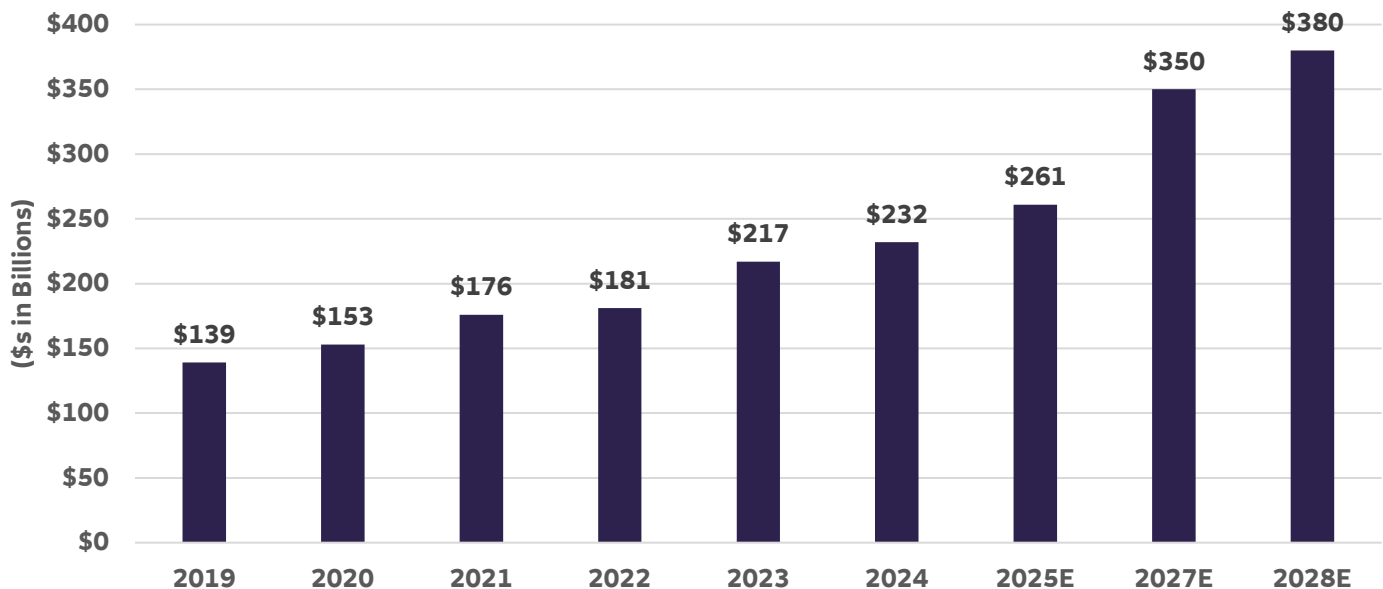


## Chart of the Week

Weekly analysis of key themes in markets

September 23, 2025

### The rise of edge computing devices for AI



Source: The International Data Corporation. Data through March 2025. E = estimated. Worldwide edge computing market revenue as measured by a rising level of connected devices driving the need for greater computing capabilities closer to local endpoints.

#### The growth of edge computing revenue worldwide since 2019

Coming into 2025, we witnessed more evidence of generative artificial intelligence (AI) moving to the edge. In other words, generative-AI models are more often being deployed directly onto local edge-computing devices, such as AI personal computers and AI smartphones. Edge computing devices are hardware components that process locally — close to the source of data generation — rather than by sending data to the cloud or data center.

Increasingly, large language models are designed to be smaller, more efficient, and more applicable for mobile smartphone devices. We see many other examples of AI edge devices that have the potential to support continued revenue growth, including smart home devices (for example, smart speakers and electric thermostats), advanced driver assistance systems for automotive, smart watches, and health fitness trackers.

#### What it may mean for investors

The chart shows that since 2019, worldwide edge computing revenue is on track to nearly double by the end of 2025, and we expect growth to continue in coming years. We are favorable on the Information Technology sector, specifically the Semiconductors, Semiconductor Materials & Equipment, and Software sub-sectors. We are neutral on the Communications Services sector and favorable on two sub-sectors — Interactive Media & Services and Interactive Home Entertainment.

Tom Christopher, Amit Chanda, Equity Sector Analysts

Excerpted from Sector Insights: “AI’s double-edge impact: Software lags, hardware leads”

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### Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Sector** investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. **Technology** and internet-related stocks, especially of smaller, less-seasoned companies, tend to be more volatile than the overall market.

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