



# AI Beyond the Hype: The Next Phase of Returns

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# Agenda



**How the AI investment debate has shifted**



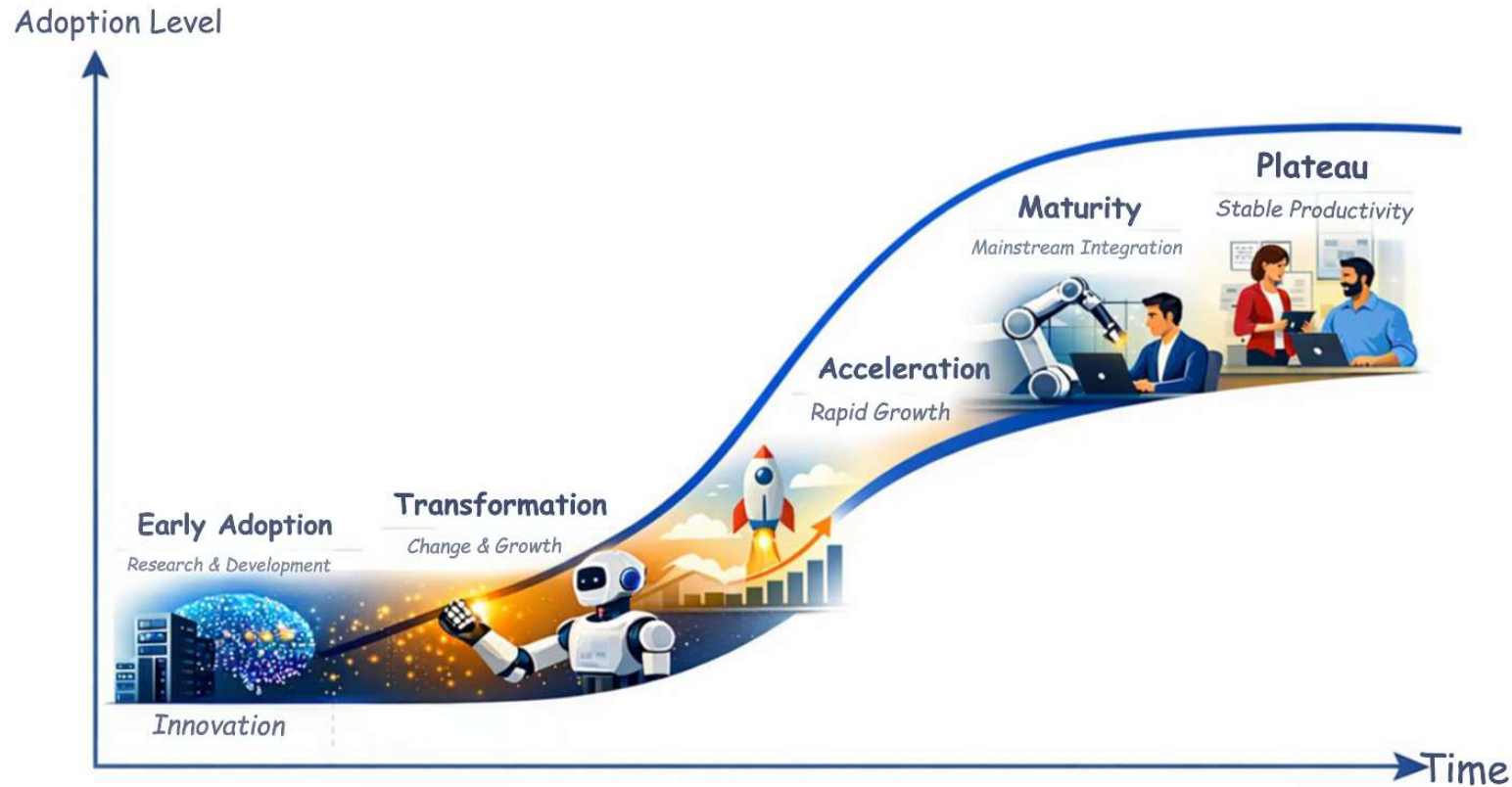
**Why outcomes will diverge and risks have increased**



**What this means for diversification and positioning**

# AI Adoption And Diffusion Is Still At An Early Stage

Early adoption creates opportunity—but also increases dispersion and execution risk



