IMAP Webinar Series

Danger, Will Robinson: AI and its Impact on Advice, Portfolio Management and Investment Management

Using AI in Investment

Cameron Gleeson, Betashares

Monik Kotecha, Insync

Moderated by

Mike Taylor, Financial Newswire

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Upcoming events

Portfolio Management Conference 2024
(followed by the Direct Indexing Conference)
18th March – Melbourne
21st March – Sydney

Advice in Action Conference 2024
23rd July – Melbourne
25th July – Sydney

Managed Account Awards
Submissions open April 2024

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How to ask a Question

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IMAP Specialist Webinar Series:

The investment case for AI today

Cameron Gleeson, Senior Investment Strategist

February 2024

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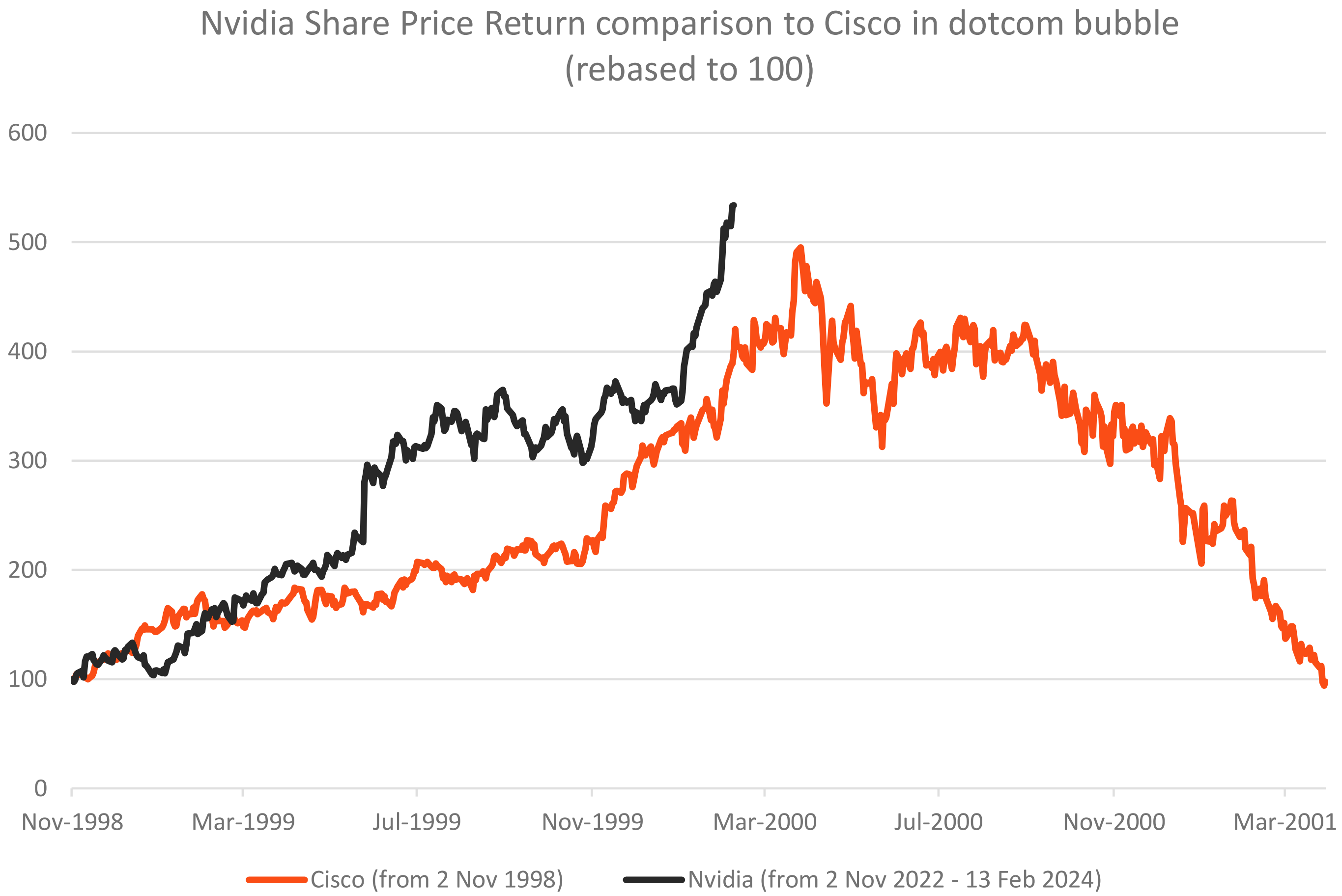
Where are we now in the ‘hype’ cycle?

