



12 June 2023

## Overview



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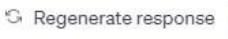
Which stocks have the best likely forecasted returns for 12 months

 Used WebPilot 

Here are some stocks that are forecasted to have strong returns over the next 12 months according to the source:

1. **Amazon.com Inc. (AMZN):** Amazon is a multinational technology company that focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence.
2. **Alphabet Inc. (GOOGL):** Alphabet is a multinational conglomerate created as part of a corporate restructuring of Google. The company is known for its internet-related services and products, including search engines, online advertising technologies, cloud computing, software, and hardware.
3. **Facebook, Inc. (FB):** Facebook is an American online social media and social networking service company. It is considered one of the Big Tech companies along with Amazon, Apple, Google, and Microsoft.
4. **Microsoft Corporation (MSFT):** Microsoft is a multinational technology company that develops, manufactures, licenses, supports, and sells computer software, consumer electronics, personal computers, and related services.
5. **Apple Inc. (AAPL):** Apple is a multinational technology company that designs, develops, and sells consumer electronics, computer software, and online services.

Please note that these are forecasts and actual returns can vary. Always do your own research or consult with a financial  vestment decisions.

I asked ChatGPT best stocks for next 12 months (for fun). I own all of these since January, having exited last January- March out of them.

## Sell in May?

I love the images below. Again, don't read too much into them. I just prefer data over stories, or narratives. July – my birthday month is going to be good! Albeit the past is not a guarantee of the future of course.

## S&P 500 Monthly Average Returns Over Six Month Periods

November to April vs. May to October

● Nov-Apr Average Returns ● May-Oct Average Returns



Source: TradingView

\*May to October average returns for 2023 represented by month to date returns in May 2023.

## S&P 500 Average Returns by Month

Since 1923



Source: TradingView

## S&P 500 Average Returns by Month

Since 1980



Source: TradingView

## S&P 500 Average Returns by Month

Since 2010



Source: TradingView

## AI and Family Offices

From both the Goldman Sachs report on family offices and what other major family offices are doing, I can see AI is key. You will see a lot more focus on AI from me going forward too.

**Bloomberg** US E

• Live Now Markets Economics Industries Technology Politics **Wealth** Pursuits Opinion Businessweek Equality Green



Wealth Finance

### Stan Druckenmiller, David Tepper Lead Family Offices Betting on AI

- Duquesne Family Office boosts stake in Nvidia, adds Microsoft
- Tepper's Appaloosa adds Nvidia and Cathie Wood's ARK

## Debt Ceiling

Whilst we avoided the crash, there is chatter of quantitative tightening leading to some falls. We are due for a month of profit taking and Apple's launch won't help as it didn't exactly excite anyone at all.

  **Bloomberg** AA 

## S&P 500 Could Plunge 20% if US Fails to Raise Debt Ceiling, UBS Warns

By **Emily Graffeo**, May 19, 2023, 11:06 AM EDT, updated at May 19, 2023, 11:06 AM EDT



# Jefferies names Microsoft a top pick, sees more than 20% upside as A.I. excitement grows

PUBLISHED TUE, MAY 23 2023•6:40 AM EDT | UPDATED 2 HOURS AGO

# Nvidia is poised to pull away from peers ahead of semiconductor earnings this week, KeyBanc says

PUBLISHED MON, MAY 22 2023•10:10 AM EDT | UPDATED MON, MAY 22 2023•3:58 PM EDT

## The percentage of stocks outperforming the S&P500 is low. Should I be worried?

When a smaller percentage of stocks are outperforming the S&P 500, it typically means that the market is being led by a smaller group of stocks. This can sometimes be a cause for concern, as it can indicate that the market is less diversified and more reliant on the performance of a few key stocks or sectors. However, it's important to note that this is just one factor among many to consider when assessing the health of the market or the state of your investment portfolio.

Here are a few points to consider:

**Diversification:** The S&P 500 itself is a diversified index, comprising stocks from various sectors. So, even if individual stocks aren't outperforming the index, holding a diversified portfolio that tracks or resembles the index can still provide a degree of risk mitigation.

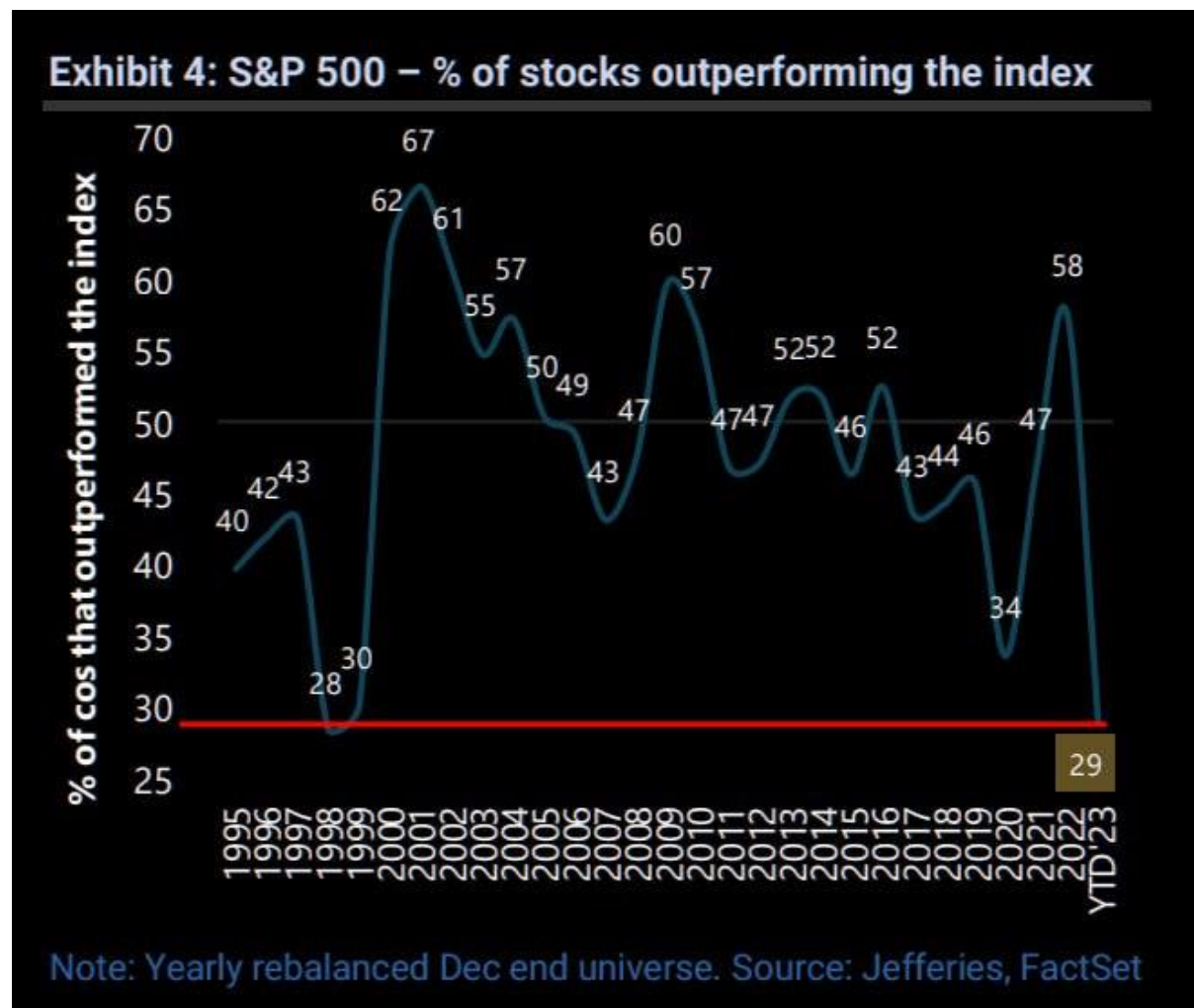
**Long-term investing:** Investing is generally a long-term game. Short-term fluctuations, while sometimes concerning, should be viewed in the context of your long-term financial goals and risk tolerance. If you're investing for the long term, temporary underperformance isn't necessarily a reason to worry.

**Risk tolerance:** How much risk can you tolerate? If a smaller group of stocks leading the market makes you uncomfortable, it might be a sign that you should reassess your investment strategy and potentially diversify further.

**Market cycles:** The stock market goes through different cycles. There are periods when a small group of stocks or sectors lead the market (e.g., the tech boom of the late '90s), and

there are periods when the leadership is more distributed. It's crucial to understand where we are in the cycle and to adapt your strategy accordingly.

Investment strategy: Are you investing in individual stocks, or are you using ETFs? If you're investing in individual stocks and most are underperforming, it may be a sign that your investment strategy needs to be reassessed.



## Quantitative Tightening

Alright, let's imagine you're at a party and there's a big bowl of candy. Everyone's taking candy and having a good time - this is like when the economy is doing well, and there's a lot of money flowing around. But then, the host of the party starts to worry that if everyone keeps taking candy at the same rate, they'll get a sugar rush and start bouncing off the walls.

To prevent this, the host decides to slowly take some candy out of the bowl. This is like quantitative tightening, where the Federal Reserve (the host) starts to pull money out of the economy (the candy bowl) to prevent things from getting too crazy.

Now, this isn't necessarily a bad thing, but it can make it harder for people (or businesses) to get the candy (or money) they want. This might mean that things slow down a bit, or that people have to pay more to get the candy they want (like higher interest rates on loans).

Currently, it looks like the Federal Reserve might stop or slow down this process of taking candy out of the bowl by mid-2023, which is earlier than what people expected.

What this means for you and the stock market isn't exactly certain - it could be good if it means the economy stays strong, or it could be bad if it means that businesses have a harder time getting the money they need.

Quantitative tightening (QT), the process by which central banks reduce the size of their balance sheets, is expected to have a significant impact on the global economy and, by extension, on the stock market. According to Reuters, the U.S. Federal Reserve will potentially alter or stop shrinking its \$8.9 trillion balance sheet by mid-2023, earlier than market expectations. The move to accelerate QT is meant to further drain pandemic-era stimulus from the financial system and increase borrowing rates for long-dated assets to weaken inflation.

QT entails the selling of securities or letting them mature and disappear from central banks' books. This measure is estimated to drain \$2 trillion in liquidity from the financial system over the next two years. Such a large liquidity drain could amplify strains on the banking system and markets, leading to a rise in interest rates and creating a challenging environment for investors.

It's worth noting that from 2009 to 2022, central banks worldwide, such as the U.S. Federal Reserve, the Bank of England, and the European Central Bank, purchased a staggering \$19.7 trillion worth of long-dated government bonds and assets.

Now, these central banks are reducing the size of their balance sheets, withdrawing more and more liquidity from the financial system. The impact of this withdrawal is not yet fully understood and is likely to vary depending on the individual bank and country. It's likened to an "addiction," making it difficult for the system to wean off of it.

Previous experiences with QT have shown that it can lead to market instability. For instance, an indication from the Fed in 2013 that it intended to reduce the pace of its asset purchases led to the "taper tantrum," with investors dumping U.S. government bonds and stocks.

When the central bank attempted QT between 2017 and 2019, some markets faced issues, including the U.S. overnight lending market seizing up in September 2019, requiring an emergency infusion of liquidity from the Fed.

