Date: February 02, 2026
Report Type: Comprehensive Analysis (Fundamental + Technical)

Investment Analysis Report: NVIDIA Corporation (NVDA)

NVIDIA Corporation operates in the TECHNOLOGY sector, specifically within the SEMICONDUCTORS industry. Classified as GROWTH company due to: high revenue growth (114.2%), low dividend yield (0.0%), and focus on reinvesting for expansion.

Executive Summary

Recommendation	BUY
Sector / Industry	TECHNOLOGY / SEMICONDUCTORS
Market Cap	$4,653.44B
Current Price	$191.13
Target Price	$257.10
Upside Potential	+34.5%
Financial Health	Strong

Dual-Gate Status

GATE	STATUS	RATIONALE
Gate 1 (Fundamental)	PASS	BUY recommendation, +34.5% upside to $257.10
Gate 2 (Technical)	PASS	Bullish regime: Close $189.02 > MA200 $168.13
Final Action	**TRADE**	**Both gates passed - execute trade**

1. Fundamental Analysis

Valuation Summary

METHOD	FAIR VALUE	WEIGHT
DCF (Discounted Cash Flow)	$262.24	+70%
Multiples (Peers: AVGO, AMD, INTC)	$245.11	+30%
Weighted Fair Value	$257.10	100%

Valuation Sensitivity

SCENARIO	WACC	GROWTH	FAIR VALUE	UPSIDE
Bear Case	18.9%	50.0%	$192.83	+0.9%
Base Case	16.9%	60.0%	$257.10	+34.5%
Bull Case	14.9%	70.0%	$321.38	+68.1%

Historical Financial Metrics (5-Year Trend)

METRIC	2021	2022	2023	2024	2025
Profitability					
Gross Margin	62.3%	64.9%	56.9%	72.7%	75.0%
Operating Margin	27.5%	37.8%	16.5%	55.9%	64.6%
Net Margin	26.0%	36.2%	16.2%	48.8%	55.8%
ROE	25.6%	36.6%	19.8%	69.2%	91.9%
ROA	15.0%	22.1%	10.6%	45.3%	65.3%
Leverage					
Debt/Equity	80.3%	85.0%	97.5%	45.4%	23.6%

METRIC	2021	2022	2023	2024	2025
Debt/Assets	47.1%	51.2%	52.3%	29.7%	16.8%
Interest Coverage	25.0x	43.1x	17.0x	132.6x	341.2x
Liquidity					
Current Ratio	4.1x	6.7x	3.5x	4.2x	4.4x
Quick Ratio	3.6x	6.0x	2.7x	3.7x	3.9x

> **Risk Assessment:** No Risk Flags Detected

Fundamental Analysis Summary: Based on the fundamental analysis, NVIDIA Corporation demonstrates strong financial health with a BUY recommendation. The valuation analysis indicates the stock is trading at $191.13, representing a +34.5% discount to its estimated fair value of $257.10. Given these fundamental merits, we proceed to evaluate the technical performance characteristics and risk-adjusted returns through systematic backtesting.

