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## Our 2 Cents About AI

Artificial intelligence feels meaningfully different today than it did a year ago. Not because it has become flawless, but because it has moved from a novelty to a practical tool. A year ago, most people experienced AI as a chatbot - something that could summarize an article, draft an email, or answer a question with uneven reliability. Today, it is increasingly being used to search across information, help write code, support research, and work inside the software environments businesses already use every day. That shift is important because it suggests AI is becoming less of a standalone curiosity and more of a working layer inside the modern economy.<sup>1, 2</sup>

That said, it helps to define AI in simple terms. At its best, AI is a highly capable pattern-recognition and language-processing tool. It is especially useful when a task involves a large amount of information, a repeatable process, and a clear objective. That is why it tends to perform well in areas like summarizing research, organizing data, drafting first versions, screening large amounts of text, and helping employees move faster through routine work. The latest adoption data reinforces that point: AI use is now widespread, but most organizations are still early in the process of turning usage into full enterprise value. In other words, AI is already useful, but for many businesses it is still more productive at the task level than transformative at the company level.<sup>1</sup>

That distinction matters for setting expectations. AI can be fast without being wise. It can sound confident without being correct. It can save hours of time, but it still struggles with judgment, originality, and context in the fullest human sense. For an individual user, that means AI can be very helpful in planning, comparing, organizing, and drafting, but less dependable when the task calls for taste, accountability, or true creative insight. For businesses, the lesson is similar. AI tends to shine when it is paired with structure and oversight; it tends to disappoint when people expect it to replace expertise outright. Howard Marks, of Oaktree Capital Management, makes a useful point here: the debate over whether AI is "really thinking" may matter less economically than whether it can do meaningful work reliably enough to change how labor is used.<sup>2</sup>

The most compelling business examples so far are practical rather than futuristic. In the materials we reviewed, Axon's Draft One was one such example, using AI to help automate police report writing and save officer time. Another was C.H. Robinson, where AI has been used to speed quoting, improve operating efficiency, and support share gains in logistics. These are useful case studies because they show where AI seems to create the most value today: not in abstract promises, but in specific workflows tied to real data, clear processes, and measurable outcomes. That may also be one of the clearest dividing lines for markets. Businesses with strong domain expertise, proprietary data, and embedded customer relationships may use AI to strengthen their position, while more commoditized businesses may find AI more disruptive than helpful.<sup>3</sup>

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Looking ahead, AI could become a meaningful driver of productivity, innovation, and economic change. The optimistic case is easy to see: better tools, faster workflows, broader access to expertise, and the ability for smaller teams to do more. But there are also real ramifications that deserve to be acknowledged plainly. Some white-collar work may shrink or change meaningfully as AI improves at structured analytical tasks. The

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gains from higher productivity may not be evenly distributed at first. And the buildout itself has real physical demands, from semiconductors and data centers to power infrastructure and capital spending. That can create both real opportunity and the risk of overinvestment if enthusiasm runs ahead of durable demand. Marks' framing is helpful here as well: transformative technologies often produce real winners, but periods of rapid infrastructure investment can still lead to misallocated capital along the way.<sup>1, 2</sup>

Our view is that AI should be taken seriously, but not simplistically. It is neither magic nor a fad. It is a fast-improving toolset that is beginning to change how people work, how companies compete, and how markets assign value. For users, the right approach is probably a balanced one: use AI where speed, repetition, and structure matter most, and keep human judgment firmly in the loop where trust, nuance, and creativity still matter most. For investors, the lesson may be similar. The opportunity is real, but the path is unlikely to be smooth, and the eventual winners may not always be the loudest or most obvious ones in the early innings.<sup>1, 2, 3, 4</sup>

## Sources

1. McKinsey & Company. The State of AI in 2025: Agents, Innovation, and Transformation. November 2025.
2. Howard Marks, Oaktree Capital Management. AI Hurtles Ahead. February 26, 2026.
3. Monticello Associates. Edgewood 2025 Update. January 26, 2026.
4. Monticello Associates. Mulberry Street 2025 Review. February 10, 2026.

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