# WEBINAR TRANSCRIPT

## Exposing Overlooked & Interconnected Risks in AI, Energy, & Risk

>> Hello, welcome. I am thrilled to have everyone here today. My name is Jamie Schachtel. I'm the Head of the North American Institutional Sales Group at PGIM. Very excited for our conversation today. To set it up a little bit, I think very topical. AI, energy, and geopolitics are interconnected forces shaping the global economy, but the associated risks often go unnoticed by investors. The rapid growth of AI is fueling demand for data centers, which are contributing to unprecedented energy consumption, straining power grids, and creating risks of structurally higher electricity prices. For the power sector, the surge in demand challenges utilities to modernize infrastructure and invest in renewable energy to avoid bottlenecks. Meanwhile, China's industrial overcapacity poses deflationary pressures that potentially disrupt global trade relationships, while AI-driven automation threatens to exacerbate labor challenges and overcapacity in its manufacturing sector. These scenarios, combined with geopolitical tensions and supply chain vulnerabilities, highlight how underappreciated risks could influence global markets. Joining me today to discuss these risks, along with the opportunities, are three of my distinguished PGIM colleagues. I'm going to let them introduce themselves. Jim?

>> Hi, everyone. Jim Footh. I am a Portfolio Manager on PGIM Global Data Center Fund. I've been with PGIM for about three years, and it's probably worth noting that the eight years prior to PGIM, I was with Amazon Web Services, where I ran all of the real estate development for different parts of the world during my tenure with AWS. So I'm happy to join. Why don't I hand it over to Wendy?

>> For private credit. I've been [inaudible] industry for about 30 years, and I've been –

>> Wendy?

>> Yes?

>> You went in and out a little bit, so maybe start over.

>> Sorry about that, everyone. I'm Wendy Carlson. I'm Head of Power and Renewables for PGIM Private Credit, and I've been in the power industry and financing it for about 30 years and at PGIM in this role for almost 11, and happy to be here today.

>> Mehill?

>> Hello, my name is Mehill Marku. I am Lead Geopolitical Analyst for PGIM. Prior to this position, I held different roles at PGIM, including Foreign Exchange Portfolio Manager and Sovereign Risk Analyst, and prior to coming to the United States and joining Prudential, I served as Deputy Foreign Minister of Albania.

>> Great. Thank you, gang. Before we start the conversation, I just want to take care of a few housekeeping items. On your screen, there should be multiple boxes, including a Q&A box. Please encourage -- we encourage you to please submit questions at any time. We also asked for questions in advance, which we have incorporated into our discussion today. There's also an on-demand version of this webinar and a written summary that's going to be available after the call for anybody that would be interested. Okay, so let's jump into it. AI, we're witnessing a high-stakes arms race with companies placing massive bets on the belief that whoever scales AI first could dominate the market. It's a winner-take-all scenario. Jim, if we could start with you, given the scale of investment pouring into the AI infrastructure, how should investors think about the longevity and resilience of these digital assets?

>> Well, thank you for that question. You know, the topic of this whole webinar is about risks, so I'm going to kind of touch base on the physical infrastructure risks and the risks to all of us. I think it's timely or topical to talk about the outage that happened earlier this week that emanated out of their largest region in northern Virginia that had a global impact. So we are -- you know, society has collectively collated our digital risk amongst a small number of players, AWS, Microsoft, Google, Oracle, and some of our Chinese counterparts, and when there's a hiccup, and it happens, it's felt globally. I think we all experience in one way or another a fairly small impact.

I mean, the recovery happened pretty quickly, but nonetheless, you know that flights are impacted, banking relationships are impacted. I'm sure everybody on this call has been impacted. So I think that's worth noting that it's not perfect. Outages do happen, but I'll tell you, most of these -- most all of those service providers work very, very, very hard in order to create redundancies so that this doesn't happen, and if it does happen, it recovers very quickly. Let's talk about risk from a physical infrastructure standpoint. You know, Jamie, you pointed out data centers are being built at an unprecedented pace around the world, certainly in the U.S., EMEA, Asia Pacific, Latin America. It's an unprecedented pace we've never seen before. Most of these data centers, the vast majority of the leasing of the data centers, is being done by those hyperscale customers, AWS, Microsoft, Google, Oracle, Meta, and a number of kind of newcomers as well. That's the largest growing tenant sector for data centers. Most all of those tenants are investment-grade tenants and they're signing long-term leases. So unless one of them has a really structural difficulty, if there is a correction, it will, in likelihood, slow down the development of data centers, but you're probably not going to get defaults on leases, in all likelihood. Now, so from a -- you know, if there is a bubble and it pops or it slows down, I'm not too worried about the existing infrastructure, but the demand for data centers may slow down. But at this point in time, I really don't see -- you know, all signs are continuing, broadly speaking, that there is more demand than supply can accommodate. We can't build enough data centers in time to meet the customer demands, a result of which is, in most markets, the rental rates are increasing somewhere between 3% to 10% per year in most markets just because of that supply and demand imbalance. So I got through a lot, actually, but I'll stop there and we'll move on to the next question.

