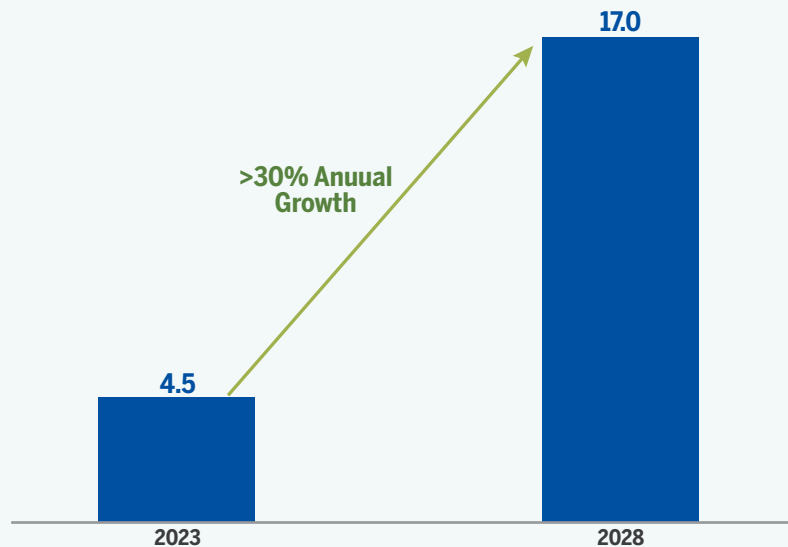


Amped Up

The incredible advances of artificial intelligence (AI) are foremost on many investors' minds. Many of the large cap growth stocks that are involved directly in providing AI services, such as software and infrastructure, have surged this year. But are there other ways to invest in this potentially paradigm-shifting technology?

Annual AI Energy Usage Projected to Surge

AI Power Usage in Gigawatts (GW)



Source: Schneider Electric, "The AI Disruption: Challenges and Guidance for Data Center Design." Data as of November 27, 2023.

- AI demand, particularly generative AI (i.e., a branch of AI that focuses on creating original content by learning patterns from existing data), is intensifying. For example, ChatGPT has drawn over 180 million users since its November 2022 launch, and enterprises are increasingly experimenting with how they can apply it to their own businesses. However, the immense computational demands of AI require the development of groundbreaking chip and server architectures, which together lead to greater power consumption per server cabinet and higher electricity consumption within data centers.
- According to Schneider Electric, AI power usage will increase over 30% annually, resulting in a cumulative increase of four times the current usage over the next five years, as measured in Gigawatts. This growth would mean that AI workloads would account for approximately 19% of data center power usage in five years as compared to only 8% as of November 2023.
- In our view, such massive growth may have important ramifications, potentially benefitting those companies that can help data centers cope with the related overheating challenges and improve cost and energy efficiency. Additionally, we believe overall demand for electricity may necessitate grid modernization, potentially benefiting power management and electrical services companies that work with utilities and commercial customers.

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The International Energy Agency (IEA) is an intergovernmental organization that provides policy recommendations, analysis, and data on the global energy sector.

The following positions represent firm wide assets under management as of September 30, 2023: OpenAI, 0.00%; Schneider Electric, 0.02%.

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