

2026-07-12 - SSN - Kinross Gold Long, VISN Special Sit Long, New Iran War Escalation, Memory Selloff, SK Hynix Listing - (report)

Condensed Report

- **Market Overview & Overnight Sentiment:** Overnight futures are pointing to a negative open following weekend geopolitical escalations, with **Nasdaq** futures down ~50 basis points and **S&P 500** futures down ~30 basis points. The 10-year US Treasury yield has ticked up 2 basis points to 4.59% driven by oil pressure.
- **Geopolitical Escalation (US-Iran War):** The US-Iran conflict has worsened significantly over the weekend, entering a "tit-for-tat" military dynamic. Following US retaliatory strikes (80 targets day one, 90 targets day two) after three cargo vessels were hit in Asia, Iran effectively announced the closure of the Strait of Hormuz and disabled a civilian container ship. The United States launched fresh strikes around 5:00 PM Eastern on Sunday. Polymarket odds for the Strait of Hormuz traffic returning to normal by *August 31st* have plunged to 20%.
- **Macroeconomics & Central Bank Policy:** Key data points scheduled for the week include CPI, PPI, Philly Fed, retail sales, industrial production, and UMich sentiment. While inflation prints (CPI/PPI) are expected to show cooling, the ongoing energy shock and geopolitical stress cloud the Federal Reserve's path under Chair Warsh. Jay highlights a structural market paradox noted by **Deutsche Bank**: Fed rate hikes are being priced in, yet broader financial conditions remain highly loose and accommodative.
- **IPO Market Dynamics:** The US IPO market is experiencing a massive dollar-volume boom, tracking ~50 public offerings year-to-date in 2026. Gross issuance stands at \$120 billion, tying the full-year record set in 2021. However, deal count remains historically normalized (~100 annualized vs. 250+ in 2021 and 400+ in 1999), indicating high quality and large deal sizing rather than systemic retail euphoria.
- **The Tech/Memory Market Rotation:** Severe momentum selling has hit semiconductor and hardware names, giving way to a historic 4-day software outperformance swing (+22 percentage points for the IGV software index vs. semis). **Samsung** reported blockbuster Q2 profits up 19x year-over-year to \$55-\$56 billion USD, but shares fell 14% due to buy-side disappointment over forward outlooks. **Citigroup** warns of structural consumer "demand destruction," forecasting a 15% drop in PC units and a 12% drop in smartphone sales for 2026 due to soaring memory components starving low-margin consumer hardware.
- **Special Situation Arbitrage — Vistanc Networks (VISN):** Following the legacy **CommScope** balance sheet transformation (selling its CCS unit to **Amphenol** for \$10.5 billion and paying a \$10 return-of-capital special dividend), the remaining corporate shell is executing a rapid monetization strategy. **VISN** announced the sale of its **Ruckus Networks** wireless unit to **Belden** for \$1.846 billion in cash (13x EBITDA multiple). This upcoming cash injection represents over 60% of **VISN**'s market cap, setting up an impending \$5.00+ special dividend and leaving the highly profitable, growing Aurora Broadband infrastructure business (benefiting from the **DOCSIS 4.0** network upgrade cycle) trading at an implied multiple of just ~4x EBITDA.
- **Core Long Deep-Dive — Kinross Gold (KGC):** Added as a high-conviction long alongside **Alamos** and **Barrick**. **KGC** represents an optimized, de-risked tier-1 senior gold miner. Following its 2022 exit from Russia and Ghana, 49% of production is anchored in the US and Canada. The company features an ultra-strong balance sheet (\$1.4 billion net cash), an elite organic growth asset via the Great Bear project in Ontario, Canada (slated for 2029 production), and industry-leading free cash flow metrics (\$1,488 FCF per ounce mined). Management is legally targeting a 40% free cash flow return to shareholders via buybacks and dividends in 2026.
- **Corporate Activism & Merger Arbitrage Updates:**
 - **InMode (INMD):** Confirmed a real, unsolicited buyout proposal from activist hedge fund **Steel Partners** received on *July 9th, 2026*. The company sits on \$555 million in cash, implying a highly depressed net cash enterprise value trading at roughly 5x EBITDA.
 - **Warner Brothers / Paramount (Peace Sky Merger):** A fat 15% merger arbitrage spread exists. State Attorneys General (led by Oregon's AG requesting a 60-day delay and an injunction at a Monday hearing) are preparing antitrust lawsuits. A final decision could stretch into Q1 2027.

- **Skechers (SKX)**: Elite hedge funds are actively competing to lead a class-action lawsuit challenging **3G Capital's** \$9.4 billion buyout of **Skechers**, alleging the transaction significantly undervalues the business.
- **Qiagen (QGEN)**: Subject to early-stage private equity buyout interest from **EQT** and **Advent** after shares sold off heavily to \$33 in *May*. A potential \$50 takeout bid represents 20% upside from current levels.
- **Stablecoin Disruption & Circle Selloff**: **Circle Internet Group** stock crashed 14% to \$65.39 following the structural threat of OpenUSD—a new zero-fee, dollar-pegged stablecoin utility backed by a massive 140-corporate powerhouse consortium including **Visa**, **Mastercard**, **Stripe**, **Block**, and critically, **Circle's** own primary partner, **Coinbase**. This open-utility framework actively strips away the yield-capture monetization model of proprietary stablecoins.
- **Portfolio Q&A and General Assets**: The fund maintains small legacy positions in **Papa John's (PZZA)** (buyout thesis intact) and **Zim (ZIM)** (seeking to accumulate more in the low \$20s given a structural discount to its outstanding asset bid). Jay highlights **Starbucks'** operational pivot to cut software costs by using in-house AI architectures to replace **Microsoft** and **Oracle** suites. Both gold (**KGC**) and Bitcoin (**MicroStrategy** positions) are viewed as highly attractive long-term macro buying opportunities following steep 2026 drawdowns driven by the stronger US Dollar and higher terminal rates.

Actionable Items

Macro trends to be aware of

- **Strait of Hormuz Closure & Energy Shock**: Treat the Persian Gulf escalation as an extended disruption. Oil supply volatility (**WTI** near \$74, **Brent** near \$78.50) and rising 10-year Treasury yields (4.59%) will pressure near-term equity multiples, specifically dragging down broad indexes despite positive baseline domestic inflation prints.
- **Accommodative Financial Conditions Paradox**: Anticipate a potential "non-cycle" or single interest rate hike by the Fed (potentially in *September*), which is already priced into the long end of the curve. Avoid over-indexing to aggressively hawkish bank forecasts (such as **Bank of America's** three-hike projection) unless energy prices structurally spiral out of control.
- **Consumer Hardware Demand Destruction**: Monitor severe structural margin contraction in consumer electronics. The massive allocation of global foundry capacity to high-margin AI enterprise hardware (HBM, eSSD) has starved standard consumer DRAM/NAND supply, driving budget phone component costs up to 60% of total build outlays. Expect continued negative volume revisions for PC and smartphone supply chains globally.
- **The Shared Utility Threat in Fintech**: Factor in long-term terminal multiple compression for proprietary fintech monopolies. The rollout of OpenUSD acts as an open-source "Zelle-style" architecture that shifts digital payment and stablecoin infrastructure away from closed profit centers to zero-fee distributed utilities.

Potential additions to the portfolio

- **Kinross Gold (KGC)**: Build a core long position on Monday morning. Capitalize on the asset mispricing where the stock has drawn down from the high \$30s to \$24 despite record single-quarter free cash flow (\$837M), a net cash position set to hit \$4 billion by year-end, and the premium quality of its low-risk North American mining jurisdictions.
- **Vistanc Networks (VISN)**: Initiate a 5 basis point tracking position on Monday. Prepare to scale the position up to 20 basis points as a high-conviction capital arbitrage trade if broad market volatility triggers a further selloff below \$12.50 ahead of the expected *August/September* closing of the **Ruckus Networks** divestiture.
- **InMode (INMD)**: Prepare to aggressively buy and add to the current long position if short-term market noise or macro liquidations push the stock price back down below \$14 per share, capitalizing on its \$555 million cash cushion and the newly formalized activist bidding tension from **Steel Partners**.
- **Zim Integrated Shipping (ZIM)**: Monitor public markets closely to accumulate further equity sizing. The goal is to aggressively add to the existing long position if shares trade down into the low \$20 range, capturing a 30%+ discount relative to current private asset bids.