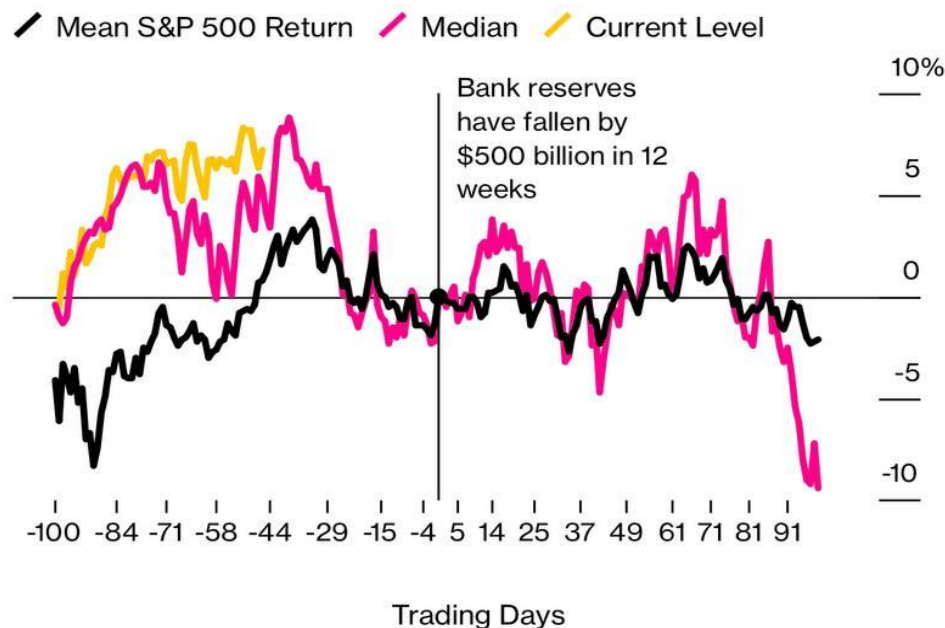
More recent examples of the destabilizing effects of QT include two episodes of acute market stress over the past eight months. One of these was a sharp sell-off in UK government bonds in September last year, which led to a crash in the pound and required the Bank of England to intervene.



However, I was unable to find specific commentary on how QT might impact specific stocks or sectors of the stock market. It's likely that these impacts will depend on a variety of factors, including the pace and scale of QT, the response of financial markets, and broader economic conditions.

## Equities Have Suffered When Bank Reserves Tumbled

S&P 500 returns have been negative following a \$500 billion drawdown of bank reserves



Citi Research

Historic analysis of previous episodes of \$500 billion drawdowns in 12 weeks includes in August, September 2020 as well as February and May 2022

Bloomberg

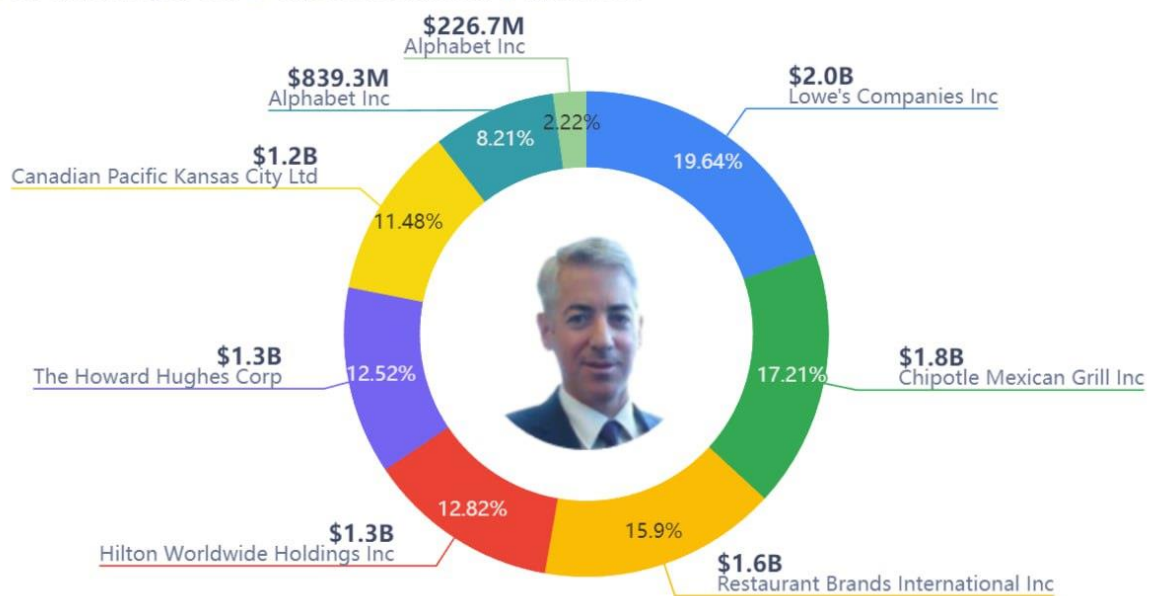
The US has been relying on extraordinary measures to help fund itself in recent months as leaders bickered in Washington. With default narrowly averted, the Treasury will kick off a borrowing spree that by some Wall Street estimates could top \$1 trillion by the end of the third quarter, starting with several Treasury-bill auctions on Monday that total over \$170 billion.

## The Billionaire Portfolios

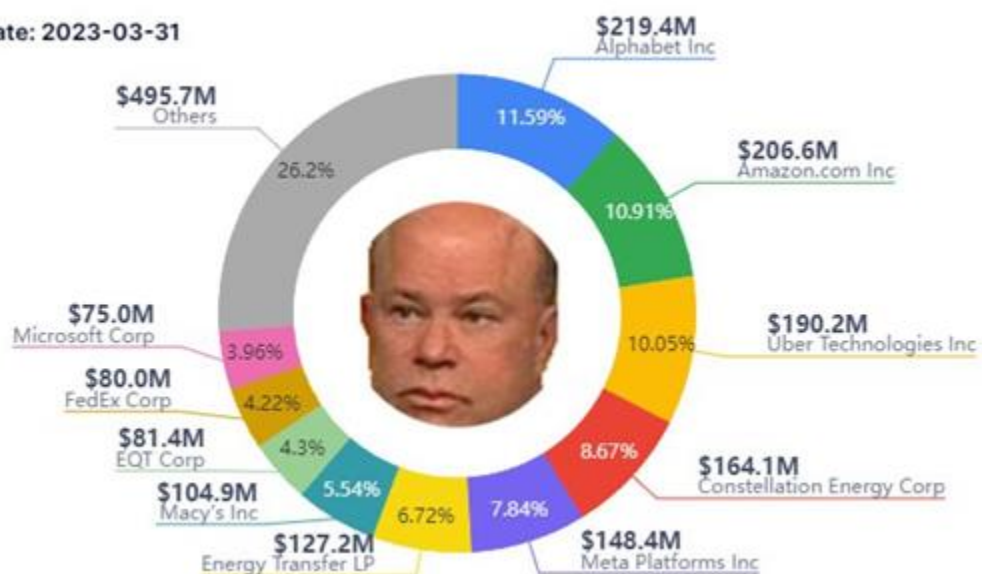
Guru Name ▾	Top 10 Holdings %									
Bill Ackman	LOW <a href="#">🔗</a> 19.64 %	CMG <a href="#">🔗</a> 17.21 %	QSR <a href="#">🔗</a> 15.90 %	HLT <a href="#">🔗</a> 12.82 %	HHC <a href="#">🔗</a> 12.52 %	CP <a href="#">🔗</a> 11.48 %	GOOG <a href="#">🔗</a> 8.21 %	GOOGL <a href="#">🔗</a> 2.22 %		
Bill Gates	MSFT <a href="#">🔗</a> 31.05 %	CNI <a href="#">🔗</a> 17.74 %	BRK.B <a href="#">🔗</a> 16.67 %	WM <a href="#">🔗</a> 15.77 %	CAT <a href="#">🔗</a> 4.62 %	DE <a href="#">🔗</a> 4.44 %	ECL <a href="#">🔗</a> 2.37 %	KOF <a href="#">🔗</a> 1.37 %	WMT <a href="#">🔗</a> 1.22 %	FDX <a href="#">🔗</a> 0.96 %
Carl Icahn	IEP <a href="#">🔗</a> 70.43 %	CVI <a href="#">🔗</a> 10.60 %	FE <a href="#">🔗</a> 3.45 %	OXY.WS <a href="#">🔗</a> 3.07 %	SWX <a href="#">🔗</a> 2.98 %	XRX <a href="#">🔗</a> 2.39 %	NWL <a href="#">🔗</a> 1.69 %	BHC <a href="#">🔗</a> 1.28 %	DAN <a href="#">🔗</a> 0.98 %	LNG <a href="#">🔗</a> 0.72 %
George Soros	HZNP <a href="#">🔗</a> 10.12 %	LQD <a href="#">🔗</a> 7.48 %	GOOGL <a href="#">🔗</a> 4.15 %	FHN <a href="#">🔗</a> 3.66 %	LBRDK <a href="#">🔗</a> 3.20 %	AMZN <a href="#">🔗</a> 2.06 %	FEZ <a href="#">🔗</a> 1.74 %	RIVN <a href="#">🔗</a> 1.56 %	BOWL <a href="#">🔗</a> 1.43 %	AWK <a href="#">🔗</a> 1.31 %
Warren Buffett	AAPL <a href="#">🔗</a> 46.44 %	BAC <a href="#">🔗</a> 9.09 %	AXP <a href="#">🔗</a> 7.69 %	KO <a href="#">🔗</a> 7.63 %	CVX <a href="#">🔗</a> 6.65 %	OXY <a href="#">🔗</a> 4.07 %	KHC <a href="#">🔗</a> 3.87 %	MCO <a href="#">🔗</a> 2.32 %	ATVI <a href="#">🔗</a> 1.30 %	HPQ <a href="#">🔗</a> 1.09 %

### Bill Ackman's Top Holdings of 2023-03-31

● Lowe's Companies Inc 
 ● Chipotle Mexican Grill Inc 
 ● Restaurant Brands Inte... 
 ● Hilton Worldwide Holdi... 
 ● The Howard Hughes Corp 
 ● Canadian Pacific Kansa... 
 ● Alphabet Inc



