

Investment

Investment Report

- Due date: 11:59pm, Friday, May 3
- Tasks:
 - Pick 5 different investment securities now
 - Explain in a few sentences why you think these securities are attractive
 - At the end of the semester, you evaluate whether your forecast is right
- Sample reports posted on Blackboard

Useful Links

- Chinese Stocks
 - [Dongfangcaifu](#)
 - [Xueqiu](#)
- International & US Stocks
 - [Investing.com](#)
 - [Yahoo Finance](#)
 - [Google Finance](#)

My Pick #1: NVIDIA

- NVIDIA has been a market leader in the chip industry.
- I feel that barrier to entry in the software market (e.g. Google) is relatively low, but I feel barrier to entry in the hardware market is quite high because of large capital needed & patent protection.
- The era of Artificial Intelligence has arrived sooner than I expected.
- OpenAI, the firm which has produced ChatGPT, is ordering so many chips from NVIDIA for the sake of high computing power.
- It is not that easy for competitors to compete against NVIDIA in the short-term.

Income Statement

All numbers in thousands

Breakdown	1/30/2024	1/30/2023	1/30/2022	1/30/2021
✓ Total Revenue	60,922,000	26,974,000	26,914,000	16,675,000
Operating Revenue	60,922,000	26,974,000	26,914,000	16,675,000
Cost of Revenue	16,621,000	11,618,000	9,439,000	6,279,000
Gross Profit	44,301,000	15,356,000	17,475,000	10,396,000
➤ Operating Expense	11,329,000	9,779,000	7,434,000	5,864,000
Operating Income	32,972,000	5,577,000	10,041,000	4,532,000
➤ Net Non Operating Interest Inc...	609,000	5,000	-207,000	-127,000
➤ Other Income Expense	237,000	-1,401,000	107,000	4,000
Pretax Income	33,818,000	4,181,000	9,941,000	4,409,000
Tax Provision	4,058,000	-187,000	189,000	77,000
✓ Net Income Common Stockhold...	29,760,000	4,368,000	9,752,000	4,332,000
✓ Net Income	29,760,000	4,368,000	9,752,000	4,332,000
➤ Net Income Including Non...	29,760,000	4,368,000	9,752,000	4,332,000
Diluted NI Available to Com Stock...	29,760,000	4,368,000	9,752,000	4,332,000
Basic EPS	12.05	1.76	3.91	1.75

My Pick #2: Tesla

- The U.S. has been hit hard due to very cold weather in winter of 2023.
- In cold weather, batteries do not charge and work really well.
- People realized that energy efficiency of electric cars is not that high.
- Yet, I feel that people are over-reacting. After a few months, I believe people will forget about the energy efficiency issue.
- Also, Tesla is thinking about installing a solar panel on the roof of its cars so that consumers can sell saved energy.
- If this technology can be commercialized, sales of Tesla cars will be great.
- So I want to hold onto this stock in the long-term.



General Advice

- Odean, Terrance. 1999. Do Investors Trade Too Much? American Economic Review, 89(5): 1279-1298
 - https://papers.ssrn.com/sol3/papers.cfm?abstract_id=94143
 - Individual investors trade too often, because they are over-confident
 - Frequent trading leads to lower investment performance due to commission fees