Macro

Cash Flow Cowboys
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Investment Thesis

Electricity demand appears benign at the national level, but incremental growth is concentrated in commercial loads that stress local systems, raise peak prices, and force transmission investment while generation supply lags. These dynamics drive near-term earnings growth for utilities, infrastructure, and nuclear assets that current ETF valuations fail to reflect.

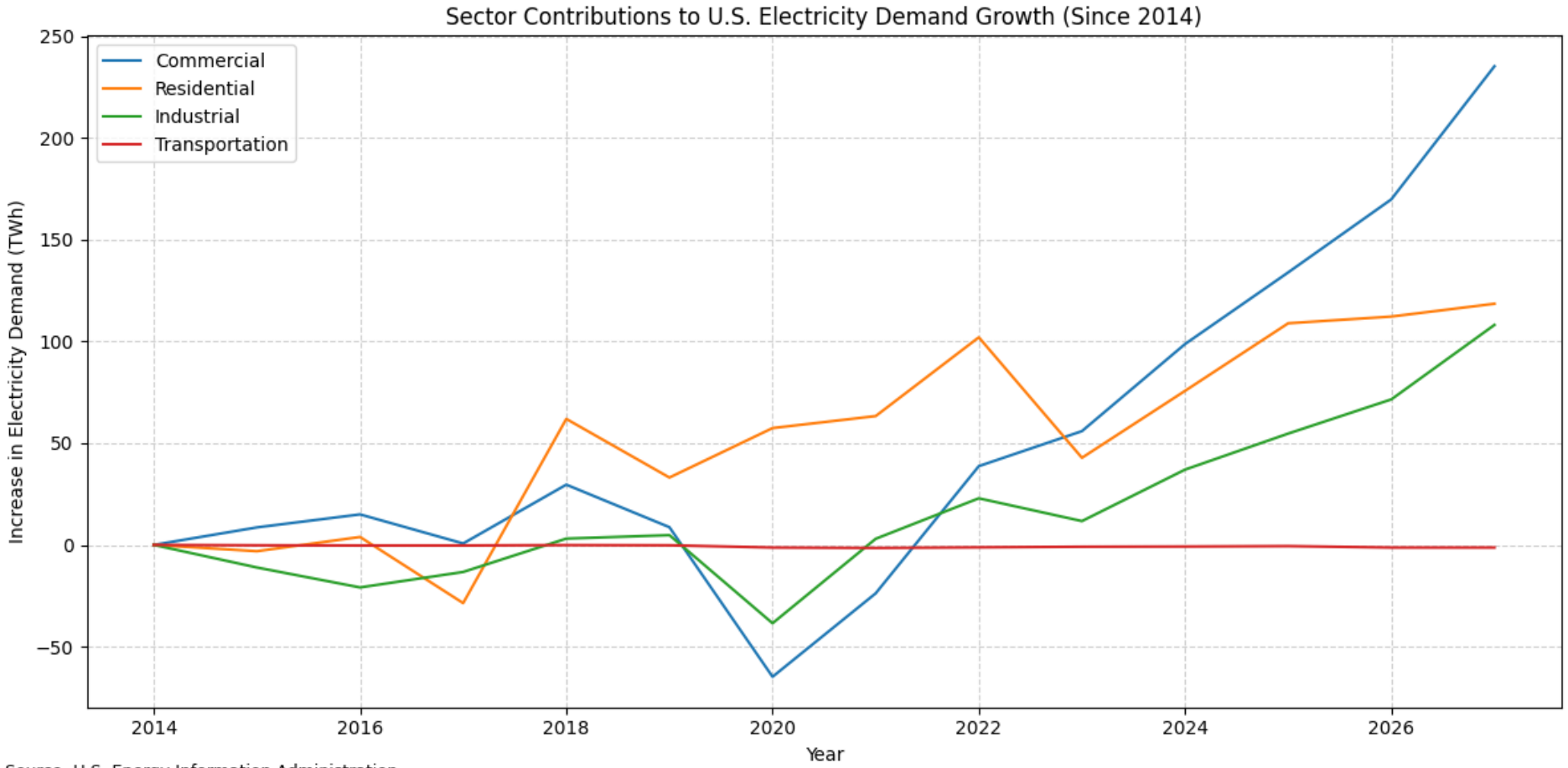
Thesis/Proof: Macroeconomic Trend

What macro trend(s) are you recognizing?	• Structural concentration of electricity demand • Increase in power-hungry commercial buildings • Forced acceleration of grid investment

Thesis/Proof: Macroeconomic Trend

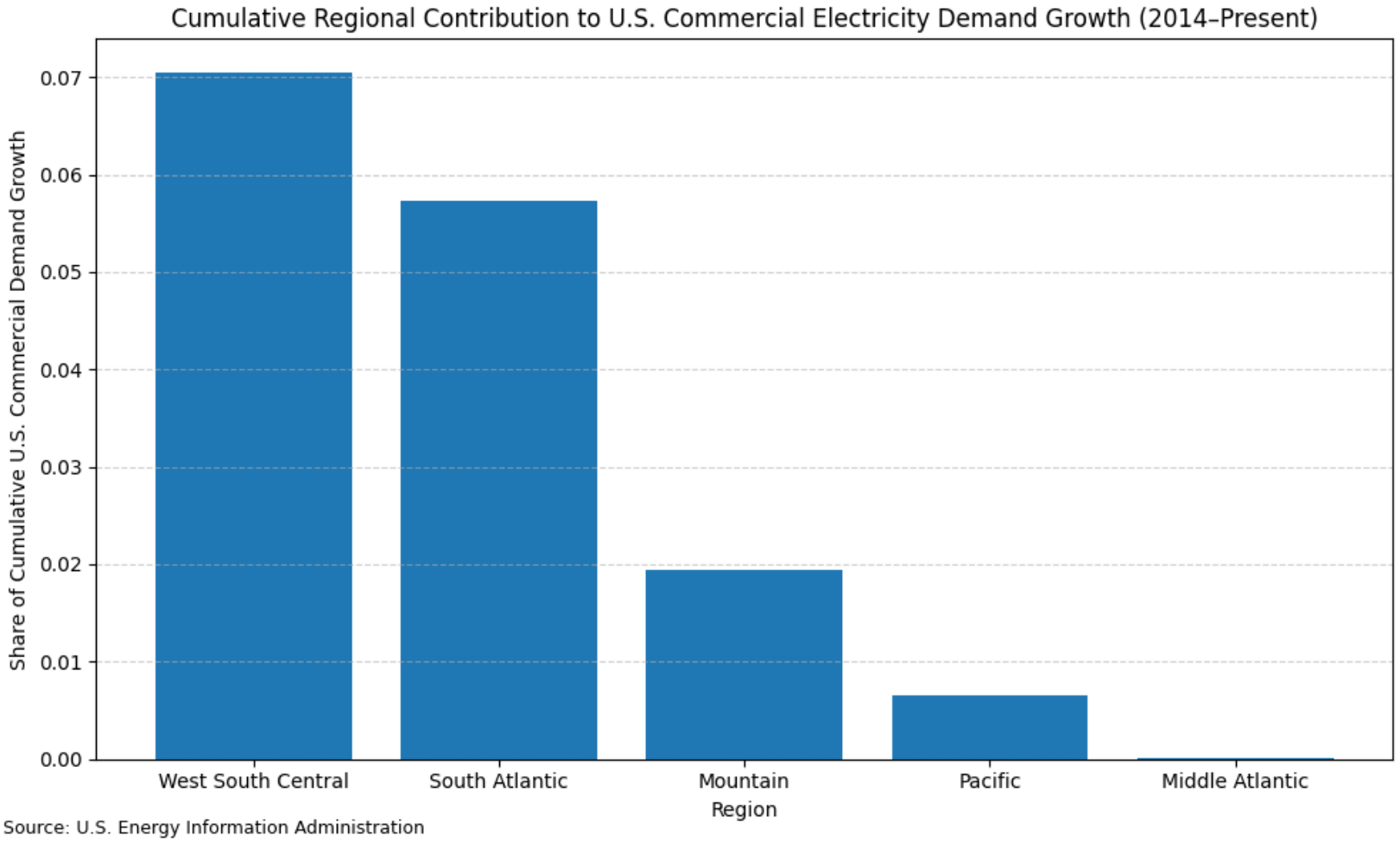
What indicators reflect these trends?	• Commercial electricity growth outpacing other sectors • Net generator requirements followed by delayed planned additions • Rising wait times and lags for grid investment • Electricity ETFs remain priced a average valuation multiples despite demand concentration

