Gravitywell RESEARCH · WHAT-IF TEARSHEET

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SCENARIO VIEW · MEDIUM CONVICTION · CAUTIOUS

What if the *AI bubble* bursts?

Conditional scenario, not a forecast. A real bubble on capex, concentration and financing structure, but funded at its core from real cash flow, so the burst splits in two: the first-order equity de-rate is priced; the mispriced legs are the second-order credit event in the neocloud and GPU-lease stack and the third-order growth shock, because AI capex has been carrying an outsized share of US growth. Low-ish odds, high magnitude, convex.[1]

20–30% P(ACTIVATION) / 24M ○ · VS BASE RATE ~10%	**~$710bn** 2026E BIG-FOUR AI CAPEX ●	**~35%** AI-LINKED SHARE OF THE S&P 500 ●	**−40/−65%** AI SILICON & POWER DE-RATE IF ACTIVATED ○ (COMPLEX ~-30/-40%)

THREE CALLS

Own the convex put spread — HIGH

12–18m put spreads on merchant silicon and AI-power; realised vol is suppressed by the buy-the-dip bid, so the tail is priced near the base rate the market treats as zero.

Hedge the second-order credit leg — HIGH

Protection on the neocloud, GPU-lease and DC-REIT credit stack; it lags the equity move by a quarter, so it is still cheap when the equity hedge is not.

De-concentrate the core book — MED

Rotate to equal-weight and ex-US; a market-cap tracker is a ~35% AI bet by construction, so de-risking is the action even with no view on AI.

THREE TRIGGERS TO WATCH

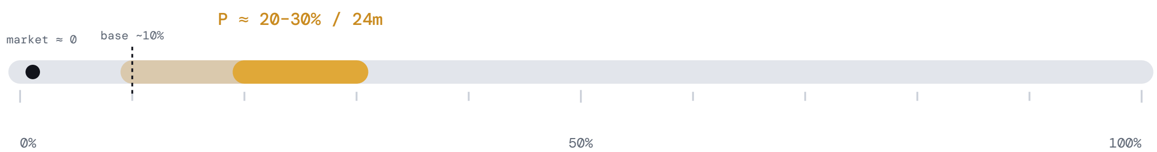
- **Capex guidance turns**
  The buildout's own signal; a cut is the day-1 event that starts the chain.
  `TRIGGER: AI capex guide down 2 quarters`

- **Infra credit event**
  A neocloud or GPU-lease default converts the equity air-pocket into a credit event.
  `TRIGGER: neocloud notes < 85¢ / CDS > 200bp`

- **ROI stays absent**
  No enterprise-AI revenue inflection removes the fundamental floor under the multiple.
  `TRIGGER: pilots still ~95% no-return in 2 qtrs`

THE MONEY CHART · Probability vs base rate

P(activation) / 24m



Base rate ~10%/24m from the ~1-per-decade frequency of ≥40% named-complex busts ◐, adjusted up for the live preconditions ○. The band draws over [20%,30%] only, not from zero. Magnitude and probability are separate axes. Full sourcing in the report.[1]