



BEYOND PALANTIR AND ANDURIL – A STRATEGIC FRAMEWORK FOR DEFENSE TECH EQUITY COMPENSATION

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RECENT HEADLINES

Palantir shares surged approximately 29.5% to close at **\$162.66** on August 4, 2026, following a Q2 2026 earnings beat that included revenue of \$1.94 billion (up 93% year-over-year) and adjusted EPS of \$0.41 versus a \$0.34–\$0.35 consensus, pushing the company's market capitalization to roughly **\$389.95 billion** [1][2].

Anduril closed a \$5 billion Series H round on May 13, 2026, co-led by Thrive Capital and Andreessen Horowitz, at a **\$61 billion** valuation — precisely double the \$30.5 billion valuation it carried eleven months earlier [3][4]. Secondary-market data provider Forge Global has since marked the company's implied valuation notably higher, listing a "Forge Price valuation" of approximately **\$116.77 billion** based on subsequent secondary trading activity. [5]

These moves illustrate how quickly both public and private valuations in this sector are shifting, and why current employees and equity holders should treat every valuation headline as a potential planning trigger rather than background noise.

THE DAUNTLESS PERSPECTIVE

We have shared separate, individualized guidance with clients regarding what these specific developments may mean for their personal equity and tax circumstances. This note steps back to address a broader trend across the defense technology sector, which we believe may be relevant to a wider range of equity holders.

The mechanics we have discussed with clients holding Palantir or Anduril equity are not necessarily unique to those two companies. Similar structural dynamics may increasingly apply across a broader set of venture-backed defense technology companies. If you hold equity in a company such as **Shield AI**, **Saronic**, **Nominal**, or the like, portions of this framework may be relevant to your situation as well, subject to that company's specific equity structure and timeline.

THE DEFENSE TECH TRAJECTORY

Defense technology has grown into one of the most active categories of venture capital investment. According to publicly available industry data, defense tech venture funding reached more than **"\$14.6 billion"** in the first five months of 2026. This surpasses the entire previous full-year record of \$9.6 billion set in 2025, according to Crunchbase data, a surge driven primarily by three megarounds: **Anduril's** \$5 billion Series H, **Shield AI's** \$2 billion raise, **Saronic's** \$1.75 billion Series D, and Nominal's \$80 million Series B-2 round [1].

- **Anduril** closed a "\$5 billion" Series H round in May 2026 at a "\$61 billion" valuation, co-led by Thrive Capital and Andreessen Horowitz, representing an increase from a prior valuation of approximately \$30.5 billion roughly eleven months earlier [3][4].
- **Shield AI** closed a "\$2 billion" round in March 2026 at a "\$12.7 billion" valuation, co-led by Advent International and JPMorgan's Security and Resiliency Initiative with \$500 million in Blackstone preferred equity, representing an increase of approximately 140% from roughly \$5.3 billion one year prior [6][7].
- **Saronic** raised "\$1.75 billion" in a Kleiner Perkins-led Series D round that closed March 31, 2026, at a "\$9.25 billion" valuation, more than double the \$4 billion it was worth roughly thirteen months earlier [8][9].
- **Nominal**, a hardware testing platform used by companies including Anduril, reached unicorn status on March 5, 2026 with an "\$80 million" Series B-2 round led by Founders Fund at a "\$1 billion" valuation [10].

A Reminder on Valuation Marks

Publicly reported secondary-market data suggests valuations for some of these companies have continued to move even after their most recent primary funding rounds. This underscores why we believe proactive planning, rather than reactive planning after a headline, is generally more effective for individuals holding concentrated equity positions in these companies.

A NOTE FOR EARLIER-STAGE EQUITY HOLDERS

The dynamics described above are not limited to companies that have already reached significant scale. A number of earlier-stage defense technology startups are pursuing growth trajectories that observers have compared to the early paths of Anduril and Palantir, including companies such as **Castelion**, **Chariot Defense**, **Epirus**, and **Firestorm**, among others in the space. Employees and early investors in these companies should be aware that many of the same planning considerations discussed in this note — RSU trigger structures, tax withholding adequacy, and illiquidity risk — may become relevant well before a company reaches the scale of Anduril or Palantir. In some cases the appropriate time to plan is now, before a liquidity event, rather than after one occurs.

A GENERAL PRINCIPLE THAT MAY APPLY BROADLY

Whether a company is publicly traded and reporting quarterly, or privately held and conducting periodic tender offers, we believe the following general structural considerations may be relevant to many equity holders in this sector.