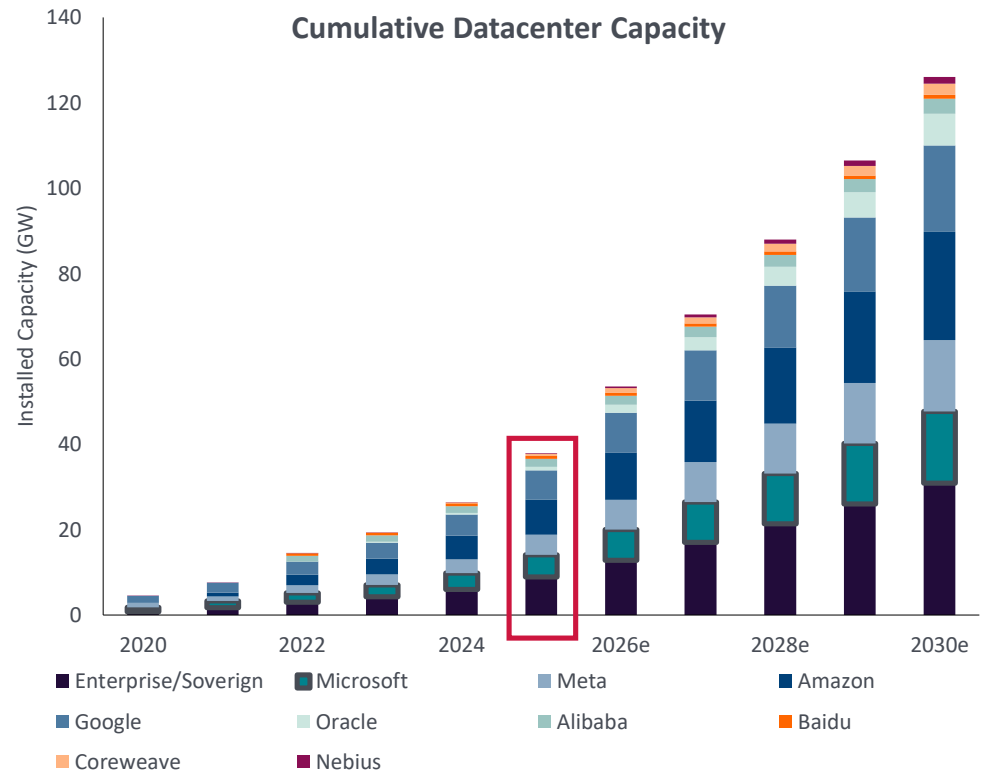
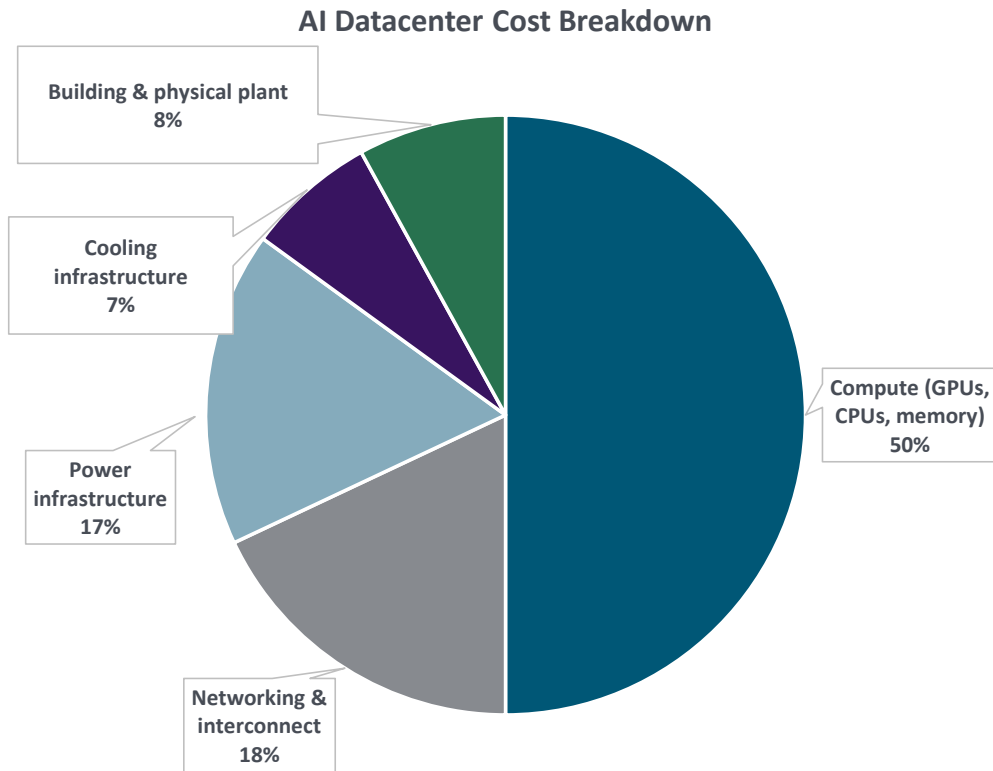
Source: AI Generated image

