INVESTOR RESEARCH NOTE

F*** that spy; NVIDIA is still massively undervalued

My thesis through calendar 2027

PREPARED	November 10, 2026
SOURCES	Company filings and releases, earnings calls, news reports and market prices to 10 Nov 2026

> Scenario values apply stated multiples to calendar-2027 EPS before one-time charges, less after-tax charges per share; they are not price targets.

1 Lead

I don't care that Jensen Huang reportedly had an affair with an alleged Chinese spy. [26,27,18,17,38,39]

I don't think it changes what NVIDIA is worth. Here are some facts.

NVIDIA is one of the fastest-growing companies in the history of the world. It's valued like McDonald's, Home Depot and Procter & Gamble. Yet it's growing like a successful Y Combinator startup.

PRICED LIKE A BURGER CHAIN [25,33]

Group	Company	Trailing P/E	Latest-quarter revenue growth
NVIDIA	NVIDIA	21.3x	105.9%
Chip stocks	Broadcom	40.8x	85.5%
Chip stocks	AMD	110.5x	44.6%
Consumer staples and retail	McDonald's	22.3x	1.1%
Consumer staples and retail	Home Depot	24.7x	5.7%
Consumer staples and retail	Procter & Gamble	25.4x	4.0%
Consumer staples and retail	Coca-Cola	28.3x	7.4%

The other chip stocks grow fast too, and the market charges two to five times NVIDIA's multiple for them. [25]

Read that again. NVIDIA doubled its revenue in a year, to $96.2B in a single quarter, and the market prices it cheaper than a burger chain on reported earnings. On my operating EPS figure it trades at 24.9x, above McDonald's, roughly level with Home Depot and Procter & Gamble, and below Coca-Cola, while growing about 19 to 96 times faster. [4] [25]

NVIDIA has the best AI chips on the planet, and nobody is even close. In MLPerf Training 6.0, the industry's peer-reviewed AI training benchmark, Blackwell posted the fastest time on all seven tests. NVIDIA was the only platform that submitted on all seven, and on four of them nobody else submitted at all. [31,32]

Even if AI demand slows, which I think is highly unlikely (Goldman Sachs expects AI token usage to grow 24-fold by 2030 and said in May that chips would likely stay short for 12 to 18 months, and token volume among Ramp's tracked business customers rose 37% in four weeks this fall), NVIDIA's business is more than data centers. It has a head start in the technology behind robotaxis, with DRIVE Hyperion partners like Uber, Foxconn and VinFast; humanoid robots, with its Isaac GR00T reference robot on Jetson Thor; medicine, with its BioNeMo toolkit for life-sciences research; and AI PCs, with RTX Spark built with Microsoft. Its Edge Computing segment, which covers cars, robots and PCs, grew 27% to $7.2B last quarter. [4,28,29]

I don't think the reported affair with Megaspeed executive Alice Huang changes NVIDIA's long-term value. In my research, I looked at 2.27 million company-days of news. Companies with positive news and companies with negative news showed no reliable difference in returns over the next day, week, month, quarter or year, and adding news sentiment to a price model changed its prediction error by less than 0.001% at every horizon. Earlier research of mine found that for stocks above $200B, the correlation between fundamentals and price reached 0.43 to 0.8 in 2023. [23,24]

The affair news did hit the stock. On 9 Nov NVIDIA fell 4.3% while the chip index rose 5.1%, and by 09:57 CT on 10 Nov it was down another 5.9%, to $168.11, the price I use throughout. Most of the rest of the slide came with the whole sector: on 5 Nov, in the post-election selloff, NVIDIA fell 9.3% and the chip index fell 11.2%. [30,25,33]

If we look purely at the fundamentals, NVIDIA is cheap. At $168.11, it trades at 17.4 times the earnings its own Q3 guidance implies and 16.3 times my base case for 2027. My base case is worth $206.74 at 20 times earnings, and my bull case $279.01 at 20 times, or $390.62 at 28 times.

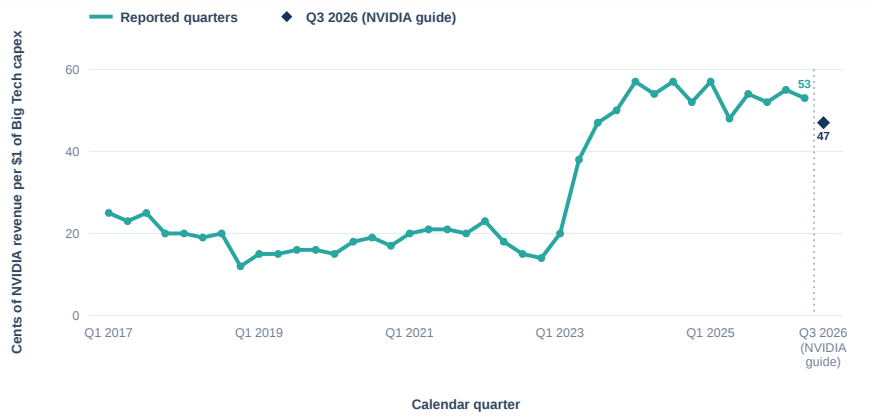
But this report isn't about my opinions. It's about the facts and the underlying business of NVIDIA. I'll start with where NVIDIA's money comes from and who else wants it. Then I'll turn that into what NVIDIA could earn in 2027 and take every serious bear argument head on: a downcycle, China, cheaper AI, the CEO investigation and where the cash goes. Last, I'll stack the price against its peers. Here's what the facts suggest.

