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Dear investor friends, good Tuesday morning, everyone!



I'm Audrey Lim, the person you all know as "The Golden Envoy."

I'm so glad to be with you all again, and I'd especially like to welcome the new friends who have recently been joining the Cohort 7 education group. 😊

Today, I'd like to hand the class over to a professional with a very distinctive personality.

He pursues speed, yet holds system reliability to strict standards.

He craves victory, yet won't allow confidence to replace evidence.

He is very tough on judgment that lacks rigor, but with people who are willing to learn in earnest, he has a surprising amount of patience.

That professional is Nathaniel Isaac Rosenfeld, Chief Technology Officer & Director of Digital Asset Investments at Eonvera Capital.

Within the company's professional culture, everyone calls him "The Alpha General."

Today, he'll take us from U.S. stock market action into semiconductors, how capital moves, market risk, and the intelligent research methods of EONVERA ADI.

Next, I'll turn the floor over to Nathaniel. Let's welcome him! 👏

Nathaniel 2

Thank you, Audrey, and hello to all of you, my friends!

I'm Nathaniel Isaac Rosenfeld. You can call me Nathaniel, or you can call me "The Alpha General."

Someone hearing that title for the first time might think I love to go on the offense.

That's right! I love looking for opportunities, and I believe strong research and technology can create an investment edge.

But I want to tell you this:

Alpha doesn't simply mean high returns, and it certainly doesn't mean that every trade will turn a profit!

The Alpha truly worth studying is excess performance that still exists relative to an appropriate benchmark, after accounting for risk factors.

And an edge on paper must also hold up under transaction costs, liquidity, and real-world execution conditions.

I spent many years studying financial data, trading infrastructure, and complex systems engineering.

Those experiences taught me that judging the direction is only the first step. Whether you can execute sensibly, control losses, and keep the ability to adjust when your judgment is wrong matters just as much.

Today, I won't test you with complicated formulas.

I want to take you along as we break down the market, look for opportunities, and spot the risks dressed up as opportunities!

Nathaniel 3

Friends, I was born in an industrial community in western Pennsylvania.

As a child, I watched with my own eyes as changes in the

steel industry affected the incomes of everyday families.

For some people, an economic crisis is just a number in the news. For other families, it can mean not being able to pay next month's bills.

I don't like that sense of helplessness!

Later, I studied computer science at Carnegie Mellon University and researched failures, latency, and resilience in complex systems at MIT.

Gradually, I came to understand this: a truly strong system isn't one that never fails. It's one that, when failure happens, can still contain the consequences and get back up and running.

In 2022, I joined Eonvera Capital, working alongside Dr. Campanelli and the technology team to advance the engineering buildout of EONVERA ADI.

The company is located in Greenwood Village, Colorado. Audrey likes to describe it as "Wall Street at the Foot of the Rockies."

At Eonvera, we use ADI as the core support for our research, connecting financial data, mathematical models, advanced computing, and independent risk governance.

The market won't change because we're angry, and the world won't progress because we wait!

Real strength is seeing the rules clearly, building capability, and acting decisively when opportunity arrives.

Nathaniel 4

Now, let's turn our attention to the real market.

On October 26, U.S. stocks bounced back, with the tech sector showing relative strength.

The S&P 500 rose 0.70%, the Nasdaq Composite rose 0.82%, and the Dow rose 0.28%.

But those aren't the numbers I care about most today!

What's truly worth studying is the Philadelphia Semiconductor Index (SOX).

On October 26, the SOX staged a clear rebound of roughly 2.8% or more, outperforming the major benchmark indexes.

However, don't rush to celebrate!

On October 22, the semiconductor sector had fallen 6.72%, going through a clear pullback. A sharp drop and rebound

within such a short period is precisely a reminder that market expectations are shifting.

Can a single rebound prove that the AI supply chain has entered a phase of sustained gains once again?

Of course not!

We also need to study the degree of participation among constituent stocks, earnings expectations, valuation changes, and whether this rally is backed by more evidence from the market.

In the research framework of ADI's Financial World Model, price is only one of the research inputs.

Price tells us what happened. Evidence is what helps us understand why!

Nathaniel 5

Friends, we all know the AI industry is attracting large amounts of capital around the world.

Data centers, GPUs, memory chips, networking equipment, and advanced packaging could all benefit from growing demand for computing.

But I want to challenge a very popular view:

Does growth in the AI industry mean every AI-related stock is worth buying?

