

Signal Weekly

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PORTFOLIO MANAGER

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Growth, Momentum, & Profitability®

THE LEAD

Leopold's Negative Gamma Loop? The Encore

We Read the Week as Forced Selling, Demand Intact



We read the week as forced selling by leveraged books, with no change in the demand for compute behind it. Last week we wrote that the AI trade appeared crowded; this week the crowd came out. The semiconductor ETF fell nine sessions in a row, its longest run since at least 2010, and sits 16 percent below its October 5 close. The S&P 500 lost 1.9 percent to 7,659 and the Nasdaq 4.5 percent, while the Dow rose 0.7 percent and more stocks rose than fell on most days. The ten year yield touched 5.33 percent after Wednesday's inflation report and ended at 5.09, and the high yield spread reached 3.23 percentage points, one basis point short of the level that fails our credit test.^{1,3,4}

The book we have in mind has a history. Situational Awareness, Leopold Aschenbrenner's fund, reported a \$20.2 billion portfolio on June 30 with 55 percent in two memory stocks and about 22 percent in neoclouds and data center hosts, on reported leverage of about four times. In July those names fell by more than a third, three prime brokers issued margin calls at once, the fund lost 67 percent in a month and sold its listed book to Citadel at a discount. In September it was reported active again in

options on SanDisk, CoreWeave, Bloom Energy, AMD, SK Hynix and the memory ETF, direction undisclosed. The names hit hardest this week are the same ones. Until proven incorrect, we attribute much of the week to an encore of that negative gamma loop, whether run by the same fund, which told investors it would operate without borrowing, or by others holding the same positions.^{2,11}

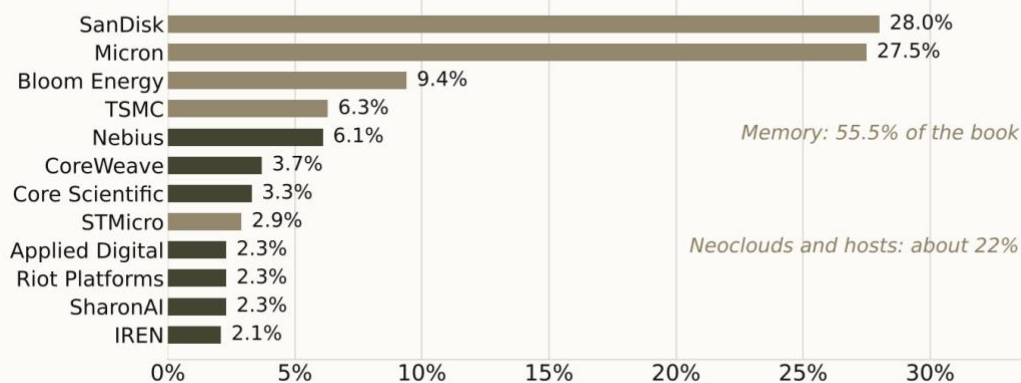
The mechanism feeds itself. When a fund holding call options or borrowed exposure loses faster than the shares fall; the dealers that sold it the options hedge by selling stock as prices decline, and the fund's margin requirements rise at the same time, so both sell into a falling market. The loop ends when the leverage is gone, which is why these episodes tend to finish abruptly and why the names often fall together regardless of their own news.¹¹

This week's evidence fits. Goldman Sachs' prime brokerage reported five consecutive sessions of hedge fund AI selling through Wednesday, the second largest single day of AI net selling in a year behind July, long sales

outpacing short sales three and a half to one, and the reversal of all net AI buying since the start of 2025. On the other side, the three times leveraged semiconductor fund took in a record \$3.8 billion while falling about 21 percent: the retail side buying what the leveraged funds sold.^{5,6}

Leveraged Books Owned the Names That Fell Hardest This Month

Twelve largest positions, percent of the \$20.2 billion 13F portfolio at June 30, 2026; neoclouds in dark bars



Source: Situational Awareness LP, Form 13F for the quarter ended June 30, 2026, filed August 14, 2026. Shorts and option terms are not reported.