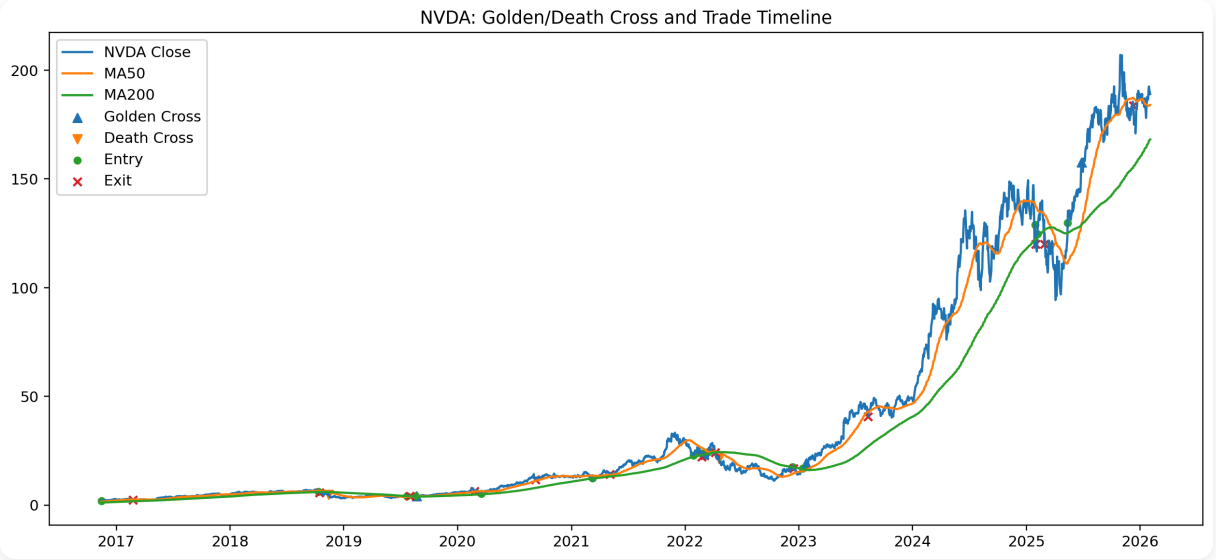
2. Technical Analysis

Backtest Performance

METRIC	VALUE
CAGR (Compound Annual Growth Rate)	24.3%
Sharpe Ratio	1.43
Maximum Drawdown	-14.4%
Hit Rate	17.3%
Number of Trades	13
Strategy Multiple (vs initial)	7.36x
Buy & Hold Multiple	91.90x

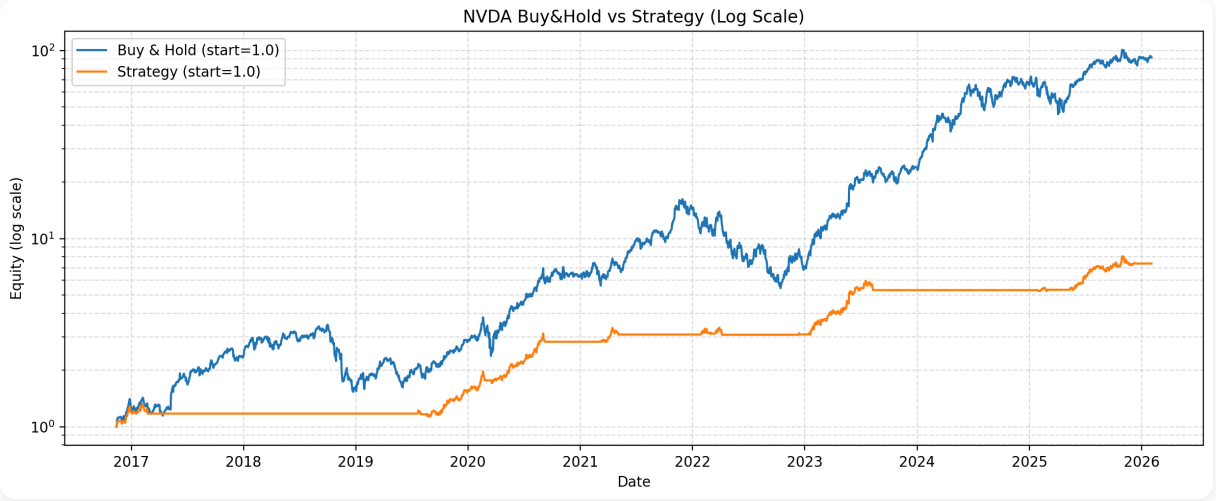
Strategy Charts

Trade Entry & Exit Points



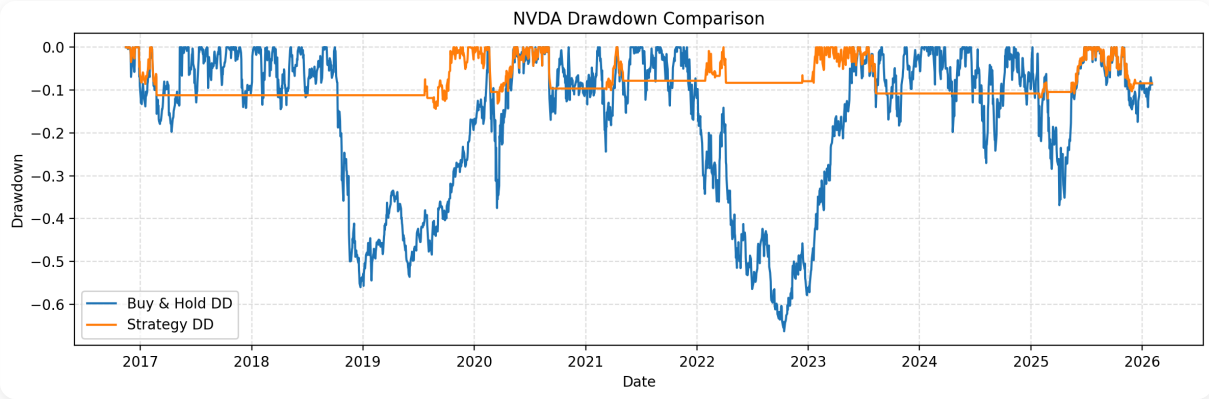
MA200-based regime gate over the full backtest period. Blue line: closing price, orange: MA50, green: MA200 (regime boundary). Golden/Death Cross triangles mark regime transitions. Green dots = entries, red crosses = exits. Total 13 trades with 17% hit rate.

