



1 May 2024

AI beneficiaries in the telecom and mining sectors

By WAM Leaders Lead Portfolio Manager Matthew Haupt

Over the past few years, artificial intelligence (AI) has developed significantly and meaningfully, driven primarily by excess liquidity from COVID-era monetary policies. Amidst market uncertainties where traditional market indicators have faltered in providing consensus, AI stands out as a clear and promising investment trend with long-term tailwinds.

At its core, AI serves as a valuable productivity tool, particularly in sales operations. As AI continues to influence hardware advancements, the WAM Leaders (ASX: WLE) investment team anticipates significant benefits for companies like Telstra (ASX: TLS) and Santos (ASX: STO).

Leading mobile communications provider Telstra commands 99% of data connectivity through its subsea cables and is expanding its infrastructure with fibre optic cables to enhance data transfer speeds and bandwidth. With AI driving the need for faster and more robust connectivity, Telstra stands poised to capitalise on this, offering investors exposure to this trend.

Similarly, oil and gas producer Santos is well-positioned to leverage the surge in electricity demand fuelled by AI advancements. Forecasts suggest electricity demand is set to double over the next decade – a demand Santos can meet with its low-cost energy solutions. Renowned for being best in class, and boasting a motivated management team, Santos presents a compelling investment opportunity to capitalise on the evolving AI landscape.

Investments in companies like Telstra and Santos offers investors an attractive opportunity to participate in the growth of AI, but at reasonable valuations and while benefiting from the certainty of established businesses.