

DIGITAL INFRASTRUCTURE

Defensive Access to the Growing Theme of AI Investment

We are witnessing an era where digital technologies, artificial intelligence (AI), the rollout of 5G, and the pervasive adoption of digital platforms by both consumers and businesses are increasing at an unprecedented rate.

Investment in these themes is broad, with dollar values substantial. A significant proportion of this spend will flow through to the physical infrastructure required to support the digital world.

Digital infrastructure provides investors with a defensive access point to a fast growing and competitive theme, whereby the requirement for positive investment returns does not necessarily rely on picking the winner of the AI race.

We believe there is a strong case for active management within the sector, with a deeper understanding of the underlying technologies and the companies' asset bases being vitally important.

The **Cromwell Foresight Global Infrastructure Fund (CFGIX)** currently has a significant allocation to digital infrastructure, giving investors access to the sector as part of a more diversified infrastructure portfolio.

ABOUT THE AUTHOR

Foresight Capital Management

Foresight Group is a leading infrastructure and private equity manager with \$15 billion in assets as of September 30, 2024. Foresight has been backing innovation that drives progress since 1984 and has been investing in infrastructure since 2008. Foresight Group Holdings is listed on the London Stock Exchange. The Portfolio Managers deploy an investment process that leverages Foresight's private markets insights to identify best-in-class public markets infrastructure businesses.



PORTFOLIO MANAGEMENT TEAM



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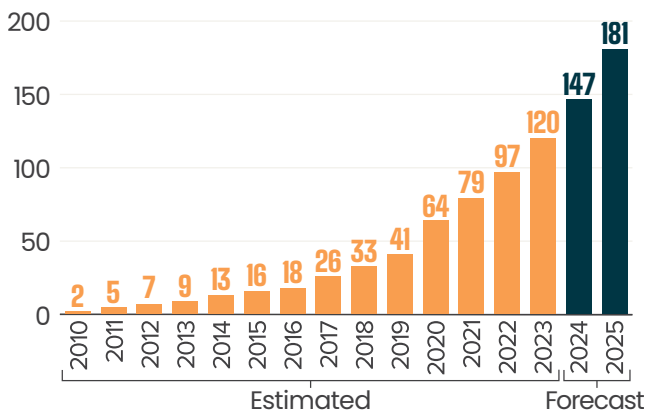
THE DIGITAL GOLD RUSH

Why Data Growth Means Big Investment Potential

The expansion of digital infrastructure is poised to surge dramatically. We are witnessing an era where digitization and increasing connectivity is driving real world change. Digital technologies, such as AI, the rollout of 5G, and the pervasive adoption of digital platforms by both consumers and businesses are increasing at an unprecedented rate. The absolute amount of data, and the need to access, process and transfer it, continues to increase dramatically.

ANNUAL GLOBAL DATA GENERATION

(Zettabytes)



Source: Statista, 2024.

The growth in the absolute amount of data, and the speed at which we require it to be processed and transported, requires physical backing. The exponential growth in data consumption over the past decades is forecast to continue growing strongly, with AI just the latest accelerator to a long running trend.

This is translating to record levels of investment with estimates from S&P Global Market Intelligence highlighting that five of the largest U.S. tech firms are projected to account for more than \$1 trillion in capital expenditures (capex) from 2024 to 2027, spending primarily on AI. Even if capital expenditures were to scale back, the absolute spend is likely to remain north of \$100 billion per annum, underscoring its sheer scale.

WHY DOES IT MATTER?

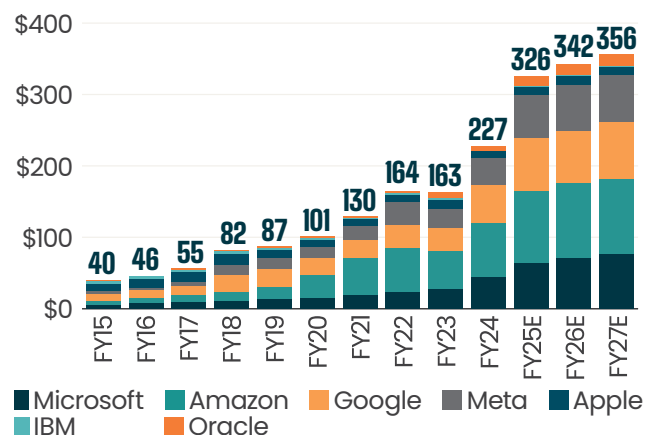
More Data Requires More Infrastructure

Data consumption growth necessitates robust physical infrastructure capable of managing data traffic. Digital infrastructure owners and developers who can take advantage of this demand could be an attractive investment opportunity in the coming years.