2 Conventions

- Price $168.11 is an intraday snapshot on 10 Nov 2026, 09:57 CT, used for my model; NVIDIA closed at $178.67 on 9 Nov. [25,19]
- Peer P/Es come from one market-data feed on 10 Nov 2026; on that basis NVIDIA is 21.3x, against 21.0x on my SEC-based figure at $168.11. [25,33]
- "Big Tech capex" means the combined capital spending of Microsoft, Alphabet, Amazon, Meta and Oracle; it uses calendar quarters, and NVIDIA's fiscal quarters end about one month later; NVIDIA's fiscal 2028 roughly equals calendar 2027.
- "NVIDIA revenue per $1 of Big Tech capex" counts all NVIDIA revenue against those five companies only, so it is a rough gauge of NVIDIA's share of AI spending, not a market share.
- End-2027 prices apply a multiple to calendar-2027 EPS before one-time charges and subtract those charges after tax. The forward P/E test applies the multiple to calendar-2028 EPS instead. Annualized price returns run from $168.11 on November 10, 2026 to December 31, 2027.
- Fines are not tax-deductible; the bear and downcycle commitment charges are deductible at 17%.
- Scenario EPS excludes interest and investment income, buybacks and net cash; Section 9 covers the stakes and buybacks.

3 NVIDIA's share of Big Tech's AI spending

NVIDIA revenue per $1 of Big Tech capex



NVIDIA revenue for each fiscal quarter, paired with the calendar quarter it mostly covers, divided by Big Tech capex for that calendar quarter. [25]

Source: NexusTrade computation from SEC 10-Q/10-K statements and market prices as of 10 Nov 2026.

Here's the number I care about most. Before ChatGPT, NVIDIA's revenue came to 12 to 25 cents for every dollar Big Tech spent on capex. Since Q3 2023, it has come to 47 to 57 cents, every single quarter. Last quarter Big Tech spent $181.5B and NVIDIA brought in $96.2B, about 53 cents on the dollar. NVIDIA's Q3 guide of $108.0B against $230.4B of Big Tech capex works out to about 47 cents, and that guide assumes zero data-center compute revenue from China. [25,4]

So what does today's price assume? If Big Tech cash capex grows 30% in 2027, a 20x multiple implies about 40 cents per capex dollar. If capex stays flat, it implies about 53 cents. I expect those cents to hold or rise. I'm comparing all of NVIDIA's revenue with cash capex at five Big Tech companies. Their filings don't tell me how much each company actually spends with NVIDIA. Huang says each new architecture captures a bigger share of data-center budgets, and NVIDIA's Q2 release says Vera Rubin is ramping into full production.

2026 CASH CAPEX

Company	Q1 to Q3 actual ($B)	Assumed Q4 ($B)	2026 cash capex ($B)
Microsoft	$106.05	$39.37	$145.41
Alphabet	$131.95	$51.35	$183.31
Amazon	$175.67	$77.26	$252.93
Meta	$83.06	$33.94	$117.00
Oracle	$63.63	$28.50	$92.13
Total	$560.35	$230.42	$790.77

I use the first three reported quarters and hold Q4 flat at Q3. Oracle's Q3 input is its August fiscal quarter. Its separate fiscal-year guidance of $90B to $95B in gross capex runs through May 2027.

And the spending keeps climbing. Q3 2026 Big Tech capex already annualizes to $922B. Alphabet expects capex to "increase significantly" in 2027. Morgan Stanley projects that hyperscalers and specialized AI clouds, a broader group that includes leases, will spend $1.58T in 2027, about 60% more than in 2026. My base case assumes just 30%. Oracle expects its capex to peak in FY27-FY28. [25,8,15,13]

4 The competition, sized

The obvious question is whether someone else takes those cents. Broadcom expects about $115B of AI chip revenue in fiscal 2027, and AMD jumped 13% on 9 Nov on a new Google Cloud collaboration and an analyst upgrade. In my model's terms, $115B is about 11.2 cents per base-case capex dollar, or 14.5 cents if capex stays flat. My base case gives NVIDIA 48 cents before the China cut. NVIDIA also carries $36B of commitments to buy cloud capacity, with revenue share if certain criteria are met. Its networking revenue hit a record $14.8B in Q1 FY27, the latest quarter it broke out, and networking grows with the size of every cluster. [14] [19] [25] [1] [6]

5 Calendar-2027 scenarios

Now I can turn that into earnings. My model is simple. Take what Big Tech spends on capex, multiply by NVIDIA's revenue per capex dollar, and subtract what NVIDIA loses in China. China-headquartered customers were $7.88B of revenue in Q2 FY27, about $31.5B a year. [1]

Here are my assumptions for each case:

- Big Tech cash capex: bear flat at $791B; base +30% to $1,028B; bull +50% to $1,186B.
- NVIDIA cents per capex dollar: bear 42; base 48; bull 52.
- China revenue: bear lost; base halved; bull kept.
- Gross margin: bear 70%; base 73%; bull and Wall Street consensus 74%, against 75.0% in Q2 and 74% guided for Q3. [4]
- Operating expenses: bear $44B; base $46B; bull $48B; Wall Street consensus $50B; against $36.8B for the Q3 guide annualized; the step-up covers R&D growth and Hugging Face, expected to close in the first half of 2027. [4,5]
- Tax 17%. Shares 24.3B diluted. [4]
- One-time charges: bear $10B fine plus a $10B charge against supply commitments; base $1.2B fine, four times the BIS penalty on Seagate in April 2023; bull none. [21]

Calendar-2027 valuation

I use $790.77B of 2026 cash capex, built from three reported quarters and Q4 held flat at Q3. I multiply projected capex by NVIDIA revenue per capex dollar, then subtract the China revenue loss in each case. The ratio compares all NVIDIA revenue with five companies' cash capex.

2027 earnings and year-end price scenarios

Case	Capex	Sales	EPS	15x	18x	20x	28x
Bear	$791B	$301B	$5.68	$84.51	$101.57	$112.94	$158.41
Base	$1,028B	$478B	$10.34	$155.04	$186.06	$206.74	$289.45
Bull	$1,186B	$617B	$13.95	$209.26	$251.11	$279.01	$390.62
Downcycle	$593B	$218B	$3.33	$48.48	$58.46	$65.12	$91.74
25/50/25			$10.08	$150.96	$181.20	$201.36	$281.98

The year-end prices subtract each case's after-tax one-time charges. The 25/50/25 row weights bear, base and bull. The downcycle sits outside those weights.

The 10% hurdle

From $168.11, a 10% annualized price return through December 31, 2027 takes $187.40 over 416 days.

At the starting 16.68x weighted forward P/E, the model gives 8.2% weighted 2028 EPS growth and $181.60 at end-2027, a 7.0% annualized price return. The 10% hurdle takes 11.6% weighted EPS growth at that multiple, or 17.21x forward earnings at the modeled growth rate.

If I hold each case's own starting forward P/E, the base case earns 9.2% a year and the bull case earns 16.2%. The base case clears 10% if end-2027 investors pay at least 18.13x its 2027 EPS. At 20x it gives $206.74 and 19.9% a year.

Company outlook and downside

In August, NVIDIA expected about 70% FY2028 revenue growth and 72% to 73% gross margin. FY2028 roughly matches calendar 2027. Applying that growth rate to reported first-half sales, the Q3 guide and modeled Q4 sales gives $664.42B to $698.42B of FY2028 sales. The cash-capex cases all fall below that range.

Assumed Q4 FY27 sales	Implied FY28 sales	EPS at 72% to 73%	Discounted at 15x
$105.00B	$664.42B	$14.77 to $15.00	$198.73 to $201.78
$118.00B	$686.52B	$15.31 to $15.55	$206.04 to $209.20
$125.00B	$698.42B	$15.60 to $15.84	$209.98 to $213.19

At the midpoint I get $15.43 of operating EPS, using $46B opex, 17% tax and 24.3B shares. At 15x that gives $231.44 at end-2027, or $207.62 discounted at 10%. This is my calculation from management's preliminary outlook. It leaves FY2029 growth open.

TIKR's November 2 sales consensus was $692B for FY2028 and $903B for FY2029, about 30% growth across the two estimates. Coverage fell from 57 analysts to 38 between those years. The numbers are sales estimates. The forward return hurdle uses EPS.

6 The downside, sized

At 20x 2027 earnings the 25/50/25 case returns 17.2% a year. Giving the downcycle 15% weight lowers that to 6.7%. At 20x, keeping base-case cash capex but using the bear case's 42 cents per dollar gives $157.87 discounted at 10%.

Using Amazon and Alphabet's guidance as a separate check gives about $779B of 2026 capex after bridging Amazon's net guide to gross cash purchases. At 20x the weighted case returns 15.4% a year on that basis. The three remaining companies retain the flat-Q4 estimate.

The 2028 earnings extension uses assumed sales growth, gross margins and operating expenses. The scenario weights and exit multiples are model inputs. The price returns exclude dividends.

NVIDIA earnings call
Amazon 10-Q
Alphabet earnings call
TIKR consensus snapshot

In a full downcycle, cash capex falls 25% to $593B and EPS drops to $3.33. That puts the stock at $48.48 at 15x or $65.12 at 20x. Giving it 15% weight cuts the weighted 20x value from $201.36 to $180.92.

The China risk is real too. In October 2025 Senator Cotton asked the Commerce Department to investigate Megaspeed for skirting US export laws. For scale, BIS fined Seagate $300M in April 2023. Losing all China-headquartered revenue would cost about $0.79 of EPS a year at base margins, about $0.39 more than the halving in my base case. A Commerce action could also reach sales routed through Singapore and Malaysia. NVIDIA reports revenue by customer headquarters, and everything outside the United States, Taiwan and China, including Singapore-headquartered customers like Megaspeed, was just $1.28B last quarter, about $5B a year. Losing all of it would cost about $0.13 of EPS. Chips that US-headquartered companies install in Southeast Asia count as US revenue, so the filings can't isolate those. [20,21,25,1]

7 Cheaper AI means more AI

Some people think cheaper AI is bad for NVIDIA. That's the bear argument: if AI keeps getting cheaper, the world will need fewer GPUs. Axios laid it out in October. AI token prices have fallen about 50% from their peaks this year (54% on Silicon Data's index, 48% on Ramp's), and Ramp's data shows business spending on tokens went flat for two straight months even as usage kept climbing. When DeepSeek showed in January 2025 that a top model could be trained for a fraction of the cost, NVIDIA lost over 12% overnight on exactly this fear. [34,35]

I disagree.

