JAMES ALTUCHER'S
INVESTMENT NETWORK

THE $144 AI JACKPOT:

THE TOP 3 SPECULATIONS FOR THE A.I. BOOM

paradigm

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The Top 3 Speculations For The A.I. Boom

Artificial intelligence (AI) is about to change the world in a profound way…

And anyone who embraces the technology now — while it's still relatively young — could amass untold wealth in the coming years.

There are many different ways you can cash in on this revolution. You don't have to be a tech genius or rich venture capitalist, either.

In fact, all you need to do is buy stock shares in companies that will profit the most from the AI boom.

Many of the successes will boost your net worth handsomely.

But in this report, we'll focus on special AI opportunities — following a proven strategy for building wealth that could last a lifetime… and beyond!

Think Small for Big Gains

Make no mistake — giant companies like Nvidia Corp. (NVDA) and Microsoft Corp. (MSFT) will do very well during the AI boom.

That's why we've filled our **Million-Dollar AI portfolio** with several well-known household names.

However, the biggest, most explosive profits will come from tiny, off-the-radar AI stocks.

Wall Street calls them "small caps." The word "cap" is short for "capitalization" — the total value of a company's stock shares.

While there isn't a standard definition for a "small cap" stock, it generally means you could buy every outstanding share on the market for under $5 billion.

As for why small caps offer such explosive gains, it's just simple math…

A single stock share of Microsoft costs over $300. That means its price needs to rise to $600 to double your money… then another $1,200 to double it

again.

That could certainly happen thanks to the AI boom… but it won't be fast or easy.

Today, on the other hand, you'll learn about a stock that currently sells for under $10 a share.

So it just needs to hit $20 a share to double your money. Even a price of $100 a share doesn't seem unreasonable — meaning a chance to make 10 times your money.

Microsoft shares would have to jump to $3,000 to accomplish the same feat!

Of course, just because an AI company's stock is cheap doesn't mean it's worth buying.

Four Keys to Success

While it's highly unlikely Microsoft or Nvidia will go out of business, that's a real danger with up-and-coming AI players.

Maybe their tech won't work out as planned. Or a competitor will steal its thunder by releasing a better, but less expensive, product.

It's even likely that some tiny AI companies are making promises they can't possibly keep — hoping to cash in on ignorant investors until the jig is up.

Separating the potential winners from the inevitable losers requires a lot of research.

You need to fully understand what a small company is trying to do… and correctly assess its odds of success.

So before you open your wallet or log into your brokerage account, make sure you're satisfied with the answers to these questions:

1. **Is the company working on bleeding- or leading-edge technology?** You don't want to buy a small cap that's re-inventing the wheel… or even just making a slightly better wheel. Breakout profits are usually reserved for something truly unique.

2. **Is the company generating consistent revenue growth?** Simply put, a company can't grow if its sales are stagnant. It doesn't have to be profitable — at least not right away. But more and more money needs to be coming in the door every quarter.

3. **Does it have a small market capitalization and is it undiscovered by the Whales on Wall Street? OR does it already have a massive total addressable market?** As I said, we're only interested in tiny companies in this report. We also want to make

sure deep-pocketed investors aren't distorting its share price. If big names have piled in, we want to be sure we can still grab a worthwhile share of the profits.

4. **Does it have an urgent catalyst in the near future?** This one is key. A small company can stay small forever — tying up money that you could put towards other opportunities. So you want to identify a trigger that could cause its business to skyrocket in short order.

If that sounds like a lot to worry about — it is!

Luckily, my team and I have done all the work for you.

We have a long history of zeroing in on companies with the technological know-how to become the biggest winners…

A History of Moneymaking Success

I've made a lot of money betting on tech trends — especially by investing in tiny companies with massive potential for growth.

For example, in 2007, buzz was building around a company called Facebook. People were signing up for the social network at a frantic pace.

It was a private company at the time, meaning its shares weren't trading on the public stock exchanges. Still, on paper the company was worth around $1 billion.

That seemed too low to me. In fact, I was the only person on CNBC and The Financial Times saying that Facebook was worth $100 billion.

Six years later, they went public at a valuation of $104 billion.

And while I didn't invest in Facebook directly, I did put money into some of its partners — walking away with big profits from a trend the mainstream financial media didn't see coming.

Today I'm seeing similar opportunities in AI that no one is covering. In fact, there are too many for one person to track.

So my *Investment Network* includes someone who is well-versed in up-and-coming small-cap companies…

Introducing Bob Byrne

You may not recognize the name Bob Byrne… but that's kind of the point.

