Summary & Transcript

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Here is the executive summary and key insights based on the conference transcript:

1. Strategic Actions and Decisions

- **Capital Rotation Strategy: Shift capital out of tech indices and into reflationary assets: Reallocate portfolios away from tech and S&P indices into energy, metals, consumer staples, and gold to capture market dispersion.**
- **Fixed Income Duration: Maintain short duration on bond holdings: Limit risk exposure in fixed income portfolios by deliberately keeping bond durations short amidst broader macro uncertainties.**
- **Short Strategy – SpaceX: Execute short position on SpaceX: Prepare to short or maintain short exposure on SpaceX ahead of its float expansion from 5% to 25%, targeting a fair value of $30 per share.**
- **Short Strategy – Tesla: Maintain short position on Tesla Motors: Sustain short positions against Tesla due to declining automotive deliveries, unviable level 3 autonomous technology claims, and hyper-inflated multiples.**
- **Macro Risk Mitigation: Hedge against geopolitical energy disruptions: Adjust exposure in response to oil inventory collapses and escalating Middle Eastern conflict risks around the Straits of Hormuz.**

Executive Summary

The macro investment environment is undergoing a severe structural rotation. Capital should be aggressively reallocated away from mega-cap technology and broad market indices into reflationary sectors, specifically energy, gold, and selected consumer staples. Overvaluation in artificial intelligence infrastructure, coupled with upcoming lockup expirations and float expansions in key mega-cap assets like SpaceX, presents immediate short opportunities. Concurrently, Tesla faces structural headwinds from declining vehicle deliveries and unfulfilled level 4 autonomous driving metrics. Investors are advised to keep bond durations short while exploiting long/short sector dispersion driven by supply-side energy constraints and macroeconomic shifts.

Key Takeaways and Practical Lessons

Key Takeaways

1. **Market Dispersion Demands Sector Rotation: Rotate out of broader market indices into mispriced hard assets: Overweight energy, gold, and consumer staples while scaling back high-multiple tech holdings to capture individual stock alpha.**
2. **AI Infrastructure Risk: Avoid semiconductor and hyperscaler exposure ahead of CapEx reductions: Exit AI-centric equities as unsustainable cash-on-cash returns and price wars erode capital efficiency across the sector.**

3. **Liquidity Dynamics Drive Valuation Collapses: Exploit supply unlocks in overvalued private-to-public listings: Initiate short strategies on stocks facing imminent lockup expirations that will flood the market with share float.**
4. **Autonomous Driving Fundamentals: Discount speculative autonomous vehicle valuations: Evaluate automotive OEMs on core cash flows rather than unproven level 3 or level 4 self-driving projections.**
5. **Macro Supply-Side Catalysts: Position for severe energy supply tightening: Increase exposure to upstream energy assets to benefit from collapsing global oil inventories and Middle Eastern geopolitical risks.**

TRANSCRIPT

07:16:22:22 - 07:16:53:17

What a day it's been. Last but not least. Yours truly will offer his picks. But before I do that, I want to thank everyone for attending the conference today as well. As well as the, incredible roster of speakers we had. Just just amazing. Seriously, just a brief interview, and there will be a the replays should be available, tomorrow.

07:16:53:19 - 07:17:43:16

We may have a follow up summary video of this, but, you know, it's been an amazing day. Dave McCaskey setting the table with the keynote speech, talking about rotation in markets. While the indices may be stalling, breath has been improving. A lot of individual names look interesting. Health care, energy, etc.. Tech not so much. Peer pareto's so very clear cold air and what to do from that, you know, rotate out of, just to the highest, simplest level, rotate away from spider RSP bounce of course like that either followed by Peter Brock for his Kraft Heinz call I thought was really interesting.

07:17:43:18 - 07:18:04:01

Management seems to woken up valuations cheap. There's big potential upside and margins. You're being paid over 6% to week. So that was interesting. And that stock will probably do better if the market does take a dirt nap. I'm not doing this in the order. Hold on. I'm getting kind of mixed up here with the order. Just a second.

