

CONFIDENTIAL
PREMIUM RECOMMENDATIONS

Selection

**GLOBAL X ARTIFICIAL INTELLIGENCE &
TECHNOLOGY ETF**

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VALUE LINE SELECT[®]

ETFs



Value Line[®]

MONTHLY FUND SELECTION SERVICE

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STATE OF THE ECONOMY

The U.S. economy is showing some signs of softness. True, the nation's gross domestic product (GDP) did expand by an estimated 2.8% in 2024, but recent economic data have revealed some patches of weakness, including in the residential construction market. In January, retail sales fell 0.9%; and housing starts and building permits slowed. Meanwhile, the Institute for Supply Management reported that nonmanufacturing (services) activity increased for a seventh consecutive month in January, though the rate of expansion slowed compared to the December reading. Also on the positive side, manufacturing activity expanded in January after 26 consecutive months of contraction.

The consumer sector, the linchpin of the recent multiyear economic expansion, has shown signs of fatigue in early 2025. The reacceleration in inflation at both the producer (wholesale) and consumer levels in recent months, along with concerns about a series of potential tariffs on internationally produced goods entering the United States, has worried consumers and may force them to change their spending habits in the months ahead. On point, the University of Michigan's Consumer Sentiment Index fell sharply in January, and the same survey showed that consumer expectations for inflation were at the highest level since November of 2023. During its latest conference call, retailing behemoth Walmart echoed concerns about the state of the U.S. consumer.

The price of gold continues to rise. In late February, the precious metal was trading just below the \$3,000-an-ounce mark. The increased demand for gold can signal a few things, including concerns about a spike in inflation and worries about slowing economic growth. The labor market has held up very well, but if it were to start to weaken, it could bring talk of stagflation, which occurs when slowing growth and higher unemployment are accompanied by inflation. While this is not a concern for the Federal Reserve at this time, this may cause the central bank to take a more-cautious stance on monetary policy until we get more clarity on the tariffs front from the Trump Administration.

Conclusion: Stock market volatility picked up in the second half of February, as uncertainty about near-term fiscal and monetary policies increased. Given this backdrop, we continue to recommend maintaining a diversified portfolio consisting mostly of high-quality stocks and cash-equivalent assets.

This Month 's Recommended ETF:

GLOBAL X ARTIFICIAL INTELLIGENCE & TECHNOLOGY ETF (AIQ)

TABLE 1: AIQ

Inception Date:	5/11/2018
Primary Exchange:	Nasdaq
Issuer:	Mirae Asset Global
Index Provider:	Indxx, LLC.
Geography:	Global
Investment Philosophy:	Passively Managed
Underlying Index:	Indxx Artificial Intel. & Big Data Index
Index Composition:	Market Cap Weighted
Asset Class:	Equity
Capitalization:	Blend
Style:	Growth
Industry:	Technology

In this Issue of *Value Line Select ETFs*, we will be taking a look at the technology sector with the Global X Artificial Intelligence & Technology ETF. This fund seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Indxx Artificial Intelligence & Big Data Index. The portfolio holds companies that potentially stand to benefit from the further development and utilization of artificial intelligence (AI) technology in their products and

services, as well as in companies that provide hardware facilitating the use of AI for the analysis of big data (we will define later). Most of the holdings are U.S.-based and under *Value Line* coverage, while there are also significant holdings based in Asia and elsewhere. The expense ratio of 0.68% is elevated compared to our usual selections, but we believe the upside potential justifies the cost. This ETF has handily outperformed the S&P 500 over the past 30-days, six-months, and the one-year time periods. The global AI market is projected to reach over \$825 billion by 2030, thanks mainly to sizable capital outlays for research and development, increased computational power and data availability, as well as rapidly expanding demand for AI across several industries. AIQ has demonstrated a commitment to capturing the growth potential of the AI sector. The ETF's portfolio comprises 85 holdings, predominantly in the technology sector (65%), with significant allocations in communication services (14%) and consumer cyclical sectors (13%). Geographically, the fund is heavily weighted towards the United States (75%), with additional exposure to Asian markets (18%) and the Eurozone (5%).

