MANWARD MONEY REPORT Volume 9, July 2025

# Profiting From AI's "Second Inning"

## Two Under-the-Radar Infrastructure Stocks for a $6.7 Trillion Boom

Artificial intelligence is no longer a novelty.

It's driving the largest wave of capital spending we've seen since the dawn of the internet. And this cycle has just started accelerate.

In boardrooms from Redmond, CA, to Riyadh, Saudi Arabia, data center budgets read like defense appropriations bills.

Microsoft alone plans to spend roughly $80 billion on AI-enabled facilities this fiscal year – twice last year's figure – because Vice Chair and President Brad Smith sees "a golden opportunity for American AI."

Refusing to be outspent, Alphabet has locked in an eye-watering $75 billion for 2025 to keep its model-training edge.

Amazon Web Services has committed $20 billion to transform Pennsylvania coal country into a cloud metropolis, while Meta Platforms raised its outlays to $65 billion, funneling most into campuses bristling with graphics processing units (GPUs) for Llama models and its newborn "super-intelligence" lab.

Nvidia, the indispensable pick-and-shovel supplier for this digital gold rush, hauled in $39 billion in data center revenue last quarter – up 70% year over year – and still cannot satisfy demand.

(That's why we own Nvidia!)

This isn't just an American phenomenon.

Most of Europe, stung by strategic dependence on foreign compute, has teamed up with Nvidia to erect the first industrial-grade AI cloud on the continent. Jensen Huang says at least 200 new AI data centers will spring up across the region before 2030.

McKinsey estimates global AI infrastructure spending will hit $6.7 trillion by 2030.

That kind of money doesn't just buy servers – it builds foundations for autonomous factories, generative-drug discovery, and productivity copilots at every worker's desk.

Investors who think the frenzy will end once ChatGPT's novelty wears off are missing the forest for the trees.

Meanwhile, the policy backdrop is a tailwind rather than the headwind skeptics feared...

Shah Gilani

Wall Street superstar and retired hedge fund manager **Shah Gilani** is the Chief Investment Strategist of Manward Press and at the helm of the *Manward Money Report* newsletter and the *Launch Investor* and *Alpha Money Flow* trading services. He's a sought-after market commentator and has appeared on CNBC, Fox Business, and Bloomberg TV. He's also been quoted in *The Wall Street Journal*, *The New York Times,* and *The Washington Post*, and he's had columns published in *Forbes*.

In 1982, he launched his first hedge fund from his seat on the floor of the Chicago Board Options Exchange. He worked in the pit as a market maker when options on the S&P 100 Index first began trading... and was part of a handful of traders who laid the technical groundwork for what would eventually become the CBOE Volatility Index (VIX). He also ran the futures and options division at the largest retail bank in Britain. Shah gained notoriety for calling the implosion of U.S. financial markets (*all the way back in February 2008*) AND the mega bull run that followed.

Now at the helm of Manward, Shah is focused tightly on one goal: **to do his part to make subscribers wealthier, happier, and freer**.

## An AI Policy U-Turn

Washington's CREATE AI Act would give permanent status to the National AI Research Resource – essentially a taxpayer-backed compute pool for universities and startups.

The Department of Energy has identified 16 federal sites ready for rapid data center construction under public-private partnerships.

The CHIPS & Science Act has been quietly amended to let the 25% investment tax credit flow not just to the suppliers of finished wafers but to the suppliers of power electronics and substrates that make advanced nodes possible.

The Senate's draft of the "Big Beautiful Bill" goes even further, freezing state-level regulation that might hinder AI deployment while adding $500 million in broadband and edge grants specifically tailored to low-latency inference.

Statehouses are now competing in a tax-incentive arms race:

- Kansas has offered 20-year sales tax holidays to any operator willing to drop a quarter-billion dollars on a single AI facility.
- West Virginia and Colorado unveiled matching relief within weeks.

Instead of fighting over whether AI should grow, lawmakers are competing to make sure it grows in their backyards.

Europe alone needs to multiply its GPU clusters tenfold to satisfy today's demand – never mind future sovereign-AI ambitions. The U.S. power grid faces similar capacity gaps.

Utilities are signing multidecade energy-supply agreements because a single hyperscale campus can consume 2 gigawatts daily.

