



May 31, 2024

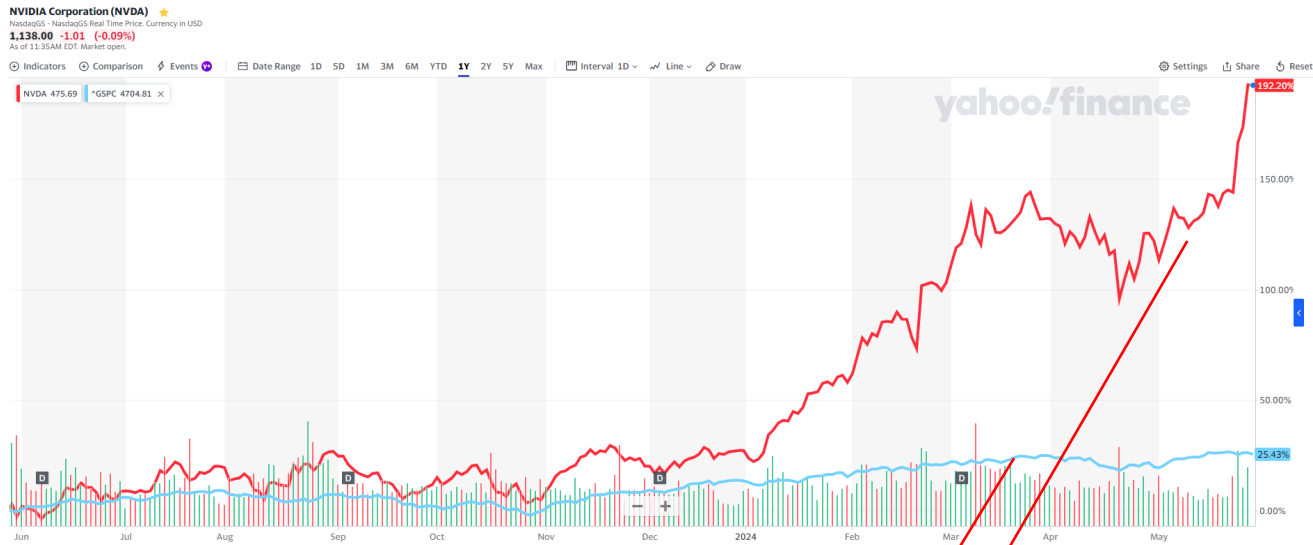
Dear Client,

It is now post-May long weekend, which unofficially is the start of Summer. We hope you enjoy the next few months.

The reason for this letter is to give you an update of the investment markets, specifically the U.S. stock market and NVIDIA in particular.

Part 1. NVIDIA in Context

If you watch the financial media, it constantly talks about how NVIDIA is doing and how it is tied to the current technology trend of Artificial Intelligence and cryptocurrency mining. This is absolutely true.



Source: Yahoo Finance May 29, 2024

S&P500 index trailing 12 months
vs. NVIDIA up way more over the same period

It is clear the “Magnificent 7”¹ is pulling up the entire performance of the S&P500. These are 7 large technology stocks that have massively outperformed the broad market, led by NVIDIA. The 7 companies are NVIDIA, Alphabet (formerly Google), Amazon, Apple, Meta (formerly Facebook), Microsoft and Tesla.

¹ <https://www.investopedia.com/magnificent-seven-stocks-8402262>

We are very cautious about most of these 7 names, and note Tesla has become a fallen angel since the start of this year. The only name we have held for clients on a long-term basis is Microsoft. It is not that we think they are bad companies, on the contrary we applaud the quality of the management teams. *However, we believe there is a large element of price momentum in these names, especially NVIDIA.*

Price momentum means people are buying simply because the prices are going up. This is not necessarily a good thing as there is not a lot of fundamental support (like earnings) for the share price and what goes up quickly can come down just as quickly.

Recall when Tesla was bigger than the other automakers, yet it made the fewest cars. In Canada, Shopify was worth more than the Royal Bank despite making only a fraction of RBC's profits. Price momentum as the primary driver of share price is very risky.

Part 2. Alternatives

We believe the names outside of big tech have languished and they are not just profitable but are significantly cheaper. To give some sense of how outrageous the disparities are we put together a random list of 10 non-technology blue chip stocks compared to NVIDIA. The figures are in billions of US dollars as of this writing.

Company	US\$ B of Market Capitalization	versus	Company	US\$ B of Market Capitalization
NVIDIA	\$2,816		PepsiCo	\$237
			Bank of America	\$302
			Pfizer	\$147
			JP Morgan Chase	\$569
			Walt Disney	\$185
			McDonalds	\$181
			3M Company	\$54
			Union Pacific Corp	\$139
			Walmart	\$525
			Johnson & Johnson	\$347
			Total	\$2,686

Source: Yahoo Finance at 29MAY2024

We are floored at what we see. The market capitalization of NVIDIA is bigger than the total of these 10 stocks *combined*. These companies are leaders in their industry like NVIDIA and the price momentum risk is likely much lower than NVIDIA's. In other words, we believe the risk/reward strongly favors these 10 blue chip stocks compared to NVIDIA.

Part 3. Summary

We say the market has *bad breadth* when a small number of names go up, but the remaining names languish. As we have pointed out in Part 1, this happens regularly, and the result can be a share collapse accelerated by faltering price momentum.

Currently we are seeing NVIDIA's share price go parabolic and leave the rest of the market behind, and we believe there is significant valuation risk. We do not generally own NVIDIA directly for client accounts as we believe there is a risk of the share price plunging.

As an alternative, we have found many non-technology names to be fertile ground for investing. The 10 blue chip names we mentioned are not necessarily an investment recommendation, as that will depend on your risk tolerance and other factors. Our purpose for this letter is to give our clients an example of our thoughts on the current stock market and give you a qualitative assessment of where we see the best and worst risk/reward at this time.

Please enjoy the rest of your Summer and do not hesitate to contact us if you have any questions.

=====

Thank you for entrusting us with your investments. As always, we welcome your questions and comments. You can [contact](#) GIM by telephone: 1.888.436.9955, fax: 1.866.541.7947 or email: invest@gold-im.com

Yours truly,

GOLD INVESTMENT MANAGEMENT LTD.

DISCLAIMER

Gold Investment Management Ltd. ("GIM") is registered as a portfolio manager in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia and as an investment adviser with the U.S. Securities and Exchange Commission. This material is provided to you for informational purposes only. For greater certainty, the information contained herein should not be construed as a recommendation of any specific model portfolios or investment actions. Any third-party information contained herein has been compiled from sources believed to be reliable, however, GIM makes no representation or warranty, express or implied, as to its accuracy or completeness. Any market prices and estimates in this report are for informational purposes only. The opinions contained herein are effective as at the date of the report and GIM does not assume any responsibility for advising the reader of any subsequent change of opinion. Any indications of past performance contained herein is not indicative of future results and any information with regard to the performance of GIM's investment portfolios is presented gross of fees which will vary from mandate to mandate. For additional information please visit our website: <https://gold-im.com/legal/>.