ARGUS®

MONTHLY RESEARCH WEBINAR

ARTIFICIAL INTELLIGENCE: THE INFORMATION TECHNOLOGY SECTOR

Moderator:

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February 4, 2026

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WHAT'S NEW AT ARGUS?

Artificial Intelligence: The Information Technology Sector

- John Eade, Argus President
- Joseph Bonner, CFA, Senior Analyst
- Jim Kelleher, CFA, Director of Research

Argus Quick Notes

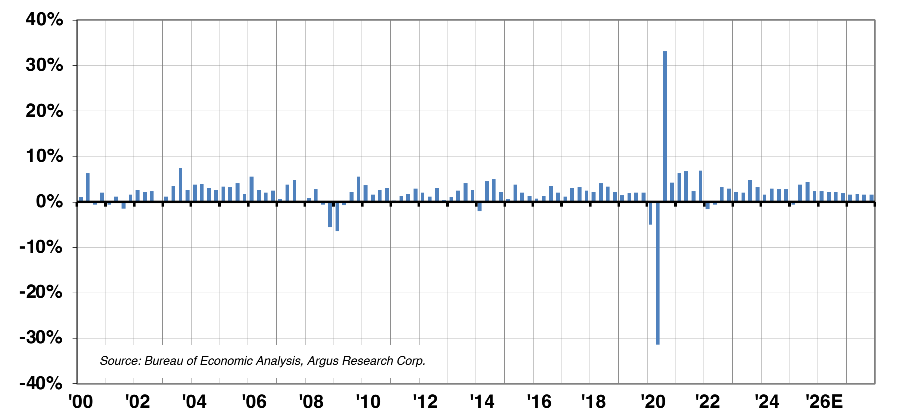
- Argus Top Picks for 2026
- Shooting Stars and Falling Angels in 2025
- Argus Most Followed Stocks in 2025
- Dividend Growers
- Find these on the homepage of our website

Portfolio Update: the Argus Min Vol Model Portfolio

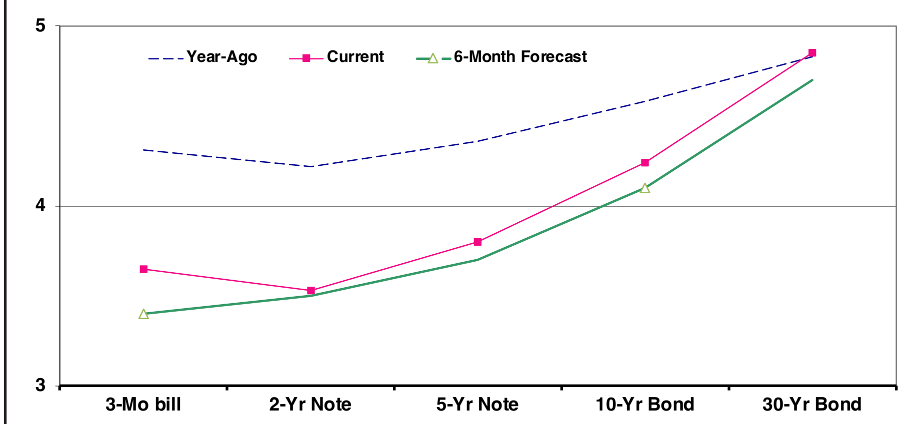
- Value is leading growth in 2026
- Rotation is favoring defensive areas with low betas
- An all-weather strategy timely in any investment climate
- Find the Argus Min Vol MP on the homepage of our website

