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Companies poised to benefit from AI

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In the past year, our small-to-mid cap investment team has conducted over 5,000 company meetings, engaging with management teams to explore how artificial intelligence (AI) could potentially reshape their business, both positively and negatively. While it is early days, the consensus among these discussions is overwhelmingly positive, with many seeing AI as the largest technological change they have seen. We therefore believe that AI's revolutionary impact offers compelling investment opportunities across sectors.

We have identified two broad key categories of companies poised to benefit from the AI trend:

1. Companies positioned for accelerated revenue growth; and
2. Companies positioned to reduce operational costs

The surge in AI is expected to drive increased data consumption, storage and connectivity demands. NextDC (ASX: NXT), a leading data centre operator, stands to capitalise on this trend, highlighted by its recent \$1.3 billion capital raising to accelerate development of data centres in Sydney and Melbourne. Similarly, Pro Medicus (ASX: PME), a healthcare software provider, utilises AI to develop technology capable of assisting radiologists. Furthermore, Megaport (ASX: MP1), a provider of on-demand data connection services, is well-positioned to leverage AI-driven revenue growth in data connectivity.

As AI gradually reduces human involvement in routine tasks, e-commerce companies such as Temple & Webster (ASX: TPW) stand to benefit by reducing operational costs through AI-driven automation, particularly in customer service activities.

The transformative power of AI presents compelling investment opportunities across various sectors, from data infrastructure to healthcare and e-commerce. Companies embracing AI innovation are poised for growth and efficiency gains, making them attractive prospects for investors.