

THIRD QUARTER 2026

Finally, New York.

*“The true New Yorker secretly believes
that people living anywhere else have
to be, in some sense, kidding.”*

JOHN UPDIKE

P R E F A C E

If you catch me out on the weekends and our conversation shifts toward anything related to markets or technology, I will gladly spend the next 60 minutes having a detailed conversation with you. In Montauk earlier this summer, this is exactly how my friend and I ended up in a conversation about the SpaceX IPO with an MD at Cantor Fitzgerald. It was my second favorite part of the night right behind the saxophone DJ.

I have long enjoyed thinking, writing, and debating topics around markets, technology, and the economy. If you've followed me for long enough, you'll know that I intermittently turn these thoughts into essays and blogs. Too often though, I do not stick to a cadence and end up never writing about topics or ideas that I find interesting.

Therefore, I am establishing a quarterly report.

I have loved writing for the past few years and believe that in the age of AI, taking the time to write and articulate your ideas in a meaningful way will be a distinct advantage. Going forward, these quarterly reports will be a way for me to hold myself accountable for consistently sharing my ideas and thoughts.

It will also let me play around with cover designs since I have discovered this is a lost art form. More on that later.

Disclaimer: The opinions expressed in this letter are mine and mine only and do not represent the opinions of Fiscal AI or any of my former employers. Along with this, none of the opinions below should be considered financial advice. Please consult a financial advisor before making any investment decisions.

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Personal Updates

FISCAL AI. First, a small update on my career. In August, I joined Fiscal AI. Fiscal is a financial data company that provides a fundamental research terminal and is a data provider for global equities. I have joined the team as a Solutions Engineer and will be working across sales, product, and engineering.



FIG. 1 — FISCAL.AI

The company has roughly ~60 people and is accelerating. They are incredibly AI forward and have taught me an incredible amount in just a few weeks. There is nothing better than the feeling of learning everyday and startups like this provide that opportunity over and over again on a daily basis.

With this new career, I will also finally be making the move to New York City.

NEW YORK CITY. In early August, I got drinks with someone whose opinion I deeply value. They said that I “exude New York”. I am by no means a “New Yorker” (yet), but I believe I live in a way that represents the values and culture of the city that I love.

Everyone loves New York City for a different reason. The culture, the opportunity, the people, the art, etc. To me, I love New York because it is where people go to accomplish something. It feels that everyone in the city is on a mission and works their ass off to make it happen. Everyone has a purpose and it’s palpable.

While New York City is expensive to live in, I believe that it is well worth the cost (and the winters). The best way to view the cost of New York City is to view it as a membership to be around some of the smartest, most motivated, and interesting people in the world.

Finally, I believe New York City is one of the best representations of the American dream and capitalism. In America, you still get rewarded with tremendous upside if you are willing to work hard enough to make it happen.

I believe no place rewards hard work more than New York City.



Public Markets

ATTENTION-NARRATIVE INDEX. In the past few years, we’ve had intense bull markets. More euphoria, more narratives, enough AI for a lifetime, and what feels like more aggressive returns. In these bull markets, some stocks are trading far from what their fundamentals justify. Palantir at 140x sales in May 2025. SpaceX around 87x sales now. It wasn’t until Sam Lessin’s Capitalist Multiverse blog that I was able to have an explanation for this. The TLDR:

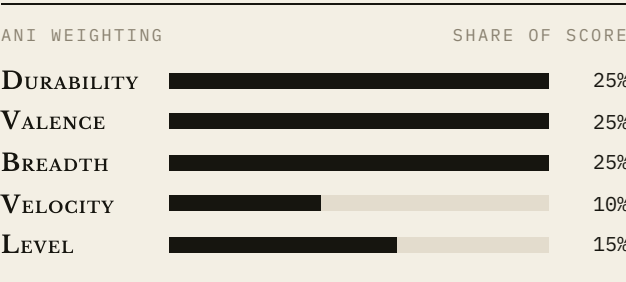
DCF is no longer the only globally scalable story of value. The internet lets minority belief systems create trillion-dollar markets. (Please read full article [here](#))

In other words, investors are buying more than just future revenues at this point. They are buying the story, the narrative, or the idea that is sold to them through social media, the news, or founders. It is one of the reasons I only got 1 share in my SpaceX IPO request. Retail was frothing at the mouth for access.