Lessons from the past - Nvidia vs Cisco



From 1998-2000 Cisco's networking hardware was viewed as the critical technology which was going to enable the internet revolution

There are parallels between the Nvidia narrative, stock price performance and valuations today

As at February 2024, broker research recommendations on Nvidia are 58 Buys, 5 Holds and only 1 Sell

Source: Bloomberg, Betashares. Common inception point of 2 Nov 1998 for Cisco and 2 Nov 2022 for Nvidia. **Past performance is not an indicator of future performance.**

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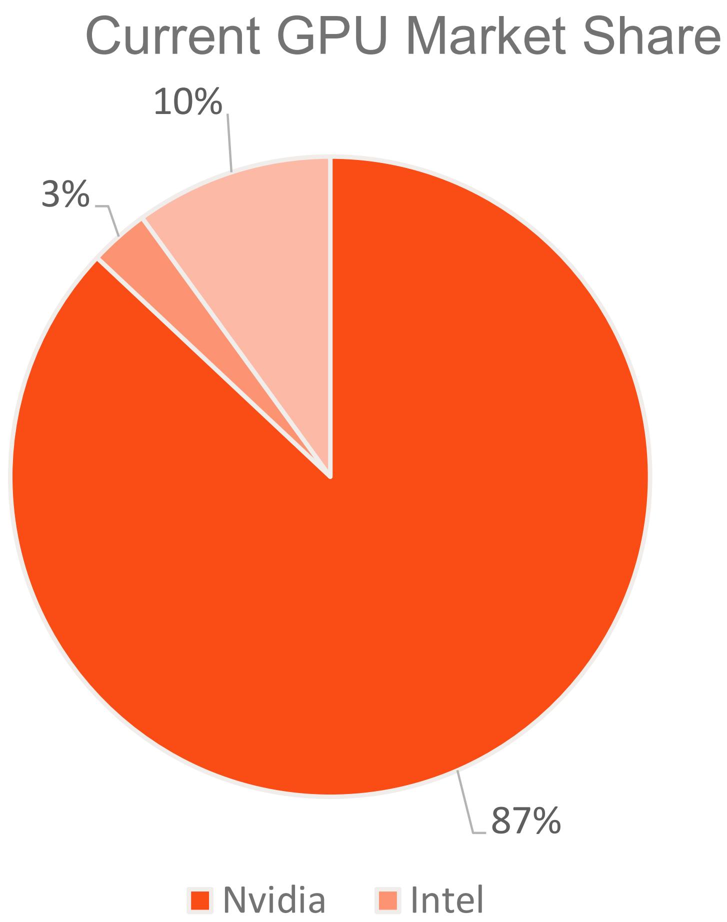
Will Nvidia remain dominant?

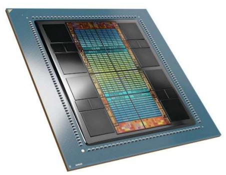


NVIDIA

H100

AMD

MI300X



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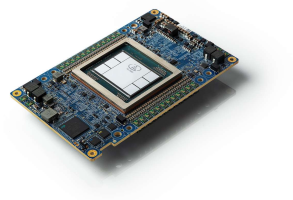
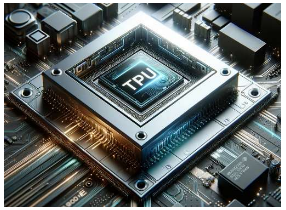


Google

TPU v5p



Source: Nvidia, AMD, Intel, Jon Peddie Research, 29 Aug 2023.

Big Tech AI bets in VC land

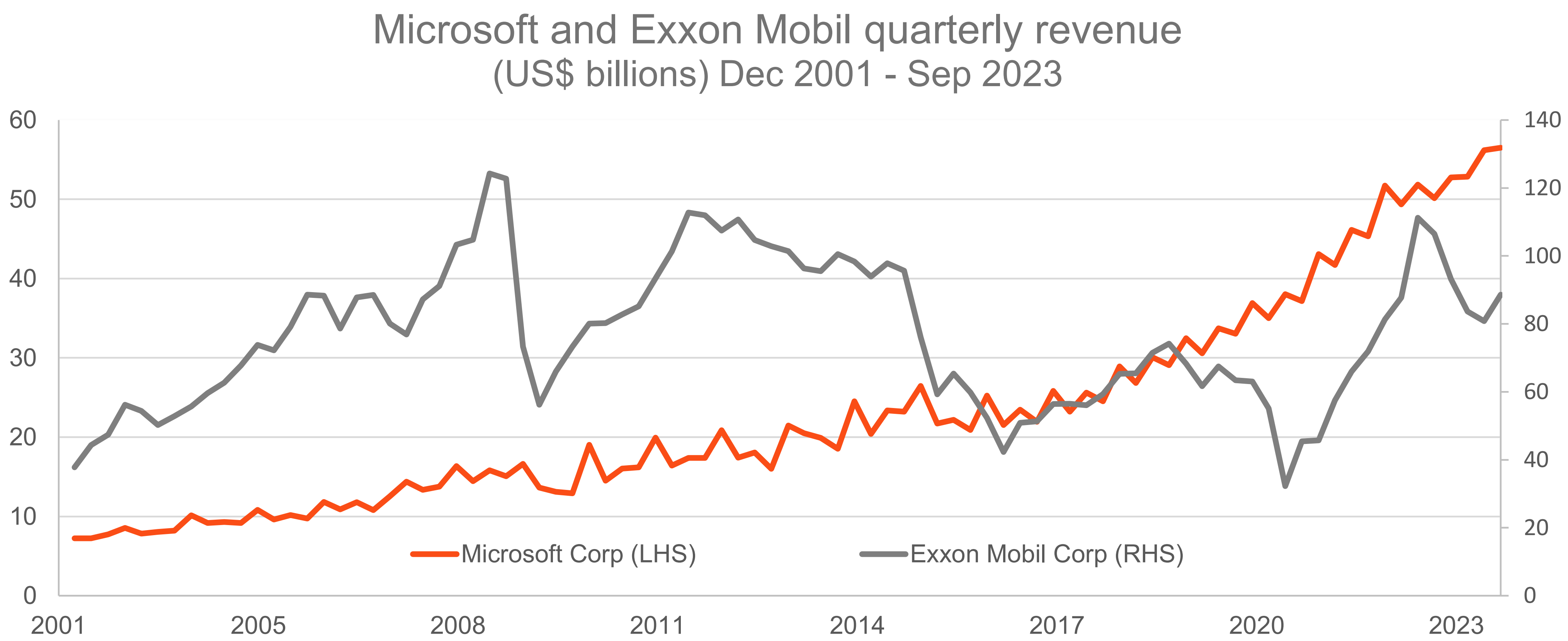
Company	NVIDIA	Microsoft	salesforce	Google	amazon	Total $ raised/ committed (USD)
OpenAI		■				$13 billion
Anthropic			■	■	■	$7.25 billion
Databricks	■	■	■	■	■	$4.18 billion
InflectionAI	■	■				$1.53 billion
Mistral			■			$528 billion
Cohere	■		■			$445 million
Adept	■	■				$415 million
Hugging Face	■		■	■	■	$395 million
Runway	■		■	■		$237 million
Imbue	■				■	$212 million

