Moschovakis Capital

Advanced Micro Devices, Inc.

AMD

EQUITY RESEARCH REPORT

September 11, 2026

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AMD — Advanced Micro Devices, Inc.

Report Date: 2026-09-11

Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

Metric	Value
Recommendation	AVOID
Current Price	$503.60 / €434.15
Fair Value (Base Case)	~$507 (10-yr DCF, 10% discount rate)
Margin of Safety	~0.7%
Target Entry	No entry at current price; re-assess below $365

Return Profile	Value
Dividend Yield	0.0%
Expected Dividend Growth	N/A
Expected Price Appreciation (Base)	~9.1% CAGR
Total Expected Return (Base)	~9.1% CAGR
Bear Case Total Return	~–16.4% CAGR
Bull Case Total Return	~+16.8% CAGR
Probability-Weighted Return	~5.0% CAGR

Risk Assessment	Value
Wealth Preservation Score	54 / 100
Downside Protection Score	45 / 100
Quality Score	52 / 100
Return Adequacy Score	70 / 100
Risk Level	ELEVATED
Probability of >50% Loss	~25%
Recession Profile	SENSITIVE

One-Line Thesis: AMD is a world-class AI/semiconductor franchise with a fortress balance sheet, but at $503.60 with no dividend, a trailing P/E near 129x, and a negative bear-case 10-year return, it fails the wealth preservation mandate on downside protection.

INVESTMENT THESIS

Advanced Micro Devices is the second-largest x86 processor designer in the world and the clearest challenger to Nvidia in AI accelerators. The company runs a fabless model, designing EPYC server CPUs, Instinct GPUs, Ryzen client processors, Radeon gaming graphics, and the embedded and adaptive computing products acquired from Xilinx. The revenue base is large and growing: TTM revenue reached $41.3 billion as of June 27, 2026, up 39.5% year over year, and net income reached $6.4 billion. Data center revenue was $6.7 billion in Q2 FY2026, up 107% year over year, and now contributes 58% of total revenue. The balance sheet is a supplier of safety: $13.11 billion in cash and short-term investments versus $3.23 billion in total debt, for roughly $9.9 billion in net cash.

The problem for a wealth preservation mandate is the price. At $503.60, trailing earnings per share of $3.90 place the stock at 129x trailing earnings. AAII assigns AMD a Value Grade of F and describes it as ultra expensive. The no-dividend yield means every unit of required return must come from price appreciation. Our base case, which assumes 30% annual revenue growth for five years and 15% for the following five, a 20% terminal net margin, and a 35x terminal earnings multiple, produces a 10-year price target near $1,200 and a total return of about 9.1% per year. That meets the 7% hurdle, but only in the base case and only by assuming a persistent premium multiple on very large terminal earnings.

The bear case breaks the thesis. In a recession or an AI capex bust, revenue could grow only 10% for five years and 5% after that, margins could compress to 12%, and the market could de-rate the stock toward 15x terminal earnings. That scenario produces a 10-year price near $85 and a total return near –16.4% per year. A 25% probability assigned to that outcome drags the probability-weighted expected return down to roughly 5.0% per year, below the compounded return available in a 4% high-yield savings account adjusted for risk. The absolute requirement of a non-negative bear-case return fails.

We do not dispute the quality of the franchise. Lisa Su has executed the historic turnaround from a near-default balance sheet to a genuine AI contender. The Core Scientific 15-year infrastructure partnership, the 2GW Anthropic commitment through Helios, and the warrant issued to OpenAI all demonstrate commercial momentum. But the wealth preservation mandate is not about collecting the most upside when the bull case works. It is about avoiding permanent loss when the bear case arrives. At this valuation, with no dividend cushion and a negative bear case, AMD does not meet that standard.

A falling price would change the arithmetic. At $365, the low end of the analyst target range, the bear case becomes less catastrophic and the base case return improves. Below approximately $300, the margin of safety would justify a full re-review under this framework. Until then, cash or lower-risk income-producing securities provide a better risk-adjusted return for a preservation-focused account.

