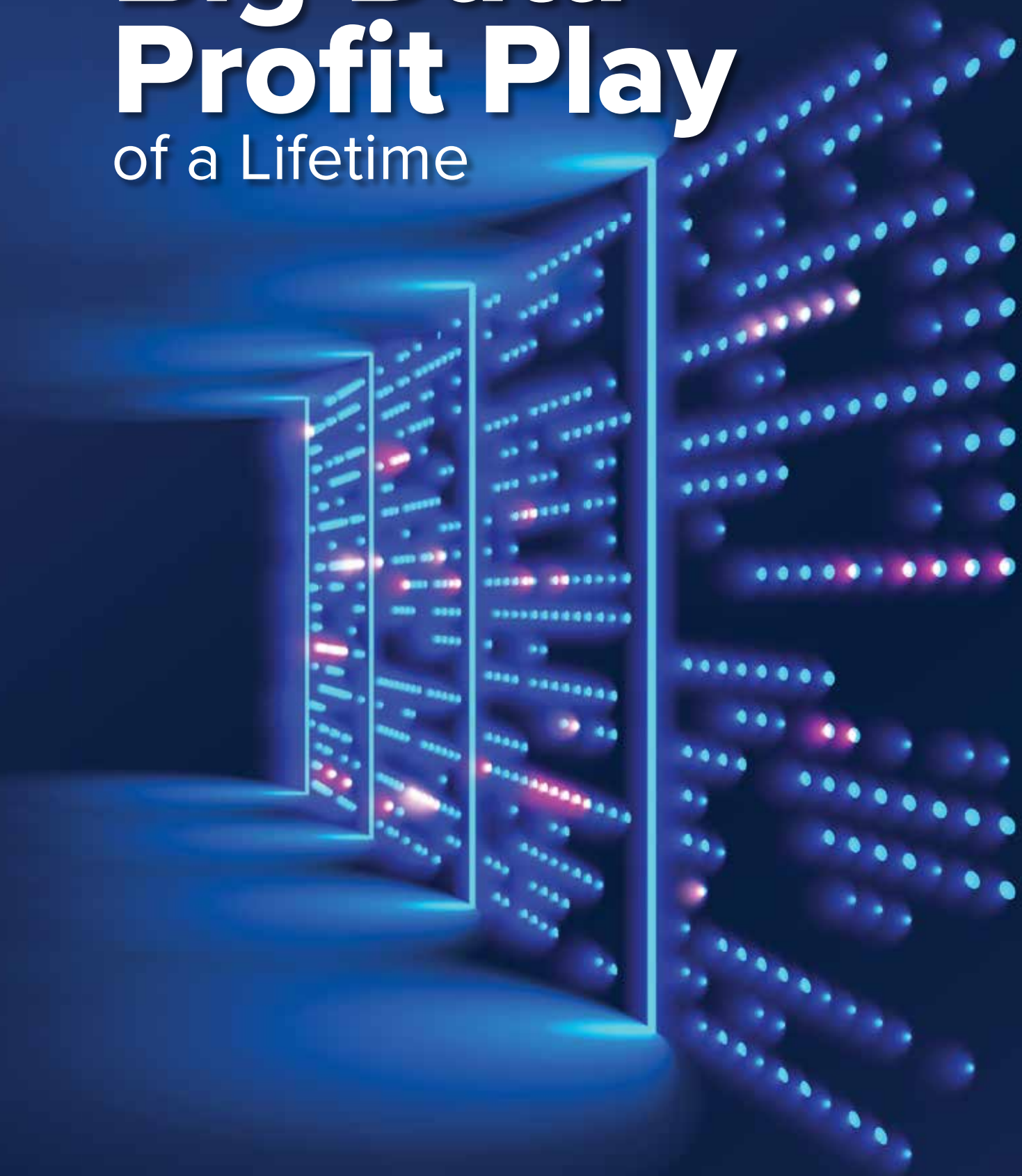


The
**Big Data
Profit Play**
of a Lifetime



The Big Data Profit Play of a Lifetime

By Ian King, Editor, *Strategic Fortunes*

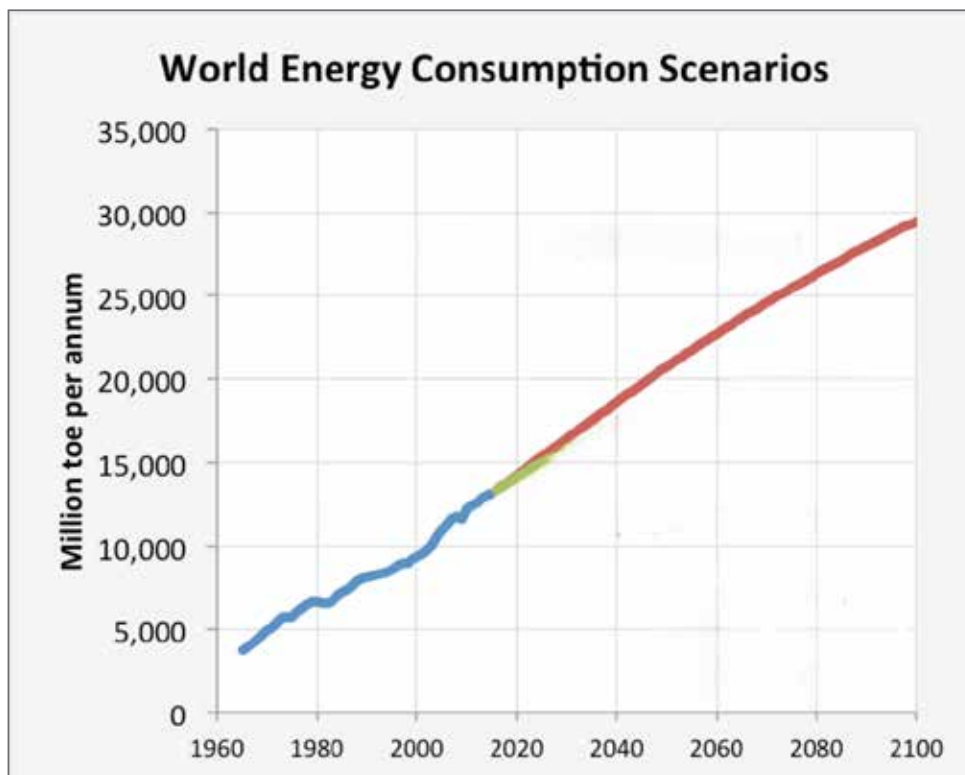
Editor's Note: Recently, we sold nVent Electric (NYSE: NVT) out of our model portfolio. My team and I are currently researching a new stock for this report.

WE'RE still in the early innings of the AI story. We've got a long way to go. The biggest opportunities of the AI wave ... the next Amazon, Netflix and Google ... are around the corner.

Anybody who thinks they've missed out — that's like saying you missed the internet revolution in 1995 because you didn't get into AOL.

Today, one of the biggest AI opportunities is in energy. AI energy could be *4 million times* more powerful than oil.