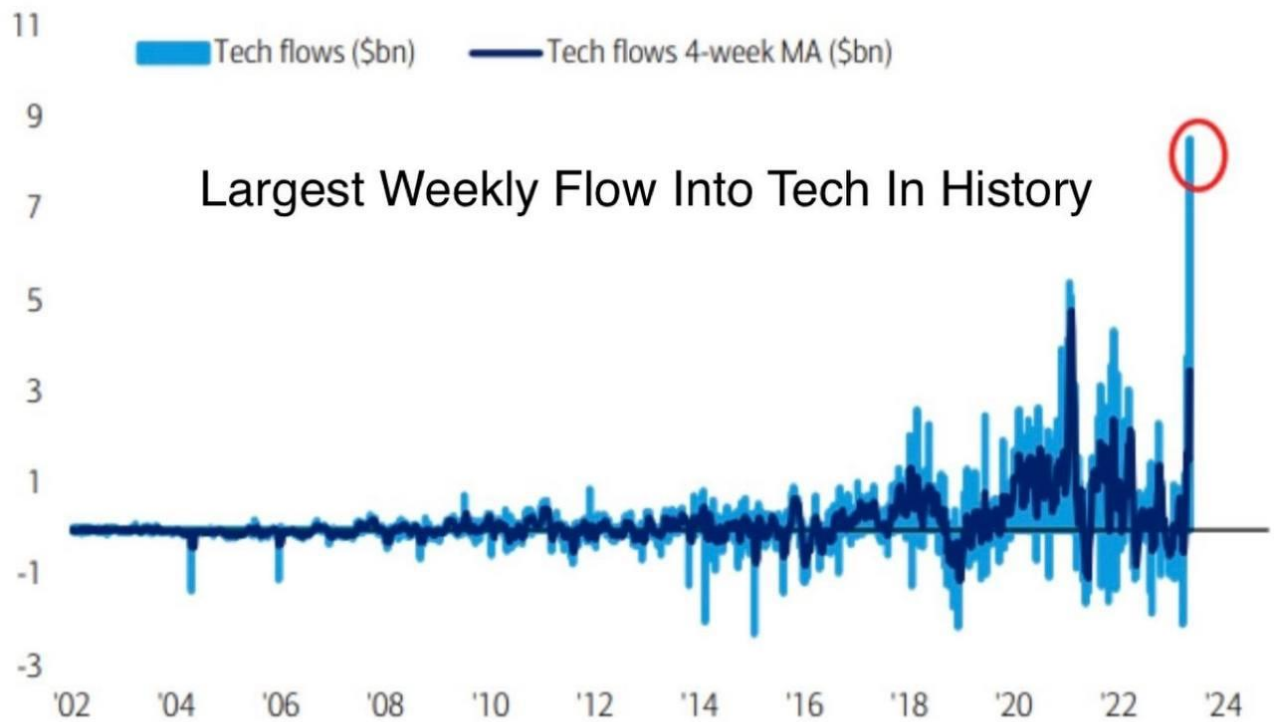
Portfolio Date: 2023-03-31



### David Tepper portfolio

## Markets – What's Going On

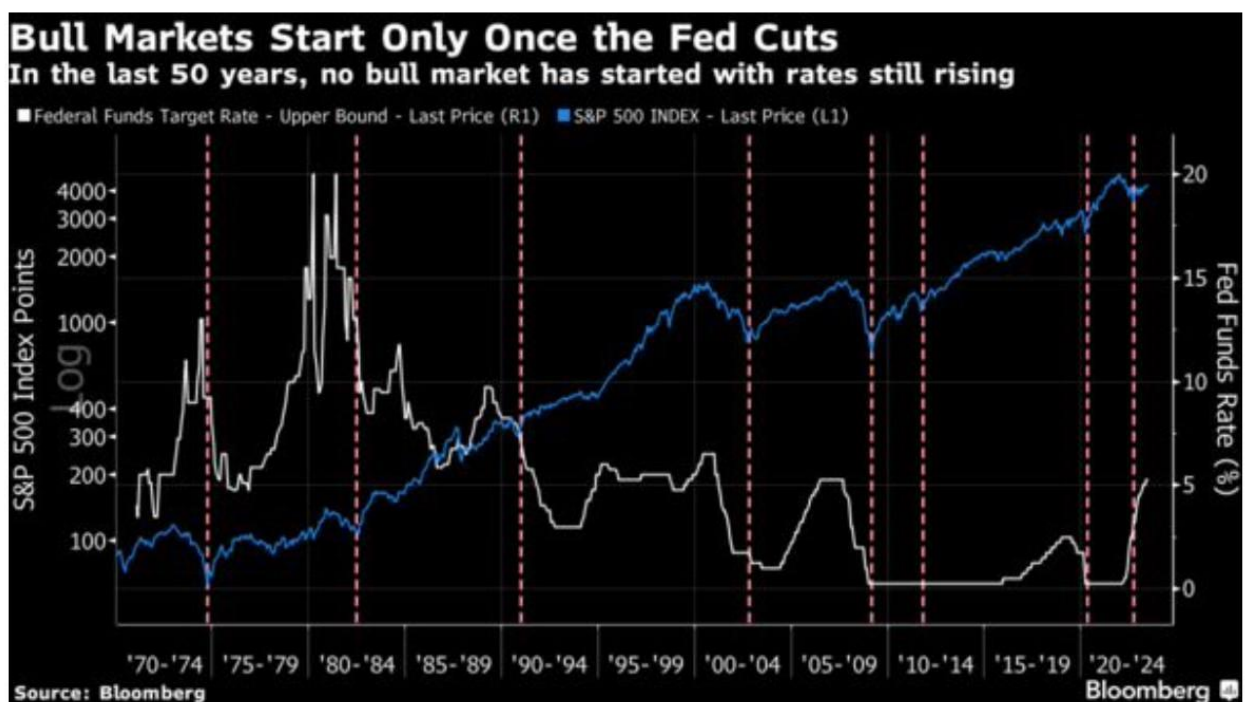
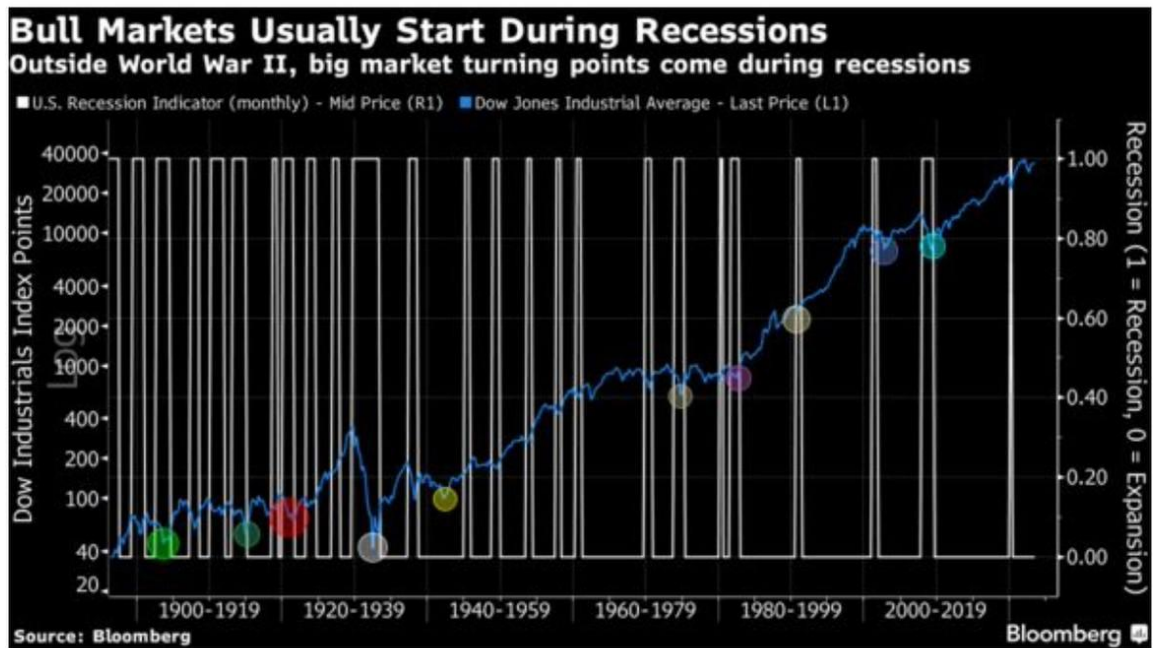
Yes, my tech picks which are about 40% of my pension now are doing me proud. But I keep a close eye on falls and am happy to ease off too.



**Source:** BofA Global Investment Strategy, EPFR

BoFA GLOBAL RESEARCH

So, is it a bull market? Well steady on.



The above data means we should be cautious on the broader stock picks. This is really about a very few stocks which I am in and like Buffett am happy to be concentrated on and concentrate on ie watch closely too.




## Other News


**Investors' Chronicle**

# FUTURE OF PRIVATE INVESTING


**Tactics for difficult markets: managing money through macroturbulence**



**Claer Barrett**  
Consumer Editor  
Financial Times




**Alpesh Patel**  
CEO, Praefinium



**Irene Perdomo**  
Co-Head of Systematic  
Strategies, Ocean Leonid

Lead sponsor **Fundsmith** Associate sponsor **TV TradingView**



An event from the Financial Times



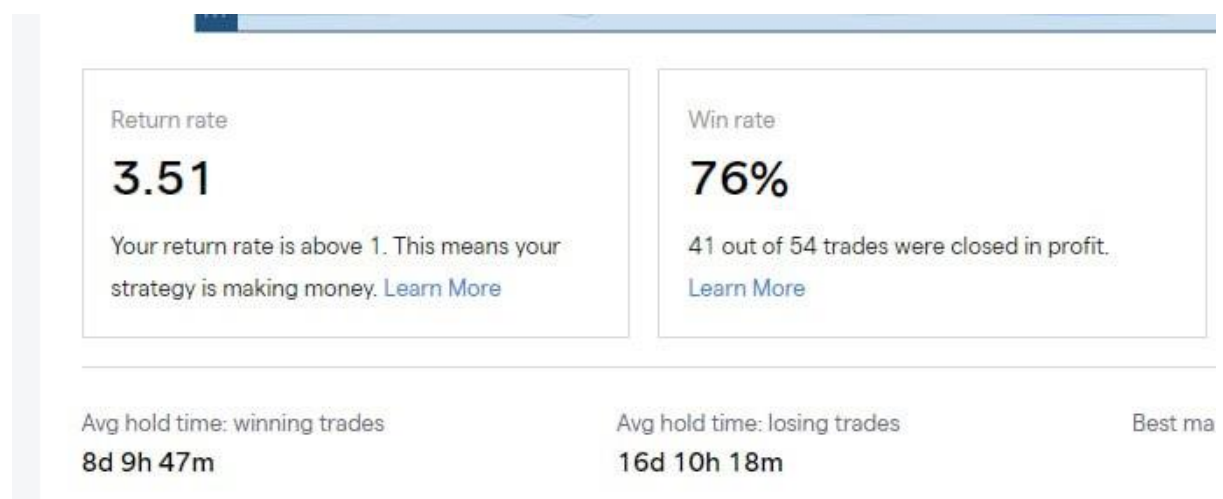
Great to have hosted the Women in Tech and Business event in Parliament.



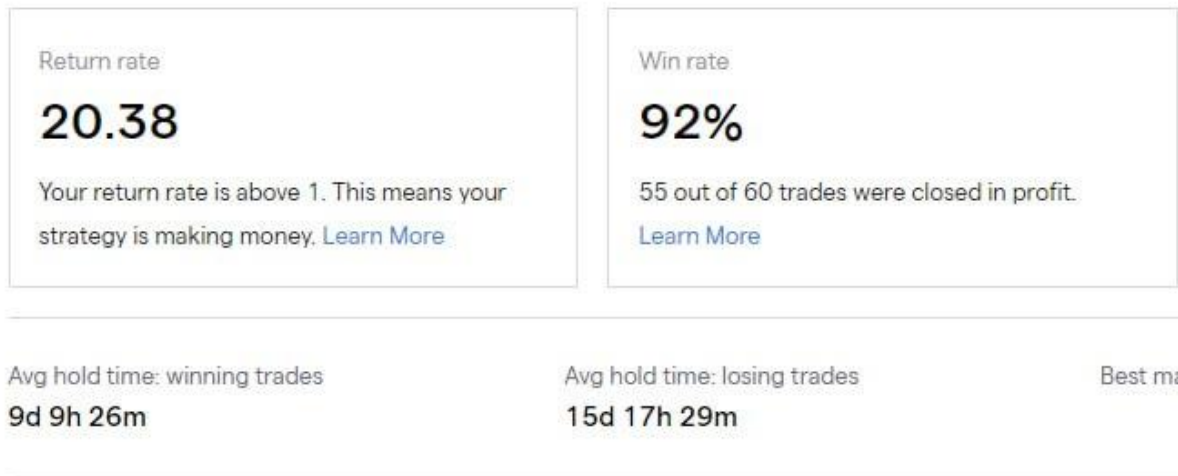


## Trading

Stats on trading Apple since 2018:



Stats for GBPU\$D trading since 2018:



## More About nVidia

NVIDIA					
Products Solutions Industries For You					
NVIDIA GTC Shop Drivers Support					
AI and Data Science	Data Center and Cloud Computing	Design and Simulation	Robotics and Edge Computing	High-Performance Computing	Self-Driving Vehicles
Overview	Overview	Overview	Overview	Overview	Overview
AI Inference	Accelerated Computing for Enterprise IT	Augmented and Virtual Reality	AI-on-5G	HPC and AI	Chauffeur
AI Workflows	Cloud Computing	Multi-Display	Intelligent Video Analytics	Simulation and Modeling	Concierge
Conversational AI	Colocation	Rendering	Industrial	Scientific Visualization	AI Training
Data Analytics	Edge Computing	Metaverse	Robotics		Simulation
Deep Learning Training	Networking	Graphics Virtualization	Edge Deployment Management		HD Mapping
Generative AI	Virtualization	Engineering Simulation	Edge Solutions		ADAS
Machine Learning	MLOps	Broadcast			Robotaxis
Prediction and Forecasting					Trucking
Speech AI					Cloud Gaming

# Nvidia shares spike 25% on huge forecast beat driven by A.I. chip demand

PUBLISHED WED, MAY 24 2023 4:28 PM EDT | UPDATED 17 MIN AGO



It's an understatement that nVidia has done better than I expected. This will now probably be the best performer in my portfolio this year. Still 7 months to go. What it's done, others will do.

