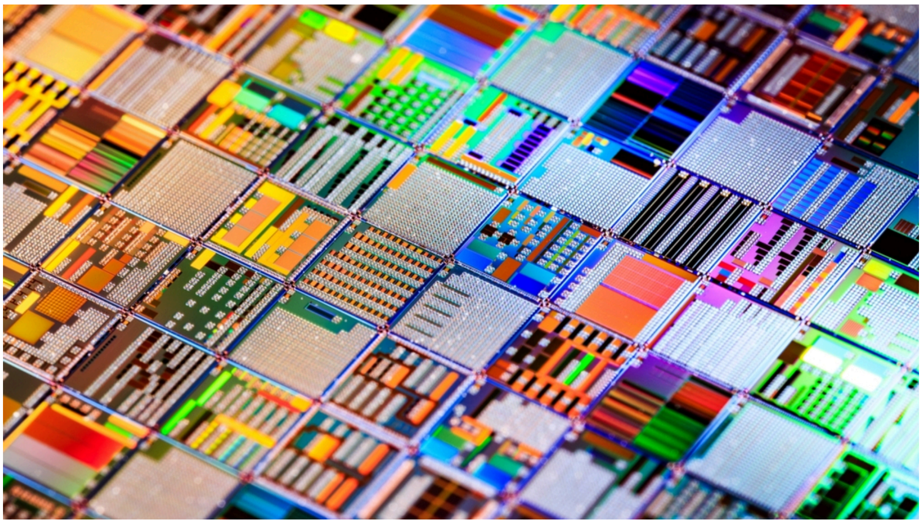
Market Views: What do soaring US tech valuations mean for Asian investors?

Heather Ng
16 hours ago

While Nvidia's AI-driven growth may stoke investor appetite for US tech giants' shares, it also amplifies concerns around elevated valuations and portfolio concentration risk.



Nvidia has officially claimed the title of the world's most valuable company, overtaking Microsoft and Apple with a market capitalisation of about $4 trillion. This milestone highlights the intensifying global race in artificial intelligence.

For Asian investors, the implications are nuanced: the region remains a critical hub for the global tech supply chain, particularly in semiconductors and AI infrastructure; yet, shifting capital flows and geopolitical headwinds are prompting a strategic rethink of geographic and sectoral allocations.

AsianInvestor spoke with industry experts to explore how APAC investors are recalibrating their tech exposure in light of mounting uncertainty in the US market.

David Chao, global market strategist, Asia Pacific
Invesco

Valuations in US mega-cap tech remain elevated, and in some cases, the AI premium may already be priced in. While the long-term growth narrative is intact, the margin for error is narrowing.

Meanwhile, Chinese tech stocks remain relatively attractive. The sector has lagged behind its US counterparts and is trading at more reasonable forward P/E multiples. Current valuations may offer a compelling entry point, especially for investors seeking diversification beyond concentrated US tech exposure.


David Chao

Josh Duitz, head of global income
Aberdeen Investments


Josh Duitz

With US tech now making up a historically high share of global indices, any stumble, whether due to regulation, geopolitics, or a shift in AI momentum, could have outsized impacts.

As a result, investors may look to diversify within tech, both geographically and across the value chain, including semiconductors, cloud infrastructure, and AI enablers outside the US. In parallel, some may reduce overweight US exposure in favour of more attractively valued markets.

Rather than stepping back from tech, investors may refine their allocations, favouring quality, balance sheet strength, and real earnings power.

Yan Taw Boon, head of thematic, Asia
Neuberger Berman


Yan Taw Boon

While US tech giants like Nvidia and Microsoft dominate headlines, Asian investors should also focus on the region's underappreciated technology ecosystem. The semiconductor "Golden Triangle"—Taiwan, Japan, and Korea—offers compelling opportunities.

TSMC's expansion, including new fabs in the US, translates directly into rising demand for semiconductor equipment, specialty materials, testing, and components—segments where many Japanese, Taiwanese, and Korean companies are global leaders.