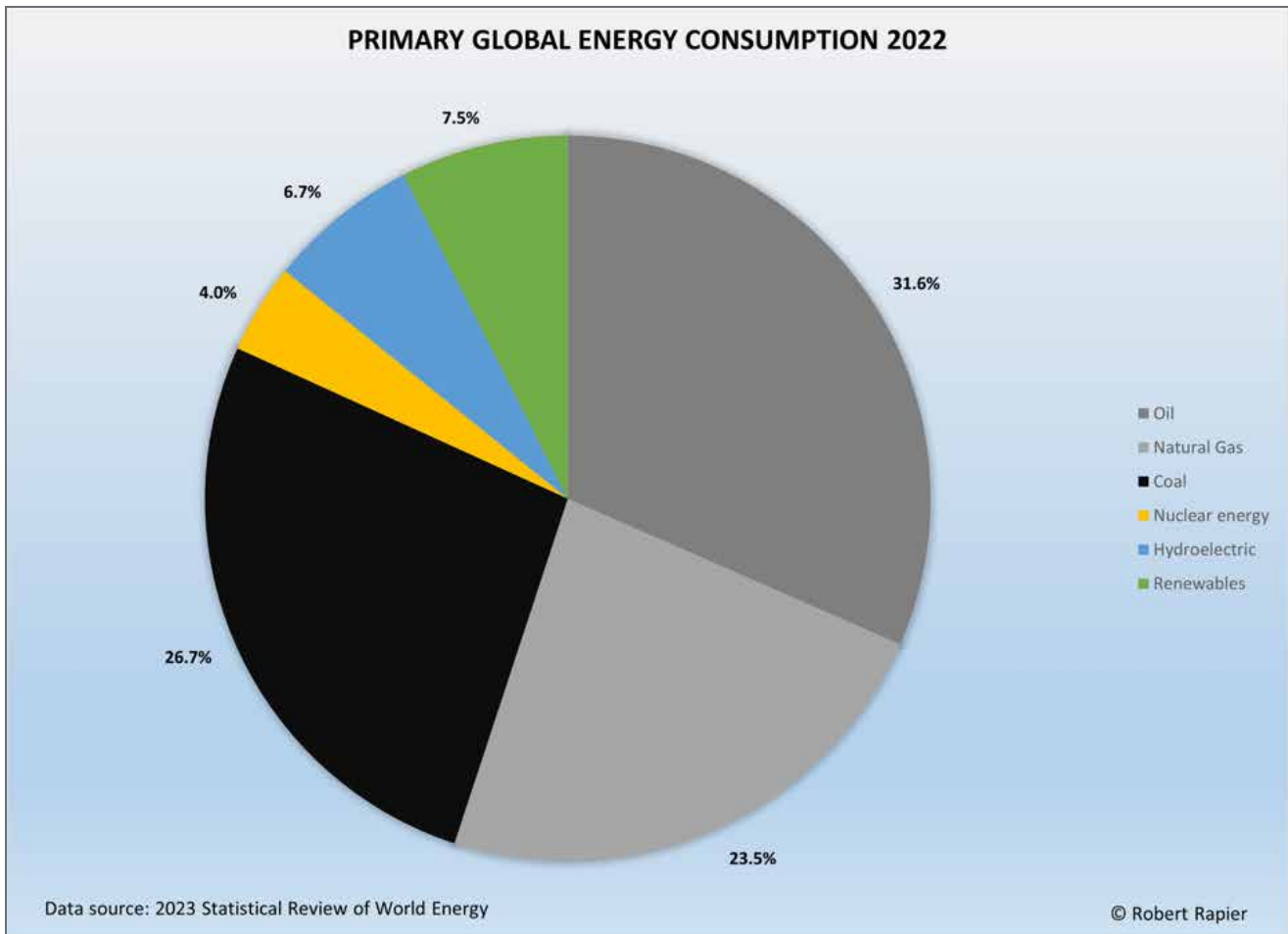
Simply put, the world needs more energy now. And we're going to need a lot more in the future.



The demand curve on this is pretty cut and dry.

The question isn't if, it's how.

If you picture the major sources of energy as individual pieces of one big pie chart — you're going to see the smallest slice is nuclear energy. Good for 4% of the world's supply.



You've got a bigger piece of the pie coming from natural gas. That scoops up over 20% of the total.

Obviously, the biggest piece of the pie is oil. And over time, the biggest household names in oil produced massive windfalls for investors.

But AI energy could single-handedly replace them all.

Not today. Not tomorrow. But eventually it has the ability to replace all of our current energy sources.

This is the **5th Epoch of Energy**. And each of the prior four changed the world.

The first — man discovers fire. The second — coal power. There's your steam engine for boats and trains.

The third was oil. Cars, trucks, airplanes, jets. The fourth was atomic energy. Nuclear power.

AI energy is the 5th Epoch.

And no matter how big AI energy gets — this is going to be more impactful than when the first barrel of oil was pulled out of the ground.

But that brings me to today's recommendation. Just like we used literal picks and shovels during the oil boom and the California gold rush, we have a similar opportunity today... It's a "picks and shovels" play for AI.

Mission-Critical AI Pick

AI needs massive data centers that combine computational power, data and electricity.

