Quick Take: AI Cash Flows in Motion

August 2026

An AI free-cash-flow transfer: Global hyperscalers to their EM suppliers

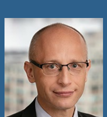
- As hyperscalers and advanced AI developers pour capital into infrastructure, their free-cash-flow projections have turned deeply negative, while forecasts for EM chip and hardware suppliers have surged. (Top chart.)
- Among EM semiconductor firms, estimate revisions vary sharply by segment. Korea's memory-heavy manufacturers have seen forecasts surge, while Taiwan's foundry-led industry has seen steadier gains.
- The difference reflects business mix at this phase of the AI buildout, not geography: demand for high-bandwidth memory, critical to AI accelerators, has driven the outsized revisions for memory producers.

Markets: Confronting cash-flow uncertainty

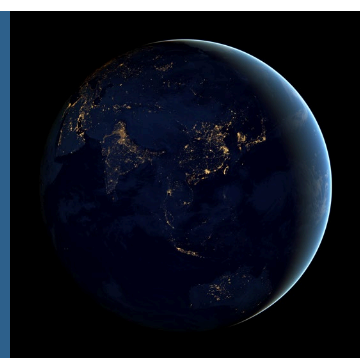
- Prices and forecasts have not moved in lockstep. Despite an 82% YTD rally, Korean chipmakers' forecasts have *risen roughly three times faster than prices*; in July, prices fell even as forecasts continued to rise.*
- Across roughly 1,600 EM semiconductor and hardware stocks, cap-weighted valuation dispersion remains near a two-decade high, even excluding the industry megacaps. (Bottom chart.)
- As markets grapple with rapidly changing cash-flow expectations, wide valuation dispersion and volatile relative prices create scope for stock selection. The environment favors investors who draw on diverse fundamental and sentiment information and can scale across the full opportunity set.

** Price movements may also influence analysts' estimates, complicating causality. See Owenomics [Waiter, There's a P in my E] and [A Pessimistic Take on Optimistic Growth Forecasts].*

Ram Thirukkonda, CFA, CAIA
SVP, Client Advisory
rthirukkonda@acadian-asset.com

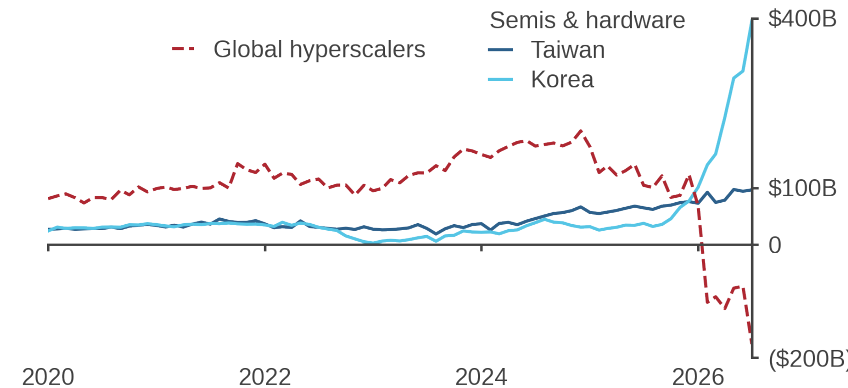


Lukasz Pomorski, Ph.D.
SVP, Portfolio Manager
lpomorski@acadian-asset.com



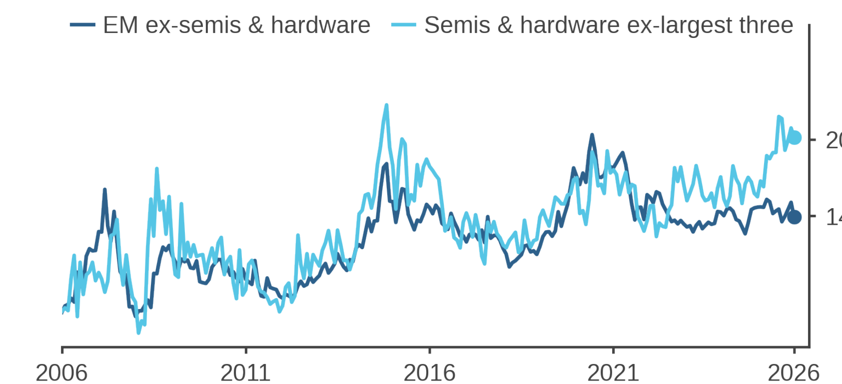
Forward-looking 12M Free Cash Flow estimates