Supporting Evidence for Thesis



Source: U.S. Energy Information Administration

Supporting Evidence for Thesis



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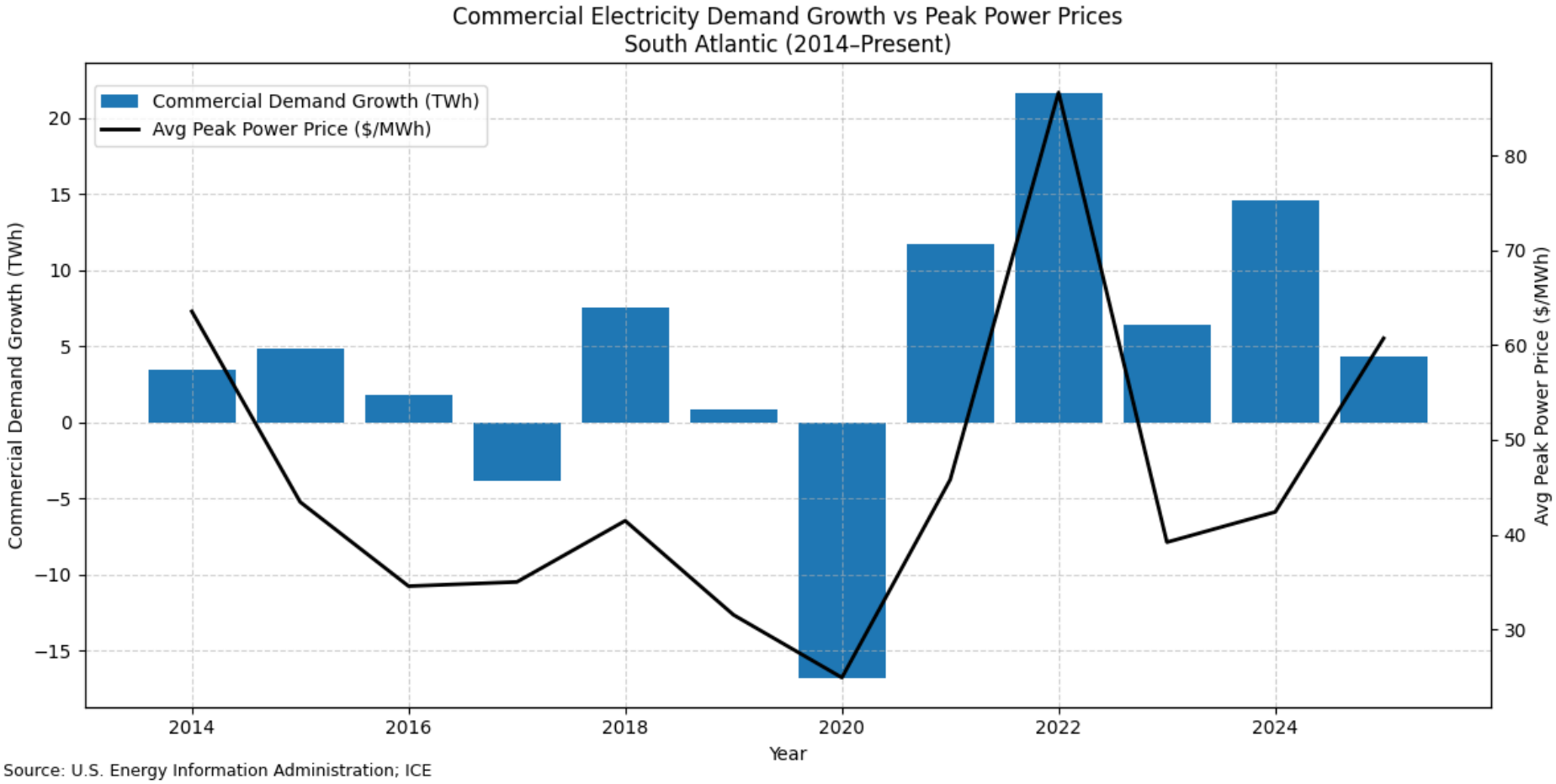
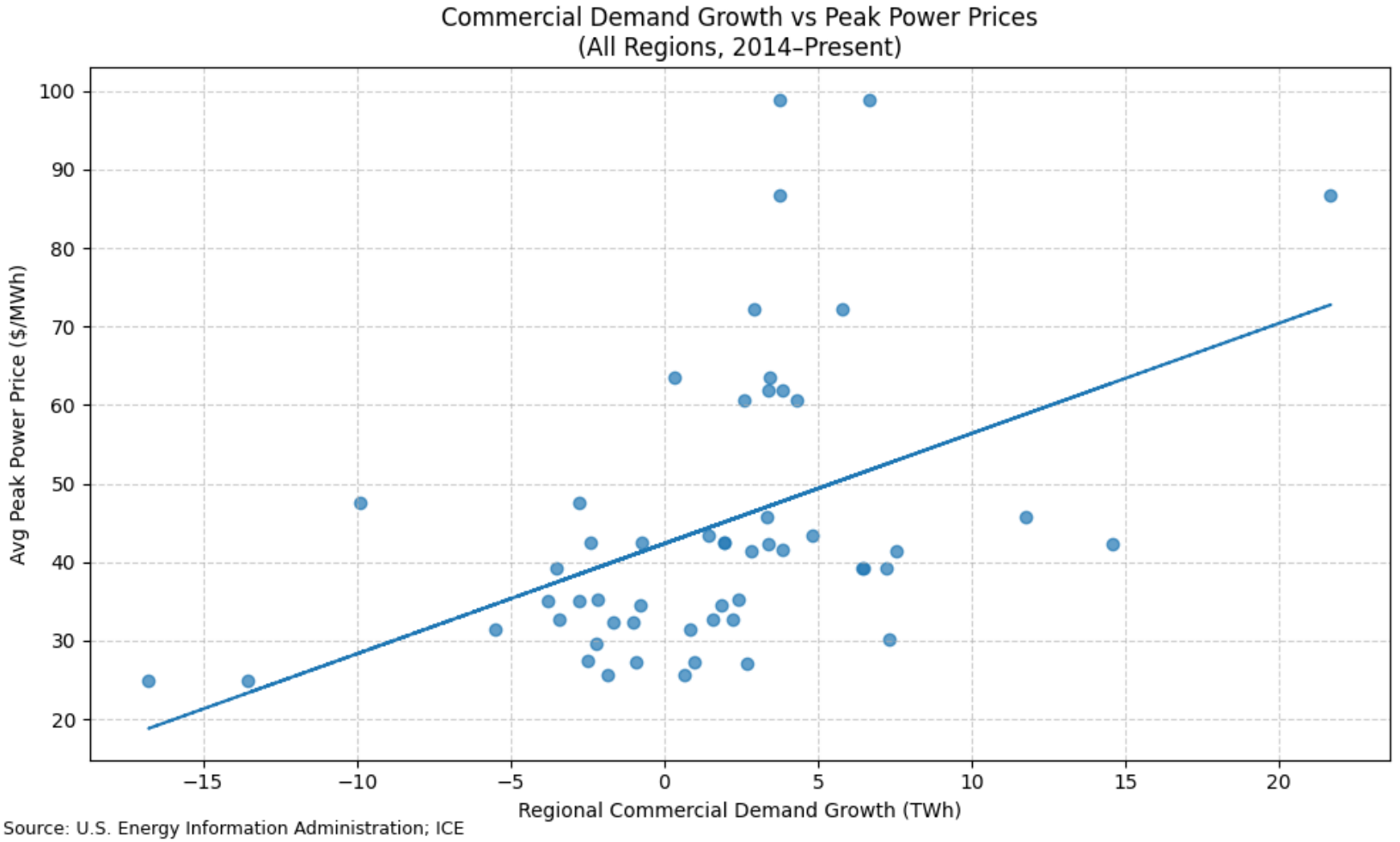