>> Thanks, Jim. Those are good points, but tees up Wendy well, because when we hear about infrastructure investments, we think about fiber optic cables, reusable and foundational to digital infrastructure. In contrast, AI-related energy investments could become stranded assets if compute demand declines. The risk is real but still uncertain. So in the meantime, one thing is clear, we need power. Wendy, a recent Wall Street Journal article highlighted how tech companies desperate for electricity are now building their own power plants. What does this shift mean for the future of energy infrastructure, and who ultimately bears the cost of these massive investments?

>> [inaudible] are facing to get power quickly include a number of hurdles. The demand for power dwarfs any growth plans in the infrastructure that have ever been in place, so we're always catching up, and the delays in interconnection to the power grid can be up to several years long. So it's not surprising that there's this feeling that bringing your own power could be the solution that data centers need to get power faster, but it doesn't solve all the timing issues and hurdles that exist. The biggest problem right now is the long wait for key pieces of equipment. If you put a deposit down on major equipment for a large gas-fired power plant today, it secures you a delivery spot in three to five years, so you still have a power gap in the next few years. And the cost of that equipment is rising. There's inflation, tariffs, and a lot of demand. And then even if you solve the equipment side of it, permitting still takes significant time, and the option to build and supply your own power has its own risks. It reduces the redundancy, so if your power project that you built next to a data center goes down for maintenance or has an unplanned outage and you're not connected to the power grid, you don't have any backup unless you've built backup. So renewables and batteries can be a part of that backup multi-supply system that data centers and hyperscalers could build out, but they don't provide the same scale that a large gas-fired power plant would, but they can help with the redundancy issue.

And then the cost of who pays for this is an interesting one. If a utility builds out generation and transmission, that cost is spread across a large customer base, and in certain parts of the world, homeowners included in that customer base have seen their electricity costs rise precipitously because of the giant increase in power demand driven by AI and data centers. If a data center builds their own power supply, they see that cost more directly, so then they would need to pass that cost on to their end-use customers, increasing the price of that service and those products. And as an investor, it's important to note what our risks are. If you invest in a power project that's not connected to the electricity grid and is just supplying a particular data center, that is the sole source of your revenues or the hyperscalers there. So if for some reason there is that situation where that is no longer needed by them or they're not able to make payment, then you have no alternative marketplace to send your power to, to generate revenues, and some investors are just not willing to take that risk.

>> Understood. So Mehill, as AI becomes a cornerstone of national competitiveness, how is the race to secure critical technologies like semiconductors, rare earths, and energy reshaping global trade relationships and economic alliances?

>> Thank you. Artificial intelligence has undoubtedly become one of the critical elements of comprehensive national power. Adoption of AI at scale underpins a country's national security, economic growth, and really its power ranking in a highly competitive geoeconomic world. Given that AI could thus transform both the power and the prosperity of a country, then it is not surprising that the global race to secure its inputs, you know, rare earths, semiconductors, energy, critical materials, has been intensifying in recent years, particularly between the United States and China. And let me illustrate this. Let's take semiconductors. The supply

chain that produces semiconductors has become the world's most, effectively, battleground, and if we look at it, we would notice that the United States, for example, dominates chip design software and advanced manufacturing tools. South Korea and Taiwan dominate advanced fabrication. Japan controls the materials and photolithography components, and then another U.S. ally, Netherlands, pretty much has a monopoly over the extreme ultraviolet lithography systems. Now, such concentration of semiconductor power in the hands of the United States and its allies has actually made chips a particularly effective tool and weapon against China. By limiting access, China's access to advanced semiconductors, the United States has sought to preserve its technological dominance but also to contain China's military advancement. So given these restrictions and also despite the fact that China has made massive investments and mad a lot of subsidies to the sector, actually China has not been able to close the gap with the United States in the production of advanced semiconductors. But what China has done, it has refined, if not perfected, the statecraft tools to counter the weaponization of chips by the United States, in part also to gain concessions in the ongoing trade negotiations with the United States. And just as an example, recently China announced restrictions that require government permission to export not just rare earths, but also critical products that include a tiny small amount of rare earths, .1% in them. So the scope of these restrictions that actually could choke the entire supply of critical products to so many industries in so many countries has sparked global pushback and has even led to diplomatic calls for a coordinated global response, precisely something that China has been trying to avoid in recent trade talks with the United States.