Originally when writing this quarter’s letter, I was going to write about SpaceX’s IPO and why the 84 times sales wasn’t a crazy valuation because of its “narrative”. I realized without any quantitative reasoning, the entire thesis would have essentially read, “it’s just vibes”. While I have a friend who has successfully traded on “vibes” many times, he also has an extensive quant background. So I decided I needed to build a quantitative side to prove this out.

Introducing the Attention-Narrative Index (ANI). This index measures how strong the story around a public company is, independent of its price. Using a small swarm of agents with dedicated research tasks, we are able to determine an ANI and story-implied premium for any company. The main research is around 5 themes. Agents use web-search and leverage Fiscal.ai MCP to determine the following:

- **DURABILITY:** Whether investors hold through drawdowns
- **VALENCE:** Whether the narrative around the company is positive or contested
- **BREADTH:** How many different kinds of investors hold it (retail, institutions, etc)
- **VELOCITY:** Whether attention is building or fading
- **LEVEL:** How much attention the company gets for its size



An executive agent then gathers each individual score, the evidence, right-sizes the data for the size of the company, then reports the final ANI score. Since agents never like to give controversial takes, most scores ended up between 40–70. To combat this, we translated each score as a percentile which allows us to truly differentiate the results. The score exists to answer one question: how much of a

company’s valuation is its fundamentals, and how much is the story the market is paying for?

The preliminary results were intriguing: **Markets pay for stories consistently. A company with a middling story trades at 1.4x what fundamentals justify, a company in the top 10% of ANI scores trades at about 3x, and the top companies, ones like Tesla and Palantir carry a 4–6 times multiple.**

Let’s walk through an example looking at Meta. This run was done on September 8th, before the Muse hype.

Meta traded at 6.9 times sales, fundamentals of the company justified 6.3x.

- **Durability scored 67.** Meta had two drawdowns of more than 33% in two years. In the first, retail investors bought the dip with record net inflows. In the second, the base held but got tired.
- **Valence scored 65, raised to 70 by the executive.** Professionals are nearly unanimous: zero sell ratings, short interest at 1.1% of float, no fund holding a disclosed short.
- **Breadth scored 84.** Institutions, index funds, mainstream media, and the AI theme all carry Meta.
- **Velocity scored 43, raised to 48.** Search interest was down 27% over three months, Vanda listed Meta among stocks retail was net-selling, and a late-August Wikipedia spike from the child-safety settlement reverted to baseline within ten days.

— **Level scored 76, raised to 79.** Seventh of all US stocks by options premium, fourteenth by Reddit mentions, ahead of Alphabet, Apple, Amazon, and Microsoft on several counts.

The executive agent then asked the sizing question, “how much of this comes free with being a \$1.45 trillion company?”. With that answer being most of it, the executive rightsized breadth from 84 to 58 and level 79 to 66.

Calculating everything together Meta ranks in the 66th percentile. This percentile earns a 1.9x multiple on the fundamentals implied boring price of 6.3x.

The ANI-implied multiple on Meta is ~12x. This says that Meta is currently underpriced compared to the story surrounding the stock. Meta stock is up 11.5% since this model ran.

Simple enough right? Definitely not confusing in any way?

I’m not going to say this model predicted this uptrend, but the basket of stocks that were ranked as priced below their story is up 7.8% (against -0.12% S&P) as of writing this on September 30th. Of course, this is just preliminary research ran on September 8th, conducted during a bull market, and only on roughly 30 companies.