Export controls on cutting-edge silicon don't shrink overall appetite – they redirect orders from Shenzhen to Seoul or Riyadh.

Even Brussels has sketched a 200-billion-euro "InvestAI" initiative featuring a half-dozen facilities, each housing 100,000 GPUs.

Every dollar announced forces two more in catch-up capex from rivals and governments – a flywheel just beginning to spin.

So where will the real money be made?

## From "Silicon Scarcity" to Space Satellites

Start at the silicon layer: Nvidia and AMD enjoy scarcity pricing on GPUs and AI application-specific integrated circuits, while Broadcom's custom accelerators are embedded in nearly every hyperscaler's road map.

Move up the stack, and you find the landlords: Equinix, Digital Realty, and Switch lease high-density space because even Amazon can't build fast enough to meet internal needs.

Then come the essential enablers such as Eaton that provide power and liquid-immersion cooling, and NextEra, which generates the renewable energy that keeps politicians happy and operating margins intact.

Plus networking names like Cisco and Marvell are thriving in a world where 800-gigabit and 1.6-terabit Ethernet ports are already on back order through next year.

At the edge, Amazon's Project Kuiper and SpaceX's Starlink promise low-orbit constellations pushing real-time inference wherever fiber can't reach.

Finally, the foundry and tooling complex – TSMC, ASML, and Applied Materials – benefits from CHIPS funding as the world tries to onshore advanced-node capacity and secure substrates that bond multi-die GPUs together.

Skeptics argue Nvidia's valuation is nosebleed material.

Maybe so.

But second- and third-order beneficiaries – Marvell and Digital Realty – still trade at multiples that are attractive.

The legislative picture is clearer than it has been in years: Instead of roadblocks, Capitol Hill is offering grants.

From a capital-cycle perspective, we're in the second inning of a nine-inning ball game.

That's early enough that multibaggers are still possible yet late enough that winners have emerged and revenue ramps are visible.

The Philadelphia Semiconductor Index is up more than 30% this year, but breadth is improving as money rotates from megacap "model owners" to infrastructure enablers.

Getting positioned before Wall Street's spreadsheets catch up is how outperformance happens.

And this is how to do it...

## Build Your "AI Infrastructure Empire

A portfolio for the AI megatrend has several categories.

It should hold a core trio: Nvidia for silicon scarcity, Microsoft for the vertically integrated stack spanning Azure to ChatGPT, and Amazon for the world's go-to AI utility.

We own all three.

The portfolio should also hold a **growth infrastructure** group that captures the 6-to-12-month lag between hyperscaler budget approvals and supplier revenue recognition.

Then it should include a **speculative** group that can chase next-generation photonics or small cap liquid-cooling specialists ripe for acquisition when deployment bottlenecks hit.

Finally, a **policy** group of stocks that should include semiconductor equipment makers and onshore fabrication plants likely to receive CHIPS grants or state-level incentives.

Smart money is front-running half a decade of infrastructure buildout. Waiting for perfect clarity only guarantees paying a higher price.

The AI revolution may appear ethereal – an explosion of clever code and statistical magic – but its foundations are brutally physical: bulldozers carving greenfield campuses, 400-ton chillers behind substation fences, high-tension lines humming with electrons, and pallets of GPUs running at 90 degrees Celsius in desert-cooled hangars.

That reality explains why Microsoft can spend $80 billion without blinking and why Congress is dangling tax incentives.

The implication is simple: Own the infrastructure, own the upside.

The capital cycle is young, the addressable market measures in the trillions of dollars, and political winds blow squarely at our backs.

We're building positions before tomorrow's headlines read "shortage," not after – that's how today's AI buildout will turn into portfolio gains.

That's exactly how we stay ahead of the crowd.

And it's why we're adding two new AI infrastructure recommendations this month. Let's get started.

## The Unsung Hero of AI Infrastructure

As the AI revolution kicks into high gear, demands on global infrastructure are escalating dramatically.

