

THE MIKE ALKIN SHOW

TALKING STOCKS OVER A BEER



Ep. 9: A Portfolio Strategy That's Much More Profitable Than "Hope"

with guest Chris MacIntosh

Announcer:

Free and clear of the chatter from Wall Street, you're listening to Talking Stocks Over a Beer, hosted by hedge fund veteran and newsletter writer, Mike Alkin, who helps ordinary investors level the playing field against the pros by bringing you market insights and interviews with corporate executives and institutional investors.

Mike sifts through all the noise of mainstream financial media and Wall Street to help you focus on what really matters in the markets.

And now, here is your host, Mike Alkin.

Mike Alkin:

It's Tuesday, April 10th, 2018.

Welcome to the podcast. Hope you had nice weekend and a good start to the week. My weekend was spent, good quality time with the family, and watched the Masters golf tournament and that huge comeback by Jordan Spieth on Sunday. He fell just short, but what a heck of a display of just big-time golf under a lot of pressure. I mean, even if you're not a fan of golf, but you're just a fan of big sports moments, it didn't get much better than that. I mean, it was really good to see. A lot of fun. I don't play a lot of golf anymore but, you know, I do appreciate the guy stepping up under pressure. So it was great.

I also am really enjoying the torrid start to the season my New York Mets have had. They're seven and one. They just upped the Nationals in DC. So, as a Met fan, you don't get a lot of those. In the last couple of years we've been okay, except the last year. But always great to see the Mets get off to a good start. But I gotta tell you, it just doesn't feel like baseball season. You know, when I'm watching guys wear hoods and face masks 'cause it's so freaking cold out there, it just doesn't feel right for this time of year. I gotta tell you, as I'm getting older I am just getting so done with the cold. I mean, I say to my wife all the time, "Why do we live in New York? Remind me again?"

Anyway, this week I had a ... Also I had a, what my wife would call a typical Mike moment. So I'm at my son's lacrosse game, and it hadn't gotten started yet and I'm talking with a few other dads. And this guy walks up to me and he's got a big smile, and he says, "Hey, Mike! Great to see you, pal. How are you?" You know, "What's going on?" I look at him and it's not coming to me. And, "Oh, my God, we drove an hour to get here, but Ben's real excited for the game. And, you know, "How's Chris and the kids? What's going on?" And he tells me about his family and everything. And I literally have no idea who I'm talking to. Nothing.

I mean, there are times where I'll run into people in our village, and I'll run into them. And I recognize their face, but their name and we'll have a few minutes of conversation. But this, I had nothing. But he knew everything. He knew about my kids. He knew about my wife. He was talking as though I knew his family and his wife. And I mean, I'm struggling.

But worse off, I'm sitting there with a few other guys. So now you come up to that time where you've got like that awkward moment where, okay, you gotta introduce him. So I didn't even know where to go with it. So what do I do? I said, "I'll be right back. I gotta run to the bathroom." So I leave those guys, I leave them hanging. They can introduce themselves. And so ... But I didn't even know where to go. I didn't ... I had no recall.

So I run out to the parking lot and I get on my cell phone and I call my daughter. She's 14 and she knows pretty much everything about everyone. We call her Scoop. That's her nickname. So I call her up. I said, "Honey, you help me out here. Do we know anyone who has a son named Ben?" And she's like, "Yeah, dad." And she goes on to tell me.

Well it turns out these folks lived about an hour away and they're friends with my sister-in-law. And I've met him a couple of times over the years at a BBQ. And I just had no recollection. But she gives me the children's names, the wife's name, what they do. So now, here I am. I come back. I walk up to him and I say, "Hey, how are you, Tim? How's everything?" And we have a really nice conversation. I ask about the family and ... She saved me. So ... But, man, I'll tell you what. That's happened a few times and there is nothing more embarrassing. It's bad enough when you're around somebody who you kind of know and you have to introduce him and it's that awkward moment. But when you have no recollection? I mean, that's a tough one.

So anyway, that was my weekend. What else did I do? Oh, you know, here's something. So, as an investor for 20 years, I've learned a lot, right? I've done all that 20 plus years, whatever it is. Probably throughout my career, the most complicated thing I've had to get my head around is how to keep my files. It's not reading balance sheets, cash flow statements. I can do that in my sleep. It's organization.

