GSFM
FUNDS MANAGEMENT

# Media Release

16 December 2025

## EOY update: Still time to ride the AI boom

We are two to three years into a global AI boom, not a bubble, according to Munro Partners founding partner and chief investment officer, Nick Griffin.

"When I hear the word bubble, I hear valuation bubble. The last time we saw this type of bubble was in 1999, and that was a valuation bubble," Griffin says.

"The NASDAQ actually went up more than 90 per cent that year."

But Griffin points out the NASDAQ is up less than 20 per cent this year and the biggest companies in the S&P today, like Google (NASDAQ: GOOG), Nvidia (NASDAQ: NVDA) and Amazon (NASDAQ: AMZN), are trading at price-to-earnings (PEs) in the mid-twenties, not the 99-to-100-times earnings which were seen during the tech bubble.

"It doesn't feel like we're in a valuation bubble. I think what people are questioning is whether we are actually in an AI spending bubble?" he says.

Spending on AI might be high, but that doesn't necessarily equate to a spending bubble. Griffin suggests that the adoption of AI needs to be compared to the smartphone cycle.

"When the smartphone came along, there were hundreds of Apps on your phone that actually made the smartphone functional. Apps such as Uber, Spotify, Facebook, Google, or even Qantas, allowed users to perform tasks from their phones. The proliferation of all of those apps is what basically drove Apple to become the biggest company in the world because the device was so useful."

He says AI is going to be very similar, with thousands of Apps being developed using AI technology, either for programming, or the likes of ChatGPT, Microsoft's Copilot and Google's Gemini. All of the Apps need to run through the AI large language models, which in turn, all need to run on the cloud.

As a result, Griffin says, cloud demand has accelerated with Azure growing 40 per cent, Amazon growth in the mid-twenties, and new entrants like Oracle becoming cloud providers. The cloud providers must then buy more semiconductors to manage increasing demand.

"Hyperscalers are spending all this money and investing in the infrastructure, because they are getting the demand signals from all of these applications that are using AI," Griffin says.

"So, the simple way to think about this is, demand is basically exceeding supply."

As the use cases of AI continue to grow and people continue to use the services, AI companies will need to build more capacity to meet demand, which means the outlook for companies involved in the industry – from the applications to the semiconductors – is still robust.

"If companies are going to spend trillions building out AI infrastructure, our job is to invest in the companies that enable that construction, because that's trillions of revenue for those companies," Griffin says.

Griffin runs Munro Partners' Munro Global Growth Fund and Munro Concentrated Global Growth Fund and is also responsible for the formulation and implementation of the fund manager's proprietary investment process.

-oOo-