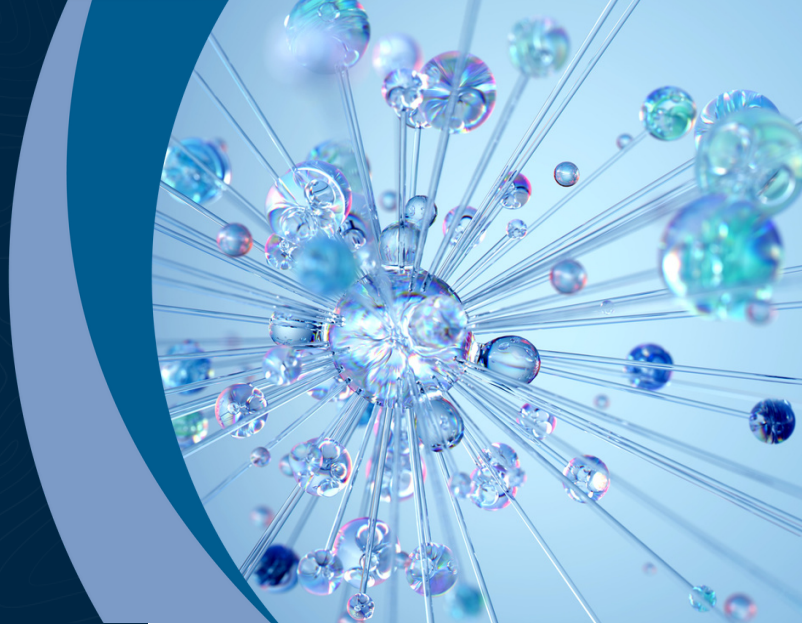


Thematic Investing | Artificial Intelligence



Overview

Artificial intelligence (AI) is a rapidly advancing field focused on creating computer systems capable of performing tasks that typically require human intelligence. It encompasses various technologies and methodologies that enable machines to learn, reason, perceive, and solve problems. AI is revolutionising industries and domains across a range of sectors, from healthcare and finance to transportation and manufacturing. Machine learning, a key aspect of AI, allows computers to learn from data and improve their performance over time without being explicitly programmed. Natural language processing enables machines to understand and interact with human language, powering applications like virtual assistants and language translation. Autonomous systems, such as self-driving cars, rely on AI to perceive their environment and make decisions. The field of robotics and computer vision plays a vital role in enabling machines to interpret visual data and interact with the physical world. While AI offers tremendous opportunities for innovation and progress, it also raises concerns about ethics, privacy, and the impact on the job market. Overall, AI has the potential to significantly transform our lives and the way we work.

Benefits

- **Increased efficiency and productivity:** One of the significant advantages of artificial intelligence is its ability to automate tasks and processes, leading to increased efficiency and productivity. AI systems can handle repetitive and mundane tasks, allowing humans to focus on more complex and creative endeavours.
- **Improved decision-making and accuracy:** AI excels at analysing large volumes of data, identifying patterns, and making data-driven predictions. This capability enhances decision-making processes by providing valuable insights and recommendations. AI systems can quickly process and analyse vast amounts of data, enabling organisations to make informed and accurate decisions, minimise risks, and optimise outcomes.
- **Enhanced personalisation and user experience:** AI enables personalised experiences by understanding user preferences, behaviours, and needs. Recommendation systems, chatbots, and virtual assistants leverage AI to provide tailored suggestions, assistance, and support to individuals. This personalisation enhances user satisfaction, engagement, and loyalty.

Challenges

- **Ethical considerations:** One major challenge of artificial intelligence is navigating the ethical implications surrounding its use. AI systems can make decisions that have significant societal impact, raising questions about responsibility, fairness, and transparency. Concerns arise regarding bias in algorithms, privacy issues, and the potential for AI to be used for harmful purposes.
- **Lack of common sense and contextual understanding:** While AI systems can excel at specific tasks, they often lack common sense reasoning and contextual understanding that humans possess effortlessly. AI struggles with comprehending nuances, sarcasm, or ambiguous situations, limiting its ability to handle real-world complexities. This weakness hampers AI's ability to fully understand and interpret information accurately, making it challenging to rely on AI for critical decision-making in certain domains.
- **Data limitations and dependence:** AI heavily relies on large amounts of high-quality data to train and improve its models. Limited or biased data can lead to skewed results and inaccurate predictions. Additionally, in certain industries or domains, obtaining sufficient and relevant data can be challenging due to privacy concerns or data accessibility issues.

Shortlist of ETFs to gain exposure to this theme

| Ticker | Name | Net Assets (US\$)* | Holdings | Fee* | Link To Factsheet |
|---------|-----------------------------|--------------------|----------|-------|-------------------------|
| BOTZ US | Global X Robotics & AI | \$2,570m | 57 | 0.69% | BOTZ US |
| ARKQ US | ARK Autonomous Tech & Robot | \$1,170m | 38 | 0.75% | ARKQ US |
| ROBT US | First Trust Nasdaq AI | \$440m | 110 | 0.65% | ROBT US |
| SMH US | Van Eck Semi | \$10,600m | 26 | 0.35% | SMH US |
| IRBO US | iShares Robotics & AI | \$508m | 118 | 0.47% | IRBO US |

*Data as at 1 August 2023



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