He's spent over two decades day trading for a living — using specialized methods to know exactly when to buy and sell positions for maximum profits.

In other words, he identifies market trends as they're forming… then gets ahead of them!

Bob also has three decades of experience investing in start-ups — either putting money into companies before the public can… or picking them up soon after the shares debut on a stock exchange.

Despite his tremendous success, Bob doesn't make appearances on CNBC or Fox news. He lives in Utah with his family, more than 2,100 miles away from Wall Street.

That's not to say he's a recluse. When he's not spending hundreds of hours analyzing the markets, Bob is meeting with company C-suite execs to get the scoop straight from the source.

And he needs to be impressed. Bob has extremely high standards. If a company doesn't meet his rigid criteria, he moves on.

His ability to predict the market's ups and downs combined with his tireless research for longer-term investments makes Bob the perfect addition to my team.

You'll hear from him every month in your ***James Altucher's Investment Network*** issues.

I've also tapped him to help me find extraordinary speculative opportunities for my ***Top 1% Advisory*** newsletter — not to mention private placement opportunities for the ***Paradigm Venture Group***.

For today, he's going to share his favorite small-cap AI stocks — very promising names that trade on the major stock exchanges for relatively low prices.

If they live up to their potential, you could soon see some giant gains in your portfolio.

I'll let Bob take it from here!

Sincerely,

James Altucher
Editor, ***Altucher's Investment Network***

Opportunity #1: The "Picks and Shovels" Play for AI

You've probably heard that the people who got the richest during the California Gold Rush weren't the miners panning for shiny nuggets or digging into the hills.

Sure, some managed to strike it big. But the majority ended up with empty pans and worthless holes.

Whether they found gold or not, however, they all needed picks, shovels and other necessities. So the real winners were the people who provided those goods.

You can think of the first company I have for you today as a "picks and shovels" provider for AI…

To understand why, you need to understand the current state of AI technology.

Most of the media coverage revolves around generative AI that includes art or information.

AI services like ChatGPT and MidJourney may be all the rage among users, but they have severe limits once you get beyond entertainment and basic tasks.

Industries like biotechnology, automobiles, cybersecurity, space exploration, defense and communications will require more than simple generative AI to advance.

They will require a massive amount of data collection, analysis of that data and predictions or decisions from that data as fast and accurately as possible to stay ahead of competitors and capture market share.

Enter quantum computers, a bleeding-edge technology racing to the market.

The Bleeding Edge of Computer Power

Quantum computing will take AI to an entirely new level… and **IonQ Inc. (IONQ)** is at the leading edge in the quantum computing industry.

In fact, in June 2023, Forbes described IonQ's work as "a quantum leap in AI."

The company's newest generation quantum computer, the IonQ Forte, processes an industry-leading 29 algorithmic qubits — two times more than its closest competition.

At this point, you're likely asking, "what's a 'qubit?'"

A qubit, by definition, is a quantum bit, or basic unit of quantum information. It's similar to a binary bit, which you may know better as the digits 0 and 1. You've probably seen a binary code at some point in your life, and it may have looked like this:

01001000 01100101 01101100 01101100 01101111 00100001

This, of course, means "Hello!"

Yes, it takes all that code to say a simple word.

Qubits are similar but with a twist. A qubit can be 0 or 1, or both simultaneously.

That may sound confusing, but think of it as a coin. Let's start with traditional binary code.

A coin has a head, which we'll code as 0, and a tail, which we'll code as 1.

If we flip the coin and code it in a simple binary sense, we may get the results 00101 or two heads, a tail, a head and another tail at the end.

Qubits add an extra dimension.

Qubits Change the Game

In a qubit, the result of your coin toss could be both 0 and 1 simultaneously. Let's call that 2.

When we think of a coin flip, we conclude the outcome will be either heads or tails.

But what if the flip causes the coin to spin so fast that you essentially see both heads and tails?

That's a qubit.

Both heads and tails exist simultaneously, along with just heads or just tails, so our result could be 0, 1 or 2.

The coin example is an oversimplification and not a super practical one. But it helps highlight how something we see as black or white can be both black and white simultaneously and measured as such.

However, let's stick with the coins because quantum computing doesn't end with qubits.

Imagine millions of spinning coins all placed in various places around the world.

If we measured these, we would see both heads and tails simultaneously, so

we'll record their qubit as a 2.

Now let's say you change the qubit of a single coin from 2, seeing both heads and tails, to a 0, seeing only heads.

Simultaneously, all the other coins instantly change from a 2 to a 0 as well. That's called entanglement, another thing quantum computing can record and calculate.