**A durable, multi-year force reshaping productivity, capital spending and competitive dynamics**

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# AI Capex is Real - But Returns Are Uneven

*Sustained spending does not guarantee profitability*

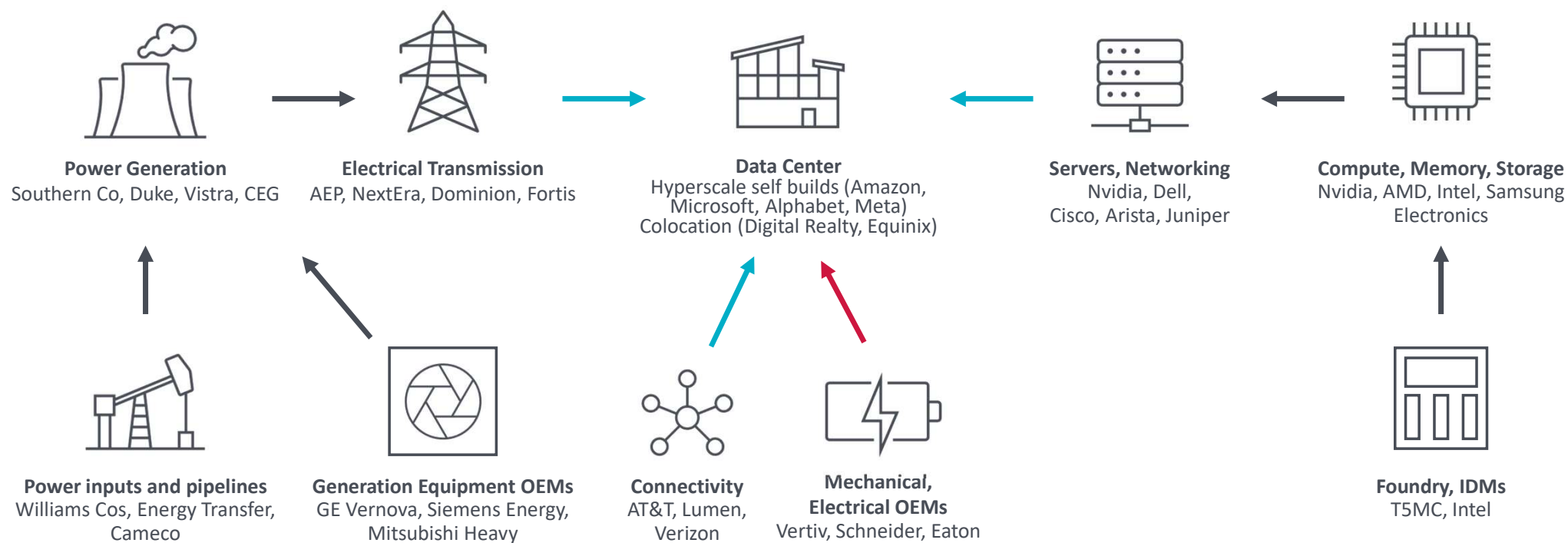