Importantly for infrastructure investors, the sector can provide diversification benefits that help improve the overall risk-adjusted return profile. The drivers of risk and return vary in comparison to areas such as renewable energy, whereby factors such as power prices and government policy affect the outlook, or transport, where usage level drive returns. Hence, the sector can reduce fund-level volatility while improving the liquidity profile due to the nature of businesses in the sector.

U.S. BIG TECH CAPEX SPEND

(In Billions of \$)



Sources: Statista, 2024 and Bloomberg consensus forecast Feb-2025

DATA CENTERS

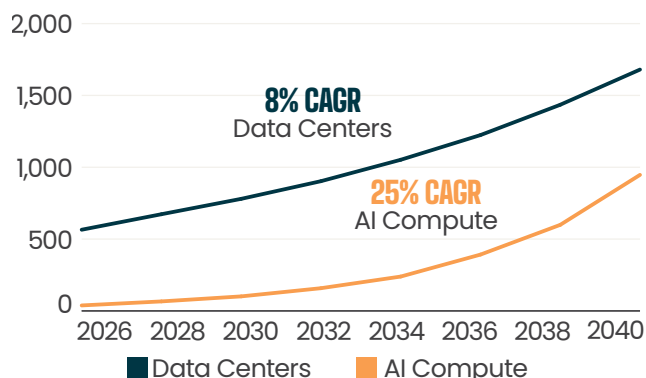
Digital Engine Rooms

Data centers play a fundamental role in supporting the modern digital economy. These facilities house the critical computing and networking equipment that power everything from cloud services to AI workloads. While businesses once operated their own data centers via internal server rooms, the need for greater efficiency, scalability, and connectivity has driven the growth of specialist data center providers such as Equinix and Digital Realty. These companies offer colocation and interconnection services, allowing enterprises, cloud providers, and AI firms to securely store and process data while benefiting from high-speed, low-latency connections.

The increasing adoption of cloud computing, AI, streaming, and enterprise digitization means data are becoming essential infrastructure. This represents a long-term demand-driven investment opportunity, as rising data consumption continues to fuel the need for cutting-edge facilities. AI and machine learning require high-performance computing environments, further driving demand for premium data center space. Moreover, interconnection services, which facilitate

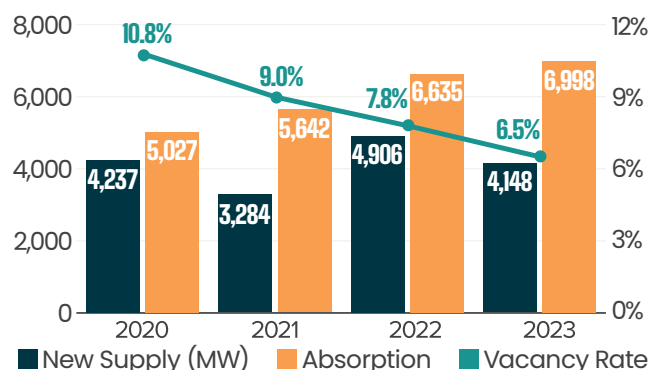
DATA CENTER POWER CONSUMPTION

(Terawatt Hours)



Sources: AvidThink and DigitalBridge, Foresight Capital Management. Data in Terawatt hours (TWH).

DECLINING GLOBAL DATA CENTER VACANCY



Source: DatacenterHawk as of June 2024. New supply calculated based on the change in commissioned power year-over-year.

seamless data exchange between networks, are becoming a growing, high-margin revenue stream. With global data traffic surging, data centers are positioned at the heart of digital transformation, offering sustained growth potential for infrastructure investors.