Potential reductions in the portfolio

- **Redwood Trust (RWT):** Maintain the remaining portfolio allocation but continue locking in incremental gains. Having captured a rapid rally from the \$4.23 entry price to \$5.10 after the **S&P** 600 small-cap index exclusion anomaly, the position has been reduced from 35 basis points down to ~25 basis points. Retain the remaining two-thirds of the allocation to harvest the current 15%–16% dividend yield.
- **MicroStrategy Credit (STRCs):** Continue taking profits on the fund's **MicroStrategy** convertible debt structures. Sizable portions of the **STRC** position have been sold down following a rapid price recovery from the low/mid \$70s up to the high \$80s. Hold the underlying **SRDs** at the current 60 cost basis.

Potential additions to shorts

- **SpaceX Long-Duration Bonds:** Monitor the structural arbitrage trade executed by advanced macro funds. Utilize the 2056 long-duration **SpaceX** bonds as an outright alpha short trade or a direct macro structural hedge against private equity long positions, capitalizing on the mispricing where these long-bonds were issued at an anomalously tight 50 basis point premium over benchmark US Treasuries.

Ideas worth monitoring for future portfolio actions

- **Qiagen (QGEN):** Initiate basic fundamental research and corporate due diligence on the molecular testing firm. Track private equity bidding developments between **EQT** and **Advent** to verify the validity of a structured \$50 per share takeout proposal before deploying risk capital.
- **Netflix (NFLX):** Maintain a strict watch-and-wait stance ahead of its upcoming Q2 earnings print. Do not add long exposure ahead of the release; the corporate disclosure that management is actively exploring live TV bundles and carrier aggregations to offset declining subscriber engagement flashes a near-term margin warning signal. Prepare to buy aggressively post-earnings only if a clear numbers miss triggers a sharp valuation flush.
- **Warner Brothers Discovery (WBD) Merger Spread:** Track the ongoing antitrust litigation path through the Multnomah County Court hearing. Monitor the 15%–20% merger arbitrage spread on the **Peace Sky** transaction. If a formal government lawsuit flushes the stock down past its consensus floor of \$25.00–\$26.00, evaluate an entry point based on heavily insulated downside.
- **Starbucks (SBUX):** Investigate the structural validity and downstream corporate software implications of **Starbucks'** proprietary internal AI program. Assess whether the capability to write in-house corporate systems can scale broadly across the enterprise landscape, presenting a long-term thematic structural short threat to enterprise software monocultures like **Microsoft** and **Oracle**.

Stock Symbols & Company Names List

- **ABT**, Abbott Laboratories
- **AA**, Alcoa Corporation
- **AGI**, Alamos Gold Inc.
- **AEM**, Agnico Eagle Mines Limited
- **AU**, AngloGold Ashanti PLC
- **AMPH**, Amphenol Corporation
- **ASML**, ASML Holding N.V.
- **AVGO**, Broadcom Inc.
- **BDC**, Belden Inc.
- **BAC**, Bank of America Corporation
- **BLK**, BlackRock, Inc.
- **GOLD**, Barrick Gold Corporation

- **C**, Citigroup Inc.
- **CNC**, Citizens Financial Group, Inc.
- **CFG**, Cullen/Frost Bankers, Inc.
- **COIN**, Coinbase Global, Inc.
- **DELL**, Dell Technologies Inc.
- **DNB**, Dun & Bradstreet Holdings, Inc.
- **DNY**, DeepSeek AI Chip Development
- **ELV**, Elevance Health, Inc.
- **FHN**, First Horizon Corporation / First National Bank
- **FITB**, Fifth Third Bancorp
- **FDS**, FactSet Research Systems Inc.
- **GFI**, Gold Fields Limited
- **GE**, GE Aerospace
- **GS**, The Goldman Sachs Group, Inc.
- **HMY**, Harmony Gold Mining Company Limited
- **HON**, Honeywell International Inc.
- **HLN**, Honeywell Aerospace Spinoff
- **HMI**, Harmonic Inc.
- **ISRG**, Intuitive Surgical, Inc.
- **INMD**, InMode Ltd.
- **INTC**, Intel Corporation
- **JPM**, JPMorgan Chase & Co.
- **JBHT**, J.B. Hunt Transport Services, Inc.
- **JNJ**, Johnson & Johnson
- **KGC**, Kinross Gold Corporation
- **MS**, Morgan Stanley
- **MTB**, M&T Bank Corporation
- **MTL**, Mtel B / Madera Spinoff
- **MCO**, Moody's Corporation
- **MSCI**, MSCI Inc.
- **MSFT**, Microsoft Corporation
- **NFLX**, Netflix, Inc.
- **NEM**, Newmont Corporation
- **NVDA**, Nvidia Corporation
- **ORCL**, Oracle Corporation
- **PNC**, PNC Financial Services Group, Inc.
- **PLD**, Prologis, Inc.
- **PGR**, The Progressive Corporation
- **PZZA**, Papa John's International, Inc.

- **QGEN**, Qiagen N.V.
 - **RWT**, Redwood Trust, Inc.
 - **RF**, Regions Financial Corporation
 - **RTX**, RTX Corporation
 - **SMS**, Simmons First National Corporation
 - **STT**, State Street Corporation
 - **SKX**, Skechers U.S.A., Inc.
 - **STX**, Seagate Technology Holdings PLC
 - **TRV**, The Travelers Companies, Inc.
 - **TFC**, Truist Financial Corporation
 - **TSM**, Taiwan Semiconductor Manufacturing Company Limited
 - **UAL**, United Airlines Holdings, Inc.
 - **USB**, U.S. Bancorp
 - **VISN**, Vistanc Networks
 - **VNM**, Vincima Broadband
 - **WBD**, Warner Brothers Discovery
 - **WDC**, Western Digital Corporation
 - **WFC**, Wells Fargo & Company
 - **ZIM**, Zim Integrated Shipping Services Ltd.
-

