

# NEXT INVESTOR

M A G A Z I N E

EMPOWERING THE NEXT GENERATION OF INVESTORS

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*finance / investing / financial independence /  
innovation / entrepreneurship*



# CONTRIBUTERS

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## GAARGI BORA

Gaargi Bora is a junior in high school. She founded Next Investor her sophomore year to share her interest in investing with other young people. In her free time, she enjoys baking and spending time with friends.

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## LIAM CHEN

Liam Chen is a 9th grade student at Ridge High School. He is currently learning finance and is looking to go into the investment sector. Liam spends his free time playing tennis.

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## KIRSTEN KRALL

Kirsten Krall is currently a Sophomore in high school. She has an interest in a business career and enjoys hanging out with her friends and playing soccer.

# AI'S ROLE IN NVIDIA'S GROWTH

GAARGI BORA

**Table 1.** Balance Sheet for Leading AI Companies

Breakdown	NVDA	AAPL	MSFT	GOOGL	AMZN
TTM	28-Apr	30-Jun	30-Jun	30-Jun	30-Jun
Cash Balance	25.98	61.56	75.53	110.92	86.78
Debt Balance	12.12	145.31	125.29	81.81	164.92
Operating Cash Flow	40.52	113.04	118.55	105.06	107.95
Earnings	42.60	101.96	88.14	87.66	44.42
Research & Development	9.52	30.91	29.51	47.13	--
P/E Ratio [as of 15-08-2024]	71.02	34.05	32.30	22.94	41.49

Source: Yahoo Finance

Note: All values (except for "P/E Ratio") are in billions of USD.

Recent market trends have shown that companies in the AI sector have risen at a disproportionate rate relative to other stocks. The AI industry has seen remarkable growth in recent years, driven by advancements in technology. Companies in the AI ecosystem, such as Nvidia and Microsoft, have seen significant increases in their stock prices and market valuations.

Smaller companies have also undergone notable growth, but to a lesser degree than industry giants such as Microsoft and Nvidia. The majority of Nvidia's customers include Microsoft, Meta, Google Cloud, and AWS. As Microsoft Copilot continues its relationship with OpenAI, Microsoft will continue to purchase NVDA chips to build out their AI capabilities.

Over the next five years, approximately one trillion US dollars are expected to be invested in data centers. This surge in investment will lead to increased semiconductor orders, significantly benefiting Nvidia.

One reason for Nvidia's rapid growth is because of its position as the leading GPU supplier and its high multiples, which cause its stocks to rise faster but also make the company more volatile. Nvidia's earnings multiple (or P/E ratio) is currently 71.02x (Table 1) and is expected to decrease to 32.5x by 2026.

The continued evolution and advancement of AI is contingent on its ability to enhance productivity across industries, sustaining demand and justifying continued investments. The future success of AI companies depends on their ability to maintain competitive advantages (like Nvidia's market share dominance), innovate continuously, and navigate complex geopolitical challenges.