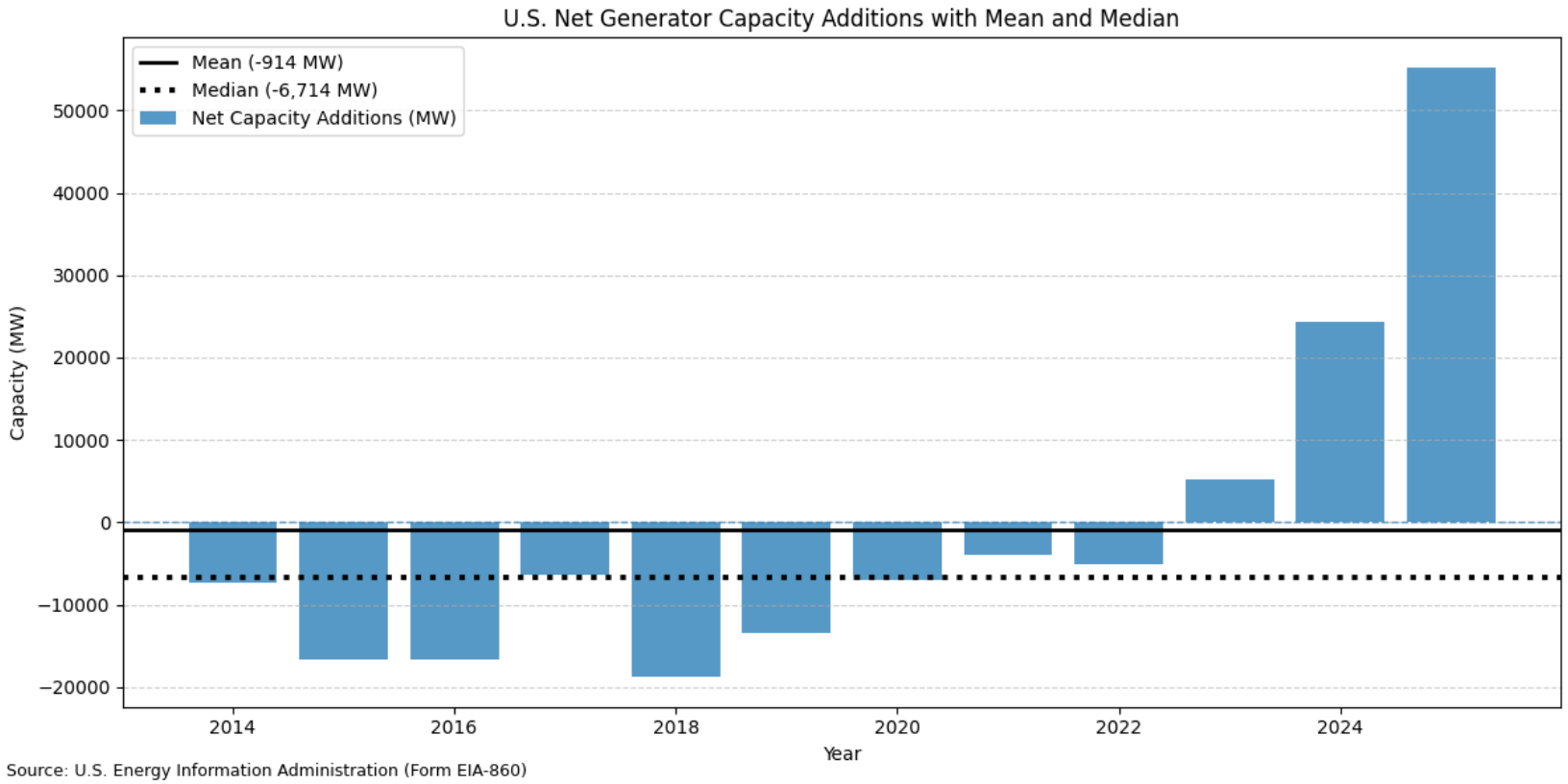
Source: U.S. Energy Information Administration; ICE

Supporting Evidence for Thesis



Source: U.S. Energy Information Administration; ICE

Supporting Evidence for Thesis



Source: U.S. Energy Information Administration (Form EIA-860)

Identified Opportunity

What sectors/companies will be directly and indirectly affected by these trends?	***Directly:*** • *Nuclear power operators, uranium miners, renewable energy developers* • *Infrastructure construction companies (transmission lines, substations)* • *Regulated utilities (grid owners/operators), electrical equipment manufacturers* ***Indirectly:*** • *Materials companies (copper, steel, concrete), industrial equipment rental* • *Semiconductor companies (need reliable power manufacturing)* • *Data center REITs (value increases with power availibility)*
What is the most profitable investment opportunity considering this information and why?	• *Infrastructure construction companies executing $1.1T utility capex (2025-2029)* • *Nuclear and clean energy providing 24/7 baseload power for data centers* • *Regulated utilities with guaranteed ~10% returns on infrastructure investments* • *ETFs provide diversified exposure to entire energy infrastructure value chain vs. stock-pricing risk*

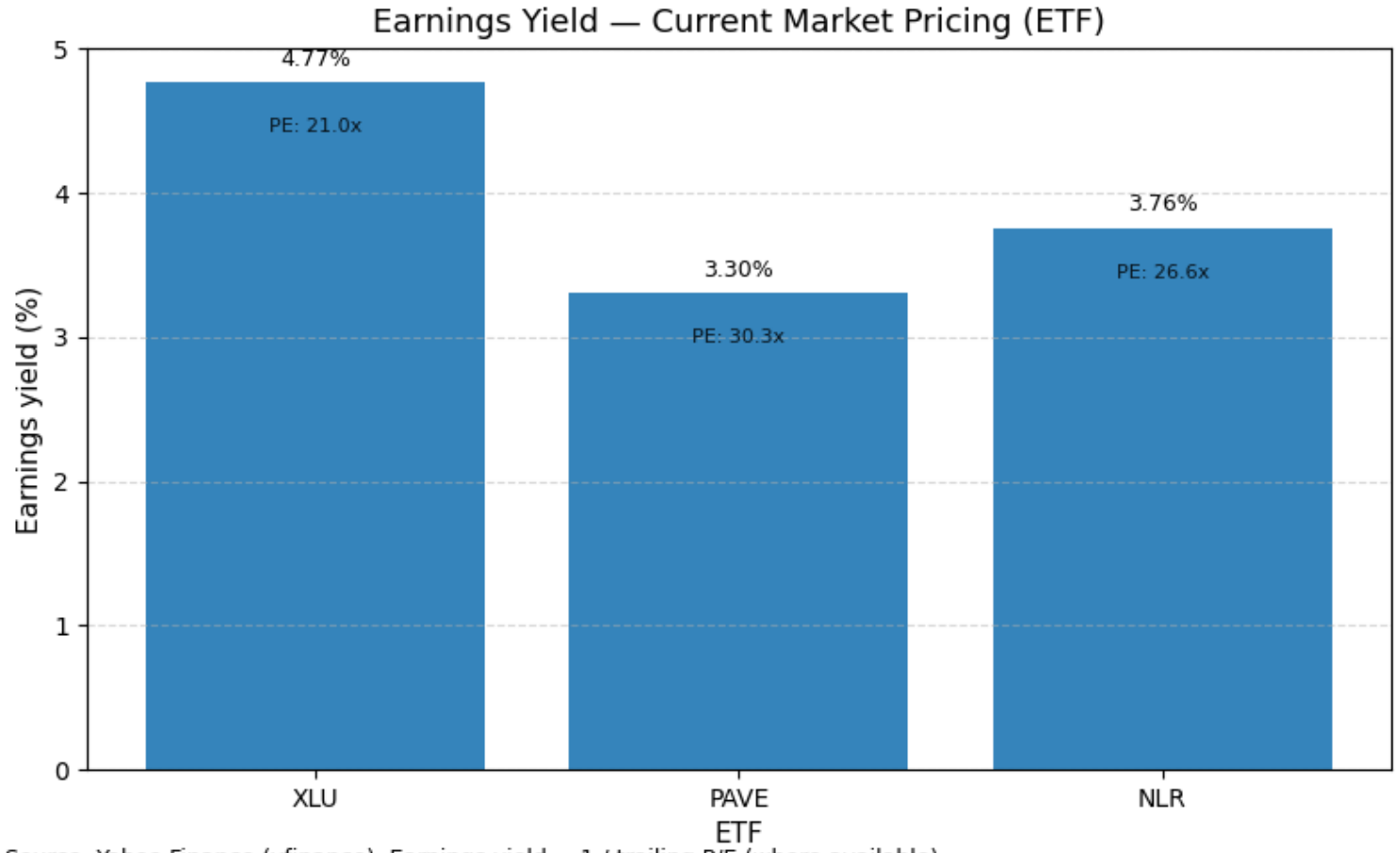
Supporting Evidence for Identified Opportunity

