

NASDAQ: NVDA · SEMICONDUCTORS · ACCELERATED COMPUTING

NVIDIA Corporation

An excellent business at a fair, not cheap, price. Wait for the \$185–190 shelf or a clean fiscal Q3 2027.

RATING

WAIT

Team scale: Buy · Wait · Steer clear

PRICE (OCT 7, 2026 CLOSE)

\$237.47

PROBABILITY-WEIGHTED
VALUE

~\$263

\$262.76, present value

MARGIN OF SAFETY

9.6%

30% MoS price ~\$184

Price since February 2026 against the plan levels and the weighted present value



Margin of safety at \$237.47: $(\$262.76 - \$237.47) \div \$262.76 = 9.6\%$, against the 30% the team requires; the 30% margin-of-safety price is \$183.93 (~\$184). Sources: Sections 2–3 data files.

52-WEEK RANGE

**\$164.27–
\$243.37**

MARKET CAP

~\$5.72T

EV

~\$5.70T

P/E

**25.5x FY27E /
14.9x FY28E**

FCF YIELD

~2.2%

Q3 FY27 GUIDE

**\$108.0B ±2%,
gross margin
74.0%**

KEY LEVELS (LEVELS.JSON)

Starter zone	\$185–190
Stop	Daily close < \$180
Breakout confirmation	Close > \$243.37 on > ~145M shares
Failed breakout	Daily close < \$235.15
All-time high	\$243.37 (Oct 6, 2026)

SCENARIOS (FY31, DISCOUNTED AT 10%)

Bear (30%)	~\$78 (\$78.23)
Base (50%)	~\$268 (\$268.36)
Bull (20%)	~\$526 (\$525.53)
Weighted	~\$263 (\$262.76)
Equity stakes / EV ex-stakes	\$99B / ~\$5.60T

Next earnings: Expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced).

Prepared for Brad Wolff, university investment club and student-managed fund

Prepared by Brad's AI research team: Graham (fundamentals) · Wick (technicals) · Screener (risk) · Ledger (sizing and production)

Student research for educational purposes only. Not investment advice. See Methodology and Disclosures.

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Summary: NVIDIA Corporation (NASDAQ: NVDA)

GRAHAM, FUNDAMENTALS · SUMMARY

WAIT

Report date October 7, 2026. Price \$237.47, regular-session close, 4:00 PM ET.

Rating box		Basis
Call	WAIT	Excellent business at a fair, not cheap, price, with new cash-flow warnings
Fair value estimate	~\$263	Probability-weighted present value of three scenarios; not a price target
Price / margin of safety	\$237.47 / 9.6%	Below the 30% margin of safety we require at High uncertainty
Buy below	~\$185; starter zone \$185-190	~\$184 gives a 30% margin of safety; the zone is the 12-month volume shelf (Section 3)
Stop	Daily close < \$180	The volume shelf has failed (Section 3)
Competitive advantage	Strong and durable	CUDA, full-stack systems and networking; ROIC above 100%
Uncertainty	High	Cyclical (FY23 operating margin fell from 37% to 16%); three customers are 44% of revenue; \$288.5B gross customer-financing exposure (Section 4)

Key stats: 52-week range \$164.27-\$243.37 | Market cap ~\$5.72T | EV ~\$5.70T | P/E 25.5x FY27E / 14.9x FY28E | FCF yield ~2.2% | Q3 FY27 guide \$108.0B ±2%, gross margin 74.0% | Next earnings: Expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced)

Bulls say

- **Superior economics:** FY26 revenue of \$215.9B at a 45% free-cash-flow margin. Q2 FY27 revenue was \$96.2B (+106% y/y) at a 75.0% gross margin.
- **Demand runway:** management guides to about 70% FY28 growth, limited by supply. Hyperscaler 2026 capex guidance is about \$720-745B.
- **Undemanding forward multiple:** about 15x FY28 EPS. If consensus is delivered, the price needs only ~7.7% annual FCF growth after FY28.

Bears say

- **Profits outran cash:** Q2 operating cash flow was \$24.1B on \$59.7B of net income (40%). DSO rose from 45 to 60 days on extended terms.
- **NVIDIA is financing its customers:** \$99B of equity investments and a guarantee of up to \$105B on OpenAI's leases (Section 4).
- **Peak-cycle risk:** if FY28-level FCF stays flat, value is about \$154 per share. Gross margin troughs at 71-72%, and custom chips and AMD are gaining.

What would change our view

- **Buy:** a pullback into \$185-190.
- **Add after a clean fiscal Q3 2027 report** that meets all four conditions:
 1. Operating cash flow recovers toward ~75% of net income.
 2. DSO is ≤ ~50 days.
 3. The 71% gross-margin floor and ~70% FY28 growth are reaffirmed.
 4. No new customer guarantees or comparable financing support.
 If all four are met, a fair-price position becomes reasonable even above the zone.
- **Re-evaluate:** a daily close above \$243.37 on volume above ~145M shares. Do not chase.
- **Steer clear:** DSO or receivables rise again, customer financing expands, a major hyperscaler cuts 2027 capex, or gross-margin guidance falls below ~70%.

Sections 2 (valuation), 3 (technical, Wick), 4 (risk, Screener) and 5 (sizing, Ledger) follow. Educational analysis; not individualized advice.

KEY LEVELS		Wick
NVDA technical levels as of the Oct 7, 2026 close. Source: Yahoo Finance; Wick analysis. All values from <code>levels.json</code> .		
Last close	\$237.47	
All-time high	\$243.37 (Oct 6)	
Resistance	\$238.80-239.50 · \$241.20 · \$243.37	
Support	\$236.00-236.75 · \$230.50 · \$225.60-227.50	
Trend damage	Daily close < \$208.93	
Preferred entry	\$185-190 (12-month volume shelf)	
Stop	Daily close < \$180	
Breakout confirmation	Close > \$243.37 on > ~145M shares	
Next earnings	Expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced)	

PORTFOLIO FIT		Ledger
Illustrative portfolio	\$150,000 vs. S&P 500	
NVDA index weight	8.58% (IVV, Oct 6, 2026)	
Starter	40 sh = 5.00% · risk 0.20%	
Full (after Q3 test)	70 sh = 8.75% · risk 0.35%	
Cap	10% at cost; trim above 12%	

2 Business and Valuation

GRAHAM, FUNDAMENTALS

Price basis: \$237.47, regular-session close October 7, 2026 [1]. Fiscal years end in late January (FY26 = year ended January 25, 2026). "Analyst calculation" means derived by us from cited filings. Bracketed tags link to the source list in the Section 2 appendix (Appendix A), which also holds the detailed tables, the full reverse DCF and the extended competition discussion.

Bottom line. NVIDIA earns exceptional returns from a strong but technology-dependent competitive advantage. The current price already assumes that FY28's record earnings are a durable base rather than a cyclical peak. Our probability-weighted value of about \$263 gives a 9.6% margin of safety, short of the 30% we require, so the call is WAIT.

2.1 Business and moat

NVIDIA designs accelerated-computing platforms and outsources manufacturing, mainly to TSMC. It sells GPUs and CPUs (Blackwell, Blackwell Ultra and, since August 2026, Vera Rubin), networking (NVLink, InfiniBand, Spectrum-X), rack-scale systems and CUDA software. Data Center was **92.5% of Q2 FY27 revenue** (\$89.0B), split between Hyperscale (\$48.7B) and AI Clouds, Industrial & Enterprise (\$40.3B). Edge Computing was \$7.2B [3].

Competitive advantage: strong, but it must be renewed every product cycle. Three things sustain it:

- The CUDA developer ecosystem.
- Full-stack systems and networking. Spectrum-X revenue grew 2.6x year over year [9].
- Supply priority secured by \$279B of commitments [3].

The erosion is visible and comes from the largest buyers, who are deliberately dual-sourcing:

- Broadcom's AI semiconductor revenue rose 221% year over year [15].
- Google now sells TPUs externally [16].
- OpenAI agreed to deploy up to 6 GW of AMD GPUs [17].

We view the moat as durable for two to three years and uncertain beyond that (Appendix A.2).

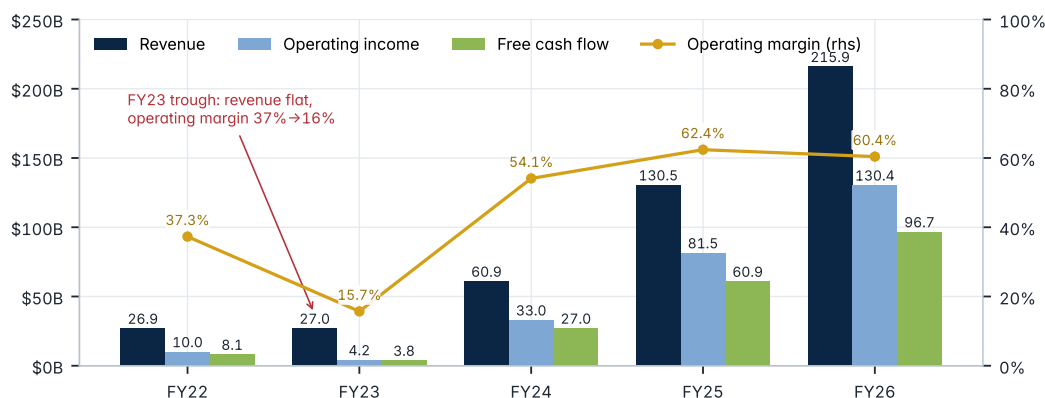
2.2 Five-year record

FY	Revenue (\$B)	y/y	Gross margin	Op. margin	FCF (\$B)	FCF margin	ROIC
FY22	26.9	+61%	64.9%	37.3%	8.1	30%	~56%
FY23	27.0	0%	56.9%	15.7%	3.8	14%	~19%
FY24	60.9	+126%	72.7%	54.1%	27.0	44%	~115%
FY25	130.5	+114%	75.0%	62.4%	60.9	47%	~186%
FY26	215.9	+65%	71.1%	60.4%	96.7	45%	~134%

Source: SEC XBRL facts and Forms 10-K [8][5][6]. FCF = operating cash flow – purchases of PP&E and intangibles. ROIC is an analyst calculation (definition in Appendix A.1).

FY23 is the key data point for an owner. Revenue was flat and operating margin fell from 37% to 16%. The FY26 gross-margin dip included a \$4.5B H2O export-control charge [6].

Figure 2.1 Five-year record



Source: SEC XBRL facts; NVIDIA Forms 10-K. Data file: [annual_financials.csv](#).

2.3 Latest quarter and guidance

	Q2 FY27	Q2 FY26	y/y
Revenue	\$96.2B	\$46.7B	+106%
Gross margin	75.0%	72.4%	+2.6 pts
Operating income	\$63.7B	\$28.4B	+124%
Non-GAAP net income / EPS	\$54.0B / \$2.22	\$24.8B / \$1.01	+118% / +120%

Source: Q2 FY27 press release and CFO Commentary [2][3].

- **GAAP net income (\$59.7B) includes equity-investment gains** of \$7.8B in Q2 and \$15.9B in Q1 [3]. We use non-GAAP figures for operating earnings. Non-GAAP figures have included stock-based compensation since Q1 FY27 [2].
- **Q3 FY27 guidance:** revenue of \$108.0B ±2% with no China Data Center compute assumed, and gross margin of 74.0% ±50 bp [2].
- **Earnings-call commentary:** about 70% FY28 growth, described as supply-constrained. Gross margin troughs at 71–72% in Q4 on memory costs, then 72–73% in FY28. Vera Rubin should be about 20% of Q3 Data Center revenue [9].
- **Consensus:** FY27 revenue of \$411.65B and EPS of \$9.31; FY28 revenue of \$692.21B and EPS of \$15.91 [10].
- **Next report:** Expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced).

2.4 Balance sheet and capital return

- **Net cash:** \$56.6B of cash and marketable debt securities against \$33.4B of debt, after \$25.0B of senior notes issued in June 2026 [2][11].
- **Capital return:** Q2 returns were a record \$26.0B, and the remaining buyback authorization is **\$235B** after the September 28 increase, to be used through FY28 [2][12].
- **Share count:** diluted shares fell only from 25.35B (FY22) to 24.29B, so much of the buyback spending offsets employee equity.

Section 4 covers the \$99B of equity investments, guarantees, dilution and insider activity.

2.5 Outlook: demand, China and regulation

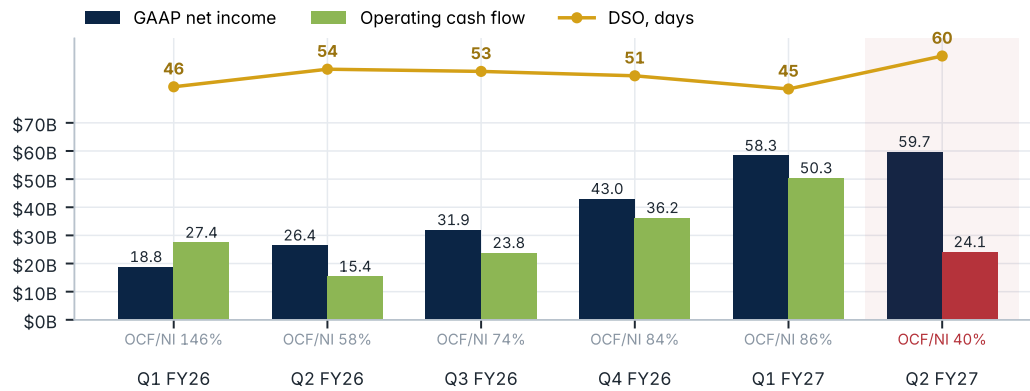
- **Demand:** big-four hyperscaler 2026 capex guidance totals about \$720–745B, and 2027 consensus is about \$934.5B [14][18].
- **China:** guidance assumes no China Data Center compute revenue, and licensed H200 shipments were under 1% of Data Center revenue [4]. China-headquartered customers were nonetheless **\$7.88B (8.2%) of Q2 revenue**, which is exposed to headquarters-based export rules (Section 4.5).
- **Regulation:** the U.S. Department of Justice is reportedly examining whether the December 2025 Groq licensing deal was structured to avoid merger review, and has sent NVIDIA a formal information request [20][21].

2.6 Cash conversion and receivables

Quarter	Net income (\$B)	Op. cash flow (\$B)	OCF / NI	Receivables (\$B)	DSO (days)
Q3 FY26	31.9	23.8	74%	33.4	53
Q4 FY26	43.0	36.2	84%	38.5	51
Q1 FY27	58.3	50.3	86%	40.7	45
Q2 FY27	59.7	24.1	40%	63.1	60

Source: SEC XBRL facts and Q2 FY27 press release [8][2]. DSO = receivables ÷ quarterly revenue × 91 (analyst calculation); NVIDIA reported 60 and 45 days. The six-quarter series is in Appendix A.6.

- **Working capital absorbed about \$31B in Q2** [2]. Receivables rose **\$22.3B** in one quarter on "extended payment terms on large, multi-quarter agreements with certain investment-grade customers" [3]. Receivable concentration is covered in Section 4.
- **Inventory and commitments grew too.** Inventory rose to \$31.6B ahead of Vera Rubin. Supply commitments rose from \$95.2B in January to **\$279B**, mostly memory [3][6].
- **Context:** a similar dip in Q2 FY26 (58%) recovered. We treat Q2 FY27 as a condition to monitor, not a conclusion. Recovery toward ~75% conversion and DSO of 50 days or less is one of our add conditions.

Figure 2.2 Earnings vs. cash

Source: SEC XBRL facts; Q2 FY27 press release; analyst calculation. Data file: [quarterly_ni_ocf_dso.csv](#).

2.7 Valuation

Measure (price \$237.47)	Value
Market cap / enterprise value	~\$5.72T / ~\$5.70T (~\$5.60T excluding the \$99B of equity investments)
P/E: trailing GAAP / FY27E / FY28E	~30x / ~25.5x / ~14.9x
EV / sales: TTM / FY28E	~18.8x / ~8.2x
FCF yield, TTM	~2.2% (~2.1% after SBC)

Source: analyst calculations from [2][4][10].

