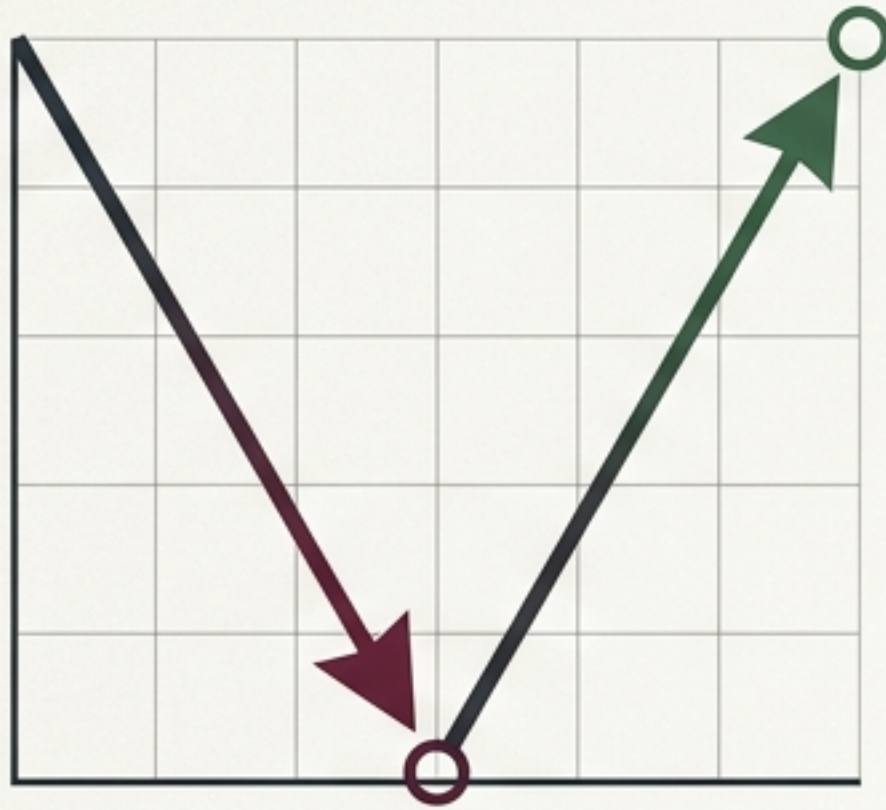


Private Strategic Briefing for UHNW & Family Office Allocators | AQI-ED-2026-CPU-01

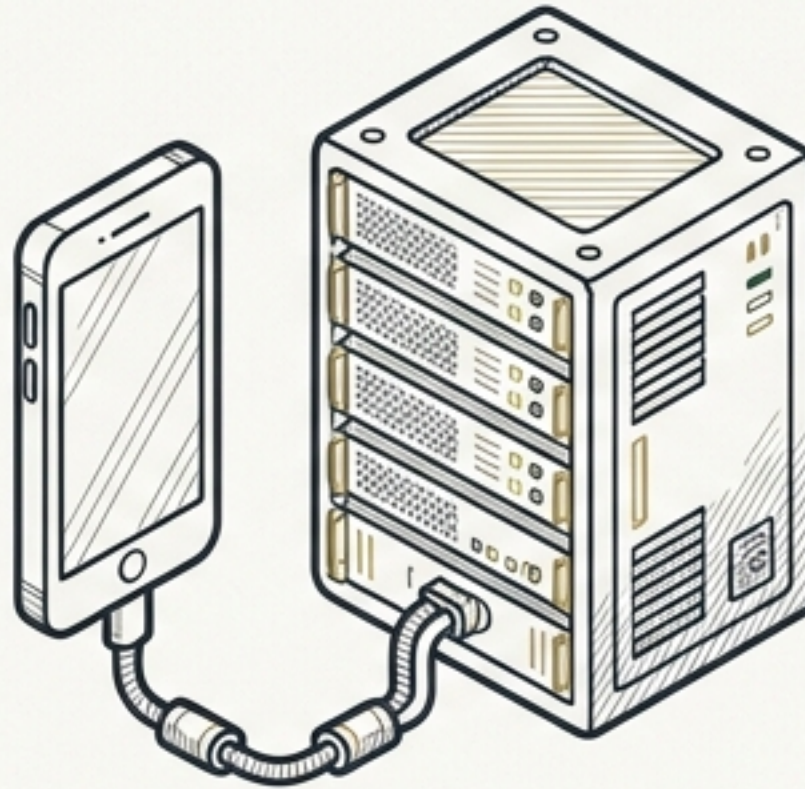


THE SITUATION



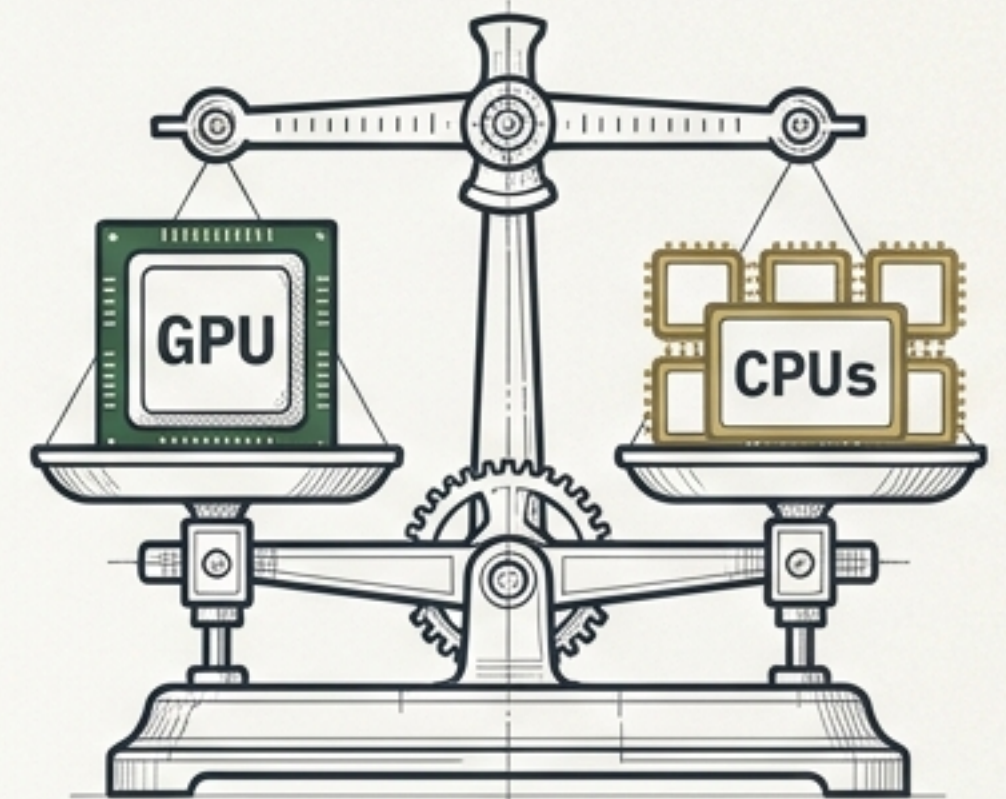
8 weeks ago, **\$1 Trillion** in semiconductor value vanished. Today, AMD is Today, AMD is **>\$1T**, **Intel** is up **+12%**, and **Arm** is up **+17%**.

