Big Tech's AI Infrastructure Bet: Roughly Right, But Show Us The ROI

Big Tech is set to spend roughly $725 billion on AI data centres in 2026 nearly double last year, and more than the entire annual output of Sweden. Wall Street expects this capex (capital expenditure on physical assets like data centres, chips and power) to pass $1 trillion in 2027. We put the question to our community. Is this the smartest bet of the decade? Roughly the right call? Starting to look overbuilt? Or a bubble?

75% said roughly the right call. 25% called it a bubble.

We think the majority is right and our portfolio is positioned that way. But the 25% are not being unreasonable. The questions they raise are serious, and the risks they point to are real.

The Case For The Large Capex Spend

They cannot build fast enough to meet demand and have been saying so for over a year. Quarter after quarter, Microsoft, Google and Amazon have told investors the same thing: customers want more AI computing power than they can supply. That is a striking statement from companies of this scale. It means their revenues and profits would have been higher had they been able to build more, not less. If the spending was running ahead of demand, the queue of waiting customers would be shrinking. It is doing the opposite.

They can largely fund it themselves. Between them, Microsoft, Google, Amazon and Meta generate close to $600 billion of cash every year. The bulk of the AI buildout comes out of that. They have started to borrow more, it is true but their balance sheets remain stronger than those of the average large company. This matters. The casualties of the dot-com era had no real profits to fall back on. These companies have hundreds of billions.

Agents are not chatbots and the distinction matters. Most of the AI we have experienced so far is a chat window: ask a question, get an answer. The next wave is what the industry calls "agents" software that performs tasks on your behalf, such as researching a topic, running an analysis, or managing a process. A single agent task can consume tens of times more computing power than a single chat reply. And agents are barely out of the gate. The buildout we are looking at is sized for what is coming, not what is already here.

The revenue is starting to shift from one-off to recurring. Most AI dollars so far have come from training the models the huge, one-time job of building an AI in the first place. That is lumpy revenue, paid by the AI labs themselves (companies like OpenAI and Anthropic that build the models), and the lowest quality a business can have. The much larger opportunity is inference: what the platforms charge every time someone actually uses an AI. Each chat with ChatGPT, each image generated, each analysis run by a business small fees, paid millions of times a day, every day. That is recurring revenue, and recurring revenue is what eventually makes spending of this scale pay for itself. That side has only just begun to scale. The "show us the money" moment is just starting.

The Case Against The Large Capex Spend

The 25% calling this a bubble are not being unreasonable. The market itself has spent much of 2026 wrestling with the same question. The concerns are not abstract.

Real demand does not protect investors from overbuilding. Consider US railways in the late 1800s. The technology was transformative, the demand was real and yet by the 1890s, roughly a quarter of all American railroad mileage was in bankruptcy. Consider fibre-optic cable in 1999. WorldCom and Global Crossing laid so much of it that most of it sat unused for a decade. Both companies are long gone. Write-downs, impairments and bankruptcies among the builders are the rule rather than the exception in supercycles like this one even when the infrastructure ends up being used. The technology can be right and the timing wrong.

Smaller, cheaper models may end up doing most of the work and most of it outside data centres. The current buildout assumes the world keeps using giant general-purpose models the kind that power ChatGPT and Gemini for every task. In reality, most jobs (summarising a document, classifying an email, answering a routine question) do not need that kind of horsepower. Specialised smaller models can handle them at a small fraction of the cost. Many can run on a phone or laptop without ever touching a data centre.

Even the much-hyped "agents" can largely be built from cheap small models, calling on a big one only when they really need to. If that is how this plays out, the world will need less computing power than the optimists estimate.

The equipment may not last as long as they say it does. The big cloud companies Microsoft, Amazon, Google tell investors their AI servers will be useful for six years. That assumption keeps reported profits high, because the cost is spread over a longer period. But the same companies are running those servers flat out, because, as they have told us, demand outstrips capacity. Running flat out wears equipment out faster. If the true economic life is closer to three or four years, today's reported profits and returns are inflated by erroneous accounting assumptions.

Investlinx's Positioning: Why We Focus On the Platforms

Both sides of this debate have merit. But the bear arguments are not equally relevant to every company exposed to AI. The platforms where our money sits are largely insulated from what the bears worry about most. Amazon and Microsoft are our two largest holdings, at 9% and 8% respectively. They are among the biggest spenders on the AI capex we have been discussing the data centres, the chips, the power. But the buildout is only one part of what they do. They also own the software platforms that go on top of it: Microsoft Foundry and Amazon Bedrock, where companies actually build and run their AI models. These platforms are built into Amazon's AWS and Microsoft's Azure — the cloud services already storing the data and running the everyday software most large companies cannot do without. AI makes that grip stronger. The most useful place to run an AI model is right next to the data and the software it works on. That is exactly what Foundry and Bedrock offer.

