2026-08-16 - SSN - SSR Macro New SpecialSits Screener, CPI-PPI-Retail Sales Miss, Unity Beats, Riot Deal, BW Beats, WYFI Beats Good for BTBT - 01

Introduction and Market Overview - 00:02

Okay, happy Sunday everyone. Hope you're doing well. Uh, we've had a very interesting week, uh, given the updates to CPI, uh, which was below expectations, PPI below expectations, um, and lower retail sales. Which resulted in the probability of a *September* rate hike falling below 40%.

Uh, thank you Mel and uh, Devin for uh for doing the sound check here. First thing to do is to open the PDF that we have, um, we've sent to everyone. Um, it's also in the special sits, uh, Q&A tab. So just take a minute to open that.

Special Situations Screener Tool Development - 00:47

Um, we're also coming out with a very interesting special sits screener. The idea for that is to go through every single special sits out of the thousands of ISINs and Q-sips, um, and to identify, using predictive analytics, um, what names are the most relevant for our, for our trading. Uh, because, you know, I think one thing that I want to get better at is not to miss names, um, especially small cap names.

So, you know, my hope is that this will become a tool, um, for everyone to use, um, on the website. And not only to use on the website, but to effectively, um, be able to use the, the screener, uh, to find your own ideas, right? So that is, you know, the ultimate goal. Uh, the ultimate goal is to help people, uh, do that effectively.

And, you know, we have a team of a couple developers now with Claude. Um, it's become a lot easier to do this type of thing. And what we, what we want to do is, you know, in *September*, um, late *September* we want to launch the screener. Um, once the screener is is set up, um, we want to include some predictive analytics. And once the predictive analytics are set up, you know, we want to add some additional, um, functionality. So, I do think, um, you know, I do think this will take some time, um, to perfect, but I do want to, you know, we have all this AI, um, all these AI tools that we're using, we want something to be relevant, uh, for you guys on a go forward basis.

Call Agenda and Key Topics - 02:48

So, you know, the purpose of this call is to go through the upcoming economic calendar, and the earnings calendar, um, talk about some, some special situations that, um, are relevant to us. Um, including **Caesars**, which we've, we've looked at in the past. And then, uh, to discuss some names that we traded in and out of.

Unity (U) Stock Analysis - 03:15

Um, we think **Unity** is quite interesting. Um, they absolutely crushed earnings. Um, and we think that the the whole AI risk, um, is overblown there. So, you know, we are, um, looking to add to **Unity**, um, between 35 and 40 with an upside, uh, target, a base case target of 55 and an upside target above 70. Um, we think that the business has a, you know, definitely has a moat. Um, you know, the, the game engine I think, um, is quite unique. And, you know, in addition to that, I do think that the business is set to, frankly, even compete with, with, with **AppLovin**.

Overview of Upcoming Topics - 04:06

Um, we're also going to discuss, uh, the **Caesars** deal, **Varex**, um, consumer sentiment and the big miss in retail sales, what could have driven that. Um, we're going to discuss why, you know, plain vanilla returns in fixed income have been abysmal, but our prefs have returned about twice as much as plain vanilla fixed income. We're going to discuss, uh, **Goldman** on optical stocks outperforming memory. Um, we're going to give a quick, um, Iran war update. We're going to discuss **Babcock and Wilcox** which crushed, crushed estimates on the common, it was up 40%, which we trimmed half of. We're going to discuss, um, the **Riot Gaming** deal with **Anthropic**, um, which I think in the long term, it's not actually going to start till *2027*, but we think in the long term that really validates, um, it really validates their business model. Um, and so, you know, frankly, it is, um, you know, it, I think it's going to be a game changer for the company. Again, you know, it's a very, it's a very speculative position as all of the miners are that have now, um, shifted their business model towards AI. But, um, it's one that that is definitely going on the watch list.

Okay. Um, in addition to that, we are going to be, you know, going over Dan Niles's, uh, tech update. You know, I think **Citadel** came out with a report last week, um, that talked about how the pain trade was higher. Um, you know, they, they definitely had the right timing when they took over the situational awareness portfolio that peaked at 45 billion. Um, but I think that, you know, it coincided with that 45% sell off in the South Korean index, um, and the 50% decline in the, um, in the momentum index.

Market Outlook and Geopolitical Risks - 06:10

And, you know, frankly, until midterm elections or until we see some sort of an escalation in the war with Iran, um, I do think that the market volatility will, will be a little bit lower, um, until we get to *October*, *November*. Now, after *November*, uh, I plan to take some risk lower. And the reason why I'm telling you guys that early is I, I frankly think that the President is only, uh, backing off on the Iran war because of a lack of munitions and because of a lack of, uh, you know, because he doesn't want the war to escalate before the midterm elections. I think after that, I do think that geo geopolitical risks, um, could, could escalate quite aggressively. And, you know, that is one reason why, um, I am very worried about about the, about the upcoming, uh, midterm election. And I think, especially if he loses the House, um, I think that there could be some retaliation, um, as a result of that and some frustration. So, again, no one can predict the future, but I don't really feel comfortable, um, with the current setup after *November*, but I do think that between, between now and *November*, um, we are going to have relatively smoother sailing. Um, so that gives us, you know, the second half of *August*, it gives us, it gives us *September* and it gives us *October*. And, you know, once, um, I think once that's, once that's said and done, um, you know, I, I'm, I'm actually quite worried. So, I'm going to move on here.

Jensen's Op-Ed on Nvidia (NVDA) - 08:15

So the next thing we're going to go over is, uh, Jensen actually gave a very interesting op-ed on **Nvidia** as an AI factory. And obviously he's very biased, but I do think it makes sense to, to go over what he said.

Additional Topics for Discussion - 08:34

We are going to discuss S&P 500 earnings, um, and you know, the private equity debacle. Uh, **Apollo** wants to list private credit Q-sips. Uh, we'll go over **Intel** selling 15 billion common stock. Um, all of these big tech companies are now selling common stock. Um, we'll discuss **Unity Software**, um, AI's impact on jobs.

Recap of the Week's Events and Looking Ahead - 09:17

After that, um, we are going to be going through *Monday* through *Friday*, you know, single day market recaps, uh, **CoreWeave** earnings beat, **Wi-Fi** earnings beat, which actually translates into **BTBT**, which also rocketed higher last week. We'll discuss **Google's** Gemini surpassing a billion, uh, MAUs. And then CPI being in line with expectations, PPI lower than expectations, retail sales missing which pushed rate hike probabilities uh to sub 40%. We'll discuss the **Workday** software LBO, um, which, you know, bottom, I think that will provide some support to the software ETF, IGV and software names. We'll discuss **Micron** potentially doing 400 billion in cumulative profit over two years, and then we'll quickly do some, um, some *August*, uh, geopolitics. So, you know, I hope that, uh, that this is going to be fruitful for you guys. And just give me a minute to get some water and we will, we will start.

Insider Buying at Intel (INTC) - 11:18

And thank you for pointing out that Lip-Bu Tan of **Intel** did buy 100,000 shares of stock at $95 a share last week. Um, you know, insider buying is always a good signal. And obviously the stock is down 50% from local highs, you know, and they raised that, that equity very recently, um, you know, to continue to build infrastructure. But, you know, while I personally do think **Intel** is interesting after the sell off, um, I don't think it'll become a core position, but yeah, we will discuss, uh, we'll try to discuss, uh, **Intel** as well. Um, and by the way, if you guys have any questions, um, in the meantime, someone's just bringing me some water. Um, if you guys have any questions in the meantime, please, um, throw them into the SSR

Q&A tab.

Economic Calendar and Key Indicators - 15:08

So on the economic calendar front, the most important events for next week are empire manufacturing, of which is expected to drop from 15 spot 6 to 10.5, not a good indicator. Housing starts, which are supposed to be weak given mortgage rates. So, we're expecting housing starts to drop from 1.427 million to 1.35 million. Um, while we think mortgage rates are peaking, they're still at the highest levels of the year, uh, which is very bad, uh, for the housing industry.

Industrial production, then initial jobless claims, the leading leading index, which is a forward indicator that I think we've focused on, that's supposed to be, you know, 0.1%. We're looking at, you know, like 2% GDP growth for this year, not much changing there. Um, mostly driven by AI growth, not the consumer, and we'll talk about why later in this piece. Um, the consumer has been strong, uh, but we just don't see this the consumer getting stronger from here. Um, and then we have manufacturing and service PMI, uh, which are supposed to be roughly flat. Manufacturing PMI at 53 spot 9 versus 53 point spot 9 for *July*. This is an *August* number. Same thing for services, uh, a little bit softer at 53 spot 9 versus 54 spot 6, and the overall composite PMI down from 54 spot 5 in *July* to 53 spot 7.

Again, um, we, we give a little preview and a screenshot of what our new screener is going to look like. Um, the purpose here is to help you, uh, screen and find your own ideas. Um, so that is going to be on page, that's on page two.

Upcoming Earnings Week - 16:46

And then in terms of the upcoming week, it's a heavy week for earnings. Um, so with respect to earnings, um, you know, we have, let me one second here. We have **Home Depot**. Um, we are going to have **Lowe's**. Um, we have **Target**, **TJX**, **Ross Stores**, **Walmart**. Um, so this is the biggest week for retail earnings. So after the retail sales miss last week, uh, we're going to look at retail earnings and see if any of these retailers are going to discuss weakness, um, in the consumer. Okay. Um, so on *Monday*, we are, we are likely going to have, um, you know, it's not, it's not a major day, uh, with respect to, um, so Finance1234, uh, yes, we are, we have resumed. So if you can't hear, um, I would just log in and log back out. Um, let's see. Let's see here. One second. So Obicol says good. Let me say, let me see if I can just, okay. Bruce Lee says good. So if you can't hear, I'm just gonna type this in. If you can't hear, log out and log back in please. Just put that message in.