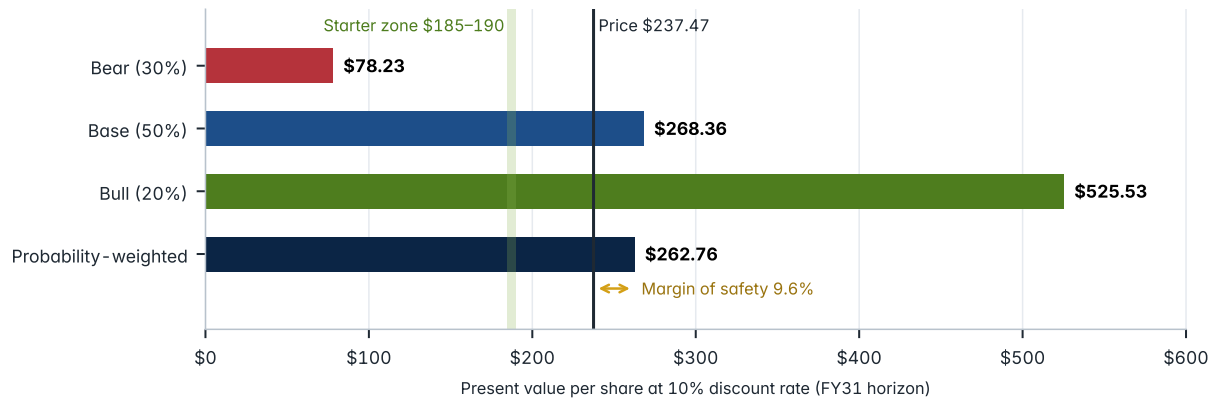
Reverse DCF (headline). From trailing FCF of \$126.9B, the enterprise value implies about **18% annual FCF growth for ten years** (10% discount rate, 3% terminal growth). If consensus FY27–FY28 is delivered, only about **7.7% annual growth** is needed thereafter. In other words, the price assumes FY28 is a durable plateau. **If FY28-level FCF merely stays flat, value is about \$154 per share.** The full model and sensitivities are in Appendix A.8.

Scenarios to FY31 (~4.3 years), discounted at 10%

	Bear	Base	Bull
Probability	30%	50%	20%
Narrative	Post-FY28 digestion; share loss to custom silicon	Consensus FY28, then ~10%/yr growth	Demand stays ahead of supply
FY31 revenue / net margin	\$450B / 42%	\$920B / 50%	\$1.3T / 55%
Exit P/E / diluted shares	14x / 23.3B	20x / 23.0B	25x / 22.7B
FY31 value per share	~\$114	~\$400	~\$787
Annual return from \$237.47	~15.0%	+13.2%	+32.3%
Present value per share	~\$78	~\$268	~\$526

Probability-weighted value	Current price	Margin of safety	Price for 30% margin of safety
~\$263	\$237.47	9.6%	~\$184 (consistent with the \$185–190 zone)

Scenario inputs are analyst assumptions that bracket plausible outcomes. Values are present values, not price targets. Dividends of about \$1 per share per year are included.

Figure 2.3 Scenario value vs. price

Source: analyst model. Data file: [scenario_values.csv](#) .

2.8 Conclusion

On forward multiples NVIDIA screens as reasonably priced. On an owner's basis, adjusted for cyclicality and the Q2 cash-flow signals, the margin of safety is 9.6%. We rate the shares **WAIT**. We would buy in the \$185–190 zone, or add after a fiscal Q3 2027 report that meets the conditions in Section 1.

3 Technical Picture

WICK, TECHNICALS

Prepared by Wick, Technical Analyst. Data: Yahoo Finance daily and intraday bars through the October 7, 2026 close (\$237.47).

Summary

Technical rating: Uptrend intact, breakout unconfirmed. Preferred entry \$185–190, stop on a daily close below \$180, and reassess on a close above \$243.37 with volume above ~145M shares.

NVDA's primary trend is up, but the October breakout to a new all-time high (\$243.37 on October 6) has **not been confirmed by volume**. From a technical standpoint we agree with the fundamental WAIT call. The stock sits well above its major support zones, and the best risk-reward entry is a pullback into the heavily traded **\$185–190** shelf, with a **\$180** daily-close stop. A volume-backed breakout above the high would call for a reassessment.

Measure	Value
Last close (Oct 7, 2026)	\$237.47
All-time high	\$243.37 (Oct 6, 2026)
52-week low	\$164.27 (Mar 30, 2026)
20 / 50 / 200-day SMA	\$225.58 / \$220.58 / \$201.68 (all rising)
Price vs. 200-day SMA	+17.8%
RSI (14)	64.3 (firm, not overbought)
Average true range (14)	\$5.61

Trend structure

Since the June 29 low, NVDA has made a clear series of higher lows: \$189.80 (Jun 29), \$190.01 (Jul 29, a double bottom), \$207.25 (Aug 24) and \$208.93 (Sep 14). On October 5 it closed above the May 14 high of \$236.54 for the first time, and the next morning it printed a new all-time high. All three key moving averages are rising, and price is above every one of them.

Figure 3.1 NVDA daily price with 20/50/200-day SMAs, anchored VWAPs and volume (Feb–Oct 2026)

Source: Yahoo Finance daily and intraday bars through the Oct 7, 2026 close; Wick analysis. Data file: [daily_ohlc_ma_avwap.csv](#).

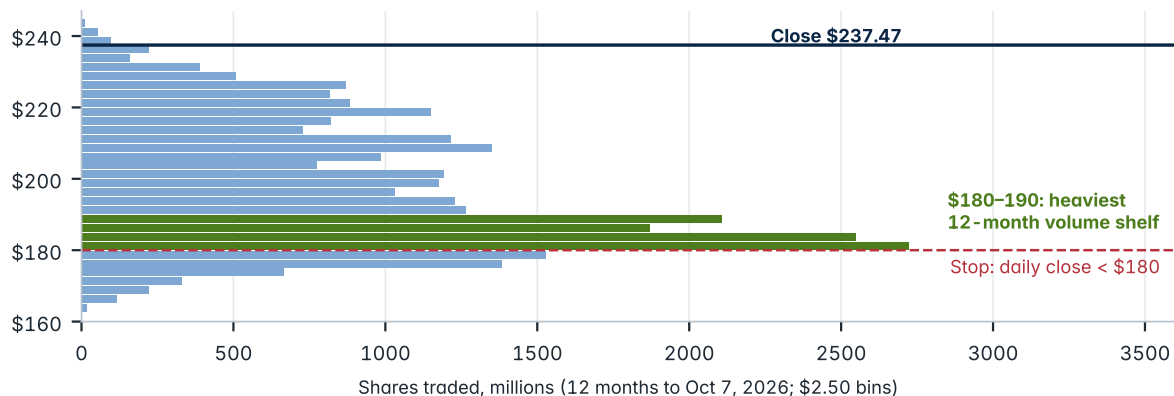
Volume: the main caution

- **The breakout came on below-average volume.** October 5 traded 1.04x and October 6 0.83x the 50-day average. October 7 was 0.67x, the lightest session since late September.
- **The all-time-high session was a gap-and-fade.** The high came in the first five minutes, and the stock closed near the session low, below that day's VWAP of \$241.23.
- **On-balance volume** is still below its May peak even though price made a new high. That is a longer-term non-confirmation.
- **In its favor:** volume dried up during the September pullback, the September 14 low showed no capitulation, and the 10-day up/down volume ratio is 3.1. This looks like accumulation, not distribution.

Volume profile and anchored VWAPs

A volume profile shows how much stock traded at each price, which tells you where buyers and sellers have committed the most capital. The **point of control (POC)** is the single most-traded price, and the **value area** is the range holding 70% of volume.

- **6-month profile:** POC \$219.25, value area \$199.00–\$227.50. Price is trading **above** value, in price discovery.
- **12-month profile:** the **\$180–190 zone is the heaviest volume shelf of the past year**. NVDA traded there for about 88 sessions between October 2025 and April 2026. That is the basis for the entry zone below.

Figure 3.2 12-month volume-by-price profile, \$180–190 shelf highlighted

Source: Yahoo Finance daily and intraday bars through the Oct 7, 2026 close; Wick analysis. Data file: [volume_profile_12m.csv](#).

Anchored VWAP (AVWAP) is the volume-weighted average price paid by everyone who has bought since a specific swing point, which makes it a practical gauge of whether that group of buyers is in profit.

Anchor	AVWAP	Price vs. AVWAP
Mar 30, 2026 low (\$164.27)	\$209.68	+13.3%
May 14, 2026 high (\$236.54)	\$214.40	+10.8%
Jul 29, 2026 low (\$190.01)	\$220.83	+7.5%
Sep 14, 2026 low (\$208.93)	\$226.97	+4.6%
Oct 6, 2026 all-time-high open	\$239.45	-0.8% (overhead)

Every buyer group anchored at a major swing point is in profit. The only AVWAP overhead is the one from the all-time high itself.

Support and resistance map

Resistance

- \$238.80–239.50: weekly VWAP and the AVWAP from the all-time high
- \$241.20: October 6 session VWAP
- \$243.37: all-time high. Above it there is no historical volume overhead.

Support

- \$236.00–236.75: May-high pivot, 1-month value area high, October VWAP
- \$232.30–233.60: unfilled gap and low-volume pocket
- \$230.50: 1-month POC
- \$225.60–227.50: **primary support cluster** (20-day SMA, 20-day VWAP, Sep 14 AVWAP, 6-month value area high)
- \$219–221: 6-month POC, 50-day SMA, Jul 29 AVWAP
- \$208.93: September higher low. Losing it breaks the uptrend structure.
- \$199–202: 6-month value area low and 200-day SMA
- **\$180–190: 12-month volume shelf and Jun/Jul double bottom (entry zone)**

Figure 3.3 Support and resistance ladder

\$243.37	Resistance	All-time high
\$241.20	Resistance	Oct 6 session VWAP
\$238.80–239.50	Resistance	Weekly VWAP / AVWAP from ATH open
\$237.47	Current	Last close (Oct 7, 2026)
\$236.00–236.75	Support	May high pivot, 1-month VAH, October VWAP
\$232.30–233.60	Support	Open gap / low-volume pocket
\$230.50	Support	1-month POC
\$225.60–227.50	Support	SMA20, 20-day VWAP, Sep 14 AVWAP, 6-month VAH
\$219.00–221.00	Support	6-month POC, SMA50, Jul 29 AVWAP
\$208.93	Support	Sep 14 higher low (structure)
\$199.00–202.00	Support	6-month VAL, SMA200
\$180.00–190.00	Support	12-month heaviest volume shelf; Jun/Jul double bottom 189.80/190.01

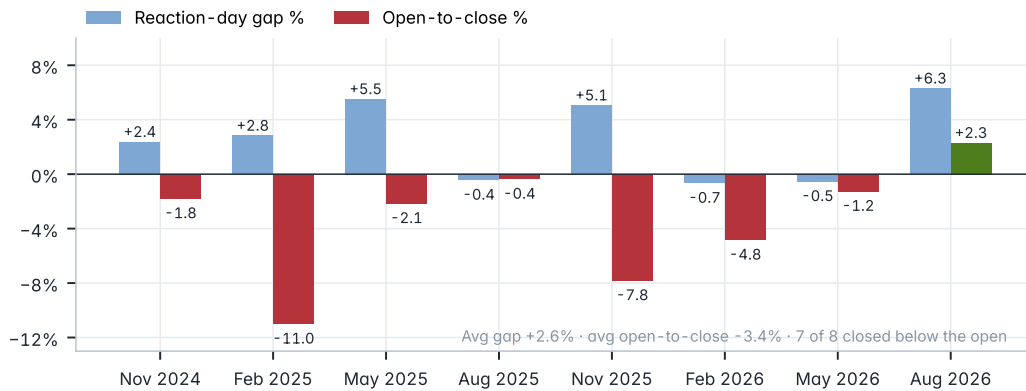
Plan: starter \$185–190 · stop: daily close < \$180 · breakout: daily close > 243.37 on volume > ~145M (1.2× 50-day avg)
 failed breakout: daily close < 235.15 · back inside value: daily close < \$225.60 · trend damage: daily close < \$208.93

Source: Yahoo Finance daily and intraday bars through the Oct 7, 2026 close; Wick analysis. Data file: [levels.json](#).

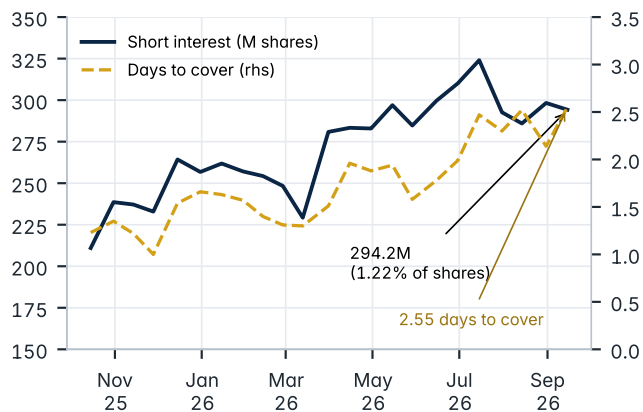
Earnings behavior

NVDA has beaten consensus on both EPS and revenue for eight straight quarters, yet the stock has **consistently sold the news**:

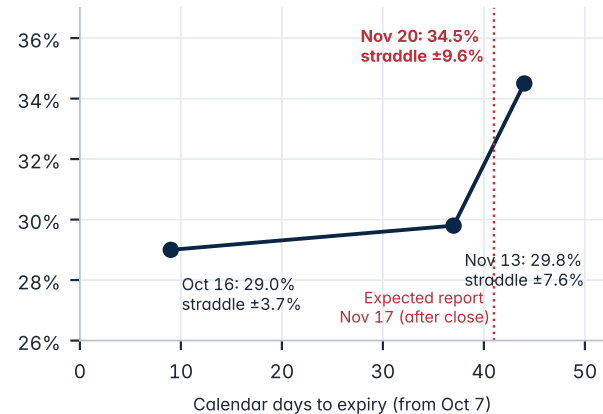
- The average reaction-day gap is +2.6%, but the average move from open to close is -3.4%.
- Seven of eight reaction days closed below their open, and only three closed higher on the day.
- The five-day follow-through after the reaction day was negative six of eight times, averaging -3.4%.
- August 2026 broke the pattern (+8.7% on the day) but gave back 4.6% the next session.

Figure 3.4 Earnings reactions, gap vs. open-to-close, last 8 quarters

Source: Yahoo Finance prices and EPS estimates; LSEG revenue consensus via CNBC/Reuters; Wick analysis. Data file: [earnings_reactions.csv](#).

Figure C.8 Short interest and days to cover, Oct 2025–Sep 2026

Source: Nasdaq short-interest data. Data file: [risk_short_interest.csv](#).

Figure C.9 ATM implied-volatility term structure, Oct 16 / Nov 13 / Nov 20 expiries

Source: Nasdaq option chain, Oct 7, 2026 close; analyst calculation. Data file: [risk_options_implied_vol.csv](#).

The next report is expected **Tuesday, November 17, 2026, after the close** (stated by NVIDIA IR on the August 26 call; not yet formally announced). History argues against chasing strength into the print.

Technical plan

Scenario	Trigger	Implication
Preferred entry	Pullback into \$185–190	Starter position at the 12-month volume shelf
Stop	Daily close below \$180	The shelf has failed; exit
Breakout confirmation	Daily close above \$243.37 on volume above ~145M shares (1.2× 50-day avg.)	The market isn't waiting; reassess entry
Failed breakout	Daily close below \$235.15	Likely fills the \$232.30 gap and tests ~\$230.50
Back inside value	Daily close below \$225.60	Rotation toward \$219–221 likely
Trend damage	Daily close below \$208.93	Higher-low structure broken

Data notes are in Appendix B. Technical levels describe probabilities, not certainties.

4 Risk and Red Flags

SCREENER, RISK

Prepared by Screener. Price basis: \$237.47, close October 7, 2026. Data: NVIDIA SEC filings and Nasdaq market data as of that date. Bracketed tags link to the sources in Appendix C, which also holds the detailed tables.

Risk and uncertainty

Uncertainty: High, consistent with Section 1. Three things drive it:

- **NVIDIA's balance sheet now supports part of its customers' demand.** Gross ecosystem exposure is \$288.5B, against \$229.0B of shareholders' equity.
- **A few customers carry the revenue.** Three direct customers were 44% of first-half revenue.
- **The next quarter will show whether Q2 was a blip or a trend.** That covers both cash conversion and financing commitments.

This section covers only risks that would change whether to buy and how much. For the broader case, see Section 1 (Bulls say / Bears say).

Key risks

1. Customer financing and ecosystem exposure

As of July 26, 2026, NVIDIA reported [R1][R3]:

- **\$99B of equity investments** and **\$25B of unfunded equity commitments**.
- **\$108.5B of maximum guarantees.** Of this, \$105B backs OpenAI's leases at the SB Energy campus in Ohio.
- **\$36B of AI-cloud agreements**, under which it buys back cloud capacity.
- **\$20B of data-center leases** it intends to reassign to third parties.

Together that is **\$288.5B, about 126% of shareholders' equity** (analyst calculation). Most of it is contingent or long-dated, so it is not a loss estimate.