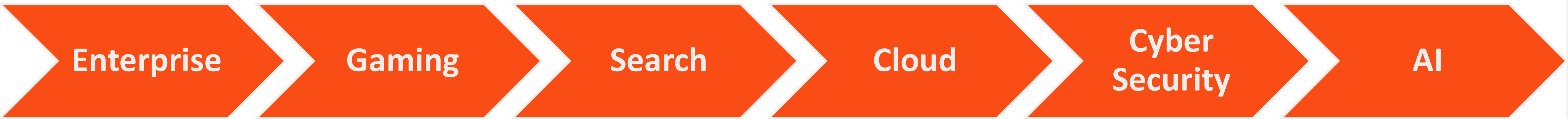
For AI VC companies, Big Tech companies are amongst the few partners with the capital and infrastructure to support their efforts.

For Big Tech, strategic investments enable them to monetise AI tools by adding incremental demand to their existing products and platforms.

Source: Bloomberg, Betashares. As at 18 December 2023. Past performance is not an indicator of future performance

Microsoft's exponential growth driven by R&D





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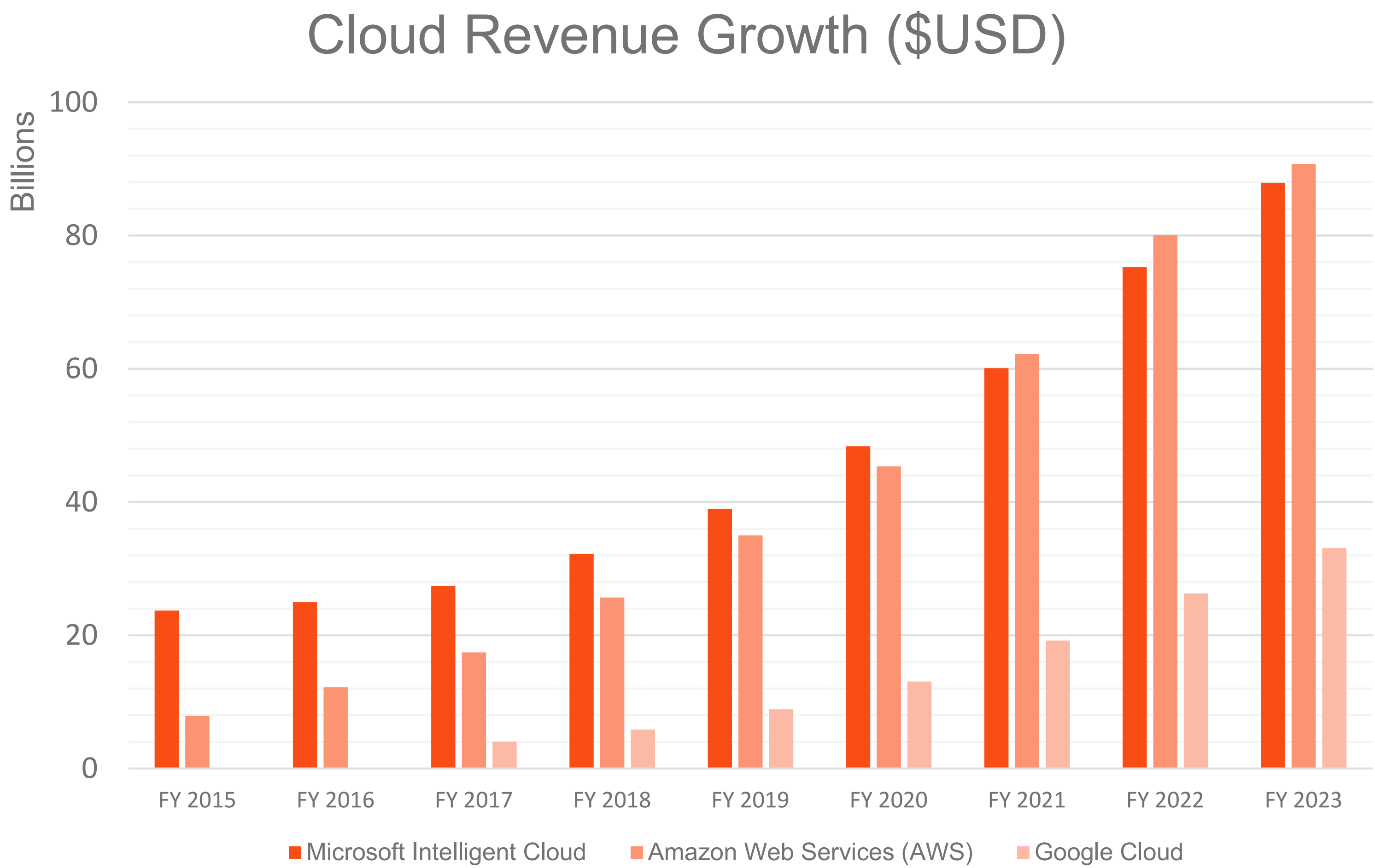
Growth in Cloud revenue



