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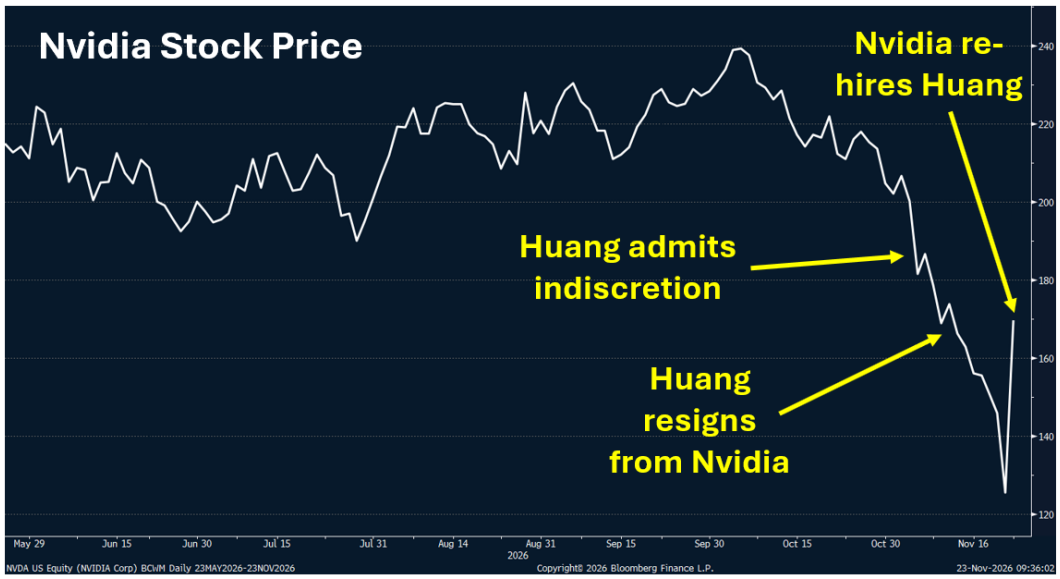


Portfolio Management

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Jensen Huang, the ex-CEO and now-reinstated CEO of Nvidia, has had quite a November. Then again, so has everyone who is invested in the stock market.

After Huang's "Coldplay Moment," he is back in charge at Nvidia. His resignation earlier this month, following revelations about his personal life and potential national security concerns, sent Nvidia shares tumbling (over 25% in nine days). But less than two weeks later, with encouragement from the Trump Administration, the board reversed course, Huang returned, and investors are celebrating by sending the stock soaring today.



If this sounds familiar, you may recall that in 2023 the board of OpenAI, the company that created ChatGPT, fired their CEO, Sam Altman, only to reinstate him days later after employees and investors revolted. Apparently, firing the people behind the AI revolution is easier said than done.

For years, Nvidia could do no wrong. From 2019 through 2024, its stock gained an astonishing 86% annually, eventually accounting for roughly 8% of the S&P 500. But its recent performance tells a different story. Since 2024, Nvidia has underperformed the S&P 500, and you would have been better off investing in the broader market.

Of course, Nvidia's influence extends well beyond its stock price. The company supplies much of the computing power behind artificial intelligence, and its investments, partnerships, and financing arrangements have helped fuel the extraordinary buildout of AI infrastructure. With hundreds of billions of dollars

