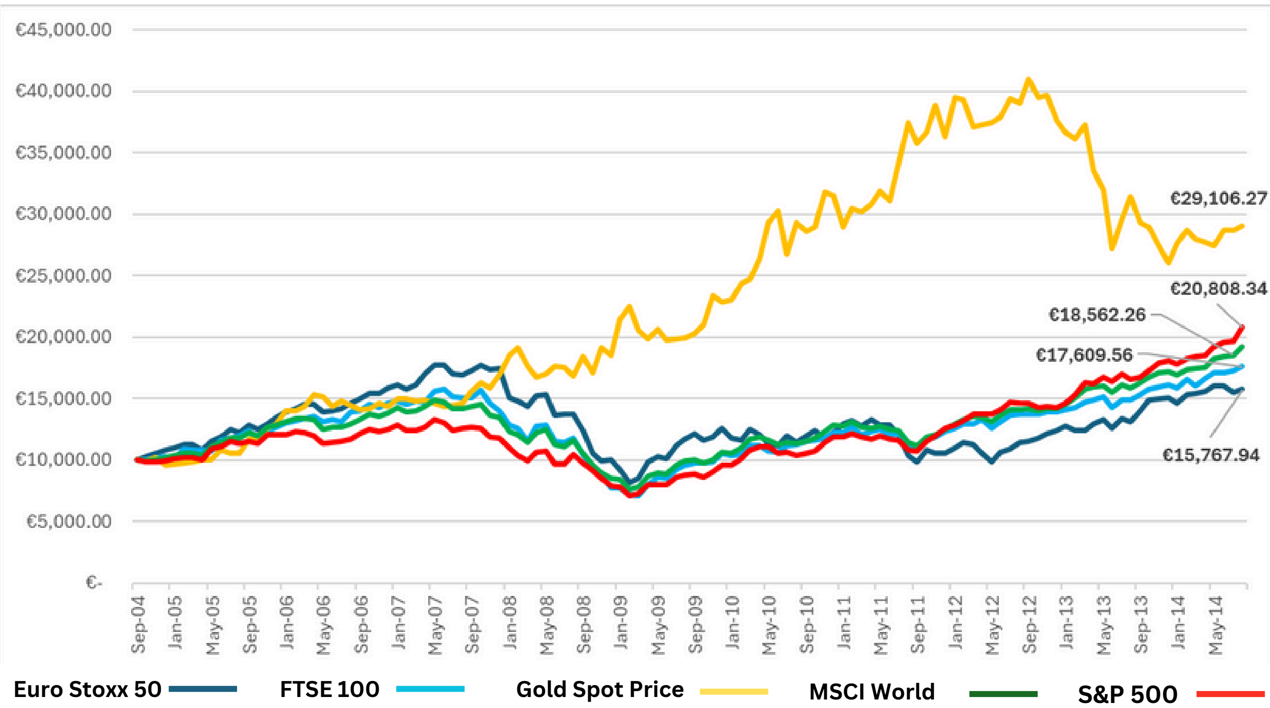
Past & Present – Historical Growth Opportunities & A look at NVIDIA

When looking for potential investment opportunities, it is easy to overlook the main equity indices that are the cornerstone of financial markets. While cryptocurrency, ETF's and individual equities such as NVIDIA have become the more mainstream investments, particularly with younger generations, the below charts indicate how global equity indices and gold have performed over volatile 10 year periods. The charts below shows the growth in €10,000 from September 2004 to September 2014, and from September 2014 to 2024.

Looking first at 2004 to 2014, this was a 10 year period marred by the Global Financial Crisis, which resulted in extensive losses across the world. This is reflected in the loss of invested capital in the four equity indices between 2007 and 2009. However, even with this once in a generation event, if one had invested €10,000 in any of the equity indices listed below, they would have made a positive return in each case. Gold prices in particular surged during this 10 year period, particularly during the GFC as the physical nature of Gold made it an attractive safe haven asset when losses were incurred in other asset classes. However, on average, the equity indices returned 84% during this 10 year period, with the S&P 500 returning over 100% during these 10 years. Also, taking a monthly view, there were 120 months in this 10 year period. Of that, the S&P 500 was only below the initial €10,000 invested amount 23 times, or a little under 2 years. For the other 8 years, the figure was above €10,000, meaning an investor was ahead for 8 out of the 10 years invested. If one had invested €10,000 into gold meanwhile, there was only five months in which the investment was worth less than €10,000, reaching a peak of €41,000 in September 2012.

