformation over the next five years. AI, information technology, robotics and automation lead all other categories as pervasive agents of change.

Technology trends likely to drive business transformation (2025 - 2030), % of employers surveyed

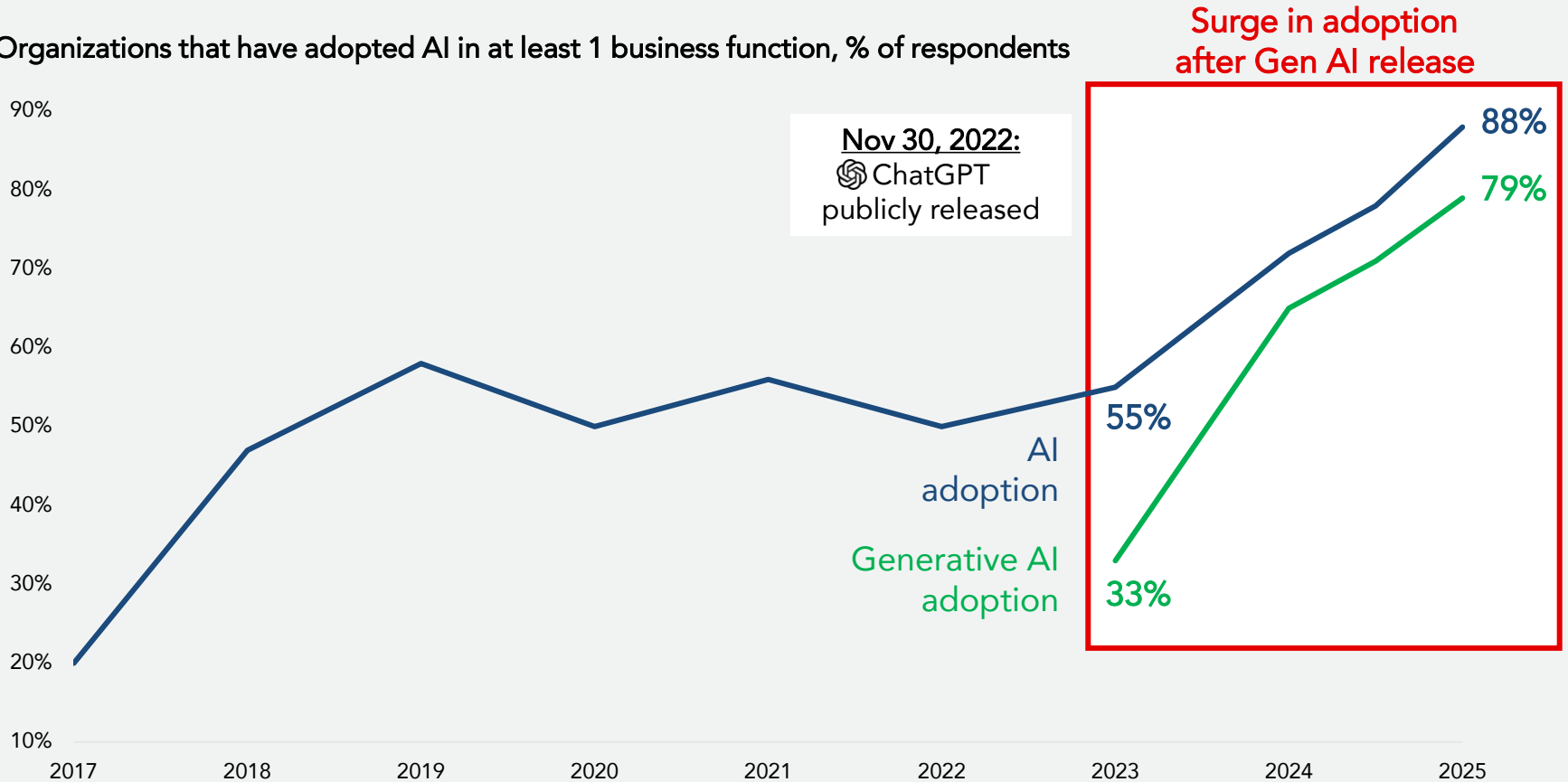


Source: (1) World Economic Forum, "The Future of Jobs Report 2025" (January 2025).

Business AI Adoption Surges After ChatGPT Release

For the six years between 2018 and 2023, AI adoption by respondents to a McKinsey study hovered around 50%. Since ChatGPT's release three years ago, adoption rates surged to nearly 90% and 80% for AI and generative AI, respectively.

Organizations that have adopted AI in at least 1 business function, % of respondents



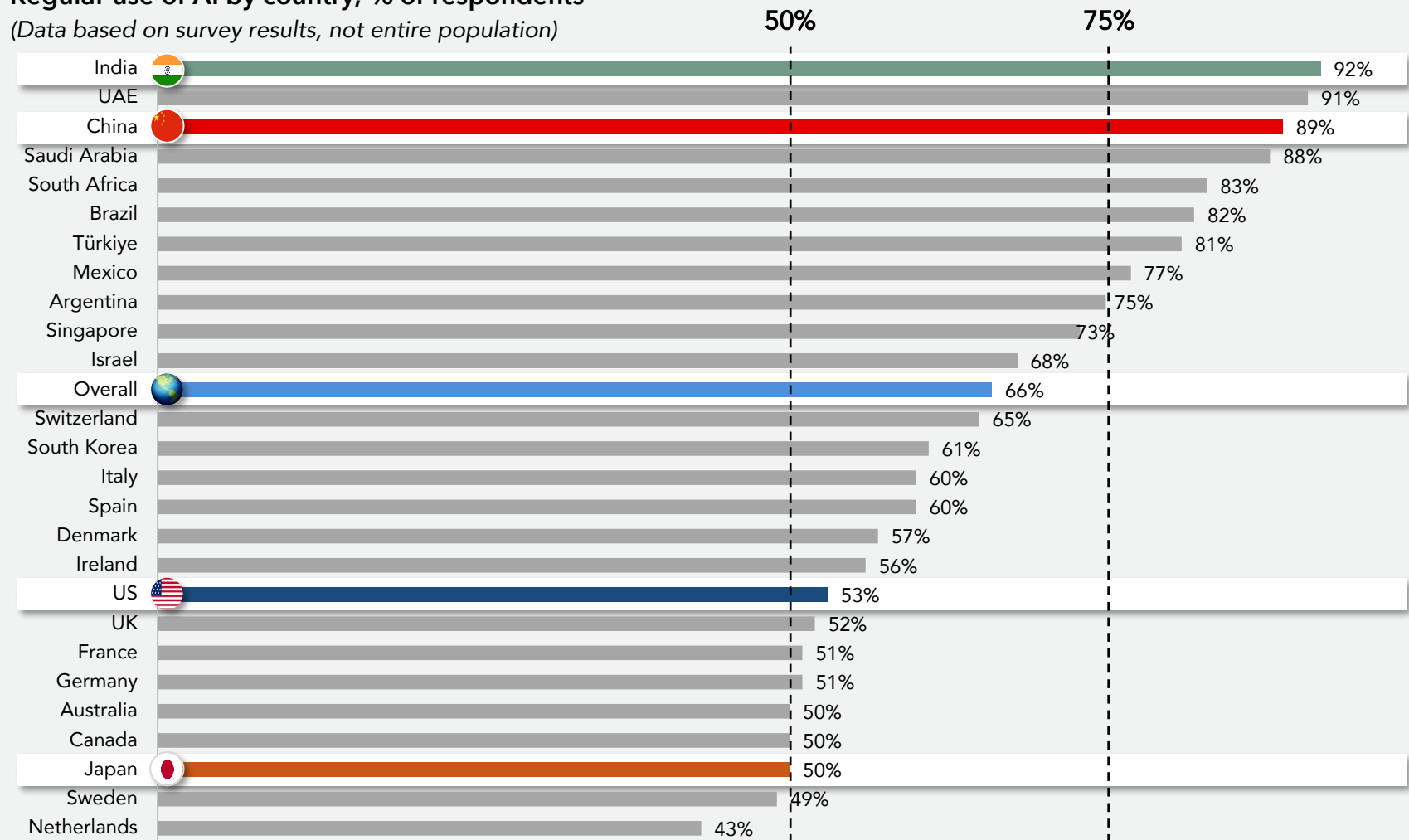
Source: (1) QuantumBlack AI by McKinsey, "The State of AI: Agents, innovation, and transformation." In 2017, the definition for AI adoption was using AI in a core part of the organization's business or at scale. In 2018 and 2019, the definition was embedding at least 1 AI capability in business processes or products. Since 2020, the definition has been that the organization has adopted AI in at least 1 function. McKinsey Global Survey on AI, 1,491 participants at all levels of the organization, Jul 16-31, 2024.

Top Economies by AI Adoption



Regular use of AI by country, % of respondents

(Data based on survey results, not entire population)

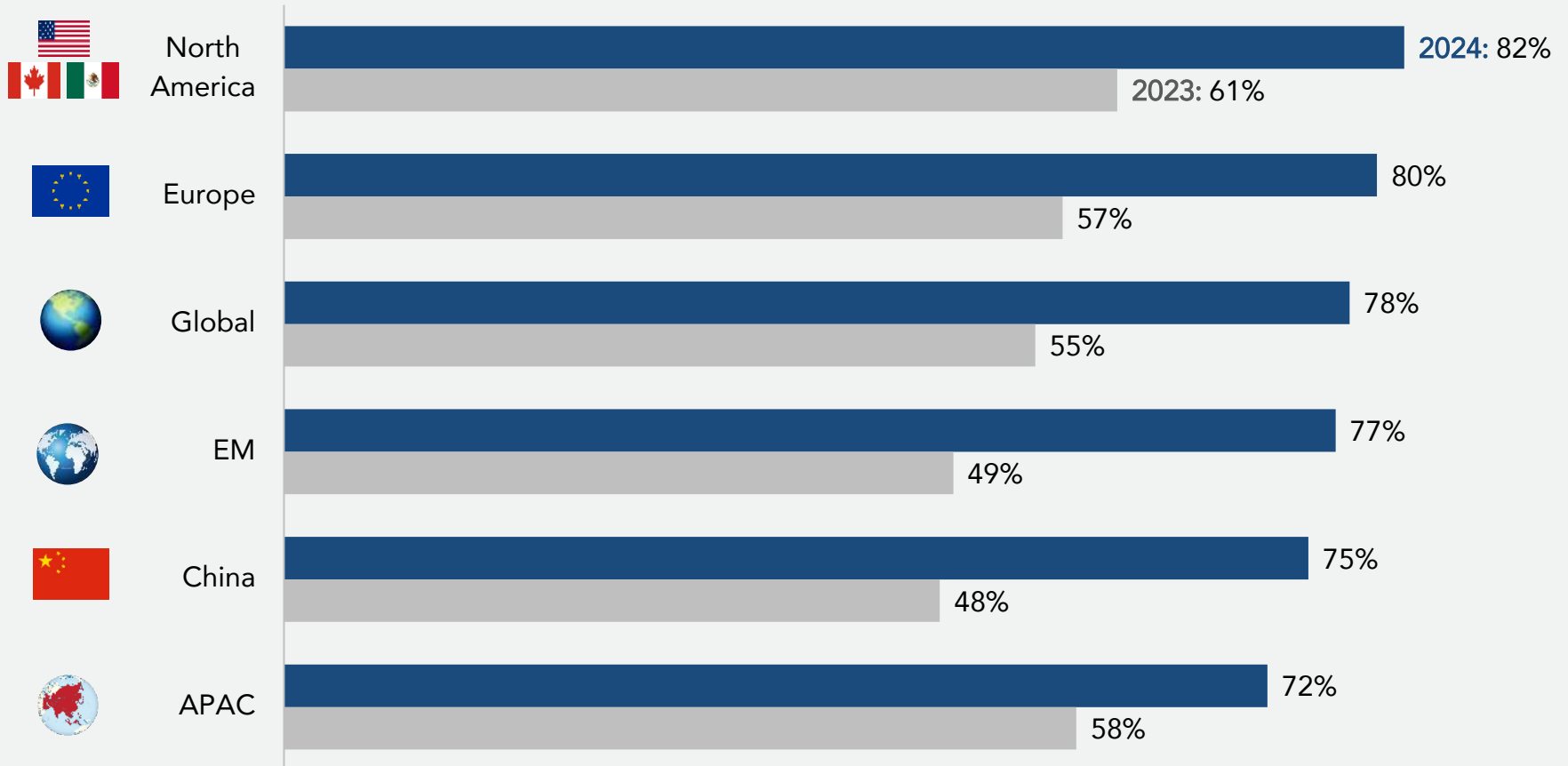


Source: (1) KPMG. University of Melbourne. "Trust, attitudes and use of artificial intelligence". Survey of 48,340 people across 47 countries, from various backgrounds (gender, age (18-95), education, income group, work status, occupation, employment type, organization size). Survey conducted online from November 2024 - January 2025. Regular use includes daily, weekly, monthly, and every few months.

Business Adoption of Artificial Intelligence (AI)

According to McKinsey, business use of AI rose sharply in 2024 after a period of comparative stagnation from 2017-2023. Notably, all major regions globally reported a sharp increase in business adoption.

% of respondents who use AI, by region (2024 vs. 2023)



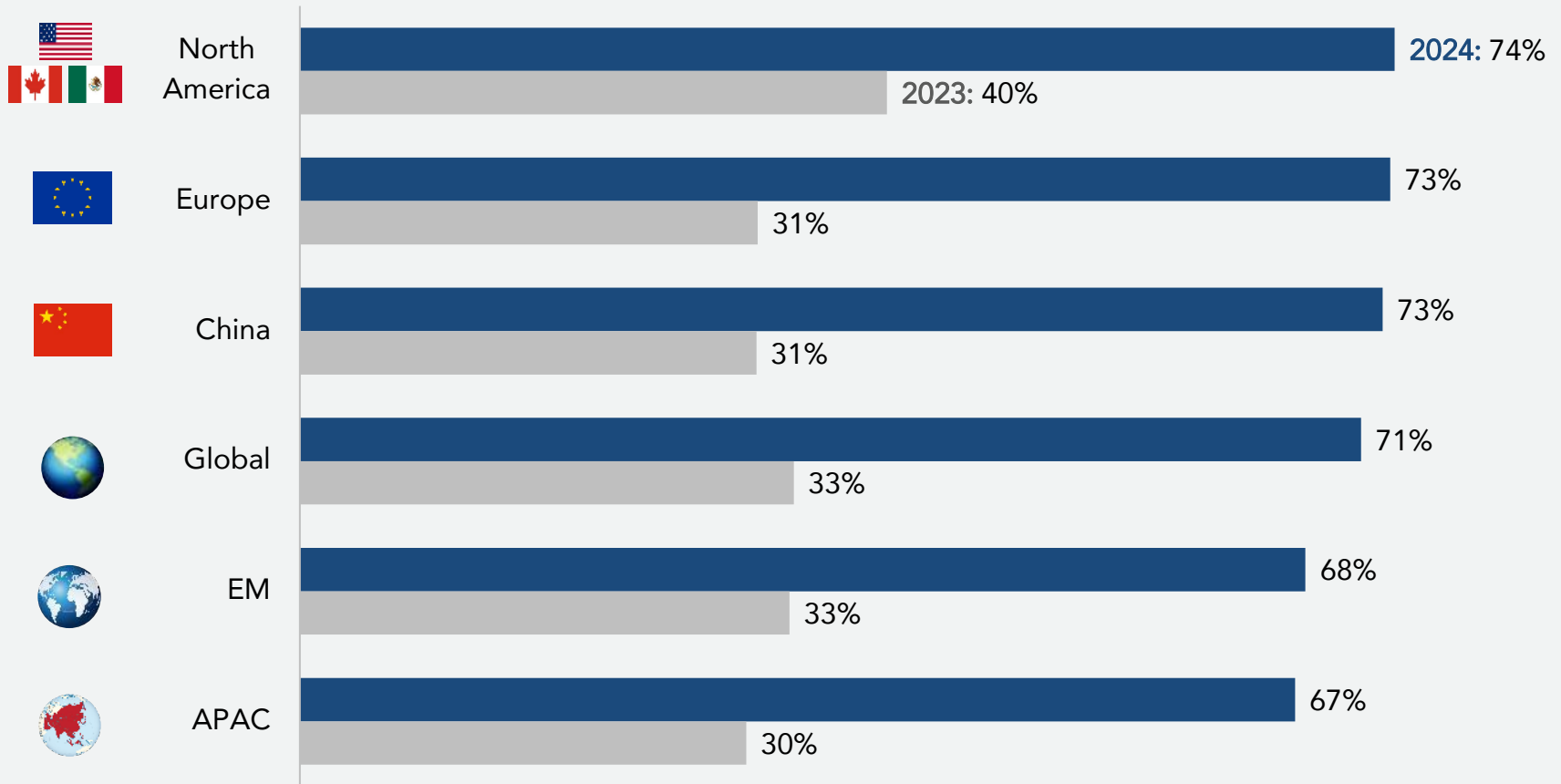
Source: (1) AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2025 Annual Report" (April 2025). McKinsey & Co (2024).

Business Adoption of Generative AI



Across all regions, use of generative AI more than doubled in 2024, while the usage gap between generative AI and overall AI narrowed sharply.

% of respondents who use generative AI, by region (2024 vs. 2023)

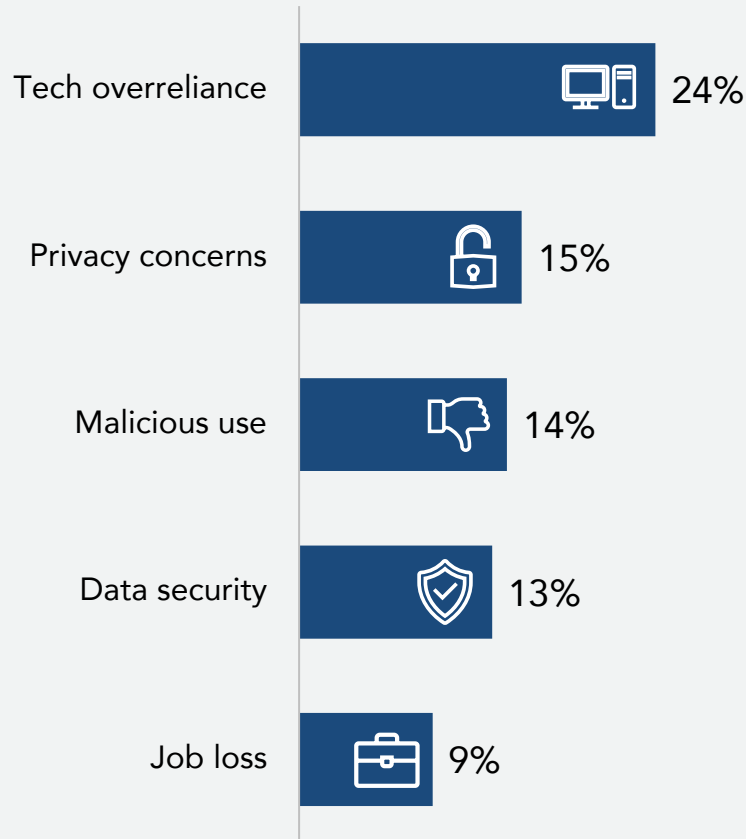


Source: (1) AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2025 Annual Report" (April 2025). McKinsey & Co (2024). Data shows respondents who use AI for at least one business function.

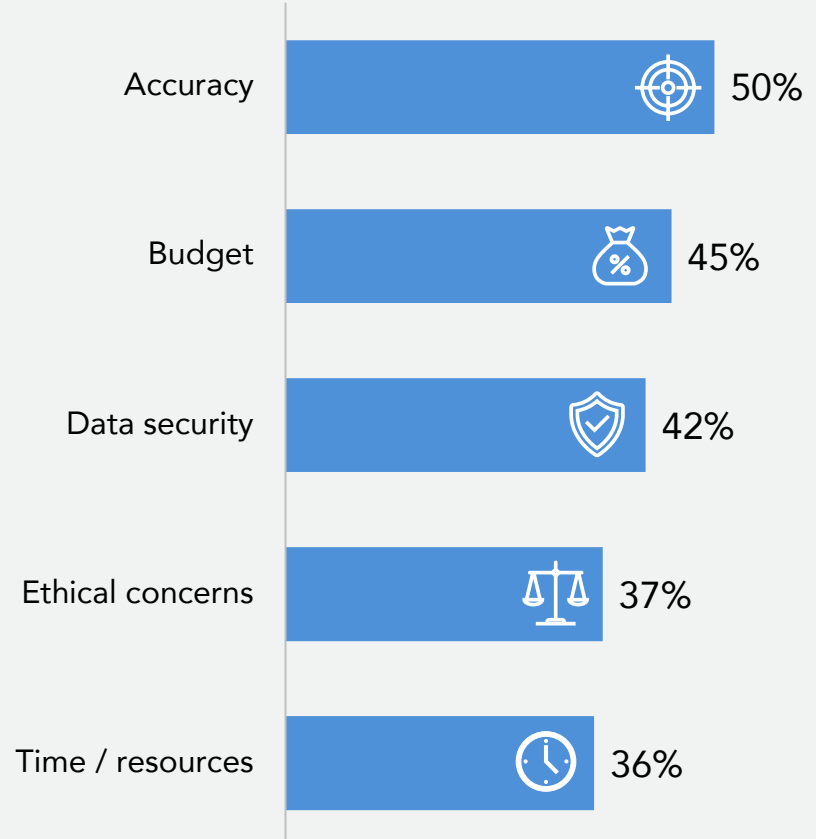
Challenges to AI Implementation

A recent Future of Professionals Report from Thomson Reuters highlighted numerous barriers to additional AI investment, as well as the primary areas of adverse consequences.

