

LEARNING MADE EASY



# AI Investing

for  
**dummies**<sup>®</sup>  
A Wiley Brand



Embrace AI and unlock  
the future of investing

Discover how AI can help make  
informed investing decisions

Seize opportunities  
for financial success

**Paul Mladjenovic**

Bestselling author of *Stock Investing  
For Dummies*





# AI Investing

by Paul Mladjenovic

for  
**dummies**<sup>®</sup>  
A Wiley Brand

## AI Investing For Dummies®

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, [www.wiley.com](http://www.wiley.com)

Copyright © 2024 by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permissions>.

**Trademarks:** Wiley, For Dummies, the Dummies Man logo, [Dummies.com](http://Dummies.com), Making Everything Easier, and related trade dress are trademarks or registered trademarks of John Wiley & Sons, Inc. and may not be used without written permission. All other trademarks are the property of their respective owners. John Wiley & Sons, Inc. is not associated with any product or vendor mentioned in this book.

LIMIT OF LIABILITY/DISCLAIMER OF WARRANTY: WHILE THE PUBLISHER AND AUTHORS HAVE USED THEIR BEST EFFORTS IN PREPARING THIS WORK, THEY MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE CONTENTS OF THIS WORK AND SPECIFICALLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO WARRANTY MAY BE CREATED OR EXTENDED BY SALES REPRESENTATIVES, WRITTEN SALES MATERIALS OR PROMOTIONAL STATEMENTS FOR THIS WORK. THE FACT THAT AN ORGANIZATION, WEBSITE, OR PRODUCT IS REFERRED TO IN THIS WORK AS A CITATION AND/OR POTENTIAL SOURCE OF FURTHER INFORMATION DOES NOT MEAN THAT THE PUBLISHER AND AUTHORS ENDORSE THE INFORMATION OR SERVICES THE ORGANIZATION, WEBSITE, OR PRODUCT MAY PROVIDE OR RECOMMENDATIONS IT MAY MAKE. THIS WORK IS SOLD WITH THE UNDERSTANDING THAT THE PUBLISHER IS NOT ENGAGED IN RENDERING PROFESSIONAL SERVICES. THE ADVICE AND STRATEGIES CONTAINED HEREIN MAY NOT BE SUITABLE FOR YOUR SITUATION. YOU SHOULD CONSULT WITH A SPECIALIST WHERE APPROPRIATE. FURTHER, READERS SHOULD BE AWARE THAT WEBSITES LISTED IN THIS WORK MAY HAVE CHANGED OR DISAPPEARED BETWEEN WHEN THIS WORK WAS WRITTEN AND WHEN IT IS READ. NEITHER THE PUBLISHER NOR AUTHORS SHALL BE LIABLE FOR ANY LOSS OF PROFIT OR ANY OTHER COMMERCIAL DAMAGES, INCLUDING BUT NOT LIMITED TO SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES.

For general information on our other products and services, please contact our Customer Care Department within the U.S. at 877-762-2974, outside the U.S. at 317-572-3993, or fax 317-572-4002. For technical support, please visit <https://hub.wiley.com/community/support/dummies>.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit [www.wiley.com](http://www.wiley.com).

Library of Congress Control Number: 2024930804

ISBN 978-1-394-23703-6 (pbk); ISBN 978-1-394-23704-3 (ebk); ISBN 978-1-394-23705-0 (ebk)

# Contents at a Glance

|                                                                       |     |
|-----------------------------------------------------------------------|-----|
| <b>Introduction</b>                                                   | 1   |
| <b>Part 1: Artificial Intelligence Basics</b>                         | 5   |
| CHAPTER 1: Artificial Intelligence 101                                | 7   |
| CHAPTER 2: A Primer on ChatGPT                                        | 13  |
| CHAPTER 3: Spanning the AI Landscape: Different Inputs and Outputs    | 23  |
| <b>Part 2: AI Stock Investing</b>                                     | 29  |
| CHAPTER 4: Large-Cap AI Stocks                                        | 31  |
| CHAPTER 5: Small-Cap AI Stocks and IPOs                               | 43  |
| CHAPTER 6: Diversifying with ETFs and Mutual Funds                    | 51  |
| CHAPTER 7: Robo-Advisors                                              | 65  |
| CHAPTER 8: Fundamental and Technical Analysis                         | 75  |
| <b>Part 3: AI Stock Investing Alternatives</b>                        | 85  |
| CHAPTER 9: Hard Assets and Commodities                                | 87  |
| CHAPTER 10: Bonds, Bank Investments, and Digital Currencies           | 109 |
| CHAPTER 11: Real Estate Investing                                     | 123 |
| CHAPTER 12: Business and Career Ventures                              | 139 |
| <b>Part 4: Smart Investment Tactics</b>                               | 159 |
| CHAPTER 13: Using AI for Economic Analysis                            | 161 |
| CHAPTER 14: Financial Planning and Other Money Matters                | 181 |
| CHAPTER 15: Retirement and Estate Planning                            | 193 |
| CHAPTER 16: Tax Considerations                                        | 209 |
| <b>Part 5: The Part of Tens</b>                                       | 227 |
| CHAPTER 17: Ten Cautions about Artificial Intelligence                | 229 |
| CHAPTER 18: Ten or So Types of Prompts You Can Use for AI Investing   | 235 |
| CHAPTER 19: Ten Tools and Resources That AI Beginners Should Consider | 243 |
| CHAPTER 20: Ten Strategies to Complement Your AI Investing Pursuits   | 249 |
| <b>Part 6: Appendixes</b>                                             | 257 |
| APPENDIX A: AI Resources                                              | 259 |
| APPENDIX B: AI Tools                                                  | 265 |
| APPENDIX C: General Investing Resources                               | 271 |
| <b>Index</b>                                                          | 275 |