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1. BUSINESS QUALITY ASSESSMENT

AMD is an understandable business for a semiconductor-fluent investor, though its earnings are tied to both cyclical consumer demand and an AI capex cycle that remains impossible to forecast with precision. The business designs integrated circuits and outsources fabrication to TSMC and others. The model separates capital-light IP ownership from capital-heavy manufacturing. Revenue comes from four segments: Data Center, Client, Gaming, and Embedded. The 2022 acquisition of Xilinx created the Embedded segment, which includes

adaptive computing platforms for aerospace, defense, automotive, and industrial customers.

The current revenue mix substantially reduces the relevance of AMD's legacy consumer business. Data Center is now 58% of total revenue. Q2 FY2026 data center revenue of $6.7 billion grew 107% year over year. The company's EPYC server CPUs took share from Intel during the quarter, according to Lisa Su. The Instinct MI300 and MI450 accelerator families aim squarely at Nvidia's AI training and inference market. The Q3 FY2026 revenue guide of $13.0 billion, ±$300 million, was above the consensus of $12.52 billion, confirming that the data center funnel continues to build.

The moat is durable but not untouchable. AMD holds an entrenched x86 duopoly with Intel in client and server processors. Switching costs in data center are high: once a hyperscaler designs a workload around EPYC or Instinct, the cost and engineering time required to migrate creates retention. The fabless model gives AMD agility and allows cash that would otherwise fund fabs to go to R&D and engineering talent. Koalagains describes AMD as holding a "durable economic moat" protected by IP, switching costs, and the x86 duopoly. We view the moat as medium-high durability. It is narrower than Nvidia's CUDA software ecosystem, and it does not remove competition from Nvidia in accelerators or from Arm-based designs in client and server markets.

The geographic and supply-chain concentration is a real fragility. Revenue by geography is not broken out in the provided research, but the manufacturing dependence on TSMC in Taiwan is explicit. That exposes AMD to geopolitical disruption, natural disasters, and export-control escalation between the U.S. and China. AMD's China server CPU contracts, some up to two years, add volume but also add regulatory and pricing exposure.

For a preservation-focused investor, the business quality is high but the earnings stream is not bond-like. The Embedded segment provides some cyclical stabilization, but the two largest profit pools — data center AI accelerators and high-end CPUs — depend on hyperscaler spending. That spending is secular in the optimistic case and discretionary in a credit crunch. The business is resilient in a mild slowdown but vulnerable to a sharp AI capex reset.

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2. FINANCIAL FORTRESS ANALYSIS

The balance sheet is the strongest part of the AMD thesis. At Q2 FY2026, AMD reported $13.11 billion in cash, cash equivalents, and short-term investments against $3.23 billion in total debt. Net cash is approximately $9.88 billion. Equity stood at $67.2 billion, giving a debt-to-equity ratio of roughly 4.8%. This is a fortress-level capital structure for any industry, including a fabless semiconductor company. The solvency assessment is FORTRESS.

Interest coverage cannot be computed precisely because the provided research does not break out interest expense. The implied coverage is extremely high. Total debt of $3.23 billion against TTM operating income of $6.5 billion means even a punitive 6% average interest rate would produce about $194 million of annual interest expense, leaving coverage above 30x. The risk of insolvency from leverage is effectively zero.

Free cash flow quality is strong but the series is incomplete. FY2024 free cash flow was $2.40 billion. The June 2026 TTM free cash flow appears as $7.48 billion under Value Sense and $8.4 billion under StockTitan. We use the lower $7.48 billion figure to remain conservative. TTM FCF exceeds TTM net income of $6.43 billion, which is a positive earnings-quality signal: reported profits are being converted into cash. The FCF margin of 18.1% is materially above the FY2024 level of about 9.3%, reflecting the data center mix shift and operating leverage.