BASKET RETURN BY ANI SEGMENT		SINCE 8 SEPT.
MARKET BELOW STORY		+7.8%
IN LINE		+1.1%
MARKET ABOVE STORY		+0.3%

This research isn't gospel. However, it has provided some interesting results that work to give a quantitative side to a qualitative hypothesis. I will continue to follow this initial batch of companies over the rest of 2026. I personally do not plan to run this on many more companies as the compute cost is around \$5–\$8 per company. This initial run ran me around \$350. As token costs lower, or if anyone wants to help fund this research, I will pick this back up.

If you want to read the full methodology, or see the other companies we rank, [view them here](#).

SPACEX IPO. IPOing on June 12th, this IPO technically happened in Q2, but I am interested in discussing it as most of its drawdowns occurred in July. As I stated, I was a heavy buyer in the IPO once it opened around \$160. I never bought after that until it was below \$135, where I bought in a few different areas before it started to rebound in August. There are two reasons I like this company. First is diversified revenue. SpaceX owns and operates Starlink, a rocket launch program, satellites, X (formerly twitter), Grok, as well as AI infrastructure. The lowest earning segment made \$314m last quarter, while the highest made up \$2.4b. Some of the best companies I have studied and invested in during my lifetime have a revenue that is highly diversified and growing. This is a textbook example.

That one's pretty obvious. The second, and the main reason I invested in the company, and will continue, is because of the story and narrative. SpaceX trades around 84x sales right now. Ridiculous to many, but a valuation that I believe is only slightly rich. On the ANI index, SpaceX sits in the 80th percentile, which for a company public for less than 6 months, is spectacular. The July drawdown not only found a support level and jumped quickly, but constantly had support for retail investors and institutions alike.

The story has everything behind it. AI, Space, X, and of course, Elon Musk. As shown above in the ANI piece and spelled out by Sam Lessin, markets are not only paying for future cash flows anymore, they are paying for the story, the ideas behind the asset, or the belief that they will be a part of something bigger.

Sidebar for the two risks I hear about. The lockup periods here are different and larger than most IPOs, but I believe they are priced in and will not affect the overall price of the stock in a meaningful way. Second being government revenue in relation to the current administration. I believe no matter what party is in charge, SpaceX is a valuable partner to the government. I do not believe that a democratic administration, congress, or senate will meaningfully impact this revenue.

SpaceX is an incredible business that will likely always trade at a higher premium due to the story and narrative behind the company.

