

The assets enabling the AI revolution: a growing opportunity for income investors

Think about the last hour of your working day. You may have joined a video call, asked Claude or ChatGPT to analyse some data or edit a LinkedIn post, saved a document to the cloud and, if it was a long day, ordered something online to arrive tomorrow.

None of that felt physical. All of it was.

The video call travelled through a mobile mast. The document and your chat sit on a server in a data centre. The parcel is being picked from a shelf in a logistics warehouse, probably one sited on the edge of a town so it can reach thousands of homes within hours.

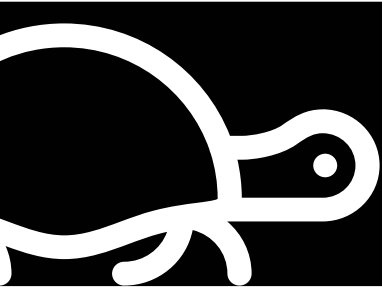
These buildings, and the networks that connect them, are the physical infrastructure of the digital economy.

Landlords to the digital world

Most of the companies that own these assets make money the same way a traditional property company does: they own the building or site and rent it out. The difference is who the tenants are. A data centre owner leases space to cloud providers or big corporations. A tower company rents space on its masts to mobile network operators. A logistics landlord leases warehouse space to retailers and delivery firms. And a network owner leases capacity on its fibre-optic cables to telecoms operators and businesses.

Many of these companies are structured as REITs (real estate investment trusts). They are listed companies that own income-producing property, often with inflation-linked leases or fixed uplifts, and must distribute most of their profits to shareholders as dividends. That makes them a natural fit for income-focused portfolios.

The TM Gravis Digital Infrastructure Income Fund was launched in 2021 around a simple idea: as the world becomes more digital, the physical assets that make it possible should play a bigger role in investors' portfolios. Five years on, the manager argues that the case has only strengthened.



Four sub-sectors, one opportunity set

The Fund's opportunity set spans four sub-sectors. What makes them useful for portfolio construction is that each is driven by a different trend.

Because these trends are distinct, a portfolio spread across them is focused on the digital economy without being tied to one theme.

1) Data centres: where AI actually lives.

AI is often described as if it exists in the ether. In reality it runs on rows of servers that need vast amounts of electricity and cooling. JLL projects global data centre capacity will nearly double to around 200 GW by 2030, adding almost 100 GW of new capacity*. A gigawatt is a measure of power capacity, and the nearly 100 GW of new data centre capacity JLL expects globally by 2030 is more than France's 2025 peak (88 GW), and more than twice Great Britain's 2025 peak transmission demand (about 46 GW)**. AI is now joining cloud computing as a major driver of that demand.

2) Logistics: the unglamorous winner of online shopping.

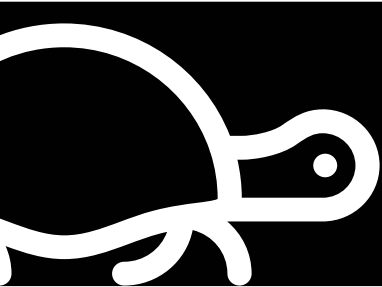
Every online order needs somewhere to wait before it is delivered, and online shopping needs far more warehouse space than shops do. Prologis, the world's largest logistics landlord, expects US e-commerce to rise from around 24% of core retail goods sales today to almost 30% by 2030***. Each extra percentage point requires an estimated 50 to 70 million square feet of additional industrial space***.

3) Towers: the quiet side of 5G.

The towers themselves are seldom discussed, but mobile data doesn't travel without them. Ericsson forecasts global 5G subscriptions will reach 6.4 billion by 2031, up from close to 3.3 billion today****. Tower owners are typically neutral landlords: several mobile operators can rent space on the same mast, and each additional tenant adds income without the cost of building another tower.

4) Networks: the cables that tie it all together.

All of this infrastructure is only useful if it is connected. Fibre-optic cables carry data between them - underground, under the sea and along roadsides. Fibre is to the digital economy what roads are to logistics. The Fund doesn't currently hold any network owners, but it has in the past and can do so again when opportunities arise at the right price.



A new chapter: lending to the same companies

In May 2026, the Fund made its most significant change since launch: it began buying short-dated corporate bonds.

The logic is easy to follow. A company funds itself through a mix of shares and debt. Until May 2026, the Fund owned only the shares. Now it also gets exposure to the same companies by buying their bonds. The first six bonds in which it invested were all issued by businesses the Fund already held as equities. There are no unfamiliar names chosen just for their yield.

The attraction is income. In some cases, the bonds pay considerably more than the same companies' shares. For example, Goodman's 4.25% bond maturing in 2030 offered a yield pick-up of more than 4% at the time of purchase.

There is a second benefit. Compared to equities, short-dated bonds tend to move far less than shares when markets are volatile, so the allocation should help smooth the Fund's returns. The bonds, which are held to maturity, are also investment grade, which means they are assessed as having a low risk of default.

The allocation has clear limits. Bonds are capped at 20% of the portfolio, the maximum allowed in the Fund's IA Listed Property sector. The initial allocation was 15–16%, spread across six positions. Albane Poulin, Gravis's Head of Private Credit, joined the team to support bond selection. She brings 20 years of credit experience, most recently as Head of European Private Placements at Aberdeen.

What this means when you're researching

This Fund sits in the IA Listed Property sector alongside funds holding shopping centres, offices and residential property. Its portfolio has little in common with those peers.

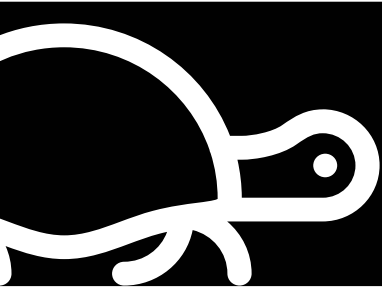
As a way to hold the physical infrastructure behind AI, 5G and online shopping in a single income-focused portfolio, it is worth a closer look. Five years in, the digital world keeps getting bigger, and it all runs on buildings, masts and cables.

**Source: 2026 Market Outlook for Global Data Centers | JLL Research*

***Source: 2025 Review – Key findings | Analysis and Data, UK Grid in 2025: Generation Mix and Carbon | Purely Energy*

****Source: Prologis Research, The E-commerce Boom Isn't Over: Implications for Logistics Real Estate (March 2025) Prologis-Research-E-commerce-Paper.pdf*

*****Source: Ericsson Mobility Report, June 2026*



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