



Stock Story: TSMC

The Backbone of future technology

The world is undergoing a series of major technological transformations. From next-generation mobility and automation to cloud and AI-driven computing, the number of use cases underpinned by semiconductors continues to grow. As these technologies become more widespread and sophisticated, so too does our collective demand for these chips.

Semiconductors are the enablers of modern technology. They are embedded in virtually every device and system that permeates the modern economy, powering everything from smartphones and laptops to electric vehicles and data centres. Global chip demand is expected to double over the decade to 2030, with industry forecasts predicting worldwide semiconductor spend to reach US\$1 trillion by 2030. That figure could prove conservative given the breadth of new growth opportunities, as most recently exemplified by AI.

But not all semiconductor companies are made alike. This is a vast ecosystem spanning intellectual property, design software, specialty materials, fabrication equipment and manufacturing. Within that ecosystem, Taiwan Semiconductor Manufacturing Company (TSMC) plays a unique and indispensable role as the world's leading dedicated foundry, manufacturing chips on behalf of other companies.

What makes its business so defensible is the extreme complexity and capital intensity of advanced chip manufacturing. Building just a single, advanced fab with a moderate output capacity can cost

US\$20 billion today. That cost will continue to rise as the industry maintains its relentless pursuit of computing performance and efficiency. TSMC's ability to make these investments and keep its expensive fabs utilised by manufacturing thousands of different products while pushing the frontiers of semiconductor technology is unmatched.


This has created a powerful industry dynamic. While many companies are designing chips, very few can manufacture them. The economics almost always favour outsourcing, and TSMC has emerged as the foundry partner of choice. From Apple and AMD to Nvidia and Broadcom, major chip designers rely on TSMC to bring their designs to life. The company commands a 67% share of the foundry market – more than five times its nearest competitor. In advanced manufacturing, used in applications such as data centres and smartphones, TSMC dominates with 90% market share.

TSMC's dominance is not just a function of cost and scale. It is also about customer trust, operational excellence, and long-term commitment to R&D, which has made it a critical enabler of global innovation.

To support its customers' supply chain resilience, TSMC has increasingly diversified its manufacturing footprint outside Taiwan. The most significant of these efforts is in the United States, where it is building advanced fabs in Arizona and recently committed an additional US\$100 billion investment over the next several years. These moves reduce geographic concentration risk and signal TSMC's role as a critical strategic supplier.

With a strong long-term demand outlook, widening technological lead, expanding scale, and a near-monopoly on the most advanced chipmaking capabilities, TSMC is uniquely positioned in the semiconductor landscape. Most of the world's most consequential technological advances over the next decade will likely pass through TSMC's fabs. An investment in TSMC offers a highly attractive exposure to the future of technology.

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