



ARE NVIDIA AND AI STOCKS IN A BOOM OR A BUBBLE?

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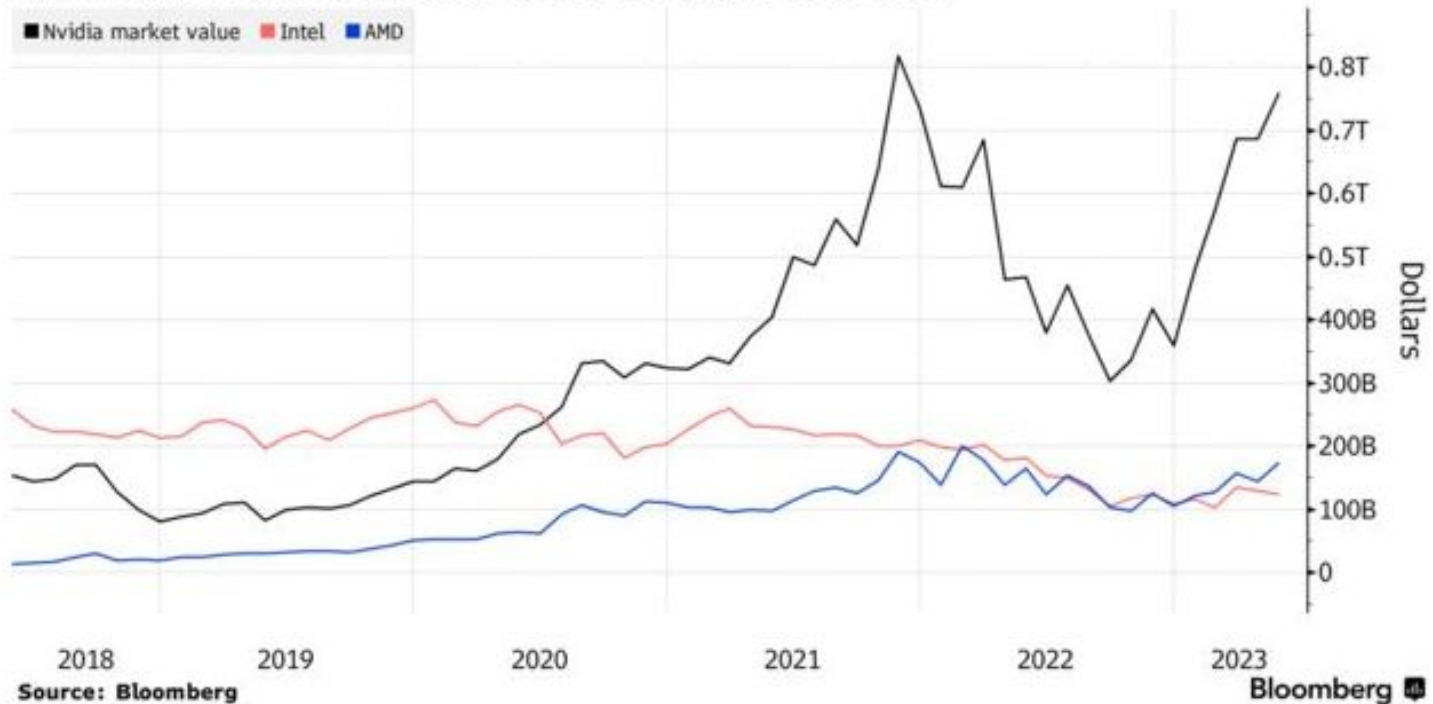
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Agenda:

- Background
- Crypto
- The Bull Case
- The Size of the market
- The Cisco Kid?
- Alternatives

Background: Price and market cap boom

Investors Make Nvidia Most Valuable Chipmaker GPU maker worth more than rivals Intel, AMD combined