But I think that probably this is going to be one of the unintended consequences of China's recent actions, this realignment of different countries, United States, Europe, South Korea, Japan, even including some Asian countries, but I also believe that China is not going to be deterred by this from using the rare earth weapon, particularly because it wants to signal not just to the United States and Western world, but also to emerging market countries that it will punish them if they join the United States in pressuring China.

>> Wendy alluded to this, but I'm still trying to understand the risks that loom if AI adoption doesn't live up to expectations. According to MIT, 95% of organizations haven't seen returns on their $30 to $40 billion AI investments. For you, Jim, what are the long-term risks for data centers that have scaled aggressively to meet anticipated demand, especially if AI adoption proves less transformative than expected?

>> Right. Well, yeah, I mean, I think, well, start with the fact that, as Mehill and Wendy alluded to, there's a bit of an arms race as far as the hype or the AI companies of getting market share right now. ChatGPT and all of their competitors are investing billions, tens of billions of dollars into building this capacity, as are geopolitical rivals just investing massive amounts into this, now, with the expectation that there will be a return on that investment at some point in the future. Now, I think there's a common belief that we have -- that nobody has, or nobody really yet has cracked the code on monetizing all of these investments yet, but over time, there will be or they wouldn't be plowing billions of dollars into this infrastructure. And I truly believe that artificial intelligence is as -- will be as impactful to humanity as penicillin or the Manhattan Project or the railroads, if you will. It's super material, and it's hard for any of us to really predict the impact that it's going to have on all of our lives, but I firmly believe and I think the common belief is that it will impact all of our lives to some degree. Now, how do we get a return on investment on that? There's not only from a physical infrastructure standpoint, but there's lots of technology companies that are -- that there's crazy money being poured into these technology companies that are hoping to kind of hit the lottery. I can't predict, I'm not a stock market prognosticator, so I can't predict if there's a bubble, it's going to happen. I can tell you chapter and verse about real estate, and certainly in our Global Data Center Fund, we feel very good about our strategy and the target of our strategy that is really focused on those low-latency markets rather than the kind of machine learning markets that are kind of in locations that are far away from city centers. But so, anyway, I guess, why don't I pause there and we'll move on to the next question.

>> How about you, Wendy? What are the implications for renewables? Are we at the risk of overbuilding green capacity for a digital future that may not fully materialize?

>> AI and data center power is 24/7. Renewables are not the primary answer to that. They can be part of a mix of a multi-technology, multi-generation solution, but the primary need is for baseload power, which takes us back to the natural gas-fired plants. What is driving a lot of the renewables build-out is regulatory, legislative, government action that spurs the rush to get into construction right now.

And that's with the expiring tax subsidies here in the United States, and other countries have similar drivers that may impact the timeline for a power plant developer. So as renewables are being pushed forward to get into construction quickly, they still face those same issues that I've mentioned, the supply chain concerns, the tariffs and things that can impact the economics and the viability of those projects, but as far as the AI and data center drive and the power demand there, I don't see that as being a

significant risk of overbuild of renewables, but possibly the impacts on the electric grid of what variable renewables, the ones that rely on the sun or the wind, have on the overall power system can certainly be impacted.

>> Okay, thank you. So maybe switching gears slightly, then, as the AI race accelerates, energy demand surges, the geopolitical dynamics continue to shift, there's another major force at play. It's China's industrial overcapacity. It's creating deflationary pressures, but the global impact is uneven. So maybe we can discuss how this affects the broader economy and also what role tariffs may play in shaping these dynamics. And I thought, Mehill, we could start with you. From your perspective, what are the implications for trade partners and industries facing price pressure from China's excess supply? And maybe you can talk a little bit about China's anti-involution initiative and what that hopes to achieve.

