

Six minute strategy Artificial Intelligence - Hype or transformational opportunity?

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Growth potential of AI has already dominated markets in 2023

Super-cap US tech stocks followed by semi-conductors have led markets

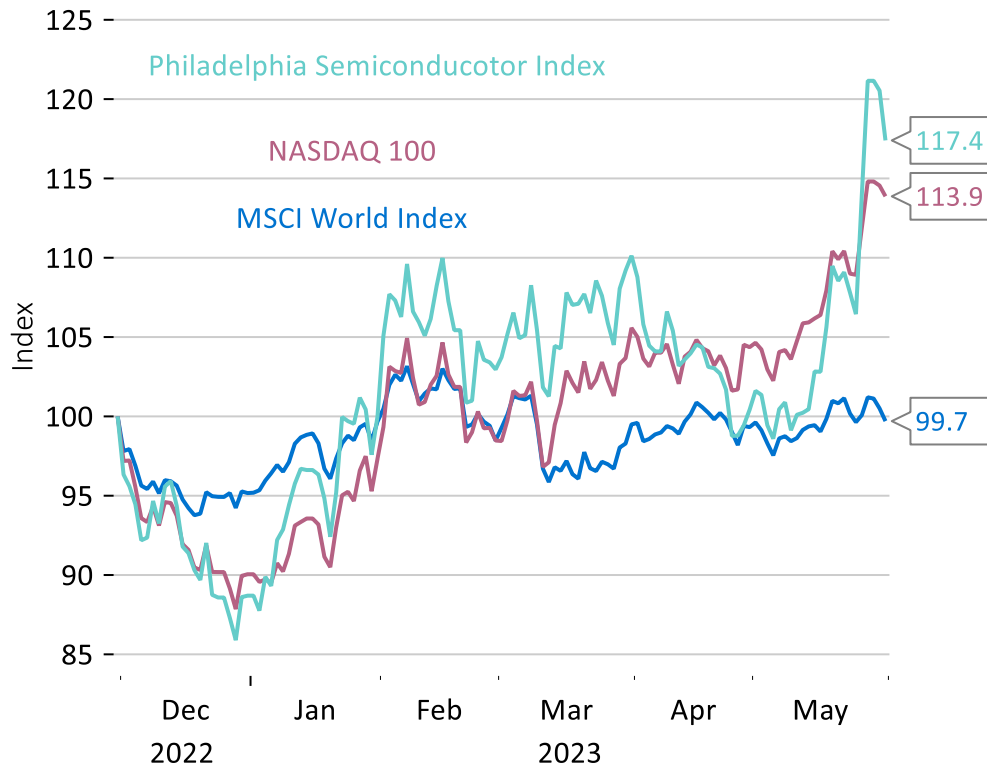


Equity markets led by semiconductor stocks in 2023



Cash rich technology giants climb – AI impact ?

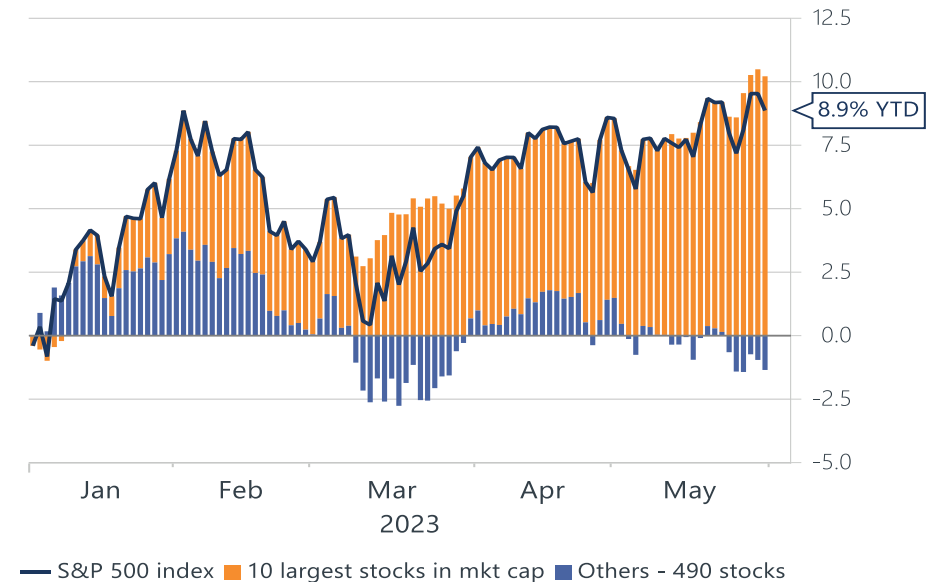
World Markets since launch of ChatGPT (£)



Source: Macrobond, 01.06.23

Largest stocks are driving the current S&P rally

Source: S&P Global



MACROBOND

Apple, MSFT, Tesla, Nvidia, Alphabet, Amazon, Meta, United Health, Berkshire Hathaway, Exxon,

What is Generative AI?