Absolutely not!

When a company expands its capital expenditures (CapEx), what that means first is that it's investing more money. Whether that spending can bring in enough revenue, profit, and free cash flow down the road still needs to be verified.

For example, when a cloud computing company increases its data center investment, it may drive order growth for upstream chip companies, but it may also increase depreciation, financing needs, and cash flow pressure.

That's why I focus my research on three things:

Is the order growth sustainable? Can operating profit improve? Can invested capital generate returns above the cost of capital?

Within ADI's research framework, these questions need to be compared against company earnings reports, valuation models, and different growth scenarios.

A technological revolution can create great companies, but market prices determine how much expectation risk

investors have to take on.

Nathaniel 6

Seeing the semiconductor sector rebound so strongly, some people get excited, some feel regret, and some worry they'll miss the next leg up.

I understand that feeling.

But please remember this:

One beautiful green candle is not a complete investment research report!

Judging the quality of a rally requires studying market breadth, relative sector strength, and trading volume structure.

For example, an index can rise because a few large constituent stocks are driving it, or because most stocks are participating together.

These two kinds of gains don't carry exactly the same risk structure.

We also need to watch whether the rally comes with improving earnings expectations, and whether the capital

coming in is sustainable.

If a price increase comes mainly from short-term short covering, it may mean something completely different from rising long-term institutional allocation.

ADI's Financial World Model can provide a multidimensional framework for organizing information for this kind of research, while the Adaptive Model Foundry emphasizes testing whether historical patterns still apply.

I'm not against pursuing opportunities.

What I'm against is mistaking excitement for judgment before you've figured out why prices went up!

Nathaniel 7

Next, let's study an indicator every professional investor needs to understand: the VIX.

It reflects the market's expected volatility over roughly the next 30 days, as implied by the S&P 500 index options market.

Yesterday, the VIX fell to 18.39, down about 5.45% from the previous trading day.

But what I want to stress isn't the number itself.

Does a falling VIX mean the stock market is safe now?

Of course not!

The VIX measures implied volatility at the index level. It can't fully represent the earnings risk of individual stocks, and it can't be used on its own to judge market direction.

A semiconductor company about to report results may face price swings far greater than the overall index.

So we also need to study single-stock implied volatility, options skew, credit spreads, and market liquidity.

Within ADI's risk governance research framework, no single indicator can replace multidimensional risk judgment.

Risk doesn't disappear automatically just because you can't see it for the moment!

Nathaniel 8

Friends, I'd like to ask you all a question.

If a stock suddenly jumps on heavy volume, would you assume a large institution is moving in?

Many people would think so.

But I want to remind everyone:

Volume tells us trading is active, but it can't prove on its own that institutions are net buyers!

Every trade has a buyer and a seller.

We also need to study trade prices, bid-ask spreads, order book depth, and market impact.

For example, a stock may trade on very large volume, but if market depth is thin, a large order can still cause noticeable slippage.

What is slippage?

It's the difference between the actual execution price and the price you originally expected.

I've worked in the trading infrastructure field for many years, and I've come to place more and more importance on one fact:

Getting the direction right doesn't mean you can complete the trade at a reasonable cost!

True Alpha has to be net of transaction costs, and it also has to account for position size, liquidity, and risk budgets.

So when I study an opportunity, I don't just ask whether it

can go up.

I also ask: if our judgment is wrong, can we exit in a reasonable way?

Nathaniel 9

Friends, behind yesterday's semiconductor rebound, there's another piece of background we can't ignore: the U.S. Treasury market.

On October 26, the 10-year U.S. Treasury yield was around 4.99%. That means the cost of long-term capital is still at a level worth watching.

Why do I want to stress this in particular?

Because stock valuations depend not only on how much money a company can earn in the future, but also on how much return investors demand.

All else being equal, the higher the discount rate, the lower the present value of future cash flows tends to be.

For tech companies that depend on long-term growth expectations, this effect can be even more pronounced.

But tech stocks still rebounded yesterday.

What does that tell us? That interest rates no longer have an effect on stocks?

Of course not!

It may be that investors have grown more optimistic about future earnings, or it may be that short-term position adjustments pushed prices to recover. We can't pin down the cause from a single day's move.

Within ADI's research framework, nominal rates, real rates, earnings expectations, and valuation sensitivity need to be studied together.

I don't accept a simple formula like "rates are high, so stocks must fall."

The market is far more complicated than a slogan, and real research means taking a complicated problem apart until it's clear!