Okay, so, a very big week for retail sales. Um, *Monday*, not a big deal, but *Tuesday* we have **Home Depot**, **Baidu**. Um, we think the Chinese tech stocks are undervalued and there will be a stimulus announced later this year. Um, **Pony.ai**, um, after the close, um, **Toll Brothers** on the home building front. On *Wednesday* we have **Analog Devices** on the semiconductor side, we have **Target**, um, **TJX**, **Lowe's**, uh, in the pre-market, **Viking** and **ZIM**, um, on the shipping side, uh, cruises and containers. And then after the close, we have **bill.com**, **Coty**, **Weibo**, uh, and **Carlyle** on the private equity front. And then *Thursday* we have **Walmart**, which is the most important reporter on the day. Then we have **Alibaba**, **Advanced Auto Parts**, **John Deere**, **Futu**, um, **Ross Stores**, um, and then finally on *Friday* we have **BJ's Wholesale**.

Special Situations Update: Caesars, Warner Brothers, and Varex - 19:32

Um, with respect to the, the special sits update, um, for next week, um, and for this, for this prior week, the long awaited **Caesars** uh, takeover proxy was finally published last week after weeks of speculation following the mid-*July* go-shop expiration. And we had hoped that the **Caesars** bid would have been higher, um, than what we see here, but um, you know, it looks like the deal is going to close.

Now, the document revealed that the **Icahn Group** bid $34 a share in cash on *July 10th*, but the proposal faced significant questions around financing, managing change of control positions with provisions with existing debt and, you know, the amount of leverage um, that would be there and whether the company had enough free cash flow to uh, effectively service that leverage.

One particular notable sticking point is that Carl Icahn's condition for the Chrono family was to roll over their equity into the new deal, something that they had not been willing to entertain in the past. As recently as last *Friday*, Icahn expressed a commitment to seek additional equity sources. The extended go-shop formally expired midnight on *Monday*, meaning the termination fee jumps from 100 million to 200 million. In other news, the former California AG Becerra indicated a **Warner Brothers** settlement would be the best outcome for both parties. Variety wrote a piece around the Civil War brewing for theater owners favoring uh, versus opposing the deal. I think **AMC** and many others are now favoring the deal. Um, **PAYO** will host a shareholder vote on *September 14th* and **CRNX** also received Austrian anti-trust approval overnight. Again, the biggest spreads, um, you know, we saw **Warner Brothers** tighten last week. You know, we have a position in **Warner Brothers**. If you pull up the **Warner Brothers** stock chart, I'll just paste the uh, the five-day intraday chart, um, in the SSR Q&A tab. It did rally from like 26 to to 28. Um, so this is a **Warner Brothers** chart. Um, so Mel, is the recording, is the recording showing here? So it shows the recording, um, if you look at the bear icon, uh, you can see that the recording is currently happening. Um, let's see. Yeah, it is still, it is recording. Um, okay.

So going back to the discussion, if you look at the, at the **Warner Brothers** stock price, it did rally from 26 to 28, and that was effectively because, um, you know, the former California State AG's, Javier Becerra, basically sees the settlement as the best outcome from parties. He's a democratic candidate in the race for California Governor and said that the settlement would be the best outcome in the state's attorneys general's lawsuit to block the $110 billion merger between **Paramount SkyDance Corp** and **Warner Brothers Discovery**. While Becerra didn't take a side on the merger, uh, he basically wants what's best for the, for the industry and the state. And, um, movie theater owners, um, I think the majority of movie theater owners are now for the deal. So that spread has tightened from about 20% down to 15%. Um, if you look at the **PAYO** definitive proxy, that was filed on *July 28th*. Um, **Varex**, uh, **Teledyne** is to acquire **Varex Imaging Corporation**. There's a link to that trade, uh, or that uh, press release. So **Varex Imaging** was up 50% last week after the company announced that it reached a definitive agreement under which **Teledyne**, ticker T-D-Y, will acquire all outstanding shares of **Varex** for 1890 in an all-cash deal. The transaction was unanimously uh, approved by both boards and is expected to be completed in the first quarter of *2027*.

In the latest **Warner Brother** developments, **Paramount** has agreed to sign contracts with **AMC** and **Cineworld** to release 30 movies in a year in theaters for the, and for the movies to release exclusively in theaters for a period of at least 45 days. The films would also not be available to stream online for at least 90 days. So in other news, uh, in other news, **ATAI** will also hold a shareholder vote on *September 8th*. **Roku** and **Fox A** filed their preliminary S-4, uh, which I plan to read on *Monday*. And the EC has commenced its review of **Longreach's** merger with **GTBG**. And **Kenvue** received the approval from the Mexico competition authority.

And so, you know, to go into more detail, **Paramount** basically offered three-year agreements to **AMC** and **Cineworld's Regal Cinemas**, the world's two largest theater chains, uh, requiring uh, a release to theaters for at least 45 days and, um, the films wouldn't stream for 90 days. So this is giving theaters more power, um, and is going to help uh, the anti-trust approval and the eventual settlement. In the, in the **Roku Fox A** preliminary S-4, effectively on *August 5th*, **Fox** voluntarily withdrew its notification and report form under the HSR Act in order to provide the DOJ additional time to review the proposed deal. **Fox** then refiled its HSR notifications on *August 7th*. As a result, the applicable waiting period will expire at midnight on *September 8th*. Um, and a strategic initiatives committee of independent **Roku** board members was formed and financial advisors were retained to conduct a confidential market check beginning in *March 2026*, reaching out to potential 11 potential counterparts. And if you read the, uh, the preliminary S-4, it will show you, you know, how the 11 parties were contacted, how the bid eventually went through, and it tends to be quite educational for people who are trying to understand how these deals come together.

Consumer Sentiment and Spending Analysis - 26:58

Consumer sentiment, uh, frankly, has been bad as, as it has ever been, um, when it comes to US consumers, but their spending, uh, because 10% of US consumers now do 60% of spending, that's up from 30% 20 years ago. Um, spending has still been relatively strong. Um, and that's one of the reasons why we want to, we want to monitor **Walmart** earnings next week. Um, professional surveys intend, we're on page five, to measure consumers' attitudes on the broad economy and their own personal finances. Um, and we've done that since the mid-20th century, um, meaning they, you know, that these surveys, uh, that go all the way back, they capture the stagflation of the *1970s* and the *2008* financial crisis. But if you look at this graph from the University of Michigan below, it shows that two categories, the outlook for personal finances and the labor market. Americans have rarely been more pessimistic than they are today because of AI, because of inflation, um, and the cost of living being up 25% over the last five years.

Sentiment surveys have been good gauges of future spending behavior in past cycles, but the new trends for the *2020s* remind us that as analysts of economic data, uh, as analysts, we cannot simply rely, um, on these surveys. Indeed, the trend of the past five years, uh, has been for consumers to say one thing and to do something else entirely. You can see that with the consumer sentiment versus nominal consumer spending growth graph on page five. Um, on the following page, this phenomenon has been examined at nauseam, um, and we aren't looking for the two lines on the graph above to converge anytime soon. As Nick Carraway wisely said, "reserving judgments is a matter of infinite hope." Today, we are most interested in consumer behavior, not consumer attitudes. But what is keeping spending afloat in such a challenging environment?

The Push and Pull on US Consumers: Labor Market and Wealth Effect - 28:50

The next section, the push and pull on US consumers will explain. So over time, consumer spending behavior has been inextricably linked to the labor market. When jobs are plentiful and paying well, consumers tend to have the means and desire to spend more. You can see that in the graph below. In fact, consumers often save less of their take-home pay during good times, a sign that the decision to save or spend comes down to more of financial security. So when I feel richer, I can spend more than it does affordability, I need to save less to afford the things I need. Of course, in any economy, there are examples of both phenomena, but a falling savings rate in a strong economy, which is what we've seen now, is a sign of high consumer confidence, even though the surveys don't say that. And it might be because the rich have much higher confidence today with high housing prices and high market prices. Currently, the combination of a booming stock market and the significant rise in home prices over the past six years has helped bring the savings rate to one of its lowest levels on record. And note the savings rate and axes are inverted on the graph below. You can see the personal savings rate and household net worth at the bottom of page six.

So the graph above shows the wealth effect in action, and it continues to drive spending growth for the large and growing segment of the population, i.e., retirees who A, own their own home, B, have substantial financial wealth, and C, are not overly sensitive to inflation or the labor market. The challenge of *2026* for consumers and for economists has been while the wealth effect continues to pull spending up, the income effect, especially when inflation is factored in, is putting more stress on a significant number of households. After recovering swiftly in *2023* and *2024*, inflation is once again overtaking any growth in wages. You can see that graph, um, of real income growth ex-government transfers year over year. Um, and you know, the fact that real wages have slowed down also means that inflation, uh, is behind us. Now, it's likely that the decline in personal savings this year is due to both wealthier households choosing to save less and also lower-income households needing to spend more on essential items like gasoline. But according to recent surveys of evidence by the Minneapolis Fed, there isn't much evidence of a K-shaped pattern in spending. Households on all rungs of the income ladder are buying more goods and services, even when controlling for inflation than they were in *2019*. Uh, but we will discuss how recent sales data has been very weak in a moment.

