

Signal Weekly

VOLUME I · NO. 20

OCTOBER 13, 2026



PORTFOLIO MANAGER

Andrew D. Urbanski, CPWA®

Founder & CIO - N10° Assets

Growth, Momentum, & Profitability®

THE LEAD

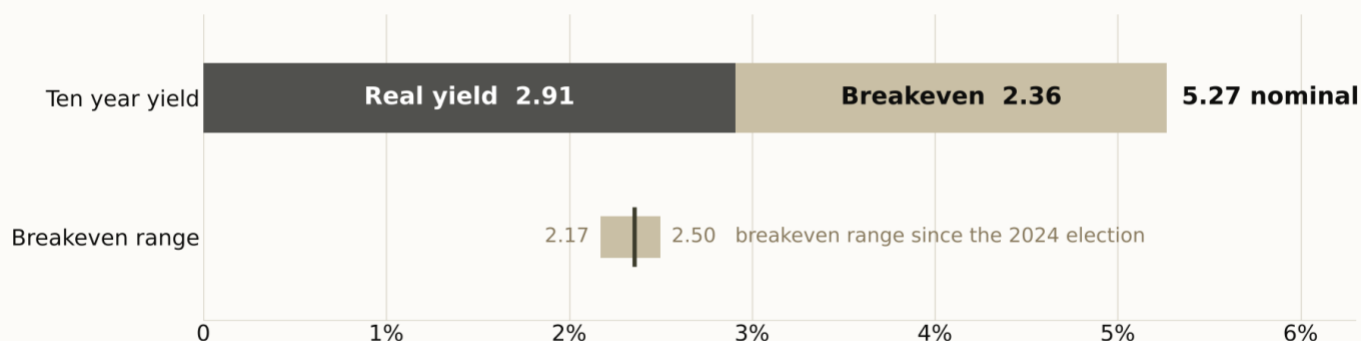
Credit Passed the Second-Week Test

The 5.3% Ten Year Is a Real Rate Story

Last week we wrote that a second week of wider high yield spreads would change our view. It did not arrive. The spread narrowed from 3.24 percentage points on October 1 to 3.09 on Wednesday and ended Thursday at 3.15 after the AI selloff, inside the range of the prior week. The S&P 500 closed at a record 7,819 on Tuesday and finished the week up 1.1 percent, the ten year Treasury yield set its highest close since 2002 on Monday at 5.31 percent and reached 5.36 percent on Wednesday, and the Nasdaq Composite posted a fourth straight weekly gain.^{1,2,3,4}

The Ten Year Yield Is Mostly a Real Rate

Ten year Treasury yield split into TIPS real yield and breakeven inflation, percent, October 6, 2026



Source: David Zervos (Jefferies) on X with U.S. Treasury data, October 7, 2026; nominal yield is the sum of the two parts.

Real yields account for more than half of the ten year rate and breakeven inflation has held inside a 33 basis point band since the 2024 election, which suggests the bond market is pricing the cost of capital, and the Fed, more than it is pricing inflation.⁶

The Fed appears to be tightening into an economy running at two speeds, with AI investment on the faster one. Four core inflation measures have trended lower since 2024 and long term inflation expectations have been stable, yet the minutes show most officials expect another increase this year and one regional president said rates may need to rise for six to nine more months. The pressure is landing mostly on the cyclical, non-AI economy: consumer sentiment fell to 46.3, the thirty year mortgage rate reached 7.40 percent, and Delta cut its full year earnings outlook by about a quarter on fuel costs. The AI capital cycle looks secular to us and has continued through a hiking cycle, which suggests its expected returns sit well above the cost of money, the

same reading we gave last week of hyperscaler borrowing. A leading index built on nominal activity shows no recession signal, and services activity accelerated in September.^{6,5,7,4,8,3}

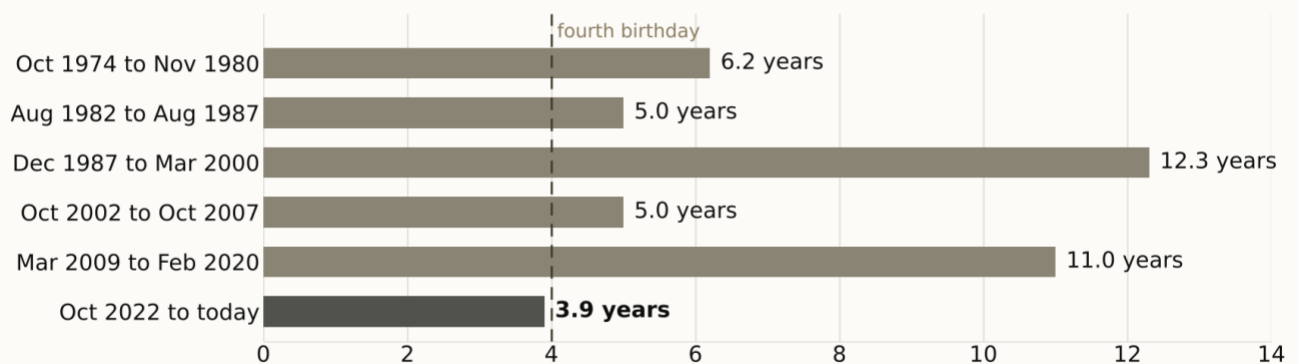
The week's tape: October 5 to October 9, 2026

MEASURE	LEVEL	CHANGE OR CONTEXT
S&P 500	7,812	Up 1.1% on the week; record close of 7,819 on Tuesday
Nasdaq Composite	27,366	Up 0.6%; fourth consecutive weekly gain
Dow Jones Industrial Average	51,655	Up 0.9%
Philadelphia Semiconductor Index	-4.3%	Weekly change; down 3.4% on Thursday after the OpenAI report
Ten year Treasury yield	5.24%	5.31% Monday close, highest since 2002; 5.36% intraday Wednesday
High yield spread (ICE BofA)	3.15 points	From 3.24 on October 1; 3.09 on October 7
October hike probability (CME FedWatch)	~19%	84% odds of at least one hike by December
Federal funds target range	3.75 to 4.00%	Minutes: most officials expect one more hike in 2026; Musalem sees rises over six to nine months
ISM services, September	54.9	Prices paid 74.0; manufacturing 54.5, a ninth month of expansion
Michigan sentiment, October	46.3	From 48.1; one year inflation expectation 4.7%
Brent crude	~\$104	Up 4% Thursday on Hormuz tanker attacks and a Gulf hurricane

For the market week of Monday, October 5 through Friday, October 9, 2026; index levels and yields are Friday closes. Rates rose to a generation high, the Fed signaled more to come, and spreads and equities both held.^{2,3,4,5,9}

Bull Markets That Reached Four Years Also Reached Five

Length in years of S&P 500 bull markets since 1974 that passed their fourth birthday



Source: Ryan Detrick, Carson Investment Research, with FactSet data, October 5, 2026; current bull market measured from October 2022. History is not a forecast.