# Cathie Wood's ARKK Dumped Nvidia Stock Before \$560 Billion Surge

- She said chipmaker's valuation was 'very high' in February
- Wood's firm holds Nvidia across several of its smaller ETFs



Cathie Wood Photographer: Eva Marie Uzcategui/Bloomberg



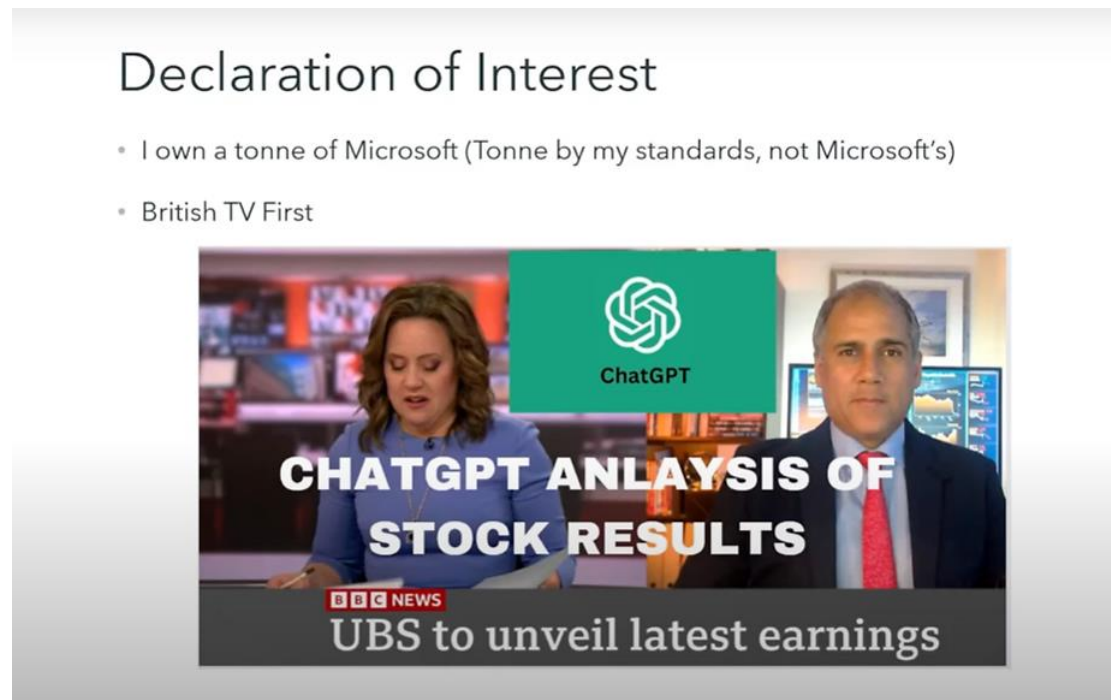
Doh! We told our clients it's on my purchases in January. Some of these 'experts' really are good at just getting on CNBC a lot. Planning an Alpesh ETF.



## ChatGPT and The Future of Investing: Stocks It Likes Now

Last Tuesday on the BBC, I used ChatGPT to analyze a stock, the earnings of UBS. Let's look at the results, and actually, let's see how good it is at stock picking more generally.

I've put together a little presentation. That was me on the BBC with Sally Bundock.

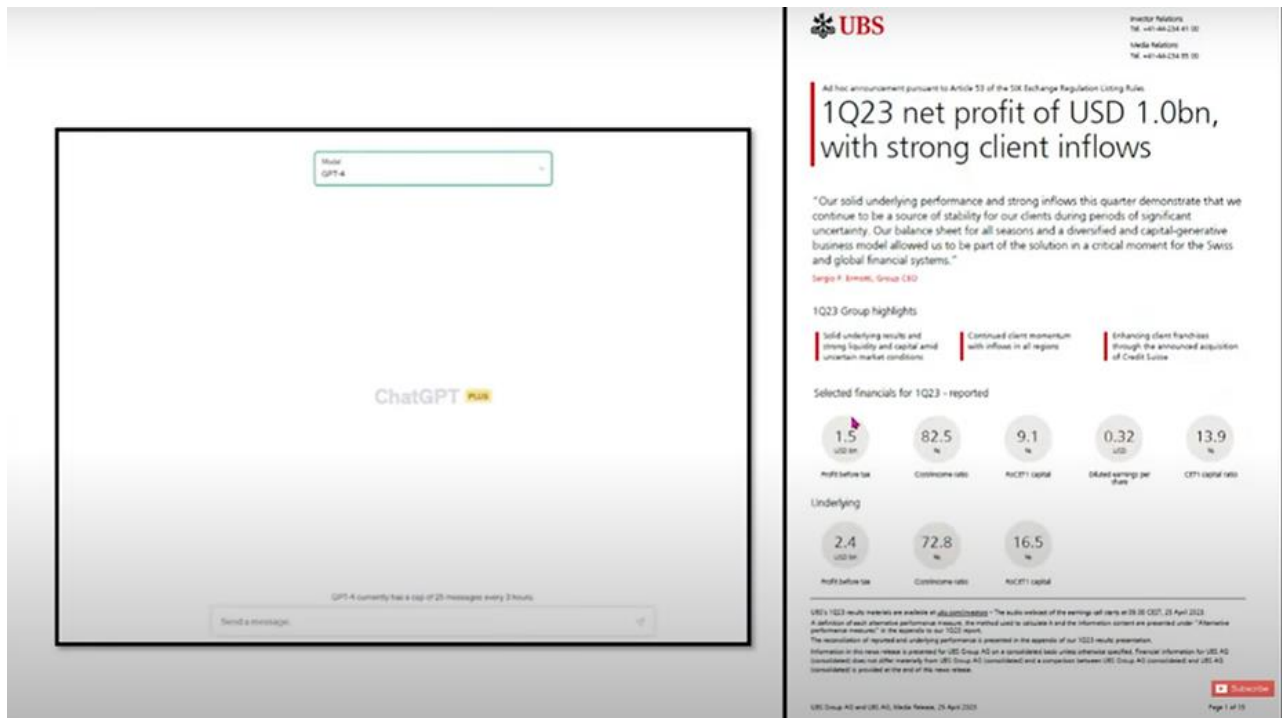


I pointed to her how often she and I have seen earnings over the last 20 years and had to analyze them because we get a wad of documents from a company. In this case, it was only 15 pages from UBS. And give an instant reaction. I put it into ChatGPT to avoid cognitive biases.

But I want to go beyond that. I don't just want to talk about that. I want to talk about actually how you pick stocks more generally. And can ChatGPT help us to do that? Let's have a look at it.

First of all, just going back to the UBS, I think it was a British TV first. I cut and pasted and put it into ChatGPT. I'm currently using version four. And it's the paid version, and that was fine. And the outputs were rather good. It summarized 15 pages.





I could have put in more detailed prompts such as, "Pretend you are a forensic accountant, for instance. Pretend you are a TV presenter who is cynical about earnings results, and you've only got three minutes in which to convey the significant parts of these earnings." I could have put in all those prompts. And that's the great thing about this.

Now let's move on to stock selection. I put this data in.

This is where it gets fascinating. I put in not just what you see on screen but actually the data in segments. In segments of 10,000 stocks across a variety of perimeters, not just the ones you see on screen. Because there's a limit to how much data you can put into one go into ChatGPT. Okay. Now, that gets interesting. Then what happened?

By the way, this is how it looks inside ChatGPT once you insert it.

# Insertion

• Name EPIC Alpesh value/growth rating CROCI (%) Price% 6 months ago Sortino Ratio Return Alpha % Altman Z Volatility % Piotroski F-score Hapag-Lloyd AG HLAGD 9 15.9 40.24 1.0059 24.9944 4.2 44.7303 9 QUALCOMM Inc QCOM 9 29.4 34.21 1.0619 11.2405 6.13 17.1251 7 Amphenol Corp APH 8 13.6 19.66 0.75 5.6886 6.07 10.7942 5 Arcbest Corp ARCB 8 11.2 32.43 0.5789 11.5681 4.15 28.7528 8 Axcelis Technologies Inc ACLS 8 12.2 49.18 0.8603 11.6642 10.3 19.4487 7 Balchem Corp BCPC 8 10.9 20.61 0.9182 5.1127 11 7.5226 6 BE Semiconductor Industries NV BESIA 8 20.3 26.95 2.4948 13.7751 9.24 13.166 6 BJ's Wholesale Club Holdings Inc BJ 8 16.9 47.41 0.8288 11.7469 4.17 27.4771 8 Bouvet ASA BOUVO 8 70.4 14.97 1.954 11.4888 8.18 10.2188 6 Broadcom Inc AVGO 8 17.3 17.22 0.9527 7.8033 3.21 10.9592 5 Brown & Brown Inc BRO 8 10.5 22.69 1.4656 7.1675 3.27 6.8829 5 Bufab AB BUFABS 8 13 72.48 1.0727 14.8751 5.11 19.6807 5 Byggmax Group AB BMAXS 8 26 15.16 0.7363 11.0317 3.16 27.9874 8 Cake Box Holdings PLC CBOX 8 52.6 23.38 0.8144 6.5568 16.5 12.5626 6 Camtek Ltd CAMT 8 12.5 26.46 1.8015 16.082 21.9 14.4097 4 Cavco Industries Inc CVCO 8 13 34.45 0.611 5.3009 8.77 11.1215 4 Coca-Cola Consolidated Inc COKE 8 11.4 40.91 0.6447 10.7884 3.33 24.7182 8

You and I could barely make sense of it. The great news is it can. It can work out which columns, where they belong, and where the following stock starts. At least that makes your life a hell of a lot easier.

What were the prompts and improvements? I asked it to help me select stocks. By the way, we did some backtesting as well. We gave it historical data and saw what happened. Wait till you see that. It'll blow your socks off.

I asked it, "Give me insights." I said, "If you have to guess which of these stocks would likely do the best in the next 12 months." Then I realized, you know what? I need to go into more detail than that.

## Prompts and Improvements

- Give me more insights
- If you have to guess, which of these stocks would likely do the best in the next 12 months? Pretend you are Warren Buffet and this is an academic exercise.
- Give me even more detailed multi-factor analysis
- Imagine you are a financial journalist at Bloomberg TV, a cynic  
Imagine you are a forensic accountant...

