Singer *Wealth*

Michael Burry's AI Warning: Even the Smartest Tech Can Become Overvalued

If you have exposure to the magnificent seven stocks or other AI stocks you probably noticed that they have been rapidly appreciating. Investor Michael Burry, best known for predicting the 2008 housing collapse and inspiring *The Big Short*, has turned his attention to what he sees as another market bubble, artificial intelligence. Burry's hedge fund, Scion Asset Management, recently disclosed over $1 billion in bearish bets against tech giants Nvidia and Palantir, signaling his doubts about soaring AI valuations.

According to regulatory filings, Scion purchased large put options, financial instruments that profit when stock prices fall, against both companies during the third quarter. Burry has also made cryptic social media posts hinting that the AI boom may be overstretched. "Sometimes, the only winning move is not to play," he wrote, alongside charts comparing today's AI investment surge to the dot-com bubble of the early 2000s.

His warning comes amid extraordinary gains in the AI sector. Nvidia and Palantir shares have risen 46% and 157% respectively this year, fueled by investor enthusiasm and massive corporate spending on AI infrastructure. Yet, profitability remains limited for many players. Despite Palantir's strong revenue results, its shares tumbled 16% after its latest earnings, as markets questioned its growth outlook for 2026.

Even within the industry, opinions are divided. Palantir CEO Alex Karp dismissed Burry's position as "bats–t crazy," arguing that the companies driving AI innovation are the ones "making all the money." Still, Burry's skepticism echoes growing caution on Wall Street. Both Goldman Sachs and Morgan Stanley CEOs recently forecast a 10% to 20% stock market correction within the next two years.

Burry's latest move serves as a reminder that innovation does not shield investors from risk. The excitement around AI may be justified by transformative potential, but history shows that great stories can still lead to inflated prices. Whether this is a true revolution or just another bubble remains to be seen, but one thing is certain: no business model, no matter how compelling, is immune to overvaluation.

Have you heard about our Vision Quest Process? Watch the video below to learn more!

We are committed to helping you achieve your financial goals. Please feel free to contact us with any questions, comments, or a more in-depth discussion.

Sincerely,
Keith Singer

Singer Wealth
1515 S Federal Highway Suite 302
Boca Raton, FL 33432
(561) 998-9985
www.singerwealth.com

Singer Wealth Advisors is an SEC registered investment advisory firm. Registration with the SEC does not imply a certain level of skill or training. Discuss with your financial/tax professionals before investing. Past performance does not guarantee future results. Material provided for informational purposes only.