So, over the years, what you do is, you know, as an analyst and a portfolio manager, you walk around with a notebook. And you take notes. A day in a life of a hedge fund, I might talk to, I don't know, four or five companies. If I'm in the office, an analyst or two comes in and tells you what they're working on. You're taking notes, right? You're taking notes. And you're writing down and put it on your desk, and ... because you're gonna reference it back sooner rather than later. And then another month goes by and you go through another notebook and you ... That notebook that was on your desk goes on into the corner on the back shelf. And then they start to pile up.

Well, after a lot of years, you can imagine how many notebooks I have. And three, four, or five months down the road, something comes up where you need to remember. You say, "Oh, yeah. No, no, no. I took notes on that. And I gotta go back." And so, here you go, and now you're rifling through your notebooks trying to find it.

Now you would think that there's a better organizational way, right? But, by the way, I'm not alone. A lot of my peers would do this. So, as time went on over the years, you know, everyone has laptops. And I tried it. I did. I really tried. I'd be on the phone, I'd take notes, I'd type and I'd save it. And that lasted a week. I mean, I hated typing. I just ... just wasn't my thing. So I always gravitated back towards the notebooks.

So, after I while, I mean, I can't even tell you how many hundreds of notebooks I probably had. And so we built a house a few years ago, and my wife said, "Get those ..." I have an office in my basement, and she said, "You know what? Why don't you just put those upstairs?" So I put them upstairs and things accumulate. And so, a couple of months ago, we went on an attic-cleaning binge. And so one Saturday my wife decided we were gonna clean the attic out. So somewhere along the way all those notebooks, which were in boxes, they got thrown out. So years and years and years. Now I'd never referenced them. I wasn't gonna go back in them but, you know, I kind of liked knowing I had them. But they're gone.

So I said, "Okay, I'm gonna take the plunge. And I'm going to do like I see all these millennials do." You know, you walk into a diner or a Starbucks. Everyone's on their laptops. I said, "That's it. I'm committed." And so I went out, I bought a Microsoft Surface. I bought a laptop. And I did the note thing, and I tried. And I would read. I love to read the newspaper. I love the tactile feel. I even ditched that. I would read The Journal, the FT, you name it. I'd read everything online.

And my kids said, so they said, "Well, Dad, look at me. It's great. I mean, everyone uses a laptop. That's, you know, it's really good." And in my office that, at my house, I have big screens on my computer and I put those to the side. So it was new-age Mike. And I can't do it. I just ... I was struggling. I told myself the first month, "Wow, this is great. I'm so organized. I know where everything is." But in the back of my mind I knew it just kind of ... It wasn't me. And I missed my newspaper. I missed having my coffee with a newspaper and reading it. And, as organized as I kind of felt, I missed the clutter on my desk. I missed looking, rumbling around, saying, "Where is that thing?"

So this weekend I made a big decision. I decided that I'm putting my screens back on my desk, I'm putting a laptop in the corner, and I'm ... My notebooks, I got all excited. I had some fresh new notebooks that I could get going, and I started a new one. And I got my papers all over the place, and I feel like I'm back.

So, that was my weekend. I had some sports and watching, some interesting experience of not knowing someone. And my lack of organization is back. So here we are.

So let's take a look at the markets. Last week, another crazy week. I mean, volatile as all get-out. I mean, the major industries were just all over the place. I mean, it was just a barrage of headlines that just kept coming at you. Right, trade wars, rising interest rates whipsawing everything. I mean, I think at one point, the Dow swung 1100 points from its low on Wednesday to its high on Thursday. And then, on Friday, it decided to drop 767 points.

Now I recorded this Monday midday, so I wouldn't opine on it, but it looks like it's off to a decent startup, about 1% or so. But for the week, with all of that noise and whipsawing, the Dow was down to about 7/10ths of a percent. The Russell fell a little over 1. The S&P was down 1 1/2 or so. And the Nasdaq got hammered down 2%.