- **Data center electricity demand is projected to more than double** from 448 TWh (2025) to 980 TWh (2030), equivalent to adding Japan's total power consumption
- **AI workloads require continuous, high-density power**, unlike prior cloud or enterprise demand
- **Existing grid infrastructure was built for a lower-load era** and cannot support current AI-driven demand growth
- **Grid and generation capacity cannot scale quickly**, with transmission and substation projects taking 5–7 years
- **Creates long-duration, regulated, and contracted investment opportunities** across the energy value chain

Why now?

- How is your thesis' take different from the broad market – what opportunity are we seeing that the majority is not?
  - *The market views electricity demand growth as slow and manageable, rooted in national averages*
  - *We view the market as a commercial driven demand with regional impacts that are concentrated and system-stressing*
- Why is this specific macro trend profitable at this exact moment in time?
  - *Demand growth is occurring faster than supply and grid infrastructure can respond*
  - *Market thinks long term on new groundbreaking technology but existing tech must be upgradable and reliable*

Supporting Evidence for “Why Now?”

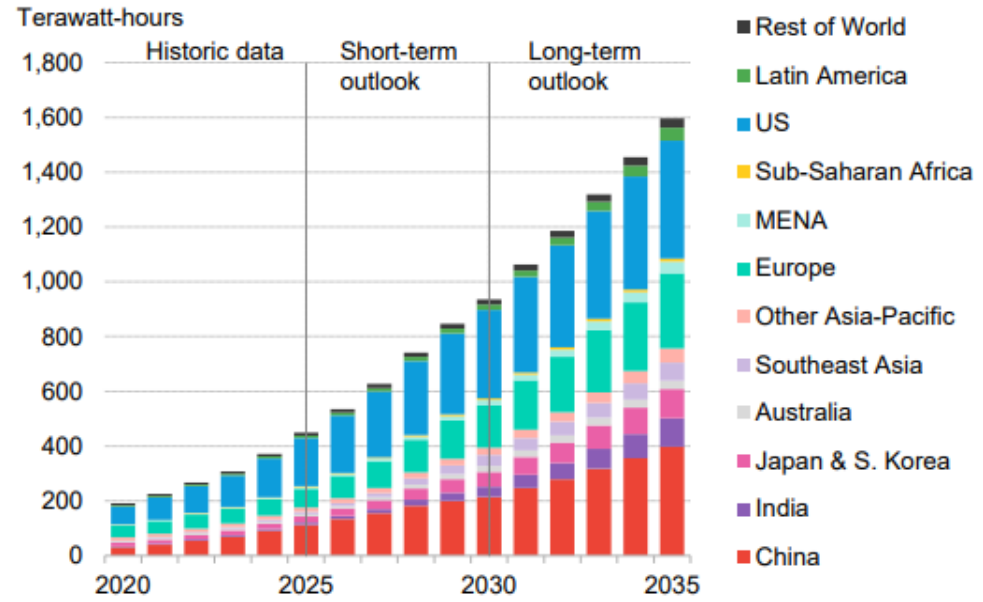


Source: Yahoo Finance (yfinance). Earnings yield = 1 / trailing P/E (where available).

- *Despite concentrated demand and forced investment earnings yield still expect slow growth*
- *The stress on the grid causes higher electricity prices which forced investment into transmission*
- *Electricity is inelastic especially in commercial markets*
- *Utilities and grid operators are bound by law to ensure reliability standards which would force investment to sustain the load on the grid*

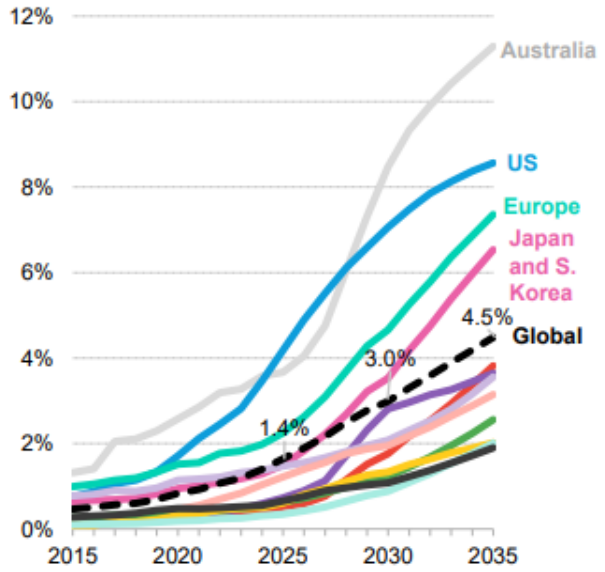
Direct + Measurable Exposure (global scale + share)

Data center power demand, Economic Transition Scenario



Source: BloombergNEF.

Share of data centers in final electricity demand, Economic Transition Scenario



Source: BloombergNEF.

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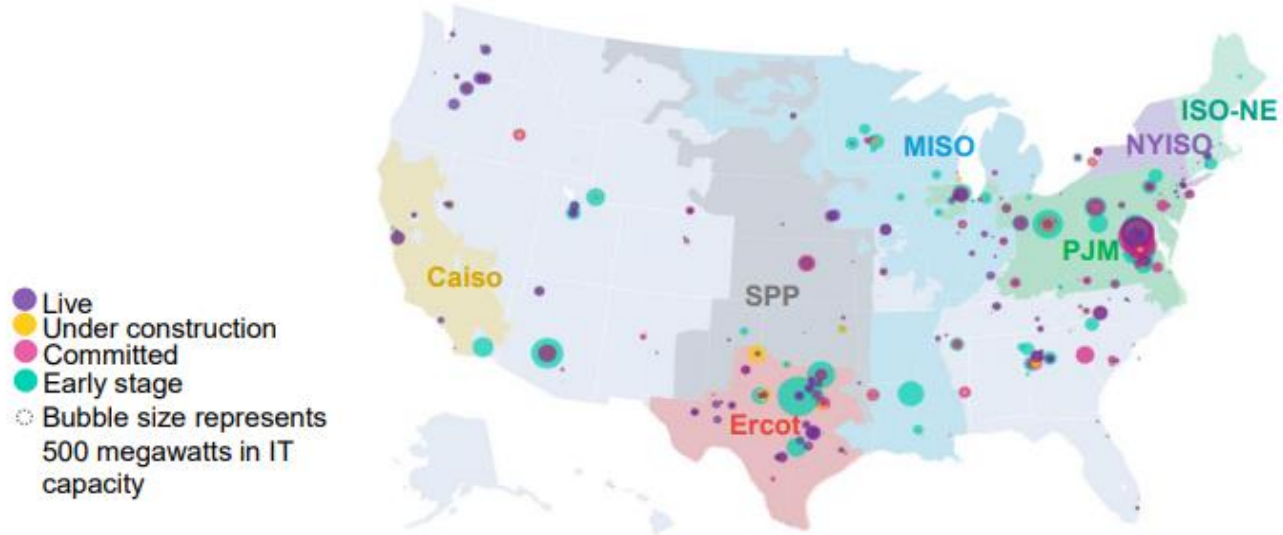
BloombergNEF

Data center electricity demand scales to ~1,600 TWh by 2035 (≈ ~4.5% of global final electricity demand).