The filing is a quarter old and the fund sold this book in July; it shows the shape of the exposure that was forced out then and has been under pressure again this month, and it describes no current holding.²

The filing matters for what it shows about how the trade was financed, more than for who holds the shares today. A \$20 billion book at four times leverage in a dozen names transmits a 12 percent move in CoreWeave into forced sales of SanDisk and Micron, and that is the pattern of the past two weeks: Korean memory fell with New York neoclouds, and Micron, Broadcom and the memory names fell 4 to 7 percent on Friday with no company news. We cannot see current positions; the caution box treats our attribution as the inference it is.^{2,4,5}

The week's tape: October 12 to October 16, 2026 (Friday closes)

MEASURE	LEVEL	CHANGE OR CONTEXT
S&P 500	7,659	Down 1.9%; 1.1% Friday; equal weight index down 0.4% Friday ⁴
Nasdaq Composite	26,140	Down 4.5%, 2.1% Friday; four week winning run ended ⁴
Dow Jones Industrial Average	52,002	Up 0.7%, a second straight weekly gain ⁴
Semiconductor ETF (SOXX)	493.39	Down 11.8%; nine straight declines; 16% below October 5 ^{3,4}
Ten year Treasury yield	5.09%	From 5.24%; 5.33% after Wednesday's CPI; two year 4.74% ⁴
High yield spread (ICE BofA)	3.23 pts	Thursday reading; 3.24 is the level that fails our test ⁴
September CPI	3.7% / 2.6%	Headline against 3.6% expected; core against 2.5% ³⁴
Fed funds, hike odds	3.75 to 4.00%	October odds 17% from about 50% after CPI; December 89% ^{4,34}
Brent crude	\$109.55	Up 3.5% Friday; WTI \$101.35; tanker attacks kept a premium ⁴
VIX	19.99	Up 21% Friday ⁴

We own the semiconductor, memory and power names through shares with no borrowing, and nothing in the week's demand evidence changed. Forced selling moves prices without changing cash flows. It also tends to run further than fundamentals justify; the history of long semiconductor losing streaks is in Three Currents.^{1,3}

BREADTH

Leaders Are Funding the Laggards

A Bid for Losers Argues Against a Bear Market

The bid for losers is a constructive signal, and it strengthened this week. When markets are preparing to get very ugly, the losers are usually not bid; this week the highest quality leaders funded the laggards. On Wednesday 241 S&P 500 stocks rose on a day the index lost more than 1 percent, which has happened six other times in 25 years; on Thursday 378 rose, the most since June 12; advancers have outnumbered decliners on nine of eleven sessions; and on Friday the equal weight index fell 0.4 percent against 1.1 for the cap weighted index. Rotations like this have usually lasted a month or two and can get uglier before they end, but the direction of the flow is the signal, and so far it looks positive.^{7,4,11}

The laggards have a long way to recover, which gives the rotation room to run. As of October 8, 134 S&P 500 stocks sat 40 percent or more below their record closes and 29 were down 70 percent or more, on a day the index closed near a record. Only 30 percent of members have beaten the index over three years, among the lowest readings since 1991, while the trailing earnings of the 55 AI supply chain companies have roughly quadrupled since March 2023 and the earnings of AI adopters have barely moved.^{8,9}

The Rotation Has Room: a Quarter of the S&P 500 Is Down 40%

Number of S&P 500 constituents by drawdown from record closing high, as of October 8, 2026



Source: Fiscal.ai, published October 9, 2026; drawdown from the highest split-adjusted daily close on record to the October 8 close.

The gap between an index near its high and a quarter of its members in a 40 percent drawdown is what the rotation of the past two weeks began to close.⁸

Concentration and rotation coexist, and we position for both. The ten largest S&P 500 stocks are 39 percent of the index, a weight that has risen with the ten year yield since 2020 because a higher cost of capital clears fewer business models; in our view that reflects real strengthening of incumbent advantages. The rotation redistributes a few weeks of gains from leaders to the rest, which a durable advance needs, and it does not change which companies own the bottlenecks.^{10,11}

“Concentration is self-reinforcing. At N10°, we do not attempt to swim against that current, as we believe it represents actual strengthening of incumbent advantages.”