Negative consequences of AI



Barriers to AI investment



Source: (1-2) Thomson Reuters - Future of Professionals survey. Data collected February - March 2025 from 2,275 professionals in legal, risk, compliance, tax, accounting, audit, and trade industries, among internal and external firms.

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Labor Market
Automation &
Augmentation



"AI is not just a tool for automation, it is an enabler for augmentation."

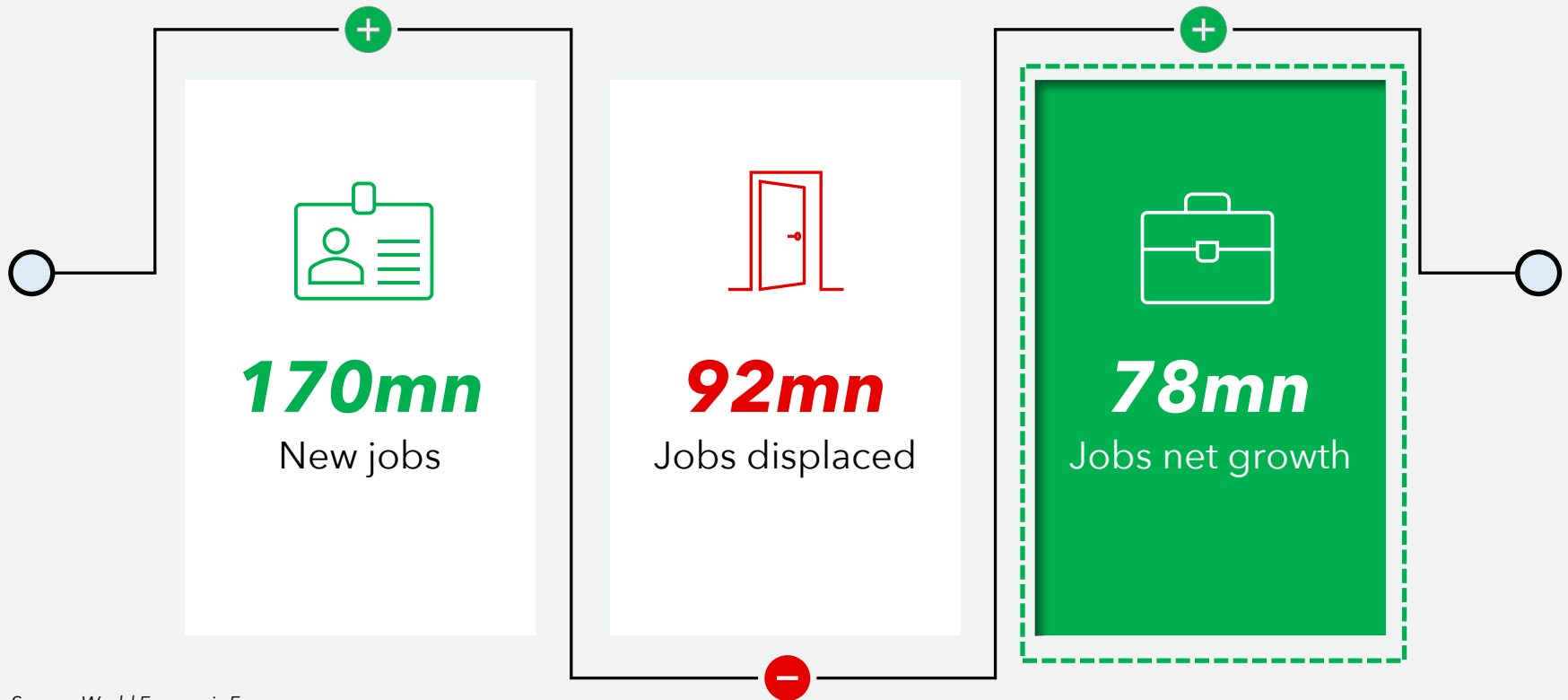
Satya Nadella, CEO & Chairman of Microsoft

Tech Inflection Points Are Net Job Creators



According to the World Economic Forum, structural labor market changes driven by technology innovation, the green transition, economic uncertainty, geo-economic fragmentation and demographic shifts will create 170 million new jobs over the next five years. This growth is expected to be offset by the displacement of 92 million jobs, resulting in 78 million new jobs. However, even with net job creation, technology and AI-induced labor market disruption is likely to be formidable.

Job creation over 2025-2030 period

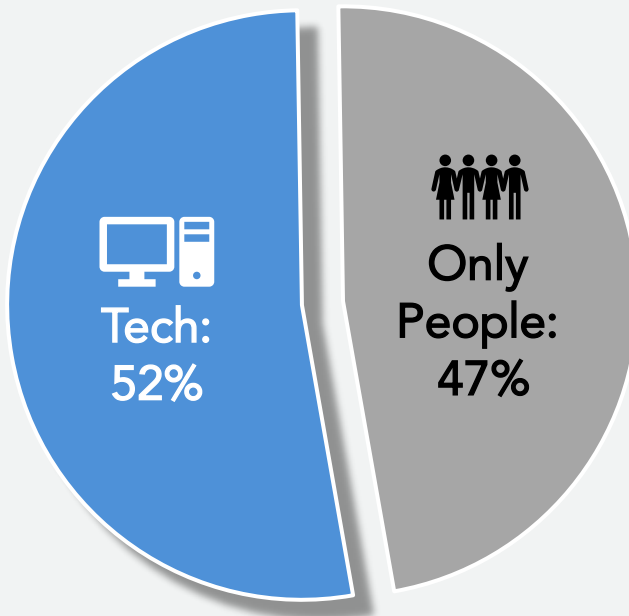


Source: World Economic Forum, "The Future of Jobs Report 2025" (January 2025).

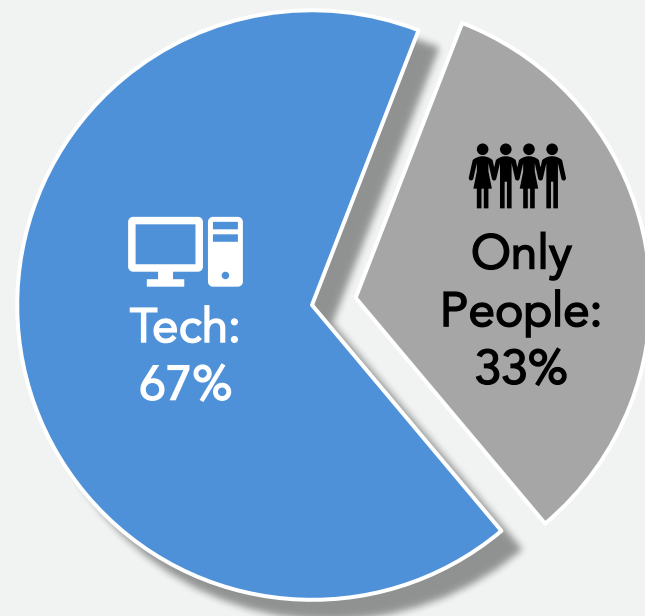
Automation Displacing Rising Share of Workflow

The World Economic Forum's recent Future of Jobs report concluded that rapid advances in AI, robotics and information-processing technologies will automate a growing share of routine and analytical workflow tasks by 2030, reshaping roles across nearly all industries. With millions of jobs displaced, much of the new job creation will shift toward oversight, problem-solving and collaboration with intelligent systems. At the task level, much of the impact will come from partial automation, with productivity in numerous existing positions increased in "co-pilot" mode with AI.

Share of tasks completed



2025



2030

Source: (1) World Economic Forum, "The Future of Jobs Report 2025" (January 2025). Tech is a combination of tech only and tech & people. Percentages may not sum to 100% due to rounding.

Expected Drivers of Global Labor Market Change



Technology is expected to be the most divergent driver of labor market change, with broadening digital access expected to create and displace more jobs than any other trend. Robotics and autonomous systems are expected to be the largest net job displacer.

Expected net job impact based on technology trends (2025-2030), millions of jobs

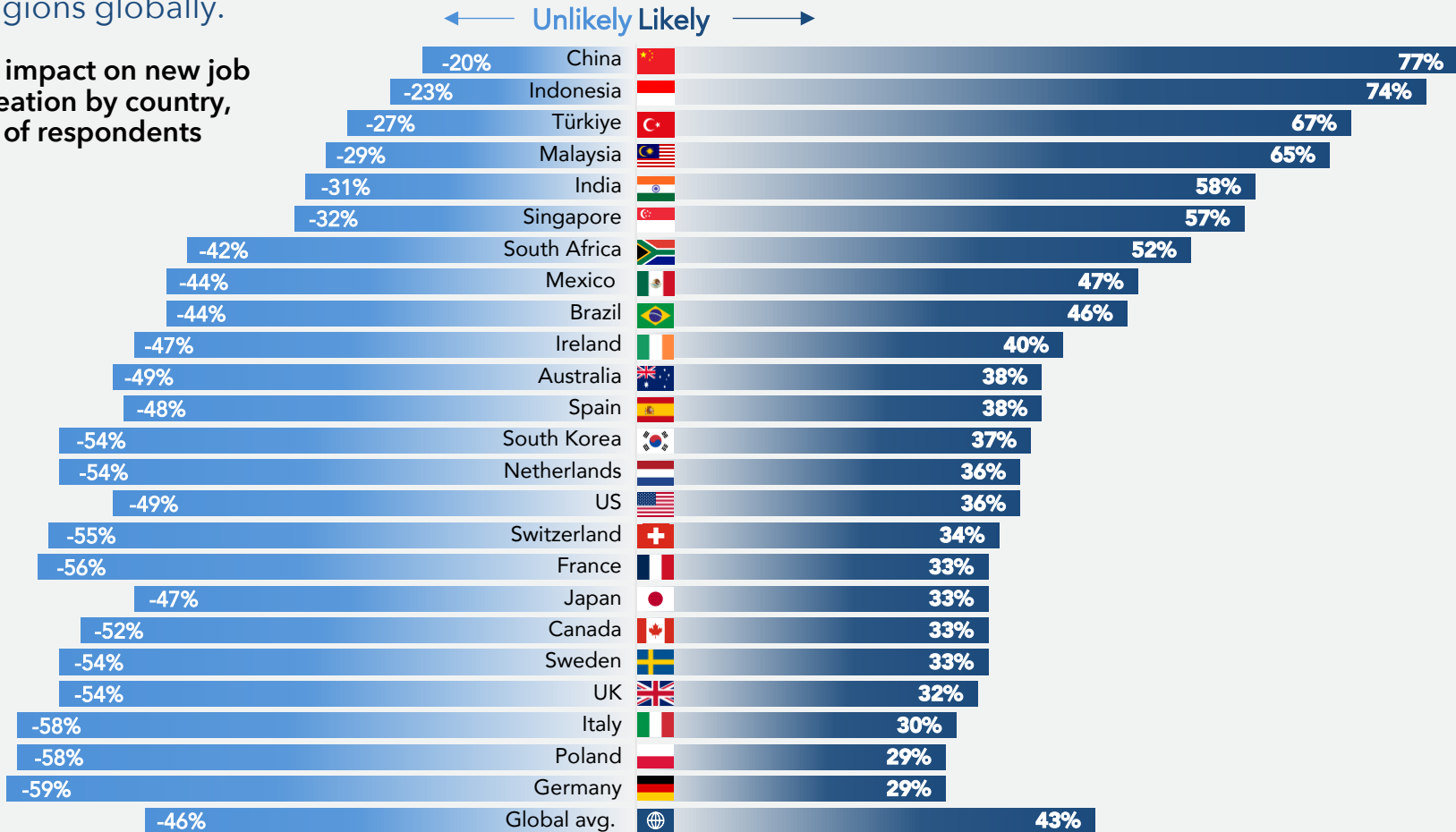


Source: (1) World Economic Forum, "The Future of Jobs Report 2025" (January 2025). Data based on the job drawn and decline attribution expectations of surveyed employers and ILO employment figures by occupation. The projected net number of jobs created or destroyed attributed to each trend in the next five years is calculated by subtracting the total number of declining jobs from the total number of growing jobs.

Global Sentiment Varies Sharply on AI Job Creation

As evident in a global survey of nearly 25,000 people across 34 countries, global sentiment varies significantly around AI's expected impact on labor markets. Generally speaking, survey respondents across Asia were much more optimistic about AI's positive impact on new job creation than other regions globally.

AI impact on new job creation by country, % of respondents

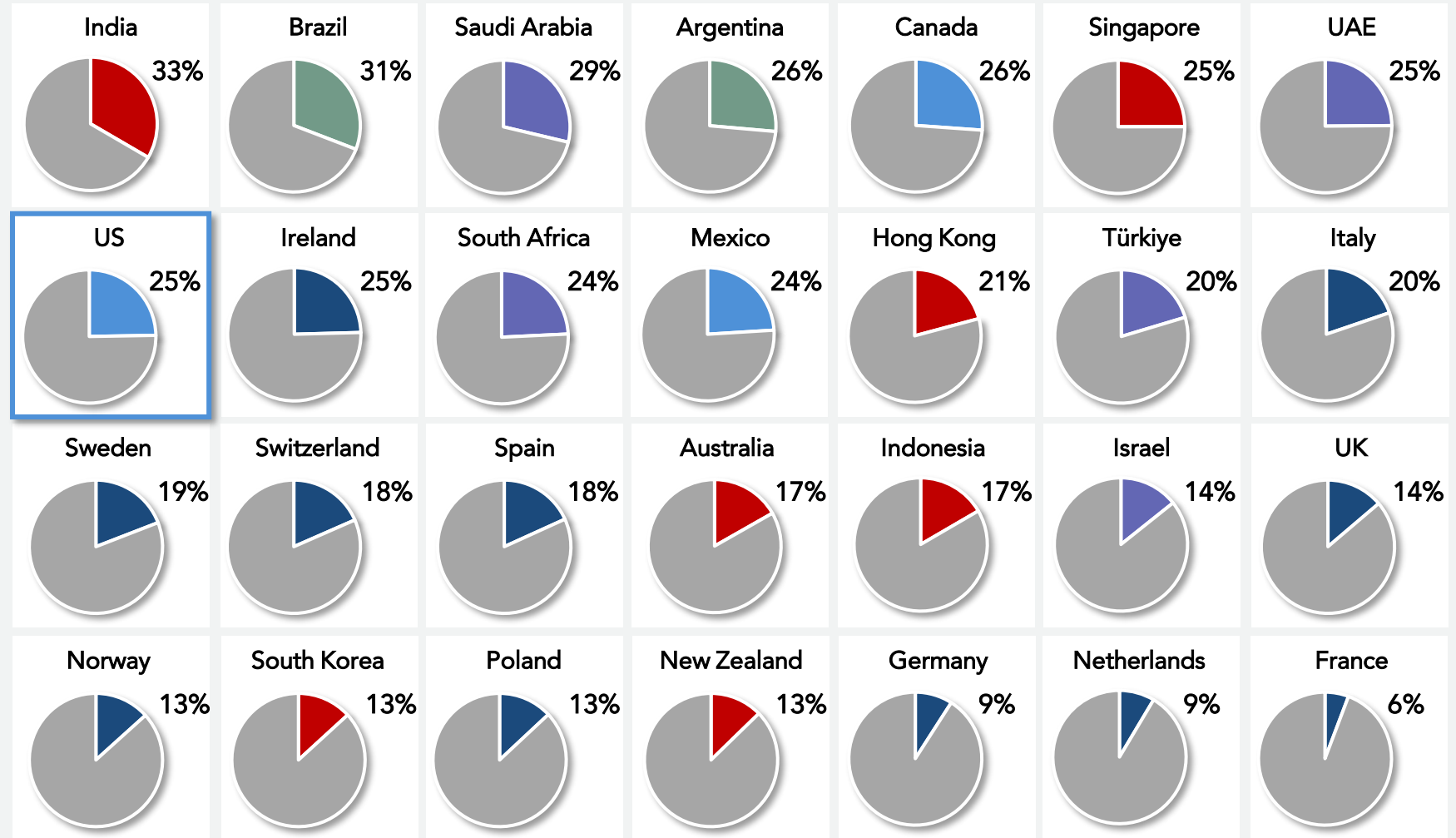


Source: (1) Visual Capitalist. Ipsos, "Predictions for 2025". Survey of 23,721 people from 34 countries conducted October 25 - November 8, 2024. Percentages may not add up to 100 due to rounding, multiple responses, or the exclusion of "don't know" or unstated responses.

Growth in AI Hiring (2024)



Growth in AI hiring relative to overall hiring, y/y (2024 vs. 2023)



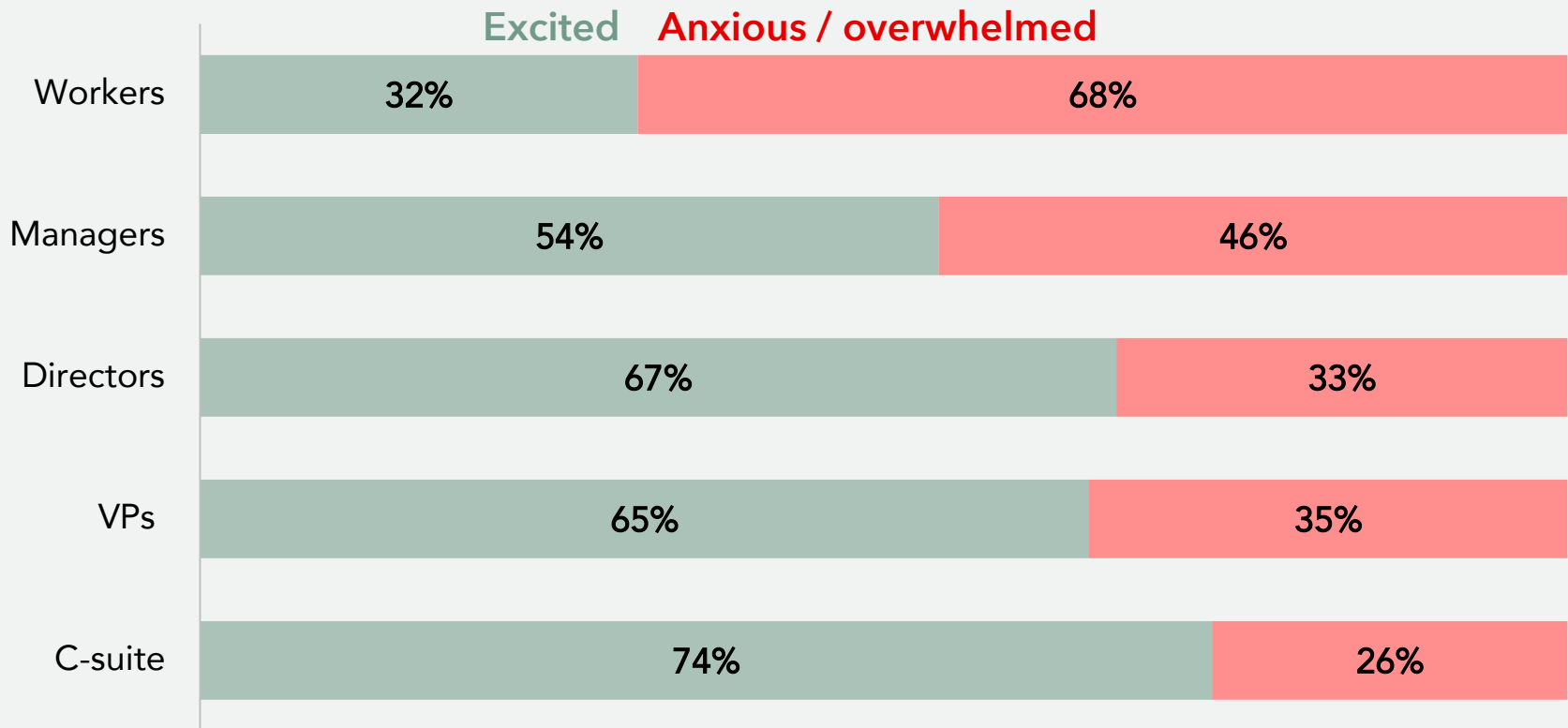
Source: (1-28) AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2025 Annual Report" (April 2025). LinkedIn (2024). Data not available for China and Japan.

