MY TOP 5 AI STOCKS FOR 2024

SEAN BRODRICK

weiss ratings

Sean's Top 5 AI Stocks for 2024
For Artificial Intelligence, the Future Is Now

- **The Opportunities in a World-Changing Supercycle**
- **My Top 5 AI Picks**
- **Weiss Ratings List of More Than 60 AI Stocks**

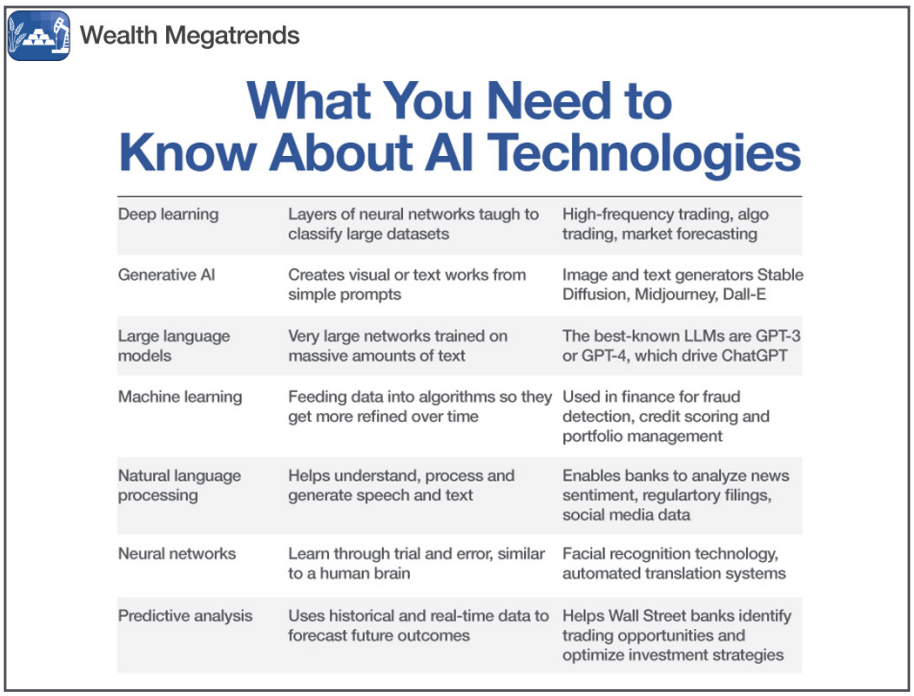
We're on the brink of something big. Something transformational. Something that could make *fortunes*.

There was a similar big jump in fortune when, in 1876, Alexander Graham Bell invented the telephone. Then again in 1927, when the addition of sound transformed moving pictures. And in 2007, when **Apple (AAPL)** launched the iPhone.

Yeah, this is that kind of big. The global artificial intelligence market is projected to expand from $515 billion this year **to $2 trillion by 2030**.

We're probably at the beginning of a 10-year transformation in tech — a "supercycle" if you will. It will change *everything*. **Every piece of technology you own is not advanced enough to handle AI the way it should.**

That means we are going to see upgrades not only in software, but also in hardware. And certain equipment manufacturers stand to make a killing right along with the companies making the latest and greatest AI apps.