>> Thank you. Let me start by explaining this involution concept since it's kind of new in our sphere. So involution as a concept started trending in 2020 and it was first used by young people describing a highly competitive and often self-defeating pursuit of traditional markers of base success. More recently, it has come to describe a vicious circle in which companies are engaged in increasingly intense competition that ends up with diminishing returns for all of them. So competition becomes involutionary when companies, in order to gain market access, start increasing production, cutting prices, leading to declining profit margins, deflationary pressures, and economic instability. Indeed, if you look at the recent data print from China, for example, you can see that industrial profits have been declining, and actually, China has been experiencing the longest spell of deflation since its economy started opening up in the 1970s. Involution also brings about excess capacity because domestic production outstrips domestic demand, and when the domestic demand is weak, it cannot absorb this excess output due to, let's say, in the case of China, weak consumption, troubled property sector, high youth unemployment, then Chinese companies look outward, exporting this excess capacity to the rest of the world, and indeed, we have seen in the last couple of years a surge in exports in strategic sectors like electric vehicles, batteries, and solar panels, and this has had two main effects on the countries where the exports go. Auto producers, battery makers, solar panel firms have been confronted with significant downward price pressure for their products in their own countries, leading to erosion of profitability but also to a reduction of investment incentives. Then the second impact has been that it has really led to a rise in protectionist sentiment in many of these countries as governments have launched their own measures to counter the weaponization of this excess capacity from China. Now, this past summer, the Chinese leaders directed local leaders to address this issue of overcapacity and what they call the "rational pricing behavior" by firms, and to be fair, this new government push, which effectively aimed, let's say, to ban the sale of products below cost, or to prevent duplication of products, or to reduce the overtime working hours, and to refocus companies' attention on innovation and quality products has had some impact.

You could see that, for example, deflation is not as fast as it was in prior months right now, and you see also some reduction in investment by Chinese firms, but I should say that this is not going to address the problems facing China, in my view. So unlike other bouts of overcapacity, the offenders this time around are not state-owned enterprises. They are private companies, and if China decides to step in and force consolidation or close factories, it would lead to higher unemployment, which is the problem to begin with, and it would also harm local governments because they depend on the revenues of these same companies as well as for growth. And the second point I'd like to make, which I think is not going, you know, this new process is not going to make a lot of difference, because the export sector in China is really the only kind of bright spot, and the export sector is used by China to offset the impact of the really weak property sector, but it is also part of China's strategic outlook that it wants to dominate global markets in these new products related to green energy, EVs, batteries, solar panels. If China were to really, let's say, go aggressive with these measures and cut overcapacity and export, it would really damage China's growth outlook, but if it did, obviously then the rest of the world would benefit for it. It would go a long way to addressing trade imbalances, reducing price pressures because of China dumping of these cheap goods in developed and undeveloped markets, but I honestly don't expect that China is going in that direction right now.

>> Wendy, how are tariffs and supply chain bottlenecks influencing the infrastructure build-out in the power sector? How are utilities and power projects navigating all this?

>> I mentioned that timeline to get equipment is years long, particularly in the equipment needed for natural gas power plants, and so what has happened is it has spurred an interesting secondary market for the equipment. So if a power plant developer has been working on their permitting and their interconnection and their construction plans as well as their financing, if they can't get all of that to work on a feasible timeline, they may be interested in selling their position in the equipment queues, and then the question is, at what price will they sell and how much demand is there? Many, many people would be interested in buying that equipment. But another way to do it, if you can't get in the equipment queue or buy on the secondary market, which may or may not come with all the appropriate warranties, there's a move to seeking alternative equipment. Maybe that's reciprocating engines, which are smaller, and they can be part of the mix, and the timeline for those is much shorter for delivery, but because they're

smaller, they can't fill the entire gap. And the other things that we've been talking about, the tariffs and the geopolitical situations also affect those industries. So it's interesting as we see equipment supply contracts, how those treat tariffs. Ones that were signed several years ago may be completely silent on that matter, or ones that are signed more recently apply maybe a cap on what a supplier would absorb on tariffs or what a buyer would have to pay, but all of this is creating some uncertainty and the possibility for renegotiation. And so as we think about it from the risk that investors face, you have timeline uncertainty as to how long it'll take you to get to positive cash flows, but then you also have this economic uncertainty as to what will those cash flows be or what is the cost of building out the infrastructure.