07:18:04:03 - 07:18:36:01

Right. So Dave Markowski of our Albert supporter was next. A lot of interesting ideas. Who's, gold stocks, resource stocks. Abbott is really money. He's very quantitatively driven. And I was very taken by, some of his ideas, followed by Renaud Silver, former fidelity colleague of mine, Renaults brand fire. And he's a great analyst. I've known him for 40 years.

07:18:36:03 - 07:18:58:11

I take when Rowe speaks, I take it very seriously. His world views are similar to mine. Hates tech, likes resources. By the way, I do want to say, as an aside to seeing the consensus here today, that, you know, you want to be investing in reflationary assets gold, energy, metals, etc. and avoid tech. And before some wise guys say, well, it's a consensus, you must do the opposite.

07:18:58:11 - 07:19:25:00
No, I take serious issue with that. That may be the consensus amongst this panel. I didn't stack the panel, so I wasn't shopping for opinions. But there's very much out of consensus with the market views. So this is a rather, how shall we say? Unusual, cross-section of, opinions. And so I don't take, any guidance.

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I don't want to fade this consensus because this consensus, some of the smartest guys I know. And again, it's at odds with the consensus. It's out there. So, Renaud, Peter Bach, for instance, Kraft Heinz, Michael Cramer, had a couple really interesting names. Michael also very, concerned about the market. Illumina Grail. Interesting. Zach Marks with the alternative asset manager.

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I think it was RPC. Sounds like steady Eddie. I'm not going to get hurt. Even more interesting to me was when he started, market to market, his, zoom call from, a couple months ago and re-upping the bet on that, that sounded really, really good. Matt Polyak on energy, pump pump was the pick.

07:20:18:20 - 07:20:42:03
Really outstanding idea. Again, everyone's got to do their own work. You don't rely on any of these guys. Do your own work. And if it goes right, don't give him credit. If it goes wrong, don't blame them. You can't do that. So the way this works, Bernie Horn known Bernie decades. His, worldview similar to mine, rotate away from the U.S there's a lot to do.

07:20:42:03 - 07:21:11:19
In particular, he mentioned a few, energy names. And so at the end, I what was particularly interesting because of the fusion angle, Ross Hendricks was it CLB t or c BLT that was that some merit some further work as well. Sounds like the babies being thrown out of the bathwater as, we have the software stocks that killed Danny Frank, natural gas, and he's one of the best natural gas watchers I know.

07:21:11:21 - 07:21:42:15
In particular, he was talking about the angles and the companies are benefiting from, continuing great demand for angles. I thought that was a really good idea. Josh Young, with the Saturn energy small cap again, do your work. But huge talk to the upside of that one. Sam Kovacs. Great. His health care name self-help story. Huge upside if it works.

07:21:42:17 - 07:22:10:24
Leo Nelson with Landbridge. I really like that. It's not a cheap stock, but the water angle's particularly intriguing. And then Matt Rockefeller. There in real life, is actually a very serious investor. To remind folks, he had our best pick from, the March conference, whose idea was up over 100%. So even though he's hilarious, do you take what Dan says seriously?

07:22:11:01 - 07:22:27:15

So net net, there's a lot of alpha to be had out there, a lot of dispersion, a lot to do in both the long and the short side. You know, sometimes the market doesn't give you much to do. Things are fairly priced or you're not seeing the ball well. There's a lot to do here. Right now I'm seeing the ball extremely well.

07:22:27:17 - 07:22:49:11
I think the goal correction that run its course rinsed a lot of the tourists season. We're in a great time on gold. Who knows that war is going to break out? We'll come to that in a second. But the gold stocks look great to me. Ditto for energy. We recommended a couple of energy stocks recently in the noble update.

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They've been killing it. And by the way, I made more than my fair share of mistakes. I'm not shy about that. Had a disastrous ETF in 22. Worst embarrassment of my career. I own it though. Some haters will be new in 2022. Yeah, what a bad. You never made a mistake. I choose not to define my career by that awful episode.

07:23:18:17 - 07:23:36:18
Very rate. There's a lot to do on the long side and the short side. I think it's a golden age for stock pickers. Just as it was so hard to beat the market. If you'd known Mac seven, then it's easy to beat the market. Just the names you're going to own, or they're outside the index or the small weights.