Whilst cloud revenue growth slowed over the last few quarters following cost cutting trends as interest rates rose

The long-term opportunity for cloud revenue growth remains promising as AI adoption increases

Source: Bloomberg, Betashares. As at 15 February 2024. Past performance is not an indicator of future performance

Opportunities for second order impacts – cloud computing, cybersecurity and industrial automation

Betashares Cloud Computing ETF | ASX: CLDD

Fund Objective

Aims to track the performance of an index (before fees and expenses) that provides exposure to leading companies in the global cloud computing industry.

Key Facts

Index: Indxx Global Cloud Computing

Index Number of constituents: 36

Date of Inception: 22 February 2021

Management Cost: 0.67% p.a.[1]

Digital data was growing at 60% p.a., even prior to the release of ChatGPT3[2]

Example companies in CLDD[3]

1. *Other costs apply, such as transaction costs may apply. See PDS for more information.*
2. *The World Economic Forum, 2021.*
3. *No assurance is given that these companies will remain in CLDD's portfolio or will be profitable investments.*

Global Robotics and Artificial Intelligence ETF | ASX: RBTZ

Fund Objective

Aims to track the performance of an index (before fees and expenses) that includes global companies involved in the production or use of robotics and AI products and services.

Key Facts

Index: Indxx Global Robotics & AI Thematic

Index Number of constituents: 42

Date of Inception: 12 September 2018

Management Cost: 0.57% p.a.[1]

US manufacturing construction spending has more than doubled since 2021[2]

Example companies in RBTZ[3]

NVIDIA

INTUITIVE SURGICAL

ABB

KEYENCE

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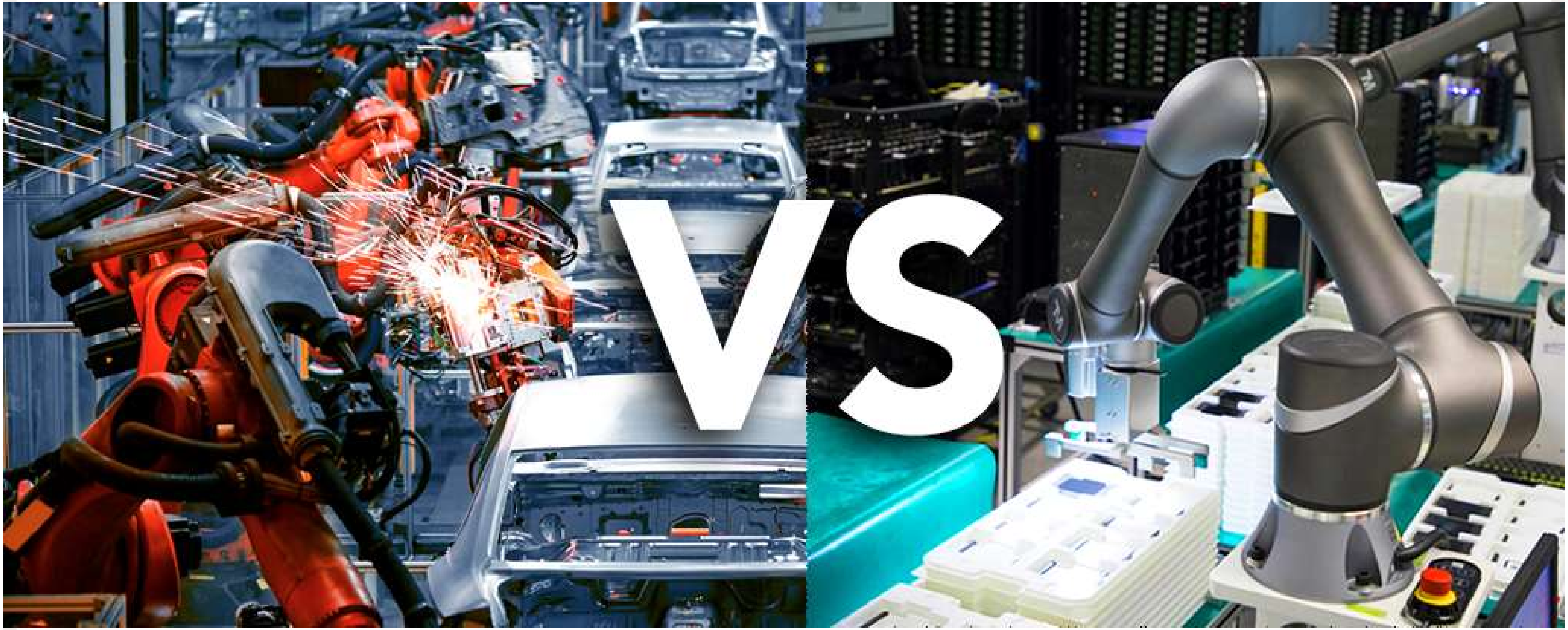
1. Other costs apply, such as transaction costs may apply. See PDS for more information.
2. FRED, Feb 2024.
3. No assurance is given that these companies will remain in RBTZ's portfolio or will be profitable investments.