Nathaniel 10

Now, let's turn our attention from Wall Street to the Middle East.

At one point, Brent crude was above $112 a barrel, and

yesterday it fell to around $110.

But I want to ask you all a question:

Tensions in the Middle East remain high, so why did oil fall instead?

Because the market trades not only on events that have already happened, but even more on a repricing of future risk!

Recently, there have been new diplomatic mediation efforts between the U.S. and Iran, and the market has begun to reassess the possibility of the conflict easing.

On the other hand, the security of Saudi energy facilities, attacks by Houthi forces, and shipping risks in the Strait of Hormuz still deserve close attention.

That means a drop in oil prices doesn't necessarily mean supply risk has been removed. It may also be that the previously elevated geopolitical risk premium has pulled back somewhat.

What really needs to be studied is how geopolitical risk changes expectations for crude oil supply!

If oil prices stay elevated, airlines, logistics, chemicals, and manufacturing companies may face cost pressure, which

in turn could affect margins and inflation expectations.

In the Scenario & Causal Intelligence research framework of EONVERA ADI, we need to distinguish between different scenarios, such as diplomatic easing, supply disruption, and demand changes, and then study their impact on corporate earnings, interest rate expectations, and the valuations of U.S. stocks.

The market won't declare the crisis over because of one day's decline! Real professional judgment is seeing clearly what has actually changed behind the price!

Nathaniel 11

Next, let's look at gold, silver, and crypto assets.

Based on intraday quotes on October 26, gold was around $4,019 per ounce and silver around $54. Bitcoin was around $79,900 and Ethereum around $2,317.

These aren't final settlement figures taken at a single point in time, so they can't be used directly to judge how each asset moved over the whole day.

But they raise a question well worth studying:

Why might different assets react in completely different ways when they all face the same global uncertainty?

Gold is influenced by real rates, the dollar, safe-haven demand, and capital allocation.

Beyond its status as a precious metal, silver is also affected by shifts in industrial demand.

Bitcoin and Ethereum are more sensitive to leverage, trading liquidity, capital allocation, and regulatory news.

So when you see an asset rise, don't immediately assert that global capital is seeking safe havens.

Within ADI's Financial World Model, we need to identify the main drivers of each of these assets separately, and then study their dynamic relationships with the stock market.

Correlation can offer clues, but it can't automatically prove causation!

Nathaniel 12

Friends, several tech company earnings reports released last night deserve our careful study!

On October 26, Cadence (CDNS), Celestica (CLS), Rambus

(RMBS), and Amkor (AMKR) reported third-quarter results one after another.

Let's start with a few numbers worth noting!

Cadence: Quarterly revenue was about $1.633 billion, its full-year revenue growth outlook was raised to about 21%, and its backlog reached $8.2 billion.

Celestica: Quarterly revenue was $5.83 billion, up 83% year over year, and adjusted earnings per share reached $3.30.

Rambus: Quarterly revenue was about $218 million, up about 22% year over year, a quarterly revenue record.

Amkor: Quarterly revenue was about $1.991 billion, and gross margin improved from 14.3% a year earlier to 18.3%.

It looks like the operating results across the AI and semiconductor supply chain are quite impressive!

But I want to ask you all: does rapid revenue growth necessarily mean a stock is worth buying?

Of course not!

What's especially worth noting is that Celestica, despite delivering strong growth, lowered its full-year free cash flow expectations from $600 million to $460 million.

It’s a reminder that revenue growth, earnings quality, and cash generation don’t necessarily improve in sync!
Within the research framework of EONVERA ADI, we need to bring together the actual earnings results, market expectations, valuations, and future cash flows, and compare the evidence for and against.
I pursue Alpha, but I will never allow impressive growth numbers to hide the risks we actually have to take on!

Nathaniel 13

Now, we’ve come to today’s most important technical topic.
Suppose a market scenario like this arises:
The semiconductor index rises noticeably, but the earnings expectations of the related companies haven’t improved.
The VIX is relatively stable, yet credit spreads have started to widen.
This is a set of simulated research conditions, not me announcing that ADI has produced a real-time trading signal.

Faced with this conflicting information, what would you do?

Pick only the data that supports your own view, and then declare that the opportunity has arrived?

I will never accept that way of doing research!

EONVERA ADI builds its research framework around six core intelligence modules.

The Financial World Model organizes market information, the Adaptive Model Foundry focuses on model validity, and the Machine Investment Committee deliberates on views from different professional perspectives.

