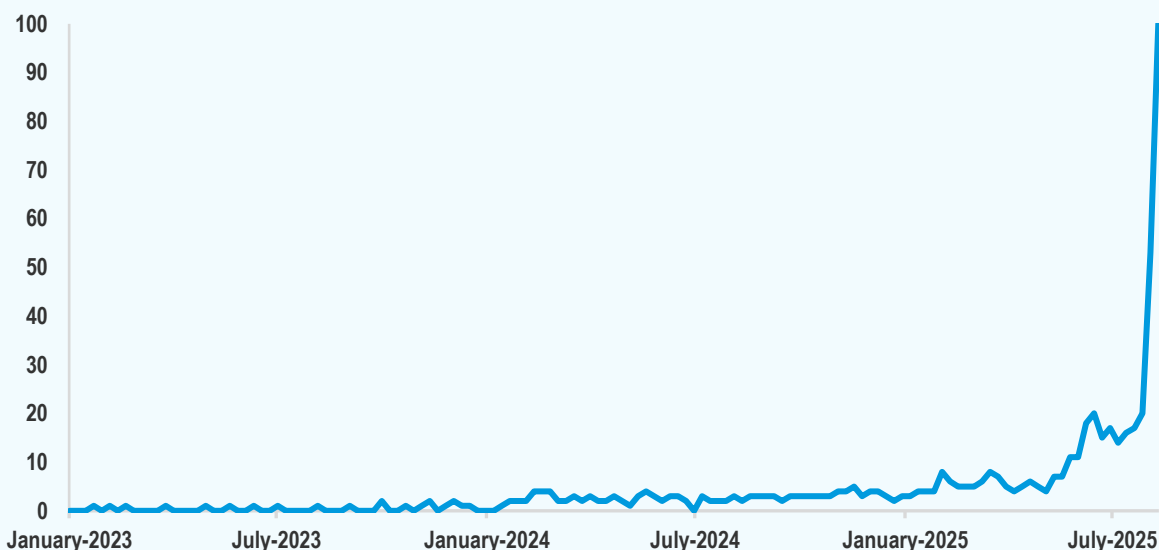


/ Alger On The Money

A New Wave of AI CapEx?

As investors weigh the durability of artificial intelligence (AI) capital expenditures (CapEx), a new force may emerge that could diversify global spending on AI infrastructure: governments. National programs are accelerating the push for “sovereign AI”—locally trained models, domestic data centers, and region-specific infrastructure. Could this geopolitical pivot release a new wave of AI investment beyond the United States?

Google Trends: “Sovereign AI” - Worldwide



Source: Google Trends, Alger. Data from 11/27/22 – 8/10/25. Google Trends is a public tool that shows the relative popularity of search queries on Google across time and geography, based on anonymized, aggregated samples of Google Search data. For a chosen query, location, and time window, it normalizes the query's share of total Google searches (not absolute volume) and scales it on a 0–100 index where 100 marks that period's peak interest and lower numbers reflect proportionally lower interest.

- Sparked by advancements in open-source AI models and national initiatives across Saudi Arabia, South Korea, and the EU, sovereign AI has rapidly shifted from concept to reality. Governments are treating AI as critical infrastructure, recognizing the importance of security and intellectual property (IP). As a result, sovereign AI has become a policy priority, steering long-term capital toward chip fabrication, cloud capacity, and AI software ecosystems rather than relying solely on U.S.- or China-based platforms.
- In the chart above, worldwide search interest in sovereign AI has surged as governments roll out national AI initiatives and action plans. This spike aligns with major AI infrastructure announcements across Europe, the Middle East, and Asia, where planned projects are expected to total several hundred billion dollars by the end of the decade.¹
- In our view, sovereign AI could become a meaningful driver of global AI CapEx as countries seek to stay competitive while retaining control of their IP. Accordingly, we believe that the companies providing AI infrastructure (i.e., GPUs, high-speed networking, power management and cooling equipment), along with those implementing AI into their operations, appear well positioned to benefit from this next wave of AI spending. While some investment will likely be directed to U.S. providers, we believe a substantial share could flow to non-U.S. companies that provide semiconductor equipment, power transmission and distribution, and data centers.

¹ In February 2025, the European Commission launched InvestAI, an initiative to mobilize €200 billion for AI investment, including a €20 billion fund for AI “gigafactories.” In May 2025, companies behind the UAE’s “Stargate” program detailed plans for a 5 GW AI data center campus, with a first 200 MW cluster targeted for 2026.

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