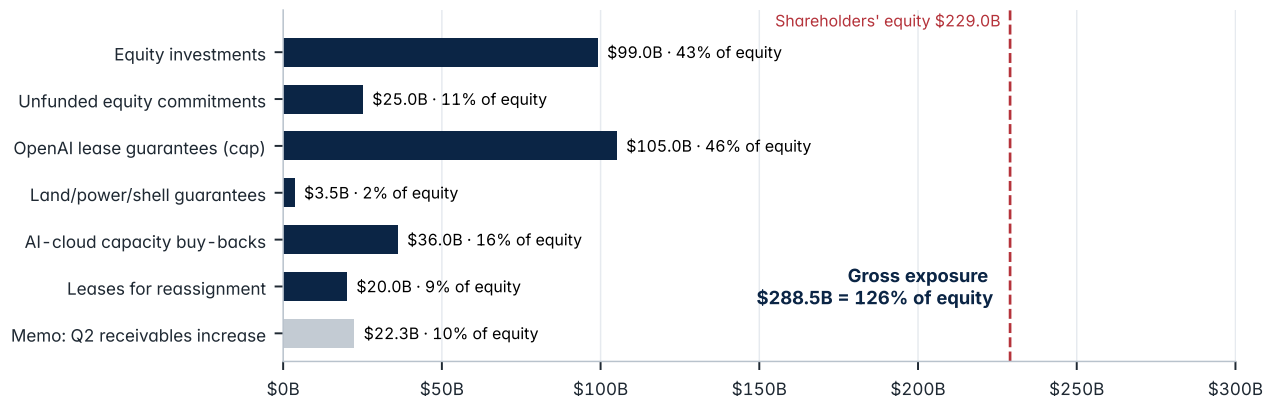
OpenAI is the largest single link. NVIDIA invested **\$30B** in OpenAI [R16] and capped its guarantee at \$105B. Together that is about **\$135B, or 59% of equity** (analyst calculation).

- **Mitigants:** the guarantee phases in from FY29, falls away if OpenAI reaches a satisfactory credit rating, and is reimbursable by OpenAI [R1][R3].
- **Caveat:** the 10-Q warns that NVIDIA "may not recover amounts promptly or in full" [R1].

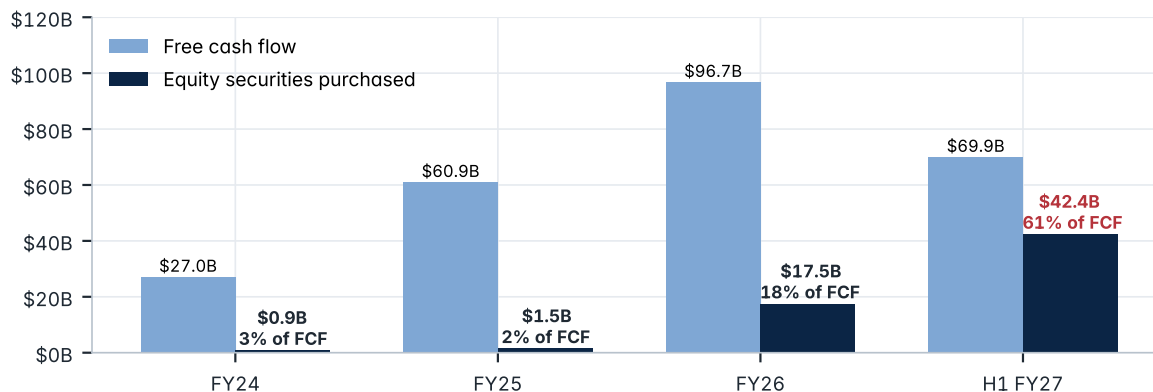
Equity purchases now take most of free cash flow. Spending on equity stakes rose from \$0.9B (FY24), or **3% of FCF**, to \$17.5B in FY26 and **\$42.4B in H1 FY27, or 61% of FCF** [R1][R4].

- **What it means:** reported demand and GAAP earnings partly reflect NVIDIA's willingness to extend credit. If a large AI lab or AI cloud stumbles, impairments, guarantee calls and bad debts could arrive together.

Figure 4.1 Gross ecosystem exposure vs. shareholders' equity (\$B, July 26, 2026)



Source: NVIDIA Form 10-Q (Q2 FY27), CFO Commentary, Form 8-K of Aug 17, 2026; analyst calculation. Data file: [risk_customer_financing_exposure.csv](#).

Figure 4.2 Equity securities purchased vs. free cash flow, FY24–H1 FY27

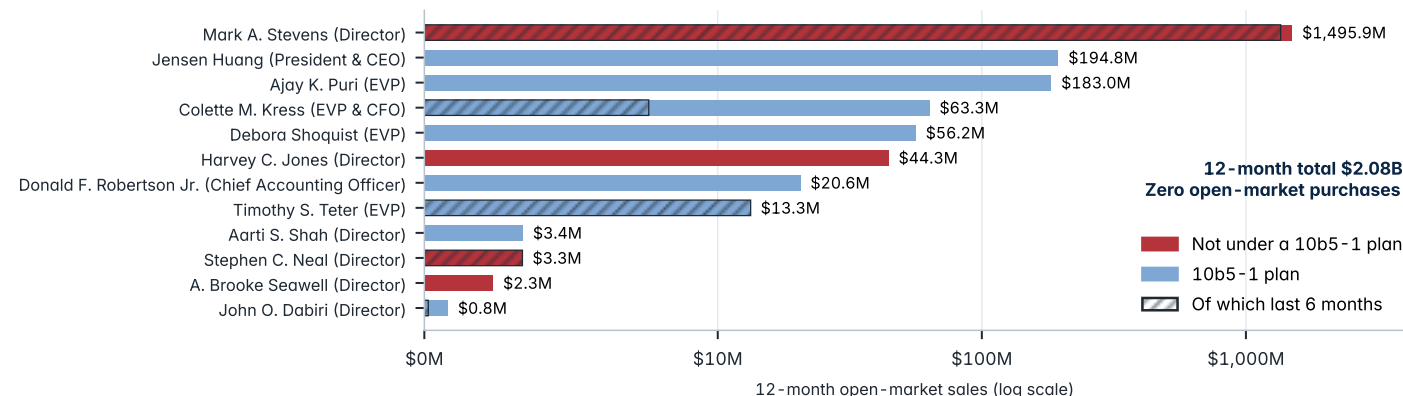
Source: NVIDIA Forms 10-K (FY26) and 10-Q (Q2 FY27); analyst calculation. Data file: [risk_equity_purchases_vs_fcf.csv](#).

2. Insider selling

Over the last 12 months, insiders sold **\$2.08B** of stock on the open market and **bought none**. **74%** of the dollar value was sold outside 10b5-1 plans [R7] (analyst aggregation).

- **Director Mark Stevens accounts for most of it: \$1.50B** (6.92M shares) [R7].
- **More may follow.** His September 2 Form 144 leaves about **1.41M shares (about \$335M)** noticed but not yet reported sold [R7].
- **The CEO has not sold since October 29, 2025**, when sales under a March 20, 2025 plan ended [R7].
- **Officer sales were all under 10b5-1 plans.**

What it means: a signal, not a fundamental flaw. It argues against chasing the stock.

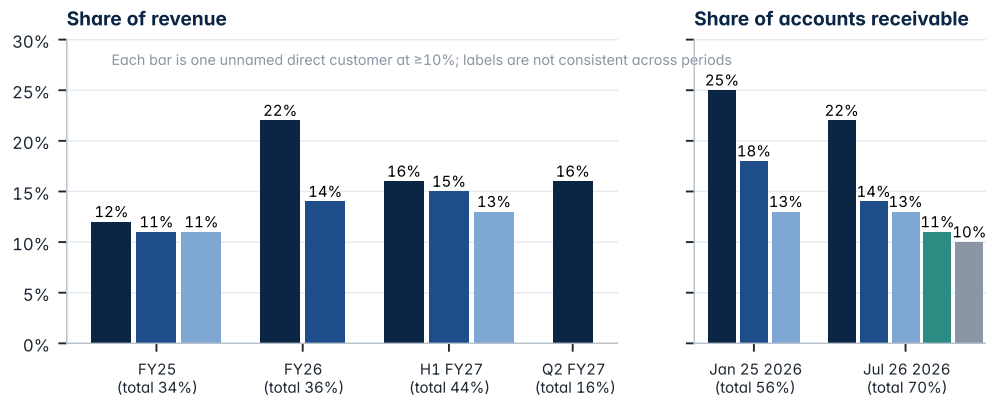
Figure 4.3 Insider open-market sales by person, 12 months to October 7, 2026 (10b5-1 vs. non-plan)

Source: SEC Forms 4; analyst aggregation. Data file: [risk_insider_sales_by_person.csv](#).

3. Customer concentration: revenue, receivables and China

- **Revenue.** Three direct customers were **16%, 15% and 13%** of H1 FY27 revenue. In FY26, two were **22% and 14%** [R1][R4].
- **Receivables are more concentrated than revenue.** Five customers hold **22%, 14%, 13%, 11% and 10%**, or about **\$44B of \$63.1B**. Payment terms for investment-grade buyers now run **90 days to one year** [R1].
- **China.** China-headquartered customers produced **\$7.88B (8.2%)** of Q2 FY27 revenue, up from \$4.55B in Q1, even though China data-center compute is under 1% [R1]. Proposed rules that target customers by headquarters (RASA and the GAIN AI Act) could reach this revenue.

What it means: if one buyer pauses, both revenue and collections suffer. That supports staying near benchmark weight (Section 5).

Figure 4.4 Direct customers at 10% or more of revenue and of receivables, by period

Source: NVIDIA Forms 10-K (FY26) and 10-Q (Q2 FY27). Data file: [risk_customer_concentration.csv](#).

4. The next earnings report

Expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced).

Options price a larger move than usual.

- At-the-money implied volatility is ~**34.5%** for the November 20 expiry, versus **29–30%** for earlier expiries.
- The November 20 straddle costs about **\$22.75 (±9.6%)**.
- That implies an earnings-day move of about **±6%**, versus an average of about **4.0%** over the last eight reports [\[R11\]](#) (analyst calculation; detail in the appendix and alongside Section 3).

What to check in the 10-Q:

- Whether guarantees exceed \$108.5B.
- Whether operating cash flow / net income stays below 60%, or DSO above 60 days, for a second quarter.
- Section 1's four conditions for adding.

5. DOJ review of the Groq deal

The DOJ is examining whether NVIDIA's December 2025 Groq license -and- hire deal (reported at \$17–20B) was structured to avoid merger review. NVIDIA has received a formal information request, and no enforcement action has been reported [\[R12\]](#). NVIDIA paid \$2.9B related to Groq in H1 FY27 and accrued another \$1.0B [\[R1\]](#). SAMR and Hugging Face items are in the appendix.

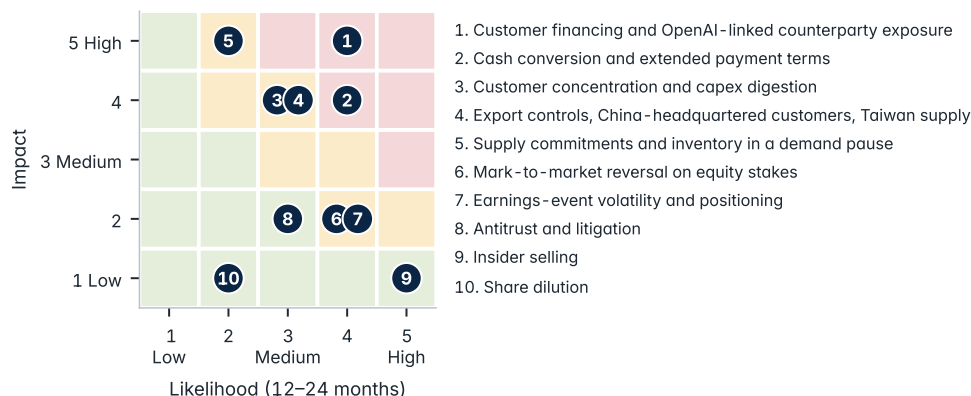
Risk matrix

Likelihood and impact use a 1–5 scale over 12–24 months (analyst judgment). Triggers are shortened; full wording and monitoring detail are in the appendix (C.8).

#	Risk	Likelihood	Impact	Trigger level
1	Customer financing and OpenAI-linked exposure	Medium-High	High	Guarantees above \$108.5B; equity investments plus unfunded commitments above \$150B (now \$124B)
2	Cash conversion and extended payment terms	Medium-High	Medium-High	OCF/NI below 60% or DSO above 60 days again in Q3 FY27
3	Customer concentration and capex digestion	Medium	Medium-High	A direct customer at 20% or more of quarterly revenue; a top-four hyperscaler cuts 2027 capex
4	Export controls, China-HQ customers, Taiwan	Medium	Medium-High	New rule reaching China-HQ customers globally; sharp drop from 8.2% of revenue
5	Supply commitments and inventory in a pause	Low-Medium	High	Inventory above \$40B with Data Center growth below 10% q/q
6	Mark-to-market reversal on stakes	Medium-High	Low-Medium	A quarterly net loss on equity securities
7	Earnings-event volatility and positioning	Medium-High	Low-Medium	Implied move above 10%
8	Antitrust and litigation	Medium	Low-Medium	DOJ complaint or second request; SAMR penalty
9	Insider selling	High	Low	Non-plan insider sales above \$250M in a quarter

#	Risk	Likelihood	Impact	Trigger level
10	Share dilution	Low - Medium	Low	Net share count rises q/q

Figure 4.5 Risk heat map: likelihood vs. impact, risks 1–10



Source: analyst judgment. Data file: [risk_matrix.csv](#).

Bottom line. The conventional red flags (dilution, short interest, litigation) are minor. The risk that matters is NVIDIA's growing role financing its own customers, combined with a concentrated customer base. We support the WAIT call. Any position should start in the \$185–190 starter zone, with the \$180 daily-close stop (Section 3), and should be re-checked against these triggers when the Q3 FY27 10-Q is filed.

5 Position Sizing and Portfolio Fit

LEDGER, SIZING AND PRODUCTION

Prepared by Ledger (sizing and production). Price levels come from [levels.json](#) (Section 3), scenario values from Section 2 and the implied move from Section 4. All arithmetic was checked in code; the sizing script and its output are in [5-sizing-data/](#). Supporting detail is in Appendix D.

ILLUSTRATIVE PORTFOLIO. This section uses a hypothetical **\$150,000 portfolio benchmarked to the S&P 500**. That is roughly the size of the university club's student-managed fund, but **the fund's actual holdings were not available when this report was prepared**. Weights, active risk and dollar amounts are a worked template, not a recommendation for the real fund. Re-run them against the real holdings, cash and risk policy before trading.

5.1 Plan at a glance

Item	Illustrative plan
Today	WAIT at \$237.47. No position. Holding none is an 8.58-point underweight versus the index.
Starter	40 shares in the \$185–190 zone: \$7,500.00 at \$187.50 = 5.00% of the portfolio
Stop	Daily close below \$180 . Starter risk \$300.00 = 0.20%
Add after fiscal Q3 2027	+30 shares , only if all four Section 1 conditions are met. Full position 70 shares = \$13,125.00 (8.75%), risk \$525.00 (0.35%)
Breakout alternative	30 shares on a daily close above \$243.37 on volume above ~145M shares; stop on a daily close below \$235.15. Cost \$7,301.10 (4.87%), risk \$246.60 (0.16%)
Cap	10% of portfolio at cost (\$15,000.00). Trim back to 10% above 12% market value. Combined NVDA risk to the stop is capped at 1% (\$1,500).
Benchmark weight	~8.6% (8.58% in the iShares Core S&P 500 ETF holdings file dated October 6, 2026)

5.2 Entry plan

- **Starter, in the \$185–190 zone.** The zone is the 12-month volume shelf and the June/July double bottom. It sits close to the ~\$184 price that gives Section 2's 30% margin of safety. **40 shares** is about half of benchmark weight: $40 \times \$187.50 = \$7,500.00 \div \$150,000 = 5.00\%$ (from 4.93% at \$185 to 5.07% at \$190). Risk = $40 \times (\$187.50 - \$180) = \$300.00$.
- **Add after the fiscal Q3 2027 report (expected Tuesday, November 17, 2026, after the close; stated by NVIDIA IR on the August 26 call; not yet formally announced),** only if all four Section 1 conditions are met: OCF/Nl toward ~75%, DSO at ~50 days or less, the 71% gross-margin floor and ~70% FY28 growth reaffirmed, and no new customer guarantees. These are the Section 2.6 cash-flow and receivables tests. Add **30 shares** for a 70-share full position, 8.75% at \$187.50, roughly benchmark weight. If the add comes above the zone, cap it so total risk stays at or below 1%: max add = floor[($\$1,500 - \text{starter risk}$) $\div$ (add price – \$180)]. At \$237.47 that is **20 shares** (Appendix D.1).
- **Breakout alternative (levels.json).** Use this on a daily close above **\$243.37** on volume above ~**145M** shares. Buy floor($5\% \times \$150,000 \div \243.37) = **30 shares** and exit on a daily close below **\$235.15**. Risk = $30 \times \$8.22 = \246.60 .