When I was in 10th grade, my teacher made a comparison I never forgot: the cotton gin. Before Eli Whitney invented it in 1793, it took 10 hours of hand labor to separate a single pound of cotton from its seed. Whitney's gin did 50 pounds in a day. You'd think that would mean less work. Instead, cotton got so cheap to produce that farmers grew far more of it: within a decade, U.S. cotton production went from 2 million pounds to almost 50 million. The impact of this was more workers (slaves) to do the work. The National Archives calls the growth of slavery the gin's most significant effect. [36,37]

I later learned this is called the Jevons paradox: when something gets cheaper to use, people find so many new uses for it that total demand goes up. It has happened throughout history. In 1865 the economist William Stanley Jevons noticed that more efficient steam engines made England burn more coal. Cotton did it after the gin. [40]

And now AI compute is doing it. Goldman Sachs says chipmakers cut the cost per AI token by 60% to 70% a year, and it still expects token usage to grow 24-fold by 2030. The same Axios article cites Goldman's forecast that the largest hyperscalers will spend about $800 billion on capex this year and $1.1 trillion in 2027. That's the spending NVIDIA actually sells into, and it's still going up. [28,34]

Here's the catch a skeptic will point out. If usage grows 24-fold by 2030, about 2.2x a year, while the cost per token falls 60% to 70% a year, the dollars spent on tokens can shrink. Ramp's flat spending says the same thing. For NVIDIA, that's fine. NVIDIA gets paid when Big Tech buys the hardware, out of capex, and that capex is still rising. Goldman also expects costs per token to fall faster than prices, which should lift hyperscaler margins and leave them room to keep spending. The real test is whether capex keeps growing into 2028, because that's what the market will be pricing at the end of 2027. [28,29,34]

And I'm one of the people waiting for prices to fall. I priced out training my own AI trading agent with reinforcement learning on rented GPUs. Here's where the money goes. [41]

- Best case, about $4,500: a small 9-billion-parameter model works on the first try. That's one reinforcement learning run of 25,600 practice trading sessions, about 1,300 hours of H100 GPU time at $2.69 an hour, plus the backtests and grading each practice session needs. [41]
- Worst case, about $215,000: the small model is too weak, so I'd need a 32-billion-parameter one, and training fails twice before it works. That's three full runs of 102,400 practice sessions each. Each session is a 128,000-token agent run, and the published runs I scaled from used 4,600 to 9,200 H100 hours for the same scale at half that length. All in, it's about 55,000 H100 hours at $2.90 an hour, roughly $160,000 of GPU time, plus about $43,000 for grading every practice session and $10,000 for backtests. [41]
- On top of that, running it afterwards would cost $2,100 to $2,500 a month. Even getting the GPUs is hard: the night I priced this, DeepInfra's B200s were sold out in every size, and training at this scale needs 8 to 64 GPUs at once for days. [41]

So I didn't train it. That's why I'm looking forward to cheaper GPUs. Every drop in price pulls in builders like me who are priced out today, and that demand comes on top of what the mega-caps already spend. [41]

8 The CEO investigation

Now the headline itself. Here's what actually happened. The New York Times first reported on 29 Oct that US intelligence officials had determined that Alice Huang was allegedly passing information to Beijing. NVIDIA called Huang's meetings with her part of a CEO's job, and the stock fell 4.2% the next day, less than the chip index's 7.0%. The Financial Times later reported that a memo by US officials said Huang had been romantically involved with Alice Huang (Huang Le), a senior executive at Megaspeed; the intelligence links have not been publicly established. Huang then sent employees a message saying he had been "unfaithful" to his wife. It did not name Alice Huang or anyone else. "My actions hurt her and our children. There is no excuse for what I did," he wrote, and told his colleagues, the board, partners and shareholders, "you deserve better from me" and "I have fallen short of that responsibility." On 8 Nov the board opened an investigation into reporting that Huang was the target of a foreign intelligence effort. Independent directors lead it with outside counsel, and the board expressed confidence in him before any findings. House committee leaders requested a closed-door briefing with him on 18 Nov. [17,26,30,18,39,38]
A securities class-action complaint was filed against NVIDIA and Huang on 9 Nov. [44]
How much business could this cost? Megaspeed became an NVIDIA Cloud Partner in November 2023, and the NYT, as summarized by Moneycontrol, reports its Malaysian subsidiary bought more than $4.8B of NVIDIA hardware between June 2024 and February 2026. That's roughly $2.7B to $2.9B a year, about 0.5% of my base-case revenue. Senator Cotton's October 2025 letter says Megaspeed stopped ordering in summer 2025, which the Times' purchase dates don't fully match, so some or all of this may already be out of NVIDIA's run-rate. [18,20,25]

