

Q2 2026

INVESTORS LETTER

Global Markets. *Unhedged Views.*

The Second Quarter, in Full.

Every sleeve, every trade, every re-entry, on the record.

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Published before the outcome is known.

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KEY FIGURES

OPEN POSITIONS	6
Q2 HIT RATE	100%
Q2 AVG WINNER	+43.8%
AS OF	Jul 9, 2026

PORTFOLIO ALLOCATION

ACTIVE CALLS · 21%

CASH · 79%

I HOW THE PORTFOLIO IS BUILT

Built on three-quarters cash, *by choice.*

This letter reports the quarter as a whole: the actual four-sleeve construction of the portfolio, including the two sleeves currently holding nothing, and the process behind every entry. The full trade log, with real entries, targets, stops, sizes, and dates for every position, sits behind every number below.

PORTFOLIO FOUNDATIONS 0% High-conviction, DCA-accumulated equities. A live watchlist only; names undisclosed until entered.	GOLD ETF 0% A deliberate zero: this book runs on single-name conviction rather than a commodity hedge.	ACTIVE CALLS 21% Six open positions: MELI, NU, ADEA, IREN, ORCL, MRVL.	CASH 79% The uninvested residual: capital not yet assigned to a high-conviction entry.
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This is a portfolio roughly three-quarters cash and one-quarter deployed into six single-name equity positions, with a Foundations sleeve that exists as a research pipeline rather than a disclosed holding. We would rather show real, small, high-conviction positions and a large uncommitted cash balance than dress up a watchlist as a diversified book.

The entry process. Every name gets researched the same way, in a fixed order, and the order matters. We start with deep fundamental work: business model, unit economics, competitive position, balance sheet, before we look at a chart at all. Only once the fundamental case is established do we turn to technicals, specifically to answer one question: is there a clean entry point right now, and is momentum actually behind it, or would we be buying into a stretched or directionless setup.

If the fundamentals hold up but the technicals do not confirm, the name goes to Portfolio Foundations as a watchlist entry rather than getting sized. It stays there, monitored, until the technical picture changes. A high-conviction Active Calls entry only gets placed when both legs agree. This is why Foundations exists as a separate, undisclosed sleeve rather than a footnote: disclosing those names before entry would functionally be publishing buy recommendations on companies we have not yet committed capital to.

ADEA illustrates the other side of this process: it sat as a watchlist name before both legs confirmed and was sized at a smaller 2% once they did, reflecting a lower-conviction entry than our standard 3%.

II THE QUARTER IN REVIEW

One of the strongest quarters since 2020.

The S&P 500 rose roughly 15% and the Nasdaq roughly 21% from end-March through end-June, recovering from a rough first quarter dragged down by the initial phase of the U.S.-Iran conflict and tariff uncertainty.

The Philadelphia Semiconductor Index posted its best quarterly performance since its 1994 inception, up nearly 88%, as AI and memory-chip demand carried the tape. Leadership rotated late in the quarter: June saw industrials, financials, and healthcare take over from a technology sector that had led since March. Gold had its worst quarter in 13 years, falling from roughly \$4,700 to under \$4,030 an ounce. Inflation reasserted itself late in the quarter on rising energy prices, and the Federal Reserve, under new chairman Kevin Warsh, held rates through the quarter while signaling it would not pre-commit to easing.

S&P 500, Q2 +15% approx.	NASDAQ, Q2 +21% approx.	GOLD, Q2 -14% worst quarter in 13 yrs	FED FUNDS, Q2 3.50–3.75% held all quarter
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S&P 500 and Nasdaq figures are price-only, end-of-March to end-of-June, per Q2 2026 market reviews cited in the References.

Active Calls, in brief. Four positions closed during Q2 itself, all for gains, all closed before their published target. Three more names were opened during the quarter and remained open at quarter-end. A fifth closed trade and three re-entries happened in the first nine days of Q3 and are reported separately over the next two pages, so this section reflects Q2 on its own terms.