MACRO FORECASTS

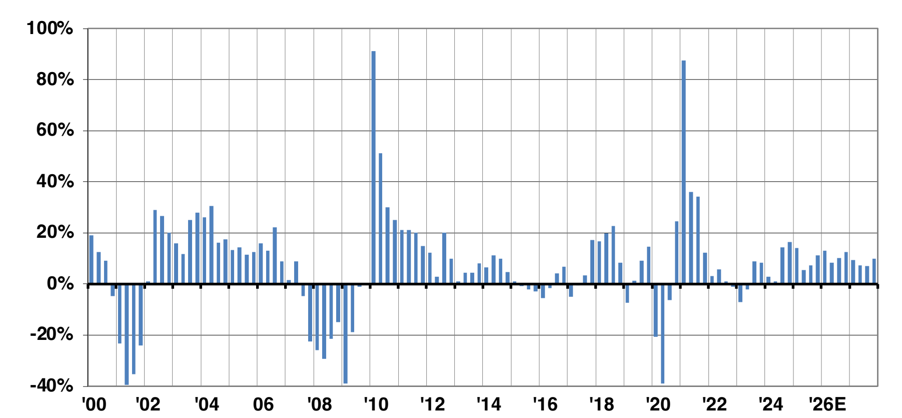
REAL GDP W/FORECASTS



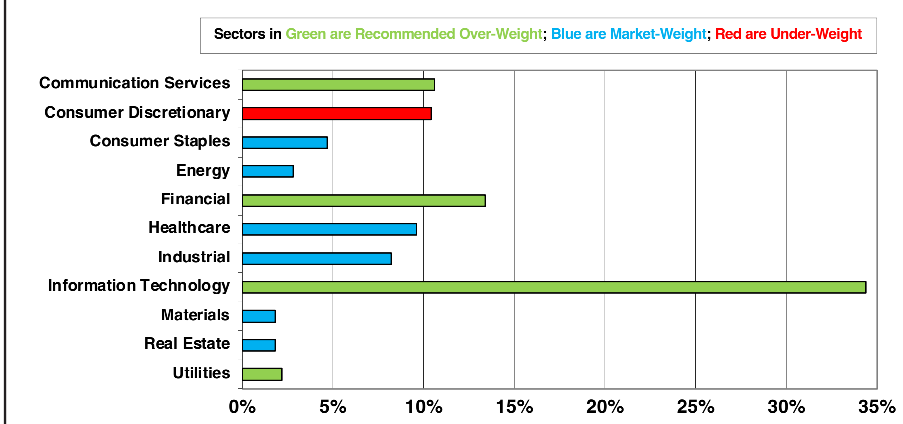
TREASURY YIELD CURVE (%)



