

# ARTIFICIAL INTELLIGENCE AND ITS IMPACT ON THE DIGITAL INFRASTRUCTURE INVESTMENT OPPORTUNITY



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# CONFERENCE DISCLAIMERS

## Notes and Disclosures

### Important Risk Information

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# WHAT IS ARTIFICIAL INTELLIGENCE

Artificial Intelligence (“AI”) refers to the **simulation of human intelligence in machines**, enabling them to perform tasks that typically require human intelligence. These tasks include **learning, reasoning, problem-solving, perception, and language understanding**.

## TRAINING



**The training phase is a critical process in AI development where models learn from a set of data.**

- Exposure to vast amounts of data, allowing it to learn the underlying patterns
- Training an AI model requires significant computational power and resources
- Throughout the training phase, the model's internal parameters are adjusted based on the input data to minimize errors and optimize performance

## INFERENCE



**During the inference phase, a trained AI model is applying the knowledge it has learned to real-world applications.**

- Inference requires significantly less computational power
- During the inference phase, the trained model applies without further learning
- The aim of inference is to use the trained model efficiently and effectively

**BOTH STAGES REQUIRE STATE OF THE ART DIGITAL INFRASTRUCTURE TO BE FULLY ENABLED.**

# AI CREATING IMPACT ON DIGITAL INFRASTRUCTURE



	Data Centers	Fiber Internet	Towers / Small Cells
<u>Training Phase</u>	<ul style="list-style-type: none"> <li>- Demands extensive data center capacity due to the need for processing</li> <li>- Increases requirement for scalable, high-performance computing resources and power</li> </ul>	<ul style="list-style-type: none"> <li>- Demands extensive fiber availability due to the need for transferring large datasets swiftly</li> <li>- Requires high bandwidth and reliable internet connections to prevent bottlenecks in processing</li> </ul>	<ul style="list-style-type: none"> <li>- Less pronounced impact due to AI's centralized Training in data centers</li> <li>- Minimizes the immediate involvement of telecom towers and small cells in the training phase</li> </ul>
<u>Inference Phase</u>	<ul style="list-style-type: none"> <li>- Requires reliable data center availability to ensure the swift and efficient delivery of information</li> <li>- Drives the need for data centers with high uptime, low-latency network connectivity, and edge computing capabilities</li> </ul>	<ul style="list-style-type: none"> <li>- Requires real-time data processing, for low-latency internet connections to facilitate immediate response and interaction with end-users or devices (e.g. Internet of Things; "IoT")</li> </ul>	<ul style="list-style-type: none"> <li>- AI applications requiring ubiquitous, high-speed wireless connectivity (5G / 6G) with connected devices create demand for small cells and telecom towers</li> <li>- Ensures seamless data flow between devices and centralized AI systems</li> </ul>

# RISK RETURN SPECTRUM OF DIGITAL INFRASTRUCTURE

LOWER		RISK SPECTRUM		HIGHER	
TOWER/SMALL CELLS		DATA CENTERS		FIBER/CABLES	
<b>KEY CHARACTERISTICS</b>	<ul style="list-style-type: none"> <li>• Essential infrastructure</li> <li>• 10 to 15-year contracts</li> <li>• Low growth</li> </ul>	<ul style="list-style-type: none"> <li>• Significant need for build out</li> <li>• 1 to 25-year contracts</li> <li>• Varying levels of growth expected</li> </ul>	<ul style="list-style-type: none"> <li>• Exponential growth in data needs driving long scale build out</li> <li>• Short term contracts</li> <li>• High growth</li> </ul>		
<b>TARGET RETURNS<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• 8% to 12% IRR</li> <li>• 5%+ Cash Yield</li> </ul>	<ul style="list-style-type: none"> <li>• 10% to 15% IRR</li> <li>• 0% to 5% Cash Yield</li> </ul>	<ul style="list-style-type: none"> <li>• 12% to 18% IRR</li> <li>• Typically, no cash yield due to high need for re-investment</li> </ul>		



<sup>1</sup> Target returns, forward looking estimates, and risk parameters are shown to illustrate the current risk/return profile of how the fund or investment is/will be managed. **They do not forecast, predict, or project any fund, investment, or investor return.** See the Notes and Disclosures following this report for additional information regarding target returns, forward looking estimates and risk parameters. No assurance can be given that any investment will achieve its target return, forward looking estimate, risk parameters, or investment objectives.

<sup>2</sup> Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

For illustrative purposes only and may not reflect the actual risk-return profile of the various infrastructure sub-sectors and could differ based on distinct opportunities.

## INFRASTRUCTURE

# OUR PLATFORM

Robust infrastructure platform focused on driving positive outcomes for our clients

**2005**

first year of investing

**2,720+**

deals sourced

**20**

Managing Director average years' experience

**180+**

deals executed



- **Established track record of successful infrastructure investing**
- **Differentiated sourcing platform allows access to unique opportunities**
- **Skilled team with deep sector knowledge, located across the globe provides full market coverage**

Employee data as of January 1, 2024; experience updated annually. AUM data as of December 31, 2023. Deals sourced data are approximate and as of December 31, 2023. Deal flow count methodology changed in 2013. As a result, deal flow count for years prior to 2013 are an approximate count, data updated annually. Infrastructure investments data as of September 30, 2023. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future results.**

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# TARGET RETURNS, FORWARD LOOKING ESTIMATES, AND RISK PARAMETERS

## Notes and Disclosures

**Target Returns, Forward Looking Estimates, and Risk Parameters:** Target returns, forward looking estimates, and risk parameters are shown to illustrate the current risk/return profile of how the fund or investment is/will be managed. **Target returns, forward looking estimates, and risk parameters do not forecast, predict, or project any fund, investment, or investor return.** It does not reflect the actual or expected returns of any investor, investment, GCM fund, or strategy pursued by any GCM fund, and does not guarantee future results.

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- are based solely upon how the fund or investment is expected to be managed including, but not limited to, GCM Grosvenor's current view of the potential returns and risk parameters of the investment, investments in the GCM fund, or strategy pursued by a GCM fund;
- do not forecast, predict, or project the returns or risk parameters for any investor, investment, GCM fund, or any strategy pursued by any GCM fund; and
- are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, asset classes, projected cash flows, projected future valuations of target assets and businesses, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues.

Changes in the assumptions will have a material impact on the target returns, forward looking estimates, and risk parameters presented. Target returns and forward looking estimates are generally shown before fees, transactions costs and taxes and do not account for the effects of inflation. Management fees, transaction costs, and potential expenses may not be considered and would reduce returns and affect parameters. **Target Returns And Risk Parameters May Not Materialize.**