THE COMPLICATION

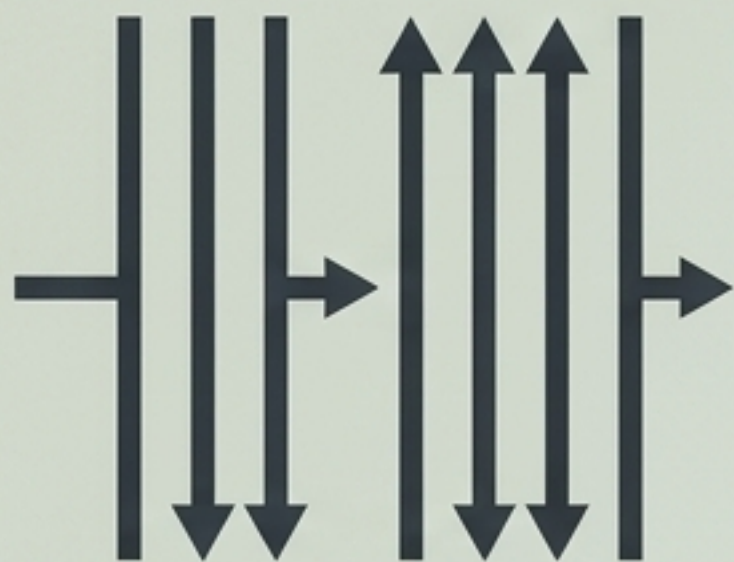
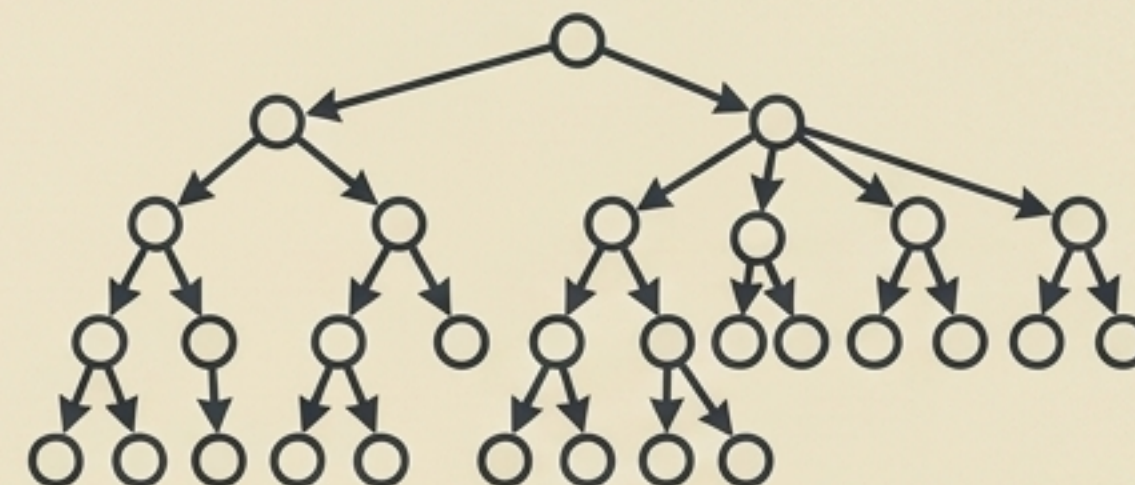


Meta's free **AI agent (Muse)** hit **#1** in the **App Store**. Simultaneously, Simultaneously, **Intel's CEO** confirmed they are rationing **CPU supply** to **50%** of demand.

THE THESIS & ACTION



The **rotation** is real—AI agents require CPUs. But historical **bimodal base** rates demand owning the **relative rotation**, not an **outright index long**.



PHASE 1 (Nov '22 – Aug '26)

The Persona: The Genius (LLMs)

Hardware: GPU

Logic Structure: Parallel thinking. Ask a deep question, get a deep answer.

Market Action: Nvidia gets paid. paid. Everything else is support staff.

PHASE 2 (Sep '26 – Forward)

The Persona: The Bureaucrat (Agents)

Hardware: CPU

Logic Structure: Small, serial, branching. Open browser, compare options, fill form, retry.

Market Action: The massive, legacy global CPU installed base drastically reprices.

