Building the Backbone of the AI Boom

- AIPO captures AI infrastructure growth beyond semiconductors.
- Key exposures: power generation, grid equipment, and data-center cooling.
- Rising power demand supports growth, with a 10–15% 12-month return target.

The Infrastructure Behind Intelligence

We see an attractive investment opportunity in AI infrastructure as the AI boom shifts from developing more powerful models to building the physical capacity needed to run them. As AI workloads expand, data centers require more computing power, higher-density server racks, and reliable electricity. The International Energy Agency (IEA) projects global data-center electricity consumption to nearly double from 485 TWh in 2025 to 950 TWh in 2030, with electricity consumption from AI-focused data centers expected to triple. This creates a long-term investment opportunity across power generation, grid equipment, electrical systems, and data-center cooling, offering an alternative way to participate in AI growth beyond semiconductor manufacturers.

ARTIFICIAL INTELLIGENCE - AI's First Paycheck: Following the Infrastructure Buildout; 28 October 2026

AI Is Growing Faster Than the Grid

The opportunity is becoming more immediate as data-center expansion outpaces supporting infrastructure. The IEA estimates that around 20% of planned data-center projects could face delays due to grid constraints, while transformer and cable lead times have doubled over the past three years. Demand is reflected in GE Vernova's 88% y-y order growth in 2Q26 and Eaton's 43% y-y increase in Electrical-sector backlog. We favor power generation, grid equipment, and data-center power and cooling providers, which stand to benefit from investment to ease these constraints.

Key preferred stocks in Defiance Ai and Power Infrastructure ETF (AIPO)

AIPO's top seven holdings account for **45.44%** of the portfolio, with the largest positions concentrated in physical infrastructure. **Eaton (ETN, 8.51%)** supplies electrical distribution and power-management systems, **Quanta Services (PWR, 8.43%)** builds power transmission and distribution networks, and **GE Vernova (GEV, 8.22%)** provides power-generation equipment and grid technologies. **Vertiv (VRT, 6.42%)** supplies data-center power and cooling solutions, while **Bloom Energy (BE, 5.38%)** offers onsite power generation through fuel-cell systems. **Alphabet (GOOGL, 4.28%)** adds cloud and AI services exposure, while **NVIDIA (NVDA, 4.20%)** provides GPUs and AI computing platforms. AIPO combines exposure to the physical infrastructure needed to support AI growth with selected cloud and computing leaders, while maintaining a stronger infrastructure focus than a conventional semiconductor ETF.

A Bolder Bet on AI Infrastructure

AIPO offers higher growth potential than the S&P 500, driven by rising demand for AI infrastructure, but with greater volatility. Its YTD return fell from 27.6% at end-Sep-26 to around 8.6% by 23-Oct-26 following a sharp correction in AI-related stocks, highlighting the risk of short-term pullbacks despite strong structural demand. Its historical beta of around 2.1x indicates greater sensitivity to market movements. Assuming an annual S&P 500 return of 8–10%, CAPM implies a potential AIPO return of 12–17%. We set a 10–15% total-return target over the next 12 months as an illustrative objective, given uncertainty around earnings growth and valuations.

Where AI Meets the Power Grid

We view AIPO as an attractive long-term satellite holding, spanning grid equipment, power generation, data-center cooling, and onsite electricity, with selective AI computing exposure through NVIDIA and Alphabet.

Analyst

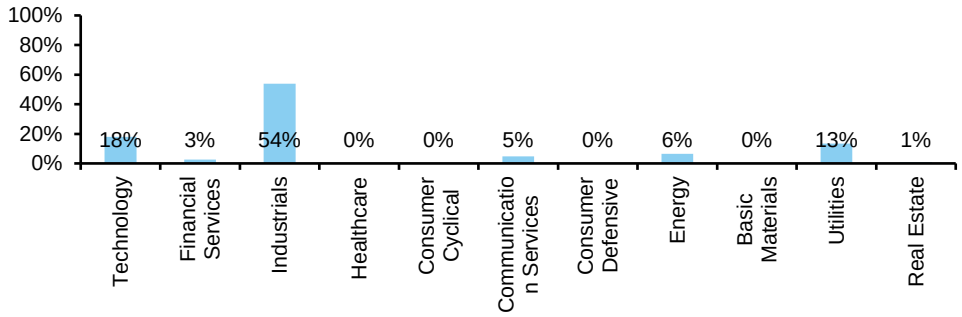
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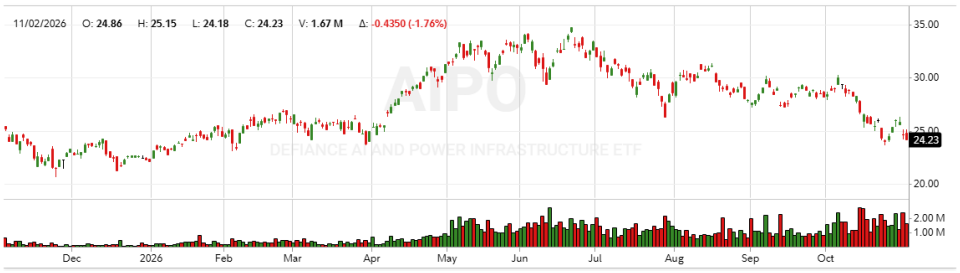
Top Holdings (%)

