

“If you want to lift yourself up, lift up someone else.”  
- Booker T. Washington

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We are witnessing a flood of capital—\$632 billion by a recent estimate—pouring into businesses that are either directly or indirectly linked to the artificial intelligence (AI) food chain.<sup>5</sup> This frenzy of activity has been a particular focus for our team as we work to connect the often diverging cash flow dots. Given the real time explosion of AI activity, it is necessary to take a few steps back as a means of enhancing the frame. Michael Dell, CEO of Dell, recently offered the following sage comments around AI's real opportunity:

**The ability to reason using all the knowledge in the world on any given subject and more accurately distill that into outcomes and new understandings will accelerate and advance scientific discovery. It will make humans happier, healthier, and more successful. It will improve everything we humans try to accomplish.<sup>2</sup>**

The real monetization opportunity is assessing the productivity leverage around AI's commercial usages. We are readily observing AI's extensive reach into labor productivity through our analysis of corporate earnings transcripts. Justin Boitano, VP at NVIDIA, recently noted, “companies can use AI to drive direct bottom-line savings by making supply chains and shipping more efficient, or reducing the number of product failures and defects.”<sup>1</sup> As specific examples, think of customer call centers (banks, credit card companies, airlines, etc.) where voice recognition software accurately processes calls and accounts for dialect, tone, and specific questions without delay—providing a uniquely satisfactory experience. The list of AI capabilities grows daily and is subject only to the limitations of human ingenuity.

There are also exceedingly complex processes in play that extend past labor efficiency gains. Consider the engineering challenge of launching a full size rocket then returning it to the launchpad for reuse. SpaceX did just that in 2024. The event was both awe-inspiring and enlightening. Within that singular achievement we see numerous advanced AI touchpoints at work: the graphics used to both model and monitor the rocket, the testing process for the volatile fuel mixtures, the design composition of heat resistant padding, and even the remotely controlled pneumatic ailerons of a 233-foot cylinder of metal with micro-second adjustments. Enhanced computing speed coupled with robust data access and imperceptible latency were all common denominators in the success of returning a multi-ton booster section back to its point of departure for the first time in history.



It's not just about space travel or a better call to the airline; we are seeing AI's integration into life-altering medical research as massive amounts of historical data are now being accessed and reconfigured. One of the companies in which we invest was working on a treatment for lymphoma and utilized AI to analyze hundreds of combinations of drugs with effect. This resulted in their fusing together five distinct drug compounds in a treatment regimen in 50 patients with B-cell lymphoma. Participants were given six cycles of the combination and, at two years post-treatment, 36% of all patients were alive.

Furthermore, 34% of patients were reported as disease-free.<sup>4</sup> “Many of these patients who stopped responding to standard treatments would have otherwise died within a year, and now a good proportion are still alive past two years, and some past four years,” shared Dr. Christopher Melani of the National Cancer Institute, who co- led the study. Generative AI’s role is, in part, to mine unstructured data (which makes up some 80% of all healthcare data) and to enable users to gather insights at scale using it to generate new and improved modalities.

As we look forward, we feel it is important to spotlight inflation as it will play a critical role in the coming years’ market returns. While subdued from the 2023 peak, the beast of rising prices isn’t taking a vacation and should be factored into our new year consults. Consider that at **\$2 million per minute**, the U.S. Treasury is printing cash like no other period. The attraction of increased Treasury yields in recent years has grabbed the attention of savers, with the congressional budget office projecting interest to individuals rising to \$327 billion for 2024, and that figure likely will keep growing each year in the coming decade.<sup>6</sup> In March of 2024, the Treasury department paid out \$89 billion of interest, or \$2 million every minute of every day. In contrast, that figure in 1970 was around **\$58,848 per minute**. In 1980 the figure was \$190,860, and by 1990 it was \$523,312, all reflecting a combination of price inflation plus a significantly higher absolute level of government debt.<sup>3</sup> If we toss in a string of labor strikes and fewer workers, the Fed’s pending workload appears substantial.

