

The Krause Fund

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NVIDIA CORP (NVDA)

Information Technology – Semiconductors

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Investment Thesis

We recommend a hold rating on Nvidia (NVDA) and a \$195-\$215 target price range, implying -0.62% downside from the current market price of \$208.21. Nvidia is a top-of-the-line supply chain designer of GPUs and AI computing platforms, well positioned at the brink of exploding consumer appetite, with expectations to scale significantly from sustained compute demand. However, upside appears limited at current levels as competitive intensity rises, and the company remains highly sensitive to hyperscaler spending trends. Our DCF Model yields \$206.92 per share, while the fund's cost basis of \$186.50 implies a 10.95% total return if held through our valuation horizon of 9 years.

Drivers of Thesis

- **Dominant market share:** NVIDIA's ~90%+ share of the AI accelerator market supports our assumption that Compute & Networking will remain as a primary growth driver, increasing 50% YoY from 2025 to 2026E in our model. Their premier computing platform and programming model, CUDA, enables them to hold onto their developers and enterprise customers, as it is quite costly to switch over to other chips off pre-existing code. This means that there is a market "stickiness" that allows them to have greater pricing power near-term before competitive alternatives begin to pressure share long-term.
- **Competitive Pressure:** Our model assumes NVIDIA's pricing power begins to normalize as competition becomes more credible over time. While Compute & Networking remains as the dominant growth engine, we project the segment growth to decelerate from the original 50% in 2026E to 10% by 2035E. This reflects improving alternatives from competitors such as AMD, Intel, and internally developed hyperscaler chips. Alternatives to NVIDIA's CUDA such as Intel's oneAPI will eat into share, limiting gross margins to ~70% looking toward the end of the terminal period.
- **Hyperscaler dependency:** Our model shows NVIDIA becoming increasingly tied to AI infrastructure spending, with Compute & Networking rising from 89.6% of revenue in 2025 to 91.5% in 2026E and reaching 97.4% by 2035E. As this segment becomes nearly all of NVIDIA's revenue base, our forecast becomes highly sensitive to continued hyperscaler AI capex and infrastructure buildout.

Risks to Thesis

- **AI demand remains stronger than expected.** Sustained hyperscaler and enterprise AI spending could keep Compute & Networking growth above our forecast, making our revenue assumptions too conservative and supporting further upside.
- **Competitive pressure is delayed.** If AMD, Intel, and internally developed hyperscaler chips take longer to become viable at scale, NVIDIA could preserve pricing power and margins longer than our model assumes.
- **Revenue diversification is more resilient.** Faster growth in enterprise AI, software, and sovereign demand could reduce reliance on hyperscaler

Stock Rating

HOLD

Target Price

\$195-\$215

Krause Fund DCF \$206.92

Price Data

Current Price \$201.54
 52wk Range \$95.04 – \$212.19
 Consensus 1yr Target \$269.82

Key Statistics

Market Cap (B) \$5,061B
 Shares Outstanding (B) \$24.3B
 Institutional Ownership 68.3%
 Beta 1.76
 Dividend Yield 0.0%
 Est. 5yr Growth 27.0%
 Price/Earnings (TTM) 38.32x
 Price/Earnings (FY1) 44.1x
 Price/Sales (TTM) 21.3x
 Price/Book (mrq) 49.0x

Profitability

Operating Margin 60.38%
 Profit Margin 55.6%
 Return on Assets (TTM) 75.42%
 Return on Equity (TTM) 101.49%

capex and support more durable long-term growth than our model implies.

