

Beacon Trust Client Webinar: Quarterly Market Update & Thoughts On AI



Source: www.TheDigeratiLife.com

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Calculation methodologies are available upon request. #227837

For one on one presentation only.

Market Performance

Market Scorecard:	04/30/2024	YTD Price Change
Dow Jones Industrial Average	37,815.92	0.34%
S&P 500 Index	5,035.69	5.57%
NASDAQ Composite	15,657.82	4.31%
Russell 1000 Growth Index	3,248.65	6.45%
Russell 1000 Value Index	1,688.32	3.61%
Russell 2000 Small Cap Index	1,973.91	-2.62%%
MSCI EAFE Index	2,280.53	1.98%
US 10 Year Treasury Yield	4.68%	80 basis points
WTI Crude Oil	\$81.93	14.35%
Gold \$/Oz.	\$2,286.25	10.82%

Beacon Investment Selection

- Our philosophy relative to investment selection is to focus on quality companies and funds with a long-term mindset.
- “Quality” from our standpoint, precipitates a focus on companies and funds that invest in companies with above average profitability, free cash flow, as well as strong balance sheets.
- We pair that focus with a focus on companies that we believe are well managed, well positioned within their industry, and have exposure to long-term growth drivers with AI being a prominent example of that.
- Long-term and quality focus keeps us away from chasing returns or investing in companies as a result of hype around a particular secular trend, that don’t have a track record of proven success.



AI Layers

- A good way to think about AI and the potential impacts and opportunities it portends, is to start by looking at the broader layers of AI.
- The first layer being the picks and shovels so to speak, which are the hardware companies that make the high performance GPU's/chips that are used to power generative AI large language models and AI functionality in general.
- These companies are the highest up in the revenue funnel, in terms of having already directly benefited from the proliferation of AI, and are expected to continue to do so.
 - Examples being NVDA and AMD
 - Exposure through ownership of individual stocks, as well as funds.
- Also need the software platform to run the hardware and to use for the development and training of AI models- NVDA's Cuda software platform being an example.



AI Layers Cont'd.

- The second major layer being the middle-men which are little bit further down the revenue funnel as far as benefiting from AI.
- Includes OEM's (original equipment manufacturers) that assemble the GPU's and motherboards and create installable servers that can be sent as a final package to end users.
- Also includes the high-performance memory providers.



AI Layers Cont'd.

- In addition, need to build out the AI networking infrastructure for large cloud companies-Nvidia with the acquisition of Mellanox is also a player here.
- Also need the energy and storage infrastructure for servers/data centers.
- The last major layer are the end users that utilize AI for specific use cases to enhance productivity, efficiency, and existing products/services, or to launch new ones.
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Use Cases/Opportunities

- MSFT-Open AI/Chat GPT, and Co-pilot- recent deal with Coca-Cola to use AI and cloud computing services.
- ADBE-Firefly integration to Photoshop, integration of Gen AI tools into Premier Pro video editing software, Acrobat AI assistant monthly subscriptions.
- Programmatic Advertising/Targeted Advertising-Google, Trade Desk, and Disney to benefit.
- Cyber-security companies-tailwind from increased security threats as a result of the proliferation of AI, as well as from the utilization of AI themselves relative to continuing to enhance security detection and mediation products.
- Palo Alto best in breed cyber-security company benefiting from these dynamics- new strategy to consolidate more users to its platform.



Travelator Productivity Example



Source: DazenElevator

AI and *The Matrix* (1999): “I Know Kung Fu”

