

**as we  see it**

Fall 2023

THOUGHTS FROM OUR CHAIRMAN

Despite the consistent urgings of a coming recession over the last year by many institutions on Wall St., the economy and markets have been surprisingly resilient. Why? Things are generally better than expectations. Inflation has fallen steadily, the consumer continues to spend, corporate earnings have beaten analysts' estimates and the Fed appears to be near the end of its rate increases. Past calls for an economic "hard landing" have now given way to "soft landing" forecasts, with some even seeing "no landing" at all, just modest growth. We remain cautiously optimistic about the direction of both the US economy and markets, and continue to invest customer portfolios in quality growth companies that should benefit from continued economic expansion.

During this time, we have seen more and more speculation with regards to Artificial Intelligence. In this issue of As We See It our associate, Lydia Owen, reviews the opportunities and key challenges that Artificial Intelligence brings to our world.

Alfred B. Van Liew

Artificial Intelligence to Augment - Not Eliminate - Human Intelligence

Lydia R. Owen

"That lighthouse is there for a reason. Let's slow down and figure out why," I implored my friend as her powerboat headed directly toward a beautiful lighthouse completely surrounded by water.

The boat was equipped with a Garmin Chartplotter and before we left the mooring in Jamestown, the captain zoomed in on the area of the digital chart that displayed the details of the waterway from Jamestown to Providence. With the touch of the screen, the captain selected our destination on the chart - the Providence Hurricane Barrier at the entrance of the Providence boat basin. Garmin's technology worked its magic and a bright purple line appeared, urging us to follow its path.

Unfortunately, that computational path placed us in the scenario above – on a collision course with Conimicut Lighthouse.

The Garmin Chartplotter, Google Maps, Waze and the navigation system in your car are all powered by technology known as Artificial Intelligence (AI).

Broadly speaking, artificial intelligence refers to a computer program's ability to identify patterns in data, learn from that data, and in turn, draw conclusions. AI's uses span from the still-illusive complexity of trying to program a robot to think and act as a human to the less complex applications most of us use every day.

Whether you realize it or not, artificial intelligence drives many of your tasks and interactions; for example, conversing with Siri or Alexa; indicating your favorite songs on Pandora or Spotify and allowing the app to continue playing similar music; liking posts on Instagram, Reels, LinkedIn or Tweets on X (Twitter) and receiving recommendations on social media; buying an item on Amazon and seeing pop-up ads for other items you might like to purchase; and visiting a product's website and engaging with the pop-up "person," known as a chatbot, who asks, "How may I help you?"

In November of 2022, a company by the name of OpenAI released ChatGPT, a public version of a new

computer model that can interact with humans using conversational language. Now, instead of going to your preferred internet browser (for example Google Chrome or Bing or Safari) and typing in key search terms, hitting “enter” and receiving a list of websites from which to choose, you can ask ChatGPT a question, hit “enter” and receive a written answer in the form of human dialogue.

ChatGPT’s ability to scan vast amounts of material and generate a human-like text output in a matter of seconds is remarkable. Not only will ChatGPT generate a conversational answer to your question, if you give ChatGPT some ideas and ask it to write a story, it will do so. Ask ChatGPT to change that story into a poem and it will generate a poem. Thus, ChatGPT (and computer models like it) are members of a subset of AI called Generative Artificial Intelligence.

At a recent press conference, Microsoft’s CEO shared that in the five months since Microsoft and ChatGPT significantly upped their partnership, 50% of the Fortune 500 Companies have approached Microsoft to ask “how” and “how fast can they” implement this next generation of AI. This demonstrates both companies’ interest in incorporating this new technology and their uncertainty regarding how to do so.

Since ChatGPT is the world’s most advanced chatbot, training ChatGPT on company specific product information and employing ChatGPT to automate customer service is one of its most straight forward applications. Given ChatGPT’s ability to generate content, another logical business application is assisting companies with designing and creating sales and marketing campaigns.

We are on the precipice of exponential change in artificial intelligence and businesses are looking to harness the next wave of productivity enhancements in customer service, sales and marketing, operational efficiency, production and innovation and, in turn, looking to boost their market share and their profit margins.

The team of computer science engineers at OpenAI

have also created a computer model named, DALL-E, that has the ability to take written descriptions of pictures and generate actual pictures. And not only realistic pictures, but also creative, imaginative, fantastical pictures that blend realism and fantasy. Other computer models can generate videos, audio clips, music and write computer code, all based upon commands written (or spoken) in natural human language.

As consumers of content, we need to be vigilant, for AI also has the potential to mislead and misinform. ChatGPT has been known to generate false information and present it as truthful. These instances are referred to as hallucinations. Hallucinations are unintentional and OpenAI programmers are working to improve the ChatGPT model. Additionally, people now have the tools and the ability to create extremely realistic videos of people doing things they didn’t do and saying things they didn’t say – these are referred to as deep fakes. And, for those of you who have seen The Terminator, who could forget the warning served up by the destructive robot of the same name? These examples illustrate that extraordinary advances in AI have broad reaching consequences, including national security and safety. Fortunately, most leaders around the world - in government and technology - are aligning around the shared goal of responsible AI.

At Van Liew Trust Company, we recognize the current and future potential of AI to generate value for companies and those who invest in them, as well as the potential for AI to improve the quality of our lives. We believe that we are still in the early stages of this technological revolution where “human language” can be viewed as one of the most powerful coding languages and supercomputing accelerates learning. While these breakthroughs are remarkable, they are not without their challenges or risks. If we fail to employ common sense and critical thinking, we may end up, metaphorically, driving a powerboat blindly into a lighthouse. Thus, it is important that we use artificial intelligence to augment, not eliminate, human intelligence. Perhaps now, more than ever, critical thinking is... critical.

We would be delighted to meet with you to share comments about this article, or to review your portfolio in detail.

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