



GLOBAL RECOMMENDATION



nVIDIA

NVDA:NASDAQ



November 2024

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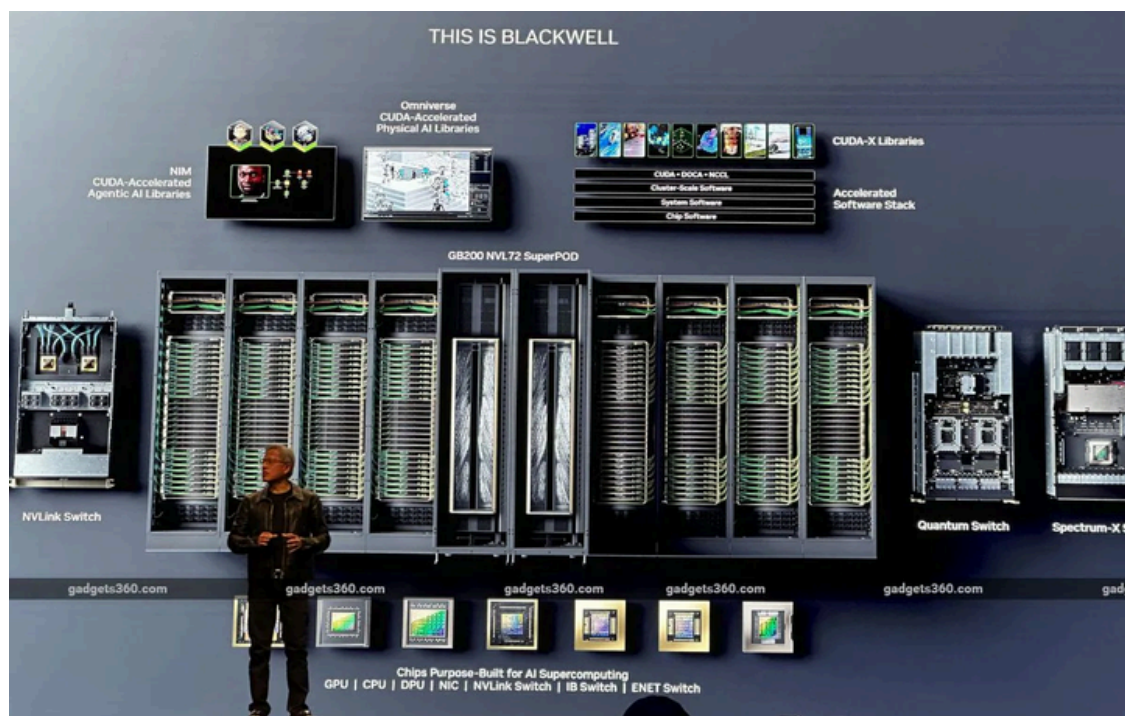
Nvidia NVDA:NASDAQ

NVIDIA Corporation is a leading technology company specializing in graphics processing units (GPUs) and semiconductor chips. The company dominates the semiconductor industry, particularly in gaming, professional visualization, data centers, and artificial intelligence (AI).

The company's business is divided into Compute and Networking, which includes AI technologies, and Graphics, encompassing GeForce GPUs for gaming and professional visualization products.

NVIDIA's technologies are crucial in gaming, AI, data centers, automotive, and professional visualization. The company's GeForce GPUs are widely used in gaming, while its GPUs and software libraries are fundamental to AI and machine learning applications.

NVIDIA also provides solutions for cloud and high-performance computing, develops platforms for autonomous vehicles, and caters to industries such as media and design with products like Quadro GPUs.



As of 2023, NVIDIA holds about 80% of the global GPU semiconductor chip market share. The company's focus on GPU technology and adaptation to emerging trends, especially in AI, have driven its significant growth. NVIDIA has become a key player in the AI revolution, providing hardware and software solutions that power many advancements in this field. This positioning has led to substantial growth, with the company's market capitalization exceeding \$3 trillion in 2024, making it one of the world's most valuable publicly traded companies.