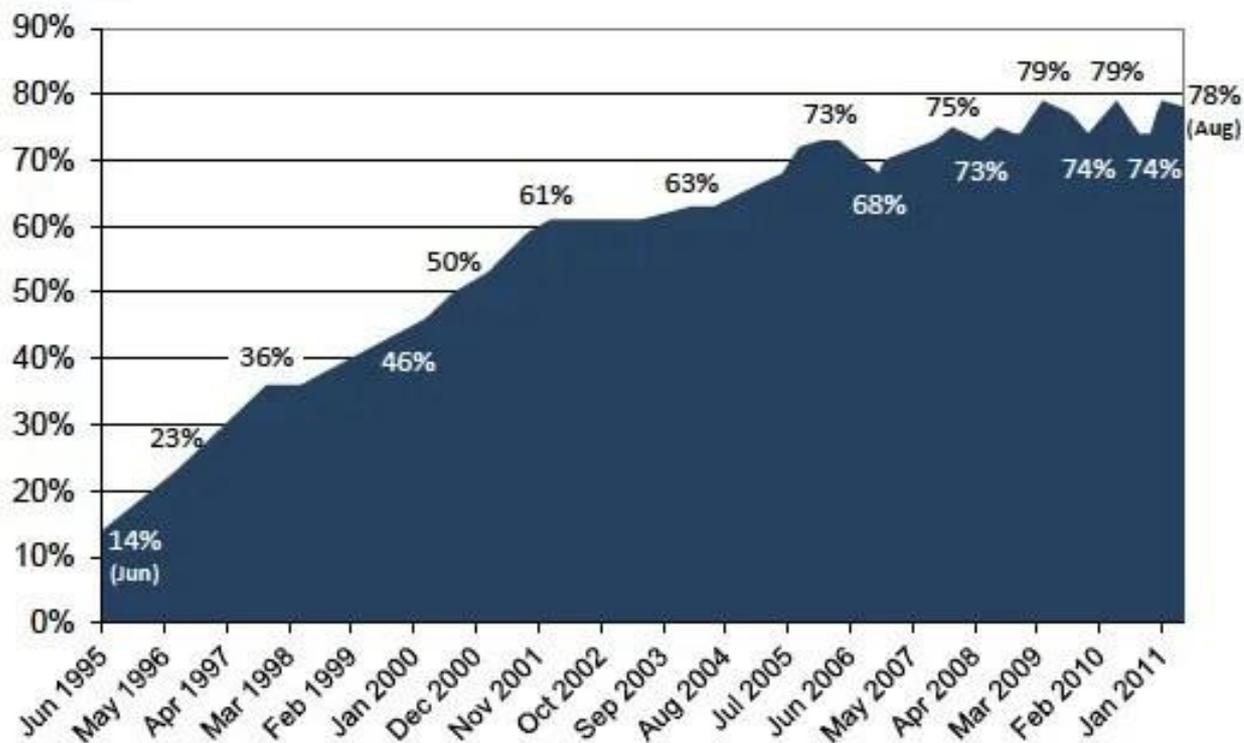


Source: Warner Brothers

AI: Internet Adoption Analogy

Internet adoption, 1995-2011

% of American adults (age 18+) who use the internet, over time. As of August 2011, 78% of adults use the internet.



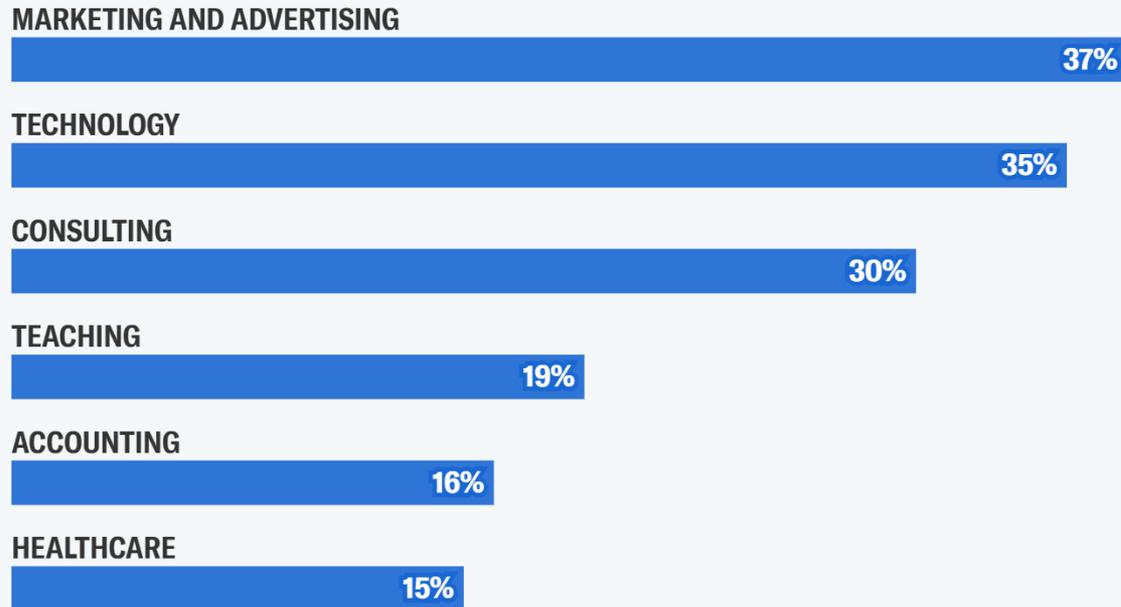
Source: Pew Internet & American Life Project Surveys, March 2000-August 2011.