In the five prior cases since 1974, a bull market that reached its fourth birthday went on to a fifth; this one turned four on October 12. The pattern is history, not a forecast.⁸

Two readings keep us measured. Thursday suggested how crowded the AI trade has become: one revised revenue figure for a private company took 3.4 percent off the semiconductor index in a session, and the index

lost 4.3 percent on the week while the S&P 500 rose. And the ten year yield appears to be set by competition for capital, which is unlikely to ease while the Treasury and the hyperscalers both issue at record pace. We view that volatility as the cost of exposure to the borrowers with the highest returns on capital. The credit signal we watch gave no new warning this week.^{3,5,1}

AI REVENUE

OpenAI’s Revenue Was \$50B, Not \$70B

Growth Was 77%; the Gap Is Accounting

The OpenAI revenue figure we cited last week was overstated by about \$20 billion, and the correction changes the arithmetic more than it changes our reading of Oracle. OpenAI told investors it reached roughly \$50 billion of annualized revenue at the end of September. The \$68 billion to \$70 billion figure reported in late September included gross revenue earned through OpenAI’s cloud partners, a basis chosen to compare with Anthropic, which books partner sales. Run rate growth was 77 percent in the third quarter and 107 percent for the enterprise business. Oracle fell 5.5 percent on Thursday to \$135.69 and recovered to \$141.40 on Friday; Nvidia, AMD, Broadcom and Micron each lost 3 to 5 percent on the day.^{1,10,12,5}

Our risk reading on Oracle rests on direction and growth, and both survived the revision. We flagged last week that the revenue figure was an unconfirmed press report, and the lesson is that laboratory revenue should be read from disclosures to investors and compared on a stated basis. The counterparty question is whether OpenAI’s income grows fast enough to pay for the capacity it has contracted, and 77 percent growth in a quarter points in the same direction as before. The execution risk at Project Jupiter and the cost of financing are unchanged. Microsoft fell 1.7 percent on the day; its exposure to OpenAI runs through a revenue share and Azure consumption, and the enterprise growth figure supports the consumption side. Thursday was a reminder that positioning in AI names appears crowded enough for one headline to move the group.^{1,10,11}

What Changed In The Open AI Figure

\$50B	OpenAI’s annualized revenue at the end of September , as reported to investors and first reported by the Financial Times on October 8. ¹⁰
\$68B	The figure in circulation since late September , which counted gross revenue earned through partners to allow a direct comparison with Anthropic. ¹⁰
77%	Run rate growth in the third quarter , with 107 percent growth for the enterprise business over the same period. ¹⁰
-5.5%	Oracle’s move on Thursday , among the largest declines in AI infrastructure names; the semiconductor index fell 3.4 percent on the day. ^{12,11,5}

*The level fell and the growth rate did not; \$50 billion is still roughly double where OpenAI ended 2025, and the enterprise business, which is the buyer of Oracle’s capacity, is growing fastest.*¹⁰

ON-DEVICE AI

Inference Is Moving Onto the Device

Agents Run Sandboxed on Windows PCs

Microsoft spent the week moving model execution out of the cloud and onto the personal computer, and we read that as additional demand for the silicon and memory that run it. The \$2,599 Surface Laptop Ultra carries an Nvidia chip that runs large models locally with no cloud bill. GitHub Copilot now runs on-device on Windows, moves agents between the machine and the cloud as needed, and holds them inside Microsoft Execution Containers, a sandbox that limits what an agent can touch. Microsoft also said Meta's Muse agent is coming to Windows, and one bank warned the same week that Muse could threaten Apple's position on the device.^{14,15,16}

The containment layer we described last week has reached the PC. Nvidia put it in a monitor on its data processing units; Microsoft has now put it in the operating system. Each step makes the agent a product the enterprise can audit and deploy, and each step is likely to raise the installed base of hardware that runs it. Local inference does not appear to reduce the cloud buildout. One estimate puts the infrastructure for Muse alone at 65,000 processors and 75 petabytes of memory to serve 100 million users, about \$2.8 billion for one application, before the agents that work in the background for each of them. Both directions of this shift draw on the same supply: the advanced chips and the memory that every device and every rack now needs more of.^{1,13}

POWER

Google's Contract Favors Constellation

Vistra's Catalyst Is Still Conditional

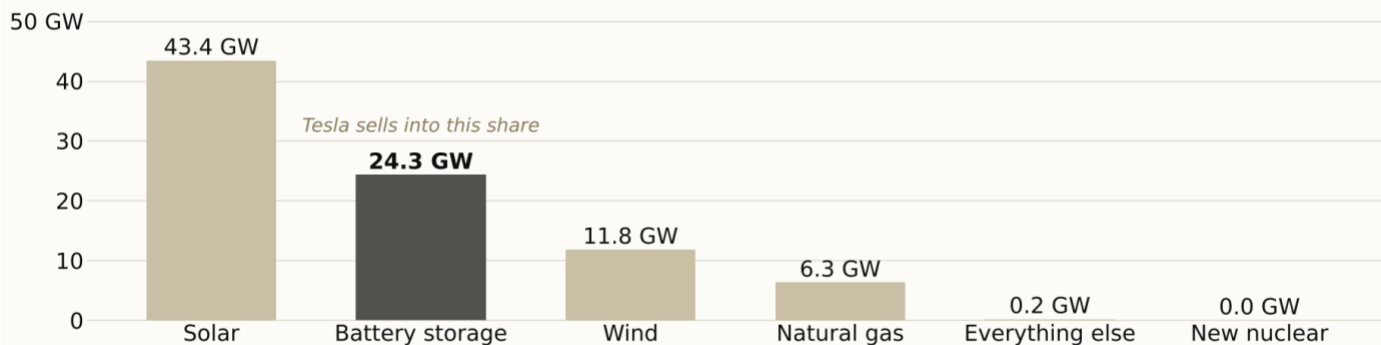
Google's contract gives Constellation a signed, twenty year revenue base that Vistra's conditional loan does not, and it puts Constellation ahead on contracted runway. Google signed a 20 year power purchase agreement for 890 megawatts of new nuclear capacity from upgrades at 11 Constellation units in Illinois, Pennsylvania and New Jersey, with first output in 2028 and full output by the end of 2032, and a 15 year agreement for 2,700 megawatts of existing generation on the PJM grid. The package supports more than \$4.3 billion of Constellation investment and was written around PJM's proposed rule that data centers bring their own power. Vistra's catalyst the same week was a conditional Department of Energy commitment of up to \$4.2 billion for 433 megawatts of upgrades at three plants in Ohio and Pennsylvania; it is not yet funded and remains subject to technical, legal, environmental and financial conditions. Constellation rose 15.8 percent on the week to \$298.07 and Vistra 15.3 percent to \$161.48.^{17,18,21,3,12,19}