And, I mean, it's the usual, right? Talk of trade wars. It's dominating the narrative. After Trump came out and said we're gonna put 50 billion dollars tariff plan on Wednesday. And then he followed with an order to the US Office of Trade Representative on Friday to see if he can appropriate, under Section 301, to impose an additional 100 billion dollars in tariffs on the Chinese. Then the Chinese came back and said, "We're gonna put 50 billion on you."

And so, okay, so that started the ... That was the week, and it was getting crazy. And then Larry Kudlow, the new Economic Adviser to Trump, came out and said, "Wait a second. Calm down. It doesn't mean it's going to happen." And the market got excited again, and we saw the rally. And then Secretary Mnuchin, Steve Mnuchin, Treasury Secretary, he came out on Friday and said, "You know what? There could be a potential trade war." That took the market down. So it was just absolutely crazy.

And then you add a little gasoline to the fire and you had Fed Chairman Powell telling the party line on Friday, saying that the ... Oh, yeah. I think he spoke to the Economic Club of Chicago that he sees more rate hikes coming, and he sees inflation picking up. And the market didn't like to hear that, so just another volatile week. And, you know, I've been sounding like a broken record, but I just keep advising, and I have for months now, to take any opportunity for strength in the market, to lighten up your equity positions. And I won't go on and on as to why. You've heard me talk a lot about it before.

But, for the week, I mean the tech sector got hammered down 2.3%. We saw, you know, Facebook, they're facing a lot of issues with their ... the use of their data. You've got Zuckerberg testifying coming up this week, I think, to Congress.

Nvidia, which has been a darling due to the crypto cars that they make. That's been under pressure. Just tough, tough in tech land.

So, you know, just keep being cautious. But one of the things that has struck me is, you know, the bulls have pointed that global growth is finally heating up after years of the malaise. And they pointed to, you know, output growth globally of about 3 1/2% in 2017. And that's going to continue, and ... But we're starting to see something that might indicate a little bit differently. The data is starting to suggest that 2017 could have been a blip.

If I look in the US, I see retail statement down for a few months. Construction spending is starting to slow. The latest jobs report? Big slowdown. I mean, it had been on a big run, but we saw a big slowdown. You know, you add to the mix, the trade war rhetoric between China and the US, and all of a sudden, you know, that rosy growth outlook can definitely be called into question.

You know, if you look at copper, which goes into so many things. And it's kind of like a canary in the coal mine for growth. It's off about 7% for the year.

Over in Germany, industrial output in February surprised people. It fell about 1 1/2%, their latest data release. It's not a ringing endorsement for global growth. And like I said, you've heard me go on and on, you know, and I'm bearish. But I think it's something that we really need to keep an eye on, and something you need to think about, in terms of ... Because that's what's going to take stocks higher, if they go higher, is this global growth.

So let's ... I wanna talk about the trade wars. And, you know, there's so much that's said. Who wins, who loses. And let's break it down for you. And, more importantly, not who wins or who loses, but I want to put it in context of the market.

So who wins economically? Well, the US. China has more to lose economically if you had an all-out trade war, right? The Chinese economy is dependent on exports. I think 20% of their exports go to the US. So, 550, 560 billion in stuff to the US last year. Now, flip that. If the US sold 130 billion to the Chinese.

So in a real economic battle, the US wins. No question. But we have to think beyond an economic battle, right? Because there's also a political battle underfoot here. And there's a very strong case that you can make, I think, that Trump would be less able to sustain a protracted conflict than the Chinese can. And you also have to take into account the 2018 mid-term elections, which are right around the corner.

Let's think about China for a minute. President Xi Jinping runs a Communist country that has just granted him the ability to rule for life. Think about that. He's there, as long as he wants to be. He controls the media, and he's sitting on top of about 3 trillion in surplus cash. This means that he can move very fast to what Trump, you know, to whatever Trump does. Chinese companies get hurt

by the tariffs? He's got the cash to help them. So even if prices go through the roof because of the tariffs? It's okay. He can subsidize the consumer so they don't get hammered at the grocery store.

And it wouldn't be unprecedented, by the way. China did this in a global financial crisis in '08 and '09. They plowed money from their surpluses into the economy and they stimulated growth and they wanna kind of wall off their people from feeling the pain.