The emergence of AI is, however, just the latest tailwind behind a fast-growing sector, but it is one that could have a material impact. This is displayed by the forecast power consumption and increase in AI compute it may lead to. More data means a greater need for data storage and processing. This directly translates to higher demand for data center services.

McKinsey & Co predicts a significant increase in global demand for data center capacity by 2030, however there are significant limitations to new supply. The huge growth in power consumption puts significant pressure on electricity grids, meaning that new grid connections will be restricted. This dynamic has occurred in leading global data center markets such as the U.S. and U.K., whereby a pause on new projects has further contributed to a supply/demand imbalance. Large investments

DATA CENTERS

Digital Engine Rooms (CONTINUED)

in grid modernization projects are underway but will take years to catch up. Furthermore, due to zoning restrictions, new data center supply faces hurdles relating to factors such as permitting, land usage, noise, and access to fiber networks.

Demand outstripping supply can be observed through data center vacancy levels, which continue to decline and now sit at historically low levels. High occupancy rates have a knock-on effect to rental rates, allowing landlords to increase rents.

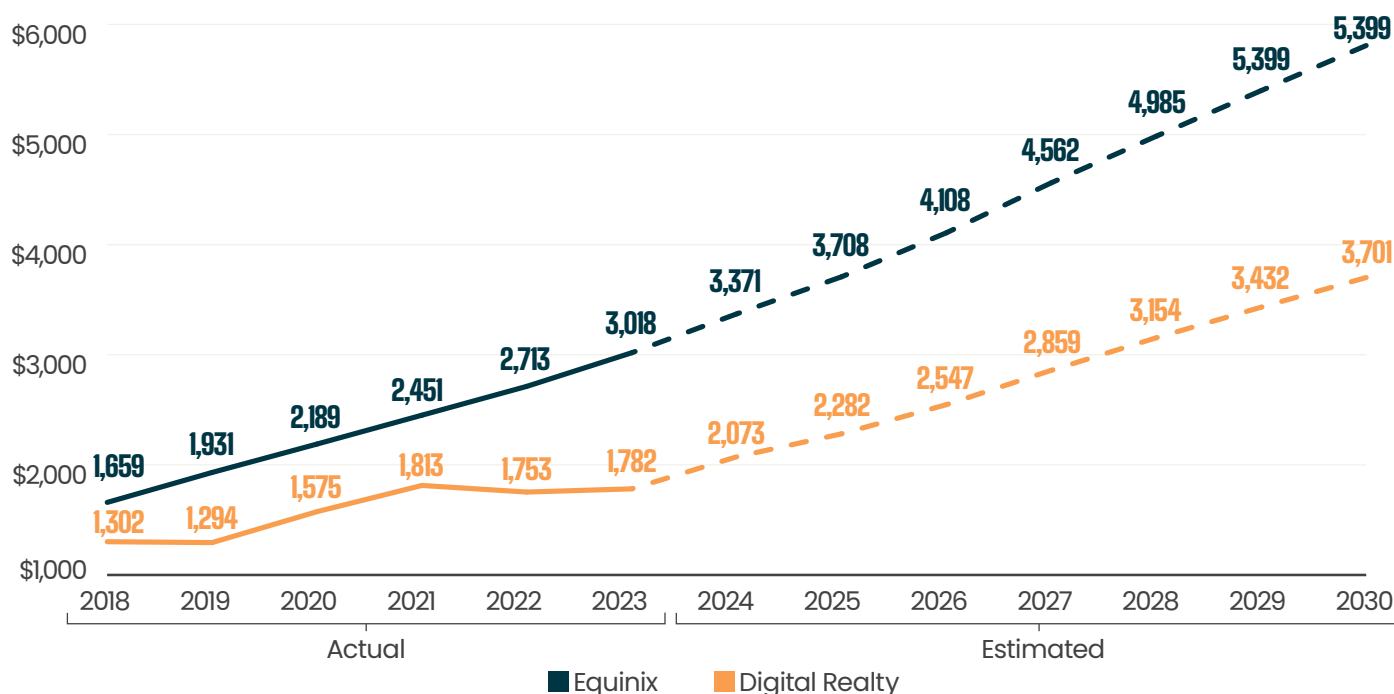
As discussed, the current data center market structure, whereby demand is growing and new supply faces headwinds, is a positive for specialist data center businesses. The two

largest listed data center businesses globally are Equinix Inc (market cap \$93bn) and Digital Realty Trust Inc (market cap \$64bn).