Andrew D. Urbanski, CIO, N10° Assets

AI DEMAND

Compute Demand Rose as Chips Fell

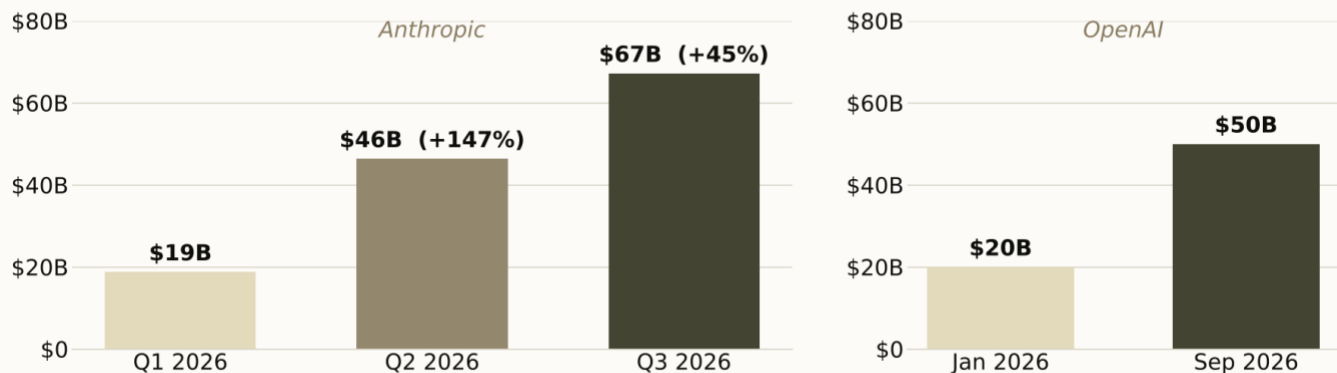
We See No Sign of a Compute Surplus

Compute demand strengthened this week while the stocks fell, and we see no sign of a surplus. Anthropic told investors that third quarter revenue was \$16.8 billion, up 45 percent from the second quarter, with adjusted profitability. TSMC reported revenue up 41 percent, guided the fourth quarter about \$4 billion above expectations, raised its 2026 growth outlook to about 44 percent, and said its target of mid to high 50 percent annual growth in AI accelerator revenue through 2029 will probably prove too low. ASML said its planned supply for 2027 and 2028 will not fully meet demand even after two 30 percent capacity increases.^{12,50,14}

Prices for old chips say the same. A two year old Nvidia H100 rents for about \$2.85 an hour, up roughly half from its February 2025 low and the highest since 2024, and the index of verified B300 rental transactions rose 17 consecutive days to a record. Older chips were supposed to get cheaper as new ones arrived. They did not.¹⁵

Annualized, Anthropic Has Caught OpenAI's Stated Run Rate

Annualized revenue, \$ billions, same scale: Anthropic quarterly revenue times four; OpenAI stated run rate



Sources: Anthropic revenue as reported October 14, 2026, annualized by N10°; OpenAI run rate per its October 8 correction, which excludes cloud partner sales.

On an annualized basis Anthropic's third quarter already matches OpenAI's September run rate. The bases differ, because OpenAI excludes sales through cloud partners, but both series point the same way: more compute, paid for by revenue that is growing faster than the capacity.^{12,13}

The OpenAI correction we covered last week was a change in relative share; the market did not shrink. OpenAI's annualized revenue was about \$50 billion at the end of September, from about \$20 billion in January, and its finance chief expects about \$70 billion by year end. Anthropic's third quarter annualizes to about \$67 billion, though the two figures treat cloud partner sales differently. Across the four frontier laboratories, run rates reached about \$150 billion, roughly five times a year earlier.^{13,16,17}

Microsoft framed the capital spending question the way we expect the hyperscaler reports to be judged: revenue per dollar of capital spending. Its Maia 300 chip, unveiled Monday, targets 40 percent more tokens per megawatt than leading GPU systems with multi-gigawatt deployments from 2027, and its cloud chief said demand projections change weekly while a data center takes two to three years to build. Efficiency narrows that uncertainty: a company that needs one gigawatt instead of two can be wrong on timing and still avoid idle capacity.¹⁸

We read the week as a repricing of who pays for the buildout, with no change in whether it continues. Open source inference is growing faster than either frontier laboratory and open weight tokens earn the clouds more than frontier tokens, so the installed base reprices higher as new capacity arrives at higher prices. Anthropic plans to file publicly on October 26 and begin marketing on November 9. We hold the chips, memory, optics and power this demand draws on.^{16,19,12}

AI CREDIT

Neocloud Debt Is the Weak Hand

Demand Is Intact; We Keep Oracle Small

The weak hands are the lenders to the neoclouds, and in our view that is where this correction belongs. CoreWeave’s 9.625 percent notes due 2032, sold at par in June, traded below 80 cents at yields above 15 percent, its credit default swaps reached a record near 1,200 basis points, and the shares fell 25 percent on the week to \$61.39. The same company reports a backlog of about \$104 billion plus more than \$25 billion added in July, has sold nearly all of its 2027 capacity, and carries about \$52 billion of debt and leases. Demand can stay enormous while financing conditions and equity returns deteriorate sharply. That is the risk we have described in Oracle.^{20,21,26,49}

