

AI Is Everywhere, Including Your Portfolio

Above the Fray

August 28, 2025

By Wes Crill, PhD,

Senior Client Solutions Director and Vice President,
Dimensional Fund Advisors, LP

One of the most common investor questions regarding the rise of artificial intelligence (AI) is “How do I take advantage of it in my portfolio?” The good news for investors is diversified equity portfolios already have exposure, mainly because AI tools touch nearly every type of business these days.

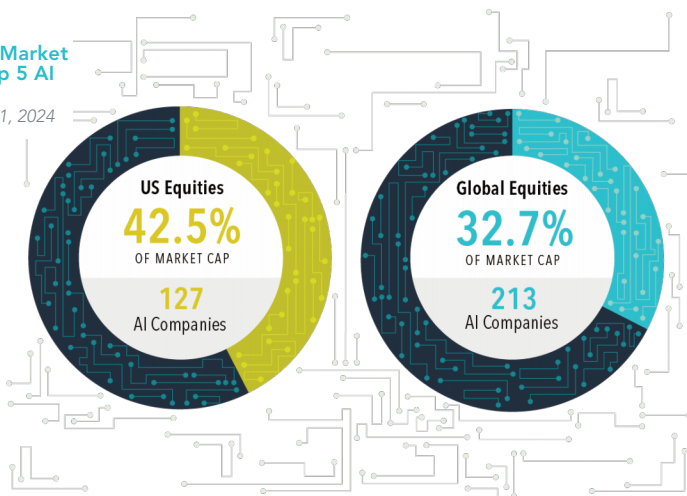
Holdings of the five largest AI ETFs collectively span a sizable chunk of the market—42.5% of US stock market capitalization and 32.7% of global market cap. And it’s not just a few big companies like NVIDIA or Apple—in the US alone, 127 companies are included among these AI-focused strategies.

The pervasiveness of AI opportunities is evident when perusing the company names. The usual suspects from technology are well represented—all five hold NVIDIA—but less techy names like Caterpillar, Honeywell, and Thomson Reuters can be found within these ETFs. This exemplifies how AI is likely to touch virtually every business type, making it harder to predict the ultimate winners from the revolution. Broad diversification can help investors avoid missing out on these winners, wherever they show up. ○○○

Exhibit 1

Percent of the Market
Held by the Top 5 AI
ETFs

As of December 31, 2024



Source: Dimensional, using Dimensional and Morningstar data. AI companies are represented by the holdings in the top five largest artificial intelligence (AI) ETFs based on assets under management as of December 31, 2024: AIQ, BOTZ, QTUM, ARKQ, and ROBT. Eligible universe includes US domiciled funds in the US Sector Equity and US Equity Morningstar US category groups. Artificial intelligence (AI) funds include those with one or more of the following terms in the fund name: “AI,” “Quantum,” “Intelligent Machines,” “Autonomous,” “Deep Learning,” “Artificial Intelligence,” “Machine Learning.” Fund names including “AI Powered” are excluded from the analysis. Fund list may not be exhaustive of all funds that invest in AI-themed stocks. The sample excludes leveraged funds, funds of funds, and the US Fund Real Estate and US Fund Infrastructure US category groups. Global Equities is represented by the MSCI ACWI IMI Index. US Equities is represented by the Russell 3000 Index. MSCI data © MSCI 2025, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

A Personal Note from Global Wealth Advisors

The Fed cut its benchmark rate a quarter percent point at the September 17th meeting with indications of possibly two more cuts before year-end. The Fed last reduced interest rates in December 2024. A slightly higher unemployment rate and a slowing in job gains was noted as some of the reasons for the rate reduction.

US equity market investors had anticipated the Fed move as stocks were higher in the days leading up to the two-day meeting. Year-to-date returns for the major US indices are all up in double digits as are the foreign and emerging markets as well.

