

Investment Institute

The Artificial Intelligence revolution: sector perspectives

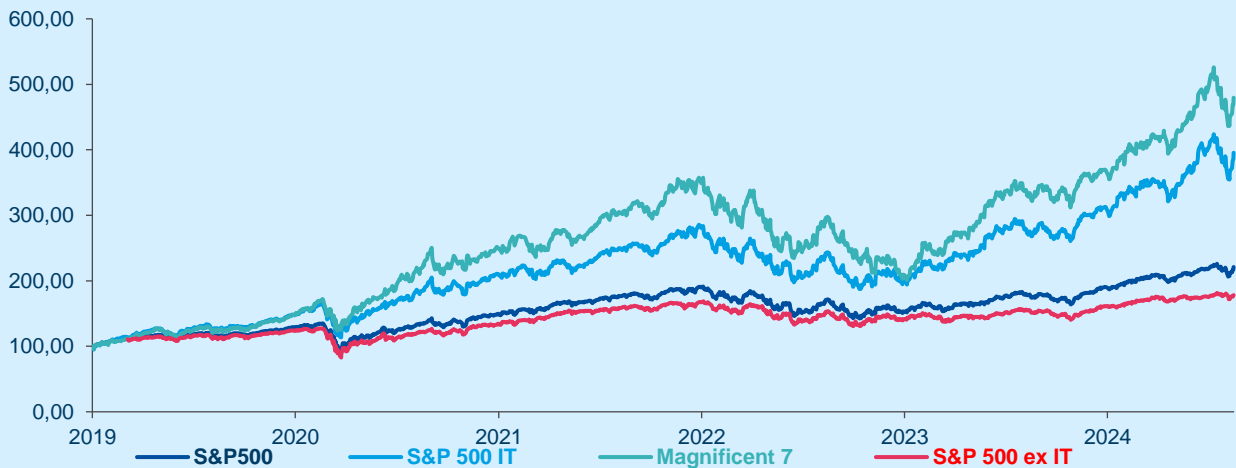
SEPTEMBER 2024



Main convictions around Artificial Intelligence (AI)

- 1 AI has the potential to positively impact productivity and GDP growth in the long term, but the impact will not be linear across sectors, especially in the early phases.
- 2 The tech sector and US mega caps have outperformed due to AI expectations, leading to extreme market concentration. Investors should reassess tech names' valuations and identify winners and losers.
- 3 Companies that are already heavily investing in AI are more likely to see benefits, but they may also face increased competitive pressure and questionable business cases.

Magnificent 7 and US tech sector outperformed the S&P 500 Index



Source: Source: Amundi Investment Institute on Bloomberg. Data as of 15 August 2024. Data rebased 100 as of 1 Jan 2020. Magnificent 7 is a S&P500 weighted index of the Magnificent 7 stocks. Price indexes in USD.



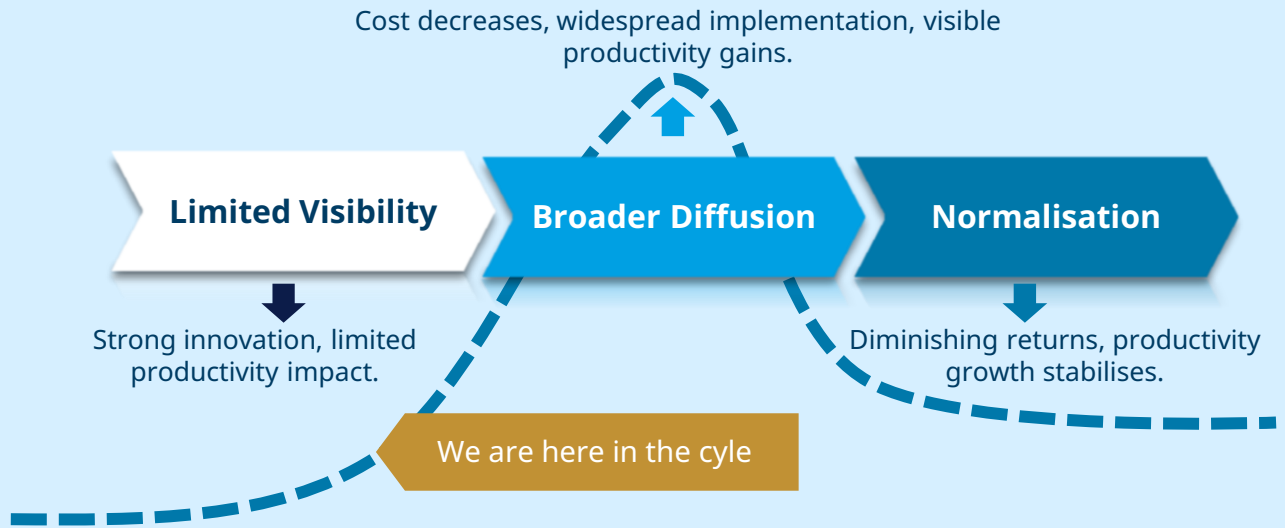
VINCENT MORTIER
Group CIO, Amundi

“While AI has the potential to drive productivity gains, its impact may vary across sectors and may not be immediate. With high concentration in the market, we favour opportunities outside the mega caps.”



MONICA DEFEND
Head of Amundi Investment Institute

Artificial Intelligence adoption cycle



AI

types of companies

AI Tech Providers

(e.g. semiconductor companies)

Innovative companies that develop the technology needed for AI adoption. They are early winners well-positioned to successfully exploit the robust AI demand.

AI Tech Enablers

(e.g. hyperscalers/cloud providers, data centres)

These are mainly US companies which are investing heavily to create the infrastructure and achieve a first-mover advantage in AI.

AI Tech Deployers












(e.g. software, media(entertainment))

These are the companies that are investing in AI to enhance their business models.

AI Disruptors

New entrants will use AI to disrupt business processes by leveraging technologies to be more scalable.

Sectors opportunities

Sector	AI relevance	Timing of AI influence	Main areas of impact from AI
 Energy	Medium	Medium-term	AI development will require significant electricity, enables efficiency improvements, reduces exploration costs
 Materials	Low	Medium-term	Enables efficiency improvements
 Industrials	Medium	Near- to medium-term	Optimises processes (manufacturing, supply chain management), increases demand for electrical equipment, improves efficiency and innovation
 Consumer Discretionary	Medium	Near- to medium-term	Allows personalised design/ production and targeted advertisement
 Consumer Staples	Medium	Medium- to long-term	Facilitates targeted marketing, optimises consumer research, improves R&D process
 Health Care	High	Medium-term	Accelerates discovery/ formation of new drugs, faster testing, more accurate diagnostics and personalised therapies
 Financials	High	Near- to medium-term	Enables a significant streamlining of operations, personalised financial planning, enhanced risk management and improved chatbots services,
 Information Technology	High	Near-term	Enhances R&D process, cybersecurity and efficiency in cloud computing/ data management, aids the development of innovative software suits
 Communication Services	Medium	Near-term	Facilitates targeted marketing, faster and greater content creation, consumer research optimisation, and efficiency gains
 Utilities	Medium	Medium-term	Enables efficiency gains from optimised grid usage and energy waste prevention
 Real Estate	Low	Medium- to long-term	Aids efficiency gains and targeted advertisement

Source: Amundi Investment Institute, September 2024. Based on GICS level 1 industry groups. The industrials sector includes the commercial and professional services industry group. Expected AI relevance by sector indicates how AI could impact changing dynamics and the differentiation of companies within the sector.

Trust must be earned

Amundi Investment Institute



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