

The Effect of AI Empowerment of Portfolio Companies on Private Equity Investment: A Case Study of AMI Labs

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Abstract. With its innovation and development potential, AI enterprises have a huge attraction for capital, but they also frequently overestimate in the field of investment. This paper focuses on the typical case of AMI laboratory, and explores the core issue of "how to transform the effectiveness of artificial intelligence into financing advantage". Using a single case analysis method, this paper analyzes from three dimensions: technology, talent and paradigm expectation. The world model of AMI laboratory adopts a unique technical route, builds a competitive barrier that is difficult to replicate, and shows strong technical effectiveness; Its R&D team brings together top-level technical talents and authorities, with strong professional strength, which makes investors full of confidence; Moreover, the world model mainly developed by the laboratory is likely to lead the next generation of technology paradigm. Through these three perspectives, this paper comprehensively reveals the internal reasons and operation mechanism of AI enterprises' strong ability to attract capital.

Keywords: AI, World model, private equity investment, financing advantages, case analysis

1. Introduction

Artificial intelligence has become an indispensable tool for enterprises. It has penetrated into various aspects of enterprises and has also had an impact on the business model of enterprises [1]. Global investments in AI continue to heat up, and private equity has become an important capital force. At the same time, in recent years, the global private equity market has moved from a downturn to a recovery, and is now regaining its vitality. A large number of high valuation financing events have emerged from 2024 to 2026.

Some AI enterprises have obtained a large amount of financing without products and revenue in a short time after their establishment. The pre-investment valuation is huge, which shows that capital is very fond of AI enterprises. AI technology serves as an ability for the enterprises [2], makes great attraction for enterprise investment. This phenomenon has become quite remarkable, but its reasons and mechanisms behind the strong attraction to capital haven't been ascertained.

AMI Labs is a cutting-edge artificial intelligence research laboratory dedicated to the development of world models, founded by Turing Award winner Yann LeCun after leaving Meta. Its goal is to enable AI not only to process language, but also to really understand the physical world. AMI Labs team gathers world-renowned scientists and engineers to keep it at the forefront of the

era. Its research covers a wide range of areas, aiming to develop applications that genuinely pay attention to reliability, controllability and safety, such as automation, wearable devices, medical care, etc. On March 10, 2026, AMI Labs officially announced that it had completed a seed round financing of about US \$1.03 billion, which is very large among European start-ups. Cathay Innovation, Greycroft, Hiro Capital, HV Capital, Bezos Expeditions and other global investors and angel investors jointly led this round of financing. Upon its official launch, AMI Labs was supported by several long-term global investors and strategic supporters, including Temasek, SBVA, NVIDIA, Mark Cuban, etc.

This study takes AMI Labs as the case and aims to analyze how AI empowerment affects the enterprise's private investment and valuation through the development of AI and private equity of the enterprise, and reveal "how AI effectiveness transforms into financing advantage". As a benchmark case of AI financing in 2026, AMI Labs' characteristics of "no product, high valuation, and top team" reflect the financing logic of AI enterprises. Meanwhile, this case occurred recently, and it has prospective value.

This article adopts the single-case analysis method to integrate the broader context of global artificial intelligence development and private equity investment, and to deeply analyze, through reasoning, the reasons why AMI Labs obtained a large investment. In the first part, this study firstly introduces the case, explains the purpose and significance of the research, and the introduction of AMI labs is mainly from the relevant information reports of Futurum, Baidu Baike, TechCrunch, and Cathay Capital. In the second part, this study firstly analyzes the nouns of key words in the article in part 2.1, then analyzes the investment phenomenon of AMI Labs, and explains the investment situation of AMI Labs and the contradictions behind this phenomenon in part 2.2. In part 2.3, this study studies AI capabilities from three perspectives: technical route, talent team and paradigm expectation, analyzes the valuation contribution, and reveals the truth behind AMI Labs' large investment. In the third part, combined with cases, this study puts forward some suggestions on how to obtain the maximum benefit and the optimal choice for enterprises and PE Institutions in the context of the AI era. The last part summarizes and reflects on the full text, and looks forward to the future.

