

Conquering AI's Wild West: Shooting for 50% Returns With This Digital One-Stop Shop for 1 Billion Users

Plus... Crypto's Last Big Profit Cycle Is Here

Early in my career, I bought the first commercially available “brick” cellphone – the Motorola DynaTAC 8000X. It had minute-by-minute cell tower access and talk-time charges. The phone debuted in 1984... and weighed 2.5 pounds.

Just 10% of consumers took to that beast or others like it... but 25 years later, 96% of the world owned a cellphone.

Personal computers debuted in the 1980s, but it wasn't until 2016 that 89% of the world owned one.

And the internet went public in 1993, but it took 23 years for it to reach an 88% adoption rate.

AI's proliferation will far outpace that of all those other technologies.

To say AI's adoption rate will be unprecedented would be like calling the Grand Canyon a ditch.

AI is already everywhere – and it has been for a while. Most people just didn't realize how widespread AI was until ChatGPT came on the scene.

AI is here... and it's going to make a lot of people a lot of money. Staggering amounts of money.

It is already doing so. Tech stocks are on fire. Nvidia, for example, has gone up an astonishing 200% over the past year. And the sector's just getting started.

“How Can I Help?”

OpenAI's ChatGPT (GPT stands for “generative pre-trained transformers,” a type of neural network) blew folks away when it launched back in November 2022.



It saw 1 million downloads in its first five days after going public.

Two months later... the novel, easy-to-use AI tool had 100 million monthly users.

And one year after its debut, ChatGPT had 100 million weekly active users and more than 180 million monthly active users.

That's just one AI product... one large language model (LLM) trained on massive data sets that enable deep learning algorithms to recognize, translate, predict and generate text and other content.

Wall Street superstar and former hedge fund manager **Shah Gilani** is the Chief Investment Strategist of Manward Press



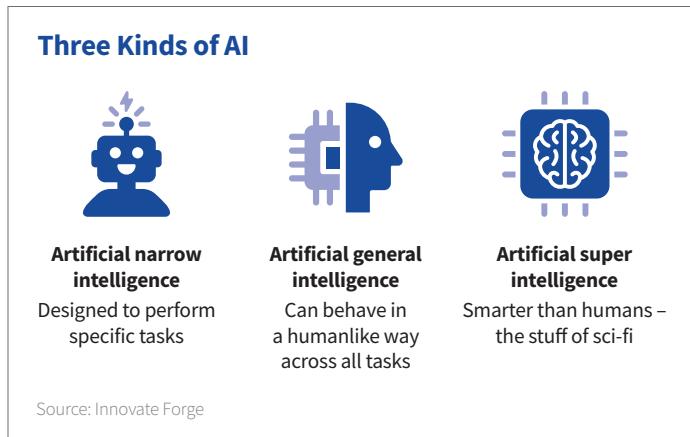
Shah Gilani

and at the helm of the *Manward Money Report* newsletter and the *Launch Investor* and *Alpha Money Flow* trading services. He's a sought-after market commentator and has appeared on CNBC, Fox Business and Bloomberg TV. He's also been quoted in *The Wall Street Journal*, *The New York Times* and *The Washington Post*, and he's had columns published in *Forbes*.

In 1982, he launched his first hedge fund from his seat on the floor of the Chicago Board Options Exchange. He worked in the pit as a market maker when options on the S&P 100 Index first began trading... and was part of a handful of traders who laid the technical groundwork for what would eventually become the CBOE Volatility Index (VIX). He also ran the futures and options division at the largest retail bank in Britain. Shah gained notoriety for calling the implosion of U.S. financial markets (*all the way back in February 2008*) AND the mega bull run that followed.

Now at the helm of Manward, Shah is focused tightly on one goal: **to do his part to make subscribers wealthier, happier and freer**.

According to IBM, a pioneer in the field (remember Garry Kasparov's chess match with Deep Blue in 1997?), there are three kinds of AI, differentiated by their actual and potential capabilities.



Artificial narrow intelligence, sometimes referred to as **weak AI**, is the only type of AI that exists today. A weak AI model can be trained to perform a single – or narrow – task, often far faster and better than a human can be.

This type of AI has several subcategories... but the two we are all familiar with are reactive AI and limited memory AI.

