

AI ENERGY

The \$40 Trillion Disruptor
Bringing Star Power to Earth



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By Ian King, Editor, *Strategic Fortunes*

If you drive 50 miles east of Silicon Valley, California, you'll see beautiful multimillion-dollar homes and picturesque vineyards.

Then suddenly ... almost out of nowhere ... you'll encounter a 7,000-acre facility that's protected by a vast array of motion sensors and night vision cameras that will track your every move.

If you were somehow able to scale the 6-foot-tall barbed wire fence and step foot on this property — within seconds — an elite security team would arrive.



It's not a military base. Or an FBI, NSA or CIA outpost.

It's the Lawrence Livermore National Lab.

For the last 60 years, the world's smartest scientists, engineers and mathematicians have entered this facility seeking to achieve what many predicted was unachievable.

Finally, they cracked the code for **AI energy**.

Thanks to a stunning breakthrough in artificial intelligence, 192 individual laser beams simultaneously concentrated their energy on a single target...

Striking with 1,000 times the power of the entire U.S. power grid.

The temperature reaches 270 million degrees Fahrenheit.

And the reaction created the first man-made star ... a miniaturized twin of the very sun that's at the center of our solar system.

Now the world's leading scientists say that this reaction is capable of producing 4 million times more energy than oil.

AI energy emits zero waste — zero harmful radiation. It's 100% safe.

And the source of this AI energy is literally limitless.

This is why tech giant Microsoft rushed to sign a massive agreement to use AI energy to supply electricity to its facilities starting in 2028.

And now, the world's wealthiest entrepreneurs...

- Jeff Bezos, Amazon founder.
- Peter Thiel, PayPal co-founder.
- George Soros, Soros Fund Management founder.
- Marc Benioff, Salesforce co-founder.
- Bill Gates, Microsoft co-founder.
- Sam Altman, OpenAI (ChatGPT) CEO...

Are all trying to get in on the ground floor of what could be worth \$40 trillion in the next decade. That's about the size of the U.S. and China's economies ... combined.

This is not just a game-changer.

It is the game-changer.

Because, in the coming years, some of America's biggest energy providers — including Chevron and Shell — could unveil miraculous reactors like this one.

And a series of small companies could harness AI energy to deliver unimaginable wealth to investors.

As you're about to see, with the right strategy, we don't expect this industry to generate 100%, 1,000% or even 5,000% returns...

It's more like 100,000% growth.

I investigated a company that has developed an 11,000-strong patent pipeline that places it at the center of everything that is unfolding.

No matter who brings an AI energy breakthrough to market — they will have to pay into this patent pipeline.

And AI energy will mint more millionaires than oil, coal, natural gas, wind, solar and nuclear power combined.

And there's a simple investment to get a piece of this patent pipeline...

AND I've also included two other companies that are at the forefront of the coming wave of AI.

No. 1: Massive Patent Pipeline AI Booster

AI boosters are a breakthrough for AI energy — the path to unlimited, clean, cheap energy.

Try to imagine powering the entire U.S. power grid. All 50 states combined 24/7.

And one innovative company has been developing a technology that takes the computational power of artificial intelligence to exponentially greater levels.

In fact, it has 11,000 patents on its AI booster tech...

It invented a device that ensures supercomputers ... are truly super. They call it “extreme performance yield computing” — but you can think of it as an AI booster.

We understand how rocket boosters work. They create enough thrust to propel a space shuttle through our atmosphere and into space.

This AI booster microtechnology takes the already immense computing power of existing supercomputers — it augments their AI capabilities and boosts their performance exponentially.

Imagine if you could insert a device into your car and make it 2 million times more powerful — we’d all be driving rocket ships.

Now imagine boosting the already incomprehensible performance of a supercomputer by 2 million times.

As I write this, these AI boosters are being installed into the El Capitan supercomputer at one facility.