Source: LHS Datastream, BNPEXane estimates, RHS BNP Paribas, Bloomberg estimates

**AI capex is large broad, durable and real**

# Why Owning AI Matters Beyond The Application Layer

*AI enablers, infrastructure*

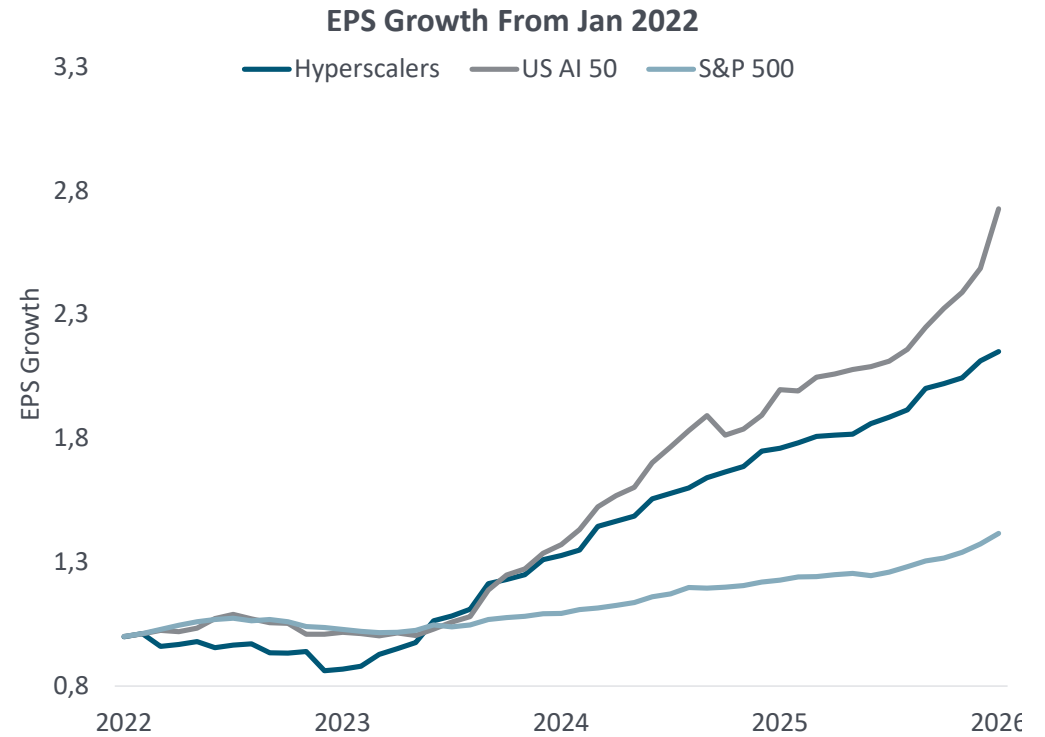
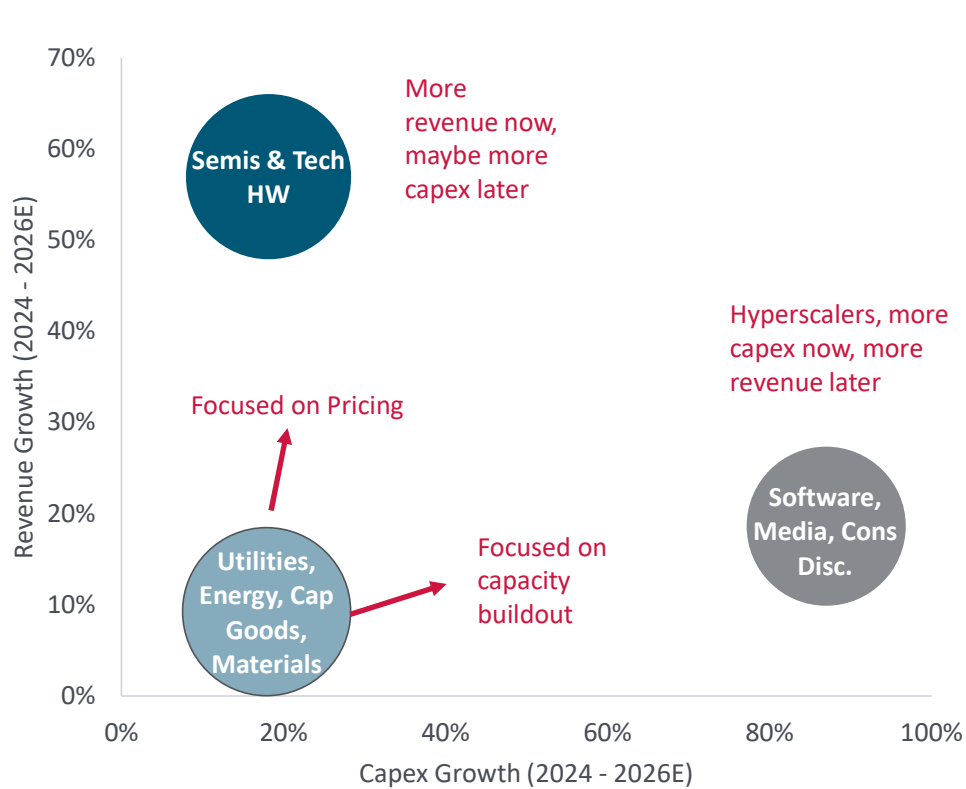