More: <http://pewinternet.org/Trend-Data/Internet-Adoption.aspx>

Industries Using AI

TOP INDUSTRIES EXPERIMENTING WITH GENERATIVE AI

Rate of generative AI adoption in the workplace in the United States 2023, by industry



SOURCE: FISHBOWLAPP.COM VIA STATISTA

yahoo!finance

Jamie Dimon on AI

Dimon Likens AI's Transformational Impact to Steam Engine

- JPMorgan CEO says AI could 'augment virtually every job'
- Dimon discusses regulation, proxy advisers in annual letter

JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon said artificial intelligence may be the biggest issue his bank is grappling with, likened its potential impact to that of the steam engine and said the technology could “augment virtually every job.”

The CEO devoted a chunk of his annual shareholder letter to the importance of AI for the Wall Street giant's business and for society at large. The bank has identified more than 400 use cases for the technology across marketing, fraud and risk, amassed thousands of AI experts and data scientists and begun exploring deploying generative AI, Dimon said.

“We are completely convinced the consequences will be extraordinary and possibly as transformational as some of the major technological inventions of the past several hundred years,” Dimon said in the letter. “Think the printing press, the steam engine, electricity, computing and the Internet, among others.”

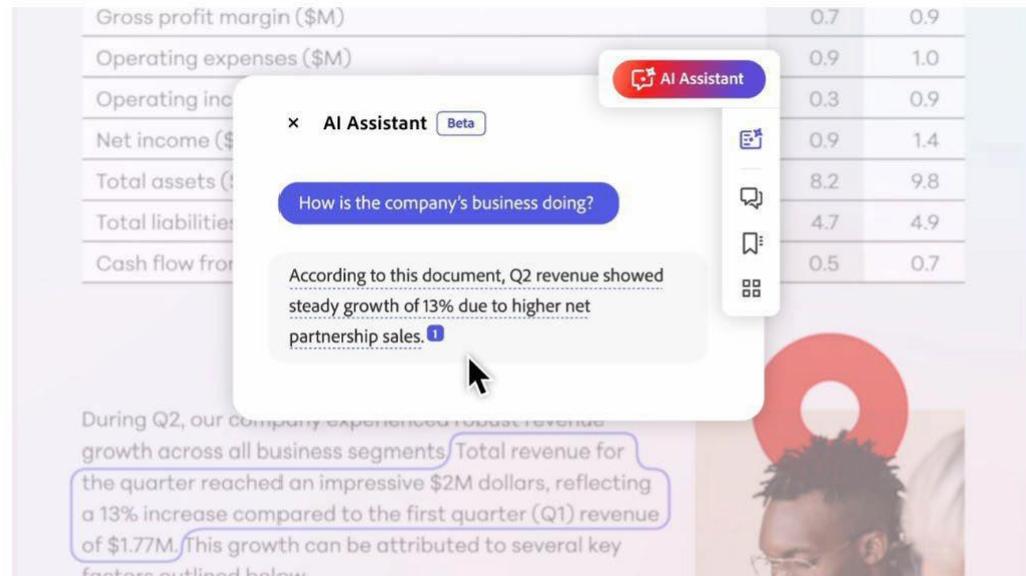
Adobe AI Assistant

What's new

AI Assistant

Generative summary

Level up your productivity



AI Assistant Beta

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Just Launched

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RankBoost AI SEO content No pricing	AI Blog Articles SEO content From \$10	AI Experts Business optimization No pricing
Outfit.fm Outfits Free	JobHire AI Job applications No pricing	AI Pal Productivity No pricing
Brandblast Social media content From \$24/mo	TextMine Document data extrac... No pricing	Snapsked Task management No pricing
FileDrop Formula generation No pricing	Cresh.ME Business idea evaluati... No pricing	Moto - Car Inspec... Car inspection advice Free
MiniFigureAI Minifigure design No pricing	Feedback AI Feedback widgets From \$1	Interview with AI Interview preparation From \$9.99

Example AI App: Excel Text to Formulas

Convert your text into spreadsheet formulas, code and more

Excel formulas, SQL queries, VBA, Google Apps Scripts, regex and more

 **formula bot**

Can you help me average column A?

What is the sentiment of cell B12?

Which product drove the most sales last week?

Convert your text into excel formulas

Explore, analyze, visualize. The all-in-one, data analysis platform.