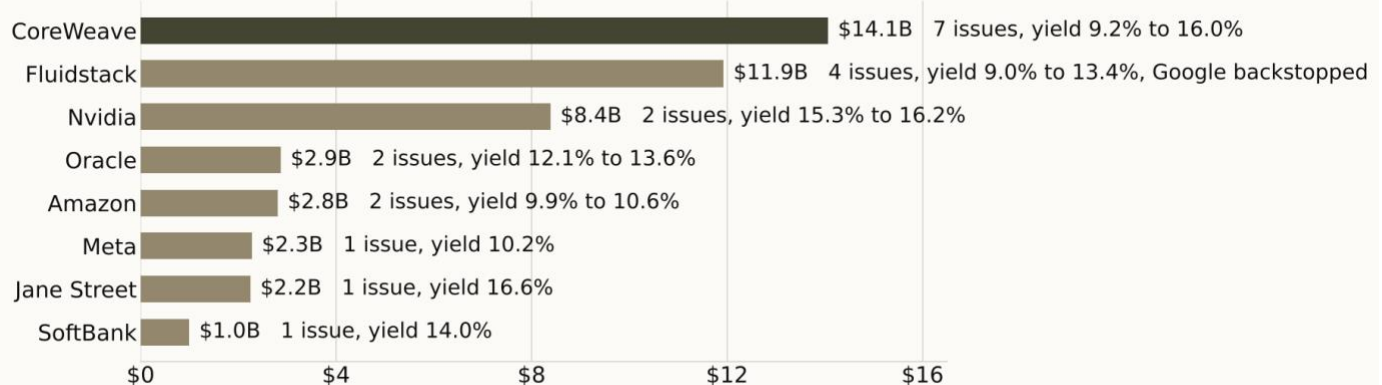
The strain is in the financing; every demand reading moved up		
READING	WHAT IT SAID THIS WEEK	OUR READ
ASML supply, 2027 and 2028	Cannot meet demand after two 30% capacity increases	Demand intact ¹⁴
TSMC fourth quarter guidance	About \$4 billion above expectations; AI target called too low	Demand intact ⁵⁰
H100 rental price	\$2.85 an hour, highest since 2024; B300 index at a record	Demand intact ¹⁵
CoreWeave 2032 notes	Below 80 cents, yield above 15%; CDS near 1,200 bp	Financing strained ²¹
Data center project bonds	20 issues, \$45.6 billion; Meta, Oracle and Microsoft campus debt below par	Financing strained ^{22,24}
AI private loan pricing, January	6.2 points over base against 6.1 for every other borrower	Financing was mispriced ²¹

Every demand reading this week moved up and every financing reading moved down; the correction is in who pays for the capacity, and the companies we own sell the capacity.^{14,50,15,21,22}

The repricing is broad and, we think, overdue. Twenty project finance bonds back about 4 gigawatts across eight tenants, \$45.6 billion in all; CoreWeave is the tenant on seven, at about 13 percent average yield. Bonds on Meta’s Hyperion campus, Oracle’s Michigan campus and the Blackstone project leased to Microsoft all trade below par, from par or better in July. In January lenders priced AI private loans within a tenth of a point of every other borrower, by Social Capital’s reading of BIS data. CoreWeave borrowed for five years against contracts averaging about three, so its lenders depend on 2029 and 2030 GPU rents, two Nvidia generations out. Gartner expects more than 80 percent of neoclouds to cease independent operations by 2030; CoreWeave is seeking investment grade ratings so it can borrow from life insurers.^{21,22,23,24}

The AI Leverage Risk Sits With CoreWeave's Lenders

Twenty project finance bonds in the high yield market, \$45.6 billion in total, by tenant; \$ billions outstanding



Source: Morgan Stanley Research, Bloomberg; data as of September 28, 2026. Yields are to first call; tenant totals computed from the issue list.

