



JUNE 2023

“I am here to bring good news: AI will not destroy the world, and in fact may save it.”
- Marc Andreessen

The rise of ChatGPT has captured headlines, sparked endless discussion, and fueled imaginations and fears in both the technology industry and world at large. Whether you are a college student asking an artificial intelligence (AI) program to compose a term paper at the last second or a New York Times columnist **inadvertently finding a digital soulmate**, the potential use cases of generative AI have become wide ranging and will only grow from here. Naturally, it has prompted considerations for businesses and investors and this edition of Viewpoints will seek to answer some of those while also providing additional readings to help readers understand the potential for AI.

First, let’s get the obvious concerns out of the way: we’ve all seen the Terminator movies and it’s no coincidence that the rise of AI has made us wonder if Mr. Schwarzenegger’s trademark film series is closer to reality than fiction. Elon Musk and other tech leaders have **called for a pause on AI** development so we can better understand the potential ramifications. The use of AI-generated fake images and recordings has already caused public confusion and could lead to more fraud and large-scale deception in business and politics. Sam Altman, the founder of ChatGPT, has **heavily lobbied Washington** and strongly believes that “regulatory intervention by governments will be critical to mitigate the risks of increasingly powerful models.” Left unchecked, there are clearly significant potential problems with AI and thus it is deserving of some moderating as it emerges from infancy.

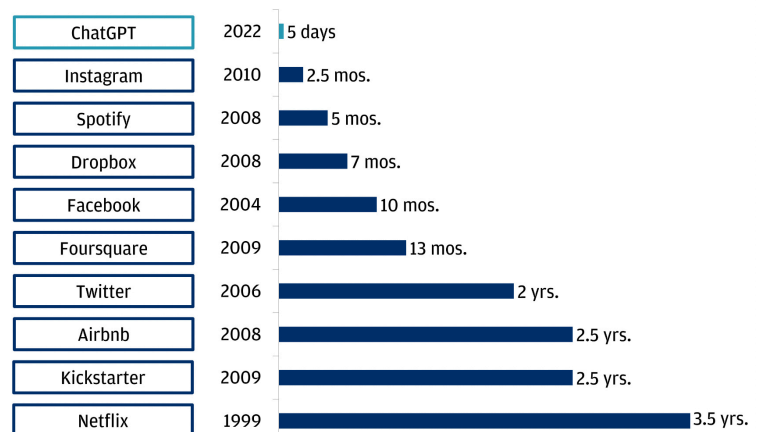
Second, it is worth noting that new technology has a history of looking like a threat before widespread adoption and understanding occurs. The advent of the telephone, motorcars, the desktop PC, the internet, the mobile web, and electric vehicles all were looked upon with skepticism at their



Timothy D. Hussar, CFA
Director of Investments

Tim is Director of Investments of WhartonHill Investment Advisors. He is also a Partner of the firm and member of the Investment Committee.

Time to reach one million users from launch date





JUNE 2023

inception. All have carried varying degrees of risk: most notably there are almost 20,000 motor vehicle accidents in the U.S. everyday. And yet, each invention has profoundly changed the way we exist on a daily basis, and it is hard to imagine a world without any of them. The proponents of AI advocate that it will similarly have a massive, positive effect on our daily lives. Marc Andreessen, [in the article from which our intro quote is taken](#), makes the case that AI will provide tutoring for every child, professional and personal assistant and advice for every adult professionally, and rapidly advance scientific and medical breakthroughs, among many other benefits.

In our new era of AI:

- Every child will have an AI tutor that is infinitely patient, infinitely compassionate, infinitely knowledgeable, infinitely helpful. The AI tutor will be by each child's side every step of their development, helping them maximize their potential with the machine version of infinite love.
- Every person will have an AI assistant/coach/mentor/trainer/advisor/therapist that is infinitely patient, infinitely compassionate, infinitely knowledgeable, and infinitely helpful. The AI assistant will be present through all of life's opportunities and challenges, maximizing every person's outcomes.
- Every scientist will have an AI assistant/collaborator/partner that will greatly expand their scope of scientific research and achievement. Every artist, every engineer, every businessperson, every doctor, every caregiver will have the same in their worlds.

It's worth noting that the future is easy to predict and even easier to get wrong. Whether or not we all want our own personal AI tutor/mentor/virtual friend and how empathetic that AI assistant truly FEELS is the major wildcard. While the article by Andreessen is lengthy, it is a worthwhile read from someone who has been at the forefront of technological innovation over the last three decades.

What are the key takeaways from an investing perspective? The primary upshot in our opinion is that betting against innovation and growth in the U.S. economy is a fool's errand. While last year's equity market performance was painful, the rebound in stock prices this year, combined with the resilience of the economy and corporate growth in the face of 5% interest rates, elevated inflation, geo-political turmoil, and bank failures is especially noteworthy. Short-term volatility may return and indeed we are on guard for it. However, innovation will continue and equities will be the primary benefactor. Secondly, if Andreessen is correct in the widespread application of AI, it seems as though there will be many winners from the AI market and rather than try and chase the initial victors, we will continue to explore investing in the long-term beneficiaries. As always, we will communicate our findings as it relates to the portfolio and long-term strategy.



JUNE 2023

Investment advice offered through IFPAdvisors, LLC, dba Independent Financial Partners (IFP), a Registered Investment Adviser. IFP and Wharton Hill Investment Advisors are not affiliated.

Past performance is no guarantee of future returns. Investors cannot invest directly in an index. Diversification and asset allocation do not guarantee returns or protect against losses. The information given herein is taken from sources that IFP Advisors, LLC, dba Independent Financial Partners (IFP), IFP Securities LLC, dba Independent Financial Partners (IFP), and its advisors believe to be reliable, but it is not guaranteed by us as to accuracy or completeness. This is for informational purposes only and in no event should be construed as an offer to sell or solicitation of an offer to buy any securities or products. Please consult your tax and/or legal advisor before implementing any tax and/or legal related strategies mentioned in this publication as IFP does not provide tax and/or legal advice. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors.

1: New York Times - <https://www.nytimes.com/2023/02/16/technology/bing-chatbot-transcript.html>

2: CNBC - <https://www.cnbc.com/2023/03/29/elon-musk-other-tech-leaders-pause-training-ai-beyond-gpt-4.html>

3: New York Times - <https://www.nytimes.com/2023/06/07/technology/sam-altman-ai-regulations.html>

4: Chart - Time to Reach 1 Million Users - JP Morgan - https://privatebank.jpmorgan.com/gl/en/insights/investing/tmt/will-big-techs-rally-last?pid=c3VubmFyZXRAZ21haWwuY29t&programName=20230602-NAM-ES-INV-Top%20Market%20Takeaways&utm_source=email-pb&utm_medium=Other-NA&utm_campaign=20230602TMTPublic&utm_content=CTA&mkt_tok=MzkyLUhLQy04NzYAAAGMHFoHbKGkoNurABCyS3mKD_J5q0DJh80oKBMNBMqOGu-h6zWvFCD3oySjmSxEIEYOrC0lIQv_WcN4ulGq6XiRvD9oh5jQnTbUwBRZyGML0ZZ5

5: Marc Andreessen Article and Image on Page 2 - <https://a16z.com/2023/06/06/ai-will-save-the-world/>