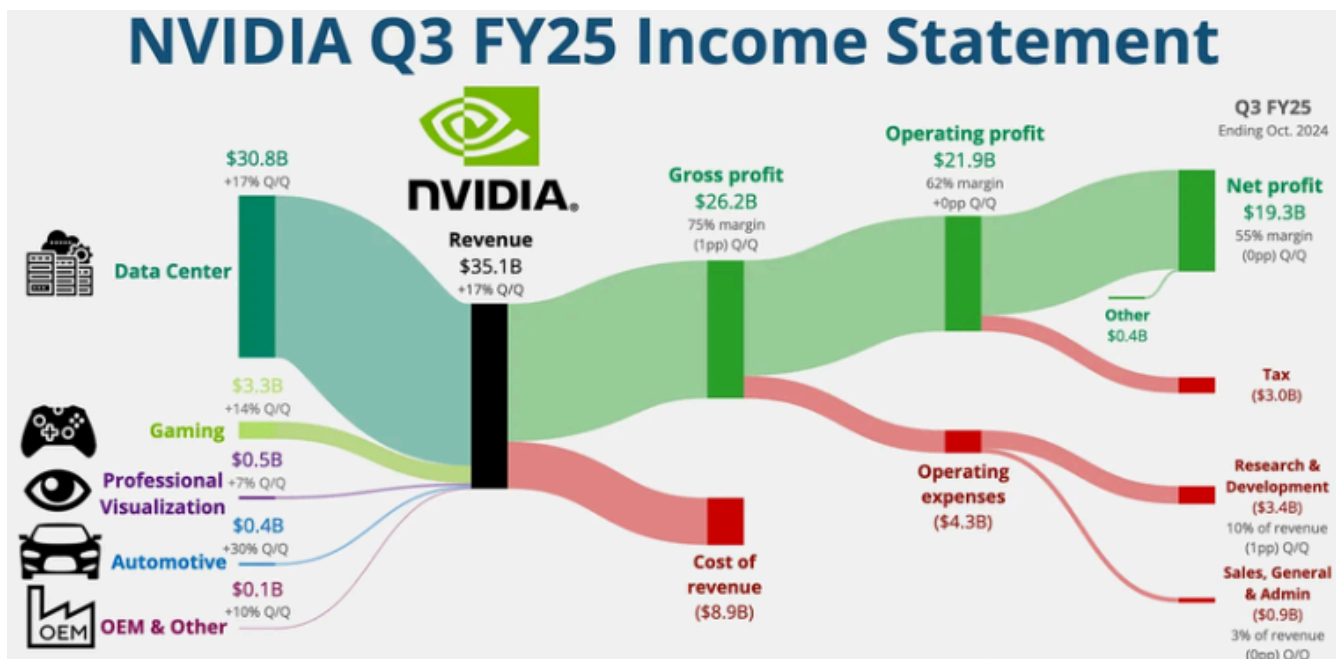
INVESTMENT CONSIDERATIONS

Leadership

Under the visionary leadership of founder and CEO Jensen Huang, NVIDIA has consistently demonstrated its ability to innovate and capitalize on emerging technologies. Huang's forward-thinking approach has been instrumental in NVIDIA's transformation from a gaming-focused company to a key player in AI and high-performance computing.

Valuation & financial performance

NVIDIA's current P/E ratio of 68.35 may appear high, but it reflects the company's exceptional growth prospects and market position. Given the projected earnings growth and the company's dominant position in high-growth markets, we believe this premium valuation is justified.



Valuation & financial performance

AI and Data Center Focus: NVIDIA's Hopper and Blackwell GPU architectures are driving significant growth in the data center segment, with Q2 FY25 revenue up 154% year-over-year.

Expansion into New Markets: The company is leveraging its GPU expertise to penetrate automotive, robotics, and edge computing markets.

Software Ecosystem Development: NVIDIA is building a comprehensive software stack to complement its hardware offerings, enhancing its competitive moat.