Through July 2026



Valuation dispersion among EM's AI suppliers

Cross-sectional variation in price-to-12M-forward-earnings ratio



Sources: Acadian calculations based on I/B/E/S estimates and EM benchmark composition from MSCI. MSCI data copyright © MSCI 2026. All rights reserved. Unpublished. PROPRIETARY TO MSCI. Top chart: Hyperscalers are Microsoft, Alphabet, Amazon, Oracle, and Meta. Bottom chart: Float-adjusted, cap-weighted cross-sectional valuation dispersion across relevant stocks in the Acadian EM universe (with outlier handling and minimum capitalization and liquidity constraints). The three firms omitted are TSMC, Samsung, and SK hynix. References to specific companies should not be interpreted as recommendations to buy or sell specific securities. Acadian and/or the authors of this document may hold positions in one or more securities associated with these companies.

Disclosures

These materials provided herein may contain material, non-public information within the meaning of the United States Federal Securities Laws with respect to Acadian Asset Management LLC, Acadian Asset Management Inc. and/or their respective subsidiaries and affiliated entities. The recipient of these materials agrees that it will not use any confidential information that may be contained herein to execute or recommend transactions in securities. The recipient further acknowledges that it is aware that United States Federal and State securities laws prohibit any person or entity who has material, non-public information about a publicly-traded company from purchasing or selling securities of such company, or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person or entity is likely to sell or purchase such securities.

Acadian provides this material as a general overview of the firm, our processes and our investment capabilities. It has been provided for informational purposes only. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or to purchase, shares, units or other interests in investments that may be referred to herein and must not be construed as investment or financial product advice. Acadian has not considered any reader's financial situation, objective or needs in providing the relevant information.

The value of investments may fall as well as rise and you may not get back your original investment. Past performance is not necessarily a guide to future performance or returns. Acadian has taken all reasonable care to ensure that the information contained in this material is accurate at the time of its distribution, no representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of such information.

This material contains privileged and confidential information and is intended only for the recipient/s. Any distribution, reproduction or other use of this presentation by recipients is strictly prohibited. If you are not the intended recipient and this presentation has been sent or passed on to you in error, please contact us immediately. Confidentiality and privilege are not lost by this presentation having been sent or passed on to you in error.

Acadian's quantitative investment process is supported by extensive proprietary computer code. Acadian's researchers, software developers, and IT teams follow a structured design, development, testing, change control, and review processes during the development of its systems and the implementation within our investment process. These controls and their effectiveness are subject to regular internal reviews, at least annual independent review by our SOC1 auditor. However, despite these extensive controls it is possible that errors may occur in coding and within the investment process, as is the case with any complex software or data-driven model, and no guarantee or warranty can be provided that any quantitative investment model is completely free of errors. Any such errors could have a negative impact on investment results. We have in place control systems and processes which are intended to identify in a timely manner any such errors which would have a material impact on the investment process.

Acadian Asset Management LLC has wholly owned affiliates located in London, Singapore, and Sydney. Pursuant to the terms of service level agreements with each affiliate, employees of Acadian Asset Management LLC may provide certain services on behalf of each affiliate and employees of each affiliate may provide certain administrative services, including marketing and client service, on behalf of Acadian Asset Management LLC.

Acadian Asset Management LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training.

Acadian Asset Management (Singapore) Pte Ltd, (Registration Number: 199902125D) is licensed by the Monetary Authority of Singapore. It is also registered as an investment adviser with the U.S. Securities and Exchange Commission.

Acadian Asset Management (Australia) Limited (ABN 41 114 200 127) is the holder of Australian financial services license number 291872 ("AFSL"). It is also registered as an investment adviser with the U.S. Securities and Exchange Commission. Under the terms of its AFSL, Acadian Asset Management (Australia) Limited is limited to providing the financial services under its license to wholesale clients only. This marketing material is not to be provided to retail clients.

Acadian Asset Management (UK) Limited is authorized and regulated by the Financial Conduct Authority ('the FCA') and is a limited liability company incorporated in England and Wales with company number 05644066. Acadian Asset Management (UK) Limited will only make this material available to Professional Clients and Eligible Counterparties as defined by the FCA under the Markets in Financial Instruments Directive, or to Qualified Investors in Switzerland as defined in the Collective Investment Schemes Act, as applicable.