These interest-rate reductions can reduce the borrowing costs for things like autos, household items and credit cards. Things like residential mortgages, given their longer-term nature, are also affected by inflation estimates so they are not as directly correlated to these other forms of debt. However, if we do see two more rate reductions totaling one-half percent, it would not be surprising to see a reduction in mortgage rates as well.

The old saying on Wall Street is you don’t fight the Fed when it comes to interest rates. Although equity markets may seem to be “pricey” with recent gains in the technology sectors, staying invested for the long-term is the way to go. You will be glad you did. ○○○

The Power of Human Ingenuity

Life, Invested.

July 21, 2025

By David Booth

Founder & Chairman, Dimensional Fund Advisors, LP

Anybody who knows me knows about my belief in the power of markets. This perspective is grounded in my belief in human ingenuity: our inherent drive to solve problems, to rise to the occasion in the face of uncertainty, to be helpful to one another, and in doing so, to make each other's lives better (Exhibit 1).

It's an unstoppable optimism that leads to innovation. Human ingenuity powers the market—the many thousands of companies around the world, employing millions of people, each finding new ways to move us forward. The stock market provides the best mechanism I know of to process information, set fair prices, and allow investors to benefit from society's collective endeavors.

The year 2020 was a particularly striking example of this. As COVID spread around the world, stocks crashed, with the S&P 500 falling 34% in less than five weeks. But businesses got to work: on treating the virus, serving people stuck at

home, and eventually finding a vaccine. By the end of December, the S&P 500 had recovered its losses and then some, up 18% for 2020, showing that markets can rise even through times of global distress (Exhibit 2).

Last year served as a reminder, too. 2024 came against a backdrop of geopolitical tensions, economic uncertainty, and electoral anxiety in the US and elsewhere. Those concerns accompanied stubbornly high inflation, a shift in direction for interest rates, and the ripple effects from conflicts in Ukraine and the Middle East. Some observers speculated this could be the beginning of a prolonged economic downturn, worries that were reflected in predictions by many market watchers.

Despite bearish market forecasts for 2024, in the US, the S&P 500 returned a robust 25.0%. Alongside the gains in the US, the global stock market, as measured by the MSCI All Country World Index, was up 20.3%. Even bonds, after struggling earlier in the decade, delivered solid returns (4.2% as measured by the Bloomberg Global Aggregate Bond Index). Taken together, it was a reminder that markets can be hard to predict. Even when uncertainty abounds,

Exhibit 2 Red Alert

Many observers foresaw a negative year for stocks in 2024. But companies innovated, businesses launched new products, and markets defied predictions.

“The Stock Market Could Plunge as Much as 27% When the Economy Finally Tips into Recession, Investment Research Firm Says”

—Business Insider, November 28, 2023

“Stock Market Forecast 2024: A Soft Landing May Not Bring the Gains You Expect”

—Investor's Business Daily, January 4, 2024

“US Economist Predicts 2024 Will Bring ‘Biggest Crash of Our Lifetime’”

—Fox Business, December 19, 2023

“Stock Markets Are Booming. But the Good Times Are Unlikely to Last.”

—The Economist, February 25, 2024

Exhibit 1

Human Ingenuity Powers the Market

Investing in the market means investing in people, their ideas, and their innovations.



markets price in expectations of future cash flows, driven by people and businesses that are constantly seeking to overcome challenges and create opportunities. Investors with broadly diversified portfolios who stuck with their plans were rewarded for their patience and discipline (Exhibit 3).