Key trigger: no trade today. The starter is a limit order in the \$185–190 zone (or the breakout rule). Do not buy at \$237.47 ahead of the November 17 report.

5.3 Risk per trade to the stop

Formulas: risk per share = entry – stop; risk budget = risk % $\times$ \$150,000 (\$750 / \$1,500 / \$2,250); shares = floor(budget $\div$ risk per share); dollar risk = shares $\times$ risk per share; weight = shares $\times$ entry $\div$ \$150,000. Entries and stops are from [levels.json](#).

Entry case	Entry (\$)	Stop (\$)	Risk/share (\$)	Risk budget	Budget (\$)	Shares	Dollar risk	Position value	Weight	Within 10% cap?
Zone top (first fill)	190.00	180.00	10.00	0.5%	\$750.00	75	\$750.00	\$14,250.00	9.50%	Yes
Zone top (first fill)	190.00	180.00	10.00	1.0%	\$1,500.00	150	\$1,500.00	\$28,500.00	19.00%	No, cap binds
Zone top (first fill)	190.00	180.00	10.00	1.5%	\$2,250.00	225	\$2,250.00	\$42,750.00	28.50%	No, cap binds
Zone midpoint	187.50	180.00	7.50	0.5%	\$750.00	100	\$750.00	\$18,750.00	12.50%	No, cap binds
Zone midpoint	187.50	180.00	7.50	1.0%	\$1,500.00	200	\$1,500.00	\$37,500.00	25.00%	No, cap binds
Zone midpoint	187.50	180.00	7.50	1.5%	\$2,250.00	300	\$2,250.00	\$56,250.00	37.50%	No, cap binds
Zone bottom	185.00	180.00	5.00	0.5%	\$750.00	150	\$750.00	\$27,750.00	18.50%	No, cap binds
Zone bottom	185.00	180.00	5.00	1.0%	\$1,500.00	300	\$1,500.00	\$55,500.00	37.00%	No, cap binds
Zone bottom	185.00	180.00	5.00	1.5%	\$2,250.00	450	\$2,250.00	\$83,250.00	55.50%	No, cap binds
Breakout (close > ATH)	243.37	235.15	8.22	0.5%	\$750.00	91	\$748.02	\$22,146.67	14.76%	No, cap binds
Breakout (close > ATH)	243.37	235.15	8.22	1.0%	\$1,500.00	182	\$1,496.04	\$44,293.34	29.53%	No, cap binds
Breakout (close > ATH)	243.37	235.15	8.22	1.5%	\$2,250.00	273	\$2,244.06	\$66,440.01	44.29%	No, cap binds

What the table shows. The \$180 stop is only \$5–10 (2.7–5.3%) below the zone. Sizing by risk alone would produce positions of 9.5–55.5% of the portfolio. In **11 of the 12 cases the 10% cap binds, not the risk budget**. The real danger is a gap through the stop. A straddle-implied –9.6% earnings gap from \$187.50 costs the starter \$720.00 (0.48%), which is why the add waits for the report (Appendix D.2).

5.4 Weights, cap and benchmark

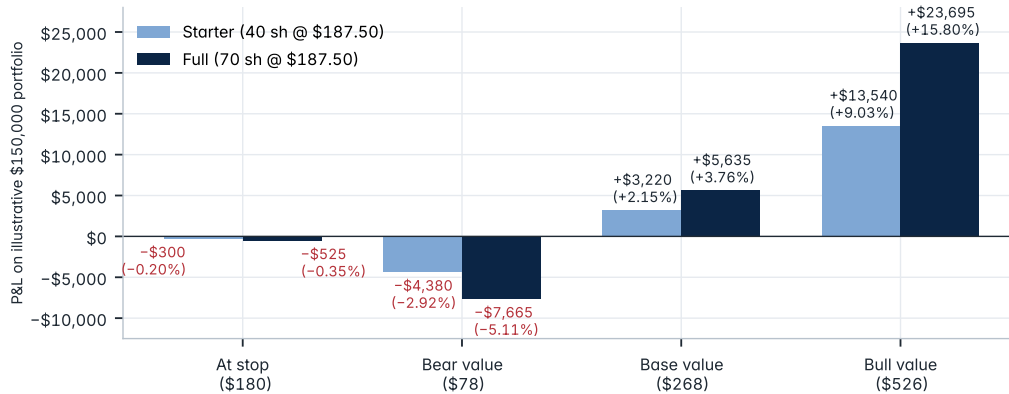
NVDA is the largest S&P 500 constituent. The fully replicating iShares Core S&P 500 ETF (IVV) lists it at **8.58% (holdings as of October 6, 2026)**, and WhichIndex shows 8.62% (October 5). Read it as "about 8.6%"; sourcing detail is in Appendix D.4. Active weight = portfolio weight – 8.58%. Approximate active risk = |active weight| $\times$ 31.7%, where 31.7% is the annualized volatility of NVDA's daily return minus the S&P 500's, February 2 to October 7, 2026.

Holding	NVDA weight	Active weight vs. 8.58%	Approx. active risk from NVDA (annualized)
Hold none (current: WAIT)	0.00%	–8.58 pts	2.72%
Starter (40 sh @ \$187.50)	5.00%	–3.58 pts	1.13%
Benchmark weight	8.58%	0.00 pts	0.00%
Full (70 sh @ \$187.50)	8.75%	+0.17 pts	0.05%
Cap	10.00%	+1.42 pts	0.45%

- **Underweight is a position too.** Holding none (WAIT) costs about $8.58\% \times 10\% = \mathbf{0.86 \text{ points}}$ of relative return for every 10% that NVDA outperforms the market.
- The **starter** halves that bet, and the **full** position is close to benchmark - neutral.
- The **10% cap** limits the overweight to +1.42 points. Section 4's concentration and financing risks argue against more.

5.5 Scenario P&L

Figure 5.1 Dollar P&L of the starter (40 sh) and full (70 sh) positions at the \$180 stop and Section 2 values (\$78 bear, \$268 base, \$526 bull), entry \$187.50



Source: Section 2 scenario values (scenarios.json), levels.json; Ledger calculation on an illustrative \$150,000 portfolio. Data file: sizing.json .

P&L = shares × (outcome − \$187.50); % = P&L ÷ \$150,000. Values are rounded as requested from \$78.23, \$268.36 and \$525.53.

Outcome (price)	Per-share P&L vs. \$187.50	Starter, 40 sh (\$)	Starter, % of portfolio	Full, 70 sh (\$)	Full, % of portfolio
Stop (\$180)	-\$7.50	-\$300	-0.20%	-\$525	-0.35%
Bear (\$78)	-\$109.50	-\$4,380	-2.92%	-\$7,665	-5.11%
Base (\$268)	\$80.50	\$3,220	+2.15%	\$5,635	+3.76%
Bull (\$526)	\$338.50	\$13,540	+9.03%	\$23,695	+15.80%
Probability-weighted (30/50/20 on bear/base/bull)		\$3,004	+2.00%	\$5,257	+3.50%

Probability-weighted P&L = $0.30 \times \text{bear} + 0.50 \times \text{base} + 0.20 \times \text{bull}$ (for the starter: $0.30 \times -\$4,380 + 0.50 \times \$3,220 + 0.20 \times \$13,540 = \$3,004$). With the stop honored, the planned worst case is −\$300 (starter) or −\$525 (full). The bear outcome is the cost of ignoring the stop or gapping through it. Section 2's values are present values, not price targets.



Appendix A: Business and Valuation Detail

GRAHAM, FUNDAMENTALS

Supporting detail for Section 2. Same price basis: \$237.47, close October 7, 2026. Bracketed numbers refer to the source list in A.10. Figures are unchanged from Section 2.

A.1 Rating definitions and methodology

- **Call definitions (team's own scale).**
 - **BUY:** price at or below the level that gives our required margin of safety, with no unresolved red flags.
 - **WAIT:** a quality business, but the price or open questions do not yet justify capital. A specific price or event would change the call.
 - **STEER CLEAR:** the business, balance sheet or governance fails our tests at any reasonable price.
- **Competitive advantage** and **Uncertainty** are our own qualitative descriptors, not a vendor rating scale.
 - **Strong and durable competitive advantage:** we expect returns above the cost of capital to persist for many years.
 - **High uncertainty:** a wide range of plausible outcomes, from cyclical, concentration or exposures. It requires a **30% margin of safety** before buying.
- **Fair value estimate:** the probability-weighted **present value** of the bear, base and bull scenarios, discounted at 10% (A.8). It is not a 12-month price target.
- **Free cash flow (FCF):** operating cash flow minus purchases of property, equipment and intangible assets. For Q1 FY27, Q2 FY27 and Q2 FY26 we use the company-reported FCF, which also deducts principal payments.
- **ROIC:** operating income $\times$ (1 – 15% normalized tax) $\div$ average (equity + debt + operating lease liabilities – cash and marketable debt securities). Excluding FY26 year-end equity investments from invested capital, FY26 ROIC is about 170%.
- **DSO:** receivables $\div$ quarterly revenue $\times$ 91.
- **TTM:** Q3 FY26 through Q2 FY27.

A.2 Business and competitive detail

Q2 FY27 revenue by platform [3]

Platform	\$ millions	Share	y/y
Data Center: Hyperscale	48,710	50.6%	+102%
Data Center: AI Clouds, Industrial & Enterprise (ACIE)	40,313	41.9%	+138%
Data Center total	89,023	92.5%	+117%
Edge Computing	7,198	7.5%	+27%
Total	96,221	100%	+106%

In Q2, NVIDIA reclassified one customer from ACIE to Hyperscale and recast prior periods. The reportable segments remain Compute & Networking and Graphics.

Moat assessment

Moat source	Current strength	Durability (5–10 yr)	Assessment
CUDA software ecosystem	Very strong	Medium-high, eroding at the edges	CUDA is the default for training and research. Framework abstraction (PyTorch, JAX, Triton) and hyperscaler in-house stacks reduce switching costs, especially for inference.
Systems and networking	Very strong	Medium-high	NVIDIA sells integrated racks. Networking hit a record in Q2 FY27; Spectrum-X revenue grew 2.6x y/y [9]. Ethernet and open interconnects target this.
Pricing power	Exceptional (~75% GM)	Medium	Pricing power reflects supply scarcity. GM is guided to a 71–72% trough in Q4 FY27, then 72–73% in FY28 [9].
Scale and supply priority	Very strong	Medium	\$279B of supply and capacity commitments secures wafers and memory. That is an asset while demand holds and a fixed-cost exposure if it does not [3].
Ecosystem financing	New	Uncertain	Equity stakes, cloud-capacity agreements and guarantees deepen customer ties but link results to customer credit (Section 4).

Competition

- **Broadcom (custom ASICs):** AI semiconductor revenue was \$16.7B in its quarter ended Aug 2, 2026, up 221% y/y, with \$21.7B guided for the next quarter [15].
- **Google:** sells and rents TPU systems externally; Anthropic has committed to up to ~1M TPUs [16].

- **AMD:** OpenAI agreed to deploy up to 6 GW of AMD GPUs, beginning with 1 GW of MI450 in 2H 2026 [17].

A.3 Financial history detail

FY (period end)	Revenue (\$B)	y/y	Gross margin	Op. income (\$B)	Op. margin	Net income (\$B)	FCF (\$B)	FCF margin	Diluted shares (B)	ROIC
FY22 (Jan 30, 2022)	26.9	+61%	64.9%	10.0	37.3%	9.8	8.1	30%	25.35	~56%
FY23 (Jan 29, 2023)	27.0	0%	56.9%	4.2	15.7%	4.4	3.8	14%	25.07	~19%
FY24 (Jan 28, 2024)	60.9	+126%	72.7%	33.0	54.1%	29.8	27.0	44%	24.94	~115%
FY25 (Jan 26, 2025)	130.5	+114%	75.0%	81.5	62.4%	72.9	60.9	47%	24.80	~186%
FY26 (Jan 25, 2026)	215.9	+65%	71.1%	130.4	60.4%	120.1	96.7	45%	24.51	~134%

Sources: [8][5][6]. FY22 shares are adjusted for the June 2024 10-for-1 split.

Revenue by market, FY22–FY26 (\$ millions) [5][6]

	FY22	FY23	FY24	FY25	FY26
Data Center	10,613	15,005	47,525	115,186	193,737
Gaming	12,462	9,067	10,447	11,350	16,042
Professional Visualization	2,111	1,544	1,553	1,878	3,191
Automotive	566	903	1,091	1,694	2,349
OEM and Other	1,162	455	306	389	619
Total	26,914	26,974	60,922	130,497	215,938

A.4 Latest quarter detail

(\$ millions)	Q2 FY27	Q1 FY27	Q2 FY26	q/q	y/y
Revenue	96,221	81,615	46,743	+18%	+106%
Gross margin (GAAP)	75.0%	74.9%	72.4%	+0.1 pt	+2.6 pts
Operating income	63,734	53,536	28,440	+19%	+124%
Net income, GAAP	59,688	58,321	26,422	+2%	+126%
Net income, non-GAAP	53,954	45,548	24,763	+18%	+118%
Diluted EPS, GAAP / non-GAAP	\$2.46 / \$2.22	\$2.39 / \$1.87	\$1.08 / \$1.01		

Sources: [2][3]. Q3 FY27 guidance: GAAP and non-GAAP operating expenses of about \$9.2B and \$9.0B; FY27 tax rate of 16–18% [2].

Consensus as of October 7, 2026 [10]

Period	Revenue (avg.)	EPS (avg.)	Analysts (EPS)
Q3 FY27 (Oct 2026)	\$108.98B	\$2.47	44
FY27 (Jan 2027)	\$411.65B	\$9.31	51
FY28 (Jan 2028)	\$692.21B	\$15.91	52

A.5 Balance sheet detail

(\$B)	Jul 26, 2026	Jan 25, 2026
Cash and cash equivalents	22.4	10.6
Marketable debt securities	34.1	39.1
Marketable equity securities	42.8	12.9
Locked-up public equity, long-term (in Other assets)	5.0	4.8
Non-marketable equity securities	51.2	22.3

(\$B)	Jul 26, 2026	Jan 25, 2026
Accounts receivable	63.1	38.5
Inventories	31.6	21.4
Total assets	320.3	206.8
Short-term + long-term debt	33.4	8.5
Shareholders' equity	229.0	157.3

Sources: [2]. The locked-up line is from 10-Q Note 4 [4].

- **Equity investments:** NVIDIA's MD&A reports **\$99B** at July 26, 2026 [4]: \$42.8B marketable, \$5.0B locked-up long-term public equity and \$51.2B non-marketable (including \$3.3B of equity-method investments). There are also \$25B of unfunded commitments.
- **June 2026 notes:** \$25.0B maturing 2028–2056 at coupons of 4.25%–5.625% [11].
- **Capital return:** Q2 FY27 returned \$26.0B (\$19.7B of repurchases, \$6.0B of dividends at \$0.25 per quarter) [2]. Repurchases were \$93.4B over FY23–FY26 and \$39.0B in H1 FY27 [8][2].

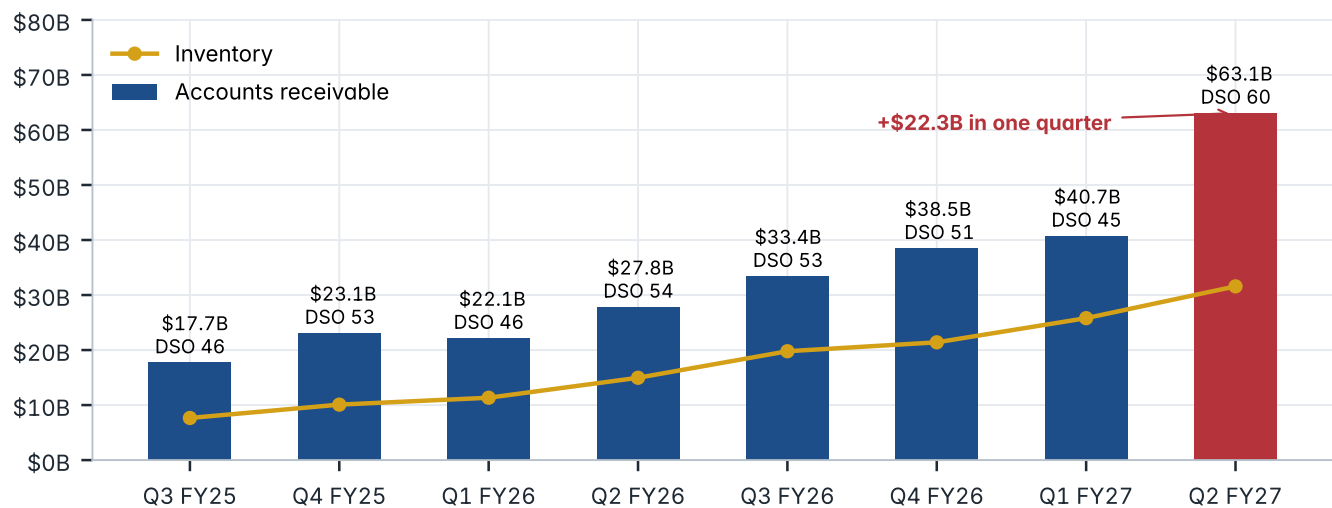
A.6 Cash-flow and working-capital detail

Quarter	Net income (\$B)	Op. cash flow (\$B)	OCF / NI	FCF (\$B)	Receivables (\$B)	DSO
Q1 FY26	18.8	27.4	146%*	26.2	22.1	46
Q2 FY26	26.4	15.4	58%	13.5	27.8	54
Q3 FY26	31.9	23.8	74%	22.1	33.4	53
Q4 FY26	43.0	36.2	84%	34.9	38.5	51
Q1 FY27	58.3	50.3	86%	48.6	40.7	45
Q2 FY27	59.7	24.1	40%	21.3	63.1	60

Sources: [8][2][3]. *Q1 FY26 net income was depressed by the \$4.5B H2O charge.