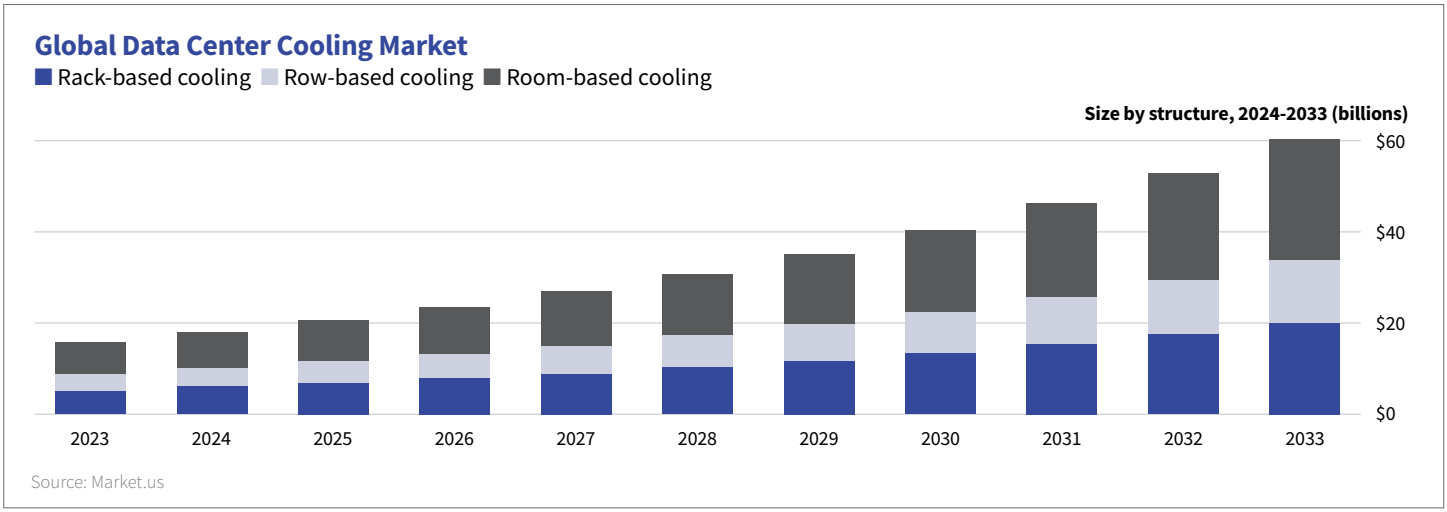
Data centers, the digital engine rooms of the modern world, could consume 8% of the planet's electricity without major efficiency improvements.

AI clusters are pushing rack power densities beyond 1 megawatt – far above traditional norms.

To handle that load, next-generation infrastructure must evolve... and fast.

We're talking liquid cooling, precision power distribution, and smarter, more adaptive energy and heat management. Modular designs, dynamic power systems, and efficient heat recovery aren't optional – they're mission-critical.

To understand just how fast demand is growing, consider that the global data center cooling market is expected to grow to $60.4 billion by 2033, up from $17.9 billion in 2024.



This brings us to **Vertiv Holdings** (VRT), the unsung hero of AI infrastructure and one of the smartest, most practical ways to invest in this transformation.

Based in Westerville, Ohio, Vertiv designs and delivers the behind-the-scenes tech that makes the AI frontier possible – from high-density power systems and advanced cooling to intelligent racks and communications infrastructure.

While some companies build just one component of a data center, Vertiv does it all. It's a full-spectrum operator – designing, deploying, and maintaining infrastructure through the entire life cycle of a facility.

If you're betting on the AI boom, you need infrastructure that powers, cools, and houses the chips. That's Vertiv's wheelhouse.

Think about it: You could have warehouses full of Nvidia GPUs, but without racks to mount them, power to run them, or cooling to keep them from melting down, they're expensive paperweights.

Vertiv isn't just relevant – it's essential. It's as fundamental an AI investment as there is.

The market agrees. Vertiv is the infrastructure partner of choice for Nvidia and Microsoft – two giants that don't mess around when it comes to performance or reliability. That credibility has translated into serious business momentum.

In Q1 2025, Vertiv reported net sales of $2.07 billion – a 24.2% year-over-year increase. The Americas and Asia-Pacific regions led, with sales jumping 28.1% and 34.6%, respectively.

While Europe, the Middle East, and Africa lagged due to slower AI infrastructure rollouts, that had a minimal impact. The Americas and Asia-Pacific regions make up 80% of Vertiv's total revenue – and demand in those areas is growing fast.

Orders in the Americas climbed 30% over the past year, pushing Vertiv's backlog to $7.9 billion.