Return on Capital:

NVIDIA has demonstrated strong capital efficiency, with a return on invested capital (ROIC) consistently outperforming the industry average. This efficiency is expected to continue as the company scales its operations in high-margin segments.

INVESTMENT CONSIDERATIONS

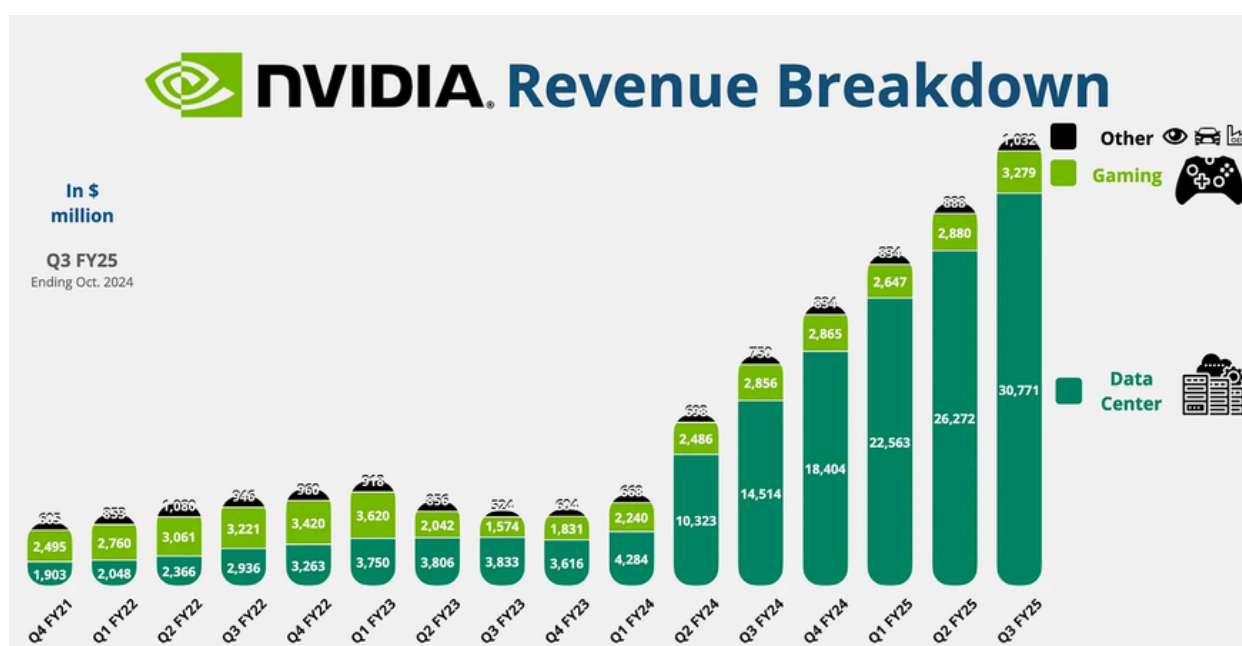
Growth Prospects:

Nvidia continues to demonstrate exceptional growth prospects, solidifying its position as a leader in the AI and semiconductor industries. The company's growth trajectory is primarily driven by the accelerating adoption of AI technologies across various sectors, which has led to unprecedented demand for NVIDIA's cutting-edge GPUs and AI solutions.

AI and Data Center Dominance

NVIDIA's data center segment has been the primary catalyst for its remarkable growth. In the fourth quarter of fiscal year 2024, the company reported a staggering 409% year-over-year increase in data center revenue

This surge is expected to continue into 2025 as more companies embrace AI-driven technologies. NVIDIA's latest Blackwell GPU architecture, scheduled for release in 2025, is poised to revolutionize the industry by enhancing generative AI capabilities and reducing costs and energy consumption for running large language models



Beyond AI and data centers, NVIDIA is making significant strides in other high-growth areas

