

## CIO Perspective Overvalued? Not if you're looking at the right numbers.

Julian Koski, Co-Founder and Chief Investment Officer at New Age Alpha

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### It's the oldest panic in the book: "The market's overvalued!"

But is it? A few stocks have run hot, narratives have picked up steam, and next thing you know, we're talking bubbles. Right now, it's AI and many have been quick to draw comparisons to 1999.

I think that's premature.

The real issue isn't AI, or any one sector. It's how quickly fear takes hold when expectations start to outrun evidence. That's why I always go back to the math.

We use the h-factor<sup>1</sup> to evaluate risk through a very specific lens: What's the probability a company won't deliver the growth its price implies? It doesn't speculate. It doesn't forecast. It just measures disconnects between price and reality.

And in mid-November (11.14.2025) with the AI bubble chatter at full volume, 346 companies in the S&P 500 had an h-factor score below 50%. That means most of the market, by our math, is more likely than not to meet expectations.

Only 149 names sit on the wrong side of that line.

To me, that's not broad overvaluation. That's misperception.

If you really want to talk yourself into a correction, there are plenty of outdated valuation measures that'll help you do it. The problem is they throw the baby out with the bathwater. Just because a handful of companies might – and I say might – be overvalued doesn't mean the whole market is.

So, what should you do? Well, it's not possible to guess where the market goes next. Rather, focus on avoiding the companies least likely to meet expectations, and if the market does correct, we believe you should get ready to buy.

Remember, valuation isn't a multiple. It's a belief shaped by behavior, amplified by headlines. That's why we built a math-based process to help remove the noise and flag where prices may be getting ahead of reality.

We're not trying to guess where the market goes next. We're focused on avoiding the companies least likely to meet expectations.

### **How much h-factor risk is hiding in your portfolio?**

To see how much, go to [avoidthelossers.com](http://avoidthelossers.com) to request free access to the h-factor platform.

Mentions of any h-factor scores in this post are only to illustrate the h-factor and current market conditions.

For important disclosure information please [click here](#).

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<sup>1</sup>The h-factor™ is a 0–100% risk score showing the probability that a company will fail to deliver the growth already built into its stock price. A higher score means greater risk because investor behavior has driven the price beyond what the company's history suggests it can deliver.

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Human Factor™ "h-factor™" scores measure the probability that, according to the Human Factor algorithm, a company cannot deliver the growth necessary to support its stock price and are not alone a recommendation about how to invest. The h-factor is a risk that comes from humans interpreting vague or ambiguous information in a systematically incorrect way. We believe that the h-factor causes stocks to be mispriced. We measure how the h-factor affects stock prices to identify which stocks are over or underpriced. We apply our methodology to over 4000 stocks and global indexes to identify a risk that impacts stock prices and is caused by human behavior. Investments not included in the h-factor tool may have characteristics similar or superior to those being analyzed. The accuracy of the h-factor is materially reliant on the integrity of the information utilized in the calculations, including any assumptions and or interpretations made by the user about the data. Data discrepancies, user assumptions, and data input by user can all contribute to differing outcomes. The underlying assumptions and processes presented herein are subject to change. Furthermore, any h-factor score referenced herein is a snapshot taken at a particular point in time and any analysis or information contained in such score is outdated and should not be relied upon as investment advice as such information may have materially changed since publication.

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