S&P 500 QUARTERLY EARNINGS GROWTH

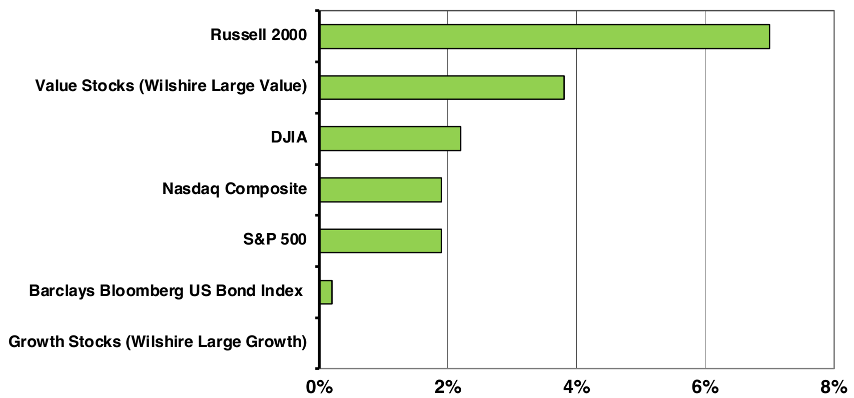


MARKET SECTOR DISTRIBUTION - PERCENT OF S&P 500

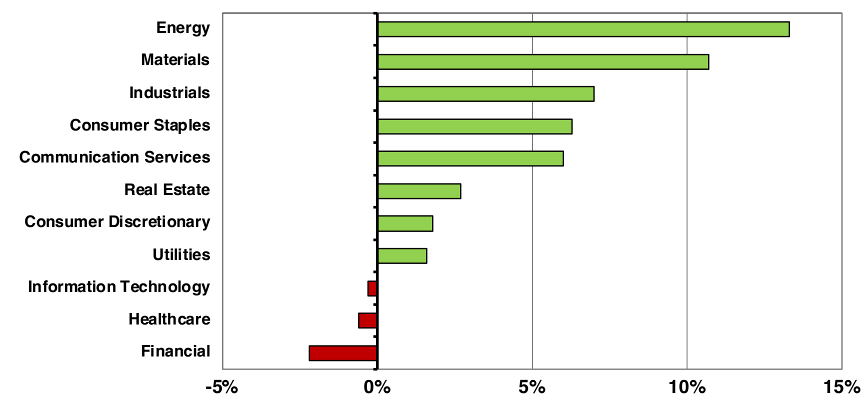


MARKET PERFORMANCE
DATA AS OF JANUARY 30, 2026

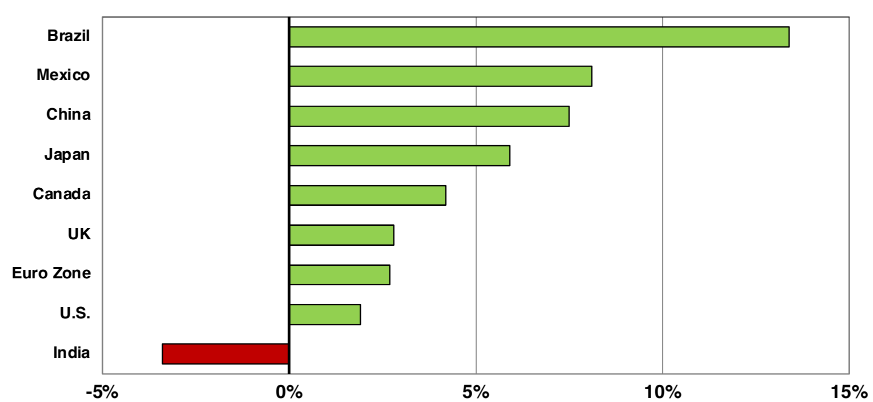
MAJOR INDEX



SECTOR



GLOBAL EQUITY MARKETS



AI is one of our Key Investment Themes for 2026

- Fast-growing segment, with 55% CAGR sales growth estimated through 2030
- 2030 AI total revenue forecast $3.5 trillion – 15% of GDP
- Present impact: key driver of above-trend GDP growth in 2025

We expect to see impact of AI broaden beyond tech in coming years

- Healthcare
- Financial Services
- Industrial & Energy
- Consumer

Argus Innovation Framework

- New Products
- New Markets
- Better Products & Processes
- Disruptors

Argus AI Series Starting Point

- Tech Sector
- Hardware & Software
- GPU Providers, Storage & Networking companies
- Hyperscalers, Cybersecurity, Enterprise Software

GENERATIVE AI
AND SOFTWARE TECHNOLOGY OVERVIEW

- **GenAI, a profound technology paradigm change**
  - The winners (for now)
  - Rapid adoption
  - Opportunities and threats
- **Agentic AI, the new new thing**
- **Chinese LLM's**
- **The new leaders?**
  - Google/Gemini 3
  - Anthropic/Claude
- **Gating factors to expansion: chips vs. power**
- **Capex large and rapidly growing**

3 Buckets

- Frontier LLM Model competitors/cloud hyperscale providers
- Cybersecurity
- Software as a Service (SaaS) providers

HYPERSCALER/MODEL BUILDERS

Microsoft (MSFT) target price: $620

- **Industry position – tough to displace**
- **Early adopter position – OpenAI relationship**
    - » Now diversifying
- **Enterprise software provider of choice**
- **Capex vs. cash flow**

Alphabet/Google (GOOGL) target Price: $365

- **Gemini 3**
- **Google Cloud**
- **GenAI and Google Search**

CYBERSECURITY

- **Palo Alto Networks (PANW) target price $222**
- **CrowdStrike (CRWD) target price $600**
  - Continuing need for cybersecurity in a GenAI world
  - Continuing innovation
  - Platform providers
  - Agentic AI and Identity
  - Valuation differentiation

SOFTWARE AS A SERVICE

■ Snowflake (SNOW) target price $300

- "Picks and shovels" for AI
- Partnerships
- Revenue acceleration and margin expansion

■ Cloudflare (NET) target price $265

- Data and internet management and protection
- Cybersecurity
- Leveraging the expanding internet

AI Overview: An Evolving Environment

- ChatGPT introduced the world to generative (responsive) AI
- Momentum is shifting to Agentic AI and Physical AI (robotics)
- Text-only LLMs being supplemented by multi-modal models for video, etc.
- Hyperscale Data Center supplemented by Enterprise, Sovereign, Neocloud
- GPU compute clusters drive networking, storage, services