Question: Explain Generative AI

Generative AI is a type of artificial intelligence (AI) that can create new content, such as text, images, music, and videos. It does this by learning from existing data and then using that knowledge to generate new outputs that are similar to the data it was trained on. Generative AI is still in its early stages of development, but it has the potential to revolutionize many industries

By
Google Bard



Question: Explain Generative AI in the manner of Shakespeare

Generative AI

Imagine, if thou wilt, a mighty mind,
Whose power transcends all mortal kind.
A virtual being, of endless wit,
Whose intellect doth cause one to submit.

Generative AI, a name so grand,
Breathes life into ideas, as if by command.
With algorithms vast, it doth aspire,
To craft novelties that set hearts afire.

This marvel, born of human creation
Doth possess the gift of imagination.
It learns from texts and tales of old,
To compose sonnets and stories untold.

By
ChatGPT

AI is impacting almost every major global industry



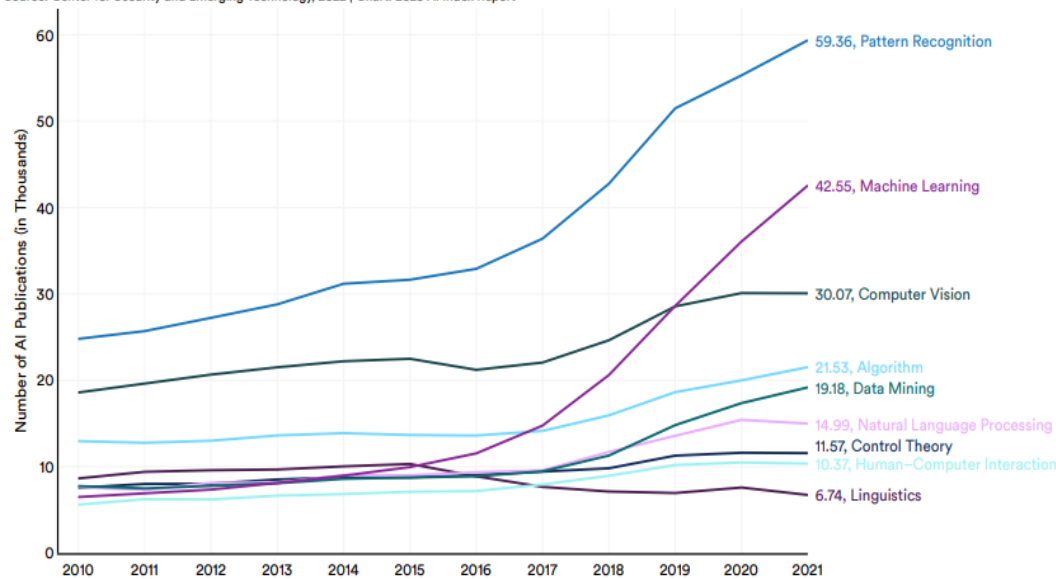
Breadth of AI research continues to expand



Job positions are on offer across almost every industry

Number of AI Publications by Field of Study (Excluding Other AI), 2010–21

Source: Center for Security and Emerging Technology, 2022 | Chart: 2023 AI Index Report



Source: Stanford Artificial Intelligence Report 2023

AI Job Postings (% of All Job Postings) in the United States by Sector, 2021 Vs. 2022