Economic Calendar

Date of Event	Event	Summary of Commentary
Tuesday, July 14, 2026	Consumer Price Index (CPI) Release	Headline CPI expected to fall by 0.1% month-over-month. Year-over-year CPI projected to drop from 4.2% to 3.8%. Core CPI (excluding food/energy) projected flat at 2.9%. Markets remain buoyant ahead of this print despite tech selling.
Tuesday, July 14, 2026	Bank Earnings Kickoff	Major financial institutions set to report Q2 numbers pre-market, including Citigroup (C) , Goldman Sachs (GS) , JPMorgan Chase (JPM) , Bank of America (BAC) , Wells Fargo (WFC) , Dun & Bradstreet (DNB) , and Equity Bank Shares .
Wednesday, July 15, 2026	Producer Price Index (PPI) Release	Final demand PPI month-over-month expected to drop from 1.1% to 0.0%. Year-over-year PPI expected to fall from 6.5% to 6.2%. Core PPI is counter-consensually modeled by some to rise from 4.9% to 5.2%, though Jay expresses extreme skepticism that this increase will materialize.
Wednesday, July 15, 2026	High-Profile Tech & Financial Earnings	Key global lithography giant ASML (ASML) reports, serving as a critical leading indicator for AI infrastructure and semi-foundry demand. Also reporting: Progressive (PGR) , BlackRock (BLK) (\$13T AUM check), Morgan Stanley (MS) , Johnson & Johnson (JNJ) , Elevance Health (ELV) , PNC Bank (PNC) , and M&T Bank (MTB) . After-hours includes United Airlines (UAL) and J.B. Hunt (JBHT) .
Thursday, July 16, 2026	Retail Sales Data	Forecasted to drop significantly from 0.9% down to 0.3%, reflecting broadening underlying weakness in the US consumer base outside of the localized AI tech ecosystem.
Thursday, July 16, 2026	Labor & Housing Releases	Continuing Unemployment Claims and Pending Home Sales data scheduled for release.
Thursday, July 16, 2026	Major Semiconductor & Streaming Earnings	Global foundry giant Taiwan Semiconductor (TSM) reports pre-market. Key large-caps reporting pre/post-market include Netflix (NFLX) , U.S. Bancorp (USB) , GE Aerospace (GE) , Abbott (ABT) , State Street (STT) , Citizens Bank (CFG) , Prologis (PLD) , Alcoa (AA) , and Intuitive Surgical (ISRG) .
Friday, July 17, 2026	Housing Starts	National residential housing starts data scheduled for release.
Friday, July 17, 2026	Consumer Sentiment & Regional Banks	University of Michigan (UMich) Consumer Sentiment index and long-term Inflation Expectations release. Concurrently, final regional banking prints drop: Regions Bank (RF) , Truist Bank (TFC) , Fifth Third (FITB) , South Plains Financial , and Travelers Insurance (TRV) .
Wednesday, July 22, 2026	European Commission Phase 1 Merger Deadline	Concluding date for the EC Phase 1 antitrust investigation into the Peace Sky (Warner Brothers / Paramount) transaction; also the earliest date Peace Sky has legally committed to closing the merger arb deal.
Monday, August 31, 2026	Polymarket Arbitrage Expiry Target	Standardized date tracking whether commercial shipping volumes through the Strait of Hormuz return to historical <i>February 28th</i> baseline parameters.

Report Details

Geopolitical Energy Crises and Global Macroeconomic Indicators

The global macroeconomic landscape has entered a highly volatile phase over the weekend, driven by a violent escalation in the military conflict between the United States and Iran. Following recent supply chain disruptions where three civilian cargo vessels were hit in Asian shipping lanes, the US military executed severe retaliatory bombing campaigns, striking over 80 distinct Iranian targets on day one and 90 targets on day two. While the Qatari diplomatic apparatus attempted mid-week interventions to establish de-escalation pathways, the situation ruptured on Sunday, *July 12th, 2026*. Iran officially announced the closure of the strategic Strait of Hormuz waterway and deployed drone/missile attacks that disabled an additional civilian container ship attempting transit. In response, the US military launched fresh bombing runs beginning at approximately 5:00 PM Eastern on Sunday. Iran's Islamic Revolutionary Guard Corps (IRGC) retaliated by launching targeted missile and drone salvos against US military installations distributed across the Persian Gulf.

The immediate financial market reaction has manifested in the overnight futures market. **Nasdaq** futures are trading down roughly 50 basis points, while **S&P 500** futures have dropped 30 basis points. In fixed income, the benchmark 10-year US Treasury yield has pushed up 2 basis points to 4.59%, directly reflecting mounting structural inflation concerns driven by a sharp rebound in underlying energy commodities. In front-month commodity pricing, West Texas Intermediate (**WTI**) crude has gained ground to trade at \$73.73 per barrel, while global benchmark **Brent** crude has moved up to \$78.46 per barrel. This abrupt energy shock arrives at a critical domestic political juncture, as the nation approaches pivotal midterm congressional elections. The inability of the current administration to stabilize the Persian Gulf maritime corridor introduces a heavy political headwind; the base-case economic expectation was that the ruling party would lose absolute control of the House of Representatives, but the risk has expanded to include a potential loss of the Senate.

The closure of the Strait of Hormuz structurally reshapes global energy distribution. Maritime logistics tracking data reveals that while transit volumes remained temporarily steady early in the week—with 36 vessels crossing on Monday and 41 on Tuesday—traffic has since collapsed. Polymarket betting protocols now assign a mere 20% statistical probability that Hormuz shipping traffic will recover to normalized pre-war levels by the *August 31st* target date. A critical inflection point occurred when a Qatari liquefied natural gas (LNG) tanker, operated by state-owned shipping entity **Nakilat**, sustained direct damage from an attack. This marks the first direct targeting of a Qatari LNG vessel during this war and represents a major disruption to global natural gas flows. Qatar has served as the primary intermediary in back-channel diplomatic negotiations between Washington and Tehran; this strike signals a breakdown in those diplomatic channels. Concurrently, other vessels are actively altering courses; the LNG carrier *Al Areesh* executed an abrupt turnaround right before reaching the entrance of the strait, establishing a holding pattern and signaling Pakistan's Port Qasim as its emergency destination. Conversely, certain state-insulated vessels continue to navigate the strait using Iran-approved shipping lanes; at least two Japanese-affiliated supertankers and a Chinese-bound liquefied gas carrier completed transits unmolested, indicating that China's status as Iran's primary crude customer provides complete geopolitical immunity to its supply chain.

From a broader economic perspective, the persistent energy shock complicates federal monetary policy. The newly appointed Federal Reserve Chair, Kevin Warsh, has implemented a highly taciturn, data-dependent communication style, explicitly breaking away from traditional forward guidance mechanisms to preserve absolute policy optionality amid structural uncertainty. While domestic inflation is showing tentative signs of cooling—with upcoming CPI consensus expectations looking for a year-over-year drop from 4.2% to 3.8% and PPI final demand projected to decelerate to a flat 0.0% month-over-month—the ongoing war risks driving secondary pass-through inflation via energy and global maritime freight costs. Treasury Inflation-Protected Securities (TIPS) yields have reacted sharply to these developments, spiking from a low of 2.70% immediately following a brief, failed peace framework up to 2.88%, signaling that institutional fixed-income participants are pricing in sticky, long-term structural inflation. Wall Street consensus remains heavily fractured regarding the next policy steps; the dominant expectation points toward a "non-cycle" or "one-and-done" protective interest rate hike, potentially executing in *September*, followed by an extended pause. However, money center banks like **Bank of America** maintain an aggressively hawkish outlier forecast of three additional rate hikes in 2026.

Historical macroeconomic analysis suggests that the velocity and duration of a central bank tightening campaign dictate equity market returns far more than the absolute terminal rate achieved. Tightening regimes can be structurally categorized into three distinct behaviors:

- **Rapid Cycles:** Characterized by interest rate hikes occurring at a frequency exceeding one hike every two Federal

Open Market Committee (FOMC) meetings on average (e.g., the historical 2022 tightening regime). These environments are profoundly destructive to equity valuations, with the **S&P 500** averaging a 4% net decline over the initial 12 months of the cycle, while aggressively compressing cyclical and growth multiples in favor of defensive value.

- **Gradual/Slow Cycles:** Featuring prolonged operational intervals between incremental rate adjustments. Historically, the broad equity market navigates these measured environments constructively, with the **S&P 500** generating an average net gain of 10.5% over the year following the initial rate hike.
- **Limited/Non-Cycles:** Consisting of merely one or two isolated preventive rate increases before the macroeconomic backdrop prompts a definitive pivot back toward monetary easing. These cycles represent the optimal environment for risk assets, yielding an average 12-month forward return of 11.5% on the benchmark index.

The current 2026 environment presents a distinct market paradox highlighted by **Deutsche Bank** quantitative research. While fixed-income futures are actively pricing in imminent Fed rate hikes, broader financial conditions remain near their most loose and accommodative levels of the past decade, as tracked by the **Bloomberg** Financial Conditions Index. Equities hover near historical highs, high-yield credit spreads remain remarkably compressed, and broad institutional risk appetite shows no signs of systemic liquidation stress. This represents a complete structural departure from the highly restrictive financial conditions that characterized the initiation of the Fed's historical hiking cycles in early 2022 and late 2025.

