

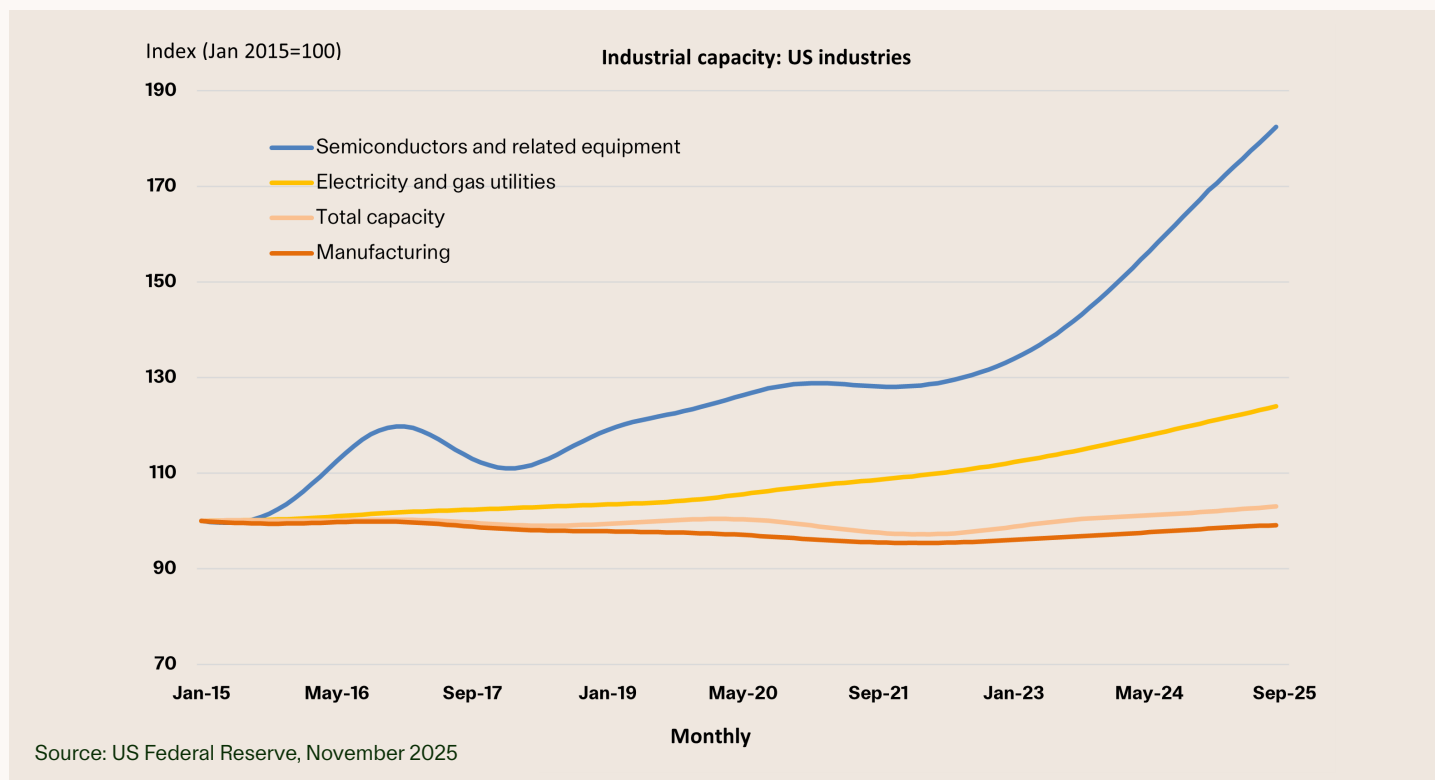
Infrastructure in focus: November 2025

The industrial heartland

Looking at a country's industrial base can tell a lot about the makeup of its activities and its infrastructure needs. The chart below shows US industrial capacity, from 2015 to now. Several things stand out:

- Electricity and gas utilities' capacity has grown significantly faster than overall industrial capacity, now ~20% higher than the total
- Growth in capacity in semiconductor and related sectors has been exponential, rising by ~45% in the last five years
- At the same time, total industrial capacity has expanded at a much more modest rate (up only 3% over 10 years), with manufacturing capacity even softer, near flat over the period.

With the expansion in electricity and gas utility capacity outpacing total industrial capacity while growth in semiconductor production capacity is on a tear, what we see here is the real-world story of the AI boom. Exuberance on AI has been the predominant theme for markets this year, and the chart below shows a structural shift in economic activity underway.



Highlights

- This matters for infrastructure, as this dynamic is important to demand, and capex, for electricity and gas utilities going forward. AI demand and data centre growth drive projections for steep growth in power loads. Higher demand suggests substantially more capital investment to come for utilities.
- One infrastructure sector that stands to benefit from this trend is regulated utilities. These companies do well from higher capex, as approved investment increases their rate base, on which they earn an agreed rate of return. We see this structural growth come through in robust capex plans and healthy EPS growth across the regulated US utilities in which we invest.
- Importantly, these companies do not take the downside risk should the tide turn on AI. They can always pivot to other types of investment, including in renewable energy, or replacing ageing assets, to sustain capex and earnings. How industrial capacity progresses from here is therefore an important marker for utilities companies, and also the health of the AI trend.

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