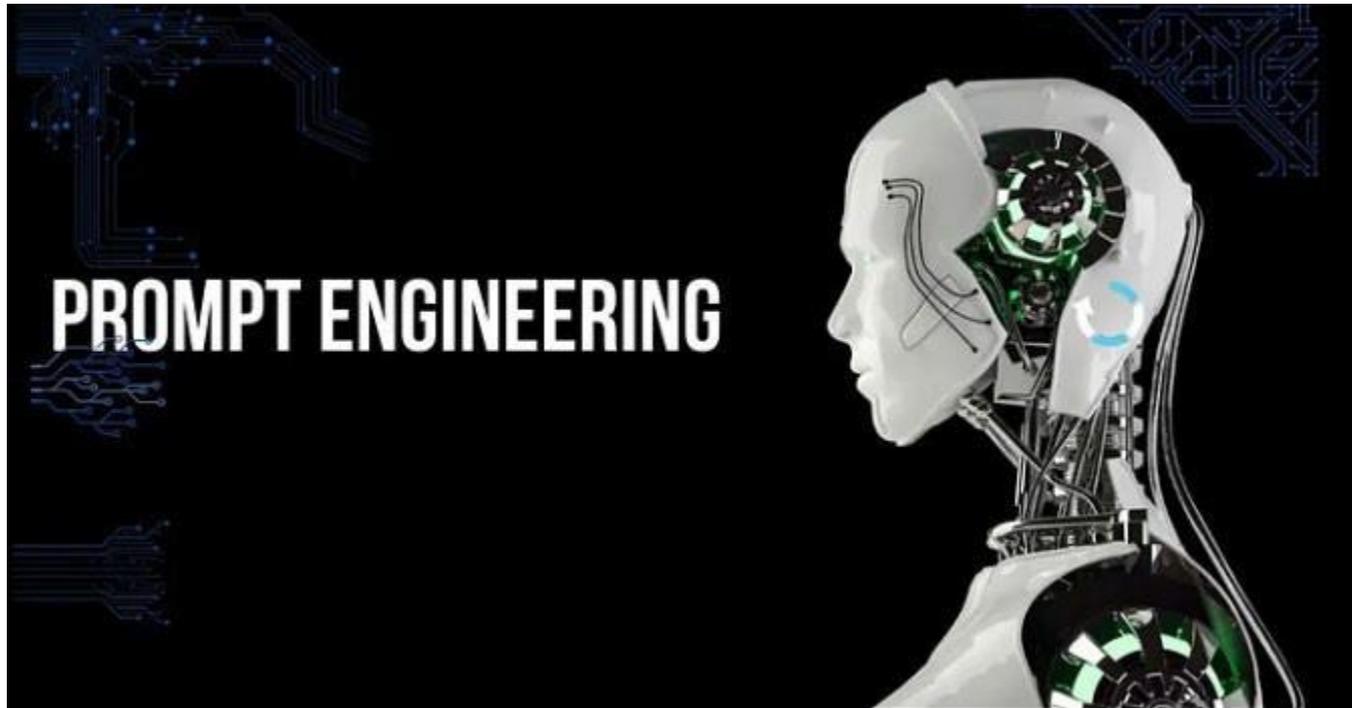
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Sum column B when when column A equals the word "marketing" and column C is today's date.

`=SUMIFS(B:B, A:A, "marketing", C:C, TODAY())`

Getting The Most Out Of AI: Prompt Engineering



Source: Medium

Prompts = Method of asking good questions to the AI software.

- Crafting good prompts save you time and gives better output.



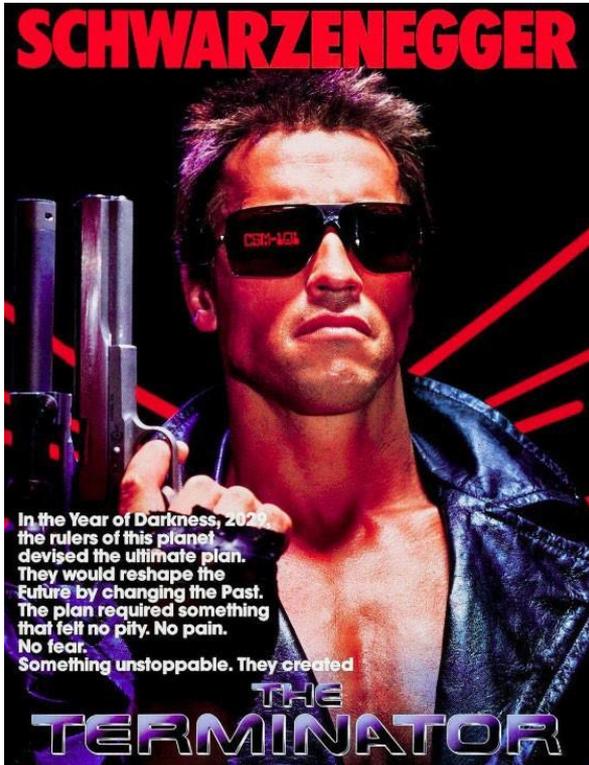
Context: What is the situation?