Reactive AI systems – think IBM's Watson or Netflix's recommendation engine – have no memory. They are built to perform specific tasks. Their output is based on statistics and data.

Generative AI tools, which include LLMs like ChatGPT, Bard and DeepAI... virtual assistant chatbots like Watson Assistant, Siri, Alexa and Cortana... and even the systems behind self-driving cars... are all limited memory AI programs.

Limited memory AI programs can recall past events and outcomes and monitor specific objects and situations over time. Yet while limited memory AI programs can use past data for a specific amount of time, they can't retain that data over a long period of time.

Artificial general intelligence, or **strong AI**, exists today only as an idea. When a strong AI program actually gets developed, it will be able to apply the knowledge it gains to accomplish new tasks in a different context without needing humans to train the underlying models.

And lastly, there's **artificial super intelligence**, or **super AI**. Per IBM, "If ever realized, super AI would think, reason, learn, make judgements and possess cognitive abilities that surpass those of human beings."

What makes most folks worry about AI is what IBM says next...

Applications possessing super AI capabilities will have evolved beyond the point of understanding human sentiments and experiences to feel emotions, have needs, and possess beliefs and desires of their own.

Meaning... we're in trouble if the machines learn to think for themselves.

Full Speed Ahead

I'm telling you all this so you can see how much more there is to come from AI. We're really in the first inning of this ballgame.

For both personal and business uses, AI tools have quickly gone from "fun to play with" to "full speed ahead."

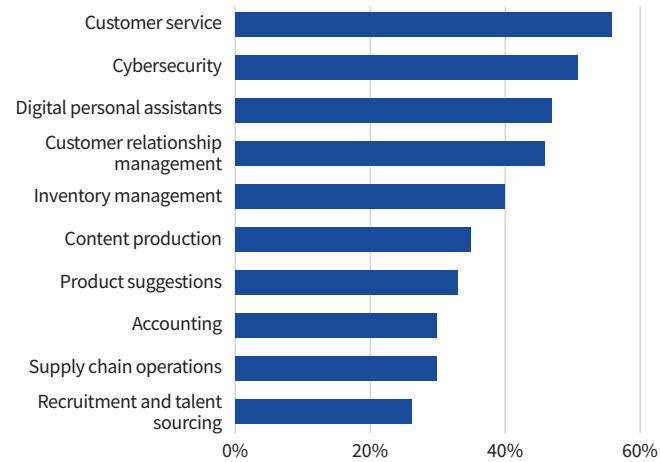
In a recent McKinsey survey of global executives, one-fourth of respondents said they use AI tools for work. Almost one-third said AI was a priority on their boards' agendas. Forty percent said their companies had plans to increase their investments in AI this year.

Companies, executives and employees use AI – mostly ChatGPT – to craft first drafts, to summarize texts, to design personalized marketing programs and to identify trends in customer needs.

Chatbots have taken over customer service. Many companies use ChatGPT to help them respond to customer emails.

AI models can forecast trends and anomalies, draft highly technical documents, write code, and create new products.

How Businesses Are Using AI

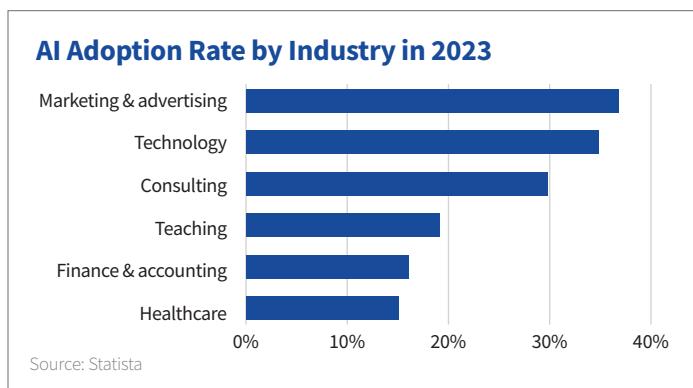


Companies have pretty much been forced to incorporate AI tools into their operations. They know full well that if they don't, they'll be left behind.

Three-quarters of executives in that McKinsey survey expect there to be "significant disruption" in their fields as AI adoption explodes.

Deloitte's latest "State of AI in the Enterprise" report revealed that 94% of business leaders believe AI will be critical to their success over the next five years.

With ChatGPT driving consumer adoption, the generative AI market could double every other year over the next decade.