Constellation offers the longer, better contracted runway, in our judgment, and the better return for the risk taken on new money. Its counterparties are hyperscalers with signed agreements, its sites spread across six PJM locations, and its disclosed sensitivity table shows a premium nuclear contract of one gigawatt adding roughly \$125 to \$325 million of annual free cash flow before growth. Vistra may keep more upside if Texas clears its queue quickly and the federal financing closes, and that upside carries more policy and execution risk. Texas illustrates the point: its data center queue went from 63 to 474 gigawatts in 18 months, only 9.5 gigawatts is approved and about 4.3 is running, and the state has frozen new permits. The \$4.3 billion of construction is a real cost, the upgrades phase in over 2028 to 2032 and need regulatory approval, and that

spending can compete with buybacks for a time. We hold Vistra and own no Constellation. The contract is also further evidence against a broad data center cancellation: Google committed to new capacity and existing supply while adapting to the grid's new reliability rules.^{19,17,20,34}

No New Nuclear Is Planned for the Grid in 2026

Planned U.S. utility-scale capacity additions for 2026, gigawatts; 86 GW in all



Source: a16z (Ryan McEntush) with U.S. Energy Information Administration data, February 2026; chart posted October 7, 2026.

The only nuclear supply the grid will add this year comes from existing reactors, which is what Google contracted for; the batteries in the second bar are the product Tesla's energy business sells.^{20,34}

GENERATORS

Generac Misses Our Supply Chain Test

Tariff Refunds Flatter Its Margins

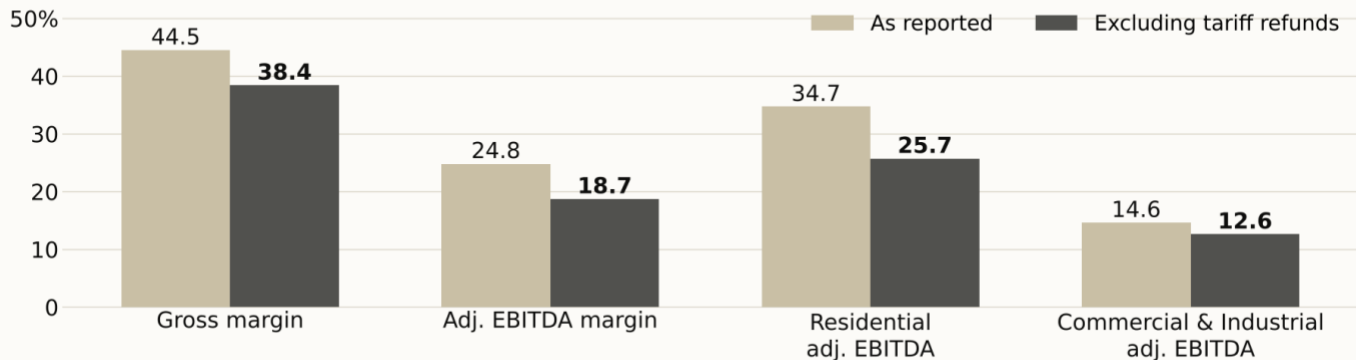
We evaluated Generac after its Amazon agreement and concluded it is not a fit for the portfolio at this time, for two reasons that apply beyond one company. The agreement is substantial: Generac's September filing expects initial backup generator deliveries of \$2.4 billion across 2027 and 2028, and Amazon received warrants for up to 1.69 million shares at \$200.93 that vest against purchases of up to \$8 billion. The \$8 billion is a ceiling for vesting, not a backlog. Generac plans to raise large generator capacity from more than \$1.25 billion a year by the fourth quarter of 2026 to about three times that by late 2027, and it reports about 400 data center field technicians. The shares closed Friday at \$224.94.^{22,23,12}

The first reason is that we believe tariff refunds are flattering reported margins at more companies than Generac, and we treat them as a forward risk to bottom lines and discount them in earnings. Without them Generac's consolidated margin was about 18.7 percent, and the data center business that is growing fastest earns about 12.6 percent, far below the 25.7 percent of its residential franchise. Growth in that mix can raise profit dollars while diluting the margin percentage. The second reason is ownership of the supply chain. Generac's 3.25 megawatt data center generator uses a Baudouin engine, owned by Weichai of China, and a Marathon alternator; the company integrates and packages components it does not make, and it does not own the engine platform. Cummins, by comparison, earned a 24.5 percent margin in its Power Systems segment

last quarter on engines it builds. We want companies that own more of their supply chain and the service economics that follow the installed base. Generac stays on the research list behind Cummins, and neither is in the strategy.^{23,1,34}

Tariff Refunds Added About Six Points to Generac's Margin

Second quarter 2026 margins, percent, as reported and approximately excluding tariff refunds



Source: Generac Holdings second quarter 2026 results and company-reported refund impacts; ex-refund figures per N10° Assets research.