- **Concentration in a single company's equity is generally the dominant source of portfolio risk for individuals in this position.** A significant single-day move in a public company's share price following an earnings report is a reminder that a large equity concentration effectively ties an individual's overall financial plan to that specific company's near-term performance. This consideration may be equally or more relevant for employees at earlier-stage private companies, where illiquid equity may represent a substantial portion of household net worth without an available public market for hedging in the interim.
- **For many equity holders in this sector, liquidity may be available only during specific windows.** Public company shareholders are generally subject to trading windows and any applicable 10b5-1 trading plans. Private company equity holders may only have access to liquidity through company-initiated tender offers, which are often subject to terms such as rights of first refusal and allocation caps that may limit the amount an individual is able to sell.
- **Vesting and associated tax obligations generally occur according to a fixed schedule, independent of whether a liquid market exists for the underlying shares.** RSUs generally vest and may become taxable income at vesting regardless of whether shares can be readily sold to cover associated tax obligations. We generally recommend that individuals holding equity in earlier-stage companies confirm, in advance, whether their specific grants are subject to tax at vesting or only upon a qualifying liquidity event.

PUBLIC-COMPANY FRAMEWORK

- Confirm your trading window and the status of any 10b5-1 plan in advance of anticipated volatility, such as an earnings release, rather than reacting to it in real time.
- Consider evaluating significant price movements following an earnings announcement as a potential opportunity to review portfolio concentration, consistent with your individual financial plan and risk tolerance.
- Consider coordinating the timing of option exercises and ESPP participation with your overall financial plan, rather than solely by calendar default.

PRIVATE-COMPANY FRAMEWORK

- **Confirm your equity award type before applying any other analysis.** While later-stage private companies, including some referenced earlier in this note, often grant restricted stock units (RSUs), the typical compensation vehicle at earlier-stage companies is stock options rather than RSUs. The appropriate

planning framework differs meaningfully depending on which instrument you hold, so confirming your award type is generally the first step.

- **If you hold options, determine whether they are incentive stock options (ISOs) or non-qualified stock options (NSOs/NQs), since the tax treatment differs substantially.** NSOs are generally taxed as ordinary income upon exercise, based on the spread between the exercise price and the fair market value at that time. ISOs may qualify for more favorable long-term capital gains treatment if certain statutory holding-period requirements are met, but exercising an ISO can also generate an alternative minimum tax (AMT) preference item equal to that same spread — even though no shares have been sold and no cash has changed hands. We generally recommend modeling the potential AMT impact of an ISO exercise with a qualified tax advisor before exercising, since AMT liability can meaningfully reduce the after-tax value of the award and, in some cases, create a real cash tax obligation without a corresponding source of liquidity to fund it.
- **Confirm your RSU trigger structure, if applicable.** Individuals holding single-trigger RSUs may owe tax at vesting without a corresponding ability to sell shares to fund that liability; we generally recommend confirming this structure well in advance of any known vesting date.
- **Whether you hold options or RSUs, the timing of potential liquidity events is central to the analysis.** A public offering, tender offer, company buyback, recapitalization, or other liquidity event can affect exercise decisions, holding-period planning for ISOs, and the practical ability to sell shares to cover tax obligations for either instrument. We generally recommend revisiting your equity plan whenever a new liquidity event becomes reasonably likely, rather than waiting until its terms are finalized.
- **Consider maintaining a dedicated tax and liquidity reserve.** For RSU holders, we generally recommend confirming with a qualified tax advisor whether your employer's standard withholding election is likely to be sufficient relative to your individual marginal tax rate, since supplemental withholding often applies a flat rate that may not fully cover the liability for higher-income individuals. For option holders, this reserve should also account for exercise costs and any AMT exposure associated with ISOs, which are not addressed by employer withholding at all.
- **Consider determining a target share count you may wish to sell across a range of potential tender offer prices in advance.**
- **Review your company's specific right-of-first-refusal and allocation terms in advance.** Tender offers are frequently subject to proration and company consent, which may limit the amount actually accessible to a given participant.
- Consider treating any tender offer as an opportunity to review overall portfolio diversification, consistent with your individual financial plan.

