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INSTITUTIONAL RESEARCH · DESK NOTE

NVIDIA.
The compute substrate.

A great business at a **fair** price.
Alpha Bets 1024 — **Rank #1 · Ace of Aces.**

PRICE · AUG 3	MARKET CAP	TTM FCF	GREAT PRICE	NEXT PRINT
$206.64	$5.0T	$119B	≤ $155	Aug 26

NVDA · NASDAQ · August 4, 2026 · Hussh Fund A research desk. Market data as of Aug 3, 2026 close.

Simplicity is the signature of excellence.

THE SIGNAL

Own it. Get paid to own more of it.

NVIDIA is the largest and fastest-growing absolute free-cash-flow printer on Earth — $119B trailing, on a modeled path to ~$320B of owner earnings by 2033. The moat is still a flywheel. At $206 the market asks a fair price, not a great one.

FUND A SIGNAL

OWN NOW at full Rule-5 weight · accumulate via cash-secured puts struck $170–185 · table-pound below $155 · re-underwrite Aug 26 on the OpenAI-backstop disclosure.

VERDICT	7-YR IRR AT $206	15.6% BAR PRICES	RULE-5 WEIGHT
Great business	~10%	≤ ~$150	14.6%
Fair price today	Base case	June low: $164	9.9% under 45% cap

What NVIDIA does — explained like you're 12

- **They make the "brains" for AI.** NVIDIA designs super-powerful chips (GPUs) that computers use to learn and think. In the AI gold rush they aren't digging for gold — they sell every shovel, and theirs are 10× better than anyone else's.
- **They sell the whole kitchen, not just the oven.** Entire refrigerator-sized racks of chips, the special cables that connect them, and the software (CUDA) that makes it all work. Like LEGO — once everything is built from their bricks, switching brands is nearly impossible.
- **Every big tech company lines up to buy.** Microsoft, Google, Amazon, Meta and OpenAI will spend ~$750 billion this year on AI data centers — and most of that flows through NVIDIA. The only pizza shop in town on Super Bowl Sunday, every day.

Professional summary

NVIDIA is the dominant supplier of accelerated computing for the AI era — semiconductors, spanning data-center GPUs and rack-scale systems (Blackwell, Vera Rubin), high-speed networking (NVLink, InfiniBand, Spectrum-X), CPUs, the CUDA software stack, gaming, automotive/robotics and the new RTX Spark AI-PC line. FY2026: revenue $215.9B (+65%), data center $193.7B (~90% of total), net income $120.1B, FCF $96.6B; Q1 FY27 accelerated to $81.6B (+85%) at 74.9% gross margin. Primary competitors: AMD, INTC, AVGO, GOOGL (TPU), AMZN (Trainium), Huawei in China — ~70% share of all AI chips, ~85–90% of merchant accelerators. The moat: CUDA's two-decade lock-in, rack-scale networking, an annual cadence competitors cannot match, $500B–$1T booked demand. First company to a $5T market cap; dividend raised 25×, fresh $80B buyback. Uniquely both arms-dealer and kingmaker — holding equity in its own customers, which cuts both ways. Not a biotech; commercial product at global scale.

STORY · CATALYSTS · FUNDAMENTALS

The battleground narrative.

DIMENSION	WHAT MATTERS
Hot theme	The AI-infrastructure supercycle — Jensen's $3–4T annual AI capex by 2030; sovereign AI (Saudi, UAE, Korea's SK Group $500B+ pact); "compute is the new oil." The counter-narrative: **circular financing** — reported talks to backstop up to $250B of OpenAI's Ohio buildout. The stock is the battleground between the two stories.
Catalysts	Q2 FY27 earnings Aug 26 (guide $91B ±2%, ex-China); Rubin production shipments begin fiscal Q3; China H200 license volumes — pure upside, guidance embeds $0 from China; hyperscaler capex already raised to ~$750B combined CY26 (+~80% y/y); Q2 13Fs Aug 14; Jobs Aug 7 / CPI Aug 12.
Fundamentals	Revenue +85% y/y at a $326B annualized run-rate; 75% gross margin at scale; TTM FCF $119B — the largest of any company; net cash ~$72B; $118B buyback capacity; PEG 0.47; trailing P/E ~31× sits at its **5-year low**; founder-CEO, 30+ years; networking alone ($14.8B/qtr, +199%) would be a Fortune-50 company.

