Summary & Transcript

Van Drunkenmiller

1. Strategic Actions and Decisions

- **Anticipate monetary policy posturing: Expect the Fed to adopt hawkish rhetoric to manage market expectations and gain credibility without committing to immediate rate hikes**
- **Capitalize on mispriced reputational crises: Evaluate Autodesk ($ADSK) as a high-margin value opportunity following an accounting investigation that left its core business intact**
- **Capitalize on ecosystem lock-in: Leverage software platforms like Autodesk that command non-negotiable switching costs due to industry-wide workflow standardizations**
- **Monitor insider buying as conviction signals: Track open-market purchases by executive leadership during litigation to validate turnaround potential**
- **Manage position sizing prudently: Initiate a starter position in recovery plays to buffer against ongoing market volatility or legal appeals**

Executive Summary

Investor Van Druckenmiller presents an investment thesis for Autodesk ($ADSK), framing it as an artificially discounted opportunity driven by a resolved accounting inquiry rather than core operational weakness. Despite market fears surrounding AI disruption, Autodesk retains strong pricing power due to high switching costs and deep integration within construction workflows. Its financial profile features 97% recurring revenue, an enterprise value discount relative to peers, and significant open-market insider buying. A starter position is advised while monitoring net revenue retention and potential legal appeals.

Key Takeaways and Practical Lessons

1. **Reputational scandals often create structural valuation dislocations: Look for heavily sold-off stocks where regulatory or legal issues have been cleared without impacting core balance sheets or revenue operations.**
    - ***Practical Lesson:*** **Focus on companies experiencing "trust problems" rather than "solvency problems" to capture substantial upside as valuations normalize.**
2. **Ecosystem standardization shields platforms from technological disruption: Evaluate software moat strength based on workflow integration across external supply chains rather than feature sets alone.**

    - ***Practical Lesson:*** **Prioritize platforms that serve as industry-wide protocols, as switching costs prevent rapid market share loss.**
3. **Open-market insider purchases provide strong recovery signals: Differentiate between routine stock-based compensation and direct cash share acquisitions by executives.**
    - ***Practical Lesson:*** **Watch for executive open-market buying following bad news, as it indicates insider confidence in long-term fundamental strength.**
4. **Strategic position sizing mitigates early-entry risk: Acknowledge that value realization can take time and market sentiment may lag operational performance.**
    - ***Practical Lesson:*** **Build positions incrementally to avoid emotional selling during interim drawdowns.**
5. **Asymmetric risk-reward profile is essential for superior performance: Focus on setups with clear downside floors and high peer-multiple expansion potential.**
    - ***Practical Lesson:*** **Target investments offering significant upside potential where downside risks are largely priced into current multiples.**

Transcript

[00:00:03.500]
George Noble: Alright!

[00:00:05.740]
George Noble: The man of the hour, the man we've all been waiting for.

[00:00:10.160]
George Noble: Van Druckenmiller. Van, how are you?

[00:00:14.740]
Van Druckenmiller: Good, good to see you, George. This is a, a happy day for me.

[00:00:20.540]
George Noble: Van?

[00:00:21.530]
George Noble: You know… A lot of people didn't take you seriously last time.

[00:00:25.840]
George Noble: And the loss was all theirs. Your pick, Strana Health.

[00:00:30.720]
George Noble: And this is ridiculous, it was like, they annualized this, okay? It was a little over 2 months ago.

[00:00:35.930]
George Noble: It's more than doubled, right?

[00:00:38.080]
George Noble: Savannah.

[00:00:39.410]
George Noble: You know, there's a lot of pressure here. You're, like, to follow in those footsteps, to out-van-van, not so easy. So start off with, Van, how'd you come up with that idea?

[00:00:50.460]
Van Druckenmiller: Well, you know.

[00:00:52.210]
Van Druckenmiller: I think that while everyone else was chasing AI and quantum computing and whatever Chad, my intern, called the future, I bought a company that actually makes money. I know that's a revolutionary concept, but sometimes…

[00:01:08.340]
George Noble: Wait, it makes money, meaning you can put a PE ratio on it? Like, that's an average, that's an amateur mistake.