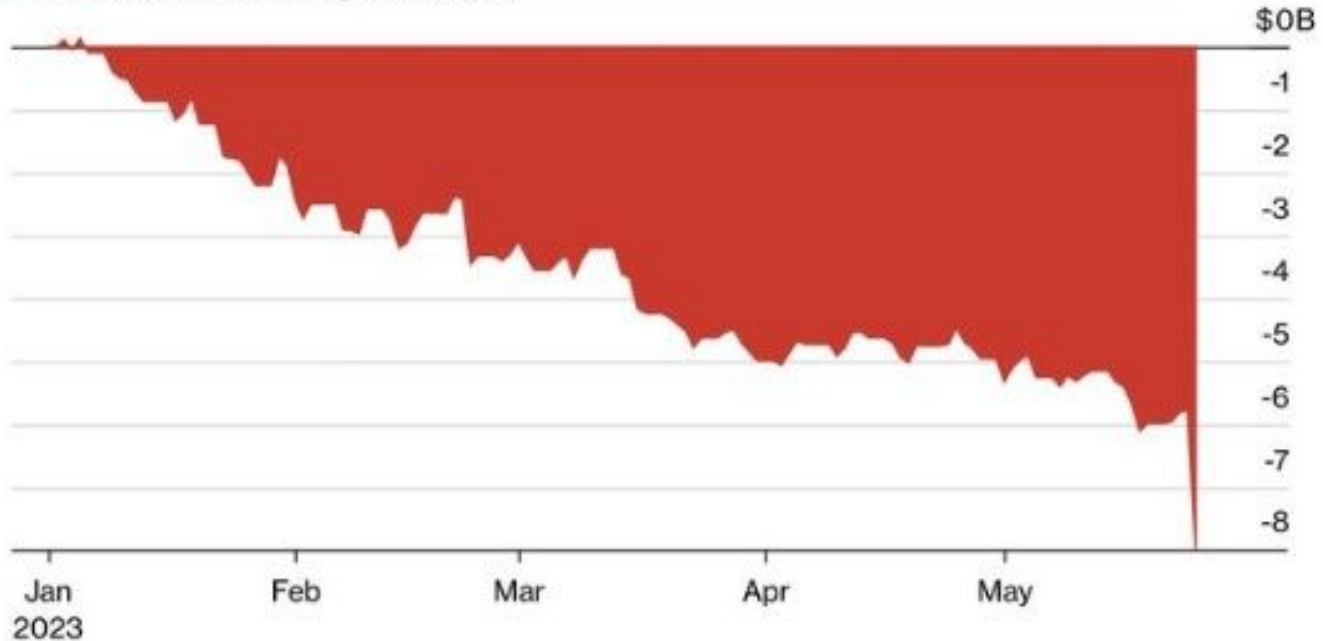


Short Sellers take a bath:

Short Sellers Lose as Nvidia Jumps

Nvidia's rally to record high leaves short bets with \$8.1 billion in losses

■ Mark-to-market loss (year-to-date)



Source: S3 Partners

Background:

- Sales to data centres double. In 1 quarter.
- China bans
- TSMC relationship
- Industry leadership
- Software and systems vs hardware