Binary code is excellent at solving simple problems, but quantum computing solves complex problems.

It's perfect for simulations, cybersecurity, encryption, cryptography and analysis… everything needed to compete and excel in the AI marketplace.

A Growth Story

IonQ isn't just a concept company. There is actual revenue here, with revenue and bookings growing at a 100%+ annual pace.

In the second quarter of 2023, the company reported revenue of $5.5 million. Management also increased full-year revenue guidance into a range of $18.9 million to $19.3 million.

The value of its contracts with clients — known as bookings — for the second quarter hit $28 million. Last year, bookings were $24.5 million for the ENTIRE year.

Full-year bookings should exceed $50 million in 2023.

Although IONQ is still burning cash, at last count it had over $500 million on its balance sheet against no debt. So they have a multiyear runway before it needs additional money.

Shares have made a strong run, so it wouldn't be surprising to see the company move to raise cash on the open market — that is, putting more stock shares up for sale. But I expect the offering would be bought aggressively by Wall Street.

Institutional ownership at the time of this writing is less than 7.5% of the outstanding shares, so this remains a relatively undiscovered name by the Whales on Wall Street. That comes as a slight surprise, given the massive market for quantum computing.

Acquiring Partners and Customers

The company has partnered with several prominent firms to bolster its robust revenue growth.

For example, Hyundai Motors teamed with IONQ to co-develop IonQ's vision algorithm for object detection.

Proper image detection is a major need for car companies seeking to provide autonomous driving, and IONQ's product will analyze three-dimensional data supplied by those vehicles.

We've all heard the stories of early-stage autonomous cars failing to differentiate between objects accurately. Suffice it to say that error-proof image detection and interpretation is a crucial component for the future of autonomous driving, an AI utility.

IonQ has already demonstrated that its quantum machine learning (AI) techniques have the potential to learn faster, be more effective in recognizing edge cases, generalize better, learn despite noisy or fuzzy data and capture complex relationships with fewer input parameters required.

IonQ is also processing complex chemical reaction simulations for Hyundai as the car company explores improvements for its lithium batteries and seeks improved battery chemistry for its vehicles.

That's just one IonQ client…

In September 2022, the company signed a $13.4 million contract with the United States Air Force Research Lab (AFRL). IonQ will provide AFRL access to quantum computers to develop quantum algorithms and applications.

The main goal is to help the US Air Force protect the public and private infrastructure in the United States. Quantum cybersecurity measures already have support from the House of Representatives and the Biden-Harris administration.

It doesn't end here for IonQ. They have already signed commercial relationships with world players like Goldman Sachs (GS), Airbus, GE Research and the South Korean Ministry of Science.

If that weren't enough, it also has partnerships with other big names in AI, like Dell Technologies (DELL)... Nvidia (NVDA)... Amazon.com (AMZN)... and Microsoft (MFST), just to name a few.

As AI expands, I expect more high-profile names will collaborate with IonQ to accelerate their AI strategies in the marketplace.

With a market cap of around $3.1 billion as I type, it's not without risk.

However, we could see a significant technology name acquire IONQ at ten times the current market cap. The acquirer would pay less than they would for ChatGPT and get the leading edge of a bleeding-edge technology for themselves.

Put another way, instead of buying AI picks and shovels from IONQ, a big name could come along to buy the whole store — for a hefty premium.

Action to take: Buy shares of IonQ, Inc. (IONQ) up to $24.

Opportunity #2: – The Edge of AI Technology

Most things concerning AI's backbone are overly complicated and require us to dive deep into the technological weeds.

Take edge computing, for example.

Edge computing refers to a situation where computation is done at or near the source of data generation rather than relying on centralized data centers or a cloud-based environment.

That's a mouthful, and it doesn't need to be!

Here's how I want you to think about edge computing...

Imagine being at dinner with five or ten friends, and someone asks you a question you can't answer. Instead of excusing yourself to phone an expert three time zones away every time you're asked a difficult question, you simply ask the guy to your left that knows the answer.

This speeds things up considerably.

In the world of technology, you have traditional cloud computing and edge computing.

When you use your iPhone or desktop computer to process data or make a decision, the device sends the data to a server (or cloud) far away, waits for the data to be processed at a remote location, then waits a while longer for the results to come back.

This resembles calling that expert three time zones away in our dinner party example.

Edge computing, however, speeds up the process. Instead of sending data to a faraway cloud server, devices process the data themselves or use a nearby server (called an edge server). And this is what I mean by turning to your friend sitting beside you and asking him for the answer.