- Growth is not uniform: demand concentrates heavily in specific regions (US rises fastest vs peers).

Direct + Measurable Exposure (U.S clusters)

Operational and pipeline of data centers in IT power capacity in the US



Source: DC Byte, BloombergNEF. Note: Capacity is IT power. Caiso is California Independent System Operator, SPP is Southwest Power Pool, Ercot is Electric Reliability Council of Texas, MISO is Midcontinent Independent System Operator, PJM is PJM Interconnection, NYISO is New York Independent Operator, ISO-NE is ISO New England. IT stands for Information Technology. IT power refers to the amount of power a data center uses for compute, network and storage.

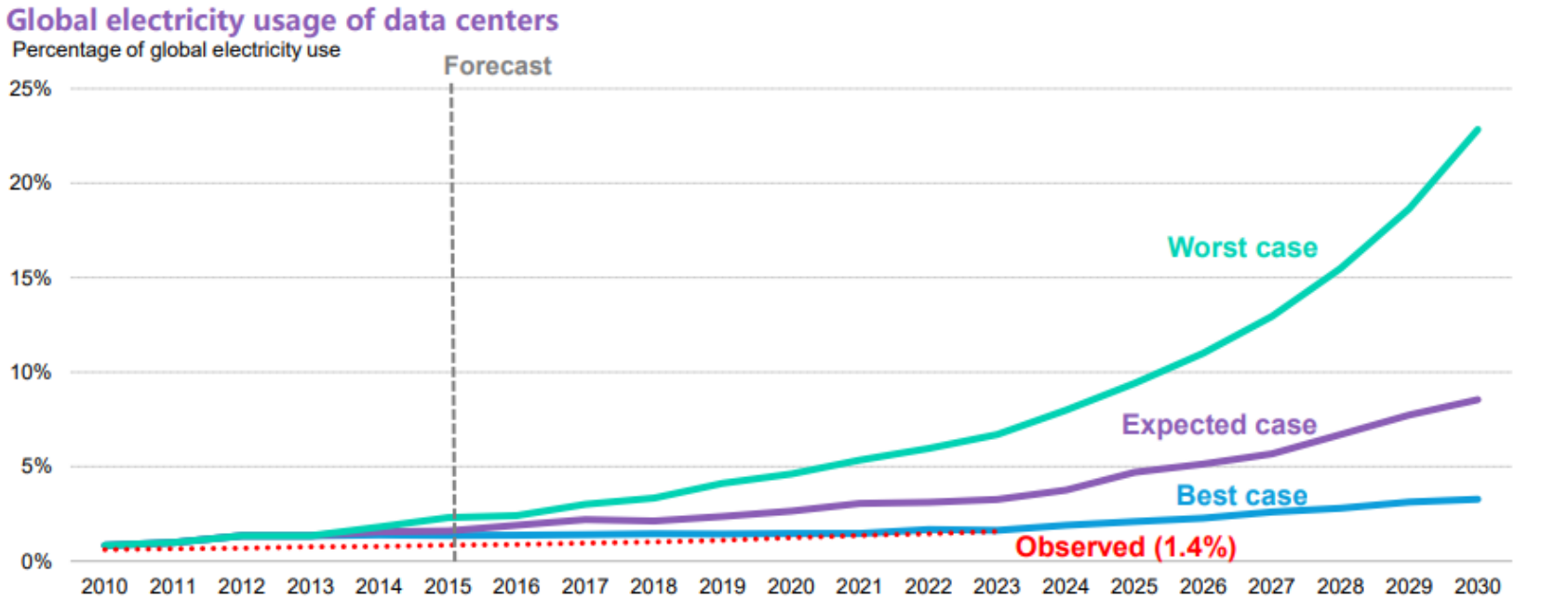
BloombergNEF

US load growth is geographically clustered across ISO/RTO regions (system-stressing, not "national average").

- The exposure is measurable through regional grid stress + required modernization/capex in those zones.

Probability thesis is wrong (range of outcomes)

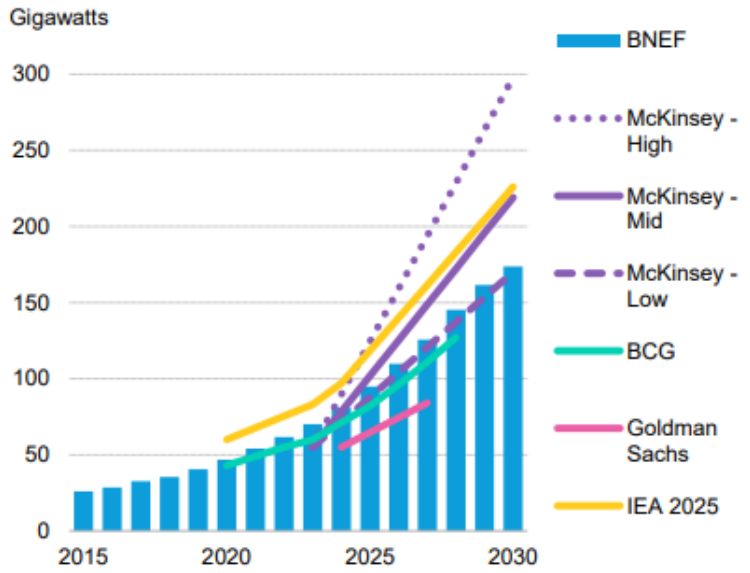
- Downside case: efficiency gains + demand flexibility reduce grid strain more than expected.
- Upside case: compute growth outpaces efficiency and keeps pushing demand higher.



Probability thesis is wrong (conservative baseline)

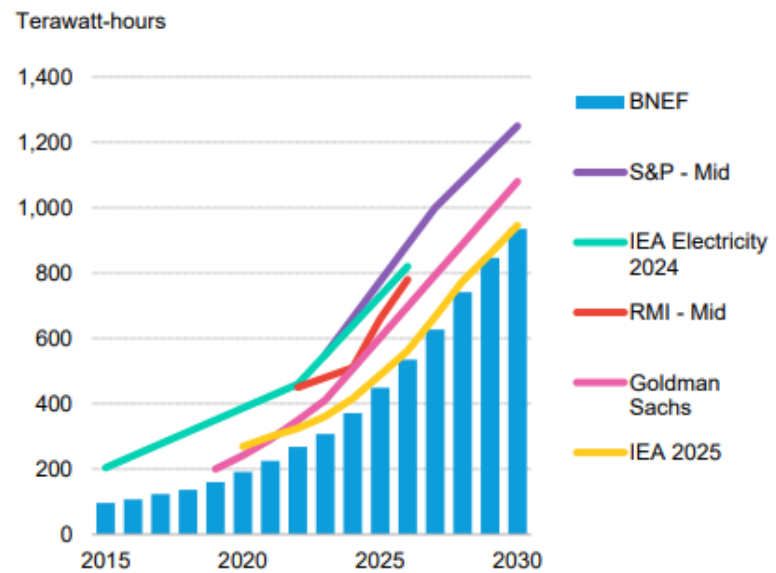
- Forecast risk is real: prior projections overshot, so we size outcomes as a range instead of a point estimate.
- We anchor on a conservative base relative to other major forecasts