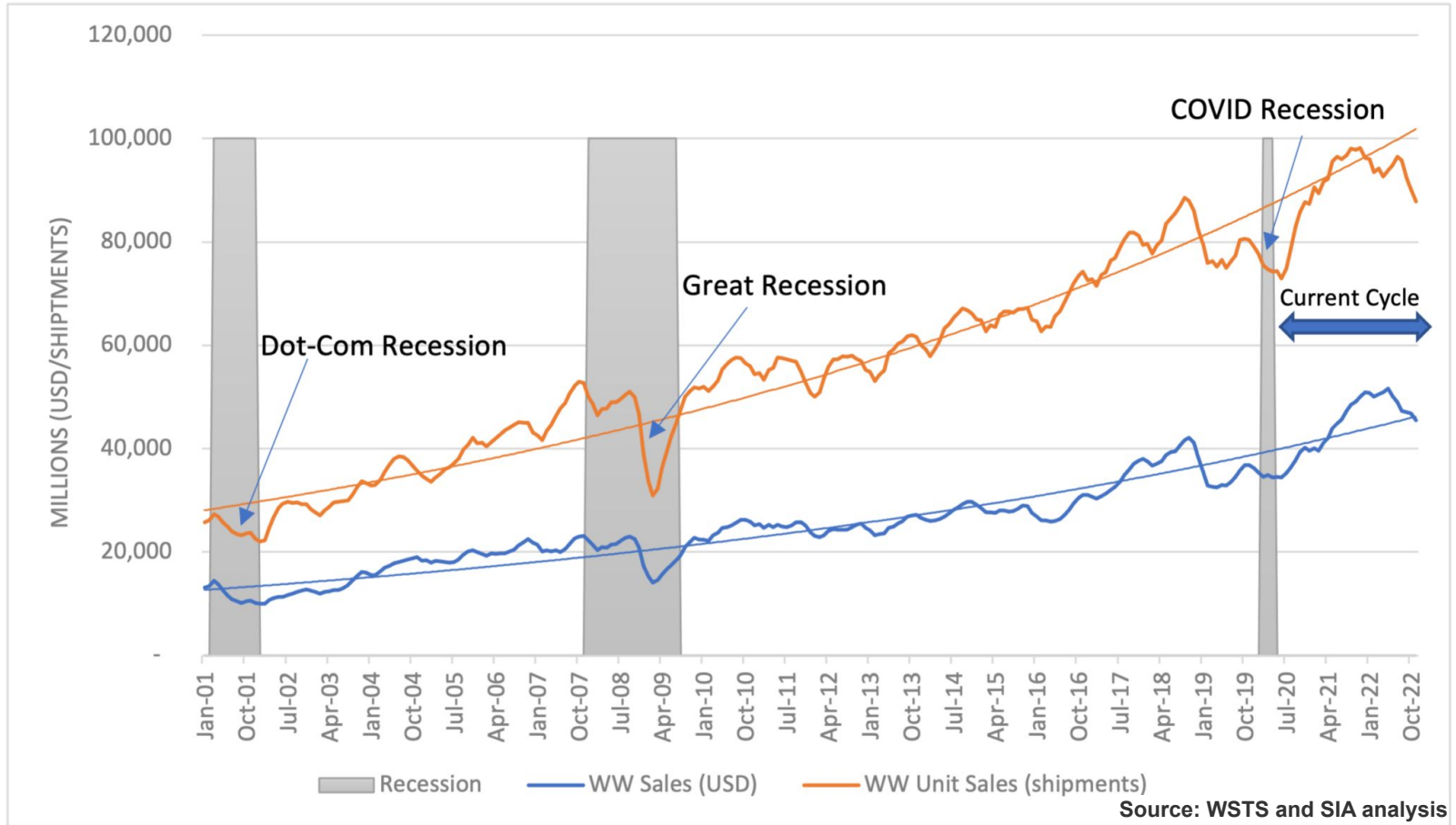
Background: Revenue by Segment

	10/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	4/30/2023	7/31/2023
Nvidia	<u>3Q22</u>	<u>4Q22</u>	<u>1Q23</u>	<u>2Q23</u>	<u>3Q23</u>	<u>4Q23</u>	<u>1Q24</u>	<u>2Q24E</u>
Gaming	3221	3420	3620	2042	1574	1831	2240	2352
Data Center	2936	3263	3750	3806	3833	3616	4284	8568
Professional Visualization	577	643	622	496	200	226	295	310
Auto	135	125	138	220	251	294	296	311
OEM & Other	234	192	158	140	73	84	77	81
Total	7103	7643	8288	6704	5931	6051	7192	11621

Competitors:

- AMD
- Google
- AWS
- Apple
- ????
- Maybe Intel...

Chip Cycles:

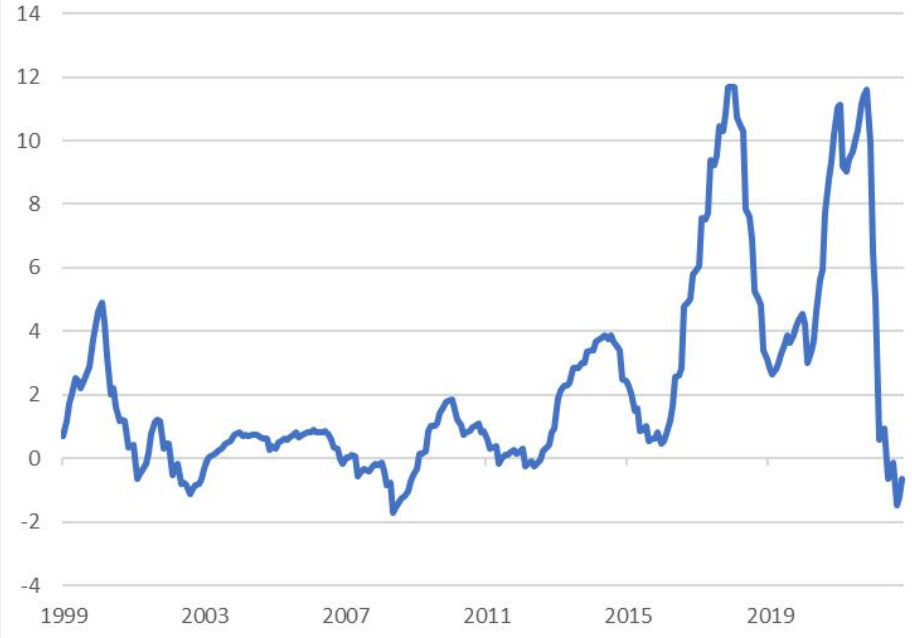


Chip Cycles:

Intel: 12m Forward Forecast EPS



Micron: 12m Forward Forecast EPS



Valuation:

Valuation Stats

Valuation x	Av5	LTM	NTM	STM
P/E	166.7	166.7	45.5	35.7
Yield%	0.0	0.0	0.0	0.0
P/Book	50.0	50.0	20.0	12.5
EV/Sales	55.6	37.0	20.8	16.9
EV/EBITDA	142.9	125.0	47.6	45.5
EV/EBIT	166.7	166.7	40.0	31.2
P/FCFE	200.0	200.0	62.5	52.6

- Hard to assess
- Very cyclical
- Problems with comps

Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) ⊙
- No Fossil Fuels (Any) ⊙
- No Coal Seam Gas or Fracking ⊙
- No Nuclear Power ⊙
- No Old Growth Forest Logging ⊙

Market Size:

The AI capabilities most likely to have been embedded in businesses include robotic process automation (39%), computer vision (34%), NL text understanding (33%), and virtual agents (33%). Moreover, the most commonly adopted AI use case in 2022 was service operations optimization (24%), followed by the creation of new AI-based products (20%), customer segmentation (19%), customer service analytics (19%), and new AI-based enhancement of products (19%).

Market Size:

Private Investment in AI by Focus Area, 2021 Vs. 2022

Source: NetBase Quid, 2022 | Chart: 2023 AI Index Report

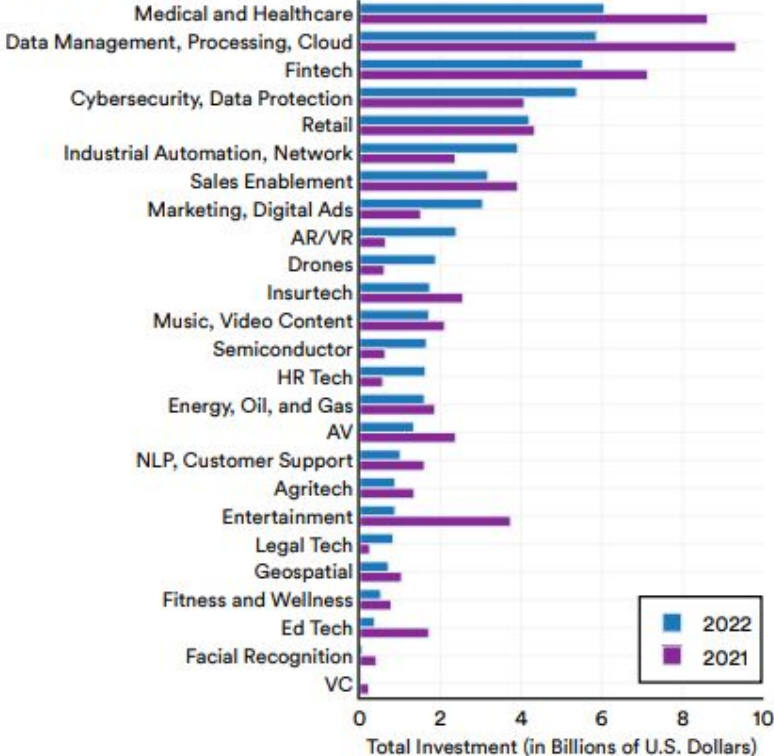


Figure 4.2.19

Market Size:

Private Investment in AI, 2013–22

Source: NetBase Quid, 2022 | Chart: 2023 AI Index Report

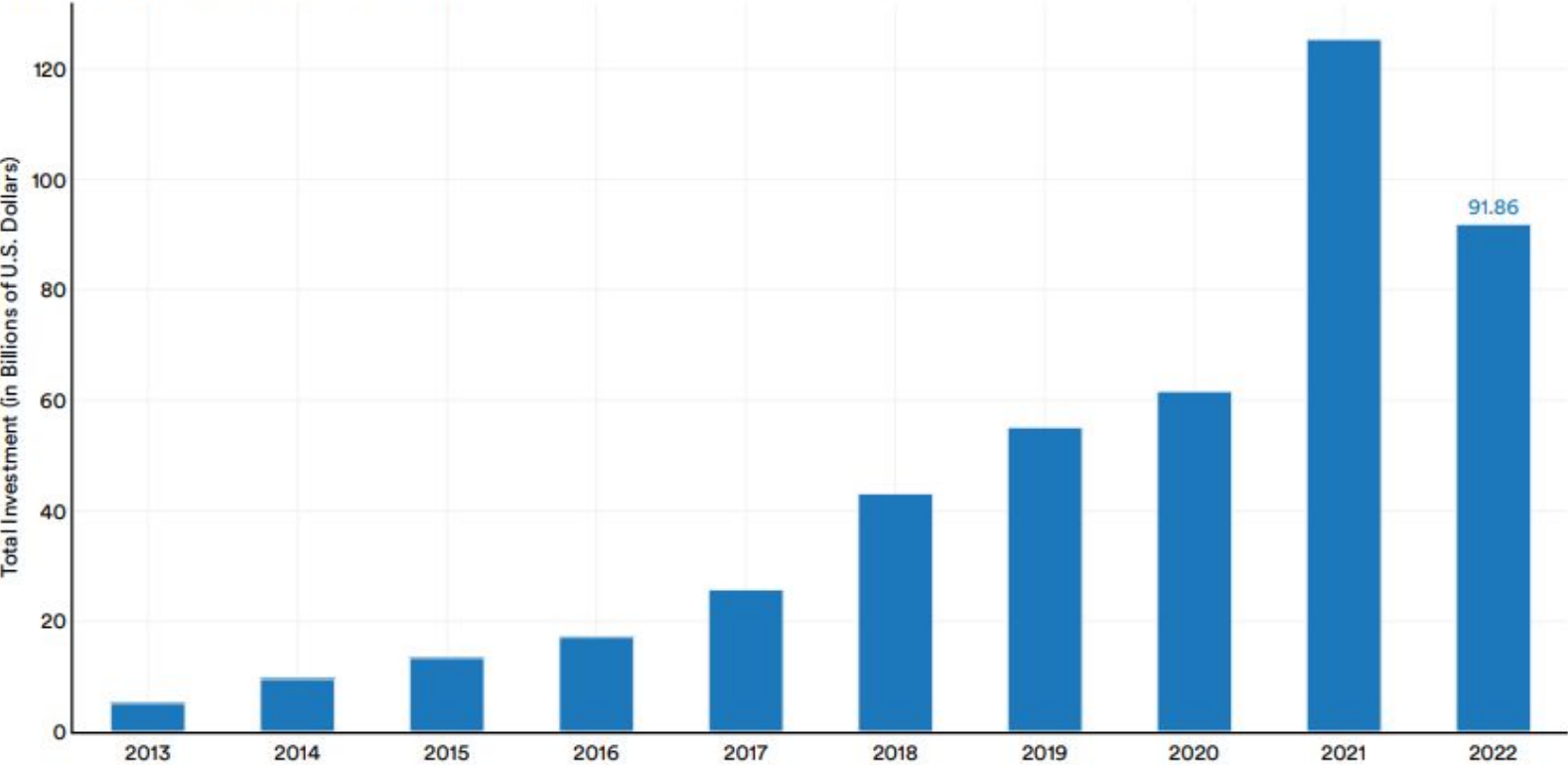


Figure 4.2.6

Market Size:

Private Investment in AI by Geographic Area, 2022

Source: NetBase Quid, 2022 | Chart: 2023 AI Index Report

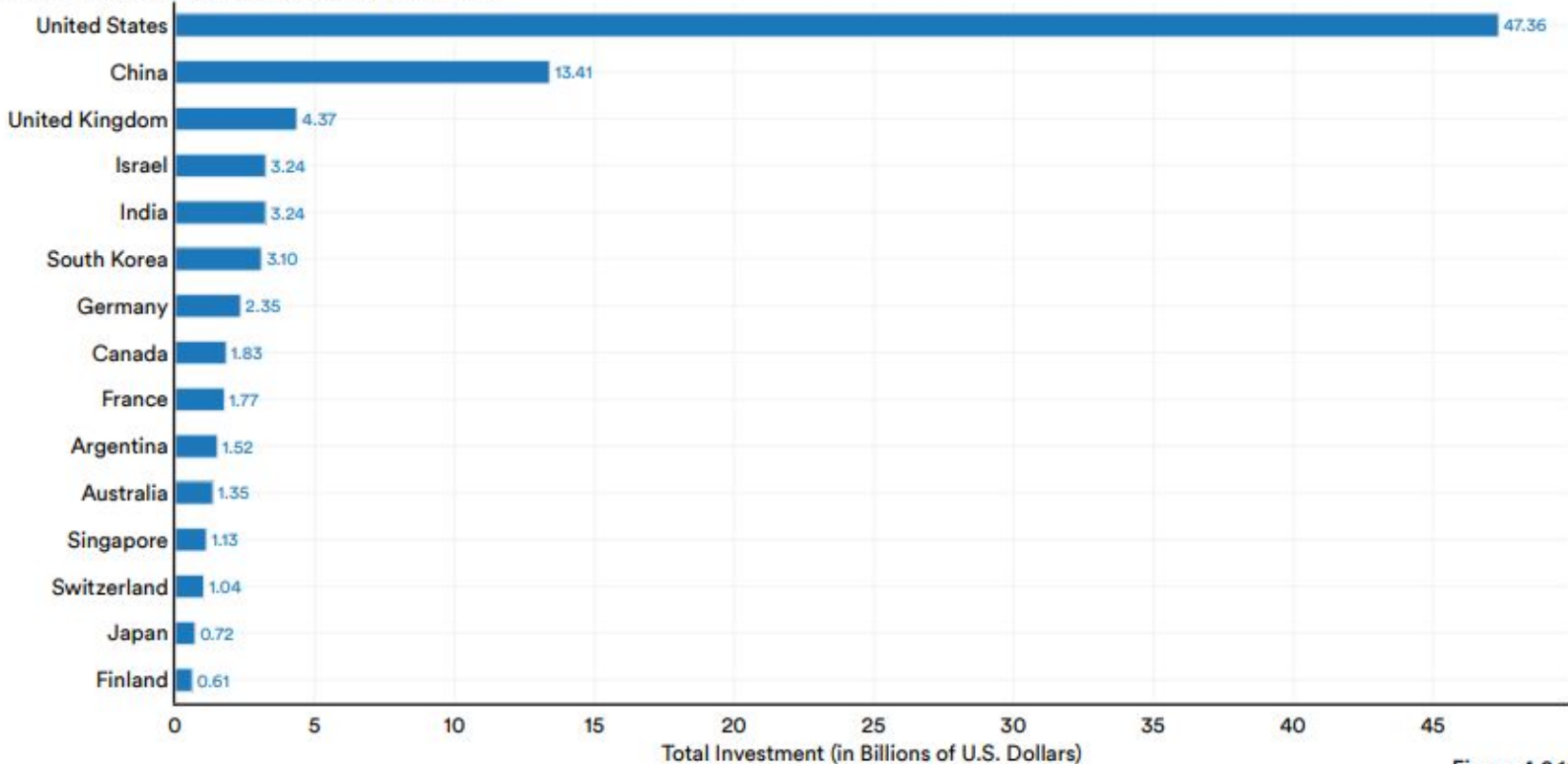


Figure 4.2.10

Market Size:

AI Job Postings (% of All Job Postings) by Geographic Area, 2014–22

Source: Lightcast, 2022 | Chart: 2023 AI Index Report



Figure 4.1.1

Market Size:

AI Private Investment Events by Funding Size, 2021 Vs. 2022

Source: NetBase Quid, 2022 | Table: 2023 AI Index Report

Funding Size	2021	2022	Total
Over \$1 Billion	4	6	10
\$500 Million – \$1 Billion	13	5	18
\$100 Million – \$500 Million	277	164	441
\$50 Million – \$100 Million	277	238	515
Under \$50 Million	2,851	2,585	5,436
Undisclosed	598	540	1,138
Total	4,020	3,538	7,558