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$0.27	\$1.19	\$2.94	\$4.90	\$8.28	\$8.23
HF est. growth	354%	265%	189%	117%	117%	88%

12 Month Performance



Company Description

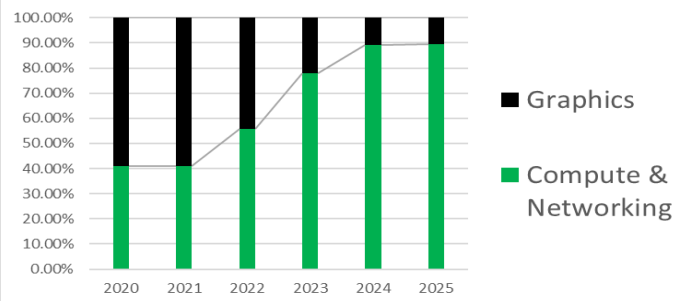
Despite the market overall, Nvidia's stock has done much better over the past three years. Over the past three years, Nvidia's stock has returned over 650%, while the S&P 500 has only returned around 38%. The shift in the company's revenues began in early 2024 with a growth in the Compute and Networking segment due to increased demands in AI infrastructure. The stock then experienced volatility due to market concerns over AI spending and export restrictions before rising to 2026. The stock prices indicate that the market views Nvidia as the most important infrastructure company in the rise of AI globally. Additionally, the stock prices play a crucial role in the intrinsic value of the stock at \$190.75, which is below the current stock price.

Visual source: Alpha Spread

COMPANY DESCRIPTION

NVIDIA Corporation (NASDAQ: NVDA) is a semiconductor business based in Santa Clara, California. It designs graphics processing units (GPUs), system-on-chip units, and software platforms that work with these products. NVIDIA started out in 1993 as a company that made hardware for video games. Now, it is the backbone of modern AI infrastructure. Instead of making its own chips, NVIDIA mostly hires Taiwan Semiconductor Manufacturing Company (TSMC) to do the work. This lets the company focus its money and resources on research, design, and software development. NVIDIA makes most of its money by selling GPUs, networking gear, and complete computers. It is also building a software monetization layer to go along with its hardware business. In the fiscal year 2025, the firm made \$215.9 billion in sales, which was a 65% increase from the previous year. We expect sales to reach \$317.2 billion in 2026E as demand for AI compute infrastructure continues to grow.

Revenue Segments



Compute and Networking

The Compute & Networking segment of NVIDIA Corporation is the segment mainly discussed in this report. For fiscal year 2025, the segment represented approximately 89.6% of NVIDIA Corporation's total revenue, up from the 55.9% represented by the segment in fiscal year 2023. During the forecast period, the segment is expected to maintain its dominance within the company, growing from 89.6% of total revenue during 2025 to 97.0% of revenue during 2032E.

We have forecasted Compute & Networking sales will expand by 50% in 2026E and 2027E, then slow down to 40% in 2028E, 30% in 2029E and 2030E, and 20% in 2031E and 2032E. This slowdown is due to the law of big numbers as the revenue base grows. It is also due to dangers such as the U.S. not allowing sophisticated processors to be exported to China, competition from AMD, and hyperscalers making their own bespoke silicon.

Graphics

As Compute & Networking has grown, the Graphics section has made up a smaller and smaller part of total revenue. In FY2025, it made up 10.4% of total revenue, down from 22.2% in FY2023. We expect Graphics revenue to expand by 20% in 2026E and 2027E, then slow to 10% through 2029E and 5% after that, which is a sign that the market is returning to a mature, steady-state growth profile.

10.4% of \$215.9 billion is still over \$22 billion in annual sales, even though it is going down as a percentage of total revenue. This is a big industry in its own right. NVIDIA's long-term cooperation with Nintendo adds to the segment's stability. CEO Jensen Huang has said in public that he expects the agreement to extend for 20 years¹. The Nintendo Switch 2, which came out in 2025 and is powered by a bespoke NVIDIA Tegra chip, brings in a constant supply of money that supports the segment's long-term outlook.