There's no question AI will transform businesses and create value in many ways...

I'm talking about lower costs, increased efficiency, new growth opportunities, accelerated product and service innovations, and new discoveries and insights relating to business practices.

Corporate executives and managers are increasingly touting AI applications and AI investments in their quarterly earnings reports... in press releases... and through general marketing channels.

Whether they're actually using AI or are just spinning the narratives investors want to hear is a question worth asking.

According to PricewaterhouseCoopers, 73% of U.S. companies have already adopted AI in at least some areas of their businesses. And globally, more and more companies are touting use cases where AI would enhance products, processes, profits and stock prices.

Here's the thing... We're talking about just one sliver of AI's capabilities. Improving a business's bottom line is great for shareholders... but there are some truly astonishing AI developments happening across many

sectors... especially healthcare. It's an area I'm looking forward to exploring in a future issue.

When it comes to AI, almost everything in the business world is at stake. Investors are going to have their work cut out for them separating the pretenders from the legitimate, paradigm-changing juggernauts.

That's okay. That's what you have me for.

But setting aside the seemingly endless list of practical applications that even the simplest generative AI models can be used for...

Many folks are worried about how AI will affect them... their jobs... and the world as we know it.

Questions Remain

There's good reason to worry about where AI is taking us, especially if super AI is ever achieved. Even OpenAI founder Sam Altman has warned of "existential threats" to mankind from AI.

While I'm a dyed-in-the-wool, laissez-faire free market capitalist... I am convinced AI needs a regulatory framework.

It's critical for AI developers, financiers, businesses and individual users that there are rules in place that address how AI is developed and used... how much and what kind of transparency is needed... how data (and whose data) will be used... and how issues of bias, intellectual property and privacy rights, third-party risk, and security will be addressed.

Will we be guaranteed traceability, or clarity, of output?

Will there be mechanisms and rules in place to ensure that consumers are informed if AI was used to create something?

Will applications provide information on the rights, capabilities and limitations of systems and safeguards?

As you can see... there's a lot to consider.

None of those questions has been answered by any would-be regulatory body anywhere in the world... though there have been attempts.

These questions have to be addressed. They *have* to be answered. AI has to be subject to human oversight in order for it to serve mankind. But right now... the AI sector is like the wild west. And investors who seize the opportunities it's presenting stand to make a lot of money.

That's why I'm so excited about the AI-related stock I found for you this month. It could be an out-of-this-world moneymaking opportunity. Let's get to it.

The Next AI Profit Wave

When you think of AI, you likely think of U.S. megacap tech companies...

Like Alphabet (the parent company of Google), Microsoft (a major investor in OpenAI), Apple, Amazon and Nvidia... to name a few.

Until recently, there hadn't been much talk about Chinese tech firms... but that's changing.

Chinese tech giant and smartphone maker Huawei's subsidiary HiSilicon has made significant strides in AI chip R&D, and it launched the next-gen Ascend 910B chip in December.

Not long after... Chinese tech giant **Baidu** (BIDU) – the Google of China – ordered more than 1,000 of these chips, which it will use in the construction of approximately 200 AI servers.

And then, at the start of this year, we got news that Nvidia plans to begin mass-producing a China-focused AI chip it designed to comply with U.S. export rules. Production is set to begin in the second quarter.

The competition for AI dominance is heating up...

The Chinese are developing their own AI ecosystem.

The result will be another huge wave of AI-related profits... this time from Chinese tech companies.

My favorite way to play this coming profit wave is **Tencent Holdings** (TCEHY).

One-Stop Shop

Tencent is an investment holding company that offers social media, gaming, online advertising, fintech and business services in China and around the globe.

And as you'd expect from a company operating in the second-largest economy in the world... its numbers are impressive.

The company's social media platform, Weixin – we know it as WeChat in the West – has 1.33 billion monthly active users...

Its Weixin Pay mobile payment and digital wallet service sees more than 1 billion commercial transactions per day...

Its gaming business is the world's largest by revenue...

And the company boasts a music platform, a video-sharing platform, health-related services, and shopping and collaborative work solutions, to name just a few of its other offerings.

It's basically a one-stop shop for users... and that shows in the company's financials.