Investment Insight

In the modern age, efficiency is an increasingly important concern for businesses, governments, and individuals alike. AI is set to revolutionize efficiency across the board. However, many people are still learning what AI is and how it can be used for their benefit. On that note, we think a little background color is apropos. AI refers to the capability of computational systems to perform tasks typically associated with human intelligence, such as learning, pattern recognition, reasoning, problem solving, perception, and decision making. It is a field of research in computer science that develops and studies methods and software that enable machines to perceive their environment and use learning and intelligence to take actions that maximize their chances of achieving defined goals.

AI is also closely associated with the processing of “big data.” That term generally refers to very large data sets that are constantly growing and may be quite diverse, both in their source and their structure (format). Spurred by breakthroughs in “generative AI”, which can learn from large amounts of data and mimic that data to create new content, this technology is enabling innovative applications across diverse sectors. Given the rapid growth of AI tools throughout society, adapting to and understanding AI is no longer just a helpful additive to a business, but a critical move to allow companies to stay competitive. Forecasts indicate that over 729 million individuals will use AI tools by 2030, a projected 132% increase from 2024 data. AI spans multiple segments of the economy, and its most innovative companies include both household names and newcomers from around the world. AIQ invests accordingly, without regard for sector or geography. AIQ’s diversified approach positions it well to capitalize on this growth. The ETF invests in companies involved in AI development, AI-as-a-service providers, and manufacturers of hardware essential for big data analysis. This strategy allows investors to gain comprehensive exposure to the AI sector’s expansion. According to available data, as of 2024, approximately 55% of Americans are reportedly using AI tools regularly, indicating a significant portion of the population utilizing AI in their daily lives, with a growing trend of adoption across various demographics. The global appetite for AI technologies has intensified, driven by their transformative potential. AI applications are revolutionizing industries such as healthcare, finance, retail, and manufacturing by enhancing efficiency, personalization, and decision-making processes. This widespread adoption is a significant catalyst for the industry’s growth. The rapid expansion of usage is indicative of the increasing integration of AI technologies into mainstream business operations and consumer applications.

Major technology corporations are allocating substantial capital toward AI development. Collectively, companies like Meta Platforms, Amazon, Microsoft, and Alphabet are investing hundreds of billions of dollars into AI initiatives. This surge in investment is aimed at advancing AI capabilities, including the development of more-sophisticated models and the expansion of computing infrastructure necessary to support AI applications. AI is poised to contribute more than \$15 trillion to the global economy by 2030. This impact stems from increased productivity and the creation of new consumption opportunities facilitated by AI technologies. What’s more, the development of more resource-intensive AI models, such as reasoning models and AI agents, or replacements for telephone reps and customer service staff, is underway. These models require significantly more computing power and electricity but offer superior capabilities, making them valuable for tasks like deep research and complex problem solving. The continuous evolution of AI models is expected to drive further investment. All told, these factors augur well for the price appreciation potential of AIQ.

Conclusion

In summary, the Global X Artificial Intelligence & Technology ETF presents a compelling investment opportunity for those seeking exposure to the burgeoning AI sector. Considering AIQ’s diversified portfolio, positive projections, and the AI industry’s robust growth prospects, the ETF is an attractive offering. Although it can be difficult to pick winners and losers in an emerging segment of the technology sector that is still finding its feet, we believe AI presents a substantial opportunity, and most estimates on Wall Street suggest it will add trillions of dollars to the global economy over the long term. To wit, AIQ is well-positioned to capitalize on the advancements and adoption of AI technologies in the coming years and would be a solid selection for any well-balanced portfolio.

TABLE 2: AIQ KEY FACTS**2/28/2025**

Expense Ratio:	0.68%
12-month ETF return	18.00%
Shares Outstanding	79,660,002
Assets in top 10	31.36%
Price/Earnings Ratio	23.37
Price/Book Ratio	3.78
Equity Beta	1.23
30-Day SEC Yield	0.10%
Number Of Holdings	85
Legal Structure	Open-End Investment Company
Standard Deviation	23.70%
Net Asset Value	\$3,109,926,478

TABLE 3: AIQ SECTOR EXPOSURE BREAKDOWN**2/28/2025**

	% of Market Value
Information Technology	71.2%
Consumer Discretionary	10.5%
Communication Services	10.1%
Industrials	6.8%
Other	1.4%

INDUSTRY FOCUS: TECHNOLOGY (DIVERSIFIED)