Corporate Spins, Merger Arbitrage, and Activist Special Situations

The corporate landscape throughout the first half of 2026 has been characterized by a significant acceleration in large-cap corporate spinoffs and complex event-driven structural arbitrage setups. These situations are creating considerable alpha as institutional indices mechanically adjust their tracking weights.

- **Mtel B / Madera (MTL):** This corporate spinoff has demonstrated explosive price action, rallying 20% over the course of just two trading sessions. The market has assigned a premium multiple to the business relative to its direct pure-play competitor, **JBTM**. **Madera** equity closed out the week trading at an implied multiple of 12.0 times its estimated 2027 EBITDA, contrasting with **JBTM** which commands an 11.7 times multiple. The premium is fundamentally supported by **Madera's** superior corporate balance sheet, which exhibits substantially lower leverage, positioning the entity as a highly agile platform for aggressive programmatic M&A rollups within its fragmented sector.
- **Honeywell International / Honeywell Aerospace (HON / HLN):** The highly anticipated separation of **Honeywell Aerospace** concluded with both companies closing the trading week at almost identical net market capitalizations. Institutional investor feedback indicates that the standalone **Aerospace** unit possesses structural room for multiple expansion. It currently trades at an implied multiple of 17.0 times forward EBITDA, presenting a discount relative to its primary tier-1 defense peer **RTX Corporation (RTX)**, which trades at 18.0 times EBITDA.
- **S&P Mobility Global (MBGL):** Spun off from parent entity **S&P Global**. Following the execution of the separation, shares of the parent company rallied 12% to trade at 17.0 times 2027 EBITDA. This multiple aligns precisely with the Sum-of-the-Parts (SOTP) historical peer group, matching the valuation models applied to **Moody's Corporation (MCO)** for credit ratings, **MSCI Inc. (MSCI)** for benchmark index architectures, and **FactSet Research Systems (FDS)** for enterprise market intelligence. Conversely, the standalone spun-off **Mobility** shares closed the week trading at 11.0 times 2027 EBITDA, representing a modest one-turn discount to its direct peer group average of 12.0 times, suggesting minor remaining upside.
- **Redwood Trust (RWT):** This mortgage real estate investment trust represented a highly successful technical index arbitrage trade. The fund originally initiated a 35 basis point long position at a cost basis of \$4.23 per share after the equity was kicked out of the **S&P SmallCap 600** Index, which triggered indiscriminate passive programmatic selling. This mechanical dislocation forced the stock down to a highly irrational 42% discount to its verified book value, while driving its dividend yield up to a staggering 17%. Following the exhaustion of the passive selling flow, the stock experienced a rapid structural rerating, surging roughly 10% within days and hitting a high of \$5.10 per share. The fund captured this move by trimming the position down to 25 basis points to harvest gains, while maintaining the

remaining two-thirds of the allocation to lock in a compounding 15% to 16% net dividend yield.

In event-driven merger arbitrage and corporate activism, several distinct situations have developed substantial valuation anomalies:

- **The Peace Sky / Warner Brothers Discovery Merger Arbitrage Spread:** A highly volatile 15% to 20% merger arbitrage spread has opened up within the **Peace Sky** transaction. Multiple mainstream media channels are reporting that a coalition of state Attorneys General are preparing to file sweeping antitrust lawsuits to block the transaction. Oregon's Attorney General, Dan Rayfield, has requested a formal 60-day administrative delay to investigate the transaction. A critical legal hearing is scheduled at the Multnomah County Court in Oregon for Monday at 10:00 AM Pacific Time, where the state AG is petitioning the court for an immediate injunction and the comprehensive production of internal corporate documents. For its part, **Peace Sky** has entered into a binding legal commitment stipulating that it will not attempt to close the transaction until *July 22nd, 2026* at the earliest, which coincides with the scheduled conclusion of the European Commission's intensive Phase 1 antitrust investigation. The core quantitative downside risk analysis indicates that if the transaction is completely derailed by a permanent government lawsuit, consensus models project **Warner Brothers Discovery (WBD)** stock would decline to a baseline floor of \$25.00 to \$26.00 per share. Given that the equity is already trading at \$26.59, the literal downside risk is limited to roughly 5% to 6%, against an embedded 20% absolute arbitrage spread. Legal experts anticipate that a final judicial resolution will likely be pushed out into the first quarter of 2027, dictated by the presiding judge's trial calendar.
- **InMode Ltd. (INMD):** The fund has maintained a core long position in this medical technology business, based on a deep-value balance sheet thesis focusing on the company's massive cash reserves. The investment thesis has been fully validated: **InMode's** board of directors formally confirmed the receipt of an unsolicited, binding corporate acquisition proposal from **Steel Partners**, a prominent US activist hedge fund. The formal bid was delivered on *July 9th, 2026*, causing the stock to instantly surge from its recent lows of \$13.25 up to \$15.28 over the past month. Structurally, the company maintains \$555 million in cash on its balance sheet against a depressed enterprise value of merely \$421 million. When dividing this adjusted net cash enterprise value by the company's baseline annual EBITDA of approximately \$80 million, the business trades at an implied multiple of just 5.0 times. If broad market macro liquidations cause investors to overlook this hard catalyst and press the stock price back below \$14.00, the fund intends to aggressively scale the long position.
- **Qiagen N.V. (QGEN):** Shares of the European molecular testing provider experienced a sudden 10% upward move at the tail end of the week, driven by targeted rumors that the business has attracted early-stage buyout interest from two mega private equity platforms, **EQT** and **Advent**. **Qiagen** generates highly predictable, robust free cash flows but suffered an intense market selloff throughout *May*, driving the shares down to a low of \$33.00, compared to its historical *January* peak of \$56.00. The stock currently trades at \$41.00; an ultimate private equity buyout offer targeted at \$50.00 per share would yield an immediate 20% absolute upside. The fund is currently initiating expert supply-chain calls and comprehensive financial modeling to substantiate the validity of the private equity bidding tension before building a position.
- **Skechers U.S.A., Inc. (SKX):** A severe legal battle has broken out among major institutional hedge funds competing to win lead-plaintiff status in a class-action lawsuit filed in Delaware challenging **3G Capital's** proposed \$9.4 billion corporate buyout of **Skechers**. Multiple investment consortiums are petitioning the court to conduct an independent appraisal process to determine fair value, alleging that the current buyout price is deeply inadequate and that **Skechers** executive management breached their fundamental fiduciary duties to minority shareholders to secure the deal.
- **Netflix, Inc. (NFLX):** Shares are beginning to look fundamentally cheap on standard metrics, but a recent investigative report by the Wall Street Journal indicates that top executive management is quietly exploring the rapid implementation of live TV bundles and carrier aggregations (such as packaging **NBC Universal's Peacock** platform) to actively combat a broadening structural decline in core subscriber engagement. The fund views the timing of this pre-earnings leak as a negative signal regarding the upcoming Q2 print. Consequently, the fund is maintaining a strict watch-and-wait posture, refusing to add exposure ahead of the earnings release, with the intent to buy the stock only if a post-earnings numbers miss triggers a severe valuation capitulation.

- **Chart Industries / Baker Hughes (GTLS):** Bloomberg intelligence reports indicate that **Baker Hughes'** proposed \$9.6 billion acquisition of **Chart Industries (GTLS)** is on the verge of securing conditional regulatory approval from the European Union antitrust authority. Concurrently, a private equity partnership between **TPG** and **Blackstone** is exploring a formal divestiture of their jointly held **Hologic** surgical asset, targeting an implied transaction value of approximately \$4 billion.