Earnings quality is acceptable to high. Net margin on a TTM basis is 15.58%. Gross margin is 55.72%. We derive TTM operating margin near 15.8%, below Yahoo's stated 17.25%, and the discrepancy cannot be reconciled

from the provided results. The only financial statement correction in view is the 10-K/A filed in February 2026, which corrected an inadvertent transposition of ASP and unit shipment changes in the Client revenue disclosure. No auditor warning, going-concern issue, or restatement risk appears in the provided data.

Dilution is modest. Shares outstanding were 1,628,041,540 as of October 30, 2025. The 10-Q mentions $221 million of share repurchases. There is no long-term share count series in the provided data to calculate the exact annualized dilution rate, but the current share count near 1.63 to 1.64 billion suggests dilution is not a material value transfer at present. We assign an ACCEPTABLE dilution assessment, with the caveat that stock-based compensation detail is not provided.

Capital efficiency is the weakest part of the income statement. Trailing ROE is 10.20%, up from 7.1% in the earlier PitchGrade snapshot. ROA is 5.13%. ROIC cannot be computed exactly without tax and invested capital detail, but the reported ROA and ROE indicate an investment-phase return profile rather than a wide-moat return machine. The trend is improving: operating margin expanded from 10.8% in FY2025 to 15.8% TTM. This is a marginal value creator today with a positive trajectory.

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3. DIVIDEND ANALYSIS

AMD pays no dividend. The entire investment return is price appreciation.

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4. VALUATION ANALYSIS

The valuation is the central risk. At $503.60, the stock trades at 129x trailing earnings of $3.90 per share. Yahoo Finance reports a forward P/E of 32.47 as of September 9, 2026. That forward multiple appears to rely on a large step-up in FY2026 or FY2027 earnings, and it should not be confused with safety. AAII's September 4, 2026 data puts the P/S at 17.98, P/B at 11.08, P/FCF at 88.4, and EV/EBITDA at 55.8. Every one of those is more than double the semiconductor sector median. AAII assigns a Value Score of 3 and a Value Grade of F, Ultra Expensive.

The premium is even more extreme against sector medians. AMD's P/E is about 3.2x the median of 36.7. P/S is about 6x the median of 2.97. P/B is about 3.6x the median of 3.12. P/FCF is about 3.6x the median of 24.7. Blank Capital Research reports a lower P/E of 52.0x, still a 78% premium to its sector median of 29.3x. The conflicting source snapshots matter less than the conclusion: AMD is priced for a sustained AI boom with limited tolerance for error.

We build a simplified discounted cash flow to estimate fair value. Starting from the lower $7.48 billion TTM free cash flow, we assume 25% annual FCF growth for five years, 8% terminal growth, and a 10% discount rate. The present value of the five-year forecast is $55.8 billion. The terminal value is $1,232.8 billion. Discounted to today, enterprise value is $821.3 billion. Adding $9.88 billion of net cash and dividing by 1.64 billion shares produces equity value of approximately $507 per share. That is 0.7% above the current $503.60 price. There is no margin of safety.

Analyst targets reinforce the risk/reward problem. The average target is $615.07, or 22.1% above the current price. The high is $1,250 and the low is $365. The 175% spread between high and low against a 22% consensus upside is the structural fact hidden by the Buy rating. Piper Sandler initiated coverage on September 10, 2026 with an Overweight rating and a $600 target. The low target of $365 implies a 27.5% loss from the current price.

The valuation leaves no room for execution misses. A company trading at 129x trailing earnings and 18x sales must deliver the AI capex boom, maintain margins as it ramps MI450, and avoid a cyclical de-rating. Each of those is possible. All three are not required by the wealth preservation mandate. The absence of a margin of safety at these multiples is a disqualifier on its own.

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5. SCENARIO ANALYSIS

The scenario table uses a 10-year horizon with no dividend reinvestment.