Traditional industrial robots and the rise of the Cobot



Betashares Global Cybersecurity ETF | ASX: HACK

Fund Objective

Aims to track the performance of an Index (before fees and expenses) that provides exposure to leading companies in the global cybersecurity sector.

Global Cybersecurity spending forecast to grow at CAGR of 11% pa from 2022 to 2026[2]

Example companies in HACK[3]

CYBERARK

paloalto networks

CISCO

CROWDSTRIKE

zscaler

Key Facts

Index: Nasdaq CTA Cybersecurity Index

Number of constituents: 32

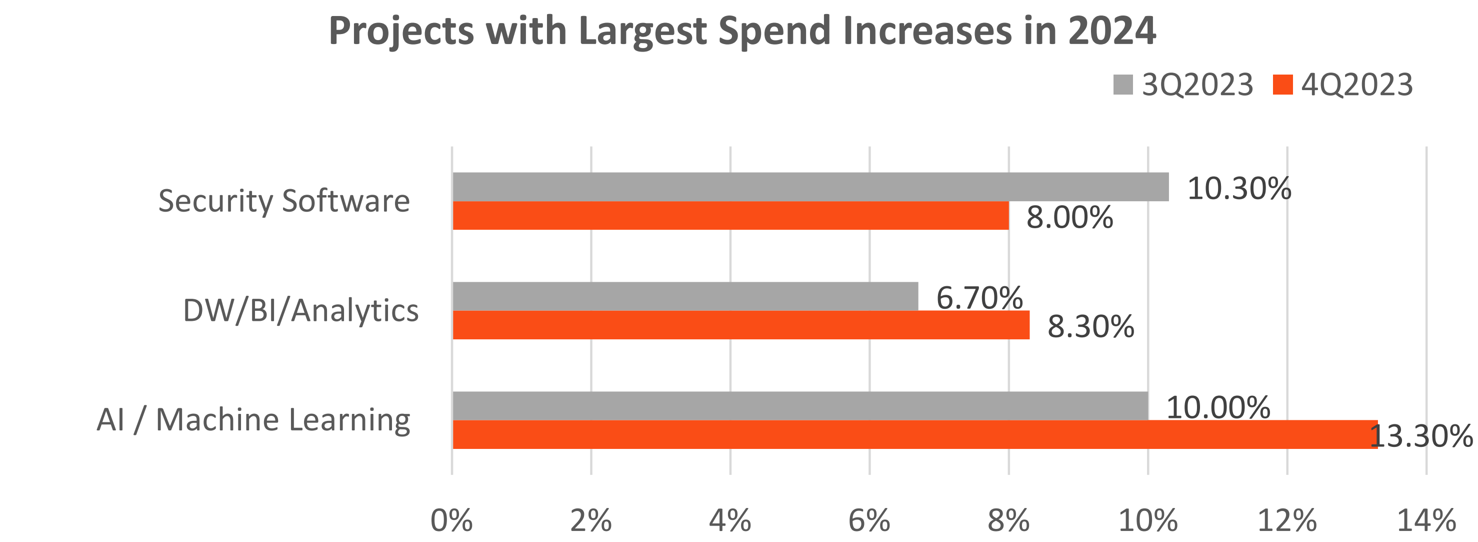
Date of Inception: 30 August 2016

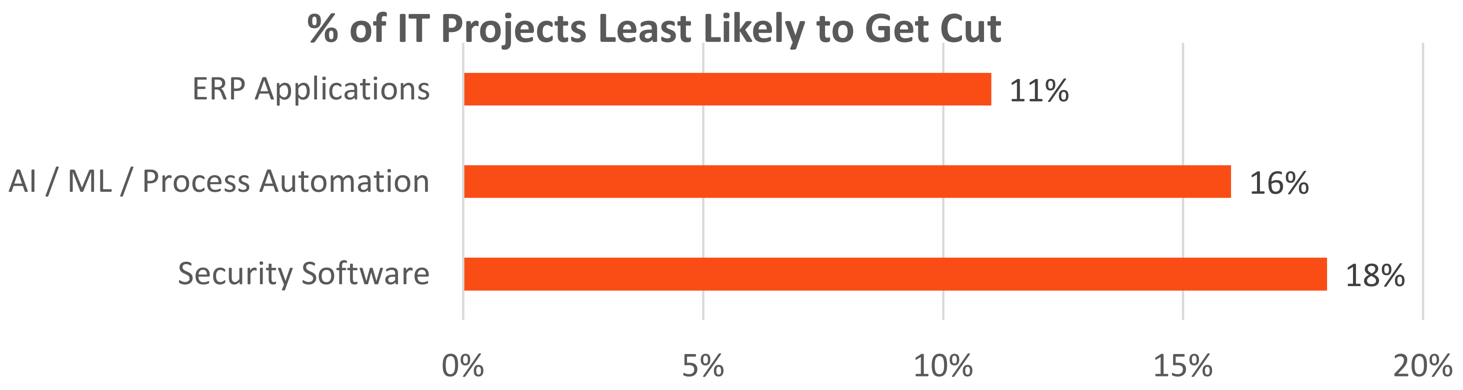
Management Cost: 0.67% p.a.[1]

1. *Other costs apply, such as transaction costs may apply. See PDS for more information*
2. *Source: Gartner, 30 June 2022.*
3. *No assurance is given that these companies will remain in HACK's portfolio or will be profitable investments.*

Cybersecurity: it's an arms race!

Corporate focus[1]





Key areas of innovation

AI Offense and Defense

Increased government involvement

Post-Quantum Prep

1. Source: Morgan Stanley 4Q2023 CIO Survey. Percentage of total responses.

Things to consider