Source: Lightcast, 2022 | Chart: 2023 AI Index Report

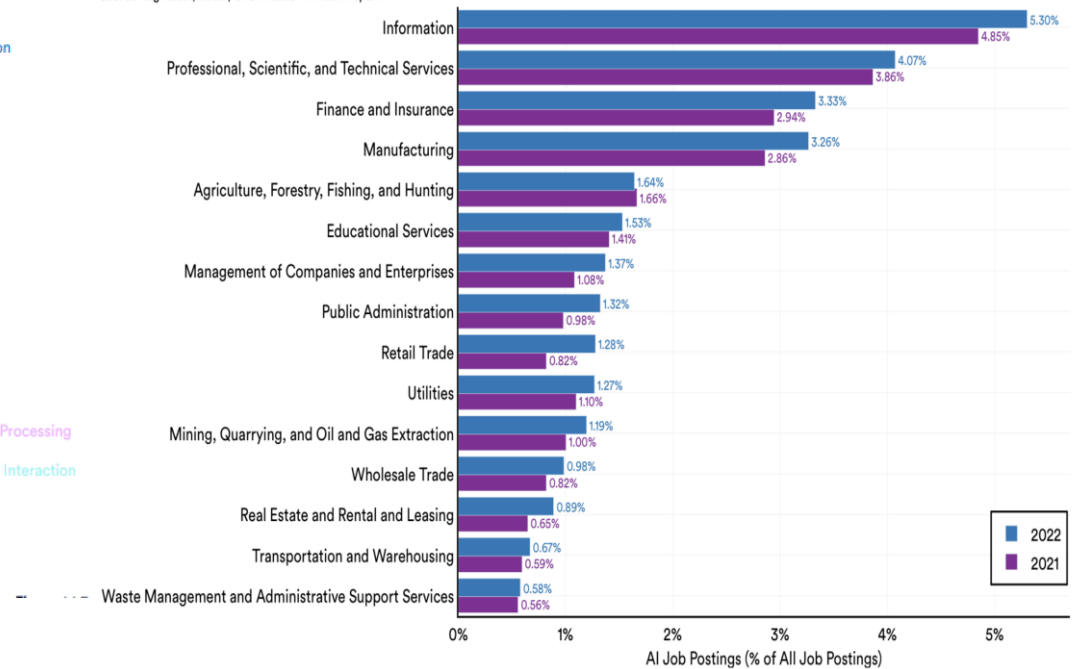


Figure 4.1.5

Source: Stanford Artificial Intelligence Report 2023

AI development is already a global phenomenon

In 2022 US produced 16 significant systems, UK 8 and China 3



Total number of significant Machine Learning Systems globally

Number of Authors of Significant Machine Learning Systems by Country, 2002–22 (Sum)