ROIC & Value Creation Analysis

NVIDIA is clearly a corporation that makes money every year during the projection timeframe. ROIC climbed from 38.8% in 2015 to 202.6% in 2023 and 664.5% in 2024. In 2025, it dropped to 342.1% as the business grew and more money was put into it. The turning point was fiscal year 2023, when Data Center revenue skyrocketed and NOPLAT almost doubled. At the same time, invested

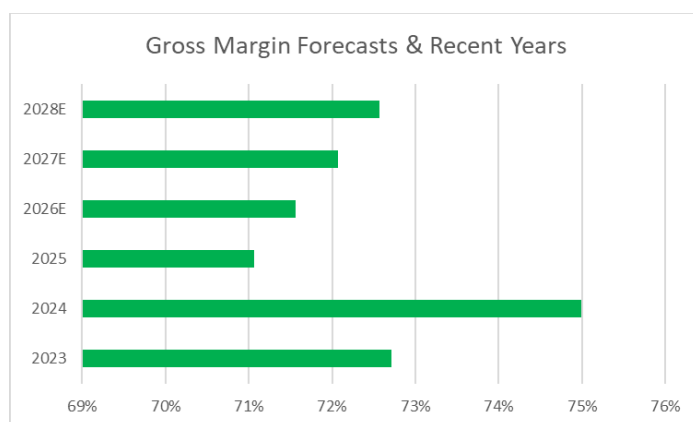
capital only expanded slightly, which caused the model's phenomenal ROIC growth.

Cost Structure Analysis

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NVIDIA is not a firm with a lot of turnover; it is a business with a lot of profit. The NOPLAT margin grew from 13.1% in 2015 to 58.4% in 2025. This was because of a shift toward higher-margin Compute & Networking revenue and a lot of operating leverage in R&D and SG&A. The invested capital turnover of about 3.0x in FY2025 makes returns even better. ROIC is so high because of the combination of higher margins and better use of capital.

We expect ROIC to stay considerably above the WACC of 12.67% for the whole forecast period, from 257.7% in 2026E to 279.2% in the continuing value year. This shows that every extra dollar of growth NVIDIA pursues adds a lot of value for shareholders. It is important to note that a continuous value ROIC of 279% is very high and anticipates that NVIDIA will always make great returns, which is a small upward bias in the model.



Invested Capital Analysis

NVIDIA is a business that needs working capital to run. It doesn't need the huge fixed asset base of an integrated

¹

semiconductor manufacturer because it outsources manufacturing. This means that sales may grow quickly without requiring more capital, which is the main reason NVIDIA has such a high ROIC.

Invested capital is mostly made up of working capital, which will expand from \$38.4 billion in FY2025 to \$320.9 billion in 2032E. Accounts receivable is the main driver, and it is expected to expand from 19% of revenue in 2026E to 25% by 2032E. This is because larger hyperscaler customers take longer to pay. Throughout the forecast, inventories stay at a steady 8% of revenue, which is in keeping with NVIDIA's historical range and suggests that the company will continue to be disciplined in its supply chain. Accounts payable and accrued liabilities rise at the same rate as revenue. This means that they provide more operating financing, which partially compensates the investment in working capital on the asset side.

It is expected that fixed capital would stay at a steady 5% of revenue for the entire term, and intangible capital will stay at \$24.1 billion, which means that no new acquisitions are expected. Both of these things are little parts of the capital structure and shouldn't stop expansion.

The extra capital needed to sustain the projection is small compared to the returns being made—about 8.5 cents of capital for every \$1 of NOPLAT over the forecast period. Capital intensity stays the same for the whole period, which clearly validates the model's consistent ROIC figures and shows that NVIDIA's development does not come at the cost of capital efficiency.

MARKETS AND COMPETITION

NVIDIA has been able to generate significantly higher margins and returns on capital than its peers due to its pricing power in AI, software ecosystem, and capital-light fabless business model. While the company operates broadly within the semiconductor industry, it is most dominant in the compute layer of the AI infrastructure stack. Although the semiconductor market has historically been cyclical, the rapid expansion of AI infrastructure has shifted NVIDIA into a more favorable competitive environment where performance, scalability, and efficiency matter more than price alone. As a result, NVIDIA has differentiated itself not simply as a semiconductor company, but as the dominant provider of AI infrastructure.

