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AI valuations: a disciplined lens

Big numbers deserve careful questions.

A high-profile commentary argues that enthusiasm surrounding a potential Anthropic public offering may be running ahead of verifiable financial information. Rather than repeat the article's rhetoric, this brief reframes the topic around a practical investor process: separate reported facts from forecasts, examine the quality of earnings, and test what must go right for a valuation to hold.

THE CORE QUESTION

What assumptions are embedded in the price?

A compelling technology story can still be a difficult investment if the valuation depends on aggressive growth, durable pricing power, low capital intensity, and a clear path to recurring free cash flow all occurring together.

Inspired by themes in Will Lockett's Medium commentary dated September 4, 2026. Claims in the source were not independently verified for this draft.

A five-point valuation review

Use a repeatable framework when a market narrative moves faster than audited evidence.

1

QUALITY OF REVENUE

Is growth recurring, diversified, and supported by customers who remain over time? Revenue gained through temporary pricing changes or customer switching may deserve a different multiple than durable expansion.

2

EARNINGS VERSUS CASH FLOW

EBITDA can be useful, but it may not capture interest, depreciation, capital expenditures, or other cash demands. Review the bridge from operating metrics to free cash flow.

3

CAPITAL INTENSITY

AI development can require substantial spending on computing infrastructure, model training, and financing. Ask how much additional capital is needed before the business can fund itself.

4

FORECAST SENSITIVITY

Long-range revenue targets are scenarios, not facts. Model a base case, an upside case, and a downside case, then identify which assumptions have the greatest effect on value.

5

COMPETITIVE DURABILITY

Pricing pressure, product substitution, and low switching friction can weaken margins. Consider whether the business has defensible advantages beyond rapid adoption.

A USEFUL DISCIPLINE

Do not ask only, “Could this company become enormous?” Also ask, “What return is available from today’s price if the outcome is merely good?”

Keep the story in perspective

A discussion guide for clients and advisor teams

- Which figures are audited, and which are management estimates or media reports?
- How does the valuation change if revenue growth slows or margins remain compressed?
- What future funding, debt, or infrastructure commitments could dilute investor returns?
- How concentrated is the investment exposure across a broader portfolio?
- What evidence would cause us to revise the thesis, positively or negatively?

PERSPECTIVE OVER PREDICTION

The purpose of a disciplined process is not to predict the exact winner of an emerging technology cycle. It is to understand what is known, what is assumed, and how much uncertainty is already reflected in the price.

Source note

This is an original educational adaptation based on the themes of “Anthropic’s \$2 Trillion IPO Is Pure Insanity” by Will Lockett, published on Medium on September 4, 2026. It does not reproduce the article and should not be read as an endorsement of its claims.

FOR DISCUSSION PURPOSES ONLY

Not investment advice. Confirm all financial claims through primary, current, and independently verifiable sources before client use.