

Equities in Focus

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All Tech, All the Time?

Much has been written about the AI trade and the related strong performance of technology stocks since ChatGPT arrived on the scene in 2022. And when examining the S&P 500 Index's (S&P) returns over the last 10 years, and those of its component sectors, the technology sector deserves a word more provocative than "strong"! But there are other segments of the market that may continue to benefit from the current backdrop that often do not receive a commensurate level of attention.

Key Takeaways

1. Technology Stocks Have Dominated over the Past Decade

Not only have they outperformed the S&P...technology has been the *sole* sector that has.

2. Power Demand Is Not All About Data Centers

Onshoring, heating and cooling, and transportation needs are also major drivers.

3. Key Power Supply Bottleneck Beneficiaries, Sans Tech

Manufacturers of electrical products and electric utilities are notable standouts.

Tech Stocks' Dominance Supercharged by AI

Over the past decade, technology has been the undisputed leader in market returns, often giving the impression that it's the only game in town (*Display 1*). And these stocks were provided an adrenaline shot courtesy of ChatGPT's release in November 2022. The demand for so many things AI has led to the current arms race to build data centers—and to run data centers and so many other segments of the economy, you need power, and lots of it (*Display 2*).

Opportunities Beyond Tech

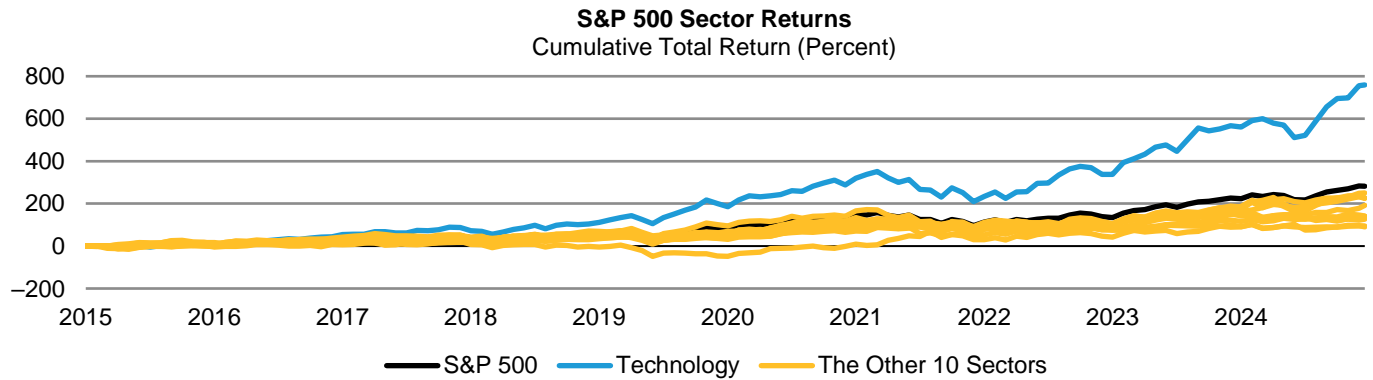
While data centers are currently expected to be the single largest draw on electrical demand (*Display 3*), onshoring trends, the Internet of Things and electrical transportation are additional key drivers that will comprise the bulk of incremental demand. This quest for power has led to a larger forecasted sales growth for electrical product manufacturers (*Display 4*) and larger-than-expected revenues for electric utility companies (*Display 5*).

Our View

As power demand accelerates, areas outside tech are sharing the spotlight. Rising forecasts for electrical product sales and infrastructure upgrades underscore their central role in powering the next wave of innovation. Independent utilities, operating in deregulated markets, are well-positioned to capitalize on rising power prices and abate the insatiable thirst for power that data centers increasingly demand. Meanwhile, regulated utilities are seeing increased capital investment in grid modernization and transmission infrastructure—investments that expand their rate base, enabling higher returns over time. While tech remains a core growth engine, the convergence of digital and physical infrastructure provides a wider and sound opportunity set.