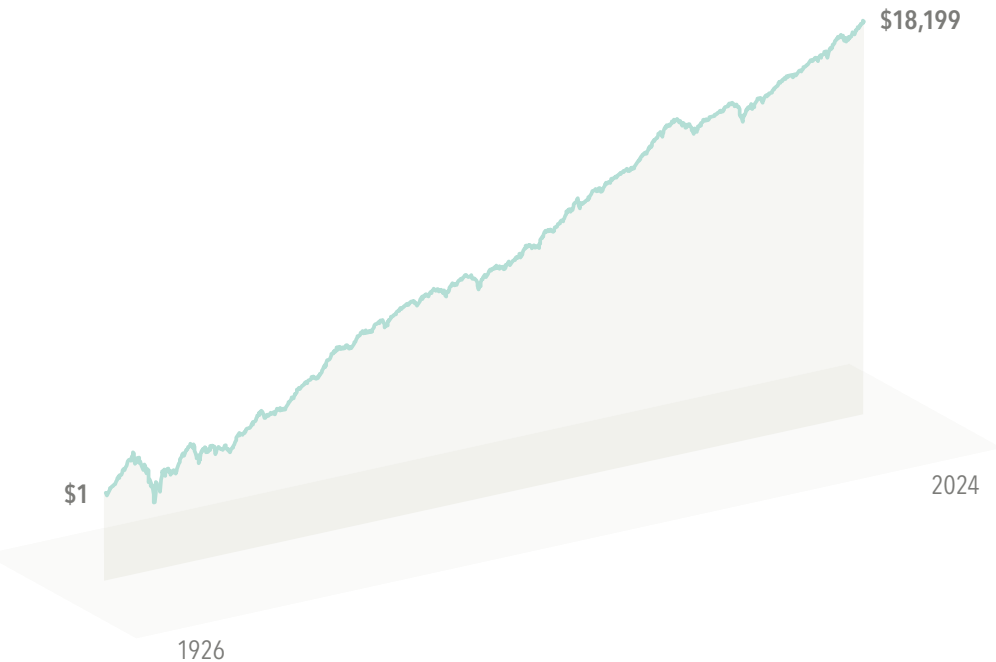
There are always plenty of surprises and fluctuations along the way. Individual stocks and sectors go up and down based on current events, earnings reports, and shifting consumer sentiment. But zoom out and the big picture becomes clear: Over the past century, the US stock market has consistently risen, return-

ing on average about 10% a year.¹ This is why I have unwavering faith in markets. By owning a broad slice of global markets, we can participate in the upside of human problem-solving and innovation as it takes place across a vast array of companies and the untold number of ideas their employees develop.

Whatever the difficulties, people find ways to adapt, create, and move forward. Markets reflect this reality, and investors harness the power of markets by staying disciplined, diversifying globally, minimizing costs, balancing risks, and pursuing higher expected returns. Those are timeless principles that don't depend on predictions or guesswork—they simply allow everyone to participate in the rewards of human creativity and resilience (Exhibit 4).

It's also worth remembering that true wealth is about more than the balance in your investment account. It's about having the financial security and peace of mind to be able to focus on what matters most—your

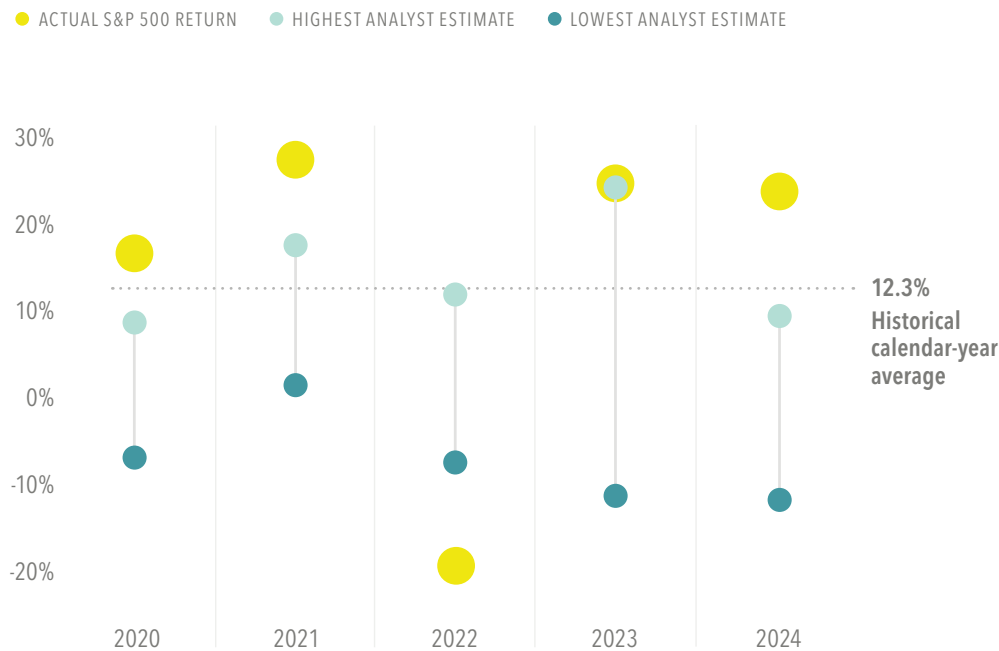
Exhibit 4
March of Progress
S&P 500 Index (1926–2024)