This will allow that supercomputer to reach 2 quintillion calculations per second.

That looks like this...

2,000,000,000,000,000,000.

It will become, by far, the fastest supercomputer in the world — thanks to AI boosters.

And that brings me to the company at the heart of it all...

Advanced Micro Devices Inc. (Nasdaq: AMD).

You’ve probably already heard of this chipmaking juggernaut. After all, it’s a \$150 billion semiconductor company based in Santa Clara County, California. The company develops computer processors and related technologies for both business and consumer markets.

AMD’s main revenue driver is graphics processing units (GPUs), which are necessary for game consoles, personal computers (PCs) and mobile phones.

Shares of Advanced Micro Devices skyrocketed 60% this year thanks to major artificial intelligence advancements — like the launch of ChatGPT...

Within two months of its launch, ChatGPT had over 100 million users.

We’re talking about the fastest adoption of any technology in human history. If you think about Facebook, it took years — a decade — for them to get to 100 million users.

What’s even more impressive is that the AI models become even better with more users because they learn from users.

A model called reinforcement learning from human feedback guesses what its answers should be.

If you like the answer and you approve it, then it reinforces that model and keeps retraining the model. That’s why we’ve already seen ChatGPT 4 come out. Next up, we’ll have ChatGPT 5 and ChatGPT 6, which will become more and more powerful.

Now, here’s where AMD comes in.

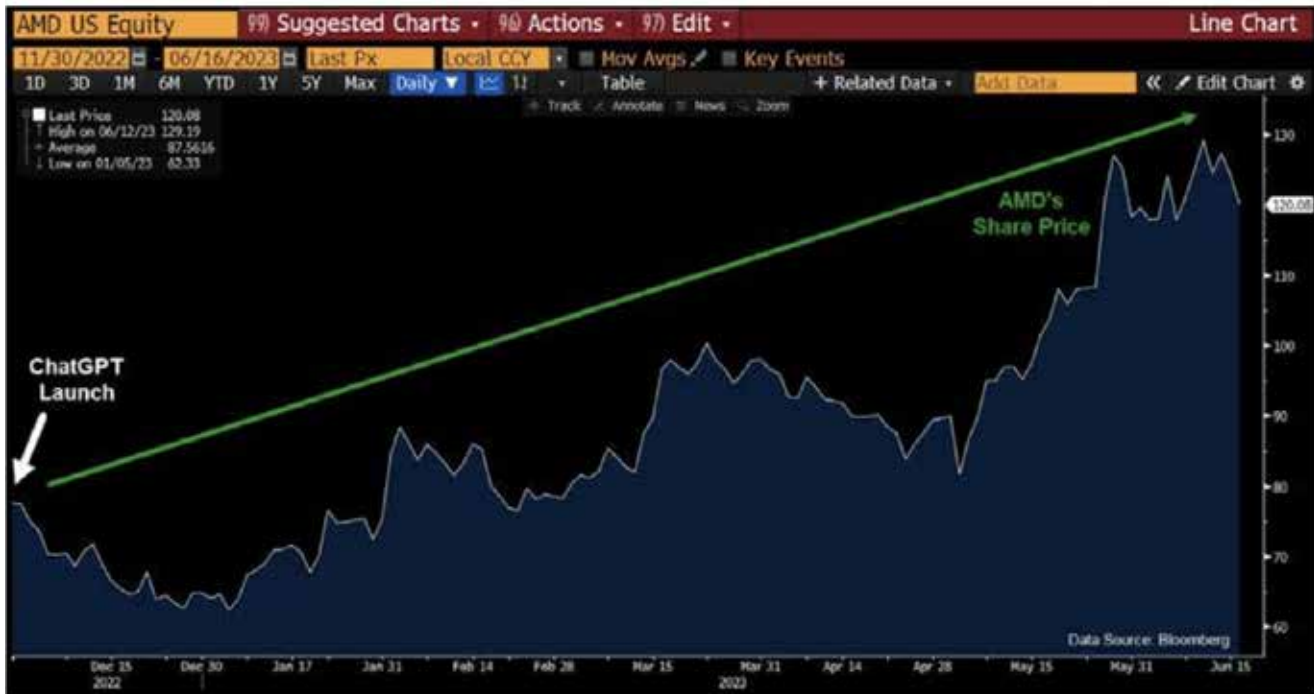
As these AI models become more powerful and as Facebook, Google and even TikTok roll out their own models, they become more compute-intensive.

