Transcript

The Ideas Exchange

Episode 40: Is Gen AI driving a tech comeback?

June 2024

Jacinta King (00:00):
Welcome to the Ideas Exchange by ASX, connecting you with investment experts, market updates, and ideas. I am Jacinta King, business development manager, investment products at ASX, and this is our regular podcast covering everything from investment trends through to different ways to invest using a variety of products.

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Jacinta King (00:48):
Welcome to the Ideas Exchange. I'm your host, Jacinta King from ASX, and today we are joined by Alphinity. The Alphinity Global Equity Fund, a managed fund under Ticker XALG, and the Alphinity Global Sustainable Equity Fund, a managed fund under Ticker XASG. Today, I'm joined by a Elfreda Jonker, who is client portfolio manager and investment specialist at Alphinity. Welcome, Elfreda.

Elfreda Jonker (01:13):
Thank you so much. Thanks for having me.

Jacinta King (01:16):
It's really nice to welcome you onto the Ideas Exchange. And yes, we're talking tech, I know it's the hot topic, but we did want to cover that, because you and your team at Alphinity do some great coverage in that area and the tech industry has had a bit of a slowdown over the past few years. So, we've had high inflation, elevated interest rates, as well as macroeconomic and global uncertainties, which have contributed to a drop in consumer spending, lower product demand, falling market capitalizations, and we saw workforce reductions in '22. Now, these headwinds, they continued into '23, and there was a slight weakening of global tech spending and rising layoffs, but now, we're seeing some growth return to the tech sector and AI is emerging once

again as the hot topic. So, Elfreda, are the early AI beneficiaries still good investments?

Elfreda Jonker (02:09):
Yes, Jacinta, I think it's hard to believe that it's only been a year and a half, not even, since ChatGPT crashed onto the scenes and really made generative AI a reality for all of us. I think the important thing to notice, probably, that AI is not necessarily a new theme, a lot of companies that we will discuss today have invested in this theme for many years. It's more about generative AI and what that means going forward. So, to circle back to your question, I think at Alphinity, the way we think about the investment landscape for artificial intelligence is in three different buckets. We sort of put it into semiconductors, which is really the enablers providing the technology to build and train these large language models like ChatGPT. And then, you have the infrastructure players, so those that give you the Cloud, the networks, and the devices. And then lastly, it's the companies that create the software and services that sit on top of that.

(03:10):
So, if you think about the early beneficiaries, they've really been at the forefront there in the semiconductor and infrastructure space. So, I would mention three companies that's clearly the beneficiaries at this point in time, and I think the long and short of that, is that we still believe they are good investments going forward. So, the first one is Nvidia, they really are the poster child for AI. This is the company that's up 570%, or have added around $1.7 trillion in market cap since ChatGPT's came out. And really what's been driving that, is that they're the market leader in graphic processing units, or GPUs, and basically what they are used for, that's at the heart of what they do, but they also do related software services around it.

(04:00):
And what generative AI has done, is really to accelerate the use from the CPUs that's just slower processing units, to these GPUs that Nvidia does. And if you think about what will happen going forward for Nvidia, it's clearly, as I've mentioned, rallied massively. Has that sort of demand been pulled forward and will there be a crash in the next year? Or will that be ongoing demand? And for us, there's two key things that you need to think about for Nvidia. You need to think how big is that addressable market? And what sort of market share size will Nvidia maintain?

(04:39):
Currently, they're setting at around 80 to 90%, but as if we look at what some of the companies in the market has announced to date and the kind of spending we've seen to bring it back to the first quarter, the important thing is, the big tech spenders, the hyper scalers if you think about Microsoft, Google, Meta. If they continue to spend massive amounts of CapEx on AI, that will clearly be very beneficial for Nvidia, because they sit at the front end

of what is needed here. And all three of the big hyper scalers in the last result said that they will be increasing capital spend. So, we estimate that there will be around $185 billion spent on data centre CapEx in this calendar year.

(05:30):
So, that's up 45% year-on-year. And if you think about prior to this current reporting season, that was only up 25%. So, all these companies are just spending a huge amount and continue to spend, not just in 2024, but also in 2025. So, Nvidia, even if you assume they will only maintain around 50% market share in GPUs, they can easily double their revenues from now into 2027. So, yes, it is a stock that's rallied massively, it's definitely been the biggest beneficiary, but it's actually still trading at a lower PE than it did 18 months ago. And the reason for that is, that it's just generating massive amount of cash on the back of their GPUs use that's in such big demand.