07:23:36:18 - 07:23:59:19
The index. I like to remind folks, energy at 3.5% of the S&P is still only roughly half of the market cap of Apple or Nvidia. So I think it's easy to beat the market right now. RSP a and then as far as bonds go, like keep your duration short. So for most investors I don't want to short stocks.

07:23:59:19 - 07:24:21:10
And there's some great long ideas here too. Don't get me wrong. I mean let's you go back to 2000, 2002. The market tanked, but they stocks killed it. And you guys the timing sequence. Right. But I wouldn't be you know, there's a lot to do here. There's a lot to do here. As far as some of the other macro issues before I get to my picks.

07:24:21:12 - 07:24:44:15
I'm concerned because a whole bunch of reasons. One, not that you were too particular, but the energy situation is out of control. I urge everyone to run that walk to see the interview I gave Mike Rothman yesterday. Mike Rothman allowed me to interview him yesterday. We had billions of dollars of forfeited oil and soil. It didn't get into the world system because of our moves.

07:24:44:17 - 07:25:08:02
Inventories have collapsed. That should argue for much higher oil prices and going to start to get its legs. Yeah, we get to go once we turn more positive, tactical and energy. Just to remind folks, we've been positive energy since the start of the year. It's been a fabulous year torturing the torture indices. This is this has been a very good year for me.

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Last year was already good for New Mexico gold stocks 2022 not so much when some you lose, some. So anyway, I'm very convicted on the energy trade. It's not about straights or moves. But that being said, there's a potential for a huge dislocation here. I hope this doesn't come to pass, but it looks to me like we're seeing a serious escalation in, hostilities.

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Both sides, both sides are dug in. Iran's learned that they've got more leverage now by controlling the Straits of Hormuz than they ever did. And the Trump administration, you know, doesn't want Iran to control the Straits. And also concerned about Iran's nuclear ambitions that Assad's going to give in. So I don't know where this is going. I don't have a particularly good geopolitical crystal ball.

07:25:58:22 - 07:26:24:10
But we got a situation here. So and if you know that really heats up, the oil price goes to the moon. You can see the markets really take a dirt nap. So one energy to this I thing. I'm telling you in my opinion, this whole AI project is the biggest misallocation of capital in history.

07:26:24:12 - 07:26:50:12
Jensen Huang and all the silicon Silicon Valley brewing going to tell you that. But numbers don't lie. Show me the cash on cash returns from these companies. You did a fabulous roundtable, podcast a few weeks ago between Gowan and Gary Marcus and maybe special, maybe another one in the next week with Julian Garen at Citron and nobody special.

07:26:50:14 - 07:27:19:04
I was built. This whole thing is built to fail. You know, Chinese are producing stuff now at 5% of the cost. And there's an there's a price war breaking out between the anthropic and open air and all the rest. I think open air will go bust. And it's a reasonable chance Oracle goes bust. And given that you talk about hundreds of billions, if not trillions of capital being committed, I think the economic fallout from all of this could be quite dreadful.

07:27:19:06 - 07:27:45:18
So I would run don't walk from anything. I related semiconductor stocks, hyperscalers. We're going to be getting, quarterly numbers, and guidance from the hyperscalers in the very short run. The minute somebody any hyperscaler cuts back on production, cuts back on the CapEx intentions or to slow down the CapEx intentions. I think it's Katy bar the door.

07:27:45:20 - 07:28:10:09
I think the semiconductor stocks are cruising for a bruising. To me, it's a joke, a total joke. I think these stocks are going to at 70, 80%. I mean, the people pushing these stocks to financially illiterate, they don't understand the cycles work. So whatever you do, run, don't walk away from these stocks. We call the turn on this extremely well.

07:28:10:11 - 07:28:35:04
So, avoid tech. Buy the gold stocks. Buy the energy stocks. I think consumer staples merits further attention. And, you know, the market may tank. Who knows? But there's a lot to do here. It's a

market of stocks. So if your long the good ones. In short, the bad ones I told you the sectors that I like in my preferences I think could do just quite well.

07:28:35:06 - 07:29:01:06
So my picks before anyone groans I'd say it's Captain Obvious. No, it's not Captain Obvious. I'd like to point out that we were the first ones to write the definitive piece on space X two months ago, got over nine and a half impressions on X. We called it, but I'm not. But I didn't say too short to start coming off the door because of the index manipulation, the inclusion of the stock in the various indices.