2. Analysis on the problems

2.1. Explanation of core concepts

Private equity investment refers to the equity investment in unlisted enterprises through the establishment of private funds. Usually, through means such as capital increase and share expansion, equity transfer, etc., an exit mechanism is preset in the transaction, and profits are realized through listing, M&A, or management buyback. AI capability refers to the ability of an organization to coordinate and plan AI solutions through AI technology. Specifically, it is embodied in the organization's effective selection and utilization of relevant resources through artificial intelligence to solve practical problems, adapt to the dynamic environment and obtain competitive advantages. This capability not only includes natural language processing, machine learning and other technologies, but also pays attention to the creative combination of technical resources and organizational knowledge, institutional arrangements and human resources, breaking through the traditional automation process, with intelligence and flexibility. AI capability is composed of tangible resources, intangible resources and human resources. Its role involves many fields, such as enterprise performance improvement, business model innovation and decision optimization. It is

becoming the key basis for enterprises to obtain a competitive advantage in today's complex market environment [3].

2.2. Phenomenon analysis

2.2.1. The core characteristics of the case financing phenomenon

AMI Labs was established in January, 2026 and officially announced that it had completed a seed round financing of about US \$1.03 billion. However, during this period, this company had not released any commercial products. Within just two months, AMI Labs secured a large amount of financing, with an extremely short financing time and an enormous financing amount. At the same time, AMI Labs's valuation has reached \$3.5 billion. This is a large valuation for a small team enterprise that has just been established and has no products. AMI Labs's investors mainly include Cathay Innovation, Greycroft, Hiro Capital, HV Capital and Bezos Expeditions, covering a range from top-tier to medium-sized and small investment firms, representing a huge lineup.

2.2.2 Contradictions behind the phenomenon

AMI Labs obtained a large amount of financing when it was initially established and had no products, its valuation is huge, thus, the traditional valuation method is ineffective. Firstly, the discounted cash flow (DCF) method of absolute valuation is not applicable. DCF refers to the method of discounting an enterprise's future cash flows at a discount rate that reflects the associated risks, thereby determining its intrinsic value. AMI Labs is a newly established immature enterprise with no commercial products and only future project assumptions. It is uncertain, so it is impossible to predict the future cash flow growth trend and discount it. Secondly, relative valuation method is also not applicable. The relative valuation method involves comparing the financial indicators of comparable firms in the same industry, analyzing the comparison results, and applying them to the target company to determine its value. AMI Labs's goal is to develop the world model. At present, it is unclear that there are similar enterprises, and there is a lack of comparability, so it is impossible to determine the peer value of AMI Labs [4, 5].

2.3. Mechanism analysis

2.3.1. Uniqueness of the technology route

AMI Labs has a top technical team, which is committed to developing a world model that goes beyond large language model (LLM) and truly understands the physical world. It has unique proprietary technology, and has formed a hard-to-replicate competitive barrier by adopting a unique AI approach. Therefore, AMI Labs's unique project reduces the risk of being replaced. It not only raises the threshold for competitors, but also increases the switching cost for investors, thus improving the certainty and stability of investment. Figure 1 shows flowchart of technological advantages.



Figure 1. Flowchart of technological advantages (picture credit: original)

Firstly, the perspective of profit expectations is considered. In the world today, artificial intelligence has deeply affected people's lives. It affects the tasks performed by human beings in this era and reduces the workload, while improving the work efficiency of enterprises and reducing the employment cost of human labor. Therefore, AI has greatly improved the profit expectations of enterprises. AMI Labs's project is developing the world model, which is a qualitative leap over the so-called traditional AI. It may not only have a higher work efficiency than traditional AI, but also reduce the risk of mistakes made by traditional AI. The world model can be applied to trillion-dollar markets such as industry, healthcare and robotics in the future, generating greater profits. Secondly, the perspective of risk level is examined. Although the risk of early AI enterprise is extremely high and hard to quantify [6], AMI Labs's clear project research objectives and top-tier team bring the investment confidence to investors, while its development of a one-of-a-kind world model encourages investors to solidify their investment decisions through approaches such as "thematic investing." Finally, the perspective of growth boundaries is addressed. AMI Labs is a newly established enterprise, and it has been operating in Paris, New York, Montreal and Singapore since its first day. From the perspective of enterprise scale, AMI Labs is constantly expanding its team, and its future operations will spread to more parts of the world. From the perspective of market scale, the main project of AMI Labs is the AI model, which is a tool that will penetrate into various industries. If the world model is really implemented, as mentioned in the first point, it will be applied to the markets of various industries in the future and create extraordinary value. Therefore, the growth boundaries of AMI Labs are very considerable, which increases its own valuation.