Scenario & Causal Intelligence compares possible paths of development, the Heterogeneous & Quantum Computing module provides computing support for related research, and Intelligent Risk Governance & Evolution checks risk boundaries.

Ultimately, research results come together in the ADI Investment Decision Center.

The value of the six modules isn't to get six voices to agree. It's to make sure important conclusions can withstand challenge from different angles!

That’s the kind of strength I hope technology can bring.

Nathaniel 14

Friends, next I want to remind you all: this week’s truly important market tests are still ahead!

This morning, the U.S. durable goods orders for September and the consumer confidence index for October were both released. U.S. durable goods orders for September rose by 1.8% month-on-month, while the Conference Board’s consumer confidence index for October climbed to 91.7. Both figures show an improvement compared to the previous month.

These data points can help us gauge business investment appetite and household spending confidence. But don’t just look at whether the numbers are good or bad!

What really matters is this: how far apart are the actual results and market expectations?

Tomorrow, October 28, at 2:00 p.m., the Fed will announce its interest rate decision. The market is watching not only whether rates are adjusted, but even more how the policy

statement and Kevin Warsh's remarks will affect interest rate expectations going forward.

On October 29 at 8:30 a.m., the U.S. will also release third-quarter GDP, September PCE inflation data, and initial jobless claims.

At the same time, tech giants such as Alphabet, Microsoft, and Amazon are scheduled to report earnings one after another.

Can AI capital expenditures translate into sustained profits? Can high-valuation tech stocks withstand the test of shifting interest rate expectations?

Those are the questions I truly care about!

Within the research framework of EONVERA ADI, we need to connect macro data, corporate earnings, the SOX semiconductor index, the VIX, and Treasury yields, and compare different market scenarios.

If economic data, corporate earnings, and market prices send conflicting signals, we must re-examine the basis for our judgment.

The market won't change direction because of what we hope for! A real edge is getting clear on the risks before

change arrives, and decisively revising our judgment once new evidence appears!

Nathaniel 15

Today, we've discussed everything from the semiconductor supply chain, AI capital expenditures, and VIX volatility, all the way to market liquidity, corporate earnings, and EONVERA ADI's intelligent research framework.

Now, I'd like to leave you all with a question to think about. Suppose that tomorrow the Philadelphia Semiconductor Index (SOX) keeps rising, but corporate earnings expectations haven't improved, and the VIX starts to rise again. Would you chase the rally, or reassess the risk?

Don't rush to answer!

I'd like you to think it through first: what evidence, exactly, supports your judgment? If the market suddenly reverses, how do you plan to respond?

I've always believed that true Alpha isn't about being willing to take more risk than others. It's about still being

able to find opportunities worth taking on, net of risk and transaction costs!

That's also what I require of EONVERA ADI.

We don't just need to look for evidence that supports an investment. We must also test opposing views, work through different scenarios, and make clear what conditions would invalidate the original judgment.

I like competition, I crave victory, and I've never hidden my ambition to change the status quo!

But the market won't change its rules because of our ambition.

I can accept getting a judgment wrong, but I will never accept confidence without evidence!

You're welcome to challenge my views. A truly valuable discussion has never required everyone to agree.

See you next time!

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Dear investor friends,

Let's thank Nathaniel for his wonderful presentation! 👏

I'm sure you've all felt today why we call him "The Alpha General."

He has a vivid personality, a strong drive to push forward, and almost exacting demands for technology and research. But behind that edge is a steadfast commitment to professional responsibility, to managing investment risk, and to technical reliability.

Today, we've studied not only the semiconductor supply chain, market volatility, corporate earnings, and capital flows, but also gained a deeper understanding of how EONVERA ADI brings together market information, professional research models, and risk governance.

I especially hope everyone will remember one important point Nathaniel shared today:

True investing ability isn't about predicting correctly every time. It's about still being able to maintain judgment and discipline in action when the market changes.

For the new friends who have just joined Cohort 7: if some of today's material isn't fully clear yet, please don't feel rushed. We'll keep going deeper in the courses ahead, and you're welcome to ask questions and share different

views.

As your “Golden Envoy,” I’ll continue to be by your side, turning complex financial knowledge into clear, practical research methods. 💛

If you have any questions, feel free to contact me anytime.

Our goal: Better Intelligence for Capital. Better Judgment for Investors.

Wishing everyone smooth sailing in your investing,

See you tomorrow 💛