Comparison of global data center power capacity outlooks, 2015-2030



Source: DC Byte, BloombergNEF, McKinsey, BCG, Goldman Sachs

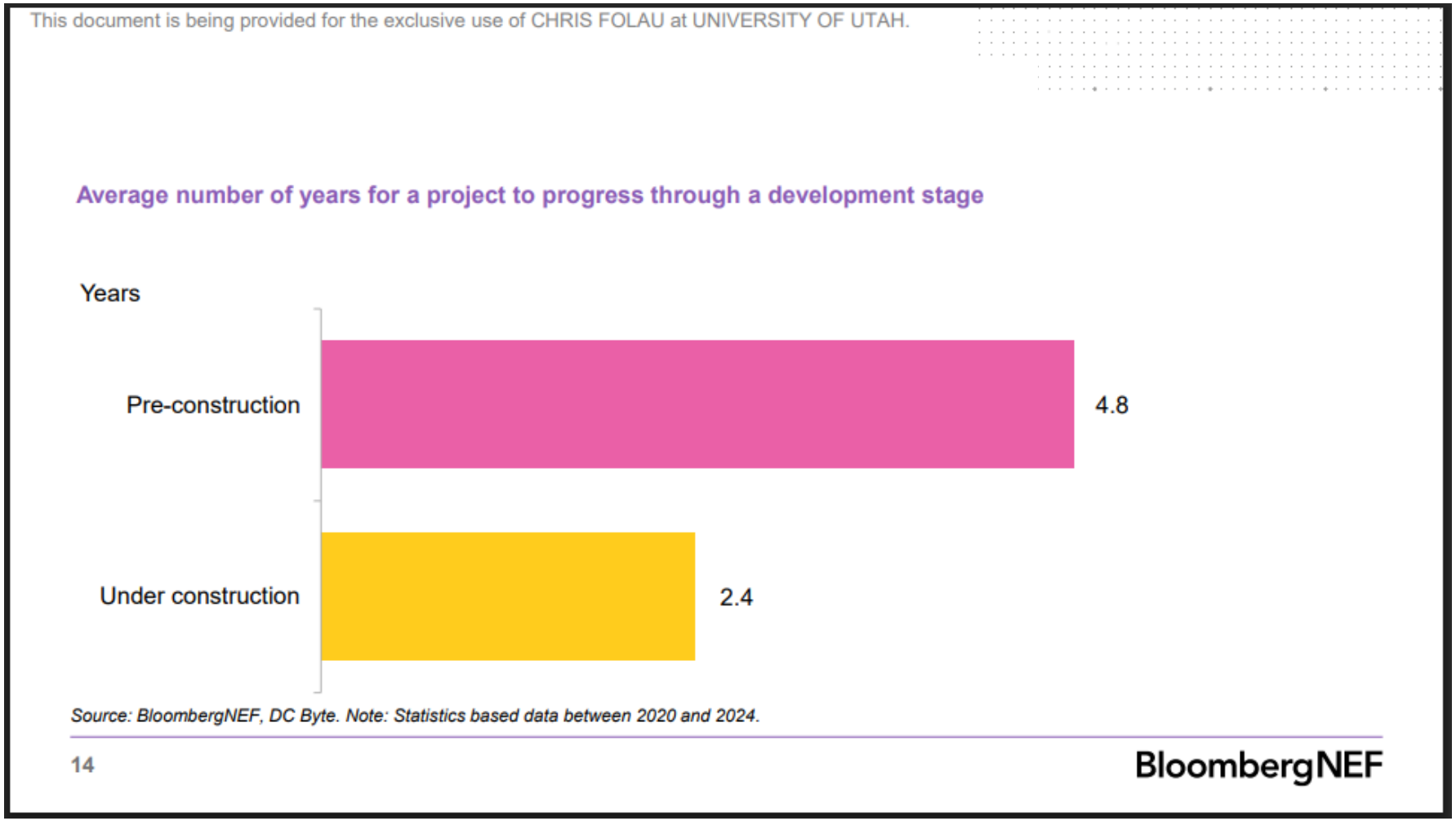
Comparison of global data center power demand outlooks, 2015-2030



Source: BloombergNEF, Goldman Sachs, S&P Global, RMI, International Energy Agency

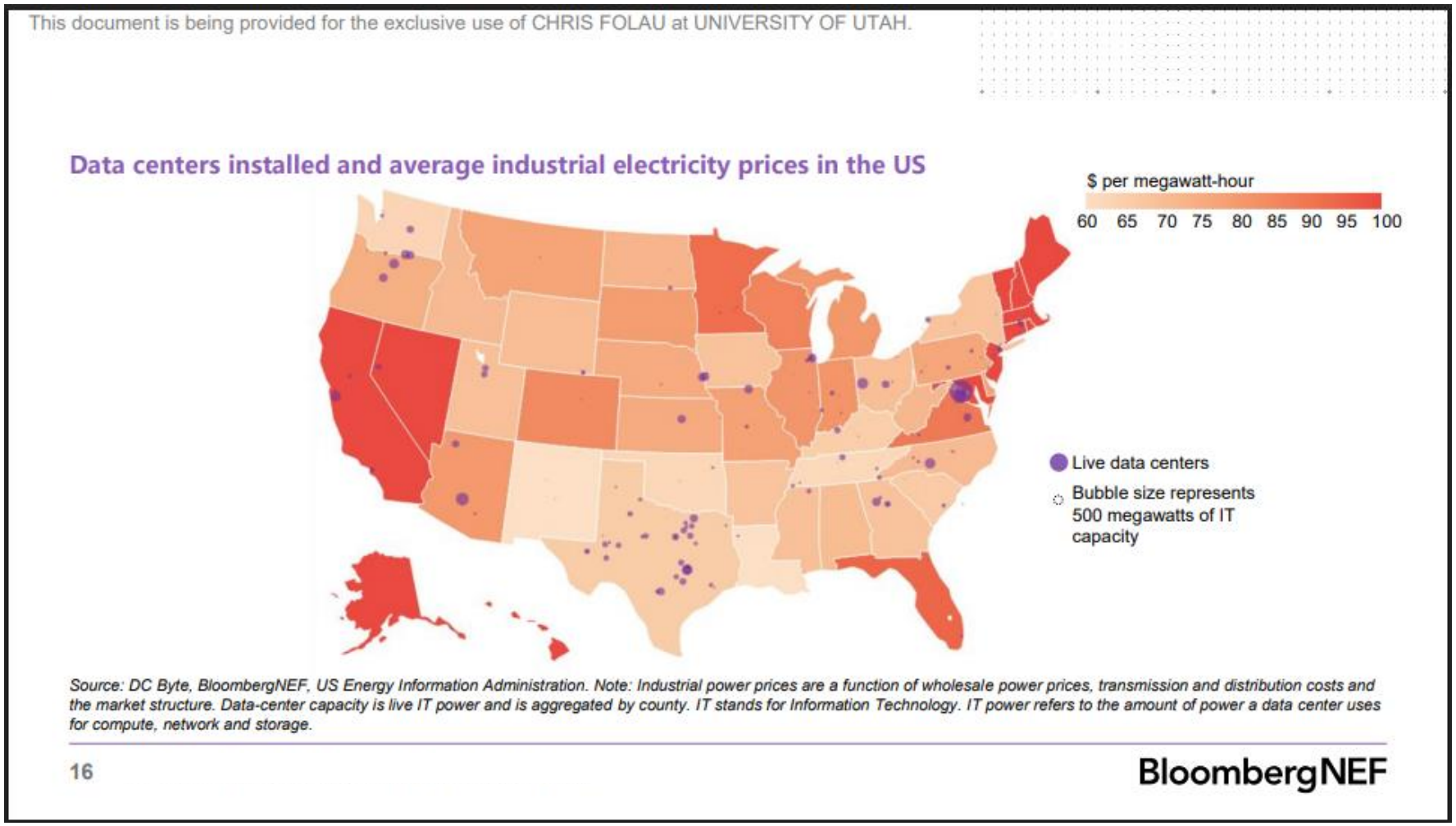
BloombergNEF

Additional risks assumed + volatility channels



- Time-to-deliver risk: build cycles are long (multi-year) → mismatch vs near-term load arrival.
- Regional power price risk: data centers cluster where power is cheaper, but congestion/tightness can raise prices and volatility.