Utilities are more able to pass that through because they can get their costs approved by their regulators and then borne by a larger group of end-use customers, but as we all know, that regulatory timeline adds in its own delays and own uncertainties. So there's definitely this multiple levels of risk that we can face as we're working through these issues.

>> The next question is probably for Jim and Mehill. Maybe, Jim, we'll start with you. Given today's political environment, countries increasingly consider data centers to be national critical infrastructure. What does this mean for the future of digital infrastructure and supply-demand dynamics?

>> Sure, I'll start. Yeah, so you're absolutely right. There, as I said, a bit of an arms race, not only by the AI companies, but by nation-states as well. No kind of tier-one country, if you will, can afford to be left behind in the adoption of artificial intelligence lest they be disadvantaged from a geopolitical standpoint. So there is amongst the -- call them the "tier-one countries," there is very much of a focus on adopting artificial intelligence and figuring out utilizations of artificial intelligence that can put them at an advantage geopolitically. As it specifically relates to the use of data centers, certainly most tier-one governments are building data centers in their countries at an unprecedented pace, and obviously, those countries want and need for that data to be resident in their countries, not only for the government workloads themselves, but also the suppliers to the government, that that data be resident in countries. So that will continue to be a demand driver, and I keep saying that it's for one country, but it's primarily happening in the tier-one countries globally. Now, I think Mehill will have probably a super interesting perspective on this as well, but my final thought is the geopolitical factors will continue to be a large driver of demand for data centers. Mehill?

>> Yeah, thank you. So if we think of AI as consisting of two phases, the phase one, as I was alluding, has to do a lot with advanced chips. I think the second phase will likely focus on the debate about geography and energy generation. What do I mean by this? Well, first, let me make another comment. So this is one aspect of AI developments in the future. So the other one is obviously that AI, and particularly data centers, have also significant national security implications, right, because, first of all, they host most advanced chips. Most of them are under restrictions currently. Second, governments, businesses, and regular users send most sensitive information through data centers. Now, let me illustrate this by taking the examples of the Gulf states and United States because this has been in the news a lot since Trump's spring visit to United Arab Emirates, Saudi Arabia. So if, let's say, countries like Saudi Arabia, right, they have the energy and the capital to actually build data centers, but they lack the advanced chips that are needed to run the AI workload. United States, on the other hand, has the advanced chips, maybe capital, a question mark, but it does not -- it cannot produce enough energy to run data centers. So on the face of it, it would look like combining Gulf countries' capital and energy with the United States' advanced chips, but actually, you can make a case that it's a pretty good mutually beneficial partnership, but this fails to address the other issues that I mentioned, that of national security risks, because these countries have also strong ties with China, and leakage of advanced chips to China would present a significant national security risk.

Now, this actually explains the raging debate in D.C. nowadays between two camps. The first camp is the non-proliferation AI camp, let's put it this way, and the proponents of this say that compute, which is the capability to process data, is the equivalent of enriched uranium. It is a significant lever of national power and therefore it should be distributed very carefully, if at all. This was at the core of Biden administration's so-called "diffusion rule," which the Trump administration suspended. So the diffusion rule divided countries into tiers. If you are a U.S. ally, you could get as many advanced chips as you want. Then if you were, you know, semi-U.S. ally countries in the Middle East or elsewhere, yeah, you could get some, but they will be limited in quantity. And then if you are an adversary of the United States, you would not receive them at all, like China, Russia, and so on and so forth. But then there is a second camp which says that actually the choke point is not the advanced chip. It's the electricity. The United States cannot produce enough electricity required by powering data centers, and therefore, the only way for the United States to secure its dominance in this area is by actually striking partnership with countries like Gulf countries, that they can quickly produce energy and therefore this partnership is going to work because it is going to make -- first, it's going to secure U.S. dominance in this area, but it's also going to make it possible that the entire U.S. tech stack will be adopted not just by Gulf countries, but also by countries elsewhere, let's say in Africa and so on and so forth. And this debate is ongoing, but I think the Trump administration, by the way, has sided with the second camp.

>> Thank you, guys. Mehill, Jim, Wendy, let me know if we missed anything, if you have any additional comments. Otherwise, I was going to segue to a couple of questions that we got from the audience.

>> I'm good.

>> Maybe, Wendy, throw this one at you. With potentially lower interest rates in 2026, will that spur energy economies to expand power grid infrastructure?

