

U.S. Government's Intel Stake: A Turning Point in Strategic Investing?

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The U.S. government's decision to purchase a nearly 10% stake in Intel for \$8.9 billion marks a historic shift in how Washington approaches private industry. Rather than acting only as a crisis backstop—as seen during the bailouts of banks and automakers in 2008—the government is now positioning itself as a proactive investor in industries deemed essential to national security and economic competitiveness. For investors, this signals a new era of public-private alignment with broad implications.

Semiconductors as a Strategic Asset

Semiconductors have become the backbone of both advanced economies and national defense. From artificial intelligence and cloud computing to military systems, chips are at the center of technological power. Intel, once the undisputed global leader in chip design and manufacturing, has lost ground to Nvidia, AMD, Taiwan Semiconductor Manufacturing Company (TSMC), and other chip manufacturers in recent years. However, it remains the most credible U.S.-based company to build large-scale, advanced manufacturing capacity domestically.

By stepping in as a shareholder, the government is effectively betting that revitalizing Intel's domestic production capability is a matter of strategic necessity. The investment isn't just about a corporate turnaround—it's about ensuring the U.S. retains independence in an industry dominated by Asian foundries, particularly TSMC. With rising geopolitical tensions in and around Taiwan, diversifying supply chains on U.S. soil is no longer seen optional, but critical.

From Bailouts to Strategic Stakes

Historically, government ownership in companies has been tied to survival. The U.S. Treasury once held over 90% of AIG, 60% of General Motors, and a large stake in Chrysler during the global financial crisis. Those were reactive interventions.

The Intel investment, by contrast, is proactive. It aligns more closely with national security interests than balance sheet distress. This same pattern is visible in other recent deals:

- A controlling “golden share” in U.S. Steel after its acquisition by Nippon Steel.
- A \$400 million stake worth 15% in MP Materials, the only rare earth mining operation in the U.S., amid China's tightening grip on exports.

The message is clear: Washington is willing to deploy capital in sectors—chips, steel, rare earths—that it considers pillars of national resilience.

Implications for Investors

For investors, this shift carries several takeaways:

1. **New Tailwinds for Strategic Sectors:** Companies in industries tagged as critical—semiconductors, defense tech, rare earth minerals, energy infrastructure, etc.—may enjoy preferential access to capital, regulatory flexibility, and direct government backing.

2. **Opportunities for Startups and VC-Backed Companies:** National security adjacency may become a funding catalyst. Venture-backed companies in AI hardware, cybersecurity, or energy tech could find that aligning with federal priorities opens doors to private investment, public investment, and policy advantages.
3. **Geopolitical Risk Pricing:** With supply chains becoming a matter of national defense, market participants should incorporate geopolitical risk assessments into their investment decisions more explicitly. For example, a company's exposure to China or Taiwan could shape future returns if there is added geopolitical instability in the region.

A New Model for Public-Private Capital?

The U.S. government's stake in Intel isn't just about an investment into one company. It suggests a new framework where Washington could step in as a shareholder in industries too vital to leave entirely to market forces. While investors will debate whether this is a good thing, the precedent is unmistakable: strategic investing is now a tool at the disposal of the U.S. government.

For investors, this means that government priorities are becoming an increasingly important driver of capital flows and corporate strategy – at least under the current administration. The Intel deal may prove to be the first in a series of targeted equity investments designed to secure supply chains and advance national security interests. As this model evolves within current and future administrations, investors will need to weigh both the benefits and constraints of government involvement – but one thing is clear: Washington is no longer just regulating markets and stepping in during moments of crisis, it's taking a proactive interest in shaping the future of multiple industries in the private sector.

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