That's not just healthy – it's clear evidence of long-term, sustainable demand.

Here's the opportunity: Vertiv shares are trading around $110 as I write – well below their January high of $155.84. That's 40%-plus upside for the stock to merely reclaim previous levels.

But based on forward earnings estimates and current multiples, the potential is even greater.

Wall Street projects earnings per share of $3.56 in 2025 and $4.37 in 2026 – up from $2.85 in 2024. At the current P/E ratio of 64.52, those numbers point to potential share prices of $229.69 in 2025 and $281.95 in 2026.

Even better? Vertiv's price-to-earnings-to-growth ratio – a key valuation metric – sits at 0.88. Anything under 1.00 indicates the stock is undervalued relative to growth. This is where explosive growth and value intersect.

**Action to Take No. 1:** Buy to open **Vertiv Holdings** (NYSE: VRT) at market and use a 20% trailing stop. We'll hold shares in the Rocket Riders portion of the Modern Asset Portfolio.

Vertiv represents infrastructure for housing, powering, and cooling massive GPUs and compute power for AI, but our next recommendation is critical to making those GPUs work together...

## Big Tech's Go-To AI Network Partner

Founded in 2004 and headquartered in Santa Clara, California, **Arista Networks** (ANET) provides data-driven, client-to-cloud networking solutions for AI and data centers.

AI workloads don't just need power. They also need to communicate, and fast – really fast.

Thousands of GPUs need to pass data across massive networks without bottlenecks or latency.

This isn't average internet traffic – this is high-bandwidth, mission-critical AI data moving through hyperscale data centers.

This is where Arista dominates, with its No. 1 market share in data center switching.

Its ultra-high-speed (400-gigabit and 800-gigabit) Ethernet switches and cutting-edge software-defined networking solutions are exactly what AI leaders need to run systems at scale.

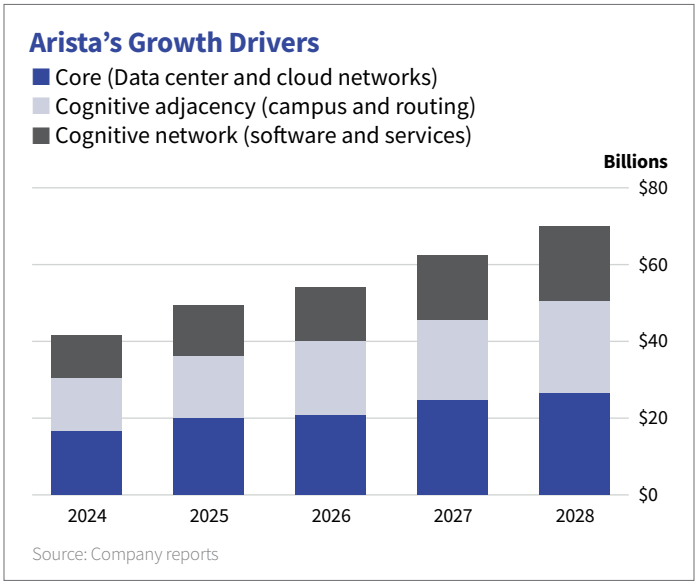
Arista's technology is deeply embedded in Big Tech's most ambitious AI buildouts – and spending is off the charts.

Look at Meta: It's pouring $40 billion this year into AI-optimized data centers – and Arista is a key supplier, providing the networking backbone.

This isn't a short-term spike – it's a multiyear infrastructure transformation, and Arista is central to it.

Relationships with hyperscalers like Microsoft, Meta, and Google are long term, deeply integrated, and not easily replaced.

Case in point... Arista's cloud networking market expansion could grow to $70 billion by 2028, up from just $41 billion in 2024.




That's an economic moat – and it's widening.

What sets Arista apart is its software-first model.

Most networking companies live in the hardware world. Not Arista. Its Extensible Operating System gives customers programmable, unified control across all equipment – enabling automation, security, and flexibility at scale.

In the AI era, where workloads shift constantly, that agility isn't a luxury – it's essential.

In Q1 2025, revenue hit $2.01 billion and non-GAAP net income reached $826.2 million – year-over-year increases of 27.6% and 29.56%, respectively.

That represents a 41.28% profit margin. Incredible.

