



## INVESTMENT PERSPECTIVE — SECOND QUARTER 2024

*“Computers are useless. They can only give you answers.” ~ Pablo Picasso, 1968*

### **The Artificial Intelligence (AI) Craze –**

The Artificial Intelligence (AI) craze is upon us. Tech stocks are soaring while investors anticipate the positive leverage AI brings to the global economy. Like previous technological breakthroughs, AI will produce opportunities and challenges, winners and losers, good and bad outcomes. AI enables machines to learn from experience, adjust to new inputs, and perform human-like tasks. Most current AI applications rely heavily on deep learning and natural language processing – humans do not have to be computer programmers to use AI technology. The challenge Picasso alluded to, is asking the right questions. AI combines large amounts of data with fast, iterative processing, allowing software to learn automatically from patterns or features in the mass of data assembled throughout the internet. Recent breakthroughs have made AI easier to apply – for example *ChatGPT* uses natural language processing to create humanlike conversational dialogue. The software can respond to questions and compose various written content, including articles, social media posts, essays, code, music, prose, and art. If you’ve not tried it, please do, it’s easily accessible and quite thought provoking. Even in these early stages, the applications of AI are boundless. The market’s assumption is that robust tech companies will leverage AI to become more powerful and communicative, providing far more value to mankind along with further growth and profits.

### **Technology Breakthroughs -- We’ve Seen this Movie Before**

In the last few decades *Westbourne* has invested in emerging technologies that changed the world -- The Internet itself, Fiber optic broadband networks, 5G mobile networks, Satellite Communications, Smartphone technology, Cloud Computing, etc. This is a communications technology revolution - communication is faster, cheaper, and more accessible - we are more connected than ever. Companies succeeded and failed while building this communications backbone – Level 3, Ericsson, Motorola, Nortel, Cingular, Verizon, ATT, Lucent, AOL, to name a few. However, it has not been the *builders* (many of whom no longer exist) of these networks who emerged as the dominant technology players. Rather, the dominant Tech companies are those that *leveraged and applied technology via a platform*. Not the road builders - but those who “ride on the information superhighway.” Apple, Microsoft, Facebook, Google, Amazon, and Uber are examples of those which built businesses on the back of these powerful networks. AI is another step in this communications technology progression.

AI investment is driving the current technology boom and a handful of companies have reached sky-high valuations (e.g., Nvidia, Super Micro Computer.) We share the market’s view that AI will radically change business models while improving service and cost structures. Companies that *apply and leverage AI* (versus build) will produce long-term, sustainable benefits. Businesses that stand to benefit include current holdings such as Uber, Microsoft, Bank of America, Amazon, Paychex, Toast, Google, Microsoft, Meta, Expedia, and Apple.

**Westbourne’s Investment Thesis** - *We do not need to own the AI builders to take advantage of the AI trend. We are thoroughly invested in the users, applicators, and leveragers of this powerful technology.*