- Export enforcement: my bear case already carries a $10B fine and a $10B charge on supply commitments, and loses all China revenue. My base case carries a $1.2B fine, four times the BIS penalty on Seagate. [25,21]
- Government, sovereign and AI-cloud buyers: if compliance reviews slow purchases, it shows up as fewer cents per capex dollar. My bear case drops NVIDIA to 42 cents. At base-case cash capex, every cent is worth about $0.26 of EPS. I found no source showing a cancelled order beyond Megaspeed. [25] [18]

- Key person: if Huang leaves and execution slips to 42 cents per capex dollar and a 70% gross margin, base-case cash capex gives $8.38 of EPS, worth $125.63 at 15x. [25]

Dates to watch: NVIDIA reports on 17 Nov. House committee leaders requested a briefing on 18 Nov. The board has not said when its findings will come. [16,18,17]

9 Where the cash goes

This is the bear argument I take most seriously. At the end of Q2, NVIDIA held about $99B in equity stakes, roughly 2.4% of its $4.09T market value at $168.11. That includes $42.8B of marketable equity, $51.2B of non-marketable equity and another $5.0B of locked-up public equity in other assets. It raised $24.9B of net debt proceeds in Q2, and it carries $36B of AI cloud agreements and $20B of data-center leases for
third parties that haven't started yet. Some customers are raising outside money to build too: Meta is selling stock as it spends. My scenario EPS leaves out investment gains, so none of my values needs those stakes to go up. The real risk is that the same money funding NVIDIA's customers is funding NVIDIA's revenue. A funding squeeze would show up as lower capex, and that's exactly what my bear and downcycle cases cut. NVIDIA's filings don't say how much of its revenue comes from companies it has invested in or financed, so I can't size that piece directly. [1,11,25]

The biggest number here isn't on the balance sheet. In August, NVIDIA guaranteed up to $105B of lease and power payments for an OpenAI affiliate's 4.25-gigawatt data-center buildout at SB Energy's campus in Ohio, on top of $3.5B of similar guarantees for other AI clouds, for $108.5B of maximum exposure. That's about 2.7% of NVIDIA's market value, mostly tied to one customer. It's less scary than it sounds. The fiscal 2029 start applies to the first phase of the $105B SB Energy guarantee for the OpenAI affiliate. The other $3.5B in guarantees has separate terms. NVIDIA pays only if the tenant defaults, on defined portions of the lease and power payments, and the amount shrinks over each 20-year lease.
The guarantees also end if OpenAI earns a satisfactory credit rating. The site will host NVIDIA AI infrastructure exclusively, subject to limited exceptions. That's a $105B bet on one customer's credit tied to a 4.25-gigawatt buildout. [1] [25]

The cash tells a less flattering story. In the first half of fiscal 2027, NVIDIA earned $118.0B under GAAP but produced $69.9B of free cash flow. Two things explain nearly all of that $48.1B gap. $23.7B is gains on its stakes, which my model already ignores. The other $24.6B is cash customers still owe: receivables rose that much in six months as revenue doubled. Then NVIDIA put a net $35.2B into equity stakes, about half its free cash flow. On the first half's pace, free cash flow is about 3.4% of NVIDIA's market value, a bit above the 3.2% trailing-year yield in Section 10. After those stakes, it's about 1.7%. That's the honest version of the bear case: NVIDIA looks cheap on earnings and a lot less cheap on the cash it keeps. [4,25]

Shareholders still got paid, and the share count shrank. NVIDIA returned $45.3B in the same six months, $39.0B in buybacks and $6.3B in dividends. That's $10.6B more than the cash left after those stakes, and the $24.9B it borrowed in Q2 covered the difference. Buybacks more than offset employee stock grants: diluted shares fell 1.0% in a year, from 24,532M to 24,285M. My model holds shares flat at 24.3B, so if that keeps up, my 2027 EPS is slightly understated. [4,25]

10 Valuation versus peers

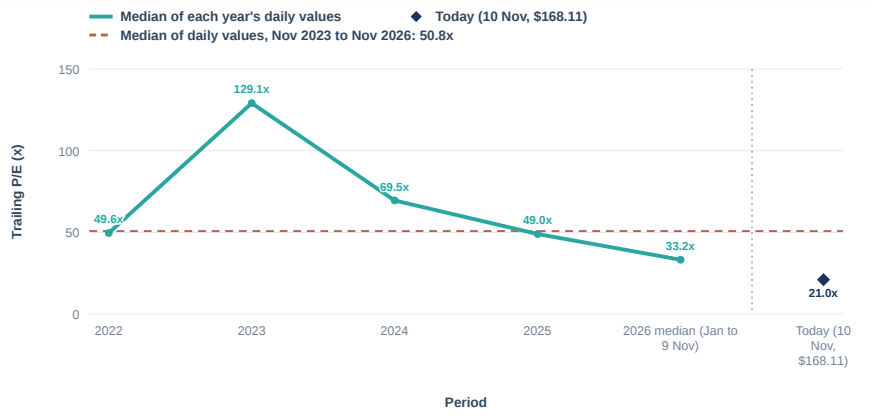
SAME MULTIPLE, DIFFERENT GROWTH (MARKET-DATA TRAILING P/E, 10 NOV 2026) [25,33]

Company	Trailing P/E	Latest-quarter revenue growth	P/E ÷ growth
NVIDIA	21.3x	105.9%	0.20
Broadcom	40.8x	85.5%	0.48
Alphabet	15.0x	24.7%	0.61
Oracle	18.8x	29.5%	0.64
Meta	21.9x	26.1%	0.84
Microsoft	28.5x	18.8%	1.52
Amazon	21.6x	12.1%	1.79
AMD	110.5x	44.6%	2.48
Apple	39.1x	11.7%	3.34
Coca-Cola	28.3x	7.4%	3.82
Home Depot	24.7x	5.7%	4.33
Procter & Gamble	25.4x	4.0%	6.35
Walmart	45.5x	5.9%	7.71
McDonald's	22.3x	1.1%	20.27

Alphabet's trailing earnings include a one-time gain; one quarter's growth flatters a company near a cycle peak.