[00:01:14.250]
Van Druckenmiller: George, George, get this, some of the best investments are so boring that nobody at the country club wants to discuss them. Three months later, they're asking me for tickers between bites of overpriced lobster.

[00:01:25.980]
Van Druckenmiller: I decided I was gonna celebrate, by being impossible to be around. So, of course, I headed to the bar at the St. Regis and asked for another Port Ellen 40 at 1,300 an ounce.

[00:01:39.030]
Van Druckenmiller: I said, only if I could pair it with an apology from everyone who told me I was crazy. Anyways, he brought me the scotch, and Wall Street is still working on the apology. Anyway…

[00:01:49.610]
George Noble: Well-deserved victory lap. Hey, Van, the folks want to see what you look like. I think you want to see you have a picture of yourself because they miss you. You're

in the Federal Witness Protection Program, I know, but maybe screen share. Show us what you look like these days.

[00:02:02.780]
George Noble: All right, there you go. All right, so Savannah, what have you been doing? I mean, I haven't talked to you for a while, it's been maybe a couple months. What's been going on? I mean, you got… you had your boy Scotty in there as Treasury Secretary, and now you got Kevin.

[00:02:16.880]
George Noble: So, how should we say? Your information sources have improved a little bit. So, what's your take? You got two of your disciples, you taught them everything they know, they're now running the show. So, what's your take on Scotty and Kevin?

[00:02:32.290]
Van Druckenmiller: You know, George, everyone asks me now, you know, what's Kevin Warsh going to do with rates?

[00:02:38.630]
Van Druckenmiller: I have no idea. I do know once he listened to me explain the end for about 20 minutes while he quietly moved his chair closer and closer to Scott, so.

[00:02:48.340]
Van Druckenmiller: That might have been the first coordinated Treasury and Fed action in the new administration.

[00:02:55.220]
Van Druckenmiller: You know, I I I try to teach them a a few things. First, you know, never trust a soft landing announced before dessert. Second, if everyone in the room agrees on inflation, order another bottle and wait 10 minutes.

[00:03:09.960]
Van Druckenmiller: And third, if the market doesn't care how elegant your framework is, it only cares whether

[00:03:15.520]
Van Druckenmiller: You know, you are early enough to look stupid and solvent enough to survive it later.

[00:03:22.440]
George Noble: So, a lot of people are talking about this new sheriff in town, he's gonna be hawkish, blah blah blah. You know, yesterday, or the day before, everyone was like, he's easy again, the bond market, you know, does better, blah blah blah.

[00:03:35.430]
George Noble: So, like, is Kevin, you know, do you think he's the type of guy who's just

gonna go with the flow and try to win the popularity contest, or do you think he may actually grow up here and try to do the right thing?

[00:03:47.780]
Van Druckenmiller: You know, the last time I confronted Kevin with a math problem, we were probably about…

[00:03:55.320]
Van Druckenmiller: 12 drinks too deep.

[00:03:57.250]
Van Druckenmiller: And I wasn't very impressed with his ability to perform under pressure. Is he going to be hawkish?

[00:04:03.220]
Van Druckenmiller: I think he's gonna sound hawkish. That is cheaper than actually raising rates.

[00:04:09.080]
Van Druckenmiller: Kevin likes credibility and price stability in that sentence that makes the bond traders cancel lunch.

[00:04:15.350]
Van Druckenmiller: You know, but he's not gonna hike just to prove he has a spine. I taught him that.

[00:04:21.380]
Van Druckenmiller: Never make a monetary policy decision is the same reason I doubled down at Baccarat. Pride is not a framework.

[00:04:30.110]
George Noble: Now, do he and Scotty get along?

[00:04:35.010]
Van Druckenmiller: they get along insofar as they both scoot over to pass me their bar tabs. That's the extent of it.

[00:04:43.670]
George Noble: So with Kevin in charge, like, you know, does this change your sort of global outlook on things? I mean, you got any, you got any, I know you're, you're a stock guy, you're, the thing about you, Van, you do the top down and the bottom up. Nobody does it better than you, but in terms of big picture, does this change your thinking at all with Kevin in charge?

[00:05:02.990]
Van Druckenmiller: Oh, I try not to change my opinion after you've seen a man have to leave to the corner alley to boot and come back.