The current environment has evolved into a strategic priority for hyperscalers and large enterprises. However, while market conditions remain favorable, they are no longer as supportive as those that benefited NVIDIA over the last two years. Customers are becoming increasingly disciplined in how they allocate AI capital, with greater focus on utilization, efficiency, and return on spend. At the same time, the market has shifted away from the severe supply constraints that initially reinforced NVIDIA's pricing power and toward a more competitive environment where alternatives are becoming increasingly credible. For example, AMD has improved the competitiveness of its AI accelerators, providing hyperscalers such as Google and Amazon with a more realistic second option and gradually reducing dependence on NVIDIA alone.

However, NVIDIA's strategic positioning in the market allows it to be highly competitive and successful. Their business model is not simply hardware, but also an ecosystem that customers rely on to develop and use their AI workloads. This includes CUDA, networking, interconnect, and libraries that are already well established. CUDA, in particular, is a main competitive advantage as customers are already reliant on this platform to build, train, and optimize their AI models. This allows NVIDIA to keep strong pricing power as moving away from NVIDIA software requires customers to rewrite portions of their workload and potentially retrain their developers.

NVIDIA's capital efficiency is another differentiating factor. Their fabless model allows them to scale their revenue without taking a large fixed-cost burden. Since NVIDIA outsources their production to TSMC, they have allocated time towards software and platform integration. In our model, invested capital turnover is near 3.0x in FY2025 while ROIC was above 240% throughout the forecast period. These numbers show that NVIDIA is structurally more efficient than its peers.

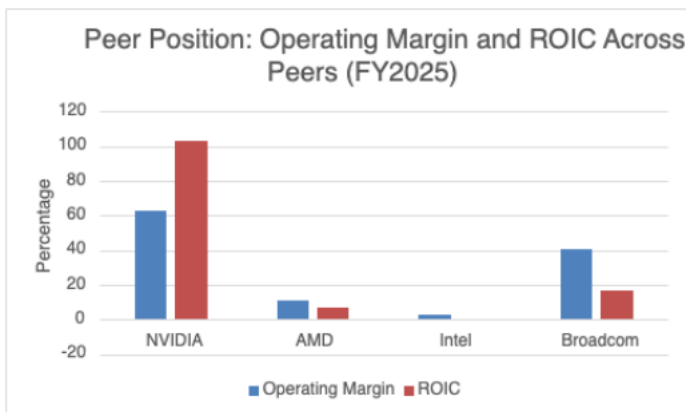
NVIDIA should be able to sustain its advantage as much of it is structural. The company's leadership in the AI space is also notable, as companies are reliant on their services, which increases AI adoption and therefore increases reliance on NVIDIA.

However, while AI infrastructure spending is a meaningful growth driver as shown in our forecast revenue to increase from \$215.9 billion in FY2025 to \$317.2 billion in FY2026E, competitive alternatives and more meticulous capital

allocation can affect NVIDIA’s pricing power. This may place pressure on NVIDIA’s margins overtime, even if they are significantly more dominant than their peers now. Therefore, we expect NVIDIA to sustain growth, though their margins and returns on capital will normalize compared to historical levels.

Peer Comparisons

Relative to peers, NVIDIA continues to demonstrate clear economic advantages across profitability, cost structure, and capital efficiency. While peer financials can vary meaningfully by business mix and reporting structure, the broader conclusion remains consistent: NVIDIA earns materially stronger returns than its peer set because it operates with better pricing power, stronger operating leverage, and a more efficient business model. This is most clearly reflected in the company’s superior operating margins, return on invested capital, and invested capital turnover relative to peers such as AMD, Intel, and Broadcom.



As shown in the figure above, NVIDIA remains a clear outlier in the FY2025 compared to its peers. It generates the highest operating margin and returns on invested capital with the metrics being approximately 75% and 103% respectively. The peer that is closest in these metrics is Broadcom, with a 65% operating margin and a 17% return on invested capital.

What differentiates NVIDIA from peers is that its superior economics are driven by advantages in pricing power, cost structure, and capital efficiency. NVIDIA’s pricing power is primarily driven by product differentiation and switching costs. Unlike AMD and Intel, NVIDIA does not compete solely on hardware performance. Because of their large

presence in the broader ecosystem of AI development, they have customer lock-in. CUDA remains the clearest example of this advantage, as customers already build, train, and optimize AI workloads on NVIDIA’s software stack. For many customers, the cost of switching away from NVIDIA extends well beyond hardware replacement and incurs many additional costs. This allows NVIDIA to sustain materially higher markups than peers and preserve gross margins well above their peers.