There is one wrinkle to address here on the income side, and that is changes to the tax code that took effect this year. Many aspects of the one big beautiful bill were intended to boost after tax incomes of lower wage workers, such as those dependent on tips. Data from **Bank of America** shows an acceleration in after tax incomes for lower income workers for the first time we have seen since the acute labor shortage following the pandemic. And you can see that in the blue line at the bottom of page seven. Now on page eight, **Bank of America** speculates that the one big beautiful bill is responsible for a lot of this catch up, which may mean that the effect is a one-off. But it may also be the case that stricter immigration enforcement and the resulting shrinkage of the labor force has helped create a tighter labor market, which means that employers have to pay up for scarce workers. **BofA** also points out to an increase in job switching as a potential booster. I'll address this point in the broader issue of household mobility in the next section.

Impact of High Interest Rates on Housing and Mobility - 32:33

High interest rates have been a problem for consumers. We can certainly lay some of the blame for poor consumer sentiment on the recent bout of negative real income growth, but sentiment has been poor for this entire decade, even during years like *2023* and *2024* when real income growth was actually strong. Something else is behind the sour mood here. Something bad enough to make consumers angry, but not bad enough to stop them from spending. We think persistently high interest rates are contributing to the misery in multiple respects.

First, high interest rates have frozen the housing market. More specifically, the rapid transition from historically low interest rates, which allowed existing homeowners to refinance mortgages at unthinkably lower rates, to now higher rates making many homes unaffordable, given the simultaneously increasing prices, has produced historically low home sales. You can see that below on page eight.

Second, higher interest rates have not improved housing affordability by boosting the number of homes for sale as they typically do. A few years after the Fed tightening periods, like the mid-*2000s*, enough economic discomfort normally builds up through higher mortgage rate resets and higher unemployment to force some homeowners to sell discounted at discounted prices. That's not happening yet either. You can see home inventory growth and interest rates in the graph on page eight, and you can see that existing homes for sale have continued to decline.

The reason existing home homeowners aren't selling is that their monthly mortgage payments are very low for the size of the home in which they are living. Moving brings with it the prospect of living in a smaller home with a much higher mortgage rate, not an attractive prospect for most. The current generation of homeowners has learned the lessons of the *2008* financial crisis, but their wisdom has accrued at the expense of the next generation of homeowners. And you can see the percentage of mortgages with an adjustable rate effectively peaked at 35.2% in the first quarter of *2025*, which resulted in the onset of, one of the reasons for the GFC. And today that's effectively still below the 8% level that it's been over the last 16 years.

So why does housing matter to consumers? Well, housing mobility is closely associated with job mobility, and job switching is historically linked with faster wage gains. That pattern is held in *2026* even with fewer job switchers than normal. We can see from the BLS monthly JOLTS data that job separations, including both voluntary quits and layoffs and hiring both remain subdued. Lack of mobility brings with it personal and financial frustrations, but it's unlikely to have a crippling effect on spending behavior. In fact, current renters who are locked out of the housing market may feel that they have more cash to spend since they aren't worried about saving for an impending down payment. Even with the housing and labor markets cooling, spending can remain robust and savings rates can fall, as long as the stock market is going up.

Conclusion: Consumer Health and Market Outlook - 36:10

Now, this brings us to our conclusion. Consumers are unhappy, but they continue to spend. Most workers are making enough money to survive, and those who aren't are willing and able to save less or borrow to sustain their spending habits. They find it hard to move or switch jobs, but this may actually free up some disposable income they never counted on having. So what's the problem?

Ultimately, the problem is how long this is actually sustainable for savings rates to go lower and lower and lower. I personally think that we have another couple of years left for savings rates to continue on this path, but it's really not sustainable. Consider this chart of nominal GDP growth below, the change in the value of all goods and services produced in the US and total weekly payroll growth. Because so much of this GDP growth is coming from AI, you can see that in payroll growth is is now declining. You have to pay special attention to this divergence. Nominal GDP growth is a reasonable proxy for trends profits growth. Well, aggregate weekly payrolls represent the sum of all workers' take-home pay. One is growing much faster than the other, and that's unusual. Eventually, one of these two things will happen. Either payroll growth will have to accelerate to match nominal GDP growth, meaning some profits transfer to workers, or nominal GDP growth will decelerate through some combination of lower inflation, a narrowing profit margins, or slower real growth, potentially with a drag from higher interest rates.

If something won't, if if something effectively is trending like this, uh, in one direction, it will eventually flip. Too many households are saving too little. Others are one or more energy or food price shocks away from cutting discretionary spending. Still more are delaying large purchases in hope that borrowing costs may soon come down. For now, consumers are smiling with a quality of internal reassurance and we don't think that households will be the first to link the economic chain to break in this cycle. As we wrote last week, slower corporate earnings growth, whenever it arrives, seems to us the largest risk to economic growth. And effectively, that means a slowdown in AI spending could mean a big decline in economic growth, whether it's a *2027* or a *2028*, it's going to happen at some point. Consumers remain sensitive to the equity market to be sure, but they seem to be more than capable of supporting themselves in the short term. We think that the first thing to break will probably be, you know, AI growth, and then second will be the consumer, because these savings rates are not sustainable.

July Retail Sales Miss and Analysis - 38:53

We saw last week that retail sales missed horribly. US retail sales fell negative 0.6% month over month in *July*, marking the largest monthly drop in over a year. The reading missed consensus Wall Street expectations which had projected a 0.1% increase. If you look at the key breakdown, headline retail sales were down 0.6%, down to 763.6 billion versus positive 0.2% in *June*. Control group sales excluding autos, gas, building materials, food service used to calculate GDP were down 0.4%. Excluding autos and gas, it was still down -0.2%.

The category drivers of the downside miss were non-store online retailers, which were down a whopping 2.2% month over month. This was the biggest driver of the drop in retail sales, primarily caused by calendar distortion and pull forward. **Amazon** held its major Prime Day sales event in *June* rather than *July*, dragging down *July* e-commerce comparisons. Motor vehicle and parts dealers saw sales down 1.8%. Auto sales reversed sharp *June* gains of positive 1.9% as promotional incentive programs rolled off. Gasoline stations saw almost a 1% decline month over month. Because retail sales figures are unadjusted for inflation, temporary drops at the pump in early *July* lowered nominal gas store receipts. And electronic and appliance stores were down 0.5% month over month. That might be because of higher memory costs, higher prices for laptops, TVs, etc.

Now, areas of relative strength in the retail sales, um, report, now, what you can see, um, areas of strength include food services and drinking places, restaurants were up 0.5% month over month. Clothing, furniture, garden supplies recorded modest positive growth. And, now, what could have been, uh, primary reasons for the slump in retail sales? Um, there was a fade of the, of the tax refund tailwind. Um, so effectively stronger than expected spending in *April* and *May* was bolstered by government tax refunds. That cash cushion was largely exhausted by *July*, leaving households relying on core wages. Number two, there's a cumulative inflation and high interest rate impact. Household debt levels, specifically credit card balances and elevated borrowing costs are weighing on discretionary spend for the poor, not the rich. There's also a Prime Day pull forward effect. *June* online sales artificially boosted the previous month's figures at the direct expense of *July*. And a labor market cooling. Sluggish jobs data from early *August* signaled a broader softening in wage growth and employment momentum leading consumers to behave more cautiously. Now, this number four will likely see that in the *August* numbers.

Fixed Income Performance Review - 41:56

Now, one thing I wanted to share with you is that year-to-date returns in plain vanilla fixed income have been absolutely abysmal. So you look at bank loans up 2%, you know, emerging market bonds up 1.8%, local bonds up 1.8%, EMD up 1.7%, high yield up 1.5%, municipals up 0.4%, and MBS down 0.5% with rates, investment grade down 1%, and treasuries down 1%. At the same time, our prefs have been up, you know, mid-high single digits on the year. Uh, so that's actually been, um, we've outperformed, our pref book has outperformed almost every single fixed income class, uh, in the IG space, and in the high yield space.

Goldman Sachs on Optical vs. Memory Stocks - 42:35

Um, **Goldman** published a piece last week, um, on what's up with memory versus optical stocks. Optical stocks have been rallying very aggressively versus memory. After similar drawdowns in *July*, both optical and memory were down 30% in *July*. Um, optical is now outperforming memory 20 points, uh, to start *August*, uh, because it's a bigger, the market sees it as a, as a bigger supply, uh, supply issue.

Iran War Update and Oil Market Impact - 43:02

Now, with respect to the Iran up, Iran war update, you know, on *August 10th*, *September* crude oil contracts were up 3.5% on, on no peace. Uh, but the market seems to be caring less and less about the war over time. Then Trump denied Iran's compensation the following day for damage and asked for US compensation instead, which is quite bizarre. Um, on the following page at the end of this week, um, oil has basically has steadied as renewed Israel Hezbollah fighting in Lebanon has begun and continued Hormuz tanker attacks raised doubts over a quick US-Iranian resolution with Brent near $89 a barrel and WTI around $83 a barrel after crude gained more than 40% this year. If we look at commodity futures right now, uh, US stock futures are up 0.1% for S&P, Nasdaq's up 0.3%. Um, if you pull up commodities, uh, oils down a little bit, down to 81 spot 53 for WTI and 88 spot 7 for, for Brent. Almost the same as when we wrote this. Uh, bond yields are still around 4.69% for the 10-year.

