Intuit (INTU) Investment Thesis

March 2nd, 2026

Executive Summary

Intuit has lost approximately $100 billion in market cap since July 2025, nearly half its peak value, driven almost entirely by fear that AI will commoditize TurboTax and QuickBooks. Meanwhile, the underlying business is still delivering strong growth in key verticals of the businesses that are more AI resistant than the market seems to believe. The market is pricing existential disruption. The business is printing its best numbers in history. That is the gap this report is designed to close.

The investment thesis is not that AI is irrelevant to Intuit. It is that the market has confused AI-as-threat with AI-as-moat-deepener. Intuit declared its AI strategy in 2018, generates 60 billion machine learning predictions daily, and holds 625,000 financial attributes per small business customer. No AI startup is replicating that from scratch. It has deep regulatory and switching costs moats that only became wider over the last few months and their recent partnership with Claude will allow them access to the best AI system in the world for their software. The company best positioned to benefit from AI in financial software is the one that already has the data, the distribution, and the trust, and that is Intuit.

What Intuit Does

Intuit is the dominant financial software platform for U.S. consumers and small businesses. Its three core products collectively serve approximately 100 million customers worldwide, and together they create a financial data ecosystem that is genuinely irreplaceable. It is relevant to understand each of the three core products individually to better comprehend how the company's moat is stronger than it seems and see where the growth opportunities lie.

Quickbooks Ecosystem: QuickBooks is the operating system for small and mid-market businesses. It is not merely accounting software, it is the financial ledger of a business, holding years of transaction history, payroll records, tax data, vendor relationships, and banking integrations. QuickBooks Online Accounting grew 18% YoY. The stickiness here is structural since a business that migrates its seven-year financial history away from QuickBooks is not just switching software, it is risking the integrity of its financial records across every tax return it has ever filed. Global Business Solutions represents around 55% of the company's revenue.

There is also a small segment of desktop based quickbooks, which is the legacy version of the business. This is basically the same business idea but it is a non-cloud software and offers some legacy products like support, upgrades, maybe printed

checks, legacy add-ons. Intuit is pushing people to migrate to the online part of this ecosystem and the desktop segment has been stalling in growth for this reason.
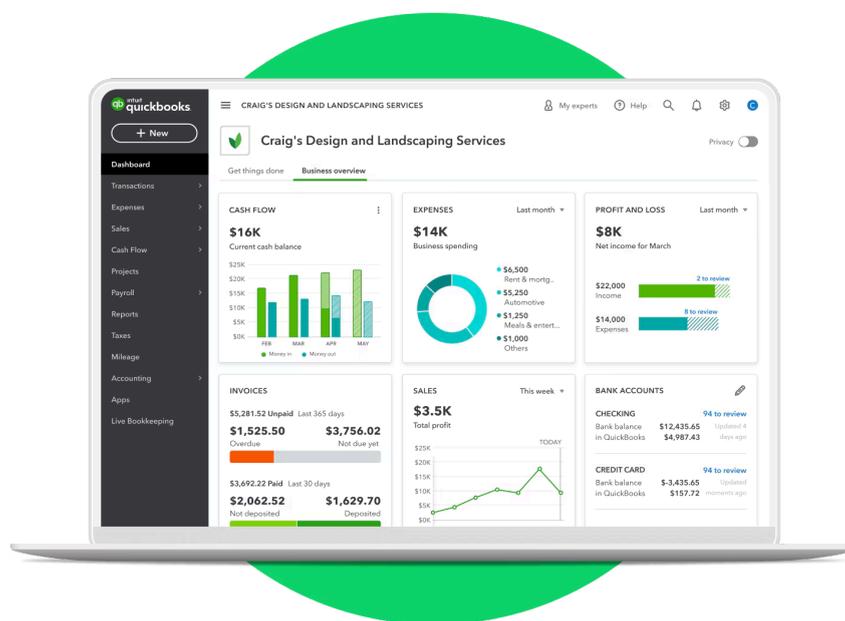
The TurboTax Ecosystem is the dominant U.S. tax filing platform and the product at the center of the AI disruption narrative. The software calculates what you owe or what refund you're due in real time, checks for errors, and can file directly with the IRS, saving a lot of people a lot of headache, time and money. You simply connect your financial data or social security number with TurboTax and it auto-fills most of the filling, already maximizing deductions and using experts and software to make sure it's all correct.

The critical insight that the market is missing is the shift toward TurboTax Live, Intuit's hybrid AI-plus-human-expert model. This is the system where the CPA and their AI software both work to maximize your tax fillings. TurboTax Live revenue grew 47% YoY. This is not a business in retreat from AI, it is a business using AI to capture the massive CPA market that charges $300-500 per return for work TurboTax Live does for $120-200 with greater accuracy guarantees. AI adoption into this program will allow Intuit to greatly decrease their personnel costs and improve scalability, boosting margins long term without compromising service quality. This segment represents around 29% of revenue

When you use TurboTax Live, AI handles data entry, document parsing, initial calculations, and cross-year continuity. A credentialed CPA or enrolled agent then reviews the return, handles judgment calls, flags unusual situations, and signs off with professional accountability. This hybrid is actually harder to replicate than either pure software or pure human services, because it requires both AI capability and a

network of credentialed professionals. Replicating Intuit's distribution alone would take years; replicating it while simultaneously building a 10,000-person credentialed professional network is a different order of difficulty entirely.

Credit Karma is a consumer financial marketplace, and it is frequently misunderstood. It is not simply a credit monitoring product, it is a lead generation and referral platform for financial products, offered free to consumers because the monetization is on the lender and insurer side. When a Credit Karma user clicks through to a credit card or personal loan and gets approved, Credit Karma earns a referral fee from the financial institution. Revenue is therefore highly correlated with the credit cycle and lender acquisition appetite. This represents around 14% of revenue.