And **nVent Electric (NYSE: NVT)** is a leading global provider of electrical connection and protection solutions.

The company's annual revenues top \$7 billion.

And it has a team of over 10,000 employees across more than 120 locations worldwide.

They design, manufacture, market, install and service “high-performance products and solutions that connect and protect some of the world's most sensitive equipment, buildings and critical processes.”

nVent offers electronic packaging, concrete reinforcing steel connections and, most importantly, data center and networking solutions.

Founded more than 100 years ago in 1903, the company has evolved to become *the* electricity provider in an Industry 4.0 world.

The main focus for every business venture pursued by nVent over its long history is to create a safe and secure world.

From the patenting of its 1945 invention of automatic press guards that stopped machinery when workers' hands got too close ... preventing debilitating injuries for a full and ubiquitous product line today, nVent is a leading provider of modern-day industry system protections.

Currently, nVent's products include:

- Cabinets and electronics packaging.
- Concrete reinforcing steel connections.
- Data center and networking solutions.
- Electrical enclosures.
- Electrical fasteners, hangers and support.
- Electrical heat-tracing systems.
- Enclosure cooling and heating.
- Facility electrical protection.
- Fire-rated wiring.
- Floor heating.
- Leak detection.
- Low voltage power and grounding.

nVent's President of Enclosures Joe Ruzynski recently shared that three years ago, nVent realized it had a great set of products to address the data center market.

In addition to having power products that help manage data center systems themselves — managing the heat produced by data centers is *the most* critical part.

To meet what nVent expected to be growing data center demand, the company made some key acquisitions in this space as well as established new partnerships.

For instance, in July 2021 nVent acquired CIS Global to strengthen its offering in data centers and networking solutions worldwide.

This acquisition was the right move at the right time because 18 months later, the world was introduced to OpenAI's ChatGPT ... which is dependent on data centers to function.

There is an arms race around the world to rapidly build data centers necessary to run AI programs.

nVent's decision years ago is now set to pay off in spades. The company is very excited about the explosive need for data with next-generation AI. And with AI comes more computing, more heat and the need to cool it.

As a result, this is setting up a company revenue boon for its newest product known as **liquid cooling**.



Liquid cooling is a process used to lower the temperature of computer processing units and graphics processing units.

This process uses water rather than air because it's faster. Liquid provides a greater heat transfer capacity — 3,500 times higher than that of air — because liquid is denser than air.

According to nVent, for data center equipment to function optimally, specified temperature ranges must be met.

Yet, most legacy cooling systems in data centers and server rooms use older air-cooling systems that simply cannot keep up with new, high-powered equipment.

Only about 5% of data centers today have transitioned to using liquid cooling, and this number is forecasted to increase because the next generation of chips must be liquid-cooled.

Air-cooling is not an option.

Liquid cooling is an ideal choice for protecting mission-critical equipment and reducing downtime.

And nVent has developed modular and scalable precision cooling solutions that can replace or supplement traditional data center cooling infrastructure.

The company notes there are three primary types of liquid cooling:

- **Indirect water-cooled:**

Heat is transferred to water through an air-to-water heat exchanger located within a row or cabinet.

- **Direct water-cooled:**

Heat is transferred directly to an attached heat transfer component, such as a cold plate.