Problems in the process of transformation. First, AMI Labs's world model is unconfirmed, and its competitive barrier is built on assumptions. If it fails future validation, the competitive barrier will collapse. Second, LLM is also developing, and it may gain the ability to understand the physical world at some point in the future. Third, companies such as Meta and Google are also continuously refining their technologies and research, posing a risk that they may catch up and overtake.

2.3.2. Advantages of the talent team

AMI Labs's talent team is led by Yann LeCun, a Turing Award winner and former Chief AI Scientist at Meta, with Laurent Solly, Meta's Vice President for Europe, serving as Chief Operating Officer, Saining Xie as Chief Scientific Officer, Pascale Fung as Chief Research and Innovation Officer, and Michael Rabbat responsible for world model research, and it also boasts countless scientific and computing talents. The top-tier initial talent allocation and the growing high-quality team transmit quality signals to the market, giving investors enough confidence, thus attracting and gaining enough trust from investors to accelerate their investment decisions [7]. Figure 2 lists the flowchart of talents advantages.



Figure 2. Flowchart of talents advantages (picture credit: original)

Firstly, the perspective of authority is considered. Reputable people have an important impact on consumers' purchase intention. This is known as endorsement value. As a Turing Award winner, Yann LeCun has a great endorsement value to the world model project [8]. AMI Labs and its project strengthen investors' recognition and establish the project's authority through Yann LeCun's reputation. Secondly, the perspective of recognition is examined. AMI Labs has a top-tier team, and its members' qualifications, resumes, and professional ethics are guaranteed. Its organizational structure is also a normative guarantee. Hence, the team of AMI labs has brought a certain degree of recognition to investors and reduced the cost of due diligence. Third, the perspective of herd effect is addressed. Herd effect is a phenomenon of following the trend. The views of the group waver against the skeptical individuals, which is very common in the market behavior of enterprises [9]. The information cascade generated by investments in AMI Labs from major enterprises such as Cathay Innovation, NVIDIA, Temasek, and Samsung is sufficient to sway the investment intentions of other large, medium, and small investors, leading to herd investment.

Problems in the process of transformation. First, if AMI Labs's technological development does not make significant progress, it will trigger a crisis of trust with investors. Second, the scientific research and academic achievements of the team are not necessarily equal to their commercial capabilities, and the process of transforming technology into commercial value may not be smooth. Third, other technology enterprises also have potential for future development, which carries the risk of personnel loss. Fourth, the following investment caused by the herd effect may have the risk of collective decision-making mistakes.

2.3.3. Forward-looking paradigm expectation

Paradigm expectation refers to the collective beliefs and implicit assumptions about the future direction of technology development, application scenarios, business models and social impacts under a specific and generally accepted methodology, standard and worldview. In the era of large AI model development, the world model gives agents the ability to build internal representations of the environment for prediction, reasoning, planning, and decision-making, and is recognized as the "next-generation paradigm" by academia and industry [10]. It is given high expectations. Consequently, even though it will take several years for commercialization, PE capital still competes to position itself and seize the track in advance. If the paradigm succeeds, it will get an excess return. Therefore, the future value will be discounted into the current valuation in advance, forming a paradigm expected premium. Figure 3 shows the flowchart of paradigm expectation advantages.



Figure 3. Flowchart of Paradigm Expectation advantages (picture credit: original)

Firstly, the perspective of paradigm premium is considered. The world model has the potential value of being collectively recognized as "a potentially defined paradigm for the next generation" [11]. Driven by the belief that the world model will become the future industry benchmark, investors use capital competition to discount the anticipated excess returns into the current valuation ahead of time. If AMI Labs takes the lead in developing the world model and mastering the new technical standards, it will successfully occupy the core track and earn monopoly returns. Secondly, the perspective of the window premium is examined. Before the world model is defined as "the paradigm for the next generation", there is a window period when the market pattern has not been formed. Many investors compete for scarce targets during this window period, and competitive bids push up valuations. As a result, there is a premium beyond the fundamentals.

Problems in the process of transformation. First, there is a gap between the narrative of the world model and reality, and the high valuation is based on the assumption that "the world model will dominate in the future". If the LLM route breaks through and the assumption becomes meaningless, the valuation will collapse. Second, excessive expected discounting will result in excessive early discounting of future value, thereby compressing the follow-up growth space. This will make the valuation artificially high, which is not conducive to subsequent financing. Third, the capital cycle mismatches the technology cycle. PE funds typically have a duration of 7 to 10 years, while AI basic research may take 10 to 20 years. The capital pressure during the mid-term may lead to premature commercialization of projects, which will disrupt the technology development timeline.