Credit Karma revenue grew 33% to $2.3 billion in FY2025 as the credit cycle recovered and their user base increased. The strategic value beyond revenue is the 43+ million consumer financial profiles it adds to Intuit's data ecosystem, these are cross-sold into TurboTax and used to build the financial DNA that makes Intuit's AI capabilities uniquely powerful. This ecosystem is one that benefits both financial institutions and consumers looking for credit products and its competitive moat will only grow stronger as network effects start to kick in. This is the best way for a consumer to look for products and it is the best way for firms to offer them, so being out of it would be like having a retail store not selling on Amazon.
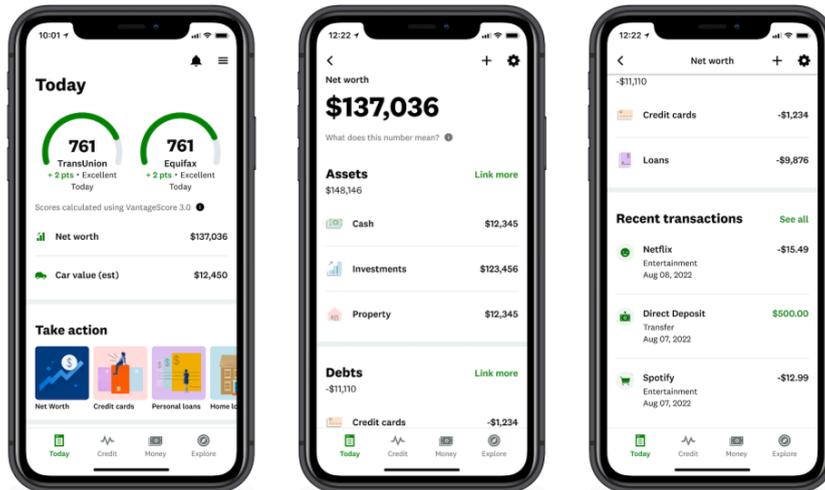
As a fourth pseudo segment in Intuit's revenue breakdown, Mailchimp is the honest negative in the story and should be treated as such. The email marketing category is under structural pressure from AI-generated content tools and shifting SMB marketing budgets. Excluding Mailchimp, GBS Online Ecosystem would've grown 400bps more, a meaningful drag. The thesis does not depend on Mailchimp recovery, it only depends on correctly sizing the drag and ensuring the core QuickBooks and Consumer businesses are not being penalized for Mailchimp's underperformance in the stock price.

The Competitive Moat: Why AI Cannot Simply Displace This

Talking to businesses owners and even some accounting firms through cold calling, I've come to find out that the narrative that Intuit will easily be replaced by AI is not exactly true. Out of other SaaS verticals (consumer relationship management, outreach, office workflow…) accounting and finance software were the ones that were displaced the least. Though the sample isn't big enough to empirically confirm any big assumption, out of 6 firms I called none has claimed to havre reduced spending in Intuit, while many have changed their subscription philosophy towards Adobe, Monday.com, Salesforce…

Most of the philosophy towards keeping their subscriptions and eating up the higher costs compared to AI is that these systems are 1) deeply integrated with a firm already and once you have years of data, payroll and other financial information it's just easier to suck it up and pay a higher price and 2) these tools offer more than just a quick calculator that someone can simply input their financial information and it spits out a number that you should wire to the IRS.

The AI disruption narrative assumes Intuit is a form-filling calculator that can be replaced by a sufficiently capable language model. Yes, if all Intuit did was look at a business or a person's financial information and calculate their taxes the narrative that AI was going to eat their market share would be entirely true. However, this

seems to misunderstand what the business actually is and where the true value proposition actually comes from. The moat operates on four distinct levels, and each is worth examining carefully.

The first part of the moat comes from data integration Intuit holds 625,000 customer and financial attributes per small business and 70,000 tax and financial attributes per consumer, it is basically a supercharged LLM with a CPA or a master's in accounting which has already all the information on a customer's entire business or tax-paying life. The company generates 60 billion machine learning predictions daily and processes nearly $1 trillion in money movement annually. This is not static data that a competitor can license or approximate, it is the accumulated financial history of tens of millions of entities, retrained continuously on actual IRS outcomes, actual approved loan applications, and actual business cash flows.

Management has disclosed that QBO Advanced customers average over seven years on the platform, a tenure figure that implies the implied churn rate is structurally low. QuickBooks Online subscriber count growth combined with new customer addition disclosures allows an external observer to back into implied churn, and the math is consistent with a customer base that does not leave at scale.

If a business has filed their taxes using QuickBooks or a person filled their taxes using TurboTax before, Intuit's software will collect that information and save it within that user's database and this will be used to better track financials and file taxes the next year. It is convenient to have all the information stored and managed in one place, especially if accumulated knowledge makes the software better and better. A generic AI model starting from scratch cannot replicate this since the data flywheel widens with every filed return and every QuickBooks transaction.

What makes QuickBook resilient to AI is not the bookkeeping itself, but the role it plays as the system of record and financial backbone for small businesses. It is where the official books live, directly connected to banks, payroll, payments, tax filings, and reporting standards, producing financial statements that accountants, lenders, and the IRS rely on. Replacing that is not just a better software interface problem, it is a trust, compliance, and integration challenge.

On top of that, QuickBooks embeds real financial infrastructure by processing payments, running payroll, handling tax submissions, and sometimes facilitating lending, all of which require regulatory compliance and banking relationships that an AI model alone cannot replicate. There is also meaningful workflow lock in, accountants, bookkeepers, payroll providers, and financial partners are all plugged into the same system, so switching becomes disruptive and risky after years of data accumulation.

Additionally, it's not like Intuit's model is stupid and doesn't have some machine learning elements and tax law is not documentation that an LLM can memorize once

and deploy forever. It changes every year across 50 states, multiple countries, and thousands of edge cases involving depreciation schedules, business classifications, deduction eligibility, and filing deadlines. Intuit's model is retrained continuously on actual filed returns and IRS outcomes. The regulatory complexity that appears to be a vulnerability, making tax filing seem like a commodity problem, is actually a persistent barrier to entry for any competitor, because staying current requires an enormous and ongoing investment in legal expertise that no AI startup has built.

Additionally, they have access to hundreds of CPA licensed professionals, all of whom use this knowledge and AI models to make fillings as accurate as possible, especially if it is a more complicated case and it requires a deeper level of attention. As models become better and better, as mentioned before, this will be even more scalable and will require less staff costs.

According to a research report from RBC Capital, fewer than 15% of paid TurboTax users are simple filers who might be most vulnerable to AI alternatives. The other 85% are self-employed taxpayers, investors with complex portfolios, rental property owners, multi-state filers and are making decisions that carry real audit risk. TurboTax comes with an accuracy guarantee and audit defense: Intuit will pay penalties and interest if it made an error. No AI chatbot will put money behind its answers. For a self-employed person with $200,000 in income making decisions about deductions, the difference between a suggestion and a guarantee is the entire value proposition.