The debt is concentrated where the equity risk is: three tenants carry three quarters of the project finance bonds, and the CoreWeave and Nvidia-tenanted paper yields well above the Google-backstopped Fluidstack issues.²²

The bear case is an argument about scale, and we disagree on scale. The argument: CoreWeave is roughly 8 percent of Nvidia's GPU sales, every major neocloud burns cash while its borrowing costs rise, and when vendor financed customers lost access to capital in 2001 Cisco's growth went from 66 percent to minus 30 within a few quarters. Our answer: neoclouds are the marginal financier of capacity, and the marginal source of demand is the laboratories and the hyperscalers, whose budgets come from operating cash flow. If a neocloud fails, its GPUs and contracted tenants move to a stronger balance sheet at a lower price; the compute changes hands and the demand stays. A surplus from overbuilding remains possible, but the supplier to the whole industry says it cannot meet 2027 and 2028 demand and old chips rent for more, which is the opposite of what a surplus produces.^{25,14,15,20}

Oracle is the closest thing we own to a neocloud, and it is a smaller position for that reason. The revenue correction weakened OpenAI's relative growth without weakening aggregate demand, so Oracle's capacity should remain reusable; its financing costs, project timing and margins can still disappoint at high utilization. We value it as a leveraged infrastructure operator and do not add on weakness. The shares fell 9 percent to \$128.23. No cancellation, reduction, payment failure or renegotiation with OpenAI has been disclosed, and Microsoft remains substantially insulated.^{20,26,49}

POWER

ERCOT Makes a 2027 Start More Likely We Still Rank Constellation Ahead

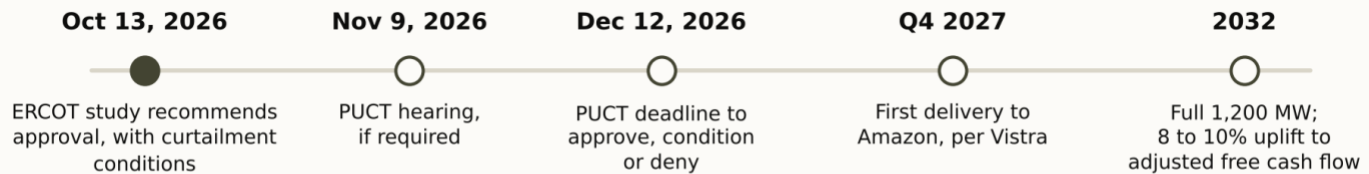
A 2027 start at Comanche Peak looks more likely to us than it did a week ago. On October 13 ERCOT's study recommended that the Texas commission approve the 1,200 megawatt arrangement under which Amazon's data center draws power directly from the plant: no remaining transmission security violations after redispatch, no stranded assets, and a reserve margin reduction of 0.09 to 0.83 points through the winter of 2030-31. The principal condition is that Amazon curtail within 30 minutes, or 10 if it demonstrates the capability, in a

transmission emergency. The commission must decide by December 12, with a hearing tentatively set for November 9. Vistra's timeline is unchanged, and on October 15 it redeemed its \$1 billion, 8 percent preferred stock, removing \$80 million of annual dividends.^{27,28}

ERCOT's Backing Makes a 2027 Comanche Peak Start More Likely

Regulatory and commercial milestones for Vistra's 1,200 megawatt arrangement with Amazon

filled marker: completed; open markers: pending



Sources: ERCOT study and PUCT procedural schedule, docket 59399, October 2026; Vistra disclosures on delivery timing and free cash flow uplift at full utilization.

*A recommendation precedes an approval, but it was the step the market had the least visibility on, and it came with conditions Vistra can meet.*²⁷

We still rank Constellation ahead. The recommendation argues against a cancellation thesis and lowers the regulatory discount on Vistra, but Constellation's signed twenty year contract with Google offers the longer contracted runway with less Texas-specific regulatory exposure, and we continue to see the better return for the risk there. Final approval and confirmation of the 2027 start would narrow that gap; the statewide Texas data center audit is still pending. Vistra closed Friday at \$152.02 and Constellation at \$271.37.^{29,1,49}

MODEL LAYER

Open Weights Commoditize the Model Value Pools at Distribution and Hardware

The model layer is commoditizing faster than the market priced a year ago, and value is pooling at the two ends of the stack where we are positioned. Alibaba's Qwen models were downloaded about 231 million times from Hugging Face in the thirty days to October 15, more than every U.S. open weight developer combined, and open source inference is growing faster than either frontier laboratory. When models are cheap and interchangeable, the customer relationship becomes the scarce asset, which favors the companies that already have the users, and every model still runs on accelerators. The Treasury Secretary's description of Chinese open models as industrial distillation, one of which tells users it is Claude, shows how quickly frontier capability leaks.^{30,31,16,32}

This is why we hold Alphabet, Meta, Amazon and Microsoft at the top of the stack and Nvidia, TSMC, Broadcom and Marvell at the bottom, with no standalone model company. In September we wrote that with four laboratories at parity the chips get paid and the models do not; the download data extend that to the open weight layer. The risk we watch is the opposite outcome: two laboratories dominating the layer and keeping the margin that would otherwise flow to hardware and distribution.^{30,16,1}

Model Downloads Say the Model Layer Is Commoditizing

Hugging Face downloads by developer, 30 days to October 15, 2026, millions; Chinese developers in dark bars



Source: Hugging Face Hub API via Social Capital, October 15, 2026; official repositories only, text and image-to-text models, excluding community re-uploads.