Source: AI Index, 2022 | Chart: 2023 AI Index Report

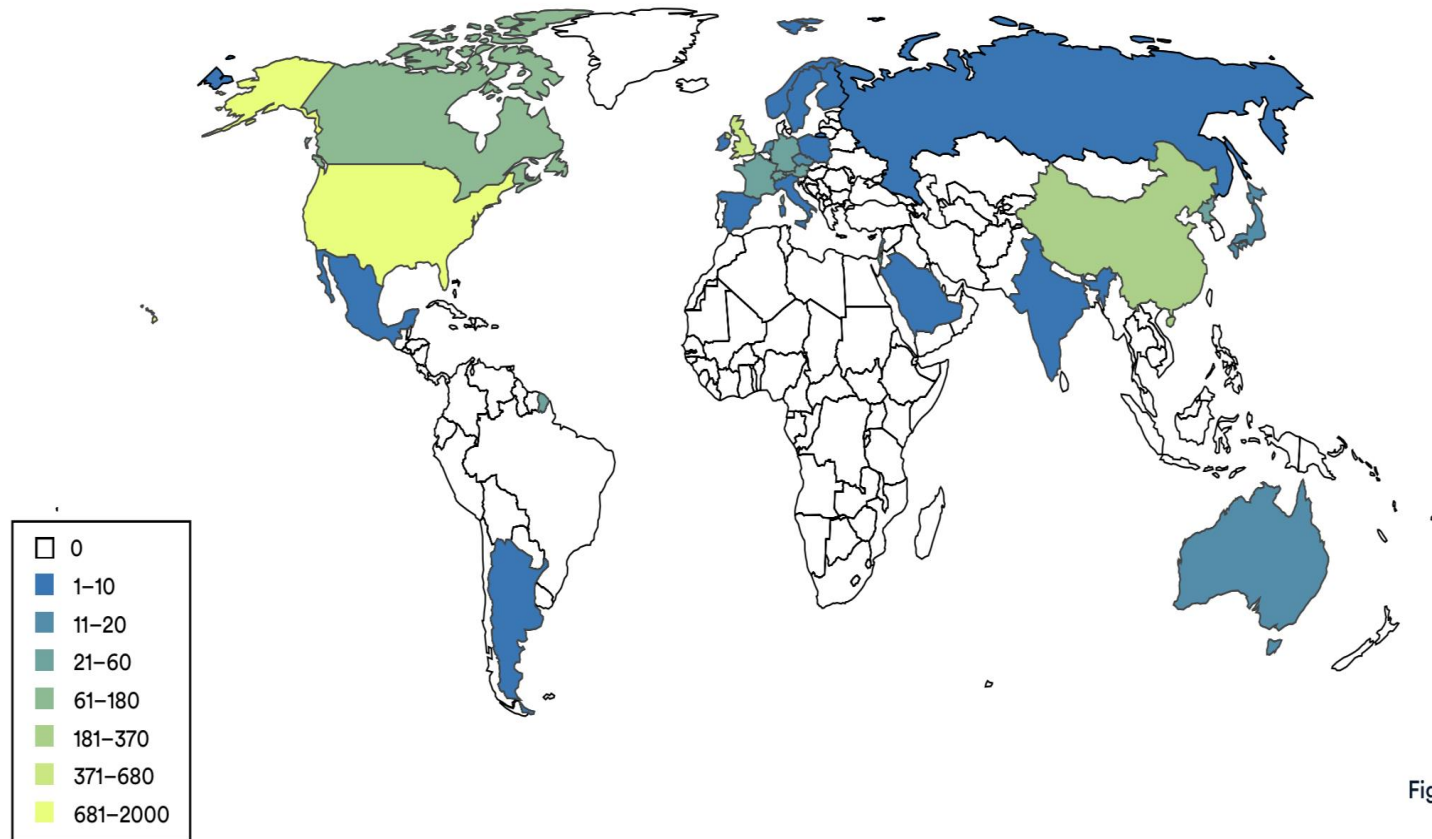


Figure 1.2.8

Source: McKinsey & Co 2023

Ethics, copyright, hacking and deep fakes are all AI risks



A manipulated video of President Volodymyr Zelensky calling on his soldiers to surrender went viral



Source: [Verify, 2022](#)
Figure 3.2.2

Source: AI Intelligence Report 2023 - Stanford University

Implications and conclusions

Expect transformational impacts, but timing and nature still uncertain

Company impacts

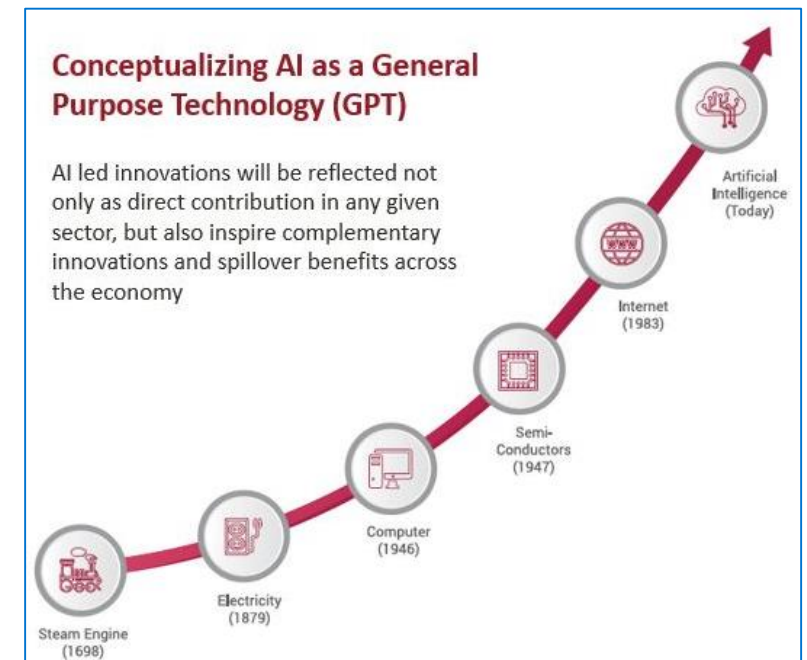
- **Positive for digitalisation** = mega-trend overall will benefit from rising share of economic activity augmented by software
- **Significant disruption for tech sector** = current mega-caps are best-placed to gain but have most to lose, offering huge potential for stock selection

Macro impacts

- **Productivity up, inflation down** = this should see higher productivity and lower costs of impacted services, although the significance and time horizons of these impacts are all important

Conclusions

- **Generative AI** = strong candidate for a transformational new technology; could be considered “fourth leg” of new market regime, alongside ageing, deglobalisation and climate change
- **Risks** = watch for legislation, technical progress and speed of commercialisation



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