Roughly \$71 million of tariff recoveries sat in second quarter earnings; the company's full year margin guidance of 20 to 21 percent includes about 1.5 points from refunds.²³

PUBLIC SAFETY

Axon's Recovery Case Is Testable at Q3

Public Buyers Support Its Pricing

Axon is one of the companies whose revenue growth has accelerated through the AI buildout, alongside Nvidia, Vertiv and Palantir, and it is a company we hold for a customer base the others do not have. Its buyers are governments, which in our view supports pricing power, lowers credit risk and builds a protected set of evidence and incident data that deepens its incumbency with each deployment. It also carries practical, current exposure to robotics through drones and counter-drone systems, and we see room for that exposure to grow because the incumbent is the natural buyer and integrator. The shares closed Friday at \$422.89. The questions about the company this year have been cash conversion, software margins and stock compensation, and management has now given specific, dated answers to each.^{24,12,34}

We view the case for the company rests on that testability. Inventory built to secure supply is management's explanation for the weak cash conversion so far, and it has said the first quarter would have been cash positive without it; the explanation holds only if collections and inventory follow the stated path. September's zero coupon convertible improves funding flexibility and proves nothing about operating cash: about \$100 million went to a dilution hedge and the debt must still be repaid. The decisive distinction at the third quarter is an expected seasonal trough against a recovery that keeps being postponed.²⁴

What Axon has committed to and what the third quarter will test		
MEASURE	WHAT MANAGEMENT HAS DISCLOSED	WHAT WE WATCH AT Q3
2026 free cash flow	About \$450 million reaffirmed in August, heavily weighted to the fourth quarter; inventory investment moderates after 2026	Whether the \$450 million stands and the Q4 requirement is explained
Demand	International and enterprise bookings each about tripled; new bookings up more than 30% after normalizing contract length; revenue growth guidance raised to 32 to 34% from 30 to 32%	Forward demand indicators hold
Software margin	Core software gross margin above 80 percent, with the blended figure moved by implementation services and early hardware deployments	The blended margin follows deployment mix, not price
Stock compensation	Dollar amount roughly flat for the next few years; average annual dilution below 2.5 percent	Dilution tracks the commitment
Costs	Camera memory costs still rising, with capacity relief discussed for 2028; Q3 margin pressure expected, Q4 recovery to the annual target	Pricing offsets, and a trough that does not keep moving

Management has supplied a recovery case with numbers and dates, which can be checked against results rather than taken on trust.²⁴

AGENT COMMERCE

Amazon Blocks Agents, Sells Logistics

Its Rivals May Become Its Customers

Amazon’s refusal to admit outside shopping agents reads to us as a logistics and compute strategy. Last week we wrote that the agent that chooses the vendor captures the value in agent commerce. Amazon has now blocked Meta’s Muse agent, added dozens of AI crawlers to its exclusion list and shut out Google’s shopping agents, and a prominent investor called the block the first opening since Amazon’s founding for a startup to build a rival, because people will want agents to buy for them and will not want Amazon’s agent to do it. We partly agree. A rival marketplace built on agents is likely to emerge. The question is who it pays.^{1,25,26}

In May, Amazon opened its entire logistics network to any business: more than 200 fulfillment centers, 80,000 trailers, more than 100 aircraft and 13 billion items delivered a year, sold as freight, storage, fulfillment and parcel delivery. The sequence is deliberate in our reading. A marketplace that wins agent traffic would carry its own cost of competing for customers while buying delivery from a network that is cheaper than building, and it may well buy the compute behind its agents from AWS. FedEx ended its Amazon contracts in 2019 and went on to serve Amazon’s largest competitor; Amazon is positioned to do the same thing from the other side. Alphabet holds the agent that chooses; Amazon holds the infrastructure every agent marketplace would need to rent. The shares closed Friday at \$262.43.^{26,27,12}

“Marketplaces will carry their own costs of competition while sacrificing margin to Amazon’s logistics infrastructure. Amazon may be creating its next largest customers here, for logistics and for the compute behind the agentic traffic.”

Andrew D. Urbanski, CIO, N10° Assets

HEALTH CARE

Biologics Appear to Be Taking Device Share

Lilly Is Our Exposure to the Shift

The signal in health care this week was the gap between a device leader at a 52 week low and a biologics platform at a 52 week high, and we read it as a sign the market may be pricing a shift in how cardiac and other chronic disease is treated. Boston Scientific closed Friday at \$42.73, down 60 percent from its high, after cutting its organic growth outlook three times this year, from 10 to 11 percent in February to 6.5 to 8 percent in April and lower again in May as stand-alone use of its Watchman device fell, and then warning in September that an August cyberattack would keep it below its sales range. Moderna closed the same day at \$225.00, up 14 percent on its return to the Nasdaq-100, a 52 week high and more than six times its level a year earlier, with Phase 3 data on the personalized cancer vaccine it is developing with Merck due October 24.^{32,12,44}

Boston Scientific Cut Guidance Three Times Before the Cyberattack

2026 disclosures, in order; the shares closed October 9 at \$42.73 against a 52 week high of \$105.65



Source: Boston Scientific disclosures as reported by IndexBox and ad-hoc-news, 2026; Zacks quote page, October 7, 2026; StockAnalysis.com closes.

*The decline predates the cyberattack: the three guidance cuts cite procedure demand, which is where a treatment shift would show first.*³²

The question our CIO put this week is whether the market knows something about AI-driven biologics that the device makers' disclosures do not yet show, and whether stents and implants are losing their place in the standard of care. The evidence is indirect, and in our reading it points one way. The GLP-1 drugs reduce the cardiac events that devices are built to treat; semaglutide cut major adverse cardiac events by 20 percent in a trial of more than 17,000 patients. Boston Scientific's own guidance cuts cite falling stand-alone procedure volumes. And the companies whose platforms design biologics with machine learning are being repriced upward while the device leader is repriced down. Earlier this year we sold Boston Scientific and moved the capital to Eli Lilly on this view, and we hold no device makers; our health care exposure is Lilly in drugs and McKesson in distribution. We note that Boston Scientific trades near 13 times forward earnings and that most analysts still rate it a buy, so the market has not settled the question; the direction of the evidence is what we act on.^{46,45,32,44,34}