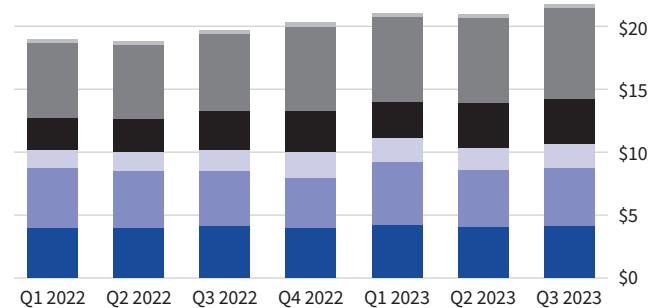
From 2012 to 2022, Tencent's revenue grew more than 1,000%... from \$7.04 billion to \$79.54 billion. Over the trailing 12 months, revenue has reached \$84.58 billion.

On the bottom line, net income over the same period also grew more than 1,000%... from \$2.04 billion to \$27 billion. Over the trailing 12 months, net income has hit \$27.61 billion.

Tencent Total Revenue by Segment

In billions of U.S. dollars

■ Social networks ■ Domestic games ■ International games
■ Online advertising ■ Business services ■ Others



Source: Company reports

Just like its Western competitors – Meta Platforms, Amazon and Microsoft – Tencent saw the need to start developing AI and machine learning models years ago. In 2017, the company announced it was opening an AI research facility in Seattle, with former Microsoft scientist Yu Dong tabbed to run it.

Fast-forward to September 2023. That's when Tencent announced that enterprise clients could begin using its LLM, which is called Hunyuan.

Hunyuan has also been connected to 50 of Tencent's own products, including Tencent Cloud, Tencent Marketing Solutions, Tencent Games, Tencent Meeting, Tencent Docs, Weixin Search, and the company's QQ Browser and fintech services platform.

Hunyuan currently has more than 100 billion parameters, and it has more than 2 trillion tokens in pre-training data.

To put that into context, OpenAI's GPT-3 model contained 175 billion parameters in 2020. Meta's Llama 2 model had 70 billion parameters in 2023.

Some investors might want to dismiss Tencent's cloud and AI programs as China-specific offerings...

But that would be a mistake.

The company's global cloud computing market covers Japan, South Korea, Southeast Asia, Latin America, Europe, the Middle East, Africa and other major regions. Tencent Cloud has data centers in 26 geographic areas across five continents and has 70 access zones.

And Tencent Cloud's Global Partner Ecosystem has more than 11,000 partners.

Considering Tencent's dominance of China and the global gaming market, plus its expanding global reach, you'd think its shares would be rocketing higher... like Meta's, Amazon's and Microsoft's. They're not.

Huge Profit Potential

Back in 2020, the Chinese government published a draft of antitrust rules aimed at curbing monopolistic behavior. That led to a multiyear crackdown on big Chinese tech companies.

More than \$1 trillion in value got erased from Chinese tech stocks.

But those rules may be a thing of the past.

Last July, the People's Bank of China suggested a change in direction was possible. It said that most of the financial problems tech platforms were having had been fixed.

And that's what has me excited about this play.

With the Chinese government starting to lift its finger off the scales, buying Tencent now could be a lot like buying Facebook shortly after it went public.

We all know how that went.

As I write, shares of Tencent are trading at \$35. That's **64.78%** below their February 2021 high. And we're not alone in seeing the profit potential here.

The average one-year price target for Tencent is \$54.77. That's 56.48% above where it's currently trading.

Talk about significant upside! It leaves the U.S. Big Tech companies' analyst expectations in the dust...

- Meta's one-year price target is \$384.73 (0.33% above the current price).
- Microsoft's one-year price target is \$419.73 (5.28% above the current price).
- Nvidia's one-year price target is \$639.20 (7.44% above the current price).
- Amazon's one-year price target is \$182.24 (17.32% above the current price).

And then there's the valuation... Tencent's P/E ratio is just 12.53. That is very favorable compared with Amazon's (81.33), Nvidia's (78.69), Microsoft's (38.63) and Meta's (33.78).

It's not often that you get a chance to buy shares in a company that has so much upside... and is trading at such a big discount to its competitors. But that's what Tencent is dishing up for us right now. So let's get in.

Action to Take No.1: Buy Tencent Holdings (OTC: TCEHY) at market and set a 20% trailing stop. We'll hold it in the Base Builders section of the Modern Asset Portfolio.

