

The flexiweekly that reaches new heights - published on 7 September 2026

"ARTIFICIAL INTELLIGENCE IS POLYMORPHIC"

- Behind the acronym AI lie twenty professions with radically different fundamentals
- Some of these sectors are profitable and experiencing strong growth, but not all of them are
- Furthermore, each sector has its own profitable leaders, challengers and specific risks
- Given the high valuations, it is essential to understand the different pieces of the puzzle

CHART OF THE WEEK: "The map of artificial intelligence sectors"



Source: Altitude IS

FINANCIAL MARKETS ANALYSIS

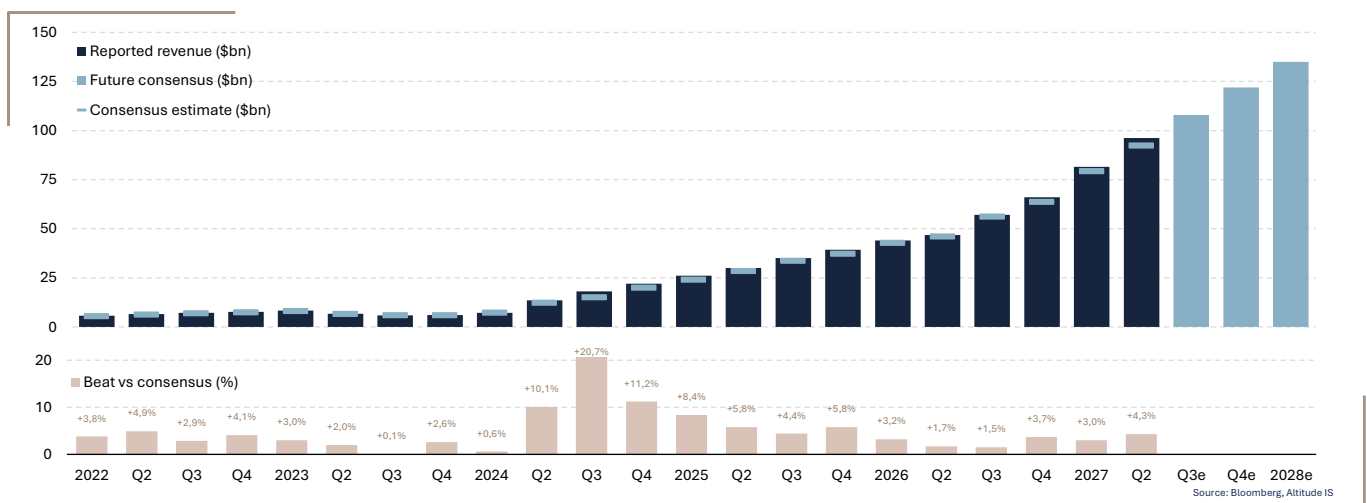
Seven of the top ten companies in the S&P 500 now belong to the artificial intelligence (AI) “sector”, and all companies affiliated with it account for 40 per cent of the index. Everyone talks about AI in the singular, as if it were a homogeneous bloc. Yet behind this acronym lie twenty distinct sectors, none of which share the same clients, margins, prospects or challenges. **Artificial intelligence is not a sector; it is a value chain spanning several sectors, where each link addresses a different set of challenges.** Let's follow it from start to finish, in the order of production, from the design of the chip right through to your phone, to see who is really generating profits (see Chart of the Week).



Let's imagine it's Sunday evening, you pick up your smartphone and ask ChatGPT, Gemini, Claude or Copilot – your conversational assistant – to organise a week's family holiday. Your agent – this programme capable of 'thinking' for itself based on a set of instructions – compares flights and hotels, puts together an itinerary based on your tastes and preferences, suggests interesting options you hadn't thought of, and then hands the decision back to you. The cost of the service is around twenty dollars a month for a subscription. Yet those few minutes of interaction with your conversational assistant have required years of preparation and the involvement of twenty different professions.