(06:16):
If we flip it over to another beneficiary, that's definitely Microsoft. Biggest company in the world, around $3 trillion market cap, and really where Microsoft sits and I think the important thing to notice, that Microsoft has really been spending on AI for many, many years. They had the foresight to invest in OpenAI even prior to ChatGPT coming online. And then, of course, they also supply some of the infrastructure like the Cloud businesses. So, their Cloud business, in the last quarter, is actually the best growing Cloud business. Think about the three big players, you've got Azure, which is Microsoft, you've got Amazon, which has got AWS, and then Google that's got Google Cloud. The three of them are the three biggest Cloud providers, and Microsoft in particular has been increasing their spend hugely and, in the last quarter, grew 31%. And the important thing about that is, that they could already contribute 7% of that to AI.

(07:19):
And that is the other important thing to note is that, yes, these companies are all spending a huge amount of AI and there's huge demand, but they're not all necessarily making money out of it yet. And that's a critical thing for us at Alphinity, we look for companies that's in an earnings upgrade cycle, that can surprise on the earnings. And someone like Microsoft, specifically, is already seeing it, you can touch and feel the benefits. Besides OpenAI, the stake, and their Cloud business, they're also investing in a whole range of other companies, like London Stock Exchange, for example, is their data partner, partnering with companies to build data centers in the pharmaceutical space. So, they really have their tentacles everywhere and will be benefiting from AI in many different ways going forward.

(08:05):
And then the last one, it might be a little bit of a lesser known one that we invest in. It's a company called SK Hynix. That company is up around 137% in the last 18 months as well. This is a Korean memory player. They specifically

focus on high bandwidth memory, so that basically sits on top of the GPUs. And memory is becoming critical when you think about the underlying competitive position of these GPUs. So, what you've seen is that AI and generative AI, because it just requires a huge amount of computing power, these really high bandwidth memory has become in massive demand, and SK Hynix is by far the market leader in that.

(08:54):
They're continuing roll out new and improved versions, and they're constantly upgrading their additional technologies. So, what you have seen is this huge spike in demand there, and from what we've seen, over the next two years, I think they've already sold all their high bandwidth memory for 2024 as well as 2025. So, it is a company that's also run hard, and I think the important thing to note here is that, as investors, you always need to bear in mind, yes, this is a long-term trend, but what is already priced. And for us, all of these have run hard, but we still think there's more to go in them.

Jacinta King (09:33):
You've provided some really compelling stories and points there, and I particularly like that you started with explaining the different components of AI, because if I look at some of the headlines, people maybe are focused on that explosion of OpenAI and people trying it out. I know it comes up in a lot of my discussions with people, but there's very different aspects to it and they have been embedded in, actually, what we've been doing for quite some time. So, it's important to remember that.

Elfreda Jonker (10:00):
Yeah, absolutely.

Jacinta King (10:02):
And if you think about it, obviously that's what Alphinity is doing, you and your team are thinking about these things when they're looking at the values that are at play in these kind of companies. So, let's then think about, when I was looking through your recent reporting, there are some other key players in the AI ecosystem, and you've touched on that at the end there. So, if you wouldn't mind expanding a bit?

Elfreda Jonker (10:25):
Yes. So, the way we see it is that, this is really a big ecosystem with many different parts to it. So, the first part that I've mentioned now is on the front end, the semiconductors and the infrastructure providers. Some of the other big names to mention there, of course, is someone like Google, Alphabet, they have also been investing in AI a lot. In fact, they've just released their new AI capabilities over the last two days. So, clearly, a lot of what they're basically rolling out will be competing with existing ones. So, let's say for example, one of them is a Project Astra, which is an AI assistant, but like GPT 4.40, that was also rolled out over the last week, and both of these will

threaten what we currently know as Siri. So, it's a lot of what we already know, but just an improved version of it.

(11:19):
And then besides that, clearly Google is the largest search engine that will roll out AI capabilities within Google. They have, as I've mentioned, a really big Cloud business. So, across the board, they will be another beneficiary and that's also a stock that we do own and still think Alphabet's pretty cheap at these levels. And then, of course, the other Mag 7, Apple, they more sit within that infrastructure side, on the devices side. So, we all know about iPhones and iPads, and they will be rolling out a lot of AI capabilities on these new phones. So, I know my husband can't wait for that, because he wants the new iPhone with an AI capability, that they're not new, Samsung was the first to roll that out. But if you really move beyond just those big, well-known tech names, there's a number of companies that also sits in that ecosystem that helps with providing or enabling us to use AI.