Both own global portfolios of data infrastructure assets, with Equinix focused on high density, “colocation” data centers, and Digital Realty tilted towards larger “hyperscale” data centers, both of which are particularly attractive for AI compute. These businesses are expected to see rental growth and decreasing vacancy for their operating assets, whilst their advanced investment pipelines and expertise in the sectors should see them as well positioned to navigate a tricky development market and deliver new facilities.

DATA CENTER CASH FLOW GROWTH

Adjusted Funds from Operations (in Millions of Dollars)



Source: Bloomberg, December 2024

DATA CENTERS

Investment Thesis

Data Center REITs are positioned for strong Adjusted Funds from Operations (AFFO) growth, driven by sustained data growth, headwinds to new supply, high-margin interconnection revenues, and accelerating AI-driven demand.

- 1 Publicly listed businesses should benefit from their superior scale, established market positions, global network, financial stability and, crucially, deep tenant trust built over many years.
- 2 Demand for data center space due to the rapid growth of factors such as AI, cloud computing, gaming, and digital content has created a supply and demand imbalance, with available space decreasing and rents growing.
- 3 New data center supply to meet this demand faces difficulties driven by zoning constraints and power limitations, with required upgrades to grid infrastructure unlikely to materially improve speed in the next five years.
- 4 Despite competition, high quality data center owners have the capital access, operational expertise, and strategic partnerships to develop and acquire next-generation assets. With a strong investment pipeline and proven execution capabilities, they can deploy capital efficiently to meet demand, helping to create long-term value.
- 5 Interconnection services, which facilitate data exchange between tenants within a data center, generate recurring, high-margin revenue. As Data Center REITs scale their digital operations, these revenues grow at notably high margins, which we believe can enhance overall profitability and AFFO expansion.

TELECOMMUNICATION TOWERS

Backbones of Digital Connectivity

When considering the growth of digital infrastructure, it is important to consider the broader opportunity set. Cell towers and communications infrastructure are well established yet continually critical. These assets are increasingly targeted by infrastructure investors, previously being owned by the telecoms carriers themselves. This has given birth to the "TowerCo," a company that

specializes in the long-term ownership and operations of the assets, leasing them back to telecoms carriers such as T-Mobile, Verizon and Vodafone. Having provided the backbone for the growth of 3G and then 4G, and thus the explosion of digital connectivity that followed, these assets remain vital for the growth of 5G.

TELECOMMUNICATION TOWERS

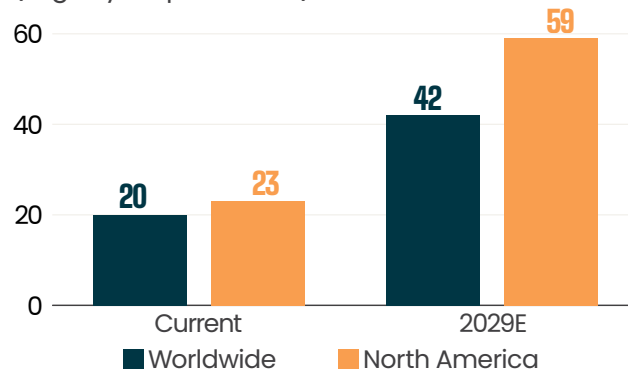
Backbones of Digital Connectivity (CONTINUED)

This global drive for enhanced digital connectivity, coupled with the accelerated rollout of 5G networks, presents a strong investment case for communication tower infrastructure. This is a user driven investment opportunity, whereby user experience drives demand for faster internet speeds, which is monetised by telecoms firms. 5G helps reduce lag time, making activities such as video calls, streaming, gaming, and social media usage work more smoothly. Furthermore, 5G can handle more devices at once, allowing better service in crowded areas which also supporting smart devices, such as autonomous cars. Broadly, this trend is best illustrated with the expected rise in both data usage and the number of wireless connections.