# Table of Contents

|                                                                           |    |
|---------------------------------------------------------------------------|----|
| <b>INTRODUCTION</b>                                                       | 1  |
| About This Book                                                           | 1  |
| Foolish Assumptions                                                       | 2  |
| Icons Used in This Book                                                   | 2  |
| Beyond the Book                                                           | 3  |
| Where to Go from Here                                                     | 3  |
| <b>PART 1: ARTIFICIAL INTELLIGENCE BASICS</b>                             | 5  |
| <b>CHAPTER 1: Artificial Intelligence 101</b>                             | 7  |
| First Things First: What Is AI?                                           | 7  |
| Distinguishing the Two Types of AI                                        | 8  |
| General AI                                                                | 9  |
| Specific AI                                                               | 9  |
| Investing in Stocks with AI's Help                                        | 9  |
| Using AI to Try Stock Investing Alternatives                              | 10 |
| Looking at Your Total Financial Picture with AI                           | 11 |
| Getting Smart about AI                                                    | 11 |
| <b>CHAPTER 2: A Primer on ChatGPT</b>                                     | 13 |
| Acquainting Yourself with ChatGPT                                         | 13 |
| Asking ChatGPT to describe itself                                         | 14 |
| Discovering what ChatGPT can help you with                                | 14 |
| It's All About the Prompt                                                 | 17 |
| The Limits and Negatives of ChatGPT                                       | 20 |
| Looking at ChatGPT Alternatives                                           | 21 |
| <b>CHAPTER 3: Spanning the AI Landscape: Different Inputs and Outputs</b> | 23 |
| First Things First: Text-to-Text with Chatbots                            | 24 |
| Other AI Inputs and Outputs                                               | 25 |
| Document-to-text                                                          | 25 |
| Audio-to-text                                                             | 25 |
| Text-to-image                                                             | 26 |
| Text-to-video                                                             | 26 |
| Finding Even More Tools with a Few Helpful Resources                      | 27 |

|                                                                            |    |
|----------------------------------------------------------------------------|----|
| <b>PART 2: AI STOCK INVESTING</b> .....                                    | 29 |
| <b>CHAPTER 4: Large-Cap AI Stocks</b> .....                                | 31 |
| Getting a Sense of AI's Place in the Big Picture .....                     | 32 |
| Understanding Market Capitalization Basics. ....                           | 33 |
| AI Companies: The Major Players .....                                      | 34 |
| Checking Out the Pros and Cons of AI Stocks for Investors .....            | 36 |
| The pros .....                                                             | 37 |
| The cons .....                                                             | 38 |
| The Indirect Way to AI Profits: Investing in Impacted Companies ...        | 38 |
| Using AI to Analyze Large-Cap Stocks. ....                                 | 39 |
| Doing a SWOT analysis .....                                                | 39 |
| Summarizing financial data .....                                           | 41 |
| <b>CHAPTER 5: Small-Cap AI Stocks and IPOs</b> .....                       | 43 |
| Beginning with the Basics of Small-Cap Stocks. ....                        | 44 |
| Finding AI-Related Small-Cap Stocks .....                                  | 45 |
| Choosing Small-Cap AI Stocks .....                                         | 46 |
| Introducing IPOs .....                                                     | 47 |
| Surveying Safety and Hedging Strategies for Small Caps and IPOs .....      | 49 |
| Stop-loss orders. ....                                                     | 49 |
| Trailing stops .....                                                       | 49 |
| Option strategies. ....                                                    | 50 |
| <b>CHAPTER 6: Diversifying with ETFs and Mutual Funds</b> .....            | 51 |
| Comparing ETFs and Mutual Funds .....                                      | 52 |
| Something in common: Diversification .....                                 | 52 |
| Static portfolios versus actively managed portfolios .....                 | 52 |
| Shares versus cash purchases and sales. ....                               | 53 |
| Looking at the Pros and Cons of ETFs and Mutual Funds with AI's Help ..... | 54 |
| ETFs .....                                                                 | 54 |
| Mutual funds .....                                                         | 56 |
| Noting Some Top AI-Related ETFs. ....                                      | 58 |
| Researching ETFs with AI .....                                             | 60 |
| Focusing on AI-Related Mutual Funds .....                                  | 62 |
| Reviewing Resources for Investing in ETFs and Mutual Funds. ....           | 63 |
| <b>CHAPTER 7: Robo-Advisors</b> .....                                      | 65 |
| Defining What a Robo-Advisor Does .....                                    | 65 |
| Debating the Pros and Cons of Robo-Advisors. ....                          | 67 |
| Digging into Robo-Advisors' Main Features. ....                            | 69 |
| The Bottom Line: Choosing a Human Advisor or a Robo-Advisor ...            | 72 |
| Listing a Few Top Robo-Advisors. ....                                      | 73 |