With TurboTax Live, a CPA or enrolled agent reviews or helps prepare the return, and the Expert-Backed Guarantee typically includes audit support and may cover penalties and interest if the professional made the mistake. That layer of financial guarantee and human accountability is exactly what makes it hard for a standalone LLM to substitute for Intuit. An AI model can generate answers or explain tax rules, but it does not assume legal liability, provide indemnification, or stand behind the filing with enforceable guarantees. In tax filing, trust is not just about accuracy, it is about who carries the risk if something goes wrong, and as fillings get larger, this is a risk someone would want to pay a few bucks to avoid. If you're one of the 85% of people that use TurboTax Live and you don't want to have to deal with the IRS, there is a high likelihood that you'd pay a higher price for Intuit instead of just using an AI that will not take responsibility for the mistake.

Perhaps what is the most destructive reality to the narrative that AI will eat into Intuit's market share is that AI is actually joining forces with Intuit, they're not looking for a fight. On February 24, 2026, Intuit announced a formal multi-year partnership with Anthropic. Intuit will use Claude to power smarter assistants in QuickBooks and TurboTax, which will improve Intuit's competitive moat in a world where AI

capabilities are rapidly commoditizing.

Intuit's stock pops as new Anthropic partnership calms some nerves around AI disruption

The standard AI disruption argument implicitly assumes that access to capable models is the scarce resource, that only Intuit's AI-native competitors will wield frontier reasoning while Intuit is stuck with legacy software logic. That assumption is now demonstrably false since Intuit has secured direct access to Anthropic's most capable models on a multi-year proprietary basis. The AI capability gap that startups were supposed to exploit has been closed. The question is no longer whether Intuit can access frontier AI. It can. The question is who brings better data to the model — and on that dimension, Intuit wins by an enormous margin.

Consider what a small business accounting AI agent built on Claude looks like inside QuickBooks versus what a startup using the same Claude API can build. Both get identical reasoning capabilities from the underlying model. The QuickBooks agent, however, operates on years of that specific business's transaction history, payroll data, tax filings, vendor relationships, and cash flow patterns plus benchmarks drawn from millions of comparable businesses while the startup's agent starts with a blank ledger and generic industry statistics. The output quality difference is a function of the data context the model can reason over. Critically, better models extract more signal from better data. The Anthropic partnership makes the existing data advantage more valuable with every improvement in model capability. The gap widens as the models improve, not narrows.

The data protection architecture is equally important. Management confirmed that no customer financial data is shared with Anthropic. The arrangement is structured so that Intuit's proprietary financial data stays entirely within Intuit's infrastructure. Anthropic provides the reasoning engine while Intuit provides the context, meaning this is a capability-licensing arrangement that leaves the data moat completely intact. Any competitor pointing a generic AI assistant at a new customer's data will produce inferior results not because they lack a capable model, but because they lack the historical context that makes the model's output trustworthy and specific.

There is also a compounding switching cost effect. Today, a business considering leaving QuickBooks loses its historical data continuity. In an AI-powered future, a financial AI agent that has been calibrated on its specific business history, trained on its patterns, and capable of predicting its cash flow cycles with accuracy no generic tool can match on day one. The longer a customer stays on the platform, the more

accurate and valuable their AI agent becomes so switching does not just mean migrating data, it also means resetting an AI agent to zero. The switching costs were already high before, as mentioned earlier, and it grows with every month a customer remains on Intuit's platform.

Finally, this partnership is an extremely powerful signal. Anthropic chose Intuit as its strategic financial services partner rather than building directly or partnering with a startup. That choice implicitly validates Intuit's data position and distribution scale as the most valuable foundation for AI-powered financial software and the deal structure itself is an endorsement of the thesis that incumbents with proprietary data win in the age of AI, not newcomers with clean slates and capable models.

A Larger Moat Than a Year Ago

A year ago, TurboTax faced a two-front war where the IRS Direct File program was live and expanding across 12 pilot states with 140,000 accepted returns and 90% satisfaction ratings, while AI disruption fears were simultaneously cresting. The stock was being priced for a business under simultaneous regulatory and technological siege.

The IRS Direct File program allowed eligible taxpayers to prepare and submit their federal tax returns directly through an official IRS online portal, without using third party software like TurboTax. The system walked users through structured questions, calculated their tax liability in real time, and electronically filed the return with the IRS at no cost. If implemented in scale could not only shrink Intuit's competitive positioning but completely cut them out of the equation.

The Trump administration cancelled Direct File, removing the only truly dangerous competitive threat. Private AI startups face liability issues, trust deficits, and data gaps. H&R Block lacks the data flywheel. But the U.S. government had one thing no competitor possessed: the ability to offer a free, IRS-native product with implicit federal legitimacy. That specific threat is now gone.

January 16, 2026

Trump Administration Cancels Free Tax Filing System

It is true that this change isn't a congressional act or set in stone, so a different administration can reinstate it. The moat improvement is durable for at least three years under the current political configuration, but it is not permanent.

The second moat expansion is the systematic capture of the U.S. assisted tax preparation market. CPAs and tax professionals charge $300-500 for returns that TurboTax Live handles for $120-200 with AI augmentation and professional review. The U.S. assisted tax market is approximately $12-15 billion in annual revenue,

dominated by fragmented CPA practices and H&R Block's in-store model. TurboTax Live revenue grew 47% in FY2025, demonstrating that the capture is real and accelerating.

As more assisted filers migrate onto Intuit's platform, customer data, brand trust, and cross sell opportunities compound inside its ecosystem, making it harder for competitors to win those clients back. Instead of AI eroding its position, Intuit is using AI to widen the gap between itself and higher cost incumbents, strengthening network effects and scale advantages in a large, historically fragmented market. This is not AI threatening Intuit, it is Intuit using AI to threaten the incumbents who charge more for a less consistent product.

The third improvement is Credit Karma's return to strong growth. After being essentially flat in 2022-2023 as the rate cycle compressed lender acquisition budgets, Credit Karma grew 32% in FY2025 on the credit cycle recovery. This removed the single biggest drag on financials and, as explained before, the longer this system operates the stronger its network effects become and now, with interest rates declining, the credit cycle is bound to improve again and Credit Karma will be there to capture this market.