Listed companies represent examples of stocks in each aspect of the supply chain. Individual securities mentioned are for illustrative purposes only and may not be relied upon as indication of trading intent on behalf of any MFS product.

**A broad capital-intensive supply chain**

# Moving From Narrative To Economics

## Application



Source LHS – FactSet Market Aggregates. As of 30 January 2026. Sectors and Industry groups based on S&P 500 sector and industry indexes. RHS - Datastream, BNP Exane estimates. AI Baskets compiled by BNP Exane built using common holdings of AI and data Centre ETF's plus input from ChatGPT and Gemini. Monthly data to 31 December 2025

**Economics are improving, but unevenly**

## Where Investors Can Get AI Wrong



Adoption  $\neq$  profitability



Scale  $\neq$  shareholder returns



Capex cycles create both winners and capital destroyers



Valuation always matters

**Transformative technologies don't change the laws of investing**

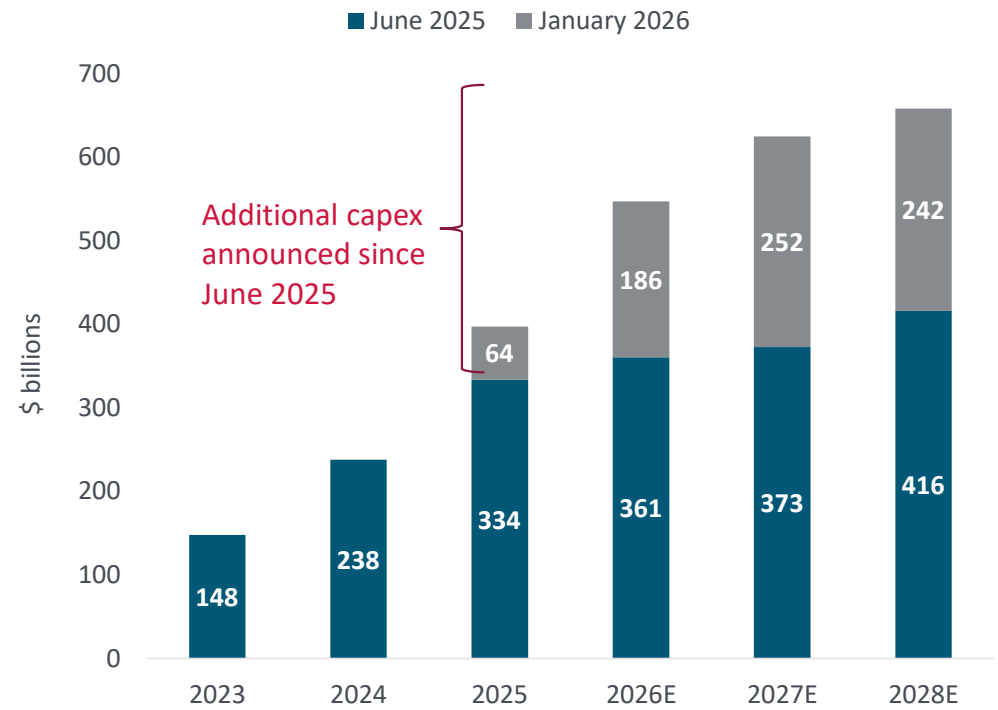
# Capital Intensity Raises The Bar

*Capex continues to accelerate*

S&P 500 Sector Neutralized High Capex to Sales



Hyperscaler Capex



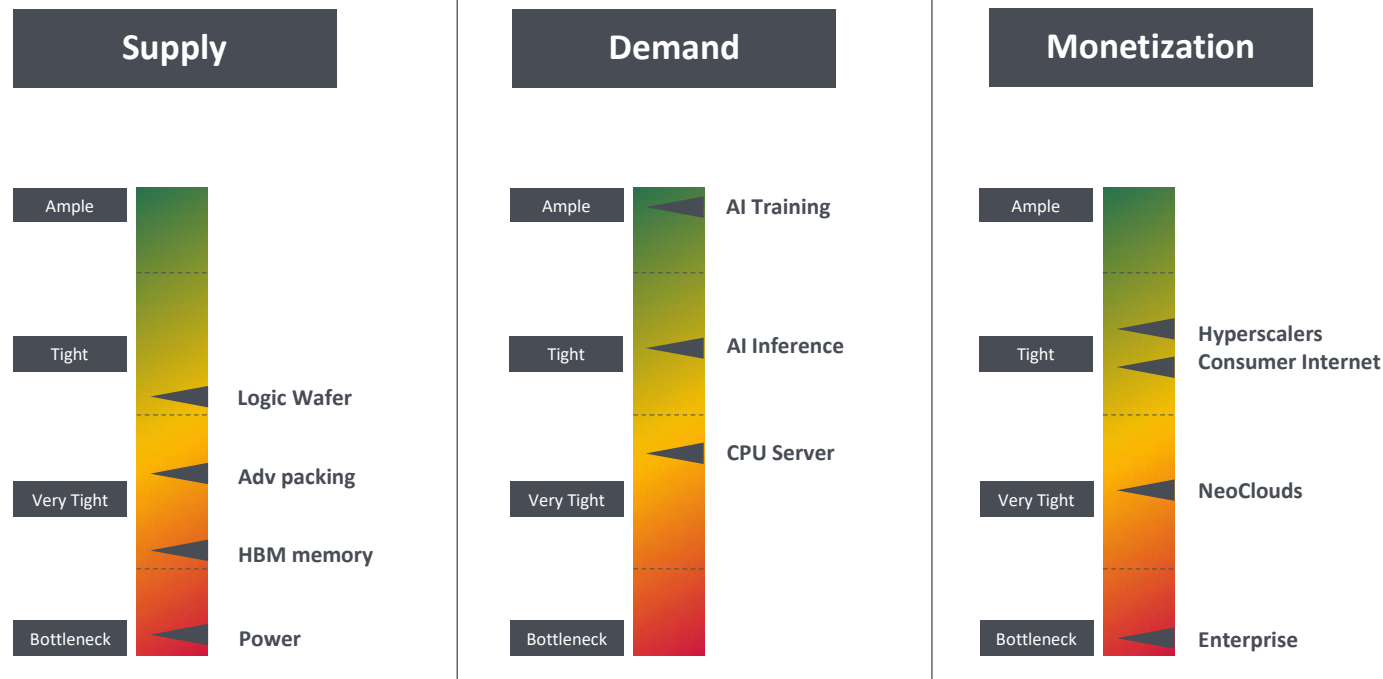
Source: LHS – Bloomberg Factors to Watch, S&P 500, sector neutralized. Daily data from 1 January 2003 to 31 December 2025. . RHS – FactSet. Data as of 30 January 2026. Gray bars represent additional capex expectations from 30 June 2025 to 30 January 2026.

