

NVDA: High Systematic Exposure with Muted Residual Alpha; Underperforming SMH.

NVDA — NVIDIA Corporation · Subsector Benchmark: SMH · As of: 2026-04-07

NVIDIA Corporation

NVDA · 2026-04-07

IDENTITY

Market Cap	\$4.4T
Sector ETF	XLK
Subsector ETF	SMH

PERFORMANCE STATS

Last Price	\$178.10
Vol (23d ann.)	40.3%
Sharpe (63d)	-0.42
Max Drawdown	-20.2%
Res α Max DD	-4.7%

RANKINGS — Subsector cohort · Peer group: 57 stocks in SMH

Window	Gross Return Rank	Explained Risk (ER)
1 day	61st pct	51st pct
1 month	40th pct	47th pct
3 months	25th pct	30th pct
1 year	40th pct	7th pct

RISK DECOMPOSITION — L3 Explained Risk

Market explained risk (SPY)	+50.2%
Sector explained risk (XLK)	+24.2%
Subsector explained risk (SMH)	+0.4%
Residual explained risk (idiosyncratic)	+25.1%

MACRO CORRELATIONS — L3 Residual Return

Correlations vs L3 Residual Return · TTM (~252 trading days)

VIX	-0.66
Oil	+0.07
Gold	+0.08
Bitcoin	+0.42
DXY	+0.15
UST 10y-2y	-0.23

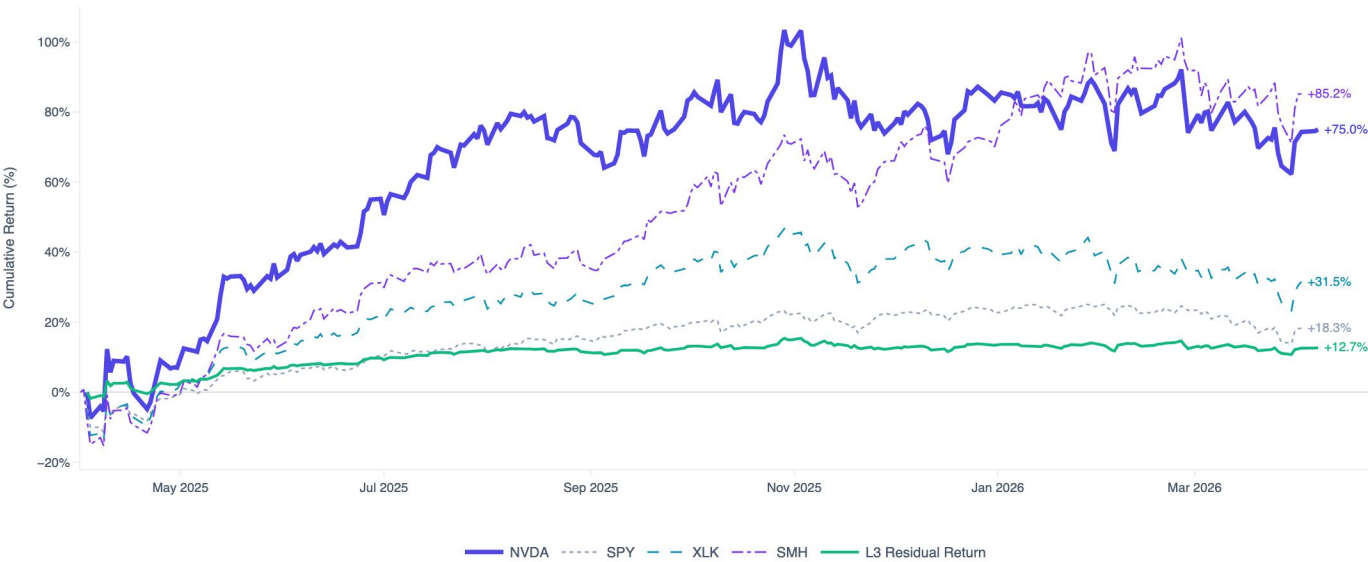
METHODOLOGY — Hierarchical regression (ERM3)

L1 — Market — stock vs SPY; baseline market beta (incremental hedge ratios).
L2 — Sector — L1 residual vs GICS sector ETF; sector-specific vs the market.
L3 — Subsector — L2 residual vs subsector ETF; finest systematic sleeve before idiosyncratic risk.
ER — Explained Risk (ER) — variance share of each orthogonal factor layer.
HR — Hedge Ratio (HR) — dollars of ETF hedge per \$1 of stock.
RR — Residual Return (RR) — return orthogonal to market, sector, and subsector factors.

NVDA delivered +75.0% total return over the past year, outperforming SPY by 56.7pp, driven largely by systematic factor exposure (75% of risk). Idiosyncratic alpha contributed +25.1% ann. residual ER but ranks below-average on a risk-adjusted basis among SMH peers.

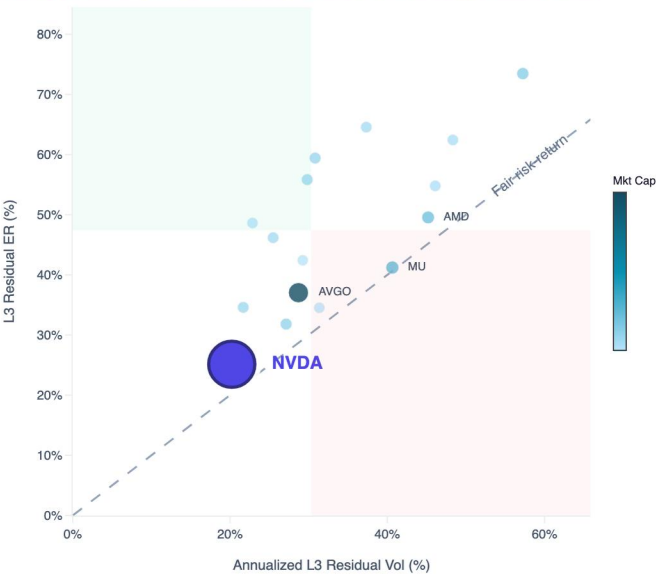
I. Cumulative Returns

NVDA returned +75.0% vs SPY +18.3% (+56.7pp) and SMH +85.2% (-10.2pp) over the past 252 trading days ending 2026-04-07. Ranks 40th pct (middle third of 57 vs subsector peers).



II. L3 Residual Alpha Quality

NVDA generated +25.1% annualized L3 residual return at 20.2% residual volatility —



III. Equity Factor Decomposition

NVDA's 40.3% annualized vol is 75% systematic — risk is dominated by factor exposure,