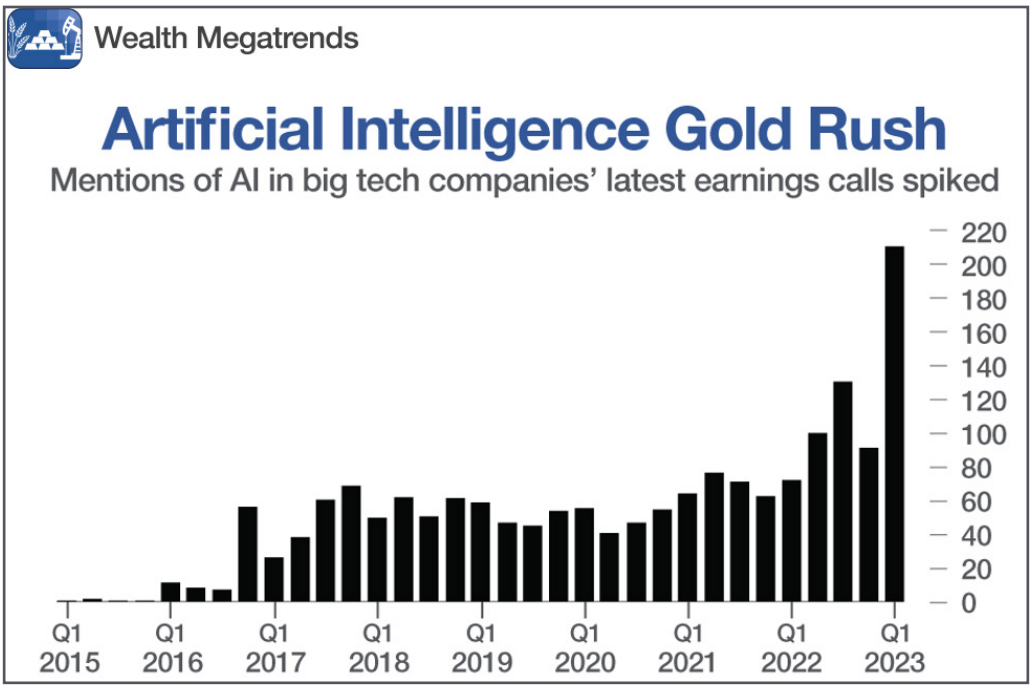


What you need to know about AI technologies.
Click here to view full-sized image.

You've already seen the first hints of this transformation, either by consuming AI output or even just hearing about ChatGPT. That's a computer program that can understand natural language. In other words, you can type a question in plain English, and ChatGPT will answer in articulate sentences.

Compare that to normal Google search results, which answer searches with links to sources and bits of information. ChatGPT answers your questions directly. Results vary, but ChatGPT's answers can be high quality, and they'll improve with time. OpenAI, the makers of ChatGPT, are already on the fourth generation of this software. Heck, ChatGPT is so advanced, it already passed an MBA exam.

ChatGPT going viral has sparked a race down Wall Street. Suddenly, the Big Tech giants are rushing to emphasize the importance of AI for their business models.



AI gold rush.

Click here to view full-sized image.

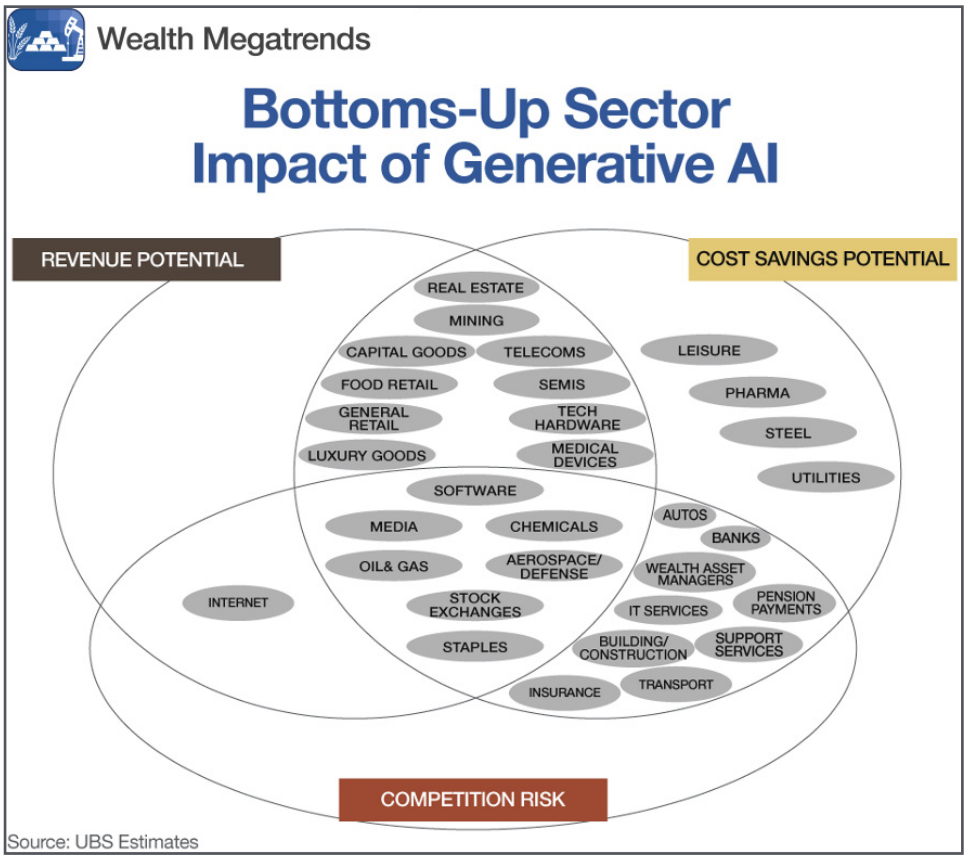
It doesn't end there. AI "artists" are already taking off. Lensa and hotpot.ai, for example, can generate AI art just by giving random input words.

