



# Silver



## Opportunities in Artificial Intelligence

Revealing 'hidden gems' and 'false friends.'



# Gold



# Bronze



## Table of Contents

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<b>The Investment Case for Artificial Intelligence</b>	4
Assessing the AI Theme	5
Is AI a Bubble?	10
Bull Case/Bear Case	13
<b>What Is an AI Company?</b>	14
The Equity Research Approach	15
The Manager Research Approach	18
Hidden Gems and False Friends	21

<b>Investing in AI With Stocks</b>	22
Top Picks in Core AI	24
Top Picks Noncore AI	25
<b>Investing in AI With Funds</b>	26
A Combined Thematic Exposure Score	30
Scoring European Funds	31
3 Types of AI Fund	34

## Morningstar Manager Research

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**Kenneth Lamont, CAIA**  
Principal of Research, Manager Research

**Michael Field, CFA**  
Chief Equity Market Strategist EMEA

### Important Disclosure

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## Key Takeaways

### Takeaways

- Early 2026 volatility has left artificial intelligence valuations more attractive, suggesting a potential entry point.
- AI bubble risks appear limited—semiconductor demand continues to exceed expectations.
- The most AI-exposed stocks currently screen as the most attractively valued.
- AI “hidden gems” such as Entegris and CGI score well on AI exposure but are held by fewer than 2% of AI-focused fund managers.
- By contrast, companies like Apple and Palo Alto Networks act as AI “false friends”—widely owned by AI fund managers despite limited direct AI exposure, based on our equity research.
- Morningstar’s Equity Research and Manager Research teams both apply dedicated frameworks to assess AI exposure, consistently highlighting the dominance of US-listed companies within the AI ecosystem.
- We combine these perspectives into a single core AI Exposure score, enabling direct, like-for-like comparisons across AI funds.
- Funds targeting companies with the highest AI-related revenues—typically AI infrastructure providers underpinning the wider value chain—score most highly.
- The First Trust Bloomberg Artificial Intelligence ETF ranks highest in Europe.
- Funds focusing on more-peripheral AI names, such as those farther down the AI value chain, including AI tool developers or AI adopters benefiting via margin expansion, receive lower scores.

# The Investment Case for Artificial Intelligence

# The AI Theme Has Performed as Expected

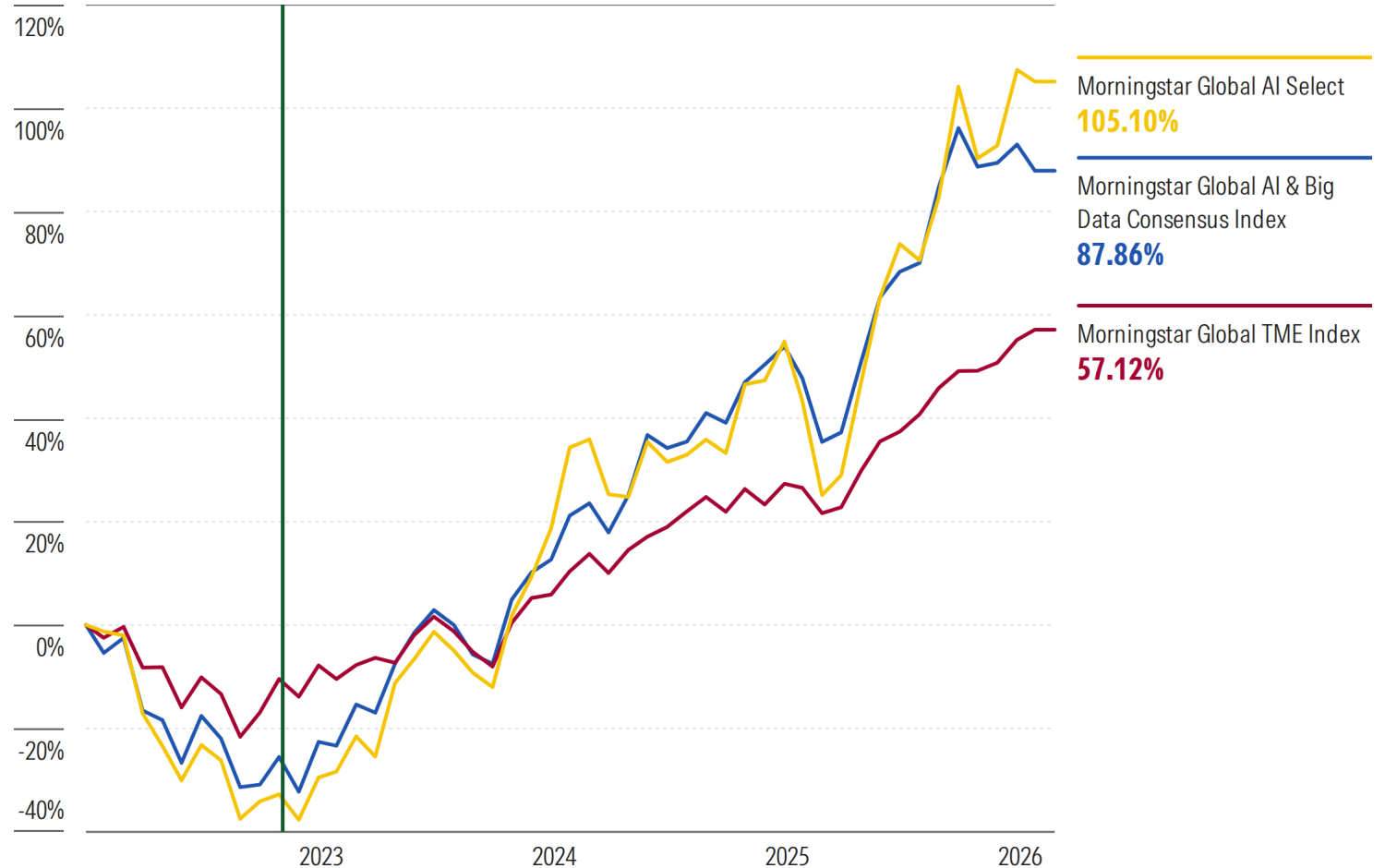
The AI theme can be defined in two distinct ways.

- 1. Morningstar Global Artificial Intelligence Select Index.** Analyst-driven, drawing on the conviction of Morningstar's Equity Research team.
- 2. Morningstar Global Artificial Intelligence & Big Data Consensus Index.** Manager-led, using fund holdings data to capture the stocks most widely owned by specialist AI managers globally.

Both approaches have delivered performance in line with expectations over recent years, comfortably outperforming global equities and highlighting AI's growing economic and market relevance.

## AI Stocks Have Comfortably Outperformed Global Equities Since the Launch of ChatGPT-3.5

Launch of ChatGPT-3.5 marked in green.



Source: Morningstar Direct.

The performance shown for the Morningstar Global AI & Big Data Consensus Index and the Morningstar Global AI Select Index includes backtested data prior to May 27, 2024, and May 14, 2024, respectively.

See Important Disclosures at the end of this report.

# Private Market AI Companies' Returns Have Dwarfed Those Seen in Public Markets

## Investability Constraints

Some of the world's largest listed companies can be considered AI companies, meaning the theme is accessible through developed-market equities.

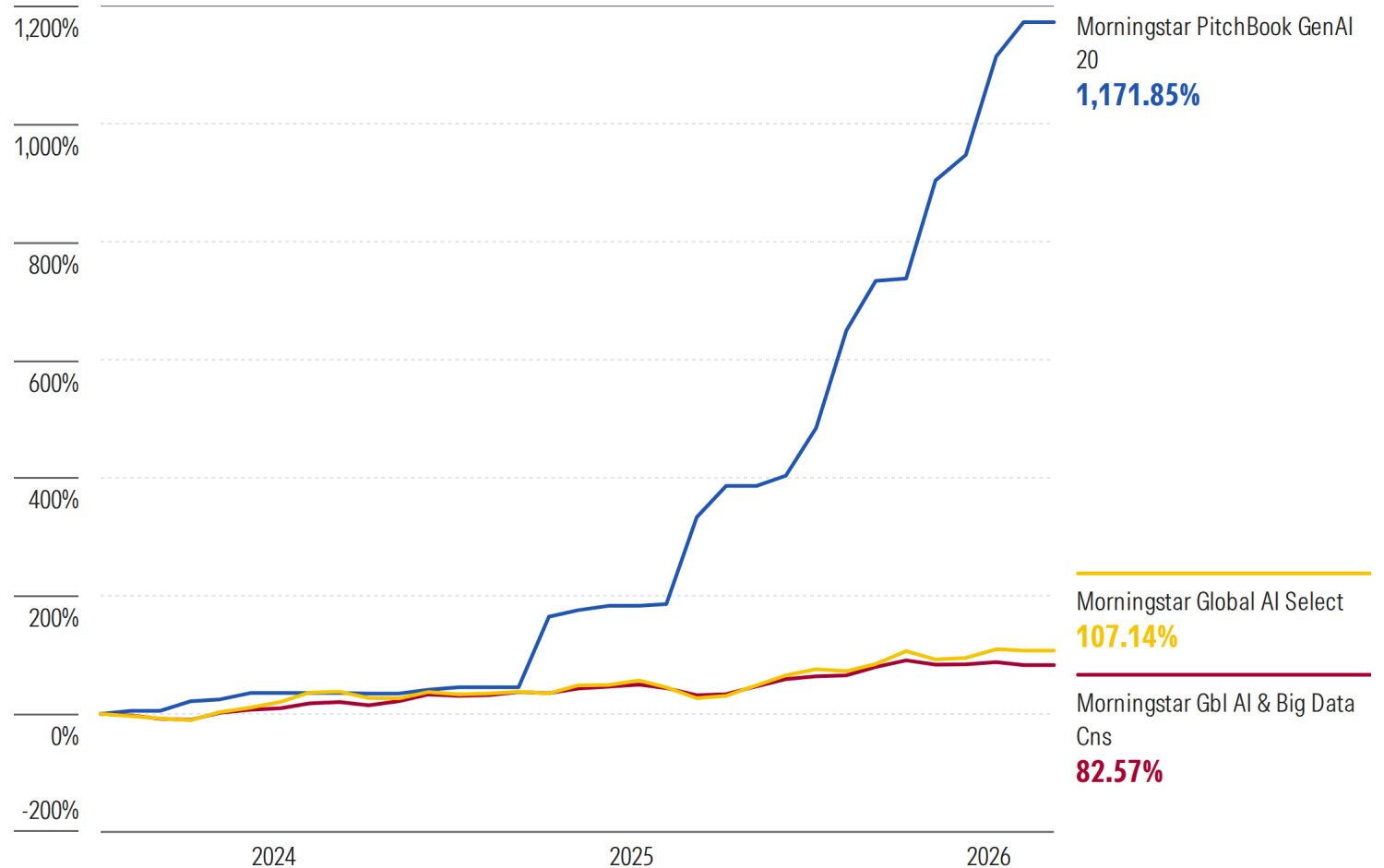
However, structural barriers mean that parts of the global AI growth story remain out of easy reach for many investors.

