

Why Investors Keep
FORGETTING WHAT THEY HAVE
ALREADY LEARNED!

PRESENTED BY
IAIN POWER



Why do investors keep forgetting?





Invest in the value of **experience.**

>R160bn

AUM

Independent

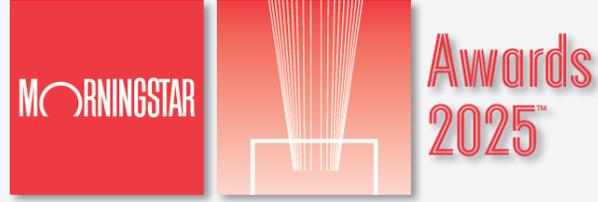
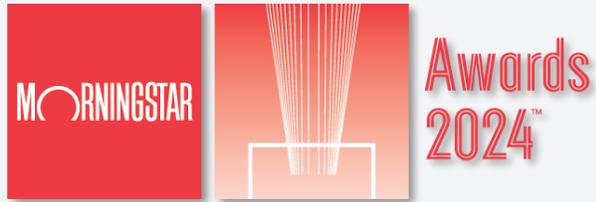
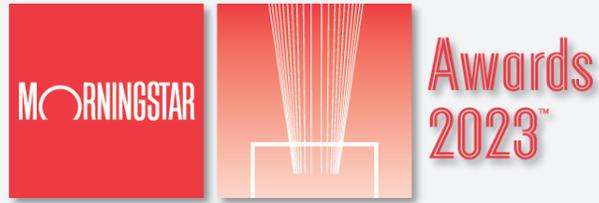
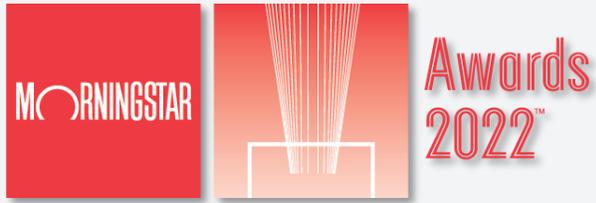
Owner-managed