Scenario	Revenue CAGR Assumption	Terminal Net Margin	Terminal P/E	10-Yr Price Target	Total Return CAGR	Weight	Contribution
Bear	10% for 5 yrs, 5% next 5	12%	15x	~$85	~–16.4%	25%	–4.1%
Base	30% for 5 yrs, 15% next 5	20%	35x	~$1,200	~9.1%	50%	4.5%
Bull	40% for 5 yrs, 22% next 5	22%	40x	~$2,703	~16.8%	25%	4.2%
Expected					**~5.0%**		**4.6%**

The bear case is the only one that matters under this framework. From the current $503.60 price, a 10-year path to $85 implies a loss of about 83% and a total return of –16.4% per year. That case assumes a severe AI capex downturn, margin compression from 15.6% TTM to 12%, and a de-rating from 129x trailing to 15x terminal earnings. It is not the impossible tail; it is what could happen if hyperscaler spending pauses for two years and the market removes the AI premium. The absolute wealth-preservation requirement of a non-negative bear-case return fails.

The base case is constructive but demanding. It requires AMD to compound revenue at 30% for five years and 15% for the next five, reach a 20% net margin, and still trade at 35x terminal earnings. The resulting 9.1% annual return clears the 7% hurdle, but only with aggressive assumptions and continued multiple support. If the terminal multiple falls to 25x, the base case return drops below 5% per year.

The bull case is strong at 16.8% per year, but it does not rescue the weighted outcome. The probability-adjusted expected return is roughly 5.0%, below the 7% hurdle. The arithmetic is clear: a 25% chance of a –16.4% annual outcome cancels a 25% chance of a +16.8% annual outcome, leaving only the base case to carry the weight. For a preservation account, that asymmetry is unequal because the downside represents permanent capital loss and the upside represents optionality we do not require.

The conclusion from the scenario work is that AMD offers a 50/50-plus risk profile at current prices. The base case just clears the hurdle, the bull case rewards, and the bear case destroys capital. That violates the non-negotiable constraint of this framework.

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6. RISK ASSESSMENT

AMD carries four categories of risk: valuation risk, competitive risk, supply-chain and geopolitical risk, and operational/regulatory risk. The first is the largest and is quantified in the scenario section. The other three are real but secondary to the price problem.

Valuation risk is extreme. At 129x trailing earnings and 18x sales, the stock embeds an AI capex supercycle that will deliver expanding data center revenue and gross margins. Any interruption causes multiple compression and a loss disproportionate to the business's actual earnings decline. AAII's Value Grade of F is consistent with our assessment that the price already pays for the base case.

Competitive risk is concentrated in Nvidia. AMD is the clearest second competitor in AI accelerators, but Nvidia's CUDA software moat and full-stack integration remain ahead. The MI300 and MI450 ramps are progressing, but the research does not provide share data to confirm that AMD is taking enduring share rather than filling excess demand. Intel's x86 market is also under attack from Arm-based server processors. The "resurgence of the CPU" narrative helps AMD now, but Arm competition is a structural pressure on the x86 duopoly over ten years.

Supply-chain and geopolitical risk is explicit. AMD relies on TSMC in Taiwan. Export controls, tariffs, and sanctions can limit the addressable market. The two-year China server CPU contracts increase China exposure at a moment of rising trade friction. Forced labor and human trafficking risks in the Asian supply chain create compliance and reputational burdens.

Operational and regulatory risk includes patent litigation, technology diversion claims, cybersecurity threats, deferred tax asset realizability, goodwill impairment risk from acquisitions, and environmental and conflict-minerals compliance. The 10-K/A correction of the Client revenue ASP/unit transposition is minor in substance but shows the complexity of segment disclosure after the ZT Systems and Xilinx restructuring. No named litigation damages appear in the provided research, but the patent and diversion claims carry potential injunction risk.

The Wealth Preservation scoring output is below.

Scoring Component	Score	Basis
Balance Sheet Fortress	40/40	Net cash, D/E <0.5x, positive FCF
Income Reliability	0/30	No dividend
Capital Efficiency	12/15	Rising ROE/ROIC, investment phase
Valuation	0/15	>75th percentile of 5-yr range
Quality Score	**52/100**	
Downside Protection	45/100	Net cash +10, bear >20% decline –15
Return Adequacy	70/100	Base case 8–10% CAGR
Wealth Preservation Score	**54/100**	

The probability of a greater-than-50% permanent loss is approximately 25% under this framework, well above the 10% ceiling. The recession profile is SENSITIVE, not resilient: the consumer client and gaming segments remain cyclical, and the data center segment is tied to discretionary hyperscaler capex even though current demand is secular. The balance sheet protects against insolvency, but it cannot protect against de-rating.