It all began three years ago, on a screen in California, as the chip that responded to you initially existed only as a design. This design was drawn up using the electronic design automation (EDA) software of Cadence and Synopsys, the leading companies capable of arranging tens of billions of transistors. The designers do not start from scratch but lease ready-made building blocks from the British firm Arm. Arm charges a royalty on every chip sold. The most sought-after design is that of the GPU, the graphics processor repurposed for AI computing. Nvidia sells around nine out of ten of these, at between \$30,000 and \$40,000 each, and has beaten analysts' consensus forecasts for twenty-two consecutive quarters (see Fig. 2). AMD offers the alternative. The most serious threat, however, comes from the custom-designed chips (ASICs) that Broadcom and Marvell design for Google, Amazon and Microsoft. **Logically, the most profitable segment of the value chain is also the most contested, with Nvidia's primary challengers being its own customers.**

Fig. 2 – Nvidia's revenue compared with consensus forecasts



The chip design is then sent for etching. In Japan, Shin-Etsu and SUMCO melt silicon, draw it into ingots, and then cut it into ultra-pure wafers. The Land of the Rising Sun also supplies around 80 per cent of the photoresists required for etching. The machines used, however, come from elsewhere. The most valuable equipment is Dutch, as ASML is the only company in the world capable of etching the finest circuits using extreme ultraviolet light (see Fig. 3). The other equipment – which deposits materials, etches the circuits and inspects the result – is supplied by Applied Materials, Lam Research, KLA and Tokyo Electron. The wafers and machines are then shipped to Taiwan, to TSMC. The foundry etches the chips designed by others in its fabs – factories costing over 20 billion dollars each. Samsung and Intel are trying to catch up, whilst China's SMIC is making progress despite sanctions. Never before has such strategic technology been so dependent on a single island, which is why fabs are gradually being opened in Arizona, Japan and Dresden.



However, a fabricated chip cannot function on its own. First, it needs high-bandwidth memory (HBM), which supplies it with data at high speed. This market is dominated by [SK Hynix](#), [Samsung](#) and [Micron](#), whose order books are full, but the Chinese firm [CXMT](#) is lying in wait. The chip and memory are then stacked into a single module. This precision packaging is carried out at [TSMC](#), [ASE](#) or [Amkor](#), on substrates for which global capacity is so saturated that [Ibiden](#) and [Unimicron](#) have made huge investments to keep up with demand. Finally comes the testing stage. A faulty module discovered too late would ruin the entire assembly, so every chip passes through the test benches of [Advantest](#) and [Teradyne](#), a duopoly that commands over 90 per cent of the market. The cost of this verification has risen from less than 2 per cent to over 5 per cent of the chip's price, making this one of the most profitable segments in the supply chain.

Fig. 3 – Market shares of the leading players

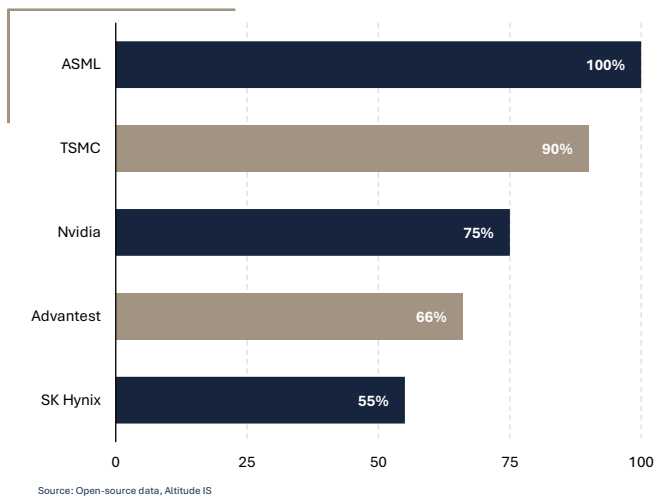
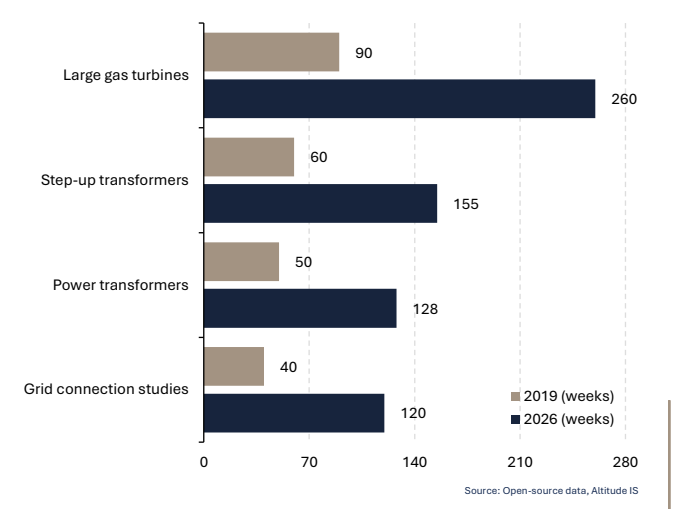


