

# Disclaimer

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*InvestorsObserver*  
Workshop

# InvestorsObserver Workshop

- Charts
- What Else is Happening?
- Hot Right Now
- Member-driven content: Questions, site demonstrations, etc.
  - Can prepare slides for questions submitted ahead of time: Mention “workshop”

# S&P 500



S&P 500  
One Year

# NASDAQ



Nasdaq  
One Year

# Russell 2000



Russell 2000  
One Year

# S&P 500 vs. S&P 500 EW



# Growth vs. Value





# Taper Talk



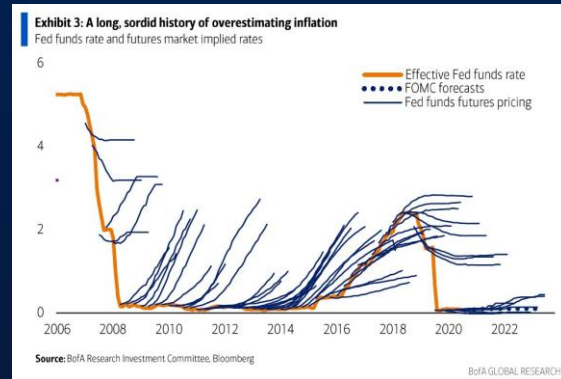
- Treasury yields fell during the last taper
- Not sure we'll see anything so dramatic as a 100+ basis-point drop this time
- Taper is about liquidity and signaling
  - Asset purchases swap bonds for Fed reserves, which are risk free, but have no yield, so encourage lending
  - Signaling that rate increases are coming... likely not until end of taper... Pace of tapering lines up with first expected hike

# Earnings Update

- Overall, results have been better than expected
  - Revenue rising
    - Increased demand
    - Price increases
  - Earnings also better than expected
    - Earnings are always better than expected, but the beat-rate is higher than average
- Some companies are getting smacked around
  - Sometimes due to a miss
  - More often due to bad guidance

# What Else is Going On?

- Federal Reserve, or really, guesses about what the Fed might do, driving markets
  - Inflation going to be talked about a lot after this week's data
  - There is no interest rate that unloads boats or moves trucks faster
- Goods demand is still much higher than the previous peak
  - Services demand still lagging
  - Expect some of this to normalize
  - Holidays complicate a little bit of that at the moment
- Inflation isn't necessarily bad for stocks
  - Measures to fight inflation can be bad for stocks
  - Talked last time about how short-term inflation can lead to higher margins
- Best outcome is that industry and government take advantage of low rates to build more capacity.
  - Inflation is about an imbalance between supply and demand
    - Higher interest rates suppress demand
    - What we really want here is to be able to run at higher capacity... Meet higher demand with new supply



# Energy Prices

- Rig counts recovering from the pandemic
- Prices lag rig counts, but the real problem with energy prices right now is on the supply side
- Demand rebounded faster than supply



# Hot Right Now

- Energy
  - Thermal Coal
  - Oil & Gas Midstream (pipelines)
  - Oil & Gas Integrated
- Real Estate
  - Residential still on top
  - Industrial... Lots of this is warehousing and storage
  - Retail
- Financial Services
  - Financial Conglomerates--Small Group... big moves from a couple of stocks helping here
  - Banks-Diversified
  - Banks -Regional
- Industrial
  - Uranium
  - Rental & Leasing
  - Marine Shipping
- Consumer Cyclical
  - Leisure
  - Resorts & Casinos
  - Auto & Truck Dealerships

# Questions?

*- Clorox - I have been patient with a medium sized holding - many months of downward trend. But, I saw briefly something about a Unilever buyout.....but.....this gossip disappeared???. I had searched for a reason for the pop up and yes I believe gossip can move interest and clorox did pop. I will still keep this because it has some brand awareness and is fairly diversified.but????*

*That idea is almost a reason to watch Cathie Wood and Reddit (it's the younger population)...these have enough e-presence to feel like a catalyst. I am mostly fundamental but group psychology as a potential catalyst is good to watch, whether you dive in or not???* -- Marceen

- I'm not sure about that rumor... Couldn't find anything about it.
  - Clorox was a big winner early in the pandemic
    - Likely shifted a lot of sales forward
- Probably not a bad name if you want to hold it for a while
- Also probably dealing with some supply-chain issues
  - This is the kind of company I would expect to see announce some price increases
- Cathie Wood is buying speculative technology.
  - High-risk, high-reward strategy
- Reddit can be similar, but frequently for different reasons, and sometimes different reasons
  - Short-squeezes, nostalgia, social media activity by management

# Questions?

*HTZZ relisted today and it appears that HTZZ shareholder equity between the last trade yesterday and today's new IPO today was wiped out. Wouldn't the HTZZ equity be rolled into the new IPO HTZ making the shareholder whole again. The drop in price in this instance was not b/c of market forces, but by design. It seems in this case, the shareholder should have been notified ahead of time to protect his/her interests. This is not intended as a legal question, but of curiosity. What do you think. -- Larry*

- Stock just moved and changed listing.
- You can't look up HTZZ anymore, because it doesn't exist
- If you had HTZZ in your account, it may take a couple of days for the HTZZ to get replaced by HTZ because of the time it takes to clear transactions.

# Questions?

*I want to ask about TQQQ and SOXL stocks how risky in your eval and best time to buy? -- Mohamed*

- These are both levered ETFs
  - Provide some multiple of the daily percent return ( a 1% gain on QQQ will give you a 3% gain on TQQQ)
  - These are trading vehicles.
    - You don't want to hold these long term
      - Too volatile
      - Fees



# Questions?

*I am investigating SAB Biotherapeutics. They have two ticker symbols (SABS - \$9 and SABSW - \$1.81). What is the difference between the two? -- Tim*

- SABS is the stock.
- SABSW is a warrant to purchase stock at \$11.50 per share
  - Warrants can typically be exercised after a merger or 12 months after the IPO (February in this case)
- Stock is trading below \$10 IPO price, which is well below the \$11.50 strike on the warrants, so this is basically an OTM call option

# Questions?

*Taking into account the recent growth chip companies like Nvidia, AMD, QCOM have demonstrated and given today's inflation report and dropped stock of almost all chip companies, do you continue expect growth in the chip makers and at what rate? Should you get in now with these little dips or wait it out?*

*2. What insight do you have to Web3 companies and Blockchain companies, as I understand the Ethereum needs it to make secure transactions. Thoughts on VGVF and RIOT as well. Please clarify if*

*I'm totally off base or I'm just trying to understand this new asset class. --Maureen*

- No real direct relationship
- Charts are looking a little steep recently, likely just pulling back because of that
- Chip stocks are an interesting puzzle. Everyone knows about the shortage
  - They can name their price currently
  - Harder to predict the future... Some “bullwhip” effect seems likely, but how much?
- Web3 is a name people using for certain applications on blockchains. Corporations are calling the same set of things “metaverse”
  - Ethereum is one of those blockchains
  - Not sold on blockchain companies... Decentralization is a big selling point... so how does a company have any defined role in that business?