## Public/Private Divergence

Several of the most prominent AI pure-play companies—including Anthropic, OpenAI, and xAI—remained privately held.

These firms are represented in the Morningstar PitchBook GenAI 20 Index, whose returns have dwarfed those of publicly listed AI companies since late 2024.

**Private Market vs. Public Market AI Returns**



Source: Morningstar Direct.

The performance shown for the Morningstar Global AI & Big Data Consensus Index, the Morningstar PitchBook GenAI 20 Index, and the Morningstar Global AI Select Index includes backtested data prior to May 27, 2024, Dec. 9, 2025, and May 14, 2024, respectively.

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# Avoiding Chinese AI Stocks Has Mostly Paid Off

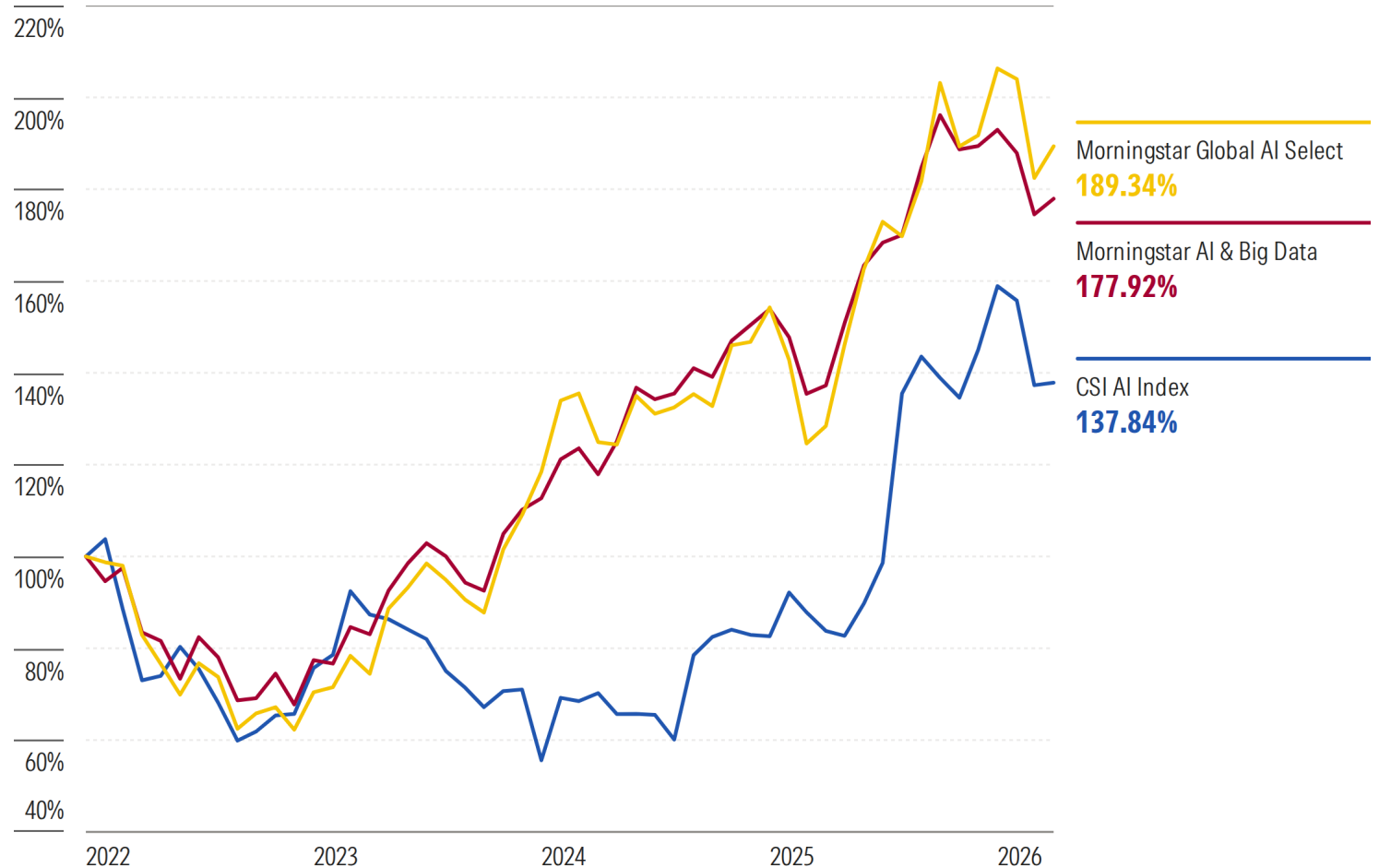
## Geographic Limitations

Beyond the US, China represents the other major center of AI development. However, access constraints and regulatory complexity mean many managers avoid Chinese equities altogether.

Those that do invest tend to concentrate in large-cap names such as Baidu and Alibaba, leaving smaller, more innovative players largely inaccessible. Some high-profile firms, such as DeepSeek, are not investable at all.

Chinese AI stocks—as measured by the CSI Artificial Intelligence Index—have underperformed their developed-market counterparts since 2022, suggesting that investors have not sacrificed returns by avoiding the region.

## Chinese AI Stocks Have Trailed Since 2023



Source: Morningstar Direct.

The performance shown for the Morningstar Global AI & Big Data Consensus Index and the Morningstar Global AI Select Index includes backtested data prior to May 27, 2024, and May 14, 2024, respectively.

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## Is AI Just Broad Tech Now?

Morningstar Global Artificial Intelligence & Big Data Consensus Index's overlap with broad tech has more than doubled since 2019.

The inclusion of mega-caps (for example, Microsoft, Apple) in 2019 drove a step-change lower in active share, with a continued downward trend.

This reflects the growing centrality of AI within the largest global technology companies.

### Artificial Intelligence Active Share vs. Broad Tech Has More Than Halved Since 2019

Morningstar Global AI & Big Data Consensus Index vs. Morningstar Global Technology Index.



# Is AI Just Broad Tech Now?

## Morningstar Consensus Approach (frequency-based)

Skews heavily to mega-caps (Magnificent Seven)

Increasingly resembles broad tech exposure

Tracking error compressing: 5.9% → 3.8% (2022–25)

**Morningstar Select Index** (analyst-driven)  
More concentrated, higher conviction positioning

Structurally more differentiated (and volatile)

Tracking error compressing: 14.7% → 9.5% (2022–25).

**2026 Inflection Tracking Error Reexpanding**  
Driven by software-as-a-service drawdown and energy price shock.

## Tracking Error of AI Theme vs. Broad Technology Has Been Falling

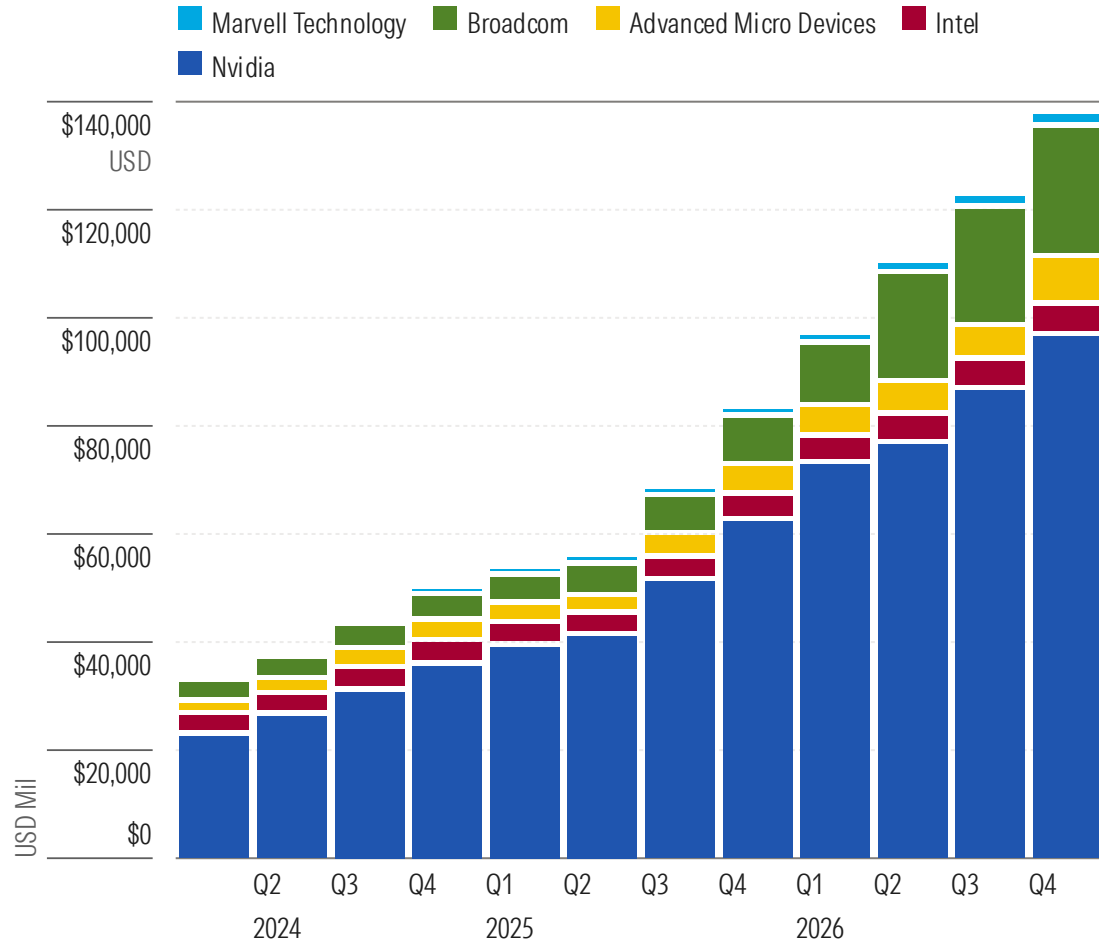
One-year rolling tracking error vs. Morningstar Global Technology Index (%).