(12:19):
And within that semiconductor space, you've got companies like ASML. They make the machines that make the semiconductors or the chips. You also have a company like Cadence, they do the design of what it should look like. And then you clearly have some of the applications, that portion, as I mentioned, that's sort of the third leg that sits on top. So, companies like Microsoft is probably at the forefront. We all use Windows 365 and have capabilities such as Word and Excel and Teams. So, they've already rolled out something called Copilot that can assist you with summarizing your emails, creating presentations for you, and so forth. But then there's also other companies that's creating software, like a Salesforce for example. It's not a company that we own currently, but then there's also companies, if you think about what is required, huge amount of data centres is required.

(13:12):
So, companies building data centres, if you think about Australia's Goodman Group for example, those supplying the power into these data centres. That's the biggest topic that came out of the recent reporting season, is just the massive demand power that's going to be needed to power up these data centres. So, there, a company like Snyder Electric is one we own across both our Global Funds, for example, that they're at the forefront of electrification in data centres. And then, think about these data centres will need a lot of cooling, because the generative power is so high that it needs more cooling. And that's where a company like Trane Technologies, that we also own, they supply HVAC or the cooling system to these data centres.

(13:58):
So, there's so many different companies that sits in this ecosystem. If you think about data providers, like a London Stock Exchange for example, they also sit in that space. So, there are many that you can look at, but it all boils

down to, do these companies fit your investment process? And are they good investments, or are they just perceived AI beneficiaries?

Jacinta King (14:21):
Yeah, and what you're touching on there at the end is that indirect beneficiaries, because even though I work in this industry and we talk about data centres, I think we perhaps forget the scale, because some of the roll-outs and the size of them is quite extraordinary. And then, like you mentioned, the cooling and for just simply the energy usage that is needed on a daily basis.

Elfreda Jonker (14:47):
Yes, I think there's some scary statistics out there on the amount of power that's needed and if there will actually be enough power for users, like us, at the end of the day. I think I read a stat a few weeks ago that said that, the power demand for data centres in the next few years will equal 20% of all the customers currently in the U.S., the electricity needs. And that's absolutely massive if you think about it on that scale. Another point I heard is that, really bringing it back to us and the way we can understand it is, if you think about a Google search, which we all do all day long, the power required to do a ChatGPT search is 10 times that of a Google search.

Jacinta King (15:33):
Right.

Elfreda Jonker (15:33):
So, to put that in perspective, you can see where we're going with this. It's not just, "Oh, I've got ChatGPT or I've got Gemini or Bard." It's what sits behind it to actually power those really power hungry large language models up.

Jacinta King (15:50):
And I imagine the energy companies obviously already been thinking about this and looking at ways that they can meet that demand in the near term.

Elfreda Jonker (16:00):
Yes, absolutely. And I think one thing that's really beneficial and what's finally coming through, is this Inflation Reduction Act in the U.S. that Biden brought in. It's obviously got nothing to do with inflation reduction and all about renewable energy, and that is where we are actually starting to see a lot of companies that's now received those tax grants or cash payouts in order to enable them to really expand that infrastructure. You're starting to see that coming through now. So, there are a number of companies that's doing phenomenally well already. And as I've mentioned, Snyder, for us, it's a European company, but it's really best in class in that electrification and at the forefront. So, there's many options, but you also don't want to include five electrification companies in your portfolio if you only include 30 stocks,

like we do in our Global Funds. So, you also need to be selective in who do you think are the best stocks within each portion of that ecosystem?

Jacinta King (17:02):
Absolutely. Now, I think that we've talked about the winners and maybe it's good just to turn our minds to there potentially are some AI losers emerging already. Maybe if I can ask your comments around that?

Elfreda Jonker (17:17):
Yes. If you cast back to the beginning of 2023, when ChatGPT really started and every single company that's got software or services relating to AI rallied, and it was very clear that a lot of these companies are spending a huge amount of money, but they're not necessarily all making money yet. And I think the important thing also is, as these technologies develop, and it's actually been phenomenal to see how fast they are developing and how fast they are improving, if you think about we're already at GPT's second version, which is this 4.0, which is already miles ahead of the first one. You should think that some of the companies with services like data analytics will sort of be crowded out by these big behemoths like Google and a Microsoft, OpenAI for example, that's rolling out these capabilities as well. So, two names there that we flag is something like an Adobe.

