NASDAQ: NVDA RESEARCH NOTE · BUY

# Jensen Left. The Moat Didn't.

Nvidia lost its founder and almost 30% of its value in a month. The business is the same one it was in October, now at 10 times next year's earnings.

Market data at close, 13 November 2026. Q3 FY27 results due 17 November, after the US close.

RATING **BUY** initiating

PRICE TARGET **US$265** +63% to last close

**DISCLOSURE:** This note was not commissioned or paid for by NVIDIA Corporation. It is based entirely on public disclosure and press reporting. Full disclosures on page 3.

| PRICE TO EARNINGS | REVENUE GROWTH | GROSS MARGIN | FALL FROM PEAK |
|---|---|---|---|
| ~10× | +106% | 75% | −30% |
| FY28 consensus EPS US$15.75 | Q2 FY27, US$96.2b | Guided 74% for Q3 | Since 6 October high, approx. |

## THE CALL IN 30 SECONDS

We initiate on Nvidia with a BUY and a 12-month target of US$265, 63% above the 13 November close of US$162.85. The company that sells the chips behind nearly every major AI build-out is the same one it was in October. The market is pricing one man's exit as if it broke the machine. We think that is wrong, and we think this is the entry point long-term investors have been waiting for.

01 **The sell-off is about a person, not the product.** Jensen Huang resigned over personal conduct. No customer has publicly walked away. No product has been delayed. The board says operations, customer commitments and the roadmap continue uninterrupted.

02 **The numbers didn't resign.** Revenue doubled to US$96.2 billion last quarter at a 75% gross margin. Guidance for the quarter just ended is US$108 billion, with nothing from China in it. Consensus sits at about US$109 billion.

03 **The price is the opportunity.** Nvidia trades on about 10 times next year's consensus earnings. Its own five-year average is around 36 times. The S&P 500 sits near 20 times. A sub-market multiple is what you pay for a business that is shrinking, not one guided to grow 70%.

04 **The real risk is the investigation.** If Nvidia is found to have knowingly let chips reach China, this call is wrong. We think that is unlikely, and we show our working on page 3.

## WHAT JUST HAPPENED

8 Nov — **A scandal.** The board opened an independent investigation into reports Huang had been targeted by a foreign intelligence operation, centred on his relationship with Alice Huang, a former executive at Nvidia customer Megaspeed. Huang admitted to an affair. The board said it had no reason to believe secrets or national security were compromised.

12 Nov — **An exit.** Huang resigned as CEO and director. CFO Colette Kress became interim CEO; Director Harvey Jones became the company's first-ever board chair. A CEO search is under way. Shares fell as much as 16% and closed below US$4 trillion of market value for the first time since July 2025. A string of brokers cut targets and several moved to Hold.

13–15 Nov — **The spy story softened.** Singapore said Alice Huang was investigated over export declarations, not espionage. The US Attorney General said Justice had no conclusion on whether she was a spy. Megaspeed said she left in August 2025 and opened its own probe.

### SNAPSHOT

| | |
|---|---|
| Last close, 13 Nov | US$162.85 |
| Price target | US$265 |
| Implied return | +63% |
| Market value | ~US$3.9t |
| Q2 FY27 revenue | US$96.2b |
| Q3 FY27 guidance | US$108b ±2% |
| FY28 EPS, consensus | US$15.75 |
| P/E on FY28 | ~10.3× |
| Buyback capacity | ~US$99b |
| Next catalyst | Q3, 17 Nov |
| Risk | Medium |




Reconstructed daily closes to published anchor points. Indicative.

**A** 6 Oct all-time high. **B** 8 Nov board opens investigation. **C** 12 Nov Huang resigns. Six straight weekly falls; roughly 30% given back since the peak, 12.75% of it in the week Huang resigned.

WHAT YOU PAY, WHAT IT GROWS

**10× for +70%**

Ten times earnings for a business guided to grow revenue about 70% next year, before any China sales. Mizuho called it "silly cheap".

# Why We Are Buyers

Customers buy the chips, not the keynote. Everything that makes Nvidia hard to displace is still inside the building.

01 **The order book is full.** The big cloud companies and AI labs are still spending. Results and guidance across the supply chain, from foundries to server makers, stayed strong last week. Vera Rubin, the next-generation platform, is in full production. On the August call management guided to roughly 70% revenue growth in FY28, supply-constrained, with zero China data centre revenue assumed.