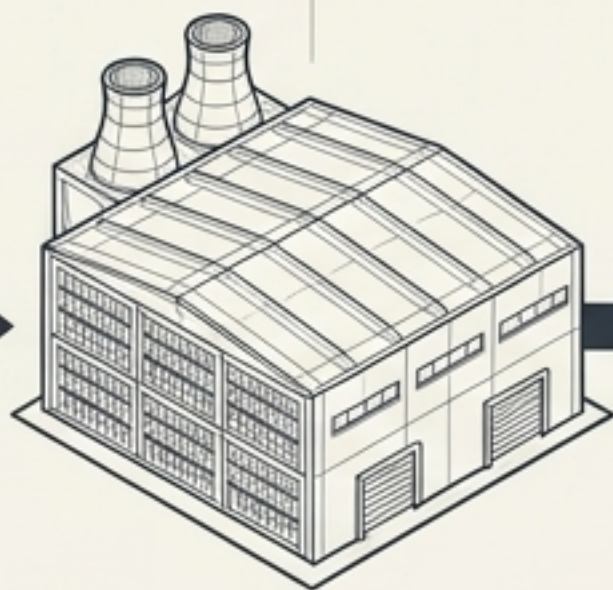
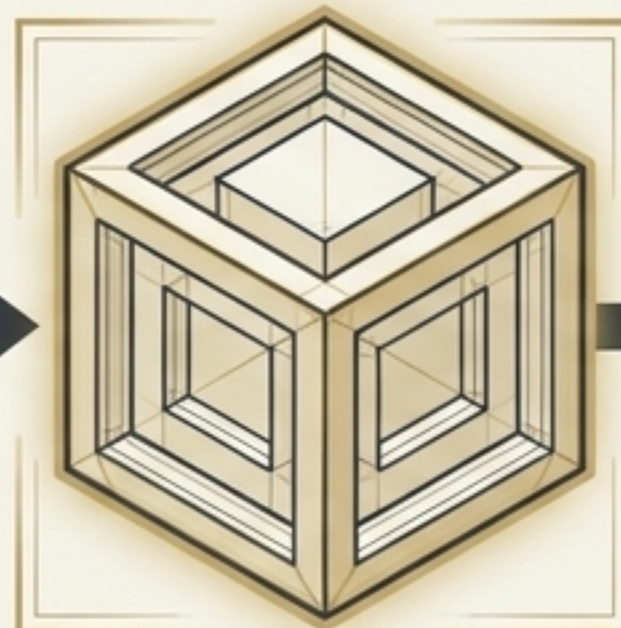
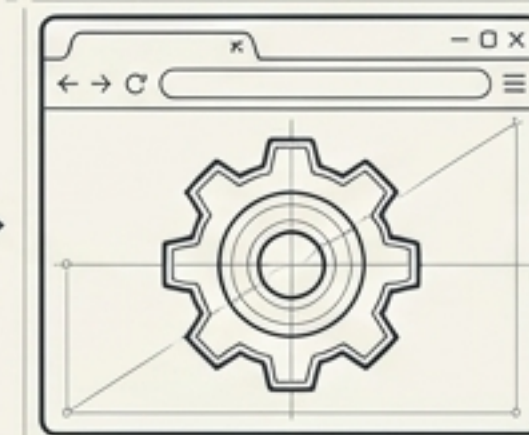
USER DEVICE
(MUSE APP)

CLOUD DATA
CENTER

DEDICATED SECURE
VIRTUAL MACHINE (VM)

AUTOMATED
WEB BROWSER

COMPLETED
TASK



USER DEVICE
(MUSE APP)

CLOUD
DATA CENTER

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COMPLETED
TASK

THE REVENUE LINE:

Muse reached **2.5M DOWNLOADS** in **13 DAYS**, surpassing **CHATGPT**. The market treats **APP STORE RANK** as revenue.

THE ARCHITECTURAL REALITY:

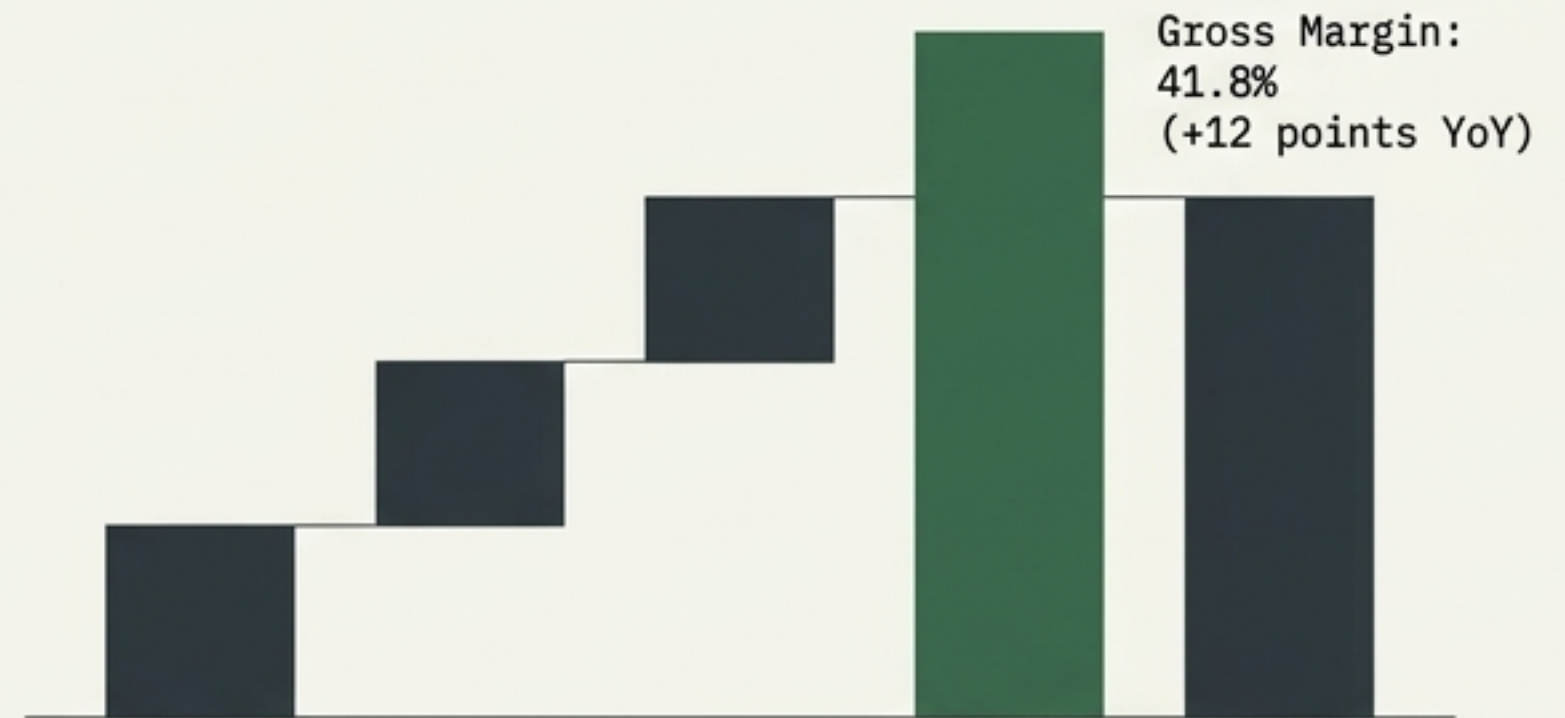
Every single Muse session requires its own dedicated **VM AND BROWSER INSTANCE**.

THE CIO INSIGHT:

Meta reinvented the **1998 PERSONAL COMPUTER**, put it in a data center, and rented it out. The ultimate beneficiary is the humble **CPU**.