Credit Karma: The Misunderstood Moat Expander and Revenue Growth Driver

Credit Karma is frequently described as a credit monitoring product but this description understates what it is and why it matters. Credit Karma is a financial marketplace, it is free to consumers because consumers are not the customer, they are the product, in the benign sense. The platform shows users their credit score and financial health data at no cost, and in return it surfaces personalized offers for credit cards, personal loans, auto loans, mortgages, and insurance products. When a user clicks through to a Chase credit card or a SoFi personal loan and gets approved, Credit Karma earns a referral fee from the lender or insurer, often $50-200 per approved credit card, higher for loans and mortgages. This is performance-based advertising in financial services, where the economics per conversion are substantially better than in traditional advertising categories.

Revenue is almost entirely a function of how aggressively lenders and insurers are willing to acquire new customers. When rates are high and credit conditions are tight, banks reduce approval rates and pull back on marketing spend, the referral fees Credit Karma earns collapse. This is exactly what happened in 2022-2023, when Credit Karma revenue was essentially flat and became a significant drag on Intuit's overall growth narrative.

When rates fall and lenders want to grow their books, they pour money into acquisition channels and Credit Karma re-accelerates. The 32% growth in FY2025 was this credit cycle recovery playing out. Credit Karma grew 23% in Q2 FY2026, running well ahead of management's guided 10-13% range for the full year,

confirming the macro tailwind thesis and suggesting the full-year number will likely exceed the guided range.

The more important long-term angle is what Credit Karma's data provides to the broader Intuit ecosystem. Forty-plus million Credit Karma users are now inside Intuit's data network and the company can cross-sell TurboTax, identify self-employed users and route them toward QuickBooks, and build a 360-degree view of the consumer's full financial life, taxes, business finances, personal credit, and savings. Combined with TurboTax's tax and financial attributes of consumers, the cross-platform data advantage Intuit has built is genuinely difficult for any competitor to replicate.

Operational History and Numbers

Intuit reported Q2 FY2026 results on February 26, 2026. The results were a broad beat: revenue of $4.651 billion grew 17% year-over-year, exceeding consensus of $4.53 billion. Non-GAAP EPS came in at $4.15, beating consensus of $3.68 by $0.47.

QuickBooks Online Accounting grew 24%, accelerating from FY2025's 22% full-year rate, driven by higher effective prices, customer growth, and mix-shift.

Credit Karma grew 23% to $616 million, running well ahead of the 10-13% full-year guidance, the credit cycle tailwind is materially outperforming the conservative guidance floor.

Total online payment volume grew 29%, with Bill Pay volume nearly doubling. Operating income grew 44% on 17% revenue growth, demonstrating the margin leverage embedded in the model.

On the AI execution side, over 3 million customers have engaged AI agents with all-time repeat engagement above 85%, the accounting agent categorized over 237 million transactions in January alone (more than half of all transactions that month), the stock basis AI agent lowered taxable income by an average of $12,000 compared to those who filed without it, and automated data entry has been used by over 80% of TurboTax customers this season.And even better? This is all before they landed the deal with Anthropic, meaning that the benefits of AI to the consumer will be even bigger in the next few quarters.

Even the negative part of earnings, the miss in outlook, was fully explained. Intuit deliberately shifted marketing and customer success spend from Q2 into Q3 to maximize return on investment during peak tax season. The CFO confirmed the full-year guidance unchanged. This is cost timing, not cost growth and investors who sold on this were reacting to the quarterly shape of spending, not to any deterioration in the underlying business or full-year trajectory.

A company facing genuine AI disruption would show it in the numbers through slowing customer growth, price concessions to retain accounts, margin compression as it fights for relevance. Intuit showed the opposite in every dimension, with revenue growing 17%, operating income growing 44% on that same revenue base, and the acceleration in QuickBooks Online Accounting to 24% growth suggests the core SMB franchise is not losing ground to AI alternatives. When a business under supposed existential threat is expanding margins at this rate, the market's disruption narrative deserves serious scrutiny.

An even more revealing signal is where the growth is coming from. QuickBooks Advanced and Intuit Enterprise Suite, the products serving more sophisticated businesses with more complex needs, grew approximately 40%, with new enterprise contracts up nearly 50% quarter-over-quarter. The fastest-growing parts of the business are precisely the parts most exposed to AI competition if the bear thesis were correct.

Macro and Structural Tailwinds

The conventional framing of AI's impact on Intuit focuses on substitution, with people asking the question "will AI replace the need for TurboTax or QuickBooks?" This framing, however, misses the more important dynamic. Historically, accounting demand has not been driven by complexity, but by participation. When operating a business becomes easier, more people become businesses, and every new business is a potential new Intuit customer especially as filing with QuickBooks is easier, integrated with the IRS and makes it easier for deductions of taxes paid.

The U.S. averaged 430,000 new business applications per month in 2024, 50% more than in 2019. The subset of applications for businesses most likely to hire employees rose to 140,000 per month, itself 30 percent above 2019 levels. Every new LLC, S-corp, or sole proprietor that enters this count is a prospective lifetime QuickBooks subscriber. The post-COVID surge in business formation was driven by the democratization of tools like e-commerce platforms, payment processors, social media marketing that, combined, made it structurally easier to start and operate a business. The logical consequence is that the addressable population of small businesses, Intuit's core customer base, expands.

The AI disruption narrative implicitly assumes a static market where existing Intuit customers evaluate whether to switch. The actual dynamic is an expanding market where AI creates new entrants who need financial infrastructure, and a deepening moat among existing customers who accumulate data depth with every passing year. Both vectors work in Intuit's favor.

If AI tool adoption rises among new business formations while accounting software adoption holds steady or grows alongside it, that is direct evidence the two are complements rather than substitutes. The bear case requires them to be substitutes.

The data does not support that framing. The company that wins the first year of a new business's financial history is very likely to have it for the next decade.