Fig. 4 – Equipment delivery times



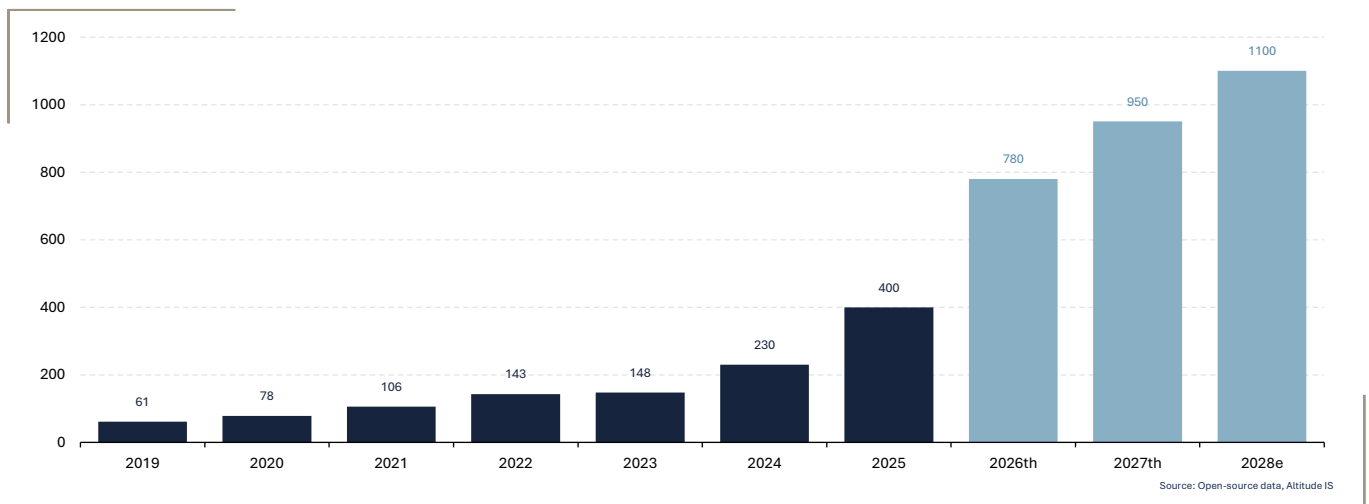
The tested module is then sent to server assemblers. [Dell](#), [Supermicro](#) and [HPE](#) handle the chassis, but the actual manufacturing is often carried out in Taiwan by subcontractors such as [Foxconn](#). It's a low-paying job with slim margins. As a single server is not enough to run a conversational assistant, tens of thousands of GPUs are linked together into a single giant machine using networking equipment from [Arista](#), [Cisco](#) and [Broadcom](#). This cabling is now optical. The signal travels through [Corning](#) fibre, and at each end of the cable, a transceiver assembled by the Chinese firms [Innolight](#) or [Eoptolink](#) – whose lasers come from the American companies [Coherent](#) and [Lumentum](#) – converts electricity into light, and then light back into electricity. The next generation – silicon photonics – will incorporate this conversion directly onto the chip, and this market could then shift to chip manufacturers.