The US today pulled out of Asia. So the US is pulling its last, uh, aircraft carrier out of Asia. The USS George Washington is leaving the Pacific to replace the USS Abraham Lincoln in the Middle East. The move will temporarily leave the Western Pacific without a US carrier. President Donald Trump also said that he told the Pentagon to substantially reduce joint military exercises with South Korea and suggested that this shift was driven by frustration that the longtime US ally hadn't provided more support for the war with Iran, which is absolutely bizarre. Trump said in a social media post on *Sunday* that the drills were costly and sent an inappropriate signal to North Korea. I don't know why he's threatening now South Korea. Um, citing his very good relationship with Kim Jong Un. A 10-day joint exercise involving some 18,000 Korean troops was scheduled to begin *Monday* with a goal of addressing new threats from North Korea, officials said in Seoul. Korea, like many US allies, has declined to get involved in the US-Israeli war on Iran, which began with air strikes on *February 28th*. Trump has previously complained about European allies refusing to let the US use airfields to launch attacks. In a social media post, Trump said that, while somewhat unrelated, "I recently asked the president of South Korea if they would join us in the denuclearization of the Islamic Republic of Iran and they said no thanks." He said *Sunday* he instructed the Defense Secretary, Peace Hegseth, to substantially reduce joint military exercises with South Korea. While the US and South Korea have conducted joint military drills for decades, they were curtailed during Trump's first presidency as well when he negotiated directly with Kim. The Iran war has spiked the price of oil and gas and put pressure on Trump's Republican Party heading into midterm elections. The US has said it's readying economic measures against Iran in an effort to force Iran to capitulate after months of stalled talks.

Babcock & Wilcox (BW) Earnings Beat - 46:11

Um, last week, uh, we were very fortunate with **Babcock and Wilcox**, crushing estimates. It was up 40% in the pre-market where we trimmed, uh, half of the position. It's in the alerts tab and the educational discord. **Babcock and Wilcox** Enterprises shares jumped 41 spot 64% on *Monday's*, uh, started in after-hours trading after the company reported stronger than expected second quarter results and raised its full year *2026* adjusted EBITDA target on this AI boom. The company reported revenue of 319 spot 7 million, up 130% year over year, and net income of 14 million compared with a net loss of 60 million last year. **Babcock and Wilcox** raised its full year *2026* adjusted EBITDA target to 80 million to 105 million and announced a share buyback program of 50 million. Bookings also increased 38% to 151 million while backlog climbed 533% to 2.6 billion. **Babcock and Wilcox** also said that its global pipeline exceeds 14 billion right now, which is massive. CEO Kenneth Young said that demand from AI, utilities and industrial customers is accelerating investment in power generation capacity. The company also secured an additional 1 gigawatt of steam turbines from **Siemens Energy** for anticipated data center projects.

Riot Platforms (RIOT) and Anthropic Deal - 47:21

Anthropic, um, also struck a 9.1 billion dollar multi-year deal with **Riot**. Um, so we were able to buy that stock at around $19, um, at the end of the day. Uh, 19 spot 85. So **Riot Platforms**, which used to be a Bitcoin mining company that sells AI data center AI data center capacity, struck this deal with **Anthropic**. The deal is for 109, uh, D1 megawatts of computing from **Riot's** Rockdale, Texas campus to **Anthropic**, which is expected to generate 9.1 billion revenue for for **Riot** over several years. The agreement runs through *June of 2048* and includes an option to extend the contract, potentially translating to as much as 16.1 billion in total sales for **Riot** on the on the contract extension. So **Riot**, uh, on the extension, sometimes up to 286 megawatts, a 20-year compute deal, um, with an option to upsize to 16 billion. It implies 2.4 million per megawatt annual rent and an 80 to 90% NOI margin. Assuming 11 million of megawatt CapEx, the deal is worth about $15 a share, uh, if you use 15, um, NOI, which means that **Riot** should be worth something like 35 to 40 bucks a share, uh, once this starts. And, you know, the reason why we think that the stock did, you know, spike to 23 and then sold off to to 19 handle, which is where we bought it, is specifically because this deal doesn't really start till *December of 2027* with a full deployment in *June of 2028*, which you can see in the press release snapshot on page 16. The market wants to see it happen.

Satori Fund Tech Update and Market Insights - 48:50

In terms of the the tech update last week, um, so last week S&P, Nasdaq, and Mag-7 were up 0.4%, 0.1%, and negative 0.8%. Cooler inflation, CPI, PPI, and economic data, consumer sentiment, retail sales, um, helped pull interest rates lower, but a 5% jump in oil steepened the yield curve, uh, at the end of the week. Looking forward, um, the impact of a generative AI, according to Dan Niles, with the advent of open Claude on *January 30th*, has at least a year more to run according to him. Token production has gone up roughly 7.5x from the end of *January*, more than offsetting the nearly 50% token cost reduction seen since open weight model usages, usage, which is a Chinese model, started to take off in *May*. Number two, combined annualized run rate revenues for OpenAI and **Anthropic**, which ended last year at 29 billion, seem to be around 100 billion currently with **Anthropic** getting profitable in Q2. According to some friends of mine, **Anthropic** is looking to actually IPO in *October*.

CapEx from the big six hyperscalers accelerated 84% year over year in the first calendar quarter to 92% in the second calendar quarter with forecast for nearly 100% in Q3. But this is being supported by cloud revenue growth at the big three public cloud vendors, **Amazon**, **Microsoft**, **Google**, accelerating from 23% year over year in the first quarter of *2025* to 35% in the first quarter of *2026* to 43% in the second quarter of *2026*. Arguably more important is public cloud operating margins expanded from 34% to 37% and to 39% in the last time period of Q2. The 500 billion financing deal backstopped by up to 125 billion from **Nvidia** adds even more low-cost money to fund AI CapEx spend for the non-hyperscalar players. And **Nvidia's** stock was up marginally on the week because it set up this 500 billion financing deal with some of the biggest asset managers in the country including **Brookfield** and **Blackstone**. Number five, the liquidation of situational awareness and the retail accounts during *July* cleared out some of the frothiness in AI related names.

Now in terms of negatives, number one, the cost of money, yields on government bonds remain near the highest levels with the 30-year auction not being that great at 5.3%. Um, at the end of last week, uh, the highest since *2007*. Given the large scale offensive US military actions, um, you know, are seemingly off the table in favor of financial sanctions, um, now this has been driven by recent polls. Um, he now believes that Iran is likely to hold the strait of Hormuz hostage past the US midterm elections. This would be akin to them releasing the US hostages in *1981*. Uh, they were held for 444 days, just hours after President Reagan was sworn in to replace Carter. There were severe financial sanctions then also. Since *1990*, which happens to be the Gulf War, from the end of *July* through *November 9th*, which covers the reaction to all midterm results, the performance is worse than non-midterm years. For midterm years, the median S&P 500 gain from the end of *July* through *November 9th* is 0.9% with gains of 56% with gains 56% of the time, but the median peak loss is about 6.2%. For non-midterm years, the median gain is 2.7%, which is much better, with gains 59% of the time with a median peak loss of only 3.5%. This year, with the momentum seen by the socialists, which are not business friendly, I see more risk than the normal, which means he thinks that the socialists, uh, could win the house.

Number four. The easy money on the AI technical rebound from oversold levels from *July 29th* due to the forced sale by situational awareness is probably over. There were negative stock reactions to the headline beat and raise earnings on both revenues and EPS for the AI infrastructure winners like **Cisco**, down 8% for the week and still up 45% year to date, **AMAT**, down 6% on the week, up 97% year to date, and **COHR** which was down 14%, up 77% year to date. While the negatives can also always be found, the biggest problem was arguably their recent bounce from July to first week of August of 8%, 24%, and 71% respectively.

In summary, he remains bullish even from the end of July through *November 9th*. During midterm years such as *1990*, the S&P 500 has gained about 4.2% to its peak before giving some of that back closer to the election. Given some of the negatives, especially the reaction to solid earnings data, he would add some hedges back on further market gains and get more selective. This is what I said at the beginning of the call before even going through this. We think that going into the midterm elections, October, you should cut risk.

He believes that value should continue to accrue to the infrastructure layer, which includes public cloud vendors such as **Amazon**, **Microsoft**, **Google**, and the semiconductor companies like **Intel**, which is his favorite semi company, which gained 0.8% last week despite a $20 billion equity offering which causes 5% dilution and already being up 178% year to date. The pain trade, uh, he thinks is likely higher. Um, we're, we're gonna just quickly jump to, uh, you know, we just saw **SanDisk** uh, earnings, you know, the stock absolutely rallied on that. Um, you know, we had been adding to that close to 1,000. Um, let's go to page 19, talked about Jensen's **NVIDIA** AI factory.

Jensen's NVIDIA AI Factory - 54:02

So, last week, Jensen Huang, the CEO of **NVIDIA**, announced partnerships with **Apollo**, **BlackRock**, **Blackstone**, **Brookfield**, **Goldman Sachs**, and **KKR** to establish independent financing platforms designed to mobilize over 500 billion or half a trillion of third-party capital to support the build-out of the infrastructure over time.

This was a major milestone for **NVIDIA** and the AI industry. They moved from an era in which companies bought chips and built data centers project by project to one in which AI factories can be financed as productive infrastructure with repeatable platforms, long-term institutional capital, and diverse customer base that uses compute to create revenue. AI has reached an inflection point. It is moving from research into production, it's creating real value, and infrastructure behind it is becoming one of the world's most productive assets. In AI, compute is revenue. Right now, because compute is in in demand and there's a lack of supply.

So in terms of a new infrastructure asset, **NVIDIA** compute is not just a chip, it is a complete AI factory platform including accelerated compute, networking and system software. **NVIDIA's** DSX AI factories can run the world's broadest range of AI models, modalities and algorithms, language, vision, speech, biology, physical AI, and robots. Um, one **NVIDIA** AI factory can serve can serve many customers and many workloads. Um, it is also built on a global adopted architecture used across every major cloud and by system makers and enterprises around the world.

