AI Boom: Asia Chips In

For years, the artificial intelligence (AI) investment story has been largely synonymous with the US. Silicon Valley designed the models, American technology giants funded the infrastructure and a small cohort of mega-cap stocks captured most of the investor enthusiasm. But focusing solely on the most visible beneficiaries misses an important development: the economic impact of AI is increasingly migrating across the Pacific.

Recent trade data illustrates the shift. Per the chart below, export growth for South Korea (+71%), Taiwan (+40%), Malaysia (+41%) and Thailand (+22%) has surged in the first half of 2026. Technology goods have been central to this strength. The four countries occupy different positions within the supply chain, but the common thread is clear. AI-related demand is translating into tangible gains in Asian manufacturing and trade.

This is clearly more than another cyclical upswing in electronics. The AI investment cycle is broadening far beyond demand for leading-edge processors. More sophisticated models require greater memory capacity, advanced packaging, networking equipment and reliable electricity. As discussed in our most recent Ask Forstrong, this brings a much wider collection of Asian businesses into the fold, including component suppliers, industrial manufacturers, power equipment producers and grid infrastructure specialists.

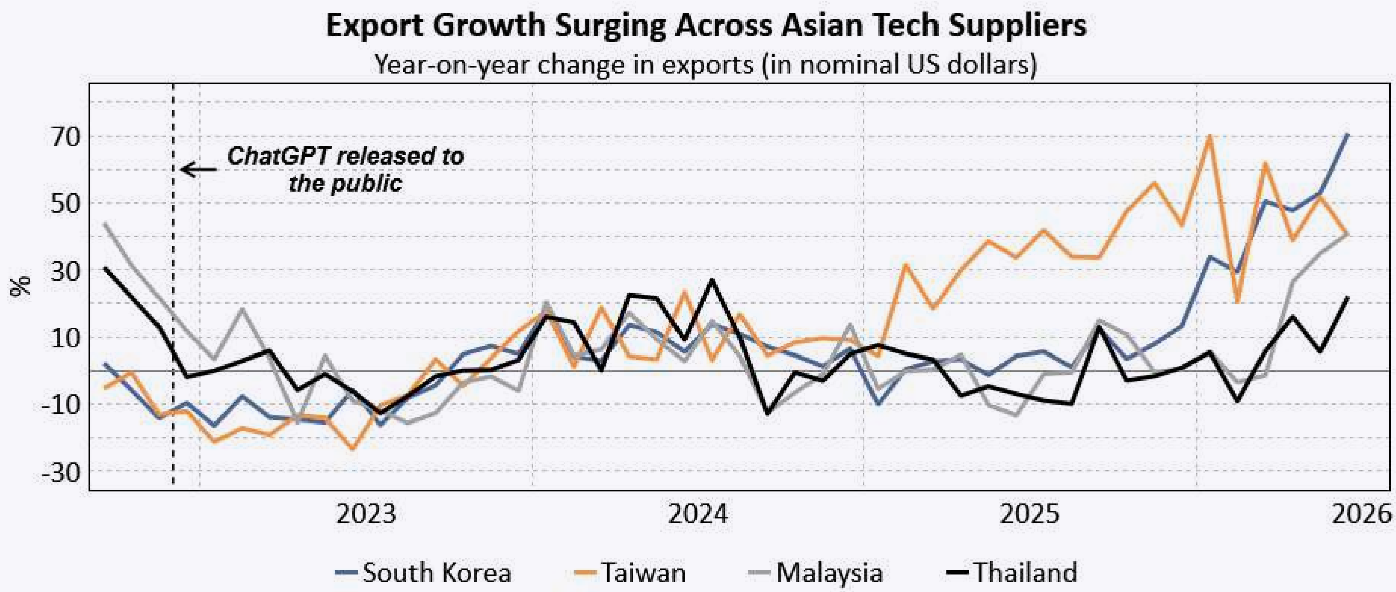
Taiwan remains indispensable to advanced semiconductor production, while South Korea dominates the global memory market. Further down the supply chain, Malaysia and Thailand are benefiting from expanding testing, assembly and component manufacturing. Data centre investment is also accelerating across Southeast Asia, where lower costs and improving infrastructure are improving project economics.