As I write, shares of Arista are trading at $92, well below their recent high of $133.57 – it has 45% upside just to return to previous levels.

**Action to Take No. 2:** Buy to open **Arista Networks** (NYSE: ANET) at market and use a 20% trailing stop. We'll hold shares in the Rocket Riders portion of the Modern Asset Portfolio.

# The Trump Family Is Opening the Floodgates for Crypto IPOs


Robert Ross

The headlines always focus on the wrong story.

When news broke that Justin Sun, founder of Tron, would be taking his blockchain public via a $210 million reverse merger, most people assumed that was the crypto breakthrough investors had been waiting for.

REUTERS

**Crypto Group Tron To Go Public in U.S. Via Reverse-Merger**

After all, that would make it the first major Layer 1 blockchain to go public on U.S. markets.

But there are two problems with this narrative.

First, Tron isn't exactly a great business.

The company is structured more like a token treasury – similar to Michael Saylor's Strategy – than a traditional operating company. Its financials are opaque, its TRX token is highly speculative, and Sun's strategy is built more on proximity to power than long-term fundamentals.

The reverse-merger to take the company public was facilitated by Dominari Securities, a firm with deep Trump ties.

Eric Trump is taking a leadership role in the new entity, and Sun himself is staying on as an advisor.

The move follows Sun's $75 million investment in World Liberty Financial (WLFI), a Trump-aligned DeFi platform, and over $20 million in purchases of the TRUMP memecoin – which have reportedly enriched the Trump family by more than $400 million.

That alone should raise some eyebrows. The SEC also quietly paused its fraud case against Sun earlier this year, just weeks after his World Liberty Financial investment. To critics like Senators Richard Blumenthal and Jeff Merkley, this smells like "pay to play."

THE WALL STREET JOURNAL.

**SEC Weighing End To Lawsuit Against Justin Sun**

Sure, the stock will grab attention. But Tron's fundamentals don't justify the hype. Its reliance on Sun's maneuvering and Trump-world ties makes it volatile and ethically questionable.

Contrast that with real small caps like companies **Rocket Lab** (RKLB) or **Archer Aviation** (ACHR), which are also thriving under Trump but have clear operational road maps and real-world demand.

Tron is not that. Tron is noise.

The real story – the one that actually matters for long-term crypto investors – is **Circle Internet Group** (CRCL), which I recommended in an email alert to subscribers on June 24.

Circle quietly went public via a SPAC in June. And unlike Tron, Circle is a real business, with real cash flow, a clear regulatory strategy, and one of the most important financial products in the world: **USD Coin** (USDC).

Circle is the issuer of USDC, the second-largest stablecoin globally and arguably the most trusted.

Unlike Tether, which has long raised transparency concerns, USDC is fully backed by short-term U.S. Treasurys and undergoes regular audits. That gives it credibility with institutional players – and it shows. BlackRock, Visa, and Bank of New York Mellon have all partnered with Circle in recent years.

## The Great Connection

Stablecoins are digital tokens that are pegged to a stable asset – usually the U.S. dollar.

They combine the speed and programmability of crypto with the price stability of fiat currencies.

In simple terms, they're the connective tissue between the traditional financial system and the digital asset economy.

Today, stablecoins are used for everything from trading and lending in decentralized finance to settling payments across borders in seconds. They represent a multitrillion-dollar opportunity.

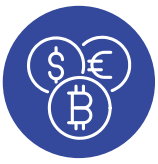
According to recent estimates, the stablecoin market could exceed $3 trillion in circulation by the end of the decade – and that doesn't even include their role in tokenized Treasurys, real-world asset markets, or central bank digital currency pilots.

### Old and New Forms of Money

A range of digital tokens are trying to compete with fiat currencies

**Fiat Currency**

Traditional currencies such as the U.S. dollar or Japanese yen. Issued and backed by governments, they rise and fall with the fortunes of nations. Central banks are making digital versions.



**Cryptocurrency**

Digital tokens often created by dispersed groups of believers, with transactions recorded on secure online ledgers. Prices can be volatile as their value depends on acceptance and use.

**Stablecoin**

Cryptocurrencies designed to hold a steady value by tracking the price of another financial instrument such as the U.S. dollar. Some claim to be backed by pools of liquid assets.

**Algorithmic Stablecoin**

Stablecoins that are supposed to maintain their pegs through automated operations, for example by increasing or decreasing supply of the tokens.