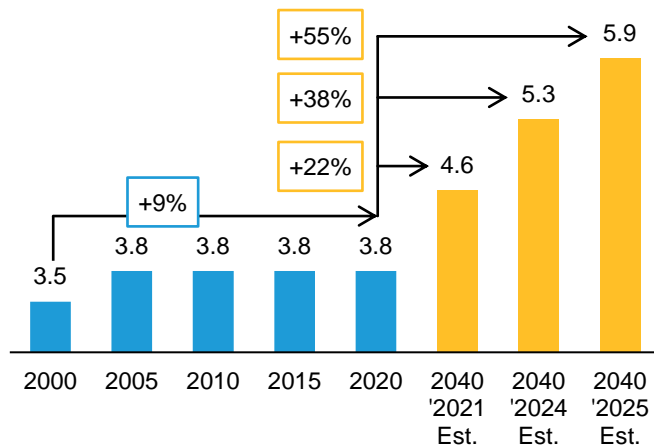
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Display 1: A 10-Year Look Back Gives the Impression that Tech Is the Only Game in Town

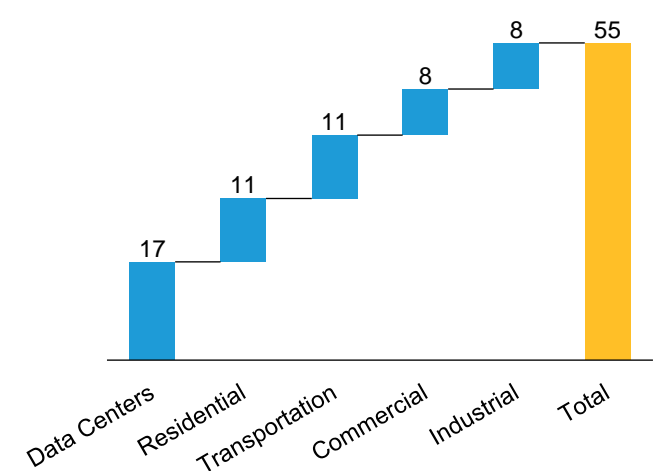


As of October 17, 2025
Source: FactSet

Display 2: Power Demand Estimates Continue to Rise US power demand (thousand TWh)



Display 3: Data Centers Drive One-Third of Incremental Power Demand Growth

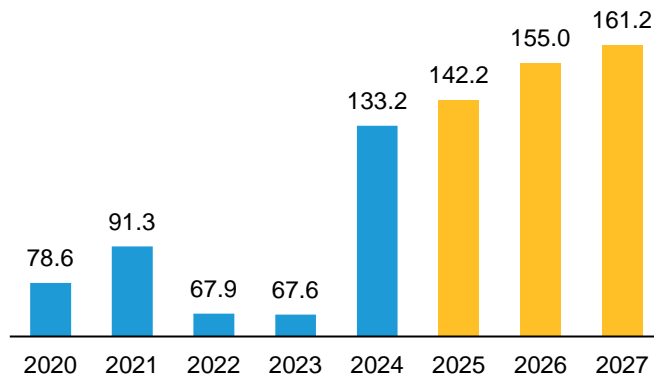


Current analysis and forecasts do not guarantee future results.

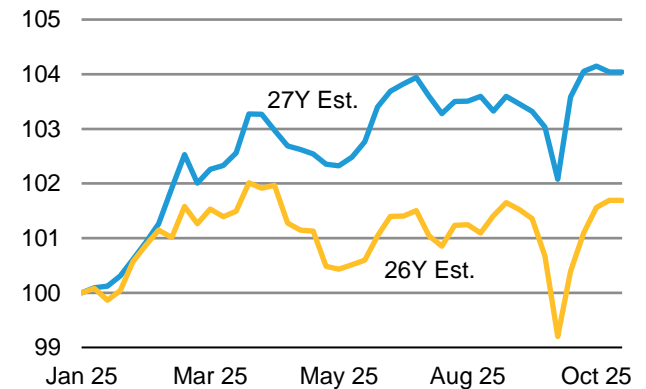
As of September 30, 2025

Sources: Historical: Energy Information Administration, Forecast: HIS Outlook and McKinsey (March 2025) and Goldman Sachs

Display 4: US Electrical Product Sales USD billions



Display 5: YTD Electric Utilities Revenue (26/27Y Est.) Revisions



Left display as of September 30, 2025; right display as of October 20, 2025
Sources: Bloomberg and FactSet

The value of an investment can go down as well as up, and investors may not get back the full amount they invested. Capital is at risk. Past performance does not guarantee future results.

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