This machine must now be installed in a data centre – a building designed to house and power it – and this is where the chain is currently breaking down. Firstly, you need the buildings. [Equinix](#) and [Digital Realty](#) own and let them, whilst [Vertiv](#), [Schneider Electric](#) and [Eaton](#) fit out and cool the rooms, with air cooling set to give way to liquid cooling. Next, you need electricity – a lot of it. [Constellation](#), [Vistra](#) and [NRG](#) supply it under long-term contracts, whilst [Dominion's](#) regulated network provides the grid connection. Next come the large electrical machines, whose high-power turbines are dominated globally by three manufacturers – [GE Vernova](#), [Siemens Energy](#) and [Mitsubishi](#) – whilst the transformers are supplied by [Hitachi Energy](#) (see Fig. 4). All that remains is to construct and wire the whole system – a boon for [EMCOR](#), [Quanta Services](#) and [Comfort Systems](#).



In this building, the machine is finally switched on. Its operator is a ‘hyperscaler’, a cloud computing giant. Microsoft, Amazon, Alphabet, Meta and Oracle dominate this sector in the West. Alibaba, Tencent and Baidu do the same in China. Hyperscalers lease their computing power to AI laboratories and businesses. Money therefore flows in both directions here. On the one hand, they collect rental income. On the other, they finance almost everything. If further proof were needed, their capital expenditure will reach nearly \$800 billion this year (see Fig. 5). This sum becomes the turnover for the server manufacturers, electrical contractors and construction firms mentioned earlier. ‘Neoclouds’ that have emerged alongside AI – led by CoreWeave and Nebius – are now seeking to compete with the hyperscalers.

Fig. 5 – Capital expenditure by hyperscalers



The machine is up and running; now it needs to be taught to think, and three sectors are taking charge of this. First, there is data, because a model can only learn if it is fed information. There is the data that is prepared for training. Specialised companies gather millions of texts and images, then label them so that the model can learn – a sector that is growing rapidly but is not yet listed on the stock market, as its leader, Scale AI, is unlisted. And then there is the data we already possess – the real source of revenue. RELX, Thomson Reuters and Wolters Kluwer have been building up libraries of legal, scientific and financial texts for decades. Thomson Reuters even launched its own model in August, trained on its legal databases.

Next come the foundation models. They transform computing power into useful responses. Their product is sold by volume, like electricity. The unit of account is the token, a fragment of a word. The customer pays per million tokens read or generated. These models are the work of a handful of research laboratories, such as OpenAI, Anthropic, Google and xAI. The general public is very familiar with them, but investors are often unable to buy into them as the companies are not (yet) listed. The business model is also fragile. DeepSeek, Alibaba (Qwen), Mistral and Moonshot distribute open-source models, almost free of charge, which are driving down the prices of all subscriptions. The final link in the chain belongs to the platforms. Within a company, data relating to contracts, sales and stock levels is scattered across dozens of systems. Even the world’s most powerful model has no access to it. Snowflake and Databricks bring this data together in one place, whilst Palantir builds the applications that enable the model to utilise it.



Three years have passed, and here we are back at your Sunday evening. The holiday request travels through the entire value chain in a matter of seconds. The end user only sees the final link in the chain: the application they use to make their request. ChatGPT, Gemini, Claude or Copilot for the general public; [Salesforce](#), [SAP](#) or [ServiceNow](#) for businesses. Thus, right at the end of the chain, we find [Accenture](#), [IBM](#), [Capgemini](#) and [Infosys](#). These companies do not consume the technology; rather, they sell it and install it for end customers.

The holidays have been booked, and all the bills have been paid, though not all in the same amount. To illustrate this, let's break down the twenty-dollar subscription fee for the chatbot (see Fig. 6). Taken out via a mobile phone, this subscription first pays 25 per cent to [Apple's](#) or [Google's](#) app store – that is, \$5 – a fee that does not benefit any of the parties involved. Of the remaining amount, the app publisher pays \$8 to the laboratory for the queries. The laboratory, in turn, pays the hyperscaler for server rental. The hyperscaler pays the server manufacturer, the electrical contractor, the builder and the property owner, with roughly half the cost of a data centre factored into the calculation. And the server manufacturer, at the end of the chain, pays for the processor, the memory, testing and the foundry. The profit margins tell the same story, as they range from 30 per cent to 60 per cent at the top of the chain, are only 12 per cent to 16 per cent for installers and are negative in the laboratories. **The further up the chain you go towards the silicon, the more tangible the profits become. The further down the chain you go towards end-user applications, the more they remain a promise.**