Simply put, edge computing supports AI by providing dramatically increased processing speed, preserving bandwidth (as less data needs to be sent to distant locations for processing), and increasing reliability since local processing can always continue if a primary connection is interrupted.

Edge computing acts like that friend sitting beside you at dinner with all the answers.

Investing in Edge AI

While edge computing is a hugely important part of making the internet fast and supporting the rollout of AI-based programs, investors don't have a lot of options to pick. Many of the companies are still privately held.

Thankfully, **Fastly Inc. (FSLY)**, a company I've followed for several years, is publicly traded and checks all my AI-based investment boxes.

In a nutshell, the company's leading-edge technology was purpose-built to keep data at the edge, closer to end users, for faster web and application performance.

We have every reason to believe that Fastly will benefit from companies working on AI technology or expanding their existing portfolio of AI applications. And given the company's relatively small market of only $2.5 billion at the time of this writing, investors have a ton of future upside potential.

Think back to the early days of COVID. Do you remember when technology stocks spiked into the stratosphere?

During the fall of 2020, Fastly's market cap nearly surpassed $14 billion!

But by the time investors' expectations came back to Earth, the tech-slump of 2021 and 2022 technology was in full swing. Fastly's stock was under significant pressure, and its market cap dipped, briefly, under $1 billion.

Suffice it to say that the temporary dip under $1 billion was investors reaching capitulation and looking for a way to stop the pain.

The stock is already on the mend and trending toward higher prices. And as investors learn about the role edge computing will play in the future success of AI, I expect this company to be a massive beneficiary.

Consistent Revenue Growth

Anytime a stock comes under selling pressure, investors assume the worst. And do you know what? Frequently, they're right to do so!

But with Fastly, the company's quarterly growth rate year over year has been positive since it came public in 2019.

Even during the painful times when the company's market cap collapsed from nearly $14 billion to under $1 billion, the company never stopped growing! And that's precisely the type of company you want to be invested in.

Its growth should continue, too, because Fastly has partnerships with some of the biggest names in cloud computing.

Fastly's software is a critical part of Apple Inc.'s iCloud Private Relay, which helps make your web browsing more secure.

Stripe, an online financial services company, uses Fastly's products to speed up transactions and keep its payment network running smoothly.

Fastly is also working with Amazon.com and Google — the kind of friends any business wants to have.

An Industry With Enormous Growth Potential

Determining how well-known a company is in the Wall Street investment community is tricky.

Sometimes, we can look at how many institutions are invested in the company. But thanks to how many investment funds act as glorified index funds, that number is misleading.

In Fastly's case, fewer than 500 institutions are invested in the stock as I type. That seems like a lot, but not when considering how small the company's market cap is.

Put another way, as this company continues to grow its revenue and customer base, I expect the number of institutions to increase dramatically.

So instead of counting how many institutions are already invested, let's consider the industry's total addressable market.

While I've seen many reports estimating the size of edge computing's addressable market, consider that, according to Precedence Research, the scope of the industry's size on a global basis already exceeds $330 billion.

Even more incredible is that number is expected to compound at more than 30% for the next nine years, reaching more than $3.6 trillion by 2032.

With companies like Amazon Web Services, Cisco Systems, and Microsoft competing for space in the edge computing market, it's safe to say that all $3.6 trillion will never go to Fastly.

But here's the thing — with a multitrillion-dollar pie up for grabs, securing even a tiny sliver can send shares of Fastly soaring!

Action to take: Buy shares of Fastly, Inc. (FSLY) up to $30.

Opportunity #3: A Tiny Company at the Intersection of Education and AI

There's a compelling case for integrating AI into an online learning environment.

My extended family is almost exclusively involved in some type of high-tech endeavor.

But my wife's family is predominantly teachers. When I spoke with them about how AI could positively impact education, they quickly identified several areas that could benefit immensely.

Here are five ways AI can accelerate or improve the online learning process:

1. **Personalized Learning** — Remember when you were in school and kids were learning at different paces? With AI, the days of everyone having to follow the same path and curriculum are over. If a student struggles with math or science, the AI will recognize this, course correct and provide extra help. And if you're flying through something like social studies, it'll dial up the intensity or difficulty to keep you engaged and sufficiently challenged.

2. **A 24/7 Study Buddy** — Imagine having a study partner that never needs sleep, food or a distraction. That's what an AI-powered virtual assistant can provide.

3. **Engaging Education** — It's not easy turning boring content into dynamic material. But that's precisely what AI strives to do. Imagine an AI chatbot gamifying a lesson or using virtual reality (VR) to make studying fun.