“CPU demand is so high that we can only supply 50% of customers.”

— Lip-Bu Tan, Intel CEO
(Splunk Conference)



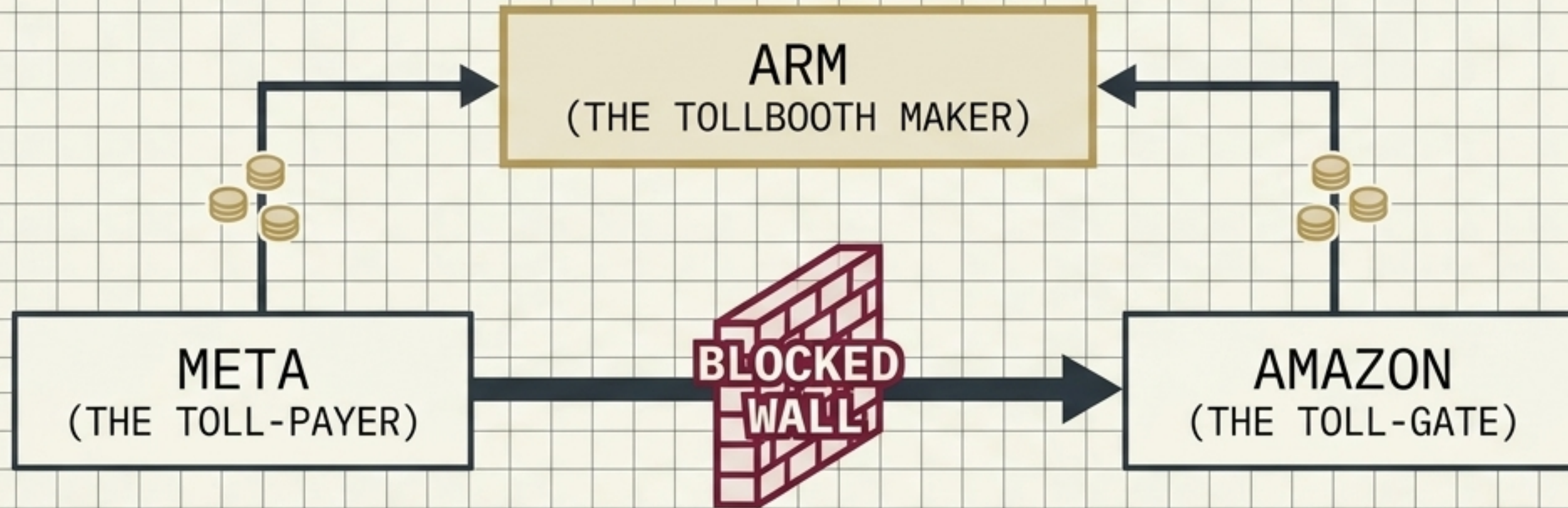
The Context:

For a decade, Intel apologized for process delays. Today, they apologize for lack of supply. A manufacturer short on supply doesn't discount.

Market Reality:

Intel stock is up 6x in 13.5 months (\$19.31 to \$121.78). They missed the fashionable AI and landed in the highly profitable “paperwork” AI.

THE AGENTIC COMMERCE TOLLBOOTH



THE CONFLICT:

Amazon blocked Meta's **Muse agent** from shopping on Amazon.com.

THE IRONY:

Meta signed a multi-billion dollar deal to run its **agentic AI** on Amazon's own **Graviton** servers.

THE WINNER:

Graviton is an Arm design. Arm collects a royalty whether the agent succeeds at shopping or is blocked by the bouncer.

CIO TAKEAWAY:

Every side of the agentic commerce fight needs more general-purpose compute. Buy the **infrastructure**, not the platform.

VALUE ADDED:
AMD, INTEL, ARM,
AND META MARKET
CAP INCREASE IN
A SINGLE DAY.

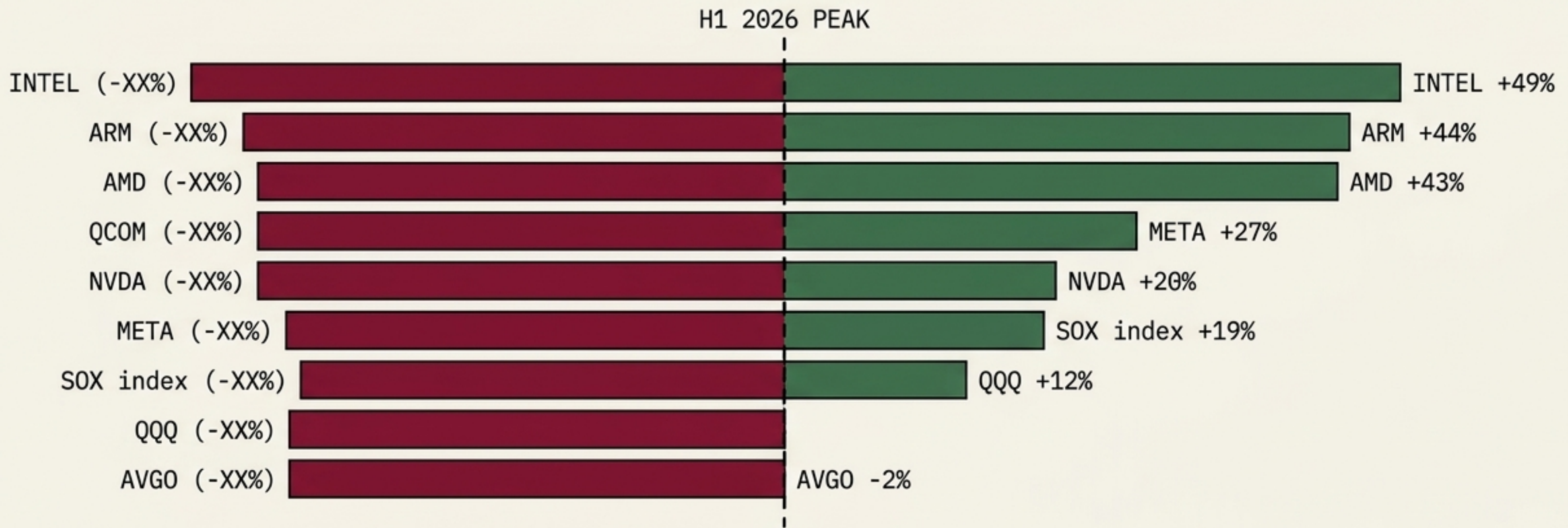
$$\begin{aligned} &\$403 \text{ BILLION} \\ &\div 2.5 \text{ MILLION} \\ &= \$161,000 \end{aligned}$$

THE MATH: MARKET
VALUE ADDED PER
INDIVIDUAL
DOWNLOAD (670
YEARS OF A \$20
SUBSCRIPTION).