No Better Teacher

For our second recommendation this month, I want to switch gears and focus on education and jobs... specifically, jobs that require skills that can't be learned by AI models.

Yes, automation could wipe out manufacturing jobs. AI chatbots could do away with many writing and research jobs.

But there are still skills – and jobs related to those skills – that can't be taught to robots or AI avatars.

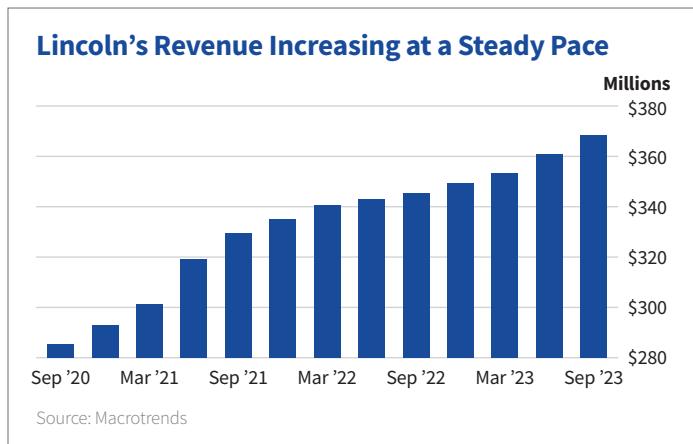
Founded in 1946 and based in New Jersey, **Lincoln Educational Services** (LINC) is a leading provider of career-oriented postsecondary education. It offers five main areas of study: health sciences, automotive technology, skilled trades, hospitality services, and business and information technology.

The company has 21 campuses in 13 states and an enrollment of around 12,400 students. It specializes in middle-skill jobs, which require education beyond high school but not a four-year degree.

While those jobs may not sound as sexy – or as lucrative – as jobs in AI engineering... they make up the largest portion of America's labor market. They accounted for 49% of job openings from 2012 to 2022.

Think about it this way... A well-trained AI program can write code and even improve its own code and algorithms... but you can't send an AI-enabled laptop to fix the electrical, HVAC or plumbing issues in your house. You also can't expect an LLM to take the place of a cosmetologist, aesthetician or dental assistant. How well do you think an AI model would do as a chef? Some jobs are just more AI-proof than others – and that's where Lincoln's classes come in.

The company is already the No. 1 provider of automotive and skilled-trade graduates in the Eastern U.S... and it's No. 2 in the Western U.S. And when we look at Lincoln's numbers, we see there's even more to like.



Over the trailing 12 months, it's generated revenue of \$367.32 million and net income of \$25.93 million. Those are solid numbers, especially when you consider the company's market cap is just \$288.82 million.

That means Lincoln's revenue is 127.45% of its market cap. You don't see that very often.

In fact, Apple's trailing 12-month revenue of \$383.29 billion is just 12.95% of the company's \$2.96 trillion market cap. And Microsoft's trailing 12-month revenue of \$218.31 billion is just 7.37% of its \$3.05 trillion market cap.

I could go on with examples... but I'm sure you get the picture. Given how small Lincoln is, its revenue numbers are out of this world.

So let's jump in... but we're not going to buy a full position now. I want to split our entry over three separate purchases, each with its own price target.

Action to Take No. 2: Buy to open one-third of a position in **Lincoln Educational Services (Nasdaq: LINC) at market and set a 20% trailing stop. Plan on adding the second third of your position at \$8 and the final third at \$7. We'll hold our shares in the Rocket Riders section of the Modern Asset Portfolio.**

Robert Ross is a supersmart investor and trader and an all-around good guy. He's one of the top investing guides out there. Hundreds of thousands of folks seek out his advice and expertise. When we came across his book, A Beginner's Guide to High-Risk, High-Reward Investing... we knew he was Manward material. And now... we are thrilled to feature his insights in Manward Money Report.

The Last “Real” Crypto Cycle Will Bring Big Profits

We're entering a new era in capital markets. And I couldn't be more excited.

The long-awaited approval of a Bitcoin ETF marked a watershed moment in the history of cryptocurrencies.

But this event wasn't a milestone for just **Bitcoin** (BTC). It was a seismic shift in the financial world. It signaled crypto's entry into the mainstream investment landscape.

