

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



NVDA — NVIDIA Corporation · Subsector Benchmark: SMH · As of: 2026-04-08

NVIDIA Corporation

NVDA · 2026-04-08

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

PERFORMANCE STATS

Last Price	\$182.08
Vol (23d ann.)	39.9%
Sharpe (63d)	-0.12
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	9th pct	30th pct
1 month	12th pct	21st pct
3 months	26th pct	30th pct
1 year	39th pct	4th pct

RISK DECOMPOSITION — L3 Explained Risk

Market explained risk (SPY)	+50.6%
Sector explained risk (XLK)	+23.9%
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)

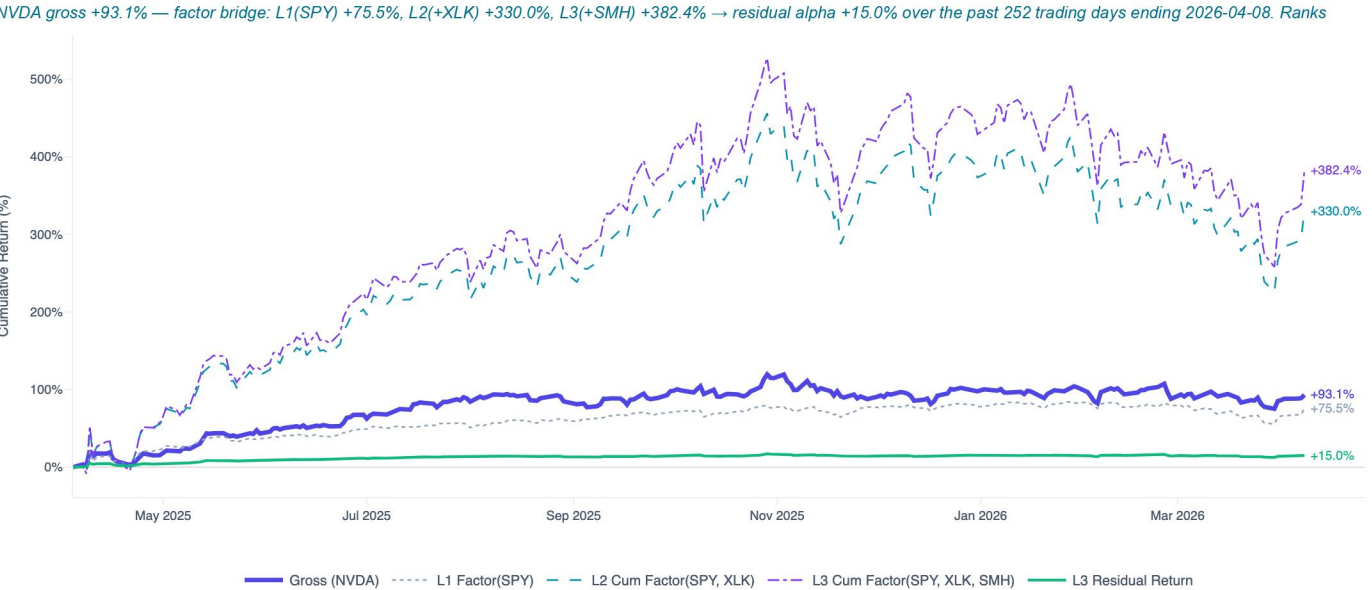
VIX	-0.63
Oil	+0.09
Gold	
Bitcoin	+0.37
DXY	+0.19
UST 10y-2y	-0.24

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.

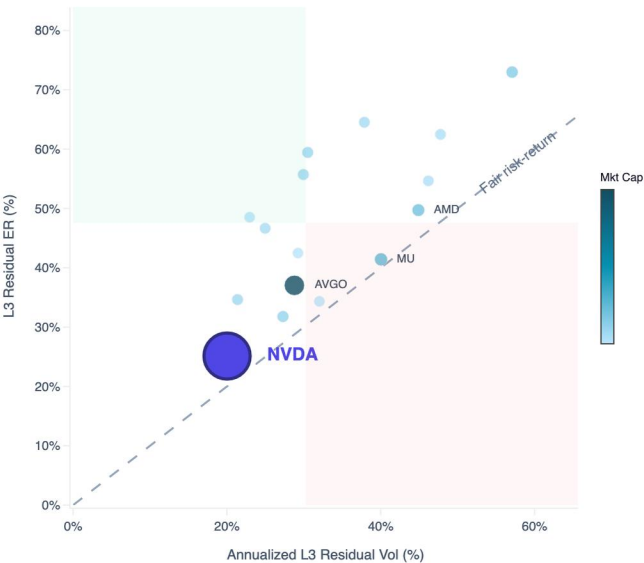
NVDA delivered +93.1% total return over the past year, outperforming SPY by 57.8pp, driven largely by systematic factor exposure (75% of risk). Idiosyncratic alpha contributed +25.1% ann. residual ER but ranks below-average on a risk-adjusted basis among SMH peers.

I. Cumulative Returns



II. L3 Residual Alpha Quality

NVDA generated +25.1% annualized L3 residual return at 20.0% residual volatility —



III. Equity Factor Decomposition

NVDA's 39.9% annualized vol is 75% systematic — risk is dominated by factor exposure,