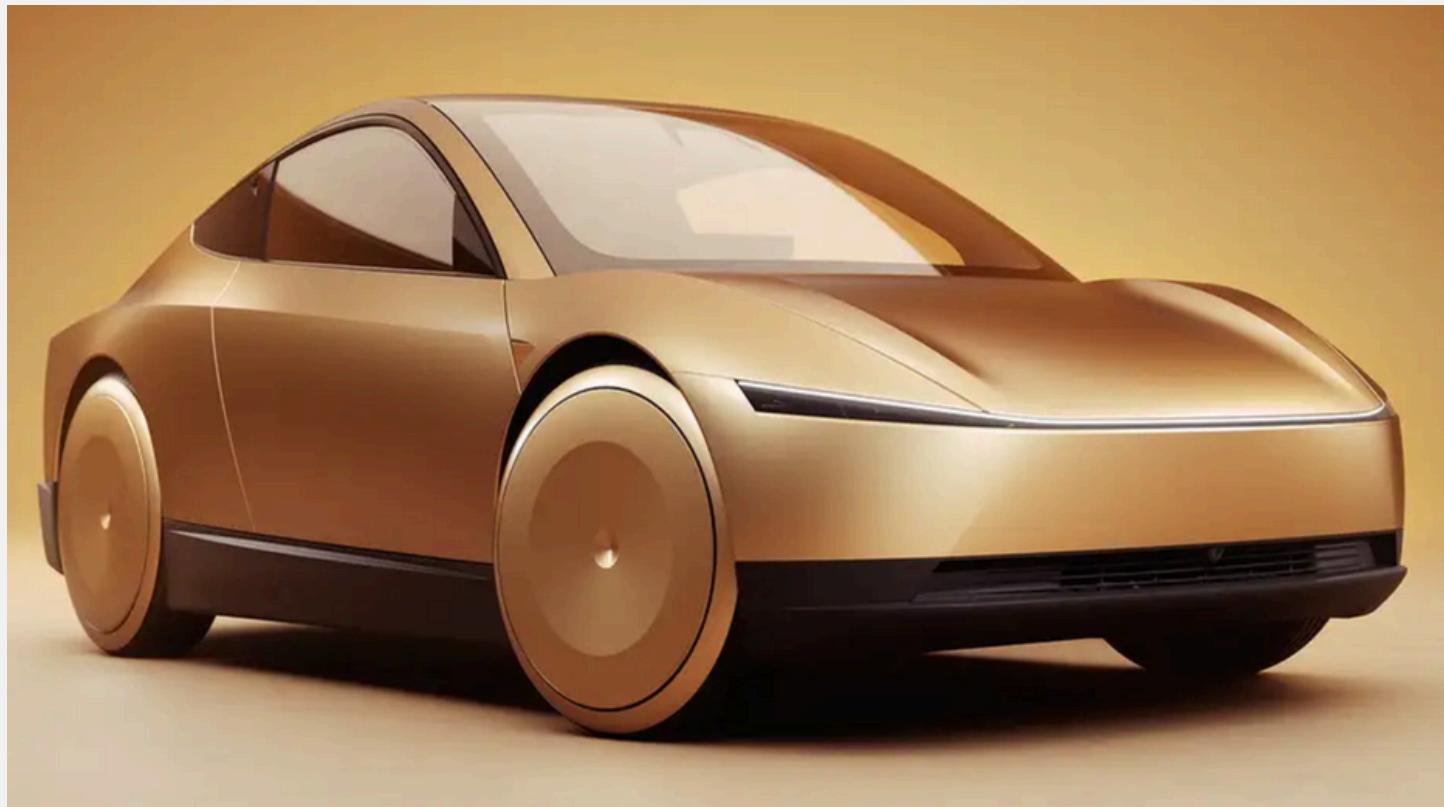


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# TESLA'S FUTURE

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LIAM CHEN



In November and December 2024, Tesla gained near 50% of its stock value following President Donald Trump's election. However Over the past month, Tesla (TSLA) has experienced a notable decline, losing 14.4%.

Tesla faces many challenges, including a probe opened by the National Highway Traffic Safety Administration after four reported fatal crashes by consumers using Tesla's Actually Smart Summon feature. Next, on January 2nd, the company reported their vehicle deliveries for Q4 2024. Deliveries were 495,570 for Q4, falling short of the previous consensus estimate of just under 507,000. Furthermore, another EV car making company, BYD, experienced much higher growth than Tesla in 2024. However, Tesla is an extremely volatile stock, and its stock often reflects overreactions to news. Additionally, the company is still up over 80% in the past year.

Tesla also recently announced plans for a robotaxi, which will be a completely self-driving car. Overall, the market is hopeful for the future of AI and related sectors and a majority of analysts rate Tesla a "strong buy," so Tesla seems like it will continue to develop and lead the EV industry.

# GUIDE TO INVESTING

KIRSTEN KRALL

Imagine a world where your money works for you, growing steadily while you sleep, study, or hang out with friends. Sounds like a dream, right? Well, welcome to the world of investing! It's not just for Wall Street wizards or the super-rich; anyone can start investing and reap the benefits. Let's dive into the basics and see how you can get started on your journey to financial freedom.