And if you think about what's going on with the rhetoric coming out of Trump, he's pissing off his own party. I mean they're angry at what he's doing with the tariffs. And if you think about law, if you're a lawmaker, you're in the farm belt, right? The American farmer can really get hurt by this. If you are the CEO of a large company that supported him, Wall Street, you're pissed off. And think about who the opponent is. China. CEO, president for life, right? They play a very long game. They have cash and they can wait. It's a big difference when you're dealing with somebody ... with China. The US doesn't have ... Trump doesn't have that luxury. They can withstand a lot more for the next year, two years, than the US can.

If you think about the leverage that China has. What can they do? Well, they can stop cooperating with North Korea. If they really wanted to, being the largest debt holder, they could sell US debt and that would rattle the markets. They can make it difficult for companies operating in China. Think Apple, think Nike, think Disney, right? They could put the screws to them, right?

Now, are they gonna sell debt? Maybe not, but they have the opportunity to do that. And they buy our debt too, right? When we ... when Treasury needs to issue bonds, they're there. But they can hold it as a bargaining chip.

If you think about what Trump has, except a lot of bluster, he doesn't have those cards, right? The US Government doesn't have direct control over companies operating here, right? And you hear him say, "Well, we're already in a trade war and we've been getting attacked for years." Okay? If you think about and focus on what's going on in China, they, the politicians, face enormous pressure, even though you have president for life. But they have to protect their and project their country as a world power. And if they are viewed by the populace as rolling over to a bullying Trump, that's a very unpopular thing to do for them.

So, you know, if we think about, from a political standpoint, right? So Trump has threatened 150 billion in tariffs. So, essentially, he's threatened taxes on about 30% of the goods that the Chinese sell into the US. Now, it's unlikely to damage the overall economy significantly. But it's getting to the point where American consumers are likely to face higher prices on TVs, on clothes, maybe iPhones, right? And if you think about who gets hurt by this the most. You know, it's hard for a farmer to understand why they're the victims in a fight against China, right? If you look at, I think, the Brookings Institute put something out recently and said that if the tariffs went into effect, it would affect 2.1 million jobs in 2700 counties across the US. 82% of those counties voted for Trump in the last election. So, what is winning look like, right?

So Trump has three key issues with China. One is the trade deficit. Two is the Chinese intellectual property theft. And three is China's industrial policy. Okay? The problem is he has no plan. He's just say, "I want change." Well, what does change mean? Give us something to work with, right? And he's been out saying a trade war is going to be easy to win, right? Sure, we can win. I mean, Xi has made it clear he doesn't want a trade war. But he can respond. And he's setting himself up, really, for a political win if anything goes south on the economic front, right? So it's, "Trump is a bully and we're standing up for what's right for us. And don't worry Mr. Consumer. We're gonna subsidize you a little bit, and we're gonna make it tough on the American companies doing business here."

So what likely happens? I mean, my guess, best guess, you'll see a few concessions made by the Chinese. Not many, some. Trump will hold a press conference, declare victory, and say, "Look what I did." Not much will change. But ... So what does that mean? Stocks have been under pressure, right? In part, because of the trade war fear, so does that mean we see, "Ew, everyone, it's good times here again." This is where I think it's very important to put the trade wars in context. To put who the opponent is, if you're an American, who are thinking about? It's the Chinese.

But now, here is where it's important about what to do. So we know the market doesn't like uncertainty. Let's think ahead. Trade wars get cleared up. Great. And we see a snapback rally in the market. Now, we know it doesn't like uncertainty so that puts uncertainty, takes some of it out of the game, and that's good. And we've also heard the saying that bull markets climb a wall of worry. So there's always something to worry about, but look what happens. The stocks keep going up and they climb that wall of worry.

But let's step back for a minute. Let's think sober. And let's think about where we are in the cycle. We've had a nine-year-long bull market in stocks. With the exception of the internet bubble in 2000, evaluations are as high as they have ever been.