AI Enthusiasm by Management Level



According to a survey from the AI consulting firm Section, of over 5,000 employees from companies with more than 1,000 people in November 2025, C-Suite executives and senior managers are more enthusiastic about AI than nonmanagement employees.

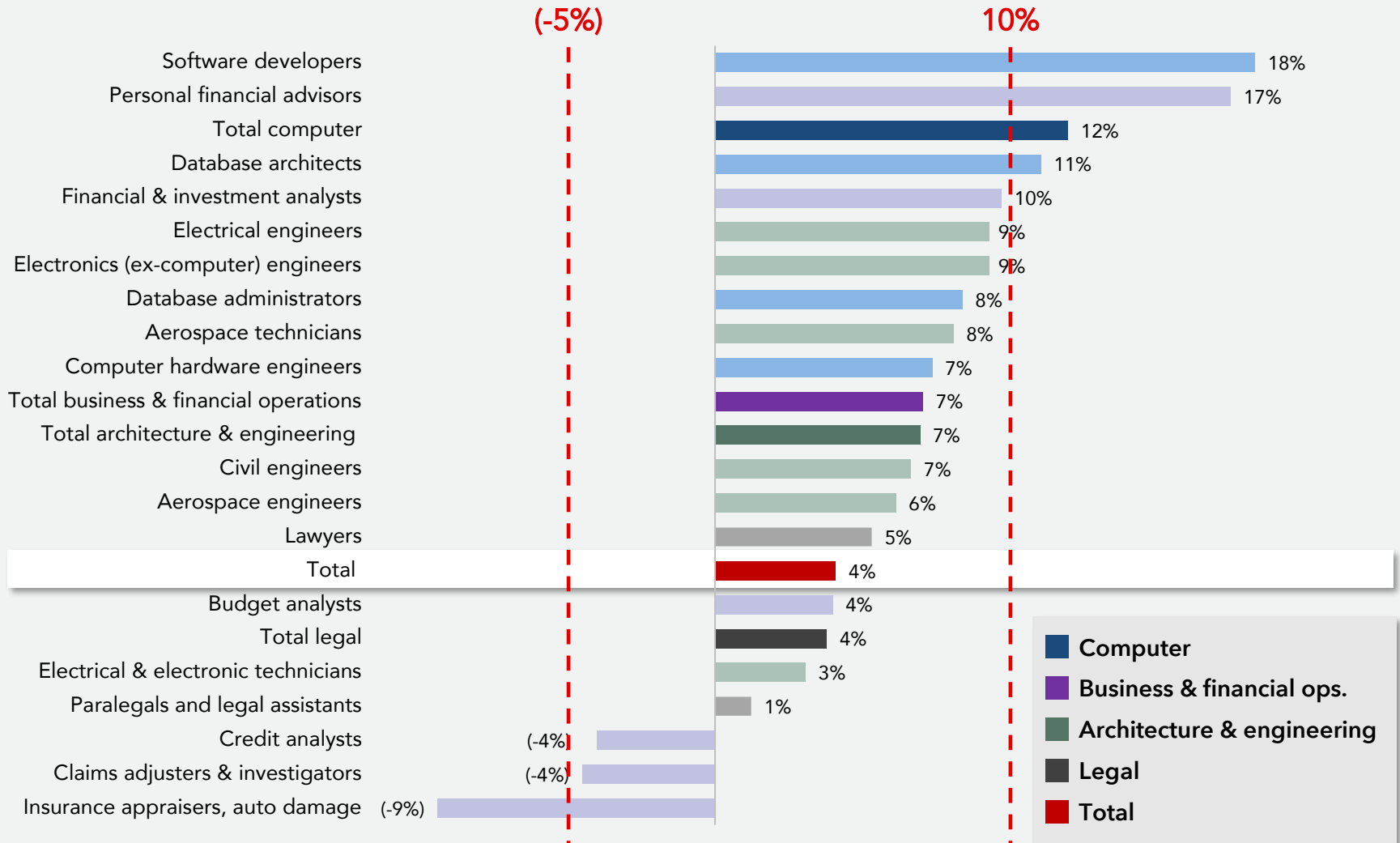
Section AI survey:
How do you feel about AI?



Source: (1) WSJ. SectionAI, "The AI Proficiency Report (January 2026)". Survey of 5,000 corporate workers from companies with 1,000+ employees in the US, UK and Canada. Survey conducted Sep 26 - Nov 3, 2025.

AI's Projected Impact on Selected Occupations

AI's projected impact on selected occupations from 2023-33, % change



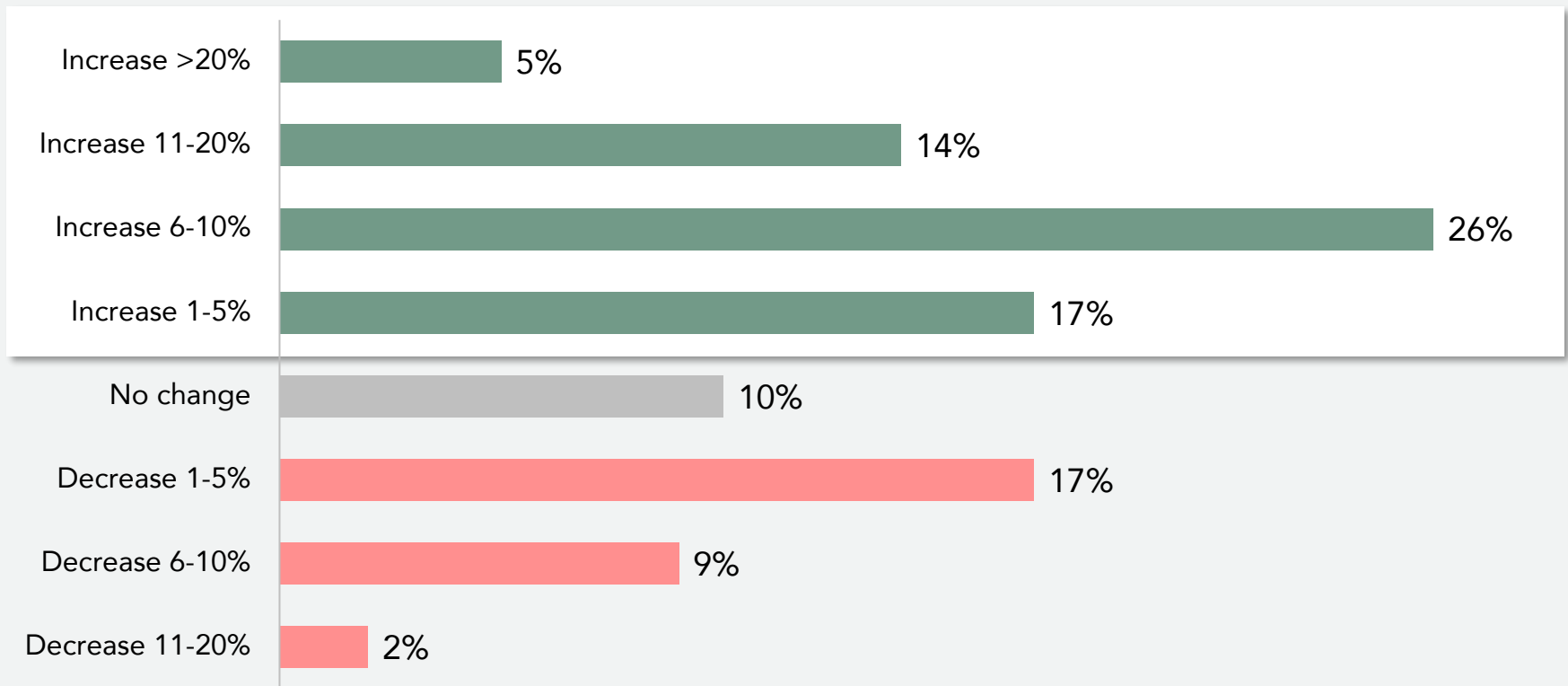
Source: (1) BLS, "AI Impacts in BLS Employment Projections". 2033 data is BLS forecasted employment.

Companies Expect AI to Expand Workforces

A Bloomberg Intelligence survey of more than 600 senior executives at large companies in December 2025 indicated that most large companies expect AI to drive more workforce expansion than reduction. A majority of respondents view AI in terms of labor augmentation, automating routine tasks in a manner that transforms labor market skills and productivity, rather than primarily downsizing.

Bloomberg Intelligence:

What is the likely net impact of AI on the size of your workforce over the next 3 years?

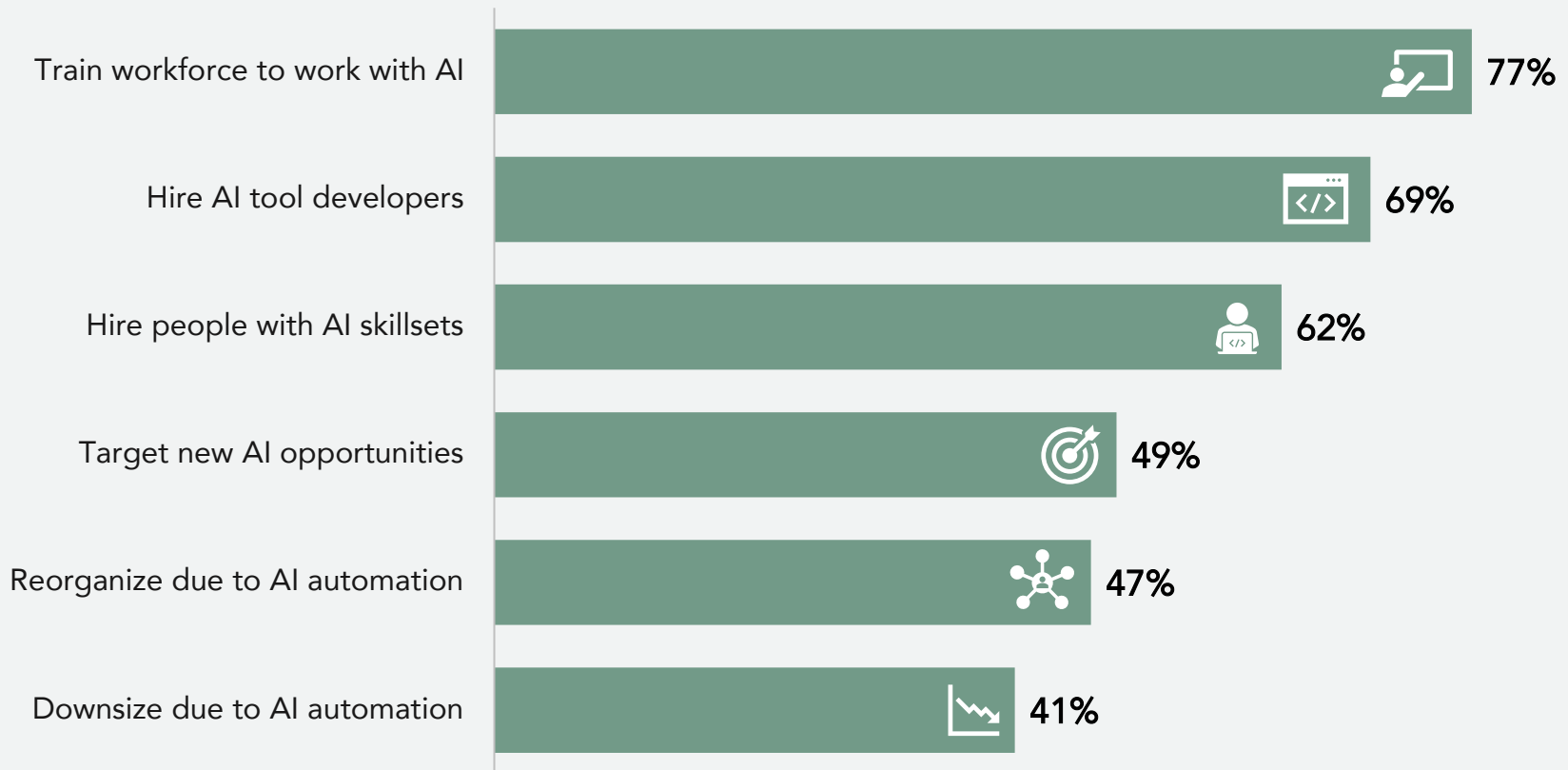


Source: (1) Bloomberg Intelligence, "Enterprise AI Strategy Survey" (Dec 2025). Survey of 604 senior executives at large companies (> 5,000 FTEs) across a range of sectors and regions conducted September 10 - October 8, 2025. Respondents self-identified as being knowledgeable about their company's cost structure, and current and planned use of AI. Survey conducted across nine major sectors. 50% of respondents in North America, 36% in Europe, 14% in APAC (ex-China).

Focus on Workforce Augmentation

The World Economic Forum's global labor market study expects businesses to focus more on adapting workforces to utilize AI, enhancing and amplifying skills more so than employee reorganization, replacement and downsizing.

Business responses to AI developments, % of employers surveyed



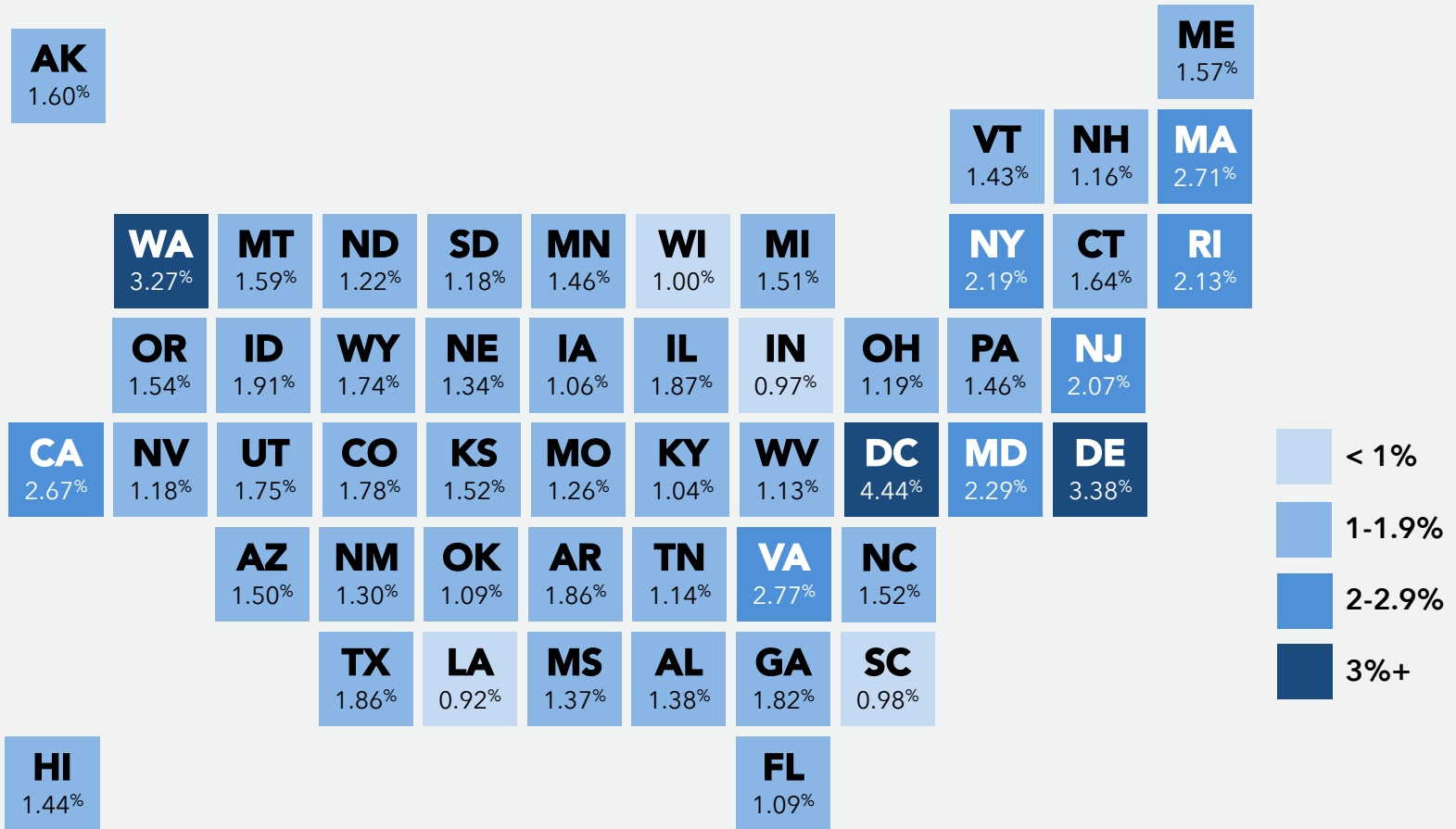
Source: (1) World Economic Forum, "The Future of Jobs Report 2025" (January 2025).

AI Labor Demand by US State



The three large states of **California, Texas, and New York** lead aggregate US AI job postings by states, though **Washington D.C., Washington state, and Delaware** lead in AI job postings as a percentage of AI jobs.

Percentage of US states' job postings in AI (2024)



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

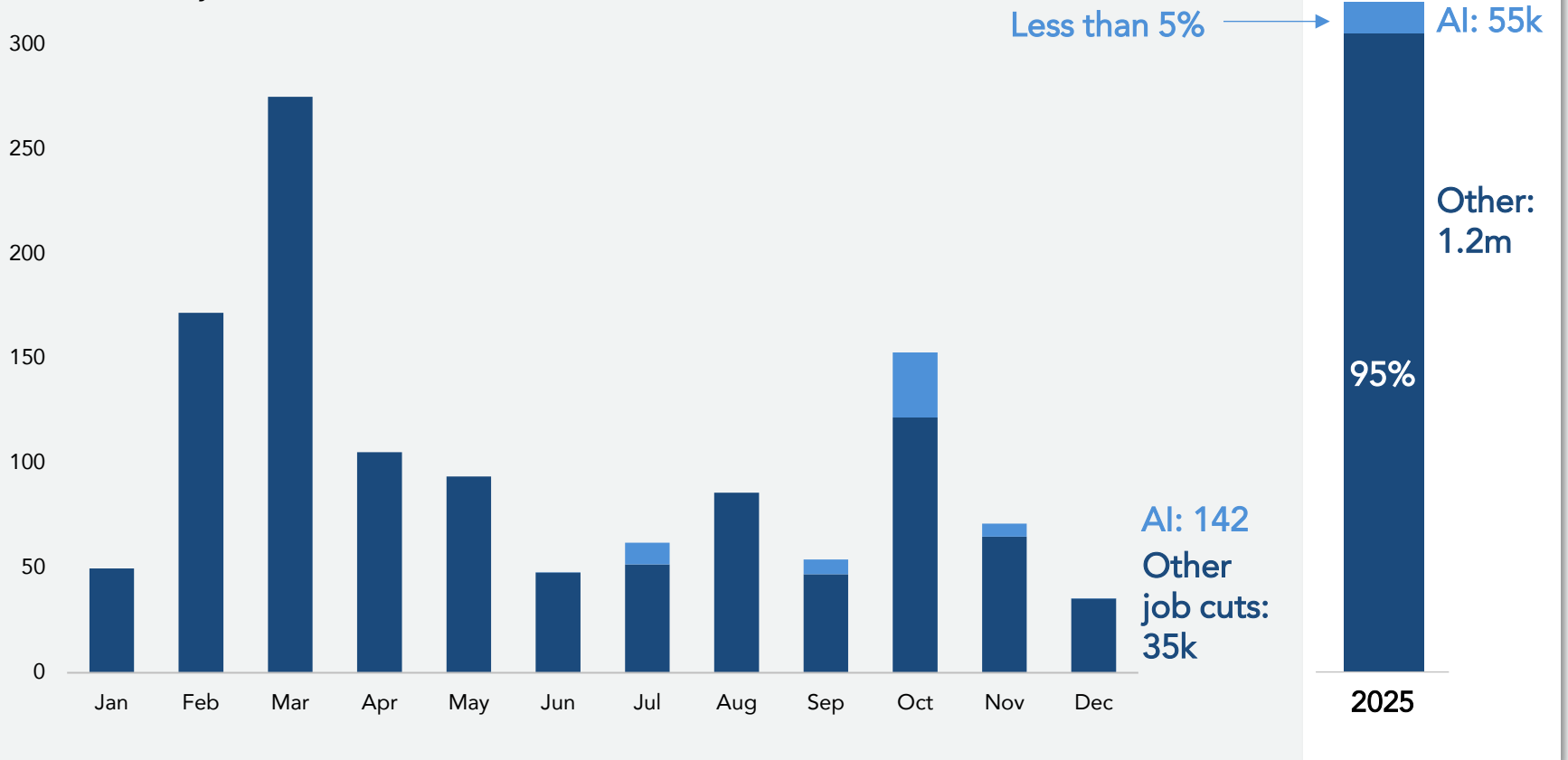


AI Layoffs Still Low



US employer-reported data for 2025 indicated that AI-related layoffs were a relatively small share of total US job cuts on the year, even though they grew on absolute terms. Of more than 1.2 million total job cuts announced on the year, less than 55,000 (< 5%) were attributable to AI. Some economists argue that labor market data modestly understates the impact since some automation-driven reductions are coded under other categories.

