

Bloomberg AI Value Chain Index

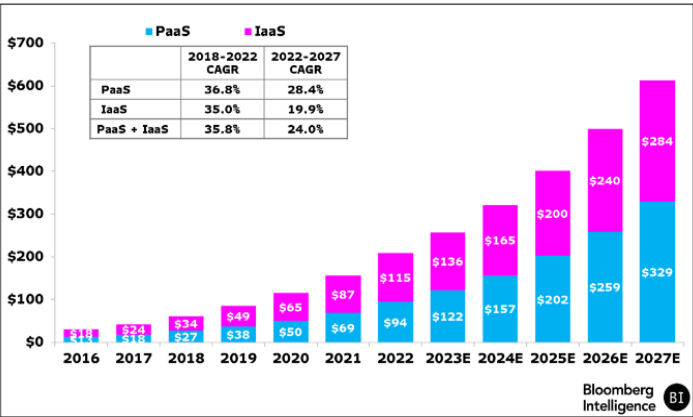
Accessing the Backbone of the AI Revolution

The AI revolution is expected to continue growing and evolving over the next decade, creating a long-term investment opportunity for companies that provide infrastructure for AI, creating opportunities for investors.

AI Demand Segments, Catalysts & Investment Thesis

- Growing Demand for Generative AI:** Generative AI is expected to be a \$1.3 trillion market by 2032 up from about \$64 billion in 2023. As the revolutionary technology changes how businesses operate and enhance their products and services, generative AI could expand to 10-12% of total information-technology spending in such segments from less than 1% today.¹
- Addressable Market Appears Ready To Expand:** Training foundational large language models (LLMs) is still the biggest driver of incremental revenue for generative AI, yet traction with GitHub Copilot and growing interest in new apps like Perplexity for consumer search and Sora for prompt-based video generation may continue to expand the addressable market.
- Specialized Hardware for AI:** Companies are developing specialized hardware for AI, such as graphics processing units (GPUs), tensor processing units (TPUs), and field-programmable gate arrays (FPGAs), which are in high demand and require multiple components.
- Increasing Adoption of Cloud-Based AI:** Cloud providers are investing heavily in AI infrastructure, creating a growing market for IaaS and PaaS offerings.
- Picks & Shovels of AI:** AI Value Chain companies tend to be less volatile than the AI application companies themselves, as they are providing essential infrastructure and services that are necessary for the technology to function.

Infrastructure-as-a-Service (IaaS) & Platform-as-a-Service (PaaS) Revenue Forecast (\$ Billion)



