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EXCLUSIVE

Balfour Capital CIO says Asia's 'AI enablers' and 'appliers' the next big opportunity

While US tech giants dominate the spotlight, Steve Alain Lawrence says the overlooked AI opportunities in 2026 lie in Asia's supply chain and real-economy applications.

By Laura He
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As AI dominates headlines, wealth managers should look beyond US tech giants to find the real winners in Asia, says Steve Alain Lawrence, Chief Investment Officer at Balfour Capital Group.

"The more underappreciated opportunity lies in AI enablers and appliers – areas where Asia quietly dominates," he told *AsianInvestor Wealth*.

For wealth managers, the firm, which manages $500 million in assets, finds that the goal is not to abandon US tech leaders, but to balance these core holdings with Asian companies that power the underlying AI infrastructure.

Beyond the tech giants

While US tech leaders remain core holdings, Lawrence says that the next big opportunity lies in Asian companies that "enable" or "apply" AI.


Steve Alain Lawrence

He pointed to semiconductor manufacturers, memory producers, and electronics assemblers in Taiwan and South Korea as key players that win regardless of which AI model comes out on top.

Meanwhile, companies in Japan, South Korea, and Taiwan are using AI to boost margins through automation, quality control and logistics, often without labelling it as "AI revenue."

Lawrence also warns against treating Asia as a "generic emerging-market trade."

"The region sits at the centre of global AI and automation supply chains," he said.

North Asia, particularly Taiwan and South Korea, offers direct exposure to AI hardware. Japan is also a leader in automation and corporate reform. India, meanwhile, has a domestic growth story driven by digitalisation and consumption, according to Balfour Capital Group.

On China, Lawrence remains "selective," favouring policy-aligned sectors and innovation leaders, while keeping a cautious eye on the property market.

Warnings on private credit

Regarding the $16 trillion private credit market, the firm says many wealth clients are more exposed than they realise through various bank platforms and funds.

"The key issue is whether liquidity terms, valuation practices and refinancing risks are fully understood," Lawrence said, adding that private credit should not be seen as a simple substitute for low-risk fixed income.

For Asian investors who value income, the firm finds that discipline and quality matter more than maximising headline yield in the current environment. Rather than reaching for yield in lower-quality credit, the company suggests focusing on high-quality duration as a portfolio ballast.

Wealth managers should "stress-test" their allocations and ensure diversification across strategies, Lawrence said.

Diversification in 2026

Looking ahead, Lawrence believes that diversification in 2026 is less about owning more assets, and more about owning "different drivers of return."

This involves a mix of global equities, regional leaders, quality bonds and selective alternatives.

"Country, sector and factor diversification matter more than ever, as dispersion within asset classes continues to rise," he said.

This approach is also key to navigating US policy uncertainty and potential tariffs.

Rather than trying to predict every policy change, the firm finds it more effective to balance export-heavy markets with economies driven by domestic demand.

While geopolitical tensions remain high, Lawrence says these risks only become a "true market threat" when valuations are stretched, positioning is crowded or growth expectations are too high.

"Absent that combination, markets tend to absorb political noise more effectively than headlines suggest," he said.

Despite the risks, the company is most optimistic about areas where AI intersects with the real economy.

Specifically, Lawrence sees the best long-term opportunities in manufacturing automation, logistics, power infrastructure, financial services efficiency and industrial technology. These segments are positioned to gain from actual productivity improvement rather than just market sentiment, he added.

"The defining feature of 2026 is rising dispersion," he said. "Fundamentals, balance sheets and execution will matter again."

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