ECHCIC INVESTMENT PRIZE

Team/Investor Name: Qadirah, Adina, Emma

Your Investment Philosophy (2-3 Sentences):
Briefly describe your overall approach to investing. What type of investor does your strategy represent, and what do you think the market has misunderstood?

- We are taking the stance of growth investors, hedging specifically on AI development within large monopolistic companies.
- We have realised that governments are subsidising AI development in a global 'tech' race, and cannot afford to fall behind (specifically in the case of the US).
- Within the three months of Lent, we may see abnormal price inflation before a bubble burst.

Allocation:
How would you split your allocation? (stocks only)
Taiwan Semiconductor Manufacturing Co: 35%, Nvidia: 35%, Vestas Wind: 30%
Explain briefly why:

TSMC and Nvidia work well together as highly correlated stocks (TSMC accounts for ~50% of Nvidia's supply chains). They are overvalued monopolies, which seems negative, but their influence will give them geopolitical power and government backing in the coming months. Vestas Wind offers diversification, and the EU will need to support renewable energy to sustainably improve data centres.

Stock 1 Name: TSMC **and Ticker:** TWD

Thesis:

- No company in the market can match TSMC's scale of semiconductor chip production.
- With AI demand skyrocketing, TSMC must stay both alive and financially supported to maintain the profitability and expansion of AI-related companies.
- As the US and China reach a pivotal point in their race for better technology, TSMC's profitability should peak.

Evidence and risks:

- Holds 70% market share, and produces ~90% of the world's most advanced semiconductors (9th largest company in the world by Market Cap).
- Net profit of ~40bn in Q3 2025 (Intel, the main competitor, just turned over its first quarter of profit in Q3 of only ~$4bn).
- China taking control of Taiwan may halt production and cause regulatory issues.

Stock 2 Name: Nvidia **and Ticker:** NVDA

Thesis:

- Nvidia, along with the rest of the 'Magnificent 7', is the US's 'last hope' to combat China's rapid tech rise.
- People are waiting for a 'bubble burst' moment, but as long as the government and other AI companies continue to pour money into Nvidia, its balance sheets will remain ever improving.
- These coming three months could represent a final push for US tech stocks.

Evidence and risks:

- Earnings have heavily beaten expectations 18/20 times in the last 5 years.
- P/E ratio has dropped from over 100x to under 40x since January.
- ~70-95% market share in AI accelerators for data centres.
- 78% profit margins (doubling main competitors)
- One risk involves enough investors believing in the underperformance of this 'AI bubble', causing the share price to fall.
- Another involves the US pulling back on AI spending to improve more fundamental aspects of the economy.

Stock 3 Name: Vestas Wind **and Ticker:** VWS

Thesis:

- Vestas Wind is the world's largest manufacturer of wind turbines.
- Diversifies our investments away (by industry) from AI and the technology sectors, and (by region) from Asia and the US.
- Indirectly aligns with our thesis as renewable energy is required to improve AI infrastructure sustainably. Hence, it should receive strong regulatory backing from the EU.

Evidence and risks:

- Net profit has more than doubled from Q3 2024 to Q3 2025.
- 34% market share outside China, but risk of increasing competition from Chinese turbine manufacturers.
- Trailing P/E: ~23x; Forward P/E: ~18x; PEG ratio: ~0.68 (suggesting that it is currently moderately valued but undervalued relative to growth).
- Beta of around 1.4x, meaning that it has sufficient volatility to generate strong returns if it receives sufficient support and maintains fast innovation.