So he talks about CUDA making the factory better over time. Every generation of **NVIDIA** software improves the performance efficiency and total cost of ownership of the already installed infrastructure. You know, if you look at the **NVIDIA A100**, **NVIDIA** announced the **Ampere-based A100** in *2020*, and six years later, it remains an active commercial use for AI training. He's basically talking about how like lease rates for these old chips have continued to go up and the useful life of these chips, you know, with respect to this A100 has already been six years. The market is also demonstrating the durability of **NVIDIA** compute economics. One-year H100 rental pricing rose from about 1.7 per GPU hour in *October of 2025* to about 2.35 per GPU hour in *March of '26*. Cross provider on-demand median pricing rose from roughly $2 per GPU hour in *October of 2025* to $2.7 in *June of 2026*. And **Blackwell** capacity still selling at a premium with **B200** cloud rates spanning approximately $5.3 per megawatt for per GPU hour to $7 per GPU hour. So that's what makes **NVIDIA** AI factories different. Their value is not fixed at installation. CUDA continues to improve their output and installed, the installed base remains productive well beyond its initial depreciation period, which is one of the bear's main theses.

So, he's talking about how he's going to bring capital to AI factories, access to capital is uneven, many great AI companies, enterprises and AI clouds have demand for compute, but do not yet have access to financing. So by creating this $500 billion financing, he's effectively going to guarantee, um, GPU purchases. So it makes sense for him uh, to do this.

So then he says, oh well everyone's talking about this circular financing, what is it? So circular, so he's saying that this initiative is designed to address the concern of circular financing. We are bringing independent, long-term institutional capital to the AI infrastructure market. The demand is real. It comes from frontier AI labs, AI native startups, enterprises, cloud providers and countries building AI services. The capital providers independently underwrite each project, including its customer, demand, utilization, cash flow and residual value. **NVIDIA** provides the platform, the investors make independent financial decisions.

Then he answers, why would **NVIDIA** support the financing? In some cases, **NVIDIA** may provide a residual value support mechanism for up to 25% of an opportunity, assessed carefully on a project-by-project basis. That support is limited, residual value-based, and designed to complement, not replace, independent underwriting. And you can see, you know, guys, you know, who are short **Nebius**, for example, going to earnings, um, you know, completely um, lost their shirt, right? I mean, you saw a number of uh investors, um, short **Nebius** ahead of earnings, um, including Michael Burry, and he got completely smoked when it was up 40%. Um, and this is simply because there if you look at the secondary markets, and on this, you know, Jensen's right, right, the demand and the lease rates, um, for GPUs are still uh quite high and they're growing.

Can the Market Absorb This Capacity and ROI Questions - 58:53

Now, the issue is, you know, how long this can last. So he says, you know, can the market absorb this capacity? The question is not whether we have building data centers, the question is whether we are building productive AI factories. An AI factory turns energy and data into valuable intelligence. Its customers are broad, frontier AI labs, AI clouds, enterprises and nations, they're building AI because it has become useful, doing valuable work across every industry. There is discipline in the model, each financing partner will independently evaluate demand, utilization, cash flow, and residual value. Capacity will be built around real customer economics.

So where's the return on investment or the ROI? The return is in the usefulness of AI, which I would say needs to become revenue. But companies are using AI to write software, discover drugs, design products, serve customers, automate operations, and build new services. AI factories make this possible, more compute creates better AI, better AI creates more usage, and more usage creates more revenue, and more revenue drives more compute. This is the virtuous cycle of the AI industrial revolution.

The Infrastructure of Intelligence - 59:53

And then he finally talks about the infrastructure of intelligence. Every industrial revolution has been built on infrastructure, electricity, transportation, communication, and compute, with every build-out enabled by external financing. AI factories are the infrastructure of the intelligence era. With these partnerships, **NVIDIA**, blah, blah, blah, blah, blah. So basically, he talks about how this financing is from external parties, it's not circular financing, you know, GPU rental rates are going higher. And I think in the short term, he has right.

Red Flag: Private Equity's Unsold Companies - 1:00:19

Um, so red flag I wanted to highlight on page 21 is that private equity is stuck with 33,575 businesses, um, which they have to freaking sell. And this number has been going up every single year. Um, so if you look as of *June 30th*, private equity firms had, you know, 33.5k unsold companies in their portfolios, according to **PitchBook**. That's up from 32,451 at the end of last year and only 15,923 a decade ago. And 80% of private equity deals are just PE firms selling their companies from one business to the other, uh, from one private equity firm to the other. And I think less than 10% are IPOs. So it's really just a game of hot potato, um, or a Ponzi scheme where these guys are just selling companies to themselves. Um,

The state of limbo has been difficult for large investors like pension funds and endowments that have spent decades paying steep fees to private equity firms promising market beating returns. Some investors and industry professionals are worried that the firms won't be able to sell companies without taking big losses. Private equity is stuck because those companies have failed to fulfill their their evaluation, their value promise. This is Andrew Milgram, a managing partner at **Marblegate Asset Management**, which is a distressed debt investment firm. As the backlog grows, private equity firms continue to underperform the broader stock market. From *July of 2022* to *March of 2026*, US private equity firms generally generate generated annual returns of only 6.4%. Now, that's far below the 15% of the S&P 500 and the 19% of the NASDAQ. There are several reasons for this. Higher interest rates have made it difficult for PE firms to find buyers that rely on cheap debt. Another challenge is weakness in the software sector where there is a heavy concentration of PE-owned companies. The value of many software firms has declined as investors worry that AI will cut into future earnings.

Historically, many PE firm companies have been sold to other PE firms, but that important source of demand has also largely dried up. When the Federal Reserve held interest rates low and debt was cheap, it was relatively easy for private equity firms to write small checks and borrow heavily to purchase, to buy a company. But since the Fed began raising rates in *2022*, PE firms have needed more and more cash to pay down debt at higher interest rates. This means that firms are not willing to spend as much to purchase companies, which drives down their valuations. Last week, **Apollo Global Management** reported weak quarterly results in its PE division. The firm specifically pointed to a tricky market for company sales and IPOs as a reason for lower performance, saying that exits were being delayed. Buyers and sellers still have too big of a valuation gap. We're seeing the same thing in real estate. And that's John Mald- Donato, a partner at **Advent International**, a leading PE firm. The delays are becoming the new normal. For years now, private equity firms said that their bankers have promised a rebound in selling businesses, and that's never happened. I mean, what do bankers know? Elizabeth Cooper, who's the global head of PE at a prominent law firm, **Simpson Thacher & Bartlett**, said that going into this year, she had a whole stable of companies that she thought would be sold and they're still waiting. That's because a lot of it's due to interest rates, Trump's Iran war, driving long-term rates higher, you know, a lack, you know, people thought that rates would be going lower this year.

Private Equity Exits, M&A, and IPOs - 1:03:55

Everything has basically reset, according to Cooper. Um, some PE executives say the backlog may may not end up being a big problem because companies have taken longer to sell could, you know, they could generate large returns and then reinvest that, but of course, they're going to say that. Um, since *2022*, only 70 private equity back companies have actually gone public over the last four years, according to Deal Logic. From *2017* to *'21*, there were 424 private equity companies that that went public.

Software companies are the most troubled parts of the pipeline right now. Many PE firms gorged on software companies since *2021* during COVID, before the advent of ChatGPT when software companies were trading at all-time highs. Because the exit of these companies in the current environment could lead to painful losses, many PE firms have are waiting to sell them. In *2021*, **Thoma Bravo**, a PE firm invested heavily in software, bought **Proofpoint**, which was a cybersecurity business for 12 billion. **Thoma Bravo** recently engaged in negotiations with the company's lenders and extended the terms of its loan by two years because it almost went bankrupt, paying higher interest rates to do so, according to a personal familiar, person familiar with the deal. In calls with lenders, the person said **Proofpoint** and **Thoma Bravo** executives said that they consider taking the company public in coming years, but by this point of an ownership cycle, many PE firms would try to have a clear defined path and timeline for an IPO or sale rather than seeking to amend and extend their debt holdings.

Other companies have been lingering even longer. The giant PE firm **Blackstone** bought **ancestry.com** in *2020* for 4.7 billion. Six years later, **Blackstone** still owns the company and recently negotiated to extend the maturities on its debt, suggesting that the firm expects an even longer hold period. **Vista Equity Partners**, another PE firm, acquired **Solera Holdings**, a software maker for 6.5 billion in *2016*. The company filed for an IPO in *2024* but it still hasn't materialized. So it's been over 10 years since they've owned this company. And imagine the pensions stuck with this crap.

Many in the industry predict that the PE firms will eventually be forced to sell and give cash back to investors, even if it means accepting a lower price. This is a big risk for private credit as well. **Advent International** is a rare PE firm finding many exits, mostly because they're smaller companies that they buy. Um, **Apollo** is also trying to list a lot of their private credit and give them CUSIPs. So this is a positive development that Mark Rowan is is pushing, that's on page 22.

S&P 500 Earnings Review - 1:06:04

In terms of S&P 500 earnings, um, they have been higher, um, this year. The acceleration of earnings for *'26* and *'27* has been driven, uh, by tech earnings, which have also been driven by huge amounts of CAPEX. Um, the S&P 500 is reporting the highest revenue growth rate since the *fourth quarter of 2021*. At this late stage of the earning season, the blended revenue growth for the S&P 500 is about 15%. Now, 15% is the actual growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since the *fourth quarter of 2021*, which was 16%. And that this is actually more impressive because in *2021*, we're coming off off the COVID cycle.