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Two weeks ago, maybe been last week or two weeks ago, we called, we said the short space six 145 I think it was down another $8 here at 116. So it's, you know, 20% two weeks to say, oh, I missed that. No, you didn't sell. No. What you own do not result on price space X the space IPO was built to fail.

07:29:28:04 - 07:29:50:13
The only reason it's selling where it is is because the because of the lack of liquidity, the fact the floats only 5%. They're coming out with earnings next week or two post release of earnings. The flow will go from 5% to 25%. And then in ensuing months, you're going to see a steady increase in the float as more shares become unlocked.

07:29:50:15 - 07:30:12:23
I've done serious amount of work on space X. The people I respect also come with a similar figure. I think fair value is about $30 a share, three zero $30 a share. SpaceX is not a rocket company. SpaceX is an I play with a rocket company attached, and the rocket company is really not that worth that much.

07:30:12:23 - 07:30:44:04
I mean, here's the thing. When you capitalize that, let me see. Now, the market cap space X must be about 1.4 trillion. Well, there are companies that say 30 billion, 50 billion. Whatever the number is, it's tiny compared to 1.4 trillion you do with some of the parts on space X. You've got the rocket company, you got, x I, which did pay 250 million in funny paper with, a few months ago.

07:30:44:06 - 07:31:04:04
And you got Starlink, which is the most valuable asset, but you had it all up together. Maybe you get to $400 million. Maybe we shouldn't. 1,000,000,003 shares, is, no, 200 billion times I get my numbers all screwed up. It's been a long day, I apologize, I get to $30 a share. I can't get enough zeros.

07:31:04:05 - 07:31:32:04
Clear my head. $30 a share, and the people I respect come up with similar numbers. The public has been duped. They're chasing. They're some FOMO, as I mentioned. The index inclusion was a major part of this play. Was anything illegal? Don't know. What. Was it totally wrong? Yes, it was the Grammys for one for one liquidity sat jammed into this overpriced hunk of junk.

07:31:32:06 - 07:32:01:05

You know, even now, it's still like 90 times revenues or something. Or. You kidding me? Are you kidding me? The brokers. Shame on you. I keep saying shame on you, Goldman Sachs, go pounce. And David Solomon, you're a total clown for for for allowing us to pick Morgan Stanley. Footsie Russell, Nasdaq. Shame on all of you. Shame on all of you.

07:32:01:07 - 07:32:24:02
So, history will not be kind to those who enabled this, but I think space six without any change in the fundamentals, the stocks can crash just because the float is going to increase. Think about it. Say you bought space X on a private transaction. So any time in the last few years you got \$10, \$20, \$50, \$70.

07:32:24:04 - 07:32:51:15
Now it's 120. Now you can sell it. You will be able to sell it. You hit the bid right away. So I think it's huge supply coming. It's not any very perception about they're going to make more money at this moment. No no no it's pretty obvious this IPO is built to fail. And anyone who's involved in this has blood on their hands.

07:32:51:17 - 07:33:19:12
And I actually think this could have even more far reaching implications because it's going to really cast a pall over the IPO market. Who knows about if open air is ever going to come public? I ain't gonna go bankrupt. But you know, we're supposed to get anthropic and some other ones. Yeah, all this stuff up, it's like a huge amount of paper weighing on the market, which is something the market has had to contend with the last number of years because we've seen consistent stock buybacks, very little share issuance.

07:33:19:14 - 07:33:43:09
So so I would I would short the daylights out of Space-X. I understand that after hours today Tesla came out with numbers. We're short from 475 stocks around 370 I believe. Tesla is looking at a third consecutive year in down deliveries. All of a sudden it's not an auto company. It's a robot company. It's it's it's everything button on the company.

07:33:43:11 - 07:34:09:16
No, it's not a company or companies don't deserve some 14 times revenues. One times revenues is more like it. Ergo 30 bucks a share. Self-Driving cars not happening anytime soon with Tesla. The whole thing's a giant Fugazi. It's a kabuki productions bullshit. They admitted this that the that the level three stuff doesn't work. I was a few weeks ago.