|                                                                        |         |
|------------------------------------------------------------------------|---------|
| <b>CHAPTER 8: Fundamental and Technical Analysis</b>                   | 75      |
| Fundamental Analysis                                                   | 76      |
| Key fundamental factors                                                | 76      |
| Fundamental analysis and AI                                            | 78      |
| Technical Analysis                                                     | 80      |
| A spotlight on RSI                                                     | 80      |
| Technical analysis and AI                                              | 81      |
| <br><b>PART 3: AI STOCK INVESTING ALTERNATIVES</b>                     | <br>85  |
| <b>CHAPTER 9: Hard Assets and Commodities</b>                          | 87      |
| Understanding Investing versus Speculating                             | 88      |
| Comparing the Risks of Precious Metals and Commodities                 | 89      |
| What precious metals don't have: Counterparty risk                     | 89      |
| Other risks associated with stocks and other conventional vehicles     | 91      |
| Risks with precious metals                                             | 91      |
| Risks with commodities                                                 | 93      |
| Handling Hard Assets (Primarily Precious Metals)                       | 96      |
| Ways to invest in gold and silver                                      | 96      |
| AI strategies and precious metals                                      | 97      |
| Precious metals resources                                              | 98      |
| Considering Commodities                                                | 98      |
| Comparing commodities and futures                                      | 99      |
| Looking at different types of commodities                              | 101     |
| Checking out commodities investing vehicles                            | 105     |
| Using AI to get the scoop on commodities                               | 106     |
| Reviewing resources on commodities                                     | 107     |
| <br><b>CHAPTER 10: Bonds, Bank Investments, and Digital Currencies</b> | <br>109 |
| Bonds and Bank Investments                                             | 110     |
| Bonds                                                                  | 110     |
| Bank investments                                                       | 113     |
| Cryptocurrencies                                                       | 114     |
| Central Bank Digital Currencies (CBDCs)                                | 116     |
| <br><b>CHAPTER 11: Real Estate Investing</b>                           | <br>123 |
| Knowing Whether You Have What It Takes to Be a Real Estate Investor    | 123     |
| Noting Two Major Real Estate Considerations                            | 125     |
| Getting into Direct Real Estate Investing                              | 126     |
| Investing Indirectly in Real Estate                                    | 129     |
| Trying Real Estate Investment Trusts                                   | 131     |

|                                                                                  |            |
|----------------------------------------------------------------------------------|------------|
| Examining Real Estate ETFs .....                                                 | 135        |
| Checking Out Additional Strategies for AI Real Estate<br>Investing Prompts ..... | 137        |
| Consulting Real Estate Resources .....                                           | 138        |
| <b>CHAPTER 12: Business and Career Ventures .....</b>                            | <b>139</b> |
| Understanding the Benefits of Having Your Own Business .....                     | 140        |
| Earning income .....                                                             | 140        |
| Enjoying tax benefits .....                                                      | 140        |
| Having fun .....                                                                 | 140        |
| Building wealth with your own retirement account .....                           | 141        |
| Selling your business for big money .....                                        | 142        |
| Starting a Business .....                                                        | 142        |
| Doing some research .....                                                        | 142        |
| Putting together pieces of a business plan .....                                 | 143        |
| Funding your business .....                                                      | 145        |
| Steering your start-up with the help of AI .....                                 | 146        |
| Running Your Business .....                                                      | 147        |
| Getting help with your current software .....                                    | 147        |
| Writing a variety of content .....                                               | 148        |
| Generating images .....                                                          | 149        |
| Seeing other ways that AI can help you run your business .....                   | 149        |
| Using AI to Boost Your Career .....                                              | 152        |
| Discovering the best jobs for your skills and experience .....                   | 152        |
| Finding advice for your current job .....                                        | 153        |
| Researching new job opportunities .....                                          | 154        |
| Creating a winning resume .....                                                  | 156        |
| Honing your interviewing skills .....                                            | 157        |
| <b>PART 4: SMART INVESTMENT TACTICS .....</b>                                    | <b>159</b> |
| <b>CHAPTER 13: Using AI for Economic Analysis .....</b>                          | <b>161</b> |
| Gross Domestic Product (GDP) .....                                               | 161        |
| Defining GDP .....                                                               | 162        |
| Delving into the details .....                                                   | 164        |
| The Labor Market .....                                                           | 167        |
| Income Taxes .....                                                               | 169        |
| Interest Rates .....                                                             | 170        |
| Leading Economic Indicators (LEI) .....                                          | 174        |
| Inflation .....                                                                  | 175        |
| The Federal Reserve .....                                                        | 176        |
| The role of the “Fed” .....                                                      | 176        |
| The “Fed” as an investor resource .....                                          | 178        |
| The Political Landscape .....                                                    | 178        |