18yrs old

Truffle est. 2008

>30

Industry awards



There are 2 types of financial bubbles

Speculative
bubbles

Inflection
bubbles





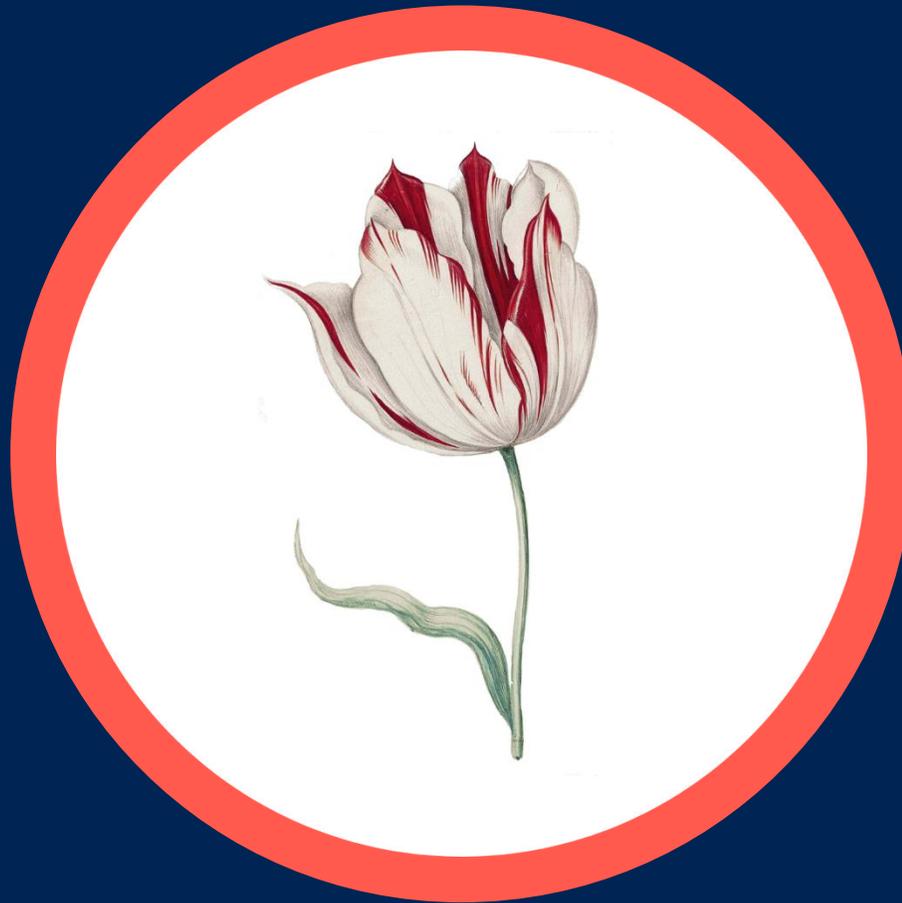
Speculative
bubbles

Tulipmania 1637

Speculative bubbles

Tulipmania

1637



1 Semper Augustus

tulip bulb could fetch
10 000 Guilders

(\$10 million today)

which was equal to...