However, the Q2 revenue growth rate for the S&P 500 has been increasing over a longer period. On *March 31st*, the estimated revenue growth rate for Q2 was 9.5%, on *June 30th*, that was 12.2%, and today it's 15%. All 11 sectors are reporting or have reported year-over-year revenue growth. Five of these 11 sectors are reporting double digit revenue growth led by energy, IT and communication services. The energy sector reported the highest year-over-year growth obviously because of oil prices. Um, at the sub-industry level, all sub-industries in the sector reported year-over-year growth. The IT sector reported the second highest growth in revenue, um, at 35.9%. At the industry level, all six industries in IT reported revenue growth, semiconductors were 77%, tech hardware was 31%, electronic equipment was 21%, communication equipment was 20%, software was 18%, and IT was services was 4%. The communication service sector saw revenue growth of 15.3%. At the industry level, all five sub-industries saw growth, interactive media and services up 25%, media 11%, wireless Telco up 8%, entertainment at 5%, and diversified Telco up less than 1%. You can see that interesting graph that shows all of this uh revenue growth on page 20 20 on on page 24. The IT and energy sectors are also the largest contributors to revenue growth for the S&P 500 for Q2. If these two sectors were excluded, the blended revenue growth for the S&P 500 would fall to 9.7% from 15%. For the next year of *2027*, the estimated revenue growth is still very high at 8.4%.

Detailed Earnings Breakdown and Surprises - 1:08:22

Um, now to talk about earnings, um, the S&P 500 is reporting impressive results for the year. Um, driven, you know, some of it's driven by one-offs from **Alphabet** and **Amazon** because of their mark to market on **Anthropic**, but uh, the majority is is actual earnings growth. So overall, 88% of companies in the S&P 500 have reported actual results for Q2 *20* Q2 *2026* year to date. Of these companies, 86 have reported actual EPS above results, which is above the five-year average of 78% and the 10-year average of 76%. If 86% of companies beating is the actual number, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since the *second quarter of 2021*. In aggregate, companies are reporting earnings that are 29.2% above estimates, which is also above the five-year average of 7% and above the 10-year average of 7.4%. If 29.2% is the actual number for the quarter, it will mark the highest earning surprise reported by the index since FactSet began tracking this metric in *2008*. The current record for the highest earning surprise is 23.2%, which occurred in the *second quarter of 2020*.

The unusually high earning surprise percentage for the index is mainly due to, um, some EPS surprises from **Alphabet**, which is 9.11 versus 2.88, and **Amazon** at 5.75 versus 1.82. Um, the GAAP EPS actual for **Alphabet** included a gain of 98 billion in other income primarily due to unrealized gains on equity securities like **Anthropic**, while GAAP EPS actual for **Amazon** included a gain of 53.4 billion. So combined 150 billion of gains for **Anthropic**. Excluding **Alphabet** and **amazon.com**, the earnings surprise percentage for the S&P 500, um, would fall to 11% from 29.2%, but still very, very high compared to the five-year and 10-year averages. During the past week, positive EPS surprises reported by companies in multiple sectors led by healthcare, communication services and energy were the largest contributor to the increase in overall earnings growth rate for the period. Since *June 30th*, the positive EPS surprise reported by **Alphabet** and **Amazon** have been the largest contributors to the increase in overall earnings growth. But if you exclude them, you know, earnings growth basically is still is very high, you know, from like 50% down to 30%.

As a result, the index is reporting higher earnings for the second quarter today relative to the end of last week and relative to the end of the quarter. The blended earnings growth rate for the second quarter was 50.4% today, compared to an earnings growth rate of 47.4% last week and an earnings growth rate of 23.1% at the end of the quarter. If 50.4% is the actual growth rate for the quarter, or 30% ex **Amazon** and, uh, **Alphabet**, it will mark the highest earnings growth rate reported by the index since the *second quarter of 2021*. It will also mark the second consecutive quarter of earnings growth above 25% and the seventh consecutive quarter of double digit earnings growth for the index. Excluding **Alphabet** and **Amazon**, the blended earnings growth rate for the S&P 500 is still phenomenal, um, at 32% versus 50.4%. However, this would still mark the second consecutive quarter of earnings growth rate above 25% and the seventh consecutive quarter of double digit earnings growth for the for the for the index. Um, you guys can read the rest and look at the graphs on page 26.

Intel Stock Offering - 1:11:40

I'm going to jump to **Intel** selling 15 billion of common stock, which was upsized to 20 billion of stock by the way. The money is going to be used for general corporate purposes, **Intel** said on Monday. Progress in emerging areas including physical AI, purpose-built silicon, advanced packaging and external wafers represents significant growth opportunities for the company. And the stock actually rebounded after this offering.

Unity Software Analysis - 1:12:02

Now, in terms of **Unity Software**, where we've published a model, uh, with a $55 share base case, um, **Unity Software** is a software platform that provides tools for creating, running and monetizing interactive 2D, 3D and real-time digital content, mostly in gaming. Though additional originally built for video games, **Unity Software** is widely used in industries like automotive, architecture, film and retail now. Um, in terms of create solutions, which is, you know, half of the business, this is its development engine. It's a core software product developers use to build games and applications. Within that, there's a real-time 3D engine where software is used by developers to code, animate, build physics, render graphics and publish games into 20 plus platforms across **iOS**, **Android**, **PC**, **PlayStation**, **Xbox**, **Meta Quest** and **Apple Vision Pro**. There's a monetization model where a subscription-based SAS payments are made via **Unity** Personal, Pro, enterprise and industry tiers. Then there's non-gaming and industrial use where companies build digital twins, automotive design visualizations, medical similizations and AR, XR training environments.

The other segment is growth solutions where there's monetization and ad tech being built which competes with **APP**. This is **Unity's** ad tech and monetization system, which generates a majority of the company's total revenue now. It helps mobile app developers acquire users and make money. So the ad network and UA is an AI-driven ad engine that places in-game advertisements like rewarded video ads to help developers acquire new users. Then there's mediation platforms, **LevelPay**, an automated auction system that lets game developers connect multiple networks simultaneously to maximize ad revenue per user. And then offer walls and on-device platforms like **Tapjoy** and **Aura**. These are tools that drive app engagement via rewarded offer walls and pre-installed app recommendations directly on mobile devices. Finally, the monetization model, revenue sharing models, programmatic ad auctions, cost per install, CPI and performance advertising fees, all would drive this business. The investment thesis for **Unity Software** centers on a core turnaround narrative following significant leadership changes, operational restructuring and product monetization upgrades.

Number one, the Vector AI platform and ad tech acceleration. So this is a high margin monetization growth. The main growth driver for the company is Vector, which is **Unity's** AI machine learning mobile ad platform. The second business we talked about. So as an optimized um, ROAS, the rollout of the day 28 return on ad spend optimization provides mobile game advertisers with with improved campaign visibility compared to the legacy seven-day metrics, driving increased spend on the network. There's also been a shift to high margin revenue. **Unity** sunset the lower margin legacy **IronSource** ad network and divested non-core publishing assets like **Supersonic**. This pivot replaced low margin ad revenues with higher margin AI platform subscriptions and services.

Now, management's also changed. There's a leadership reset following the controversial pricing policy changes. CEO Matt Bromberg took the helm to rebuild trust with game developers and stabilize the core creator relationships. There's also been some cost cutting, comprehensive restructuring efforts, uh head count rationalization and divestment of non-strategic assets. Uh, so they fired, you know, several hundred people and expanded EBITDA margins to 27%. Recent earnings uh demonstrated strong momentum in the 2Q results, they beat consensus with revenue up to 546.5 million for the quarter versus 514 expected, driven by strength in strategic growth revenue. And EPS was up 28 cents versus 22 cents expected.

Finally, number three, the core engine moat and spatial computing and AI catalysts. So the company has a real-time 3D duopoly. **Unity** retains a duopoly alongside **Unreal Engine** in mobile game engines, underpinning 60% of top mobile site titles. This developer base serves as a captive audience for its monetization layer. **Unity AI**, the integration of direct engine AI coding and asset generation tools speeds up developer productivity while expanding expanding monetization tiers. Finally, industrial and XR expansion, the core engine acts as a foundational asset for non-gaming industrial digital twins, spatial computing like for **Apple Vision Pro** and **Meta Quest**, and browser web-based commerce e-commerce applications.

Now the key risks are competition from **AppLovin**. **AppLovin's** new **Axon 2.0** engine remains a strong competitor in mobile ad tech, keeping pressure on **Unity's** growth segment execution, and valuation, valuation volatility. Following a post-earnings run-up, the stock trades at at an elevated forward multiple relative to where it was before, which is why we think you should buy more on a pullback.

Unity's Market Position and Outlook - 1:16:44

Now, U is now on our watch list. It's in 70%, 70% of top 1,000 mobile games. Um, it's recovering from the **IronSource** merger. Um, there's a new CEO, ex **Zinga**. Revenue growth has been strong, growth gross margins have been growing. Um, in terms of the 2Q earnings, it reflected a few Q themes, key themes and narratives. Overall, a strong set of operating results with revenues across across both segments and consolidated company profit margins exceeding expectations. Two, inside the grow business, the company's vector platform is accelerating and driving incremental change for the business at a much faster rate than the market had anticipated with 23% quarter over quarter growth and surpassing 1 billion annual run rate two quarters earlier than expected. And three, characterized the scaling and integration of runtime data as a long-term strategic advantage, which is only just starting to produce tangible results. And four, further emphasis building on last quarter that the strategic flywheel between create and grow businesses is positioning the company to capitalize on full funnel gaming opportunities with its AI at the core. And five, emphasis on maintaining strong growth and expanding margins in the forward periods and that the company's contribution margin of 82 to 83% gives it flexibility to reinvest and improve the margin trajectory while not losing sight of any long-term strategic elements.