AI Companies: The Tentpole

NVidia (NVDA) target price $220

- Massive size and scale and always moving forward
- GPUs: Hopper succeeded by Blackwell, now giving way to Rubin
- AI Data Centers giving way to AI "Factories"
- From Hyperscale customers to enterprise, sovereign, neocloud
- Leading in physical AI (robotics, robotaxis, autonomous everything)

AI COMPANIES: SEMICONDUCTORS

Broadcom (AVGO) target price $375

- Strong demand for XPUs (AI accelerators)
- Added a fifth hyperscaler customer in 2025
- Global leader in data center interconnects (DCIs)
- FY25 AI semiconductor revenue $20 billion-plus, up 65% y/y
- Total AI product backlog is $75 billion-plus

Advanced Micro Devices (AMD) target price $275

- Ready to surpass Intel in CPUs (EPYC, Ryzen)
- New EPYC server processor in 2 nm process node
- Ryzen desktop & notebook CPUs gaining client share
- Number two in GPUs with MI300X series; MI400X coming
- Partnering in GPUs with hyperscalers, sovereigns, enterprises

Other AI semiconductor companies:

- MRVL, MU

AI COMPANIES:
SEMI CAPITAL EQUIPMENT

■ ASML (ASML) target price $1,700

- Multi-generation lead in advanced EUV lithography for logic, memory
- EUV just under 50% of 2025 revenue, should be 55%-plus in 2026
- Bookings of 13.2 billion euros in 4Q25, over 50% were EUV
- Mix shift away from China to Korea, Taiwan, US will benefit margins

■ Other AI Semi Cap companies:

- LRCX, AMAT

■ AI Companies: Hyperscaler

■ Amazon (AMZN) target price $325

- AWS, leader in IaaS, is uniquely positioned in AI-as-a-service market
- Training foundational models on Trainium 2 and Interfentia chips
- Bedrock's "building block" approach makes over 100 models available to clients
- AWS plans to make Amazon Bedrock biggest inference engine globally
- Lagging other CSPs in AI but competing aggressively and leveraging scale

AI COMPANIES:
DATA STORAGE & NETWORKING

Seagate Technologies (STX) target price $450

- Accelerating nearline HDD demand from CSPs to support AI workloads
- Shipped record exabytes (EB) of data in fiscal 3Q26 (calendar 4Q25)
- HAMR technology enabling success in aerial density roadmap
- Higher EB per device and exit from non-DC markets is driving margin expansion

Other Data Storage companies:

- WDC

AI Companies: Networking

Arista Networks (ANET) target price $175

- Achieving 25% revenue growth in 2025, expect 20%-plus in 2026
- Incumbency with “cloud titans” in hybrid cloud networking drives AI TAM expansion
- Etherlink platform for AI back-end and front-end networks
- Beyond cloud titans, strength in enterprise verticals (Apple)

Other AI Networking companies:

- CSCO, HPE

AI COMPANIES: SERVERS & SYSTEMS

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International Business Machines (IBM) target price $360

- Transforming into “Software-led hybrid cloud and AI platform company”
- Consulting, Software, and Infrastructure enable integrated AI offering
- Unique incumbency with Fortune 500, Global 2000 enterprise clients
- Helping build AI infrastructure that is specific to clients’ data, processes, and competitive needs

Dell Technologies (DELL) target price $200

- Integrated PC, server, storage, and networking company
- Industry-leading ProLiant CPU servers give unmatched incumbency to transition enterprise clients to Dell’s GPU servers
- Storage business (former EMC) is three-times larger than next competitor
- No hyperscale exposure, AI focus on enterprise clients

Other Servers & Systems companies:

- SMIC, CRWV

ARGUS PORTFOLIO PICKS

- **Equity Income**
  - AVGO, KLA, STX
- **Sustainable Growth**
  - AVGO, MSFT, NVDA
- **Institutional**
  - AMD, ASML, CRWD, MU, MSFT, NFDA, PANW, QCOM
- **Dividend Growth**
  - ADI, AMAT, AVGO, KLAC, LRCX, MSFT, ORCL
- **Growth & Income**
  - ANET, IBM, MRVL, MSFT, NVDA, ORCL, TSM, TXN
- **Growth**
  - ADI, AMAT, ANET, NVDA, ORCL, PANW, SNOW

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