- **Q2 FY27 working capital** [2]: receivables –\$22.3B, inventories –\$5.8B, prepaid and other assets –\$5.5B, partly offset by payables and accruals. The net absorption was about \$31B.
- **Receivable concentration:** five direct customers hold 22%, 14%, 13%, 11% and 10% of the balance [4]. Section 4 covers payment terms and customer advances.
- **Commitments:** supply and capacity commitments were \$95.2B at fiscal year-end [6], \$119B in Q1 and \$279B in Q2. Total commitments are \$366B [3], which excludes \$56B of additional AI-cloud and third-party lease commitments (see C.5). Earlier periods used different disclosure definitions.
- **Receivables trend (eight quarter-ends):** see [receivables_trend.csv](#) (Figure A.1).

Figure A.1 Receivables trend



Source: SEC XBRL facts. Data file: [receivables_trend.csv](#).

A.7 Demand, China, supply and regulatory detail

- **Hyperscaler capex:**
 - 2026 guidance: Microsoft ~\$175B (lease-accounting basis), Alphabet \$195–205B, Amazon ~\$220B, Meta \$130–145B, about \$720–745B in total [14].
 - 2027 consensus for the four is about \$934.5B [18].
 - These come from secondary trackers that compile company guidance.
- **China:**
 - NVIDIA says it is "effectively foreclosed" from China's data-center compute market. Licensed H200 shipments were under 1% of Q2 Data Center revenue, and there was a \$0.4B H200 charge in H1 FY27 [4].
 - China-headquartered customers generated \$7.88B (8.2%) of Q2 revenue, up from \$4.55B in Q1 and \$3.99B a year earlier. End-customer and shipping locations may differ from headquarters [4].
- **Supply:** management describes FY28 growth as supply-limited [9]. Memory pricing is the main margin headwind, and production is concentrated at TSMC in Taiwan.
- **Regulatory:**
 - DOJ: Reuters (citing The New York Times) reported on September 10, 2026 that the Department of Justice opened an inquiry into the December 2025 Groq licensing deal soon after it was announced, and has sent a formal information request. A fine is possible; an unwinding is unlikely [20]. Bloomberg reported it independently [21].
 - China SAMR and the Hugging Face approval are covered in Section 4.7.

A.8 Valuation detail

Multiples (analyst calculations)

Measure	Value	Basis
Market capitalization	~\$5.72T	24.1B shares at Aug 21, 2026 [4]
Enterprise value	~\$5.70T	Plus debt of \$33.4B, less cash and marketable debt securities of \$56.6B. About \$5.60T if the \$99B of equity investments is also deducted
P/E, trailing GAAP	~30x	TTM GAAP EPS of about \$7.91
P/E, trailing ex-investment gains	~35x	Removes ~\$30.6B of pre-tax TTM equity gains
P/E, forward	~25.5x FY27; ~14.9x FY28	Consensus EPS of \$9.31 / \$15.91 [10]
EV / sales	~18.8x TTM; ~13.8x FY27E; ~8.2x FY28E	TTM revenue of \$303.0B [10]
FCF yield	~2.2% TTM (~2.1% after SBC)	TTM FCF of \$126.9B; TTM SBC of \$7.2B

Reverse DCF (10-year explicit period, 3% terminal growth; `reverse_dcf.json`)

Starting point	Implied requirement
TTM FCF of \$126.9B	~18.1% annual FCF growth for 10 years at a 10% discount rate (15.6% at 9%; 20.3% at 11%)
TTM FCF less SBC, \$119.7B	~18.9% annual growth
Consensus FY27 FCF ~\$190B [19], then FY28 FCF ~\$323B (85% of consensus FY28 net income; analyst estimate)	~7.7% annual FCF growth for FY29–FY36

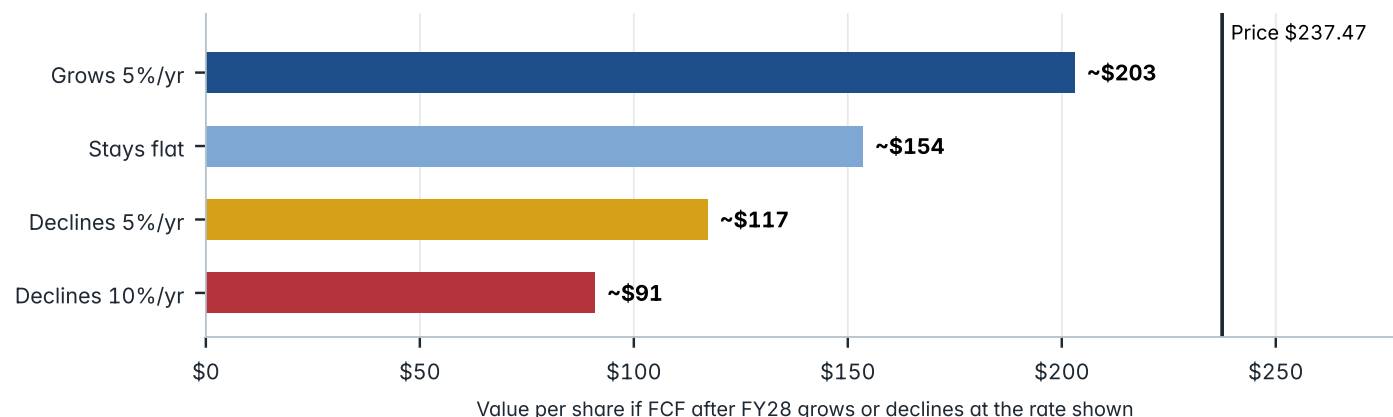
If FCF after FY28...	Value per share
Grows 5% per year	~\$203
Stays flat	~\$154
Declines 5% per year	~\$117
Declines 10% per year	~\$91

Scenario narratives (inputs in `scenarios.json`)

- **Bear (30%):** AI capex digestion after FY28; custom silicon gains share; financed customers falter. This resembles the FY23 downturn.
- **Base (50%):** consensus FY28 roughly delivered, then ~10% annual growth, with margins drifting lower.
- **Bull (20%):** agentic and physical AI keep demand ahead of supply, and NVIDIA keeps dominant share.

Common assumptions: 10% discount rate, about 4.3 years to FY31, and roughly \$1 per share per year of dividends. The weights sum to 100%. Weighted present value is $0.30 \times \$78.23 + 0.50 \times \$268.36 + 0.20 \times \$525.53 = \262.76 . Margin of safety = $1 - 237.47 \div 262.76 \approx 9.6\%$. The price for a 30% margin of safety is $0.70 \times \$262.76 \approx \183.93 .

Figure A.2 Reverse-DCF sensitivity



Source: analyst model. Data file: `reverse_dcf.json`.

A.9 Data notes

Notes. TTM = Q3 FY26 through Q2 FY27. TTM GAAP EPS is the sum of reported quarterly diluted EPS; Q4 FY26 is derived as FY26 \$4.90 less nine-month \$3.14. Q4 FY26 Data Center revenue (\$62.3B) is derived as FY26 total less the nine-month figure. Commitment figures before FY26 used different disclosure definitions and are not directly comparable. Items we could not verify from a primary or reputable source (the current status of the broader U.S. Department of Justice AI-chip inquiry reported in 2024, which is distinct from the Groq inquiry above; specific TSMC CoWoS capacity figures; and a formal Q3 FY27 report-date release) are excluded from the analysis or labeled as unconfirmed.

A.10 Sources

- [1] Yahoo Finance daily chart data, NVDA, close October 7, 2026: <https://query1.finance.yahoo.com/v8/finance/chart/NVDA> (quote page: <https://finance.yahoo.com/quote/NVDA/>)
- [2] NVIDIA, "NVIDIA Announces Financial Results for Second Quarter Fiscal 2027" (Form 8-K Ex. 99.1, Aug 26, 2026): <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000073/q2fy27pr.htm>
- [3] NVIDIA, CFO Commentary on Second Quarter Fiscal 2027 Results: https://s201.q4cdn.com/141608511/files/doc_financials/2027/Q227/Q2FY27-CFO-Commentary.pdf
- [4] NVIDIA Form 10-Q for the quarter ended July 26, 2026: <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000075/nvda-20260726.htm>
- [5] NVIDIA Form 10-K for FY24 (FY22-FY24 market revenue): <https://www.sec.gov/Archives/edgar/data/1045810/000104581024000029/nvda-20240128.htm>
- [6] NVIDIA Form 10-K for FY26: <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000021/nvda-20260125.htm>
- [7] NVIDIA Form 10-Q for the quarter ended October 26, 2025 (Q3 FY26 Data Center revenue): <https://www.sec.gov/Archives/edgar/data/1045810/000104581025000230/nvda-20251026.htm>
- [8] SEC XBRL company facts, NVIDIA (CIK 1045810): <https://data.sec.gov/api/xbrl/companyfacts/CIK0001045810.json>
- [9] Q2 FY27 earnings call summary, MarketBeat (Aug 26, 2026): <https://www.marketbeat.com/instant-alerts/transcript-nvidia-q2-earnings-call-highlights-2026-08-26/>; Reuters headline (paywalled): <https://www.reuters.com/business/media-telecom/nvidia-aforecasts-quarterly-revenue-above-estimates-2026-08-26/>
- [10] Yahoo Finance analyst estimates, viewed Oct 7, 2026: <https://finance.yahoo.com/quote/NVDA/analysis/> (cross-check: <https://equibbles.com/stocks/nvda/analyst-estimates>)
- [11] NVIDIA Form 8-K, senior notes offering (June 2026): <https://www.sec.gov/Archives/edgar/data/1045810/000119312526275783/d48176d8k.htm>
- [12] NVIDIA, "NVIDIA Announces a \$150 Billion Share Repurchase Authorization Increase" (Sep 28, 2026): <https://nvidianews.nvidia.com/news/nvidia-announces-a-150-billion-share-repurchase-authorization-increase>
- [13] NVIDIA Form 8-K, SB Energy / OpenAI residual value guaranties (Aug 17, 2026): <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000069/nvda-20260817.htm>
- [14] TMT Finance, "2026 hyperscaler capex tops US\$700bn": <https://www.tmtfinance.com/intel/2026-hyperscaler-capex-tops-us700bn-analysis>

- [15] Broadcom Q3 FY26 results (Form 8-K Ex. 99.1): <https://www.sec.gov/Archives/edgar/data/1730168/000173016826000076/avgo-08022026x8kxex99.htm>
- [16] SemiAnalysis, "TPUv7: Google Takes a Swing at the King": <https://newsletter.semianalysis.com/p/tpuv7-google-takes-a-swing-at-the>
- [17] AMD, "AMD and OpenAI Announce Strategic Partnership to Deploy 6 Gigawatts of AMD GPUs": <https://ir.amd.com/news-events/press-releases/detail/1260/amd-and-openai-announce-strategic-partnership-to-deploy-6-gigawatts-of-amd-gpus>
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- [19] StockAnalysis, NVDA forecast (FY27 consensus free cash flow): <https://stockanalysis.com/stocks/nvda/forecast/>
- [20] Reuters, "DOJ probes Nvidia's licensing deal with AI startup Groq, NYT reports" (Sep 10, 2026 UTC): <https://www.reuters.com/legal/litigation/us-doj-probes-nvidias-licensing-deal-with-ai-startup-groq-nyt-reports-2026-09-10/> (original report: The New York Times, Sep 9, 2026, <https://www.nytimes.com/2026/09/09/business/nvidia-groq-antitrust.html>)
- [21] Bloomberg Law / Bloomberg News, "DOJ Probes Nvidia's Tie-Up With Groq on Antitrust Concerns" (Sep 10, 2026): <https://news.bloomberglaw.com/mergers-and-acquisitions/doj-probes-nvidias-license-deal-with-groq-on-antitrust-concerns>

B Appendix B: B: Technical data notes

WICK, TECHNICALS

Data source. Daily and intraday prices and volumes are from Yahoo Finance, through the October 7, 2026 close.

Anchored VWAP. The anchored VWAP levels in Section 3 are calculated from 1-hour bars, starting at the swing highs and lows they are anchored to (March 30, May 14, July 29, and September 14, 2026). The lines in Figure 3.1 use daily bars, so they can differ from the table by up to about \$1.

Volume profile. The 12-month profile groups traded volume into \$2.50 price bins. The value area is the price range that holds 70% of that volume, centered on the busiest bin, called the point of control.

Intraday volume. Yahoo's intraday feed had a few bad volume prints. Any bar more than six times its local median was replaced with that median. Intraday profiles leave out closing-auction volume, so they understate trading at the close.

Earnings reactions. The gap runs from the prior close to the reaction-day open, and the open-to-close move covers the reaction day itself. The five-day move runs from the reaction-day close to the close five sessions later.

Limitations. Technical levels describe where buyers and sellers have been active before. They show probabilities, not certainties, and should be read alongside the fundamental and risk sections.



Appendix C: Risk Detail

SCREENER, RISK

Supporting detail for Section 4. Same price basis: \$237.47, close October 7, 2026. Bracketed tags [R#] refer to the source list in C.10.

C.1 Insider activity (Forms 4 and 144)

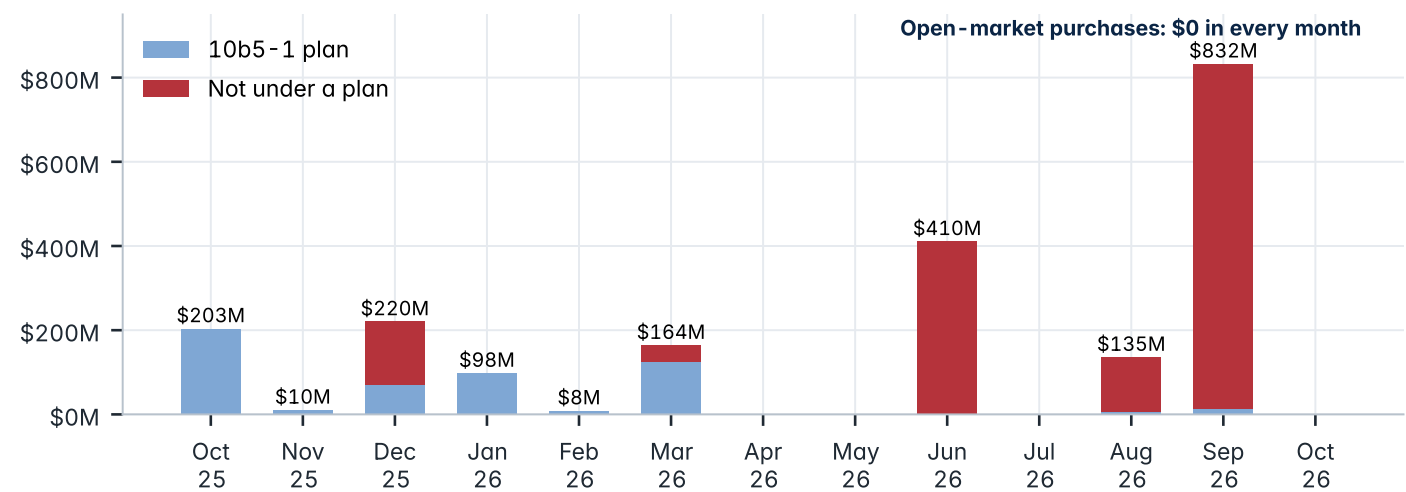
We parsed every Form 4 and Form 144 that NVIDIA insiders filed from October 1, 2025 to October 7, 2026: 87 Forms 4 and 47 Forms 144 [R7]. The last Form 4 was filed September 23, 2026. Windows below use trade dates: 12 months is Oct 8, 2025 to Oct 7, 2026, and 6 months is Apr 8 to Oct 7, 2026.

