



MacroSpotlight

**SOXX in 2026: The AI Narrative is Real.
But It's Not the Whole Story.**

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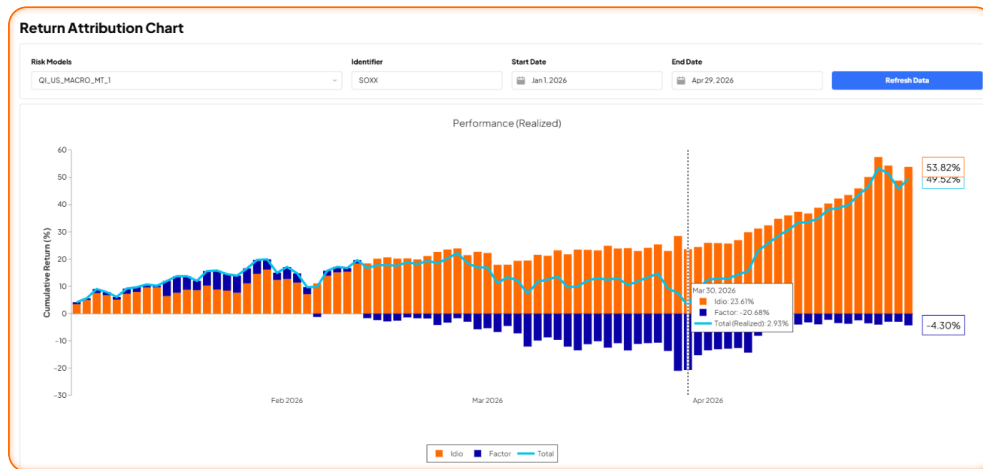
Strong returns. Wide dispersion. And a misattribution risk most investors aren't measuring.

BOTTOM LINE

Semiconductors are up roughly 50% in 2026. The AI narrative has driven genuine idiosyncratic returns. But macro has played a bigger role than most PMs realise — as a drag during the drawdown, and as a tailwind for some of the biggest winners.

THE ETF LEVEL

SOXX's 2026 return attribution tells a clear story.



Idiosyncratic returns, the orange bars, have been consistently positive throughout the year. The AI story is real.

But by end-March, total return had fallen to just 2.93%. Idio was still contributing. Macro was a 20.7% drag.

Since then, macro headwinds have abated and the idio story has strengthened further. The ETF's headline return obscures how much the macro environment was doing to suppress it.



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SINGLE STOCK DISPERSION

At the constituent level, the picture fractures. MFERM maps each name on two axes: idiosyncratic return versus macro return. Four quadrants emerge.

- Top-left: pure alpha.
- Top-right: alpha plus macro tailwind.
- Bottom-left: poor stock picking.
- Bottom-right: poor idio compounded by macro drag.

Most names live in the pure alpha bucket. But the top six weights, representing 50% of SOXX's 2026 returns, tell different stories.

- Intel's roughly 150% gain was almost entirely idiosyncratic. The AI poster child, with US government backing.
- MU and MPWR posted similar idio returns, but MPWR would have performed even better without a double-digit macro drag working against it.
- AMD and Marvell are the most instructive. Their outperformance was not just the AI story. Both enjoyed a meaningful macro tailwind. In Marvell's case, roughly 20% of the return came from macro factors.





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THE MISATTRIBUTION RISK

This is the point. Without return decomposition, a PM holding Marvell might attribute the entire gain to their stock thesis. That's not wrong, but it's incomplete. And incomplete attribution leads to poor sizing decisions, especially when the macro environment shifts.

MFERM gives you two things.

1. The conviction to hold through a macro-driven drawdown, because you can see the idio thesis is intact.
2. And an alert on names where macro is carrying more of the return than your model assumes.

Knowing which is which is not a nice-to-have. It changes how you size, how you hedge, and how you think about risk.



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