Source: Bloomberg

Big Tech and retail giants are already paying attention. Amazon and Walmart have both explored issuing their own stablecoins to bypass traditional payment rails like Visa and Mastercard. Doing so would lower transaction costs, reduce settlement time, and give them tighter control over user data and loyalty ecosystems.

There's a massive shift in the way value moves – and stablecoins are at the center of it.

With the GENIUS and STABLE Acts advancing in Congress and Trump openly supporting pro-crypto legislation, Circle is perfectly positioned.

These laws will provide a legal framework for compliant stablecoin issuers – and Circle is already the blueprint.

## Circle Stands Out From the Pack

Now that Circle is public, investors have a rare opportunity to own the infrastructure behind one of the most important trends in digital finance.

While Bitcoin and Ethereum get the headlines, it's stablecoins like USDC that enable most on-chain activity: trading, lending, cross-border payments, and, increasingly, tokenized U.S. Treasurys.

Circle makes money every time USDC is issued and earns interest on the reserves backing it.

That means when a user buys USDC with dollars, Circle holds those dollars in short-term government bonds and similar safe assets. The longer those dollars stay in the system, the more interest Circle earns – essentially profiting from the float, like a modern-day PayPal for crypto.

With over $32 billion in circulation and rates above 5%, that translates into strong, high-margin revenue. In a world where most crypto firms are still burning cash, Circle is generating it.

The company also benefits from scale.

As stablecoin regulation becomes law, many offshore or gray-market competitors will disappear. Institutional capital will flow to the most compliant and transparent players – like Circle.

**The addressable market here is enormous – stablecoins already settle more money than Visa on some days.**

And as global adoption ramps up, the infrastructure behind compliant stablecoins like USDC could support trillions in annual payment volume.

Add in Big Tech interest – Apple and Google are reportedly exploring stablecoin wallet integrations – and you have the perfect storm for USDC adoption.

FORTUNE

**Apple, X, and Airbnb Among Growing Number of Big Tech Firms Exploring Crypto Adoption**

Circle is exactly the kind of business we want exposure to: real revenue, regulatory clarity, infrastructure-level importance, and asymmetric upside in the current political and monetary environment.

The biggest near-term risk is that Circle IPO'd recently, meaning insiders can't sell their shares now but will be able to 180 days after the IPO date.

But until December 2, 2025 – 180 days after the IPO date – I expect this stock to run hard.

## The Tide Is Turning for Crypto

Trump's support for crypto is real.

Unlike Democrats, who have largely sided with the SEC's enforcement-first approach, Trump is pushing for clarity and access. And Circle is one of the few companies truly built to thrive under that framework.

This isn't a memecoin or a speculative Layer 1.

This is financial plumbing – boring to most investors but essential to everyone.

I see Circle as a core long-term position in the portfolio.

Buy it on weakness. Add to it aggressively if stablecoin legislation passes. This is the closest thing there is to owning the backend of the digital dollar.

And we're getting in early.

**Action to Take:** Buy **Circle Internet Group (NYSE: CRCL). We'll hold shares in the Crypto Boom Portfolio.**

### But Wait... There's More!

**Keep reading the July issue online for portfolio highlights and more!**

Visit **www.manward.co/july2025.**

## Alpesh Patel's Ratings Corner

### Monolithic Power Solutions (MPWR)

#### Overview

Monolithic Power Systems makes specialized computer chips that manage electrical power in electronic devices. They're the "power managers" ensuring smartphones, cars, and industrial equipment use electricity efficiently.

#### Key Metrics

| | | |
|---|---|---|
| | Market cap | $35.65B |
| | Current price | $744 |
| | Fair value | $299.28 |
| ✓ | GVI Score | 7 |
| ✓ | Forecast P/E | 39.7 |
| ✓ | CROCI | 23.3 |
| ✓ | Return on equity | 66.67% |
| ✓ | Volatility | 17.37% |
| ✓ | Return alpha | 0.60% |
| ✓ | Sortino ratio | 0.42 |

#### Strengths

- ✓ Its gross margins are 57%.
- ✓ It pays a small dividend and invests 18% of its revenue into R&D each year.
- ✓ It has zero long-term debt.

**Alpesh's Rating: A-**



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