Autonomous Vehicles: The NVIDIA DRIVE platform is gaining traction among major automotive manufacturers, positioning the company for substantial growth in the burgeoning autonomous vehicle market

Edge Computing: NVIDIA's investments in edge computing technologies are expected to bolster its market position, enabling real-time data processing across various applications

Gaming and Professional Visualization: While overshadowed by the AI boom, these segments continue to show solid growth, with gaming revenue jumping 15% and professional visualization rising 17% in the most recent quarter

RISKS

Intensifying Competition: Major tech companies like AMD, Intel, Google, and Amazon are investing heavily in developing their own AI chips and solutions. This could potentially erode NVIDIA's market dominance and pricing power in the long term.

Technological Disruption: The emergence of new computing architectures or technologies that could replace GPUs for AI workloads poses a significant risk to NVIDIA's current business model.

Market Expectations: NVIDIA's high valuation reflects extremely optimistic growth projections. Any failure to meet these lofty expectations could result in significant stock price volatility.

Economic Slowdown: A broader economic downturn could lead to reduced capital expenditures on AI infrastructure by companies, directly impacting NVIDIA's revenue streams.

Geopolitical Risks: NVIDIA's reliance on manufacturing in Taiwan and other parts of Southeast Asia exposes it to potential supply chain disruptions due to geopolitical tensions or trade restrictions.

Customer Concentration: A significant portion of NVIDIA's revenue comes from a few large tech companies. This concentration increases vulnerability if these customers reduce orders or develop in-house alternatives.

Regulatory Challenges: Increasing government scrutiny and potential regulations in the AI sector could impact NVIDIA's operations and growth strategies.

Margin Pressure: The transition to new architectures like Blackwell and increased pricing from suppliers like TSMC may put pressure on gross margins in the short term.

WHY HOLD THE COMPANY?

Despite these risks, there are compelling reasons why investors might still consider owning NVIDIA stock:

Market Leadership: NVIDIA remains the dominant player in AI chips, with its GPUs being the de facto standard for AI training and inference. The company's full-stack approach, including hardware, software, and developer tools, creates a strong competitive moat.

Explosive Growth: NVIDIA's recent financial performance has been exceptional, with triple-digit year-over-year revenue growth and even higher profit growth. Analysts project this strong growth to continue in the near term.

Expanding AI Market: The AI revolution is still in its early stages, with the potential to transform numerous industries. As a key enabler of this technology, NVIDIA is well-positioned to benefit from the expanding market.

Innovation Pipeline: NVIDIA has a track record of staying ahead of technological curves. The upcoming Blackwell architecture and continuous improvements in its software ecosystem demonstrate the company's commitment to innovation.

Strong Financials: With robust cash flow and a healthy balance sheet, NVIDIA has the resources to invest in R&D, make strategic acquisitions, and weather potential market downturns.