As AI becomes more powerful, you need more data centers. You have to buy more semiconductor chips.

So, the demand for these graphics processing units that AMD makes has surged...

I believe that five or 10 years from now, AMD will be one of the most coveted companies in the world because it’s a necessary ingredient in AI applications like ChatGPT and AI Energy.

Action to Take: Buy Advanced Micro Devices Inc. (Nasdaq: AMD).



No. 2: The Power Chip AI Booster

In today's electrified, digital world, everyone you know is fully "plugged in."

Gone are the days when we could only access the internet from our computers ... these days, it's in everything from our smartphones to our watches to our televisions — even our cars!

And there's one main technology responsible for this specific innovation — semiconductor chips.

Nearly every technology requires the use of semiconductor chips. This includes everything from computers, smartphones, appliances, gaming hardware, medical equipment and electric vehicles (EVs).

Traditionally, these chips have been made from silicon, and even today, most electronics use silicon chips.

Silicon is cheap and readily available, after all, it's the main ingredient in beach sand.

But these chips have started to hit their limit. An easy example of this limitation is the time it takes to charge an electric vehicle.

The fastest silicon-based EV chargers take between 4 to 10 hours to charge a car from 0% to 80%.

Silicon-based power chips can only handle a certain voltage level without burning out or reducing lifespan.

Thankfully, a different semiconductor material can perform much better than silicon — and that's gallium nitride (GaN).

GaN is a preferred material because its ability to conduct electrons is more than 1,000 times more efficient than silicon, and electrons in GaN crystals can move over 30% faster than in silicon.

This electron mobility gives GaN a distinct advantage for radio frequency components. This includes applications in smartphones, computer systems and data centers.

GaN can also handle higher voltages than silicon, making it better for EVs, solar and energy storage.

Despite being around since the 1980s, GaN is only just now gaining adoption because it recently became commercially viable.

Prior to this, the technology used to produce GaN wafers hadn't progressed enough.

In 2012, a 2-inch GaN wafer cost around \$1,900, while a comparable 6-inch silicon wafer cost less than \$50 a unit.

Until now, silicon wafers were preferred because they could be reliably produced, with as few as 100 defects per square centimeter, which wasn't possible with GaN.

But today, GaN has reached price parity with silicon, with some companies even on the verge of making it cheaper than silicon.

And with today's technology, GaN can now be produced with between 100 and 1,000 defects per square centimeter.

This is where our second AI booster comes into the fold...

Navitas Semiconductor Corp. (Nasdaq: NVTX) is one of the few semiconductor manufacturers leading the charge on using GaN semiconductors as power chips.

Navitas sells its GaN chips for lower-power applications. This includes smartphones, laptops and TVs ... and on the higher end — short-range EVs, residential EV chargers and solar microinverters.

A great example of this type of application is Navitas' GaN-equipped chargers and smartphones, which can charge from 0% to 100% in as little as 9 minutes and 30 seconds.

But Navitas wasn't satisfied just serving the lower-power market. The company acquired GeneSiC, a silicon carbide (SiC) semiconductor manufacturer, late last year.