Intuit is moving aggressively upmarket with the Enterprise Suite, which includes an AI-powered Finance Agent, Accounting Agent, and Project Management Agent for mid-market businesses. This is a TAM expansion story where the mid-market has historically been served by expensive ERP implementations from SAP and Oracle NetSuite but Intuit's AI-driven platform approach offers comparable functionality at a fraction of the implementation cost and without the multi-year deployment timelines that mid-market ERP projects typically require. The $90 billion TAM reference management now implies a significant runway above the current SMB base.

By targeting both new businesses that need some finance/accounting help and improving their services of the Enterprise Suite, Intuit is successfully capturing market share in both ends of the consumer spectrum without compromising product quality in either.

Finally, Credit Karma's revenue is highly sensitive to lender acquisition budgets, which expand as rates fall and credit conditions ease. With the Fed on an easing path and consumer credit conditions stabilizing, Credit Karma's recovery tailwind should persist through FY2026 and into FY2027. Total U.S. credit card balances reached $1.277 trillion in Q4 2025, a record high. The combination of record balances and falling rates is the precise environment where issuers compete aggressively for new customers, and acquisition marketing budgets. Major issuers including JPMorgan confirmed card acquisition expansion in Q4 2025 earnings so those actions should trickle into earnings over the next few quarters.

Critical Risks

As mentioned before, Direct File's cancellation is a policy decision, not permanent legislation. A future administration can reinstate it, and if it does, Intuit's entry-level TurboTax product faces a free, government-backed competitor with implicit IRS legitimacy. The bound on this risk is that Direct File only threatens simple filers, the lowest-revenue cohort, and that Intuit's pivot to TurboTax Live makes the business less dependent on these filers with each passing year.

Senator Elizabeth Warren introduced legislation to revive and expand Direct File following the Trump administration's cancellation. The bill has not advanced and faces an uphill path in the current Congress and shouldn't be a priority for democrat politicians over the next few months anyway, which gives INTU plenty of time to enjoy the new policy.

Additionally, the 'death by a thousand cuts' threat is real even if no single startup is existential. Digits (autonomous bookkeeping), Filed (tax return lifecycle), and Rillet (complex revenue accounting) are targeting specific workflows within Intuit's

ecosystem and, as they build their own switching costs, the very reason that makes people tied to Intuit may leave users tied to new platforms. But the risk that specialized AI tools gradually erode QuickBooks's relevance for specific customer segments, particularly the upper-end SMB market, is worth taking seriously.

As mentioned before though, Anthropic's partnership with Intuit means that the company is now at the frontrun of the AI race and that every AI startup will not only be competing with a $100B SaaS company, they will also be competing with a $100B SaaS company with the best AI systems in the planet today. This risk is real but considering that it is unlikely that a collection of startups can do the same work as Intuit for cheaper all while having an AI system more powerful than Anthropic's.

I will monitor the ARR growth of AI-native accounting startups and any evidence of QuickBooks customer churn accelerating above historical norms.

Finally, Mailchimp, one of the subsegments of their consumer platform is in structural decline and there's not much they can do about it. Email marketing as a category, faces structural pressure from AI content generation tools and shifting SMB marketing budgets toward newer channels. If Mailchimp deteriorates from a drag into a genuine revenue decline, it will weigh on the overall growth narrative even if QuickBooks remains healthy. This will act as a drag until they are able to sell this to some other firm, but the growth tailwinds in the other parts of the business will more than offset this dying division.

Red Flags That Would Trigger Position Review

-   TurboTax Live unit growth falls below 15% for two consecutive quarters
-   QuickBooks Online customer count growth decelerates below 10% (structural churn signal, not cyclical)
-   Credit Karma revenue growth falls below 15% in a falling rate environment
-   GBS Online Services growth ex-Mailchimp falls below 20% for two consecutive quarters
-   IRS Direct File reinstated with a significant scope of filers
-   Any AI-native accounting startup crosses $500M ARR in direct QuickBooks competition

Hedging Strategy

For Ribeiro Capital, I use a long only portfolio, but for investors who wish to mitigate specific risks while maintaining the long INTU position, I think there is a very solid hedging framework worth considering.

Hedge Against AI taking market share:

To generate alpha from Intuit's positioning as a financial platform in the era of the AI revolution while isolating my portfolio from broader systematic risks and software

sector exposure, I want to find a short candidate whose business carries the same macro sensitivity as Intuit, same customer base, same deployment model, same directional response to SMB spending cycles, but whose competitive moat is materially weaker and whose exposure to AI substitution is existential rather than manageable. By pairing the long Intuit position with a short in a correlated SaaS company serving the same small business owner, market-wide moves in software largely cancel out, and my returns are driven primarily by the spread between Intuit's deepening data moat and the short candidate's structural vulnerability to the same technology Intuit is weaponizing. The answer to this is **HubSpot (HUBS)**.\

I've used Python to calculate the correlation between INTU and many other SaaS stocks and these are the results of stocks with highest correlations (HUBS is 4th highest with 0.507 correlation):

ticker	name	beta 3y vs INTU
NOW	ServiceNow, Inc.	0,567
CRM	Salesforce, Inc.	0,539
WDAY	Workday, Inc.	0,518
HUBS	HubSpot, Inc.	0,507
ADBE	Adobe Inc.	0,484
MCO	Moody's Corporation	0,472
SAP	SAP SE	0,468
SSNC	SS&C Technologies Holdings, Inc	0,467
MSFT	Microsoft Corporation	0,453
ZS	Zscaler, Inc.	0,452
TEAM	Atlassian Corporation	0,450
PCTY	Paylocity Holding Corporation	0,447
ADP	Automatic Data Processing, Inc.	0,445
SPGI	S&P Global Inc.	0,445
PATH	UiPath, Inc.	0,427
BR	Broadridge Financial Solutions,	0,418
SNOW	Snowflake Inc.	0,413
TYL	Tyler Technologies, Inc.	0,412
BILL	BILL Holdings, Inc.	0,411
SHOP	Shopify Inc.	0,409
EFX	Equifax, Inc.	0,406

Like Intuit, HubSpot is a SaaS platform built around the small-to-mid-size business, with self-serve onboarding and a freemium-to-paid tier progression. They serve the same owner, the person running QuickBooks in the back office is the same person

running HubSpot's CRM at the front. The shared customer means they carry identical macro exposure since when SMB confidence falls, both companies feel it in net new customer adds and expansion revenue simultaneously. That shared sensitivity is what makes the pair work as a hedge as seen by the correlation analysis.