>> Spurs that are needed to spur the interest in expanding the infrastructure build-out exist, and that lower cost of capital could certainly help with that, particularly in areas where maybe on a renewable project the sun resource isn't as strong or the wind or hydro resource isn't as strong, so those projects are more on the bubble as being economically viable or not, and a lower cost of capital could help with that, but still, what's driving a lot of the economics of those renewable transactions and those projects is those government subsidies. So as the tax credits expire, that has a much more significant impact than the cost of borrowing does, and for utilities, since they're able to pass through with the approval of their regulators those costs to their customer base, the cost of capital is not so much a driver on what their plans for build-out are, so while lower interest rates aren't a bad thing for building out infrastructure, it's probably not a primary driver.

>> Makes sense. Thank you. Jim, let me throw this one at you. You did allude to some of this in your earlier comments, but the question is, what would prevent an AI bubble/impulsive investment, and do you think we are in a bubble?

>> Yeah, I think my opinion is probably as valuable as anybody's, right, whether we're in an AI bubble or not. Now, when people think about a bubble, they think about the stock market, at least I do, and whether there's going to be a hiccup. There's a lot of money that's being put into kind of startup technology companies right now that are in the AI world, and some of them are going to survive and some of them are not.

We, but fundamentally for us, we're providing the infrastructure. It's picks and shovels, not necessarily the output of the gold, and we feel very comfortable about the strategy that we have focusing on kind of the those, as I mentioned earlier, kind of the low-latency markets that are going to service the things like self-driving cars and all of those things that are kind of being adopted right now. And you think about self-driving cars, I mean, and just as one example, the amount of data that comes off of a self-driving car that is both kind of input and output is staggering, and all that data goes to a data center that is both close by and a little bit farther away, and all of that is -- all of that technology is being adopted today. So I think we're going to see there will be winners and losers from a technology startup standpoint. No doubt about it. In all likelihood, there's going to be consolidation amongst the large AI companies. It's hard for me to believe that these hundreds of billions of dollars by all of these companies is sustainable, so I would say there's probably consolidation on the horizon. As far as a bubble goes, it's anybody's guess, but again, we're in the picks and shovels business in real estate, so we feel pretty good about where we are.

>> Well, thanks, Jim. Since you mentioned stock market –

>> Hey, Jamie, can I –

>> So I was going to say, I was actually going to tee you up. I was actually going to tee you up.

>> Okay, perfect. Yeah, I was going to say –

>> Seems like a good segue.

>> Yeah, yeah, but on this, I'm going to say that -- I'm going to paraphrase Bezos, this is good bubble. Indeed, we are in the early stages of this AI investment and I think it has a lot more to go, so I wouldn't be worried at this point that we are in an AI bubble or something like that. I think that trillions of dollars committed by companies, the fact that they are investing in nuclear energy, it suggests to me that the outlook is actually still positive for the sector.

>> Well, that's interesting. So I was going to ask you what I thought was a related question, and maybe it's not, is what is different about the current bull run from other bull runs?

>> Yeah, I think to understand the current bull run, we have to go to April 2nd, when President Trump announced the Liberation Day tariffs, right? It caught markets by surprise, and markets tanked because they started pricing in a potential trade war, in other words, retaliation by other countries, and when within a week, the Trump administration climbed down and delayed the tariffs, then, you probably, everybody knows, we entered into a so-called "TACO trade," Trump Always Chickens Out trade, but it had, actually, there was a good reason for markets taking this in a positive way, because the message was that you are not going to have retaliation by other countries as countries started negotiating with the United States, and if there is no retaliation by other countries, the trade war will have less impact. The second thing is that markets also started pricing in Fed action, lowering rates, which was also risk-positive, and then obviously the outcome of all the trade deals that Trump reached with other countries actually brought down tariff levels, and now we see tariff levels with major trading countries around 15%. This was another positive, and I think that is why you have seen this strong rally in equity markets. And on top of that, I repeat again, this expected investment in technology and AI is one of the big supporting factors for the U.S. markets and I think we are at the initial stages of this.

>> Terrific. That's great. Thank you. I think we'll end there, but I really want to thank Mehill and Jim and Wendy for sharing all of your expertise today. I want to thank everybody on this call for giving us your time.

If you're interested in discovering more of our insights surrounding this topic or any others, you can download all related materials either on this screen or visit pgim.com, PGIM.com. Also, a reminder that our global risk report will be out in November, so please let us know if you would like access to that. And please have a great day and a great weekend.

>> Thank you.

>> Thank you, everyone.