**High capital intensity amplifies the cost of execution errors**

# Dispersion and Selectivity: Why Outcomes Diverge

*AI demand strong, supply constrained across technologies*

## AI Dashboard Tracker



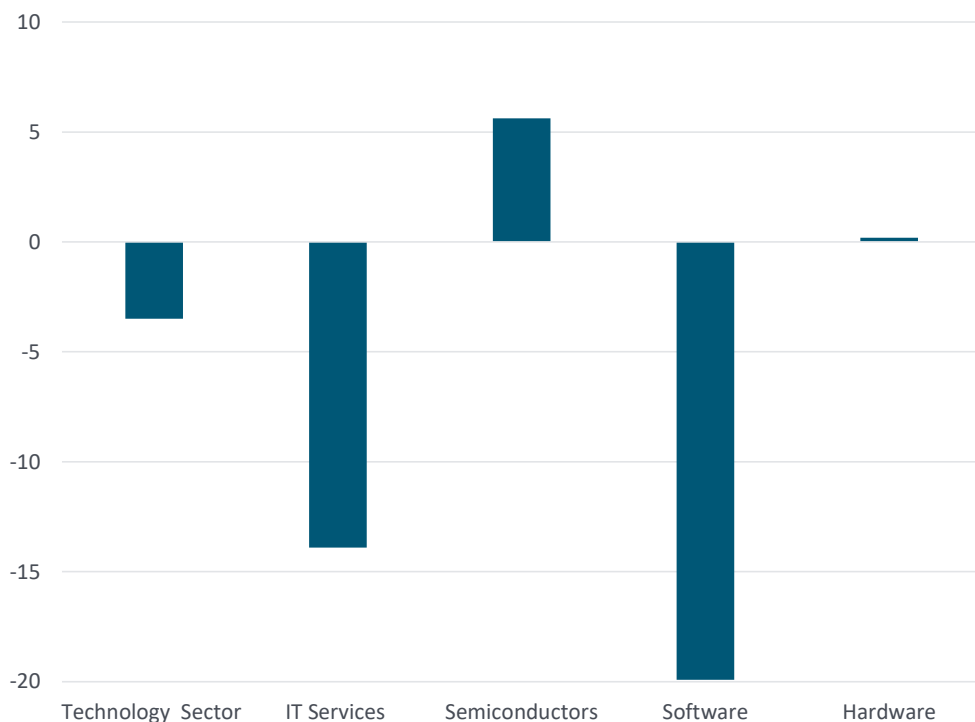
Source: BNP Paribas Equity Research estimates

**Monetization not obvious**

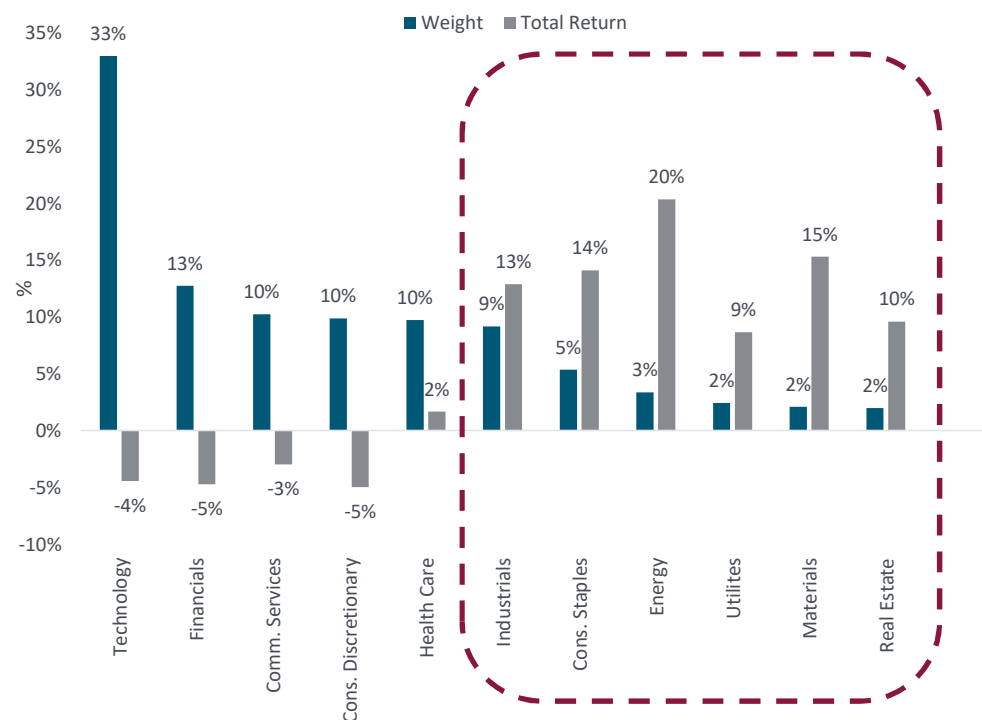
# Diversification in an AI-Driven Market: Why Exposures Matter

