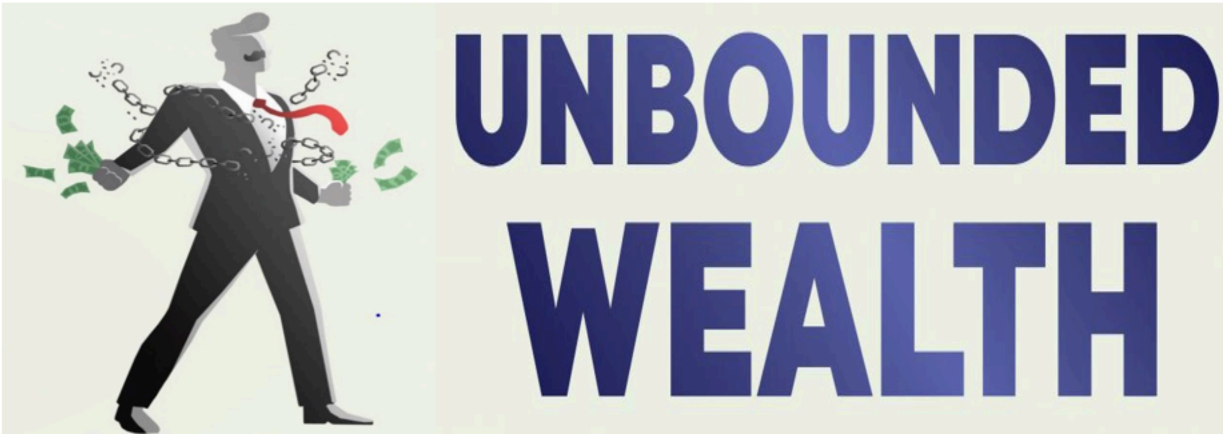
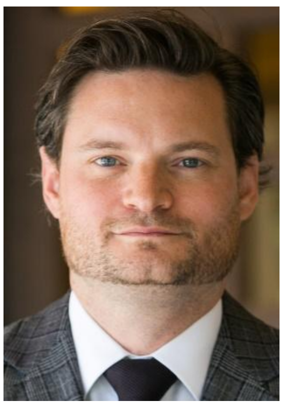




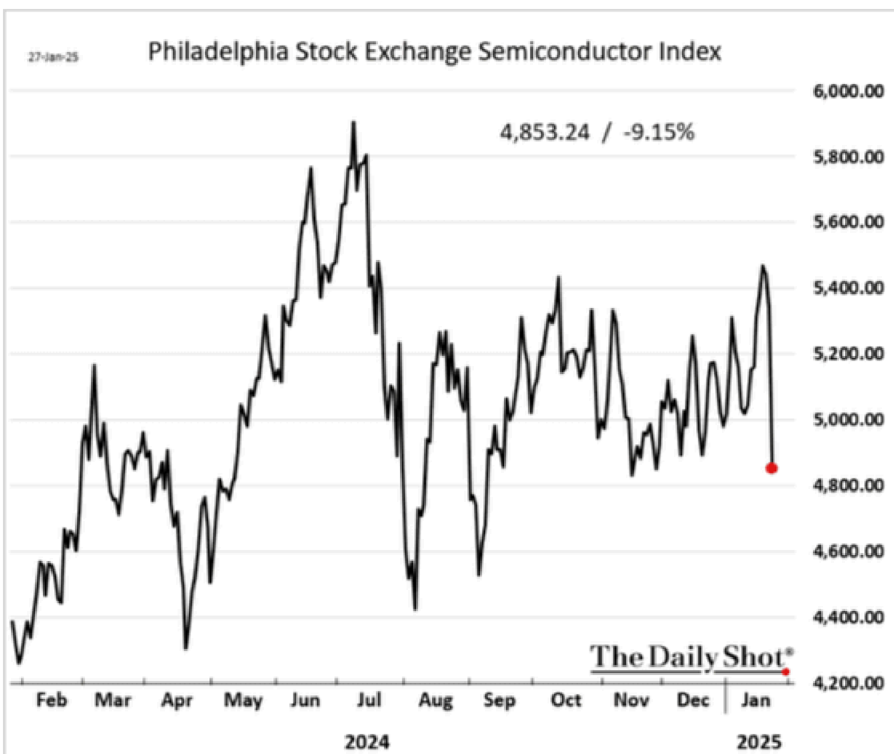
Is DeepSeek a Deep Fake?

The markets were roiled on Monday when, seemingly out of the blue, a Chinese artificial intelligence (AI) program threatened to upend the industry leaders.

It's called DeepSeek.

It sent a bunch of stocks into deep do do.

Semiconductor stocks were hit the hardest.



And the poster child for AI, Nvidia, got punched in the nose.

I’m skeptical about this news because the Chinese don't create or invent anything. They steal it. So even if they are ahead in the current iteration of AI (doubtful), they could just as easily fall behind in the near future.

So, the stuffing got taken out of tech stocks—at least for a day. I have warned for a while now that the *risks are elevated in the market*. This is what happens when risks are elevated: Something comes out of left field, and then one of the most valuable companies in the world tanks 17% in a day.

The S&P 500 is heavily concentrated in the top 10 stocks—they account for 38% of the index!

But does any of this matter to me?

In my own work, AI is surrounded by a lot of hype and little substance. That might change in five years, but it's not a world-beater for now. For example, AI can be enabled in the strategies I provide through Dent, such as *Microcap Millions* and *FAST Profits*.

All AI does is overfit previous stock data to provide historical portfolios that have no chance of outperforming in the real world. Conversely, *Microcap Millions*, developed based on experience, has outperformed historical testing in real time. That's rare, and it's why it's so valuable as a strategy. AI? No thanks. I remain unconvinced it will provide any help at all and is, in fact, a detriment.

I use a software program to edit my newsletters. The good news is that I do not need a human editor. That saves time and (a lot) of money. However, the AI features leave a lot to be desired. AI does a terrible job editing. It boggles my mind a student would write a term paper using AI. It can't read well, resulting in a marginal or failing grade.

Back to the markets, winners and losers will be in every cycle. For every Microsoft, dozens of other software companies are relegated to the waste bin of history.

Think about your experience from 40 years ago when computers became a part of life. Where's Word Perfect or VisiCalc?

That's the way capitalism works. If you'd like some extra reading, check out *The Capitalism Distribution* (which you can search online), and you will see that most *stocks are losers, even in generational bull markets.*

The winners will rise to the top.

Here's how I play it.

First, I ignore the short-term or daily noise. I don't watch *CNBC* or *Bloomberg TV*. My favorite nickname for *CNBC* is "*The Cartoon Network",* which always makes me chuckle. Getting rich is not a sport. So I don't need to watch a Bozo the Clown lookalike tearing the head off of stuffed dolls and hitting buttons that blare "buy, buy, buy".

Second, follow trends. The trend is your friend until the end. The best companies will rise to the top. You won't need any special software or a magnifying glass to find them. It will be obvious. There's no better way to grind out returns. You can even test this yourself back to 1800 if you are so inclined.

Third, manage and respect risk. If you are more aggressive when risks are low and ease off the pedal when risks are high, you can perform well with fewer adverse moves in your portfolio. Do that long enough and stay out of your own way, and you'll naturally rise to the 1%.

That's the basis behind my *Risk-O-Meter* and *Simple Retirement System*.

The rest is just noise.

Three years from now, few people will be able to recall what happened to the markets on January 27, 2025. Don't let it ruin your day or your portfolio.

Stick with your strategy through thick and thin!

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