[00:05:13.520]
George Noble: Alright, so Van,

[00:05:16.510]
George Noble: What have you been doing? Like, we haven't heard from you. What's been going on with you?

[00:05:21.280]
Van Druckenmiller: Well, you know, after my last pick at your conference, I celebrated with all the restraint and humility that you'd come to expect from me, which meant I got on a private jet and flew straight to Monaco.

[00:05:34.420]
Van Druckenmiller: You know, the original plan was simple. I was gonna rent a suite with a harbor view and remind a few strangers I was right, and quietly enjoy being insufferable.

[00:05:44.130]
Van Druckenmiller: Then I remembered they had a casino. And, well, you know what they say, the market can stay irrational longer than you can stay solvent.

[00:05:52.940]
Van Druckenmiller: Turns out Baccarat can do that to you in about 17 minutes.

[00:05:56.310]
George Noble: No, no, Savannah, what happened?

[00:05:59.980]
Van Druckenmiller: I ended up losing every dollar I made on that stock, so.

[00:06:04.220]
Van Druckenmiller: Do you have any idea how hard it is to correctly identify a company, the market is mispricing, and then hand all the profits to a man in a tuxedo with a French accent? It's really demoralizing.

[00:06:16.550]
Van Druckenmiller: Chad suggested I call it an expensive lesson in risk management, and I suggested he stop saying things that make me want to expense his funeral. So, here I am, George. Not because I missed you, but apparently I need to pick another winner.

[00:06:30.390]
George Noble: So, Van, you're well known for your, incredible ability to change your mind

on a minute's notice. When you know you're wrong, you cut it, alright? You don't let your ego get in the way. So, how'd you allow yourself to get

[00:06:45.410]
George Noble: taken at this casino. Like, this is not the type of risk control you're known for. Like, did you have one too many a drink? Like, what happened?

[00:06:53.510]
Van Druckenmiller: Well, of course.

[00:06:55.080]
Van Druckenmiller: The problem is, for every… Two drinks, my IQ drops by about 10%, so after your…

[00:07:04.640]
Van Druckenmiller: Getting close to the end of the bottle, you're operating at about a Forrest Gump level, so.

[00:07:11.970]
George Noble: Savannah, you had, so you gave it all back, huh? I mean, you, just for everyone who.

[00:07:18.000]
Van Druckenmiller: George, George, it's important to be nimble, right? I can be hawkish at breakfast, dovish by lunch, and long duration by the time the scotch arrives. That's not really insolvency, that is…

[00:07:29.320]
Van Druckenmiller: you know, responding to the data faster than I can update the spreadsheets.

[00:07:34.700]
George Noble: Wow.

[00:07:36.330]
George Noble: So, you aced the last conference. You… there was nobody even close.

[00:07:41.980]
George Noble: So, I know a lot of the folks maybe wouldn't have taken you seriously, but I urge everyone to pull up a chair and get a little bit closer. So, no pressure, Van, but we're on our seat… edge of our seats to hear what your new idea is. What do you got for us, Van?

[00:07:56.820]
Van Druckenmiller: Appreciate that. Look, George, I've still…

[00:08:00.700]
George Noble: Van, I like to see you when you're talking. Could you put your picture back up and keep it up there, please? We need to see the Oracle at Monaco in action. So put your picture back up there, please.

[00:08:12.220]
Van Druckenmiller: You you gotta give me one second.

[00:08:17.040]
Van Druckenmiller: Okay.

[00:08:18.220]
George Noble: All right, so Van, what's your idea.

[00:08:21.380]
Van Druckenmiller: Look, I, I try to tell people I don't buy great companies, George. Great companies are expensive.

[00:08:28.940]
Van Druckenmiller: I buy companies that everyone else is temporarily embarrassed to own.

[00:08:33.110]
Van Druckenmiller: Wall Street hates embarrassment. I don't. I've been embarrassing myself professionally for decades. That's probably my competitive advantage. So…

[00:08:42.789]
Van Druckenmiller: Once you've been escorted out of enough casinos, country clubs, and marriages, embarrassment stops affecting your decision-making.

[00:08:49.680]
Van Druckenmiller: Markets don't usually misprice perfection, they misprice humiliation.