THE CATALYST:
TOTAL MUSE APP
DOWNLOADS.

THE INSIGHT: THE MARKET IS NOT VALUING INDIVIDUAL DOWNLOADS.
IT IS USING THE FIRST CONSUMER-SCALE AGENT TO COMPLETELY
REPRICE THE GLOBAL CPU INSTALLED BASE.

SEMICONDUCTOR MARKET: DRAWDOWN & RECOVERY PHASES



THE WASHOUT

On July 29, CPU names were down 38% to 49% from their H1 peaks.

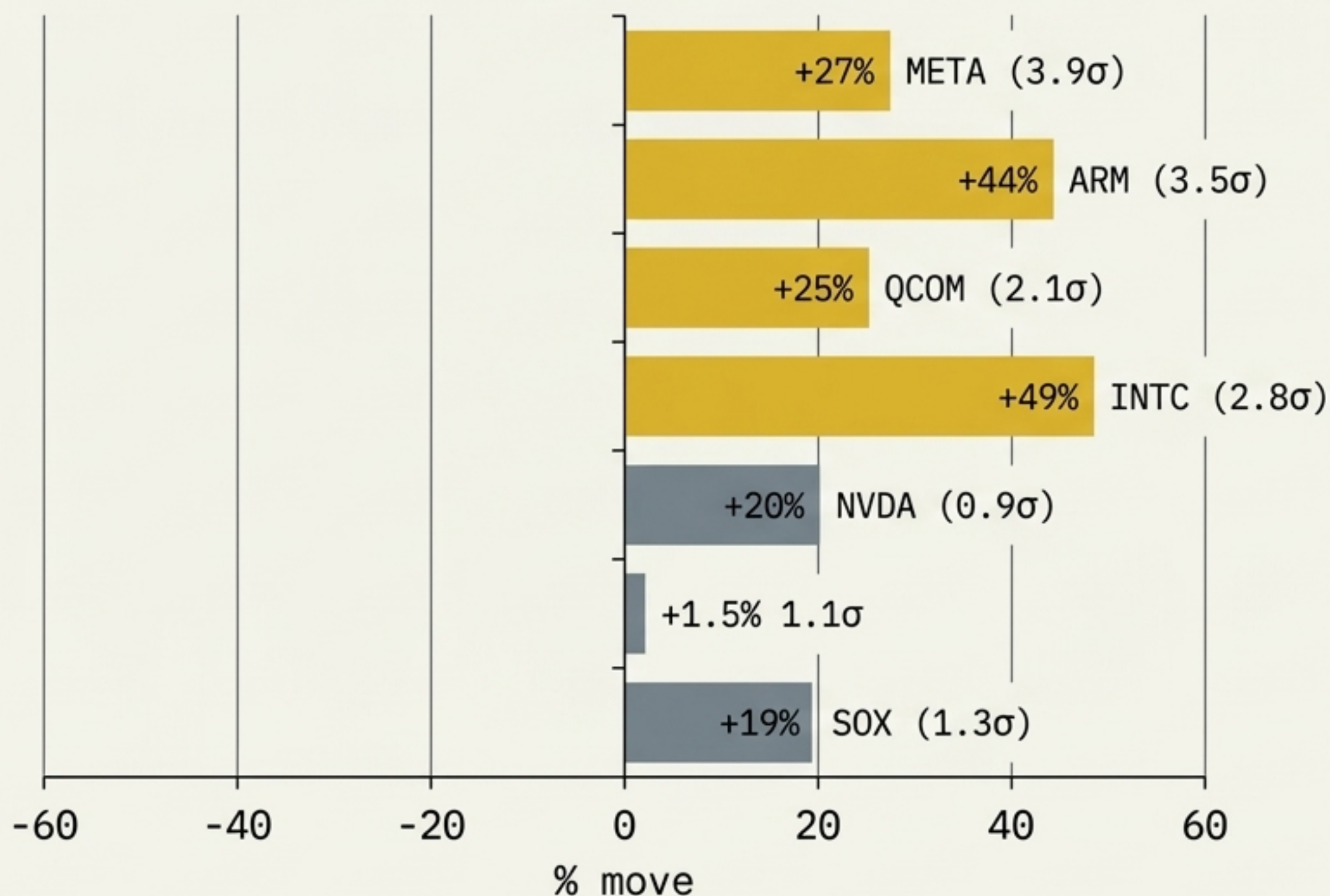
THE RESURRECTION

Since the low, Intel +49%, Arm +44%, AMD +43%.