The deployment of 5G operates on higher frequency bands with shorter ranges, which necessitates a denser network of cell sites and compels telecommunications providers to secure additional tower space to ensure comprehensive coverage. This has seen the growth to newer forms of communications infrastructure, such as small cells. Small cells are short-range wireless transmitters used to

SMARTPHONE USAGE

(Gigabytes per Month)



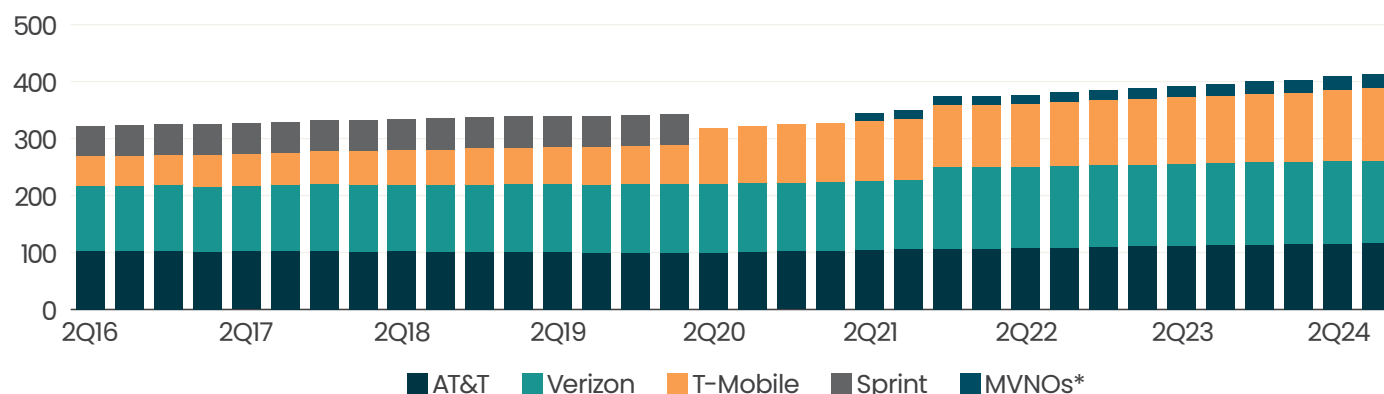
Source: Greenstreet, November 2024

enhance 5G and 4G network coverage. They help improve signal strength, capacity, and speed, especially in crowded areas like high streets or sports stadia.

As mobile operators like AT&T, Verizon, and Vodafone expand their network coverage and capacity to support growing data consumption and 5G requirements, communication towers in urban, high-traffic, and rural areas offer critical support by enabling shared infrastructure, reducing costs, and increasing operational scalability.

NUMBER OF U.S. WIRELESS CONNECTIONS

(In Millions)



Source: Greenstreet, November 2024 *Spectrum Mobile (Charter), Xfinity Mobile (Comcast), and EchoStar (DISH)

TELECOMMUNICATION TOWERS

Investment Thesis

The resilience of communication tower assets lies in their mission-critical nature and robust contract structures. These assets are indispensable for maintaining digital connectivity, making them largely insulated from macroeconomic volatility and political uncertainty. We believe their stability can provide investors with a dependable revenue stream and solidifies communication towers as a low-risk, high-value long-term investment opportunity.

1 The ongoing trend of telecommunications companies monetizing their tower assets through sales or partnerships has created compelling opportunities for specialist tower investors, allowing them to curate high-quality, diversified, cash-generative portfolios strategically positioned in key growth markets.

2 Tower owners benefit from long-term lease agreements with stable, creditworthy tenants, alongside fixed and inflation-linked escalators.

3 Tenant demand for tower space and small cell connections continues to grow, as tenants compete on providing the best coverage network as they roll out 5G.

4 The ability to co-locate new tenants on existing tower assets leads to a business model where the owners are able to lease space on their towers to new tenants at minimal incremental costs, driving high incremental cash flow margins. These towers require relatively low maintenance capital expenditures, which can further enhance their profitability.