Speculative bubbles

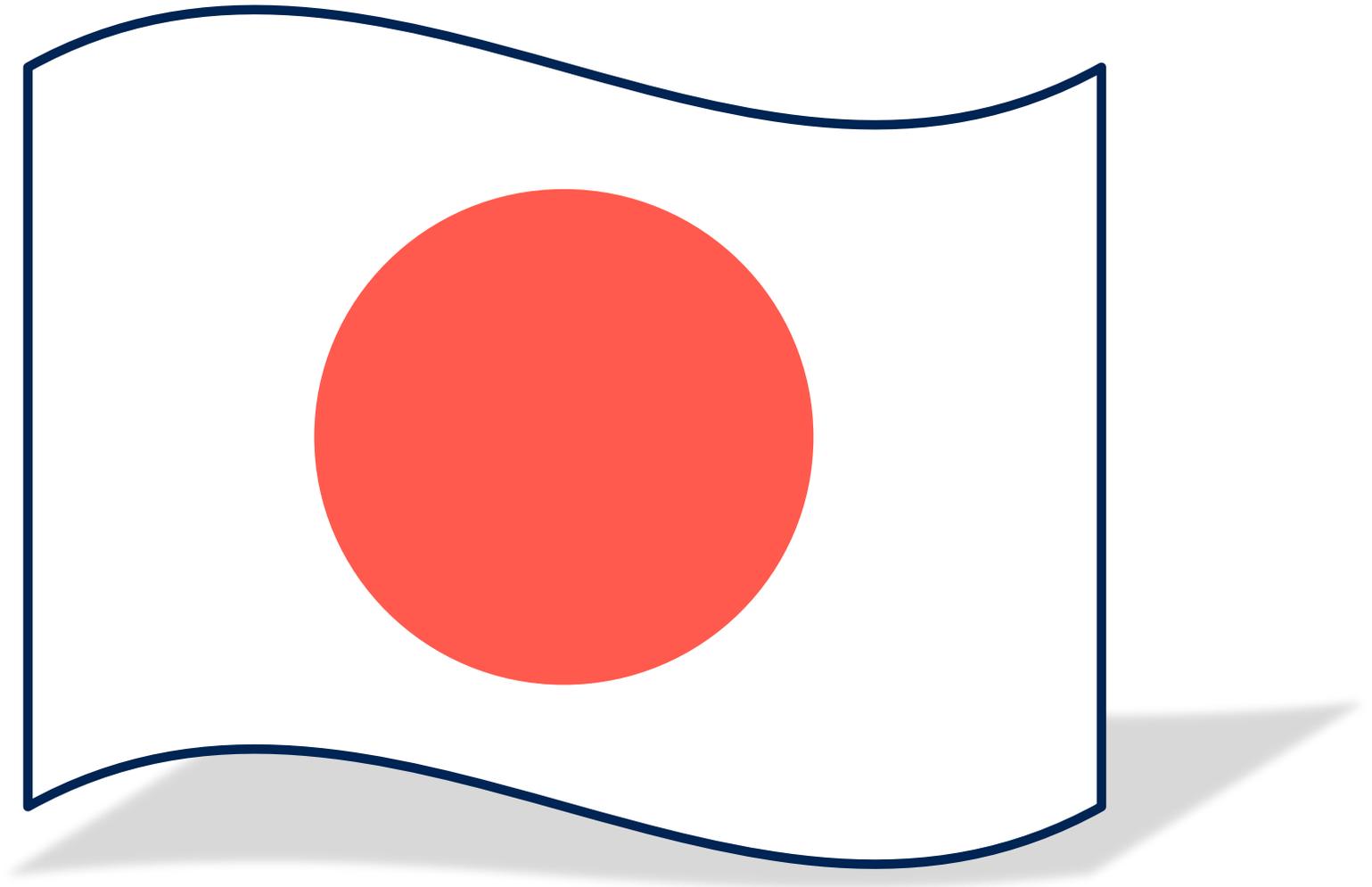
Tulipmania

1637



Speculative bubbles

**Japanese
asset price
bubble
1989**



Speculative bubbles

Japanese asset price bubble 1989



NIKKEI 225: THE BUBBLE & BEYOND.
(1980-2006)