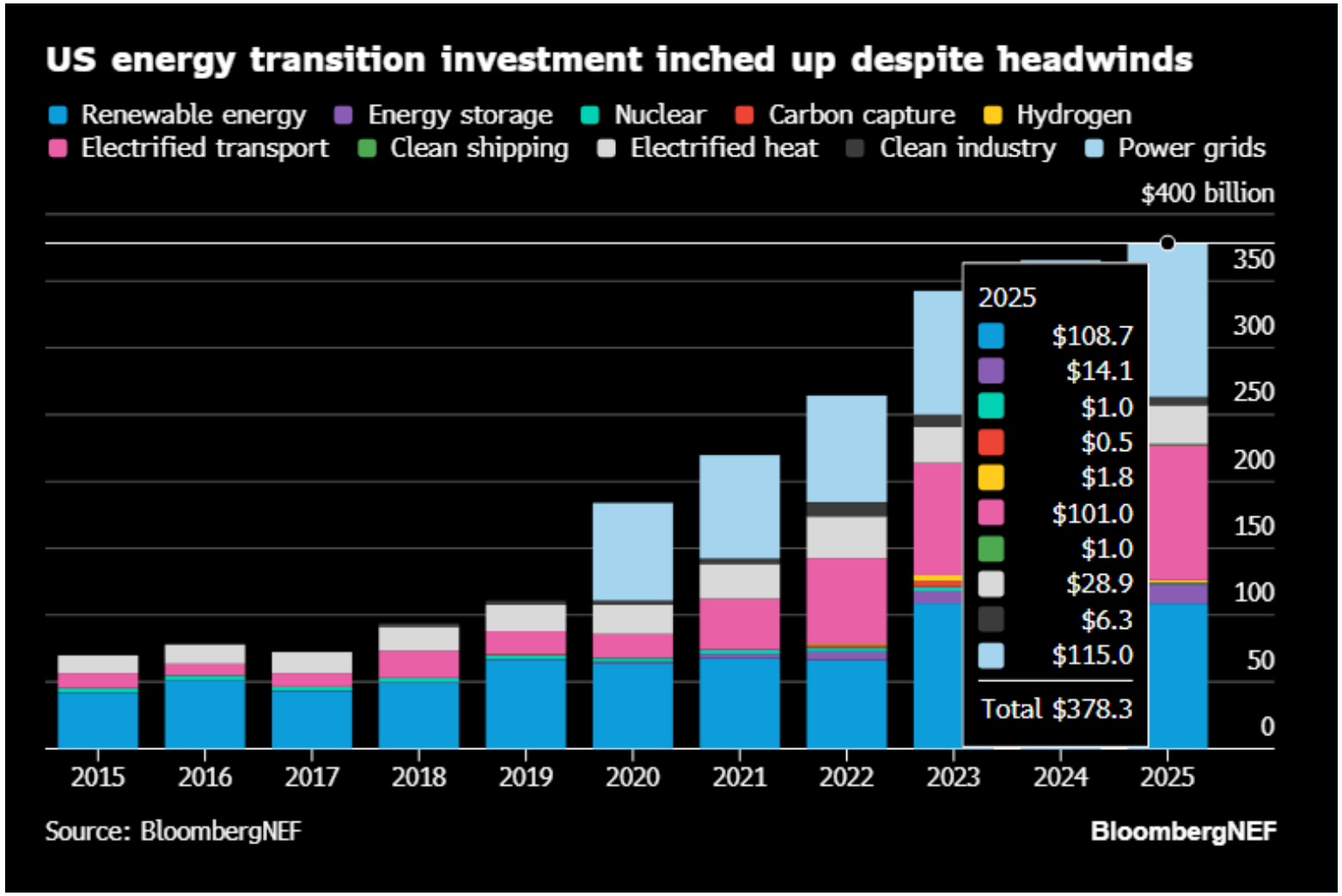
Additional risks assumed + volatility channels



- Concentration risk: clustered buildouts amplify downside when a single region hits constraints.
- Supply response risk: near-term new build may not land where/when load arrives.

Why still attractive risk-adjusted (despite risks + alternatives)

- Demand growth is large enough that even the conservative path requires sustained grid + generation response.
- Constraints extend duration of the opportunity rather than compress it to a one-year cycle.
- Capital is already flowing into the transition, including power grids.
- Risk is fundable because the key downside drivers are observable and trackable.



Proposed Purchase

Name	Ticker	P/E Ratio	Monthly Trading Volume ($M)	Average Weighted Market Cap ($M)	Share Price	# of Shares	Total Value
Global X U.S. Infrastructure Development ETF	PAVE	29.22	1.2	45,126	$54.69	182	$10,000
VanEck Uranium and Nuclear ETF	NLR	25.60	.67	20,750	$142.77	35	$5,000
State Street Utilities Select Sector SPDR ETF	XLU	20.76	21.5	67,554	$43.35	230	$10,000

Top 10 Holdings in PAVE

Net Assets (%)	Ticker	Name	SEDOL	Market Price ($)	Shares Held	Market Value ($)
3.30	TT	TRANE TECHNOLOGIES PLC	BK9ZQ96	441.20	862,261	380,429,553.20
3.25	CSX	CSX CORP	2160753	39.85	9,402,414	374,686,197.90
3.19	ETN	EATON CORP PLC	B8KQN82	365.00	1,006,908	367,521,420.00
3.17	DE	DEERE & CO	2261203	567.26	644,073	365,356,849.98
3.15	UNP	UNION PACIFIC CORP	2914734	249.76	1,453,806	363,102,586.56
3.15	FAST	FASTENAL CO	2332262	48.28	7,513,766	362,764,622.48
3.10	NSC	NORFOLK SOUTHERN CORP	2641894	306.84	1,163,889	357,127,700.76
3.06	EMR	EMERSON ELECTRIC CO	2313405	157.32	2,239,114	352,257,414.48
3.01	PH	PARKER HANNIFIN CORP	2671501	967.99	358,029	346,568,491.71
2.95	ROK	ROCKWELL AUTOMATION INC	2754060	429.84	790,995	340,001,290.80

Top 10 Holdings in NLR

Ticker	Holding Name	% of Net Assets	Identifier (FIGI)	Shares	Asset Class	Market Value (US$)	Notional Value
CCJ US	Cameco Corp	8.89	BBG000DSZTN6	3,572,896	Stock	410,239,919	--
DNN US	Denison Mines Corp	5.56	BBG000CX6DQ0	69,575,452	Stock	256,733,418	--
PDN AU	Paladin Energy Ltd	5.39	BBG000BC8GS6	26,624,042	Stock	248,744,919	--
KAP LI	Nac Kazatomprom Jsc	5.31	BBG00MJM7K82	3,047,173	Stock	245,021,676	--
BWXT US	Bwx Technologies Inc	5.28	BBG000D86F25	1,281,966	Stock	243,701,737	--
UEC US	Uranium Energy Corp	5.12	BBG000LCK3Q2	14,659,117	Stock	236,011,784	--
NXE US	Nexgen Energy Ltd	5.09	BBG004WG63P0	20,218,308	Stock	234,936,739	--
CEG US	Constellation Energy Corp	4.88	BBG014KFRNP7	898,839	Stock	225,123,216	--
PEG US	Public Service Enterprise Group Inc	4.73	BBG000BQZMH4	2,722,897	Stock	218,212,966	--
PCG US	Pg&E Corp	4.64	BBG000BQWPC5	13,193,701	Stock	214,133,767	--
1816 HK	Cgn Power Co Ltd	4.38	BBG00732Y4J0	499,553,000	Stock	202,253,777	--
UUUU US	Energy Fuels Inc/Canada	4.28	BBG000BXTPV3	9,222,292	Stock	197,541,495	--