The strongest argument against this table is that the market pays McDonald's multiple for durability, and chip stocks often look cheapest right at the top of a cycle. I take that seriously. Two things make me think this isn't the top: NVIDIA's revenue has held at 47 to 57 cents per Big Tech capex dollar every quarter since Q3 2023 (Section 3), and that capex is still climbing toward Goldman's $1.1 trillion for 2027 (Section 7). If I'm wrong anyway, Section 6 sizes it: $48.48 at 15x. That's the risk I'm taking for the growth. [25] [34]

NVIDIA trailing P/E



Annual medians of reported trailing P/E, with the 10 Nov 2026 SEC-based reading at $168.11 shown as its own marker and the Nov 2023 to Nov 2026 daily median as a reference line. [25]

Source: NexusTrade computation from SEC 10-Q/10-K statements and market prices as of 10 Nov 2026.

On my SEC-based figure, NVIDIA's trailing P/E of 21.0x is lower than every single daily reading of the past three years. Price-to-sales is 13.5x against a three-year median of 26.5x. Its 3.2% trailing free-cash-flow yield is the highest of the large tech companies in the table. That's about 31x trailing free cash flow, before the stakes discussed in Section 9. [25]

Trailing growth only tells me where NVIDIA has been. At $168.11, NVIDIA trades at 16.3x my 2027 base-case EPS of $10.34. That's 53% above my trailing operating EPS of $6.75. I get $6.75 by taxing $197.58B of trailing operating income at 17% and dividing by 24.3B shares. [1] [25] [45]

11 Fundamentals

Q2 FY27 FUNDAMENTALS (QUARTER ENDED 26 JUL 2026) [4,1,2,5]

Item	Q2 FY27	Year ago	Change
Revenue	$96.2B	$46.7B	+106%
Data center	$89.0B	$41.1B	+117%
GAAP gross margin	75.0%	72.4%	+2.6 pts
First-half operating cash flow	$74.4B	$42.8B	+74%
First-half free cash flow	$69.9B	$39.6B	+77%
Q2 buybacks	$19.7B	$9.7B	+103%
Q2 dividends	$6.0B	$0.24B	about 25x
Q2 gains on equity securities	$7.8B	$2.2B	+246%
Buyback authorization left	$99.3B	$14.7B	+$84.6B
Marketable equity securities	$42.8B	$3.2B (reported then as publicly-held equity securities)	about 13x
Non-marketable securities	$51.2B	$3.8B	about 13x
Net debt proceeds in Q2	$24.9B	$0	new
Largest direct customer	16% of revenue	23% of revenue	-7 pts
Supply and capacity commitments	$279B	$119B last quarter	+134% in one quarter
Total commitments	$366B, or $316B excluding $25B of not-yet-commenced data-center leases for NVIDIA's own use and $25B of equity-investment commitments	$45.8B	about 7x on the year-ago categories

Item	Q2 FY27	Year ago	Change
Hugging Face purchase	$11.9B plus up to $1.0B retention, closing first half of 2027	none (announced Sep 2026)	new

NVIDIA's largest direct customer fell from 23% of quarterly revenue to 16% a year later, even as total revenue doubled. [1] [2]

NVIDIA broadened its commitments table this year to include data-center leases not yet commenced and equity-investment commitments, which the year-ago table did not list, so I compare like with like at $316B. [1,2]

12 Other risks

- Neoclouds rely on debt to fund purchases, and some CoreWeave bonds yield above 16%. [22]
- Power shortages could delay installations even if orders continue. [15]
- NVIDIA's financing guarantees for customers and a Justice Department inquiry into the Hugging Face deal remain open. [16]
- Supply and capacity commitments can become fixed costs once firm orders are placed. [1]

13 Conclusion

The valuation figures in this conclusion use the $844B capex sensitivity. The cash-capex cases are on page 6.

My thesis is simple: NVIDIA is massively undervalued, and a headline about Jensen Huang's personal life doesn't change the business.

Let's look at the cold, hard facts one more time.