And AI has already been used to solve some incredibly difficult problems in medical research. AI is a general-purpose technology. It is already having an impact on industries, including finance and marketing.

In fact, the rush by various companies in marketing and advertising to use AI is **leading to marketing and media currently dominating the global AI market**.

But it won't stop there. AI will transform everything from pharmaceuticals to journalism and from law to tech and beyond.

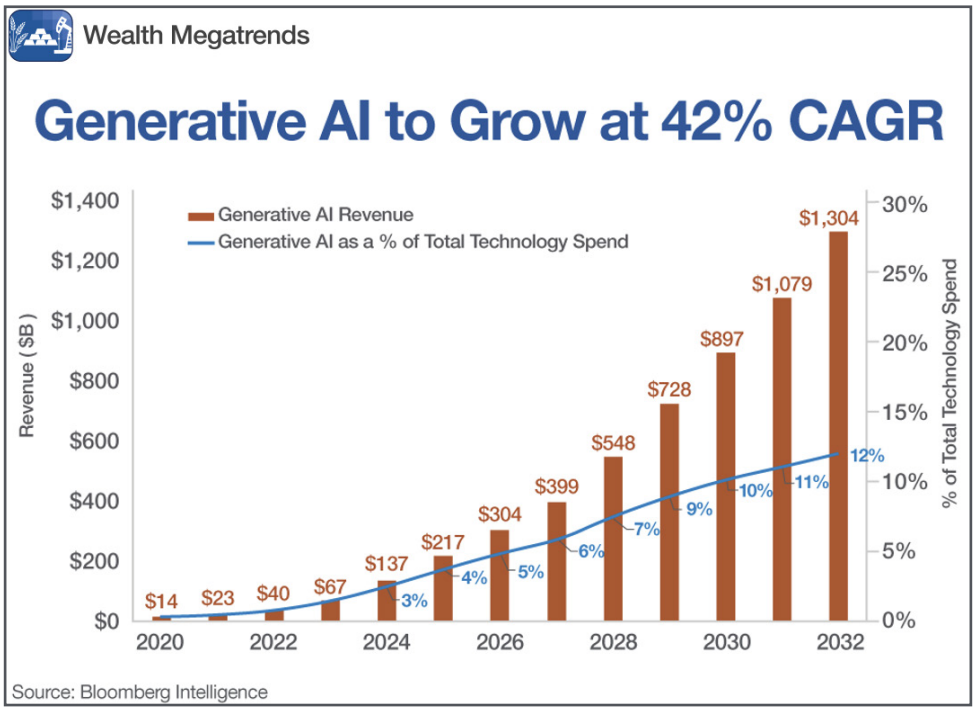
Investment bank UBS has come up with a Venn diagram of which industries it believes can benefit most from AI:



Bottoms-up sector impact of generative AI.
Click here to view full-sized image.

Precedence Research estimates that the global AI market size was worth $119.78 billion in 2022 and is **expected to hit $1.591 trillion by 2030**. That's a forecast compound annual growth rate of 38.1% from 2022 to 2030. At the same time, North America's AI market was valued at $51 billion in 2021, according to Precedence.

To be sure, there are other estimates. According to Statista, the global AI market was worth $207.9 billion in 2023 and will be worth $305.9 billion by 2024. **That's a CAGR of 15.83%.**



Generative AI CAGR.
Click here to view full-sized image.

I could give you other estimates from other experts, but I don't want to make this more confusing. The important takeaway is that there's a lot of guesswork in analysis of the AI market. That's due, in part, to the fact that this technology is so new.

So, this brings us to the problems facing investors:

1. Everything gets real expensive real fast as money is thrown at the sector.
2. It's impossible to know what's going to work out and what isn't.
3. It is also quite possible that the best future investment hasn't even been dreamed up yet.
4. Finally, pure plays are very rare among publicly listed stocks.

In this report, I'll try to make things clearer. I'll also give you a list of my top five picks in AI, as well as more than 60 of Weiss Ratings top-rated AI stocks.

The rising popularity of various life-saving medical devices and the self-driving feature in new electric vehicles is boosting the global growth of AI. The shifting focus toward the digitalization is positively impacting the market growth.