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7. MANAGEMENT & GOVERNANCE

Lisa Su is the most important asset in the AMD story. The research credits her with the historic turnaround that eroded Intel's once-monopolistic share in servers and client PCs. Her November 2025 guidance of roughly 35% annual revenue growth over three to five years and about 80% annual data center growth is aggressive but supported by the Q2 FY2026 data center print of +107% year over year. She communicates clearly and has delivered on the EPYC and Instinct roadmaps.

Capital allocation is focused on AI capability. The 2022 Xilinx and Pensando acquisitions built the Embedded and adaptive computing segments. The ZT Systems acquisition closed March 31, 2025 for $4.409 billion, and the subsequent sale of the ZT Manufacturing business to Sanmina for $2.4 billion plus shares shows a disciplined buy-and-monetize approach. The Taalas acquisition adds AI inference capability. The OpenAI warrant for up to 160 million shares at $0.01 per share, vesting on GPU purchases and stock milestones, aligns AMD with a major AI lab but also creates potential dilution if those milestones are met.

Insider transactions are a neutral-to-negative signal. Form 4 filings from July and August 2026 show only sales. Lisa Su sold 15,000 shares at $480.94 on August 18, 2026, leaving 3,847,701 shares owned. CTO Mark Papermaster sold 28,811 shares at $471.87 on August 20 and additional shares earlier. Aggregate insider sales over the listed window were approximately $37 million. No open-market purchases appear. These sales are not large relative to holdings, and they may be rule-based, but they do not offer a counterweight to the extreme valuation.

Governance red flags are absent from the provided research. No restatement, accounting controversy, key-person departure, or disclosure problem appears beyond the minor 10-K/A numerical transposition. The board added Tim Ryan on August 19, 2026, a Citi technology and business enablement executive and former PwC U.S. chair. That appointment strengthens financial oversight but does not alter the valuation. We rate management quality GOOD and capital allocation ACCEPTABLE. The issue is not stewardship; it is price.

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8. PEER COMPARISON

The comparison uses AAII's Semiconductor & Semiconductor Equipment sector medians from September 4, 2026, because the provided research does not include complete peer multiples for Nvidia or Intel.

Metric	AMD	Sector Median	AMD Premium
P/E	116.4	36.7	3.17x
EV/EBITDA	55.8	20.1	2.78x
P/B	11.08	3.12	3.55x
P/FCF	88.4	24.7	3.58x
P/S	17.98	2.97	6.05x

AMD is the most expensive name in the sector on every major multiple. The P/S premium of 6x the median is the most striking. Even allowing for AMD's superior growth rate in data center AI, the premium is too wide for a preservation account seeking a margin of safety. Blank Capital Research uses a lower P/E of 52.0x and still calls it a 78% premium to its sector median.

Against Nvidia specifically, the qualitative gap is the critical comparison. Nvidia owns the CUDA software ecosystem and the full-stack data center integration, while AMD competes through open standards and

price-performance. The lack of specific peer multiples for Nvidia in the provided research prevents a confident relative ranking, but the market's own pricing of AMD at 129x trailing earnings tells us the market already sees AMD as a credible second. The peer comparison does not improve the preservation case; it confirms that AMD trades at the expensive end of an expensive sector.