[00:08:54.180]
Van Druckenmiller: So, anything that a portfolio manager is nervous enough to leave out of their quarterly letter, that's when I start reading.

[00:09:01.500]
Van Druckenmiller: So, that brings me to today's pick, and…

[00:09:05.350]
Van Druckenmiller: I have to be intellectually honest here.

[00:09:07.890]
Van Druckenmiller: As I got ready for today, I didn't see any home runs like I did in March, which is fine. I hate baseball.

[00:09:14.560]
Van Druckenmiller: So I did what I always do, and I went dumpster diving.

[00:09:18.030]
Van Druckenmiller: There are more obvious names out there. Big companies, familiar companies, companies every manager in the room can recommend without ruining lunch. That's not my style. I like risk.

[00:09:28.880]
Van Druckenmiller: If I had managed risk properly in Monaco, I wouldn't be here today.

[00:09:32.910]
Van Druckenmiller: The company itself is boring.

[00:09:35.270]
Van Druckenmiller: The story is not and the risk is definitely not so.

[00:09:39.880]
Van Druckenmiller: Today, we're gonna talk about Autodesk.

[00:09:43.970]
Van Druckenmiller: This is not a joke.

[00:09:45.670]
George Noble: Oh, I was gonna ask.

[00:09:46.970]
Van Druckenmiller: Go ahead, Jordan.

[00:09:47.950]
George Noble: No, all of this. All right. Yeah. Cause like Van, the only thing I know about you, you're, you're a great dumpster diver, but you also,

[00:09:55.710]
George Noble: You're also a little bit of a momentum guy as well. So you got to balance out the chart with the fundamentals. But go ahead. This is interesting. This is definitely not a consensus long idea. Go for it.

[00:10:06.140]
Van Druckenmiller: This is not a glamorous recommendation here, George. It doesn't manufacture rockets, cure baldness, or attach AI to a business model that loses money every quarter.

[00:10:16.760]
Van Druckenmiller: It sells software to architects, engineers, contractors, and

manufacturers. In other words, it sells expensive tools to people who can't afford to stop working. That gets my attention.

[00:10:29.010]
Van Druckenmiller: They have one of the best-known design platforms in the world. The company also operates meaningfully manufacturing and media software business. 97% of their revenue is recurring.

[00:10:40.840]
Van Druckenmiller: Finally, a subscription I respect, unlike that mushroom coffee one I tried once.

[00:10:46.160]
Van Druckenmiller: And I know what everybody just heard.

[00:10:49.660]
Van Druckenmiller: AI, software, the hell's wrong with you, Van?

[00:10:54.010]
Van Druckenmiller: Everybody thinks AI is coming for these guys. Maybe.

[00:10:58.080]
Van Druckenmiller: But here's what people miss.

[00:11:00.030]
Van Druckenmiller: AI can draw a building.

[00:11:02.070]
Van Druckenmiller: AI can't convince every architect, engineer, contractor, supplier, inspector, and permitting office on Earth to change the file format they've been using for the last 20 years.

[00:11:11.880]
Van Druckenmiller: Autodesk doesn't sell software, it sells a language the construction industry speaks.

[00:11:17.320]
Van Druckenmiller: changing design software isn't like switching from Twitter to Instagram, it's like deciding to switch the English language halfway through writing the Bible.

[00:11:25.260]
Van Druckenmiller: People confuse software for ecosystems.

[00:11:28.500]
Van Druckenmiller: The design firm using their software has years of filed files, trained

employees, client workflows, contractor relationships, and compatibility requirements tied to that ecosystem.

[00:11:39.910]
Van Druckenmiller: Switching means retaining staff, retraining staff, risk problems. Every engineer, contractor, supplier, and permitting office has to get involved in the project.

[00:11:49.370]
Van Druckenmiller: That's not customer loyalty, that's economic captivity. I love economic captivity.

[00:11:57.000]
Van Druckenmiller: So listen, why own it?

[00:12:00.670]
Van Druckenmiller: Autodesk recently announced their largest acquisition in history.

[00:12:04.490]
Van Druckenmiller: A $3.6 billion cash deal from MaintainX.

[00:12:08.380]
Van Druckenmiller: MaintainX tracks maintenance and operational data for physical assets.

