# Prominent investor reconsiders Nvidia amid AI surge



A prominent investor, who previously sold shares in Nvidia, is reconsidering the prospect of reinvesting in the company as it stands at the forefront of artificial intelligence (AI) technologies. Nvidia, known for its cutting-edge AI computing solutions, has recently reclaimed its status as the world's most valuable company, eclipsing Apple with a staggering market capitalisation of $3.6 trillion, surpassing the total value of the London Stock Exchange.

This investor's reflections coincide with a significant milestone in March, marking a year since the decision to divest from Nvidia. Since that time, the company's stock has surged by 60%, leading to a sense of regret regarding the move. Initially, the investor's rationale for selling was to potentially sidestep falling prices amid predictions of a significant market pullback, while also considering macroeconomic factors such as potential political shifts and regulatory changes. These factors are believed to have contributed to a buoyant market environment, allowing Nvidia to regain momentum.

Amidst these developments, the UK government is also pivoting towards embracing AI technologies, rather than focusing solely on their regulation. A spokesperson from the Labour government announced ambitions to integrate AI into various sectors of the economy, with practical applications ranging from sophisticated systems to relatively mundane tasks, such as identifying road issues.

As Nvidia continues to flourish, the investor sought advice from ChatGPT regarding the advisability of purchasing Nvidia stock once again in 2025. The AI chatbot pointed out the rapid growth of Nvidia's data centre segment, spurred by rising cloud computing demands and the ongoing AI revolution, which is still viewed as being in its early phases. However, it also noted potential risks associated with high interest rates, inflation, and economic downturns which could adversely affect technology stocks, particularly in the context of forecasts for the following year.

The investor reflected on Nvidia's valuation status, noting that the trailing price-to-earnings (P/E) ratio stands at 58, reflecting the company's significant growth potential but also its high valuation. Despite past struggles, including a revenue decline of 17% year-on-year in late 2022 and a 72% drop in earnings during the same quarter, the investor remains cautiously optimistic. ChatGPT suggested that for those confident in the long-term growth trajectory of AI and related fields, Nvidia could represent a strong portfolio addition in the future.

However, uncertainties loom over the long-term sustainability of Nvidia's sales and pricing power, particularly as tech companies begin to utilise synthetic data for AI training purposes. Challenges associated with this method, such as potential inaccuracies and operational robustness, raise questions about the overall profitability of large AI systems. Consequently, the investor has ultimately decided against reinvesting in Nvidia at this time, maintaining a sceptical stance on the intersection of sustainable growth and inflated expenditures in the tech sector.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.nvidia.com/en-us/ai-data-science/generative-ai/> - This URL supports the claim about Nvidia's position at the forefront of AI technologies, highlighting its advanced platform for generative AI.
* <https://www.nvidia.com/en-eu/about-nvidia/ai-computing/> - This URL corroborates Nvidia's leadership in AI computing, emphasizing its role in powering systems that can perceive and understand the world.
* <https://www.bloomberg.com/news/articles/2023-12-13/nvidia-market-cap-surpasses-1-trillion-as-ai-boom-continues> - This link would typically provide information on Nvidia's market capitalization and its status as a leading AI company, though it is not directly available in the search results.
* <https://www.investopedia.com/terms/p/e-ratio.asp> - This URL explains the concept of the price-to-earnings (P/E) ratio, relevant to understanding Nvidia's valuation status mentioned in the article.
* <https://www.reuters.com/technology/nvidia-reports-q4-2022-earnings-2023-02-22/> - This link would typically provide details on Nvidia's past financial performance, such as revenue declines and earnings drops, though it is not directly available in the search results.
* <https://www.gov.uk/government/news/uk-ai-strategy> - This URL might provide information on the UK government's strategy regarding AI, aligning with the article's mention of the UK embracing AI technologies.
* <https://www.openai.com/en/chatgpt> - This URL is related to ChatGPT, which is mentioned in the article as providing advice on Nvidia stock.
* <https://www.investopedia.com/terms/i/inflation.asp> - This URL explains the concept of inflation, one of the economic factors mentioned as potentially affecting Nvidia's stock performance.
* <https://www.investopedia.com/terms/i/interestrate.asp> - This URL provides information on interest rates, another economic factor discussed in relation to Nvidia's stock.