(18:17):
So, OpenAI has launched something called Sora. Pretty much, that gives you capabilities to take a tech screen and create a video from it. And that's really indirect competition with what Adobe has recently rolled out, for example. So, we thought it was a loser, then we thought it will be a winner, and now again, perhaps it will be a loser as other capabilities continue to improve and roll out. So, Adobe is one I would call out, and then the other one is a company like Snowflake, they do data analytics that sit on top of the AI. And a number of these new and improved versions, as I've mentioned, that gets rolled out, will be able to do those sort of services, like data analytics. So, at the end of the day, I think it's important to understand who will be crowded out, and who just ran up because something related to AI, and who's actually making money? So, those are two names that we, at this point in time, would be avoiding.

Jacinta King (19:20):
Now, beyond tech, where are the next AI-infused opportunities? You mentioned London Stock Exchange earlier I noticed.

Elfreda Jonker (19:27):
Yes. I think the important point to make around that is probably that, firstly, AI is largely centered on that, as we've discussed, the technology sector and perhaps some of the industrials doing the electrification and building the data centres. But it will really, I think, over time, start to filter through into other sectors as well. So, if you think about some of the companies already rolling it

out, are those that are either enabling that, like the semiconductors and the infrastructure players, all those that give us the data suppliers, as a London Stock Exchange for example, but then the next step would be, how do you incorporate AI to improve efficiencies and reduce your costs? And that is, I think, the portion that will probably take longer as more and more companies roll this out, and that should expand across some of the consumer stocks, even the financial stocks.

(20:31):
So, three companies that we own, that I would mention, are sort of at the forefront that we think will continue to benefit and have big plans and not necessarily making a huge of money out of AI just yet, but we do think they are at the forefront. So, London Stock Exchange, as I've mentioned, they've got a partnership with Microsoft. They're Microsoft's preferred data provider. And you can see they've already rolled out London Stock Exchange, LSEG, Microsoft Teams version that gives you the capability to help prepare for meetings. So, it will basically stroll through your history, summarize everything that you have done with this company in the past, it will give you a summary of the company itself, it will give you suggested three topics to talk about in the meeting. So, it's really just about improving that efficiency and reducing the time that we spend on these things. So, that's an example.

(21:27):
Another one is Airbnb, just an interesting example. I like to talk about it because we all know it and probably tried to use it, or hopefully will use it at some point. But basically what they're doing is, apparently they supply us with rental options, so you can go on and find a place to stay. But what they want to become is sort of an online concierge, where they're going to incorporate AI to assist you in being a very bespoke solution for you, as the consumer, go in and they will know what you like. Once you go to a place, they will not just suggest a place to stay, but how to get there, things to do while you're there. So, it will sort of become this online concierge you can just step into and say, "Please create an itinerary for me for my trip to Rome next month." So, that is interesting.

Jacinta King (22:21):
I've heard people say they've been doing queries like that and it's quite fantastic, actually.

Elfreda Jonker (22:27):
It is fantastic, and I think the important thing to note here is that, it's not necessarily just limiting yourself to one thing that you've done in the past, like Airbnb for example. It's done one thing. Their CEO has been very specific that he wants to do many different things. And if you think about Microsoft and Google, we've mentioned it now how many different layers there are to their business models. And I think that's the exciting thing about AI, is that it will create that opportunity for other companies to add on different layers of

revenue, add generative portions to their businesses. And then, the last one I'll mention is Mercado Libre, it's probably also a bit lesser known, but it's the largest e-commerce and FinTech company in Latin America.

(23:13):
They've got a very impressive ecosystem as well. If you think about an Amazon where you just go in and order your things, they've got that, but they also have a logistics business associated with it. They've got a credit business where you can apply for credit. And basically where they will be using AI to really incorporate and improving customer reviews, show you text images, improves the rates of sale, help with credit scoring. So, there's many ways that a company like that can incorporate it as well. But at the end of the day, it is quite difficult to really stand back and say, "If you use AI to improve efficiencies, what does that actually add to your bottom line?"

(23:57):
And because so many of these companies still have to spend a huge amount of CapEx upfront, it's difficult, at this point in time, to determine and to really allocate what AI is doing. But over time, I think one company CEO that Mary Manning, one of our portfolio managers, spoke to, I think it might've been even the Airbnb one, said that, "How will you know that you've been successful in incorporating AI in your business model?" And he said, "We will be successful if consumers don't realize it's AI, but they just experienced the improvement in the services that we offer." And that, to me, was a good summary of the way we should think about AI, not just, "It's a new little jackpot or a concierge, but it's just going to make my life easier."

