

## SFN Review – The Companies That Caught Our Attention the Most Frequently Last Year

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The first *Signal From Noise* of 2024 finds us repeating our commitment to providing readers with a big-picture view of the markets as seen from Fundstrat's evidence-based approach to investment research. Throughout 2023, in 26 issues published every other Thursday, the Market Intelligence team covered a broad range of topics, including specific industries, demographic and technological trends, geopolitical events, public health, government initiatives, and more. Frequently, we included brief discussions of specific companies, mentioning stocks that might be positioned to benefit from the tailwinds being examined and thus worthy of a closer look.

As we looked back at the 149 different companies mentioned in *Signal* in 2023, nine companies were mentioned in three or more issues. In descending order, they are:

- **Microsoft** (\$MSFT) – mentioned 7 times
- **Alphabet** (\$GOOG) – 7 times
- **IBM** (\$IBM) – 6 times
- **Nvidia** (\$NVDA) – 5 times
- **Apple** (\$AAPL) – 4 times
- **AMD** (\$AMD) – 3 times
- **Amazon** (\$AMZN) – 3 times
- **Siemens** (\$SIEGY) – 3 times
- **Tesla** (\$TSLA) – 3 times

Each of these was an S&P 500 company, and with the exception of IBM, each outperformed the index in 2023 (returns calculated by excluding dividends and comparing closing prices on the last and first trading days of the year.) That's no mean feat, given the index's impressive 24.8% returns last year. Not surprisingly, five are in the Technology sector, and those that are not officially classified as Technology companies are either considered Tech-adjacent (Alphabet is formally classified as a Communications Services company, for example) or heavily tech-focused (Tesla might make cars, but has a disproportionately strong association with the development and use of cutting-edge technology).



This is not surprising. As Fundstrat Head of Research Tom Lee has noted multiple times, most recently at a [fireside chat](#) in which he hosted Wedbush Securities Technology expert [Dan Ives](#), Technology's share of the S&P 500 continues to grow, now making up 43% of the index – and that's because Technology is becoming a bigger share of the U.S. GDP.

If we limit ourselves to the top nine most frequently mentioned names – those with three or more appearances in *Signal From Noise*, we see that our piece on [Automation](#) was the most pervasive – seven of these nine names on this list came up in our discussion on Automation. Next was our discussion focused on the [Magnificent Seven](#) (6), and our end-of-year focus on scientific research and [innovations](#) (6). [AI](#) came in next to round out the top 3, with five companies on this list featured in our discussion on what was arguably the biggest story in tech last year.

This makes sense to us. For years, Fundstrat Head of Research Tom Lee has discussed how demographic changes (“Demographics are destiny,” he is fond of reminding us) are driving a global labor shortage that will in turn spark demand for companies working on ways to replace human labor, or at least make it far more efficient. 2023 is the year in which much of the world awakened to this fundamental truth and what it makes for investors.

**Microsoft (\$MSFT)** shares closed the year 58.4% higher than they began it, and as of this writing it is the largest company in the world by market cap. One thing that struck us throughout the year was just how many pies the Redmond-based tech giant has its proverbial thumb in. While its plunge into AI (not just through its investment in OpenAI) garnered the biggest headlines, we also cited Microsoft for its heavy involvement in Automation, in [Big Data](#), in helping retailers deal with [shrinkage](#), and in general pure research driving scientific advances. Microsoft also made headlines last year for regulatory battles associated with its acquisition of Activision Blizzard (maker of gaming hits like *Call of Duty*, *Candy Crush*, and *Guitar Hero*) and its 5% (10,000 jobs) workforce reduction.

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**Alphabet (\$GOOG)** has that in common with Microsoft. It competes with Microsoft in many fields, including AI, Automation, Big Data, and innovation. It also cut its workforce significantly – 6% or 12,000 jobs in 2023. Alphabet also showed up in our *Signal* about an [Aging America](#) thanks to its heavy investment in healthcare, and in our article about Zoomers. From the beginning to end of 2023, Alphabet investors saw 57.1% returns.