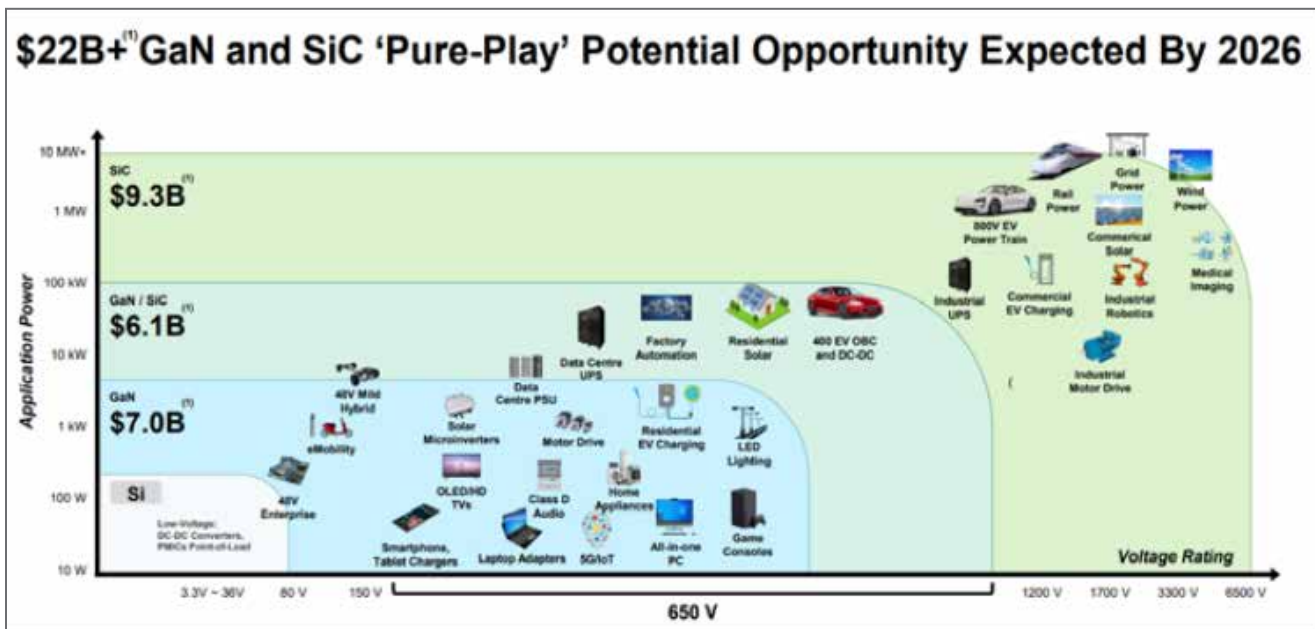
This material has many of the same benefits as GaN, but it can handle even higher voltages and heat. That makes SiC much more efficient than traditional silicon for high-powered applications.

Silicon chips tend to break down at around 600 volts, but SiC-based devices can withstand up to 10 times higher voltages.

While these chips are not as useful for computers, appliances, Internet of Things devices and 5G, they're better for high-powered applications, such as commercial EV charging, solar inverters and high-capacity battery energy storage for electric grids.

An example of this application is the company's SiC-equipped Level 3 fast chargers, which can charge an EV from 0% to 80% in as little as 18 minutes. This makes them indispensable in an EV future.

According to Grand View Research, as of 2022, the global market for GaN chips is only worth \$2.17 billion, and the global market for SiC chips is only worth \$1.89 billion.



But between GaN chip and SiC chip applications, Navitas sees a market that can grow 442% to over \$22 billion by 2026. Navitas has come a long way since it first started serving the power chips market.