However, and this is where the pair strategy would work, the company's economic moat, especially in the age of AI, are vastly different and growing in opposite directions. Intuit's moat compounds with time. Every year a small business uses QuickBooks, Intuit accumulates another year of transaction history, payroll records, and tax filing data that cannot be reconstructed elsewhere. That data is legally sensitive, deeply embedded in the customer's compliance infrastructure, and would take years to migrate. When Intuit deploys AI on top of that data, it is not defending against disruption, it is accelerating the distance between itself and any potential substitute, especially with Anthropic in play.

HubSpot's moat does not compound in the same way. The core product, a CRM database, email sequencing, and marketing automation, is a direct expression of what large language models are most capable of replacing. A small business owner today can use AI to draft outreach sequences, manage follow-up cadences, segment contacts, and analyze campaign performance without a platform license.

And to make matters even worse, especially compared to other CRM companies like Salesforce, HubSpot's CRM is not filled with customized integrations and proprietary systems that big enterprise companies (usually fulfilled by Salesforce) serve, meaning that even within the CRM market they are weak.

The value proposition at HubSpot's SMB tier collapses to organized contact storage and workflow templates, and that is increasingly a zero-cost problem. HubSpot has recognized this and pivoted toward an AI platform narrative, but the reframe is defensive, an attempt to retain customers facing cheaper alternatives rather than a genuine expansion of what the product uniquely delivers.

HubSpot's fundamental problem is that it built a large business without ever building a true moat in proprietary systems or client integration. Salesforce's enterprise dominance rests on implementation depth that takes years to deploy and years to unwind, procurement and IT relationships that span entire organizational hierarchies, multi-cloud dependencies are so intertwined that replacing one requires replacing all, and a partner ecosystem of thousands of certified consultants whose entire practice is built around Salesforce's continued existence. Its SMB customers are onboard on a weekend and can leave in an afternoon since its CRM data is trivially exportable and represents no proprietary accumulation of value the way seven years of financial transactions in QuickBooks does, or the way a decade of enterprise workflow customization in Salesforce does. HubSpot grew by being easier and cheaper than Salesforce, which was a legitimate wedge strategy, but this is no longer an

advantage since any good LLM can do the same. The product was never sticky enough to justify the multiple it carried, and AI has simply made that structural reality impossible to ignore.

So if the AI disruption narrative accelerates, Intuit has a demonstrated buffer through proprietary financial data, compliance integrations, and a platform that becomes more valuable as AI capabilities improve. HubSpot does not have that buffer. The divergence in resilience is where the alpha lives.

Long-only INTU vs L/S INTU-HUBS 60% hedge
Long-only 3Y return:
4.6% (Sharpe 0.05) | L/S 3Y return: 16.9% (Sharpe 0.19)

INTU vs HUBS price (last 3 years)
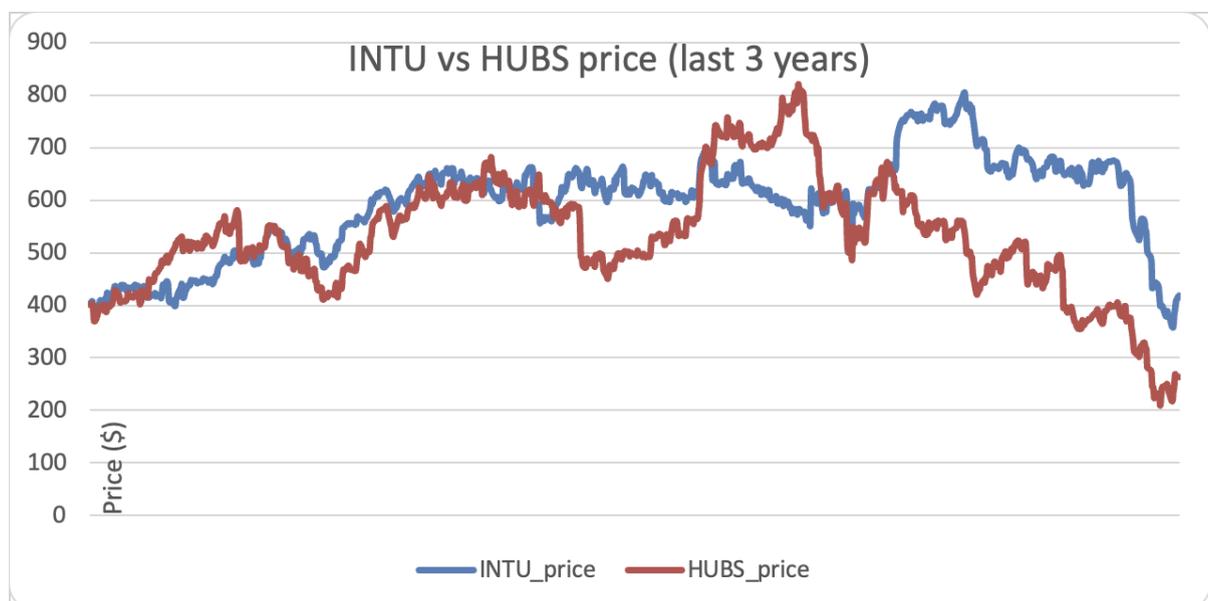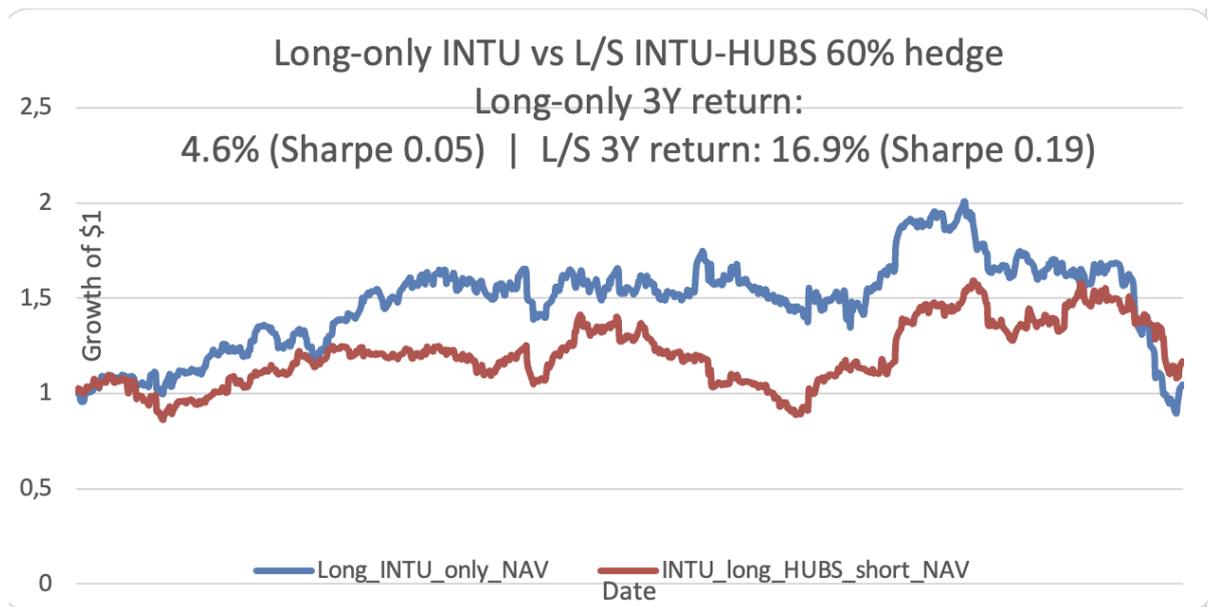
Looking back over the last 3 years, a Long-Short position in INTU and HUBS would have produced a 16.9% return with a Sharpe of 0.19, compared to just 4.6% and a Sharpe of 0.05 for a long-only INTU position over the same period, a more than threefold improvement in risk-adjusted returns.