Main news & events — May 4 → Aug 4, 2026

DATE	TYPE	SUMMARY	IMPACT
05-11	Momentum	Record close $219.44 ($5.33T), +13% in four sessions pre-earnings. (CoinCentral)	PRICE-MOVING
05-14	Regulatory	US clears H200 sales to 10 Chinese firms, case-by-case licensing. (CNBC)	PRICE-MOVING
05-20	**Earnings**	Q1 FY27: revenue $81.6B (+85%), DC $75.2B (+92%), EPS $1.87 beat; Q2 guide $91B ±2% **ex-China**; dividend 25×'d; $80B buyback. Stock slid on beat fatigue. (SEC 8-K · CNBC)	MAJOR
06-02	Product	Computex: RTX Spark AI-PC superchip; standalone Vera CPU; Cosmos 3 physical AI; Rubin full production ramp. (CNBC)	—
06-05	Macro	AI-semi crash — ~$1.4T of sector value erased, SOX −10% in a day; NVDA printed its 52-week low $164.07. (Intellectia)	MAJOR
06-17	Product	GTC Paris: European sovereign-AI factories, robotics. (NVIDIA)	—
07-09	Regulatory	Beijing to allow H200 imports capped <200K chips; US weighs ~75K-GPU per-customer caps. (TrendForce · SCMP)	—
07-24	Partnership	SK Group $500B+ pact — 2-GW Korean AI cloud on Vera Rubin, SK hynix HBM4 long-term supply. (NVIDIA PR)	—
07-27	Financing	Reported talks to backstop up to **$250B** of OpenAI Ohio financing; stock −5.0%, record one-day CDS widening. (CNBC)	MAJOR
08-03	Momentum	Reversal +2.9% to $206.64; reclaims ~$5T; holds $200 into the print. (Yahoo)	PRICE-MOVING

Direct source links for every row are embedded in the companion markdown desk note and the wiki record.

OWNERSHIP & THE TAPE

Zero insider buys. Honest negative.

Insiders · Feb–Aug 2026

INSIDER	ACTION
Jensen Huang, CEO	No 2026 10b5-1 sales; **gifted 88.4M shares (~$16B)** in March; tax withholding only
Mark Stevens, Director	Sold $221M — 1.0M sh @ $221.10, Jun 4
Ajay Puri, EVP	Sold $54.7M @ $182.25, Mar
Colette Kress, CFO	Sold ~$19.5M, Mar + Jun
Sector-wide	63 sales : 1 buy since Jun 1 (~416:1 by dollars)

No CEO/founder open-market buying — the signal we weight most. Read: diversification of a 65%-run stock, not a broken thesis. But we do not pretend it is bullish.

Institutions · latest 13Fs

HOLDER	STAKE
Vanguard	9.3%
BlackRock	~7.5%+
State Street	4.1%
Fidelity (FMR)	4.1%
Geode	2.5%

Last 180 days: Altimeter added ~15% (largest position). Berkshire: none. One unverified report of a Dalio-linked 93% cut. NVIDIA's own 13F: CoreWeave +95% (~$3.7B) — the kingmaker portfolio. Q2 13Fs land ~Aug 14.

One month vs. peers & sector · Jul 2 → Aug 3

TICKER	1-MO	NOTE
NVDA	+6.1%	One of only two major semis up
AVGO	+8.8%	The other AI toll-taker; $73B AI backlog
AMD	−10.4%	Reports Aug 4
TSM	−6.5%	Foundry caught in the pullback
MU	−15.0%	Memory unwind — see Desk Note №071
MRVL	−21.0%	Custom-silicon derivative de-rated
INTC	−24.4%	18A yield-delay reports
SOXX	−10.4%	~$1T+ semi value shed in July
SPY	+1.7%	Market ground higher without semis

Read-through: July was a violent rotation *within* semis, not an AI unwind — capital fled cyclical, memory and legacy names into the NVDA+AVGO duopoly. Outperforming the sector by ~16 points during a correction is the moat showing up in the tape.

Analyst tape · May–Aug 2026

DATE	FIRM	ACTION	TARGET
05-21	Melius Research	Buy, raised	$380 → **$400**
06-05	China Renaissance	Initiated Buy	$319
06-24	Itaú BBA	Cut — only one in window	$256 → $218
07-14	KeyBanc	Overweight, raised	$310 → **$330**
07-20	Zacks	Upgrade Hold → Strong Buy	—
07-31	Wells Fargo	Buy reiterated	$315
08-03	Bernstein	Buy maintained	$315

Consensus: Strong Buy — 48 SB / 10 B / 2 H / 1 SS of 61 analysts · average target ~$303 (+47%) · range $180–500.

Is the moat still a flywheel?
Yes — four of five layers are widening.

MOAT LAYER	STATUS	EVIDENCE
CUDA software lock-in	Widening	Millions in switching cost per deployment; ROCm parity estimated 2027–28; inference — now ~⅔ of spend — is CUDA-optimized.
Networking · rack-scale	Widening	$14.8B/qtr, +199% y/y — growing faster than compute. Nobody else makes 576 GPUs behave as one computer. The moat competitors don't discuss.
Annual cadence	Widening	Rubin ships fiscal Q3 2026; AMD MI450 mass production slips to Q2 2027 — a full generation behind.
Scale · supply gravity	Widening	$500B–$1T booked demand; HBM and CoWoS capacity pre-committed years out; sovereigns contract directly.
Merchant-share monopoly	Narrowing	Custom ASICs ~28% of 2026 shipments; Broadcom targets >$100B AI revenue 2027; Google TPU externalizing; Trainium3 >1M deployed; China ceded to Huawei.