## What is Investing?

At its core, investing is all about putting your money into assets like stocks, bonds, or mutual funds with the hope that they'll grow over time. Think of it as planting a tree: you start with a small seed (your initial investment), and with time and care, it grows into a strong, flourishing tree (your wealth).

## Why Should You Invest?

- Beat Inflation: Inflation is the gradual increase in prices over time, which means your money loses value if it just sits in a savings account. Investing helps your money grow faster than inflation, preserving your purchasing power.
- Build Wealth: Investing allows you to take advantage of compound interest, where the returns on your investments generate their own returns. This snowball effect can significantly boost your wealth over time.
- Achieve Financial Goals: Whether it's buying a car, funding your education, or saving for retirement, investing can help you reach your financial goals faster.

## How to Get Started

1. Educate Yourself: Knowledge is power. There are tons of resources, from books and blogs to podcasts and online courses, that can help you understand the basics of investing.
2. Set Clear Goals: Determine what you want to achieve with your investments. Are you saving for a short-term goal like a vacation, or a long-term goal like retirement? Your goals will influence your investment strategy.

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*"There will be ups and downs, but with patience, discipline, and a solid plan, you can build a brighter financial future."*



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3. Start Small: You don't need a lot of money to start investing. Many platforms allow you to begin with just a few dollars. The key is to start early and be consistent.

4. Diversify: Don't put all your eggs in one basket. Spread your investments across different asset classes (stocks, bonds, real estate) to reduce risk and increase potential returns.

5. Stay Patient: Investing is a marathon, not a sprint. The market will have ups and downs, but staying patient and sticking to your plan will pay off in the long run.

### **Types of Investments**

Now that you have a basic understanding of investing, let's explore some of the most common types of investments you can consider:

1. Stocks: When you buy a stock, you're purchasing a small piece of ownership in a company. Stocks have the potential for high returns, but they also come with higher risk. Companies like Apple, Amazon, and Tesla are popular choices, but it's important to research and diversify your stock investments.

2. Bonds: Bonds are essentially loans you give to a government or corporation in exchange for periodic interest payments and the return of the bond's face value when it matures. They're generally considered safer than stocks but offer lower returns.

3. Mutual Funds: These are collections of stocks, bonds, or other securities managed by professional investors. They provide diversification and are a good option if you prefer a hands-off approach.

4. Exchange-Traded Funds (ETFs): Similar to mutual funds, ETFs are collections of securities that trade on an exchange like a stock. They offer diversification and can be bought and sold throughout the trading day.

5. Real Estate: Investing in real estate involves purchasing property to generate rental income or to sell at a higher price in the future. It can be a stable investment, but it requires more capital and management effort.

6. Cryptocurrencies: Digital currencies like Bitcoin and Ethereum have gained popularity as alternative investments. They can offer high returns but are extremely volatile and risky.

### **Tips for Successful Investing:**

1. Do Your Research: Before investing in anything, take the time to understand what you're getting into. Read up on the company, the market, and the risks involved.

2. Stay Informed: Keep up with financial news and market trends. This will help you make informed decisions and adjust your strategy as needed.

3. Have a Plan: Develop a clear investment plan that outlines your goals, risk tolerance, and time horizon. Stick to your plan and avoid making impulsive decisions based on market fluctuations.

4. Control Your Emotions: Investing can be an emotional rollercoaster. Fear and greed can lead to poor decisions. Stay disciplined and focus on your long-term goals.

5. Seek Professional Advice: If you're unsure about where to start or how to manage your investments, consider consulting a financial advisor. They can provide personalized guidance based on your financial situation.

### **The Future of Investing**

The world of investing is constantly evolving, with new opportunities and technologies emerging all the time. Robo-advisors, for example, use algorithms to create and manage investment portfolios, making it easier for beginners to get started. Additionally, sustainable investing, which focuses on companies that have a positive impact on the environment and society, is gaining traction among socially conscious investors. As you embark on your investing journey, remember that it's a long-term commitment. There will be ups and downs, but with patience, discipline, and a solid plan, you can build a brighter financial future. So, take the plunge, start small, and watch your money grow.

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*Happy investing, your future self will thank you!*