**IBM (\$IBM)**, which showed up six times in *Signal From Noise* last year, isn't called "Big Blue" for nothing. Its investment in Innovations helped make it one of the major corporate pioneers in the field of AI – let's not forget which company built the first machine to beat a world chess. Though other tech giants arguably eclipsed its public image as an AI leader last year, IBM remains committed to the field. It arguably has a broader lineup of businesses, which explains how IBM also ended being mentioned in a *Signal From Noise* about [Private-Sector Intelligence Agencies](#), Retail Shrinkage, and [Cybersecurity](#). Yet among the nine names featured in this piece, IBM's stock was the worst-performing last year, with its price gaining "just" 21.2% (though its 4.15% dividend yield should be acknowledged.)

**Nvidia (\$NVDA)** has been a Granny Shot since 2019, but its dominance in the design and manufacture of chips used in cutting-edge AI development launched its stock price. NVDA shares more than tripled in price in 2023 (up 246.1%) as its GPUs became one of the most in-demand products in the world. No less than Elon Musk lauded Nvidia and noted that his xAI would take their chips "as fast as they'll deliver it to us." Musk did note that the virtual monopoly that Nvidia currently enjoys is bound to end someday, with the likes of



Intel (\$INTC), AMD (see below), and Samsung, along with customers like Amazon, Alphabet, and Microsoft all seeking to design their own AI chips and take market share. Still, Nvidia remains a Granny Shot and looks poised for continued long-term advances.

**Apple (\$AAPL)** is a company with many devotees at Fundstrat, fans of both its stock and its products. We noted the Cupertino company's appeal to the younger demographic – not just Millennials but also the youngest generation of adults, [Generation Z](#). But it's not just Apple's mobile devices, wearables, and consumer electronics that had us intrigued, but its expansion into new businesses such as "Buy Now Pay Later" (BNPL) but also its continued commitment to adapting pure research into profitable products, just as it did with the iPod more than two decades ago.

**Amazon (\$AMZN)** is the one of two Consumer Cyclical companies on this list, but its status as one of the Magnificent Seven is just one reason why many regard it as a Tech company. Its outsized role as a cloud services provider and its expertise in making the most of [Big Data](#) are better justifications for this perception. Our final *Signal* of the year noted that Amazon joins Alphabet, Microsoft, and IBM in seeking to advance the field of quantum computing. Amazon's stock price rose 77% in 2023.

**AMD (\$AMD)** is one of those seeking to challenge Nvidia's dominance in AI chips. Long known as a desktop and laptop CPU manufacturer seeking to dethrone Intel, the company has expanded its offerings in recent decades and in December 2023 rolled out what are widely believed to be the biggest threats to Nvidia's crown. This release helped propel AMD shares to end the year 130.2% above its levels at the beginning of the year. (Fun fact, though not widely publicized: AMD CEO Lisa Su is the first cousin once-removed of Nvidia CEO Jensen Huang (Su's maternal grandfather and Huang's mother are siblings)).

Infrastructure goes a long way into explaining the presence of Germany's **Siemens AG (\$SIEGY)** on this list. We suggested that President Biden's infrastructure initiatives, as well as planned infrastructure investments in China, Europe, and much of the developing world, could be tailwinds for a company like Siemens, which is a major provider of [railroad](#)- and [power grid](#)-related products and solutions. Siemens is also a major player in industrial-, transportation-, and construction-related automation. \$SIEGY shares rose 39.0% throughout the course of 2023.

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The last name on this list is **Tesla (\$TSLA)**. Unsurprisingly, it was featured heavily in our discussions of the Magnificent Seven and the EV Revolution. However, in the course of researching battery improvements for its vehicles, Tesla also advanced technology that is likely to be critical as the U.S. seeks to update its aging [power grid](#) and adapt it for the increasing use of renewable energy. In its core business, Tesla remains one of the dominant EV makers on the planet, with a growing adoption of its fast-charging power standard. Yet some suggest that increased competition, especially from China's BYD, and slowing demand growth in the EV segment of the automotive market could act as headwinds. Tesla stock increased 129.9% in 2023 and remains a Granny Shot nonetheless.

We hope you will continue to join us as we seek out fresh *Signal From Noise* this year.

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