Speculative bubbles

Japanese asset price bubble 1989

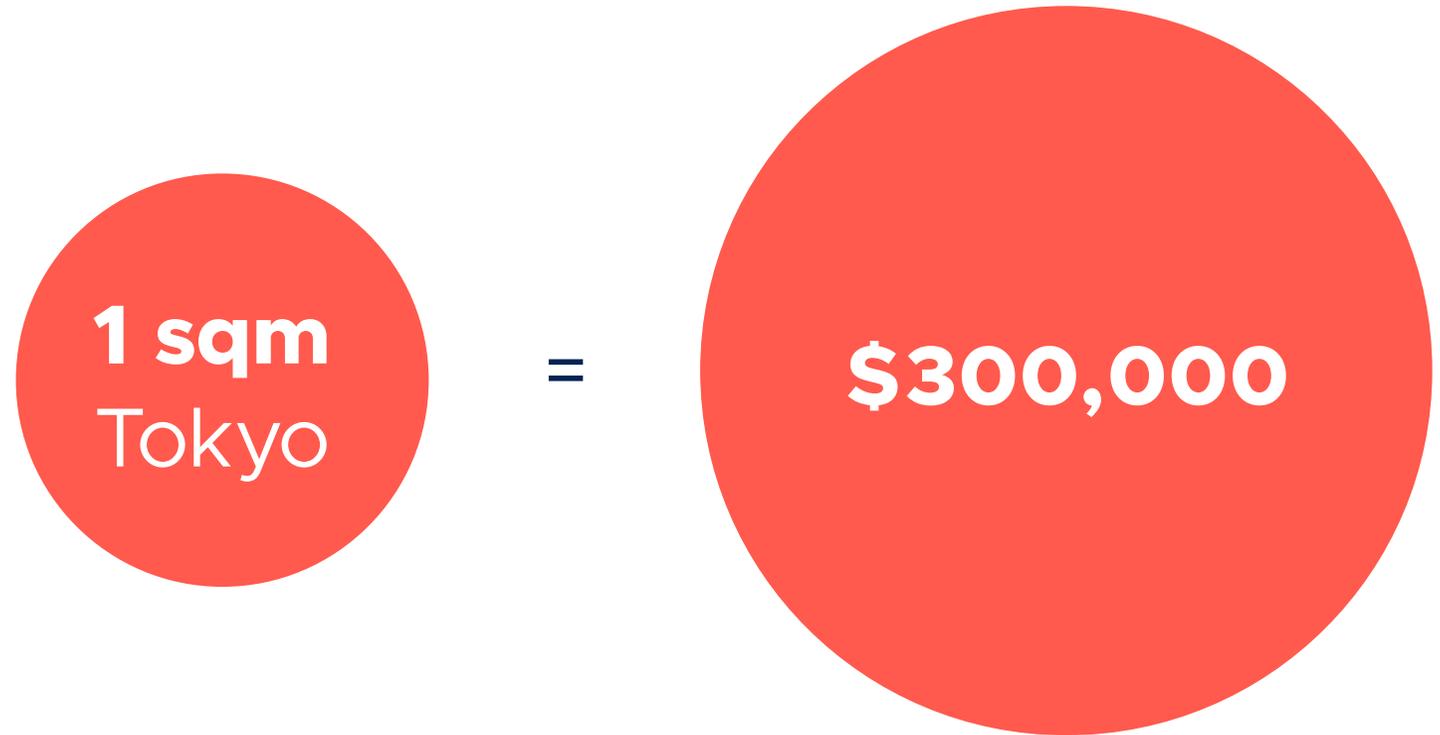


Golf club membership



Speculative bubbles

Japanese asset price bubble 1989



Speculative bubbles

Japanese asset price bubble 1989



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There are 2 types of financial bubbles

Speculative
bubbles

Inflection
bubbles



Inflection
bubbles

Dot.Com 2000

Company	P/E Ratio	Market Cap	Losses from peak
Lucent Tech	77X	\$200bn	-99%
Cisco Systems	120X	\$550bn	-86%
Oracle	100X	\$250bn	-85%
Intel	60X	\$500bn	-82%
Microsoft	80X	\$600bn	-65%
IBM	25X	\$200bn	-60%
General Electric	40X	\$500bn	-55%
Citigroup	18X	\$200bn	-50%
Walmart	45X	\$250bn	-28%
Exxon Mobile	31X	\$270bn	-25%