Verdict — still a flywheel. Each turn makes the next easier: more CUDA developers → more optimized models → more demand → more pre-buys → more R&D ($60B+/yr) → better racks → more developers. But the *monopoly* is maturing into a *dominant-share oligopoly at the frontier*: near-100% of frontier training retained, commodity inference share bleeding to ASICs. Priced correctly, fine. Modeled as permanent 90% share — not fine.

Management — talent 10/10, two watch-items

Jensen Huang is arguably the best founder-operator alive: 30+ years, three near-death pivots, the ten-year CUDA bet nobody understood. Watch-items: (1) the **circular-financing complex** — equity in OpenAI/CoreWeave plus a reported $250B backstop is Lucent-1999-shaped if AI monetization stalls; booked lease guarantees were $3.5B last quarter — **the Aug 26 disclosure of actual commitments is the single most important line item of the print**; (2) zero insider buying, $16B gifted, directors selling nine figures. Neither disqualifies; both go in the file.

The price of greatness — 7-year owner-earnings model

SCENARIO	2033E OE	EXIT ×	VALUE TODAY	PER SHARE
Bear — ASIC erosion, capex digestion	$200B	18×	~$2.6T	~$110
Base @ 15.6% IRR — GREAT price	$320B	22×	~$3.6T	**~$150**
Base @ 10% IRR — FAIR price · today	$320B	22×	~$4.9T	**~$200**
Bull — China reopens, robotics, $3T+ capex	$450B	25×	~$7.2T	~$295

At $206 NVDA is priced for ~10% seven-year returns in the base case — a fair price for a great business, not the table-pounding price. That price is **≤ ~$150–155**, and the market printed **$164 eight weeks ago**. The June 5 crash is the DNSA engine's entire reason for existing: a 36% intra-quarter range ($164–$236) in the world's largest company is the accumulation edge.

> "It's not supposed to be easy. Anyone who finds it easy is stupid." — The discipline is holding the 15.6% bar while owning the fair-priced core.

THE PROGRAM

$25B, January 2026 vintage. Does price even matter? Yes — and no.

No: for a forever fund the catastrophic error is being *out* of the #1 owner-earnings printer, not paying fair price — $206 vs $180 entry on a 20-year compounder is ~1% of terminal wealth per year of compounding. **Yes:** Rule 1 exists so we never pay up with the full stack — the UST sleeve writes cash-secured puts and is *paid aloha income to wait* for prices this stock demonstrably still visits.

Accumulation program — NVDA sleeve of $25B

TRANCHE	MECHANISM	LEVEL	CAPITAL
1 · Core, now	Outright purchase	≤ $210	50% of target
2 · Paid to wait	Cash-secured puts, 60–120 DTE	Strikes $170–185	30% of target
3 · Conviction reserve	Puts + outright on dislocation	≤ $155 — 15.6% IRR zone	20% of target

Premium ~2–4%/qtr reinvested on receipt (DRIP-ON) · share-count covenant applies · calls only per weekly-RSI>69 rule · Target weight per Rule 5: **14.6% pure ($3.65B) / 9.9% under the 45% factor cap ($2.48B)**. The open cap-vs-pure GP decision is now the binding gate before January capital deploys.

Alpha Bets 1024 — verdict

TEST	RESULT
Filter 1 — Absolute FCF ≥ $50B	PASS — $119B TTM, largest on Earth; 2.4× the gate
Filter 2 — Reinvestment runway	PASS — $60B+/yr R&D at extreme incremental ROIC; $118B buyback capacity; robotics / AI-PC / networking adjacencies
Filter 3 — Structural indispensability	PASS — society redesigns itself to remove it
AB1024 rank	**#1 of 1024 — Ace of Aces** · displaced BRK.B as cornerstone under Rule-5 math
Constitution — own forever	QUALIFIES — enters the permanent roster at #1 weight
Great business?	**Yes — the definitional case**
Great price today?	**No.** Fair ($206 ≈ 10% IRR) · Great ≤ ~$150–155

Pre-mortem — what changes our mind

- Aug 26 reveals guarantee/backstop commitments materially above the $3.5B booked → vendor-financing red line; recut 2033E bear-weighted.
- Two consecutive quarters of hyperscaler capex *cuts* → the $3–4T TAM fails; exit multiple compresses to teens.
- Broadcom AI revenue actually prints >$100B in 2027 with a seventh custom customer → share loss running ahead of model.
- Rubin slips a quarter, or a cadence miss vs AMD Helios → the generation-lead moat layer breaks.
- Gross margin below 70% for two quarters → pricing power — the moat's cash register — is failing.

Governance note — the $50T thesis, restated

"$50T of *revenue* in 30 years" fails inversion: it is ~18% of 2056E world GDP; no company in history has exceeded low single digits. The defensible form is **$50T of market capitalization** — ~$1.5–2T of FCF at 25–30×, i.e. ~13%/yr FCF compounding for 25 years. Extraordinary, but arguable. Recommendation: state the thesis as market cap, never revenue, in every LP document.

Prepared by the Hussh Fund A research desk · August 4, 2026. All 2033E figures are modeled estimates, low-moderate confidence.
Primary financials from SEC-filed press releases (Q4 FY26, Q1 FY27); market data as of Aug 3, 2026 close.