Valuation

FCF-Based Valuation

At a $110 billion market cap, the stock trades at approximately 19x trailing FCF, a historically low level for a business of this quality.

Using a reverse it is possible to determine that the market is pricing in that the company will grow FCFs by 8.7% a year for the next 10 years.

Current stock price	$431,78	INTU									
Shares outstanding (million)	279										
Perpetuity growth rate	2,0%										
Desired return (discount rate)	10%										
FCF year 1 (million)	6393,00										
Growth rate year 1-10	8,70%										
Cash flow estimates	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*	*Year 7*	*Year 8*	*Year 9*	*Year 10*	
FCF	6.100,00	6.630,70	7.207,57	7.834,63	8.516,24	9.257,16	10.062,53	10.937,97	11.889,57	12.923,96	
Growth		8,70%	8,70%	8,70%	8,70%	8,70%	8,70%	8,70%	8,70%	8,70%	
Discounted FCFs	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*	*Year 7*	*Year 8*	*Year 9*	*Year 10*	
FCF	6.100,00	6.630,70	7.207,57	7.834,63	8.516,24	9.257,16	10.062,53	10.937,97	11.889,57	12.923,96	
Present value	5.545,45	5.479,92	5.415,15	5.351,16	5.287,92	5.225,42	5.163,67	5.102,64	5.042,34	4.982,75	
Sum discounted CFs	52.596,42										
Terminal value											
TV (Gordon)	175.604,36										
Present Value TV	67.703,08										
Total equity value											
Total equity value	120.299,50										
Value per share											
Intrinsic Value	431,18										
Upside/downside	-0,14%										

This growth underestimates how the perception of the market shifted towards the stock. The market has oversold INTU over the last few months and, as a result, their FCF multiple has gone down from around 40x to 19x today.

When applying a 25 multiple to the terminal value to reflect change in market perception of the company due to the overblown fears of AI taking over their customer base the Reverse DCF changes radically, now projecting that the market would be efficient (0% return on stock) if the company grew FCFs at only 3.3% over the next 10 years. This seems extremely pessimistic given guidance and analysts estimates for double digit revenue growth over the next few years and expectations that margins will stay relatively stable given their pricing power and ability to upsell given AI-native abilities.

Current stock price	$433,13	INTU									
Shares outstanding (million)	279										
Perpetuity growth rate	2,0%										
Desired return (discount rate)	10%										
FCF year 1 (million)	6393,00										
Growth rate year 1-10	3,30%										
Cash flow estimates	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	
FCF	6.100,00	6.301,30	6.509,24	6.724,05	6.945,94	7.175,16	7.411,94	7.656,53	7.909,20	8.170,20	
Growth		3,30%	3,30%	3,30%	3,30%	3,30%	3,30%	3,30%	3,30%	3,30%	
Discounted FCFs	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	
FCF	6.100,00	6.301,30	6.509,24	6.724,05	6.945,94	7.175,16	7.411,94	7.656,53	7.909,20	8.170,20	
Present value	5.545,45	5.207,69	4.890,49	4.592,62	4.312,88	4.050,19	3.803,50	3.571,83	3.354,27	3.149,97	
Sum discounted CFs	42.478,88										
Terminal value											
TV (25x)	204.255,02										
Present Value TV	78.749,15										
Total equity value											
Total equity value	121.228,03										
Value per share											
Intrinsic Value	434,51										
Upside/downside	0,32%										

I think the real story is very different, however. I think the best way to explore it is trough a FCF bridge.

FY2025 Baseline: $6.1B FCF (31% increase from FY2024. Clean baseline, no structural distortions)

For 2026:

- Operating leverage on 12–13% revenue growth: +$650M. GAAP operating income guided to grow 17–19%, with the spread over revenue growth flowing directly to cash as AI reduces marginal service costs across the platform.
- Credit Karma momentum: +$200M. Grew 23% in Q2 to $616M with near-zero incremental cost structure and the full-year guidance of 10–13% is conservative given the credit cycle tailwind still building.
- TurboTax Live mix-shift: +$100M. Live grew 47% in FY2025 and carries structurally higher ARPC. Plus the AI handling the preparation layer means each additional assisted customer is increasingly profitable.
- Less: AI infrastructure and sales investment: -$200M. 30% IES direct sales expansion scaling requires upfront cash before revenue materializes.

- Less: Mailchimp drag: -$50M. This is revenue flat-to-down with no near-term recovery catalyst.