China presents a separate, but equally important, dimension. US export restrictions were intended to constrain its access to cutting-edge technology. Instead, they have intensified the push toward domestic self-sufficiency. China's recent growth has been propelled by high-tech manufacturing and exports, even as household consumption remains soft. The rapid ascent of domestic chipmakers suggests the global AI ecosystem may ultimately become more competitive and less US-centric than many investors anticipated.

Risks should not be overlooked. Semiconductor demand has always been cyclical, and aggressive capacity expansion can quickly transform shortages into gluts, particularly as hyperscaler capex faces heightened scrutiny. Meanwhile, trade restrictions, geopolitical tensions and an overreliance on a small number of companies like TSMC and ASML remain persistent sources of uncertainty. The tug-of-war between structural growth and cyclical dynamics will only intensify.

Still, the macroeconomic evidence is becoming difficult to ignore. AI is not merely boosting the earnings of a handful of American companies. It is strengthening exports, attracting foreign investment and accelerating infrastructure spending across Asia. In a world where economic momentum remains uneven, proximity to the technology supply chain is becoming an increasingly important dividing line between countries.

Investors may have spent the opening phase of the AI boom focused on who designs the smartest models. The next phase could be shaped by who supplies the memory, equipment, electricity and physical capacity required to run them.



Sources: Macrobond, National Sources, Forstrong Global Asset Management

Global Strategy Overview

Cash

We remain invested with a view of continuing resilient global growth, despite a challenging geopolitical environment and renewed inflationary pressure. However, downside risks are elevated, as higher interest rates impact consumers and businesses, while global central banks are forced to adjust monetary policy settings. We have increased cash and equivalents exposure this quarter.

Bonds

Recent labour market trends point to a firming US economy, while rising headline inflation appears to be broadening out to "core" price inputs. While incoming Fed Chair Kevin Warsh has a hawkish reputation, he will face considerable political pressure to steer the Federal Open Market Committee away from aggressive interest rate hikes. We have initiated short-term TIPS exposure to hedge against inflation risk this quarter.

Equities

European equity earnings should remain well-supported by a nascent growth recovery across the continent. However, the energy price spike and a hawkish-leaning European Central Bank present near-term risks to the economic momentum. We have trimmed our exposure to European equities this quarter.

Opportunities

Chinese internet equities have come under pressure as investors have become increasingly focused on the monetization challenges facing the Chinese "hyperscaler" technology platforms and the sustainability of their artificial intelligence investment spending. Meanwhile, demand for Taiwan's world-leading semiconductor exports should continue to thrive with global data centre investment accelerating and persistent supply constraints for leading-edge chips. We have liquidated our exposure to Chinese internet equities and initiated exposure to Taiwanese equities in balanced and growth-oriented strategies this quarter.

FORSTRONG
GLOBAL ASSET MANAGEMENT INC

Strategy Dashboard: Q3 - July 2026

Forstrong Strategies	Inception Date	1 Month	YTD	1 Year	3 Year	5 Year	10 Years	Since Inception
Balanced								
Global Income	30/06/08	2.15%	6.15%	11.70%	10.35%	5.91%	5.59%	7.49%
Global Balanced	30/06/03	1.50%	7.24%	16.84%	12.54%	7.06%	7.74%	7.50%
Global Growth	30/06/03	1.37%	9.20%	21.92%	16.23%	9.28%	10.17%	8.93%
Canadian Income	30/06/08	2.05%	6.19%	12.13%	10.23%	5.82%	5.53%	6.63%
Canadian Balanced	30/06/03	1.09%	7.28%	17.75%	13.01%	7.75%	7.87%	7.63%
Canadian Growth	30/06/03	1.05%	9.43%	24.31%	17.24%	10.12%	10.12%	8.94%
Global Equity								
Emerging Markets Equity	31/01/19	1.68%	10.52%	24.40%	NA	NA	NA	24.40%
Global Ex-North America Equity	31/12/19	2.94%	17.68%	31.75%	19.61%	10.53%	NA	10.52%
Alternative Income								
High Income Opportunities	30/06/22	1.54%	5.38%	15.28%	12.26%	NA	NA	12.96%

* Performance as of June 30th, 2026
Please read the important disclosures under disclaimers.