Q2 HIT RATE 100% 4 of 4 closed	Q2 AVG WINNER +43.8% closed trades	Q2 AVG HOLD 21 days closed trades	FULL-HISTORY AVG HOLD 18 days 5 trades
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DATA — ACTIVE CALLS

Active Calls — the quarter's trades in full

CLOSED WITHIN Q2 · OPENED IN Q2, STILL RUNNING

01 CLOSED WITHIN Q2 (APR 1 – JUN 30)

TICKER	ENTRY	ENTRY DATE	EXIT	SIZE	RETURN	HELD
ORCL (original)	\$143.36	Apr 8, 2026	\$249.88	3%	+74.3%	54 days
IREN (original)	\$47.88	May 20, 2026	\$65.30	3%	+36.4%	14 days
RDDT	\$140.88	May 27, 2026	\$186.68	3%	+32.5%	8 days
MRVL (original)	\$245.05	Jun 9, 2026	\$323.26	3%	+31.9%	9 days

02 OPENED IN Q2, STILL OPEN AT QUARTER-END

TICKER	ENTRY	ENTRY DATE	TARGET	STOP	SIZE	LAST	ROI
MELI	\$1,774.00	Apr 13, 2026	\$2,750.00	\$1,420.00	3%	\$1,807.83	+1.9%
NU	\$14.53	May 1, 2026	\$21.00	\$11.20	3%	\$13.67	-5.9%
ADEA	\$30.00	May 4, 2026	\$42.00	\$20.00	2%	\$29.53	-1.6%

A 100% hit rate needs a caveat: five trades closed across the full history, all closed early rather than run to target or stop, and the streak has not yet been tested by a realized loss. NU is the closest live test of what happens when a thesis is under pressure rather than working.

03 Q2 PORTFOLIO-LEVEL CONTRIBUTION, SIZE-WEIGHTED

TICKER	SIZE	RETURN	WEIGHTED CONTRIBUTION
ORCL (original)	3%	+74.3%	+2.23 pts
IREN (original)	3%	+36.4%	+1.09 pts
RDDT	3%	+32.5%	+0.98 pts
MRVL (original)	3%	+31.9%	+0.96 pts
MELI / NU / ADEA	8%	<i>mixed</i>	-0.15 pts
Total, confirmed positions	20%		+5.10 pts

Size-weighted approximation using each position's own entry-to-exit or entry-to-mark return, not a true daily time-weighted return methodology.

DATA — Q3-TO-DATE

Q3-to-date — one closed trade, three re-entries

REPORTED SEPARATELY FROM Q2, ON THEIR OWN TERMS

The first nine days of Q3 saw a full round-trip on Lemonade and three re-entries into names we had closed earlier in Q2. All four are reported here separately from the Q2 figures, since none of them happened within the quarter this letter is primarily reporting.

TICKER	ENTRY	ENTRY DATE	EXIT / LAST	SIZE	RETURN / ROI	HELD
LMND	\$59.56	Jul 2, 2026	\$80.23	3%	+34.7% (WON)	5 days
IREN (re-entry)	\$41.18	Jul 8, 2026	\$41.72	3%	+1.3%	open
ORCL (re-entry)	\$138.07	Jul 8, 2026	\$144.22	5%	+4.5%	open
MRVL (re-entry)	\$227.13	Jul 8, 2026	\$243.27	5%	+7.1%	open

The LMND decision has a real tension in it: it was closed 5 days after entry, well before its \$85.00 target, on the same risk-management logic applied elsewhere this quarter, a fast, extended move against a backdrop we had already flagged as more volatile than usual. That is a good outcome in dollar terms and a legitimate question mark on our own process: either the entry was too conservative relative to how fast the name could move, or the exit was driven more by nerves than by a repeatable signal.

04 SIZING FLAG

MRVL (5%), ORCL (5%), and IREN (3%) together put **13%** of the portfolio into three positions sitting in a volatile macro window. All three are re-entries into names we already know intimately, and each came after a real repricing rather than at a fresh high. The entry logic for each is laid out on the following pages.

III POSITION NOTES

Marvell, Oracle, IREN: *positions we've traded once already.*

All three of this week's re-entries, Marvell, Oracle, IREN, share a shape: a name we closed earlier in the quarter for a gain, sold off since on sector-wide or macro news rather than a company-specific break, and bought back at the same target and stop as the original position. Each carries the identical numbers as its first entry — the question worth asking of each is what has actually changed since, and what hasn't.