|                                                               |     |
|---------------------------------------------------------------|-----|
| <b>CHAPTER 14: Financial Planning and Other Money Matters</b> | 181 |
| Walking through the Steps of Financial Planning               | 182 |
| Getting a Handle on Budgeting                                 | 186 |
| Spotlighting College Expenses                                 | 189 |
| <b>CHAPTER 15: Retirement and Estate Planning</b>             | 193 |
| Digging into Retirement Planning                              | 193 |
| Your starting point: A personal balance sheet                 | 194 |
| The “5–10 approach” and a reality check                       | 196 |
| A helpful checklist                                           | 199 |
| Even more AI retirement planning prompts                      | 201 |
| Thinking about Estate Planning                                | 203 |
| Defining “estate planning”                                    | 204 |
| Beginning the estate planning process                         | 204 |
| <b>CHAPTER 16: Tax Considerations</b>                         | 209 |
| Reviewing the Tax Treatment of Different Investments          | 210 |
| Understanding ordinary income and capital gains               | 210 |
| Determining your best timing                                  | 211 |
| Looking at a capital gains example                            | 212 |
| Minimizing capital gains taxes                                | 213 |
| Cutting taxes with capital losses                             | 214 |
| Evaluating gain and loss scenarios                            | 214 |
| Sharing with the IRS                                          | 215 |
| Tax forms                                                     | 216 |
| The wash-sale rule                                            | 216 |
| Looking at Tax Deductions for Investors                       | 217 |
| Investment interest                                           | 218 |
| Foreign taxes on investments                                  | 218 |
| Miscellaneous expenses (on Schedule A)                        | 218 |
| The donation of securities                                    | 219 |
| Nondeductible items                                           | 220 |
| Getting Tax Benefits with Retirement Accounts                 | 220 |
| IRAs                                                          | 220 |
| 401(k) plans                                                  | 222 |
| Checking Out AI Tax Tactics and Strategies                    | 222 |
| Tapping into Tax Resources                                    | 223 |
| IRS publications                                              | 223 |
| AI tax tools                                                  | 224 |
| Tax sites                                                     | 224 |
| Tax software                                                  | 225 |
| Tax resources from yours truly                                | 225 |

|                                                                                    |     |
|------------------------------------------------------------------------------------|-----|
| <b>PART 5: THE PART OF TENS</b> .....                                              | 227 |
| <b>CHAPTER 17: Ten Cautions about Artificial Intelligence</b> .....                | 229 |
| Inaccuracy and Errors.....                                                         | 229 |
| Bias.....                                                                          | 230 |
| Fraud.....                                                                         | 231 |
| Job Displacement.....                                                              | 231 |
| Overreliance on Technology.....                                                    | 232 |
| Information versus Wisdom.....                                                     | 232 |
| Use of the Right AI Tool.....                                                      | 232 |
| Your Input versus AI Output.....                                                   | 233 |
| Faulty Predictions.....                                                            | 233 |
| Privacy.....                                                                       | 234 |
| <b>CHAPTER 18: Ten or So Types of Prompts You Can Use for AI Investing</b> .....   | 235 |
| Simple Questions.....                                                              | 236 |
| Complex Questions.....                                                             | 236 |
| Personal Scenarios with Goals in Mind.....                                         | 237 |
| Formulas.....                                                                      | 237 |
| Lists.....                                                                         | 237 |
| Second Opinions.....                                                               | 238 |
| Pros and Cons.....                                                                 | 238 |
| Comparisons of Performance.....                                                    | 240 |
| Prompts in Different Languages.....                                                | 240 |
| Prompts at a Basic Level.....                                                      | 241 |
| Document Analysis.....                                                             | 241 |
| <b>CHAPTER 19: Ten Tools and Resources That AI Beginners Should Consider</b> ..... | 243 |
| OpenAI.com.....                                                                    | 243 |
| Investopedia.....                                                                  | 244 |
| ToolsAI.net.....                                                                   | 245 |
| YouTube AI Channels.....                                                           | 245 |
| LinkedIn.....                                                                      | 245 |
| AI Productivity Tools.....                                                         | 246 |
| Bedrock AI.....                                                                    | 246 |
| Your Brokerage Site's Robo-Advisor.....                                            | 246 |
| Udemy and Other Online Courses.....                                                | 247 |
| Discord and Other Groups.....                                                      | 247 |

|                    |                                                                |     |
|--------------------|----------------------------------------------------------------|-----|
| <b>CHAPTER 20:</b> | <b>Ten Strategies to Complement Your AI Investing Pursuits</b> | 249 |
|                    | Focusing on Fundamentals                                       | 249 |
|                    | Investing in Utilities                                         | 250 |
|                    | Investing in Consumer Staples                                  | 250 |
|                    | Investing in Healthcare                                        | 251 |
|                    | Considering Dividends                                          | 251 |
|                    | Limiting Your Losses                                           | 251 |
|                    | Choosing the Right Savings Bonds                               | 252 |
|                    | Diversifying with Hard Assets                                  | 253 |
|                    | Personal Preparedness                                          | 254 |
|                    | Keeping a Paper Trail                                          | 254 |
| <b>PART 6:</b>     | <b>APPENDIXES</b>                                              | 257 |
| <b>APPENDIX A:</b> | <b>AI Resources</b>                                            | 259 |
|                    | Beginners' Tutorials and Courses on AI                         | 259 |
|                    | AI YouTube Channels                                            | 260 |
|                    | Books on AI                                                    | 261 |
|                    | AI News and Views                                              | 261 |
|                    | AI E-Zines                                                     | 262 |
|                    | AI Resource Compilations                                       | 262 |
|                    | User Groups about AI and ChatGPT                               | 263 |
| <b>APPENDIX B:</b> | <b>AI Tools</b>                                                | 265 |
|                    | Investing AI Tools                                             | 265 |
|                    | Personal Finance AI Tools                                      | 266 |
|                    | Tax and Budgeting AI Tools                                     | 266 |
|                    | Robo-Advisors                                                  | 267 |
|                    | ChatGPT Alternatives                                           | 268 |
|                    | Directories of AI Tools                                        | 268 |
|                    | Other Finance-Specific Tools Using Generative AI               | 269 |
| <b>APPENDIX C:</b> | <b>General Investing Resources</b>                             | 271 |
|                    | General Investing Sites                                        | 271 |
|                    | Specialized Investing Sites                                    | 272 |
|                    | Investing Books                                                | 272 |
|                    | LinkedIn Groups                                                | 273 |
|                    | Investor Clubs and Organizations                               | 274 |
|                    | Government Agencies                                            | 274 |
| <b>INDEX</b>       |                                                                | 275 |



# Introduction

**A**rtificial intelligence (AI) has taken the world by storm, and what better umbrella than a *For Dummies* guide? This book offers friendly and concrete guidance to either the newbie to AI or the intermediate investor, who is also interested in how this dynamic and soon-to-be pervasive topic affects you financially. That may mean investing and wealth-building or related issues ranging from retirement planning to estate planning and college planning. I also cover a wealth of practical resources, strategies, and tools to make sure you're ahead of the pack.