FY2026 Projected FCF: ~$6.8B

For 2027:

- IES contract cohort reaching full run-rate: +$450M. Contracts signed at 50% QoQ velocity in Q2 FY2026 ramp to full ARPC over 12–24 months and at 50% flow-through on $900M of incremental IES revenue, this cohort alone drives the largest single step-up.
- Credit Karma structural re-rating: +$250M. Sustained 15%+ growth as credit cycle easing, rising issuer marketing budgets, and deepening TurboTax cross-sell push revenue well above the conservative guidance floor.
- Operating leverage maturity: +$350M. AI-driven cost reduction and pricing increase in TurboTax Live and QuickBooks Live delivery compounds with ARPU expansion from upselling and price increases across a locked-in customer base, driving FCF margin expansion.
- Less: AI/sales investment: -$150M. IES team approaching steady-state productivity, investment drag diminishing but not yet zero.

FY2027 Projected FCF: ~$7.7B

For 2027-2030 I'll just assume a 11% revenue growth, mainly boosted by higher prices for TurboTax and QuickBooks given their AI integrations and a nice revenue boost coming from Credit Karma and from the Intuit Enterprise Suite, both of which are growing at incredibly fast paces. IES reaching scale contributes 3–4 points, QBO pricing power contributes 4–5 points, Credit Karma normalization contributes 2–3 points, Mailchimp drag subtracts 0-1 point.

Actuals & Forward Estimates | TIKR.com	A	31/07/22 A	31/07/23 A	31/07/24 A	31/07/25 A	31/07/26 E	31/07/27 E	31/07/28 E	31/07/29 E	31/07/30 E
Revenue	)0	12.726,00	14.368,00	16.285,00	18.831,00	21.204,63	23.850,03	26.787,43	30.057,17	33.050,33
% Change YoY ⓘ	%	32,1%	12,9%	13,3%	15,6%	12,6%	12,5%	12,3%	12,2%	10,0%

I expect free cash flow to grow by around 100bps per year as the expenditures on tech and new feature implementation (namely about AI) slow down to near zero from 2028 and beyond. Additionally, the company should be able to enjoy a price increase in their products without losing market share given their moat and given their offerings which could cause cross-sell or upsell.

Actuals & Forward Estimates | TIKR.com	A	31/07/22 A	31/07/23 A	31/07/24 A	31/07/25 A	31/07/26 E	31/07/27 E	31/07/28 E	31/07/29 E	31/07/30 E	CAGR
Free Cash Flow ⓘ	)0	3.660,00	4.786,00	4.634,00	6.083,00	7.410,90	8.099,19	9.007,50	10.138,00	11.763,00	15,9%
% Change YoY ⓘ	%	17,1%	30,8%	(3,2%)	31,3%	21,8%	9,3%	11,2%	12,6%	16,0%	
% Free Cash Flow Margins	%	28,8%	33,3%	28,5%	32,3%	35,0%	34,0%	33,7%	34,1%	35,6%	1,0%

These are conservative estimates given analysts' expectations for FCF and FCF margins for the next few years, with average predictions saying that margins can grow to around 35% in 2026 and hover around that for the next few years.

So a very straightforward model would look something like this:

Current stock price		$436.50	INTU			
Shares outstanding (million) (Y10)		280				
Perpetuity growth rate		2.0%				
Discount Rate		10%				
Cash flow estimates	**Year 2025**	**Year 2026**	**Year 2027**	**Year 2028**	**Year 2029**	**Year 2030**
Revenue	20,121.00	22,334.31	24,791.08	27,518.10	30,545.09	33,905.06
Revenue Growth	N/A	11%	11%	11%	11%	11%
FCF Margin		30.45%	31.06%	32.00%	33.00%	33.00%
FCF		6,800.00	7,700.00	8,805.79	10,079.88	11,188.67
Discounted FCFs	**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
FCF		6,800.00	7,700.00	8,805.79	10,079.88	11,188.67
Present value		6,181.82	6,363.64	6,615.92	6,884.69	6,947.28
Sum discounted CFs		32,993.35				
Terminal value						
TV (at a 30x FCF exit multiple)		335,660.05				
Present Value TV		208,418.48				
Total equity value						
Total equity value		241,411.83				
Value per share						
Intrinsic Value		862.19				
Upside/downside		97.52%				

Multiple Valuation:

Similarly, using an exit multiple valuation, using the same assumptions used in the DCF valuation, I project a return of around 22% CAGR for the next few years. This is a solid return on very conservative multiple assumptions (30x FCF multiple only, compared to a median 38x over the last decade).
I could easily see their multiple going towards a higher number like 35x, still lower than their decade mean and even more so justified as the narrative that Intuit can't survive the AI world goes away and as Intuit sees its moat deepen in the next few years. But for the sake of being conservative, I'll only assume a 30x. When I revisit this in a few months I'll re-think this multiple.

Multiple Analysis (Feb 2026)								
	Revenue (M) (TT	Revenue Growth	FCF margin	Share count (M)	share change			
Y0	$19.433,00	11%	30%	280	0%	Company	INTU	
Y1	$21.570,63	11%	31%	280	0%	rev. growth chan	-0,50%	
y2	$23.943,40	11%	32%	280	0%			
y3	$26.577,17	11%	33%	280	0%			
y4	$29.500,66	11%	33%	280	0%			
y5	$32.745,74	11%	33%	280	0%	Future MKT Cap	$324.182,78	Dividend Yield
						Multiple	30	0,88%
Y5 FCF	$10.806,09			current share pri	$437,29	per share	$1.157,80	
						return (CAGR)	22,38%	

Conclusion

The question that the market is asking about Intuit which lead to it being the worst performing stock in the S&P 500 in 2026 thus far is: will Intuit survive AI? However, as explained before, I think the answer isn't negative like the market seems to assume. Intuit just reported another quarter of double-digit growth, signed a formal multi-year partnership with Anthropic, and reiterated full-year guidance that exceeds analyst consensus by a wide margin.

The combination of Direct File's removal, financial history of 100 million customers, strong stickiness in TurboTax and QuickBooks, TurboTax Live's 47% growth, Credit Karma's recovery, and a stock that has halved from its peak creates one of the more asymmetric setups in large-cap technology. The downside, assuming the business continues executing as it has, is limited by earnings growth. The upside is a re-rating to a multiple consistent with the quality of the business.

INTU warrants a position in Ribeiro Capital. The 2026 Q2 results confirmed the thesis and the Anthropic partnership strengthened it. I have it represent around 12% of my portfolio given its great upside potential and limited risk given the stability of the company.