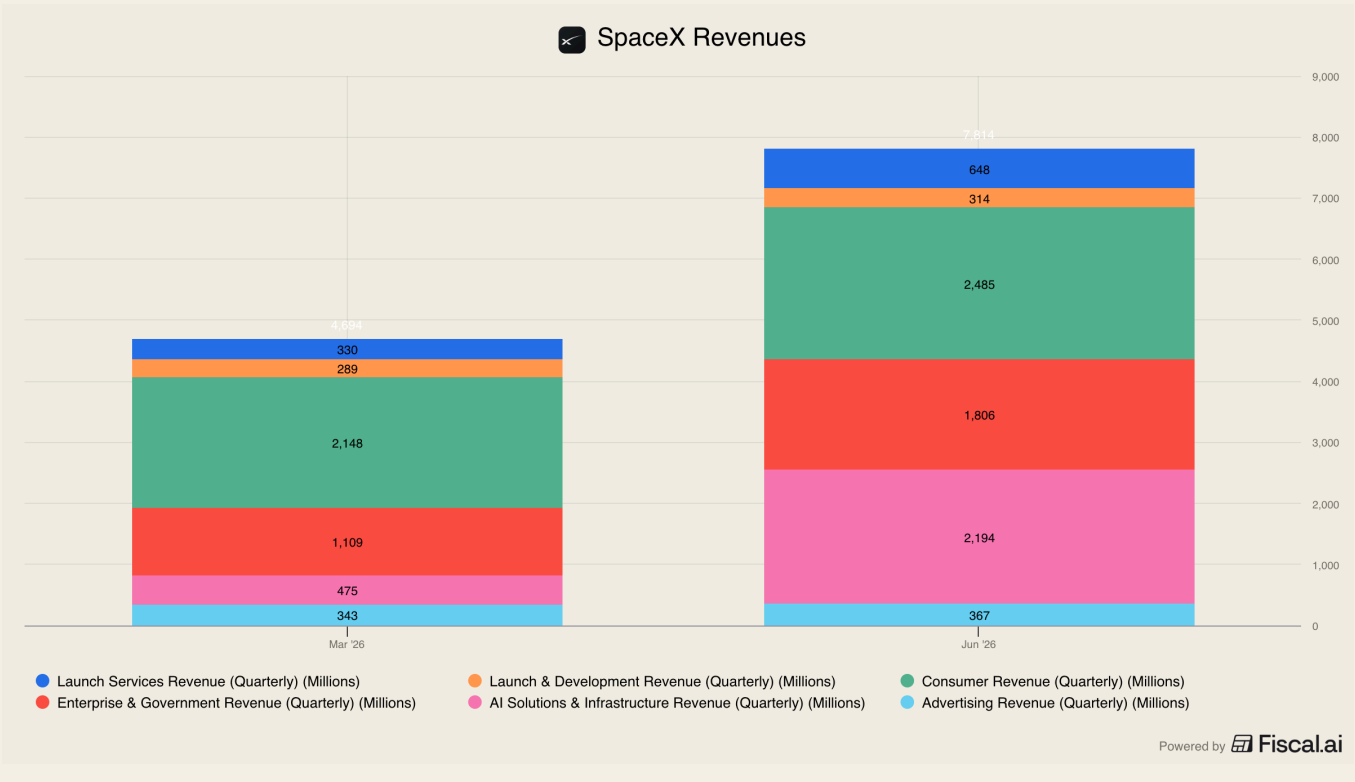


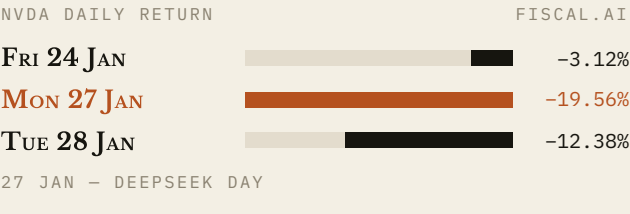
FIG. 3 — SPACEX REVENUE BY SEGMENT, QUARTERLY (\$M) SOURCE: FISCAL.AI

AI DOOMERISM.

The tweet from the researcher who worked at Anthropic for all of a few weeks and then promptly went on a media run like he was Jason Sudeikis prompting a new season of Ted Lasso really got on my nerves. There was no reason for it to start this AI doomerism storyline. Then Dario’s essay came out, and we had a new headline running the show about how the government needs to step in and help these companies regulate AI.

I disagree with Dario here and believe this is an incredibly reckless way to discuss these issues. Public, private, and credit markets are all heavily involved in this AI buildout. The

market is also incredibly reactive toward any and all headlines in this area. Remember the Deepseek moment?



Anthropic and OpenAI staying private companies is shielding them from the normal backlash that they would receive if they were public companies. I do not think Dario would have come close to writing that same essay if Anthropic was a public company. If he did, the stock would have dropped 10%+ in a day. As

Dario, Sam, and even Elon spoke about pacing and regulations, two voices spoke that really caught my attention. First, was JD Vance at the All-in summit. When asked about the CEOs asking for regulation Vance said:

“Don’t look to us for regulation, instead look inward. If you’re building Frankenstein, 1) Stop and 2) When companies come to you and ask for the tools to fight back, give them those tools”.

A very common sense approach to this issue. Before this comment, companies like Meta were already conducting this internal work. After Dario published his essay, Zuckerberg posted on X,

“Meta delayed shipping Muse for several months to focus on safety and security. We didn’t call for everyone else to do this before we would. We just did it as part of our day-to-day work because it was clearly the right thing for people and for us. I’m proud of the security foundations we’ve built”.