Announced US job cuts in 2025, thousands



Source: (1) JP Morgan Asset Management. Challenger, Gray and Christmas. Data as of January 8, 2026.

3






Productivity Ebbs & Flows with Technology Cycles



The History of US Productivity Ebbs & Flows with Technology

US productivity has historically moved in waves that line up loosely, though imperfectly, with major general-purpose technologies: electrification, internal combustion, the internet, information technology and now AI.

Historical US productivity growth, y/y

Period	Productivity growth (y/y)		Reason
1914 - 1972	3.0%		19 th century innovations (electricity, combustion engine)
1972 - 1995	1.6%		Pre-internet boom productivity recession
1996 - 2004	3.2%		3 rd Industrial Revolution ('90s internet boom)
2005 - 2023	1.6%		Post-GFC / Pre-COVID productivity recession
2024 - onward	> 2.5%		4 th Industrial Revolution (AI)

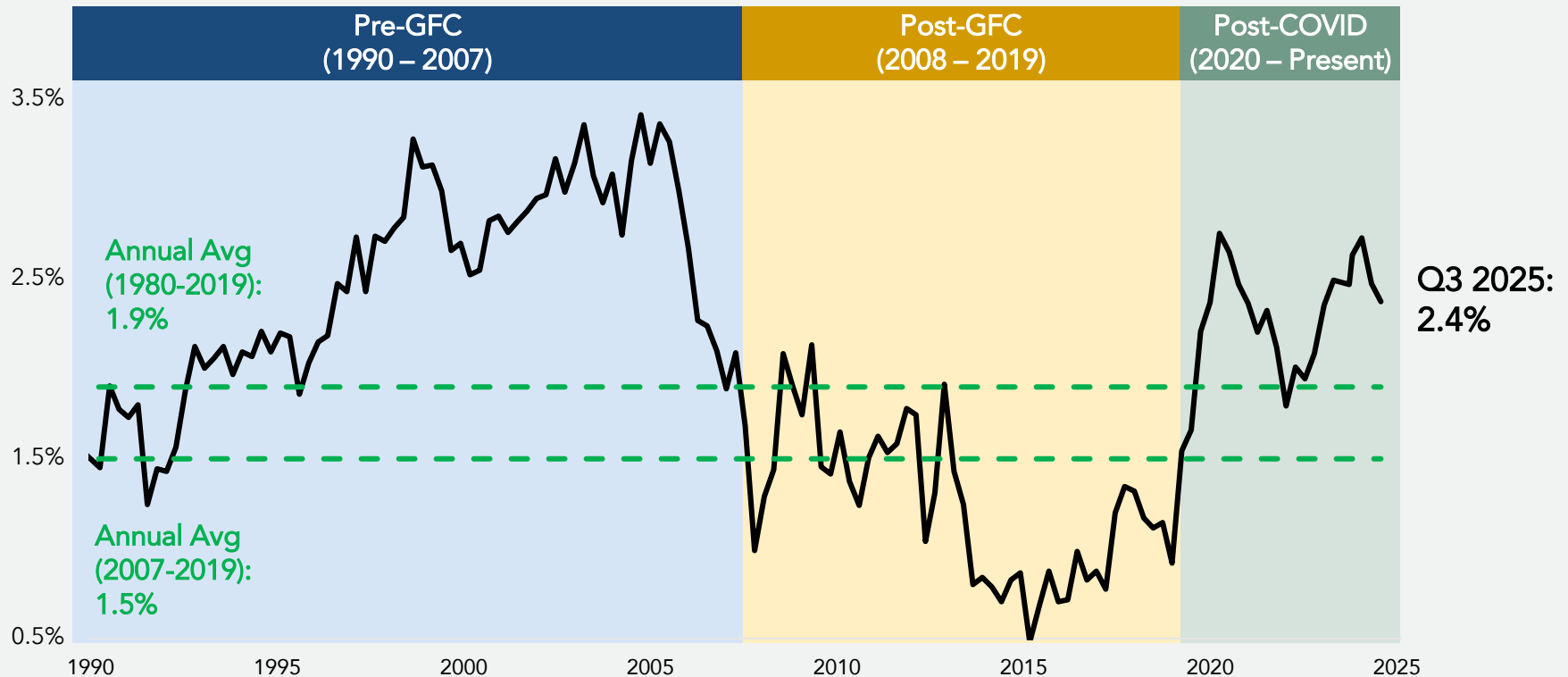
Source: (1) Bloomberg, "Fed Fixates on AI, But It's Not Ready to Make Big Greenspan Bet". Robert J. Gordon.

Tech Driven Productivity Resurgence in the US



As evidenced by the 12-year period from the 2008 GFC to the 2020 COVID crisis (QE, zero & negative rates), **excessive monetary policy easing did not generate above trend GDP growth, inflation or productivity.** While an element of productivity is cyclical and therefore tied to growth, the resurgence in US productivity in the post-COVID era has been driven more by **significant US capital investment in productivity enhancing technologies** (i.e., digitization, automation, robotics, quantum computing, big data, AI).

US non-financial corporates productivity 5-year average, q/q

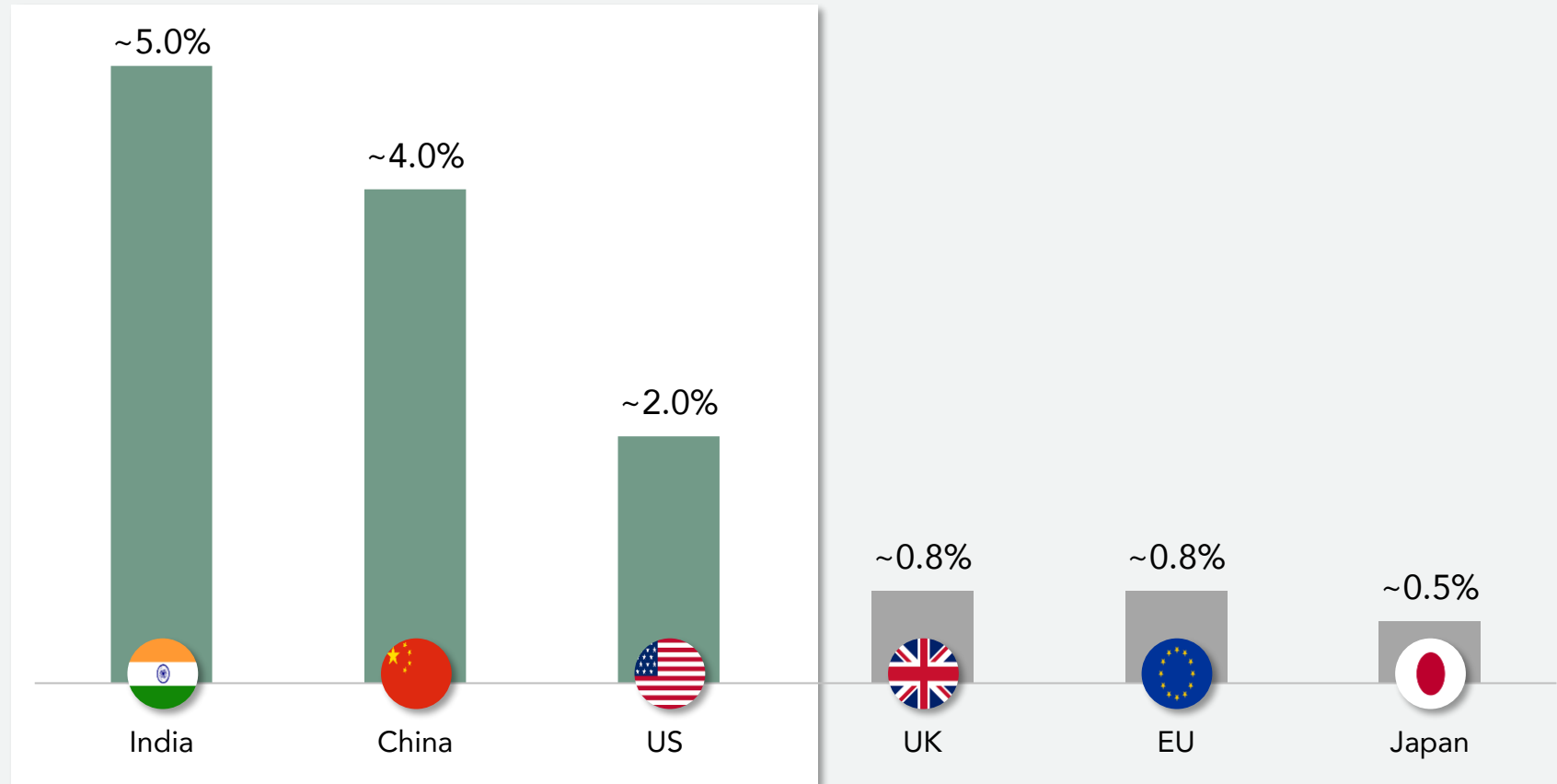


Source: (1) Bureau of Labor Statistics. Data through Q3 2025.

Wide Dispersion in Labor Market Productivity

The wide dispersion in global labor market productivity has been driven by: **(1)** size of digital infrastructure investments; **(2)** pace of tech and AI adoption; and **(3)** the varying pace of economic diffusion of AI tools into the real economy.

2026 global productivity growth forecasts

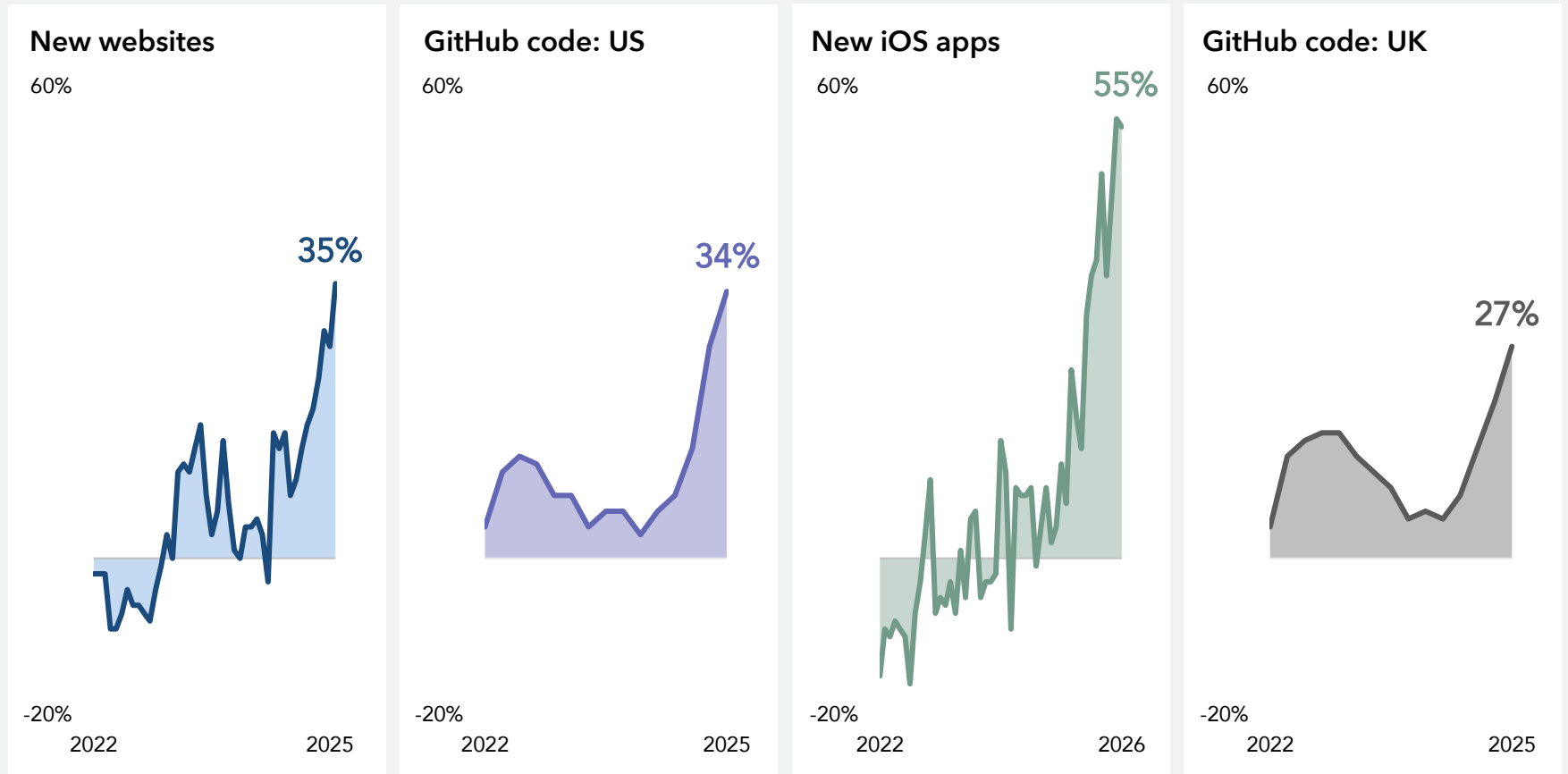


Source: (1) The Conference Board (US, China). OECD (EU, UK, Japan). IMF (India). Forecasts are the difference in real GDP growth and labor force growth.

Rapid Rise in Coding Output

Over the last year, the volume of code being committed to production has reached unprecedented levels with 40-55% of boilerplate and routine code generated or heavily assisted by AI.

Growth in coding output, y/y

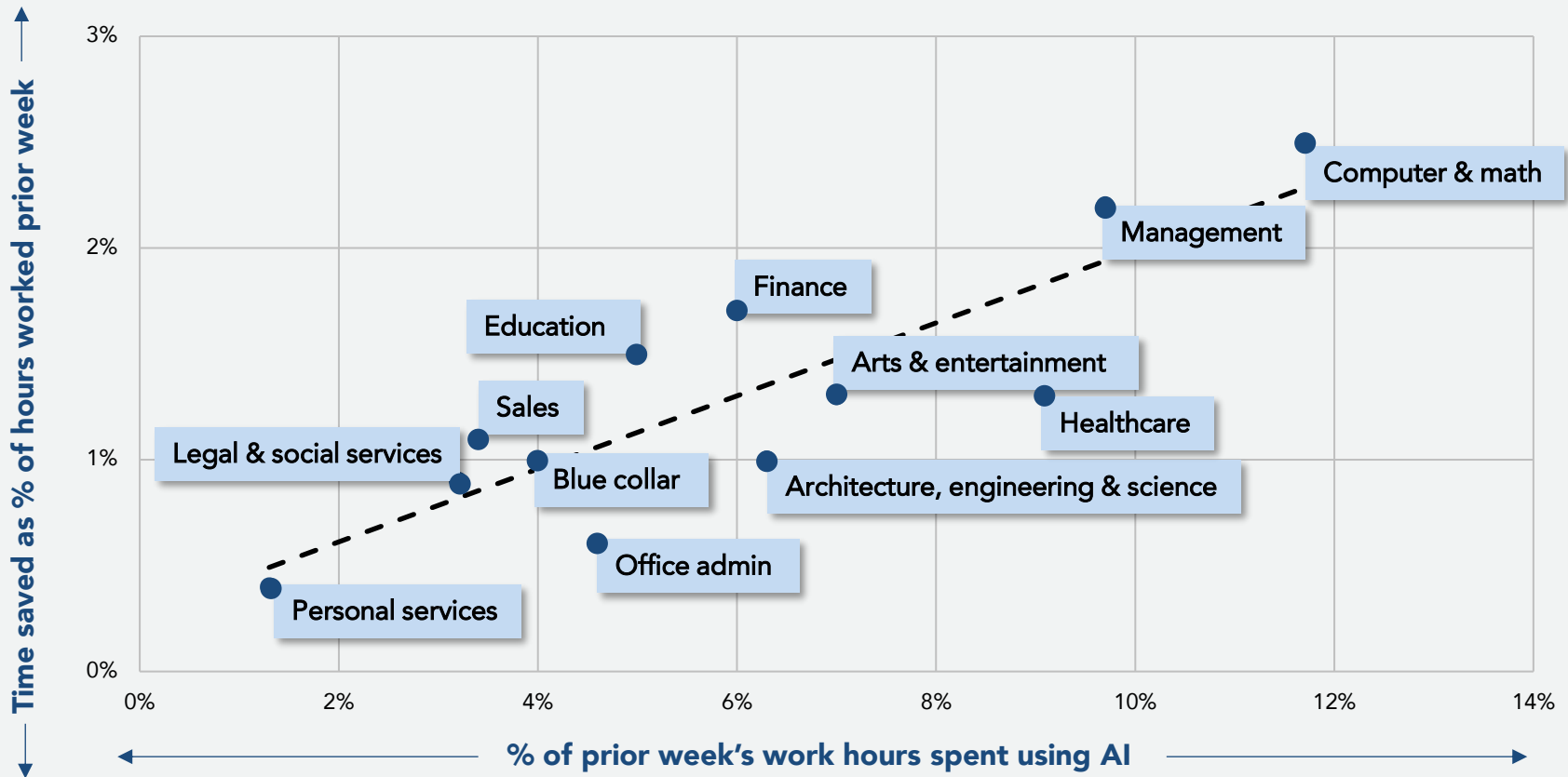


Source: (1) FT, "The AI Shift: Is this the 'take off' moment for AI agents?" Domain Name Industry Brief. SensorTower. Github. GitHub data is quarterly pushes. New websites data is through August 2025. New iOS apps data is through Jan 2026. GitHub data is quarterly pushes through Sep 2025.

Productivity Impact of AI Usage by Occupation

According to a study by the Federal Reserve Bank of St. Louis, while AI-driven time savings vary across occupations, time savings and overall usage are highly correlated. The findings indicate that a 10 ppt increase in the share of time spent using generative AI is associated with a 1.7 ppt increase in the time saved as a share of hours worked.