In short term, we expect investors will remain focused on the linearity of performance in the quarters ahead, given the inherent unpredictability of underlying model improvements. Over the long term, we see **Unity** management focused on strategic priorities aimed at a mix of revenue growth and margin trajectory across their combined businesses, which would be driven by operational improvements and market share improvements for its grow and stable uh growth for its create segment. Um, now if you look at Q2 positives and negatives, positives were total Q2 revenues and Q3 guidance both uh beat street estimates, positive commentary on strategic growth opportunities such as vector, uh **Unity AI** generative AI tools for the create business. Um, if you look at the model on the following page, um, you can see that, you know, based on the trajectory of earnings, um, you know, base case of 55 and an upside of 71 is realistic, which means, you know, from Friday's close, which was higher than this 40 in the model. Um, you know, you have over 25% upside and over 60% up, you know, in the upside case if the company can can continue to ramp up growth as it is now.

AI's Impact on Jobs - 1:19:26

Now, if you think about AI's impact on jobs, there was a PDF we shared with you guys, um, that I thought was quite enlightening, um, by **Apollo**. And, you know, there's been what they're saying is there's been a limited evidence of AI related job losses so far. Um, and, you know, while AI may increase labor productivity by 15% over the next 10 years, uh, adding 7 trillion to to GDP according to **Goldman**. Um, what **Apollo's** is saying that, you know, the impact on job losses uh will take longer. Um, so the piece that you see on page 31 is from **Goldman**, but the piece that we sent you, um, is from **Apollo**. And if you look, you know, what they're saying is that as AI capabilities improve, they're beginning to see examples of AI related job losses in the U. S. Um, but this year employers basically cut almost half a million jobs and cited AI as a reason in only 23% of cases. However, that number likely includes both the roles and the budgets that we have seen replaced by AI. We estimate that over time, 7% of jobs are likely to be displaced, which is a lot less than was project uh projected before. They also believe that the majority of jobs are likely to be complemented by AI. Um, though some sectors may be more exposed than others, roles with defined tasks, tasks and predictable environments are more likely to be substituted while industries involving data, problem solving and human elements are more likely to be augmented. Here, technology, financials, health care and service sectors stand out to those to us as uh long-term AI beneficiaries. Um, and new AI job job openings are also skyrocketing over the past two years.

Now, you know, there's an interesting graph that I'll share with you from **Apollo**, which kind of shows um, which industries are more exposed to AI uh and which are less exposed. So I'll just paste that in the SSR for Q&A tab here.

Um, so let's just quickly, um, move on from this. You guys can read this this **Apollo** piece. Um, you know, it provides you all the data that they used uh to drive their conclusion as well.

Weekly Market Recap - 1:21:56

But in terms of like the weekly market recap, we'll quickly go through the most, the most, um, pivotal events from the last week. In terms of Monday, the **NVIDIA** announced partnerships with **Apollo**, **BlackRock**, **Blackstone** uh for 500 billion of third-party capital. Um, **Meta** released **Muse Glimmer**, a new 30 billion parameter dense AI model which resulted in the stock rallying with open weight second to run locally with weights from Muse Spark 1.2 expected to follow soon. CEO Mark Zuckerberg also said he believes that everyone will eventually have a personal AI agent that understands them that they care about. Three, Chinese humanoid robot makers accounted for more than 97% of global shipments in the first half of *2026* with volumes more than tripling to 19,000 units. So 97% of humanoid robots are coming from China right now. **Agibot** uh led the market with 44% share. Um, **Unitree** uh is now going to IPO on the Shanghai Exchange at 9 billion with its over IPO oversubscribed by about 8,000% from retail investors, which sounds quite insane.

Microsoft plans to unveil its next generation **Maya 300** AI chip in September according to the information. **Rocket Lab** reported Q2 *'26* revenue of 234 million, slightly high ahead of the 231 million up 62% year over year. The top 10 most active options on Monday were **NVIDIA**, **Tesla**, **Apple**, **SpaceX**, **Microsoft**, **Micron**, **Intel**, **Palantir**, **Amazon**, and **Meta**. **Hims & Hers** uh reported 2Q *'26* revenue of 750 million, beating estimates of 700 million, up 38%. Adjusted EBITDA was 60 million versus 47 million. The company's uh is currently being uh sued. Earning season is is nearly complete with almost 90% of S&P 500 companies uh having reported. **Intel** announced uh the equity offering we talked about. Um, trading volume across seven leverage ETFs tied to **SK Hynix** has collapsed near nearly 90%. Um, which means that a lot of the retail froth was out of it out of this name. **Bank of America** is sticking with its call for 75 bips of Fed rate hikes because they're absolute morons. Um, **Micron** uh on Monday said that customers remain largely insensitive to memory pricing in data centers. On Tuesday, **CoreWeave** reported a huge revenue beat, 2.6 billion. Uh, sorry, an earnings beat. Revenue was also beat, but EBITDA was 1.5 billion versus 1.43 billion with an EBITDA margin of 59%. Backlog reached 104 billion, which is up 46%, while active power more than tripled to 1.5 gigawatts. **CoreWeave** raised its fiscal *'26* guidance to 12.4 to 13.2 billion in revenue and 960 million to 1.15 billion in adjusting operating income while lifting its active power target to more than 1.85 gigawatts. The company now expects year-end annual run rate of 18.5 to 19.5 billion in revenue. **Gemini** has become **Google's** fastest growing product ever, crossing 1 billion monthly users, because they're basically forcing people to use it. **BofA** downgraded **AppLovin** to neutral with a 400 price target saying that risks to the company's long-term 30% revenue growth rate trajectory have increased. Analyst Omar Dasuki basically said that post Q2 growth appears to be driven more by engineer-directed improvements to gaming models, while it's less clear whether the prior 3 to 5% Q over Q self-learning growth assumption still applies. We'll see how that plays out. Uh, we do think the company's a lot cheaper now, um, and added a little bit in the low 300s. President Trump is report reportedly waiting a capital gains tax cut ahead of the midterm elections. This is on Tuesday, including the idea of indexing capital gains to inflation before taxes are calculated. Under that approach, investors would owe taxes on the inflation adjusted real gain, not the full nominal gain, which is interesting. For example, if someone bought a business or a stock position for 2 million and then sold it for 5 million a years later, the nominal gain would be 3 million, but if the cumulative inflation over was 25% over that period, the inflation adjusted cost basis would rise to 2.5 million, leaving only 2.5 million of taxable real gains instead of 3 million. Trump has also floated capital gains exemptions for home sales worth 2 million or less, which would be very positive. There has not been a major US capital gains uh tax change since *2003*. Senator Bernie Sanders uh reportedly called on major AI companies to pause development, sending letters to **OpenAI**, **Anthropic**, and **Meta**, not that it matters. **Apple** is reportedly still planning a glass-centric iPhone redesign for the device's 20th anniversary in *2027*, uh despite the delay, which resulted in a self in **Apple** stock. US existing home sales actually fell 1.7% in July to a 4.06 annualized million annualized pace. Um, home prices still rose about 2% to 434.1k. An inventory increased to 1.54 million homes. Um, the top **Super Micro** reported 4Q *'26* revenue of 11.1 billion, which was below estimates, 11.55 billion, while EPS beat at 1.7 versus .96. The stock's too risky to get involved in. **Stifel** um, reiterated a buy on **Rocket Lab**. And **Schwab** clients were net buyers of ETFs and equities in July by a 2 to 1 ratio. Top stock spot were **SpaceX**, **Micron**, **Intel**, **Oracle**, and **Tesla**. While top stock sold were **Apple**, **Broadcom**, **Adobe**, **PayPal**, and **AMD**. The SEC is reportedly preparing to roll out two major crypto initiatives as the clarity act has been stalled in Congress, according to Bloomberg. The agency will hold an open meeting uh this past, well, they did on Friday, but we don't know the conclusion. The SEC is also expected to unveil an innovation exemption for trading tokenized stocks, potentially paving the way for 24/7 trading of stocks on on the blockchain. On Wednesday, **Nebius** reported um, 2Q *'26* revenue of 50 582 million beating estimates of 573 million, up 454% year over year. Adjusted EBITDA came in at 236 million versus only 175 million expected. Um, cloud revenue was up 514%. Operating cash flow reached 2.25 billion because of prepayments and cash stood at 8 billion. So **Nebius** uh absolutely crushed it. It was up 34% on the day. July CPI on Wednesday came in cooler. We talked about that already. **Bank of America** plans to deploy 250 billion through mid *2027* across AI, data centers, semiconductor hardware, power generation, energy storage and critical minerals, according to the Wall Street Journal. And institutional investors are reducing US tech uh exposure. South Korea is tightening rules on single stock leverage ETFs and and **OpenAI's** run rate revenue on Wednesday for business business customers rose 32% month over month in July, outpacing the 20% growth in overall run rate revenue, which was huge. This has been uh due to AI tools, APIs and workflow integrations. Um, Nelson Peltz's **Trian Management** is reporting uh a potential take private of **Wendy's**. And then uh **Google** unveiled its **Pixel 11** lineup uh of phones including **Pixel 11**, **11 Pro**, **Pixel 11 Pro XL**, and **Pixel 11 Pro Fold**. The lineup starts at $899 with the foldable going at $1,900. They also announced the **Pixel Watch 5** at $400. Bill Ackman is back in **Netflix**. He first bought in *2022* at 350 a share, invested about 1.1 billion before selling selling a few months later at a 40% loss. He redeployed capital into **Google**, which worked, but **Netflix** went on to rise about 650% from its lows. Now with the stock down roughly 50%, Ackman's back, he thinks it's very cheap. Um, he also added to **Visa**, **Mastercard**, **ICE**, **ALC**, and uh **S&P**. So he's been following some of our picks. Um, the financial industry cut 14,000 jobs in July, bringing payrolls down to 9 uh 0.1 million, the lowest level since *July 2022*. Um, and the S&P 500 has historically kept climbing after major breakouts to all-time highs. Over the last 30 years, the index has risen 13 of the 17 similar instances gaining an average of 6.3% over the next six months. The only exceptions were *2000*, *2007*, *2018*, *2019*, and um, you know, prior to bare markets. In terms of Thursday, **SanDisk** laid out its investor day targets, guiding for mid to high teens revenue growth, roughly 80% of non-GAAP gross gross margins and about 50% adjusted free cash flow margins. The company also expects to return 100% of excess cash to shareholders, which was huge. **SanDisk** highlighted that its HBF technology has a potential major efficiency unlock for AI inference, saying internal testing showed uh one HBF GPU could run the same model that required eight HBM GPUs, implying an 8X CapEx efficiency and 4 HBF GPUs matched the token output of of eight HBM GPUs improving uh 2X GPU efficiency. **SanDisk** was up 14% after this. US PPI came in slightly cooler on Thursday, rising 4.7% versus 4.9% and 0% month over month versus positive 0.2% expected. Core PPI was mixed, rising 4.2% versus 4.1% but only 0.2% month over month versus 0.3% expected. Norway's $2.3 trillion sovereign wealth fund generated 184 billion of profit in the first half of *2026*. It was up 9.4% over the period with 72% equity allocation up 13%. **NVIDIA** remains the fund's biggest holdings followed by **Microsoft** and **Apple**. Norway's fund owns roughly 1.5% of all publicly listed companies globally and is the biggest pension fund uh or sovereign wealth fund with exposure to AI. **OpenAI's** annualized revenue reportedly topped uh 40 billion, roughly doubling its run rate from the end of *2025*. And **Reddit** was set to join the S&P 500, which resulted in a huge rally for our holdings.