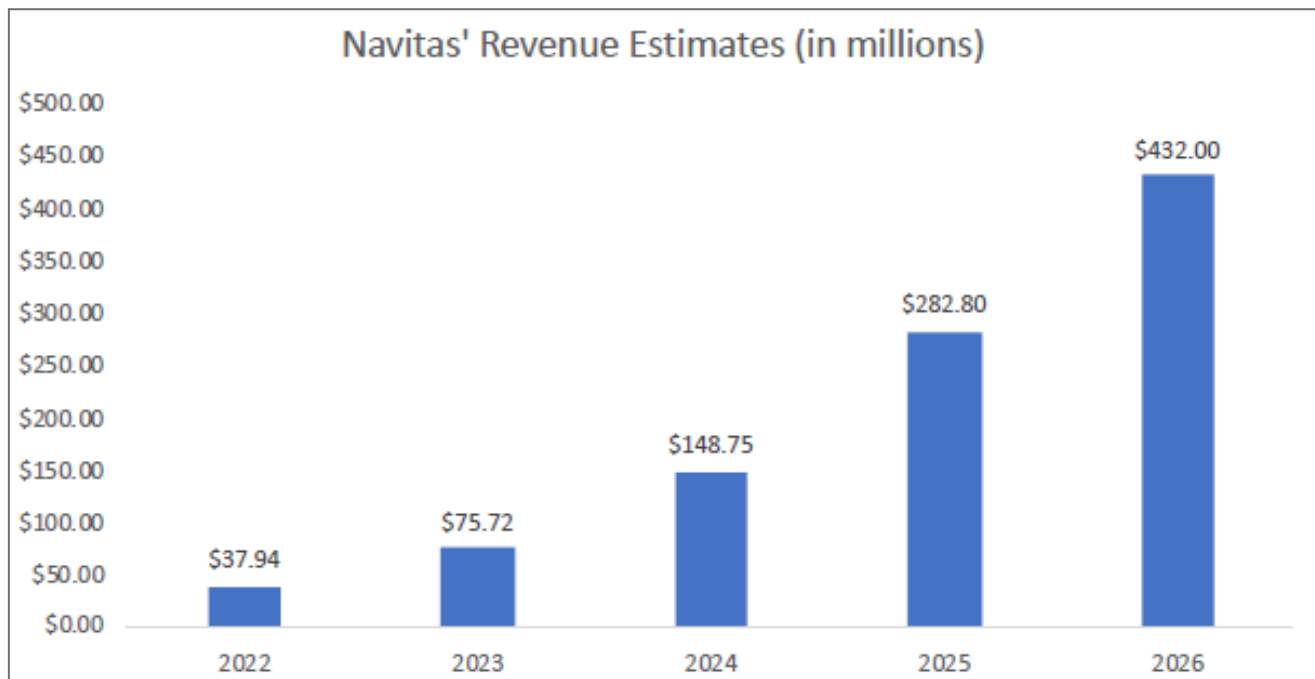
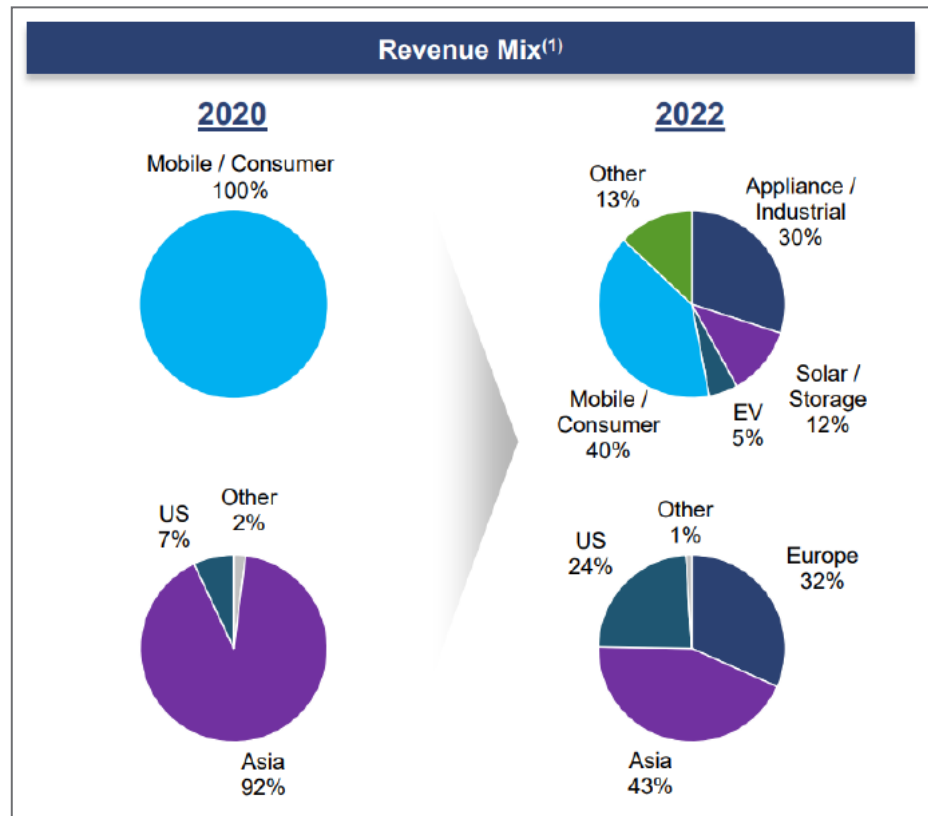
Initially, the company only sold GaN chips, and its customers were exclusively smartphone and consumer electronics manufacturers. More than 90% of these customers were based in Asia.