High-Conviction Long Deep-Dive: Kinross Gold Corporation (KGC)

The fund has officially designated **Kinross Gold Corporation (KGC)** as a high-conviction core long position within its value gold mining bucket, operating alongside existing allocations in **Alamos Gold Inc. (AGI)** and **Barrick Gold Corporation (GOLD)**. Founded in 1993 and headquartered in Toronto, Ontario, **Kinross** operates as a senior global gold producer utilizing large-scale open-pit extraction complexes across the Americas and West Africa, delivering a stable annualized production profile of approximately 2 million gold-equivalent ounces.

The fundamental investment thesis for **Kinross** centers on a dramatic, institutional-grade transformation of its geographic risk profile and corporate balance sheet, which the broader equity market has failed to fully reflect in the stock price. Historically, the market applied a permanent valuation discount to **KGC** because a dominant percentage of its operational net profits and tier-1 reserves were located in politically volatile jurisdictions, specifically Russia and Ghana. However, in 2022, management executed an aggressive, highly costly strategic exit from both Russia and Ghana. Today, the company's core asset portfolio has been completely insulated within highly stable, transparent mining jurisdictions. The current geographic asset mix by production output breaks down as follows:

- **United States:** 34% of total production capacity, concentrated in premier domestic mining jurisdictions.
- **Brazil:** 30% of production capacity, anchored by the massive Paracatu asset.
- **Mauritania:** 25% of production capacity, driven by the low-cost Tasiast expansion.
- **Chile:** 11% of production capacity, centered on the La Coipa asset.
- **Canada:** Set to transition to roughly 15% of total corporate production capacity by 2029 upon the commercial commissioning of the Great Bear project.

Financially, **Kinross** has transformed from a heavily debt-burdened operator into an elite cash-generating engine. In 2022, the corporate balance sheet carried over \$2.2 billion in net debt; as of the latest Q1 financial period ending *March 31st, 2026*, the company has completely wiped out its debt load, reporting a net cash position of \$1.4 billion. Total available corporate liquidity stands at \$4.0 billion when factoring in \$2.2 billion in gross cash and completely undrawn credit facilities. The fund forecasts that **Kinross** will generate an additional \$3.0 billion in pure cash flow over the remainder of the year, driving total projected liquidity to \$7.0 billion and gross cash to \$4.0 billion by the end of 2026. In Q1 2026 alone, the company delivered a single-quarter record free cash flow print of \$837 million, driven by an exceptional 92% year-over-year surge in operating margins to \$3,476 per gold-equivalent ounce sold, capitalized during a peak in spot commodity pricing.

A rigorous, asset-by-asset Net Asset Value (NAV) breakdown establishes a highly conservative intrinsic value for the equity:

- **Paracatu Mine (Brazil):** The absolute cornerstone open-pit asset of the company, representing ~25% of total annual production. Asset NAV value modeled at **\$6.00 per share**.
- **Great Bear Project (Ontario, Canada):** Acquired in 2022 and located in the world-class Red Lake district. This tier-1 asset is being aggressively advanced through engineering and exploration phases, with initial commercial production slated for 2029. It acts as the primary alpha driver for the company, expected to scale corporate production by 15% from 2.0 million to 2.3 million ounces annually. Asset NAV value modeled at **\$5.40 per share**.
- **Tasiast Mine (Mauritania):** A massive, highly insulated low-cost open-pit complex located in the remote Sahara desert. Asset NAV value modeled at **\$5.00 per share**.
- **La Coipa (Chile):** Asset NAV value modeled at **\$2.00 per share**.
- **Round Mountain (Nevada, USA):** Located in an elite domestic mining jurisdiction. Asset NAV value modeled at **\$2.00 per share**.

- **Bald Mountain (Nevada, USA):** Asset NAV value modeled at **\$1.60 per share**.
- **Fort Knox (Alaska, USA):** A highly reliable, 25-year operational open-pit mine near Fairbanks that now processes enhanced satellite ore trucked from the adjacent **Mancho** project. Combined asset NAV value modeled at **\$1.25 per share**.
- **Exploration Assets:** High-margin prospective properties including Lobo Marte (Chile), Kettle River (USA), and the newly discovered Curfew gold asset in Washington State. Combined NAV value modeled at **\$0.25 per share**.
- **Projected 2026 Cash Accumulation:** Conservative forward cash generation added directly to capital value at **\$5.00 per share**.

This granular sum-of-the-parts calculation yields a base intrinsic asset value of **\$23.50 per share**. Because these assets are disproportionately anchored in premium low-risk jurisdictions (US and Canada), applying a standardized senior producer premium multiple of 1.3 times NAV yields a baseline target price of **\$34.00 per share**. When adjusting for minority interests and compounding cash generation, the absolute structural bull-case valuation stretches as high as **\$38.00 per share**.

Despite these peerless operational metrics, macro liquidations have driven **Kinross** stock down from its recent highs in the high \$30s to a deeply dislocated spot price of just \$24.00 per share. On a comparative peer group basis, **KGC** is the single cheapest senior gold producer in the public markets across all core valuation metrics:

Company Name	Ticker	Forward P/E Multiple	EV / EBITDA Multiple	Free Cash Flow per Ounce Mined
Kinross Gold	KGC	7.7x	4.4x	\$1,488
Agnico Eagle	AEM	10.2x	5.6x	\$1,210
Barrick Gold	GOLD	8.9x	4.9x	\$1,050
Newmont Corp	NEM	9.5x	5.2x	\$980
Gold Fields	GFI	8.4x	4.8x	\$1,110
Harmony Gold	HMY	6.8x	3.9x	\$890
Gold Minor Avg	—	9.7x	5.1x	\$1,040

Furthermore, **Kinross** delivers a trailing 12-month free cash flow yield of 12%—the highest in the large-cap gold universe—and has generated a 34% return on invested capital (ROIC). Institutional quantitative platforms and mega hedge funds, including **Renaissance Technologies (RenTec)**, have aggressively expanded their equity stakes. Management has implemented a strict, non-dilutive capital allocation framework, formally committing to return 40% of total 2026 free cash flow directly to shareholders via programmatic share buybacks and recurring dividends. Over the past trailing 12-month window, the company has already returned over \$1.0 billion to equity holders, effectively shrinking the outstanding share float by 3% this year alone. The fund will initiate aggressive purchasing of **KGC** shares on Monday morning.

Technology, Memory Cycles, and Semiconductor Spend Forecasts

The broader technology sector is experiencing an intense, highly volatile structural shift. The highly profitable momentum trades that dominated the first half of 2026—specifically long exposure in semiconductor infrastructure names—have faced a massive institutional liquidation wave, entering what quantitative analysts have classified as the worst momentum style crash since the COVID-19 pandemic. A vivid manifestation of this thematic rotation occurred over a recent 4-day window, during which the software sector, tracked via the **iShares Expanded Tech-Software Sector ETF (IGV)**, outperformed the semiconductor sector by an unprecedented 22 percentage points, marking the single largest 4-day relative software outperformance anomaly captured in historical data spanning the past 20 years. This massive technical reversal follows a brutal year-long structural selloff where software names consistently bled capital relative to high-margin

semiconductor components.

The global memory chip architecture has become the primary battleground for tech sector valuation models. Institutional anxieties regarding a structural peak in the memory cycle were put to the test when **Samsung Electronics** reported its preliminary Q2 earnings. The company delivered a blockbuster print, with quarterly operating profits surging an astronomical 19x year-over-year to 84.6–86.0 trillion won (\$55–\$56 billion USD), tracking toward a full-year run rate exceeding \$200 billion. The Chief Executive Officer of **Samsung**, Kim, issued an extraordinary statement noting that this single year of operational profit alone will exceed the cumulative nominal net profits generated by the company over the entire 40-year history since **Samsung** initially entered the semiconductor business in the early 1980s, effectively eclipsing the combined profits of the dot-com boom, the mobile smartphone transition, and the 2017 cloud supercycle. However, despite beating baseline consensus expectations by 6%, **Samsung** stock was aggressively sold down by 14% post-print. The selloff was driven entirely by ultra-aggressive buy-side expectations that had priced in an even more optimistic forward pricing matrix. Furthermore, full-year corporate margins faced temporary, isolated headwinds because **Samsung** management elected to distribute massive cash bonuses to its highly specialized engineering workforce, scaling individual compensation from a base of \$52,000 up to \$400,000 to ensure absolute institutional loyalty amid intense global talent competition.