Growth in €10,000 from September 2004 to September 2014

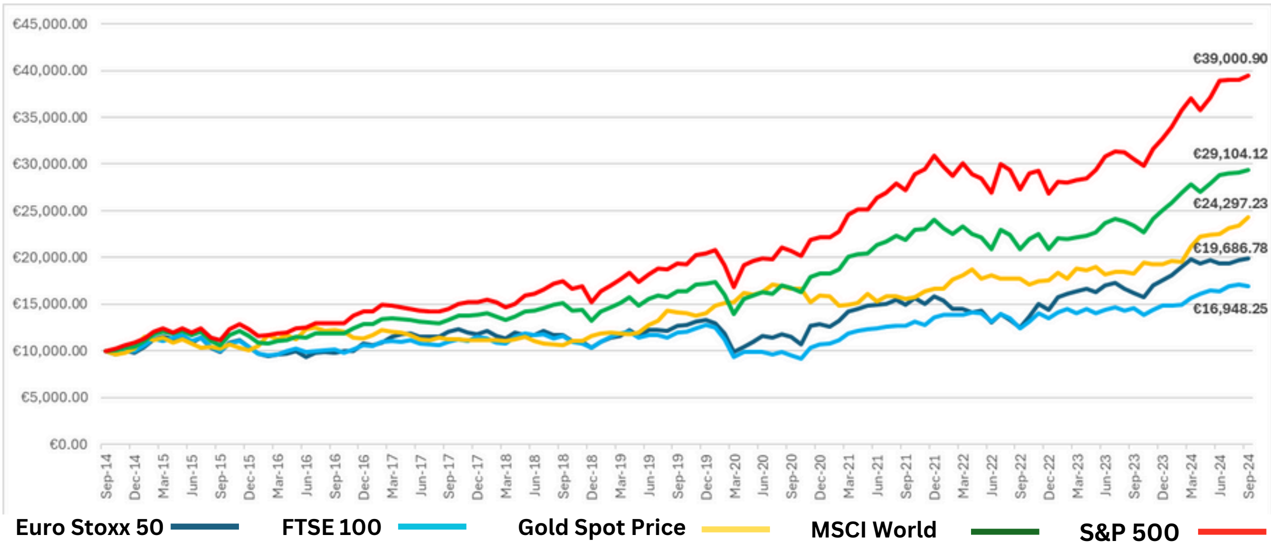


Source - Seaspray Private

Looking next at the period from 2014 to 2024, this decade saw a global recovery in financial markets, as countries around the world exited the austerity years and markets turned from bear to bull. It is also in these 10 years that we start to see a divergence in gains amongst international markets, particularly in the US, fuelled by mega cap tech stocks such as Microsoft and Apple. In 2020, we can see the recession that occurred due to the outbreak of Covid-19 worldwide, which resulted in a global sell-off in equity markets, and the V-shaped recovery that followed, as countries such as the US supported economies with fiscal stimulus. Since then, we can see how the S&P 500 has left all other equity indices, and even Gold markets, in its wake. To put it in perspective, investing €10,000 in September 2014 in the S&P 500 would mean that in September of 2024, that €10,000 would be worth just over €39,000, a 290% return. However, while the US equity market outperformed almost all others, globally equity markets still performed well, with the MSCI World, Eurostoxx50 and FTSE 100 returning on average of 121%.

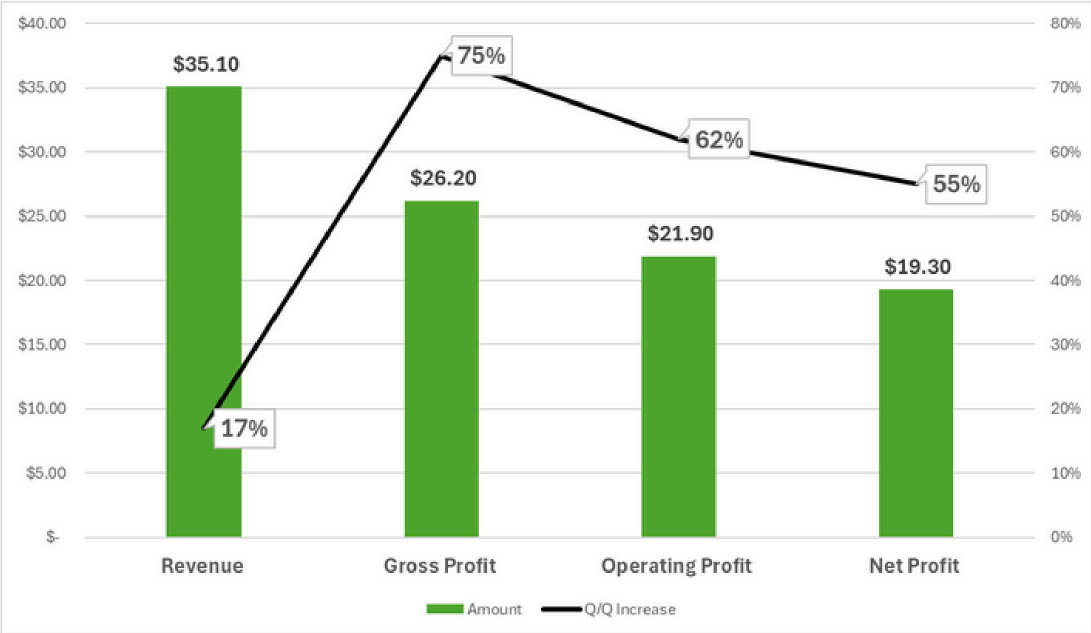
While chasing trends and timing the market will always be prevalent in equity markets, it is clear that the only real way to try and guarantee returns on an investment is to stay the course and spend as much time in the market as one can.

