



(UBS)

Chip names eye “America first” investments

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NVIDIA reportedly plans to spend “hundreds of billions of dollars” on US-manufactured chips and electronics over the next four years, according to CEO Jensen Huang.

Speaking to the Financial Times, Huang praised the Trump administration for “not allowing energy be an obstacle” to AI’s development, and warned of competition from China’s Huawei, whose “presence in AI is growing every single year.” This follows TSMC’s pledge on Monday to spend USD 100bn on factory capacity in the US, adding to a prior pledge of USD 65bn under the Biden administration’s CHIPS act.

Our view: At a sector level, the prospect of increased semiconductor sector spending to build US capacity alongside potentially higher talent costs and less efficient manufacturing techniques could raise medium-term margin concerns for some investors. But while US-made chips are more expensive to make, they would not be subject to potential import tariffs. We note some leading chipmakers have actually guided for higher margins in the past quarter.

Stepping back, and without taking any single name views, we think the pace of performance improvements for the AI compute industry, alongside the recent correction in valuations, means the risk-reward has improved for leading AI semiconductors in particular. Given elevated market volatility and tariff uncertainty, we recommend investors to consider positioning via structured strategies and by buying the dip in quality AI stocks.

For more, see the US Daily - [Putting cash to work should remain a priority](#), 20 March, 2025.

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