Average time saved by using gen AI, by occupation

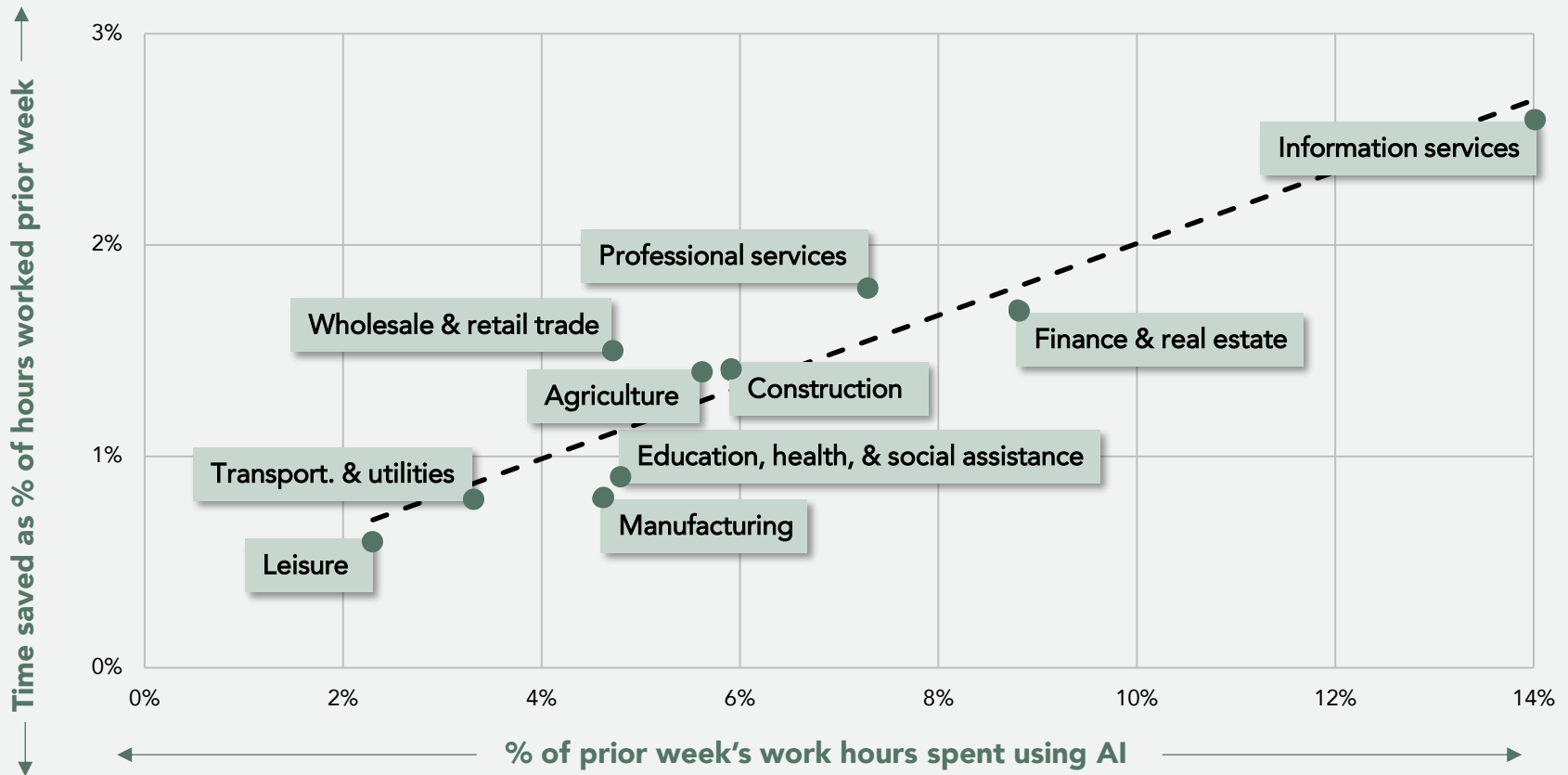


Source: (1) St Louis Federal Reserve, "The Impact of Generative AI on Work Productivity". *The Rapid Adoption of Gen AI* (Bick, Blandin, Deming).

Productivity Impact of AI Usage by Industry

Information services has both the largest share of work hours spent using generative AI and the highest time savings while leisure has both the lowest share of work hours spent using AI and the lowest time savings. Using aggregate data, the St. Louis Fed determined that on average, workers are 33% more productive in each hour that they use generative AI.

Average time saved by using gen AI, by industry



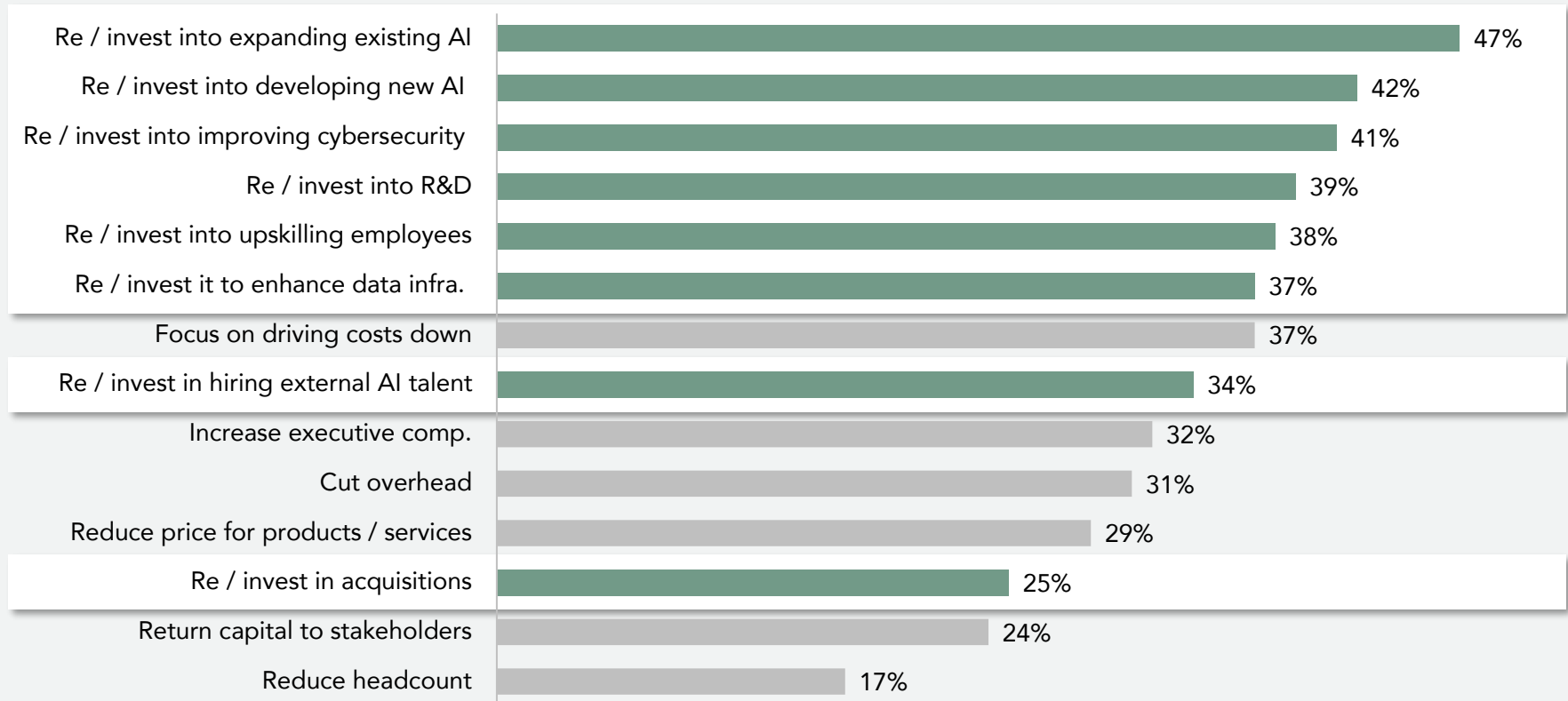
Source: (1) St Louis Federal Reserve, "The Impact of Generative AI on Work Productivity". *The Rapid Adoption of Gen AI* (Bick, Blandin, Deming).

How Organizations Use AI Productivity Gains



According to the latest EY US AI Pulse Survey, to date, reinvestment has been the primary source and usage for productivity gains, with only 17% of respondents citing reduced headcount.

EY US AI Pulse survey: What organizations have done with AI-driven productivity gains?

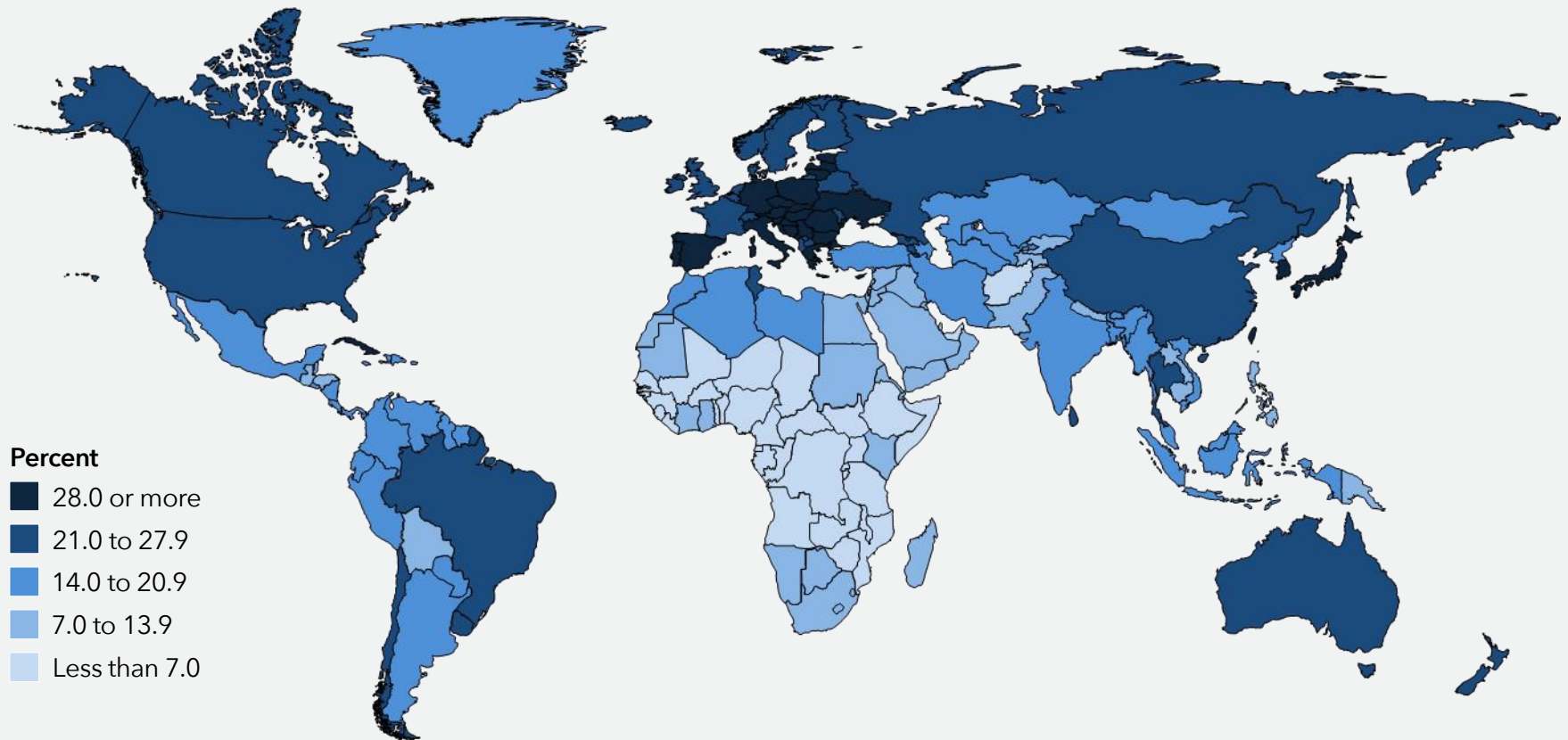


Source: (1) EY US AI Pulse Survey (December 2025). Survey of 500 US-employed decision makers (SVP+) from a broad range of sectors. Survey conducted online from Sep 19 - Oct 16, 2025. Responses taken from those whose organization is investing in AI and has experienced AI-driven productivity gains over the past year.

Productivity as Critical Offset to Aging Demographics

The global population above age 65 is expected to double from 800 million people today (10% of total) to approximately 1.6 billion people in 2050 (16% of total). The number of people over age 80 is expected to triple over the same period to nearly 500 million. The IMF forecasts that aging demographics will curtail advanced economy growth rates by 0.5-1% points annually over the coming decades.

Percentage of the population aged 65+ in 2050



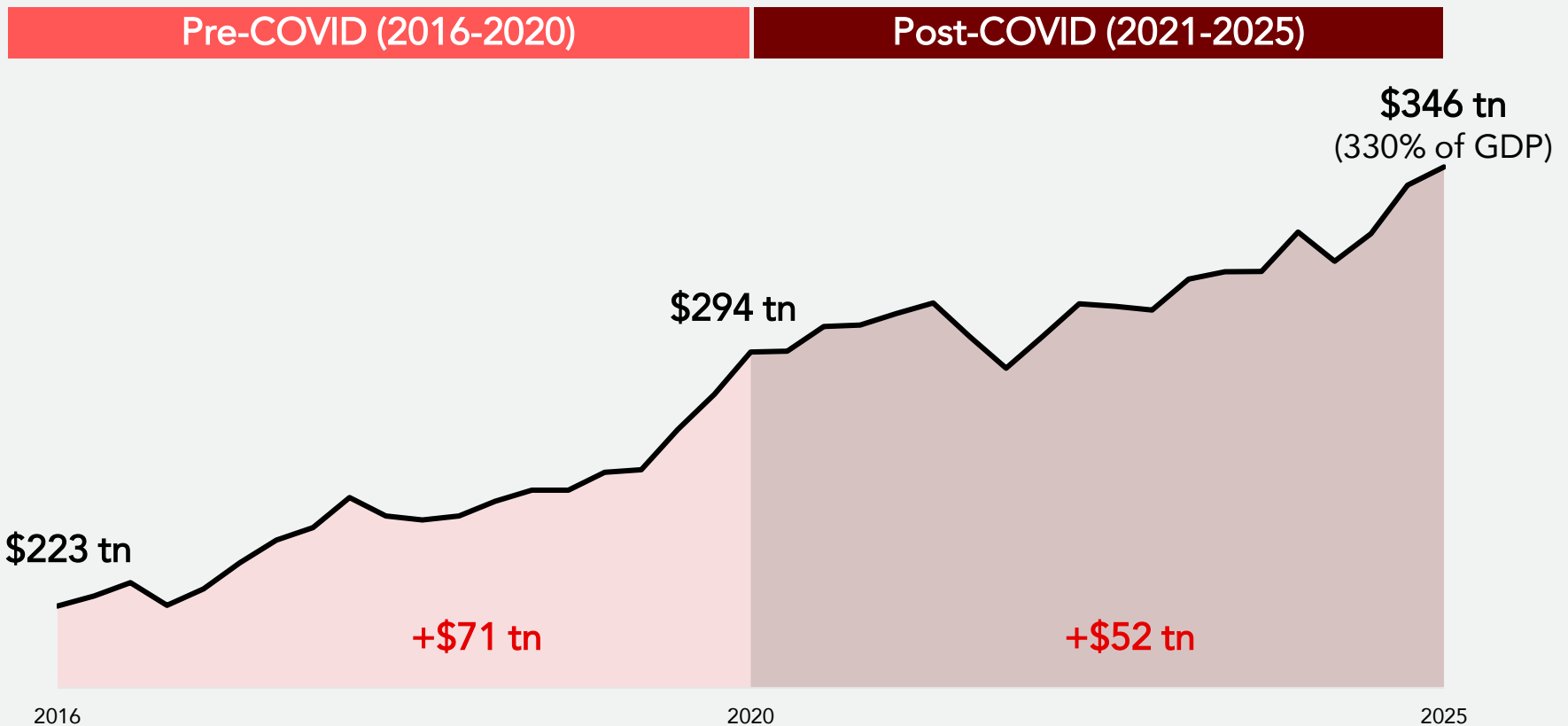
Source: (1) US Census Bureau. US Department of Commerce Economics & Statistics Administration.

Productivity as Critical Offset to Soaring Debt



Global debt reached a record \$346 trillion by the Q3 2025, representing over 330% of global GDP. The IMF estimates that a sustained 10-percentage-point increase in debt-to-GDP is associated with a roughly 0.2% decline in annual GDP growth in advanced economies. Taken together, rising debt levels create a compounding cycle that crowds out productive investment, drives borrowing costs structurally higher, constrains fiscal policy during downturns and reduces growth capacity.

Global debt, USD tn

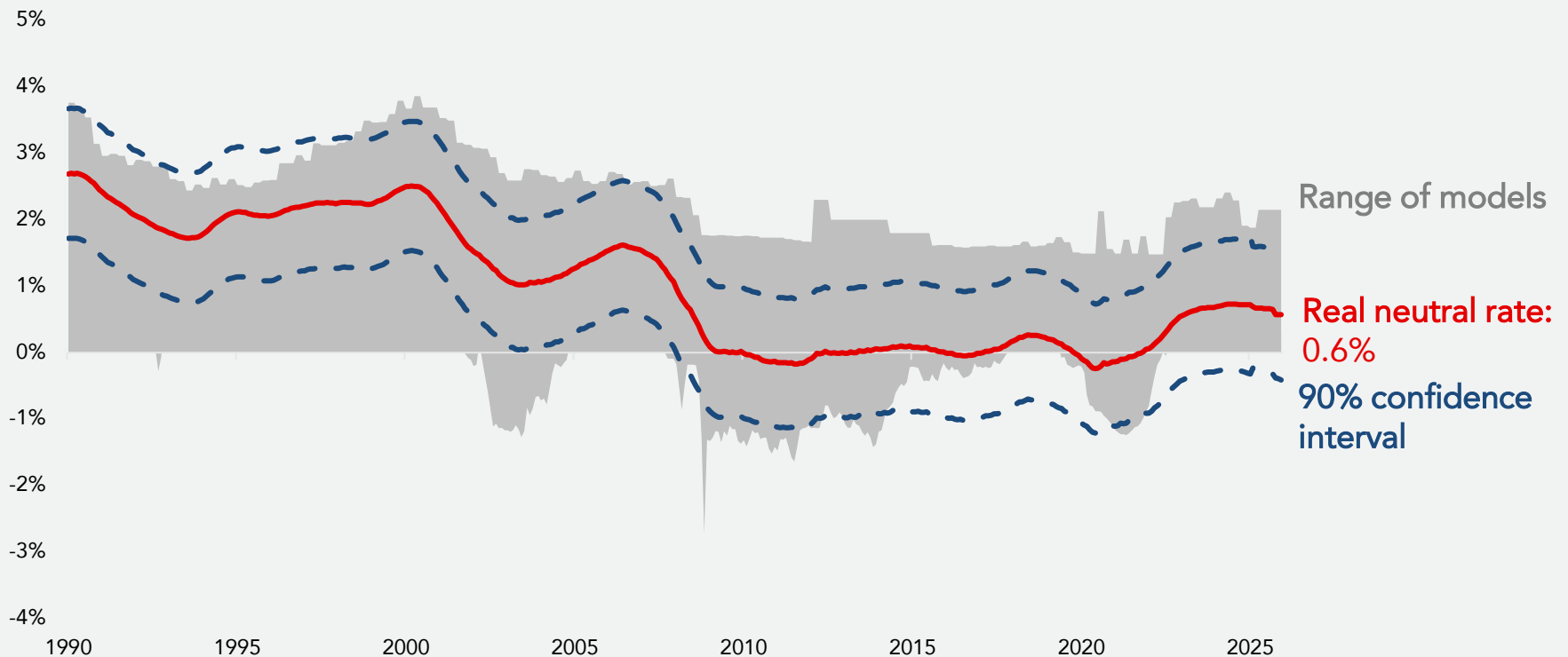


Source: (1) IIF Global Debt Monitor. Data through Q3 2025.

Impact on US Real Neutral Rates

Tech breakthroughs are more likely to raise the neutral rate rather than lower it as AI increases the demand for capital and boosts long-term growth. In turn, the “equilibrium” interest rate will need to be higher to prevent the economy from overheating. Several FOMC members, including Michael Barr and Phillip Jefferson, have reinforced this idea, a view that contrasts sharply with Fed Chair nominee Kevin Warsh who believes AI-induced productivity will be a disinflationary force that pushes the neutral rate lower as the economy grows faster and businesses become more efficient.

US real neutral rate



Source: (1) Oxford Economics, “Three reasons why AI won’t mean lower policy rates.” Federal Reserve Bank of St. Louis. Real neutral rate is latent factor estimate based on 10 models.

