

EQUITY & FIXED INCOME MARKETS COMMENTARY

Stocks broadly fell in February, erasing some of January's big gains. The S&P 500 was down -2.4% and the Blended Equity benchmark was down -2.0% for the month, as the Mid-Cap S&P 400 Index and the Small-Cap S&P 600 Index fell -1.8% and -1.2%, respectively. The NASDAQ Composite Index dropped -1.0% for the month. International stock indices also fell, with developed markets down -6.5% and emerging markets down -2.2% in February.

ChatGPT & ARTIFICIAL INTELLIGENCE

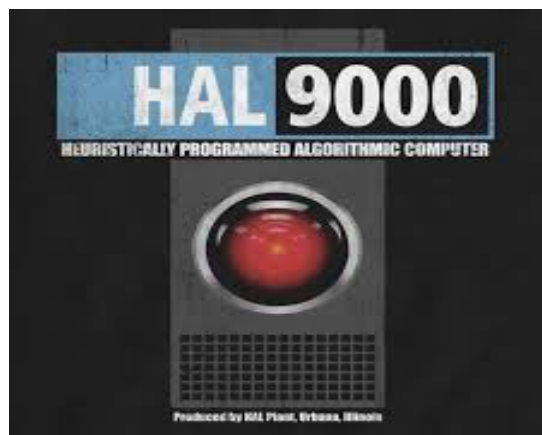
ChatGPT is a large language model developed by OpenAI that has taken the world by storm. At its core, ChatGPT is an artificial intelligence (AI) tool designed to engage in natural language conversations with users, providing answers to a wide variety of questions on an enormous range of topics. The system is powered by state-of-the-art natural language processing (NLP) algorithms and has been trained on massive amounts of text data from a diverse range of sources, from news articles and academic journals to social media and online forums. This allows ChatGPT to understand natural language input and produce responses that are not only accurate but also human-like in their tone and style.

Since its launch, ChatGPT has gone viral, with users around the world interacting with the system in a wide variety of ways. The tool has been used for everything from answering trivia questions and providing assistance with homework to offering advice on personal problems and engaging in philosophical debates. One of the key factors driving ChatGPT's viral success is the system's ability to generate responses that feel natural and conversational. The system generates its answers on the fly, using complex algorithms to analyze the input it receives and produce a response that is both accurate and contextually appropriate.

Another factor that has helped to drive ChatGPT's popularity is the sheer scale of the system's knowledge base. Because the system has been trained on such a vast amount of text data, it is able to provide answers to an enormous range of questions and topics. Whether you're looking for information on a specific historical event, curious about the latest developments in quantum computing, or just want to know the best recipe for chocolate cake, ChatGPT is likely to have an answer for you.

Now, get this – the above three paragraphs were written **entirely** by ChatGPT (with no edits other than a few deleted phrases for brevity), when asked to provide a 250-word description of what ChatGPT is and how it's gone viral!

You may ask “while this is cool stuff, why is this a topic for a GFC Market Commentary?”. Well, we think you will be interested to know that over three years ago, GFC (through the efforts of the Investment Team's Lee Taylor) developed our very own AI machine learning model that we have been utilizing ever since for our main stock screening process, while still performing fundamental investment research and use our decades of investing experience and judgement. But, by using this AI screen we can focus our efforts on ideas that the model already predicts have upside, strengthening our investment process and increasing our investing odds of success.



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S&P 500 – market capitalization weighted index of 500 leading publicly traded companies in the U.S.

S&P Midcap 400 – index of 400 companies that broadly represent companies with a midrange market capitalization between \$3.6 billion and \$13.1 billion.

S&P Smallcap 600 – index of small-sized companies that meet specific liquidity and stability requirements defined by Standard & Poor's.