Output: What format?

Intity: Whose perspective?

Needs: Anything else to consider?

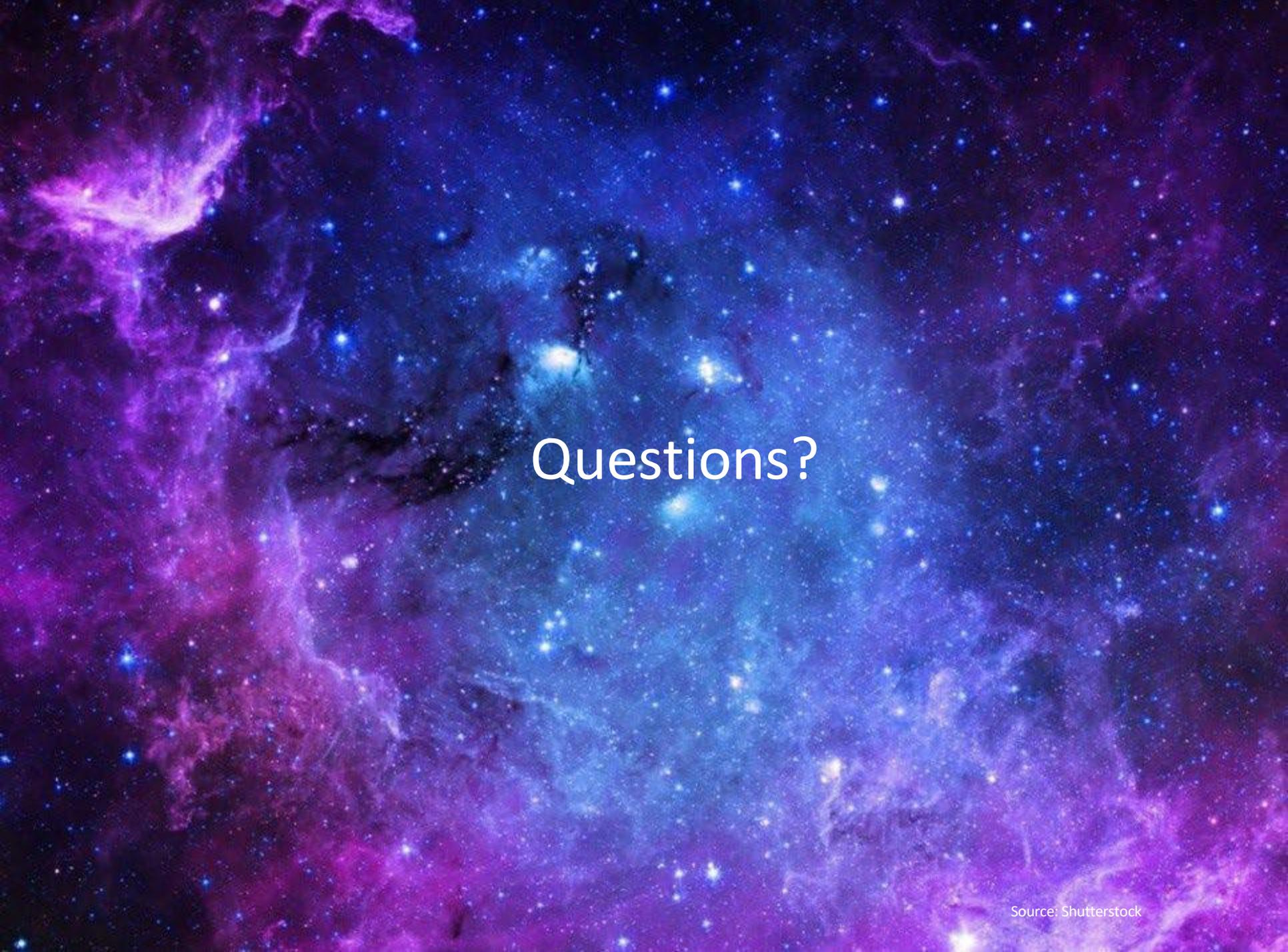
An Optimistic View of AI



**Mark Andreessen,
Billionaire Venture Capitalist**

What AI isn't: Killer software and robots that will spring to life and decide to murder the human race or otherwise ruin everything.

What AI could be: A way to make everything we care about better.



Questions?