Distribution of open weights has concentrated in China while the revenue from running them accrues to the clouds and chipmakers that serve the tokens; our holdings are built around that split.³¹

ORBITAL COMPUTE

Star Mind Matters More Than the Roadster

Orbital Compute Is the Thesis; the Car Is Marketing

Star Mind matters more to our thesis than the Roadster. Thursday's reveal near Waco showed a car with ten cold gas thrusters that reaches 60 miles an hour in about a second, with production promised for 2028, nine years after the concept; Tesla fell 2.1 percent Friday to \$354.72 and SpaceX 1.7 percent to \$146.03 as merger speculation revived.^{33,49}

The substance came away from the stage. SpaceX and Nvidia are co-engineering Star Mind, a computer for data centers in orbit that SpaceX says reaches volume production next year, and Nvidia's chief executive called space data centers a new market the two will explore together. SpaceX also agreed to acquire a nationwide low band spectrum portfolio it says will make Starlink a major U.S. mobile carrier. Orbital compute with a captive launch provider and a direct to device network is the infrastructure layer we described when we set out the thesis. We suspect Tesla will be folded into SpaceX before long, for reasons of synergy and of shareholder governance, which in practice means consolidating control of both companies under one capital structure. Tesla remains a smaller position, and we would evaluate any combination on its terms when one is proposed.^{33,40,1}

THREE CURRENTS

What's Actually Moving

1. Past streaks like this bounced hard; whether the bounce held depended on demand.

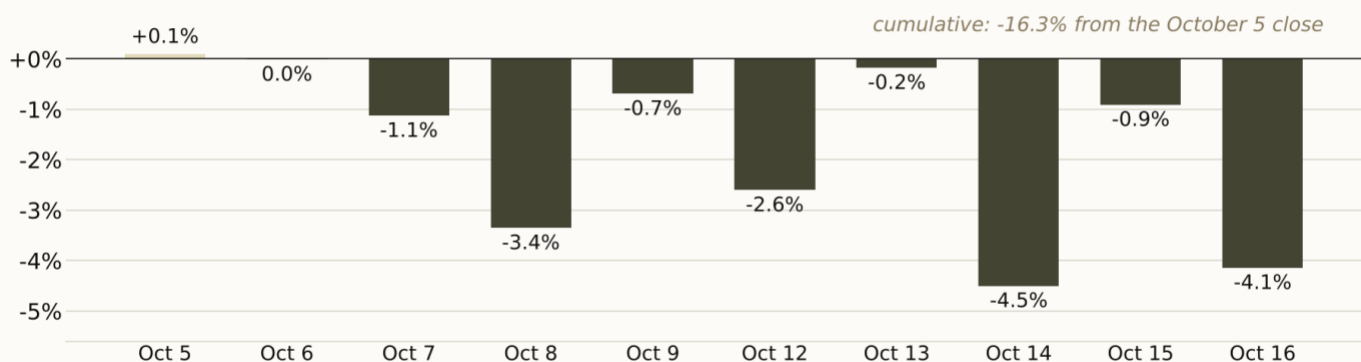
Through Thursday the semiconductor ETF had fallen eight sessions in a row for the first time since 2010; in the seven prior cases since 2001 it was higher two days later every time, by 3.7 percent on average. Friday's 4.1 percent decline broke that record and extended the streak to nine. The closest analogs, September 2002 and October 2008, rallied 10 to 20 percent within three days and then fell by a third to mark the lows of their bear markets. Korea's KOSPI fell more than 20 percent in seven sessions, seen only in 1997, 2008 and 2020, each followed by a two week rally. Whether the bounce held in those cases depended on whether end demand was collapsing. In 2002 and 2008 it was. This week the equipment maker at the front of the supply chain said it cannot meet demand two years out.^{3,38,14,4}