However, since it has further developed its GaN chips and acquired the SiC business, the company has diversified into several other applications while expanding its presence in the U.S. and Europe.

NVTS's global market and product diversification has tripled revenues, from \$11.8 million in 2020 to \$37.9 million in 2022.

At a current price of \$7.70, Navitas' market cap is \$1.34 billion. That price is at a lofty valuation of nearly 10X next year's revenues. However, you are paying for performance.

With the increased adoption of GaN and SiC technologies, Navitas' revenue is expected to grow at a staggering compound annual growth rate of 95% over the next three years!



To put that in perspective, its peers in the power chip market, on average, are expected to have a CAGR of only 13.4% over the same time frame.

I think it's quite possible that the stock will continue to trade at 10X forward revenues next year, giving us a target price of \$28 a share by 2025.

That would hand us a 250% gain in two years' time.

Moreover, given the current trajectory of its revenues, the company is expected to be profitable by 2025.

If anything, the second-quarter earnings report showed that the company is living up to its promises, and that those expectations can be achieved.

Its pipeline of customer projects and revenue potential grew 30% quarter over quarter to an opportunity worth \$1 billion.

This was thanks to developments in key markets such as expansion plans for EV fast chargers, data centers looking for better power chips to run AI processors and a boom in battery electric storage systems and solar projects.

Action to Take: Buy Navitas Semiconductor Corp. (Nasdaq: NVTs).

No. 3: The Battery-Powered AI Booster

Currently, the best way to make AI Energy (nuclear fusion) possible is through deuterium-tritium fuel.

