



Wealth Management
Dominion Securities

Ord Private Wealth Management



Update On Your Discretionary Portfolio

NVIDIA continues its run. We're taking some profits.

May 26, 2023

Dear Clients,

A few months ago, we sent out an email that highlighted one of the companies that we have owned in your discretionary portfolio for some time. That company is **NVIDIA (ticker: NVDA)**.

Fast forward to now, and if you didn't know about this company when we last mentioned it, it's very likely that you have heard the name in recent weeks as the stock price has exploded upwards. The reasons for this are a renewed frenzy around Artificial Intelligence (AI), which NVIDIA supplies many of the chips required to facilitate this technology.

Earlier this week (May 24th), NVIDIA reported their quarterly earnings after market hours. Along with strong earnings on the quarter that beat expectations, the company forecasted a massive increase in growth and revenue expectations for the next year based on the demand for their products. Analysts and market participants were extremely impressed with this updated forecast, and the price of NVDA shot up 25% in one day. **It is currently up over 165% YTD as of writing!!**

We continue to believe that NVIDIA is a company to own as part of a diversified portfolio. However, when you see stock gains of this magnitude in such short order, proper risk management is quite important. NVIDIA is now valued at almost \$1 Trillion dollars as a company. Perhaps that is warranted based on the future growth prospects, but some of that valuation could be attributed to investors piling in due to their fear of missing out (FOMO). As we have been investors in this company for quite a while, we can take these opportunities to reduce exposure.

On Thursday morning, we sold some NVDA at a price of \$376.27 after the earnings report. We still own NVDA as a 3.5% position in our US Equity model, so you will retain exposure to this company should it continue to run up. However, the holding is now at a reasonable size that will have less downside risk should the recent run start to reverse itself.

We will continue to monitor the portfolio for tactical changes as they come up. So far 2023 is a fine example of not giving up on quality companies just because their stock price goes down in the short term. Holdings in the portfolio such as Apple (**AAPL: 35%**), Amazon (**AMZN: 43%**), Alphabet (**GOOG: 41%**), Microsoft (**MSFT: 39%**), NVIDIA (**NVDA: 167%**), Uber (**UBER: 55%**) and Palo Alto Networks (**PANW: 52%**) are now up significantly from their 2022 lows (*all returns noted in brackets are YTD*). Back in the fall, many quality growth stocks were being tossed aside by some due to concerns about inflation, interest rates and general fear in the markets about recession. However, the past few months should serve as a reminder that extremely pessimistic markets should be viewed as an opportunity, and not a time to panic.

Please feel free to contact us directly if you have any questions.

Best regards,

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