Past performance is not a guarantee of future results.

Exhibit 3
Perseverance over Predictions

S&P 500 Index (1926–2024)
Equity analyst predictions vs. actual S&P 500 Index calendar-year price returns.



Past performance is not a guarantee of future results.

health, your relationships, your passions and purpose. It's about living a life of meaning and optimism, even when we're unsure about what lies

ahead. And it's about trusting in the power of human ingenuity.

As we look forward, let's carry these lessons with us. Let's continue to invest in markets and in ourselves. Let's have faith in progress, even if the path isn't always smooth. Throughout history, we've faced countless challenges, yet we've always found a way to adjust and overcome. We've harnessed the power of technology, unlocked the secrets of science, and created societies that are more prosperous and more connected than ever before. And I believe this trend will continue. I believe in our ability to confront any obstacle as we build a better future. As long as people keep dreaming and solving problems, opportunities to grow and develop will be abundant—for ourselves and for generations to come. ○○○

Footnotes:
1. Average annualized return for the S&P 500 is 10.4% (1926–2024) and does not account for inflation. Source: S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global.

Geopolitical Fears

Above the Fray

July 3, 2025

By Karen Umland, CFA,
Senior Client Solutions Director and Vice
President,
Dimensional Fund Advisors, LP

Since mid-June, news around the world has focused on the conflict between Israel and Iran. As with any major geopolitical event, investors face uncertainty about the impact these events might have on global economies

and financial markets.

Taking a broad perspective, investing for the long run inevitably means weathering political and economic events that may cause market turmoil. Over the past 50-plus years, investors have experienced challenges, including double-digit inflation, financial crises, and a global pandemic. However, markets have consistently demonstrated their resilience, continually adjusting to new information and rewarding disci-