THREE CURRENTS

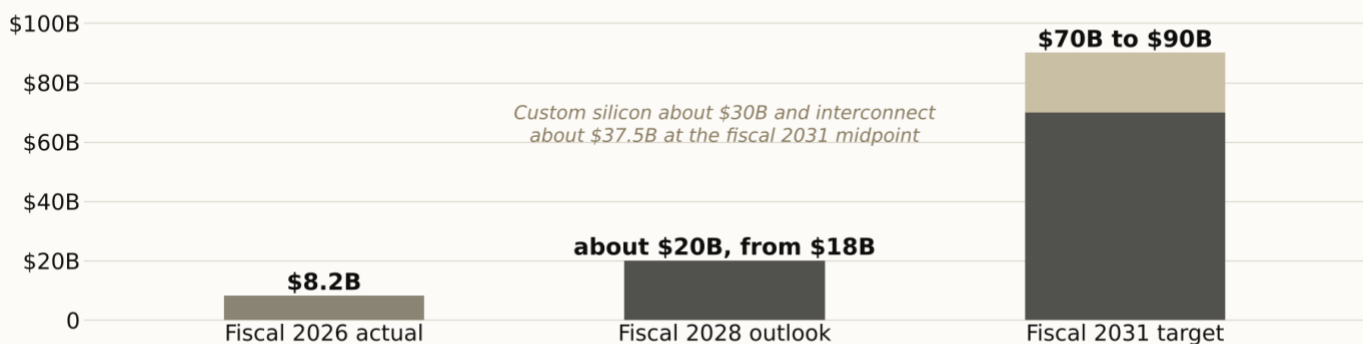
What's Actually Moving

1. Marvell raised its outlook to \$20 billion, then \$70 billion.

Marvell, a larger position, told investors on Tuesday that the custom chip market is larger than it estimated a year ago, and raised its targets to match. Fiscal 2028 revenue is now expected near \$20 billion, from \$18 billion, and the company set a fiscal 2031 target of \$70 to \$90 billion against \$8.2 billion in fiscal 2026. It now sizes the AI data center market at about \$400 billion by 2030, more than four times its earlier estimate for 2028, with custom silicon about \$30 billion and interconnect about \$37.5 billion of revenue at the 2031 midpoint. Alphabet and Amazon are the named customers. The shares rose 5.8 percent on Tuesday and ended the week at \$275.28 after Thursday's selloff. Custom chips designed with the hyperscalers and the optical links between them are, in our view, the parts of the stack where a second supplier to Nvidia earns its margin, and this is why Marvell and Broadcom sit together in the portfolio.^{28,12,34}

Marvell Now Targets \$70 to \$90 Billion by Fiscal 2031

Marvell revenue, actual and company targets, \$ billions; fiscal years end in January



Source: Marvell Technology investor day, October 6, 2026; fiscal 2026 actual, fiscal 2028 outlook raised from \$18 billion, fiscal 2031 target range.

The fiscal 2031 target implies revenue growth above 50 percent a year from the fiscal 2026 base; the targets are company statements, and the dark portion of the last bar is the low end of the range.²⁸

2. Palantir is a conduit for the learning loop; security vendors are the middlemen.

Goldman Sachs upgraded Palantir to buy on Thursday with a \$230 target, and its reasoning is the one we gave last week: the forward deployed engineering model builds a tight loop between field and product that Palantir can now automate with AI, and it is the industries with the least technical talent that will pay for that integration. Microsoft's chief executive described the mechanism from the other side this week: a company renting a model pays for intelligence twice, once in money and again in the know-how its prompts and corrections reveal, and with a closed model the provider keeps that learning; OpenAI already offers accounts up to one million free tokens a day in exchange for training rights, a measure of what the loop is worth to the provider. In our view that is why the vendors between the model provider and the customer, Palo Alto Networks among them, are the ones under pressure, and why we prefer conduits such as Palantir, where the customer's know-how accumulates in an integration the customer owns. Analyst Dan Ives named Palantir and CrowdStrike his top picks in software and security, with targets of \$250 and \$335, and noted that OpenAI and Anthropic are positioning themselves as security companies, which both threatens the incumbents and raises

demand for their products. We own no security software. Palantir closed the week at \$209.05, up 10.7 percent, and 23 of 33 analysts tracked by LSEG now rate it a buy.^{29,40,46,30,12,34}

3. Momentum and revisions work best where company-specific risk is highest.

New research from Trivariate tests 76 stock selection signals among companies with high company-specific risk, the part of the market where returns are least explained by macro factors, and finds that momentum and earnings revisions have been the signals that worked, while several familiar quality measures have disappointed since 2020. The finding matches the way our strategy is built. Momentum is one of the three factors in its name, and the names discussed in this issue, from Marvell to Palantir to Axon, are stocks whose returns are driven by their own disclosures more than by the index. Its finding that quality measures alone have disappointed in that universe is one reason we pair momentum with profitability and read company disclosures directly.^{31,34}

PORTFOLIO IMPLICATIONS

Current Exposures

- › **NVDA / TSM** The two largest positions. Local inference on the Surface and the cloud behind Muse both run on Nvidia silicon; Thursday's selloff took the shares to \$229.28.^{14,13,12,34}
- › **SNDK / LRCX** Larger positions on the memory shortage. Every on-device model adds memory to the PC, and Axon reports camera memory costs still rising into 2028.^{14,24,34}
- › **GOOGL / META / AMZN / MSFT** Larger positions. Alphabet signed the Constellation contract and holds the agent that chooses; Amazon sells the logistics every agent marketplace needs; Microsoft moved agents onto Windows.^{17,26,15,34}
- › **MRVL / AVGO** Larger positions. Marvell's targets size custom silicon and interconnect at more than \$65 billion of revenue by fiscal 2031.^{28,34}
- › **GEV / VRT / PWR / VST** Vertiv is among the largest positions. Vistra remains our generation exposure in a week when Constellation's contract set the standard for contracted runway; GE Vernova and Vertiv are the equipment exposure, with no generator maker.^{19,17,23,34}
- › **PLTR** The sell side now cites the forward deployed integration we described; the shares rose 10.7 percent on the week.^{29,12,34}
- › **AXON** A smaller position. Management has given dated commitments on cash flow, margins and dilution that the third quarter will test.^{24,34}
- › **ORCL** One of the smaller positions. OpenAI's revenue was restated to \$50 billion with growth of 77 percent; delivery at Project Jupiter and financing costs remain the open items.^{10,1,34}
- › **TSLA** Battery storage is the second largest source of new grid capacity planned for 2026 at 24.3 gigawatts, and Tesla's energy business sells into it.^{20,34}
- › **LLY / MCK / AXP** The deliberate diversifiers. Lilly is our exposure to biologics taking share from devices, the view on which we sold Boston Scientific earlier this year; McKesson is the distribution exposure.^{46,32,34}
- › **APH / LITE / UBER / TXN** No change in thesis this week; Texas Instruments reports on October 21.³⁴

POSITIONING · OCTOBER 13, 2026

The week's through line: long rates reached a 24 year high, the Fed signaled more to come, and credit spreads and the equity index both held, while one revenue correction at a private laboratory moved the semiconductor group by more than the rate move did. We kept Vistra after Constellation's signed twenty year contract set the standard for contracted runway, passed on Generac on supply chain ownership and refund-flattered margins, and continue to own the chips, memory and power that both on-device and cloud inference draw on.