07:34:09:16 - 07:34:26:16
A couple months ago, I went to my Wharton reunion. It was a professor of mobility. It gave one of the presentations and he explained how almost every person in the world in that, in that area, in that vertical, says that you got to have a level four, that Elon Musk is the only one who's been saying level three will work.

07:34:26:21 - 07:34:49:19

It's not happening. It's not happening. Given that a large part of the valuation rests on the self-driving cars, you can throw that out the window. So maybe they're not unique. Maybe they're not new ideas. The timing is everything. Can't we have lost money shorting Tesla in the past? This year it's working out pretty well. First, you don't succeed.

07:34:49:20 - 07:35:15:13
Try, try again. So you know stock prices follow earnings Peter Lynch, please call your office. My mentor I predict SpaceX is going to crash. As I said, fair value is to maybe 30 with a good start. I don't know if that's the direction of travel in February. And Tesla's also around 30. So I mean I could throw so many ideas at you.

07:35:15:15 - 07:35:35:20
More clever ideas. But the aim here isn't to be clever. The aim is to make money. And people say, well, you know, gee, you have Musk has nine lives and no matter, shorting Tesla is a hard go. So it's a little more the cry wolf when one day the wolf is going to be at the door and Tesla is going to crash.

07:35:35:22 - 07:36:06:04
I think. Were their valuations wrong? Quality conditions are wrong. The profit margins are wrong. This is wrong. Elon Musk, Elon Musk. You are such a and I hope this gets circulated all over the internet. You almost companies never earn the cost of capital Elon Musk companies destroy capital. And I'm not talking about the share price. It's a different that's fueled by opium.

07:36:06:06 - 07:36:39:15
It's not fueled by profits and cash flow. You are Musk is the Iver Krueger of our time, the famous Swedish match kicking in the 1920s. Huge stock pumper, I think, eventually committed suicide. Whole thing crashed and burned. Elon Musk is a total fraud. Elon Musk companies never earn the cost. Capital. Copium and the stock price are the product and he always keeps the plates spinning.

07:36:39:15 - 07:36:50:14
It's one story after another. Well, the truth is going to catch up with Mr. Musk. It is catching up with Mr. Musk.

07:36:50:16 - 07:37:23:05
I'm not seeing one defense, not one of the valuation. These companies that I respect. Game over. You want game over. The fundamentals are coming for you and you don't want. It's amazing. Tesla since inception, cumulative profits are $38 billion. It's somehow the stock's worth 1,000,000,000,005.

07:37:23:07 - 07:37:49:14
One need not any further information to prove the markets are broken. By the way that 38 billion. That's despite the tens of billions of subsidies from the government and even credits. It's not your achievements. It's not your cash flow and your profits. Of course. Tesla be with 1.5 billion. The result? You become the richest man in the world.

07:37:49:16 - 07:38:18:07
I hope you're proud of yourself. History is not going to be kind to you. You think you're so clever. Well, you haven't been held to account for your lies and your aggressive accounting and your broken

promises. What is it? 12 years of self-driving cars. It's coming, it's coming, it's not coming. Shame on you, Elon Musk. Shame on you.

07:38:18:09 - 07:38:42:15
All right, it's enough for now. So much to do. We're going to follow up with a longer video summary video, but I hope you've enjoyed this as much as I have today. Fantastic conference. Big thank you. Shout out to all the speakers. I urge everyone to tell your friends about the conference. By the replays.

07:38:42:17 - 07:39:04:00
You know, these ideas on day trading ideas, the got shelf life of six months or a year or so. Whether you watch the conference today, you know, watch till tomorrow, a lot of folks aren't going to see until tomorrow or the day after anyway because so long to watch a replay. So you'd be surprised. Last couple times we we've done these conferences, the number of, replays that we've sold.

07:39:04:02 - 07:39:23:14
So it's only with your support that it's that makes these cards possible. So I want to thank all of you again. It's been wonderful. I look forward to doing this again in the fall. Thanks very much. And a big shout out to my producer Jared. Jared, without you, this wouldn't be possible. You keep the trains running as I say, so thank you Jared.

07:39:23:16 - 07:39:24:23
Goodnight everyone.