02 **The moat is software, not a person.** Nvidia's edge is CUDA, the software layer developers have used for nearly two decades to run AI on its chips. Switching means rewriting code and retraining teams, so customers rarely do. Ian Buck, who created CUDA, is still at the company. Even brokers who cut targets expect Nvidia to keep its product lead.

03 **The interim boss already knows the numbers.** Kress has been CFO since 2013 and has fronted every earnings call through the AI boom. Separating the chair from the CEO for the first time is a governance step up. This is a deep bench with a steady hand, not a company in freefall.

04 **Nvidia can buy its own stock on sale.** About US$99 billion of buyback capacity remained at the end of Q2, and US$26 billion was returned to shareholders in that quarter alone. Every share retired at these prices lifts the value of the ones left.

## VALUATION: PRICED LIKE A BUSINESS IN DECLINE

A price-to-earnings ratio is what investors pay for each dollar of yearly profit. Nvidia trades on about 10 times FY28 consensus earnings of US$15.75 a share. The S&P 500 trades near 20 times; Nvidia's own five-year average is about 36 times. Either the earnings forecasts are badly wrong, or the price is. We apply 17 times, still below the market and less than half Nvidia's own history, to keep a discount in place for the investigation and the CEO search.

| P/E, FY28 | SHARE PRICE | VS TODAY | WHAT IT WOULD TAKE |
|---|---|---|---|
| 9× | ~US$142 | −13% | Fear deepens: bad investigation news or a weak print |
| ~10× | US$162.85 | today | Where the stock trades now |
| 13× | ~US$205 | +26% | Where the cautious bulls have set targets |
| **17×** | **US$265** | **+63%** | **Our target: results hold up, no corporate wrongdoing found** |
| 20× | ~US$315 | +93% | Nvidia simply matches the market multiple |

Cashu Research analysis. FY28 is the year to January 2028. EPS of US$15.75 is the Nasdaq-compiled consensus as at 11 November 2026; other aggregators show US$15.8 to US$15.9. 17× US$15.75 = US$268, rounded to US$265. All figures should be refreshed after the 17 November result.

### WHAT WALL STREET IS SAYING

| BROKER, STANCE | TARGET |
|---|---|
| Raymond James, Strong Buy | 515 |
| Wells Fargo, Overweight | 300 |
| BMO, Outperform (from 340) | 240 |
| Goldman Sachs, Buy (from 300) | 220 |
| Barclays, Overweight (from 275) | 210 |
| Needham, Buy (from 300) | 200 |
| DA Davidson, Buy (from 300) | 200 |
| Bernstein (from 400) | 200 |
| Baird, Neutral (from 500) | 200 |
| Craig-Hallum, Hold (from 210) | 180 |
| Truist, Hold (from 346) | 174 |
| **Average of the eleven listed** | **~240** |
| **Street average, all analysts** | **~248** |

US$. All issued or reconfirmed after the 12 November resignation. Street average per TipRanks. Even the Hold-rated brokers carry targets above the share price.

### OUR READ

The Street has marked down the multiple, not the earnings. FY28 estimates have risen from about US$12.80 to US$15.75 over ninety days with no downward revisions. The cuts are about leadership uncertainty, not demand for the product. That gap is what we want to own.

### THE 17 NOVEMBER BAR

| | |
|---|---|
| Revenue, guided | US$108b |
| Revenue, consensus | US$108.8–109.2b |
| Adjusted EPS, consensus | US$2.47–2.49 |
| Gross margin, guided | 74% ±50bp |
| China data centre | nil assumed |

Kress's first report as interim CEO. A clean print and steady Q4 guidance shows the business runs fine without its founder.

# The Big IF: The China Chip Investigation

This is the risk that could break the thesis. It deserves respect, and the facts so far point the right way.

The US bans sales of Nvidia's most advanced AI chips to China. Megaspeed bought more than US$4.8 billion of Nvidia hardware over two years; US officials suspect some was rerouted to China. Megaspeed denies it. Justice is running a criminal investigation and Singapore its own probe into false export declarations. Nobody has been charged. The New York Times reported an earlier Commerce probe into Megaspeed was halted and handed to Justice after Nvidia's top lawyer contacted officials; Nvidia says it consults officials routinely. The reporting neither shows Nvidia stopped the probe nor clears anyone.