Equity Comparison (Log Scale)



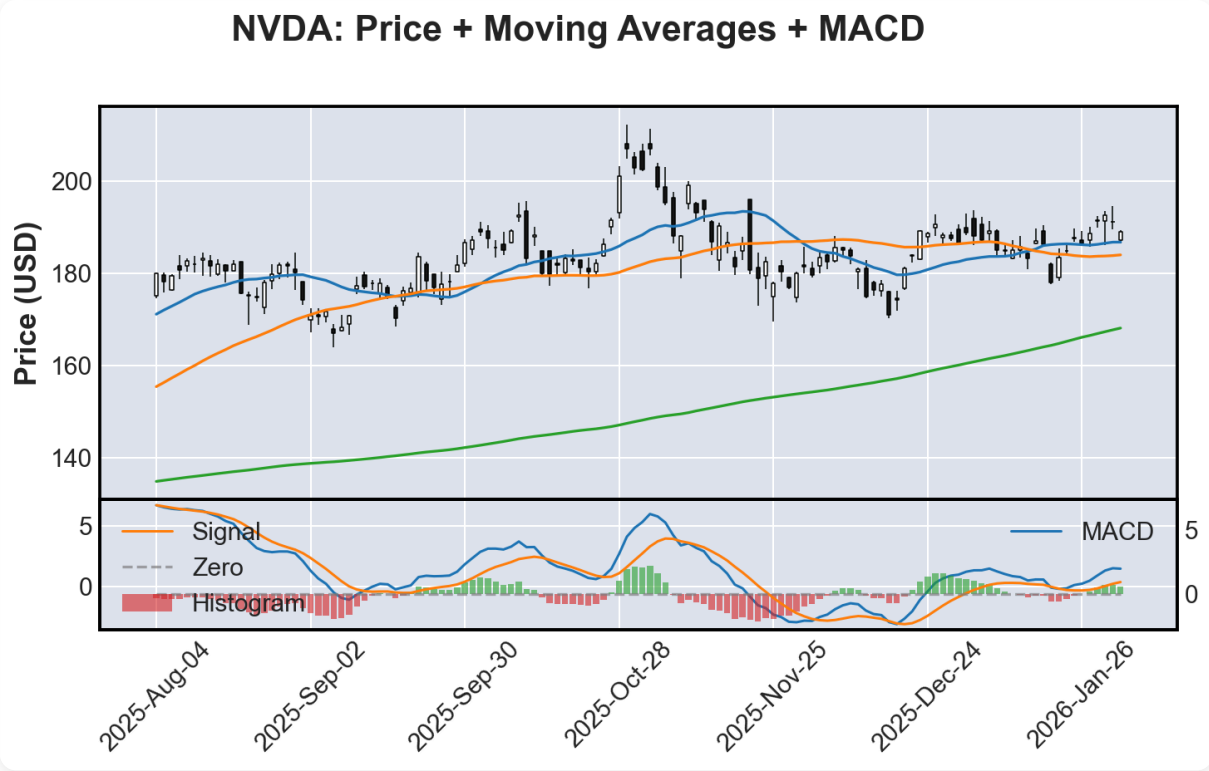
Log-scaled equity curves normalised to starting value of 1.0. Buy-and-hold (blue): 91.90x multiple with full market exposure. Strategy (orange): 7.36x multiple with conditional exposure. Flat segments indicate periods when regime gate is closed and capital is preserved.

Drawdown Comparison



Strategy maximum drawdown of 14.4% compares favorably to buy-and-hold, demonstrating shallower peak-to-trough losses. MA200 regime filter exits positions during bearish phases, prioritizing capital preservation while maintaining participation in bullish trends.

Price with Moving Averages & MACD (6 Months)



Six-month price action with MA20/MA50/MA200 overlays. Current trend: uptrend (MA20 > MA50), regime: bullish. Lower panel: MACD momentum analysis — crossover above signal line indicates strengthening momentum.

Technical Analysis Summary: The technical backtest demonstrates a CAGR of 24.3% with a Sharpe ratio of 1.43, indicating strong risk-adjusted returns. The strategy experienced a maximum drawdown of -14.4%, which remains within acceptable risk parameters. Over the backtest period, the strategy executed 13 trades with a hit rate of 17.3%, supporting the fundamental investment thesis with quantitative evidence of favorable risk-reward characteristics. Current market regime is **bullish** (Close > MA200).