Adoption and shareholder returns are diverging

Year to Date Return S&P 500 Technology Sub Sectors



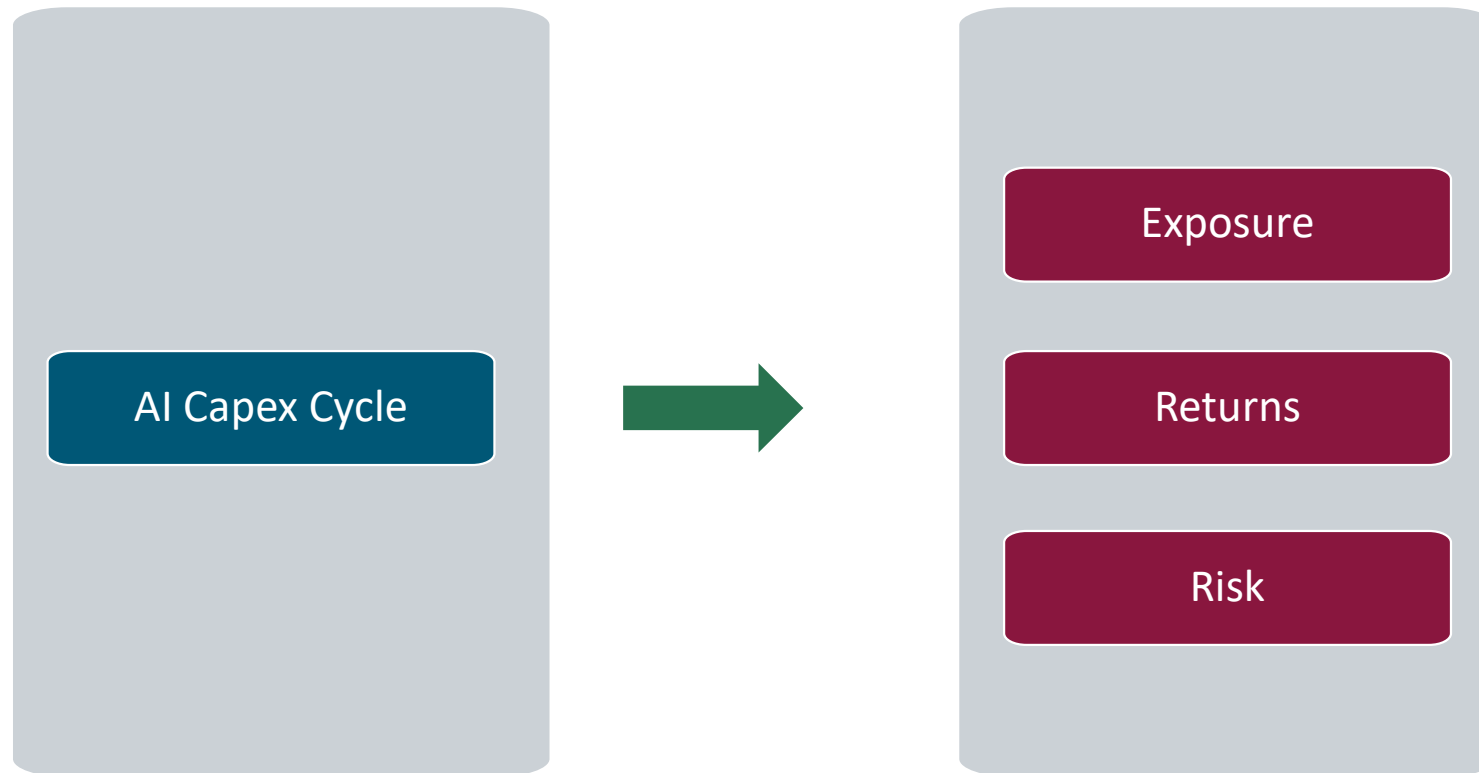
S&P 500 Sector Weights vs YTD Return



Source: LHS - Bloomberg Port. 1 January 2026 to 19 February 2026. RHS - FactSet Market Aggregates, FactSet SPAR. Data as of 17 February 2026. YTD return is gross and in USD.

**Increases the need to be selective and active**

## Implications for Investors



**Increasingly important to separate winners from capital destroyers**

## Questions Trustees Should Be Asking

- Where are we economically exposed to the AI build-out, beyond sector labels?
- Which companies can translate AI investment into returns above their cost of capital?
- Are valuations providing a margin of safety?
- How resilient are these business models if:
  - adoption is slower than expected
  - Regulation increases
  - Returns are competed away

**Focus on long-term AI exposure with sustainable returns**

## Conclusions



Economics are improving, but unevenly

Execution and capital allocation decide future winners

AI exposure is justified but understand your exposure

**The opportunity remains compelling, but the questions have changed**

# Bedankt

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