The U.S. debt level is concerning but be reminded inflation is global, and often unfairly impactful. As evidence, we have been tracking a project called NEOM, which is a futuristic city currently under construction in Saudi Arabia. The original \$500 billion budget (being paid from Saudi oil revenues) included over 7 billion square feet of floor space, a planned ski resort, desalinization plants, 170-kilometer-high speed rail, and the tallest strand of linked buildings in the world at 1,640 feet above the scorching sands. With hundreds of billions of dollars already expended, the Saudi Crown Prince is now staring at a \$2 trillion money pit. Leadership turnover, engineering and financial setbacks, and the hostility of the Saudi desert have all conspired to deliver a dose of project sanity. Yes, we’ve benefited from the Saudi project with consumption of filtration, copper, steel, electrification, air conditioning, machinery, etc. However, looking at this from a resource expenditure perspective, NEOM is a striking reminder that **rising costs are not wholly reliant on U.S. consumers, nor are they solely under our ability to control**.



As an educational pioneer and former slave, Booker T. Washington’s personal example of lifting up others as the mark of success remains fully intact. We find ourselves in the unique circumstance where our clients’ investment capital is similarly being used in real time not just for personal objectives, but also for lifting up the greater good of mankind—whether in the complexities of medicine and space exploration to the more benign aspects of enhanced customer service. It turns out commercial innovation is an accelerant to improving the human condition, and to prosperity. Go figure!

<sup>1</sup> Boitano, Justin. “The Rise of Agentic AI.” The Wall Street Journal, Dow Jones & Company, 4 Dec. 2024, [partners.wsj.com/dell-and-nvidia/the-time-is-how-for-ai/the-rise-of-agentic-ai/?utm\\_source=wsj-search&utm\\_medium=CustomContentWSJ](https://partners.wsj.com/dell-and-nvidia/the-time-is-how-for-ai/the-rise-of-agentic-ai/?utm_source=wsj-search&utm_medium=CustomContentWSJ).

<sup>2</sup> Elmasry, Tarek. “Direct from Michael Dell: Leadership Lessons and the Future of AI.” McKinsey & Company, McKinsey & Company, 16 Sept. 2024, [www.mckinsey.com/capabilities/mckinsey-digital/our-insights/direct-from-michael-dell-leadership-lessons-and-the-future-of-ai](https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/direct-from-michael-dell-leadership-lessons-and-the-future-of-ai).

<sup>3</sup> “Federal Reserve.” Federal Reserve Board - Home, [www.federalreserve.gov/](https://www.federalreserve.gov/). Accessed 31 Dec. 2024.

<sup>4</sup> Melani, Christopher. “Combination Targeted Treatment Produces Lasting Remissions in People with Resistant Aggressive B-Cell Lymphoma.” National Institutes of Health, U.S. Department of Health and Human Services, 20 June 2024, [www.nih.gov/news-events/news-releases/combination-targeted-treatment-produces-lasting-remissions-people-resistant-aggressive-b-cell-lymphoma](https://www.nih.gov/news-events/news-releases/combination-targeted-treatment-produces-lasting-remissions-people-resistant-aggressive-b-cell-lymphoma).

<sup>5</sup> Rosenbush, Steven. “Companies Look Past Chatbots for AI Payoff.” The Wall Street Journal, 23 Oct. 2024, [www.wsj.com/articles/companies-look-past-chatbots-for-ai-payoff-c63f5301](https://www.wsj.com/articles/companies-look-past-chatbots-for-ai-payoff-c63f5301).

<sup>6</sup> Seib, Gerald. “Will Debt Sink the American Empire?” The Wall Street Journal, 21 June 2024, [www.wsj.com/politics/policy/will-debt-sink-the-american-empire-8459096b](https://www.wsj.com/politics/policy/will-debt-sink-the-american-empire-8459096b).



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