Friday Market Movers & Earnings - 1:33:14

Um, in terms of **CoreWeave** earnings, um, we own **CoreWeave** ahead of the earnings. Um, shares were up about 17% pre-market trading, they're up 26% ahead of that. Uh, **Nebius** also beat. Um, revenue more than doubled to 2.58 billion in the second quarter. On the following page, you can also see, um, **Wi-Fi** was up 15% pre-market on an EPS beat across the board. Revenue was up was 28.8 million versus 19 to 24 million on the street. Remember, this is a small cap company. We have exposure through the **BTBT**. Uh, now, **Wi-Fiber**, um, also signed a $380 million new cloud deal. Contracts since May, uh, one was with **Base10** at 165 million. Um, **Primetals** at 108 million, um, **Iceland** at 87.5 million, and **Perris** at 160 million. You can see **Wi-Fiber** stock rallied all the way to 32 and then it was back down at 29.52, uh, up from kind of the mid-27s and **BTBT** was up from the lows in the 140s, um, in the middle of the week up to 157.

Google's Gemini surpassed 1 billion MAUs. You can see that trajectory from 400 million back in *May of 2025* on page 40. And we talk about the CPI, PPI and Big Miss in retail sales, which is going to which is lowering interest rate hike probabilities, um, on page 41. On page 42, we talk about the **Workday** software LVO, which could be one of the biggest software LVOs of all time. **Silver Lake**, which is a premier private equity firm with over 100 billion in assets, focused on tech is potentially looking to take over the software company, likely putting a floor on the software sector. Prior to the 18% move higher, **Workday** had actually been down 20% on the year, um, versus the IGV ETF, which was which was down 6% and the S&P up 20%. We'll see how this plays out, um, but **Team** also, which we own, absolutely crushed it and rallied 35%, um, as software has rallied after the situational awareness blow up, uh, given all of the shorts they had in software versus long semiconductors. **Micron's** AI driven profits are projected to hit 400 billion over two years. **Morgan Stanley** projects a combined operating income of about 400 billion for **Micron** in *2026* and *2027*, driven by high bandwidth memory for AI that boosts gross margins to 85, 80 to 89% and operating margins of 81 to 87%. **Bank of America** sees even more upside modeling $236 of EPS by *2030* with steady margins and long-term contracts locking in 100 billion of revenue through then. The last couple pages talk about the US-Iran war and geopolitical issues.

Q&A Section

I'm going to quickly just pivot to some QA Q&A that that you guys have.

PE Holdings Impact on BDCs - 1:36:12

Um, Bitcoin Tina is talking about, you know, private equity, what does the problem with selling PE holdings mean for recoveries in the BDCs? Um, it actually is bad for BDCs because BDCs own a lot of these PE companies that will need to refi and uh will not be able to service interest, which which is going to mean more pick uh interest.

Preferreds, Interest Rate Risk, and the "Besant Put" - 1:36:33

Dr. Inflation saying that, hey, my portfolio is becoming increasingly exposed to preferreds in in lieu of corporate bonds due to their attractive yields. I have similar opinions on the post-November antics and geopolitical risks. If the long end of the curve moves up, say the 10-year north of 5%, 30-year approaches 5.5%, are we going to have another taper tantrum like the event with these assets get hit about 10%? I don't think that, so I think that there's a short-term risk there, but I think that Besant is going to, if if the 30-year was would get close to 5.5 and the 10-year would get close to five, I think Besant would would then, you know, after that short-term sell off, which we're trying to avoid, um, he would effectively force Trump to pull back. Um, so I do think there could be something short-term, but if the 30-year hits 5.5%, I don't expect a

10% sell off in prefs. I expect like a 3 to 5% uh type sell off in the riskiest prefs. Uh, and then for the more stable ones like **Duke Energy**, etc., uh, probably less.

Closing Remarks and Additional PDF Resources - 1:37:35

Um, so with that, um, you know, I was waiting for some more questions to build up. Uh, we'll post the recording shortly. Hopefully you guys, um, got the PDF. We will, um, there's some additional PDFs, um, the **Invesco** and fixed income strategy I thought, uh, gave a pretty good overview of like low of EM fixed income. The **Standard Charter** piece and the the weekly overview gave, uh, a good editorial on the geopolitical stalemate and what's positive for risk assets and negative for risk assets in the weekly macro balance sheet they had on the following page. Uh, they go through top client questions on consumer inflation, etc. um, on page five. Um, monthly macro insights from from, uh, **Rothschild** was okay and kind of framing, uh, July and August. US fixed income by **Fidelity**, uh, I just included because it shows how much prefs have done better than fixed income. And the long and short from **Citigroup**, I thought was quite good. It should it talks about strong earnings and broadening CAPEX keep them constructive on the year. Uh, it talks about the Q2 earnings beat, uh, being a high bar. I see. Um, I see, thanks Dr. Steve, I got your message there. Um, all right. So, uh, we'll we'll try to upload this uh this recording shortly. Have a great trading week, guys. We'll have some more ideas. Um, inter week.

Final Company Ideas - 1:39:12

Just for those of you who stayed on the call, there's some interesting names that uh, that I'm looking at. Um, let me just share a couple of those with you here.

Okay, so uh **GBFH** as a short. Um, it's a bank with like 50% downside if you're worried about interest rates. Uh, it's it's a $1.4 billion uh bank, valued as a gaming payments platform, but really an undiversified economy hotel monoline. This is half of the book. Um, **SMHI**, uh which is uh **Seacor Marine**, it's an offshore vessel under activist pressure, uh with **Pointillist** owning 7.2% and Sofware owning 3.5%. The stock's at about 10 bucks versus broker NAV uh for shipping valuations of above $20 a share. Um, **OCTV** from Perness Research, um, it's an AI-powered SAS business, which actually could benefit from AI trading at 11 times EV to EBITDA. Need to do more work on that. Uh **Gator Capital** is long **NAVI**, uh **Navient Corporation**, which only trades at 40% of uh tangible book. You know, people used to see it as a melting ice cube because of legacy student loans. uh, but private lending is now uh growing. Uh, so the company could, you know, uh, could no longer be a melting ice cube. Uh, so, uh, those are some, uh, some interesting things. And then another short, uh, **DFNS**, um, which is a a shell company run by Manny Shalom, which pivoted from FinTech to defense, um, and has very little revenue at 3.6 million. So it's, you know, likely could be um, a fraud. He's he's done a squeeze and dilute type of things with SPACs in the past. Um, **Baso Corp**, which could be deep value long, small, 40 million market cap with 38 million of net cash. They've unwound a money losing IT business and they sold net wolves for 14 million. Um, so it has a negative enterprise value. And they have like basically 30 cents of net cash with 12 cents of of uh of biz value. So that the business value plus the cash value could be worth more than where the stock trades today. And then there's this Korean gaming company called **GRVY**, which is a 430 million market cap with 400 million of net cash. Trades at 0.3 times EV to EBITDA, once you take that cash out and then they make the game Ragnarok. It has a high concentration there, but it could be interesting to look at. So, uh with that, uh, we'll put the recording up shortly. You have a good night.

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