

THE MEMORY WALL

- For decades, memory chips were the tech world's "digital salt", a low-cost, abundant commodity found in everything from laptops to refrigerators. By early 2026, a structural shift has occurred. What was once a budget line item has become the primary bottleneck of the AI world.

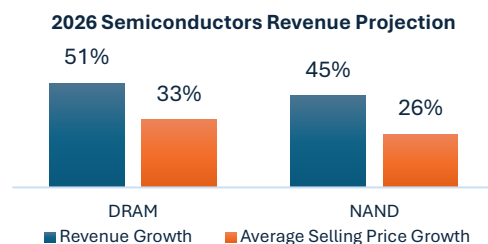
Key Terminology

- As we enter the age of Agentic AI, where autonomous agents are required to retain context to perform multi-step, reasoning-heavy tasks, the industry has moved beyond simple data storage to a tiered memory architecture:
 - High Bandwidth Memory (HBM): These chips are stacked vertically and integrated within the GPU package to provide the massive speed required for AI training.
 - DDR5 (DRAM): Slower than HBM but higher capacity. It serves as the cache, acting as the short-term memory that allows AI agents to maintain context across complex, multi-day tasks.
 - Enterprise SSD (NAND): This non-volatile storage provides the massive capacity needed for an AI's long-term "memory," ensuring data persists even when power is switched off.

Supercycle

- The transition from experimental AI to "Agentic Scaling" has triggered a Supercycle. As companies move from testing models to deploying autonomous agents, the memory required per server has increased by over 300% compared to 2023.
- Market Scale: The global semiconductor market is on track to hit \$975Bn in 2026 (a 25% YoY increase). The memory segment alone is projected to exceed \$440Bn, growing faster than the broader market at 30%.

Supply Scarcity



- To chase higher margins, manufacturers have pivoted nearly all available wafer capacity to HBM. This has starved the supply of standard DRAM and NAND, leading to projected price hikes of 33% for DRAM and 26% for NAND this year.

Winners & Losers

- The current market is a "seller's paradise" dominated by a triopoly: **SK Hynix**, **Samsung Electronics** and **Micron** together with smaller players in Sandisk and Western Digital.

Company	1Y performance
Micron	264%
SK Hynix	185%
Samsung Electronics	183%
Sandisk	1366%
Western Digital	369%

- Conversely, companies that sell finished goods, like Apple, Dell or car manufacturers, are feeling the squeeze. Those companies must either raise prices or eat the cost. Even "low-tech" industries are at risk. Washing machines, for example, use "older" chips that factories are now abandoning. This creates a supply gap for traditional manufacturing sectors.

Conclusion

- For investors, PeaQ recommends adding to the sector either through direct investment in the memory chipmakers or through ETFs such as the iShares MSCI South Korea ETF which has a combined 45% exposure to Samsung and SK Hynix.

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Source: FED, ECB, BOE, BoM, Bloomberg, SEMDEX, Statistics Mauritius, MSCI, CNBC, Reuters, Goldman Sachs

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