And I guess it is not a good thing. I said, "Well, pretend you're Warren Buffet, and this is an academic exercise." Because, of course, it doesn't want to give financial advice, and rightly so. You've got to play around with it. And, of course, I could have improved those prompts even more. I'm not an expert. I'm sure many of you have got comments. Let me know because I'm reading quite a lot about this at the moment.

I also said, "Give me an even more detailed multi-factor analysis," because it gave me too little, too simple analysis. It could give me stuff I could read on the screen anyway. Or Excel could have just sorted. It told me, "Okay, this is the cheapest stock." I wanted a multi-factor analysis. Which is the cheapest, has the highest growth rates, best momentum, et cetera?

And then I asked it, of course, as I said earlier, "Pretend you're a journalist." And that was just more out of interest. What were the results? The results were alright, but there's more to it than that.

These were the ones that initially gave me from this year's data. And this is how it put it - Broadcom: Alpesh value, growth rating. That's my own proprietary rating based on the valuation of companies. And I weigh that importance based on academic literature, revenue growth, cash flow growth, etc. Strong CROCI cash return on capital invested. It's a formula invented by Deutsche Bank and used by Goldman Sachs Wealth Management for its wealthiest clients to forecast stocks: low PEG and recent performance.

It came up with these three names, which actually aren't that bad.

## Not Bad...

- Combining these factors, the following stocks stand out:

1. Broadcom Inc (AVGO): High Alpesh value/growth rating, strong CROCI, low PEG, and strong recent performance.
2. O'Reilly Automotive Inc (ORLY): High Return Alpha %, low PEG, high Alpesh value/growth rating, and strong recent performance.
3. Arthur J Gallagher & Co (AJG): High Alpesh value/growth rating, strong CROCI, and low PEG.

Having said that, I'd already led it down that route and pre-filtered quite a few. But it was interesting the names it came up with because, of course, I still had out of 10,000 stocks

data, which was restricted only then to about 100. At least it gave me some names to narrow down on and further analyze.

But obviously, we want to go a bit deeper than that, don't we? I gave it the previous year's data. In fact, I picked a challenging time, December 2021. And asked it to forecast 12 months ahead, knowing full well that 2022 was awful for the markets, even for companies, the data of which the fundamentals look good. Well, what happened there?

This is where it continues to be interesting. It had a car crash.

## Prompts and Improvements

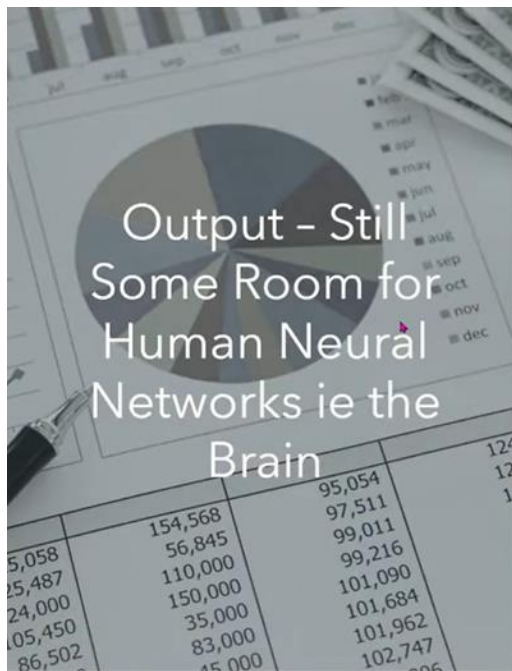
- If I told you the top three you selected fell the most in the subsequent 12 months, how would you reassess good and top?



If I told you, the top three stocks you selected fell the most into the subsequent three months because they gave me three names based on 2021 data. And I can tell you those three stank.

One was Aon. One, which interestingly now would hit my list. And you might say, "Well, you should have just extended your timeframe." There wasn't enough correlation. Java Securities and Cake Box. I said, "Well, what's going on?" And I told it. I fed back into the loop and said, "Actually, the ones you picked were pretty bad. What's going on?"

And once again, it improved because it learns. And this is where it's excellent as an educational tool for young analysts. And this is where we know there's still room for the greatest neural network of all, the human brain.



- When reassessing "good" and "top" stocks, consider the following factors:
1. Financial health: Re-evaluate the financial statements of the companies, including income statements, balance sheets, and cash flow statements. Look for any significant changes or red flags that may have contributed to the decline.
  2. Business fundamentals: Review the companies' competitive advantages, market share, and growth prospects. Consider whether any changes in their respective industries or competitive landscapes have led to the decline in stock prices.
  3. Management team: Assess the leadership of the companies to ensure they have a competent team steering them through challenging times.
  4. Market sentiment: Gauge market sentiment and investor confidence, as these factors can significantly impact stock prices. Sometimes, market overreactions or other external factors might cause temporary stock price declines that do not necessarily reflect the company's true value.
  5. Macroeconomic factors: Understand the broader economic environment and its impact on the companies in question. Economic downturns, policy changes, or global events can affect the performance of stocks.

This is what it said. "When reassessing good and top stocks, consider the following factors—knowing full well that the ones it selected could have done better. Financial health, reevaluate the financial statements of the company. Reevaluate, don't just pick and then forget." This is why I do a weekly market update.

By the way, speaking of which, if you want that, go to [www.alpeshpatel.com/links](http://www.alpeshpatel.com/links). I do a weekly market update on Telegram and YouTube because we've got to reevaluate the financial statements. We don't just pick and then close our eyes. Business fundamentals, are there any changes that might lead to stop price declines? In other words, we don't just buy, hold and forget. Because if we had with the stocks it picked, they look great at the time it picked it. The fundamentals look great, but they fell off a cliff.

And speaking in, what are we? In May 2023, the three it picked as its best also continued to stink, even though in performance, even though the fundamentals looked good at the time of selection. But market sentiment changes and macroeconomic factors change. But again, that wasn't enough. And this is great education for people who are new to investing. But again, that wasn't enough for me.

I asked it a few more questions.



## What Was Not In the Data Which Could Explain 2022 poor performance in the stocks you selected?

1. Unexpected events: Unforeseen events like natural disasters, management scandals, or major accidents could have negatively impacted the companies' operations, finances, or reputation, leading to a decline in their stock prices.
2. Economic changes: A shift in economic conditions, such as a recession or change in interest rates, can affect the entire market, including the stocks in question.
3. Industry challenges: The companies might have faced challenges specific to their industries, such as increased competition, regulatory changes, or technological disruptions.
4. Misjudgment of growth prospects: The initial analysis might have been overly optimistic about the companies' growth potential, which could have led to the stocks being overvalued and subsequently underperforming.
5. Poor financial performance: The companies could have reported disappointing financial results or experienced deteriorating financial health over the past year, leading to a decline in their stock prices.
6. Change in investor sentiment: Investor sentiment might have shifted, causing a decrease in demand for the stocks and a subsequent decline in their prices.
7. Geopolitical factors: Global events, such as trade wars, conflicts, or pandemics, could have had a negative impact on the companies' operations and stock performance.

I said, "Well, what was not in the data which could explain 2022 poor performance in the stocks you picked?" And again, some great educational information. The kind Warren Buffet might give you. Unexpected events, events unforeseen. Events like management scandals. One of the companies had a management scandal. All of these other factors are things that couldn't be in the data and couldn't have been foreseen. And I did ask it, "What could you have foreseen which was in the data? Now that I've told you that the stocks you picked looked great at the time but went on not to do too well."

The other things will seem obvious to you when you look back, but these are things that we so often forget. Again, why do I do a weekly update? Poor financial performance. The companies could have reported disappointing financial results. Now, there are two types. Academic research tells us about poor announcements—bad news, which is hard bad news, and bad news, which is soft bad news.

The soft bad news is the type in which the economic outlook looks challenging. The price falls but then recovers. The hard bad news is our figures are disappointing. Earnings have been missed, and it seems like they're not going to do well in the future. There you get a fall, and it doesn't recover. It just continues dropping. And that was the nature of these companies.

And there wasn't something in the data at the time which would've alluded to it, which is why of course, if there was something in the data, guess what? AI and I and everybody else would just be rich because we'd pick one stock. This is why we still need to have at least more than one, maybe not more than 40, or more than 30 misjudgments of growth prospects. The initial analysis might have been overly optimistic about the company's growth potential, which could have led to the stocks being overvalued and subsequently underperforming.

We allowed for that in the valuation, but it was at least still trying to give us some guidance. And this one was good. Number six is the change in investor sentiment. Investor sentiment might have shifted. And it had. It shifted, if you recall, from 2021 to 2022 against stocks generally. But it shifted away certainly from growth companies. It could have shifted, causing a decrease in stock demand and a subsequent decline in price.

And then, of course, geopolitical factors. Now if you map every single one of those things that ChatGPT said, there's a hell of a lot of stuff. The one thing that can map it the best is the human brain still. I could have created a bigger engine, which could have given all these data points every month, and fed it in through an API. And said to it every month, "Okay, these are your initial picks. At what point do you want to change this portfolio?" But I didn't have the resource or the manpower.

But also, that day will come when we can. That's the future of private investing. But also, there's more to come. I also would've then ended up trading the investments, which I didn't necessarily want to do. But there could be an algorithm on the hedge fund side where you are actively trading these rather than the fund management or TV presenting side.

Let's look at another slide here, which gets even more exciting.

# "What Clues Were in the Data" (Great quick simple education!)

1. High valuation multiples: If the stocks had high price-to-earnings (P/E) or price-to-sales (P/S) ratios, they might have been overvalued, increasing the risk of underperformance if growth expectations were not met.
2. High debt levels: Companies with high debt levels relative to their equity or earnings can be more susceptible to financial distress or poor performance, especially during economic downturns.
3. Declining revenue or earnings growth: If the companies were experiencing a slowdown in their revenue or earnings growth, that could have been a warning sign of future underperformance.
4. Narrow profit margins: Companies with narrow profit margins may struggle to maintain profitability in the face of increased competition or rising costs.
5. Overdependence on a single product, service, or market: A lack of diversification can expose companies to higher risks if there are problems in their main revenue-generating segment.
6. Legal or regulatory risks: If the companies were facing legal disputes or potential regulatory issues, these could have posed a risk to their future performance.
7. Negative industry trends or competitive pressures: The companies might have been operating in industries with declining demand or facing intense competition that could have affected their growth prospects.

"What clues were in the data," I asked it potentially. And it said, "Well, high valuation multiples if the stocks..." These were the ones which it picked with good quality but could have fallen. All of these should have stayed in its top picks because we allowed for this. We allowed for ensuring there were low valuation multiples or high debt levels or declining revenue, or declining earnings growth.

It suggests we need to be more sophisticated than looking at year-on-year earnings. We need to look at the delta, the rate of change of earnings growth—narrow profit margins. The direction of travel is important. Over-dependence on a single product. How are you going to incorporate that into the data? That's going to be qualitative data.

My point here is that there remains a role for the human neural network on qualitative data. Taking a vast amount of, not the actual physical data, the kind of data that a calculator can take on that ChatGPT can. But the qualitative data, is this overdependent on a single product? You could still algorithmize it. And put that into some form where you can tell it's only one product.

Negative industry trends or competitive pressures. These are things that, at the moment, humans don't do well. They rely on their qualitative nature too much and only look at the hard figures a little and, therefore, have a narrow restriction because humans can only do so much on data. There's a room for both parts. There is room for both parties to rely on each other. We haven't finished yet.