**What changed this week.** Singapore's Home Affairs Ministry said Alice Huang was investigated over server declarations, not espionage, and that she left Singapore in February and was barred from re-entering. The US Attorney General said Justice had reached no conclusion on whether she was a spy, and CNN reported the intelligence collected did not prove it. Megaspeed says she left in August 2025. Nvidia has retained a major US law firm for its independent review. A shareholder class action has been filed against Nvidia and Huang.

| HOW IT ENDS | OUR VIEW | WHAT IT MEANS FOR THE SHARES |
|---|---|---|
| **A personal failing by Huang, no corporate wrongdoing** | Most likely | The overhang lifts and the stock re-rates |
| A customer diverted chips without Nvidia's knowledge | Possible | Fines and tighter compliance. Painful but manageable |
| Nvidia knowingly enabled sales into China | Unlikely | Our call is wrong. Expect material further downside |

**Why we think the worst case is unlikely.** Nothing reported so far shows Nvidia knew of any diversion. The board says it has no reason to believe secrets or national security were compromised. And Nvidia does not need China: guidance already assumes zero data centre revenue from there. The motive to take that kind of risk is hard to see.

## OTHER RISKS WORTH KNOWING

**Life after the founder.** Huang ran Nvidia for 33 years with dozens of direct reports and no named successor. Key engineers could follow him out.

**A tougher Washington.** Huang was the industry's loudest voice against export limits. He testifies to Congress within weeks; the Senate Banking chair wants him on 3 December. Rules could tighten.

**Margins.** Management has flagged a gross margin low of 71% to 72% next quarter on memory costs before recovery. Known, but still a dip.

**Competition and AI spending.** AMD and the cloud giants' in-house chips are gaining at the edges. Any slowdown in AI data centre spend hits Nvidia first, and the stock can get cheaper before it gets dearer.

**The bottom line.** Great companies rarely go on sale without a scare. This is the scare. The chips, the software, the customers and the cash flow are all still there, and the stock is priced as if they weren't. We are buyers at these levels.

RECOMMENDATION

| | |
|---|---|
| Rating | BUY |
| Change | initiating |
| Target | US$265 |
| Last close | US$162.85 |
| Implied return | +63% |
| Horizon | 12 months |
| Business risk | Low |
| Event risk | Medium |

WHAT GETS THE STOCK MOVING

- **Q3 results, 17 Nov.** US$108b revenue, margin near 74%, steady Q4 guide.
- **The margin dip passing.** Seeing the recovery from 71–72% start removes a worry.
- **The board's findings.** Personal failing, no corporate wrongdoing, lifts the biggest overhang.
- **A permanent CEO.** A credible appointment ends the leadership discount.
- **Wildcard: Huang returns.** Altimeter and Atreides have asked the board to keep that door open. We don't rely on it.

WHAT WOULD CHANGE OUR MIND

Evidence Nvidia staff knew about or helped chips reach China. Export licence restrictions on Nvidia or its Asian server partners. A major cloud customer cutting or delaying orders. Gross margin below the flagged 71–72% low with no recovery in sight. A wave of senior engineering departures.

DISCLOSURES AND SOURCES

**Analyst.** Fox Slotemaker, Research Manager, Cashu Research. Price and data as at the close of 13 November 2026. Target prices and ratings are 12-month views.

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**Allegations and forward-looking statements.** Matters concerning Mr Huang, Ms Huang and Megaspeed are drawn from press reporting and official statements; they are allegations, nobody has been charged, and all parties deny wrongdoing. Our valuation, scenarios and probabilities are opinions, not predictions, and may change without notice.

**Rating definitions.** BUY (expected return >15% over 12 months); HOLD (−15% to +15%); SELL (<−15%). Business risk Low reflects scale, margins and balance sheet; Event risk Medium reflects the open investigations and CEO transition.

**Sources.** NVIDIA Q2 FY27 results, 26 Aug 2026; 8-K, 12 Nov 2026. Singapore Ministry of Home Affairs, 12 Nov; Megaspeed via CNBC and AP, 15 Nov. Reuters, NYT, CNN, Bloomberg, NBC, 12–15 Nov. FY28 EPS: Nasdaq consensus, 11 Nov. Q3 consensus: LSEG, FactSet, MarketBeat. Broker targets via Investing.com, GuruFocus, Motley Fool, TipRanks; five-year P/E via TIKR. Page 1 price series is indicative, reconstructed to published anchor points; multiples are Cashu calculations to be confirmed against live data before publication.