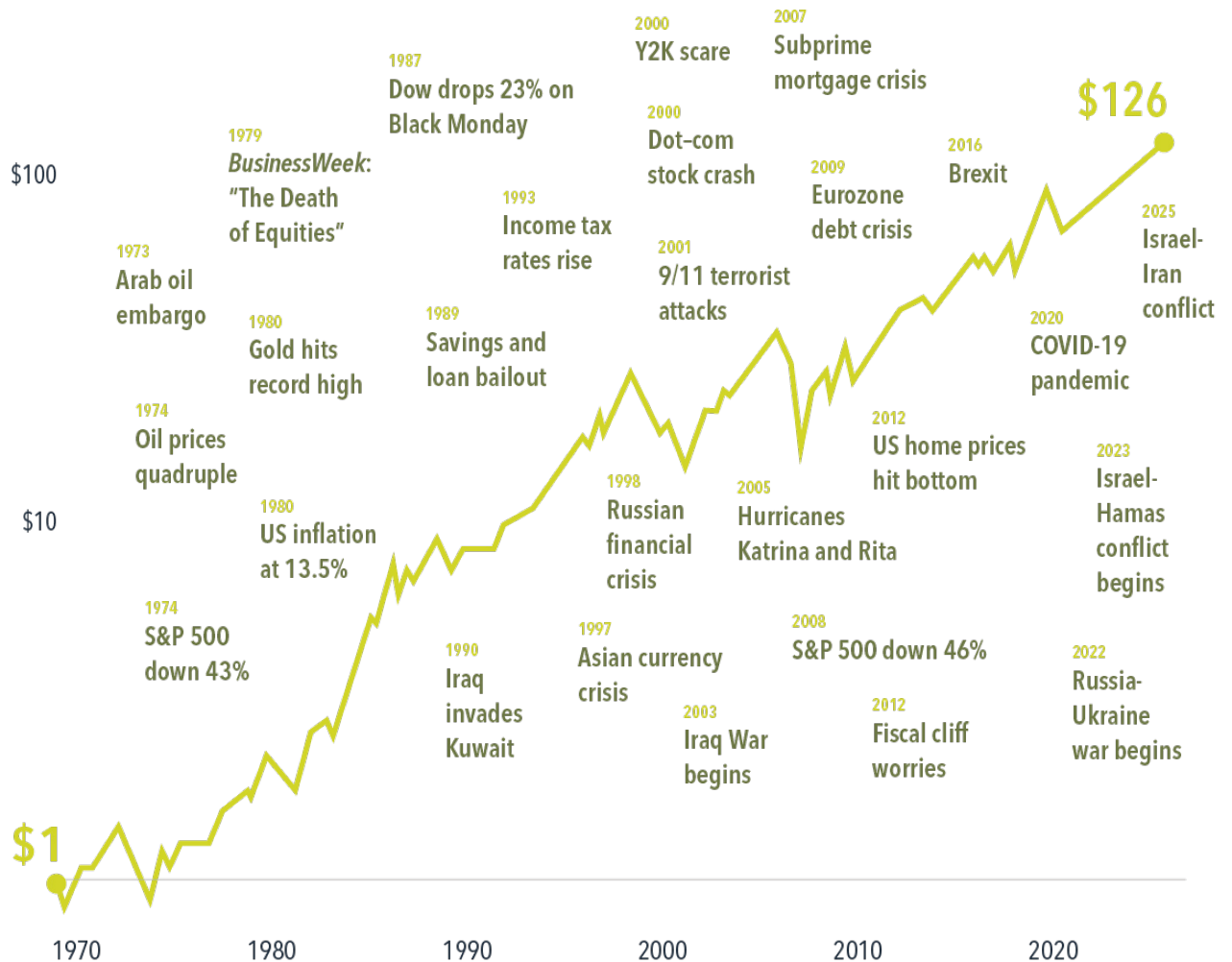
pline in the long run. One dollar invested in the MSCI World Index in 1970 grew to \$126 by June 24, 2025, despite numerous challenges along the way. Investors tempted to react to short-term turmoil may risk missing out on these longer-term returns.

Maintaining broad diversification and adhering to a sound financial plan remain reliable ways to stay the course and capture markets' long-term growth potential. ○○○

Exhibit 1

Growth of \$1—MSCI World Index

January 1, 1970–June 24, 2025



Source: In USD. MSCI World Index (net div.). MSCI data © MSCI 2025, all rights reserved. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Data presented in the Growth of \$1 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

Global Wealth Advisors LLC

200 East Big Beaver Road • Troy, MI 48083 • Phone: 248-457-4555 • www.gwallc.com

This newsletter is for general information only and not intended as specific advice.

Please contact your advisor to discuss any questions you may have.

© 2025 GWallc

Some articles in this newsletter were prepared by Integrated Concepts, a separate, nonaffiliated business entity. This newsletter intends to offer factual and up-to-date information on the subjects discussed, but should not be regarded as a complete analysis of these subjects. The appropriate professional advisers should be consulted before implementing any options presented. No party assumes liability for any loss or damage resulting from errors or omissions or reliance on or use of this material.