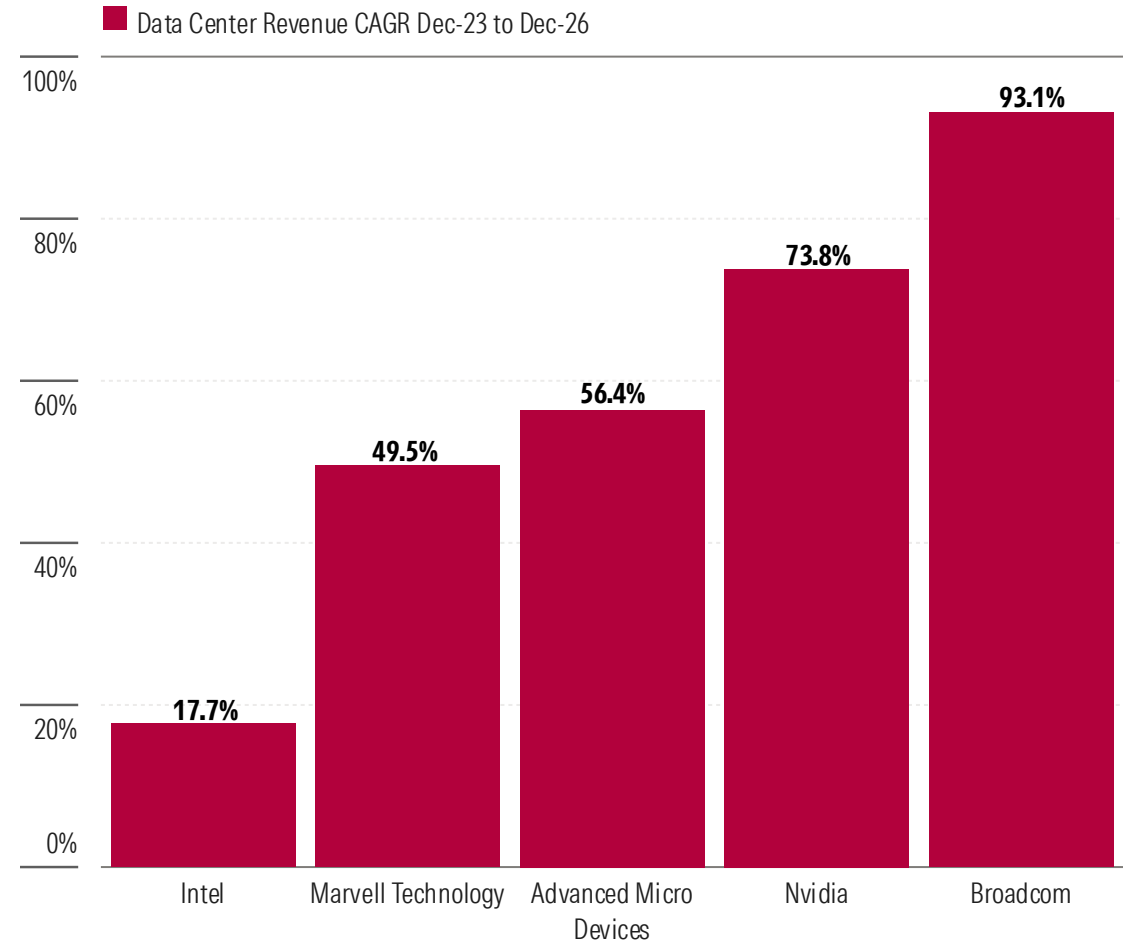
# Structural Drivers Behind AI Boom Remain Strong

## Gross Data Center Spending Growing at a Rapid Pace

Gross data center spending by the largest AI infrastructure firms.



## Growth Rates Behind Spending Are Only Increasing

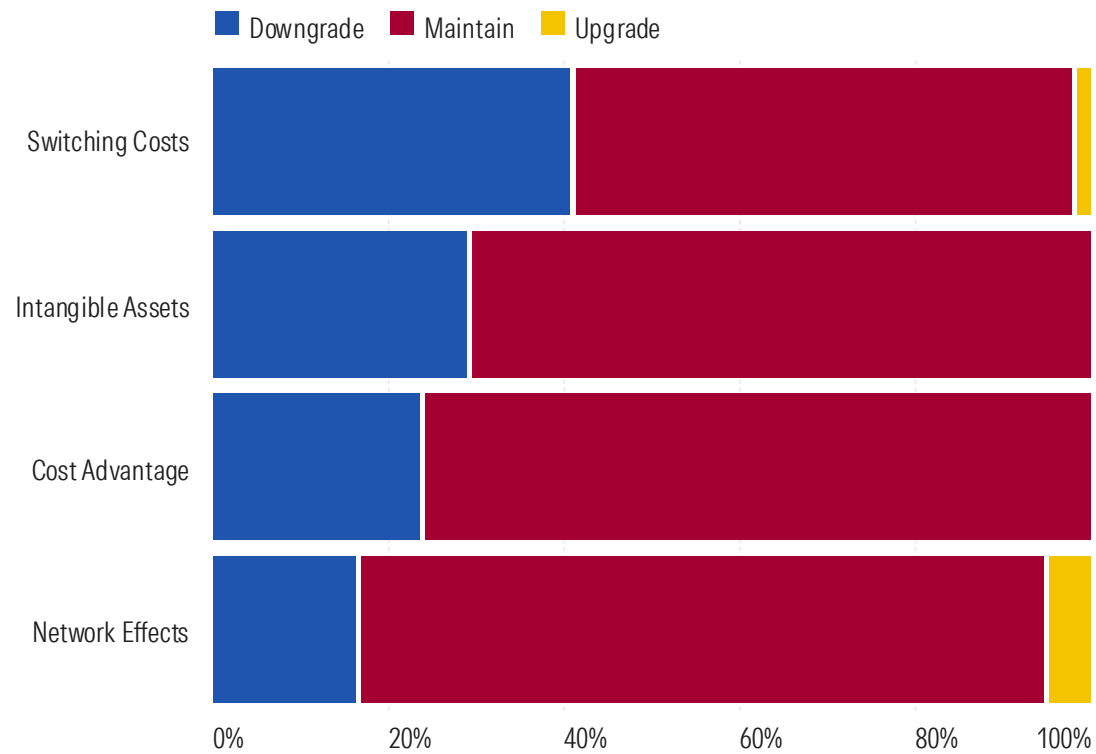


# AI Has Been Already Highly Disruptive, Particularly for Software-as-a-Service Companies

We reviewed a huge list of stocks that face potential AI disruption. The result was a significant number of downgrades based on our “moat framework,” with reduced switching costs, the ease of one’s switching supplier, being the largest source of downgrades.

## Structural Changes Have Led to Moat Downgrades

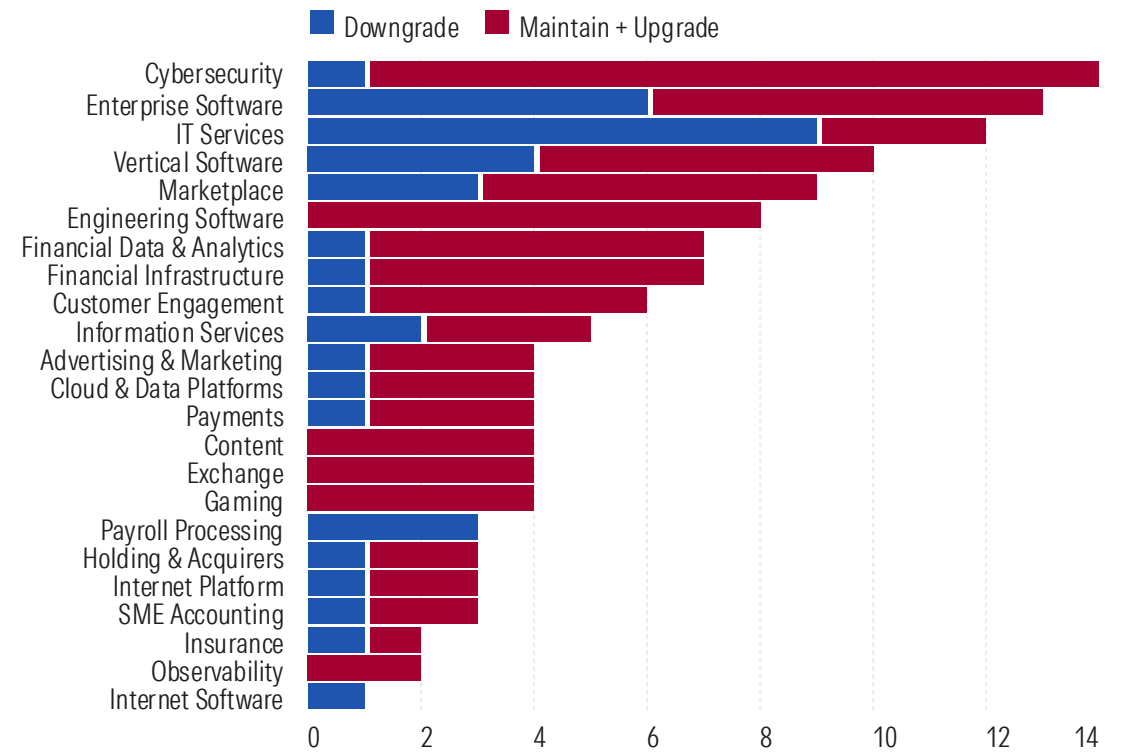
Changes to ratings by the moat source.\*



Of all areas subject to potential AI disruption, IT services saw the most downgrades to moat ratings, followed by software firms.

## SaaS Was Hit Particularly Hard in Downgrades

Moat rating downgrades by subindustry.



Source: Morningstar Equity Research. \*The fifth moat source—efficient scale—is not applicable to the firms mentioned here.

## Early 2026 Market Turbulence Has Left the AI Theme Undervalued

Using a price/fair value framework to track AI valuations shows a highly cyclical pattern, creating entry opportunities when discounts are widest.