The top global tech giants such as **Alphabet (GOOGL), Microsoft (MSFT), Nvidia (NVDA), International Business Machines (IBM), Amazon.com (AMZN)** and Apple are increasing their investments in the upgradation and development of various applications of AI.

Incidentally, Alphabet, Microsoft, Nvidia, Amazon.com and Apple are the five biggest companies in the S&P 500 by a long shot. Therefore, this rush toward AI is very bullish for the major indices.

To some, it seems like AI happened all at once. But AI has been around since *the 1950s*, and scientists have dreamed about it for even longer. And now, we're seeing the cumulation of multiple parts that have all come together.

Most people are familiar with ChatGPT. But that's actually a group of several different technologies. These include deep learning, natural language processing and machine learning.

- **Deep learning** uses massive computing power to learn from and generate text data.
- **Natural language processing** is the technology that allows computers to interact with humans using natural language.

- **Machine learning** is the use of algorithms to learn from data and make predictions based on that data.

Deep learning is the part of AI that had the largest market share in 2023, with **a market valued at $69.8 billion**. Its dominance is driven by audio, video and text recognition. AI is advancing quickly, allowing computers to better overcome the challenges associated with the high volumes of data.

Deep learning is becoming more widely used in medicine, and that should boost its growth even more. Grand View Research estimates deep learning will grow at a CAGR of more than 33.5% from 2023 to 2030.

Natural language processing can be seen in interactive voice systems (chatbots), virtual agents and other applications. It was a $40.98 billion market in 2023. **Hewlett Packard (HPE)**, Amazon.com, Alphabet, **SAP SE (SAP)**, IBM and others are all racing to get more and better human interactions from machines. This part of AI is forecast to grow at a CAGR of 24.6% through 2030.

Machine learning was a $52.02 billion market in 2023. It allows computers to learn the way humans learn, and it's used in healthcare, automotive, retail manufacturing and other industries.

For example, South Korea uses machine learning to locate and track Covid-19 patients in real time and use that data to predict the next outbreak. Machine learning is forecast to grow at a CAGR of 36.2% through 2030.

I could go into the software side of AI in much more detail, but I'm just trying to give you a picture of the potential here. And there's *more* to AI than software.

There's also the hardware. Improvements in data storage, parallel

processing and improved computing power are moving ahead hand in glove with the software. The higher demand for the software technologies for the deployment and designing of AI applications — such as linear algebra, video analytics, hardware communication capacity, inference and more — is fueling the growth of faster, better and more hardware.

In fact, **hardware is forecast to be the fastest-growing segment** during the forecast period. High demand for computing power in AI fuels huge demand for central processing units, CPUs, and graphic processing units, GPUs.

Give Trump His Due

Former President Trump became the first president to name AI as an R&D priority in 2017. Then, in February 2019, Trump used an executive order to establish the American AI Initiative. Its goal is to promote the U.S. as a leader in AI technology. This initiative focused on adoption of AI-based systems by providing guidelines for the real-life application of AI technology in various industries and sectors.

In the fiscal year 2020 budget, federal investments in AI research and development totaled $973.5 million. In 2021, **that increased by 70%**, and another $54 million was added for core AI research at the U.S. Department of Energy, as well as $50 million at the National Institutes of Health.

And Biden, Too

Both sides of the aisle can see the potential in AI. So, in March 2023, the Biden administration announced new efforts to advance the research, development and deployment of AI in the U.S., with an additional $140 million for research and development. That was followed by billions of dollars more in the CHIPS and Science Act.

So, bipartisan policies are encouraging North American industries to adopt AI. And you can bet this is helping the AI market boom.

On the corporate side, Deloitte predicts generative AI will drive market surge with generative AI chip sales likely to reach over $50 billion and software revenue poised for a $10 billion boost in 2024. And a survey of Global 500 companies found that leaders expect to see significant growth in AI and automation business tools and software solutions within the next few years.

So, with all that in mind, how should you invest in this massive AI megatrend? I'll give you my top five picks. And then I'll give you the Weiss Ratings list of top-ranked AI stocks.

My personal picks are not the highest-ranked stocks. That's because I'm looking at intangibles that are hard for any system to pick up on. But my **personal picks are all ranked "C" or higher**. If you want just the best stocks according to Weiss Ratings, feel free to skip over this next part.