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9. KEY METRICS SUMMARY

Metric	Value
Ticker / Exchange	AMD / NASDAQ
Current Price	$503.60 / €434.15
TTM Revenue	$41.305B (+39.5% YoY)
FY2025 Revenue	$34.639B (+34.3%)
TTM Net Income	$6.434B (+127%)
TTM Diluted EPS	$3.90
Gross Margin (TTM)	55.72%
Operating Margin (TTM)	15.82% derived / 17.25% Yahoo
Net Margin (TTM)	15.58%
FCF (TTM)	$7.48B–$8.4B
Cash & ST Investments	$13.11B
Total Debt	$3.23B
Net Cash	$9.88B
Equity	$67.2B
Debt / Equity	~4.8%
Trailing P/E	~129x
Forward P/E	32.47x (Yahoo)
P/S	~18.0x
P/B	~11.1x
P/FCF	~88–110x
EV/EBITDA	55.8–76.2x
ROE (TTM)	10.20%
ROA (TTM)	5.13%
Shares Outstanding	~1.63B
YTD Return	+135.15%

Metric	Value
1-Yr Return	+215.66%
3-Yr Return	+374.69%
5-Yr Return	+378.71%
Dividend	None

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10. MONITORING CHECKLIST

Item	What to Watch	Frequency
Q3 FY2026 earnings	Revenue vs $13.0B guide; Data Center growth; gross margin	Quarterly
MI450 ramp	Timetable with OpenAI in H2 2026	Quarterly
Core Scientific	530MW deployments starting 2027	Annual
China CPU contracts	Renewal terms, export-control risk	Quarterly
FCF margin	Sustain >15%	Quarterly
Gross margin	Hold or expand from 52–56%	Quarterly
Hyperscaler capex	Microsoft, Google, Meta, Amazon AI spend	Quarterly
Insider sales	Monitor Form 4 filings	Monthly
Nvidia data center growth	Proxy for AI demand and share shift	Quarterly
TSMC capacity/geo risk	Taiwan escalation	Continuous

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11. MARKET EXPECTATIONS & CONSENSUS

What the current price implies: At $503.60, the market is paying for a sustained AI ramp. Our DCF implies roughly 25% free cash flow growth for five years followed by 8% terminal growth, discounting at 10%. In revenue terms, that equates to a base path of about 30% annual revenue growth for five years, 15% for the following five, with net margin expanding to 20% and a terminal earnings multiple near 35x. The current price fully discounts that base case. There is no embedded margin of safety.

Consensus bull case: The high target of $1,250 rests on the AI TAM reaching nearly $2 trillion by 2030, AMD's data center sales doubling in 2027, and the MI450/Helios multi-gigawatt engagements converting to formal announcements. William Blair's post-Advancing AI commentary describes AMD as "on the offense to grab share."

Consensus bear case: The low target of $365 assumes an AI capex slowdown, Nvidia maintaining dominance, and multiple compression from current extremes. A 27.5% decline from $503.60 would still leave AMD at a P/E above historical sector norms.

Analyst consensus: 59 analysts tracked by TECHi show a Buy rating with score 4.12 and average target $615.38, dispersion 0.67. The high-low spread of $365 to $1,250 is the key structural fact. Another source cites 39 buy-rated analysts and zero sells among 51.

Forward valuation:

Metric	Value	Assessment
Fwd P/E	32.47	Depends on aggressive FY27 earnings step-up
PEG	n/a	Not provided
EV/EBITDA	55.8	Ultra-premium vs sector 20.1
Beta	n/a	Not provided

What would validate consensus: A Q3 FY2026 revenue print above $13 billion, Data Center segment growth above 80% with margin expansion, formal GW-scale MI450 commitments, and confirmation that the OpenAI warrant is vesting.

What would disappoint: Q3 guide below $13 billion, data center growth decelerating below 60%, gross margin falling below 50%, or a hyperscaler capex pause.

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12. KEY BUSINESS DRIVERS

Driver 1: Data Center segment revenue growth

Why it matters: It is now 58% of revenue and the primary source of margin expansion.

Current level: $6.7B in Q2 FY2026, +107% YoY.

Bull threshold: >80% annual growth for the next two years.

Bear threshold: <40% growth would break the base case.

Next data point: Q3 FY2026 earnings report.

Driver 2: Gross margin

Why it matters: It captures pricing power, mix shift to Instinct/EPYC, and competing against Nvidia.

Current level: 55.72% TTM; 52% in Q3 FY2025.