Against other chip stocks, NVIDIA is growing faster than Broadcom and more than twice as fast as AMD, at about half Broadcom's P/E and a fifth of AMD's. Against stocks with the same P/E, it's growing four times faster than Meta, the fastest of them, and nearly 100 times faster than McDonald's. [25]

NVIDIA's revenue still equals about half of what Big Tech spends on capex, and that spending is still rising. On its own numbers, NVIDIA trades at 17.4 times the earnings its Q3 guidance implies. My base case is worth $223 at 20 times earnings (+33%), and my bull case $300 at 20 times (+78%), or $420 at 28 times (+150%). [25,4]

The downside is real, and I sized it: $124 in my bear case at 20 times (-26%), $54 in a full downcycle at 15 times (-68%), and $136 if Huang leaves and his successor stumbles (-19%). [25]

And while it grows, NVIDIA is paying its owners: $45.3B back in six months and a shrinking share count. The catch is the cash it keeps after buying stakes, about 1.7% of its value, and up to $108.5B of guarantees, mostly for OpenAI, that start in fiscal 2029. [4,25,1] *

I believe in the bull case. I'm betting the growth matters more than the headline. This is not financial advice.

* The fiscal 2029 start applies to the first phase of the $105B SB Energy guarantee for the OpenAI affiliate. The other $3.5B in guarantees has separate terms.

References

[1] NVIDIA Form 10-Q, quarter ended 26 Jul 2026 (26 Aug 2026) - https://www.sec.gov/Archives/edgar/data/1045810/000104581026000075/nvda-20260726.htm

[2] NVIDIA Form 10-Q for the quarter ended 27 Jul 2025 (27 Aug 2025) - https://www.sec.gov/Archives/edgar/data/1045810/000104581025000209/nvda-20250727.htm

[3] NVIDIA Form 10-Q for the quarter ended 26 Oct 2025 - https://www.sec.gov/Archives/edgar/data/1045810/000104581025000230/nvda-20251026.htm

[4] NVIDIA Q2 FY27 results press release (Exhibit 99.1) (26 Aug 2026) - https://www.sec.gov/Archives/edgar/data/1045810/000104581026000073/q2fy27pr.htm

[5] NVIDIA Form 8-K on the Hugging Face acquisition (3 Sep 2026) - https://www.sec.gov/Archives/edgar/data/1045810/000104581026000078/nvda-20260902.htm

[6] NVIDIA Q1 FY27 results (20 May 2026) - https://investor.nvidia.com/news/press-release-details/2026/NVIDIA-Announces-Financial-Results-for-First-Quarter-Fiscal-2027/

[7] Microsoft FY27 Q1 earnings call (28 Oct 2026) - https://www.microsoft.com/en-us/investor/events/fy-2027/earnings-fy-2027-q1

[8] Alphabet Q3 2026 earnings call transcript (28 Oct 2026) - https://s206.q4cdn.com/479360582/files/doc_events/2026/Oct/28/2026_Q3_Earnings_Transcript.pdf

[9] Amazon Q3 2026 results (29 Oct 2026) - https://ir.aboutamazon.com/news-release/news-release-details/2026/Amazon-com-Announces-Third-Quarter-Results/

[10] Meta Q3 2026 results (Oct 2026) - https://investor.atmeta.com/investor-news/press-release-details/2026/Meta-Reports-Third-Quarter-2026-Results/default.aspx

[11] Meta equity offering announcement (26 Oct 2026) - https://investor.atmeta.com/investor-news/press-release-details/2026/Meta-Announces-Launch-of-Offering-of-Depositary-Shares-Representing-Series-A-Mandatory-Convertible-Preferred-Stock-and-Offering-of-Class-A-Common-Stock-in-Connection-with-Forward-Sale-Agreements/default.aspx

[12] Oracle Q1 FY27 results (10 Sep 2026) - https://investor.oracle.com/investor-news/news-details/2026/Oracle-Announces-Q1-Results-Driven-by-Triple-Digit-Growth-in-Cloud-Infrastructure-Revenues/

[13] Oracle Investor Day 2026 (28 Oct 2026) - https://investor.oracle.com/investor-news/news-details/2026/Oracle-Investor-Day-2026-Accelerating-Value-Creation/

[14] Reuters on Broadcom AI chip revenue forecast (2 Sep 2026) - https://www.reuters.com/business/broadcom-forecasts-quarterly-revenue-below-estimates-2026-09-02/

[15] Beinsure summary of Morgan Stanley AI spend forecast (20 Oct 2026) - https://beinsure.com/news/morgan-stanley-forecasts-1-58-tn-ai-boom-as-nvidia-exposure-hits/

[16] TIKR on NVIDIA fiscal-2028 revenue consensus (2 Nov 2026) - https://www.tikr.com/blog/nvidias-fiscal-2028-revenue-estimate-is-up-25-since-june-heres-what-november-17-has-to-prove

[17] NVIDIA board statement on independent investigation (8 Nov 2026) - https://www.globenewswire.com/news-release/2026/11/08/3398017/0/en/statement-from-nvidia-board-of-directors.html

[18] Moneycontrol World Desk on Megaspeed and Alice Huang reporting (9 Nov 2026) - https://www.moneycontrol.com/world/what-is-megaspeed-and-why-its-links-to-alice-huang-have-come-under-scrutiny-after-jensen-huang-affair-article-14075574.html

[19] Motley Fool stock market today, 9 Nov 2026 - https://www.fool.com/coverage/stock-market-today/2026/11/09/stock-market-today-nov-9-nvidia-stock-plunges-4-on-jensen-huang-investigation-as-nasdaq-surges-nearly-3/