Hon Hai, Wistron, and Fujikura, with their strong manufacturing capabilities and strategic partnerships in the US, are also well-positioned to benefit from the drive for greater supply chain resilience and diversification.

At the same time, the "China Plus One" trend is fuelling growth in Malaysia, India, Thailand, and Vietnam (MITV), as these economies emerge as vital new links in global supply chains with long-term growth potential. We also see significant value in Asia's SMID-cap 'small giants'.

For investors, these breadth and depth advantages offer compelling ways to diversify exposure and reduce US market concentration risk.

Jeffrey Lin, head of thematic technology equities
M&G Investments

We remain highly optimistic about the long-term opportunity in the technology sector, and we believe volatility creates opportunity for long-term focused investors.


Jeffrey Lin

The addressable market for computing expands as computing power and accessibility increase. We are still at the very early stages of realising AI's full potential. In 2025, further advancements in computing are enabling agentic AI, and we see robotic AI as a promising opportunity.

While recent tariff uncertainties have increased the cost of capital and raised concerns around profit margins and growth, we believe these challenges will be rationalised to what makes sense for the global economy.

Matthew Cioppa, portfolio manager
Franklin Equity Group


Matthew Cioppa

AI can now tackle complex reasoning and task execution while costs continue to decline, and we're seeing this drive strong productivity in fields like software development, sales and support. This is incentivising increased investment not just across the mega-cap technology companies, but also sovereigns that view AI as a driver of economic growth and security.

The recent agreement between the US and China, which removes restrictions on US semiconductor technology and China's critical minerals, further bolsters the pace of AI development.

There is also the prospect of stimulative government policy in the US as the administration prioritises tax incentives and deregulation, as well as the potential for easing monetary policy in the coming quarters, which provides a supportive backdrop for technology investment.

Steve Alain Lawrence, CIO
Balfour Capital Group

Companies such as Alibaba, Baidu, and Tencent are reportedly placing substantial [chip] orders, highlighting China's continued appetite for advanced computing. Meanwhile, behind-the-scenes negotiations between US and Chinese trade officials are underway to maintain chip flows without escalating political tensions.


Steve Alain Lawrence

To support this next phase of AI-driven growth, the US is reindustrialising at scale. These developments are expected to add more than 6 gigawatts of new power capacity — enough to serve over six million homes — and directly fuel high-density data centres critical to AI inference.

For Asian investors, this push has significant implications. First, it affirms the US government's commitment to building a sovereign and vertically integrated AI value chain, from semiconductors to energy supply. Second, it highlights growing concentration risks in US equity indices. Nvidia, Microsoft, Apple, Amazon, and Alphabet now account for more than 30% of the S&P 500 by market weight.

As a result, sovereign wealth funds and institutional investors across Asia are repositioning. There has been a noticeable rotation into regional AI infrastructure players such as TSMC, SK Hynix, Renesas, Advantech, and Delta Electronics. Allocations to private technology companies in India and Southeast Asia are also increasing.

Japan's Government Pension Investment Fund, Singapore's GIC, and Saudi Arabia's Public Investment Fund have all ramped up exposure to AI hardware, data centre REITs, and regional semiconductor supply chains.

David Chen, chief investment officer of asset management
Tiger Brokers Hong Kong


David Chen

Amid concerns about high valuations and concentration in the US market, the key is recognising that while leading infrastructure players are predominantly US-listed, East Asia possesses numerous high-quality companies integral to that supply chain.

On the application front, certain Chinese technology firms are already embedding AI to drive core business growth and generate tangible revenue today.

Therefore, these Asian leaders are equally worthy of allocation. For investors, this isn't a simple diversification from the US; it's a proactive, strategic decision to capture a parallel and potent stream of global AI-driven growth.

FUND MANAGERS

#asia **#technology** **#us**

RELATED ARTICLES

AI adoption surges in race for alpha

Heather Ng
2 days ago