Disclaimers:
Nothing herein is or shall be deemed to constitute investment, research, tax, financial, or legal advice, nor an opinion or recommendation regarding any products, strategies, or any security in particular or the appropriateness of any investment. Nothing contained in these materials is, or should be construed or used as, an offer, a solicitation of an offer, or an invitation to buy or sell any security, investment, fund, or financial product or instrument, or an endorsement, recommendation, or sponsorship of any entity or security cited or to adopt any particular investment or portfolio strategy. This material contains general information only and does not have regard to the specific investment objectives, financial situation, risk profile, or the particular needs of any specific person who may receive these materials. These materials are not intended for distribution in any jurisdiction where such distribution would be contrary to law. It is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of your relevant jurisdiction. Unless we provide express prior written consent, no part of these materials should be reproduced, distributed, or communicated to anyone else. The information herein does not provide a sufficient basis for an investment decision and Forstrong Global Asset Management Inc. ("Forstrong") makes no representation as to the suitability of any investment described herein. Investors should assess as to whether the information is appropriate in their individual circumstances and should consult with their own investment, tax, financial, and legal advisors before making any investment decisions. Investors should also carefully consider any risks involved. Forstrong does not hold itself out to be an advisor in these circumstances, nor do any of its representatives have the authority to do so. Unless otherwise indicated, all monetary figures are expressed in Canadian dollars. Investing involves risk, including possible loss of principal.

The information contained in these materials is for general informational purposes only and is intended to provide only brief comments on broad market, industry or sector trends, or other general economic or market conditions. It is not intended to provide an overview of the terms applicable to any products or funds managed or sponsored by Forstrong. Views expressed regarding a particular company, security, industry, investment, or market sector are the views only of that individual as of the time expressed and do not necessarily represent the views of Forstrong or any other person in the Forstrong organization. These materials contain information and views as of the date indicated and such information and views are subject to change at any time without notice, based upon market and other conditions, and Forstrong disclaims any and all responsibility to update such information and views. These views are not and may not be relied upon as investment advice and, because investment decisions for a Forstrong fund or product are based on numerous factors, are not and should not be relied upon as an indication of trading intent on behalf of any Forstrong fund or product. Any opinion or assumption may contain elements of subjective judgment and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by Forstrong of any future action or performance. Neither Forstrong nor any of its affiliates, businesses, or representatives make any representation or warranty, express or implied, as to the accuracy, reliability, completeness, appropriateness, or sufficiency for any purpose of any information contained herein. Forstrong and its affiliates and related entities disclaim any and all liability relating to the information herein, including, without limitation, any express or implied representations or warranties for, statements contained in, and omissions from, the information. Forstrong and its affiliates and related entities are not liable for any errors or omissions in any information herein or for any loss or damage suffered, whether direct or consequential, resulting from the use of these materials.

The information contained in these materials is strictly for general illustrative, educational, or informational purposes, and is not intended to provide legal, investment, accounting, or tax advice, and should not be relied upon in that regard. These materials contain information and views as of the date indicated and such information and views are subject to change at any time without notice, based upon market and other conditions, and Forstrong disclaims any and all responsibility to update such information and views. These views are not and may not be relied upon as investment advice. Any opinion or assumption may contain elements of subjective judgment and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by Forstrong of any future action or performance. Neither Forstrong nor any of its affiliates, businesses, or representatives make any representation or warranty, express or implied, as to the accuracy, reliability, completeness, appropriateness, or sufficiency for any purpose of any information contained herein. Forstrong and its affiliates and related entities disclaim any and all liability relating to the information herein, including, without limitation, any express or implied representations or warranties for, statements contained in, and omissions from, the information. Forstrong and its affiliates and related entities are not liable for any errors or omissions in any information herein or for any loss or damage suffered, whether direct or consequential, resulting from the use of these materials.

Any specific companies, issuers, funds, ETFs, or indices mentioned are for illustrative or educational purposes only and are not and shall not be deemed to be a recommendation to buy or sell any securities. Any companies, issuers, funds, or ETFs mentioned do not necessarily represent current or future holdings of any Forstrong funds or products. Any strategies discussed are strictly for illustrative and educational purposes and are not a recommendation, offer, or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategies discussed will be effective.

