

US Mega-Caps: The Risk Beyond Valuation

Global investing needs a wider lens than growth,
brand strength and past returns.

The Trigger

Meta has agreed to a proposed settlement of up to \$16.7 billion, roughly ₹1.5 lakh crore, in a US case linked to child safety and mental health harms on Facebook and Instagram.

The settlement also includes product-level changes such as teen usage limits, age checks and parental controls. The settlement also includes product-level changes such as teen usage limits, age checks and parental controls.

Why It Matters

US mega-caps often look attractive because of scale, liquidity, strong brands and long records of wealth creation.

But in developed markets, legal and regulatory liabilities can become large enough to affect earnings, cash flows, buybacks and investor sentiment.

Large Companies, Large Liabilities

Company	Issue	Amount
Meta	Child safety claims	Up to \$16.7 bn
BP	Deepwater Horizon	\$20.8 bn
Bank of America	Mortgage securities	\$16.65 bn
3M	PFAS settlement	Up to \$12.5 bn
FTX / Alameda	Customer restitution	\$12.7 bn
Cummins	Clean Air Act	\$1.675 bn

Source: CNBC, California Attorney General's Office, Good Jobs First Violation Tracker, CFTC, US DOJ, 3M filings.

Stay Connected with Care PMS



Investor Lens

A strong company is not automatically a low-risk investment.

Investors also need to ask:

- Can regulation affect the business model?
- Can litigation become a financial event?
- Can reputational risk affect growth?
- Does valuation leave room for negative surprises?

What To Watch Beyond Valuation



Regulatory Exposure
Can the rules change?



Litigation Risk
Can claims become material?



Governance Quality
Is risk handled responsibly?



Valuation Comfort
Does the price leave room for setbacks?

Source: Care PMS Research.

Care PMS View

Global diversification can add value, but it should not become blind admiration for size, brand or past performance.

The same discipline applies across markets: business quality, governance, risk-reward and price paid must be studied together.