## About This Book

AI investing is generally new to the public, and it can be valuable to anyone managing an investment portfolio or who needs information to achieve financial goals, especially with stocks and stock-related funds. This book is laid out so you can go from “What are AI prompts?” to how to use them and which ones work best in varying investing situations.

The first few chapters of this book go into the basics of AI, including its risks and rewards. Later parts go into the panorama of investing and financial topics that AI can help you with. The book doesn't just stop at AI stock investing — it goes deeper since AI affects so much in the world of investing, business, and general finance. No matter what your money concern is, this book has what you need to know written in an easy-to-digest and practical way.

Take a close look at the appendixes because this is the secret treasure of this book. Because AI is changing so quickly, you need to know where to look to keep up, and Part 6 is rich in how-to and where-to resources, educational and otherwise.

A quick note: Sidebars (shaded boxes of text) dig into the details of a given topic, but they aren't crucial to understanding it. Feel free to read them or skip them. You can pass over the text accompanied by the Technical Stuff icon, too. The text marked with this icon gives some interesting but nonessential information about AI investing.

One last thing: Within this book, you may note that some web addresses break across two lines of text. If you're reading this book in print and want to visit one of these web pages, simply key in the web address exactly as it's noted in the text, pretending as though the line break doesn't exist. If you're reading this as an e-book, you've got it easy — just click the web address to be taken directly to the web page.

## Foolish Assumptions

In writing this book, I imagined someone pulling a copy off a bookshelf in their local bookstore and scanning it to see whether it's a valuable guide. And I wondered what that person would need to know to find this book interesting. Here are some of the assumptions I came up with about you, the reader:

- » You have an interest in artificial intelligence and how it affects you financially.
- » You're a consumer or investor and seeking guidance on how AI can increase your prosperity.
- » You're worried about AI and how it affects your job or business, and you want to know what to do and how to proceed in this exciting, yet scary, new area.
- » You want a convenient source of guidance on resources for the fast-paced world of AI technology.

## Icons Used in This Book

In the margins of the book, you'll find these icons helping you out.



TIP

Whenever I provide a hint that makes an aspect of AI investing easier or potentially more successful, I mark it with a Tip icon.



REMEMBER

The Remember icon marks paragraphs that contain information that you should absolutely take away from this book.



WARNING

Heed the paragraphs marked with the Warning icon to avoid potential AI investing disasters.



Whenever I get technically inclined, I mark the paragraph with a Technical Stuff icon. If you're not into the nitty-gritty technical details of AI investing, you can skip these nuggets of info.

## Beyond the Book

In addition to the material in the print or e-book you're reading right now, this product comes with some access-anywhere goodies on the web. Check out the free Cheat Sheet for info on ways that AI can help you save money and much more. To get this Cheat Sheet, simply go to [www.dummies.com](http://www.dummies.com) and search for “*AI Investing For Dummies* Cheat Sheet” in the Search box.

## Where to Go from Here

This book is designed so that you can quickly jump to a specific chapter or section that most interests you. You don't have to start with the first chapter — although if you're new to AI and related investment issues, I recommend that you do so. Understanding the foundation of AI investing helps you better apply the techniques that you discover in the later chapters on the specifics of your investment activity.

You don't have to read this book from cover to cover, but if you're an especially thorough person, feel free to do so! If you just want to find specific information and then get back to work, take a look at the table of contents or the index, and then dive into the chapter or section that interests you. Besides investing and financial issues with AI, I especially suggest that you also review the business and career AI-related information so that you keep up with the professional challenges and opportunities that are unfolding with AI right now.

Keep in mind that success in any endeavor is initially reliant on sound information and guidance, and a *For Dummies* guide is there for you right from the start. *AI Investing For Dummies* will help you forge ahead successfully on your AI-driven path to a brighter future.



# 1

# **Artificial Intelligence Basics**

#### **IN THIS PART . . .**

Discover what artificial intelligence is and check out some common AI tools.

Get a primer on ChatGPT, the biggest AI tool out there. Look at its features and uses.

Take stock of the risks and rewards of AI.

- » Defining “artificial intelligence”
- » Exploring the two major types of AI
- » Knowing how AI can help with your financial pursuits

## Chapter **1**

# Artificial Intelligence 101

**A**rtificial intelligence, more commonly known as AI: It’s all the rage today, and it will likely end up in every corner of modern life. It stokes both excitement and fear. It’s changing the business, social, and financial landscape as I write this.

When it comes to AI, the best choice for people is to do what you’re doing right now — learning what it is, what it can do, and how you can use it to your advantage in today’s competitive economy. Like every major innovation in human history, it can have amazing positive power, and it can have the power to harm. Use it to make yourself stronger. This chapter gets you started on the road to investing with AI.