	Company name	Bloomberg Ticker	%stake	Company
1	Eaton	ETN Equity	8.51	A global power management company.
2	Quanta Services	PWR Equity	8.43	An infrastructure engineering and construction company.
3	GE Vernova	GEV Equity	8.22	An energy technology company focused on power generation and grid solutions.
4	Vertiv	VRT Equity	6.42	A provider of critical digital infrastructure solutions.
5	Bloom Energy	BE Equity	5.38	A clean energy company specializing in fuel-cell power generation.
6	Alphabet	GOOGL Equity	4.28	A technology company specializing in search, digital advertising, cloud, and AI.
7	NVIDIA	NVNA Equity	4.20	A semiconductor company specializing in GPUs and accelerated computing.
	Top 5 Holdings		**45.44**	

Sector Weightings (%)



ETF performance



ETF Overview

Defiance Ai and Power Infrastructure ETF	
Ticker	AIPO
Issuer	Tidal Investments
Launch date	25-Jul-25
Settlement cycle	T+1
Expense Ratio (net)	0.69%
Yield	0.01%
Beta (5Y monthly)	n.a.
PE Ratio (TTM)	27.70

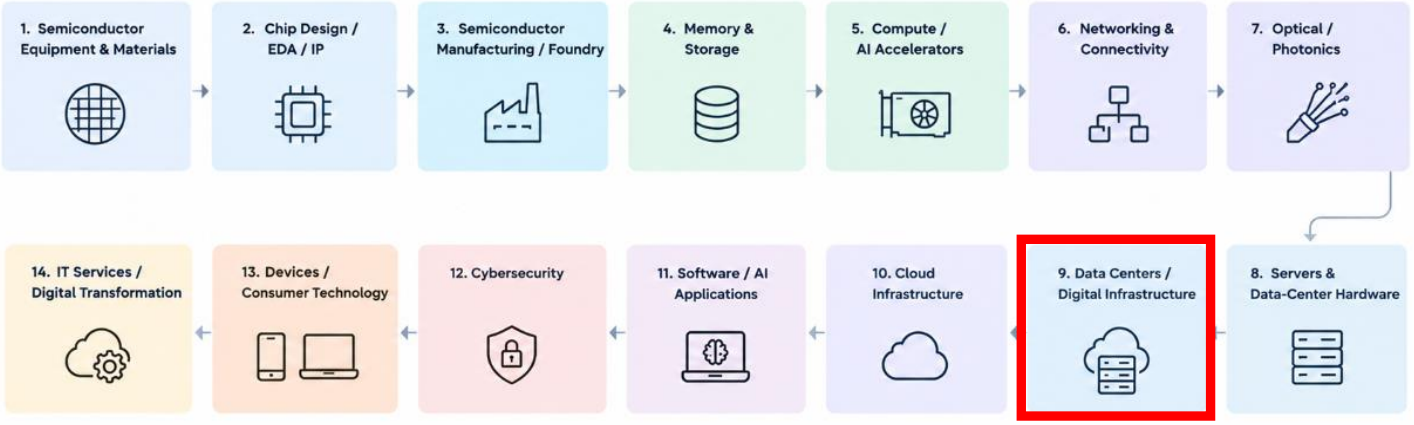
ETF Summary

Defiance Ai and Power Infrastructure ETF	
Category	Technology
Theme investment	AI & Power Infrastructure
Value chain	Data Center Infrastructure & Power
Positioning	Infrastructure-focused
Top country	US (91.03%)
Top Sector	Industrials (54.17%)
Top Capitalisation	Large (40.04%)

ETF performance

Defiance Ai and Power Infrastructure ETF	
YTD Daily Total Return (%)	27.59
1-Month Total Return (%)	0.98
3-Month Total Return (%)	(15.63)
1-Year Total Return (%)	24.75
3-Year Total Return (%)	n.a.
5-Year Total Return (%)	n.a.
10-Year Total Return (%)	n.a.
Life Total Return (%)	33.63
vs Morningstar US Tech TR USD	33.53

AI value chain



Sources: Fincance.yahoo; Fidelity; Globlex Research (As of 30 Sep-26)

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.