Fig. 6 – Expenditures along the supply chain

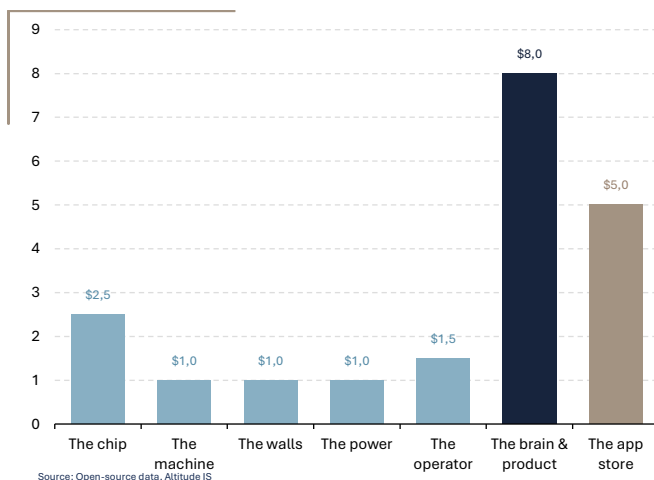
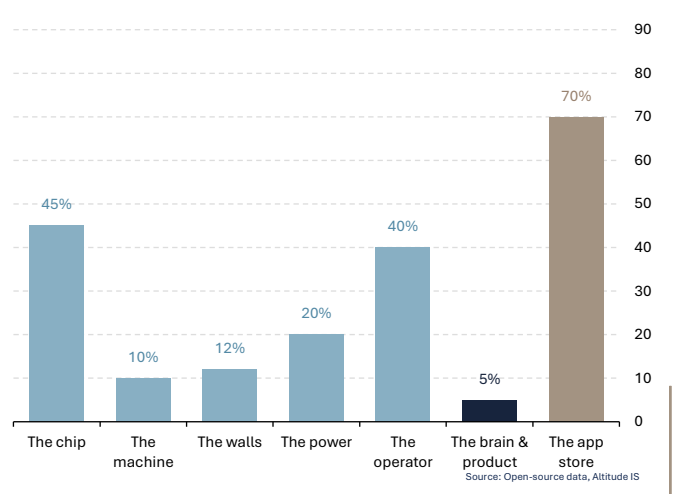


Fig. 7 – Operating margins along the supply chain



Tracing the journey of our twenty dollars provides a framework for identifying the most profitable sectors and those under the least pressure. The companies generating the highest turnover are not necessarily those generating the highest profits. It all depends on their margins (see Fig. 7). Models and software, for example, account for the largest share of subscription revenue, but fierce competition in this sector is squeezing margins. Conversely, certain specialist suppliers easily manage to turn their sales into substantial profits. Cross-referencing the operating margin with the concentration of the market thus enables us to identify the best-positioned sectors (see Fig. 8). [ASML's](#) lithography, [TSMC's](#) cutting-edge etching, [Nvidia's](#) processors, [SK Hynix's](#) memory and [Advantest's](#) testers occupy the top right-hand corner of the chart.



As good news never comes alone, these five sectors are all included in the Philadelphia Semiconductor Index (SOX). Finally, to cover the entire value chain and benefit from diversification, it is best to invest via a thematic ETF. The iShares AI Infrastructure tracks a cap-weighted index of around 50 stocks, covering semiconductors, memory, networking and the cloud. Its rival, the WisdomTree Artificial Intelligence, offers broader exposure to the technical components – those less familiar to the general public – such as memory, interconnect and computing infrastructure.

Fig. 8 – Operating margins vs. supply concentration across the twenty AI sectors



Conclusion:

The artificial intelligence investment theme does not revolve around a single sector. It encompasses twenty different sectors, and the most lucrative are not necessarily the best known. They are the companies that manufacture the chips, those that test them and, increasingly, those that supply the megawatts.