TICKER	ENTRY	DATE	TARGET	STOP	UPSIDE	SIZE
MRVL	\$227.13	Jul 8, 2026	\$350	\$176.00	+54.1%	5%
ORCL	\$138.07	Jul 8, 2026	\$242	\$113.60	+75.3%	5%
IREN	\$41.18	Jul 8, 2026	\$86.00	\$32.00	+108.8%	3%

05 MARVELL, IN BRIEF

After closing the original position at \$323.26 near the stock's all-time high, we watched it fall through the Samsung-driven semiconductor selloff, the sector's worst single-day drop in over a year, down to the low \$230s. We re-entered at \$227.13, stop \$176.00. Our \$350 target matches Stifel's price target, raised from \$321 on June 24, 2026, on the same custom-silicon and networking thesis we hold. The variant view: some are reading the Samsung-driven selloff as evidence the broader AI-chip narrative is overextended, which we think conflates a memory-and-foundry-specific miss with Marvell's own, different part of the data-center stack. **Falsifiable if** the August 20 print shows custom-silicon or networking guidance cut, which would compress the target toward \$260–280.

06 ORACLE, IN BRIEF

Oracle is a different kind of re-entry: we're buying back into our largest closed gain to date (+74.3% over 54 days), 58% below its own September 2025 high, as bond markets price default risk into its \$300bn OpenAI deal and \$122bn-plus debt load. Target \$242 and stop \$113.60 are unchanged. The cash-flow case hasn't moved; what's moved is the market's discount rate, from roughly 10.5–11% WACC at original entry to about 11.8% today, a shift too small on its own to explain a 58% decline from peak. **Falsifiable if** the next print shows contracted OCI backlog growth slowing meaningfully below the current 77% run rate.

POSITION NOTES, CONTINUED

IREN — the re-entry with the most on the line.

IREN gets the fuller treatment here because it is the re-entry with the largest disclosed upside in this letter, and the one where the gap between our view and the sell-side consensus is widest. We closed the original position at \$65.30 on June 3, and the stock then went through a sharp round trip: down roughly 28% over five trading days in early July on broader neocloud-sector weakness (CoreWeave and Nebius fell 14% and 17% respectively on the same news, a Bloomberg report that Meta plans to enter the cloud-infrastructure resale market), before an analyst upgrade on the pullback helped it recover into the low \$40s.

We re-entered at \$41.18 on July 8, target \$86.00 and stop \$32.00, both unchanged from the original position. That \$86.00 target now sits modestly above the current 16-analyst sell-side median of \$80.93 — we're underwriting a re-rating past where consensus already sits, on the view that IREN's own execution hasn't yet caught up to analyst estimates.

TICKER	ENTRY	TARGET	STOP	UPSIDE	SIZE	DATE
IREN	\$41.18	\$86.00	\$32.00	+108.8%	3%	Jul 8, 2026

CONSENSUS Sell-side median target of \$80.93 across 16 analysts; JPMorgan is the outlier bear at \$46, citing uncertainty in long-term AI infrastructure demand.

NON-CONSENSUS The early-July 28% drawdown was a sector-wide neocloud derating rather than an IREN-specific fundamental change, and our \$86.00 target, unchanged from the original position, implies a further re-rating beyond the current sell-side median once that distinction is priced back in.

FALSIFIABLE IF Convertible-note dilution accelerates beyond current share-count assumptions, or the Blackwell deployment timeline at the Childress campus slips materially.

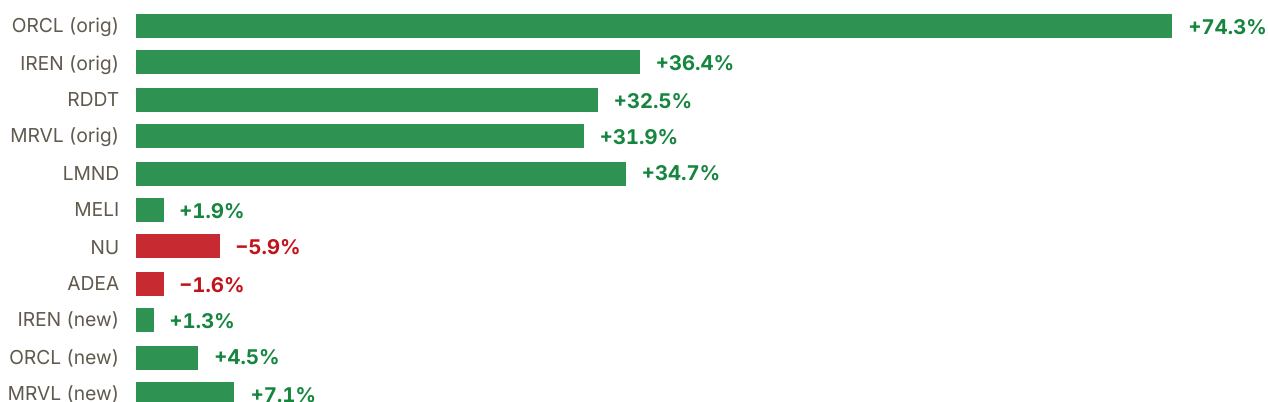
IMPACT IF CORRECT Each quarter of slippage in the Childress ARR ramp (targeted at \$4.4bn) pushes the target timeline out by a comparable period without, in our view, invalidating the underlying target itself.