[00:12:13.600]
Van Druckenmiller: Autodesk already helps its customers design the building or the machine.

[00:12:17.800]
Van Druckenmiller: MaintainX could help Autodesk follow the assets through the rest of its useful life.

[00:12:22.940]
Van Druckenmiller: Autodesk could sell more products to existing customers and become even more deeply embedded.

[00:12:28.900]
Van Druckenmiller: It doesn't guarantee the acquisition will work.

[00:12:31.540]
Van Druckenmiller: Corporate executives often destroy billions of dollars using the phrase strategic fit.

[00:12:36.690]
Van Druckenmiller: My second marriage had a strategic fit. It also had a yacht, two attorneys, and a settlement that was in debt to inflation.

[00:12:45.710]
Van Druckenmiller: So why is it cheap, right?

[00:12:48.250]
Van Druckenmiller: Autodesk created their own problem.

[00:12:50.910]
Van Druckenmiller: In 2024, the company's audit committee found that management had shifted collections, payables, and billing incentives in ways that helped the company reach free cash flow and margin targets connected to their executive compensation.

[00:13:05.170]
Van Druckenmiller: But here's the key. No financial restatement was required.

[00:13:09.660]
Van Druckenmiller: But the regulators did open inquiries. A securities lawsuit followed. Starboard Value bought a large position and launched a proxy fight. The company eventually added independent directors and installed a new CFO.

[00:13:23.620]
Van Druckenmiller: This is the story of a situation that Wall Street handles with all the usual restraint and emotional stability that they do, which means the stock collapsed.

[00:13:33.200]
Van Druckenmiller: But the business did not run out of cash. Customers did not suddenly stop designing buildings. The balance sheet did not implode. The stock ran 44% drawdown while the balance sheet stayed strong the entire way down. That tells you it was a trust problem, not a solvency problem.

[00:13:50.330]
Van Druckenmiller: Most of the formal legal overhead appears to have cleared. Government inquiries were closed, and the private securities case was dismissed with prejudice.

[00:13:59.020]
Van Druckenmiller: The risk is that there's an appeal that's still out there, which means the issue isn't completely dead, but the largest risks have moved on.

[00:14:07.150]
Van Druckenmiller: So here's what got my attention, George.

[00:14:10.730]
Van Druckenmiller: Autodesk trades at a meaningful discount to several of its closest peers.

[00:14:15.760]
Van Druckenmiller: It trades at roughly 6.1 times enterprise value to revenue. Its competitors are 10.8 times, 11.4 times, and 10.3 times.

[00:14:25.930]
Van Druckenmiller: Those aren't small differences, but here's the key.

[00:14:29.100]
Van Druckenmiller: Autodesk's operating margin and scale are comparable to or better than all three of those, and they're more deeply embedded in their customer base.

[00:14:37.220]
Van Druckenmiller: That discount was what got me interested.

[00:14:39.910]
Van Druckenmiller: Growth didn't decelerate through any of this. It actually accelerated. Revenue growth per share ran 15.2 in April 2025.

[00:14:49.510]
Van Druckenmiller: And has climbed every quarter since.

[00:14:52.020]
Van Druckenmiller: The peg's only a .8.

[00:14:53.970]
Van Druckenmiller: Balance sheet's clean. Cash roughly matching total debt outright. Interest coverage is over 500 times.

[00:15:01.040]
Van Druckenmiller: Investment grade credit rating was confirmed.

[00:15:05.600]
Van Druckenmiller: That's not a broken company, George. It's a company wearing the multiple of a man who has just been photographed leaving the wrong hotel room, if you know what I mean.

[00:15:13.610]
Van Druckenmiller: That's different.

[00:15:14.890]
George Noble: This is why.

[00:15:15.700]
Van Druckenmiller: where I stopped casually reading and poured another glass.

[00:15:20.000]
Van Druckenmiller: George, several insiders bought shares on the open market with their own money.

[00:15:25.260]
George Noble: Wait, wait, wait, wait, wait, wait. There's been insider buying? Re.

[00:15:29.170]
Van Druckenmiller: Several Autodesk insiders bought shares outright. The chief executive bought, the CFO bought, the directors bought. Executives receive mountains of stock as compensation. That doesn't impress me. Corporate boards distribute equity like hotel concierge distribute sparkling water.