Pick No. 1:
Nvidia (NVDA). Rating: "B-"

Bank of America has called Nvidia the "picks and shovels leader in the AI gold rush." Nvidia virtually controls the market for high-performance GPU chips that help enable generative AI chatbots like ChatGPT and Bard (Google's version of ChatGPT). In fact, OpenAI relied on 10,000 Nvidia GPUs for training ChatGPT. Wow! That sounds like an endorsement.

The bottom line: AI functions need the fastest chips. Nvidia makes 88% of those chips, and no other company comes close.

Now, as I write this, Nvidia's stock has been on a historic bull run. It's not cheap by normal metrics. I believe that with its pole position, Nvidia is

going to get a lot more expensive.

Next Move Strategy Consulting estimates that the global market for AI chips could be worth $304 billion in 2030, as compared to just $53.5 billion last year. You don't need an AI-enabled computer to work out that that's a CAGR of 33.5%.

Pick No. 2:
Alphabet (GOOGL). Rating: "B-"

If you're trying to figure out the difference between Alphabet and Google, Alphabet is the parent company, and Google is its flagship subsidiary. The names are often used interchangeably. We'll use the term Google because it's closer to the action.

Google has actually been interested in AI since 2015, when it acquired AI research company DeepMind. It has also invested in several other AI startups and companies. It also operates an AI research lab called Google AI, which is focused on developing new AI technologies. And its venture capital arm, CapitalG, led a $100 million investment in corporate data company AlphaSense.

Still, along with the rest of Silicon Valley, Google was surprised by the success of ChatGPT. **But Google didn't sit on its hands.** In December 2022, the company declared a "code red" to incorporate AI technology.

Fast-forward and Google has already embedded its latest AI tech into 25 of its products, including its search function and Gmail. And it also has its own version of ChatGPT, called Bard. Ask it a question and Bard quickly accesses, compiles and summarizes online information to provide an answer. Bard is going through some growing pains, but Google has the resources to make it a winner.

“We are at an exciting inflection point,” Sundar Pichai, Google’s CEO, said at a conference. “With generative AI, we’re taking the next step, with a bold and responsible approach, we are reimagining all of our products.”

Then in December 2023, the company introduced Gemini, a family of multimodal large language models developed by Google DeepMind, comprising Gemini Ultra, Gemini Pro and Gemini Nano, which are positioned as a contender to OpenAI's GPT-4.

In fact, Google’s Gemini signals the advent of a major competitor that will help drive the field forward. Now, it’s to be expected that OpenAI is almost certainly working on GPT-5, and we can expect it to also be multimodal and demonstrate remarkable new capabilities. Indeed, the competition can only get tighter from here.

Pick No. 3:
Oracle (ORCL). Rating: “C+”

You probably know Oracle for its cloud infrastructure and enterprise software applications, including its best-selling database software. But it’s also into AI, especially machine learning. Oracle's AI infrastructure offers ultra-low latencies for stand-alone graphics processing units and clusters with thousands of nodes. In regular English, it can process big jobs fast!

Oracle Cloud Infrastructure is the first hyperscale (that is, large service) cloud provider to offer NVIDIA DGX Cloud, an AI generative supercomputing service. Ah, there’s Nvidia again!

Oracle also collaborates with Nvidia to provide OCI Supercluster, a cloud platform that can scale way, way up. One thing about AI is it needs more scale, more computing power, all the time. Oracle should be in the sweet spot for that.

Pick No. 4:
Adobe (ADBE). Rating: “C+”

Adobe is a kingpin of the cloud software market, with industry-standard products including Photoshop, Illustrator, Premiere Pro and Acrobat, all housed in its Creative Cloud offering. And it has other cloud-based e-commerce, marketing and analytics services. But it’s also **on the cutting edge of machine learning**.

In 2023, Adobe announced new generative AI capabilities in Adobe Express with Generative Fill and Text to Template, powered by the new Firefly Design Model. These capabilities build on existing features like Text to Image and Text Effects to help users create content faster in Express using the power of generative AI.

In fact, Adobe is probably using its vast customer database to train its AI. I say probably because Adobe won’t say what it’s doing, but sharp-eyed users noticed changes in Adobe’s licensing language that would allow exactly that.

A machine learning analysis would allow Adobe to tell how many customers were using Photoshop to make certain types of edits on photos. To what end? That’s hard to say. As the old saying goes, “What use is a newborn baby?”

So, congratulations, you’re probably already an Adobe AI guinea pig. Now you can invest to get the benefit of it.