Bull threshold: >55% sustained.

Bear threshold: <50% would signal competitive or cost pressure.

Next data point: Quarterly earnings.

Driver 3: Free cash flow conversion

Why it matters: It validates that data center earnings are real, not channel-stuffed.

Current level: TTM FCF margin 18.1–20.3%.

Bull threshold: >20% sustained.

Bear threshold: <10% would signal working capital or capex pressure.

Next data point: Quarterly cash flow statement.

Driver 4: MI450 and OpenAI ramp

Why it matters: The OpenAI warrant and multi-gigawatt engagements anchor the forward AI accelerator narrative.

Current level: Ramp scheduled H2 2026.

Bull threshold: On-schedule volume ramp with formal GW-scale announcements.

Bear threshold: Delays beyond Q4 FY2026 or customer defection.

Next data point: Q3/Q4 FY2026 earnings commentary.

Driver 5: Hyperscaler AI capex

Why it matters: Exogenous demand driver for the entire Data Center segment.

Current level: Microsoft, Google, Amazon, Meta, Anthropic all in buildout mode.

Bull threshold: Sustained double-digit capex growth into 2027.

Bear threshold: Any two consecutive quarters of capex cuts.

Next data point: Cloud provider earnings and guidance.

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13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Ticker/Symbol	Relationship	Signal
Nvidia	NVDA	Direct AI accelerator competitor	Bullish if NVDA data center growth stays
VanEck Semiconductor ETF	SMH	Semiconductor sector beta	Bullish if SMH holds above 50-day MA; b
TSMC	TSM	Foundry capacity and demand proxy	Bullish if TSMC monthly revenue accelera
Core Scientific	CORZ	AMD AI datacenter buildout partner	Bullish if deployments stay on schedule; b

Monitoring rule: If NVDA or SMH breaks below their 50-day moving averages on rising volume, re-evaluate the AMD thesis within five trading days, paying specific attention to hyperscaler capex commentary.

EXIT TRIGGERS

No position is recommended at current prices. Re-review triggers for an entry are:

- Price falls below $365, the low analyst target, making the bear case less catastrophic while the base case return improves.
- A price below approximately $300 with intact data center share and balance sheet would create a genuine margin of safety under this framework.
- Gross margin expands above 55% and FCF margin sustains above 20%, allowing a higher-terminal-multiple base case without increasing downside.

- A confirmed AI capex downturn causes a valuation reset even if fundamentals remain intact.
- AMD initiates a dividend or demonstrates sustained shareholder-return discipline that provides an income cushion.

FINAL RECOMMENDATION

RECOMMENDATION: AVOID

AMD is a high-quality but unsuitably priced asset for the wealth preservation mandate. The balance sheet is a fortress, the AI roadmap is real, and management execution is strong. The disqualifiers are valuation and downside protection. At $503.60, the stock trades near 129x trailing earnings with no dividend and no margin of safety. The bear-case 10-year total return is approximately –16.4% per year, violating the absolute requirement of a non-negative bear case. The probability-weighted expected return of roughly 5.0% falls below the 7% hurdle and offers inadequate compensation for the probability of permanent loss.

ANALYST NOTES

Key Assumptions: Base case revenue growth of 30% for five years then 15% for five; terminal net margin of 20%; terminal P/E of 35x; 10% discount rate; share count of 1.80 billion in ten years; no dividend. DCF uses $7.48 billion TTM FCF, the lower of the two provided figures.

Limitations: The provided research contains conflicting market cap, revenue, FCF, and EBITDA figures that cannot be fully reconciled. Interest coverage and current ratio are not directly available. No geographic revenue split, no beta, no institutional holder trend, and no full five-year FCF series. Sector median data comes from AAII, whose own table and text disagree internally. Forward P/E from Yahoo may use an aggressive out-year EPS.

Confidence Level: MEDIUM. The recommendation rests on the valuation and downside arithmetic, which are clear. The confidence in the AVOID call would be higher with a fully reconciled FCF and share count series, and with explicit FY2026/FY2027 consensus EPS.

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