P(doom) and Gloom

It's been an eventful week for artificial intelligence. AI is pushing further into scientific discovery, with potentially enormous benefits for medicine and economic growth. At the same time, warnings from researchers building the technology have reached a much wider public and political audience. While we remain optimistic about AI and continue to favor the major technology platforms, the investment path may become choppier as investors attach more uncertainty to the pace of development in light of public backlash and potential regulatory intervention.

First, consider the progress this week. OpenAI announced an AI-generated proposed solution to a version of the Navier–Stokes problem, a longstanding mathematical challenge involving how liquids and gases move. A deeper understanding of these equations could ultimately help scientists improve weather forecasts and design more efficient aircraft, engines, and turbines. Meanwhile, Google DeepMind released a searchable map predicting how roughly nine billion possible changes in human DNA could affect the body. This could help scientists better understand what causes diseases and develop new treatments.[1]

The economic possibilities are equally striking. Research published Wednesday by Anthropic's Economics team modeled one scenario that put the level of U.S. GDP in 2030 up to 32% higher than in a world without AI. Yes, one must take optimism with a grain of salt, but the potential to accelerate productivity gains, improve living standards and accelerate discovery is extraordinary.[2]

Against that hopeful backdrop, Anthropic researcher Jacob Coxon resigned this week in a viral post on X warning about the dangers of pursuing self-improving superintelligence. That was shortly followed by Evan Hubinger, a senior AI alignment and safety researcher at Anthropic, sharing that his estimated probability of human extinction from AI is above 10% over the next decade. No, you did not misread that. To reiterate, a senior AI researcher at Anthropic believes in a greater than 10% chance that AI will cause human extinction relatively soon.[3]

Such estimates are often called P(doom), shorthand for the probability of an AI catastrophe. Hubinger subsequently clarified that he regards the P(doom) from present models as low, and that his concern is about future systems that increasingly improve themselves. That clarification is unlikely to comfort many. While we personally think the most alarming claims are highly exaggerated (just as the AI-led job loss predictions have been to date),[4] what matters for investors is how the public and policymakers respond. (And to be candid, not much matters for investors if these estimates prove correct).

These safety warnings have quickly broken through to the mainstream and are being cited by politicians seeking faster regulation. Already dozens of politicians across the political spectrum have connected Coxon's and Hubinger's posts to calls for hearings and legislation. Senator Bernie Sanders, who is pressing for a ban on superintelligence and a pause in advanced AI development, is now convening a bipartisan Senate briefing on September 16th.[5]

If policymakers take the strongest warnings at face value, tighter government control becomes more plausible. Especially so, given these pronouncements are happening amid a growing bipartisan backlash against data centers. Gallup found that 71% of Americans opposed an AI data center in their local area, with majorities opposed across party groups. New York has paused certain new permits while developing standards. Even Texas has required audits before data-center projects advance through its main grid's connection process. Resistance can delay construction, redirect projects or raise costs even where demand remains strong. These measures differ from stopping AI research, but they complicate assumptions about the pace of expansion.[6]

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September 10, 2026

There is considerable growth embedded in those assumptions. Recent Bloomberg Intelligence research puts consensus capital spending by the major U.S. hyperscalers near $850 billion this year and $1.1 trillion next year. Anthropic's annualized revenue is projected to reach roughly $100 billion by year end, with the company reportedly preparing to pitch a $30 trillion addressable market to IPO investors.[7] These figures help explain the enthusiasm, robust market returns and elevated valuations across semiconductors, cloud services, industrial equipment and power infrastructure.[8]

The likely investment consequence of increasing public concern, in our view, is greater scrutiny of premium valuations. In financial theory, much of a company's estimated value depends on cash flows far into the future – known as the terminal value. Delayed revenues and greater uncertainty can reduce that value substantially. While we are not calling for a market decline or predicting operational issues for any of our portfolio companies, we do think there is a growing possibility of heightened volatility for companies involved in the AI infrastructure buildout.

While a broad AI pause remains unlikely in our view – for reasons ranging from the difficulty of coordination to the geopolitical implications of slowing down if adversaries do not – the probability of some slowdown relative to the torrid pace of AI developments in the last few years has risen. That said, even if frontier progress paused today, businesses would still have years of work applying existing capabilities throughout the economy. We expect that diffusion and further development to continue with substantial productivity gains to come.

The implications of any slowdown extend beyond the equity market. For instance, AI investment has buttressed U.S. economic growth in recent years and created massive demand for capital, with hyperscaler debt issuance already approaching $280 billion this year. A slower buildout could moderate growth and borrowing needs, potentially easing some upward pressure on interest rates.[9]

Back to the AI safety concerns: We take these warnings seriously, even if we remain skeptical of the most catastrophic scenarios. We also believe that the industry's intensive focus on safety, and the safeguards governing how AI interacts with the physical world, should help constrain the most severe risks. Our investment focus remains on quality businesses with strong cash flows and durable competitive positions, including the major technology firms we hold, which have sound core businesses beyond those predicated on continued rapid AI growth.

We also see a compelling structural growth opportunity in cybersecurity. As AI capabilities spread, so does the need to protect businesses and critical systems against increasingly sophisticated attacks. That demand should persist even if frontier development slows, making cybersecurity an area where market weakness could create opportunities.

We hope you understand that our aim with this letter was not to cause alarm or be overly dismissive of potential risks. Rather, we think it is important to keep you informed on what we think will be front in center in public policy discussions and how that may impact the investment landscape. Please let us know if you have any questions or concerns.

Sincerely,

The Team at Fort Sheridan Advisors

Citations and Disclosures

[1] OpenAI, Navier–Stokes announcement, September 8, 2026; Google DeepMind, AlphaGenome Atlas, September 8, 2026.
[2] Anthropic Institute, Scenarios for the economic future, September 9, 2026; Economic Scenarios for Transformative AI, Table 3.
[3] Bloomberg and Evan Hubinger's X posts, September 8–9, 2026; Jakub Pachocki, An Alien Mind, September 6, 2026.
[4] Business Insider, May 28, 2025; The Economist, September 4, discussed by Noah Smith, September 7; New York Fed, September 1, 2026.
[5] Axios, Sanders convenes senators for AI briefing, September 9, 2026.
[6] Gallup, May 13; New York governor's office, July 14; Texas governor's office, August 3; Florida governor's office, May 7, 2026.
[7] Wall Street Journal, Anthropic Expected to Tell Investors It Sees Over $30 Trillion in Potential Revenue, August 25, 2026.
[8] Bloomberg Intelligence, AI Funding Boom, August 31, 2026; Bloomberg Intelligence, Anthropic Hardware Pacts, September 8, 2026.
[9] Bloomberg Intelligence, AI Funding Boom, August 31, 2026; Reuters, Bond selloff is likely amplified by obscure economic rate, September 3, 2026. The slowdown and bond-market implications are our analysis.

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