Insider	Role	Sales, 12 mo. (\$M)	Shares sold, 12 mo.	Sales, 6 mo. (\$M)	Avg. price	10b5-1? (plan adopted)
Mark A. Stevens	Director	1,495.9	6,915,922	1,353.7	\$216.30	No
Jensen Huang	President & CEO	194.8	1,050,000	0	\$185.50	Yes (Mar 20, 2025)
Ajay K. Puri	EVP, Worldwide Field Ops (retiring)	183.0	1,000,000	0	\$183.00	Yes (Sep 19, 2025)
Colette M. Kress	EVP & CFO	63.3	338,628	7.6	\$187.07	Yes (Mar 4, 2025; Jun 16, 2026)
Debora Shoquist	EVP, Operations	56.2	309,840	0	\$181.34	Yes (Sep 9, 2025)
Harvey C. Jones	Director	44.3	250,000	0	\$177.33	No
Donald F. Robertson Jr.	Chief Accounting Officer (retired)	20.6	109,986	0	\$186.90	Yes (Sep 18, 2025)
Timothy S. Teter	EVP & General Counsel	13.3	60,460	13.3	\$220.36	Yes (May 22, 2026)
Aarti S. Shah	Director	3.4	19,000	0	\$176.71	Yes (Nov 25, 2024)
Stephen C. Neal	Director	3.3	15,500	3.3	\$215.73	No
A. Brooke Seawell	Director	2.3	12,728	0	\$183.93	No
John O. Dabiri	Director	0.8	4,255	0.1	\$188.37	Yes
Total		2,081.3	10,086,319	1,378.2		74% of 12-mo. \$ not under a plan

Source: Forms 4 [R7]; the full transaction log with filing links is in [risk_insider_transactions_log.csv](#). The 10b5-1 status is the Form 4 checkbox plus footnote adoption dates. Values are shares × reported weighted-average price (analyst aggregation).

Observations

- **No insider bought stock on the open market in 12 months.** Other acquisitions were grants and vesting (code A). Dispositions besides sales were tax withholding (code F) and gifts or estate-planning transfers (codes G and J).
- **Director Mark Stevens is the dominant seller.** He sold 6.92M shares for \$1.50B between Dec 5, 2025 and Sep 18, 2026, through the Third Millennium Trust. The holding in that trust fell from about 7.4M to 0.97M shares. He still reports 11.5M shares held directly and 15.0M in the Envy Trust [R7a]. By our estimate he sold about one-fifth of his reported holdings. None of these trades are marked as 10b5-1 plan sales.
- **More Stevens sales were noticed but have not been reported.** His Form 144 of September 2, 2026 covered up to **5.0M shares (about \$1.09B)** [R7b]. Forms 4 through September 18 report 3.59M shares sold since that date, which leaves **about 1.41M shares (about \$335M at \$237.47)** noticed but not reported sold (analyst calculation). A Form 144 does not obligate a sale.
- **The CEO has made no open-market sales since October 29, 2025.** That date ended his sales under a plan adopted March 20, 2025 [R7c]. In 2026 his filings show only award grants, tax withholding, gifts (400,000 shares in June and 438,000 in September) and internal trust transfers. None of these is a sale.
- **Executive sales are planned and much smaller in dollars.** All officer sales were made under 10b5-1 plans. The CFO adopted a new plan on June 16, 2026, and the General Counsel adopted one on May 22, 2026, so further small, scheduled sales are likely.
- **Read-through:** Selling after a strong run is normal, and plan sales carry little information. Neither the size of Stevens' discretionary sales nor the total absence of buying is a fundamental red flag. Both are worth noting next to the balance-sheet items below.

Figure C.1 Insider open-market sales by month, Oct 2025–Oct 2026, 10b5-1 vs. non-plan

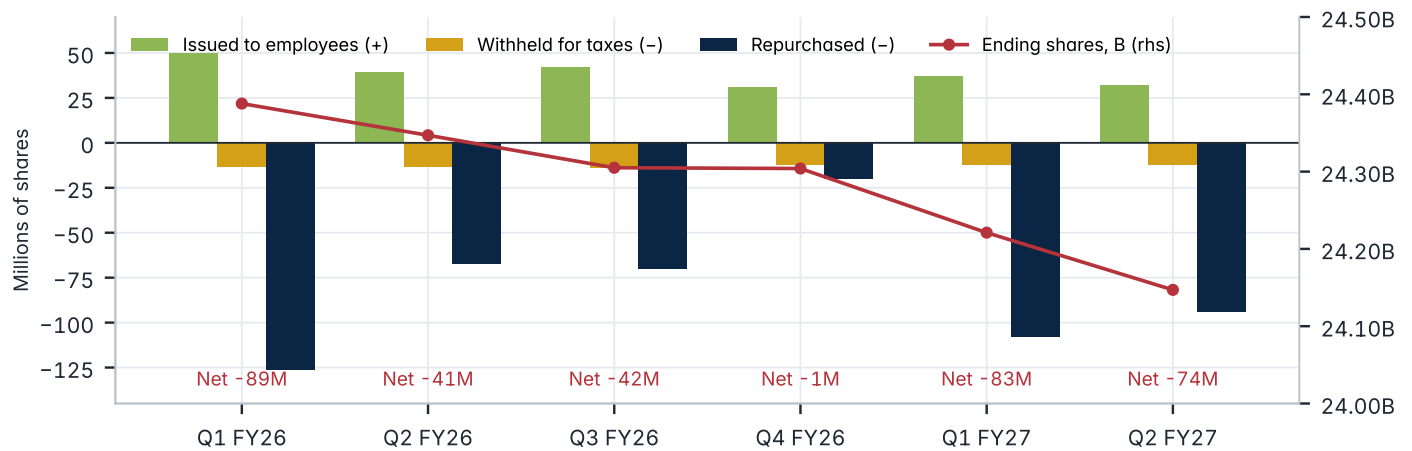
Source: SEC Forms 4; analyst aggregation. Data file: [risk_insider_monthly.csv](#).

C.2 Share count and dilution

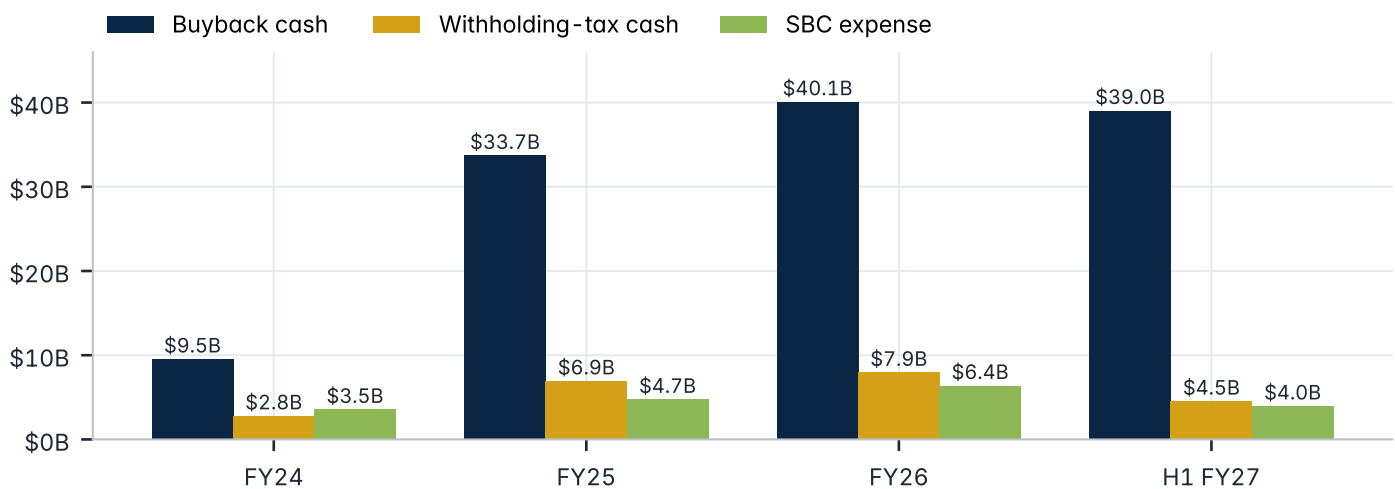
Period	Shares issued (M)	Withheld for tax (M)	Repurchased (M)	Net change (M)	Net change	Buybacks (\$B)	Withholding cash (\$B)	SBC expense (\$B)
FY24	265	72	211	-18	-0.07%	9.5	2.8	3.5
FY25	203	59	310	-166	-0.67%	33.7	6.9	4.7
FY26	160	51	282	-173	-0.71%	40.1	7.9	6.4
H1 FY27	69	23	203	-157	-0.65%	39.0	4.5	4.0
TTM to Jul 26, 2026	142	50	292	-200	-0.82%	55.3	9.1	7.2

Sources: shareholders' equity statements in the FY26 10-K and FY26/FY27 10-Qs [\[R4\]](#)[\[R6\]](#)[\[R5\]](#)[\[R1\]](#); cash amounts from the cash-flow statements and XBRL facts [\[R17\]](#). TTM = Q3 FY26 through Q2 FY27 (analyst sum).

- **Gross dilution is low.** Shares issued to employees run about 0.6% a year. There are 168M unvested RSUs/PSUs (0.7% of shares) and \$19.4B of unrecognized compensation cost, to be recognized over about 2.6 years [\[R1\]](#).
- **The economic cost of equity pay is well above reported SBC.** Over the past 12 months, 92M of the 292M shares repurchased (32%) only offset net employee issuance. At the ~\$189 average repurchase cost, that offset cost about \$17B. Add \$9.1B of cash paid for employee withholding taxes, and about **\$26B of TTM cash went to employee equity, against \$7.2B of reported SBC expense** (analyst calculation). The gap exists because awards are expensed at grant-date values (weighted average \$120 per unvested unit [\[R1\]](#)) far below today's price.
- **Net shrink is real but slow**, at -0.82% TTM. Section 2 covers the \$235B remaining authorization. At \$237.47 it would retire roughly 4% of shares if fully used (analyst calculation). Dilution is not a material risk. The bigger point is that buybacks now compete for cash with equity investments (§4.3).

Figure C.2 Quarterly share-count bridge: issued, withheld, repurchased and ending shares, Q1 FY26–Q2 FY27

Source: NVIDIA 10-K (FY26) and 10-Q equity statements; analyst calculation. Data file: [risk_share_count_quarterly.csv](#).

Figure C.3 Employee equity cost vs. SBC: buyback cash, withholding cash and SBC expense, FY24–H1 FY27

Source: NVIDIA 10-K/10-Q cash-flow statements; SEC XBRL facts. Data file: [risk_share_count_annual.csv](#).

C.3 Related-party and customer-financing exposure

NVIDIA does not report these as related-party transactions under GAAP, and nothing here suggests improper accounting. The issue is economic: NVIDIA increasingly invests in, guarantees, or buys capacity from the same companies that buy its products. Its own filings say so. The FY26 10-K says its \$17.5B of private investments "include AI model makers that purchase our products directly or through CSPs" [R4]. The Q2 FY27 10-Q describes the guarantees as "dependent on the performance of our customers and partners" [R1].

Exposure (Jul 26, 2026)	\$B	% of equity (\$229.0B)	Nature
Equity investments (public, private, equity-method)	99.0	43%	Asset; marks flow through GAAP net income
Unfunded equity commitments	25.0	11%	Cash due mostly in the rest of FY27 (\$18B)
SB Energy / OpenAI residual-value guarantees (cap)	105.0	46%	Contingent; phases in from FY29; declines as OpenAI pays; OpenAI indemnifies NVIDIA
Land, power & shell guarantees for AI clouds	3.5	2%	Contingent; partners have escrowed \$0.71B
AI-cloud agreements (NVIDIA buys cloud capacity)	36.0	16%	About 6-year commitments; decline as partners resell capacity
Data-center leases to be reassigned to third parties	20.0	9%	About 15-year leases commencing FY28–FY29
Gross ecosystem exposure	288.5	126%	Not additive risk of loss; see caveats

Exposure (Jul 26, 2026)	\$B	% of equity (\$229.0B)	Nature
Memo: Q2 FY27 receivables increase on extended terms	22.3	10%	Payment terms of 90 days to one year for investment-grade buyers

Sources: 10-Q Notes 5–10 and MD&A [R1]; CFO Commentary [R2]; 8-K of Aug 17, 2026 [R3]. Percentages are analyst calculations.

OpenAI is the single largest linked counterparty.

- NVIDIA invested **\$30B** in OpenAI's February 2026 round [R16].
- It guarantees up to **\$105B** of OpenAI's lease obligations at the PORTS campus [R3].
- The 10-Q says "one AI research and deployment company" contributed a "meaningful amount" of revenue indirectly through cloud purchases [R1]. The filing does not name it.
- Together, \$135B of equity plus guarantee cap equals **59% of NVIDIA's shareholders' equity** (analyst calculation).

Mitigants are real:

- The guarantee activates only as each of nine data centers reaches ready-for-service, with the first expected in FY29.
- It covers defined portions of lease and power payments, not the full site cost.
- It falls away if OpenAI reaches a satisfactory credit rating.
- OpenAI must reimburse NVIDIA for any payments [R1][R3].

But the 10-Q itself warns that NVIDIA "may not recover amounts promptly or in full" [R1]. NVIDIA also holds an option for about **3.8 GW** more of credit support at the site. In August it signed memoranda with capital providers aiming to mobilize **more than \$500B** of third-party financing, with optional "limited residual-value support" from NVIDIA [R1].

Named public stakes. NVIDIA's 13F for June 30, 2026 lists eight public positions worth **\$63.4B** [R8]:

Holding	Value (\$B)	Relationship
Intel	30.0	214.8M shares
SpaceX	21.0	122.8M shares; IPO'd June 2026, rents AI compute to third parties, said in August it will build "exclusively on Nvidia," and is in early talks to raise \$40B to buy more NVIDIA chips [R18]
CoreWeave	4.7	AI cloud and customer
Coherent	3.1	
Nokia	2.2	
Synopsys	2.2	
Nebius	0.3	AI cloud
Generate Biomedicines	<0.1	

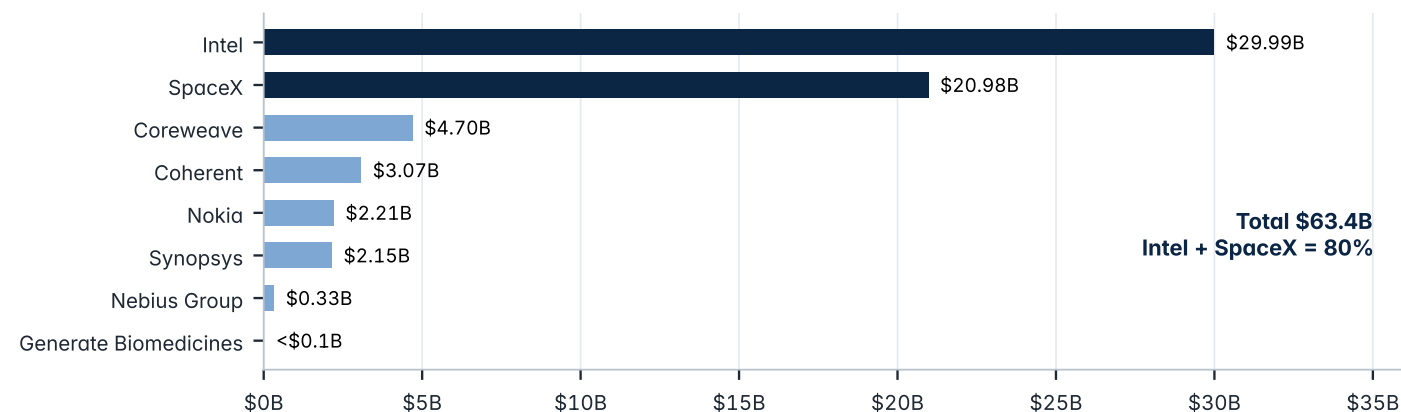
Public stakes reported in the 10-Q. The 10-Q reports \$47.7B of public equity at fair value on July 26. That figure includes \$10.8B of unregistered warrants and convertible preferred, and \$36.9B is under short-term lock-ups [R1].

- **13F vs. 10-Q gap.** We could not fully reconcile the 13F and 10-Q totals. One driver is volatility: the 13F values imply about \$139.6 per Intel share on June 30, versus a \$92.32 Nasdaq close on July 24, 2026 (analyst calculation).
- **Warrants received in Q2 FY27.** NVIDIA received warrants on public-company stock with a \$4.8B notional value. The "benefit [is] substantially deferred," and the filing does not name the issuer [R1].