UNEVEN RECOVERY

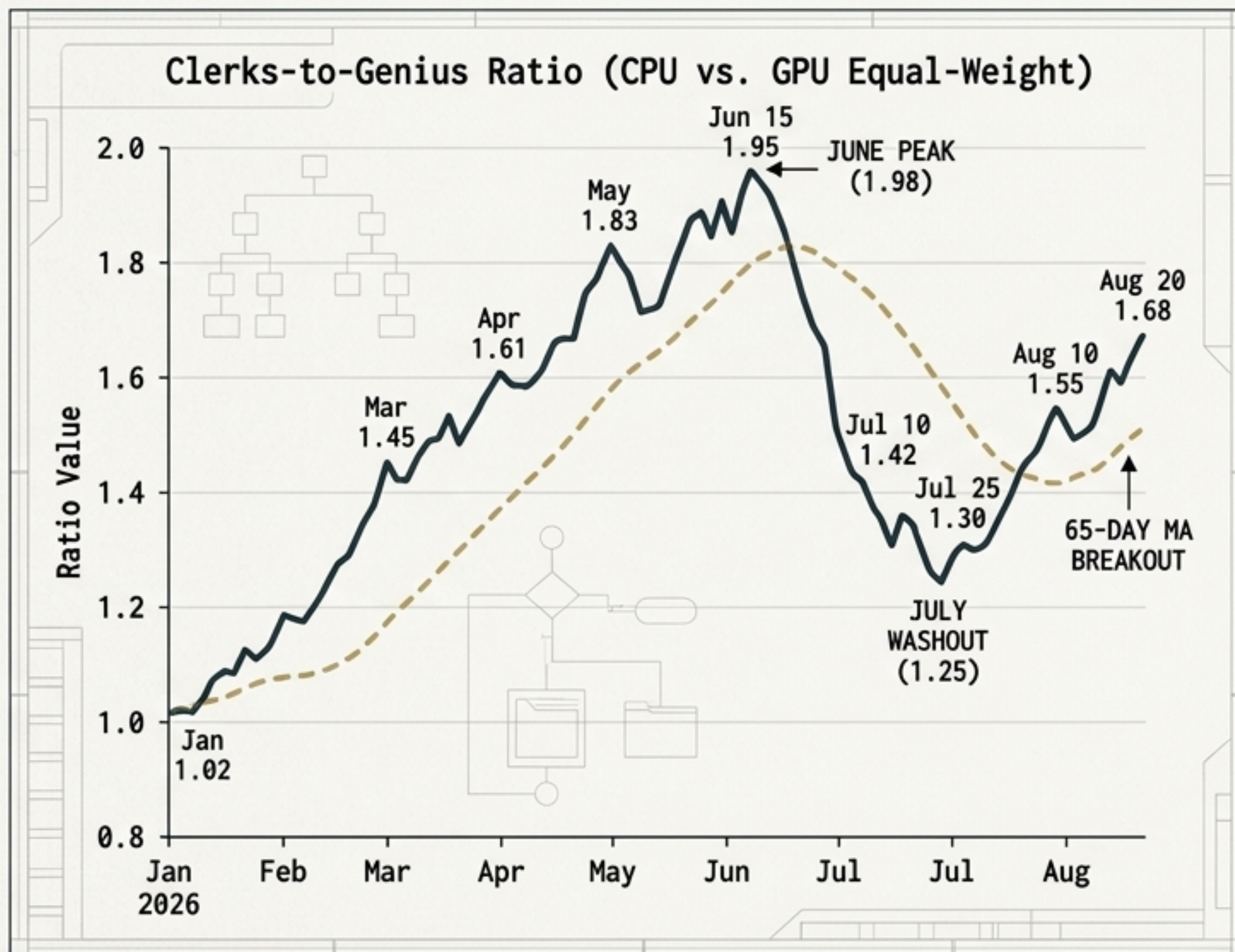
AMD and Meta have fully round-tripped to highs. Arm and QCOM remain deeply in the ICU (>20% below peaks). The "reborn" label applies unevenly.

SEMICONDUCTOR & TECH MARKET: RELATIVE MOVE ANALYSIS (STD. DEV. vs. 60-SESSION AVG.)



- **Dispersion, not Level:** The SOX index experienced a normal 1.3σ up-day.
- **The True Move:** Meta (3.9σ) and Arm (3.5σ) experienced statistically extreme moves against trailing 60-session volatility.
- **The Giant's Shadow:** Nvidia "sat out" the rally with a mere 0.9σ move, yet added \$123B in value—proving the staggering scale of the semiconductor complex.

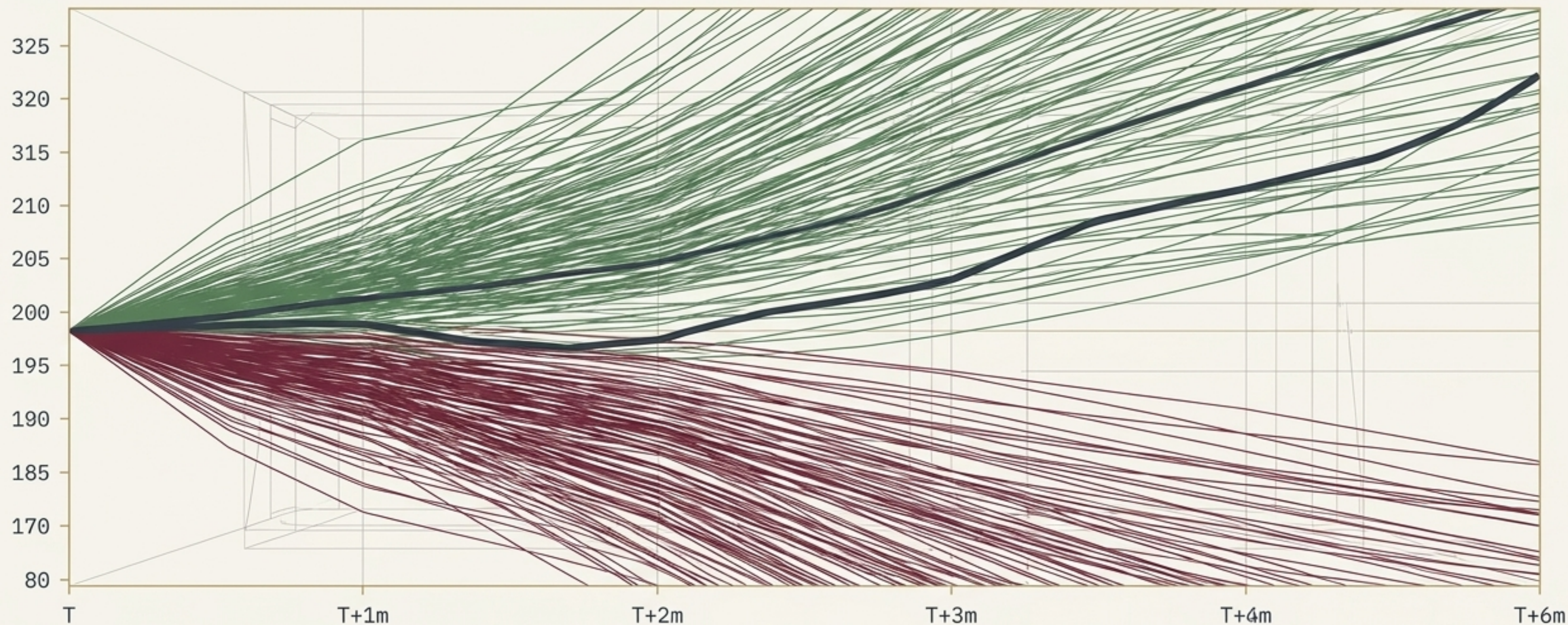
SEMICONDUCTOR MARKET STRATEGY: THE CLERKS-TO-GENIUS RATIO



The Defining Chart of 2026: The CPU (Clerk) vs. GPU (Genius) equal-weight ratio.