Inflection bubbles

145 million km
fiber installed



Over capacity
High speed
connectivity



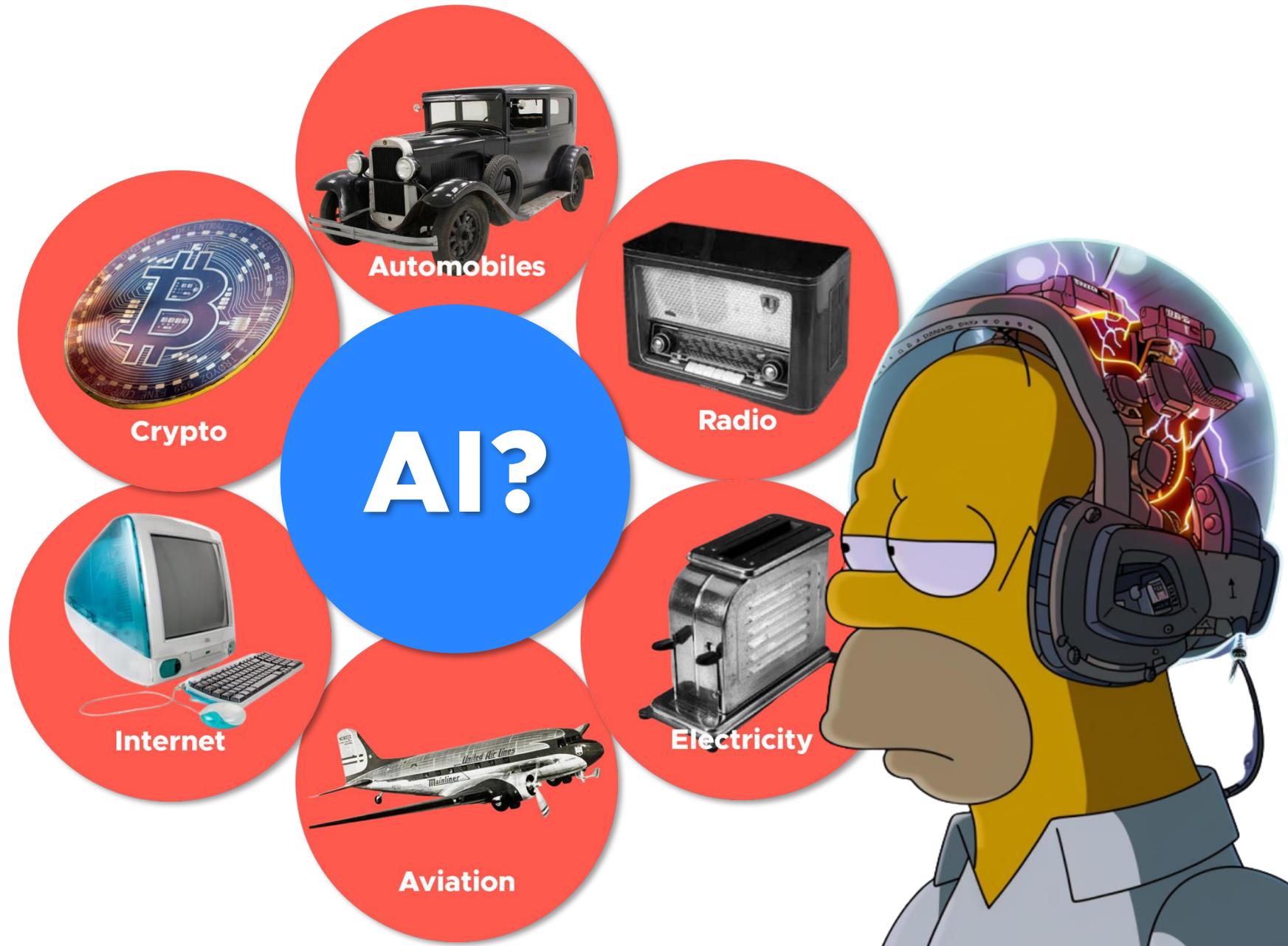
Affordable
connectivity

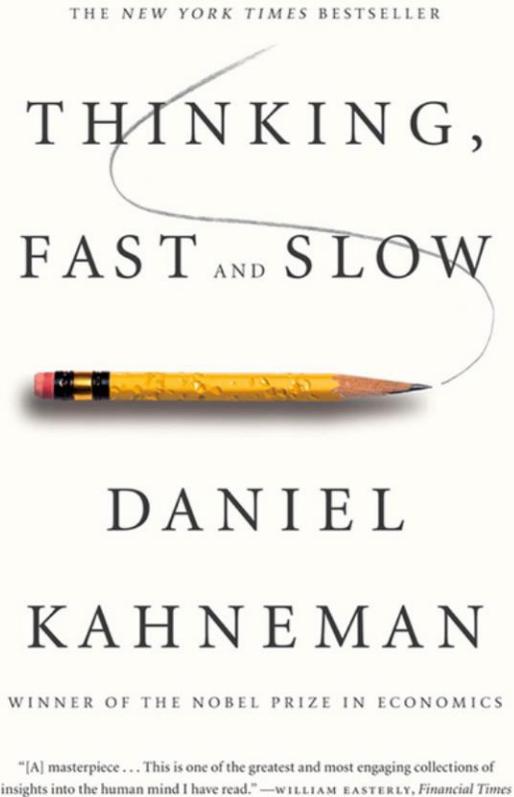


Benefits of the Dot.Com Bubble 2000

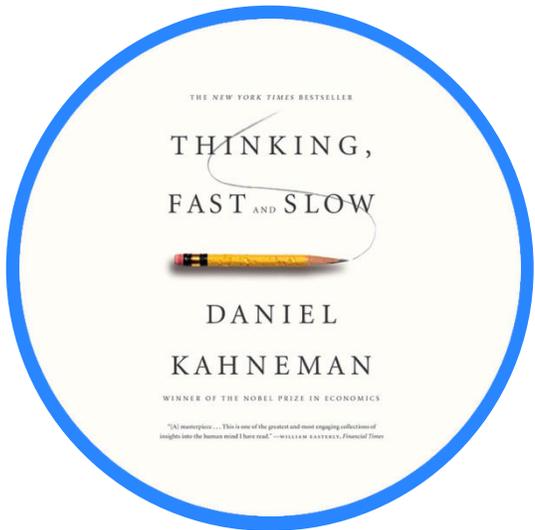
How do inflection bubbles ignite?

Almost always triggered by a new revolutionary idea





Given the regularity of bubbles, it's clear that **investors don't learn from history** despite the study of behavioral finance.



Instantaneous. Automatic. Intuitive. Emotional.