We are witnessing what I call the **institutional takeover of crypto**. It will be a transformative phase that redefines the relationship between traditional finance and digital assets.

And it will also mark a major turning point in one of the key features of the crypto market... volatility. And understanding this change before the crowd does could make you a lot of money.



Robert Ross

The Road Less Traveled

The SEC's approval of a Bitcoin ETF was a massive vote of confidence from a once-hostile agency. It represented the financial establishment's recognition that crypto is a legitimate asset class. This endorsement will go a long way toward breaking down skepticism about crypto. It will pave the way for broader acceptance among investors who

have been hesitant to enter the crypto market due to its lack of regulatory oversight. It also heralds a seismic shift in crypto adoption.

Crypto is unique because – unlike most asset classes – retail investors got in before institutions. This was in contrast to asset classes like private equity, commercial real estate and emerging markets... which institutions dominated for years before retail investors could get in. Crypto worked in the opposite way.

The earliest crypto investors were technophiles... and bad actors who used Bitcoin for illicit transactions on the Silk Road. Only during the last crypto bull run – from 2020 to 2021 – did institutional players enter the scene.

- In early 2021, Tesla, led by Elon Musk, announced a \$1.5 billion investment in Bitcoin, and the company briefly accepted the crypto as payment for its vehicles.
- In 2021, Goldman Sachs and Morgan Stanley started offering Bitcoin and crypto products to their wealthy clients.
- In 2020 and 2021, Jack Dorsey's Square (since rebranded to Block) made substantial investments in Bitcoin.
- In December 2020, insurance company MassMutual made a \$100 million investment in Bitcoin.
- In August 2020, MicroStrategy CEO Michael Saylor made significant investments in Bitcoin.

Each of these events was unprecedented at the time. But the approval of a Bitcoin ETF marks a historic milestone for institutional involvement in crypto.

Pension funds, endowments and large players who were once cautious or even skeptical are now stepping into a space that's been largely dominated by individual traders. This shift signifies not just crypto's growing acceptance but also a potential reshaping of the entire market's dynamics.

The Last Volatile Crypto Cycle Is Upon Us

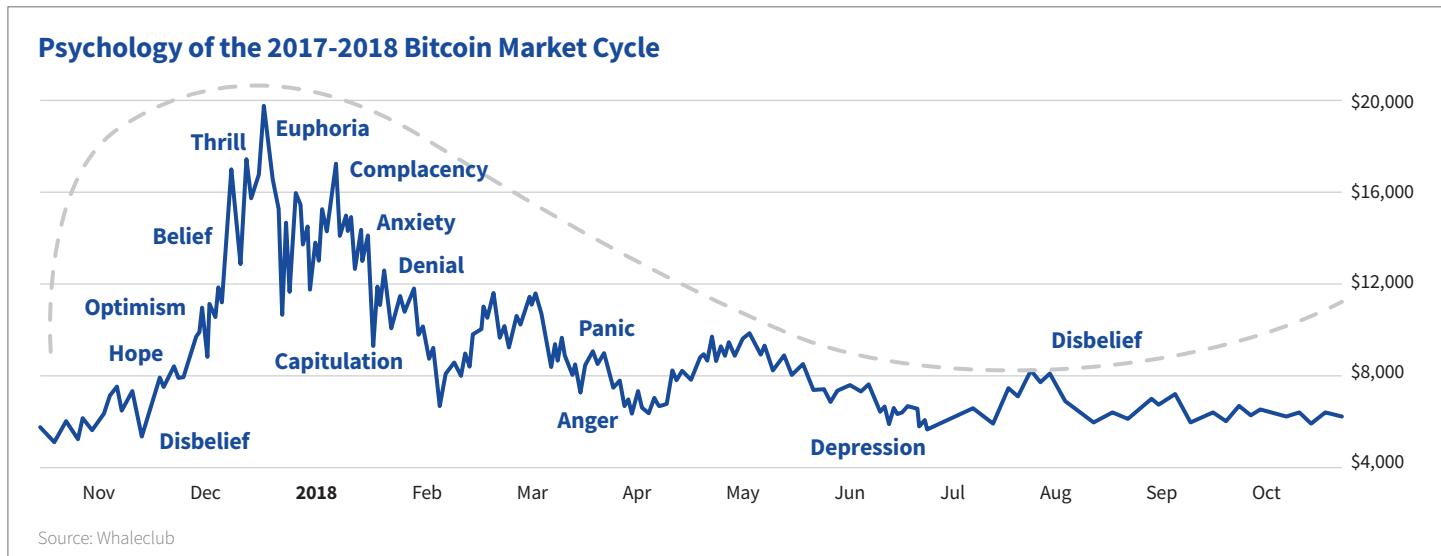
Cryptocurrencies – and Bitcoin in particular – are notorious for their roller coaster-like volatility. Bitcoin has experienced dramatic price fluctuations since it was created. Several bear markets have sent its value plummeting by 80% or more from its highs.