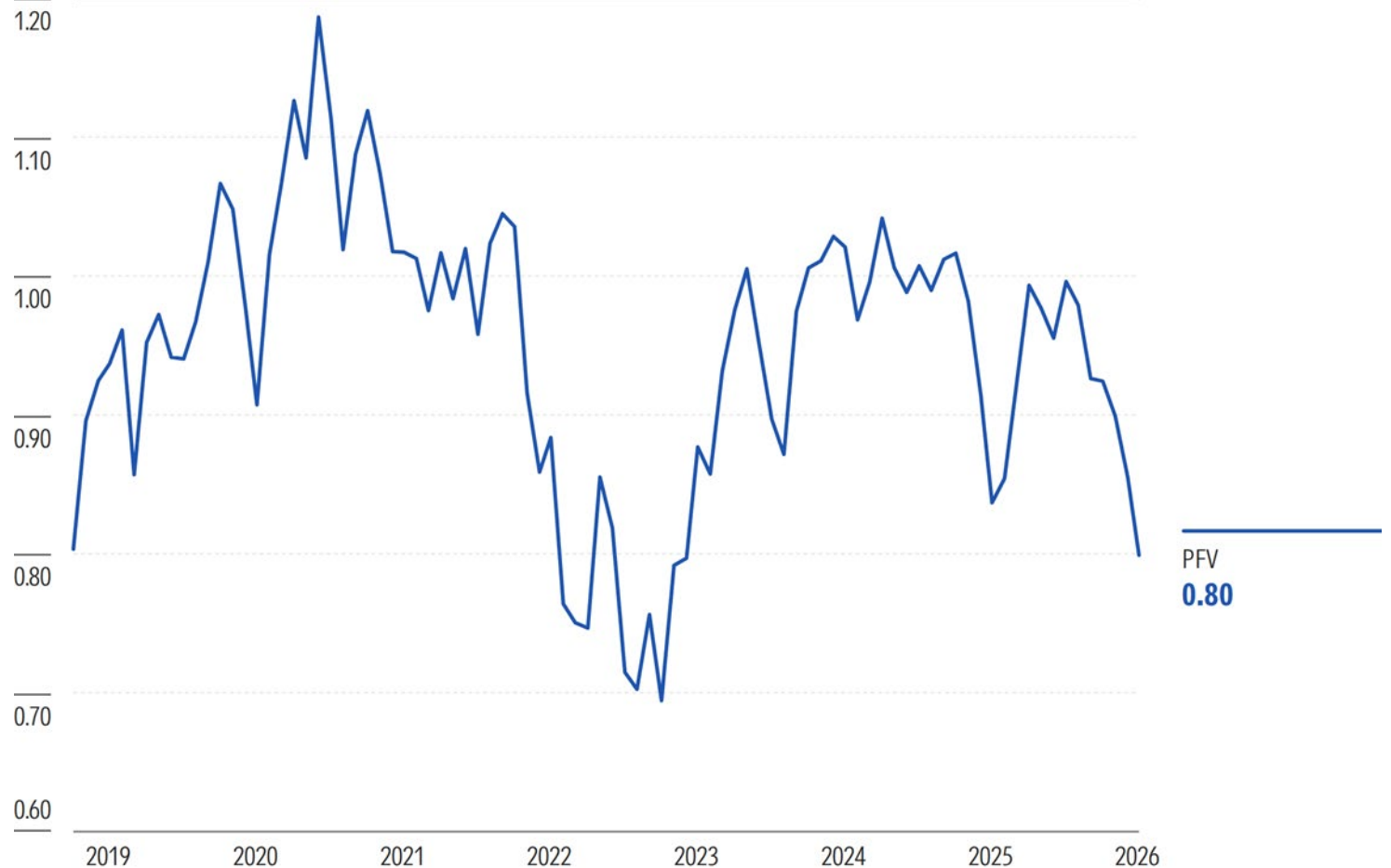
Buying at the September 2022 trough would have delivered strong returns, coinciding with the ChatGPT-3.5 inflection point.

However, valuation signals are imperfect: After peaking in August 2020, the index rose a further 55% over 15 months before correcting.

Current signal (2026): Recent volatility has pushed the AI theme back to a discount to fair value (<1), indicating a potentially attractive entry point.

### Early 2026 Market Turbulence Has Left the AI Theme Undervalued

Price to fair value of the Morningstar Global AI & Big Data Consensus Index.



# The Investment Case for AI

## Bull Case

### Economywide Productivity Boost

AI enables a step-change in productivity, automating cognitive tasks across sectors—not just tech—expanding the addressable market for enablers and platforms.

### Improving Scaling Economics

Model performance continues to improve as computational power, data efficiency, and architectures advance, while inference costs fall—supporting sustained investment and broadening adoption.

### Early-Stage Infrastructure Cycle

Data centers, semiconductors, networking, and power remain in the early innings of a multiyear capital expenditure cycle, driving durable demand for high-barrier “picks-and-shovels” players.

### Strong Strategic Alignment

AI is now treated as critical national infrastructure, with coordinated public and private investment reducing the risk of a cyclical slowdown.

## Bear Case

### Energy & Input Costs

AI is energy-intensive; geopolitical shocks (for example, Iran) risk structurally higher or volatile power costs, pressuring margins and deployment.

### Capital Intensity & Scale Risk

The thesis depends on scaling laws justifying heavy capital expenditure. If returns to scale weaken, overcapacity and lower returns on invested capital follow.

### Monetization & Competition

Adoption is strong, but monetization is uneven. Open-source and rising competition may increase usage while compressing pricing power.

### Regulatory Risk

Current frameworks focus on data/consent, not usage. Tighter rules on training data, liability, or deployment could raise costs and cap the total addressable market.

# What Is an AI Company?

## How Our Equity Researchers Categorize AI Firms

Our scoring methodology requires each sector analyst to carefully review their revenue forecasts for every stock under coverage. We put hard numbers on AI-driven revenues in the future and use this to categorize firms under the AI theme.

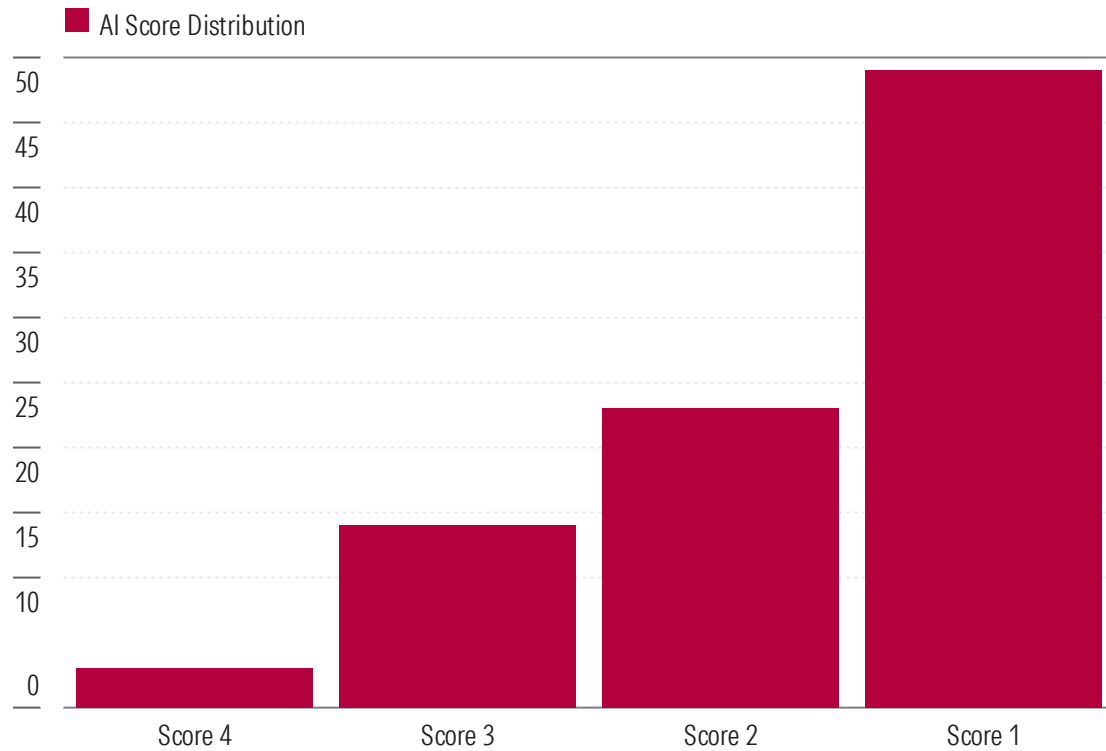
### Our Scoring Methodology Explained

Thematic Exposure Score	Role in Supply Chain	% of Companywide Revenue Driven by the Theme Five Years Forward	Will Exposure to the Theme Drive a Net Profit Increase Over the Next Five Years?
4	Producer	>50%	Yes
3	Supplier	>50%	Yes
2	Producer or Supplier	25%-50%	Yes
1	Producer or Supplier	10%-25%	Yes

# The Broad Results From Our Stock-Level Analysis

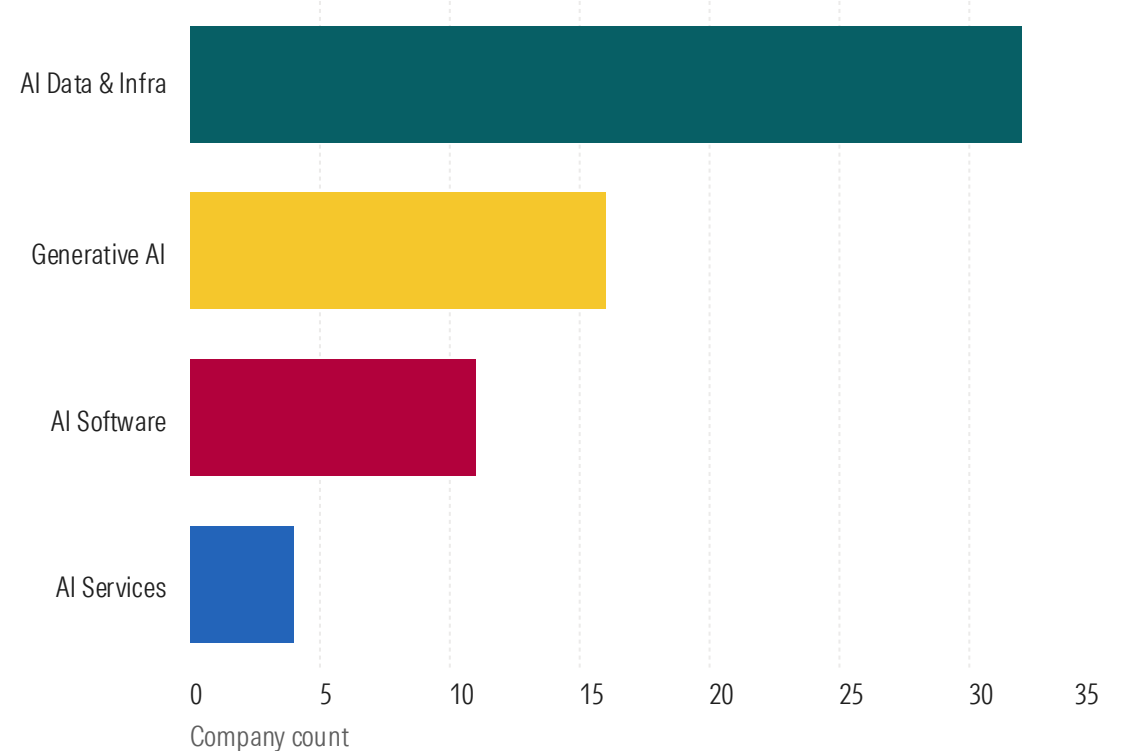
Unsurprisingly, most firms fall into the first bracket of AI Exposure, the lowest level. This is still significant, however, with between 10% and 25% of revenues deriving from AI in five years' time.

## Few Firms Have Truly High Levels of Exposure to AI



Generative AI represents a large chunk of the companies with AI exposure, with AI capital expenditure heavily focused on this area, as well as AI data and infrastructure.

## Most Exposure Falls Under AI Data & Infrastructure



## Sector and Stock Results From Our AI Analysis

Unsurprisingly, we identified most firms with AI Exposure to lie within the technology sector. Communications and consumer defensive firms scored the highest in terms of pure exposure to the AI theme.

Magnificent Seven firms Nvidia and Microsoft make our list of most-exposed firms to AI, but they are not at the top of the list. Snowflake and Oracle have the highest exposure score, 4, meaning they are producers of AI technology.