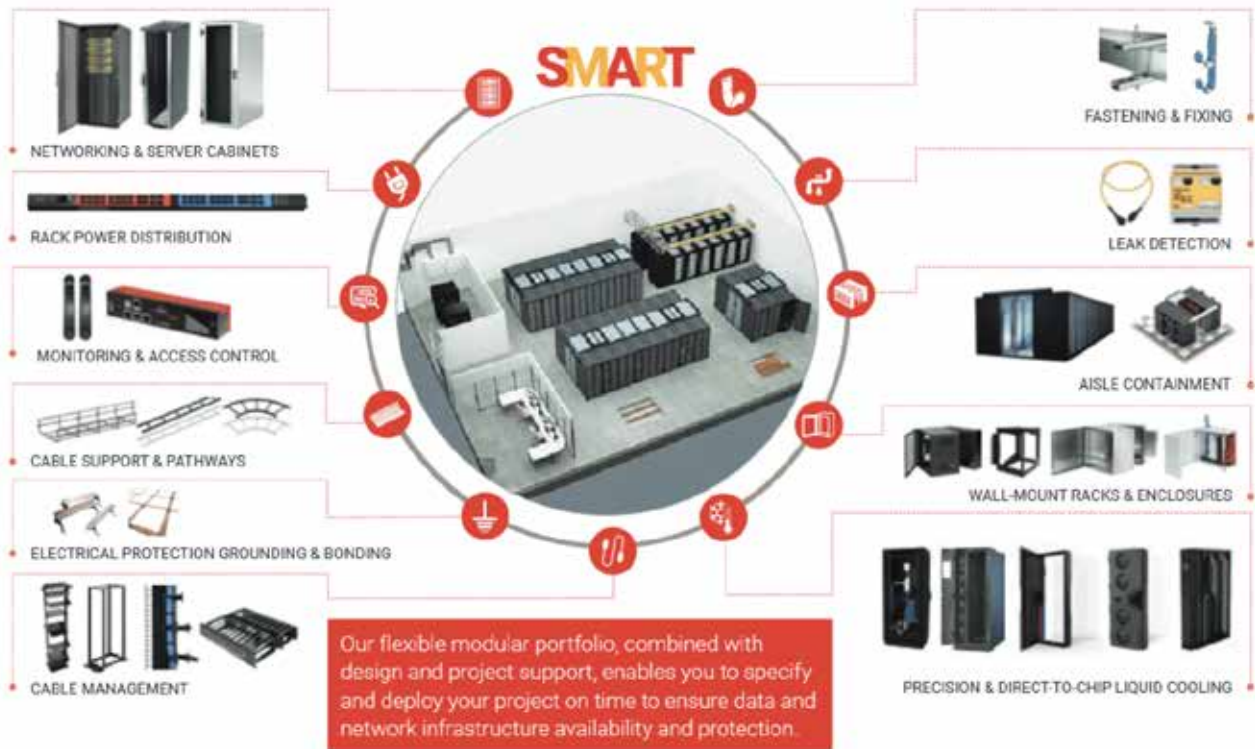
- **Hybrid direct and indirect water-cooled:**

Selective cooling of the highest energy-consuming components with direct contact liquid cooling — the balance of the cabinet is cooled via a secondary air-to-water cooling device.

Rack Level High Density Liquid Cooling

Source: nVent

Trusted Data Center & Networking Solutions for a Connected World



My Strategic Fortunes 4-Step Strategy

In *Strategic Fortunes*, I use a four-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. The tipping-point trend is the skyrocketing demand for data centers and the need to cool them.

✓ **Yes.** nVent anticipated the growing need of data centers and made the strategic acquisitions needed to make them a key player in the function and protection of these facilities as AI domination begins to take effect.

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. nVent's liquid-cooling solution is its X-factor.

✓ **Yes.** As data center density increases and cooling technology encounters challenges, traditional air cooling is no longer sufficient. nVent's customizable and hybrid liquid-cooling solutions address emerging cooling challenges with benefits that can be realized immediately and scaled up in the future.

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.

✓ **Yes.** At last check, nVent was trading above its 20- and 50-day moving average, but this is subject to fluctuate in active trading.

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.

✔ **Yes**, nVent is consistently beating earnings estimates.

The next generation of chips is being manufactured and ready to be put in that liquid-cooling infrastructure, and nVent sees that speeding way up.

In 2024, earnings are expected to jump 15% to \$3.20. As our world becomes more electrified and demand for AI takes off, I believe those numbers are too low.

Plus, nVent has an incredible track record of surpassing earnings expectations.

I think the company can earn \$3.50 a share next year and the multiple can jump to 30X earnings.

If this happens, the stock will be worth \$105, handing us a 94% gain by the end of next year.

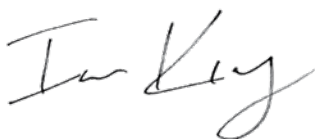
Action to Take: Buy nVent Electric (NYSE: NVT).

That's all for now, but if you have any questions, 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
Editor, *Strategic Fortunes*



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