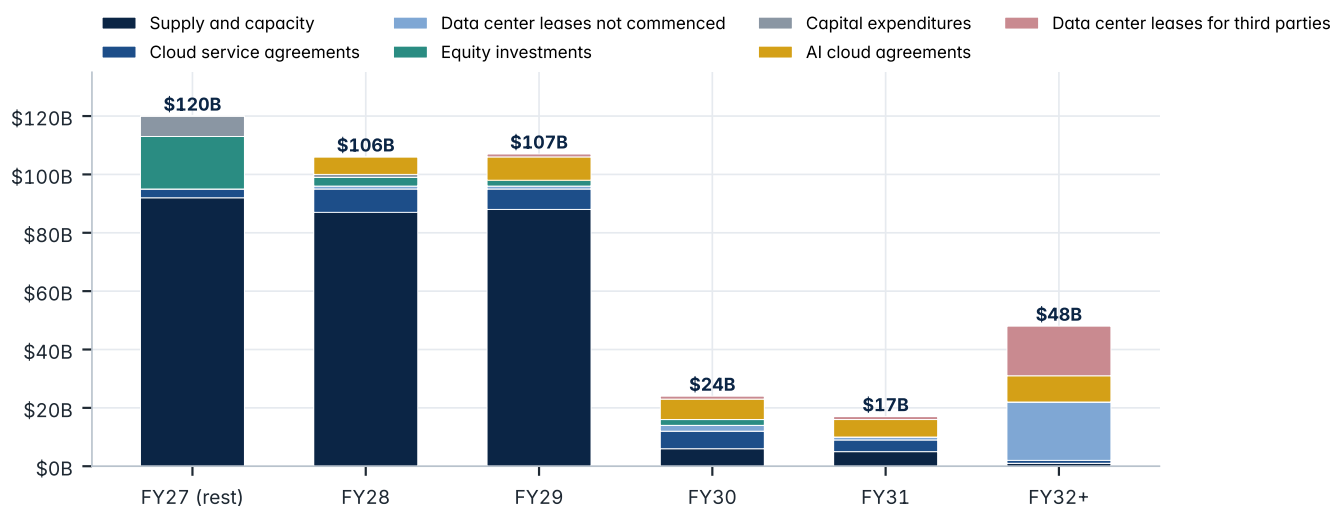
Private and frontier-lab stakes. Kress said NVIDIA has invested "nearly \$50B" in frontier AI labs, including up to \$10B in Anthropic [R6][R15].

Cash used for equity purchases. Equity purchases rose from \$0.9B (FY24) to \$17.5B (FY26) to **\$42.4B in H1 FY27, equal to 61% of H1 free cash flow** [R1][R4] (analyst calculation).

Circular-revenue question, stated neutrally. The filings do not let anyone measure how much revenue traces back to NVIDIA's own capital, and we do not estimate it. The pattern resembles vendor financing in prior hardware cycles: equity in customers, guarantees of customers' leases, purchases of capacity from customers, and longer customer payment terms. The difference today is that NVIDIA is funding it from very large free cash flow rather than from debt. The risk is that reported demand and earnings partly reflect NVIDIA's willingness to extend credit, and that losses would show up together (impairments, guarantee calls, bad debts) if a large AI lab or AI cloud stumbles.

Figure C.4 Public equity stakes per 13F, June 30, 2026 (\$B)

Source: NVIDIA Form 13F-HR (period Jun 30, 2026). Data file: [risk_13f_public_holdings_2026-06-30.csv](#).

Figure C.5 Commitments by fiscal year and type, as of July 26, 2026 (\$B)

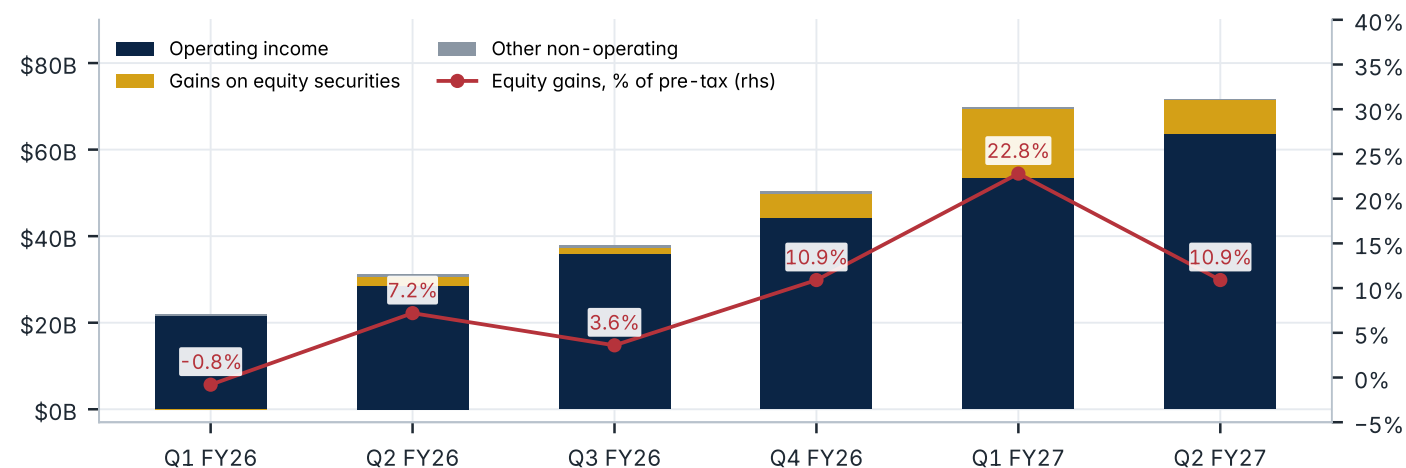
Source: NVIDIA 10-Q (Q2 FY27), Note 10. Data file: [risk_commitments_schedule.csv](#).

Why \$422B here and \$366B elsewhere: NVIDIA's CFO Commentary reports two tables. "Future commitments" (supply and capacity \$279B, cloud services \$29B, data-center leases \$25B, equity investments \$25B, capex \$8B) totals **\$366B**, the figure used in Section 2. "Additional commitments" (AI-cloud agreements \$36B, leases to be reassigned to third parties \$20B) adds **\$56B**. This chart shows both, for **\$422B**. By fiscal year, the core table is \$120B / \$100B / \$98B for FY27 (remainder)–FY29; including the additional commitments it is \$120B / \$106B / \$107B [R1][R2].

C.4 Earnings quality

Section 2.6 covers operating cash flow vs. net income, receivables/DSO and inventory. We add points not covered there:

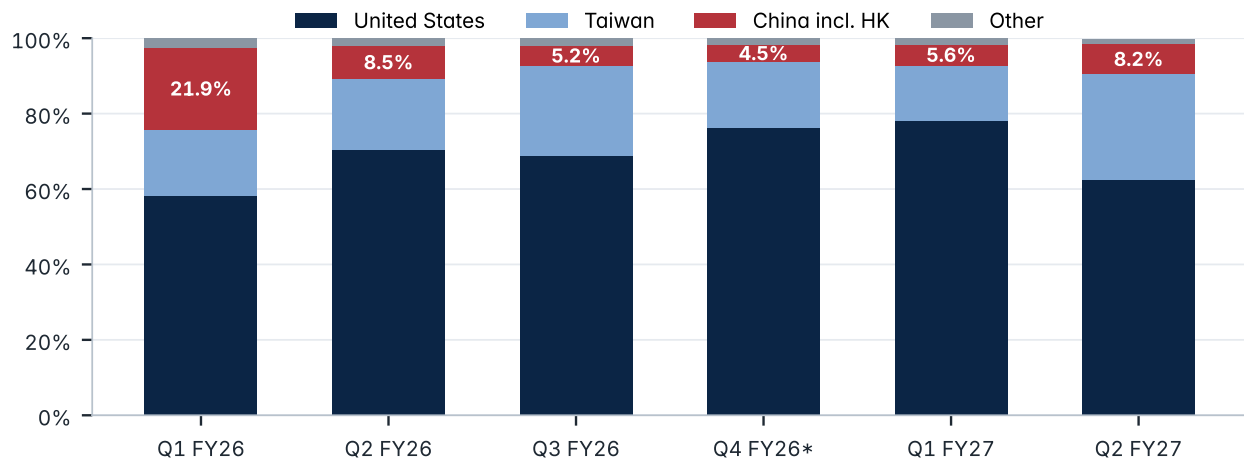
- **Investment gains in pre-tax income.** Gains on equity securities were **22.8% of pre-tax income in Q1 FY27** (\$15.9B) and 10.9% in Q2 (\$7.8B), or \$30.6B over the past 12 months [R1][R5] (analyst calculation). They are excluded from non-GAAP results but included in GAAP EPS. The same marks can reverse, and Intel and SpaceX alone account for \$51B of public holdings.
- **Receivables are concentrated and on longer terms.** Five direct customers hold 22%, 14%, 13%, 11% and 10% of receivables, about **\$44B of the \$63.1B balance** [R1]. Payment terms for investment-grade buyers now run **90 days to one year**, and NVIDIA says these arrangements "will continue to affect the timing of our operating cash flows" [R1].
- **Customer prepayments help cash flow.** Customer advances added \$15.6B in H1 FY27, against \$7.5B a year earlier. Cash flow is therefore partly supported by prepayments, which can change with negotiating power [R1].
- **Inventory mix and commitments.** Raw materials rose from **\$3.8B to \$11.3B** in six months, consistent with the memory-led jump in supply commitments to \$279B. Accrued excess-inventory purchase obligations are \$2.1B, and Q2 inventory provisions were \$0.8B [R1]. Supply commitments of \$92B fall due in the rest of FY27, \$87B in FY28 and \$88B in FY29. Some are cancelable or adjustable before firm orders, but the filing does not quantify how much [R1].

Figure C.6 Pre-tax income composition: operating income, equity gains and other, Q1 FY26–Q2 FY27

Source: NVIDIA 10-K/10-Qs; CFO Commentary; analyst calculation. Data file: [risk_pretax_income_composition.csv](#).

C.5 Concentration: customers and geography

- **Direct customers.** In H1 FY27, three direct customers accounted for **16%, 15% and 13%** of revenue. In FY26 two accounted for **22% and 14%**, and in FY25 three accounted for 12%, 11% and 11% [R1][R4]. NVIDIA does not name them.
- **Indirect customers.** One AI research company was a "meaningful" indirect contributor [R1].
- **By customer headquarters, Q2 FY27 [R1]:**
 - United States: 62%
 - Taiwan: 28%, mostly system builders (ODMs), so this reflects the sales channel rather than end demand
 - China including Hong Kong: **\$7.88B, or 8.2%**, up from \$4.55B in Q1
 - Other: 1%
- **China exposure is not zero.** Section 2 correctly notes that guidance assumes no China data-center compute revenue and that H200 shipments were under 1% of Data Center revenue. Even so, China-headquartered customers still generated 8.2% of Q2 revenue through other products and through purchases deployed outside China. The filing does not break this down, and it notes that "end customer and shipping location may be different" from headquarters [R1].
- **Rules that could reach this revenue.** Several pending or possible rules target customers by headquarters or parent company:
 - the proposed Remote Access Security Act (RASA)
 - the Senate-passed GAIN AI Act
 - possible chip-tracking requirements
 - expanded controls on gaming GPUs
 These could affect China-headquartered revenue outside China [R1].
- **History of export-control charges.** FY26 included a **\$4.5B H20 charge**, and H1 FY27 a **\$0.4B H200 charge** [R1][R4].
- **Supply-chain concentration.** NVIDIA's supply depends on Taiwan and South Korea. The 10-Q also says a "substantial portion" of products are warehoused in and distributed from **Hong Kong** [R1].

Figure C.7 Revenue by customer headquarters (US, Taiwan, China incl. HK, Other), Q1 FY26–Q2 FY27

*Q4 FY26 derived (FY26 less nine months). Basis: customer headquarters, not end use.

Source: NVIDIA 10-K (FY26) and 10-Qs. Data file: [risk_geographic_revenue.csv](#).

C.6 Short interest and options

- **Short interest is low and stable.** It stood at **294.2M shares on September 15, 2026**, the latest Nasdaq settlement: 1.22% of shares outstanding and 1.27% of float. Days to cover were **2.55** (Nasdaq; stockanalysis.com shows 2.29) [R9][R10]. Over 12 months short interest ranged from 211M to 324M shares. Days to cover rose from about 1.2 to 2.5 mainly because trading volume fell, not because shorts increased. There is no squeeze setup and no large bearish bet.
- **Options price a larger earnings move than usual.** At-the-money implied volatility is about **29–30%** for the October 16 and November 13 expiries and **~34.5% for November 20**, the first expiry after the next report. That report is expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced).
 - The November 20 at-the-money straddle costs about **\$22.75 (±9.6%)**.
 - The term structure implies an earnings-day move of roughly **±6% (one standard deviation)**, versus an average absolute one-day reaction of about 4.0% over the last eight reports (Section 3 data) [R11] (analyst calculation from mid quotes, $r = 4\%$).

C.7 Legal and regulatory

Matter	Status	Source
U.S. DOJ: Groq license-and-hire deal (reported at \$17–20B)	DOJ is examining whether the December 2025 deal was structured to avoid merger review. NVIDIA received a formal information request. No enforcement action has been reported. NVIDIA paid \$2.9B related to Groq in H1 FY27 and accrued another \$1.0B.	Reuters, Sep 10, 2026 [R12]; 10-Q [R1]
China SAMR: Mellanox merger conditions	Preliminary finding of violation on Sep 15, 2025. We found no final decision or penalty reported as of Oct 7, 2026.	Reuters [R13]
Hugging Face acquisition (~\$11.9B plus up to ~\$1.0B retention equity)	Signed Sep 2, 2026. Closing expected 1H 2027, subject to regulatory approvals. NVIDIA committed to keep the platform open, including to other chip vendors.	8-K [R14]
French Competition Authority	Examining whether gaming and data-center GPUs are separate product categories, which could affect export rules for gaming products in Europe	10-Q [R1]
Securities class action (2017–18 crypto disclosures)	Class certified Mar 25, 2026. Related derivative suits stayed. No accrual; loss "reasonably possible" but not estimable.	10-Q Note 10 [R1]
Tax	IRS examining FY23–FY24; \$5.0B of unrecognized tax benefits	10-Q [R1]
Other	"Regulatory and government inquiries and investigations" that NVIDIA does not expect to be material	10-Q [R1]

We found no reputable source confirming the current status of the broader DOJ AI-chip conduct inquiry reported in 2024, so we do not rely on it.

C.8 Risk matrix (full, with monitoring detail)

Likelihood and impact use a 1–5 scale over 12–24 months (analyst judgment).

#	Risk	Likelihood	Impact	What to monitor	Trigger level
1	Customer financing and OpenAI-linked exposure	Medium-High	High	Guarantees, equity investments and commitments, AI-cloud buy-backs, OpenAI funding	Guarantees above \$108.5B; equity investments plus commitments above \$150B (now \$124B); exercise of the 3.8 GW option
2	Cash conversion and extended payment terms	Medium-High	Medium-High	OCF/NI, DSO, receivables vs. revenue	OCF/NI below 60% or DSO above 60 days again in Q3 FY27
3	Customer concentration and capex digestion	Medium	Medium-High	Direct-customer %, hyperscaler 2027 capex	Any direct customer at 20% or more of quarterly revenue; a top-four hyperscaler cuts 2027 capex
4	Export controls, China-HQ customers, Taiwan	Medium	Medium-High	BIS rules, GAIN AI Act and RASA, China-HQ revenue	New rule reaching China-HQ customers globally or gaming GPUs; sharp drop from 8.2% of revenue
5	Supply commitments and inventory in a pause	Low-Medium	High	Commitments (\$279B), inventory, provisions	Inventory above \$40B with Data Center growth below 10% q/q; provisions above \$1.5B in a quarter
6	Mark-to-market reversal on stakes	Medium-High	Low-Medium	Equity gains as % of pre-tax income; Intel, SpaceX, CoreWeave	A quarterly net loss on equity securities, or a swing above 20% of pre-tax income
7	Earnings-event volatility and positioning	Medium-High	Low-Medium	Nov 20 implied vol, short interest	Implied move above 10%; short interest above 2% or days to cover above 4
8	Antitrust and litigation	Medium	Low-Medium	DOJ/Groq, SAMR, Hugging Face, class action	DOJ complaint or second request; SAMR penalty; deal challenge; trial date
9	Insider selling	High	Low	Forms 4 and 144	Non-plan insider sales above \$250M in a quarter; CEO sales outside a disclosed plan
10	Share dilution	Low-Medium	Low	Share-count bridge	Net share count rises q/q; gross issuance above 1% a year

C.9 Summary of findings and bottom line (full text)

The main risk is no longer the familiar one (a cyclical chip company selling to a few large buyers). It is that **NVIDIA's balance sheet is increasingly part of its customers' funding**. At fiscal Q2 2027 (July 26, 2026), NVIDIA reported:

- **\$99B of equity investments** and **\$25B of unfunded equity commitments**.
- **\$108.5B of maximum lease guarantees**, \$105B of which back OpenAI's leases at the SB Energy campus in Ohio.
- **\$36B of commitments to buy back cloud capacity** from AI-cloud partners.
- **\$20B of data-center leases** it intends to reassign to others.