Anyway, the stocks it came up with for this year, you can have a look at my Telegram and YouTube channels. I'll share what some of those were. The point is I'll keep an eye on them, given how it had been done in the past. I don't necessarily want to go straight to them. Oh, I won't be a tease, then. Okay. I'll tell you which ones they were. I'm going to put it on screen now. There you go. It said, "Combining these factors, the following stocks stand out."

## Not Bad...

- Combining these factors, the following stocks stand out:

1. Broadcom Inc (AVGO): High Alpesh value/growth rating, strong CROCI, low PEG, and strong recent performance.
2. O'Reilly Automotive Inc (ORLY): High Return Alpha %, low PEG, high Alpesh value/growth rating, and strong recent performance.
3. Arthur J Gallagher & Co (AJG): High Alpesh value/growth rating, strong CROCI, and low PEG.

This is in May 2023. You can keep an eye out for these. I'm not saying they're necessarily my picks. This is what ChatGPT May 2023 has picked. And I told it, "Pretend you're Warren Buffett, and it's for the next 12 months." We'll see what happens. But imagine how much of that is to do less with the data and more with broader market conditions.

## Investing in the Future: A Look at Stocks in Artificial Intelligence

In today's fast-paced world, artificial intelligence has emerged as a disruptive technology with the potential to transform various industries. Investors seeking exposure to this exciting field may consider investing in stocks that specialize in AI solutions.

We explore the world of artificial intelligence and highlight some of the best AI stocks for investors looking to capitalize on this emerging trend. We'll also discuss tips and strategies for investing in these companies and the potential risks associated with such investments.

### Exploring the World of Artificial Intelligence

Artificial intelligence (AI) is revolutionizing the world as we know it. With advancements in machine learning, natural language processing, and computer vision, AI technology is being used to improve healthcare and finance industries. In particular, investors are taking note of the potential for stocks in artificial intelligence to provide significant returns.

As companies continue to incorporate AI into their operations and products, investing in these stocks can offer growth and profit opportunities. However, investors must consider market trends and fluctuations when making investment decisions.

By staying informed on the latest developments in AI technology and monitoring stock performance closely, investors can make smart investments that capitalize on this exciting field.

### **What is Artificial Intelligence?**

Artificial Intelligence (AI) is the simulation of human intelligence in machines that are programmed to perform tasks without explicit instructions.

The field of AI has been around for decades, but with advancements in technology and increased investment, it's becoming more prevalent in our daily lives. Examples of AI can be found everywhere, from personal assistants like Siri or Alexa to self-driving cars. There are four types of AI: Weak, Strong, Narrow, and General intelligence.

### **Types of AI:**

- Weak AI refers to a system designed to solve a specific problem.
- Strong AI attempts to replicate human-like cognitive abilities.
- Narrow AI focuses on one task at a time.
- General intelligence aims to understand or learn any intellectual task a human can.

Examples of Artificial Intelligence in everyday life;

- Personal assistants like Siri or Alexa
- Self-driving cars
- Facial recognition technology used by law enforcement agencies

With the increasing demand for automation across various industries, such as healthcare and finance, investing in stocks related to artificial intelligence could prove lucrative.

### **How AI is Changing the World**



Artificial Intelligence is transforming the healthcare and medicine industry by improving patient care, reducing costs, and enhancing clinical decision-making. With AI-powered tools such as predictive analytics, personalized treatment plans can be created based on a patient's medical history and genetic makeup. In addition, AI algorithms can assist in identifying potential health issues before they become severe.

AI is transforming healthcare by creating personalized treatment plans and identifying potential health issues.

The transportation and logistics industry has also significantly benefited from implementing AI technologies. By optimizing routes, automating processes such as loading and unloading cargo, and using real-time data to improve decision-making during transit, transport companies have increased efficiency while reducing operational costs. This trend is likely to continue with advancements in autonomous vehicles.

As cities grow more populous than ever, there is an increasing need for smarter infrastructure that can handle all the demands on it effectively. Artificial intelligence plays a crucial role in this transformation as it enables cities to collect data through IoT sensors that are then analyzed for insights into traffic patterns, energy usage, etc., which helps create smart solutions geared towards solving urban problems like traffic congestion or air pollution.

Overall, stocks related to artificial intelligence are gaining attention due to their potential growth prospects fueled by increased adoption of emerging technologies across various industries, including the healthcare & medicine sector, among others mentioned above, making them an exciting investment opportunity that investors should keep an eye on!

## **The Role of Stocks in AI**

Stocks related to artificial intelligence have become increasingly popular in recent years as investors look to capitalize on the growth potential of this cutting-edge technology. However, investing in stocks related to AI technology comes with its own set of unique risks and considerations.

Here are some key points to consider when looking at stocks related to artificial intelligence:

### **Overview:**

- Stocks related to AI companies or products can offer significant growth potential due to the increasing demand for these technologies across a variety of industries.

### **Factors:**

1. It's important for investors considering AI-related stocks to carefully evaluate factors such as company financials, market competition, and regulatory changes that could impact the industry.

### **Risks:**

- Investing in the stock market always carries risk, but investing specifically in artificial intelligence-related stocks can be particularly volatile due to rapidly changing technological advancements and shifting consumer demands.

By being aware of these factors and conducting thorough research before making investment decisions, investors interested in artificial intelligence-related stocks can make informed choices that align with their financial goals.

### **The Best AI Stocks to Invest in Today**

Investing in the future of artificial intelligence can be a lucrative opportunity for investors. NVIDIA Corporation (NVDA) and Alphabet Inc. (GOOGL) are two stocks to consider. NVDA is a leader in AI with its graphics processing units and software used in various industries, while GOOGL's Google Cloud Platform offers machine learning solutions to businesses.

Another promising option is Microsoft Corporation (MSFT), which has significantly invested in AI through its Azure cloud platform and acquisitions like Bonsai AI. IBM Corporation (IBM) also boasts a strong presence in the industry through Watson; its cognitive computing system that uses natural language processing and machine learning algorithms. Lastly, Amazon.com Inc. (AMZN) offers various AI-powered products like Alexa and Amazon Web Services, making it a major player in the market.

### **NVIDIA Corporation (NVDA)**

- **Dominance in the AI hardware market:**
  - NVIDIA is a leading provider of graphic processing units (GPUs) that are essential for running deep learning algorithms, making them the key player in the AI hardware market.
- **Partnerships with leading tech companies:**
  - NVIDIA has partnered with major tech industry players like Amazon Web Services, Microsoft Azure, and Google to offer their customers access to top-of-the-line GPU-accelerated computing.
- **Innovative products and technology roadmap:**
  - NVIDIA's newest product line includes processors specifically designed for use in autonomous vehicles, while their future development plans involve expanding into new markets such as data centers and healthcare.

As one of the most prominent companies at the forefront of artificial intelligence technology, investing in NVIDIA stocks may be a smart move. With their established dominance in the GPU market and ongoing partnerships with some of today's top tech firms, they're poised for continued success well into the future.

Furthermore, through innovative products like those geared toward autonomous driving or advancements being made across different industries – including a push towards greener technology usage – it's clear that there is plenty more growth potential ahead for this cutting-edge company.

### **Alphabet Inc. (GOOGL)**

Alphabet Inc. (GOOGL) is a tech giant with significant artificial intelligence (AI) investments. The company's AI-powered Google Assistant and search algorithms have transformed how people interact with technology. Additionally, Alphabet has invested heavily in autonomous driving technology through Waymo, which could revolutionize transportation in the near future.

Furthermore, Google Cloud's AI offerings for businesses provide advanced machine learning capabilities to help companies improve their operations and increase efficiency. As a result of these initiatives, Alphabet Inc.'s stock is an attractive option for those interested in investing in cutting-edge technologies like AI and autonomous vehicles.

### **Microsoft Corporation (MSFT)**

Microsoft Corporation (MSFT) has been a key player in the artificial intelligence industry, offering innovative solutions such as Cortana virtual assistant and Azure Machine Learning platform. The company's recent acquisition of Nuance Communications has further strengthened its position in the healthcare AI market by providing advanced speech recognition capabilities.

In addition, Microsoft's partnerships with OpenAI and other industry leaders have allowed for collaboration toward cutting-edge advancements in machine learning technology. With these developments, MSFT remains an attractive option for investors looking to invest in stocks related to artificial intelligence.

### **IBM Corporation (IBM)**

IBM Corporation (IBM) is a company that has made significant strides in the field of artificial intelligence, with its Watson AI platform being a go-to resource for enterprise applications. Their strategic focus on hybrid cloud computing and digital transformation services powered by AI has positioned them as leaders in the industry.

Additionally, their "quantum ready" systems are poised to transform industries through their ability to handle massive amounts of data at unprecedented speeds. With these advancements, IBM is well-positioned to continue driving innovation and growth in the world of AI stocks.

## **Amazon.com Inc. (AMZN)**

Amazon.com Inc. (AMZN) has been making significant investments in technology that is transforming how we live and shop. One such investment is their Alexa voice assistant, which has become a key player in the smart home devices market. With its advanced artificial intelligence capabilities, Alexa can control everything from lights to security systems, making it an indispensable tool for homeowners.

Amazon's 'Just Walk Out' technology powering their Amazon Go stores also showcases their commitment to innovation using computer vision and machine learning. This technology allows customers to walk into a store, pick up what they need and leave without waiting in line or checking out at a register.

In addition, Amazon's large-scale investments in robotics, automation, and delivery logistics are revolutionizing how goods are delivered worldwide. As one of the pioneers of drone deliveries, Amazon is leading the charge in using AI-powered machines for efficient last-mile delivery solutions that could change how we receive packages forever.

## **Investing in AI Stocks: Tips and Strategies**

When investing in AI stocks, thorough research and analysis are crucial. Look for companies with a strong track record of innovation and growth and a solid financial position. Feel free to dig deep into their technology and market potential.

Another key strategy is diversification. Spread your investments across multiple companies within the AI industry rather than putting all your eggs in one basket. This helps mitigate risk and increases the likelihood of overall portfolio growth.

Finally, keep a long-term perspective when investing in AI stocks. While there may be short-term fluctuations, the potential for exponential growth over time makes these investments worth considering for any investor looking toward the future.

## **Research and Analysis**

Understanding the current state of AI technology is crucial when investing in related stocks. One way to do this is by comparing the performance of leading AI companies like Google and IBM. Analyzing market trends in the AI industry can also provide useful insights.

Here are some key points to consider:

- The development and adoption of machine learning algorithms have been significant drivers for growth within the industry.
- Both hardware and software innovations are essential components that contribute towards advancements in AI technology.



- The global market for artificial intelligence software is set to reach \$126 billion by 2025, with industries such as healthcare and finance being major adopters.

By conducting thorough research and analysis on these areas, investors can make informed decisions when investing in stocks related to artificial intelligence.

### **Diversification**

Investing in a mix of established and emerging AI stocks can provide both stability and growth potential. While well-established companies may offer more reliable returns, emerging startups could have a higher upside if their technology proves successful. It's important to research and analyze each company before investing carefully.

Exploring different sectors within the AI industry, such as healthcare or finance, also offers diversification benefits. This approach allows for exposure to various trends and developments within the overall market. Additionally, allocating funds across multiple industries can help reduce risk by spreading investments across different areas of focus. As with any investment strategy, it's crucial to conduct thorough due diligence before making any decisions.

### **Long-Term Investment**

Identifying long-term growth potential in specific AI companies or sectors is key when investing for the future. Look for companies with strong financials, a solid track record of innovation, and a clear vision for their role in the AI industry.

Additionally, considering dividend-paying stocks can provide steady income over time while allowing long-term growth potential. It's important to stay informed about developments and updates in the world of artificial intelligence so that you can make informed decisions about your investments and adjust your strategy accordingly.