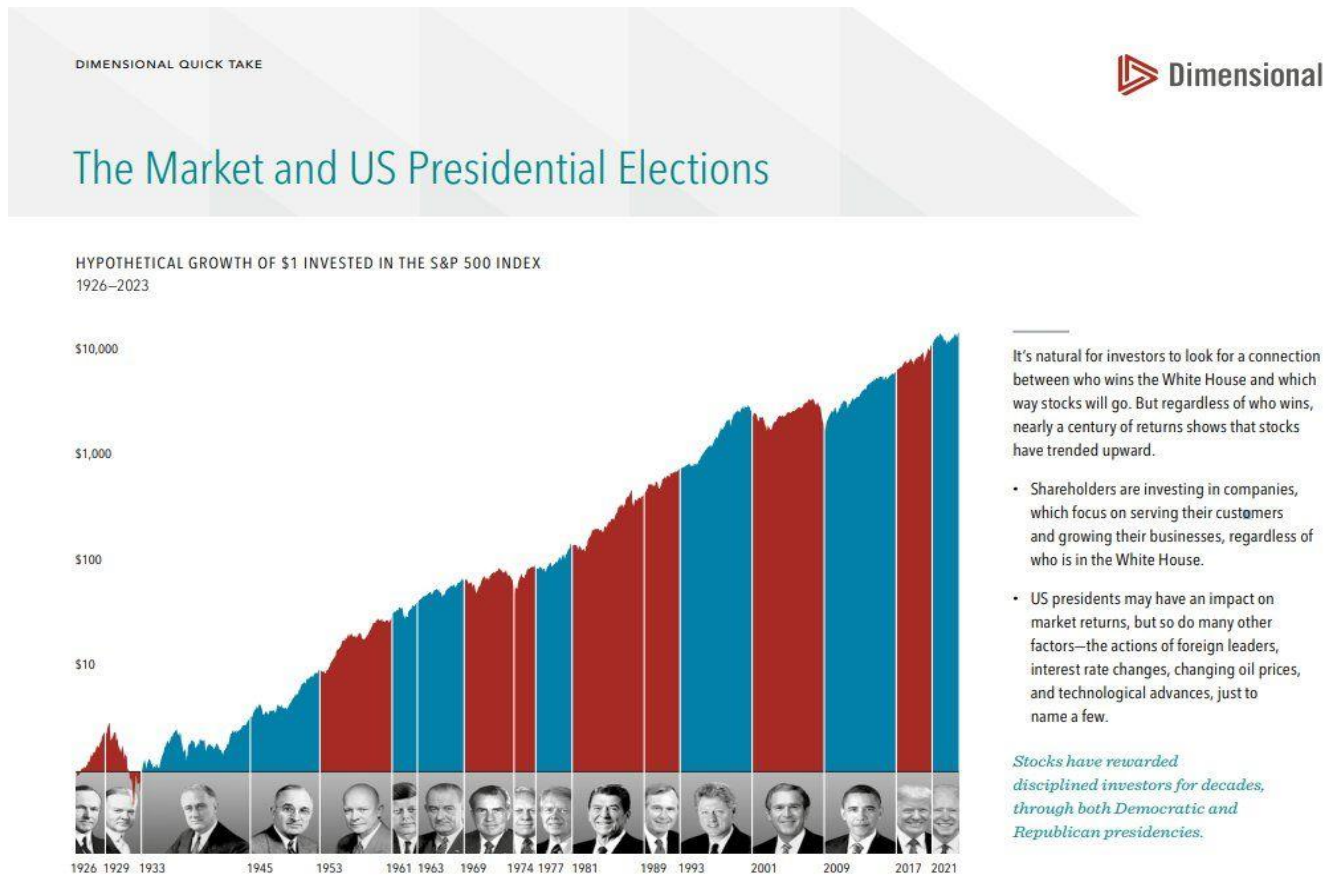
### **Election 2024 – Keep Calm and Stay Invested**

Another election year. Like the last several elections, our country is divided, and current polls show a tight race – nothing new here... We are not political pollsters, prognosticators, or pundits, but as investment advisors we are often asked: “*Does the election outcome matter? Should I sell everything and wait until after the election to get back in?*”

Let’s skip to the punchline: ***Elections do not matter for overall financial returns – remain invested.***

This fraught election cycle will dominate the news and associated narratives and foment anxiety. Despite the drama, post-election markets generally produce no statistically significant difference to non-election periods.

While investors may worry about election results and their potential effect on stock market performance, historical data indicates that underlying economic and inflation trends, more than election outcomes, have a stronger, more consistent relationship with market returns. Rising economic growth and falling inflation are associated with returns above long-term averages, while falling growth and rising inflation correspond with positive but below average market returns. We remain focused on economics and inflation rather than election outcomes. This graph from *Dimensional* summarizes well –



## Annual ADV Disclosure

Securities and Exchange Commission (SEC) regulations require that *Westbourne Investment Advisors* annually offer a copy of our firm's Form ADV Part 2 Disclosure Document (also on file with the SEC) to our clients. If you'd like a copy, please let us know and we will send you one free of charge.

Wishing you all a happy and healthy Spring.

Scot Labin, CFA – Chief Investment Officer  
Joseph C. Wilkinson, Managing Director  
David Cunningham - Founder

Jon Levin - IAR, Certified Public Accountant  
Bruce Kromminga - Director of Operations



**410 Severn Avenue, Bldg C, suite 216 Annapolis, MD 21403 Tel: 301-656-9035 Fax: 301-656-9037**