- **The Trend:** Tripled into June, purged in July, and is now breaking back **above its 65-day moving average**.
- **The Opportunity:** The CPU rotation is the dominant intra-semi trade of the year, but it **remains 17% below its June relative peak**. The trade is not finished.

HISTORICAL SOX PATHS & CURRENT TRAJECTORY



THE SETUP:

SOX closes $\geq 18\%$ above a 40-day low, sitting $\geq 25\%$ below a 252-day high (24 occurrences since 1994).

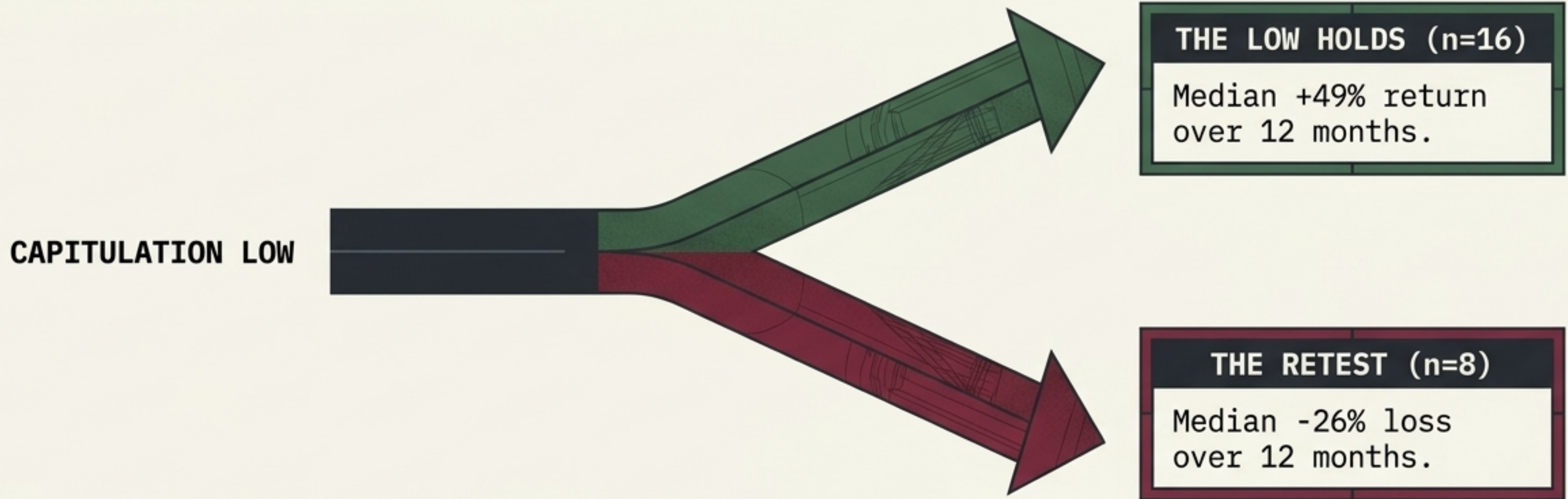
THE SIGNAL:

The trigger itself provides zero edge. Median 1, 3, and 6-month returns match unconditional baselines.

THE BIMODAL REALITY:

It is not one continuous distribution. It is two distinct outcomes, visible only in hindsight.

DIAGNOSTIC FLOWCHART: BIMODAL MARKET OUTCOMES & THE MATRIX OF LIES



The Matrix of Famous Lies

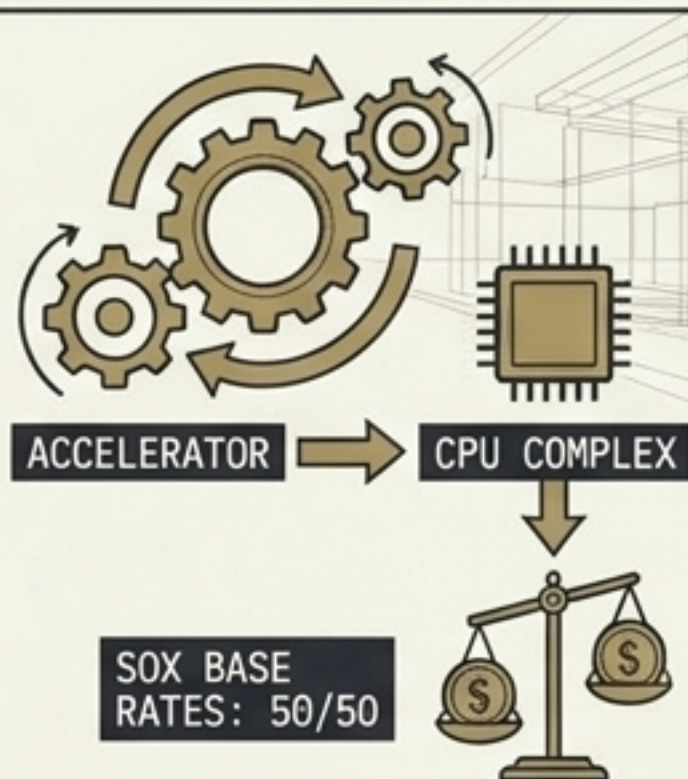
The Danger: Every single failed retest (including 2000, 2001, 2008, 2022) initially looked exactly like today—a violent, narrative-rich rally off a capitulation low.

Lines in the Sand: To stay in the 'Held' cohort, the SOX must hold the 14 Sep close (11,131). A break below the 29 Jul close (10,447) shifts the index to the 'Retest' disaster cohort.