From an operational standpoint, research firm **TrendForce** has revised its Q3 2026 DRAM Average Selling Price (ASP) forecast upward to a robust 13% to 18% quarter-over-quarter increase, driven by a persistent lack of standard capacity. However, they modestly clipped their Q2 NAND flash ASP growth forecast from an initial 70%–75% down to a still-massive 55%–60% expansion. Bank of America equity research maintains that the memory cycle is nowhere near a structural peak. The South Korean government continues to sponsor a massive semiconductor capital expenditure expansion program; given the historically hyper-conservative nature of Asian corporate management teams, these entities would not be deploying hundreds of billions in capital infrastructure if they anticipated an imminent cyclical top. Crucially, the entire global memory supply chain is facing severe structural capacity constraints stretching into 2027 due to an unprecedented phenomenon: enterprise AI infrastructure demand has completely starved the standard consumer-grade foundry capacity. Mega-scale tech platforms like **Meta Platforms (META)** are expanding their high-bandwidth memory (HBM) and enterprise solid-state drive (eSSD) orders at an accelerating pace. As primary fabricators like **Samsung**, **SK Hynix**, and **Micron Technology (MU)** allocate maximum wafer allocation to these high-margin enterprise AI architectures, standard DDR4 and DDR5 components have faced acute supply deficits.

This systemic supply starvation has triggered an intense counter-reaction within the broader consumer electronics market. A comprehensive sector report by **Citigroup** projects that these soaring component costs will trigger widespread consumer "demand destruction." **Citi** has aggressively slashed its global hardware volume forecasts, projecting that global PC unit shipments will plunge by 15% and smartphone unit sales will drop by 12% for the full year 2026. In early 2026, memory components alone ballooned to account for an unprecedented 60% of the entire bill-of-materials cost for baseline budget smartphones. Original Equipment Manufacturers (OEMs) like **Lenovo**, **Dell**, **Xiaomi**, and **Oppo** can no longer absorb these severe margin headwinds; they are actively passing the component cost increases directly down to consumers via aggressive retail sticker price hikes, or quietly withdrawing low-margin budget device lines from the global market entirely. Rather than initiating standard hardware upgrade or enterprise refresh cycles, consumers and corporate IT departments are actively delaying purchases and extending the lifespans of legacy hardware until memory pricing cools.

Concurrently, intense competitive dynamics are unfolding across individual corporate tech names:

- **SK Hynix New York Listing:** The semiconductor pioneer executed a highly anticipated listing of 178 million American Depositary Receipts (ADRs) on the New York Stock Exchange to raise \$25 billion. The offering was a massive success, ending more than seven times oversubscribed despite a rich initial valuation matrix. Shares immediately surged an additional 14% post-break, driven by institutional capital executing an arbitrage trade to close the valuation gap between **SK Hynix** and **Micron**.
- **Apple / CXMT Investigations:** Market volatility increased following disclosures that **Apple Inc. (AAPL)** has begun active testing of advanced DRAM chips sourced from Chinese state-backed memory champion **ChangXin Memory Technologies (CXMT)**. The fund assesses that this structural relationship is likely an aggressive tactical bargaining chip deployed by **Apple** to force **SK Hynix** and **Micron** to lower their tier-1 pricing matrices, following **Apple's**

implementation of 20% to 30% price hikes across its premium iPad and housing lines. The move has drawn intense scrutiny from the US government, and existing Chinese trade restrictions on **CXMT** exports mean a broad commercial rollout remains highly improbable.

- **The Global AI CAPEX Paradox:** A controversial, deep-dive capital expenditure spend forecast published by **Semi Analysis** projects that cumulative global AI IT and data center CAPEX will reach an astronomical \$11.1 trillion over the five-year window spanning 2024 to 2029, with annualized global CAPEX exceeding \$2.0 trillion by 2028. The fund highlights a critical operational risk embedded in these numbers: for this hyper-bullish thesis to materialize, mega-cap technology hyperscalers must borrow or deploy an additional \$3.0 to \$4.0 trillion in net corporate debt. While **Amazon (AMZN)** has borrowed \$100 billion, **Alphabet (GOOGL)** \$90 billion, **Meta (META)** \$50 billion, **Oracle (ORCL)** \$50 billion, and **Nvidia (NVDA)** alongside **SpaceX** over \$20 billion over the past several months, a multi-trillion dollar debt expansion appears highly unsustainable unless downstream software revenues accelerate immediately. This heavy front-loaded spend has triggered a historic generational transfer of free cash flow; the net cash generation of large hyperscalers has plunged into deeply negative territory, while the semiconductor and hardware fabricators capturing the capital spend are printing record cash flows.
- **Meta Platforms AI Chip:** Shares of the social media giant fell 2.5% pre-market following investigative reports by **Reuters** detailing an internal corporate memo that confirms **Meta** plans to initiate independent mass manufacturing of its proprietary in-house AI hardware chips in *September*. The architecture is designed in direct collaboration with **Broadcom (AVGO)** and will be fabricated on **Taiwan Semiconductor's (TSM)** advanced nodes, supported by multi-year component sourcing agreements with **Samsung** for HBM, **Sandisk** for flash storage, and **Sumitomo Electric** for specialized fiber optic systems.
- **Hardware Drawdowns:** The severity of the tech momentum crash is clearly illustrated by the percentage drawdowns of premium large-cap names from their validated historical all-time highs: **Western Digital (WDC)** down 33%, **Sandisk** down 30%, **Seagate Technology (STX)** down 29%, **Micron (MU)** down 26%, **Intel (INTC)** down 18%, and **Dell Technologies (DELL)** down 15%. The fund initiated tactical long accumulation in **Micron** during the Tuesday/Wednesday valuation flush, capturing an immediate subsequent technical rebound.

Special Situation Deep-Dive: Vistanc Networks (VISN)

A profound valuation anomaly has materialized in the market pricing of **Vistanc Networks (VISN)**. To a superficial market participant tracking a standard unadjusted equity chart, the stock appears to be an operational disaster, with the share price collapsing from \$20.00 down to a current spot price of \$12.38. However, this price drop is entirely a technical artifact resulting from a massive corporate restructuring and special dividend distribution. The company represents a highly insulated, deep-value asset arbitrage setup that is currently executing a systematic corporate liquidation.

Structurally, **Vistanc Networks** is the corporate successor to **CommScope Holding Company**, which was historically penalized by Wall Street as a highly distressed, debt-burdened zombie enterprise. On *January 9th, 2026*, management completed a transformative transaction, selling its core Connectivity and Cable Solutions (CCS) business unit to **Amphenol Corporation (AMPH)** for a staggering \$10.5 billion in cash. As a condition of the sale, the legacy **CommScope** brand and corporate name transitioned entirely to **Amphenol**; the remaining publicly traded listed corporate shell rebranded as **Vistanc Networks**, shifting its ticker symbol to **VISN** on the **Nasdaq** exchange.

Management utilized this \$10.5 billion cash injection to execute an absolute balance sheet cleanup. They fully redeemed all outstanding high-yield senior secured notes due in 2031, permanently terminated all restrictive corporate credit facilities, and completely bought out the expensive outstanding preferred equity stakes held by private equity platforms like the **Carlyle Group**. Following the total elimination of corporate debt, management executed a monster cash distribution on *April 27th, 2026*, paying shareholders a massive \$10.00 per share special cash dividend. Crucially, via official IRS Form 8937 documentation, this distribution was legally structured as a structural "Return of Capital" rather than standard income, allowing institutional holders to capture the cash with zero immediate tax liability. This massive \$10.00 payout is the sole reason for the unadjusted drop in the stock chart.