IV POSITION STATEMENT & TRACK RECORD

Every position, *including the losses.*

We took a position in Marvell Technology (MRVL) at an entry price of \$227.13 on July 8, 2026, target \$350 (+54.1%), stop \$176.00, matching Stifel's dated June 24 target, sized at 5% of portfolio. We also took a position in Oracle (ORCL) at an entry price of \$138.07, target \$242 (+75.3%), stop \$113.60, both unchanged from our original DCF-based work, sized at 5% of portfolio. We also reopened IREN at an entry price of \$41.18, target \$86.00 (+108.8%), stop \$32.00, both unchanged from the original position, sized at our standard 3% of portfolio. All four positions are entered at the prices and dates listed above, ahead of any result.

07 FULL TRACK RECORD: REALIZED AND CURRENT RETURNS



Bar widths scaled to the largest return in the set (+74.3%) for visual comparison only.

08 DISCLOSURE

Open positions as of publication: MELI (\$1,774.00, Apr 13, 2026, 3%), NU (\$14.53, May 1, 2026, 3%), ADEA (\$30.00, May 4, 2026, 2%), IREN (\$41.18, Jul 8, 2026, 3%), ORCL (\$138.07, Jul 8, 2026, 5%), MRVL (\$227.13, Jul 8, 2026, 5%). Closed positions: ORCL (original, +74.3%, 54 days), IREN (original, +36.4%, 14 days), RDDT (+32.5%, 8 days), MRVL (original, +31.9%, 9 days), LMND (+34.7%, 5 days). Portfolio Foundations sleeve is a live, undisclosed watchlist, currently 0%. Gold ETF sleeve is intentionally 0% by strategy design. Cash is approximately 79% of portfolio.

V THE MARKET BACKDROP INTO Q3

A calm index, over violent commodities.

The quarter we just reported closed strong. The days since have been more mixed than the July 8 escalation alone would suggest.

The Iran ceasefire broke again on July 8, and Brent spiked 5.4% that session. But it did not stay elevated: Trump said Iran had reached out seeking negotiations, technical talks continued through the week, and Brent stabilized back near \$76 by July 10 as equities rallied two straight sessions — S&P 500 up 0.81% on July 9 and another 0.42% on July 10, closing the week at 7,575.39. The snapshot below, as of July 10, is the calm side of that split.

MARKET SNAPSHOT — JUL 10, 2026

S&P 500 7,575.39 +0.42%	NASDAQ COMP. 26,281.61 +0.29%	VIX ~16.7 easing	BRENT CRUDE ~\$76 stabilizing
10Y TREASURY ~4.56%	GOLD \$4,112.62 +0.6%	FED FUNDS 3.50–3.75%	NEXT CATALYST Jun CPI, Jul 15

09 FOUR MECHANISMS BEHIND THE SPLIT

The Hormuz loop. The U.S. revoked the waiver permitting Iranian oil sales after strikes on tankers in the Strait of Hormuz, and by July 8 the threat level to shipping had been raised to "severe." Materials stocks posted their worst single session in over a year that day.

The AI capex/credit loop. Oracle stock declined roughly 25% in the first half of 2026 as bond markets began pricing default risk into its \$300 billion OpenAI infrastructure deal and \$122 billion-plus debt load.

The counterargument: earnings still work. We take the bull case seriously because it is not baseless. Oracle's own fiscal Q4 results showed total revenue up 21% and cloud revenue up 47% year-over-year, with over 1.2 gigawatts of data-center capacity delivered. The demand side of the AI story has not broken; only the financing side is being questioned.