2. Palo Alto's 7.6 percent drop is the market pricing the middleman problem we described.

Palo Alto Networks closed Friday at \$342.00, down 7.6 percent on the day and 18 percent on the week from an October 6 high of \$419.91, after an actively exploited vulnerability that the federal cybersecurity agency ordered patched by Saturday, a valuation downgrade at roughly 97 times earnings, and a Wednesday report of an OpenAI cybersecurity agreement that pulled Palo Alto, CrowdStrike and Fortinet lower; SentinelOne fell 9 percent and Zscaler 6 percent on Friday. We wrote last week that security vendors sit between the model providers and the customer. The market is beginning to share our reading: competition from hyperscalers and laboratories and margin compression from model and compute tolls, set against an attack surface that keeps expanding. We do not own a security vendor.^{39,1}

Nine Straight Semiconductor Declines Read as Forced Selling

iShares Semiconductor ETF (SOXX), daily percent change, October 5 to October 16, 2026



Source: StockAnalysis.com, SOXX daily closes; Barchart, October 15, 2026, on the eight session streak through Thursday as the longest in 16 years.

The two largest daily losses came on the days the hedge fund selling and the CoreWeave bond repricing were reported, with no change in any chipmaker's outlook; that timing is the signature of position-driven selling.^{3,4}

3. We are evaluating UnitedHealth as a second platform exposure in health care.

AI-driven acceleration in biologics, the shift we described last week with Lilly, is likely in our view to have existential effects on biotechnology, medical devices, pharmaceuticals and health insurers, as the same

capabilities have had on software. In software we own platform beneficiaries and the companies that sell to every combatant; in health care Lilly is the platform beneficiary, and we are evaluating UnitedHealth, the largest insurer, as the seller of tools to a battleground every drug and device company will have to fight on. The evaluation has reached no decision. UnitedHealth closed Friday at \$401.43, up 5.8 percent on the week and still about 36 percent below its record, among the drawdown names the rotation has begun to reach; Lilly rose 6.6 percent to \$1,257.03.^{40,1,8,49}

PORTFOLIO IMPLICATIONS

Current Exposures

- › **NVDA / TSM** The two largest positions. Both fell with the group in the week TSMC raised its outlook and ASML said it cannot meet 2027 and 2028 demand. Nvidia closed Friday at \$214.13 and TSMC at \$412.61.^{50,14,49,48}
- › **SNDK / LRCX** Larger positions on the memory shortage, and the part of the book most exposed to the forced selling in The Lead: SanDisk fell 18 percent on the week to \$1,299.30 and Lam 17 percent to \$263.94, with no change in the demand readings.^{2,14,49,48}
- › **GOOGL / META / AMZN / MSFT** Larger positions. The distribution end of a commoditizing model layer; Microsoft's revenue per dollar of capital spending framing sets the standard for the reports beginning this month.^{30,18,48}
- › **MRVL / AVGO** Larger positions. Custom silicon and optics are where open weight inference volume lands regardless of which model wins; both fell with the semiconductor streak. Marvell closed at \$227.83 and Broadcom at \$328.75.^{16,49,48}
- › **GEV / VRT / PWR / VST** Vertiv is among the largest positions. ERCOT's recommendation reduces the project-specific risk in Vistra, our generation exposure; Constellation remains the name we judge better on contracted runway.^{27,28,29,48}
- › **ORCL** One of the smaller positions, deliberately, because it is the closest thing we own to a neocloud. The week's bond repricing is the risk we accept there; no cancellation or renegotiation with OpenAI has been disclosed. Oracle closed at \$128.23.^{20,26,49,48}
- › **PLTR / AXON** Palantir, a larger position, and Axon, a smaller one. No change in thesis; Palantir fell 11 percent to \$186.03 with the software group, and Axon's third quarter test stands.^{1,49,48}
- › **TSLA** A smaller position. The Roadster is a demonstration; Star Mind and the spectrum purchase are the substance, and both sit at SpaceX, where we suspect Tesla will eventually be folded in. Tesla closed at \$354.72.^{33,49,48}
- › **LLY / MCK / AXP** The deliberate diversifiers, and the part of the book the rotation reached: Lilly rose 6.6 percent. UnitedHealth is under evaluation beside it.^{40,49,48}
- › **APH / LITE / UBER / TXN** No change in thesis this week. Texas Instruments reports on October 21, the first read on the analog cycle this season.⁴⁸

POSITIONING · OCTOBER 20, 2026

The week's through line: leveraged books came out of the AI infrastructure names, semiconductors fell nine straight sessions, and breadth improved while the index fell. Every demand reading pointed up and every financing reading pointed down; the market moved the next Fed hike to December; ERCOT recommended approval of Comanche Peak. We made no changes. We own the chips, memory, optics, power and distribution platforms the demand draws on, hold Oracle small because of its financing exposure, and are evaluating UnitedHealth as a second health care platform.

