UNBOUNDED WEALTH

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The Multi-Billion Dollar AI Trick Hiding in Plain Sight

If you checked your stock portfolio after the latest round of earnings reports, I know the exact question that ran through your head:

“How can a company report record profits, but the stock gets hammered anyway?”

You aren't crazy. And you aren't calculating the math wrong.

You are watching a classic Wall Street accounting trick. It happens every single time a massive new hype cycle takes over the market. Right now, that hype cycle is Artificial Intelligence.

The Game Behind the "Record Profits"

Right now, giant tech companies are spending tens of billions of dollars buying AI microchips and building massive data centers.

To make those eye-watering expenses look good on paper, they use a standard accounting tool called *depreciation*.

Think of depreciation like buying a brand-new car. If you buy a $50,000 car and plan to drive it for 5 years, you write down the cost as $10,000 a year on your books. That makes practical, real-world sense.

But what if you buy a high-tech computer chip that will be outdated and obsolete in **two or three years**, but you pretend on your balance sheet that it will last for **ten years**?

That is precisely what is happening today.

By spreading out the real cost over ten long years, these companies hide massive expenses in the short term. Their reported "earnings" look incredible, TV commentators cheer, and retail investors blindly buy into the hype.

Why Standard Cash Flow Numbers Still Lie

Most investors think they can spot this trick by looking at standard Free Cash Flow. They can't.

Standard cash flow metrics ignore the subtle games management plays across the rest of the financial statements—like stretching out depreciation schedules, capitalizing software costs, or stuffing accounts receivable to make paper sales look like real growth.

That is exactly why I built my own proprietary metric: **Price / Earnings Quality (P/EQ)**.

Standard P/E measures a stock's price against management's reported—and easily manipulated—accounting numbers.

P/EQ flips the script. It forensically adjusts reported profits for aggressive accounting tricks. It strips away the paper promises, scrubs the balance sheet, and shows you whether a company's reported earnings are true, sustainable, and backed by real economic value—or just a staged party.

When the P/EQ doesn't hold up, I walk away.

And you need to learn to walk away, too.

Wall Street is not your friend. Look around financial districts—the people riding in the backs of town cars and driving Maseratis are the insiders and the executives, not their retail clients.

The average investor gets caught holding the bag over and over again because they rely on Wall Street's fairy-tale numbers. They buy the hype at the top, ignore the rotten accounting beneath the surface, and end up funding someone else's retirement while watching their own savings bleed out.

It comes down to a simple, brutal choice in today's market: **Either use powerful, forensic tools to see the real math, or don't invest in individual stocks at all.**

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