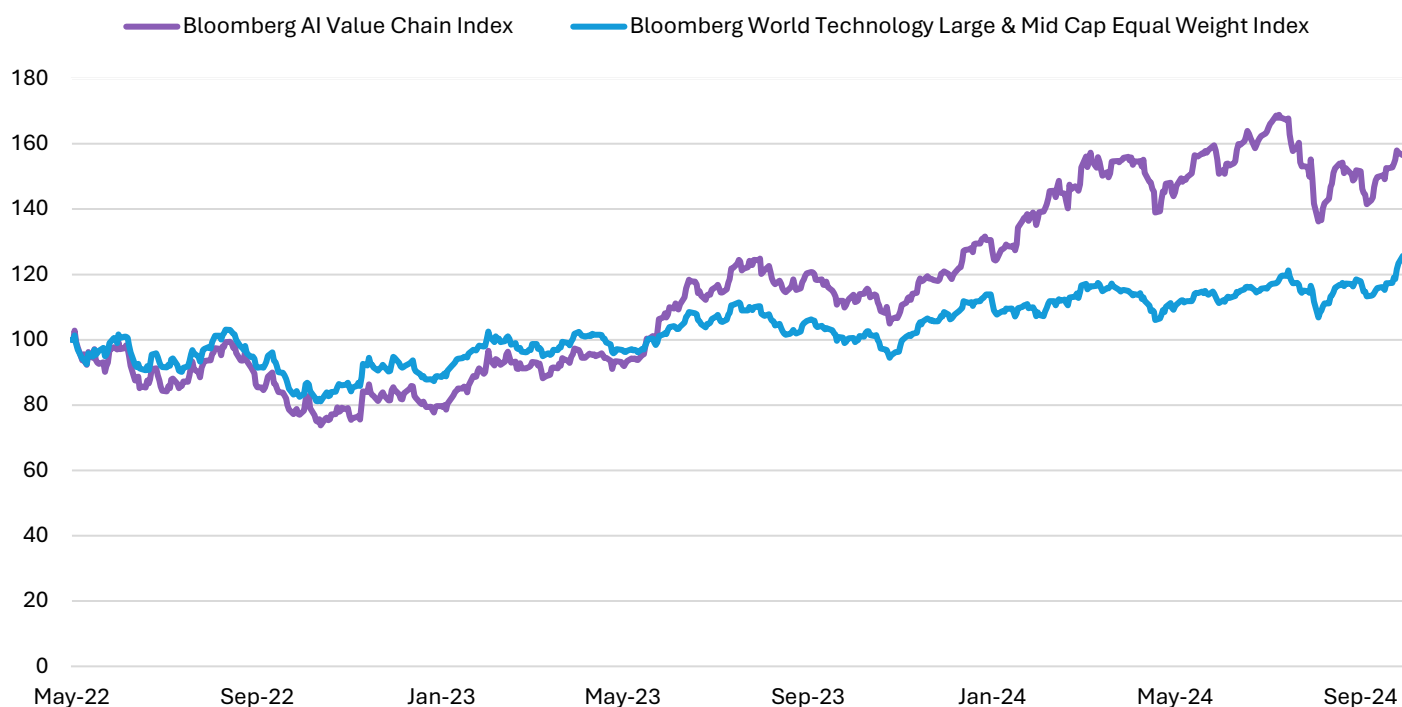
Source: Bloomberg Intelligence

¹ Source Bloomberg Intelligence, "Assessing Opportunities and Disruptions in an Evolving Trillion-Dollar Market"

Bloomberg AI Value Chain Index Methodology

Starting Universe	<ul style="list-style-type: none">• Bloomberg World Aggregate Universe• Further narrowed to BI Cloud & AI Theme Universes
Theme Eligibility	<ul style="list-style-type: none">• IaaS & PaaS segment within Cloud• Hardware & Semiconductor segments within AI• Hyperscalers within AI Tech Hardware & Semis
Investability	<ul style="list-style-type: none">• Market Cap \geq \$500 Million• 90 Day Average Daily Traded Value (ADTV) \geq \$5 Million• Exclude India, Egypt, & Poland exchanges
Selection	<ul style="list-style-type: none">• Group eligible companies into Cloud, AI Hardware, & AI Semiconductors categories• Top 15 companies by Market Cap within each segment
Weighting	<ul style="list-style-type: none">• Equal Weighting
Rebalance	<ul style="list-style-type: none">• Quarterly Rebalance & Reconstitution• Effective January, April, July, & October

Bloomberg AI Value Chain Index Historical Performance



Source: Bloomberg as of 9/30/2024

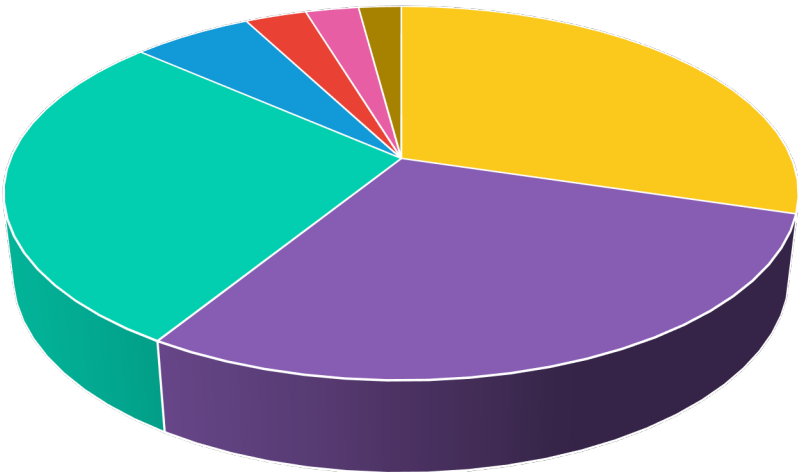
Top 3 Index Members By Market Cap From Each AI Value Chain Category

Theme Category	Company Name	Exposure Category
AI Hardware	Apple Inc	Hardware
	Samsung Electronics Co Ltd	Hardware
	Arista Networks Inc	Hardware
AI Semiconductors	Nvidia Corp	Hyperscaler
	Broadcom Inc	Semiconductors
	Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors
Cloud	Microsoft Corp	IaaS & PaaS
	Alphabet Inc	IaaS & PaaS
	Amazon.Com Inc	IaaS & PaaS

Source: Bloomberg as of 9/30/2024

Top 10 AI Value Chain Index Members By BICS Industry % Weight

- Technology Hardware 29.7%
- Software 29.09%
- Semiconductors 27.73%
- E-Commerce Discretionary 5.83%
- IT Services 2.99%
- Electrical Equipment 2.58%
- Internet Media & Services 2.07%



Source: Bloomberg as of 9/30/2024

Learn More About The AI Value Chain

Blog:

- Big Tech 2025 Capex May Hit \$200 Billion as Gen-AI Demand Booms

Index Methodology:

- Bloomberg AI Value Chain Index Methodology

Index Fact Sheet:

- Bloomberg AI Value Chain Index Fact Sheet

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