

What's Really Happening with AI and Your Portfolio?

You've probably noticed AI in the headlines. Almost every week, there's a new story about it changing the economy, rattling the stock market, or threatening entire industries. Some of it is real, and some is noise. And it can be hard to tell the difference.

That's exactly why **your financial professional has been following the AI story closely.** Here's what the research actually shows—and what it might mean for how your money is being managed.

The early days of investing in AI: Everyone benefited

A few years ago, AI was mostly a big idea. Investors who put money anywhere near it tended to do well, because excitement alone was driving prices up. It was like a rising tide that lifted almost every boat. That phase is over.

What's different now

AI has grown into a massive, real business. The biggest technology companies are spending enormous amounts of money building out AI systems—and they're doing it because demand is real, not just because they're guessing demand will show up someday.

An important shift: not all of that investment is paying off the same way. Some companies are turning AI spending into actual earnings. Others are spending a lot and not yet seeing it come back. The market is starting to notice—and that's why AI stocks have been moving in different directions, sometimes sharply.

What about the tech selloff?

Earlier this year, investors started worrying that AI would wipe out the software industry entirely. There was even a nickname for it: the *SaaS apocalypse*. The idea was that if AI could do the work that software currently does, software companies would have no customers left. The market reacted quickly—and broadly. Software stocks fell hard across the board, as investors sold off without distinguishing which companies were actually vulnerable.

Current research suggests that selloff went too far. AI isn't killing software. It's changing which software is most valuable.

- Software with basic features and no deep customer ties is more at risk.
- Software that runs security systems, manages data, and holds companies together at the technical level is actually more important now, not less.

Not every AI story has the same ending—and that's what your financial professional is tracking.

What does this mean for you?

Not every company tied to AI is in the same position.

Some are seeing genuine customer use and steady revenue. Others may struggle as competition increases. Rather than owning everything and hoping for the best, the goal is own in the companies where the economics make sense over time.

This is where active management can play a role. This approach focuses on selecting companies with stronger businesses and clearer paths forward, rather than assuming all AI-linked stocks will perform the same.

Your financial professional is watching these changes closely. If you have questions about how your portfolio is set up or want to talk through what you're seeing in the news, don't hesitate to reach out.

A note about risk

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