Figure 4.2.9



Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

Alternatives:

Investment Style Factors 

Climate Change 

Technology 

Consumption 

Commodities 

Military 

GICS Sectors 

Technology

Add these stocks to my portfolio

Large Technology Stocks



Cloud Computing Stocks



Robotics/Artificial Intelligence



Cybersecurity



Type of Tilt

Select Weights ▾

Medium Weight ▾

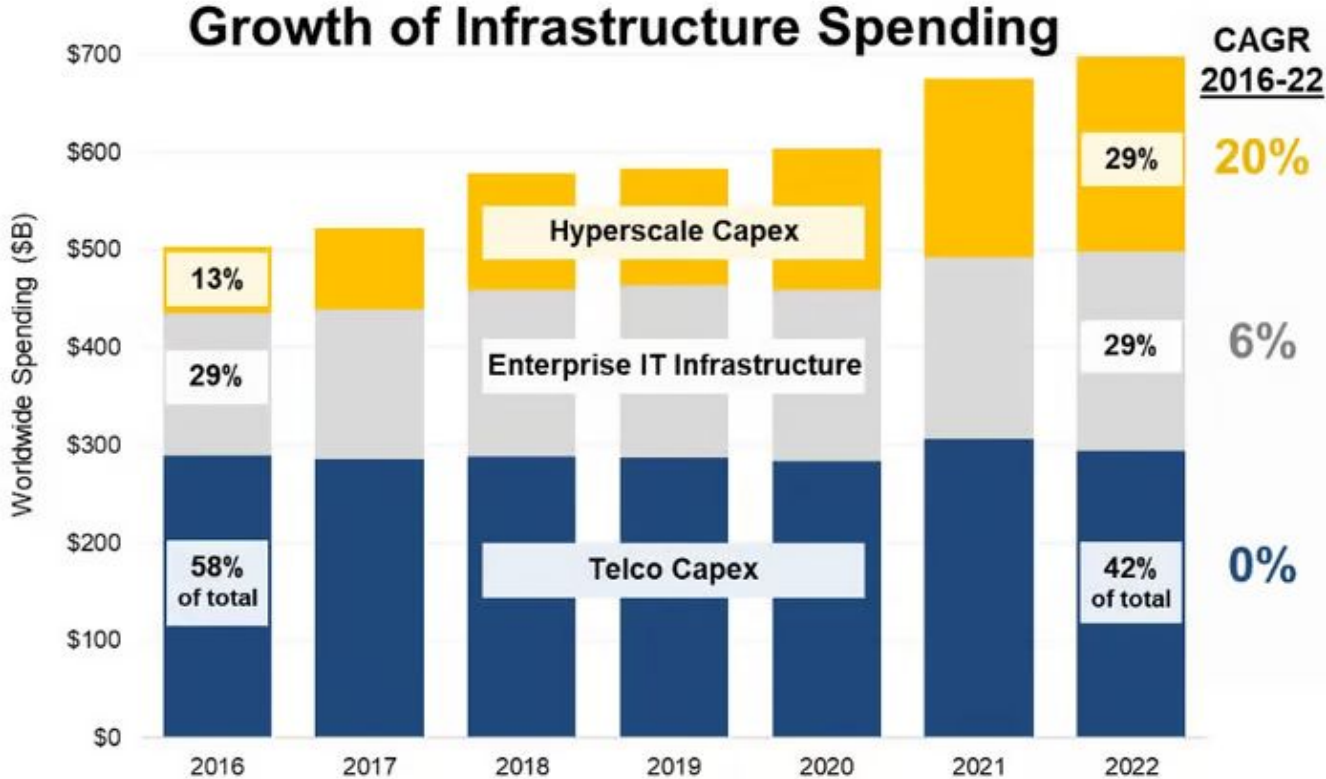
Medium Weight ▾

Select Weights ▾

Market Size: by Overall Size

- Start with \$125b from 2021, or \$90b from 2022.
- Deduct most of China
- Say it goes to \$300b in short order. (3,000 companies, \$100m)
- \$1m spend. What do you buy?
- \$200b extra, 20% data. 40b. Half that on hardware. Half that on AI chips. = 5%. \$10b. Already factored in

Market Size:



Source: Synergy Research Group

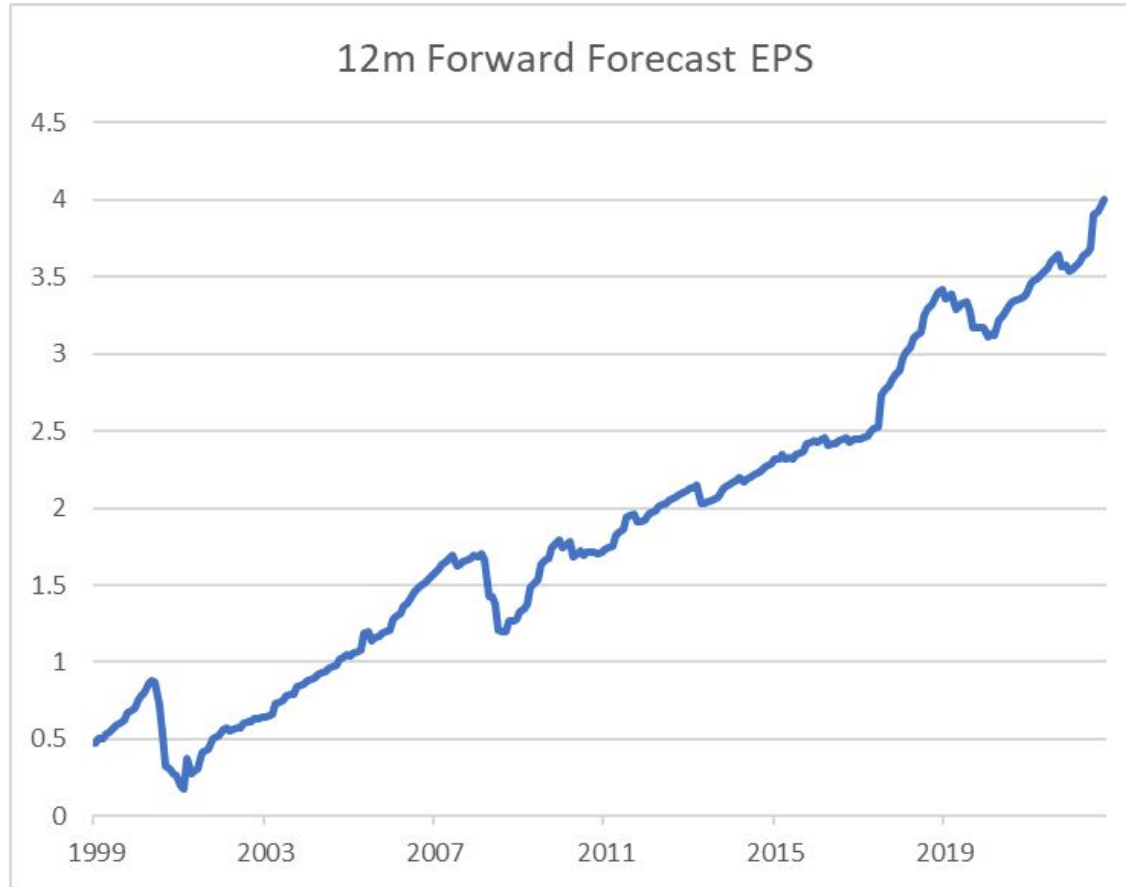
Market Size:

- Start with \$200b on Hyperscale capex.
- Say it goes to \$500b in short order i.e. +300b.
- 55% to data centres. Rest to other factors. +160b
- Data centres make 30%+ margins. So +110b
- Say 55-60% on servers (rest on power, networking, staff, infrastructure). So +65b
- Proportion of server cost. Say 20% (optimistic). = +15b on AI Chips

Background:

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Cisco: quality stock providing picks and shovels to the internet



Cisco: Still below 2000 share price peak



Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >

Viewer question of the week:

Is NVidia at the start of a boom or in the middle of a bubble?

Drop your answers in the comments

Investment Outlook

- **Benefitting:**
 - Big tech. Cloud computing. Chip makers
 - Quality stocks. Monopolies. Oligopolies.
 - Healthcare / high service cost businesses
 - Defense
 - Interest rate sensitive?
- **Suffering**
 - Value stocks
 - Intermediaries
 - Broadly competitive industries
 - Disruptable industries

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