- **Investment risk:** Thematic ETF returns can be expected to be more volatile (i.e. vary up and down) than a broad global shares exposure, given their concentrated exposure. A thematic ETF should only be considered as a small component of a diversified portfolio.

  Risks may include for example:
  - **Market risk**
  - **Index methodology risk**
  - **Concentration risk**
  - **Country risk**
  - **Currency risk**

- **No guarantees:** Future outcomes are uncertain – desired return outcome may not be achieved.

- **General information only:** Today's discussion does not take into account any person's individual circumstances and is not personal financial advice.

- **Research:** See relevant PDS for more information about risks and other features of each fund, and the relevant TMD that sets out the class of consumers that comprise the target market for the relevant Fund.

Questions?

Monik Kotecha
Insync

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MEGATREND INVESTING – INVESTING IN AI

Monik Kotecha - Insync Funds Management

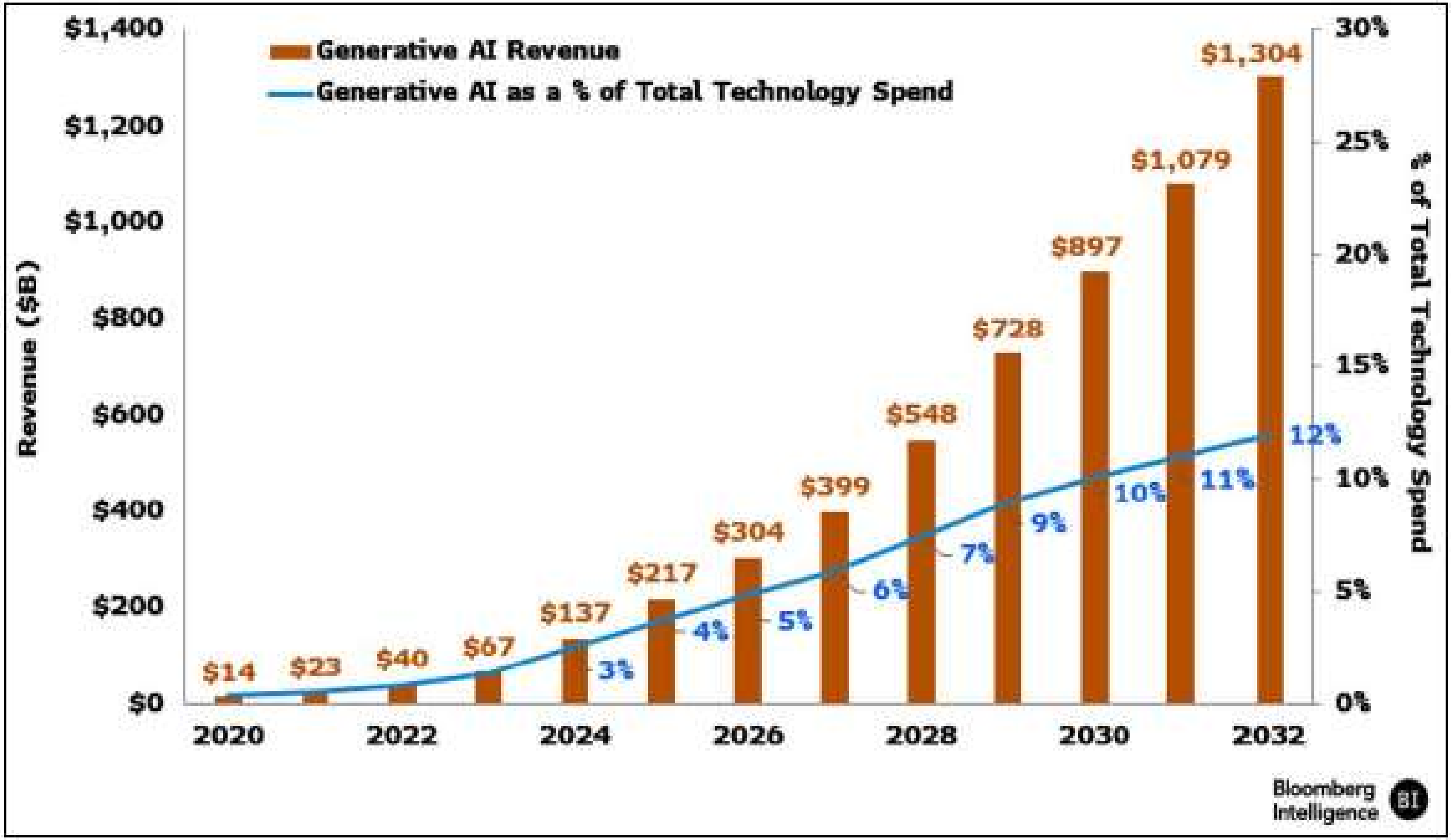
MONEY MANAGEMENT FUND MANAGER OF THE YEAR 2020
AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS
WINNER
Emerging Manager