RETURN ON FINANCIAL ASSETS

Markets Performances (local currencies)	Last Price	Momentum Indicator (RSI)	1-Week (%)	1-Month (%)	2026 Year-to-Date (%)	2025 (%)	2024 (%)
Equities							
World (MSCI)	1 153.7	57.64	0.1%	0.9%	15.1%	22.9%	18.0%
USA (S&P 500)	7 719	55.32	0.1%	-0.1%	13.6%	17.9%	25.0%
USA (Dow Jones)	53 414	52.45	-0.2%	-1.0%	12.4%	14.9%	15.0%
USA (Nasdaq)	26 507	55.24	0.4%	-0.2%	14.5%	21.2%	29.6%
Euro Area (DJ EuroStoxx)	673.6	47.05	-1.1%	-1.2%	12.9%	21.2%	10.2%
UK (FTSE 100)	10 831	54.86	0.1%	0.2%	11.8%	25.7%	9.6%
Switzerland (SMI)	14 396	50.71	0.0%	-0.5%	11.7%	18.0%	7.5%
Japan (Nikkei)	66 264	45.29	-2.1%	1.7%	30.3%	28.7%	21.3%
Emerging (MSCI)	1 726	57.16	0.3%	4.7%	24.9%	34.3%	8.0%
Brasil (IBOVESPA)	185 147	76.69	5.4%	4.1%	14.9%	34.0%	-10.4%
Mexico (IPC)	64 867	43.87	-0.9%	-2.8%	2.8%	35.1%	-11.0%
India (SENSEX)	76 195	41.24	-1.0%	-2.4%	-9.1%	10.5%	9.6%
China (CSI)	4 567	41.64	-1.3%	-0.9%	-0.1%	21.0%	18.2%
Com. Services (MSCI World)	161.7	51.44	-0.2%	-3.4%	-0.7%	33.0%	31.9%
Cons. Discretionary (MSCI World)	437.6	44.59	-1.9%	-3.3%	-3.6%	9.8%	20.7%
Cons. Staples (MSCI World)	302.5	43.01	-0.6%	-1.3%	6.4%	9.3%	4.7%
Energy (MSCI World)	356.0	61.58	2.3%	7.2%	37.8%	14.8%	2.9%
Financials (MSCI World)	252.4	62.70	1.1%	1.6%	14.0%	29.5%	25.1%
Health Care (MSCI World)	421.8	53.83	0.0%	4.8%	8.3%	15.3%	1.5%
Industrials (MSCI World)	523.0	42.63	-1.3%	-3.5%	13.2%	26.2%	12.8%
Info. Tech. (MSCI World)	1 258.4	57.38	0.7%	2.5%	30.8%	26.6%	31.9%
Materials (MSCI World)	457.3	58.37	-1.3%	7.3%	17.9%	32.5%	-7.6%
Real Estate (MSCI World)	1 032	40.71	-1.1%	-2.4%	4.8%	3.6%	-0.4%
Utilities (MSCI World)	199.2	40.91	0.1%	-2.0%	5.4%	24.7%	13.0%
Bonds (Bloomberg)							
World (Aggregate)	4.09%	52.89	0.1%	0.1%	-0.1%	8.2%	-1.7%
USA (Sovereign)	4.65%	46.13	-0.1%	-0.3%	-0.6%	6.3%	0.6%
Euro Area (Sovereign)	3.56%	38.99	-0.3%	-1.3%	-1.2%	0.6%	1.9%
Germany (Sovereign)	3.20%	38.07	-0.3%	-1.1%	-1.2%	-1.6%	0.6%
UK (Sovereign)	5.07%	49.50	0.0%	-0.7%	-0.7%	6.1%	-3.0%
Switzerland (Sovereign)	0.67%	43.58	-0.3%	-0.4%	-0.4%	0.3%	5.4%
Japan (Sovereign)	2.59%	46.60	0.1%	-0.3%	-3.2%	-4.6%	-2.1%
Emerging (Sovereign)	6.41%	49.11	-0.1%	-0.3%	1.3%	13.1%	7.0%
USA (IG Corp.)	5.54%	45.53	-0.2%	-0.4%	-0.6%	7.8%	2.1%
Euro Area (IG Corp.)	3.91%	38.69	-0.1%	-0.8%	0.0%	3.0%	4.7%
Emerging (IG Corp.)	6.30%	51.46	-0.1%	0.1%	1.6%	8.1%	7.0%