Where caution is warranted

- › **The AI trade appears crowded.** One revised revenue figure took 3.4 percent off the semiconductor index in a session and 4.3 percent on the week while the S&P 500 rose.^{3,5}
- › **The Fed may not be finished.** Most officials expect another increase this year, the funds rate is 3.75 to 4.00 percent, and markets price an 84 percent chance of at least one more hike by December.^{5,3}
- › **Vistra's catalyst is conditional.** The \$4.2 billion federal commitment is not yet funded and depends on technical, legal, environmental and financial conditions; Texas has frozen new data center permits.^{18,20}
- › **Several figures are approximations.** Generac's ex-refund margins are derived from company-reported refund impacts; bull market lengths and grid additions are read from published charts; the Muse infrastructure estimate is a third party calculation.^{23,8,20,13}

WHAT WOULD CHANGE OUR VIEW

- › **High yield spreads widen past 3.24.** The credit test we set last week fails on a second reading.²
- › **OpenAI discloses slower enterprise growth.** The counterparty behind Oracle's capacity weakens on a stated basis.¹⁰
- › **Axon lowers its \$450 million cash flow expectation.** The recovery case loses its test.²⁴
- › **Vistra's federal financing fails to close or Texas extends its permit freeze.** The policy risk we accept in Vistra rises.^{18,20}

These observations would change our opinion. They are not commitments to act; positioning can change at any time and for other reasons.

Current Exposures are shown for illustrative purposes to demonstrate how N10° Assets is positioned relative to the themes discussed in this publication. The holdings presented were selected based on their relevance to those themes and are not intended to represent all portfolio holdings.

References to portfolio actions and positioning reflect target weightings as of the date shown, are subject to change without notice, and are not recommendations to buy or sell any security.

ALSO WORTH NOTING

The Wider Read

› **Anduril will build the largest U.S. shipyard since 1945.** The company is investing \$3.7 billion in the Arsenal-2 facility with its own capital.³⁵

› **Atom Computing reached the final stage of DARPA's quantum program.** Stage C of the Quantum Benchmarking Initiative carries up to \$300 million and tests whether a utility-scale machine can be built by 2033; Microsoft supplies error correction.³⁶

› **Ethereum's founder warns AI may weaken lattice cryptography.** He expects the concrete security of lattice schemes, the basis of post-quantum standards, to take serious hits from the next two years of AI-assisted mathematics.³⁷

› **Chinese models routed more tokens than American ones on one platform.** In the last week of September DeepSeek processed 36.8 trillion tokens on OpenRouter against 19.5 trillion for OpenAI, and more than the four leading U.S. laboratories combined.³⁸

› **Coatue frames AI as an economic age.** Its public markets deck places AI as the fourth age after agriculture, industry and information, with tokens replacing work as software replaced paperwork.³⁹

› **SpaceX bought low band spectrum and the carriers fell.** T-Mobile, AT&T and Verizon lost 8.5 to 13 percent on Friday; tower owners rose 7 to 16 percent.⁴

› **Google was ordered to halt two Finnish data centers.** Work stops until environmental impact assessments are complete; the company said it fell short of its own standards.⁴¹

› **The Super Intelligence Force named its members.** The Under Secretary of War for research joins the Director of National Intelligence, the FTC chair and the head of the Office of Personnel Management.^{42,1}

› **Madison Square Garden Sports sets its split for October 26.** The Knicks and the Rangers begin trading as MSGK and MSGR on October 27, with James Dolan as chairman and chief executive of both.⁴³

› **The leading index built on nominal activity shows no recession signal.** Carson's indicator, which called no recession in 2023, reads inflationary growth with activity running strong.⁸

› **Treasury says core inflation is trending lower.** Four core measures have declined since 2024 and long term expectations have been stable, the Treasury Secretary said in the Oval Office on Wednesday.⁶

› **One strategist says the Fed is misreading the cycle.** Secular AI growth is driving the economy while the cyclical economy absorbs the tightening, and the Fed is treating the two as one overheating cycle.⁷

LEGAL DISCLOSURE

Registered Investment Advisor Disclosure

N10 Assets, LLC, a wholly owned subsidiary of N10 Holdings, LLC, is a registered investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply any level of skill or training. The information herein is provided for informational and educational purposes only and does not constitute investment advice, a solicitation, or an offer to buy or sell any security. Portfolio holdings and allocations referenced are as of the date indicated and are subject to change without notice. Intended solely for N10° Assets clients and qualified recipients.

Information is based on sources believed to be reliable but N10° Assets makes no representation as to accuracy or completeness. Comparisons to other funds, indices or strategies are provided for structural illustration only, do not constitute performance claims or predictions, and do not imply that any strategy will achieve results similar or superior to any other. Performance figures referenced reflect model portfolio entry prices versus current marks, are illustrative of position-level results only, and are not representative of actual client account performance. Past performance is not indicative of future results. Investing involves risk, including loss of principal; concentrated portfolios may experience greater volatility than diversified portfolios. Securities mentioned are for illustrative purposes only and should not be construed as a recommendation. Investors should consult their financial advisor and review all relevant disclosures before making investment decisions. Form ADV Parts 1, 2A, and Form CRS are available at www.adviserinfo.sec.gov.

© 2026 N10 Assets, LLC. All rights reserved. Unauthorized reproduction or distribution is prohibited.