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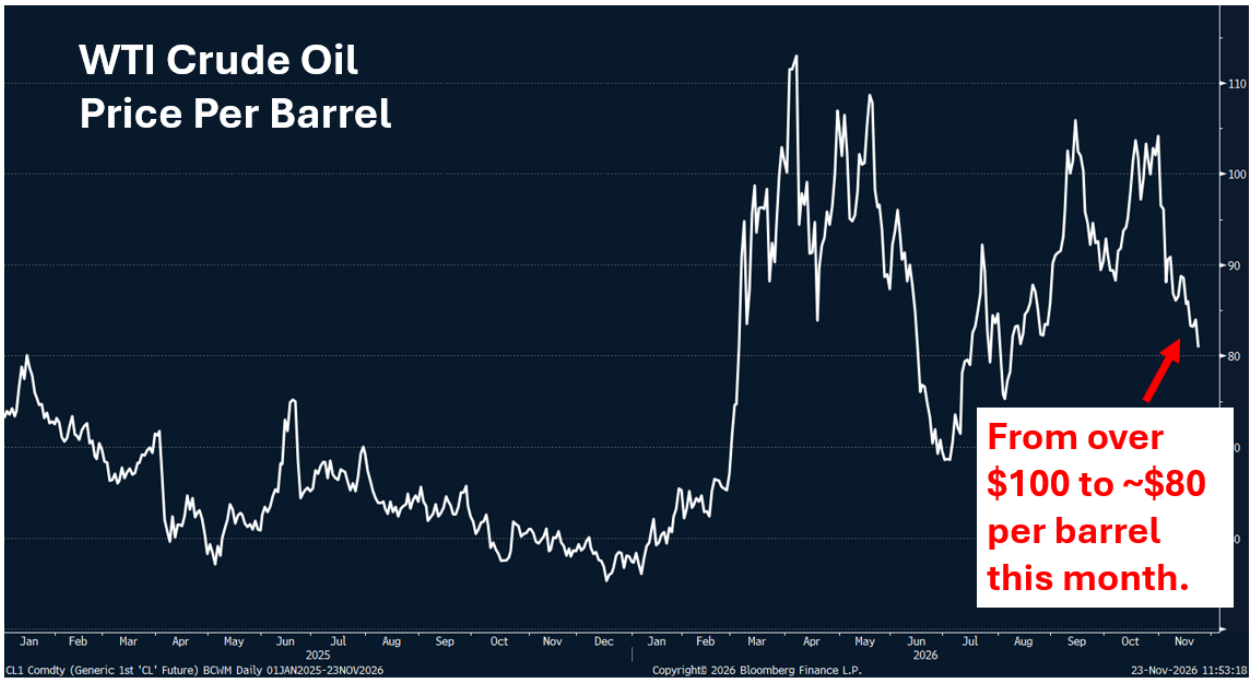
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being committed to data centers and related projects, the industry has become a meaningful contributor to economic growth.

Whether the fortunes of AI should rest on the shoulders of one individual is a fair question. But the market's reaction made one thing clear: investors believe Huang's leadership matters, not just to Nvidia, but to the broader AI economy.

The latest rally is quite a turnaround from where we were just days ago. In fact, November has been such a roller coaster that it's easy to forget we started the month with an election. And it wasn't exactly a quiet one. What looked like a blue wave became a blue tsunami. Democrats swept both chambers of Congress, flipping nine Senate seats, and making surprising gains in traditionally Republican strongholds, including Kansas, Texas, and Mississippi.

Markets initially reacted negatively, with stock futures falling as the results became clear, but by mid-day the following afternoon, stocks rallied sharply. The market seemed to like the prospect of a divided government that could limit sweeping policy changes. And oil prices fell, with the hope that an end to the Iran war might be within reach.



As we explained last month, oil touches virtually everything in society, from the food on our tables to the infrastructure needed to deliver all products. Lower oil prices would be a welcome development for consumers, businesses, and an economy still wrestling with inflation.

Of course, divided government comes with its own challenges. There's a good chance that very little will be accomplished over the next two years, since President Trump still wields veto power and it takes a 2/3 majority in both houses of Congress to override a presidential veto. And while in the past bi-partisanship has won the day, the bi-polar nature of today's administration and Congress makes us skeptical. We hope we are wrong.

Another story that in any other month might have dominated headlines for weeks was Anthropic's historic initial public offering (IPO). The Claude-creator made its stock-market debut under the ticker ANT. The company raised

a record $81 billion in its IPO, valuing the business at $1.5 trillion. For some context, the company was founded just five years ago and has yet to turn a profit.

However, the enthusiasm is understandable. AI is advancing at a remarkable pace, and the economic benefits are enormous. Many believe the technology will take us into entirely new frontiers, much like electricity or the internet, where the most useful applications are not always foreseeable. Investors in Anthropic are betting that the hundreds of billions of dollars they are spending on future computing infrastructure will pay off. The question investors must ask when they purchase the stock is “How much of that future success is already reflected in today's stock price?”

It's a question worth remembering following a month that gave investors plenty of reasons to react: political upheaval, Jensen's dramatic exit and return, and the largest IPO in history. And react they did. But while headlines can drive dramatic swings in stock prices, our job at BCWM is to look beyond the headlines, remain focused on the long term, and distinguish between a great story and a great investment.

With Thanksgiving just around the corner, we'd be remiss not to mention what we're most thankful for: you, our client. We appreciate the confidence you place in us, the relationships we've built with you, and the opportunity to be part of your financial lives. We wish you and your families a Happy Thanksgiving!

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