Superior
SQM RESEARCH

Zenith
APPROVED

insync
fund managers

Generative AI is poised to be a $1.3 trillion market by 2032



AI is the most transformative technology ever

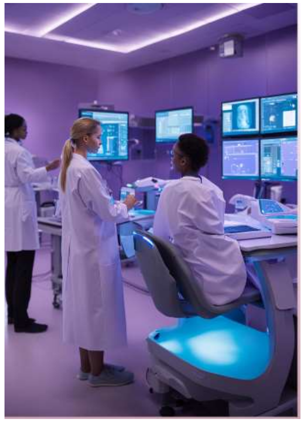
Due to its potential to revolutionize various aspects of our lives!

"AI has the ability to solve previously intractable problems in health, education, and climate change, as well as its potential to change the way people work, learn, travel, receive healthcare, and communicate with each other."

Bill Gates – co-founder of Microsoft

AI impacts all industries

insync fund managers



Healthcare

Plays a crucial role in healthcare by aiding in diagnosis, developing tailored treatment strategies, and accelerating drug exploration.

Finance

Enhancing security in transactions, detecting fraud, and improving customer experiences by offering personalized services and optimizing customer service interactions.

Autonomous Vehicles

This technology aims to optimize logistics and improve overall transportation experiences for a safer and more efficient future.

AI in Entertainment

Optimizes user experiences through personalized content recommendations and enhanced gaming interactions, creating a more engaging and tailored entertainment experience for users.

Virtual Assistants

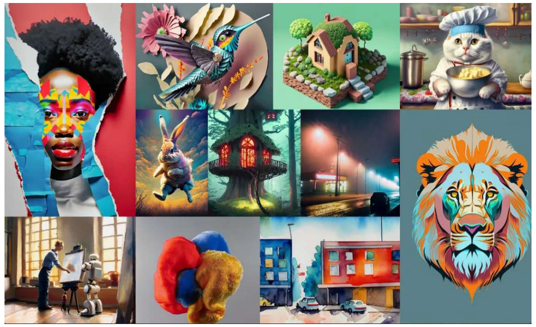
Provide efficient and responsive customer by offering immediate assistance and personalized solutions, ultimately improving customer satisfaction and loyalty.

AI Opportunities

- Obvious picks and shovels → chip companies: Nvidia, ASML, Advanced Micro Devices
- Cloud computing: Microsoft, Amazon, Alphabet
- **Proprietary data sets: Adobe, RELX, Booking Holdings**

Every company must integrate AI into their business model

Proprietary Data Sets – Case Studies



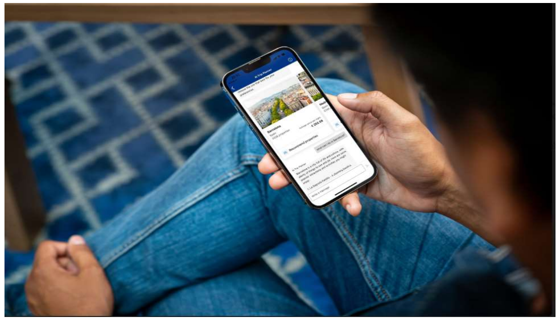
Adobe

Adobe Firefly has been used to **generate over 4.5 billion images within the first 8 months** since the Firefly beta was launched