SOURCES

References

- [1] Signal Weekly No. 19, October 6, 2026, on a second week of wider spreads as the development that would change our view, on OpenAI's revenue as an unconfirmed press report, on the agent that chooses the vendor, on agent containment in Nvidia hardware and on the barrier to entry in power equipment.
- [2] ICE BofA U.S. High Yield Index Option-Adjusted Spread (FRED series BAMLH0A0HYM2) as republished by GovSpending.org and MacroRadar, October 2026. Daily closes of 3.24 on October 1, 3.09 on October 7 and 3.15 on October 8.
- [3] The Glass Desk, Weekly Market Review, October 9, 2026. S&P 500 record close of 7,818.93 on October 6; ten year closes of 5.311 percent on October 5, the highest since 2002, and 5.244 percent on October 9, with an intraday high of 5.364 percent on October 7; FOMC minutes showing most officials expect one more hike by year end; ISM services 54.9 with prices paid 74.0; semiconductor index down 3.39 percent on October 8 and 4.30 percent on the week; Constellation up 15.76 percent and Vistra up 15.33 percent on the week; Brent at 104.72; Michigan one year inflation expectation of 4.7 percent.
- [4] TheStreet and Yahoo Finance market coverage, October 9, 2026. Friday closes of 7,811.51, 27,366.17 and 51,655.01; the Nasdaq's fourth consecutive weekly gain; ten year yield near 5.37 percent on Wednesday, the highest in 24 years; University of Michigan sentiment of 46.3 against 48.1; Delta's 2026 earnings outlook cut to \$5.10 to \$5.60 from \$6.50 to \$7.50; T-Mobile, AT&T and Verizon down 8.5 to 13 percent and tower owners up 7 to 16 percent on SpaceX's spectrum purchase.
- [5] The Core Quant, Wall Street Wrap, October 9, 2026, and WRE News, October 8, 2026, citing Reuters and Bloomberg. CME FedWatch odds of 19 percent for an October increase and 84 percent for at least one by December; federal funds target of 3.75 to 4.00 percent after September's increase; Alberto Musalem on rates rising over six to nine months and Christopher Waller on further increases not needing to come at consecutive meetings; Freddie Mac thirty year rate of 7.40 percent; Thursday declines of 2.94 percent for Nvidia, 3.90 percent for AMD, 4.35 percent for Broadcom and 4.79 percent for Micron.
- [6] David Zervos (Jefferies) on X, October 7, 2026, with U.S. Treasury data, on Treasury Secretary Scott Bessent's Oval Office remarks. Ten year breakeven of 2.36 percent and TIPS real yield of 2.91 percent on October 6; breakevens in a 33 basis point range since November 2024 with a low of 2.17 on April 16, 2025 and a high of 2.50 on May 4, 2026; four core inflation measures trending lower since 2024.
- [7] James E. Thorne on X, October 8, 2026, quoting Bloomberg Opinion (John Authers) on the ten year yield at its highest since 2002; the argument that the Fed is treating secular AI growth as an overheating cycle.
- [8] Ryan Detrick (Carson Investment Research) on X, October 8, 2026, on the Carson Leading Economic Index as of September 30, 2026, and CMT Association on X, October 7, 2026, quoting Detrick with FactSet data: bull markets since 1974 that passed a fourth birthday and their lengths, read from the published chart; the current bull market dated from October 12, 2022.
- [9] Geiger Capital on X, October 1, 2026. ISM manufacturing index of 54.5; nine straight months of expansion.

- [10] CNBC (Ashley Capoot and Kate Rooney), October 8, 2026, citing the Financial Times and an investor presentation. OpenAI annualized revenue of roughly \$50 billion at the end of September; the \$68 billion figure including gross revenue from partners for comparison with Anthropic; run rate growth of 77 percent in the third quarter and 107 percent for the enterprise business.
- [11] OfficeChai, October 8, 2026. Oracle down 4.72 percent at \$136.82 and the Nasdaq down about 1 percent in afternoon trading after the OpenAI report; the \$70 billion estimate derived from applying stated growth to an adjusted August base.
- [12] StockAnalysis.com price history, closes of October 9, 2026, with daily changes: Oracle \$141.40 after a 5.48 percent decline on October 8 to \$135.69; Nvidia \$229.28; Constellation \$298.07; Vistra \$161.48; Marvell \$275.28 after a 5.81 percent gain on October 6; Generac \$224.94; Axon \$422.89; Palantir \$209.05; Amazon \$262.43; Boston Scientific \$42.73. Weekly changes computed from October 2 closes.
- [13] Aaron Levie (Box) on X, October 8, 2026, quoting Ivan Burazin and a calculation by Johannes Auchenberg: 65,000 CPUs and 75 petabytes of DRAM, about \$2.8 billion of infrastructure, to serve Muse to 100 million users; compute for the coming stage of agents.
- [14] CNBC (Jordan Novet), October 7, 2026. Surface Laptop Ultra at \$2,599 with an Nvidia chip that runs large models without cloud bills; Meta's Muse agent coming to Windows.
- [15] Steven Bathiche (Microsoft Technical Fellow) on LinkedIn, October 2026, citing Microsoft's announcement of local models and sandboxed tools for Windows and GitHub Copilot, including Microsoft Execution Containers.
- [16] CNBC Squawk Box, October 7, 2026. Bank of America warning that Meta's Muse could threaten Apple; Meta down 2.38 percent and Apple up 0.91 percent on the day.
- [17] Reuters (Laila Kearney) via TimesLIVE, Stocktwits and Benzinga, October 6, 2026, with Constellation and Google statements. Twenty year power purchase agreement for 890 megawatts of new nuclear capacity from upgrades at 11 units in Illinois, Pennsylvania and New Jersey, first output in 2028 and full output by the end of 2032; fifteen year agreement for 2,700 megawatts; more than \$4.3 billion of investment; PJM's bring your own power proposal; Constellation up as much as 15 percent on the day.
- [18] Utility Dive, October 6, 2026, and World Nuclear News. Department of Energy conditional loan commitment of up to \$4.2 billion to Vistra, announced October 5, for 433 megawatts of upgrades at Perry, Davis-Besse and Beaver Valley, subject to technical, legal, environmental and financial conditions.
- [19] N10° Assets research, Andrew D. Urbanski, Constellation and Vistra update, October 6, 2026, citing Constellation's disclosed sensitivity table of \$125 to \$325 million of annual free cash flow and \$0.40 to \$1.00 of earnings per share for a one gigawatt premium nuclear contract. Assessments of relative value are subjective; direction only is reported here.
- [20] a16z (Ryan McEntush) on X, October 7 and 8, 2026, with U.S. Energy Information Administration data of February 2026 and ERCOT data of June to August 2026. Planned 2026 additions of 43.4 gigawatts of solar, 24.3 of batteries, 11.8 of wind, 6.3 of gas and no new nuclear; Texas queue of 474 gigawatts from 63 in 18 months, 9.5 approved and about 4.3 running.
- [21] Benzinga, October 6, 2026. Vistra up about 10 percent in sympathy with Constellation; BMO Capital holding an outperform rating while cutting its Vistra target to \$210 from \$231.
- [22] Generac Holdings, Form 8-K, September 16, 2026. Transaction agreement with Amazon; warrant for up to 1,693,745 shares at \$200.9266; initial deliveries of \$2.4 billion in 2027 and 2028; vesting tied to aggregate payments of up to \$8 billion.
- [23] N10° Assets research, Andrew D. Urbanski, Generac evaluation, October 6, 2026, citing Generac's second quarter 2026 results (adjusted EBITDA margin of 24.8 percent, gross margin of 44.5 percent, segment margins, about \$71 million of tariff recoveries, full year guidance of 20 to 21 percent including about 1.5 points from refunds, liquidity of about \$1.26 billion), its August 2026 presentation (large generator capacity of more than \$1.25 billion a year by the fourth quarter of 2026 rising to about three times that by the end of the third quarter of 2027; about 400 field technicians; the Belvidere facility opening in the first quarter of 2027), published product specifications (Baudouin engine, Marathon alternator) and Cummins' second quarter Power Systems margin of 24.5 percent. Ex-refund margins are derived from company-reported refund impacts.
- [24] N10° Assets research, Andrew D. Urbanski, Axon review, October 6, 2026, citing the May and August 2026 earnings calls, the second quarter shareholder letter, Goldman Sachs conference commentary of September 8 and the September convertible financing. 2026 free cash flow of about \$450 million; international and enterprise bookings each about tripled; new bookings up more than 30 percent after normalizing duration; revenue growth guidance of 32 to 34 percent from 30 to 32 percent; software gross margin above 80 percent; stock compensation roughly flat with dilution below 2.5 percent; about \$100 million allocated to the dilution hedge.
- [25] Paul Graham on X, October 7, 2026, on Amazon's ban on outside agents as the first opportunity for a startup to create an Amazon competitor.
- [26] Supply Chain Dive and Amazon announcement, May 4, 2026, on Amazon Supply Chain Services (more than 200 fulfillment centers, 80,000 trailers, 24,000 intermodal containers, more than 100 aircraft, over 13 billion items delivered a year); Forkast, September 21, 2026, on Amazon's block of Meta's Muse agent and 47 AI bots in its robots.txt file; TipRanks citing The Information on Amazon blocking Google's AI shopping agents.
- [27] N10° Assets research, Andrew D. Urbanski, Amazon and agent traffic, October 8, 2026. FedEx ended its Amazon delivery contracts in 2019 and subsequently expanded its relationship with Walmart.