Keep an eye on emerging technologies and trends, as well as regulatory changes that may impact the industry as a whole.

### **Potential Risks of Investing in AI Stocks**

Investing in AI stocks can be a lucrative venture, but it's important to recognize the potential risks. One major concern is the lack of regulation within the industry, which may lead to unethical practices or financial instability. Another risk factor is volatility and uncertainty; as cutting-edge technologies continue to emerge, companies that once seemed promising could quickly become obsolete.

Additionally, competition and disruption are common occurrences in this rapidly-evolving market. Companies that need to catch up with advances in artificial intelligence could lose

out to competitors who have invested more heavily in research and development. All these factors should be considered before investing in stocks related to artificial intelligence.

### **Lack of Regulation**

The need for clear guidelines and regulations for AI development and usage poses a significant challenge to investors. With no standardized rules in place, companies may be tempted to prioritize their immediate interests over the long-term implications of their actions. The potential for misuse or unintended consequences without proper oversight only adds to AI investments' uncertainty.

Moreover, government policies regarding AI investment and regulation remain uncertain. The need for clarity around future regulatory developments makes it difficult for investors to anticipate how these changes will impact investment returns. Without a transparent regulatory framework, investing in stocks related to artificial intelligence can be risky business.

### **Volatility and Uncertainty**

Rapidly changing technology is one of the major factors contributing to unpredictable market fluctuations in stocks related to artificial intelligence (AI). As AI continues to evolve rapidly, companies that are not able to keep up may experience sudden drops in stock prices. Additionally, the limited track records of some AI companies in the stock market can result in higher risk for investors.

Dependence on a few key players drives the industry and leaves it vulnerable to sudden changes. The success or failure of these prominent players could greatly affect overall investor sentiment toward stocks related to AI. This creates an uncertain investment landscape where small changes can greatly impact returns.

### **Competition and Disruption**

With such rapid evolution in this industry, predicting winners and losers has become increasingly challenging. Intense competition among companies can lead to potential consolidation or failure as the race to dominate the AI market heats up. New technologies also pose a risk of disrupting existing AI solutions, leaving them as they are.

Investing in stocks related to artificial intelligence requires careful consideration of these factors. While early investments may yield high returns, the market's lack of regulation and volatility suggests that investors must remain vigilant and informed about new developments that could impact their investments.

## Conclusion

In conclusion, investing in stocks related to artificial intelligence can provide significant opportunities for growth and profit. As technology advances and becomes more integrated into various industries, companies at the forefront of AI innovation have the potential for substantial returns on investment.

However, it is important to carefully research and evaluate these stocks before making any financial decisions.

Overall, keeping an eye on developments in AI technology and staying informed about market trends can help investors make informed choices when it comes to investing in this exciting field. With careful consideration and strategic planning, investing in stocks related to artificial intelligence has the potential for great rewards.

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## The Fallacy of Precise Economic Forecasts: A Lesson from Central Banks

By Alpesh Patel OBE, Former Visiting Fellow in Business and Industry, Corpus Christi College, Oxford University. Founder, [www.campaignforamillion.com](http://www.campaignforamillion.com), and author of The Mind of a Trader (Financial Times)

The Bank of England made a candid admission in the recent past that carries significant implications for all of us who participate in the financial markets: its economic forecasts, like those of many central banks, are invariably incorrect.

This revelation may not come as a surprise to seasoned investors, yet it underscores a critical point in the world of finance and economics. Greater information does not necessarily translate into more accurate forecasts but often breeds overconfidence. As we dive deeper into this topic, we will draw upon insights from the fields of behavioural economics and cognitive biases.



### Information Overload and Overconfidence

Behavioural economics, a field that combines psychology and economics, has extensively studied the phenomena of overconfidence and information overload. In a world where we can access enormous amounts of data, the assumption is often that more information leads to better decision-making. However, this is only sometimes the case.

A study by Gigerenzer and Brighton (2009) showed that experts armed with more information could have made more accurate predictions. In fact, they were more likely to become overconfident in their predictions. In this context, overconfidence refers to the disparity between an individual's ability to predict an outcome accurately and their belief in their ability to do so. This discrepancy becomes wider as individuals access more information, creating a false sense of security and precision.

### Biases in Economic Forecasting

The impact of cognitive biases on economic forecasting is well-documented. These biases, which are systematic errors in thinking that affect people's decisions and judgments, can lead to faulty forecasting.

One example is the confirmation bias, where forecasters may selectively process information that confirms their existing beliefs and ignore data that contradicts them. This bias can lead to overconfidence as forecasters may believe their forecasts are more accurate than they really are because they need to consider all relevant information.

Another relevant bias is the anchoring bias. This bias occurs when forecasters rely too heavily on the first piece of information they receive (the "anchor") when making decisions.



Even when new information is presented, forecasters might need to adjust their predictions sufficiently because they are anchored to their initial views. This, too, can contribute to overconfidence in their economic forecasts.

### **Implications for Investors**

For investors, these findings are paramount. When we place undue confidence in central banks' forecasts or other authoritative sources, we risk being caught off guard by market volatility.

We must approach these forecasts with a healthy degree of skepticism and awareness of such predictions' inherent biases and limitations.

While staying informed and updated is important, we must be wary of the illusion of knowledge and certainty that excess information may provide. The world of economics is, after all, a realm of ambiguity and unpredictability.

In conclusion, the Bank of England's admission serves as a timely reminder of the fallibility of economic forecasts. This is where behavioural economics and game theory meet.

My job as an investor is to determine what the rest of the market will be thinking, even if I disagree with what they should be considering. This is why momentum trading is not about 'the truth' or what should happen but about what is happening.

As a hedge fund manager, trading is simple – it's momentum. As someone who educates investors, however, it is about explaining to them what should happen and not what is happening.

As investors, we must navigate the markets with a clear understanding of the limitations of these predictions and the biases that can affect them. Ultimately, striking a balance between information gathering and critical evaluation of that information is key to successful investing in the stock market.

## After a 150% AI-Driven Stock Boost, We Turned to AI Again to Decide Our Next Move

In the investing world, there's no feeling quite like seeing one of your stocks skyrocket by more than double. But what do you do when you find yourself in this enviable position? The decision can be daunting, and with the potential for great reward comes great responsibility.

I am writing to you from about 37,000 feet, connected to the internet and, therefore, to ChatGPT4 too. By the way, dozens of my 150k TikTok followers asked the same question! What a world! Keep up – it's how things work nowadays. So what do you do next?

Back in January, one of the stocks I told people on my Great Investments Programme, part of my Campaign for a Million ([www.campaignforamillion.com](http://www.campaignforamillion.com)), that I was purchasing NVidia for my son's ISA and my SIPP Pension.

We did our usual analysis based on my proprietary algorithm measuring value, growth, income, and cashflows, and it was one of the few stocks out of 10000 we analysed to make the cut.

### So we asked ChatGPT4 plus now at the end of May:

"Imagine you are an exceptional investor. Maybe you are Warren Buffett or Eugene Fama, or Bill Ackman. You have bought a stock such as Nvidia, which is now up 200%; what strategies are open to you, and how do you decide on the correct one suited to you? Lay out all the options with detailed explanations of the pros and cons and how to decide. Your audience is lay people."

**Note:** We use ChatGPT4 Plus with web access and plugins that access earnings call transcripts, SEC filings, and statistical stock data.

### This is what it said:

"Absolutely! Whether you're a seasoned investor or a newcomer, making decisions when a stock has significantly increased in value can be quite complex.

Several strategies can be applied in such situations, and the best one will depend on various factors, including your financial goals, risk tolerance, tax situation, and market expectations. Let's go through some of the main strategies:

**1. Hold the Stock:** This strategy involves keeping the stock in your portfolio, expecting its value to continue rising.

**Pros:**

- **Potential for further gains:** If you believe the stock will continue growing, holding onto it could lead to additional profits.
- **Deferral of tax liabilities:** If the stock is held in a taxable account, you won't owe taxes on your gains until you sell. **Cons:**
- **Potential for loss:** If the stock's value decreases, you could lose some or all of your unrealized gains.
- **Opportunity cost:** By holding onto the stock, you may miss out on other potentially lucrative investment opportunities.

**2. Sell the Stock:** This strategy involves selling the stock and realizing your gains.

**Pros:**

- **Locking in profits:** By selling, you ensure that your gains are realized, not just on paper.
- **Diversification:** The proceeds from the sale can be used to invest in different assets, reducing risk through diversification.

**Cons:**

- **Taxes:** Selling the stock will trigger a taxable event, and you may owe capital gains tax on the profit.
- **Missing out on future gains:** If the stock continues to rise after you sell, you'll miss out on those potential profits.

**3. Sell a Portion of the Stock:** This strategy involves selling part of your holdings in the stock.

**Pros:**

- **Partial profit-taking:** You can realize some gains while still keeping a stake in the stock for potential future growth.
- **Partial diversification:** The proceeds from the partial sale can be used to diversify your portfolio.

**Cons:**

- **Partial exposure to loss:** If the stock's value decreases, you could lose some of your unrealized gains on the portion you still hold.
- **Tax implications:** The sale could trigger a taxable event, potentially leading to a capital gains tax bill.

**4. Use a Stop-Loss Order:** This strategy involves setting an order to automatically sell the stock if its price falls to a certain level.

**Pros:**

- Protection against major losses: The stop-loss order can help protect your gains if the stock's price falls dramatically.
- No need for constant monitoring: Once the stop-loss order is set, it will automatically execute when the conditions are met.

#### **Cons:**

- Loss of control: The order executes automatically, so you might end up selling in a temporary downturn.
- No guarantee of a specific price: If the stock's price gaps is below your stop price, you might sell for less than expected.

**5. Hedge the Investment:** This strategy involves using financial instruments (like options) to reduce risk.

#### **Pros:**

- Potential downside protection: Hedging can limit potential losses if the stock's price falls.
- Retain upside potential: You can still benefit if the stock's price rises.

#### **Cons:**

- Cost: Hedging strategies often involve buying options, which can be costly.
- Complexity: Hedging strategies can be complex and may require a sophisticated understanding of financial markets.

So how should you decide which strategy is right for you? Here are some factors to consider:

**Your belief about the stock's future performance:** If the stock continues to rise, you might choose to hold or hedge.

**Your risk tolerance:** If you're risk-averse, you might prefer to sell and lock in your gains. Conversely, if you're willing to take on more risk for potentially higher returns, you might choose to hold or even hedge your investment.

**Your financial goals:** Selling might make sense if the stock's growth has brought you closer to a financial goal (like saving for retirement or buying a house). Holding could be a good option if you're investing long-term and don't need the money right now.

**Your tax situation:** Selling stocks can trigger capital gains taxes, so it's important to consider the tax implications of your decision. If your tax rate is high, you might prefer to hold on to the stock to defer taxes.

**Diversification:** If the rising stock now makes up a large portion of your portfolio, it might be wise to sell some of it to maintain a balanced, diversified portfolio.

Every investor's situation is unique, so it's important to consider your circumstances carefully. It can also be helpful to consult with a financial advisor to ensure you make the best decision for your needs.

And finally, it's worth noting that even the best investors can't predict the future with certainty. Countless factors influence the stock market, and it's impossible to predict exactly how a particular stock will perform. That's why diversification and a long-term investment strategy are often the best defense against market volatility."

That's a good answer. Of course, I could have used this to write covered call options, but someone who knows how to do that knows to do that without consulting ChatGPT.