[00:15:47.600]
Van Druckenmiller: Open market purchases are different.

[00:15:50.170]
Van Druckenmiller: An executive choosing to take personal cash and buy shares after a scandal during litigation and while the market is questioning the company deserves attention.

[00:15:59.330]
Van Druckenmiller: It doesn't prove, as you know, that the stock is going to rise. Insiders make bad investments all the time. Chief executives are often the last people to understand that their companies are in trouble.

[00:16:10.920]
Van Druckenmiller: Optimism is included in the compensation package, but still, the timing matters because these were all recent.

[00:16:18.060]
Van Druckenmiller: These purchases occurred after all the major legal developments were known and after the market had already punished the stock. The people closest to the numbers were buying while investors were still backing away. I noticed that.

[00:16:31.290]
Van Druckenmiller: So, George, here's what could go wrong.

[00:16:33.760]
Van Druckenmiller: I don't want this to be a religious experience. I don't marry stocks, as you know. Marriage has already cost me enough.

[00:16:40.310]
Van Druckenmiller: The most important operating figure is the net revenue retention.

[00:16:44.240]
Van Druckenmiller: If customers stop expanding their spending, or if retention falls below levels that indicate the subscription transition is working, the thesis weakens quickly.

[00:16:52.890]
Van Druckenmiller: Second, the stock cannot keep making new lows while positive news accumulates.

[00:16:57.810]
Van Druckenmiller: A break below the prior low on meaningful volume would concern me. Price is not always the truth, but it is evidence that somebody might know something I don't.

[00:17:06.810]
Van Druckenmiller: Third, that appellate court ruling that reveals the securities case would restore legal uncertainty and damage the cleanup narrative.

[00:17:15.040]
Van Druckenmiller: And fourth, a serious decline in operating margin or a clear customer loss tied to the billing transition would suggest the problem is structural rather than temporary.

[00:17:24.740]
Van Druckenmiller: Look, the stock has bounced off its low, but it's not fully established into a new durable uptrend. The market has not yet confirmed that the reputational discount is closing.

[00:17:34.560]
Van Druckenmiller: Being early and being wrong feel remarkably similar during the first 6 months. That's why you should begin as a starter position, not a drunken declaration of maximum conviction. Yes, I recognize the hypocrisy.

[00:17:48.080]
Van Druckenmiller: Buy enough that success matters, do not buy enough that another drawdown forces an emotional decision.

[00:17:55.950]
George Noble: Wow, Savannah, this is really interesting as you're speaking.

[00:17:59.960]
George Noble: I've just been, looking at some of the figures, and I notice, for instance, if I look at revisions.

[00:18:06.630]
George Noble: Ernie's estimates have been going up for Autodesk. I see consensus for the year we're in right now, January year.

[00:18:14.630]
George Noble: consensus 1261, putting the stock on 16 times earnings. January of 28, and the market's gonna soon start looking at the… well, it's January 28, it's 27 earnings, so the market's already looking ahead to 2027.

[00:18:27.500]
George Noble: Earnings estimates consensus 1425 puts stock a little under 15 times earnings. So not only are estimates revisions positive, earnings estimates are going up.

[00:18:37.580]
George Noble: But also from a valuation perspective, stock is very cheap relative to its history. So.

[00:18:44.070]
George Noble: On the surface, Captain Obvious here, it looks interesting. You're telling me it's insider buying. The biggest risk, though, you're talking about the potential for an appeal now.

[00:18:55.000]
George Noble: I don't know, just from the , like, that doesn't strike me as being a huge negative. I mean, what's the likelihood that this appeal will prevail? And like, who's pushing this appeal? Like, I don't know, if the biggest concern you have is about the appeal.

[00:19:12.060]
George Noble: you know, who's pushing this? And then the other thing would be, let's assume that they lose on appeal, the decision gets overturned.

[00:19:19.340]
George Noble: what are we talking about here? The company would have to pay out a fine or something? Like, is it… the thing has, like, a $40 billion plus market cap, so… are we talking about losses or damages that are potentially relevant to the market cap of the company?