Together that is **\$288.5B of gross ecosystem exposure, about 126% of shareholders' equity** [R1][R3]. Most of it is contingent or long-dated, so this is not an estimate of losses. Cash conversion, insider activity and filing disclosures point the same way:

- Receivables jumped on extended payment terms.
- A director sold about \$1.35B of stock outside a 10b5-1 plan.
- Insiders made no open-market purchases.

Dilution, short interest and litigation are low-order risks.

Measure	Value	Source
Insider open-market sales, last 12 months / 6 months	\$2.08B / \$1.38B	Forms 4 [R7] (analyst aggregation)
Share of 6-month sales not under a 10b5-1 plan	98.5%	Forms 4 [R7]
Insider open-market purchases, last 12 months	None	Forms 4 [R7]
Net share count change, trailing 12 months	–200M shares (–0.82%)	10-Q / 10-K equity statements [R1][R4][R6]
Equity investments + unfunded commitments	\$99B + \$25B	10-Q [R1]
Maximum guarantee exposure	\$108.5B	10-Q, CFO Commentary [R1][R2]
Top three direct customers, H1 FY27 revenue	16% + 15% + 13% = 44%	10-Q [R1]

Measure	Value	Source
Revenue from China -headquartered customers, Q2 FY27	\$7.88B (8.2%)	10-Q [R1]
Short interest (Sep 15, 2026) / days to cover	294.2M shares (1.22% of shares outstanding) / 2.55	Nasdaq [R9]
ATM implied volatility, Nov 20 expiry (first after earnings)	~34.5%	Nasdaq option chain [R11] (analyst calculation)

Bottom line (full text). NVIDIA's operating results remain exceptional, and the conventional red flags (dilution, short interest, litigation) are minor. The material risk is concentrated: about \$288.5B of equity stakes, guarantees and capacity commitments tied to its own customers. OpenAI alone accounts for about \$135B, which makes reported demand and GAAP earnings partly dependent on the credit of a small group of AI labs and AI clouds. The fiscal Q3 2027 report should show whether the Q2 cash-conversion gap and the growth in financing commitments were one-time or are becoming a trend. These findings support the WAIT stance in Sections 1–3. They argue for building any position only in the \$185–190 starter zone, with the daily-close \$180 stop (Section 3 levels), and for re-checking the triggers above when the 10-Q is filed.

C.10 Sources

- **R1.** NVIDIA Form 10-Q, quarter ended Jul 26, 2026: <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000075/nvda-20260726.htm>
- **R2.** NVIDIA CFO Commentary, Q2 FY27 (8-K Ex. 99.2): <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000073/q2fy27cfocommentary.htm>
- **R3.** NVIDIA Form 8-K, Aug 17, 2026 (SB Energy residual value guaranties): <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000069/nvda-20260817.htm>
- **R4.** NVIDIA Form 10-K, fiscal year ended Jan 25, 2026: <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000021/nvda-20260125.htm>
- **R5.** NVIDIA Form 10-Q, quarter ended Apr 26, 2026: <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000052/nvda-20260426.htm>
- **R6.** NVIDIA Form 10-Q, quarter ended Oct 26, 2025 (Anthropic up to \$10B; Intel \$5B): <https://www.sec.gov/Archives/edgar/data/1045810/000104581025000230/nvda-20251026.htm>
- **R7.** EDGAR Form 4 / Form 144 list for NVIDIA: <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001045810&type=4&dateb=&owner=include&count=100>. Examples: [R7a] Stevens Form 4, Sep 22, 2026: https://www.sec.gov/Archives/edgar/data/1045810/000119903926000016/xslF345X06/wk-form4_1790110579.xml. [R7b] Stevens Form 144, Sep 2, 2026: https://www.sec.gov/Archives/edgar/data/1045810/000162828026060177/xsl144X01/primary_doc.xml. [R7c] Huang Form 4 (final plan sales, Oct 2025): https://www.sec.gov/Archives/edgar/data/1045810/000119764925000056/xslF345X05/wk-form4_1761944802.xml
- **R8.** NVIDIA Form 13F-HR, period Jun 30, 2026 (information table): https://www.sec.gov/Archives/edgar/data/1045810/000104581026000065/information_table.xml
- **R9.** Nasdaq, NVDA short interest: <https://www.nasdaq.com/market-activity/stocks/nvda/short-interest>
- **R10.** StockAnalysis, NVDA statistics: <https://stockanalysis.com/stocks/nvda/statistics/>
- **R11.** Nasdaq, NVDA option chain (quotes at Oct 7, 2026 close): <https://www.nasdaq.com/market-activity/stocks/nvda/option-chain>
- **R12.** Reuters, "DOJ probes Nvidia's licensing deal with AI startup Groq, NYT reports," Sep 10, 2026: <https://www.reuters.com/legal/litigation/us-doj-probes-nvidias-licensing-deal-with-ai-startup-groq-nyt-reports-2026-09-10/>
- **R13.** Reuters, "China says Nvidia violated anti-monopoly law," Sep 15, 2025: <https://www.reuters.com/sustainability/boards-policy-regulation/latest-trade-warning-us-china-says-nvidia-violated-anti-monopoly-law-2025-09-15/>
- **R14.** NVIDIA Form 8-K, Sep 3, 2026 (Hugging Face): <https://www.sec.gov/Archives/edgar/data/1045810/000104581026000078/nvda-20260902.htm>
- **R15.** CNBC, "Nvidia's investments grow to \$99 billion," Sep 4, 2026: <https://www.cnbc.com/2026/09/04/nvidia-ai-investments-99-billion.html>
- **R16.** OpenAI, "Scaling AI for everyone" (\$30B from NVIDIA): <https://openai.com/index/scaling-ai-for-everyone/>
- **R17.** SEC XBRL company facts, NVIDIA: <https://data.sec.gov/api/xbrl/companyfacts/CIK0001045810.json>
- **R18.** CNBC, Oct 7, 2026 (SpaceX financing for NVIDIA GPUs): <https://www.cnbc.com/investingclub/2026/10/07/spacexs-plans-to-buy-more-nvidia-gpus-is-keeping-jim-cramer-bullish-on-the-chip-stock-.html>

Not sourced, so omitted: the identities of NVIDIA's ≥10% direct customers; the cancelable share of supply commitments; the carrying value of the OpenAI and Anthropic stakes; the 30-day implied volatility index (computed here from quotes instead). This section is educational analysis, not individualized investment advice.

D Appendix D: Sizing Detail

LEDGER, SIZING AND PRODUCTION

D.1 Adding above the zone

Adding 30 shares at today's \$237.47 would raise cost to $40 \times \$187.50 + 30 \times \$237.47 = \mathbf{\$14,624.10}$ (average \$208.92, weight 9.75%). Risk to \$180 would rise to $\$14,624.10 - 70 \times \$180 = \mathbf{\$2,024.10 (1.35\%)}$, above the 1% limit.

Max add shares = $\text{floor}[(1\% \times \$150,000 - \text{starter risk}) \div (\text{add price} - \text{stop})]$ At \$237.47: $\text{floor}[(\$1,500 - \$300) \div (\$237.47 - \$180.00)] = \text{floor}[\$1,200 \div \$57.47] = \text{floor}[20.88] = \mathbf{20 \text{ shares}}$

That makes 60 shares in total: cost \$12,249.40 (8.17%), combined risk \$1,449.40 (0.97%). The alternative is a nearer stop for the add, taken from `levels.json`.

D.2 Cap by entry price and gap stress

Max shares at the cap = $\text{floor}(10\% \times \$150,000 \div \text{entry})$.

Entry case	Entry (\$)	Stop (\$)	Max shares at 10% cap	Position value	Weight	Dollar risk at cap	Risk % of portfolio
Zone top (first fill)	190.00	180.00	78	\$14,820.00	9.88%	\$780.00	0.52%
Zone midpoint	187.50	180.00	80	\$15,000.00	10.00%	\$600.00	0.40%
Zone bottom	185.00	180.00	81	\$14,985.00	9.99%	\$405.00	0.27%
Breakout (close > ATH)	243.37	235.15	61	\$14,845.57	9.90%	\$501.42	0.33%

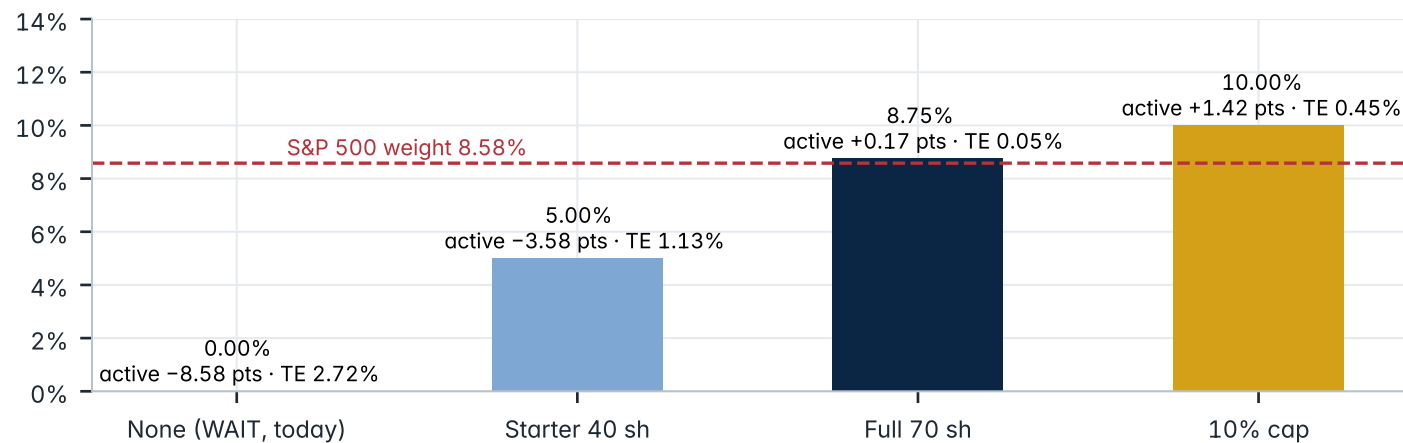
Gap stress. Section 4 reports a November 20 at-the-money straddle of about $\pm 9.6\%$. A -9.6% gap from \$187.50 lands at $\$187.50 \times (1 - 0.096) = \mathbf{\$169.50}$, a loss of \$18.00 per share: $40 \times \$18.00 = \mathbf{\$720.00 (0.48\%)}$ on the starter. A daily-close stop cannot prevent this.

D.3 Monitoring checklist

Check	Trigger	Action
Price enters \$185–190	Limit fill	Buy the 40-share starter; set a daily-close alert at \$180
Daily close below \$180	Stop	Exit the starter and reassess
Fiscal Q3 2027 report (expected Tuesday, November 17, 2026, after the close; stated by NVIDIA IR on the August 26 call; not yet formally announced)	All four Section 1 conditions met	Add 30 shares, or fewer above the zone (D.1)
Daily close above \$243.37 on volume above ~145M	Breakout	30-share starter; stop on a daily close below \$235.15
Market value above 12% of portfolio	Drift	Trim to 10%
Actual fund holdings received	Data	Re-run weights, active risk and cash

D.4 Benchmark weight and active-risk method

- Index weight.** NVDA is **8.58%** of the S&P 500 per the iShares Core S&P 500 ETF (IVV) holdings file dated Oct 6, 2026 ([IVV holding s](#)); WhichIndex shows 8.62% (Oct 5). IVV is the proxy because the official S&P DJI weight file is subscription-only.
- Active risk.** Annualized ($\times \sqrt{252}$) standard deviation of daily NVDA minus S&P 500 returns, Feb 2 to Oct 7, 2026 (171 returns; [daily_ohlcv_ma_avwap.csv](#), [5-sizing-data/spx_daily_yahoo.csv](#)): **31.7%**. NVDA volatility 39.0%, S&P 500 13.4%, correlation 0.66, beta 1.93. Covers NVDA's contribution only.

Figure D.1 NVDA weight and active weight vs. the 8.58% S&P 500 weight: none, starter, full and cap

Source: iShares IVV holdings (Oct 6, 2026); Yahoo Finance; Ledger calculation. Data file: [sizing.json](#).



Methodology and Disclosures

LEDGER, PRODUCTION

Rating definitions

- **Call definitions (team's own scale).**
- **BUY:** price at or below the level that gives our required margin of safety, with no unresolved red flags.
- **WAIT:** a quality business, but the price or open questions do not yet justify capital. A specific price or event would change the call.
- **STEER CLEAR:** the business, balance sheet or governance fails our tests at any reasonable price.
- **Competitive advantage** and **Uncertainty** are our own qualitative descriptors, not a vendor rating scale.
- **Strong and durable competitive advantage:** we expect returns above the cost of capital to persist for many years.
- **High uncertainty:** a wide range of plausible outcomes, from cyclical, concentration or exposures. It requires a **30% margin of safety** before buying.

Definitions from Section 2 Appendix A.1. "Competitive advantage" and "Uncertainty" are the team's own qualitative descriptors, not a vendor's rating scale.

Methodology

- **Fundamentals (Graham):** five-year history from SEC XBRL facts and Forms 10-K/10-Q; reverse DCF (10-year explicit period, 3% terminal growth, 10% discount rate); three FY31 scenarios discounted at 10% and weighted 30/50/20.
- **Technicals (Wick):** Yahoo Finance daily and intraday bars through the Oct 7, 2026 close; SMAs, anchored VWAPs, volume profiles. Every price level comes from [levels.json](#).
- **Risk (Screener):** Forms 4/144, 13F, 10-K/10-Q/8-K notes, Nasdaq short interest and option-chain data; 1–5 likelihood × impact matrix (analyst judgment).
- **Sizing (Ledger):** illustrative \$150,000 portfolio benchmarked to the S&P 500; shares = floor(risk budget ÷ (entry – stop)); 10% weight cap; active risk $\approx |\text{active weight}| \times \sigma(\text{NVDA} - \text{S\&P 500}) = 31.7\%$ (Feb 2–Oct 7, 2026). NVDA index weight 8.58% from the iShares Core S&P 500 ETF holdings file dated Oct 6, 2026.
- **Charts:** all drawn by Ledger from the analysts' CSV/JSON files in one house style. No third-party images are used.

Important disclosures

Educational student research. Not investment advice. This report was prepared for Brad Wolff's university investment club and student-managed fund as a learning exercise. It is not a recommendation to buy or sell any security, is not individualized advice, and does not consider any reader's objectives, finances or risk tolerance. Consult a qualified professional before investing.

Prepared by Brad's AI research team: Graham (fundamentals), Wick (technicals), Screener (risk) and Ledger (sizing and production). AI-generated analysis can contain errors. Verify figures against the cited primary sources before relying on them.

Values are not price targets. Fair-value and scenario figures are present values built on stated analyst assumptions. They are not forecasts or 12-month price targets. Technical levels describe probabilities, not certainties.

Illustrative portfolio. Section 5 uses a hypothetical \$150,000 portfolio. The club fund's actual holdings were not available when this report was prepared.

Data and timing. Prices are as of the October 7, 2026 close (\$237.47). Next earnings: Expected Tuesday, November 17, 2026, after the close (stated by NVIDIA IR on the August 26 call; not yet formally announced). Information can change after publication.

Conflicts. The authors receive no compensation from any issuer mentioned. Position status of club members was not collected for this report.

Layout. The structure borrows public conventions from equity-research and advisor reports (rating and value box on the cover, Bulls say / Bears say, key-statistics strip, current-vs-proposed weights). No proprietary text or branding was copied. Full notes: [sop/layout-references.md](#).

Layout references reviewed

1. Morningstar, Equity Analyst Report Features (explainer) ([advisor.morningstar.com](#))
2. Morningstar sample stock reports (public broker copies), e.g. Amazon ([invest.firsttrade.com](#))
3. CFRA, Stock Report Guide ([cfraresearch.com](#), [schwab.wallst.com](#))
4. Value Line, How to Read a Value Line Report and sample page ([d.umdn.edu](#), [investor.valueline.com](#))
5. Sell-side initiations: Bell Potter, CSL initiation (Oct 2024) ([bellpotter.com.au](#), [hillsresearch.com](#))
6. Morningstar Proposal Summary Report sample (advisor client report) ([assets.contentstack.io](#))
7. CFP financial-plan samples: MCB Investment Services (Todd Jones, CFP) ([joedowdall.com](#), [mcb.com](#))