[20] Senator Tom Cotton press release on Megaspeed (14 Oct 2025) - https://www.cotton.senate.gov/news/press-releases/cotton-to-lutnick-investigate-chinese-government-spin-off-megaspeed-for-skirting-us-export-laws

[21] Paul Weiss memo on BIS Seagate penalty (19 Apr 2023) - https://www.paulweiss.com/insights/client-memos/bis-imposes-300-million-penalty-against-seagate-for-export-control-violations-and-makes-controversial-changes-to-voluntary-self-disclosure-program

[22] CNBC on CoreWeave debt and neocloud credit risk (9 Nov 2026) - https://www.cnbc.com/2026/11/09/coreweave-debt-credit-risk-neoclouds.html

[23] Austin Starks, NexusTrade, Does news sentiment predict stock returns? (21 Oct 2026) - https://nexustrade.io/research/guides/does-news-sentiment-predict-stock-returns

[24] Austin Starks, NexusTrade, Stock fundamentals do NOT matter (7 Nov 2024) - https://nexustrade.io/blog/youve-been-lied-to-your-whole-life-stock-fundamentals-do-not-matter-20241107

[25] NexusTrade computation from SEC 10-Q/10-K statements and market prices (as of 10 Nov 2026)

[26] ABC News, Nvidia responds to report that its CEO was allegedly targeted in Chinese spy plot (29 Oct 2026) - https://abc7news.com/story/nvidia-denies-report-ceo-was-allegedly-targeted-chinese-spy-plot/20000206/

[27] ThePrint, Nvidia's Jensen Huang was in a close relationship with a Chinese spy, says report (29 Oct 2026) - https://theprint.in/feature/nvidia-jensen-huang-close-relationship-chinese-spy-report/3085391/

[28] Goldman Sachs Research, AI Agents Forecast to Boost Tech Cash Flow as Usage Soars (20 May 2026) - https://www.goldmansachs.com/insights/articles/ai-agents-forecast-to-boost-tech-cash-flow-as-usage-soars

[29] Unite.AI on Ramp AI Index (6 Nov 2026) - https://www.unite.ai/ramp-data-shows-business-ai-token-use-outpacing-spending-growth/

[30] NexusTrade daily price history, 1 Oct to 9 Nov 2026 (NVDA, SMH, QQQ and chip stocks)

[31] NVIDIA Blog, "Fastest, Largest, Strongest: NVIDIA Blackwell Sweeps MLPerf Training 6.0" (16 Jun 2026) - https://blogs.nvidia.com/blog/blackwell-mlperf-training-6-0/

[32] Digital Citizen, "NVIDIA Blackwell Tops Every MLPerf 6.0 Training Benchmark As GB300 Pulls Ahead Of GB200" (18 Jun 2026) - https://www.digitalcitizen.life/nvidia-blackwell-tops-every-mlperf-6-0-training-benchmark-as-gb300-pulls-ahead-of-gb200/

[33] NexusTrade market data: trailing P/E from the 10 Nov 2026 feed, with NVIDIA at the 09:57 CT price of $168.11 (no public link)

[34] Axios, "The AI boom has a new complication: falling prices" (22 Oct 2026) - https://www.axios.com/2026/10/22/ai-token-prices-demand

[35] Austin Starks, NexusTrade, "Don't Be an Idiot and Sell NVIDIA Because of DeepSeek. You Will Regret It" (27 Jan 2025) - https://nexustrade.io/blog/dont-be-an-idiot-and-sell-nvidia-because-of-deepseek-you-will-regret-it-20250127

[36] National Cotton Council, "Cotton: The Perennial Patriot" - https://www.cotton.org/pubs/cottoncounts/upload/Cotton-The-Perennial-Patriot.pdf

[37] National Archives, "Eli Whitney's Patent for the Cotton Gin" - https://www.archives.gov/education/lessons/cotton-gin-patent

[38] ABC News, "Nvidia stock falls amid probe into CEO Jensen Huang over alleged affair with Chinese spy" (9 Nov 2026) - https://abc7news.com/story/nvidia-stock-falls-company-opens-probe-ceo-jensen-huang-alleged-affair-chinese-spy/20026775/

[39] OfficeChai, summarizing the Financial Times (7 Nov 2026) - https://officechai.com/ai/jensen-huang-had-a-romantic-relationship-with-alleged-chinese-spy-alice-huang-ft-reports/

[40] Wikipedia, "Jevons paradox" - https://en.wikipedia.org/wiki/Jevons_paradox

[41] Austin Starks, internal cost estimate for training a NexusTrade trading agent with reinforcement learning (1 Nov 2026; no public link): best case ~$4,500, worst case ~$215,000; RL GPU time ~1,300 H100-hours best, ~55,000 H100-hours worst; serving $2,100 to $2,500 a month; DeepInfra B200s sold out in every size on 1 Nov 2026 *(no public link)*

This report was generated by NexusTrade's Aurora and is not financial advice. Past statistical relationships do not guarantee future results. https://nexustrade.io/

[42] Oracle Q1 FY2027 earnings call, 10 Sep 2026

[43] NVIDIA Q2 FY2027 earnings call, 26 Aug 2026, p. 7

[44] Securities complaint, N.D. Cal., No. 5:26-cv-13448, filed 9 Nov 2026

[45] NVIDIA Q4 FY2026 results, 25 Feb 2026