As Zuckerberg said earlier in this post, it is in the best interest of these companies to not have a massive security incident. Anytime Chipotle has 20 people get sick from their chicken the stock drops 10%, imagine how a company’s stock would react if a report comes out that their model went rouge and had a massive cyberattack or even somehow injured people? The stock would be on life support within a matter of days.

We don’t need government regulations to come in and impact that way that these companies are building frontier technology. The companies need to regulate themselves and serve in the best interest of themselves and their shareholders.

Throughout all this turmoil, I believe Dario will be out as CEO of Anthropic by this time next year. I also believe Meta, SpaceX (Grok), and Google will make up substantial grounds because now, experience as a public company is an advantage.

Private Markets

THRIVE ETERNAL. There was a point over the last year where moves Josh Kushner made surprised me, but I am starting to get to a point where he could announce that he is funding the development of an extension to New York City and I wouldn't be surprised. In the end, he will go down as one of the top investors through the AI era.



His most interesting bet is Thrive Eternal. Eternal is a dedicated fund to invest in assets that technology cannot replicate. Two of the first largest investments include massive sports franchises, the San Francisco Giants and the Los Angeles Lakers.

As technology moves faster, and in post-covid life, people will continue to hunt experiences in person and around others. Baseball games, SEC football, concerts, and more have been thriving in recent years and will continue to. In fact, people are willing to pay more for experiences than they normally have.

Recently, I was looking into segment and KPI data in US consumer companies and found that consumers are buying more units, and paying more for those units, leading to substantial revenue growth for these companies.

As AI continues to bring technology more and more into daily tasks that we used to do ourselves, we will start to see more emphasis on enjoying experiences that we may have put by the wayside before. Golf adoption is at an all time high, concerts are constantly sold out, and people are traveling more than ever. Assets and companies that own and enable these types of experiences will continue to appreciate at a rapid pace.

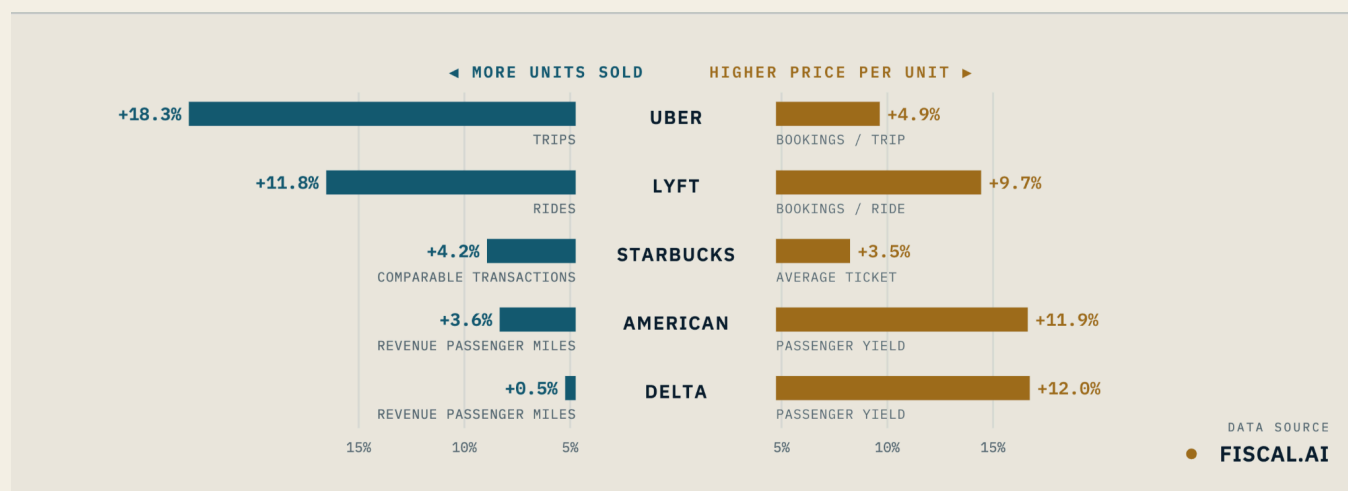
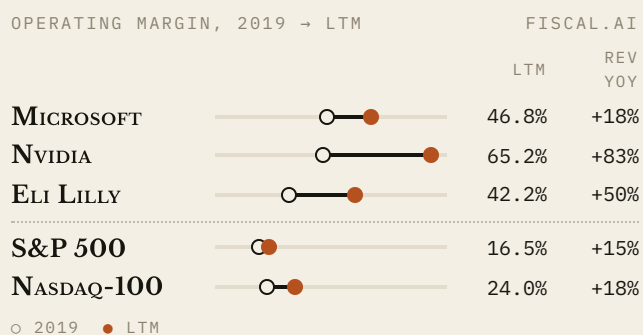