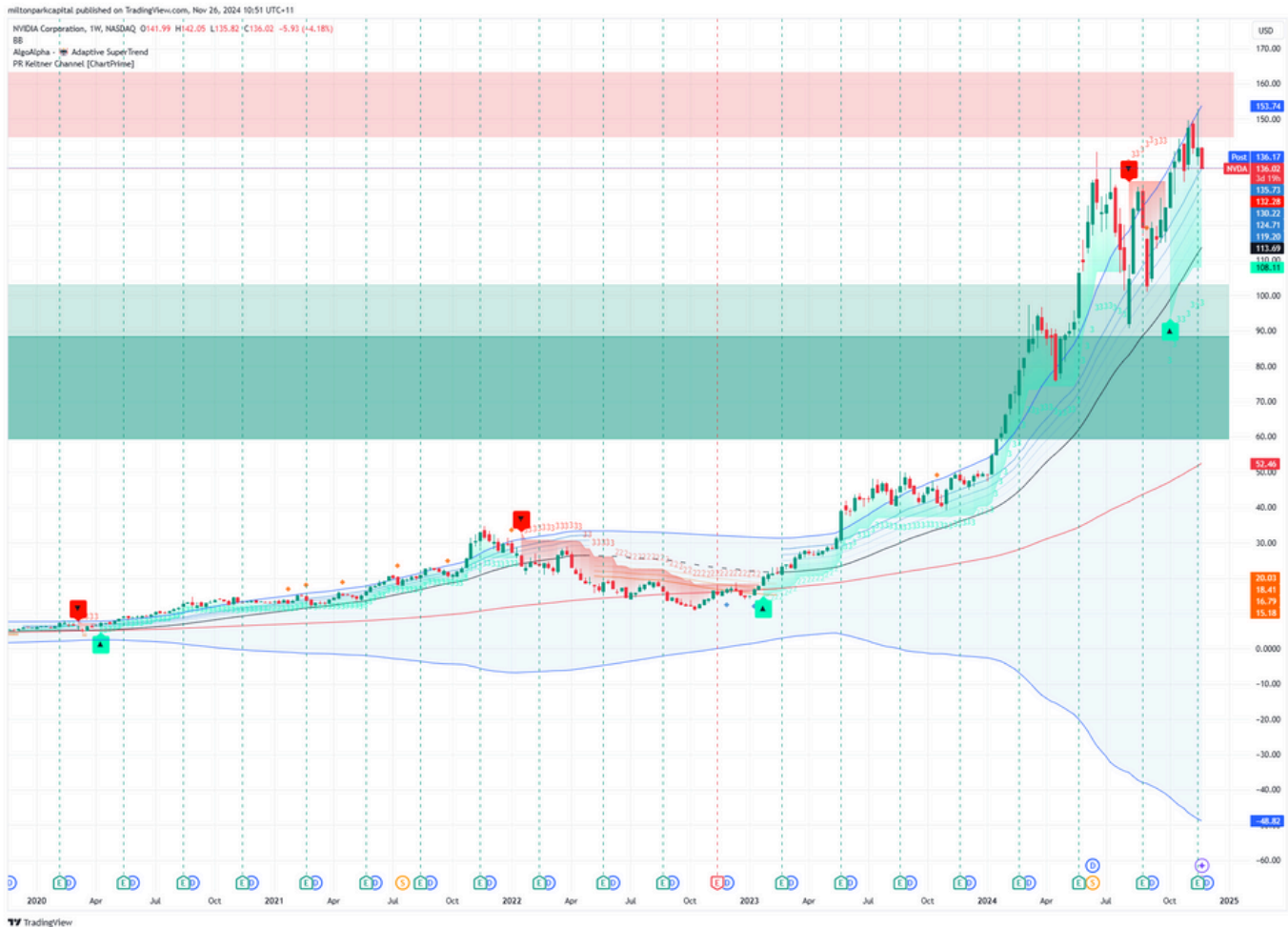
Diversification Opportunities: While currently focused on AI and gaming, NVIDIA's technologies have potential applications in other growing fields such as autonomous vehicles, robotics, and the metaverse.

However, the current valuation implies extremely high growth expectations for an extended period, which may be challenging to sustain.

We recommend referring to the Buy/Sell zones in the technicals section of the website or consider dollar-cost averaging or waiting for potential pullbacks to establish or add to positions, given the stock's current valuation and the inherent risks in the rapidly evolving AI and semiconductor industries.

TECHNICAL ANALYSIS & ENTRY STRATEGY

Technical Analysis



Nvidia currently sits near the TRIM zone (Chart as of 25th November 2024)

We recommend referring to the Buy/Sell zones in the technicals section of the website which are regularly updated

Consider dollar-cost averaging (DCA)* or waiting for potential pullbacks to establish or add to positions, given the stock's current valuation and the inherent risks in the rapidly evolving AI and semiconductor industries.

**Dollar cost averaging (DCA) is an investment strategy where an investor regularly purchases a fixed dollar amount of a particular investment, regardless of the asset's price. This approach aims to reduce the impact of market volatility by spreading out investments over time, potentially lowering the average cost per share*

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Our Commitment

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