### Most AI-Exposed Firms Originate From the Technology Sector

Sector	Count	AI Overall	Gen AI	Data & Infra	AI Software	AI Services
Technology	65	1.68	0.34	1.18	0.31	0.29
Industrials	8	1.38	—	1.38	—	—
Communication Services	6	2.17	1.00	0.83	0.33	—
Real Estate	5	1.60	—	1.20	0.40	—
Consumer Cyclical	3	1.67	0.67	0.67	0.33	—
Consumer Defensive	1	2.00	—	—	2.00	—
Healthcare	1	1.00	—	1.00	—	—

### The Top Scoring Firms Across Our Coverage List

Company	Ticker	Country	Sector	Industry	AI Overall
<b>Snowflake Inc Ordinary Shares</b>	SNOW	United States	Technology	Software - Application	4
<b>Oracle Corp</b>	ORCL	United States	Technology	Software - Infrastructure	4
<b>DigiCo Infrastructure REIT Stapled</b>	DGT	Australia	Real Estate	REIT - Specialty	3
<b>Microsoft Corp</b>	MSFT	United States	Technology	Software - Infrastructure	3
<b>Nvidia Corp</b>	NVDA	United States	Technology	Semiconductors	3
<b>International Business Machines Cor</b>	IBM	United States	Technology	Information Technology Services	3
<b>Taiwan Semiconductor Manufacturing</b>	2330	Taiwan	Technology	Semiconductors	3
<b>Broadcom Inc</b>	AVGO	United States	Technology	Semiconductors	3
<b>MongoDB Inc Class A</b>	MDB	United States	Technology	Software - Infrastructure	3
<b>Advanced Micro Devices Inc</b>	AMD	United States	Technology	Semiconductors	3

## The Manager Research (Consensus) Approach

### Defining an AI Stock

We use a frequency analysis of holdings across global AI and big data funds.\*

Stocks most commonly held receive the highest scores—effectively crowdsourcing the market’s definition of AI.

**What the score represents.** Not thematic purity, the score is closer to identifying which stocks sit in the average AI portfolio—a proxy for AI beta.

**What scores well.** Managers favor large, liquid names → scores skew toward mega-caps, explaining the high frequency of the Magnificent Seven.

**Why it’s useful.** It is a simple, transparent, and scalable framework for identifying global AI stocks across the full equity universe.

### Most Frequently Held Stocks—AI Fund Universe

Stock Name	Ticker	Country of Domicile	Subindustry	% of Managers Holding
Nvidia	NVDA	United States	Semiconductors	77
Microsoft	MSFT	United States	Systems Software	67
Alphabet	GOOGL	United States	Interactive Media & Services	67
Broadcom	AVGO	United States	Semiconductors	56
Taiwan Semiconductor	2330	Taiwan	Semiconductors	55
Oracle	ORCL	United States	Systems Software	55
Meta Platforms	META	United States	Interactive Media & Services	54
Amazon.com	AMZN	United States	Broadline Retail	54
Advanced Micro Devices	AMD	United States	Semiconductors	50
ServiceNow	NOW	United States	Application Software	43
Snowflake	SNOW	United States	Application Software	41
Arista Networks	ANET	United States	Communications Equipment	41

## US Tech Firms Dominate Most Frequently Held Stocks

US companies account for more than three-fourths of the 100 stocks most frequently held by AI fund managers globally. Despite most AI fund managers being Europe-based, just 10 of the top 100 holdings are European.

### Top 100 Most Held AI Stocks by Country

Country	% of Top 100
United States	77
Netherlands	4
China	4
Germany	3
Japan	3
Taiwan	2
South Korea	2
Canada	2
Other	3
Total	100

More than three-fourths of the most frequently held AI companies are in the technology sector, with a further 10% in communication services.

### Top 100 Most Held AI Stocks by Sector

Sector	% of Top 100
Technology	77
Communication Services	10
Industrials	6
Consumer Cyclical	4
Healthcare	2
Utilities	1
Total	100

## Most Frequently Held Stocks by AI-Focused Funds (Europe, Asia-Pacific)

Dutch lithography giant ASML is the most frequently held European stock among specialist AI funds globally, followed by German software giant SAP. Beyond these two, representation drops off sharply.

Asia-Pacific's most frequently held AI stocks are hardware-focused, with AI chip manufacturer linchpin TSMC appearing in over half the portfolios.

### Most Frequent European Stocks Held by AI Fund Managers

Stock Name	Ticker	Country	GICS Subindustry	% Holding
ASML Holding	ASML	Netherlands	Semiconductor Equipment	33.3
SAP	SAP	Germany	Application Software	23.1
NXP Semiconductors	NXPI	Netherlands	Semiconductors	15.4
Nebius Group	NBIS	Netherlands	Internet Services & Infrastructure	14.5
Infineon Technologies	IFX	Germany	Semiconductors	13.7
CyberArk Software	CYBR	Israel	Systems Software	13.7
Elastic	ESTC	Netherlands	Application Software	12.8
Siemens	SIE	Germany	Industrial Conglomerates	10.3
Schneider Electric	SU	France	Electrical Components & Equipment	9.4

### Most Frequent Asia-Pac Stocks Held by AI Fund Managers

Stock Name	Ticker	Country	Subindustry	% Holding
TSMC	2,330	Taiwan	Semiconductor Design and Manufacturing	54.7%
SK Hynix	660	South Korea	Semiconductor Design and Manufacturing	29.1%
Samsung Electronics Co	5,930	South Korea	Communications Equipment	18.8%
MediaTek	2,454	Taiwan	Semiconductor Design and Manufacturing	12.0%
Keyence	6,861	Japan	Electronics Equipment	12.0%
SoftBank Group	9,984	Japan	Telecommunication Services	10.3%
NEC	6,701	Japan	IT Consulting	10.3%
Fujitsu	6,702	Japan	IT Consulting	9.4%

## Hidden Gems and False Friends

**Hidden Gems:** Stocks that are ignored by AI fund managers, yet received a positive Equity Research AI score.

Entegris is selected by fewer than 1% of AI-focused fund managers, yet receives an Equity Research AI score of 2.

### Analyst’s Take

“Sells 95% of revenue to semiconductors, with TSMC being their largest customer (16% of revenue). I see strong AI exposure from semis, so I see ENTG as an AI winner.”

**False Friends:** Stocks that frequently appear in AI-focused portfolios but don’t receive Equity Research AI scores from our analysts.

Apple is held in 38% of AI fund portfolios, yet receives a score of zero from our Equity Research team.

### Analyst’s Take

“AI makes up a very low portion of Apple’s total sales, given they have limited offering and it’s just a part of iPhone sales.”

## Notable Disagreements Between Manager Research and Equity Research Scoring

Company Name	Ticker	MR Freq (%)	ER Score (1-4)
Apple	AAPL	38.5%	0
Palo Alto Networks	PANW	34.2%	0
Intel	INTC	27.4%	0
Qualcomm	QCOM	26.5%	0
Datadog	DDOG	25.6%	0
CGI	GIB.A	1.7%	2
Globant	GLOB	0.9%	1
Hua Hong Semiconductor	1347	0.9%	1
TCS	TCS	0.9%	1
Entegris	ENTG	0.9%	2

OPPORTUNITIES IN ARTIFICIAL INTELLIGENCE

# Investing in AI With Stocks

# Most Stocks With Meaningful AI Exposure Are Undervalued. Stocks With the Highest Level of AI Exposure Are All Undervalued

## Stock Categorization by AI Exposure Score and Valuation

AI Overall Score	<0.85 - Undervalued	0.85-1.0 - Slightly Undervalued	1.0-1.10 - Fairly Valued	1.10-1.30 - Slightly Overvalued	>1.30 - Overvalued
1 – Low	27%	15%	15%	25%	19%
2 – Medium	43%	35%	4%	9%	9%
3 – High	57%	21%	7%	7%	7%
4 – Core AI	67%	33%	0%	0%	0%

# Our Most Exposed Stock List Contains Lots of Large, Attractive Names

## Filtered List for the Highest AI Scoring Stocks That Are Undervalued

#	Company	Ticker	Country	Sector	Industry	Stars	AI Overall
1	<b>Oracle Corp</b>	ORCL	United States	Technology	Software - Infrastructure	★★★★☆	4
2	<b>Snowflake Inc Ordinary Shares</b>	SNOW	United States	Technology	Software - Application	★★★★☆	4
4	<b>Advanced Micro Devices Inc</b>	AMD	United States	Technology	Semiconductors	★★★★☆	3
6	<b>Broadcom Inc</b>	AVGO	United States	Technology	Semiconductors	★★★★☆	3
7	<b>Nvidia Corp</b>	NVDA	United States	Technology	Semiconductors	★★★★☆	3
9	<b>Taiwan Semiconductor Manufacturing</b>	2330	Taiwan	Technology	Semiconductors	★★★★☆	3
11	<b>Microsoft Corp</b>	MSFT	United States	Technology	Software - Infrastructure	★★★★★	3
13	<b>DigiCo Infrastructure REIT Stapled</b>	DGT	Australia	Real Estate	REIT - Specialty	★★★★★	3
14	<b>MongoDB Inc Class A</b>	MDB	United States	Technology	Software - Infrastructure	★★★★☆	3
17	<b>International Business Machines Cor</b>	IBM	United States	Technology	Information Technology Services	★★★★☆	3

# Flying Under the Radar, Stocks With Lower Exposure but Attractive Valuations

## Stocks With the Lowest AI Scores That Are Attractive From a Valuation Perspective

#	Company	Ticker	Country	Industry	Stars	AI Overall	Gen AI	Data & Infra	Software	AI Services	P/FV
79	HubSpot Inc	HUBS	United States	Software - Application	★★★★★	1			1		0.39
45	Megaport Ltd	MP1	Australia	Software - Infrastructure	★★★★☆	1		1			0.49
89	ServiceNow Inc	NOW	United States	Software - Application	★★★★★	1			1		0.54
77	Sopra Steria Group SA	SOP	France	Information Technology Services	★★★★★	1				1	0.56
88	Salesforce Inc	CRM	United States	Software - Application	★★★★☆	1			1		0.62
41	Adobe Inc	ADBE	United States	Software - Application	★★★★☆	1	1				0.63
86	Globant SA	GLOB	Luxembourg	Information Technology Services	★★★★☆	1				1	0.65
83	Capgemini SE	CAP	France	Information Technology Services	★★★★☆	1				1	0.68
80	Cognizant Technology Solutions Corp	CTSH	United States	Information Technology Services	★★★★☆	1				1	0.72
71	Nextdc Ltd	NXT	Australia	Information Technology Services	★★★★☆	1		1			0.74
48	Cloudflare Inc	NET	United States	Software - Infrastructure	★★★★☆	1		1			0.78
82	Infosys Ltd	INFY	India	Information Technology Services	★★★★☆	1				1	0.83
20	Alibaba Group Holding Ltd Ordinary	09988	Cayman Islands	Internet Retail	★★★★★	2	1	1			0.49
36	CoStar Group Inc	CSGP	United States	Real Estate Services	★★★★★	2			2		0.49
22	Tencent Holdings Ltd	00700	Cayman Islands	Internet Content & Information	★★★★☆	2	1	1			0.61
37	CGI Inc Class A	GIB.A	Canada	Information Technology Services	★★★★☆	2				2	0.71
18	Naver Corp	035420	South Korea	Internet Content & Information	★★★★☆	2	2				0.75
24	Meta Platforms Inc Class A	META	United States	Internet Content & Information	★★★★☆	2	1	1			0.75
38	Accenture PLC Class A	ACN	Ireland	Information Technology Services	★★★★☆	2				2	0.75
40	Workday Inc Class A	WDAY	United States	Software - Application	★★★★☆	2			2		0.80
33	Synopsys Inc	SNPS	United States	Software - Infrastructure	★★★★☆	2		1	1		0.81

OPPORTUNITIES IN ARTIFICIAL INTELLIGENCE

# Investing in AI With Funds

## The Investment Case for AI-Themed Funds

Single stocks allow you to cherry-pick the best investment options, and they come without a management fee, but there are reasons why a thematic fund may also be appropriate when it comes to investing in AI:

**Reduced stock-specific risk.** Investing in one or two stocks exposes investors to idiosyncratic risks unrelated to the theme. A diversified thematic fund should help mitigate this stock-specific risk while retaining price exposure to the technological shift.