Pick No. 5:
PTC (PTC). Rating: “C+”

PTC (formerly Parametric Technology Corporation) is a software and services company and a dominant player in the field of mechanical computer-

aided design, CAD, as well as augmented reality, AR. AR is the process of overlaying computer information on a user's environment in real time.

The company is also big on the Internet of- Things software, as well as software for application lifecycle management and service lifecycle management. Basically, using software to get more bang for your buck.

This is a place where AI can really help by applying machine learning principles to solve real-world problems. **Machine learning automates and builds analytics models** that give predictive actions to prevent potential downtime. AI and machine learning work together, and the more data they have, the more predictive the process becomes.

So, let's say a design engineer is using CAD software to design a product. That process takes a while. However, with AI and machine learning, data can be harvested and used to continually modify the product's design. The overall effect is to improve manufacturing efficiency.

AI models can also predict what part will fail, why it will fail and when it will fail.

And I'm thinking that will be very popular in the more automated world we'll see as America reindustrializes. You know that manufacturing construction in the U.S. has more than doubled in the past year, right?

Of course, machine learning has worldwide applications, and **PTC has a global customer base**. So, the potential for growth is extraordinary.

Weiss Ratings of AI-Leveraged Stocks

This is a work-in-progress for the Weiss Ratings list of more than 60 stocks, which are leveraged to the AI revolution. Each stock is analyzed

using the latest daily data available and quarterly filings with the SEC. Weiss reviews thousands of pieces of stock data. Based on our proprietary model, the ratings balance our evaluation of reward against risk to assign an overall rating.

Generally speaking, **a stock is a "Buy" if it is rated "C-" or higher**. However, that doesn't mean you should rule out lower-rated stocks. Some of them can do quite well, depending on certain factors and changing situations that the ratings haven't caught up to (yet).

Ticker	Name	Rating
ADI	Analog Devices	B-
ON	ON Semiconductor	C+
SNPS	Synopsys	B
DE	Deere & Company	C+
LSCC	Lattice Semiconductor	C
CDNS	Cadence Design Systems	B-
ASML	ASML Holding N.V.	C
MSFT	Microsoft	B
AAPL	Apple	B-
LMT	Lockheed Martin	B-
HPE	Hewlett Packard	B-
NVDA	Nvidia	B-
NXPI	NXP Semiconductors N.V.	C+
ANSS	Ansys	C
PTC	PTC	C+

BRN	Barnwell Industries	C-
META	Meta Platforms	C+
TSM	Taiwan Semiconductor Manufacturing Company	C
MU	Micron Technology	D+
TER	Teradyne	C-
NOW	ServiceNow	C
GFS	GLOBALFOUNDRIES	C
QCOM	QUALCOMM	C
SYNA	Synaptics	D+
GOOGL	Alphabet	B-
TSLA	Tesla	C
ADSK	Autodesk	C
AMD	Advanced Micro Devices	C-
DT	Dynatrace	C
CGNX	Cognex	D+
SAP	SAP SE	C+
AMZN	Amazon.com	C
CRNC	Cerence	E+
MBLY	Mobileye Global	D
UPST	Upstart Holdings	D
CEVA	CEVA	E+
AI	C3.ai	E+
AMBA	Ambarella	E+

IONQ	IonQ	D-
BTAI	BioXcel Therapeutics	E+
TWLO	Twilio	E+
LAZR	Luminar Technologies	E+
ILMN	Illumina	E+
GDYN	Grid Dynamics Holdings	D-
LMND	Lemonade	D-
STEM	Stem	E+
VERI	Veritone	E+
PATH	UiPath	E+
PRO	PROS Holdings	D-
S	SentinelOne	D-
CRWD	CrowdStrike Holdings	D-
ESTC	Elastic N.V.	D-
APPN	Appian	E+
SNOW	Snowflake	D-
AYX	Alteryx	E+
PCOR	Procore Technologies	D-
U	Unity Software	E+
WOLF	Wolfspeed	E+
LAW	CS Disco	E+
ZS	Zscaler	E+
RXRX	Recursion Pharmaceuticals	E+

That’s it for this report. I hope you find it useful and interesting. We are on the cusp of an extraordinary bull market in AI. This new tech could change the world, and you can invest in the best names that will ride that wave.

All the best,
Sean Brodrick

Independent | *Unbiased* | *Accurate* | *Trusted*

For the exclusive use of subscribers to Wealth Megatrends
11780 US Highway 1 | Palm Beach Gardens, Fl 33408-3080
Phone: 877-934-7778

WEIR23060505