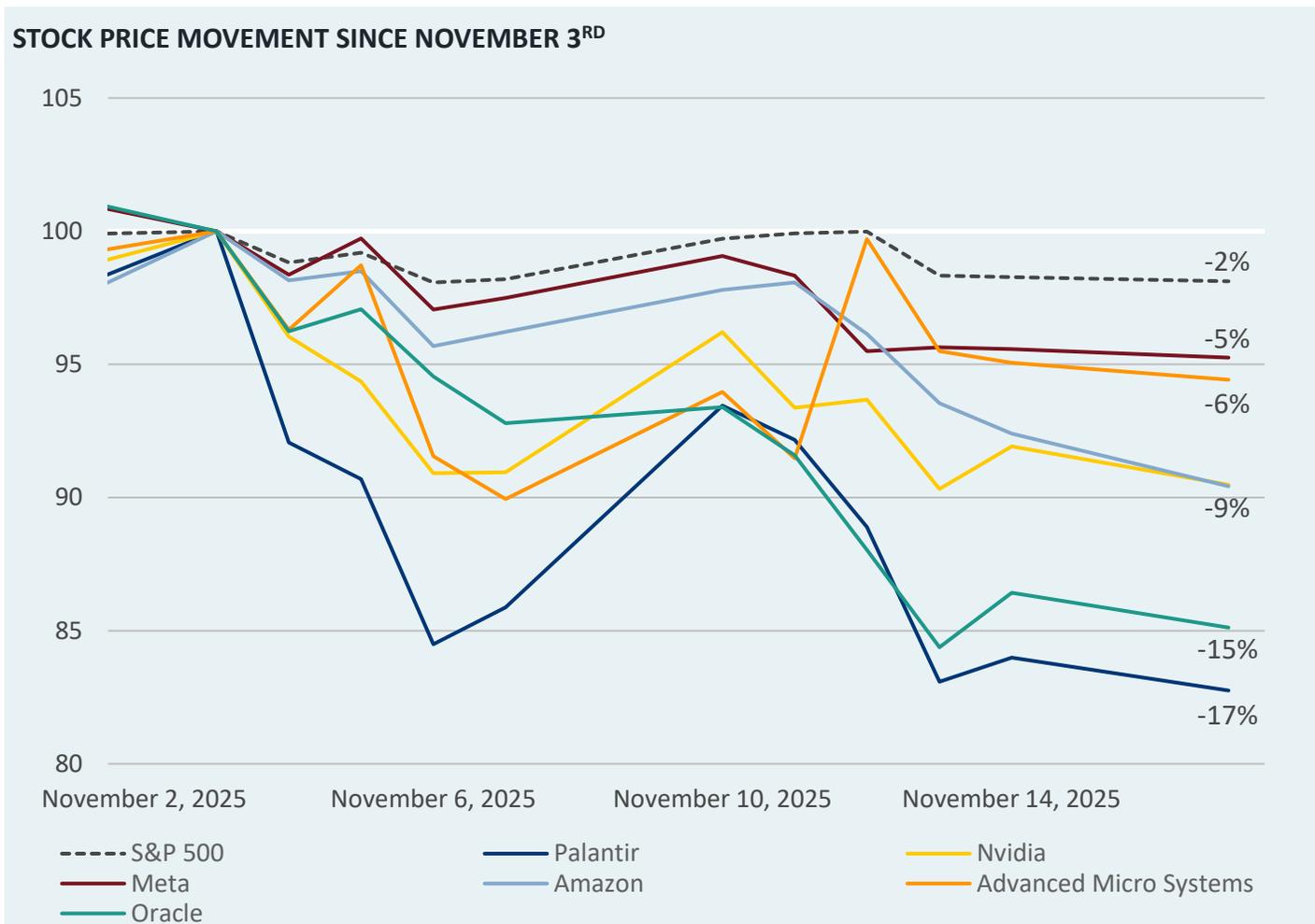


Verus Market Note

Concerns raised over circular funding between A.I. startups & service providers

On November 4th, it was made public that Michael Burry, founder of Scion Asset Management and known for his hugely successful bets against the housing market in 2008, had accumulated very large bets against Nvidia and Palantir over concerns about A.I. company valuations¹. This appears to have triggered an immediate selloff in those two stocks as well as others in the space. Fears had already been building across the investor community regarding A.I. funding models, lofty valuations, and whether the hype might be overdone. Burry's post seemed to help trigger a selloff and some pricing in of these fears.

In this week's Market Note, we illustrate the drawdown of certain A.I. and A.I.-related stocks since early November. Investors have raised skepticism around the circular nature of A.I. funding, as chipmakers and cloud providers are investing in A.I. startups, then those A.I. startups are using that funding to purchase chips and cloud services from the same businesses making the initial investments, then those cashflows are once again reinvested. This may represent a self-reinforcing loop of capital.



Source: Verus, Bloomberg, price as of morning 11/17/25

¹Fitch, A.F. (2025, November 4th). Michael Burry Returns With Two Big Shorts: Palantir and Nvidia. *The Wall Street Journal*