## First Things First: What Is AI?

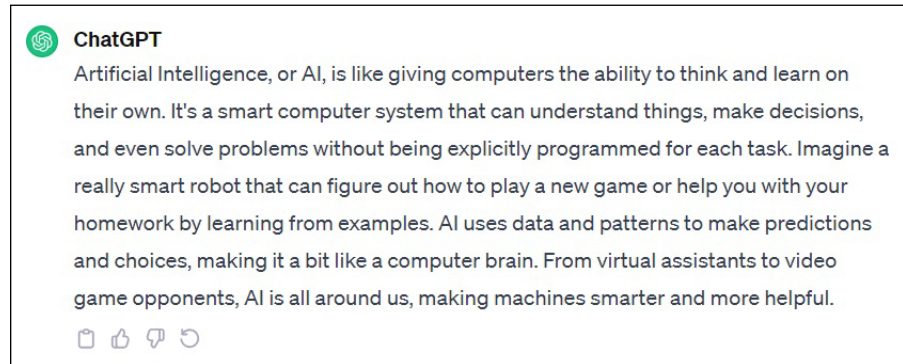
As a business person and a financial educator, I generally avoid in the scope of this singular book the techie stuff and stick to the how-do-I-use-this-stuff approach. I pride myself on being an educator, and I look at artificial intelligence the same way I look at a laptop computer or a smartphone — like a tool. I may not be able to explain the inner workings of it with much precision, but I know how to use it to achieve my goals or to satisfy my wants and needs.

As for AI, let's do the obvious thing here and ask AI about AI. I use ChatGPT (which is covered in greater detail in Chapter 2). My question (more commonly known as a prompt):

"Please define and explain AI in less than 150 words as if I were an eighth grader."

The response from ChatGPT is in Figure 1-1.

**FIGURE 1-1:**  
Asking AI  
about AI.



Cool! ChatGPT says it's like a smart robot that can help you with your problems and tasks. That's my kind of answer. Throughout the book I use examples from AI tools, predominately from ChatGPT and also AI-enhanced tools such as Bing Chat (yes, the turbo-charged version of Microsoft's Bing Search engine).



**TIP**

I wrote this book fully mindful that AI is constantly changing and improving. Make it a point to visit any resource listed throughout this book (especially in Part 6) that is relevant to your concerns (and plenty of valuable resources are included). The resources are both general and specific, but timely, and they are constantly updated to help you keep up with AI's development.

## Distinguishing the Two Types of AI

Although I could ask AI to provide an extensive explanation of AI and I could spew all the facets and jargon about it, I'll stick to my terminology about AI in the following sections. The two types of AI are general and specific. Horizontal and vertical would also do.

## General AI

The reason I also refer to general AI as “horizontal” is that this type of AI spans the vast digital landscape to produce the response to your inquiry or request. It can be good for starters and for general knowledge.

A good example of this type of AI is the popular ChatGPT (see Chapter 2). Despite its awesome capabilities, I wouldn’t use it for an intense, specific purpose. For example, I could use it to learn skills such as creating a web page, but I wouldn’t rely on it to learn about brain surgery or cancer. I would go to specialized sources for that or (better) human experts.



TIP

Another general AI tool to add to your arsenal would be AI-enhanced search engines. The last time I looked, you could choose from 18 AI-enhanced search engines, but that number may have changed in the time it took for you to read this! You can find them in Appendix B.

## Specific AI

Vertical or specific AI concentrates on a given topic or specialty. Good examples of this are robo-advisors (covered in Chapter 7). Keep in mind that part of the power of AI is that it uses its technological power to learn about what it’s working on. Some AI tools specialize in finance, but other tools specialize in healthcare, and so on.



TIP

I think the best example of this is when you need medical treatment or the attention of a doctor. You would first go to a general practitioner (GP). But after that you may need some specialized attention. The GP may know about your heart, for example, but the GP would ultimately need to refer you to a cardiologist. Think of general and specific AI in the same way.

In Chapter 3, different categories of AI are covered; take a look there for some excellent AI directories that can help you find the right AI tool for whatever issue you want to address.

## Investing in Stocks with AI’s Help

The primary reason you may have gotten this book is because the title includes both “AI” and “investing,” and the heart of this combo is covered in Part 2.



REMEMBER

Keep in mind that in this book, as with most of the investing books I author, I point out the crucial distinctions between “investing” and “speculating.” To put it simply, investing is putting your money into assets and/or vehicles that have value today and the possibility of much greater value over time. Meanwhile, speculating is essentially like educated gambling, hopefully to make greater gains sooner despite greater risks. Everybody wants to get that amazing stock when it’s cheap and obscure and to watch it soar to mind-boggling levels as “ka-ching” is ringing in our brokerage accounts. It could happen with your investing (such as large-cap tech stocks), and you could hit it big with your speculating (such as with small-cap stocks), but you should know the difference.

For investing in large-cap stocks that are neck-deep in AI, head over to Chapter 4. If you’re looking for that small company that could soar to the moon, check out Chapter 5. Just keep in mind that many of today’s small tech companies won’t be around a few years from now, so take heed of the word “fundamentals” (covered in Chapter 8) since that is at the heart of true investing. Speculating, meanwhile, is a stone’s throw away from financial gambling, so learn the difference.

For those of you who want to get into AI in a safer way, consider going through exchange-traded funds (ETFs) and/or mutual funds, which are investing in AI through a portfolio approach. See Chapter 6 for details.