**Better suited to high uncertainty.** In fast-moving, transformative areas like AI, leadership can change quickly. Thematic diversification helps manage uncertainty as winners and losers emerge over time.

**Exposure to winner-take-all outcomes.** Technology themes such as AI tend to produce dominant winners. A basket approach increases the chance to participate in the returns of future “shooting stars” without needing to predict them in advance.

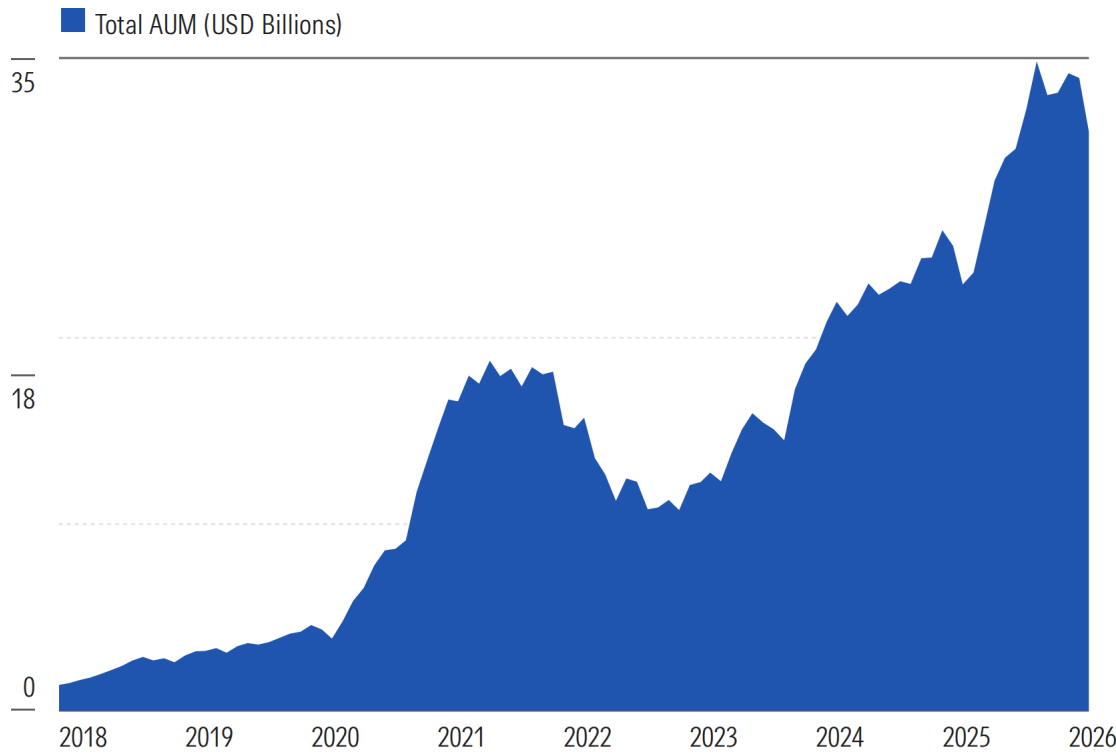
**Leveraging specialist managers’ knowledge.** Skilled active managers can adjust exposure toward the most attractive parts of the value chain as the theme evolves.

# Record Assets Under Management and/or Inflows Into AI Funds

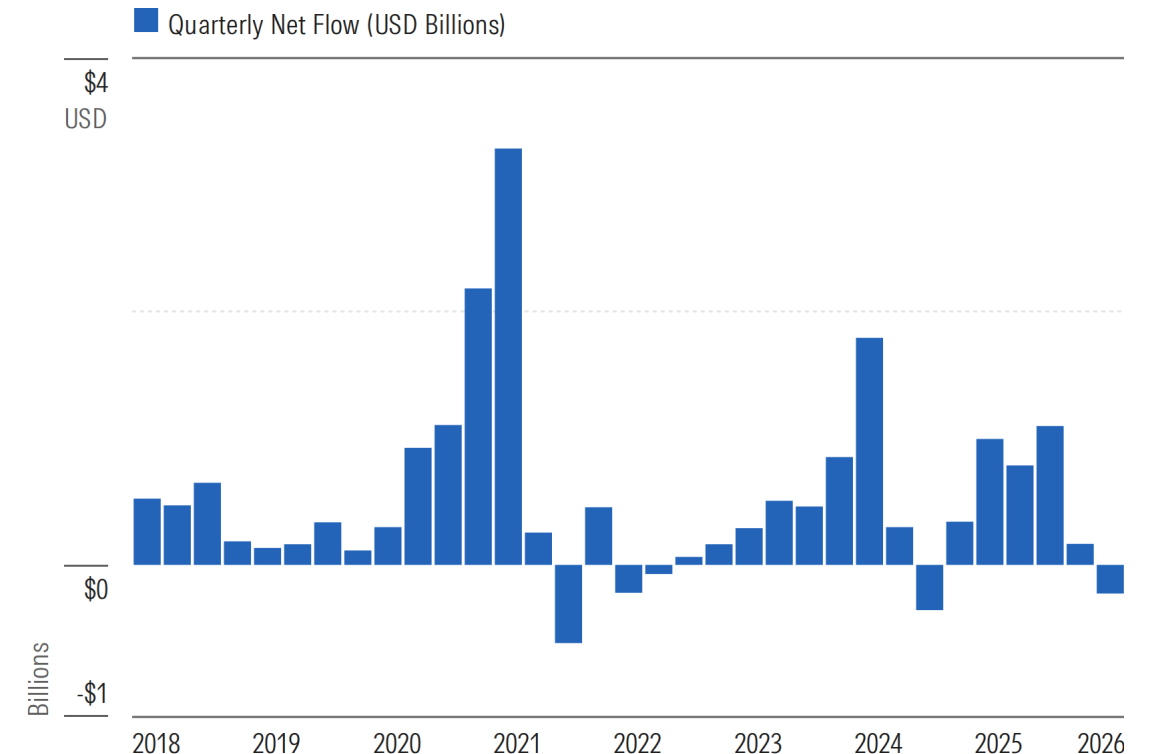
European AI-focused fund assets under management have nearly tripled from the ChatGPT launch to the peak of USD 34.8 billion and still sit at 2.7 times the November 2022 level despite the recent first-quarter 2026 pullback.

Net inflows into European AI-focused funds total USD 7.16 billion since the launch of ChatGPT-3.5. Strong inflows after covid meant many investors were positioned to benefit from the subsequent outperformance, bucking a trend in thematic investing that has often seen investors arrive too late to benefit.

## Asset Growth of Europe-Domiciled AI & Big Data Funds



## Net Flows Into Europe-Domiciled AI & Big Data Funds



Source: Morningstar Direct. Data as of March 31, 2026.

See Important Disclosures at the end of this report.

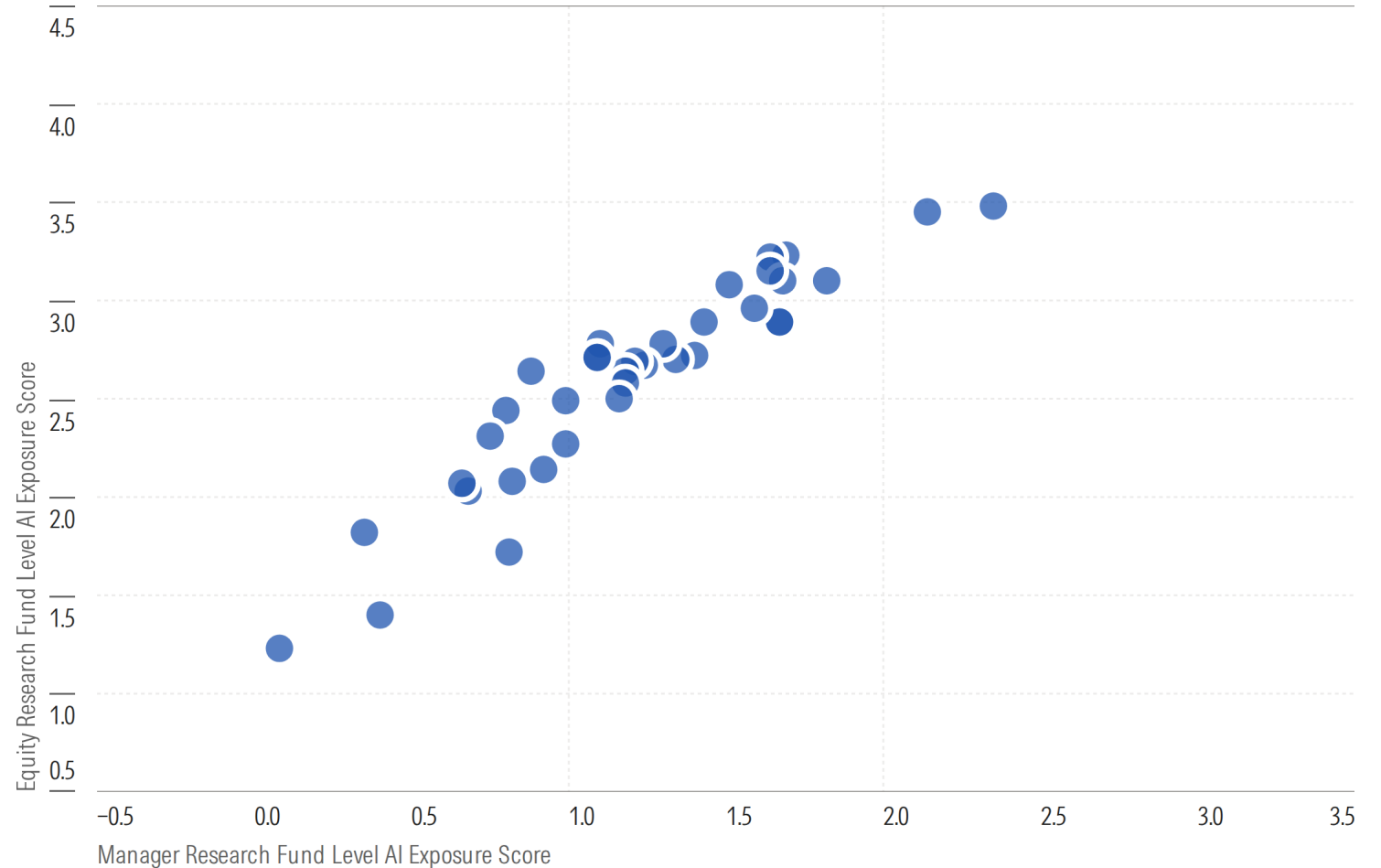
# Equity Research and Manager Research Approaches Align Well at the Fund Level

We derive fund-level AI Exposure by weighting stock-level Equity Research and consensus Manager Research scores by each holding's position in the portfolio.