Top 10 Holdings in XLU

Holdings: XLU

Top 10 Holdings (58.01% of Total Assets)

Symbol	Company	% Assets
NEE	NextEra Energy, Inc.	13.68%
SO	The Southern Company	7.35%
DUK	Duke Energy Corporation	7.05%
CEG	Constellation Energy Corporation	6.55%
AEP	American Electric Power Company, Inc.	4.79%
SRE	Sempra	4.24%
D	Dominion Energy, Inc.	3.84%
VST	Vistra Corp.	3.77%
EXC	Exelon Corporation	3.38%
XEL	Xcel Energy Inc.	3.36%

Sector Exposure (49 Total Holdings)

Sector Weightings

Sector	PAVE
Industrials	74.10%
Basic Materials	19.43%
Utilities	3.37%
Technology	3.07%

Sector Weightings

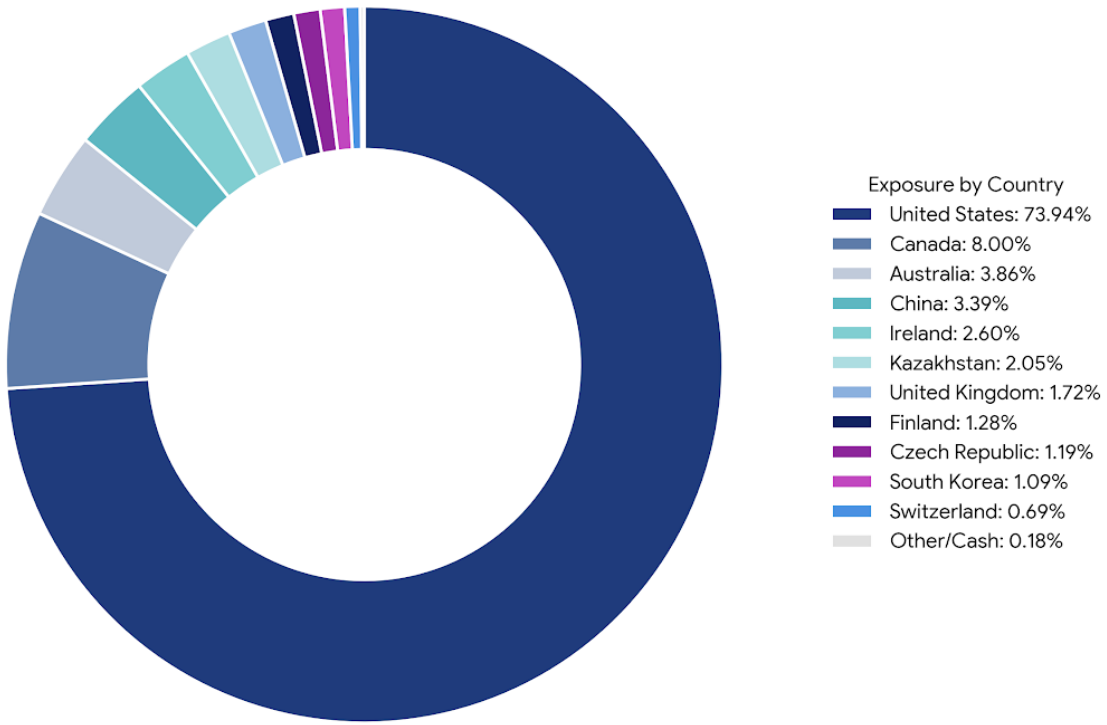
Sector	NLR
Energy	55.60%
Utilities	28.76%
Industrials	13.71%
Technology	1.93%

Sector Weightings

Sector	XLU
Utilities	100.00%

Geographical Exposure

Combined Portfolio Geographical Exposure
(40% PAVE, 40% NLR, 20% XLU)

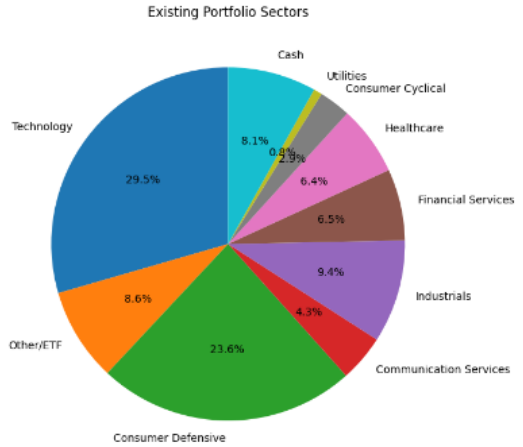


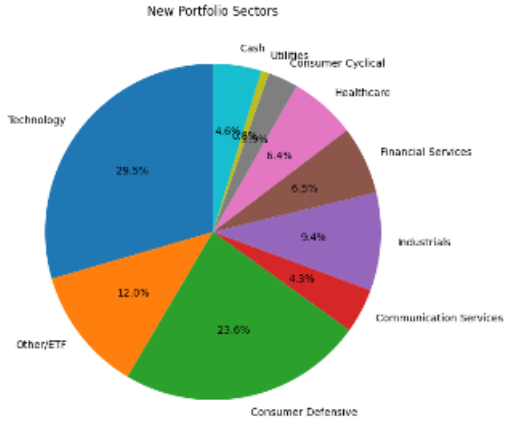
International/Regional Exposure

Region/Country	% of Revenue	Analysis
United States	73.9%	**The Demand Epicenter:** Captures the core of the AI data center boom. With demand projected to double by 2030, this exposure leverages the $1.1T utility capex needed to modernize a grid built for a lower-load era.
Canada	8.0%	**The Fuel Anchor:** Strategic access to the world's highest-grade uranium (Athabasca Basin). Essential for the global shift toward 24/7 carbon-free baseload.
Australia	3.9%	**The Resource Multiplier:** Holds 30% of global uranium reserves. Key ally under the 2025 US-Australia Critical Minerals Framework to secure energy supply chains.
China	3.4%	**The Build-out Engine:** Leading the world in reactor construction. China's aggressive expansion provides the global scale required to drive down technology costs and validates the "expansion of civilization" theme.

Effect on the Portfolio

	Existing Portfolio	New Portfolio
Beta	*0.8708*	*0.9001*
SMB	*-0.0288*	*-0.0222*
HML	*-0.2076*	*-0.2011*
Standard Deviation	*0.1537*	*0.1575*
Expected Return	*0.3005*	*0.3074*
Idiosyncratic Risk	*0.0585*	*0.0584*





Conclusion

Thesis: U.S. electricity demand looks "flat" nationally, but AI/data-center load is regionally concentrated, stressing ISO/RTO systems, lifting peak prices, and forcing multi-year grid + generation investment.

Strategy: Own the picks-and-shovels of grid reinforcement + firm power. Monetize regulated/contracted capex cycles and reliability-driven spending where load arrives faster than infrastructure.

What to Buy:

- PAVE (grid + electrification infrastructure buildout)
- XLU (regulated utilities: rate-base growth + mandated reliability spend)
- NLR (firm/low-carbon baseload + nuclear value chain)

Effects on Portfolio: Adds targeted exposure to AI-driven power constraints, diversifies beyond broad market beta, and provides a duration hedge against sustained electrification and grid-modernization capex.

Appendix