## Using AI to Try Stock Investing Alternatives

The prior section covered investing in AI-related vehicles. But keep in mind that AI is a versatile tool that can be used across the investing landscape. Part 3 goes into assets from precious metals and commodities to cryptocurrencies and real estate. Getting into these areas will be much easier with AI as your digital research assistant.



TIP

Perhaps the hidden gem for you is Chapter 12. It concentrates on helping you with AI to tackle business and career ventures. For many folks, the rise of AI brings some concerns and uncertainty. Here is where you turn lemons into lemonade, and boost your professional prospects and see AI through the lens of possibilities. Be like me and make an AI-assisted home-based business part of your financial situation (check out my AI resources at [www.ravingcapitalist.com/AI/](http://www.ravingcapitalist.com/AI/)).

# Looking at Your Total Financial Picture with AI

Don't just look at the investment landscape. Use AI to kick it up a notch and be holistic with every corner of your financial situation.

As I write this, the national economy and the world's geopolitics are bringing uncertainty everywhere. Be prepared. AI can be used for analyzing the economy (see Chapter 13) so you know what to do whether you are facing a recession, inflation, or both (or worse).

Keep in mind that investing is a part (yes, a large part) of the financial planning process. Get to know the other parts, too. Part 4 goes into retirement planning, budgeting, and much more, so don't ignore these vital parts of your situation. Of course, you need to address the tough stuff like estate planning and taxes (ugh), but AI makes it easier than ever to deal with these issues.



REMEMBER

In some of these areas you'll likely need a human expert, but AI will make the process so much easier, reduce your stress, and increase your knowledge and confidence.

## Getting Smart about AI



TIP

For those of you who want to get really informed about AI (beyond the scope of this book), here are some places to turn to that place a heavy emphasis on the world of AI:

- » **AI Practical Guide** (<https://aipracticalguide.com/>): They have a beginners' guide as well.
- » **IBM's developer blog** (<https://developer.ibm.com/>): Why not learn the technical side with what is arguably AI's longest participant?
- » **Adult education sites** such as Coursera ([www.coursera.com](http://www.coursera.com)) and Udemy ([www.udemy.com](http://www.udemy.com)): They have some excellent free and low-cost courses on AI.

Appendix A has more AI educational resources.



- » Getting an introduction to ChatGPT
- » Picking apart AI prompts
- » Considering the disadvantages of ChatGPT
- » Checking out alternatives to ChatGPT

## Chapter 2

# A Primer on ChatGPT

Although AI has been evident in recent years through consumer apps like those annoying voices when you call a company's main telephone number and Amazon's Alexa and Google's Siri (and many more applications when you think of them), the dam broke on the public's radar screen about the power and potential of AI when ChatGPT was launched in 2022.

ChatGPT hit one million users in record time and much more quickly than any prior tech launch. Netflix, for example, didn't hit one million users until three years after it launched. In this chapter, I introduce you to using ChatGPT and list some alternatives to consider.

## Acquainting Yourself with ChatGPT

ChatGPT was created and launched by Open AI, and it can be accessed at <https://chat.openai.com>. There are two versions at the time of this writing: the free version (GPT version 3.5) and the premium version GPT Plus (\$20 per month for version 4). The free version is fine for your AI investing pursuits now so that you can get comfortable interacting with it and exploring its power and potential.



TIP

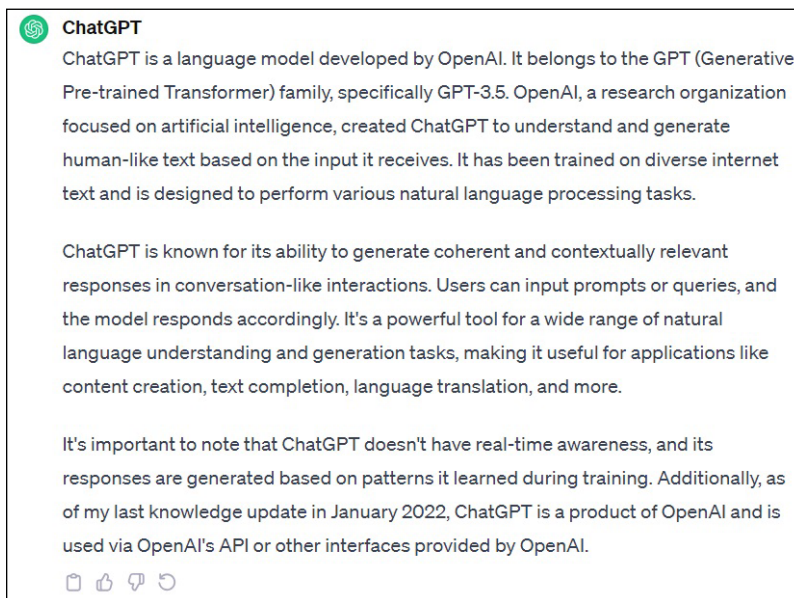
ChatGPT offers plenty of help. Besides many forums and educational sources online (many are listed in Appendix A), ChatGPT's creator is a great first place to start: <https://help.openai.com/en/>.

# Asking ChatGPT to describe itself

Why not have ChatGPT introduce itself? Use the simplest prompt imaginable:

“What is ChatGPT?”

ChatGPT’s response when I asked this prompt is in Figure 2–1. This figure is of the interface itself.