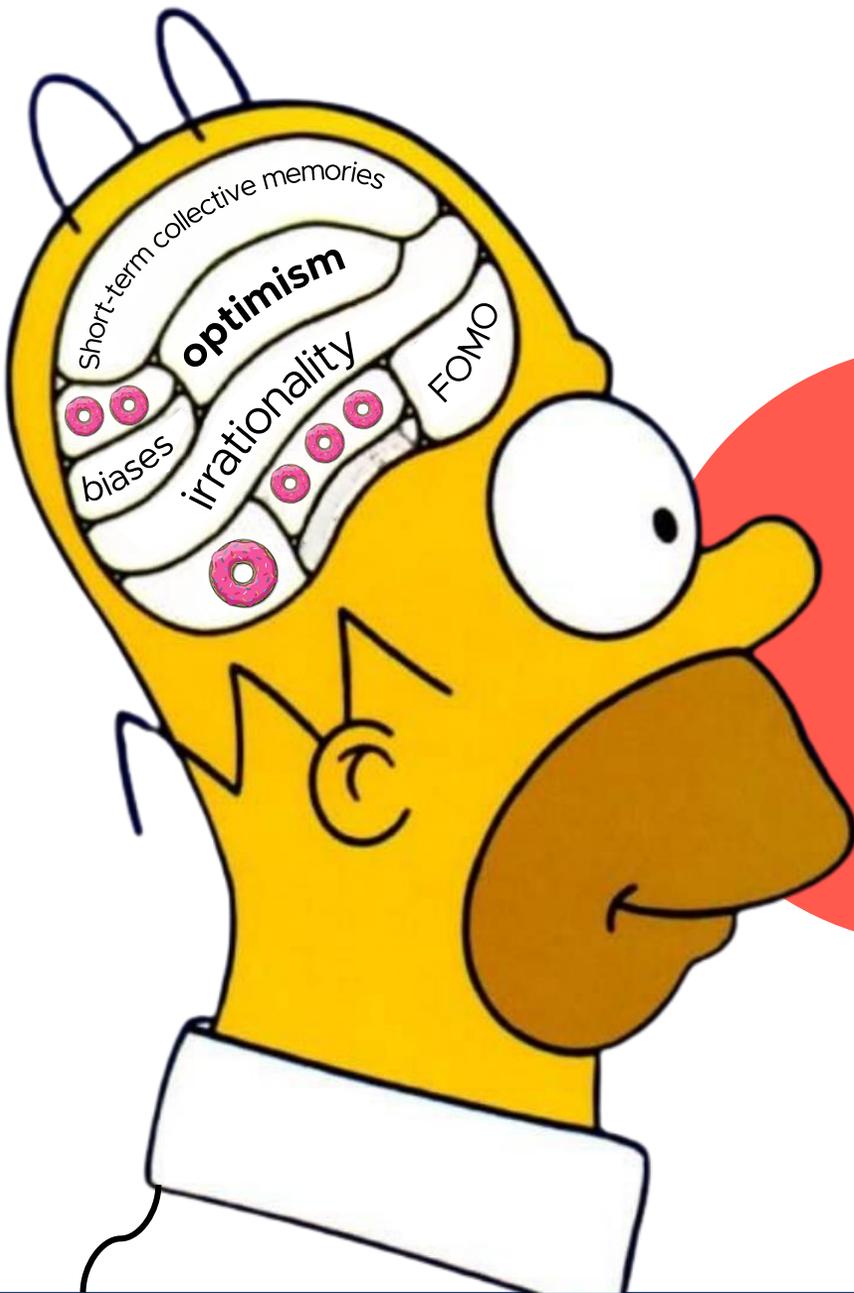
Thinking
Fast

Deliberate. Logical. Effortful. Conscious.