PLANNING TOOLS WORTH CONSIDERING

Long/short extension strategies. Certain long/short strategies are designed to systematically realize capital losses within a diversified portion of a portfolio, which, subject to individual tax circumstances, may be used to help offset capital gains realized elsewhere, including gains associated with equity compensation. These strategies involve the use of leverage and short positions and carry distinct risks and costs that should be fully understood and evaluated with your advisor prior to implementation. Additionally, the sequencing of ESPP participation and 401(k) contributions relative to known or anticipated liquidity events is a further consideration that may be relevant to your overall plan.

Charitable giving. Donor-advised funds, gift bunching strategies, and charitable remainder trusts are among the tools that, subject to individual circumstances and applicable IRS rules, may be used to help address the tax impact of a large vesting or liquidity event, while supporting charitable causes. These tools may be relevant regardless of whether the underlying shares are publicly traded or have recently become liquid through a tender offer and should be evaluated with a qualified tax advisor prior to implementation.

Market Environment Considerations

Publicly, some market observers have used the term “bubble” in reference to current defense technology valuations. According to PitchBook, defense technology venture capital deployment reached “19.8 billion” across 262 deals in the first quarter of 2026 compared to approximately \$5.7 billion in the first quarter of 2024 [12][13]. Whether or not the “bubble” characterization proves accurate, we believe the practical planning implication is similar in either scenario: later-stage funding rounds appear to be increasing in size, and valuation changes between rounds appear to be occurring more rapidly than in prior periods.

CLOSING THE LOOP

To bring it full circle with our Anduril example, CEO Brian Schimpf told CNBC in July 2026 that the company is not in “any rush” to go public, stating “a bad time to do that is in the middle of a hype cycle” and that current sector valuations look “crazy high” [14]. Founder Palmer Luckey has separately and repeatedly stated, “we are definitely going to be a publicly traded company,” without committing to a specific listing date [15]. Forge Global has estimated the probability of an Anduril listing occurring in 2026 at approximately 60%, contingent on production ramp at the company's Ohio manufacturing facility; this estimate is subject to change and should not be relied upon as a prediction of future events [16].

Given this uncertainty, we generally believe proactive planning is more effective than planning tied to a specific anticipated date. Future valuation events, tender offers, or a potential public listing may continue to create planning considerations for equity holders across this sector, and we encourage clients to discuss their specific circumstances with their advisory team on an ongoing basis.

SOURCES

- [1] MarketBeat, "Palantir Technologies (NASDAQ:PLTR) Trading Up 29.5% Following Earnings Beat," August 2026.
- [2] MSN/Benzinga, "Palantir Q2 2026 earnings prove on-premise AI thesis with \$3B short squeeze," August 2026.
- [3] TechCrunch, "Anduril raises \$5B, doubles valuation to \$61B," May 13, 2026.
- [4] Bloomberg, "Anduril Doubles Valuation to \$61 Billion With Latest Funding," May 13, 2026.
- [5] Yahoo Finance / Forge Global data, "Anduril Industries (ANIN.PVT) Valuation, History & News."
- [6] Bloomberg, "Defense Startup Shield AI Nabs \$2 Billion at \$12.7 Billion Value," March 25, 2026.
- [7] Reuters, "Defense technology startup Shield AI valued at \$12.7 billion in latest funding round," March 26, 2026.
- [8] PR Newswire, "Saronic Closes \$1.75B Series D at \$9.25B Valuation," March 31, 2026.
- [9] Investing.com, "Saronic Technologies raises \$1.75 billion, valuation hits \$9.25 billion," March 30, 2026.
- [10] GMA Council / Bloomberg, "Nominal Raises \$80M Series B-2 at \$1B Valuation," March 5, 2026.
- [11] TechTimes, "Defense Tech Funding Smashes Records: Autonomous Weapons Startups Raise \$14.6B," June 2026, citing Crunchbase.
- [12] Tectonic Defense, "Defense Tech Funding is Breaking Records, with \$35.6B Invested YTD," citing PitchBook Q1 2026 data, July 2026.
- [13] Fortune, "The defense tech boom has become a bubble—or it will be," citing PitchBook, July 2026.
- [14] CNBC, "Anduril CEO says it's bad to IPO in 'middle of a hype cycle,'" July 2026.
- [15] CNBC, "Anduril CEO Palmer Luckey says the defense tech company will 'definitely' go public," June 2025 (reaffirmed in subsequent 2026 reporting).
- [16] Hudson Point / Forge Global, "Anduril: The Defense IPO Disrupting a \$900 Billion Industry," 2026.

— DAUNTLESS ADVISORY

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