[00:19:32.780]
Van Druckenmiller: No, and that's where I think everybody is getting the story wrong. So, you know, the other thing to keep in mind is, you know, like many software stocks, right, is that

[00:19:45.310]
Van Druckenmiller: Their weighted average cost of capital and against its, you know, terminal growth rate does change based on where interest rates go.

[00:19:54.260]
Van Druckenmiller: And so, depending on where their weighted average cost of capital stays could determine where the stock price ends up.

[00:20:02.370]
Van Druckenmiller: If they have to pay out more, then, of course, they're,

[00:20:08.050]
Van Druckenmiller: Doesn't mean the stock won't go up, but it might go up less.

[00:20:12.490]
George Noble: Right.

[00:20:13.280]
George Noble: So that's really your biggest concern right now is this lawsuit?

[00:20:18.220]
Van Druckenmiller: no, I think that most of it is probably behind them. I think the…

[00:20:24.110]
Van Druckenmiller: biggest concern is probably to make sure that, you know, they just took on all this debt for that acquisition, that the acquisition of MaintainX pays off.

[00:20:34.390]
George Noble: Right. But still, the acquisition, I think, was only, what, $3, $4 billion, and you got an enterprise value of $40 billion. So I hear what you're saying, but I'm just trying to put this in the

[00:20:44.030]
George Noble: Van, I like the smell of this thing. And so far, I mean, there's been no sign of… they've seen the multiple compression because people are worried about AI, but as usual, so eloquently setting out at the beginning.

[00:20:57.560]
George Noble: not so easy for their installed base to leave. And so, have there been any… I get the idea on the comm that AI could be bad for them, but up to now, has there been any evidence of that, or is that just a theory?

[00:21:12.650]
Van Druckenmiller: I'm not quite sure that the theory of the AI crushing them was as severe as it happened with some other software stocks because the truth is the price really ran down when the accounting scandal hit.

[00:21:28.480]
Van Druckenmiller: And because the accounting sandal was resolved positively.

[00:21:33.940]
Van Druckenmiller: I think most of the damage was due to that, not to the narrative that the AI, but.

[00:21:39.060]
George Noble: Got it.

[00:21:39.650]
Van Druckenmiller: Keep in mind, the construction industry around the world has headwinds. AI and software have headwinds, and I do think that probably played some role.

[00:21:50.400]
George Noble: Got it. So, do you have any… I mean, again, you know, as Yogi Berra famously once said, predictions are difficult, especially about the future. But what's the consensus thinking about when this is going to get resolved, this lawsuit thing? Will that be a 2026 type of event, or could this have a long tail on it?

[00:22:05.630]
Van Druckenmiller: No, this will be resolved in the fall, so we'll have the answer coming up.

[00:22:11.430]
George Noble: Yeah.

[00:22:11.850]
Van Druckenmiller: They've got court dates.

[00:22:13.630]
George Noble: And if that goes their way, you expect the stock to have a meaningful uplift on positive news?

[00:22:20.920]
Van Druckenmiller: I do, but I also think that it should have probably already been a little bit repriced, which is why I said that makes me a little bit nervous. What does somebody know that I don't know that is kept it?

[00:22:30.990]
George Noble: Yeah.

[00:22:32.210]
Van Druckenmiller: Sure. But I think that, yes, in the long run, that probably has something to do with it.

[00:22:37.900]
George Noble: Yeah, so, it sounds like a really interesting idea. I do note, though, that along with what's going on with sophomore generally, the stock's been, you know, really taken on water, it's been underperforming, so…

[00:22:50.900]
George Noble: like you said, you're dumpster diving here, so I know you like… usually, when you get really big, it's in a moment… it's when… when it's working, you like piling on momentum, squeezing shorts,

[00:23:03.100]
George Noble: So, you're not huge in this name, I get it, you want to see more tangible signs, but, so a couple questions. A, does this mean you've got a smaller position than you normally would, because you want to see more, more down cards turned up? And then also, B, are there a lot of shorts in this name? Any idea?

[00:23:20.140]
Van Druckenmiller: No, there isn't a lot of shorts in the name, and I would tell you that I think…

[00:23:26.370]
Van Druckenmiller: George, as you know, I try to see where the thing is going to be 18 months from now, not where it is today, and where I see this 18 months from now.