FIG. 5 — MORE UNITS SOLD AND A HIGHER PRICE PER UNIT, YEAR OVER YEAR

SOURCE: FISCAL.AI

MULTI-VEHICLE PLATFORMS. Over the past few months, I have found myself drifting toward a multi-vehicle approach when it comes to investing. Over the next few years, I believe we will start to see lines crossed when it comes to how funds manage money across stages. This is for a few reasons:

Public companies have never been better at making money. Since the 2022 bear market and the recent bull market/AI build out, companies have been unstoppable when it comes to growing profits and expanding margins. I think with AI we will continue to see expanding margins over the next 5–10 years. If you are managing money, I find it hard to not have public market exposure. (These opinions are also so easy to have while in the midst of a healthy bull market).

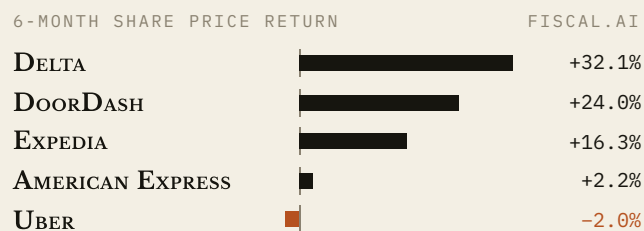


Anthropic and OpenAI IPOs will hurt VCs.

Although many investors are going to make a herculean amount of money as these companies come public, we are already seeing some narratives and backlash around the IPOs. Most notably, I've seen the IPO be framed as investors handing their bags off to firefighters, nurses, teachers, and policemen. Although that is an extreme framing, these IPOs are going to show how the public market is going to react to

this new generation of companies. Although I believe that long-term these companies will age well, I believe the short-term negativity coming into midterms around AI will result in a sour showing for these IPOs.

Consumer agent apps will rise, but they will utilize public rails. Shockingly, another person thinks AI consumer apps are the next big market. While this is true, the most adopted apps will have new user interfaces that still complete transactions through existing vendors. Delta for flights, Uber for rides, Amazon for purchases, Expedia for travel, instead of a human making these purchases, it'll be agents. So as the US consumer is naturally lazy, the boost in spending via agents will likely result in some earnings surprises in the public markets to the upside.



Leveraging research across, early, growth, late, and public stage companies is going to give any asset manager an advantage in these ever-changing markets. This is why the multi-vehicle approach is, and has always been attractive. The only issue becomes accessing the early stage and high demand rounds. I think with 401k capital opening up and private company access becoming more frequent we will start to see more and more investors and asset managers lean toward a multi-vehicle approach.

Notes

ANNUAL REPORTS PRE-2000. A few weeks ago, my X algorithm started feeding me old annual reports covers. I am talking about Intel from 1991, IBM from 1987, American Airlines from 1963, plus entire galleries of these reports. It is fascinating to look through the photos and designs used for these covers over the past 70+ decades, they pull on a nostalgic feeling and give such a great view into how work was done.