Cost structure is another clear differentiator. NVIDIA’s fables model allows it to allocate more money and time to sectors like R&D, software ecosystems like CUDA, and funding AI startups and robotics. For example, while Intel spends heavily on both manufacturing and design R&D (\$16.5B in 2024), NVIDIA can concentrate its R&D (\$12.9B in 2024) purely on architecture and software. While AMD also benefits from a similar fables model, its superior capital efficiency allows them to corner the supply of advanced components. Specifically, NVIDIA’s large cash reserves allow them to have priority access to Chip on Wafer on Substrate packaging and HBM3e high-bandwidth memory from TSMC. This allows for scaling that other peers can’t match, accelerating their inventory turnover. Furthermore, a combination of greater operating leverage and customer-lock in prevents peers from eroding this dominance. Firstly, NVIDIA’s massive profits allow them to buy out production lines, fund R&D more, and also reinvest into the supply chain. Furthermore, the reliance on NVIDIA’s software locks in customers is not only because their developers are used to it, but because the models are built based on the specific framework of NVIDIA’s hardware.

From a competitive positioning standpoint, NVIDIA remains the best-positioned company in the group because it combines stronger pricing power, better cost scalability, and superior capital efficiency. AMD remains the most credible direct competitor and is best positioned to take incremental share in more price-sensitive workloads, but it still lacks the software ecosystem and customer lock-in needed to fully replicate NVIDIA’s economics. Intel remains in the weakest position given its lower margins, weaker AI relevance, and more capital-intensive operating model. Looking forward, NVIDIA should remain the strongest operator in the peer set, though the gap is likely to narrow modestly as alternatives improve, and pricing becomes less one-sided.

These peer dynamics directly support our forward view. NVIDIA should continue to outperform peers on margins, growth, and returns on capital due to its stronger ecosystem and more efficient business model. However, the same peer comparisons also suggest that current economics are unlikely to expand materially from here. AMD's improving competitiveness and increasing customer willingness to diversify should place modest pressure on pricing over time, while Intel's weaker economics reinforce the value of NVIDIA's fabless structure. As a result, NVIDIA should remain the highest-quality business in the peer set, but future ROIC is more likely to normalize modestly than expand further, which supports our Hold rating.

RECENT DEVELOPMENTS

In Q4 FY2026, the sentiment reinforced that near-term AI infrastructure demand remains exceptionally strong. The company reported its best quarterly revenue of \$68.1 billion, up 73% year over year, while full-year FY2026 revenue reached \$215.9 billion, up 65% year over year. The primary driver remained from data centers, which generated \$62.3 billion in quarterly revenue and continues to represent the clear majority of NVIDIA's revenue mix. Gross margin remained elevated at approximately 75%, reflecting continued pricing power in AI infrastructure and strong mix contribution from higher-margin Data Center workloads.

NVIDIA beat EPS expectations of \$1.54 with a quarterly EPS of \$1.76. Revenue also beat Wall Street's consensus of \$66.1 billion with a quarterly revenue of \$68.1 billion. The outperformance was driven primarily by stronger than expected data center demand, continued customer deployment of Blackwell systems, and sustained hyperscaler AI infrastructure spending. The strong earnings reinforce that near-term demand remains strong, though it also raises the performance bar and increases expectations embedded in the stock.

Management's outlook for Q1 FY2027 is undeniably bullish, calling for roughly. This suggests that even as rivals catch up, NVIDIA still dictates the industry's pricing terms. While this supports the "stronger for longer" bull case for AI demand, we're taking a more cautious stance once we look past the immediate horizon. The core of our "Hold" thesis lies in the gap between management's optimism and our own long-term projections. We've modeled

FY2026 revenue at \$317.2 billion, yet we find it difficult to justify a valuation that assumes these current "peak" economics are permanent. As capital expenditure from hyperscalers reaches unprecedented levels, we anticipate a shift toward greater spending discipline and a heightened focus on return investment. This transition suggests a natural maturation of the market; as the revenue base scales and competitive alternatives gain traction, NVIDIA's extraordinary 75% margins are more likely to undergo a period of normalization than further expansion.