Relx

RELX's LexisNexis content includes more than

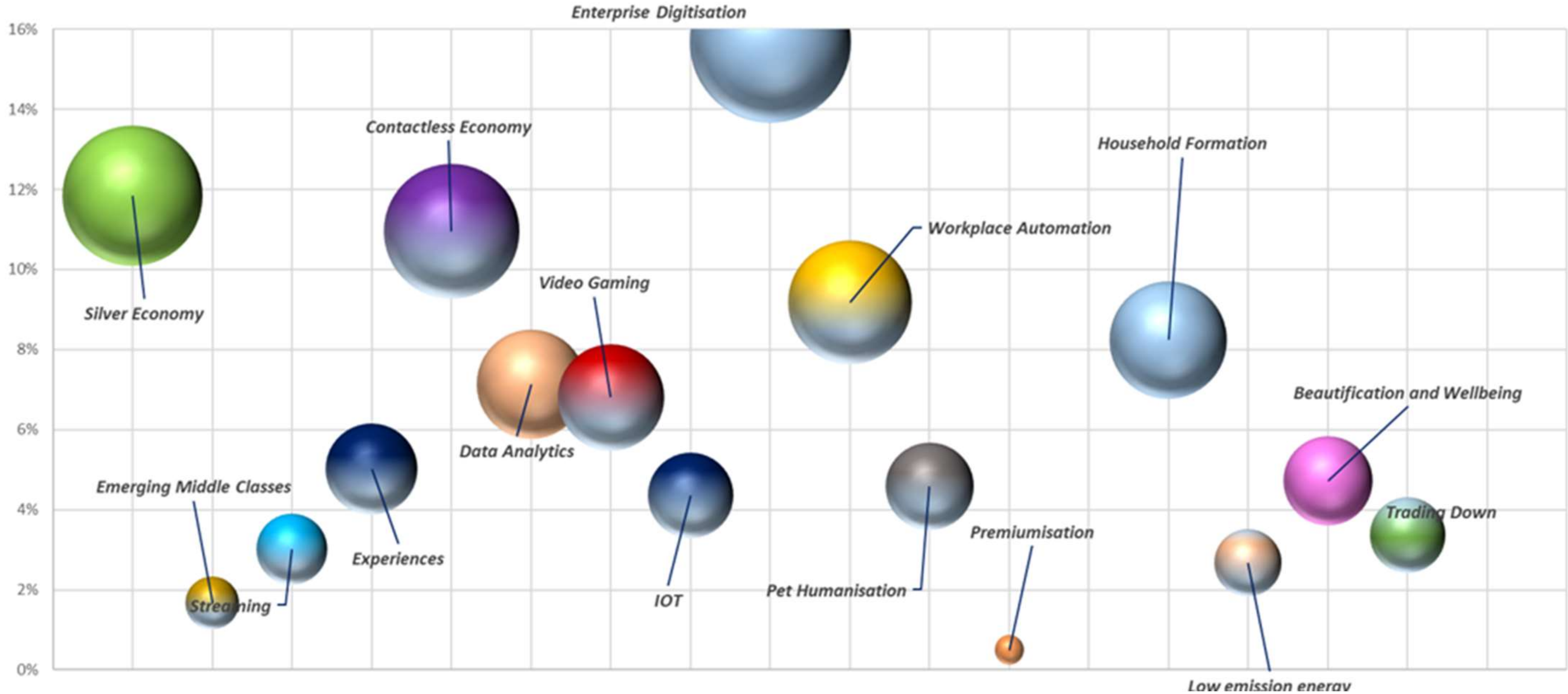
- **293 million** court dockets and documents
- Over **159 million** patent documents,
- **4.25 million** State Trial Orders
- **1.45 million** jury verdict and settlement documents



Booking Holdings

The company has **28M+ listings** across hotels, homes, apartments and other unique places to stay across 220 countries and reported **booking 895m room nights in 2022**.

Insync Megatrend Approach
Active stock picking and position sizing



AI is central to numerous prevailing megatrends

Actively managing AI in the portfolio

Active stock-picking is key to avoiding the hype cycle

Bubble	Index	Start	Peak	Rise	Decline	Valuation (P/E)
Mississippi Co.	CAC All-Tradable	7/31/1718	1/31/1720	2955%	-95%	n/a
SouthSea Co.	South Sea Co.	7/3/1718	6/25/1720	3784%	-82%	n/a
Roaring 20s	Dow Jones	3/30/1926	9/03/1929	153%	-53%	19x
Nifty Fifty	Blue-chip NY SE Stocks	9/30/1966	12/31/1972	153%	-53%	54x
Gold	Gold ($/oz)	4/27/1978	1/21/1980	428%	-65%	n/a
Black Monday	Dow Jones	9/20/1985	8/25/1987	111%	-41%	19x
Japan	Nikkei 225	10/23/1986	12/29/1989	149%	-64%	67x
Dotcom	Nasdaq	9/23/1998	3/10/2000	192%	-73%	65x
Saudi Arabia	Tadawul	5/27/2004	2/26/2006	316%	-67%	n/a
China	Shanghai	6/06/2005	10/16/2007	513%	-73%	53x
Govt Bonds	Negative-yeilding debt	7/31/2014	12/11/2020	$18.4tn	$1.8.3tn	n/a
Tech Disruptors	ARKK	3/18/2020	2/12/2021	358%	-76%	n/a
FAANG	NY SE FANG	3/18/2020	11/04/2021	229%	-49%	60x
Crypto	Bitcoin	3/13/2020	11/10/2021	1662%	-78%	n/a
Magnificant 7	Magnificent 7	12/28/2022		139%		45x

Source : BAML

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Website: www.insyncfm.com.au

QUESTIONS

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