LISTED TOWER COMPANIES

	2016	2017	2018	2019	2020	2021	2022	2023	2024	S&P 500
Leasing growth - organic	6%	6%	5%	5%	4%	5%	6%	7%	6%	N/A
Gross margin	59%	60%	61%	63%	64%	64%	63%	64%	66%	45%
Operating margin	34%	36%	38%	42%	38%	36%	33%	36%	42%	16%
FCF margin	28%	24%	25%	22%	32%	30%	19%	28%	32%	9%
Cash conversion	101%	99%	97%	97%	95%	91%	83%	90%	92%	85%

Source: Bloomberg January 2025, Company reports, Greenstreet. S&P 500 includes the entire index..



INVESTMENT OPPORTUNITY IN

Digital Infrastructure

Within Cromwell Foresight Global Infrastructure Fund the sector allocation to digital infrastructure sits at 30% as of March 31, 2025. This allocation to digital infrastructure has grown from approximately 20% in 2023 as we continue to increase our conviction in the sector. Breaking down the sector to its constituent parts, the Fund has exposure to infrastructure assets that are diversified with respect to the technology and geographic location. Holdings in the sector benefit from deep sector expertise, strong financial positioning, whilst being broadly diversified.

In the data center sector, the Fund holds Equinix and Digital Realty, two of the world's largest data center REITs, which generate high-margin, recurring revenues by leasing colocation and interconnection services to enterprises, cloud providers, and AI-driven businesses. In

the TowerCo sector, the Fund owns American Tower Corporation, Cellnex Telecom S.A., Infrastrutture Wireless Italiane S.p.A. (Inwit), and Crown Castle Inc, all of which operate wireless tower infrastructure that enables mobile network operators to expand coverage and densify 5G networks. Chorus, a leading New Zealand-based fibre network operator, provides essential high-speed broadband infrastructure, benefiting from rising data consumption. Additionally, Infratil Ltd owns a significant stake in a data center business, leveraging growing cloud and AI-driven demand, while Cordiant Digital Infrastructure holds both broadcast infrastructure and a tower company as part of its diversified digital asset strategy. Collectively, these investments position the Fund to potentially benefit from strong secular tailwinds in data consumption, mobile connectivity, and AI-driven digital infrastructure demand.

Conclusion

We are witnessing an era where digital technologies, AI, the rollout of 5G, and the pervasive adoption of digital platforms by both consumers and businesses are increasing at an unprecedented rate.

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Disclosures

Investors should carefully consider the Fund's investment objectives, risks, charges and expenses before investing. For this and other information, please call 888.844.4110 for a prospectus. Read it carefully before investing or sending money.

Mutual fund investing involves risk. Principal loss is possible.

The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Environmental, Social and Governance (ESG) and Sustainable investing may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG and Sustainable investing strategies may rely on certain values-based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating. There is no assurance that employing ESG and Sustainable strategies will result in more favorable investment performance. The Sub-Adviser utilizes its own company research, additional external research and the portfolio manager's judgment to determine if a company is contributing positively to sustainable development. Infrastructure companies may be subject to a variety of factors that may adversely affect their business, including high interest costs, high leverage, regulation costs, economic slowdown, surplus capacity, increased competition, lack of fuel availability and energy conservation policies. The Fund is non-diversified and therefore a greater percentage of holdings may be focused in a small number of issuers or a single issuer, which can place the Fund at greater risk. The Fund is new with no operating history. Investing in Master Limited Partnerships (MLPs) involves certain risks related to investing in the underlying assets of the MLPs and risks associated with pooled investment vehicles. Investing in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value (NAV), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares.

Adjusted Funds from Operations (AFFO) measures a real estate company's recurring funds from operations value after deducting capital improvement funding. A capital expenditure is the purchase of long-term physical or fixed assets used in a business's operations. Gross margin is the percentage of the selling price that is profit. Operating margin is the profit after accounting for costs involved in earning those revenues. Free cash flow (FCF) margin measures a company's profitability by comparing its FCF to its revenue. Cash conversion generally refers to the process a company uses to turn its investments into cash from sales. A zettabyte is a unit of information equal to one sextillion.

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