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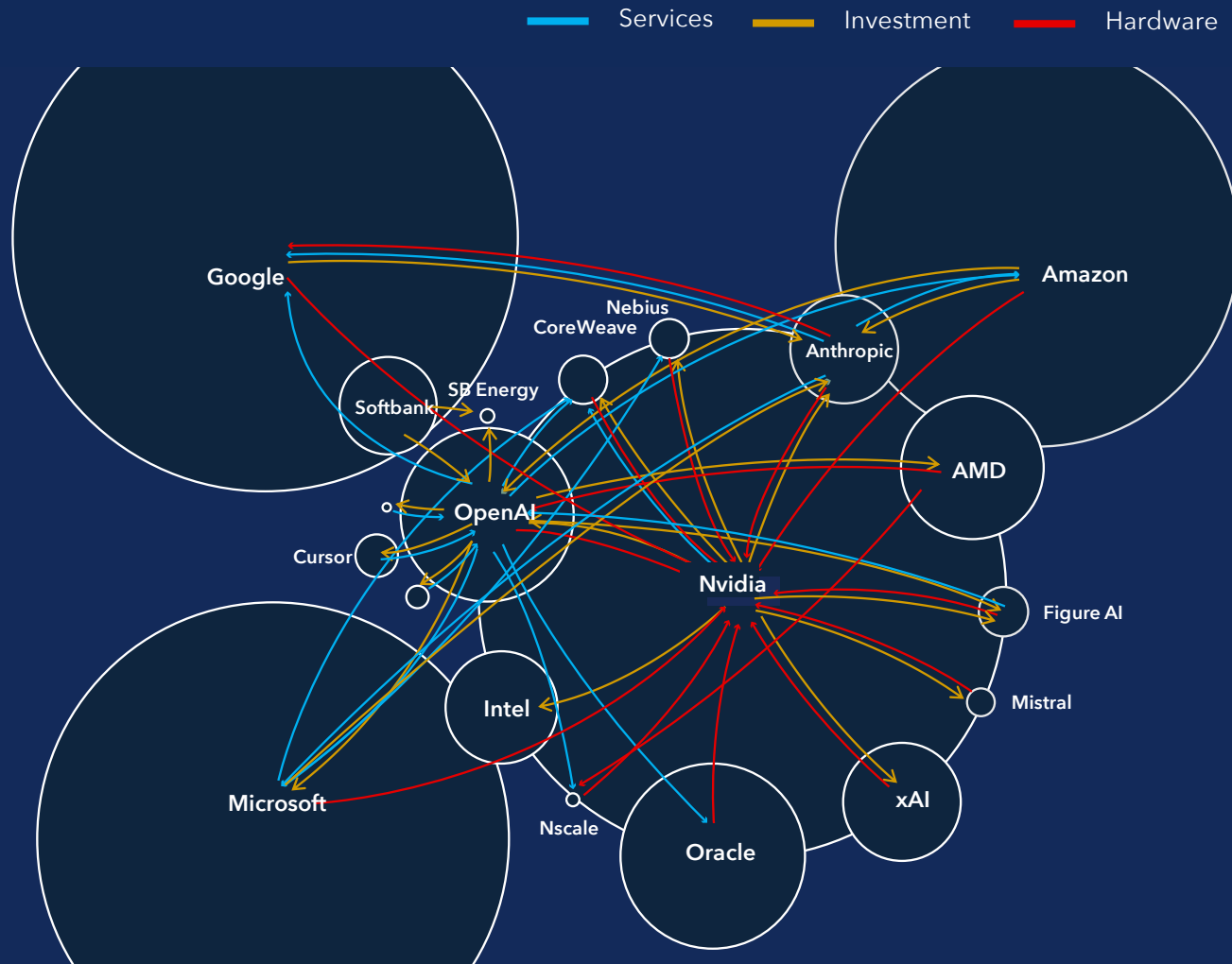
AI in the Deal Economy



Complex Web of AI Corporate Cross-Holdings

NVIDIA is at the center of circular AI deals

Over the last few years, NVIDIA has sat at the epicenter of an extraordinary and complex web of AI investment and cross-holdings in a multi-trillion capex buildout powered substantially by NVIDIA hardware and software. Notably, NVIDIA has become the indispensable supplier, customer, partner, and in some cases competitor, of every major AI hyperscaler, as well as numerous other critically important players in the AI ecosystem.



Source: Bloomberg, "Nvidia CEO Says New OpenAI Investment May Be Largest Yet." (February 2026). Size of circle denotes company market cap.

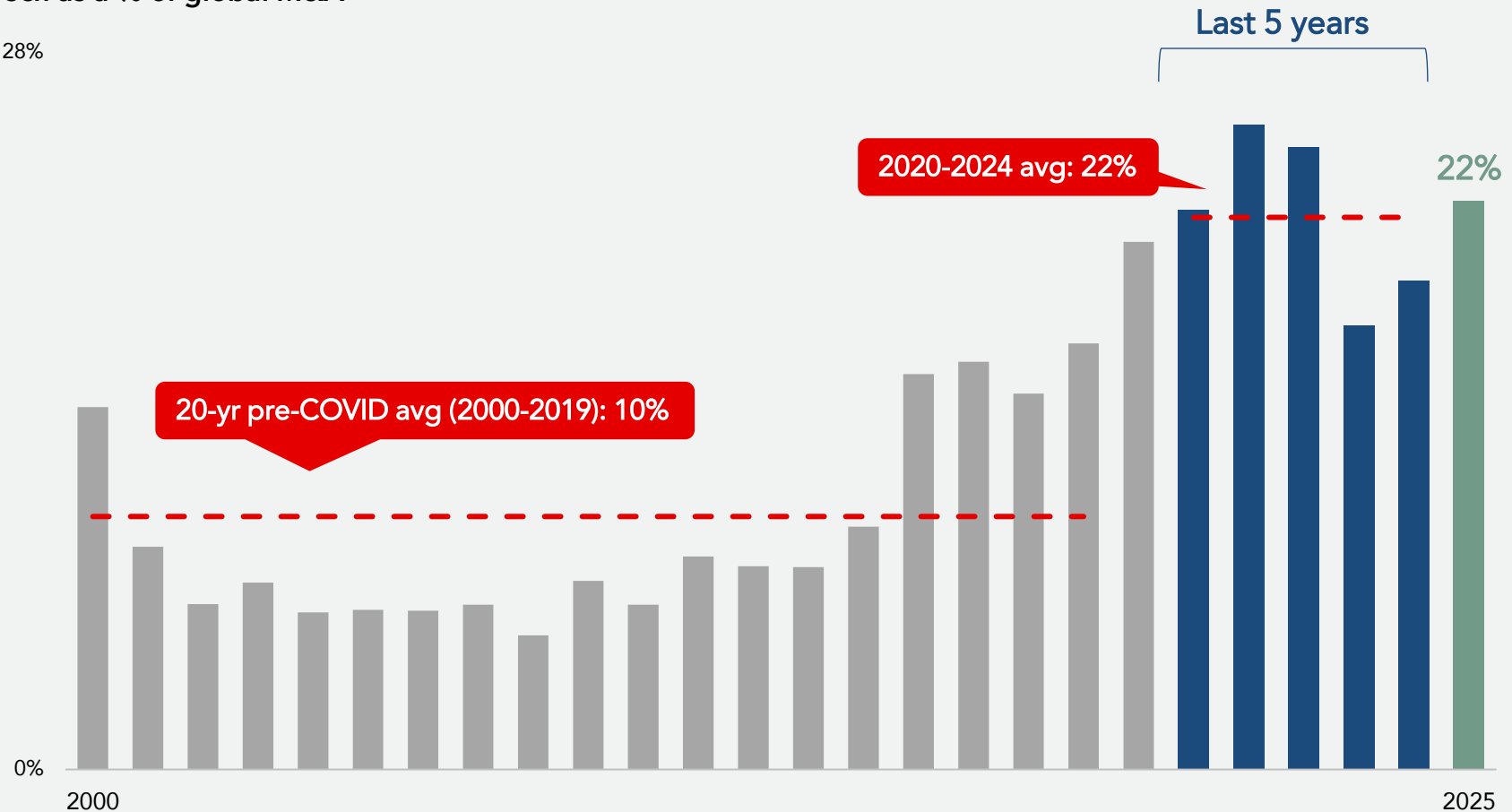
Technology as Pervasive M&A Driver



Technology continues to reshape the M&A landscape, accounting for 22% of global M&A volumes in 2025. The need for more AI data centers is fueling demand for electricity, driving activity in the utilities and energy space as well.

Tech as a % of global M&A

28%

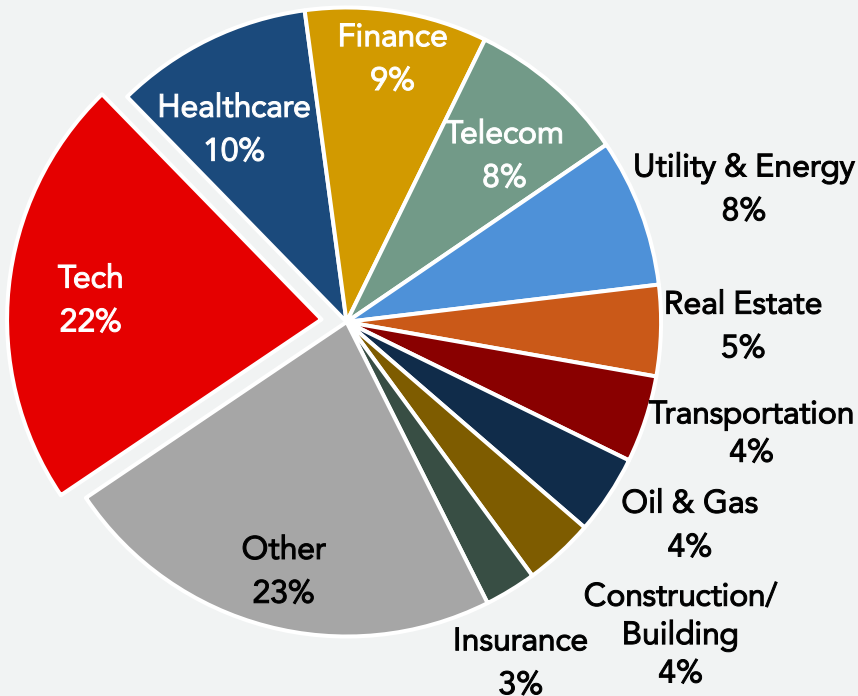


Source: (1) Cortex. Dealogic. Data is through December 31, 2025. Data accessed January 15, 2026. Includes rank eligible, M&A deals. Technology is computers and electronics as target sector.

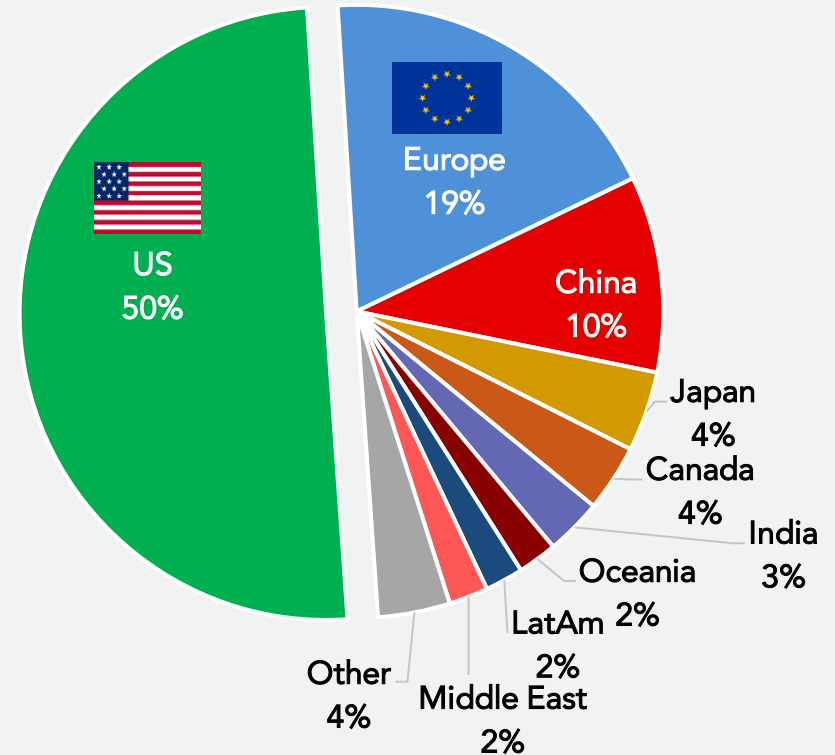
Tech Sector Over 20% of 2025 Global M&A



Global M&A activity, by sector (2025)



















Global M&A activity, by region (2025)



Source: (1-2) Dealogic. Cortex. Data through December 31, 2025, accessed on January 15, 2026.

Selected 2025-26 AI Investment & Deal Announcements















Selected AI & AI-adjacent investment & deal announcements since Jan 2025

Date	Companies	Amount	Description
Jan 2025	 OpenAI   SoftBank	\$500 bn	"Stargate Project" to invest in AI infrastructure in US
Mar 2025	 Lightspeed ANTHROPIC	\$3.5 bn	AI investor group led by Lightspeed acquired 6% of Anthropic
Mar 2025	 CoreWeave  Weights & Biases	\$1.7 bn	CoreWeave to acquire Weights & Biases (AI developer)
Mar 2025	 Alphabet 	\$32 bn	Alphabet to acquire Wiz, a US based cloud security company
Mar 2025	 SoftBank  OpenAI	\$40bn	SoftBank to acquire 13.3% of OpenAI
Apr 2025	 SILVER LAKE  <small>An Intel Company</small>	\$4.5 bn	Silver Lake to acquire 51% stake in Altera Corp from Intel
May 2025	 ORACLE  NVIDIA	\$40 bn	Oracle to purchase Nvidia's chips to power data centers
May 2025	 OpenAI  Exafunction	\$3 bn	OpenAI to acquire Exafunction (Windsurf), local software co.

Source: (1) Various News Outlets. Dealogic. Bloomberg. Deals over \$1bn.

Selected 2025-26 AI Investment & Deal Announcements















Selected AI & AI-adjacent investment & deal announcements since Jan 2025

Date	Companies	Amount	Description
May 2025	 OpenAI iO Products	\$6.5 bn	OpenAI to acquire iO Products, a local AI hardware firm
Jun 2025	  OpenAI	\$30 bn	Cloud computing agreement deal (Stargate Project)
Jun 2025	  AlphaWave	\$2.4 bn	Qualcomm to acquire Alphawave, core design company
Jun 2025	 Meta 	\$14 bn	Meta to invest in AI firm, Scale AI
Jul 2025		\$25 bn	\$25 bn in data centers and AI infra. over the next 2 years
Aug 2025	 	TBD	Nvidia and AMD to pay US government 15% of revenues from chip sales to China for obtaining export licenses
Aug 2025	 	\$8.9 bn	US government acquires a 9% stake in Intel
Sep 2025	 	\$13 bn	Iconiq Capital acquires 7% stake in Anthropic

Source: (1) Various News Outlets. Dealogic. Bloomberg. Deals over \$1bn.

Selected 2025-26 AI Investment & Deal Announcements





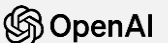









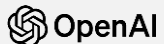
Selected AI & AI-adjacent investment & deal announcements since Jan 2025

Date	Companies	Amount	Description
Sep 2025	 OpenAI  STATSIG	\$1.1 bn	OpenAI to acquire Statsig, local software company
Sep 2025	ASML  MISTRAL AI	\$2 bn	Mistral raised \$2 bn in series C funding round led by ASML
Sep 2025	 NVIDIA. intel	\$5 bn	NVIDIA to acquire 4% stake of Intel
Sep 2025	 OpenAI ORACLE  SoftBank	\$300 bn	OpenAI to purchase \$300 bn of computing capacity from Oracle
Sep 2025	 NVIDIA.  CoreWeave	\$6.3 bn	Nvidia to purchase \$6.3 bn of cloud services from CoreWeave
Sep 2025	 OpenAI  NVIDIA.	\$100 bn	Nvidia and OpenAI to deploy 10 GW of NVIDIA systems for OpenAI, Nvidia to invest \$100bn in OpenAI
Sep 2025	 OpenAI  CoreWeave	\$6.5 bn	OpenAI to purchase \$6.5 bn of services from CoreWeave (total partnership with CoreWeave - \$22.4 bn)
Oct 2025	 SoftBank  OpenAI	\$6.2	A consortium of investors to acquire \$6bn in stock of OpenAI

Source: (1) Various News Outlets. Dealogic. Bloomberg. Deals over \$1bn.

Selected 2025-26 AI Investment & Deal Announcements














Selected AI & AI-adjacent investment & deal announcements since Jan 2025

Date	Companies	Amount	Description
Oct 2025	 NVIDIA ,  Reflection	\$2 bn	Group of investors led by NVIDIA to acquire 25% of reflection AI
Oct 2025	 AIP ,  Aligned	\$40 bn	AIP to acquire Aligned Data Centers from Macquarie
Oct 2025	 OpenAI ,  BROADCOM	TBD	Multi-year strategic collaboration to co-develop and deploy 10 GW of custom AI accelerator racks / systems
Oct 2025	 ORACLE ,  AMD	TBD	Expansion of collaboration to enable large-scale AI infrastructure
Oct 2025	 ORACLE ,  Meta	\$20 bn	Oracle will provide Meta will cloud computing capacity
Oct 2025	 Google , ANTHROPIC	TBD	Google will supply up to 1 million of AI chips to Anthropic
Oct 2025	 AMD ,  U.S. DEPARTMENT of ENERGY	\$1 bn	Public-private partnership to build next-gen supercomputers
Oct 2025	 Microsoft ,  OpenAI	\$135 bn	Microsoft's stake in restructured OpenAI entity at 27% (\$135bn)

Source: (1) Various News Outlets, Dealogic, Bloomberg. Deals over \$1bn.

Selected 2025-26 AI Investment & Deal Announcements





















Selected AI & AI-adjacent investment & deal announcements since Jan 2025

Date	Companies	Amount	Description
Nov 2025	 OpenAI 	\$38 bn	AWS will supply OpenAI with Nvidia GPUs
Nov 2025	ANTHROPIC	\$50 bn	\$50bn investment in new data centers and AI infra. in the US
Nov 2025	 andreesen. horowitz  Anysphere	\$2.3 bn	AH Capital to acquire Anysphere, a software company engaged in building AI tool
Nov 2025	 NVIDIA. ANTHROPIC  Microsoft	\$15 bn	Nvidia and Microsoft to invest \$15 bn in Anthropic
Nov 2025	 TWG  Lambda	\$1.5 bn	Group of investors led by TWG Global acquired stake in , a GPU cloud company
Dec 2025	 NVIDIA. SYNOPSYS	\$2.0 bn	Nvidia to acquire 2.5% of Synopsys
Dec 2025	 MARVELL celestia! AI	\$6.0 bn	Marvell Tech to acquire Celestial AI
Dec 2025	 Disney  OpenAI	\$1.0 bn	Walt Disney to acquire undisclosed stake in OpenAI
Dec 2025	ANTHROPIC 	\$1.0 bn	Anthropic to acquire JavaScript runtime Bun to accelerate it "Claude Code" tool"

Source: (1) Various News Outlets. Dealogic. Bloomberg. Deals over \$1bn.

Selected 2025-26 AI Investment & Deal Announcements

Selected AI & AI-adjacent investment & deal announcements since Jan 2025

Date	Companies	Amount	Description
Jan 2026	  	\$20 bn	New series E funding round by xAI with strategic investors NVIDIA and Cisco
Jan 2026	 	\$2.0 bn	IonQ, quantum computing company, to acquire SkyWater Technology, local tech foundry
Jan 2026		\$2.0 bn	Investor group led by Coatue Management to acquire undisclosed stake in DayOne Data Centers
Jan 2026	 	\$2.0 bn	NVIDIA to acquire 4% stake of CoreWeave
Jan 2026	  	\$1.9 bn	KKR and Oak Hill to acquire undisclosed stake in Global Technical Realty, UK-based data center developer
Jan 2026	 	\$1.8 bn	Micron Technology to acquire p5 fabrication site in Taiwan from Powerchip Semiconductor Manufacturing Corp.
Jan 2026	 	\$1.5 bn	Apple to acquire Q.AI
Jan 2026	 	\$1.0 bn	Accenture to acquire FacultyScience, UK-based AI developer
Jan 2026		\$1.0 bn	Allegro (SPAC) to acquire Seeqc, local manufacturer of semiconductors for quantum computing
Jan 2026	 	\$1.0 bn	Investor group led by Khosla Ventures to acquire undisclosed stake in Waabi, Canada-based software company

Source: (1) Various News Outlets. Dealogic. Bloomberg. Deals over \$1bn.