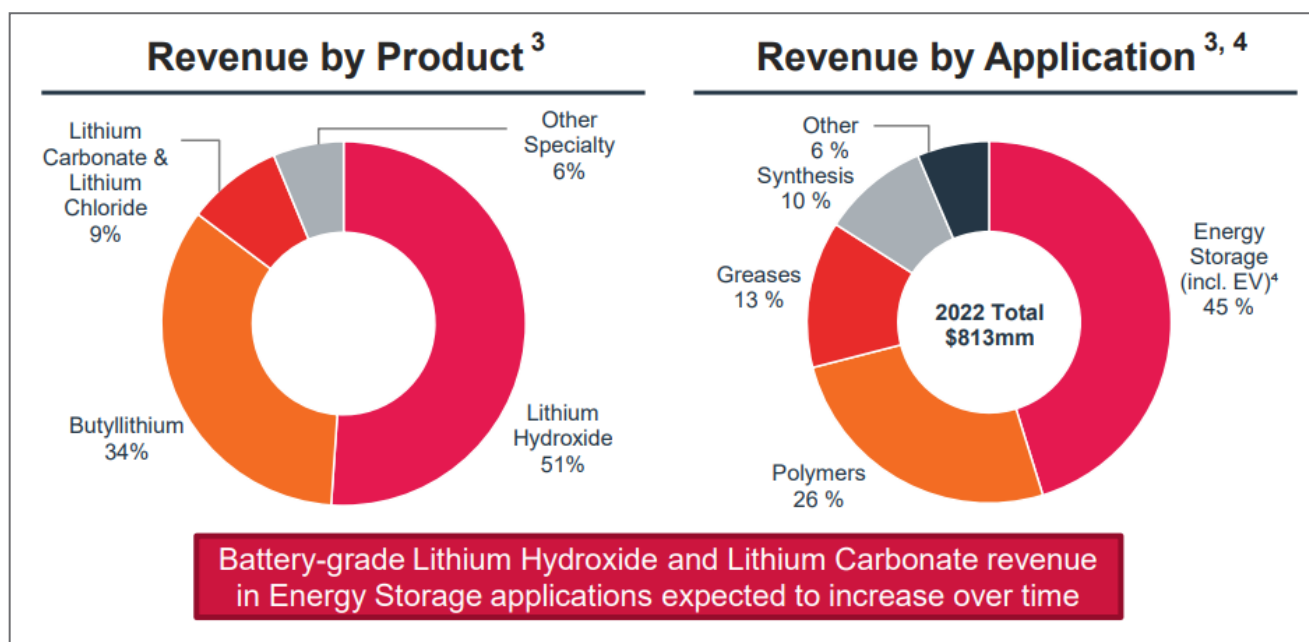
This fuel reaches fusion conditions at lower temperatures compared to other elements and releases more energy than other fusion reactions.

Deuterium and tritium are isotopes of hydrogen, the most abundant element in the universe.

While deuterium can be easily extracted from seawater, tritium is much harder to source. Tritium is a radioactive isotope that decays relatively quickly and is rare in nature.

But one easy way to source it is by exposing an isotope of the element lithium — lithium-6 — to energetic neutrons. This process can generate tritium.

In the future, in addition to needing lithium for batteries in order to electrify various industries, lithium will also be required by the nuclear fusion industry as a precursor to creating a much-needed fuel.



According to the IEA, the world faces potential shortages of lithium by 2025, unless “sufficient investments are made to expand production.”

And research by BMI anticipates demand to outstrip lithium supply in the next 3 years despite growth in supply.

This is before factoring in the demand from the nuclear fusion industry. When we put these factors together lithium producers are set to benefit in the future.

We are betting on this future through lithium producer, **Livent Corporation (NYSE: LTHM)**.

Livent is headquartered in Philadelphia, Pennsylvania, and specializes in the production of various lithium compounds, with a focus on high-performance lithium products.

Livent’s core products include battery-grade lithium hydroxide, lithium carbonate, butyllithium, and high-purity lithium metal.

While the bulk of its business is focused on batteries and energy storage it also produces lithium-based products for applications in the aerospace, pharmaceutical, and agrochemicals industries.

A Lithium Giant Merger

Livent is an attractive option in the lithium industry because it is currently in the process of growing its business in two ways.

The first is through its upcoming merger with Alkem, one of Australia’s biggest lithium producers.

Following its \$10.6 billion merger, Livent will become a lithium-supplying giant that would be the third-largest operator in the world, potentially bringing in approximately \$1.9 billion in revenue per year.

That puts it in the same league as global lithium giants like Ganfeng, Tianqi, Pilbara Minerals, Sigma Lithium and Albemarle.

If the combined entity trades like its peers, there could be a further upside to that initial \$10.6 billion valuation.