Our "Hold" rating, therefore, is not a critique of NVIDIA's operational execution, but rather a reflection of our view that the market has already priced in an idealized scenario.

The most important recent development affecting NVIDIA is not weakening demand, but the gradual normalization of the competitive environment in AI infrastructure. Over the last two years, NVIDIA benefited from a highly favorable market defined by extreme supply constraints, limited substitutes, and urgent hyperscaler spending. That environment supported exceptional pricing power and unusually elevated returns. While demand remains strong, the industry is beginning to move beyond the most supply-constrained phase of the cycle and into a more competitive market structure.

The clearest example of this shift is improving competitive credibility across alternative AI compute platforms. AMD has continued to improve the performance and relevance of its AI accelerator offerings, giving hyperscalers a more realistic second source for select workloads. While AMD remains structurally behind NVIDIA in ecosystem depth and software integration, it is increasingly credible in more cost-sensitive workloads and should gradually reduce NVIDIA's degree of exclusivity. This does not materially impair NVIDIA's strategic position, but it does reduce the likelihood that current pricing power remains as strong as it was during the most supply-constrained phase of the market.

At the same time, hyperscalers are becoming more disciplined in AI capital allocation. While AI infrastructure remains a strategic priority, customer focus is shifting from securing as much compute capacity as possible toward improving utilization, efficiency, and return on invested capital. This change should not reduce the strategic importance of NVIDIA's products, but it does suggest that future purchasing behavior is likely to become more

rational and less urgency-driven than it was during the initial AI buildout.

This shift is important because it changes the likely path of future economics. NVIDIA should remain the dominant platform in AI infrastructure and continue to outperform peers operationally, but the market is becoming less one-sided. As competition becomes more credible and customer behavior becomes more disciplined, NVIDIA is more likely to retain leadership while gradually losing some degree of pricing leverage. This supports our view that NVIDIA remains a structurally superior business, but one whose future returns are more likely to normalize modestly than expand materially from current levels.

RISKS

Customer Concentration and Capital Discipline

NVIDIA's growth is heavily reliant on a small group of "hyperscalers", which are big companies in the AI and tech space such as Meta, Microsoft, Amazon, and Google. These companies account for over 50% of the data center revenue NVIDIA generates. While these companies are generating enormous profits and have tons of cash, a slight shift in capital discipline and a clear demand for ROI could significantly impact NVIDIA's growth rates.

Competitive Risk

While we acknowledge competitive risk in our model, the extent to which a NVIDIA remains the clear leader of AI infrastructure could change much more rapidly than expected. AMD is starting to become a large alternative to AI accelerators. While NVIDIA's presence and reliance are so large, this may pressure margins and reduce pricing powers over time. This is also bolstered by the fact that NVIDIA is operating at elevated margin levels, so even small changes can have large impacts on earnings.

Rise of Custom Application-Specific Integrated Circuits

Some of NVIDIA's largest customers are increasing their spending on "in-house" chips. Google has TPUs, Amazon has Inferentia/Trainium, and META has MITA. These are all customized as well, and they are designed to workloads. This bypasses NVIDIA's massive markups with their proprietary silicone. This can create a shift in the ceiling for

the pricing power NVIDIA currently has. If these ASCUs become good enough to compete with NVIDIA's products, then hyperscalers will have leverage over NVIDIA. As a result, this can have a drastic impact on NVIDIA's margins and overall presence within the space.

Debt Maturity Analysis

NVIDIA's debt maturity structure has very little financial risk. The corporation has a total of \$5.0 billion in debt, with \$1.0 billion due in 2026, \$1.25 billion due in 2028, and the rest due after that. This is a well-laddered timetable with no one year having a lot of responsibilities.