Warsh's Fed. At his first meeting as chairman, Kevin Warsh oversaw a unanimous hold and called persistently high prices "a burden for the American people." September hike odds have moved to almost 70% from roughly 40% a month earlier.

Concentration masking the damage. The Nasdaq closed up 0.20% on July 8, the day the ceasefire broke, because a handful of AI-infrastructure names still had positive-flow days even as materials and rate-sensitive sectors were sold hard.

DATA — SCENARIOS & CATALYSTS

Scenario table & catalyst watchlist

S&P 500, Q3 2026

We went looking for Ned Davis Research's specific July call before writing this. What we could verify directly: NDR's Global Recession Probability Model rose to 18.5% for July from 12.3% the prior month — the first increase in the model in six months — while still signaling a low risk of a sustained global slowdown.

	BEAR	BASE	BULL
Weight	20%	50%	30%
S&P range	6,850–7,100	7,450–7,700	7,800–8,000
Driver	<i>Hormuz disruption becomes sustained; Warsh hikes on oil-driven CPI</i>	<i>Conflict stays contained; Fed holds through Q3</i>	<i>De-escalation resumes; AI monetization data silences the credit-risk story</i>

10 CATALYST WATCHLIST

JUL 15, 2026	June CPI print An oil-driven upside surprise is the fastest route to Warsh validating the roughly 70% market-implied odds of a September hike.
LATE JUL 2026	FOMC meeting First real test of whether Warsh's rhetoric translates into an actual hawkish move.
AUG 13, 2026	NU Q2 earnings Consensus expects EPS of roughly \$0.20 and revenue near \$5.33bn.
AUG 20, 2026	MRVL Q2 earnings (fiscal) First earnings print since the re-entry at \$227.13.
SEP 16, 2026	IREN earnings Watch Childress Blackwell deployment progress and convertible-note dilution.
ONGOING	Strait of Hormuz shipping status The single largest swing factor for Q3 inflation and, by extension, the Fed path.

VI OUR VIEW

Where a correction is likely, *and where it isn't.*

Our house view is that a sharp correction (20 to 30%) in the most extended pocket of this market, AI-linked semiconductor and memory names specifically, is highly likely at some point this summer.

Because the index's gains are so concentrated in that same pocket, it hits the S&P 500 harder than its weight alone would suggest. We're calling this a correction in one pocket of the market rather than a broad crash, because the broad-market case does not hold up: JPMorgan has flagged a potential summer swoon for global equities while simultaneously raising its own S&P year-end target to 7,800, and the Wall Street consensus for the second half is described as close to unanimous on a continued bull case.

What is not unanimous is confidence in the names that led the rally getting there. Goldman Sachs' equity strategy team has flagged that the median S&P 500 stock is sitting well below its own 52-week high even as the index sits at records — a breadth divergence that has happened only a handful of times since 1980 and has historically preceded larger-than-average drawdowns over the following six to twelve months. Baird and Schwab Asset Management have both warned specifically about parabolic charts in memory and semiconductor stocks. Morningstar has gone further and named the pocket directly: a 20 to 30% correction in the AI and memory-chip names that have posted the largest 2026 gains, once memory supply catches up with demand and pricing normalizes.

“*A first half this strong has happened eleven times since 1990, and every one of those instances was followed by a positive second half, with a median gain of 14.4%.*”

HISTORICAL BASE-RATE CHECK ON H1 2026'S ROUGHLY 9.5–10% S&P RETURN

That is why we are deliberately not calling for a broad crash. The correction case is specific to the AI and semiconductor pocket, and it is stronger for being specific. What would change our mind on even that narrower call: a genuine broadening of earnings delivery across the AI supply chain, and memory pricing holding up rather than normalizing as new supply from Samsung and SK Hynix comes online.

There's a real tension here: earlier in this letter we described the portfolio's large Cash position as process-driven, not a market call. That is still true of how each individual position gets sized. But a view this direct, that the most extended pocket of the market is due a correction, is also a reason we are not in a hurry to close that cash position by forcing new entries into names that sit in that pocket. It cuts against our own book, too: MRVL and ORCL, two of our three re-entries this week, sit inside the exact pocket this view says is most exposed.

APPENDIX

References

FULL SOURCE LIST

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