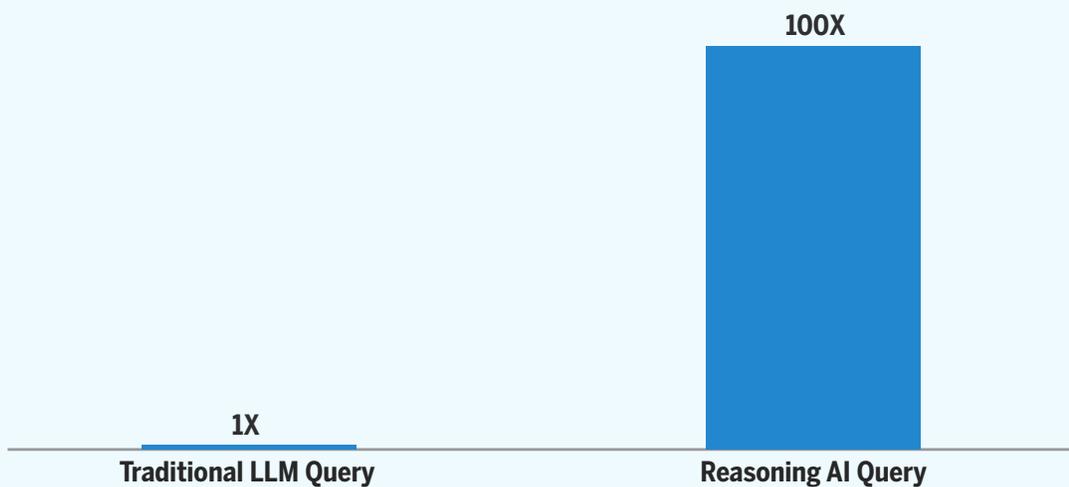


Inferring Strong Demand

Since OpenAI's ChatGPT debut in late 2022, AI tools have been widely used for quick answers, drafting emails, and summarizing news articles. However, AI's functionality and use cases have recently evolved, which could have significant implications for investors.

Computational Requirements of AI Reasoning vs. Traditional Query



Source: Nvidia Corporation Fiscal 4Q25 Conference Call on 2/26/25. Traditional large language model (LLM) query indexed to 1x. Compute is the measure of the processing power and resources required to perform calculations.

- Recently released AI models, such as OpenAI's o1 and o3, use chain-of-thought reasoning to generate their output. These reasoning models are designed to mimic the deliberation of a person thinking through a tough decision rather than rushing to an answer. As such, reasoning models break down complex problems into smaller steps, check their work, consider different options, and refine their answers before providing a final response. Chain-of-thought reasoning is valuable not only in deriving solutions in technical fields like science and mathematics, but also in other tasks, such as those associated with agentic AI.
- This kind of AI inference is much more compute intensive than traditional AI queries as the chart above shows. In line with this observation, Nvidia CEO Jensen Huang commented on the company's fiscal fourth quarter conference call that AI systems will likely utilize much more compute in the future: "The more computation, the more the model thinks, the smarter the answer." Jensen added, "Reasoning models can consume 100 times more compute. Future reasoning models can consume much more compute."¹
- If reasoning-based agentic AI is the next "big thing" in AI, we believe it could drive significant demand for [AI Enablers](#) providing essential compute resources and power infrastructure for energy-intensive data centers necessary for such tasks.

¹Nvidia Corporation, fiscal 4Q25 conference call on 2/26/25.

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