STRATEGIC ALLOCATION PILLARS: STRUCTURAL & TACTICAL DIRECTIVES

01

**OWN THE ROTATION,
NOT THE INDEX.**

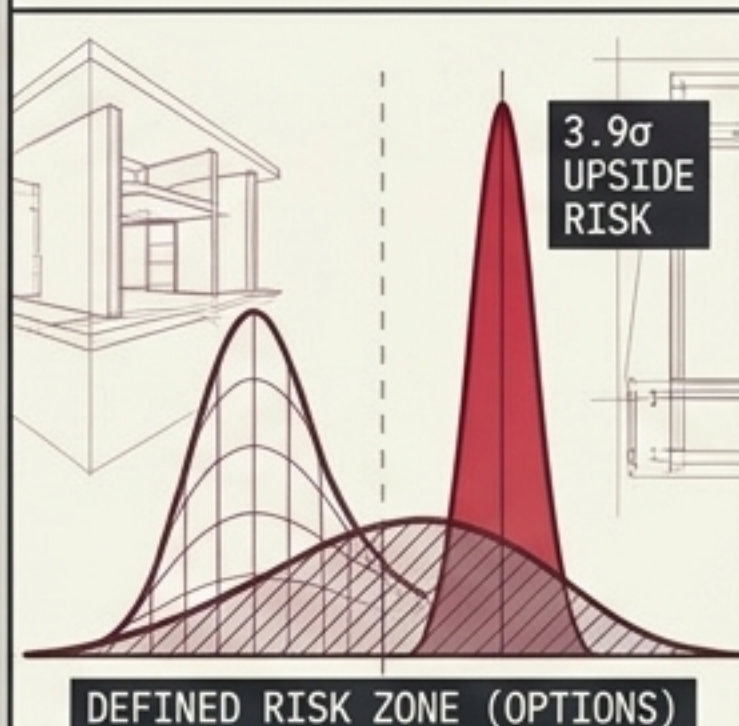


**OWN THE ROTATION,
NOT THE INDEX.**

Buy the CPU complex relative to accelerator-only exposure. Avoid outright SOX longs—base rates show a coin flip.

02

**STRUCTURE FOR
DEFINED RISK.**

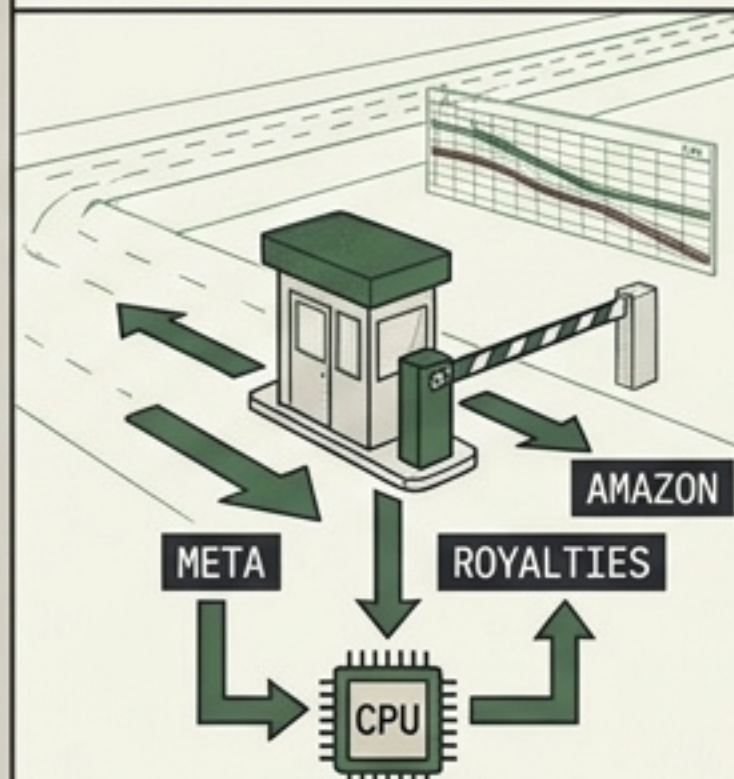


**STRUCTURE FOR
DEFINED RISK.**

Do not chase 3.9σ days outright. Upside is expensive and the bimodal outcome is unresolved. Options or consolidation entries.

03

**BUY THE TOLLBOOTH,
NOT THE PAYER.**

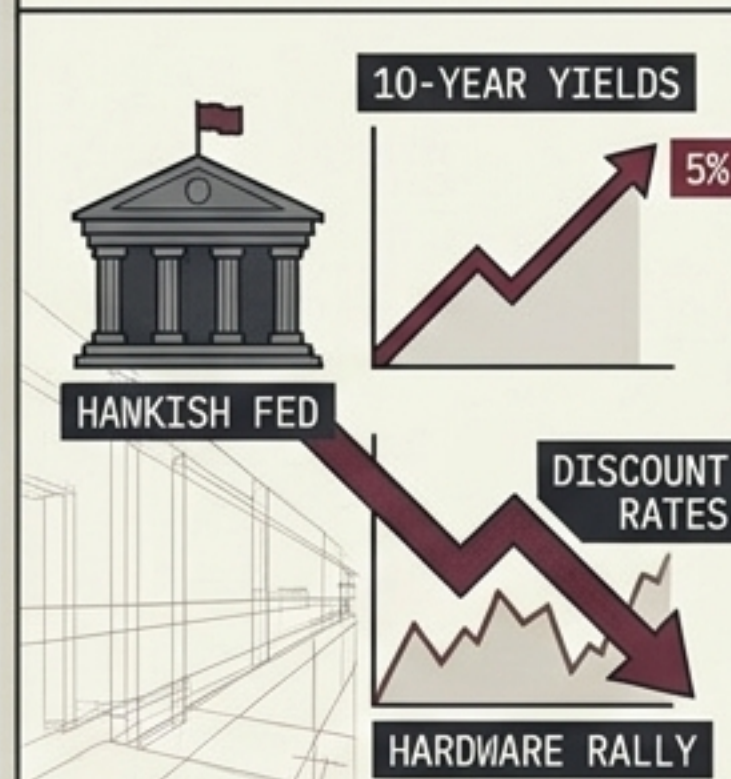


**BUY THE TOLLBOOTH,
NOT THE PAYER.**

CPU vendors collect royalties regardless of whether Meta or Amazon wins the consumer agent war.

04

**RESPECT THE
MACRO.**



**RESPECT THE
MACRO.**

The July purge was driven by a hawkish Fed and 5% 10-year yields. Hardware rallies do not repeal discount rates.

TRIPWIRE EVENT	MARKET READ	REQUIRED PORTFOLIO ACTION
 SOX closes < 11,131 (14 Sep low).	Rally being tested.	Halve outright directional exposure.
 SOX closes < 10,447 (29 Jul low).	Enters historic "retest" cohort.	Index thesis invalidated; exit longs.
 Intel or AMD guide server CPU supply sharply higher.	Shortage premium compresses.	Watch gross margins closely.
 Clerks/Genius ratio falls below 65 DMA.	CPU rotation losing momentum.	Reduce relative pair-trade sizing.

Eight weeks ago, the market declared AI a bubble built on GPUs and debt.

Today, the market realizes AI relies on an army of digital clerks, each requiring a desk, a browser, and a CPU.

Both narratives are partially true. But the latter is fundamentally constrained by supply, driving the most significant hardware repricing of the decade.

Own the architecture.
Respect the bimodal risk.