4. **Data-Driven Insights** — We already know that data is the new oil, and the more advanced AI technology becomes, the greater the need to better analyze patterns and provide insights. AI can tell students whether they learn better with videos than with text. Or perhaps you learn better in the afternoon than morning. AI can identify the ideal environment and structure for each student.

5. **Updated Material** — I remember buying my books in college and wondering why we were studying outdated material. With AI, you will only utilize updated online resources based on the latest information. From a teacher's perspective, studying only the most relevant information is hugely important for the long-term benefit of the student.

The bottom line is that an advanced AI chatbot can act like your favorite teacher or a teaching assistant for those who still want a human touch. Regardless, this teacher understands how you learn and think and can adjust to your every educational need.

Making an Investment in Educational AI

The best way to profit from the intersection of online learning and artificial intelligence is by investing in a company called **Nerdy Inc. (NRDY)**.

As silly a name as Nerdy is, this company operates a curated direct-to-consumer platform for live online learning that leverages artificial intelligence to connect learners of all ages and abilities.

Nerdy's primary venture, Varsity Tutors, is a leading platform in the U.S. for real-time online tutoring and courses. The company caters directly to students, as well as to schools and various institutions.

Like any company, Nerdy caters to as many potential clients as possible. That's why the company offers a broad spectrum of services geared to K-8 and high school, right up to college, graduate school and even post-grad professional continuing education.

According to the folks at Nerdy, leveraging AI in human interaction has notably elevated the quality and efficiency of its live online education.

Through AI, the company has managed to increase the learning quality, tailor experiences, reduce expenses and streamline operations.

If you think this sounds like any traditional business, you're right!

Management teams that successfully integrate AI into their operations are finding massive cost savings, operational synergies and additional opportunities for revenue expansion.

Voting with Your Dollars

I don't often see Chief Executive Officers (CEOs) putting their money where their mouth is. But Charles K. Cohn, CEO of Nerdy, has been buying his company's stock hand over fist for over a year.

According to Form 4 filings submitted to the Securities and Exchange Commission (SEC), Charles bought more than 163,000 shares over eight days in June 2023. He added another 50,000 shares in August 2023.

At last count, Charles' direct and indirect holdings totalled more than 10,648,000 shares.

One thing I found particularly interesting is that when some on Wall Street questioned the companies' power in August 2022, Charles stepped in and acquired 5 million shares at $3.50.

The bottom line is while most company insiders consistently sell their stakes to reduce their exposure, Charles continues to acquire more shares.

This is a decisive vote of confidence!

Size Matters, But so Does Growth!

As James noted earlier, investing in small AI companies means accepting certain risks.

A company as tiny as Nerdy — sporting a market cap of less than $1 billion as I type — is bound to be volatile, with lumpy growth numbers.

While year-over-year revenue growth was strong for Nerdy between mid-June 2021 and mid-June 2022, the company hit a rough patch in late 2022 and into Q1 2023.

But as you saw with Charles' buying spree, the man at the top believes his company is on the right path.

And when Nerdy announced its second quarter 2023 results in early August 2023, growth was back on track. As is often the case, Wall Street noticed, and analysts from Needham and Goldman stepped in with upward revisions to their price targets for the company's stock.

There's no doubt in my mind that Nerdy will endure additional periods of volatility and revenue growth hiccups over the next few years. But that's why you can still invest in the company at a sub-$1 billion valuation.

This company isn't yet on the radar of most prominent Wall Street investment firms. As that changes, I expect the price to move sharply higher — assuming it stays on the right track.

NRDY is the smallest of the three companies I've profiled. So more than the others, the upward trajectory of its stock price is directly tied to the company's top and bottom line growth.

While that comes with more risk, it also comes with more potential. If everything lines up in its favor, we could see "moonshot" returns!

Action to take: Buy shares of Nerdy Inc. (NRDY) up to $7.50.

Looking to the Future

I am very excited about the potential of these AI plays. They are truly some of the most important "picks and shovels" of the industry and will provide the "backbone" for the growth of AI.

These companies will provide the industry with the necessary infrastructure it needs to take off and have the potential to explode as the AI trend unfolds.

Our mission here at *James Altucher's Investment Network* is to make sure

you are well positioned to take the most profits possible as this technological revolution takes place.

With these picks in your portfolio, you are well on your way.

These plays will enter our model AI Portfolio, which you can view on our website **here** at any time.

We will continue to monitor the AI trend and these companies very closely and keep you updated with all the details you need to know along the way.

Sincerely,

Bob Byrne
Senior Analyst, *Altucher's Investment Network*