Despite methodological differences and some notable divergences, both approaches produce a broadly consistent picture: Funds with high ER exposure tend to also rank highly on MR, and vice versa.

## Equity Research and Manager Research Approaches Broadly Align at the Fund Level

European AI & Big Data themed ER and MR fund level scores.



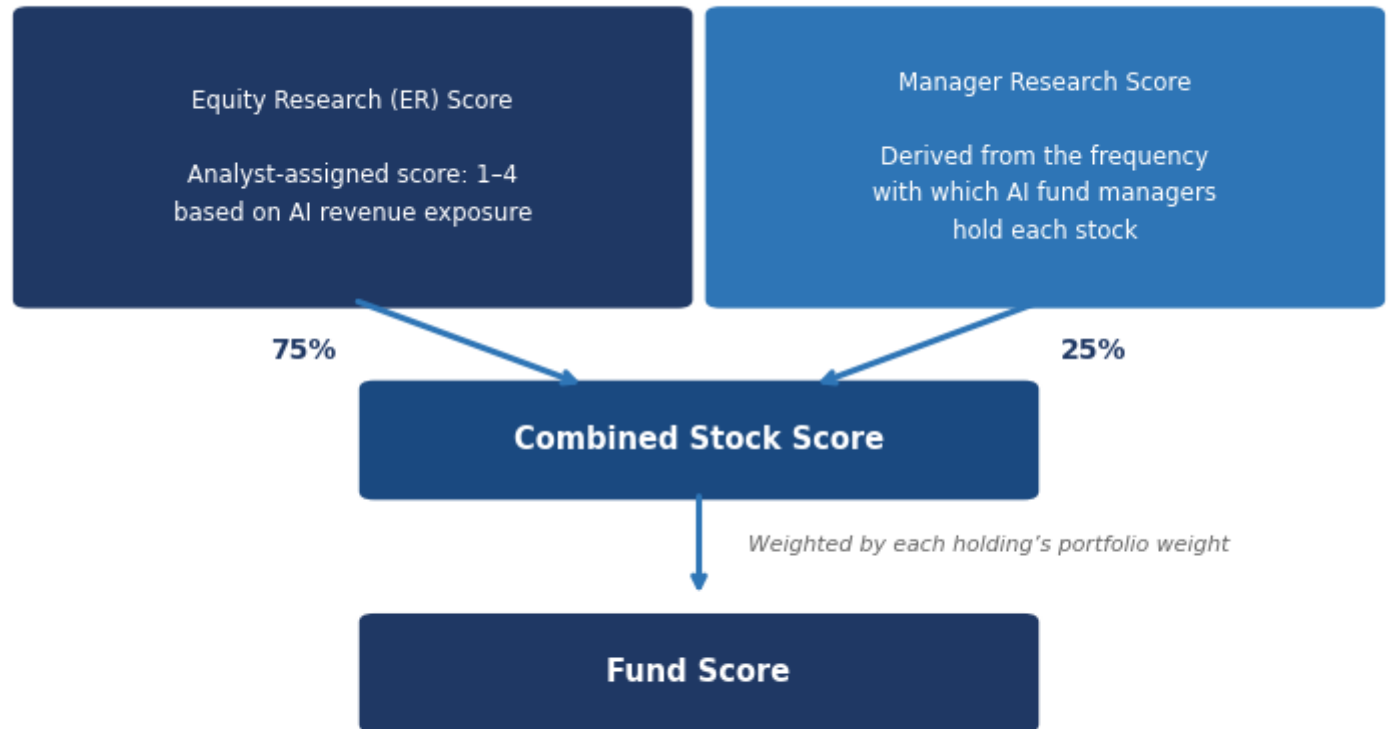
# A Combined Thematic Exposure Score

We combine Equity Research and Manager Research into a single AI Exposure score, leveraging the strengths of each to publish a single stock score.

The ER score—based on analyst assessments of future AI revenue—provides a forward-looking, financially material view and carries a 75% weight.

The MR score is a broader, more scalable, but less precise proxy that extends coverage across the global universe away from core AI stocks and is weighted at 25%.

## A Combined Fund Level Score



## Highest Thematic Exposure Scores

The top funds are split between exchange-traded funds and mutual funds. BlackRock's AI Innovation strategy appears in both wrappers, ranking sixth and seventh.

**First Trust Bloomberg Artificial Intelligence ETF** ranks highest overall, offering strong access to core AI stocks. Its selection criteria and weighting methodology both rely on direct AI revenue, which aligns with our framework, boosting exposure scores.

**iShares AI Infrastructure ETF** ranks second, reflecting a newer approach targeting specific segments of the AI value chain. Its high score underscores that infrastructure is vital to the AI theme.

### Top European Funds With the Highest Combined AI Exposure Scores

Fund Name	ISIN	Inception Date	Holdings	Normalized (0-100)	Holdings Uncovered by ER/MR (% wt)
FirstTrust Blmbrg ArtfclIntllgncETFAcc	IE000YIQZ0H6	July 2, 2025	50	100	0.0
iShares AI Infrastructure ETF USD Acc	IE000X59ZHE2	Dec. 5, 2024	45	85	2.7
DPAM L Equities Artfcl Intlgc F EUR Acc	LU2799769596	May 14, 2024	28	82	2.2
CPR Invest Artificial Intlgc E EUR Acc	LU2860963441	Oct. 10, 2024	58	81	0.9
SEB Artificial Intelligence D (USD)	LU0047324487	June 29, 2023	28	80	6.3
Echiquier Artificial Intelligence K EUR	LU1819479939	June 20, 2018	38	80	3.3
iShares AI Innovation Active ETF \$ Acc	IE000G0E83X3	Jan. 16, 2025	44	78	0.3
BGF AI Innov Z2	LU2877908488	Dec. 9, 2024	44	78	0.3

## Lowest Thematic Exposure Scores

Lowest scores support the metric's validity.

Although they are included in the AI peer grouping, **tangential themes** such as big data and quantum rank poorly, reflecting limited pure AI exposure.

**Adopter/enabler funds** (for example, healthcare AI adopters like Bellevue) also score low, as they target enablers or downstream users rather than core AI enablers.

**Active differentiation** in funds like Polar Capital AI scores lower because of their noncore holdings (for example, retailers such as Walmart, Tesco), highlighting a more diversified and flexible approach.

### European Funds With the Lowest Combined AI Exposure Scores

Fund Name	ISIN	Inception Date	Holdings	Normalized (0–100)	Holdings Uncovered by ER/MR (% wt)
iShares Quantum Computing ETF \$ Acc	IE000C6ITGC8	Dec. 3, 2025	30	43	3.5
WisdomTree Quantum Computing ETF USD Acc	IE000W8WMSL2	August 27, 2025	37	40	0.0
AI Leaders C	DE000A2PF0M4	Jan. 2, 2020	153	40	20.7
Polar Cptl PLC-Artfcl IntlIgc S Acc	IE00BF0GL659	Oct. 6, 2017	71	35	26.6
Invesco Artificial IntlIgc Enblrs ETF	IE000LGWDNE5	Oct. 29, 2024	35	35	4.0
VanEck Quantum Cmptg ETF A USD Acc	IE0007Y8Y157	May 21, 2025	30	34	10.9
iShares AI Adopters & Applctns ETF \$ Acc	IE000Q9W2IR3	Dec. 5, 2024	90	21	6.6
EdRF Big Data N EUR	LU1244894827	August 31, 2015	54	18	21.7
Bellevue AI Health U2 USD	LU2721086929	Nov. 30, 2023	71	5	13.3

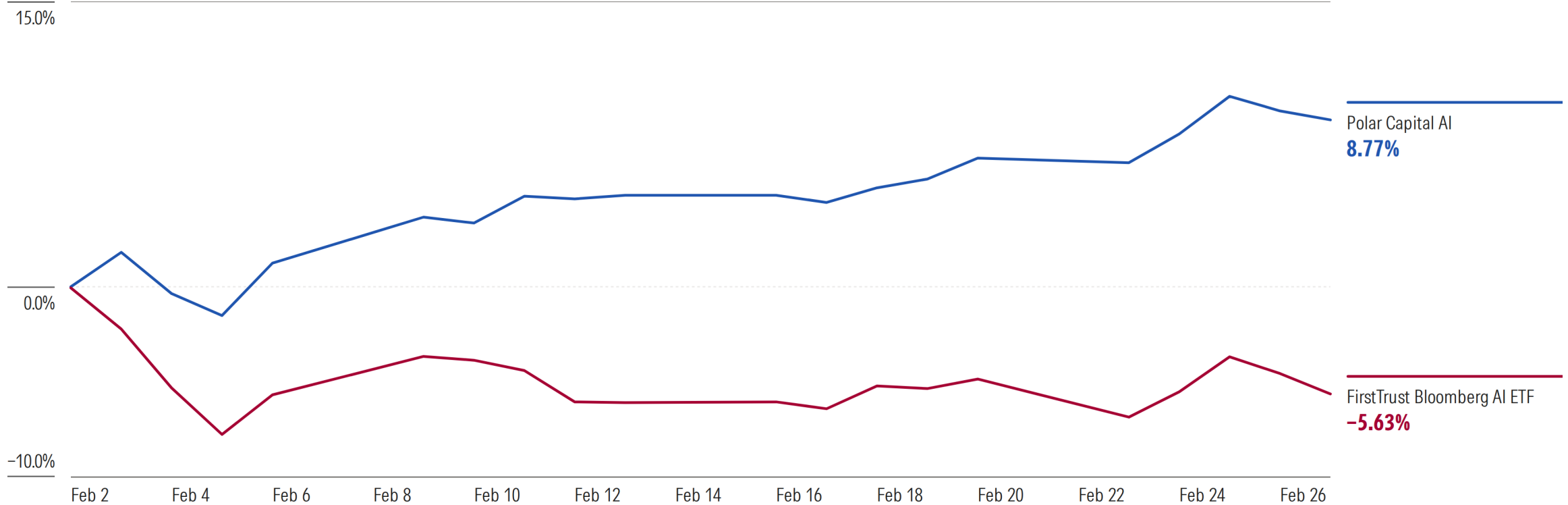
# SaaSocalypse Highlights Differences in AI Strategy

Core AI exposure is not always optimal in periods of rapid change. The “SaaSocalypse” (February 2026) hit enterprise SaaS-heavy portfolios. Polar Capital AI Fund derisked early, rotating out of software (for example, Salesforce) into infrastructure from mid-2025.