[00:23:35.640]
Van Druckenmiller: Is that… The government has an appetite for spending that's not quenchable.

[00:23:43.840]
Van Druckenmiller: The buildings still have to get built, the infrastructure still has to get built, this lawsuit's been resolved.

[00:23:50.700]
Van Druckenmiller: The software takes hold. If anything, I actually think that the development of AI will make them better, and actually help them at their job, and not hurt them.

[00:24:02.030]
Van Druckenmiller: And with that in mind, I can't see why this isn't have the same sort of setup potential. If you remember, one of the reasons I liked Estrana was because they had also gone through a similar scare where they were late filing something and people thought that was going to lead to.

[00:24:19.280]
Van Druckenmiller: an accounting restatement, a financial restatement. We already know that Autodesk has resolved that, and it turned out that everything was fine, and not only that, things were improving under the surface.

[00:24:34.720]
George Noble: Right.

[00:24:35.820]
George Noble: Dan, you really have my attention on this. I like this idea. I guess what I find particularly appealing is the risk reward.

[00:24:44.930]
George Noble: You know, it's hard to know exactly what's gonna happen, but

[00:24:48.250]
George Noble: you can look at what's discounted in the market, risk-reward. So it would seem that if you're wrong.

[00:24:54.720]
George Noble: Downside is relatively limited.

[00:24:58.700]
Van Druckenmiller: I think if I'm wrong, the downside's limited because they're not in any kind of financial trouble.

[00:25:03.700]
George Noble: Correct.

[00:25:04.250]
Van Druckenmiller: How much worse could it get? If they just get normalized to their peers, there's a potential 40% discount to its peers on their enterprise value to revenue.

[00:25:15.260]
George Noble: Yeah, so this could be a 300. So it looks like you got maybe a few dollars downside and 300 up 40, 50% on the upside. So.

[00:25:23.570]
George Noble: On a risk-adjusted basis, this sounds like an outstanding idea, folks.

[00:25:28.420]
George Noble: Then, I mean, listen.

[00:25:30.390]
George Noble: Let's be real, Van, like, you pitched that Astrana thing

[00:25:33.820]
George Noble: And I was listening to you last time, I was like, there's a lot of hair on this thing, alright? But not even you thought it was gonna double in two months, alright? So, folks, don't expect this thing to double, but, Van, I think you're right. You look out a few months, by year-end, this thing could easily be $300. Not investment advice, do your own work, but, Van.

[00:25:50.640]
George Noble: I really like the smell of this thing, so.

[00:25:53.000]
Van Druckenmiller: George, George, if there's no chance of being speculatively wrong, then there's no chance of being speculatively right.

[00:25:59.400]
Van Druckenmiller: if you want to be in the top 5%, you've got to be willing to be in the bottom 5%. That's where this one is.

[00:26:06.110]
George Noble: Ben, before you go, what are you doing the rest of the summer.

[00:26:09.380]
Van Druckenmiller: Well, since, my last trip to Monaco didn't end so well, I think I'll try to pick another place to,

[00:26:18.270]
Van Druckenmiller: Hold down the fort, and… Since it seems like we're gonna eventually…

[00:26:23.680]
Van Druckenmiller: invade Cuba. I'm waiting to see if there's a chance I can take my yacht back down to Havana. I haven't been there in decades.

[00:26:31.500]
George Noble: So, so maybe we'll have a little corner of the Cuban stock market. I don't know if there is one, but that sounds like a van type of play, actually, so.

[00:26:39.490]
Van Druckenmiller: I figure, worst case scenario, I can get a new business smuggling cigars.

[00:26:45.780]
George Noble: I like it. I like it to go with your, to go with your scotch. Van.

[00:26:50.420]
George Noble: Have a great summer. This has been awesome. And, you know, you got to keep the folks up on X. Is that the best way for folks to follow you? Is X the way that you tend to communicate?

[00:27:02.530]
Van Druckenmiller: Yes, and I will share some market insights on my website, which is on my X profile.

[00:27:08.310]
George Noble: Awesome. Van, always a pleasure. Have a great summer. We'll be in touch. Thanks, Van.