Jacinta King (24:50):
Well, there's some positive potential outcomes there, but as I think I'm sure we all have seen there, people will always raise concerns, especially with any new thing. For those of us who focused on or studied historical economic changes, revolution, however you want to term it, risks do need to be considered. And arguably, your portfolio managers will always be assessing risks for any new businesses. So, what are the key risks? And then maybe we'll move from that into the opportunities that actually, is AI managed well? That comes from AI.

Elfreda Jonker (25:28):
Yeah, so there are many risks and you rightly pointed out that you can't speak about any key investment theme, particularly one that's accelerating at such a fast pace like artificial intelligence, and not to mention the risks associated with it. I think I'll mention a few, and it's definitely not all of them, but the larger ones that we think about. First one is technology risk. So, a lot of the generative AI technologies that's being used are new. As I've said, AI is not new, but a lot of these new technologies are new, and you will run into problems. Like Google, for example, very recently had a technical error with Gemini products, where they basically turn text into images, and those were

created in a way that customers were not happy with that, so the company had to come out and apologize for it. But then they have to go back to the drawing board to understand why are these images being created in this way that wasn't taken very well?

(26:38):
And then, of course, another big one is Cyber Tax, and we know very well, after Medibank and so forth here in Australia, that that will continue to be a massive risk and a massive focus area for any CFO or CTO at a company that they're going to have to spend a lot of money there. And then the other one is also supply chain risk. So, if you think about what we've discussed to date and why companies like Nvidia have done so well with their GPUs, and why SK Hynix is doing so well with their high bandwidth memory, is because of supply shortages. So, you've gone from 0 to 100 in a few months, so clearly it will take time to develop the supply chain and assist with that. And then, of course, as we've mentioned, power. Power is the big issue, and if there will be enough, and how we will get it, and what it will cost? That is something that I think a lot of research is currently being done on.

(27:39):
The other one is the financial risk, which is always important for investors like ourselves, is to think about what is your return on investment that you get for this? If you think about the hyper scalers and their 180 to $200 billion that they will be spending on data centres alone in the next year, how much money are they actually going to make out of that investment? And someone like a Meta or Facebook is a really good example. They've spent $65 billion on their Metaverse, or Digital Labs as they call them. And to date, it's only accounting for 1% of their revenues. So, you can spend a lot of money and not really get the returns. So, that's a big financial risk that you need to be aware of and really understand very well before you invest in these companies.

(28:26):
Valuation risk goes hand in hand with that. As I've mentioned, a lot of these companies have run incredibly hard, become very expensive, and then they don't have the earnings to back it up. That's why we continue to like a company like an Nvidia, still trading at a 35 PE. Google very cheap still at 25 PE. So, a lot of these companies have grown into their evaluations, but many have not, and you need to be wary of those, because they create growth traps. And then, I think the last one, regulatory risk is clearly the big one and we are yet to really see a lot of regulations come out around AI, and particularly in the U.S., haven't seen a lot. And as we know, whenever there's a new technology and a new innovation, we know regulation is going to come at some point-

Jacinta King (29:18):
It needs to catch up always, doesn't it? Yeah.

Elfreda Jonker (29:21):
What we see in the EU, for example, with that EU AI Act, I think they've gone completely to the other side. It's just way too stringent and then you really not get the creativity around it. And then, finally, I think the important one and the one for us at Alphinity because we invest in... We have our sustainable funds and we have our own internal ESG team, is that ESG risk around artificial intelligence. So, if you think about that environmental, social, and governance risk, that's something like AI can create. Because it's new, we don't necessarily understand it yet. When we started to invest in these companies a number of years ago, we realized that there's no framework to really help direct investors to determine what are those sort of ESG risks within a company, like the Google, Amazon, and so forth that's all using AI, or helping to enable AI.

(30:14):
And what our team's done over the last year with CSIRO, we've done a one-year research project where we've interviewed 30 companies globally to understand what they believe the ESG risks are and what they have incorporated so far? And I think the outcome of that is, that it's very clear that companies, "I'm very aware of AI, and if you're not, we'll definitely be thinking about it and we'll soon be spending on it." But I think the important bit here is that, what we've created with this is, we've created a framework, or at least released this research product with a framework, will assist investors to help invest in companies using AI, to really help them understand, per sector, these are the ESG risks that you need to be aware of, and here's some suggested questions that you should ask that management team or investment company that invest in these. So, it is, I would say, very important for any investor to understand that side of the risk spectrum as well.