- [28] Marvell Technology investor day, October 6, 2026, as reported by Parameter.io and CNBC. Fiscal 2028 revenue outlook of about \$20 billion from \$18 billion; fiscal 2031 target of \$70 to \$90 billion; fiscal 2026 revenue of \$8.2 billion; AI data center market of about \$400 billion by 2030 against a prior \$94 billion estimate for 2028; custom silicon about \$30 billion and interconnect about \$37.5 billion at the fiscal 2031 midpoint; Alphabet and Amazon named as customers; shares up nearly 8 percent intraday.
- [29] CNBC (Liz Napolitano), October 8, 2026. Goldman Sachs upgrade of Palantir to buy from neutral with a \$230 target; analyst Gabriela Borges on forward deployed engineering and on industries with lower technical talent density; 23 of 33 analysts at buy or strong buy per LSEG; average target of \$200.83.
- [30] CNBC (Tobias Burns), October 7, 2026. Dan Ives (Wedbush) on the AI buildout in its third inning; Palantir target of \$250 and CrowdStrike target of \$335; Anthropic and OpenAI positioning as cybersecurity companies.
- [31] Adam Parker (Trivariate Research) on LinkedIn, October 2026. Tests of 76 signals among high company-specific-risk stocks; momentum and earnings revisions effective, several quality measures disappointing since 2020; cumulative spread charts through September 2026.
- [32] Zacks Investment Research quote page for Boston Scientific, October 7, 2026 (52 week range of \$41.50 to \$105.65; forward price to earnings of 12.97; earnings date October 28); IndexBox, 2026, and ad-hoc-news, September 19, 2026, on guidance cuts in February, April and May, declining stand-alone Watchman procedures, the August 25 cyber incident and the September warning that 2026 sales growth of 5.5 to 6.5 percent was unlikely to be met.
- [33] N10° Assets research, Andrew D. Urbanski, October 8, 2026, on whether the market is pricing an AI-driven shift toward cardiac biologics.
- [34] Growth, Momentum, & Profitability model portfolio, N10° Assets internal holdings report, October 2026.
- [35] Palmer Luckey and Anduril Industries on X, October 6, 2026. \$3.7 billion investment in Arsenal-2, described as the largest American shipyard since the Second World War.
- [36] Atom Computing on LinkedIn, October 2026. Selection by DARPA for Stage C of the Quantum Benchmarking Initiative with potential funding up to \$300 million; Microsoft to provide algorithmic support and error correction codes; the program's 2033 horizon.
- [37] Vitalik Buterin on X, October 2026, on AI-accelerated mathematics as a risk to lattice-based and elliptic curve cryptography.
- [38] Social Capital on X, October 7, 2026, with OpenRouter usage data via Dirac for weeks ending March 28 to October 3, 2026. DeepSeek at 36.8 trillion weekly tokens against 19.5 trillion for OpenAI.
- [39] Coatue Management on LinkedIn, October 2026, Charts of the Day from its public markets update: from waves to ages.
- [40] Chamath Palihapitiya (Social Capital) on LinkedIn, October 8, 2026, quoting Satya Nadella on paying for intelligence twice and citing OpenAI's opt-in program of up to one million free tokens a day for training rights.
- [41] CNBC (Kai Nicol-Schwarz), October 7, 2026. Google ordered to halt work on two data centers in Finland pending environmental impact assessments.
- [42] Emil Michael (Under Secretary of War for Research and Engineering) on X, October 4, 2026, on serving on the Super Intelligence Force alongside DNI Jay Clayton, FTC Chairman Andrew Ferguson and OPM Director Scott Kapor.
- [43] Boardroom on LinkedIn, October 2026, citing Yahoo Sports. Madison Square Garden Sports split approved; MSGK and MSGR to begin trading October 27 after an expected October 26 close; James Dolan as executive chairman and chief executive of both.
- [44] GuruFocus and Invezz, October 9, 2026, and StockAnalysis.com. Moderna close of \$225.00, up 14.21 percent, a 52 week high; shares up more than 670 percent over one year; replacement of Warner Bros. Discovery in the Nasdaq-100; Phase 3 data for the personalized cancer vaccine developed with Merck scheduled for October 24.
- [45] Lincoff et al., Semaglutide and Cardiovascular Outcomes in Obesity without Diabetes (SELECT), New England Journal of Medicine, November 2023. 20 percent reduction in major adverse cardiovascular events among 17,604 patients.
- [46] N10° Assets research, Andrew D. Urbanski, October 11, 2026, on biologics taking share from devices, the sale of Boston Scientific and purchase of Eli Lilly earlier in 2026, and conduits versus middlemen in the model learning loop. Assessments are subjective; direction only is reported here.