Growth in €10,000 from September 2014 to September 2024



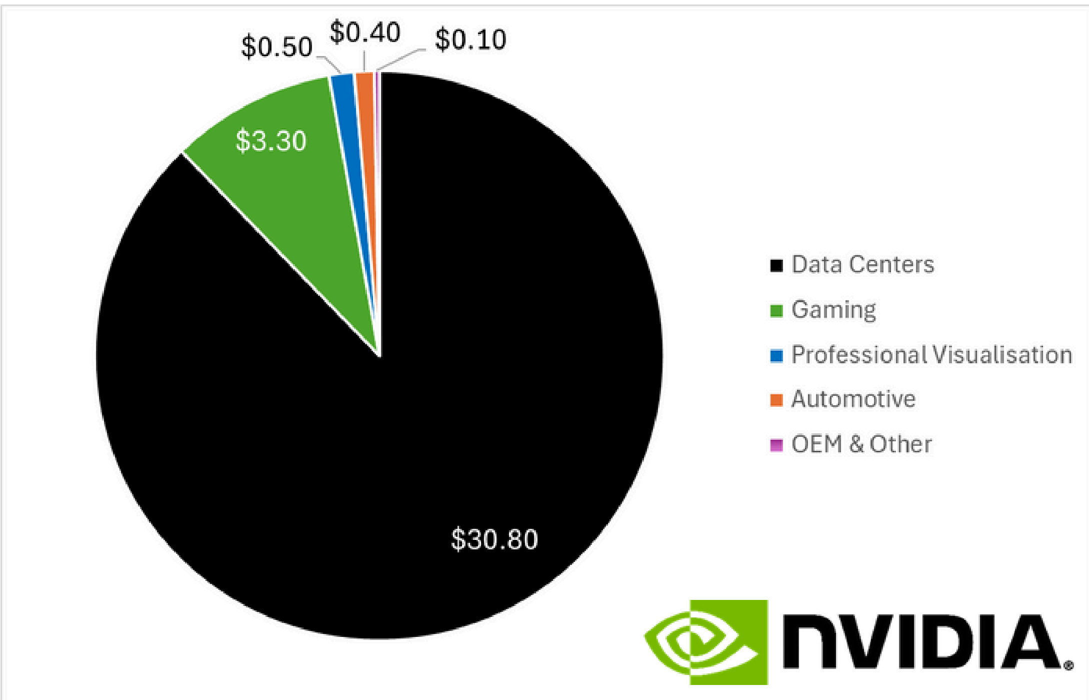
Source - Seaspray Private

Going from the past to the present, this week saw the release of NVIDIA's earnings. The world's largest company by market capitalisation once again blitzed earnings expectations, with $35bn in revenue recorded, compared to a forecasted $33bn. The $35bn in revenues is a 17% increase on the previous quarter, however more amazing than this is the company's profit margins. Gross profit rose to $26.2bn, a 75% increase on Q2, while Operating and Net profit rose to $21.9bn and $19.3bn respectively. These constitute 62% and 55% quarter over quarter increases. NVIDIA's CEO Jensen Huang stated that production on the company's Blackwell chip will continue to ramp up in 2026, with demand for the chip expected to exceed supply for several quarters in the 2026 fiscal year, an indication that the AI boom is far from over.



Source - Seaspray Private

In terms of where the revenues are coming from, data centers accounted for over $30bn in revenues in Q3, or 88% of the company's total revenue. The gaming sector, which was once NVIDIA's core business before the AI boom, generated $3.3bn in Q3, or 9% of total revenues for the quarter. The remaining 3% was made up of Professional Visualisation, Automotive and Original Equipment Manufacturing (OEM).



Source - Seaspray Private