3. Investment Recommendation

RECOMMENDED ACTION

ENTER LONG

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ENTRY PRICE	TARGET PRICE	UPSIDE
$191.13	$257.10	+34.5%

STRATEGY CAGR	SHARPE RATIO	MAX DRAWDOWN
24.3%	1.43	-14.4%

INVESTMENT THESIS

NVIDIA Corporation (NVDA) is a strong buy with a fair value of $257.10, indicating a potential upside of 34.5% from its current price of $191.13. This valuation is anchored on the company's robust fundamentals, including its impressive return on equity of 91.9% and a net margin of 55.8%, both of which are significantly higher than the industry average. NVIDIA's position as a leading player in the technology and semiconductor sector is underpinned by its exceptional revenue growth of 114.2%. The company's low debt-to-equity ratio of 0.24x demonstrates prudent financial management, further strengthening its investment appeal. NVIDIA's competitive edge lies in its innovative product portfolio and its strategic positioning in high-growth markets such as artificial intelligence and autonomous vehicles, which are expected to fuel its future growth. From a technical perspective, NVIDIA has passed both Gate 1 and Gate 2, indicating strong momentum and a favorable trading environment. The strategy Sharpe ratio of 1.43 suggests that the expected return adequately compensates for the risk taken. Despite a maximum drawdown of 14.4%, the strong fundamentals and growth prospects make NVIDIA a compelling investment. The final action for investors is to trade, capitalizing on the current price level to potentially realize significant gains.

Appendix

Appendix A: Valuation Methodology

The discounted cash flow valuation employs a multi-stage growth model with conservative assumptions reflecting the company's maturity and market position.

PARAMETER	VALUE	DESCRIPTION
Discount Rate (WACC)	16.9%	Weighted average cost of capital
Stage 1 Growth (Years 1-5)	60.0%	High growth phase
Stage 2 Growth (Years 6-10)	30.0%	Transition phase (50% of Stage 1)
Terminal Growth Rate	2.5%	Perpetual growth assumption
DCF Fair Value	$262.24	**Intrinsic value per share**

PEG-adjusted relative valuation using peer group comparables.

MULTIPLE	COMPANY	PEER AVERAGE
PEG Ratio	0.36x	1.15x
EV/EBITDA	54.1x	49.8x
P/B Ratio	58.7x	9.3x
Multiples Fair Value		$245.11

Blending Weights: DCF 70% / Multiples 30% — weights reflect company type (growth companies favor DCF, mature companies favor multiples).

Appendix B: Backtest Trade Log

Complete trade log from the backtest period (2016-11-14 to 2026-02-02). Total: 13 trades executed.

ENTRY DATE	EXIT DATE	DURATION	RETURN	OUTCOME
2016-11-15	2017-02-24	101 days	+18.0%	Win
2019-07-23	2019-08-01	9 days	-6.1%	Loss
2019-08-20	2020-02-26	190 days	+59.7%	Win
2020-03-18	2020-09-09	175 days	+151.0%	Win
2021-03-10	2021-05-05	56 days	+16.0%	Win
2022-01-31	2022-02-23	23 days	-8.6%	Loss
2022-02-25	2022-03-04	7 days	-5.0%	Loss
2022-03-17	2022-04-07	21 days	-2.3%	Loss
2022-12-13	2022-12-15	2 days	-6.2%	Loss
2023-01-17	2023-08-14	209 days	+147.2%	Win
2025-01-29	2025-01-31	2 days	-2.9%	Loss
2025-02-06	2025-02-27	21 days	-6.6%	Loss
2025-05-14	2025-12-11	211 days	+33.7%	Win

Appendix C: Strategy Parameters

Technical strategy rules and risk management parameters.

PARAMETER	VALUE	PURPOSE
Strategy Type	Long/Flat	No short positions
Regime Filter	Close > MA200	Bull market identification
Entry Signal	MA20 crosses above MA50	Golden cross confirmation
Exit Signal	MA20 crosses below MA50	Death cross or stop hit

PARAMETER	VALUE	PURPOSE
Fixed Stop Loss	12%	Maximum loss per trade
ATR Trailing Stop	3.5x ATR(14)	Dynamic stop to lock gains
Transaction Costs	10 bps	Round-trip cost assumption
Look-ahead Bias	Signals shifted +1 day	Realistic execution

Appendix D: Fundamental Methodology

Gate Checks (Safety Filters):

GATE	THRESHOLD	SEVERITY
Interest Coverage	≥ 1.5x	CRITICAL
Current Ratio	≥ 0.8x	HIGH
Debt/Equity	≤ 5.0x	HIGH

Recommendation Logic:

CONDITION	RECOMMENDATION
Upside > +20% AND no HIGH/CRITICAL gates	**BUY**
Upside > +20% BUT has HIGH gate	**HOLD**
-10% < Upside < +20%	**HOLD**
Upside < -10%	**SELL**
Any CRITICAL gate triggered	**SELL**

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