5

AI in Global Markets

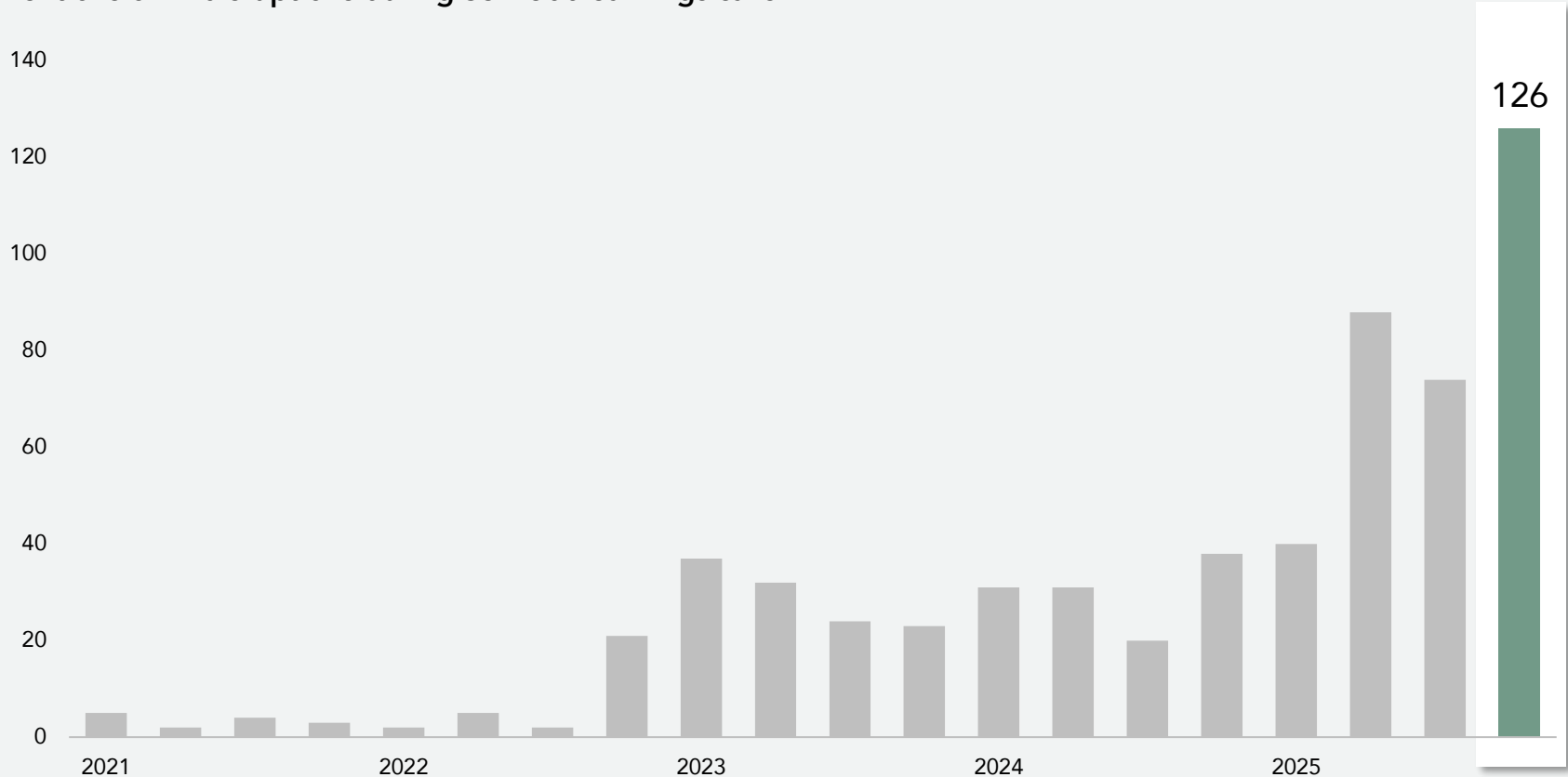


AI Disruption Mentions Nearly Double Q/Q



For Q4 2025, S&P 500 earnings are running at roughly low-teens y/y growth with a roughly 75% EPS beat rate. Notably, however, mentions of AI disruption continue to rise sharply on management calls, nearly doubling over the prior quarter. Generally speaking, executives remain focused on both the risks and opportunities of AI disruption in a manner that was notably less evident just a few quarters ago.

Mentions of AI disruptions during S&P 500 earnings calls

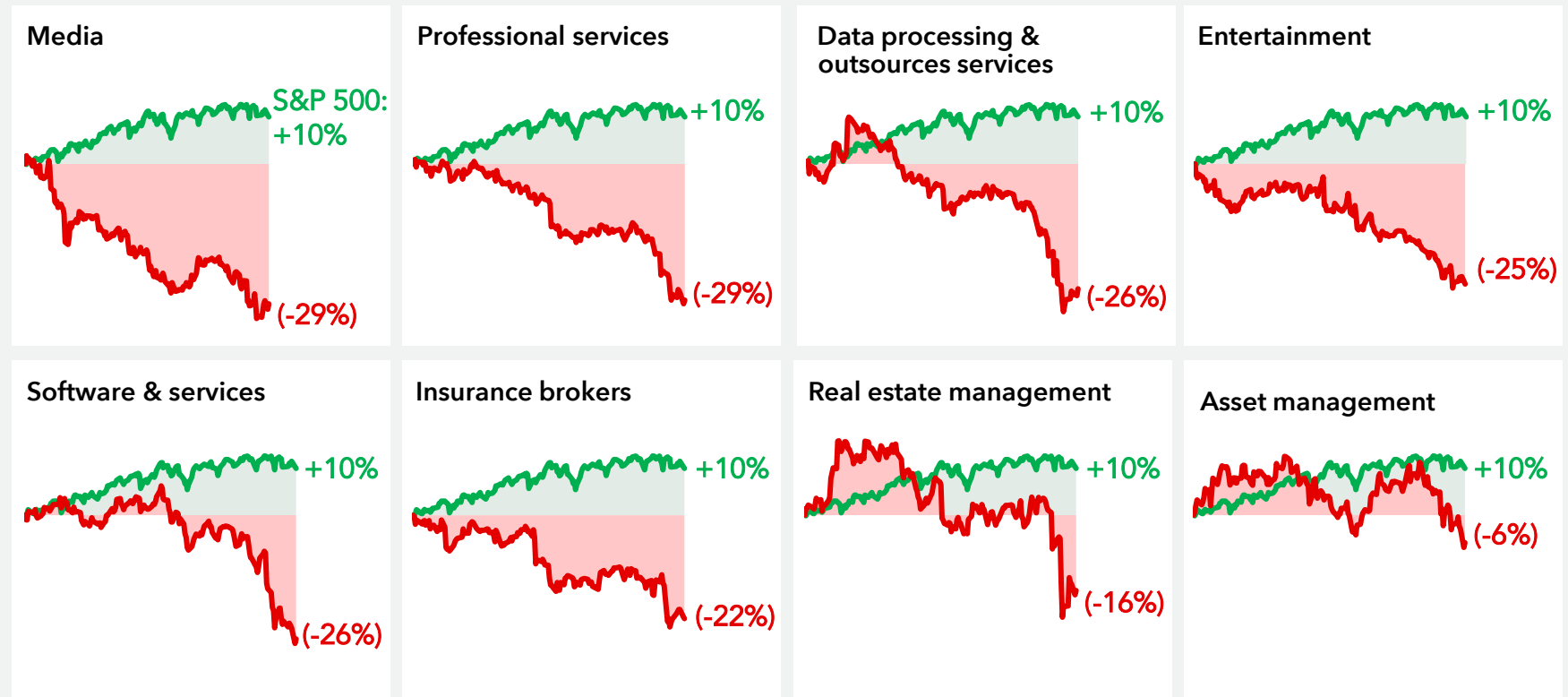


Source: (1) Bloomberg. Data is based on transcript analysis during earnings seasons. Data shows quarterly data through Q4 2025.

AI Tools Disrupting Business Models

After several years of building out AI infrastructure (data centers, power grid, computing equipment), the adoption and implementation phase of the AI buildout has accelerated in early 2026. The rapid and visible rollout of disruptive, AI-automation tools has precipitated a **“sell-first, think-later”** mentality also known as the **“AI fear trade”** as investors reprice business models deemed to be either labor-intensive or vulnerable to disintermediation. The range of specific concerns include new product shocks, fee and margin compression, automation and contagion risk.

S&P 500 vs. S&P 500 sector performance since Jul 1, 2025

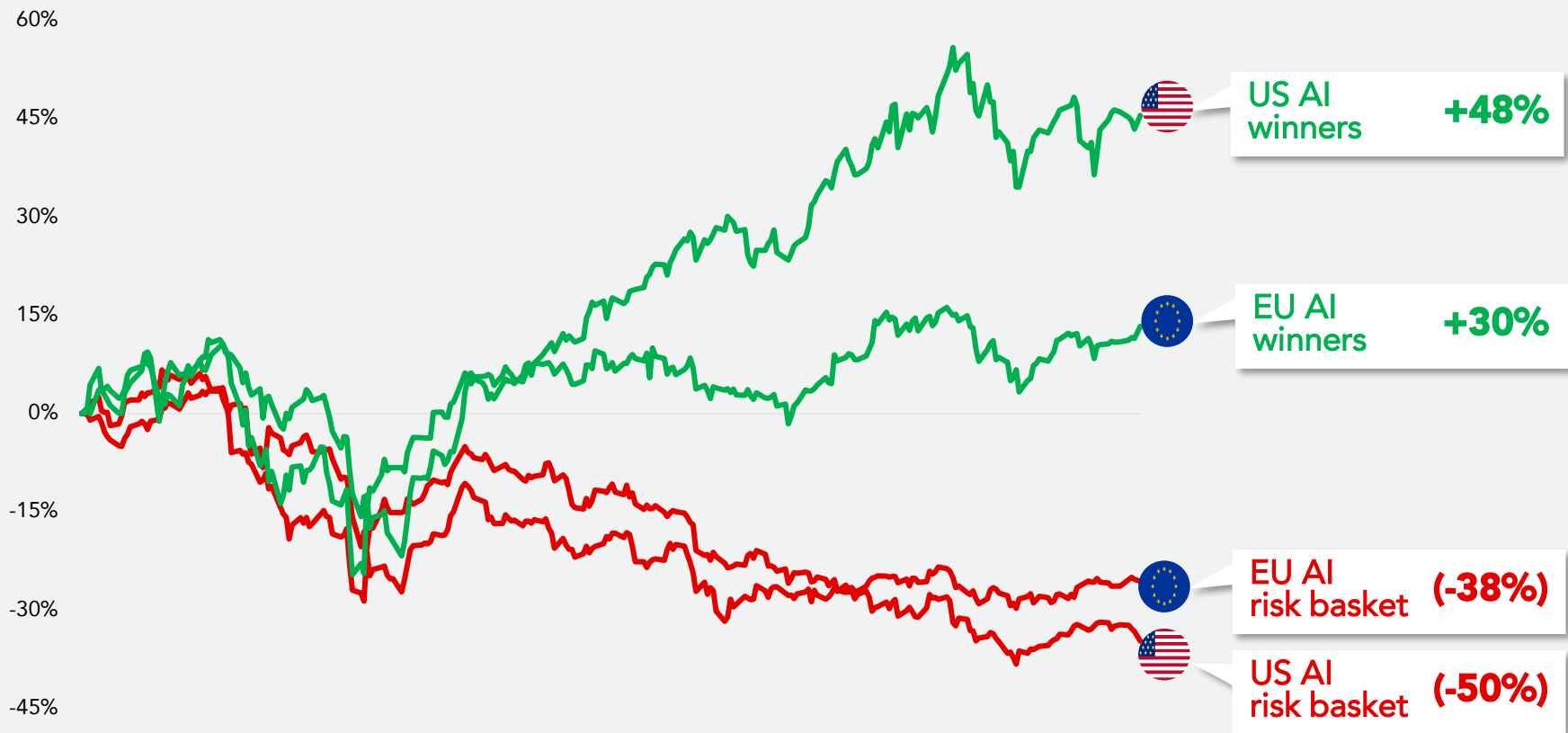


Source: (1-8) Bloomberg. Data as of February 24, 2026.

AI Disruption Risk Varies by Industry

The impact of AI varies by sector with media and software companies viewed as businesses most likely to be affected by AI disruption. The trend has broadened in 2026 with financial, professional services and logistics companies impacted negatively as well.

US & EU AI winners vs. risk basket, since January 2025

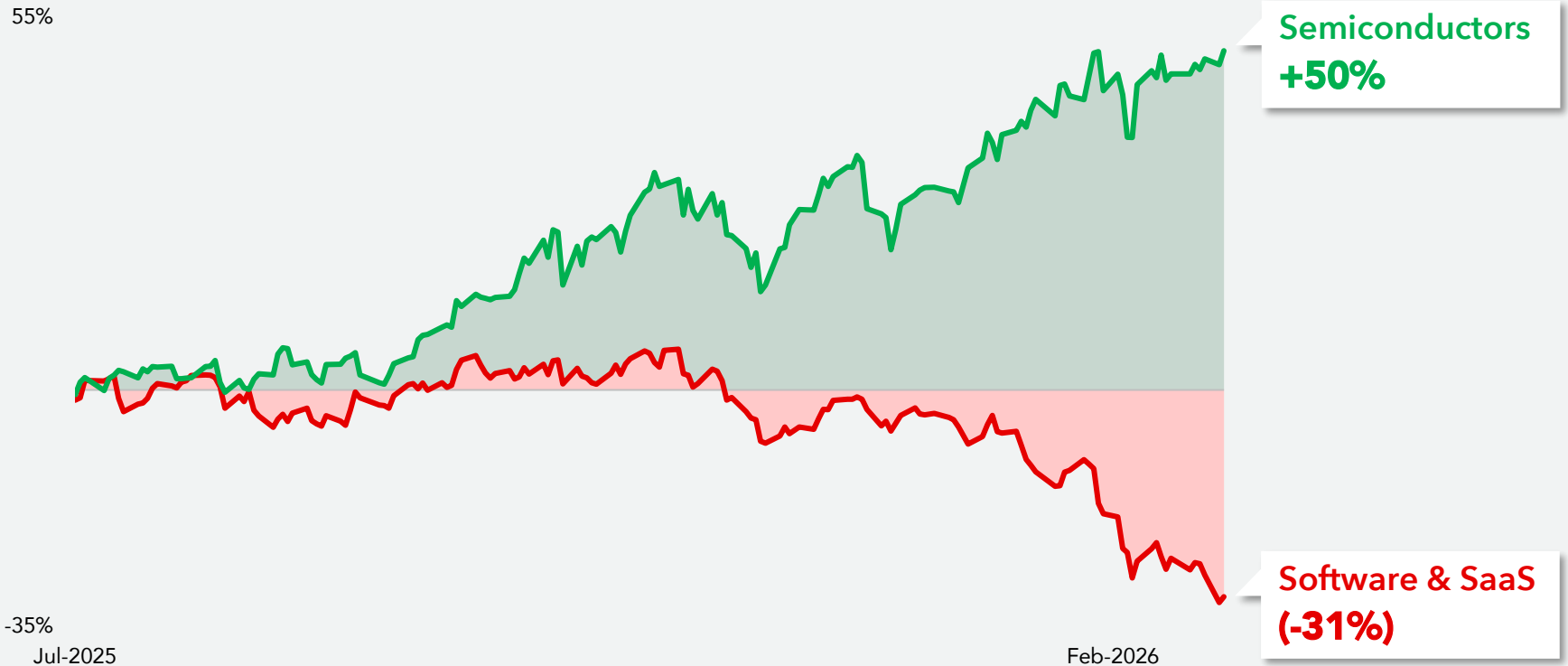


Source: (1) Bloomberg, "AI Risk Is Dominating Conference Calls as Investors Dump Stocks". Indices are UBS. Data as of February 24, 2026.

Semiconductors Outperforming Software

Semiconductor stocks have sharply outperformed software since mid-2025 as the AI trade has rotated toward infrastructure, and most notably GPU demand, and away from companies whose business models look more exposed to AI disruption. Since mid-2025, the benchmark semiconductor SOXX index is up more than 40% while the software index has materially lagged, especially in recent weeks. With semiconductors as the bottleneck in the AI stack, the structural secular growth drivers for chips remain strong.

Software & SaaS vs. semiconductor performance since Jul 1, 2025



Source: (1) Bloomberg. Data as of February 24, 2026. Software & SaaS index is UBS. Semiconductor index is Philadelphia Stock Exchange.

Megacap Tech Soars After Gen-AI Inflection in 2023

Since the commercial gen-AI inflection in 2023, public market valuations of mega cap tech and tech-related stocks soared. AI has been the primary driver of their re-rating.

Equity market performance since January 2015

540%

Nov 30, 2022:
ChatGPT
publicly released

Commercial Gen-AI
Inflection Since 2023



Source: (1) Bloomberg. Data as of February 24, 2026.

Utility Stocks Benefitting from AI Power Demand

S&P 500 and selected sectors total return performance since Jan 1, 2024



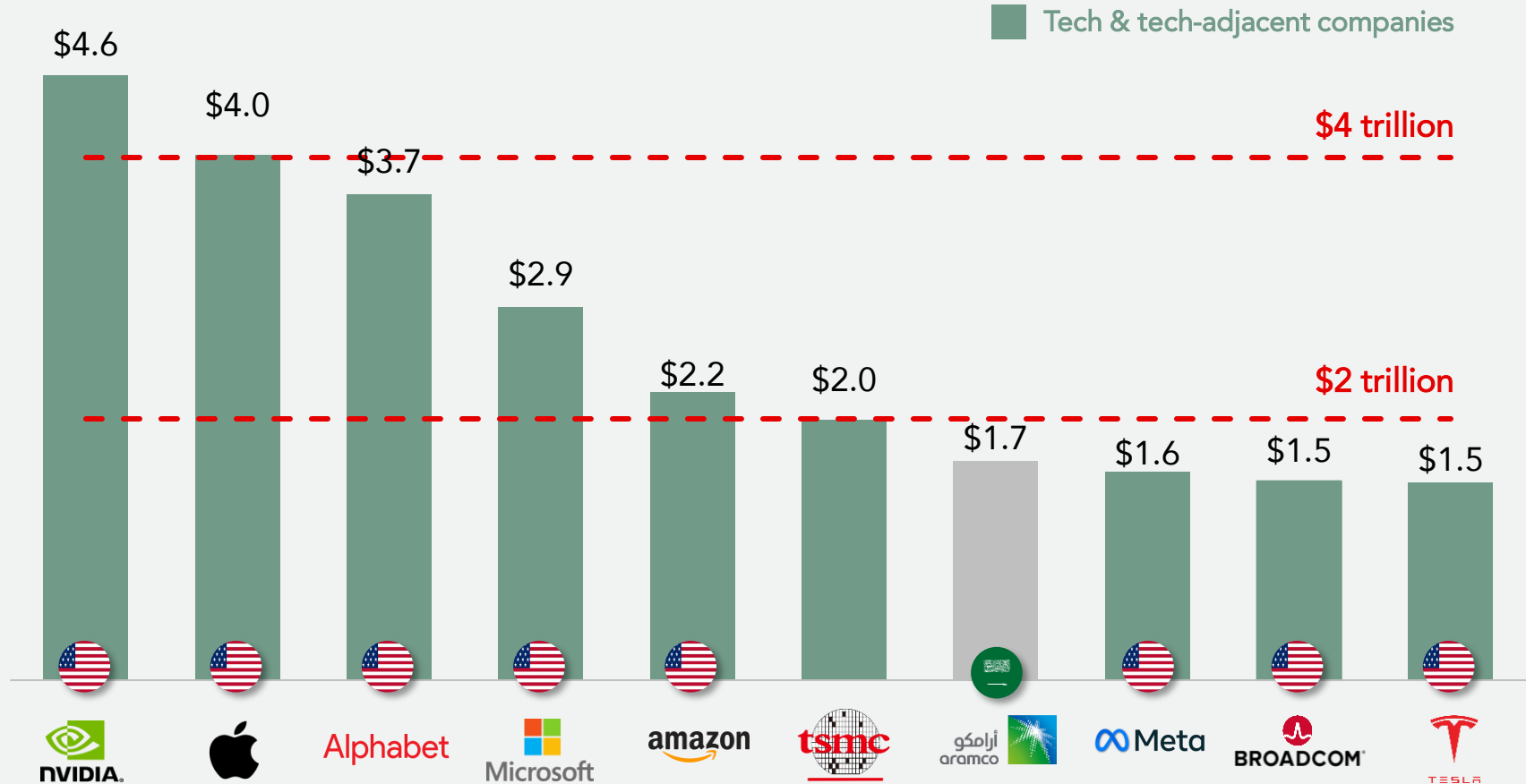
Source: (1) Bloomberg. Data as of February 24, 2026.

Tech Dominates World's 10 Most Valuable Companies



As of early January 2026, **nine of the world's 10 largest companies are technology or technology adjacent companies.** Among the group, only Saudi Aramco sits firmly outside the tech bucket. AI's transformative impact and expansion is a critical driver of this concentration.