**FIGURE 2-1:**  
An introduction  
from ChatGPT.



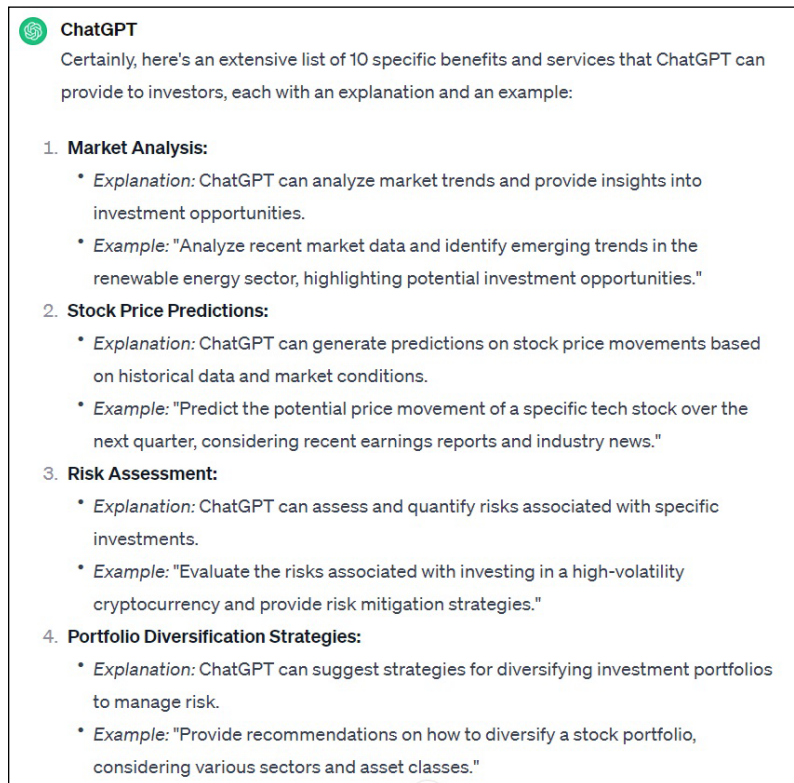
As far as the name goes, “Chat” refers to your interaction with it, and the “GPT” refers to “Generative Pre-trained Transformer.” Find out more about the meaning of the term “ChatGPT” at [www.coursera.org/articles/chatgpt](http://www.coursera.org/articles/chatgpt).

## Discovering what ChatGPT can help you with

I think that you could be like a kid in a candy store after you start using ChatGPT and getting creative with your prompts. Let’s get your creative juicing flowing by giving you some ideas of what you can accomplish with ChatGPT. Consider a prompt like this:

"Please provide a list of ten specific benefits and services that ChatGPT can provide to investors. Please give an explanation and an example of each item."

The first part of ChatGPT's response is in Figure 2-2. Note that number 4 is about portfolio diversification strategies. Right out of the starting gate, you have issues you can address or discuss with your financial advisor. Take each issue and ask AI about them in depth; it will only enhance your knowledge and performance as an investor.



**FIGURE 2-2:**  
The first few  
things ChatGPT  
can help with.

Figure 2-3 provides the next batch of items for the investor's consideration. Take item number 7 on dividend stock selection. Dividends are an important part of a long-term stock investing strategy (especially for income investors). You can use AI to locate, analyze, and choose dividend stocks.

Figure 2-4 wraps up the choices with IPOs (initial public offerings) and long-term strategies, both of which can be handled with AI. IPOs are covered in Chapter 5, but now you know that AI can help you choose in a way that was not possible before.

**FIGURE 2-3:**  
More things that  
ChatGPT can  
assist with.

5. **Economic Indicator Analysis:**
  - *Explanation:* ChatGPT can analyze economic indicators and their potential impact on investments.
  - *Example:* "Examine the implications of inflation and interest rate changes on bond investments and recommend adjustments to a fixed-income portfolio."
6. **Investment Research Assistance:**
  - *Explanation:* ChatGPT can assist in researching specific investment options or industries.
  - *Example:* "Research the growth prospects of emerging markets in the technology sector, providing key data and potential risks."
7. **Dividend Stock Selection:**
  - *Explanation:* ChatGPT can help identify dividend-paying stocks for income-focused investors.
  - *Example:* "Suggest a list of dividend stocks with a history of consistent payouts and strong financial health."
8. **Real-Time Market News Updates:**
  - *Explanation:* ChatGPT can provide real-time updates on market news and events.
  - *Example:* "Summarize the latest news affecting the pharmaceutical industry and its potential impact on healthcare stock prices."

**FIGURE 2-4:**  
ChatGPT can  
provide plenty  
of help.

9. **Initial Public Offering (IPO) Analysis:**
    - *Explanation:* ChatGPT can analyze upcoming IPOs and provide insights into their potential performance.
    - *Example:* "Evaluate the financials and market potential of a company preparing for an IPO, predicting its attractiveness to investors."
  10. **Long-Term Investment Strategies:**
    - *Explanation:* ChatGPT can offer advice on long-term investment strategies aligned with financial goals.
    - *Example:* "Propose a long-term investment strategy for retirement planning, considering a mix of growth and income-generating assets."
- These examples showcase the diverse range of benefits and services that ChatGPT can offer to investors, helping them make informed decisions, manage risks, and optimize their investment portfolios.

I don't mean to overwhelm you, but to invite you to start getting proficient with a groundbreaking new technology that will only get better and more proficient for those willing to embrace it.