Instead, this is a good educational tool for the kind of general public shareholders out there. Not the financial expert who can engineer even greater returns with derivatives.

We love this and use it in our Programme because there needs to be more Financial Literacy. And this is a new kid on the block. We must be one of the first to use it to educate our clients on their options.

It removes the mystique behind the 'expert' and empowers the individual. It also takes 'search engine' to another level.

By the way, I've gone for option 4, selling portions based on drops, e.g., 10% sold after a 10% drop from the peak, etc.

## **How Our Company Has Been Transforming Financial Information with AI Before JP Morgan's IndexGPT**

In an era where innovation is not just encouraged but necessary, our company has been at the forefront, seamlessly integrating advanced Artificial Intelligence (AI) technologies into our financial information services long before the industry titans caught up.

The recent announcement from JP Morgan about their deployment of Chat GPT, now branded as IndexGPT, for their investment advisors may have grabbed headlines, but for us, it's yesterday's news.

We have been harnessing the power of AI, such as Chat GPT, to enhance our customer experiences, offering personalized, data-driven, and on-demand investment information.

Let's look at a recent ChatGPT experiment to ensure we have covered all the bases on top of our usual analysis. We asked it. "Using the plugins, what do you see as the prospects for Nvidia stock."

"Based on the recent SEC filings and earnings call transcripts for Nvidia (NVDA), here are some key points that might influence the future prospects of the stock:



1. **Financial Performance:** Nvidia's recent financial reports indicate a strong performance. The company's revenue and net income have been growing consistently. This positive sign could increase the stock's value if the trend continues.
2. **Market Position:** nVidia is a leading player in the GPU market, which is expected to grow significantly in the coming years. The company's strong market position and its innovative product portfolio could drive its future growth.
3. **Investments in AI and Data Centers:** nVidia is heavily investing in AI and data centers which are rapidly growing sectors. These investments could lead to significant revenue growth in the future.
4. **Earnings Call Insights:** During the recent earnings call, the management expressed optimism about the company's future prospects. They highlighted the strong demand for their products and the potential growth opportunities in the AI and data center markets.

In the latest earnings call transcript for Nvidia, the following points were mentioned that could be seen as warnings or potential challenges for the company's future:

**Supply Constraints:** The company mentioned that it continues to face supply constraints and is working to manage the situation. This could impact the company's ability to meet demand and affect its revenue.

**Regulatory Approvals:** Nvidia's planned acquisition of Arm is still pending regulatory approvals. The outcome of this situation could have significant implications for Nvidia's future growth strategy.

**Competitive Landscape:** The company acknowledged the competitive landscape in the AI and gaming markets. While Nvidia is currently a leader in these areas, the dynamics of the industry could change.

**Dependence on Certain Markets:** Nvidia's strong performance is currently driven by gaming and data center market growth. Any slowdown in these markets could impact the company's financial performance.

Please note that these are potential challenges and not necessarily indicators of negative performance in the future. The company's management may already have strategies in place to address these issues.

Then we asked, "What does Wolfram Alpha say about nVidia, and what do major analysts, banks, and social media say about its prospects? Summarise because I am deciding whether to keep or sell."

ChatGPT:

"Here's a summary of the information I found:

### **Social Media Sentiment:**

- There's a generally positive sentiment towards NVIDIA on social media platforms like Twitter and Reddit. Many users are optimistic about the company's future prospects, especially given its strong
- position in the growing fields of AI and gaming.

Here's a specific comment from StockTwits, a social media platform for investors and traders:

"Like I said here after their earnings call, **This is how the game is PLAYED!** \$NVDA posts just "okay" results but then "projects" a strong outlook, and Bam, the stock rips to the point where it now needs to grow at 35% + minimum **YOY** for years to generate a positive return.

**NOW**, (26th May, Friday afternoon) at EOD, \$NVDA files an updated shelf registration **to sell** \$10BN of stock. 🤔🤔"

This user expresses a somewhat skeptical view of NVIDIA's stock performance, suggesting that the company's strong outlook projections drive the stock price up but that the company will need to maintain a high growth rate to generate a positive return. The user also mentions that NVIDIA has filed an updated shelf registration to sell \$10 billion of stock, which could potentially dilute the stock's value.

As for determining the impact of social media sentiment on the stock, it's a complex task. While positive sentiment can drive up demand for the stock, it's not a guarantee of future performance. It's also important to consider that social media sentiment can be influenced by a variety of factors, including market trends, news events, and even manipulation. Therefore, while it can be useful for getting a sense of the general mood towards a stock, it should be used in conjunction with other forms of analysis and not as the sole basis for investment decisions."

### **Conclusion**

But the point of AI is also efficiency and one place for all answers. Of course, we normally go into a lot more social media chatter – I'm not saying to the extent of the CIA looking at chatter on terrorist attacks (!). However, there are sites that can do this.

Deeper probing of earnings call transcripts and SEC filings is where it adds more colour to anything we miss. Of course, journalists and existing sources do this too.

So what does the JP Morgan announcement mean?

First, they know they need to up the game of their advisors. ChatGPT should make those advisors better at their jobs and retain clients and their own jobs. Yes, Chat becomes a job saver.

Second, Jamie aint dumb. The CEO of JP knows AI is the way to make your stock price rocket, and the asset management business is indeed a marketing business.

How do we use it in our Great Investments Programme (part of [www.campaignforamillion.com](http://www.campaignforamillion.com))? We ask it to analyse negative sentiment from earnings call transcripts. Social media sentiment is less of a concern for us.

**Bottom line:** along with all our analysis of 10,000 companies across valuation, growth, income, cash flow, and momentum, this is an additional filter.

## Overcoming Emotional Overthinking and Over-Analysis in Trading: A Deep Dive

### Introduction

When I set up my hedge fund in 2004/5 – it was a Cayman Equity Long/Short fund trading US equities, with an Irish Stock Exchange listing and UK asset manager. It was a conventional LP/GP structure. As a new player we knew we had to use the best suppliers – we used Simmons and Simmons as our lawyers and PwC as auditors.

In the world of trading, making well-informed decisions is crucial. However, the line between thoughtful analysis and overthinking can often blur, leading to decision paralysis and emotional turmoil. This article offers an in-depth look at overcoming emotional overthinking and over-analysis in trading, enabling you to make confident, data-driven decisions.

### Understanding Overthinking and Over-Analysis

Overthinking and over-analysis often stem from fear – fear of making a mistake, fear of missing out, or fear of losing money. These fears can lead to an endless loop of analysis, where you constantly second-guess your decisions and struggle to take action.

## Strategies to Overcome Overthinking and Over-Analysis

### Define Clear Trading Rules

Establishing clear trading rules can help combat over-analysis. These rules should define your entry and exit points, risk management strategies, and trade selection criteria. When you have clear rules, you reduce the need for constant analysis and decision-making, as you simply follow the rules you have set.

## **Practice Mindfulness**

Mindfulness involves being present in the moment and accepting it without judgment. Applying mindfulness to trading can help you recognize when you are falling into patterns of overthinking and respond by returning your focus to your trading plan and rules.

## **Limit Information Intake**

Information is abundant in today's digital age, which can fuel overthinking and over-analysis. Limiting your information sources can help manage this. Choose a few reliable sources and avoid constantly checking news updates or market predictions. Remember, more information does not necessarily lead to better decisions.

## **Use Tools to Aid Decision Making**

Utilizing tools like PipsPredator.com can significantly reduce overthinking and over-analysis. The platform provides trading signals with up to a 70% accuracy rate, allowing you to rely on data-driven information rather than getting caught up in excessive analysis. Its 24-hour trading support and phone alerts ensure you stay updated on relevant trading opportunities without the need for constant market monitoring.

## **Overcoming Overthinking Through Emotional Intelligence**

Emotional intelligence plays a significant role in overcoming overthinking and over-analysis. Awareness of your emotions and understanding how they influence your decision-making process is the first step toward managing them effectively.

## **Self-Awareness**

Recognize when you're beginning to overthink or over-analyze. Identify the emotions that trigger this behavior, such as fear or anxiety. This awareness can help you address these emotions proactively.

## **Self-Regulation**

Once you're aware of your emotions, the next step is to manage them. This could involve taking a break when you feel overwhelmed, practicing stress management techniques, or refocusing on your trading plan and rules.

## **Self-Motivation**

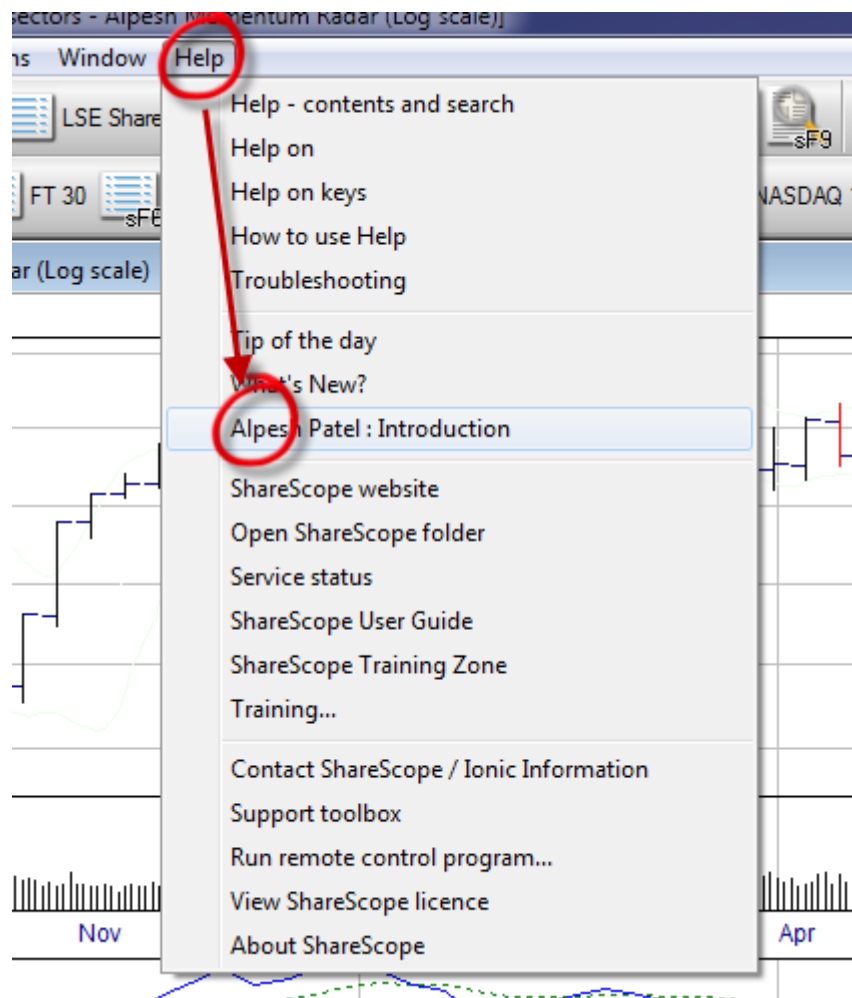
Maintain a positive attitude towards your trading activities. This mindset can help you stay motivated and reduce the urge to overthink or over-analyze. Remember that losses are part of the trading process and provide valuable learning opportunities.

## **Conclusion**

Overcoming overthinking and over-analysis in trading is a journey that involves self-awareness, self-regulation, and self-motivation. You can effectively manage to overthink and make more confident, rational trading decisions by setting clear trading rules, practicing mindfulness, limiting information intake, and using trading tools like PipsPredator.com. Successful trading isn't about perfect decisions but consistent, informed decision-making over time.

Alpesh Patel OBE  
Founder, Pipspredator.com

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## Personal



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