Commissions, fees, and expenses may be associated with investments in Forstrong funds, ETFs, and/or other investment products. Please read a fund's offering memorandum or ETF's prospectus, as applicable, which contains detailed information, and speak to an advisor before investing. Funds and ETFs are not guaranteed, their values change frequently, and investors may experience a gain or loss. Past performance may not be repeated.

Certain statements in these materials may contain forward-looking statements or forward-looking information that are predictive in nature and may include words such as "expects", "anticipates", "intends", "plans", believes", "estimates", and similar forward-looking expressions or negative versions thereof. Such forward-looking statements are based on current expectations and projections about future general economic, political, and other relevant market factors, such as interest, and assuming no changes to applicable tax or other laws or regulations. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable and, accordingly, may prove to be incorrect at a future date. Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements. A number of important factors can contribute to these differences, including, but not limited to, general economic, political, and market factors in Canada and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, and catastrophic events. You should avoid placing any undue reliance on forward-looking statements. Past performance is no indicator of future performance and the materials are not intended to forecast or predict future events. Forstrong disclaims any and all responsibility to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as specifically required by law.

The index returns are shown for illustrative or informational purposes only. Indexes are unmanaged, and index performance does not include the impact of fees, commissions, and transaction costs and expenses that would be payable by investors in investment products that seek to track an index. Such costs would lower performance. It is not possible to invest directly in an index. Past performance does not guarantee future results. Index performance does not represent actual fund performance.

These performance statistics represent the results of Forstrong's hypothetical model performance data for the relevant time period, which are calculated from the application of proprietary investment strategies as set by Forstrong's Investment Committee. These performance statistics do NOT reflect the performance of any actual Forstrong fund, product, or account. Model performance results have inherent risks and limitations because they are hypothetical and do not represent actual trading and do not reflect the deduction of any fees or expenses except as specifically noted below. As a result, the performance results reflected herein are estimates only and may be based on incomplete information. Actual performance of any portfolio, fund, or account following similar strategies may vary materially from the performance shown herein, including, but not limited to, due to client-specific portfolio differences with respect to size, inflow/outflow history, inception dates, market conditions, and/or other factors. Performance numbers do not reflect any trading or transaction costs, taxes, and management and advisor fees that would be associated with actual management of and trades made for a fund or account. Such costs would lower performance, including as a result of compounding. The performance data of the underlying portfolio investments, comprised of third party ETFs, are net of the total expense ratios of such ETFs. The performance returns assume reinvestment of all dividends and/or other earnings. The trading prices for securities in the model may differ from trading prices in actual clients' portfolios. Forstrong may not have been actually able to trade at the price used for a given security in the model portfolio. Any expenses deducted are estimates only and may or may not be the same as those attained in an actual portfolio.

Performance results assume model portfolios to be fully invested in securities, while actual client accounts may hold excess cash for liquidity purposes. Therefore, the model may have better results than actual results in rising markets and poorer results in falling markets All statistics and results presented are unaudited. Past investment results provide no indication of future performance. Future returns are dependent on the general financial investment environment, the nature of the strategy mandate, and active investment strategies and risks. Returns for periods over one year are annualized. The data used to calculate model performance was obtained from sources deemed reliable and then organized and presented by Forstrong. However, such information has not been independently verified by Forstrong (and Forstrong disclaims any obligation to verify) and Forstrong does not guarantee its accuracy or completeness and accepts no liability for any loss or damage suffered, whether direct or consequential, resulting from its use. Unless otherwise indicated, all performance data is calculated and presented in Canadian dollars.

The information contained herein is presented solely for illustrative purposes and should not be construed as a forecast or projection. While some information used herein has been obtained from various published and unpublished third-party sources considered to be reliable, such information has not been independently verified by Forstrong (and Forstrong disclaims any obligation to verify) and Forstrong does not guarantee its accuracy or completeness and accepts no liability for any loss or damage suffered, whether direct or consequential, resulting from its use. It should be noted that data provided may be approximate numbers.