On *April 30th, 2026*, just as mainstream sell-side analysts were adjusting their models to reflect a twin-pillar technology firm operating the remaining Aurora Broadband infrastructure segment and the **Ruckus Wireless** enterprise business, management caught the market off guard by announcing a definitive agreement to sell the **Ruckus Networks** wireless supporting segment to **Belden Inc. (BDC)** for \$1.846 billion in cash. This divestiture represents an exceptional corporate arbitrage victory for three distinct reasons:

1. **Premium Valuation Multiple:** **Belden** agreed to purchase the asset at an implied multiple of 13.0 times its standalone EBITDA, whereas the broad public market was pricing the entire **Vistanc** corporate shell at a deeply depressed valuation of just 7.0 to 8.0 times EBITDA.
2. **Strategic Asset Extraction:** **Vistanc** successfully exploited **Belden's** corporate urgency to acquire high-density Wi-Fi 7 and enterprise switching hardware to link its IT/OT industrial networks.
3. **Impending Cash Generation:** After accounting for structural taxes and deal-related friction, the transaction will deliver approximately \$1.7 billion in clean net cash directly into **Vistanc** upon closing, which is legally scheduled for the back half of the year, tracking toward a formal close in *August*.

The quantitative arbitrage math reveals a profound market disconnect. At the current spot price of \$12.38 per share, **Vistanc** commands a total equity market capitalization of merely \$282 million against the impending \$1.7 billion cash injection from the **Belden** transaction. The incoming cash from this single asset sale represents over 60% of the entire pro forma market value of the company. Board documentation explicitly states that management intends to distribute a significant portion of these excess proceeds directly to equity holders via an additional special cash dividend within 60 days of the transaction closing, with conservative sell-side models projecting an upcoming cash distribution of \$4.50 to \$5.00 per share in *August/September*. Consequently, an investor purchasing the equity at \$12.38 is positioned to instantly recoup nearly half of their principal investment in pure cash before the conclusion of the 2026 calendar year.

Once the **Ruckus** sale concludes and the cash is distributed, **Vistanc** will exit its legacy conglomerate structure completely, transforming into an ultra-focused, pure-play infrastructure business operating entirely under the banner of **Aurora Networks** (formerly the access network solutions division of **CommScope**). The core market blind spot centers on a total misunderstanding of Aurora's remaining business: the market prices the stock as if it were a low-margin, structural melting ice cube centered on legacy cable manufacturing. In reality, Aurora is a highly technical provider of physical and digital infrastructure powering the modern broadband "last mile" data transmission ecosystem. The division fabricates highly specialized hybrid fiber-coaxial (HFC) architectures, passive optical networks (PON), physical optical nodes, and intelligent line amplifiers embedded with proprietary network management software.

The division's fundamental growth is anchored by a massive, non-negotiable architectural upgrade cycle sweeping North American cable operators: the structural transition to **DOCSIS 4.0**. Major Multi-System Operators (MSOs) like **Comcast (CMCSA)** and **Charter Communications (CHTR)** face intense, existential competitive threats from expensive fiber-to-the-home (FTTH) network buildouts executed by telecom giants like **AT&T (T)** and **Verizon (VZ)**, as well as high-speed over-the-air 5G home internet products deployed by **T-Mobile (TMUS)**. Cable operators have realized that historical coaxial performance parameters are no longer commercially viable. Rather than incurring hundreds of billions in capital expenditures to rip up physical roadways to lay new fiber lines, these operators are executing a highly capital-efficient alternative: upgrading their existing hybrid fiber-coaxial infrastructure to the **DOCSIS 4.0** standard using Aurora's advanced hardware kits, enabling them to instantly deliver symmetrical speeds up to 10 gigabits downstream and 6 gigabits upstream. Aurora operates as the exclusive, foundational tier-1 vendor driving **Comcast's** multi-city deployment of full-duplex (FDX) line amplifiers.

The fundamental momentum of this segment is fully borne out in recent financial statements. In Q1 2026, Aurora Broadband revenue surged 31.6% year-over-year to \$298 million, while its adjusted EBITDA grew 31.7% to \$50.3 million, driven by record order-book demand for amplifiers and nodes alongside substantial long-term contract wins with European operators like **Vodafone**. Total revenue for the combined remaining core segments hit \$471.8 million, beating consensus models by \$10 million and delivering adjusted earnings per share of \$0.34 against the \$0.22 sell-side estimate.

Following the completion of the **Ruckus** cash distribution, **Vistanc** will retain several hundred million dollars in unallocated surplus cash. Management's explicit forward strategy is to leverage this dry powder to act as the primary consolidation platform for the highly fragmented broadband access sector, aggressively buying out small, high-margin niche hardware and software players embedded in the **DOCSIS 4** supply chain.

Naturally, the special situation introduces three distinct operational execution risks:

- **Stranded Corporate Costs:** Following the sudden divestiture of two massive operating segments, the slimmed-down Aurora corporate shell will initially inherit the structural administrative overhead, expansive enterprise IT platforms, and real estate footprints of the old **CommScope** parent entity. Management must aggressively downsize corporate headcount over the next two quarters to protect forward operating margins.
- **Tighter Initial Gross Margins:** The initial operational scaling phase of transitioning major MSO clients over to custom **DOCSIS 4.0** hardware architectures introduces supply-chain friction and tighter early-stage manufacturing margins before the foundries hit peak structural efficiency. This explains why management's current Q2 2026 guidance projects relatively flat quarter-over-quarter growth.
- **Lender Litigation:** A consortium of legacy institutional lenders has filed a lawsuit against **Vistanc**, claiming a \$150 million financial penalty for the early retirement and pay-down of the company's historical debt. The fund's legal risk assessment indicates that even if the court finds the company wholly liable for the penalty, the net liability equates to a minor \$0.63 per share, which does not break the core thesis.

When adjusting for the \$150 million legal liability case, an EV/EBITDA sensitivity analysis reveals extreme deep-value mispricing relative to direct public comps:

Company Name	Ticker	Current EV / EBITDA Multiple	Implied VISN Valuation Share Price
Aurora Networks (Implied)	VISN	4.7x	\$12.38 (Current Spot)
Vincima Broadband	VNM	7.0x	\$15.00
Tellabs Infrastructure	—	8.0x	\$17.50
Harmonic Broadband	HMI	20.0x	\$30.00

Even if Aurora trades to the absolute lowest comp in the market (**Vincima**), it implies an immediate 50% upward valuation adjustment; a rerating to line up with its primary contract competitor, **Harmonic**, would imply a clean triple on the equity to \$30.00 per share. Aurora has actively won major enterprise contracts directly away from **Harmonic** and **Vincima**, proving its technology is superior. When netting out the explicit cash value of the impending **Belden** deal, the market is effectively valuing the highly profitable, growing Aurora broadband infrastructure business at nearly zero. The fund will initiate a 5 basis point tracking position on Monday, with plans to scale it to a 20 basis point core position upon any broad market selloffs.

Stablecoin Monopolies, Private Credit Stress, and Macro Asset Trends

A major structural rupture has occurred within the digital payment and blockchain infrastructure landscape. Shares of **Circle Internet Group**, the centralized issuer of the \$73.6 billion USDC stablecoin, experienced a severe intraday collapse, crashing 14% to close at \$65.39 per share. This moves the equity down \$170.00 per share from its historical peak of \$235.00 captured in *July* of the previous year. The catalyst for this rapid de-rating was the formal launch of **OpenUSD**—a competing dollar-pegged digital stablecoin backed by an unprecedented cross-industry consortium of over 140 corporate financial powerhouses, including **Visa (V)**, **Mastercard (MA)**, **American Express (AXP)**, **Stripe**, **Block (SQ)**, and critically, **Circle's** primary structural partner, **Coinbase Global (COIN)**.