Both are also designing their own AI chips Maia at Microsoft, Trainium at Amazon. Chips built for a specific job are more efficient than the general-purpose GPUs (the chips that power most AI today) sold by Nvidia and AMD. That lowers their cost base and gives them a structural advantage over any competitor that depends entirely on third-party chips.

We also own a smaller position in Alphabet, at 3%, which has a similar opportunity through Google Cloud. The smaller weight reflects relatively lower conviction. Google's strength has historically been the consumer, not the enterprise. And in the consumer AI market where brand and habit matter most ChatGPT has taken majority share, largely by being first.

Conclusion

The most important number in this debate, for us, is 15%. That is roughly what the combined 2026 and 2027 capex of Microsoft, Alphabet, Meta and Amazon adds up to as a share of their combined market value. Imagine the worst case that every dollar of that spending is wasted. Even then, these businesses survive intact. They are not pure AI bets. They are diversified, cash-generating franchises in which AI is one workload sitting on top of much larger ones.

Being wrong on the size of the buildout is a manageable risk for them. Missing a generational technological shift is not. A wrong call on capex shows up as a temporary stock price decline. Missing the next paradigm shows up as something altogether worse permanent impairment. Nokia was the most valuable phone company in the world in 2007. It was effectively gone within six years.

27 May 2026

We thank Investlinx investors for their continued trust and support. Please visit our website http://www.investlinx-etf.com if you wish to receive our Insight Letters, monthly Factsheets and other publications regularly through our newsletter.

Warning: The value of your investment may go down as well as up. If you invest in this product you may lose some or all of the money you invest.

Warning: The above figures are estimates only. They are not a reliable guide to the future performance of your investment.

Warning: Past performance is not a reliable guide to future performance

Warning: For advice that is tailored to your specific circumstances, please consult a financial broker.

Disclaimer:

This is a marketing communication. It does not constitute investment advice. You should seek professional investment advice as to the suitability of any investment decision or strategy according to your own needs and circumstances before making any decision to invest. Investment in shares of any sub-fund of the INVESTLINX ICAV (the “ICAV”) is subject to risks. The Investors are recommended to carefully read the Prospectus, Supplements, the KID and the annual financial statement of the ICAV and its sub-funds before investing.

The products referred to on this document are sub-funds of the INVESTLINX ICAV, registered in Ireland with registration number C494926 and authorised and regulated by the Central Bank of Ireland as a UCITS. The ICAV is managed by Investlinx Investment Management Limited (“INVESTLINX”), an investment management company regulated by the Central Bank of Ireland and registered in Ireland under registration number 703761. The sub-funds are actively managed, and are not managed in reference to any benchmark index.

For a summary of investor rights, the prospectus, KID and complaints handling policy, please consult https://www.investlinx-etf.com/

Access to information displayed in this document may be restricted to certain persons in certain countries. INVESTLINX does not intend information concerning the products described in this document to be shown to any persons and/or entities who are prohibited from seeing such information by their country of residence, domicile and/or incorporation (as applicable). Users of this document must ensure that they are legally permitted to access this document in the country where they do so.

The information in this document should not be considered as an offer or solicitation to buy or sell securities. This document, or any information provided in this document, is not intended to contain, and should not be regarded as containing, advice relating to legal, taxation, investment or any other matters. The contents of this document may not be adequate for the needs, profile and experience of each individual investor. Each prospective investor should consult with their own professional advisers as to any legal, economic, or tax implications and related aspects which may be relevant to the purchase, holding or disposal of shares in one or more sub-funds of the ICAV and as to suitability of an investment for such investor. The levels and bases of taxation are dependent on individual circumstances and subject to change and therefore it is highly recommended that you consult a professional tax advisor.

Performance information: The performance figures quoted on this document refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance. The value of Shares may go down as well as up, and investors may not get back any of the amount invested. The value of investments involves exposure to foreign currencies and may therefore be affected by exchange rate movements. An investment in shares of any sub-fund of the ICAV should only be made by persons who have the financial capacity to sustain a loss on their investment. Any such investment should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors. Your investment may also be subject to currency, interest rate, and market fluctuations. Specific risk warnings are set out in the Prospectus and, if applicable, the supplement for the relevant product.

Information and opinions contained in this document have been compiled from sources believed to be reliable but INVESTLINX does not make any representations as to its accuracy or completeness. Any opinions, forecasts or estimates herein constitute a judgement that is subject to change without notice. Any reference to individual investments should not be taken as a recommendation to buy or sell. INVESTLINX disclaims all liability and responsibility arising from any reliance placed by any user of this document, or by anyone who

may be informed of any of the information on this document, on materials and information posted on this document.
No part of (or information contained within) this document may be reproduced, distributed or transmitted without the prior written permission of INVESTLINX.

INVESTLINX will not be liable for any loss or damage arising out of or in connection with the use of this document.