Where caution is warranted

- › **The first bounce after a streak like this has not always held.** The 2002 and 2008 analogs rallied 10 to 20 percent and then fell by a third; positioning can take longer than a week to clear, and Friday showed it had not.^{38,3,4}
- › **Our attribution of the week to leveraged books is an inference.** The 13F describes holdings as of June 30, the fund sold that book in July, and the direction of its reported September option positions is not public; we have not verified any current position.²
- › **The credit test is at its threshold.** The high yield spread was 3.23 percentage points on Thursday against the 3.24 level we set; a second reading past it would change our view.⁴
- › **Neocloud credit can affect Nvidia's order book before it affects demand.** CoreWeave is reported at roughly 8 percent of Nvidia's GPU sales; a financing failure would move volume between customers and could delay it in the process.²⁵

WHAT WOULD CHANGE OUR VIEW

- › **High yield spreads close past 3.24 on a second reading.** The credit test we set two weeks ago fails; Thursday's 3.23 is one basis point short.⁴
- › **GPU rental prices turn down while capacity additions continue.** The first sign of a compute surplus, which the current readings do not show.¹⁵
- › **A hyperscaler cuts its 2027 capital spending plan.** Demand from a cash-funded buyer, rather than a debt-funded one, would be in question.^{18,19}
- › **The PUCT denies or materially restricts Comanche Peak.** The regulatory risk we accept in Vistra returns in full.²⁷
- › **Anthropic's public filing shows growth well below the reported figures.** The strongest demand reading of the week would be weaker on a stated basis.¹²

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

› **The market moved the next Fed hike from October to December.** September CPI was 3.7 percent against 3.6 expected, core 2.6 against 2.5; October odds rose to about one in two and fell to 17 percent by Friday after the Chair declined to signal, while December held at 89 percent.^{34,4}

› **Goldman upgraded both stocks and bonds on Monday.** Equities to overweight over three months and bonds to overweight over twelve, on supportive earnings growth and a valuation reset that improved the asymmetry into third quarter results.³⁶

› **Yields have peaked once the data confirmed the peak in core inflation.** Goldman's study of past cycles; the forward market prices 2027 CPI near 2.5 percent, and the ten year fell from 5.33 percent on Wednesday to 5.09 by Friday.^{35,4}

› **Russia will supply diesel to the United States and global markets.** President Trump announced the agreement on October 9; U.S. diesel averaged \$6.18 a gallon on October 12 against \$3.48 at the start of the year.⁴¹

› **Chartering a tanker now costs more than launching a rocket.** A U.S. to China voyage costs about \$80 million against \$74 million for a Falcon 9 launch; the same sum would have bought a near-identical tanker outright earlier this year.⁴²

› **AI construction is now visible in payrolls.** Specialty trade contractors, electronics manufacturing and power generation added almost 20,000 jobs a month in September, from flat a year ago; initial claims were 199,000.^{37,4}

› **OpenAI released 722 AI-generated mathematics papers in one day.** An NYU professor said the release wiped out whole research programs; 25 Fields Medalists signed a letter of protest.⁴³

› **OpenAI warned staff about honeypot spies.** The guidance covers romantic approaches, cash offers and strangers at playgrounds, as AI laboratories and foreign intelligence services trade secrets.⁴⁴

› **Google cut quantum error rates forty-fold with a new technique.** Magic state cultivation on the Willow chip reached 99.99 percent fidelity, addressing a resource that some estimates said would consume 95 percent of a quantum computer's capacity.⁴⁵

› **A rumor that an AI hedge fund had failed circulated and was denied within hours.** The VARA fund was reported to be doing fine and neither shut nor failed; the episode shows how sensitive the market has become to leverage in AI names.⁴⁶

› **Digital assets rose faster than equities in the third quarter.** The CoinDesk 20 index gained 52.7 percent and bitcoin 42.8 percent to \$83,570, and bitcoin held near \$81,400 through this week's decline; bear markets rarely begin with speculative assets recovering.^{47,4,11}

LEGAL DISCLOSURE

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