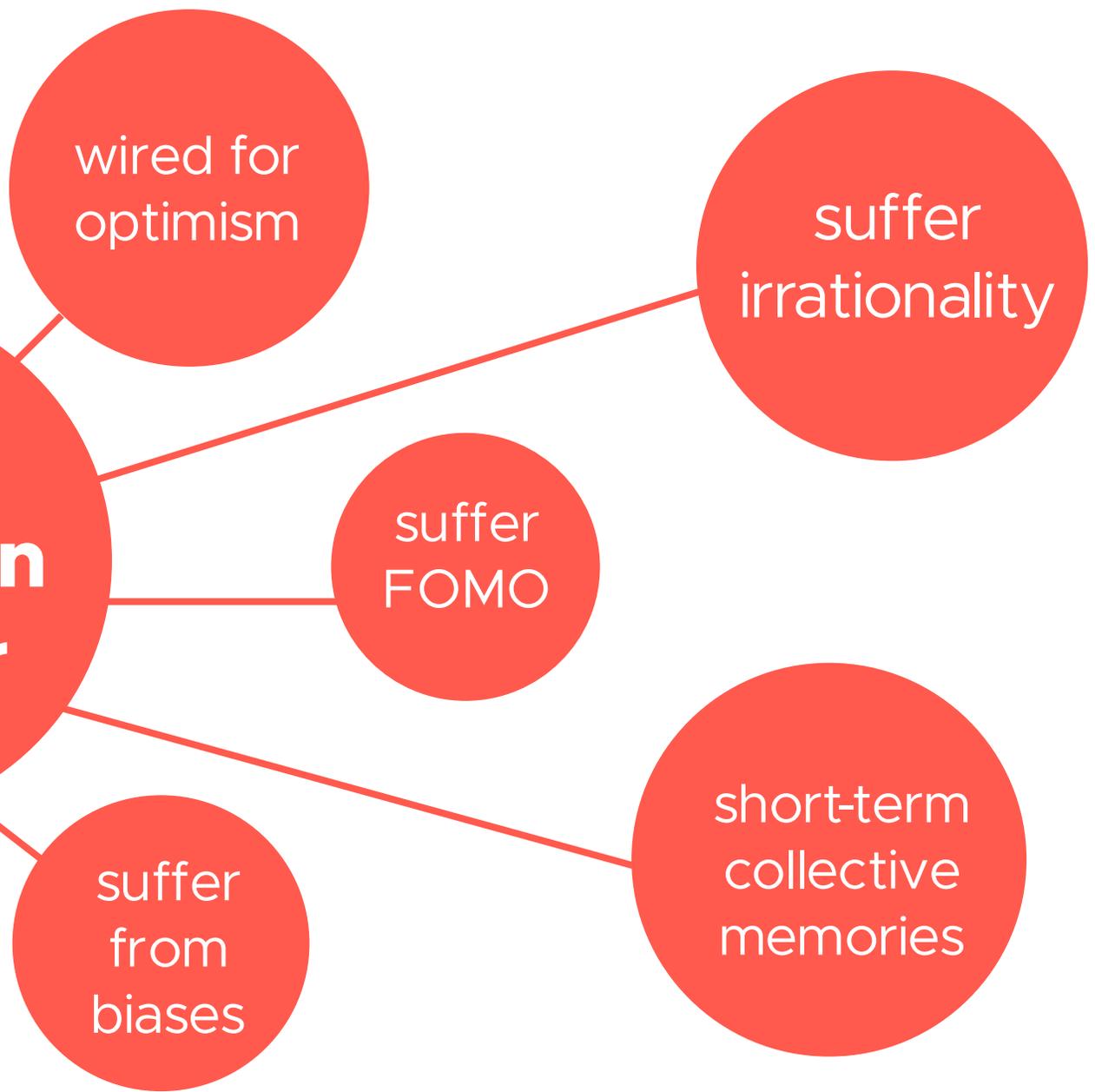
Thinking
Slow

Thinking fast is
evolutionary.





the human factor



The inflection bubble checklist



Is AI in an inflection
bubble?

**New revolutionary
technology?**



Is AI in an inflection bubble?

**Is there
hype?**



Is AI in an inflection bubble?

Massive capex rollout?

	Dot.Com	AI
Capex to Revenue	40%	45% going to 70% by 2030
Funding Source	High yield bonds	Internal FCF
Nature of Asset	Physical fibre (Life: 30 years)	GPU's & Data Centres (Life: 3-5 years)
Demand driver	Speculative eyeballs	Increased productivity & automation

Is AI in an inflection bubble?

Irrational behaviour?

Hyperscalers	2026 Est. Capex	2026 Est. EBITDA	Capex to EBITDA
Amazon	\$200bn	\$195bn	103%
Alphabet	\$180bn	\$165bn	109%
Meta	\$125bn	\$110bn	114%
Microsoft	\$105bn	\$160bn	66%

AI arms race is destroying free cash flow!