For instance, after reaching nearly \$20,000 in December 2017, Bitcoin crashed to around \$3,200 by December 2018. In April 2021, it peaked at about \$64,000, only to drop below \$15,000 by November 2022.

Sharp declines and rapid recoveries have always been a hallmark of the crypto market. They've been attributed to crypto's speculative nature and the influence of retail traders. However, with institutional investors entering the market, crypto might be on the brink of a transformation... for a few reasons.

First, institutional investors manage vast sums of money. When institutional investors enter a market, they can have a stabilizing influence on it. They are less likely to make trades in reaction to news or market sentiment, and their large trades can help dampen price swings.

Second, institutional investors have access to advanced tools and strategies for managing risk. Their expertise in hedging and diversification can contribute to a more balanced and therefore less volatile market.



Third, these investors are typically subject to strict regulatory standards, which can foster a more transparent and compliant market environment. This increased transparency can reduce uncertainty and speculative behavior among all market participants.

Lastly, these major players generally adopt a long-term investment perspective. This approach contrasts with the short-term, speculative trading that has historically driven much of Bitcoin's volatility.

Keep in mind that this dynamic is not unique to cryptocurrencies. In traditional markets, small cap stocks, which have little institutional ownership, are typically much more volatile than large cap stocks... which generally have higher percentages of institutional ownership. Smaller stocks tend to see more abrupt price movements due to their lower trading volumes and the impact of retail investor sentiment.

As more and more institutional investors enter the crypto market, we could see a parallel effect.

Their substantial capital injections and long-term horizons could smooth out some of the wild price swings that Bitcoin and other cryptocurrencies have historically experienced. These investors could move the crypto market toward a stability akin to that of large cap stocks. But that also has a key implication.

The Last “Real” Crypto Cycle

Most people who invest in crypto are not in it for the technology. They may throw out buzzwords like “decentralized” or “blockchain” or “DeFi,” but most of them are in the crypto market for one thing... to make money.

And there's nothing wrong with that. The problem is that – due to the looming institutional takeover of crypto – the current cycle could very well be the last one where we see significant volatility... and major price swings.

As institutional players enter the fray, we're likely to see a more stable market take shape – the kind where extreme peaks and troughs are less frequent.

This would be a fundamental shift. It means that the current cycle might be the **last opportunity** savvy investors have to capitalize on the kind of hefty price swings that can turn modest investments into fortunes – sometimes almost overnight.

Therefore, if you're looking to leverage the crypto market's volatility, it's crucial that you act now and take on “smart risks.”

You should keep a close eye on market trends, be agile with your investment strategies and perhaps even take calculated risks on blue chip cryptocurrencies like Bitcoin and **Ethereum** (ETH)... and even altcoins like **Solana** (SOL).

Your goal should be to maximize your returns in what could be the final high-volatility cycle of the crypto market.

Because after this cycle, crypto may enter a new era of institutional dominance and relative stability. While this changing landscape might spell the end of wild price swings, it also presents a unique opportunity.

The current cycle could be a golden moment for investors. It's imperative that you stay informed, stay nimble and make strategic moves while the window is still open.

And I'll be here to help you do just that.

Editor's Note: Get excited... because just days from now, Robert will unveil a brand-new portfolio in Manward Money Report. Its singular goal will be to help you profit from this huge shift in the crypto sector. This exciting new benefit is yours FREE just for being a Manward Money Report subscriber. Look for Robert's first crypto recommendations very soon.



Keep reading the February issue online for portfolio highlights. Plus, Shah answers the No. 1 question we get from subscribers. Visit www.manward.co/february2024.