The diversified technology sector exhibits robust financial prospects, driven significantly by advancements and investments in artificial intelligence (AI). The technology industry is poised for substantial growth in 2025, bolstered by increased IT spending, AI investments, and a renewed focus on innovation. Despite recent economic uncertainties, the sector is expected to maintain high-single-digit revenue growth, consistent with 2024 levels. Enterprise IT spending continues to be a primary driver, reflecting businesses' commitment to digital transformation and technological advancement. The substantial levels of capital being allocated toward AI aims to enhance capabilities, develop sophisticated models, and expand the necessary computing infrastructure. While this investment boom signifies confidence in AI's potential, it also raises concerns about the possibility of an economic bubble reminiscent of past tech investment cycles. Nonetheless, AI integration has led to significant improvements in operational efficiency across the tech industry. Automation of routine tasks allows IT professionals to focus on complex strategic

activities, thereby enhancing productivity and innovation. All told, the diversified technology sector's financial prospects for 2025 are optimistic, with AI serving as a pivotal driver of growth and transformation. While substantial investments in AI present opportunities for innovation and market expansion, stakeholders should remain cognizant of potential economic fluctuations associated with rapid technological advancements.

TOP 10 HOLDINGS

TABLE 4: AIQ HOLDINGS: 85 COMPONENTS (ONLY TOP 10 SHOWN)

Company Name	Symbol	Stock Price	Weight	Price to Earnings*	Region/Country	Safety Rank
Tencent Holdings	700HK	¥478.60	4.16%	N/A	APAC / CN	N/A
Alibaba Group ADR	BABA	\$132.75	4.11%	4.0	APAC / CN	3
Apple, Inc.	AAPL	\$237.30	3.33%	36.6	N.A. / U.S.	1
Samsung Electronics	005930 KS	₩54,500.00	3.27%	N/A	APAC / SK	N/A
Meta Platforms	META	\$662.22	3.24%	28.9	N.A. / U.S.	3
Cisco Systems	CSCO	\$63.32	3.21%	16.6	N.A. / U.S.	1
Accenture PLC Cl A	ACN	\$345.49	3.08%	28.7	EU / IE	1
Netflix, Inc.	NFLX	\$972.30	3.06%	47.6	N.A. / U.S.	3
IBM	IBM	\$249.53	2.97%	22.8	N.A. / U.S.	1
Amazon.com, Inc.	AMZN	\$209.27	2.78%	48.4	N.A. / U.S.	2

(*) Ratios subject to change based on available data.

N/A - Data is not available

PORTFOLIO UPDATE

In this Issue of *Value Line Select ETFs*, we will be closing out two positions. The first is the iShares Broker-Dealers & Securities Exchanges ETF, which delivered a 33% annualized gain. The second is the VanEck Semiconductor ETF, which has not performed up to our expectations over the holding period. There are no further changes to the portfolio. The performance of the U.S. financial markets and economy have been marked by a blend of resilience and caution of late. Key economic indicators and market performances over the past month reflect a nuanced landscape. Challenges such as inflationary pressures, trade deficits, tariff concerns, and other potential policy shifts warrant cautious optimism moving forward.

Value Line Select ETFs Holdings

ETF HOLDINGS					
Value Line Select ETFs Holdings		Purchase Date	Purchase Price	Price as of 2/28/2025	Absolute Return as of 2/28/2025
FTEC	Fidelity MSCI Information Technology Index ETF	6/27/2024	\$171.53	\$175.42	2.27%
REZ	iShares Residential & Multisector Real Estate ETF	8/1/2024	\$80.75	\$86.67	7.33%
KRE	SPDR S&P Regional Banking ETF	11/22/2024	\$67.79	\$61.88	-8.72%
EINC	VanEck Energy Income ETF	12/30/2024	\$93.85	\$96.04	2.33%
XAR	S&P Aerospace & Defense ETF	1/31/2025	\$177.28	\$164.38	-7.28%
AIQ	Global X Artificial Intelligence & Technology ETF	2/28/2025	\$38.64		

Footnotes

Price-to-Earnings Ratio: Refers to the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

Price-to-Book Ratio: Refers to the measure that compares a firm's market capitalization to its book value. It is calculated by dividing the company's stock price per share by its book value per share (BVPS).

Relative P/E: Compares the current absolute P/E to the comparable stock market index.

Net Asset Value: Represents the total value of all securities held by the ETF, including cash.

Market Capitalization: Refers to the total dollar market value of a company's outstanding shares.

Absolute Return: Refers to price change from purchase date to specified date of calculation (excluding dividends).



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