\$32 BILLION VALUATION

**GOOGLE AND NVIDIA INVEST IN
CO-FOUNDER ILYA SUTSKEVER
STARTUP, SAFE SUPERINTELLIGENCE**

**Thinking Machines Lab, an AI
company founded by
former OpenAI CTO, raises
\$2B Seed at \$10B valuation**

AI Capital raising mania!

AI related earnings are excessively high

AI Contribution	S&P 500 % Contribution
Performance	75%
Profit Growth	80%
Capex %	90%



NVIDIA's days are numbered!

	NVIDIA's revenue
Microsoft	20%
Meta	13%
Amazon	11%
Alphabet	9%
Circular sales OpenAI etc.	15%
Total	68%

OpenAI has committed **\$1.4 trillion** in capital!

But generates **\$30 billion** in revenue...

...and loses **\$15 billion** per year!

NVIDIA's days are numbered!

Hyperscalers ramp up own chip production.

	NVIDIA Blackwell	Google TPU v6	Amazon Trainium
Retail price	\$40 000	Internal use	Internal use
Est. production cost	\$6400	\$3750	\$4500
Gross profit margin	78%	Internal savings	Internal savings
Compute leverage	1X	4.5X more chips	2.5X more chips

NVIDIA's days are numbered!

Could NVIDIA be the loadstone that pops the bubble?

Market share **80%** of AI chips @ GP of **73%**

Market share could fall to **30%**

At Average semi-conductor GP of 45%

NVIDIA's EPS could decline **75%**

Stock rating halves from **25X** to **12X**



Investor loses
90% of his
investment
=
\$4 trillion

YES

The inflection bubble checklist



Truffle has delivered
top returns
and our process is
geared towards
independent and
deep thinking.



Top performance across **ALL** mandates

Fund	Quartile ranking	Peer ranking since fund's inception	Inception Date
Amplify SCI Wealth Protector B5	1 st	1 st /99	Oct '16
Nedgroup Inv Balanced A2	1 st	1 st /58	Nov '11
Truffle SCI General Equity A	1 st	1 st /40	Jan '11
Truffle Flexible Property Fund	1 st	1 st /23	Oct '15
Truffle SCI Income Plus A	1 st	1 st /21	Oct '16
Truffle SCI SA Equity E	1 st	1 st /18	Jan '13
Truffle SCI Flexible A	1 st	3 rd /20	Jan '11
Nedgroup Inv Managed A	1 st	2 nd /138	Dec '16
Truffle SCI Enhanced Income A	1 st	10 th /118	Nov '23

Top performance across **ALL** mandates

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Nedgroup Inv/Balanced A2	1 st	1 st /58	Nov '11
Truffle SCI Growth & Opportunity A	1 st	1 st /40	Jan '11
Truffle Flexible Income Fund	1 st	1 st /23	Oct '15
Truffle SCI Income A	1 st	1 st /21	Oct '16
Truffle SCI Sustainable A	1 st	1 st /18	Jan '13
Truffle SCI Flex	1 st	3 rd /20	Jan '11
Nedgroup Inv/Balanced A2	1 st	2 nd /138	Dec '16
Truffle SCI Sustainable A	1 st	10 th /118	Nov '23



Truffle



I will invest with Truffle. I will invest with Truffle.
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Morningstar® Awards: 2025, 2024, 2023, 2022 Best Bond Fund, South Africa and 2023 Best Aggressive Allocation Fund, Best Moderate Allocation Fund. All Rights Reserved. Raging Bull certificates 2020, 2021, 2022 Best South African Interest-Bearing Short-Term Fund, 2024 Best South African Interest-Bearing Short-Term Fund Straight performance over 3 years, 2021, 2022 Best South African Multi-Asset Low Equity Fund. 2024 Best South African Multi-Asset Low Equity Fund Risk adjusted basis over 5 years. Raging Bull Award 2020, Best South African Interest-Bearing Fund. 2024 Best South African Multi-Asset Equity Fund on a risk-adjusted basis over 5 years. Full details of awarding bodies and the basis of the awards are available from the Manager.

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Truffle

Invest in the value of experience.