The analytical threat to **Circle** is fundamentally existential and structural rather than cyclical. **Circle**'s primary business monetization model relies entirely on capturing 100% of the interest income and yield generated by the tens of billions in short-term US Treasuries and cash reserves backing USDC in circulation. The newly launched **OpenUSD** architecture completely upends this profit-center model. Operating as a decentralized public utility (analogous to the banking industry's **Zelle** network), **OpenUSD** features zero creation or redemption fees, removes all volume caps for institutional enterprise adopters, and automatically passes nearly all short-term Treasury reserve interest yields directly back to the ecosystem partners and enterprise payment networks holding the asset, retaining only a tiny nominal administrative fee to fund operational overhead.

The corporate defection of **Coinbase** as a founding partner of the **OpenUSD** consortium represents a severe blow to **Circle**'s valuation model. Under historical commercial agreements, **Coinbase** operated as a primary distribution node for USDC, sharing a massive percentage of the reserve interest revenue with **Circle**. **Coinbase**'s decision to simultaneously back the zero-fee **OpenUSD** framework signals that major fintech gatekeepers are actively transitioning toward an open-source, post-proprietary stablecoin landscape, structurally impairing **Circle**'s terminal margins.

In traditional credit and corporate debt markets, private lending stress continues to surface. A prime example is the intense capital erosion seen in **BlackRock TCP Capital Corp (TGPC)**, a prominent Business Development Company (BDC). The net asset value (NAV) of the vehicle has collapsed from a peak post-COVID valuation of \$14.36 down to a current audited NAV of just \$6.72 per share—representing a massive 54% asset drawdown, illustrating the hidden non-accrual and markdown risks currently embedded in highly leveraged private credit portfolios. Concurrently, European debt markets are signaling building macro stress; **France**'s benchmark 30-year sovereign bond yield spiked to 4.75%, its highest absolute level since the Global Financial Crisis, opening a massive risk premium over **Germany** as France enters a challenging stagflationary macro loop marked by contracting industrial growth and projections of double-digit national unemployment. Conversely, a structural global trade shift is visible in industrial logistics: cumulative automotive vehicle exports from **China** have scaled exponentially to an absolute run-rate of 8.64 million vehicles per year, completely eclipsing **Japan**, which has remained structurally flat.

Faced with these intensifying cross-currents, global hedge funds have executed a massive liquidation of Asian risk assets. Throughout *June*, institutional funds dumped Taiwanese and South Korean equities at the second-fastest absolute pace captured over the past five years, surpassed only by the mass liquidations of *March*. **Japan** led the capital outflows, registering the largest single-month net institutional capital flight on record. **South Korea** followed immediately, completely reversing all year-to-date foreign capital inflows as net allocations dropped from a plus-five peak down to flat for the year. This aggressive international capital flight pushed the South Korean **Kospi** index into a technical bear market on *July 8th, 2026*, registering a 28% peak-to-trough downturn. Ironically, because **Samsung** and **SK Hynix** constitute roughly 60% of the aggregate index, the explosive earnings growth of these two chip giants has pushed the **Kospi** forward 12-month P/E ratio down to the lowest absolute level in its historical tracking history.

Additional key global asset data and tactical positioning developments include:

- **Agricultural Disruption:** Global wheat commodity prices experienced a sudden 4.5% upward spike on Friday, marking the single largest daily commodity gain since *May*. The price surge followed targeted Ukrainian military drone attacks against Russian maritime shipping infrastructure, triggering acute institutional anxieties regarding secondary food-inflation pass-throughs if Russian grain exports face long-term physical shipping blockades.
- **MicroStrategy Credit Arbitrage:** The fund successfully capitalized on severe price dislocations in **MicroStrategy (MSTR)** credit structures. The fund aggressively accumulated **MicroStrategy** convertible debt instruments (**STRCs**) in the low to mid \$70 range during recent liquidations, subsequently selling down a substantial portion of the sizing as the instruments experienced a rapid technical recovery to the high \$80 range, while maintaining a core allocation in the **SRDs** at a cost basis of 60. Concurrently, **MicroStrategy** corporate executed a programmatic liquidation of 3,588 Bitcoins to raise cash reserves to service its outstanding corporate preferred share obligations.
- **Digital and Hard Asset Capitulation:** Both Bitcoin and gold have operated as the two absolute worst-performing asset classes globally throughout the 2026 calendar year, with Bitcoin enduring a brutal 19% collapse in *June* alone (its worst single-month performance since 2022) to trade down 31% year-to-date, while spot gold has declined 6%. This broad capitulation has been entirely driven by the structural strength of the US Dollar and rising long-end terminal bond yields resulting from the US-Iran war. The fund views this steep drawdown as a highly attractive long-

term structural buying opportunity to scale hard asset allocations.

Q&A Section

- **Question Regarding Portfolio Tracking and Allocation Sizing for Vistanc Networks (VISN):** A subscriber asked whether Jay had officially established a formal tracking position in **Vistanc Networks**. Jay confirmed that he completed a tiny initial purchase of a handful of shares at the tail end of Friday's session, purely as a tactical operational mechanism to anchor the ticker symbol within the active fund portfolio interface. Jay explicitly stated that the formal institutional tracking allocation—initially sized at a precise 5 basis point baseline risk weight—will be systematically deployed on Monday morning. The fund intends to aggressively scale this allocation up to a 20 basis point core portfolio position during any subsequent broad-market geopolitical flushes ahead of the expected closing of the **Ruckus Networks** divestiture in *August/September*. Jay contrasted this setup with the fund's recent highly successful index arbitrage trade in **Redwood Trust (RWT)**, noting that the **Redwood** trade was an exceptional technical setup that should have been scaled past its 35 basis point peak into a high-conviction 1.0% absolute portfolio allocation.
 - **Question Regarding Existing Equity Sizing in Papa John's (PZZA) and Zim Integrated Shipping (ZIM):** An investor inquired whether the fund continues to hold its long positions in **Papa John's** and **Zim**. Jay responded with an unequivocal yes, confirming that the fund maintains active, small-sized tactical allocations in both equities. The baseline core investment thesis for **Papa John's (PZZA)** remains completely intact; the company continues to operate as a prime corporate buyout target, and current price stagnation is viewed entirely as temporary noise resulting from institutional capital being highly distracted by broader geopolitical developments. For **Zim Integrated Shipping (ZIM)**, the stock continues to trade at a massive, highly irrational 30% structural discount relative to verified private market bids for its underlying shipping assets. The fund is actively monitoring public market order books with the explicit intent to build and scale its current **ZIM** allocation if shares trade down into the low \$20 range.
 - **Question Regarding Starbucks' In-House AI Software Architectures and Large-Cap Software Implications:** A participant requested Jay's perspective regarding the recent corporate disclosure that **Starbucks Corporation (SBUX)** is successfully deploying internal AI models to write proprietary, in-house enterprise software systems with the explicit goal of cutting global administrative costs by permanently replacing its external **Microsoft (MSFT)** and **Oracle (ORCL)** software suites. Jay acknowledged the immense long-term thematic importance of the headline, stating that while he had only reviewed the initial corporate brief, the capability of non-tech mega-cap enterprises to leverage AI to autonomously build specialized internal administrative architectures represents a major structural headwind for legacy enterprise software monocultures. Jay committed to initiating a comprehensive structural assessment of the technology to determine downstream short-side portfolio targets.
-

Footer

- **Title:** 2026-07-12 - SSN - Kinross Gold Long, VISN Special Sit Long, New Iran War Escalation, Memory Selloff, SK Hynix Listing - (report)
- **Creation Date:** 2026-07-12
- **Model (may not be accurate):** Gemini 1.5 Pro
- **Prompt Name:** ssn_report_v5 - 2025-12-07 - @DA