In the age of face paced technology and business, these covers represent work deliberately slowed down and crafted every

single year. There were hours of work and thought poured into just one page of the annual report. This type of deep and deliberate work feels to have faded over the past few decades. People have chosen to go with black and white, modern, 90 degree corner type of designs. Not often does something truly feel like another human poured hours of time into designing a building, app, or website.

I have confidence that while AI automates the mundane tasks, we will start to see a revamp in this deliberate deep work that leads to incredible products, advertisements, and designs. After all, seeing these reports inspired me to do this every quarter.

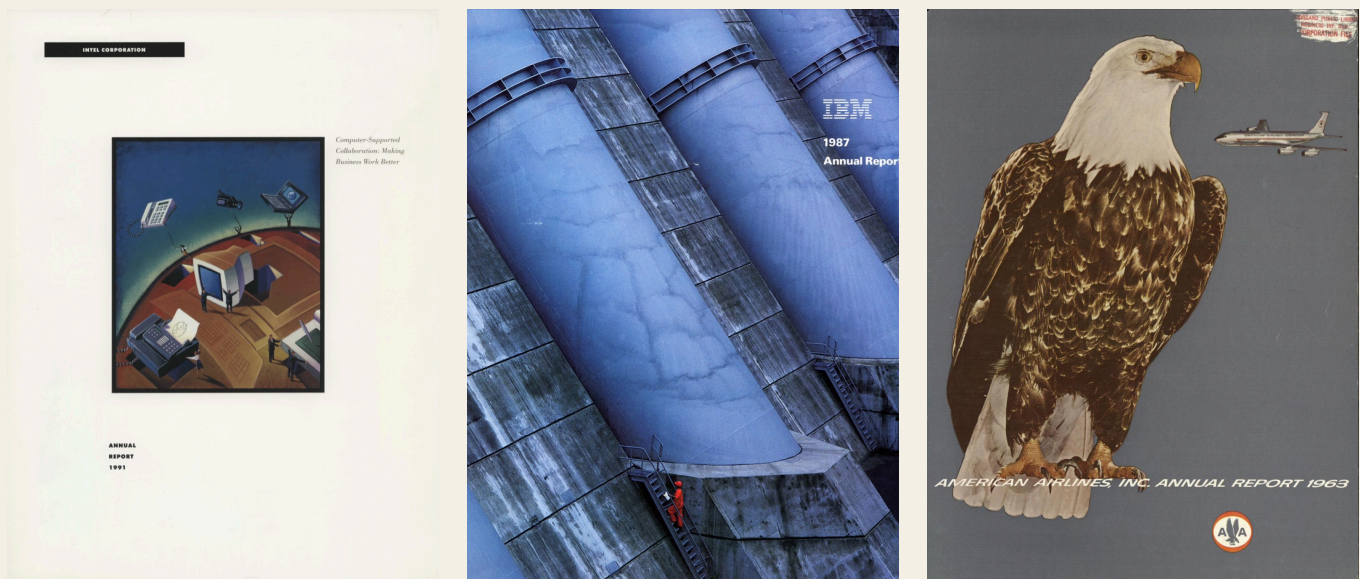


FIG. 7 — INTEL 1991 • IBM 1987 • AMERICAN AIRLINES 1963

ANNUALREPORT.GALLERY

A Final Word

If you made it this far, whether by skimming or reading, I very much appreciate your time. I'm looking forward to doing these quarterly letters over the next few years. I'm praying that I can stay consistent, but if all else fails, I like how this one turned out.

If you're in New York City at any point over the next few years, shoot me an email or a text and I'd be glad to grab a coffee. If you're interested in Fiscal AI, feel free to reach out to me through the same means.

I'm looking forward to the fourth quarter. I think we will see a lot of movement once Anthropic IPOs, and I will have plenty to write about. In the Q4 report, I will also include some 2027 predictions. Hopefully one of those predictions includes a New York Rangers playoff run, but after Game 1, I can't be too confident.

Cheers,

Tom

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