3. Suggestions

3.1. Problem review

Based on the previous analysis of enterprise investment, the following three issues can be summarized. From a technological angle, AMI Labs's competitive barrier is based on untested assumptions. There is a risk that the technical route of the world model will be replaced or occupied by the latecomers. If the verification fails, its valuation basis will collapse instantly. From an informational and cognitive angle, there is a trust risk in authoritative signals. AMI Labs's academic and commercial capabilities are not necessarily equal; herd effect in investment may lead to collective decision-making errors. From capital-structural angle, the hypothesis driven valuation bubble has compressed the future growth space, while the long-term mismatch between the short duration of PE fund and the basic research of the world model may force AMI Labs to commercialize in advance and disrupt the pace of R&D. The three problems together constitute the core obstacles in the process of AMI Labs's transformation from AI capability to financing advantage.

3.2. Measures

3.2.1. Suggestions for enterprises

Firstly, adopt a phased financing strategy. New AI technology enterprises should break down ambitious technical goals into small stages rather than bet on the whole project at once, to enhance the stability of investment. Secondly, build a diversified protection mechanism to reduce the risk of substitution and enhance the certainty of investment. New AI technology enterprises should apply for key patents for their technology products to provide a legal safeguard. At the same time, strictly strengthen the confidentiality of technology and data to make replication difficult for competitors. Additionally, enhance the ability to retain key talents and ensure the stability of the core R&D team through incentive policies and long-term employment contracts. Thirdly, choose patient capital rather than pure high valuation. The project R&D cycle of new AI technology enterprises is long, and its commercialization cycle will also be extended. Therefore, new AI technology enterprises should give priority to choosing patient capital when seeking financing, which refers to capital from institutions that have long fund duration, investment experience in new technologies, and are willing to accept delayed exit, so as to ensure a stable R&D pace [12, 13].

3.2.2. Suggestions for PE Institutions

Firstly, establish an independent AI technology evaluation capability. PE institutions should not blindly follow the popularity and reputation of new AI products, but should form an internal technical team or hire external experts to make independent judgments on the technical feasibility and scalability of new AI products. Secondly, conduct signal cross-validation. The endorsement of authoritative people, the follow-up investment of well-known VC and other signals are easy to cause a herd effect. PE institutions should have the ability to cross-validate and judge, verify the reproducibility of technical achievements, the credibility of early user feedback, and the validity of patents, and identify the real gap between academic ability and commercialization ability. Thirdly, design the exit expectation in line with the technology cycle. New technology products usually follow the return law of the "J curve" [14]: they require continuous investment in the initial stage, and may produce explosive returns in the middle and late stages. PE institutions can make additional investment in the form of longer holding periods, phased exits, or real options, so that the pace of exit is coordinated with the technology maturation cycle, and the term mismatch of "short money and long investment" is effectively avoided.

4. Conclusion

This article mainly studies the effect of the artificial intelligence capability of invested enterprises on private equity investment, taking AMI Labs as the case to discuss the core question of "how AI effectiveness transforms into financing advantage". It summarizes three transformation pathways. The first is the unique technical route. The world model forms a competitive barrier that is difficult to replicate through its unique technical route. The second is the superiority of the talent team. The top-tier technical talents and authoritative experts form the R&D team of AMI Labs. Moreover, due to the forward-looking expectation of the paradigm expectations, the world model that will likely become the next generation paradigm.

Existing studies focus more on the financing scale and regional distribution of AI enterprises, and rarely reveal the internal mechanism of how AI effectiveness transforms into a financing advantage.

This article takes AMI Labs as a case study, constructs a framework for the transformation mechanism, reveals three paths: technical route, talent team, and paradigm expectation, and provides financing insights for new AI technology enterprises. At the same time, it also identifies the risks existing in the transformation process and offers insights for PE investment institutions.

This study is based on a single case analysis, lacking universal conclusions. At the same time, AMI Labs is a new AI technology enterprise established in 2026. It can only analyze the mechanism and problems at the initial stage of its financing, and cannot track the subsequent technological progress and long-term results.

Future research can compare multiple cases to verify the universality of the three pathways given in this paper. It can also track AMI Labs to analyze whether the risk cycle of high valuation and high expectations, less progress than expectation, and valuation collapse actually occurs.

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