Market cap of top 10 global companies, USD tn

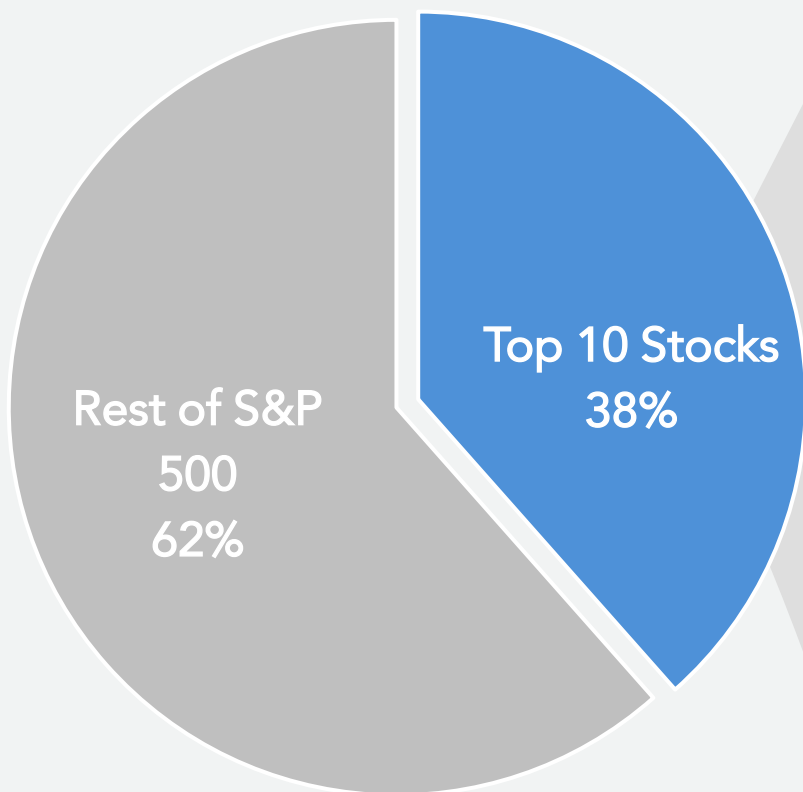


Source: (1) Bloomberg. Data as of February 24, 2026. Tesla included as tech company due to focus on software, AI, and data.








Extraordinary Valuations Follow Tech Inflection Points

US equity market concentration, led by 8 mega-cap tech and tech adjacent growth stocks, stands at all-time highs as of early 2026. **Historically, such dominance by just a handful of companies tends to occur at technology inflection points.** Historically, when productivity is driving growth, valuations can be sustained, as evidenced by the 1990s bull market length at 120 months.

Market cap weighting of top 10 stocks in S&P 500



Weight

 NVIDIA.	7.3%
	6.2%
Alphabet	5.9%
 Microsoft	4.7%
amazon	3.5%
 Meta	2.6%
 BROADCOM®	2.5%
 TESLA	2.5%
BERKSHIRE HATHAWAY INC.	1.7%
Walmart 	1.6%

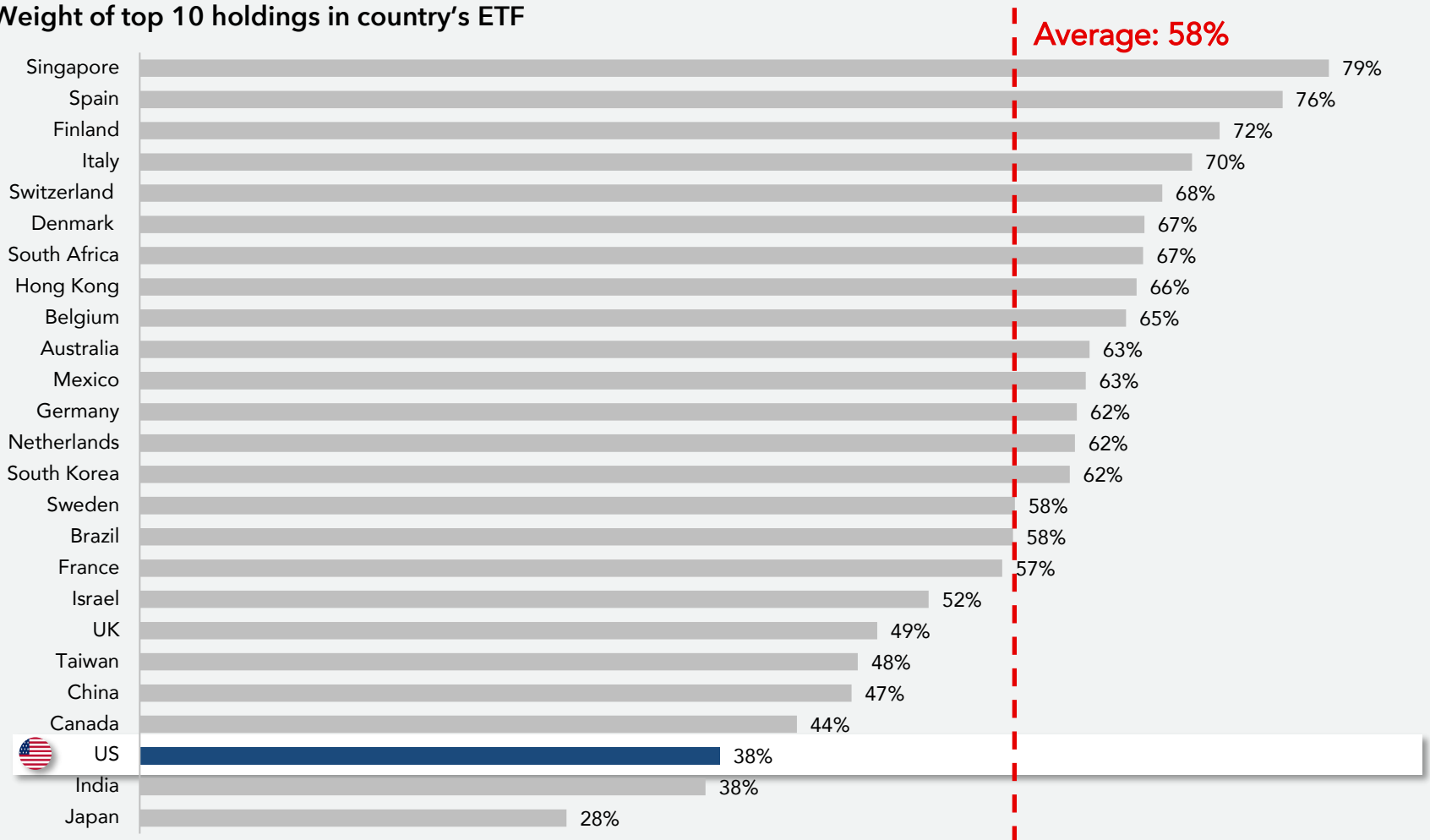
Source: (1) Bloomberg. Data as of February 24, 2026.

Global Concentration Risk Exceeds US Equities



The US equity market is extremely large and concentrated at the top, though less than many other equity markets globally.

Weight of top 10 holdings in country's ETF



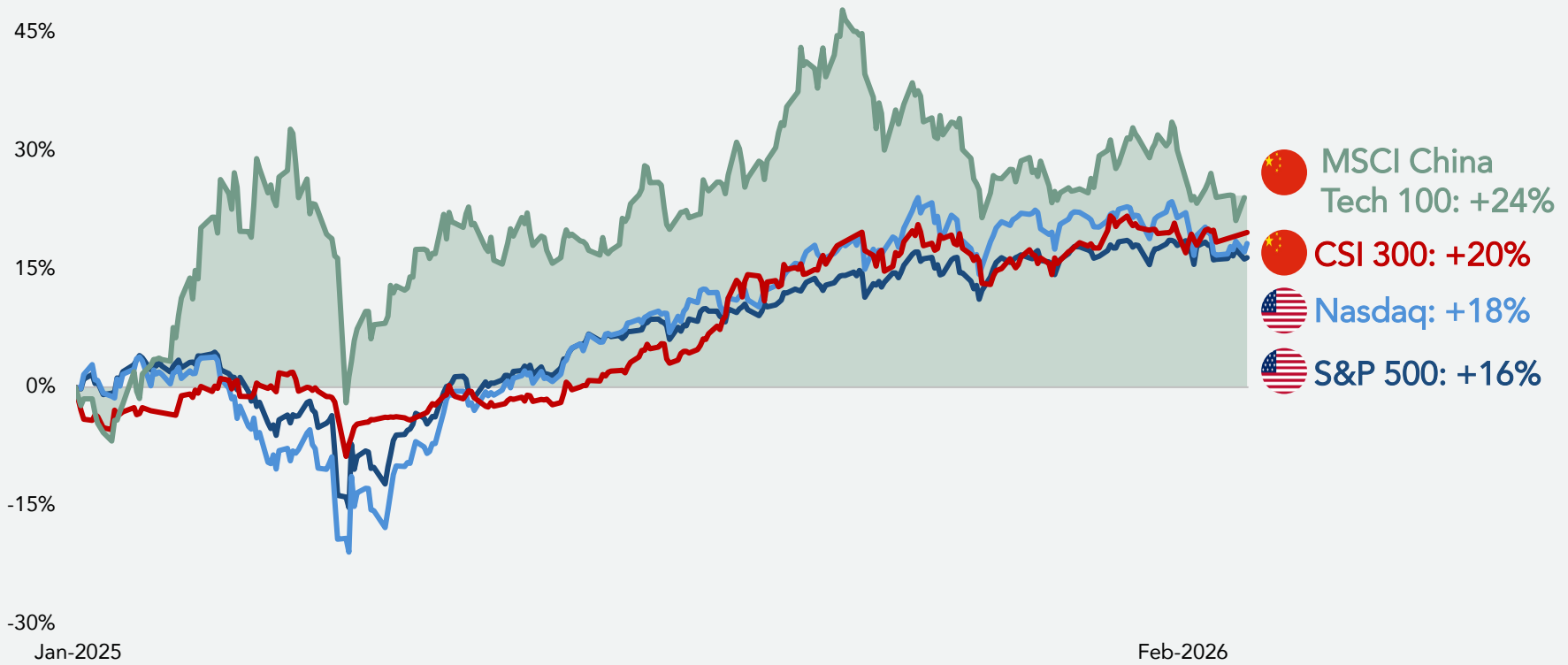
Source: (1) Bloomberg. Carson Investment Research. Country ETFs are iShares MSCI. US ETF is SPDR S&P 500. Data as of January 2026.

The China "Tech Surprise" in 2025



The China "tech surprise" unexpectedly emerged as a core theme in 2025, especially given weak sentiment in the sector in recent years as well as a more confrontational tech policy emanating from Washington. Strong rallies in tech leaders like Alibaba, Tencent and other Chinese tech giants were driven by **AI breakthroughs, robust earnings, regulatory reforms and policy priority tailwinds from Beijing.**

Equity market performance, 2025-26 YTD



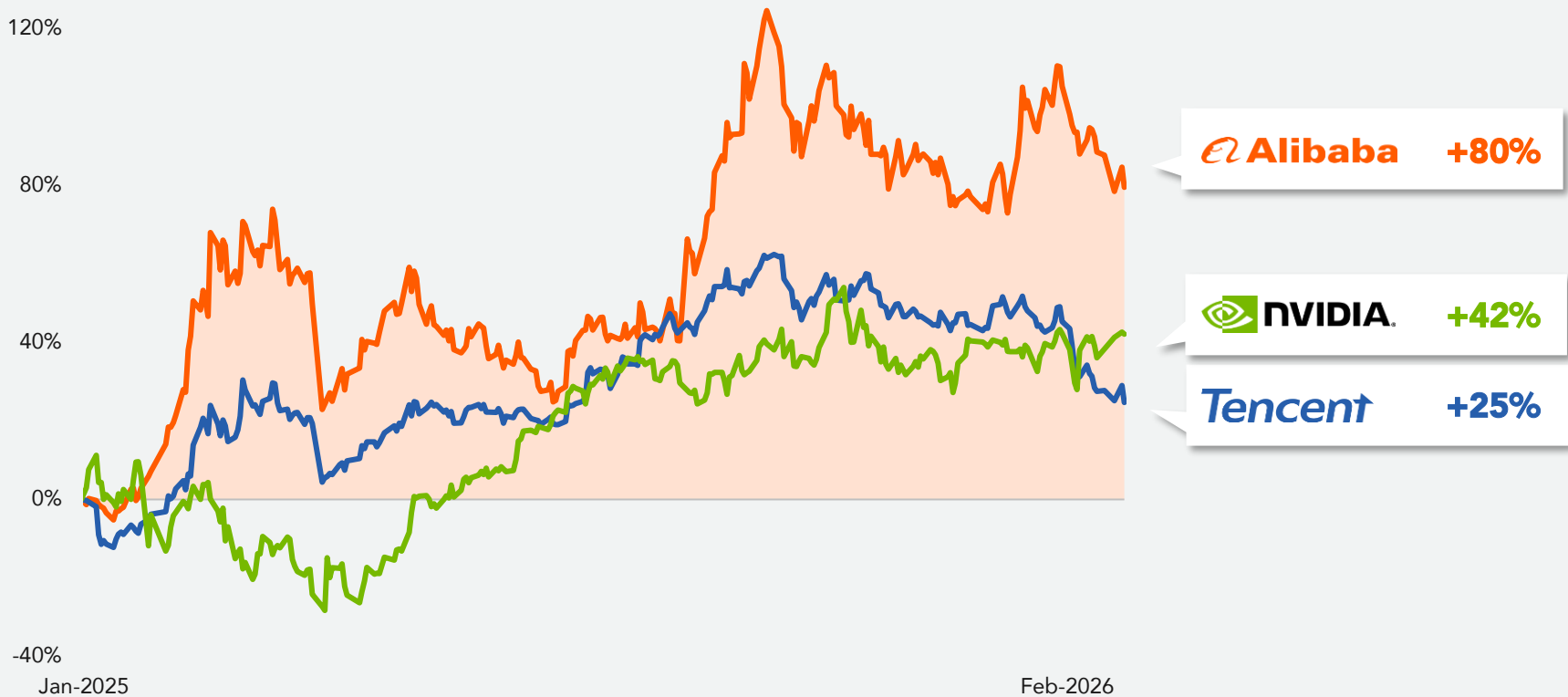
Source: (1) Bloomberg. Data as of February 24, 2026.

China's Tech Giants, Alibaba & Tencent



Chinese tech giants Alibaba and Tencent have been among the top-performing global tech stocks in 2025. E-commerce and cloud computing leader Alibaba's shares more than doubled, driven by impressive advancements in generative AI, cloud computing and chip technology. Tech conglomerate Tencent's stock has increased nearly 60% on the back of major AI initiatives and robust business strategy diversification.

Equity market performance, 2025-26 YTD



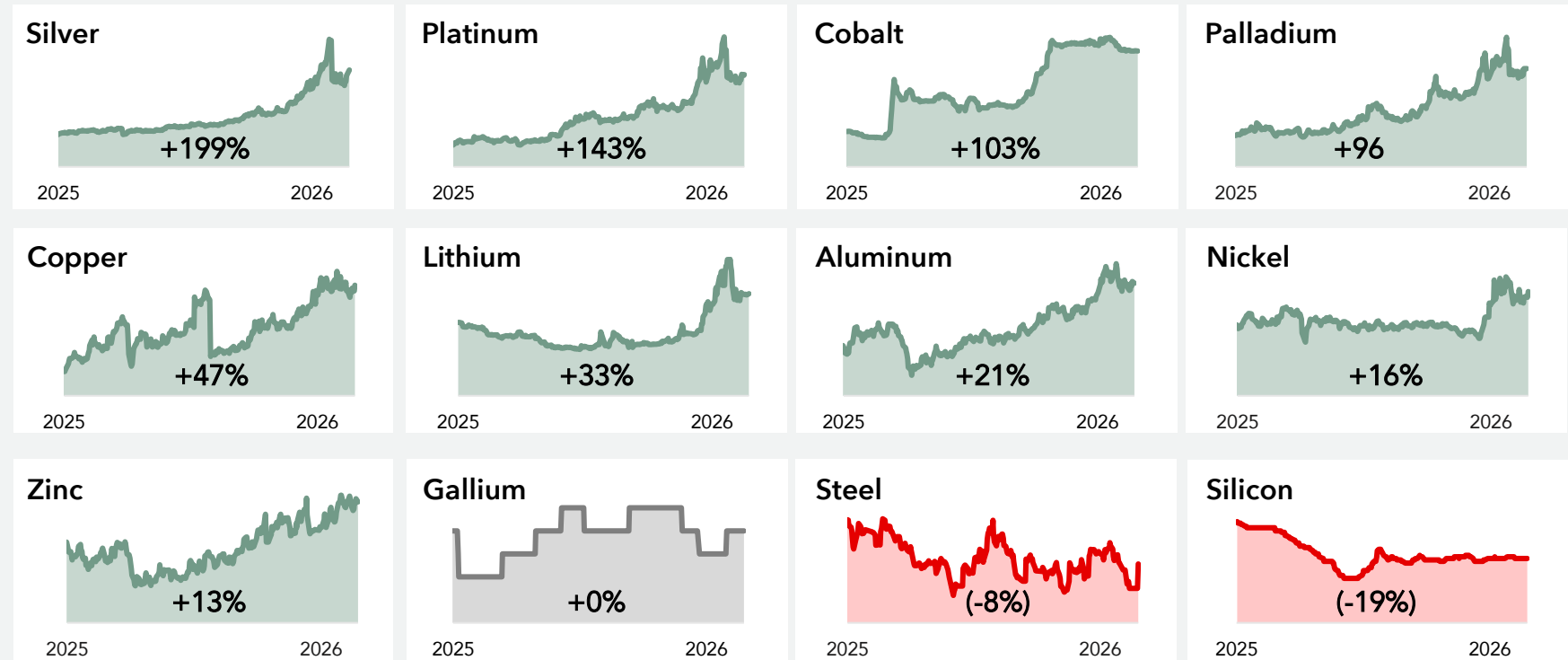
Source: (1) Bloomberg. Data as of February 24, 2026.

The Stacking of Global Demand Shocks Driving Today's Industrial Metals Super Cycle



The stacking of "global demand shocks" for industrial metals today vis-a-vis decades of underinvestment and limited supply point to an extended super cycle that is **still in its early days and likely to be long in duration**. Key drivers of the current super cycle include: **de-carbonization, EVs & batteries, broader electrification, grid infrastructure expansion, EM urbanization, global defense rearmament, and AI's explosive expansion**.

Industrial metals since January 2025



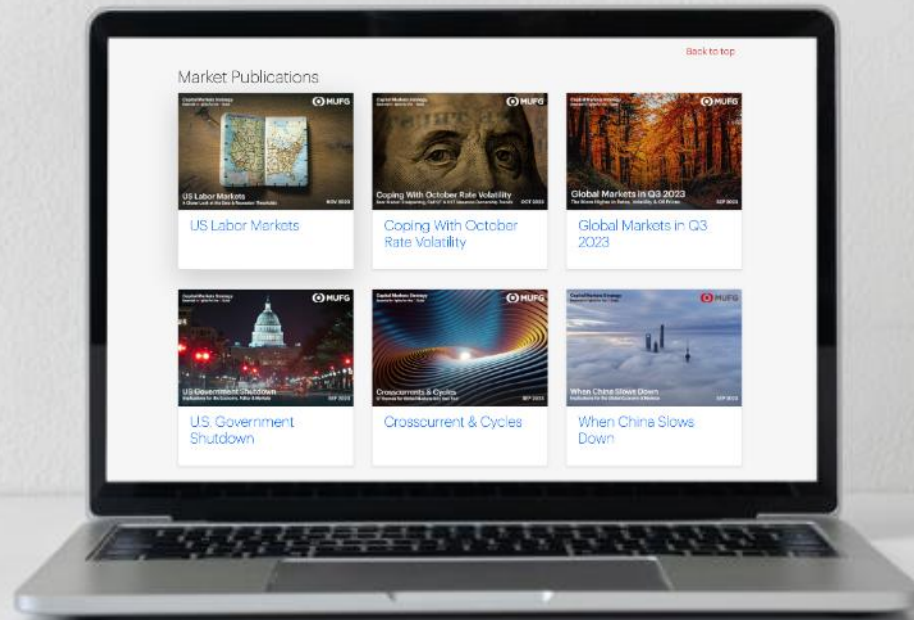
Source: (1-12) Bloomberg. Data as of February 24, 2026. Gallium is China metal 99.99% FOB.





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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.

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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.



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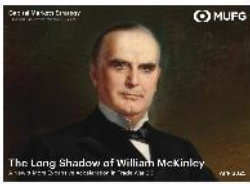
Angela Sun is an Associate in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy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