USA (HY Corp.)	7.37%	55.14	-0.1%	0.1%	2.6%	8.6%	8.2%
Euro Area (HY Corp.)	6.17%	35.47	-0.3%	-0.2%	1.7%	5.2%	8.2%
Emerging (HY Corp.)	7.46%	53.63	0.0%	-0.1%	4.3%	13.9%	14.9%
World (Convertibles)	622.4	51.18	0.5%	-0.7%	15.5%	22.4%	9.4%
USA (Convertibles)	819.8	49.30	0.6%	-1.9%	17.1%	16.9%	10.1%
Euro Area (Convertibles)	305.4	37.48	-0.6%	-1.2%	5.1%	24.8%	14.7%
Switzerland (Convertibles)	291.9	40.63	-1.2%	-1.0%	3.2%	17.5%	-10.5%
Japan (Convertibles)	320.8	49.05	-1.0%	2.7%	24.3%	13.8%	6.4%
Hedge Funds (Bloomberg)							
Hedge Funds Industry	1 886	74.88	n.a.	-0.5%	11.2%	4.3%	11.1%
Macro	1 530	67.99	n.a.	-0.4%	13.2%	4.2%	7.4%
Equity Long Only	2 565	64.75	n.a.	0.0%	8.9%	3.7%	12.0%
Equity Long/Short	2 068	71.77	n.a.	-1.9%	13.9%	4.9%	14.0%
Event Driven	2 060	83.54	n.a.	0.5%	14.6%	7.3%	8.7%
Fundamental Equity Mkt Neutral	2 005	88.69	n.a.	0.0%	14.4%	7.1%	12.4%
Quantitative Equity Mkt Neutral	1 903	81.92	n.a.	0.4%	9.4%	5.2%	9.8%
Credit	1 770	91.10	n.a.	0.0%	6.3%	3.0%	8.5%
Credit Long/Short	1 806	94.25	n.a.	0.0%	6.8%	4.2%	10.0%
Commodity	2 107	77.90	n.a.	2.3%	11.2%	5.3%	14.7%
Commodity Trading Advisors	1 501	60.13	n.a.	-1.6%	17.2%	5.7%	7.9%
Volatility							
VIX	14.53	44.94	0.7%	-11.9%	-2.8%	-13.8%	39.4%
VSTOXX	15.63	45.10	1.0%	-1.2%	6.3%	-13.5%	25.3%
Commodities							
Commodities (CRB)	565.3	n.a.	1.0%	2.4%	4.7%	0.6%	5.1%
Gold (Troy Ounce)	4 410	n.a.	-0.6%	1.6%	2.1%	64.6%	27.2%
Silver (Troy Ounce)	66.05	n.a.	-0.8%	3.9%	-7.8%	148.0%	21.5%
Oil (WTI, Barrel)	91.48	n.a.	9.7%	20.7%	59.3%	-19.9%	0.1%
Oil (Brent, Barrel)	100.65	n.a.	12.2%	16.7%	61.2%	-15.7%	-4.6%
Currencies (vs USD)							
USD (Dollar Index)	99.18	43.56	-0.3%	-0.4%	0.9%	-9.4%	7.1%
EUR	1.1611	54.53	-0.1%	0.4%	-1.1%	13.4%	-6.2%
JPY	155.98	68.16	2.4%	1.1%	0.5%	0.3%	-10.3%
GBP	1.3514	49.26	-0.3%	0.2%	0.3%	7.7%	-1.7%
AUD	0.7208	67.13	0.6%	2.0%	8.0%	7.8%	-9.2%
CAD	1.3834	56.89	0.1%	0.8%	-0.8%	4.8%	-7.9%
CHF	0.8105	46.76	-0.3%	-0.3%	-2.2%	14.5%	-7.3%
CNY	6.7116	68.83	0.1%	0.5%	4.1%	4.5%	-2.7%
MXN	16.899	68.41	0.6%	1.4%	6.6%	15.7%	-18.5%
EM (Emerging Index)	1 936.8	88.25	0.6%	2.5%	4.5%	7.2%	-0.7%
XBT	79 833	n.a.	3.2%	22.9%	-8.9%	-6.5%	120.5%

Source: Bloomberg, Altitude Investment Solutions

Total Return by asset class (Negative \ Positive Performance)



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