This deal would combine the strengths of both companies. Allkem is primarily a miner with lithium brines in Australia and Argentina, while Livent processes lithium into products such as battery storage systems and polymers.

The two entities will merge by creating a new company that will be owned 56% by Allkem and 44% by Livent. The deal is expected to close by the end of 2023, when the new company will be listed on the New York Stock Exchange.

Under this merger agreement, Livent shareholders will receive 2.406 shares of common stock in the new company for each Livent share they own.

New Opportunity

The second way it is growing its business is through capacity expansions.

Livent is actively expanding its production capabilities by developing its operations in North Carolina, Argentina, and Quebec.

In addition to expanding its global presence these projects also allow Livent to gain a foothold in key areas for this industry in the future. A good example of this is the company’s involvement in Argentina.

Argentina is opening its first lithium-ion battery production plant in the country and Y-TEC, a unit of the Argentinian state oil company has helped it get up and running.

Considering that Argentina has become the world’s fastest-growing lithium producer, this was expected. The country has three active mines and 38 under development. One of these active mines is operated by Livent.

This new battery plant will be buying the precursor material — lithium carbonate — from Livent until 2025 based on the initial agreement the two signed earlier this year.

While it's not clear what exactly the financial terms of this deal are, the news is good because the added revenue will help Livent reach its \$1.03 billion to \$1.13 billion revenue guidance for the year.

Similarly in Quebec, although its lithium hydroxide plant won't be up and running until 2026, it has agreements in place that further secure its position in the vehicle electrification market.

Despite the completion date of 2026 for the plant, automaker Ford has already signed an agreement to buy 13,000 metric tons of lithium hydroxide per year — that's nearly 40% of the expected production capacity of the plant.

LTHM is currently trading at a cheap valuation of 6.7X next year's earnings estimates compared to 12.2X for its peers on average.

LTHM is also expected to grow its earnings per share by a compound annual growth rate of 28.4% over the next three years compared to 10.3% for its peers.

And that's before considering the benefits of the upcoming merger. This means we have a chance to buy into a potential key player in the future of nuclear fusion at a very cheap valuation.

Action to Take: Buy Livent Corporation (NYSE: LTHM).

As of January 5, 2024, Livent Corp. (NYSE: LTHM) has merged with Allkem Ltd. (ASX: AKE). This means LTHM will be trading under a new name — called Arcadium Lithium PLC (NYSE: ALTM).

My Strategic Fortunes 4-Step Strategy

In *Strategic Fortunes*, I use a 4-step strategy to find disruptive companies set to soar. Here's my criteria:

- ✓ **No. 1 — Tipping-point trend.** A catalyst that's going to be bigger than people realize. Something that's going to impact all industries, like social networks, smartphones and PCs did.
- ✓ **No. 2 — X-factor.** A unique edge that no other company has. It could be something like an auto parts supplier that's the only company manufacturing a vital component for autonomous vehicles. Or an e-commerce company located in the fastest-growing country in the world.
- ✓ **No. 3 — Momentum.** The company's stock must already be going up ... trading above its 20- and 50-day moving average. That means it has momentum behind it ... and is likely to keep soaring higher.
- ✓ **No. 4 — Beat the Street.** I want to see a company that is consistently beating Wall Street's earnings estimates. This tells me that "the Street" is underestimating the company's growth potential.

Even if a stock doesn't meet all four of my criteria, meeting just one could put us in a great position for big gains in the years ahead.

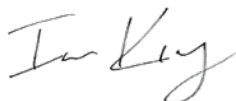
With the AI revolution unfolding, the three companies I shared with you today will be at the center of it all. All three are in major tipping-point trends and have X-factors that could send their stocks soaring.

That's all for now, but if you have any questions about AI energy or these three stocks, please send them to StrategicFortunes@BanyanHill.com.

We'll try to answer your questions in our weekly updates, which you can find [here](#).

That's all for today!

Regards,



Ian King
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