Jacinta King (31:20):
Absolutely, Elfreda, that's really interesting. So, can people actually download that report and have a look and understand that framework?

Elfreda Jonker (31:27):
Yes, absolutely. It's available on our website, it's called Responsible Artificial Intelligence, and you can find it in our Insights section on alphinity.com.au.

Jacinta King (31:42):
That's brilliant. And what you were just talking about there, not only just the opportunities and then balancing that with the risk. I saw Mary Manning speak on a panel recently and they were discussing all of these themes, and I think my takeaway was that, sometimes when we perceive AI, we think, "Oh, it's just going to replace it and I'll be able to just be more efficient and I've got more downtime to do my own leisure time activities."

Elfreda Jonker (32:07):
Yes.

Jacinta King (32:07):
But we're not there yet, maybe we will be in the future, but it's really important that we still need that overlay of human intervention to utilize it correctly.

Elfreda Jonker (32:19):
Absolutely.

Jacinta King (32:19):
So that, like you mentioned, some of those technological faux pas and then the financial staff and the valuations there. So, thankfully, for now, we all retain our jobs, because there will still need to be some thought around using this efficiently, effectively, and also ethically.

Elfreda Jonker (32:38):
Absolutely.

Jacinta King (32:39):
Look, we've had a great discussion. Maybe, I think, we've got a bit of time you might finish with what are the key AI themes currently playing out during the Q1 2024 reporting season?

Elfreda Jonker (32:54):
Yeah, so we are sort of getting to the end of that. I think the last one of the big names still to report is Nvidia, and I think the important thing to note here around this reporting season, is that every single one of these companies that I've mentioned that we invested in, Microsoft, Alphabet, Amazon, SK Hynix, they've all come out with really strong results. And one theme, I would say, is very strong results in the Cloud business, and then also, I think, the capital spend, as I've mentioned, has just massively expanded. So, it's very clear that there's huge demand for Cloud, that's growing at 30+%, the capital spend that all these big hyper scalers, as well as other companies, in soberace will be spending on this, is absolutely phenomenal. And massively, our portfolio manager and technology analyst, Trent Masters, who's, I think, really the guru in AI at Alphinity, he's recently done a trip to not just Silicon Valley, but also across Asia to understand that whole supply chain and understand what is the underlying demand? And is it one off, or can we actually see this in the next number of years?

(34:12):
And he returned from that trip with a lot of confidence that that's going to be the case, and that is what's played out in this first quarter. And our whole team, Trent as well as Mary and the rest of the team, will all be traveling now again, going to different places to try and find these ideas. And I think that's

good to see. What we've seen in this reporting season, yes, the demand is there, yes, people are going to spend, yes, there's a huge surge in data centres that need to be built and powered, but then what is the next theme? What is the next company that's sort of sitting at that third leg, that services and software that can be put on top of this? And what is the next Amazon or Google that can emerge out of this trend?

(35:01):
And that is why it's important for investors, like ourselves, that invest in global companies, is to travel around, see these companies, understand how they operate, see their suppliers, see their competitors, to really get a proper sense of how sustainable these investment cases are. And that's what we will be doing in the next number of months, just in time to get back for the second quarter reporting season, so awesome.

Jacinta King (35:24):
On the road again.

Elfreda Jonker (35:26):
Yes, absolutely.

Jacinta King (35:27):
Yeah, and there is great value in that face-to-face and just immersing with it, you do get a feel if you're within the company for those visits and can have that face-to-face [inaudible 00:35:39].

Elfreda Jonker (35:39):
Yeah. It makes all the difference.

Jacinta King (35:41):
Look, to summarize, I'd say that Alphinity has significant positions in the technology companies that are crucial to the rapid growth of AI, and you've got exposure as well to the picks and shovels, so to speak, companies further up the value chain. And I think the other key thing for our listeners today, is the Alphinity and CSIRO Responsible AI Framework for financial services. And that's been beneficial for investment professionals, but also investors alike.

Elfreda Jonker (36:09):
Absolutely.

Jacinta King (36:09):
So, maybe we encourage people to have a look at that. I really appreciate the time you've taken today, and thank you for coming out to talk with me today, Elfreda.

Elfreda Jonker (36:18):
Thank you for having me.

Jacinta King (36:19):
You're most welcome. So, for our listeners, if you'd like to know more, Elfreda mentioned you can head to their website. It's alphinity.com.au, and look for the menus Our Funds and Our Thoughts, so start there and delve around. There's some really great information there. Thanks to our listeners, and tune in again next month for the Ideas Exchange.

CTA
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