There is almost a minimal chance of refinancing. Your model says that free cash flow will be \$170.0 billion in 2026E alone. This means that the whole \$5.0 billion debt load is less than 3% of what you expect free cash flow to be in one year. A small amount of NVIDIA's operating cash flow from one quarter may pay off all of its debts.

NVIDIA has shown a clear preference for returning capital to shareholders through repurchases, with \$40.0 billion in both 2026E and 2027E per your model, rather than using debt as a structural financing instrument. This shows that management is sure that its cash flows will last, and it also means that they don't plan to take on more debt in the future.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment (\$mil)
2025		0
2026		\$1,000
2027		0
2028		\$1,250
2029		0
Thereafter		2750
Total		\$5,000

Source: NVIDIA 10k FY2025

VALUATION

Nvidia is still one of the strongest businesses in the market, but our valuation suggests the stock already reflects much of that strength. The company is in a very strong position today and continues to benefit from heavy AI-related spending, especially in data center and accelerated computing. That remains the main driver in our model. At

the same time, we do not think the current pace of growth and profitability can stay this elevated forever. This is the main reason our valuation comes in below consensus. We are not assuming NVIDIA becomes a weaker business, and instead assume that the company stays strong, but that growth and margins begin to settle closer to more normal levels over time.

Our revenue forecast is built around continued demand for AI infrastructure, led by Compute and Networking. This remains the clear growth engine in the model and continues to drive most of NVIDIA's upside in the near term. We still assume strong growth over the next few years because demand remains real and NVIDIA is still in the best position to benefit from it. However, we also assume growth slows over time as the company gets larger, competition improves, and large customers become more selective with spending. That is the main difference between our view and the market's. From our stance, we are more conservative to how AI demand slows.

On the cost side, our model assumes NVIDIA remains highly profitable, but not at today's peak forever. Margins stay strong in the near term because demand remains high and NVIDIA still has clear pricing power in AI chips. Over time, we bring margins down modestly as competition improves and customers gain more leverage. This does not mean NVIDIA loses its advantage. It means the current pricing environment is unusually strong and likely becomes harder to maintain over a longer period. NVIDIA should still earn better margins than most peers because of its software ecosystem, switching costs, and product lead, but we do not think today's level of pricing power lasts forever.

We also assume NVIDIA stays highly efficient. One of the biggest strengths in the model is that NVIDIA can keep growing without needing to spend as heavily as many other semiconductor companies. Because it outsources, the company does not carry the same manufacturing burden as peers with their individual production cycles. That makes the business more efficient and supports stronger free cash flow over time. This is one of the main reasons NVIDIA still deserves to trade at a premium even if growth begins to slow.

Our earnings outlook comes in below consensus mainly because we are more conservative on how long current growth and margins can hold. Wall Street is still pricing

NVIDIA as if AI demand stays near current levels and earnings continue rising with very little slowdown. Our model assumes the business remains strong, but that growth becomes more normal over time. That leads to a lower earnings path than consensus and is the main reason our valuation is more conservative.

Our DCF supports a value near the current share price and leads us to a Hold rating. While consensus remains more optimistic, we place more weight on our DCF because it better reflects slower long-term growth and more normal margin levels. NVIDIA is still one of the best businesses in the market, but at current levels, the stock already reflects much of that strength.

KEYS TO MONITOR

NVIDIA starts the projected period in a very strong position. The company has become the most important infrastructure provider for the worldwide AI buildout. Its Compute & Networking section is dominating and growing, its Gaming business is strong, and its cost structure allows it to make more money as it grows. NVIDIA is likely to create a lot of value for its shareholders over the next few years. Free cash flow is expected to rise from \$170.0 billion in 2026 to \$882.6 billion by 2032. The company's debt load is very small compared to its earnings power, and ROIC is expected to be hundreds of percentage points higher than WACC every year. The main risks—export restrictions, competition from other silicon companies, and the eventual normalization of AI infrastructure spending—are real, but they don't change the main point: NVIDIA's business model is one of the most capital-efficient and competitive in the semiconductor industry.

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