Outcome: up 8.8% in February 2026 versus down 5.6% for more indexlike peers (for example, First Trust Bloomberg AI ETF)—around 14-performance-point outperformance driven by active positioning.

## Polar Capital Showcased the Potential Value of Active Management as the AI Landscape Rapidly Shifted

Performance of Polar Capital AI Fund and FirstTrust Bloomberg AI ETF in Feb 2026.



## 3 AI Fund Plays

Funds targeting the same AI theme can deliver very different outcomes. Broadly, investors have three approaches:

### 1) Core AI

- Heavily weights core AI companies with high current or expected AI-related revenues, particularly in AI infrastructure
- Aims for relatively stable “beta” exposure to the AI theme
- Implemented in index-based strategies or tightly defined active funds
- Typically scores highly on our core AI Exposure metric
- Suitable as a tool to play the AI theme within a portfolio

### **Example:** First Trust Bloomberg AI ETF

- Both selects and weights holdings based on AI revenue, resulting in the highest AI Exposure score in Europe and the US

## 3 AI Fund Plays

Funds targeting the same AI theme can deliver very different outcomes. Broadly, investors have three approaches:

### 2) Dynamic AI

- Spans across core and noncore AI exposures
- Seeks alpha within the AI theme by tilting toward AI winners and away from laggards
- AI Exposure scores may vary over time as portfolios rotate
- Best suited to return-seeking investors comfortable with active risk
- Requires ongoing due diligence and carries underperformance risk

#### **Example:** CPR Invest Artificial Intelligence Fund

- Maintains exposure to AI bellwether stocks but tilts the portfolio to capture value as the theme evolves. The fund currently tilts toward cyber names in anticipation of a post-Claude Mythos world.

## 3 AI Fund Plays

Funds targeting the same AI theme can deliver very different outcomes. Broadly, investors have three approaches:

### 3) Peripheral AI

- Targets noncore AI exposures across the value chain, including both downstream adopters (firms embedding AI to drive efficiency and margins) and enabling industries such as power infrastructure and data center providers
- Represents a more indirect, tactical expression of the AI theme—focused on monetizing second-order effects rather than the core buildout of AI technology itself
- Typically one step removed from large-cap tech, offering access to less crowded and often less valuation-sensitive parts of the ecosystem
- Generally scores lower on our core AI Exposure metric by design.

#### **Example:** iShares AI Adopters & Applications UCITS ETF

- Shifts focus from AI infrastructure to real-world adopters. Tracks an equal-weight index of companies with measurable AI patent and revenue exposure across the economy—avoiding hyperscaler concentration typical of AI ETFs.

## Appendix 1. Fund Scoring Methodology

### Step 1—Equity Research Score

Each stock is assigned an ER Score of 1–4 by Morningstar Equity Analysts, reflecting the degree to which a company is exposed to artificial intelligence-related revenue generation.

### Step 2—Manager Frequency Holdings Score

The MFH Score is derived from the proportion of AI and Big Data themed funds (across the covered universe) that hold a given stock. This "thematic holding frequency" serves as a proxy for how consistently fund managers identify a stock as AI-relevant. The raw frequency (0–1) is converted into an equivalent 1–4 score using the following bands:

Holding Frequency	MFH Score
≥ 50% of funds	4
≥ 15% and < 50%	3
≥ 5% and < 15%	2
≥ 1% and < 5%	1
< 1%	Not scored

This rescaling places the MFH Score on the same 1–4 scale as the ER Score, enabling direct comparison and combination.

### Step 3—Combined Stock Score

Where both scores are available for a stock, they are combined into a single Combined Stock Score using a weighted average, with the ER Score carrying greater weight to reflect the primacy of fundamental analyst judgment:

$$= 0.75 \text{ ER Score} \times +0.25 \times \text{MFH Score}$$

Where only one score is available, the available score is used directly as the Combined Stock Score.

### Step 4—Fund-Level Score

The fund-level score is calculated as a portfolio-weight-adjusted average of the Combined Stock Scores across all holdings:

$$\text{Fund Score} = \frac{\sum_i w_i \times \text{Combined Score}_i}{\sum_i w_i^{\text{total}}}$$

Where  $w_i$  is the portfolio weight of each holding, and the denominator is the fund's **total portfolio weight** (including unscored holdings). This ensures that holdings with no score dilute the fund score, penalizing funds with low coverage of scored stocks and rewarding portfolio concentration in high-conviction AI names.

## Appendix 2. Defining Artificial Intelligence & Big Data Funds

The funds captured in this report are those tagged under the Artificial Intelligence & Big Data theme in accordance with the **Morningstar Global Thematic Fund Classification**.

Funds are awarded thematic tags based on intentionality, which is assessed using key indicators such as the fund's legal name and stated investment strategy. This approach enables the construction of global peer groups comprising funds with comparable stated objectives, ensuring like-for-like analysis across markets.

Artificial Intelligence & Big Data funds are those that invest in companies whose business is related to the evolution of artificial intelligence and/or Big Data analytics. This may include companies that are positioned to gain from the implementation of artificial intelligence or Big Data technologies in their own businesses and also those engaged in the production of AI artificial intelligence products and services, which enable third parties to more efficiently deliver their own products and services. Funds that use AI or Big Data analytics in the stock-selection process but do not select stocks on their exposure to these technologies are excluded from this taxonomy.

## Appendix 3. Full List Exposure Scores for European Artificial Intelligence & Big Data Funds

### Complete List of All AI & Big Data Funds Eligible for AI Exposure Score Ranked

#	Name	ISIN	Inception Date	Domicile	Normalized AI Exposure Score
1	FirstTrust Blmbrg ArtfclIntllgncETFAAcc	IE000YIQZ0H6	July 2, 2025	Ireland	100
2	iShares AI Infrastructure ETF USD Acc	IE000X59ZHE2	Dec. 5, 2024	Ireland	85
3	DPAM L Equities Artfcl Intlgc F EUR Acc	LU2799769596	May 14, 2024	Luxembourg	82
4	CPR Invest Artificial Intlgc E EUR Acc	LU2860963441	Oct. 10, 2024	Luxembourg	81
5	SEB Artificial Intelligence D (USD)	LU0047324487	June 29, 2023	Luxembourg	80
6	Echiquier Artificial Intelligence K EUR	LU1819479939	June 20, 2018	Luxembourg	80
7	iShares AI Innovation Active ETF \$ Acc	IE000G0E83X3	Jan. 16, 2025	Ireland	78
8	BGF AI Innov Z2	LU2877908488	Dec. 9, 2024	Luxembourg	78
9	Global X Artificial Intlgc ETF USD Acc	IE0000XTDDA8	Sept. 10, 2024	Ireland	76
10	TCW Global Artificial Int Eq IU	LU1848748734	July 30, 2018	Luxembourg	75
11	Xtrackers AI & Big Data ETF 1C	IE00BGV5VN51	Jan. 29, 2019	Ireland	70
12	IAM Artificial Intelligence A	FR001400SC42	Oct. 7, 2024	France	66
13	LUX IM AI & Data DXL	LU2344410191	July 29, 2021	Luxembourg	64
14	DWS Invest Artificial Intlgnc XC	LU1863263932	Oct. 1, 2018	Luxembourg	64

Source: Morningstar Equity Research.  
Please note that 13 currently live AI & Big Data funds in Europe did not meet our [eligibility](#) requirements to receive a score.

See Important Disclosures at the end of this report.

## Appendix 3. Full List Exposure Scores for European Artificial Intelligence & Big Data Funds

### Complete List of All AI & Big Data Funds Eligible for AI Exposure Score Ranked

#	Name	ISIN	Inception Date	Domicile	Normalized AI Exposure Score
15	Maj Invest UCITS ETF AI & Semiconductor	DK0062615662	June 18, 2024	Denmark	61
16	WisdomTree Art Intelligence ETF USD Acc	IE00BDVPNG13	Nov. 30, 2018	Ireland	60
17	Franklin Intelligent Mchns I (acc) USD	LU238745434	Oct. 15, 2021	Luxembourg	58
18	Allianz Global Artfcl Intlgc W EUR	LU1548499471	March 31, 2017	Luxembourg	58
19	Oddo BHF Artificial Intellig Clw-USD	LU1833933325	Dec. 19, 2018	Luxembourg	57
20	M&G (Lux) GIBL Artfcl Intlgc LI GBP Acc	LU2694842332	Nov. 9, 2023	Luxembourg	56
21	M&G Global AI Themes Sterling L Acc	GB00BPSN8S91	Oct. 17, 2023	United Kingdom	56
22	Landseer Glb Artfcl Intlgc I USD UnHAcc	IE000I5D3NE3	July 29, 2022	Ireland	56
23	Amundi MSCI Robotics & AI ETF Acc	LU1861132840	Sept. 4, 2018	Luxembourg	50
24	L&G Artificial Intelligence ETF	IE00BK5BCD43	June 26, 2019	Ireland	48
25	Symphonia Artificial Intelligence R Inc	LU0247031429	March 15, 2006	Luxembourg	48
26	Boreas Solactive Quantum Cmptg ETFAEDInc	IE000RVOB8A6	Sept. 19, 2025	Ireland	44
27	iShares Quantum Computing ETF \$ Acc	IE000C6ITGC8	Dec. 3, 2025	Ireland	43
28	WisdomTree Quantum Computing ETF USD Acc	IE000W8WMSL2	August 27, 2025	Ireland	40

## Appendix 3. Full List Exposure Scores for European Artificial Intelligence & Big Data Funds

### Complete List of All AI & Big Data Funds Eligible for AI Exposure Score Ranked

#	Name	ISIN	Inception Date	Domicile	Normalized AI Exposure Score
29	AI Leaders C	DE000A2PF0M4	Jan. 2, 2020	Germany	40
30	Polar Cptl PLC-Artfcl Intlgn S Acc	IE00BF0GL659	Oct. 6, 2017	Ireland	35
31	Invesco Artificial Intlgn Enblrs ETF	IE000LGWDNE5	Oct. 29, 2024	Ireland	35
32	VanEck Quantum Cmptg ETF A USD Acc	IE0007Y8Y157	May 21, 2025	Ireland	34
33	iShares AI Adopters & Applctns ETF \$ Acc	IE000Q9W2IR3	Dec. 5, 2024	Ireland	21
34	EdRF Big Data N EUR	LU1244894827	August 31, 2015	Luxembourg	18
35	Bellevue AI Health U2 USD	LU2721086929	Nov. 30, 2023	Luxembourg	5

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22 West Washington Street  
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