Now let's think about what enabled stocks to climb that wall of worry. Without a global central bank experiment, we've had quantitative easing, easy money flow the world has never seen before, 5,000 year-low interest rates. Despite that, companies have been stuck in this low-growth environment for years, struggling to get top-line growth. I mentioned earlier, 2017, 3 1/2% growth. Nothing to write home about. So, to get the earnings that they needed, they cut massive costs out of the business, which more than offset the lack of sales growth. So they cut costs, cut SG&A, cut R&D spending, cut CapEx, cut employees.

And then, when the top-line growths still didn't come, what did they do? They used their balance sheets. And they took advantage of these low interest rates to go borrow money at absurdly low interest rates. Next to nothing. So what does that do? They borrow money, they issue debt, they take in cash, and they buy back stock. What does that do? That lowers the shares outstanding and, in the formula for earnings per share, it increases earnings.

Now a lot of that debt though, I think, it's something like 40% of the Russell 3000 companies is tied to floating LIBOR interest rates. And LIBOR's doubled in the last year. So when that debt matures, the companies could be facing much higher interest expense on new borrowings, which ultimately could hurt earnings.

So what bails companies out? The global economy that everyone's waiting, right? Growth. But as a mentioned at the top, it's not a given. So what I do is I step back, I look at the risk reward. Now when stocks were at record low evaluations in '09, not a lot needed to go right to see it move up. There was maximum pessimism, even with QE starting to come, Quantitative Easing. And an accommodative policy. Still, they were trading. I forget where they got 9, 10 times earnings forward on the S&P. So any bit of good news was gonna take stocks higher. And then it just kept going for all the reasons I just mentioned.

Let's flip it though. Today we're at record-high evaluations, or near record-high evaluations. A lot has to go right for stocks to move much higher. Now, if you've been fortunate enough to be along

for this ride in the market for the last decade, that's fantastic. But remember that bulls and bears make money, and pigs get slaughtered. So you need to start thinking about how to cautiously position yourself. It's not enough to say, "Okay, the trade wars are going away." That's Consuming CNBC and the Wall Street Journal and all the headlines. That's the mainstream financial press. You need to step back and think about the risk reward of where the market is and what you own. I can't repeat that strongly enough. It's about risk reward. How much upside do I stand to gain versus the downside potential if things don't go as expected? And are things that these evaluations expected to go well? Yeah, they are. Forget the noise in the last couple of months, the market going down, they're still expensive. And they're a catalyst that could take them down.

Then ask yourself, "Okay. What's gonna surprise the market to take things much higher? What's that surprise nobody's thinking about?" I'm having a hard time finding it.

So I'm gonna bring in a guest today where we're going to talk about a lot of the stuff that I just mentioned. We're going to talk about China, the geo-political risks faced there. We're also going to talk about how to think about the investment world from a real top-down macro viewpoint.

And my guest manages to kind of lift himself from the fray and not pay attention to the noise. And he's always trying to look a couple of steps ahead from where the market is right now, which is a very good exercise to always be doing. And he's going to talk about some ideas that he think are on, that are ideas that are off people's radar screen. We're going to touch on some commodities and where he thinks that's going.

Let me bring in my guest who is a New Zealand Base Fund Manager. He also writes a newsletter which I read and I think is very very good. He has a contrarian bent to it, which I am. And I'd like you to bring him in now to talk about his view of the world.

Chris MacIntosh of Capitalist Exploits. Welcome to the podcast.

Chris MacIntosh: You're welcome, Mike. It's good to chat again.

Mike Alkin:

Thanks for coming on. You know, I've been a big fan of yours for a while. I read your stuff and I think you just do really great research, and your investment ideas just ... they seem to click with me. And, you know, you and I have something in common that we're both contrarian investors. And we look at the world, maybe a little bit upside down some might say.

But why don't you talk a little bit about your background, what got you to where you are now, and maybe a little bit about your investment philosophy?

Chris MacIntosh:

Okay. I'll try and keep it short because I'm probably ... I think it's good if we can kind of dig into where we're at today, but ... The short answer is I spent some time working as an investment banker. I originally studied law, which I never used at all, and that was a complete waste of my time. But I guess it gave me an inkling into, you know, looking at finer details, things of that nature, which as a lawyer you need to do.

So, you know, I was pretty lucky, at a very very young age, to make really good money trading. I was trading in oil contracts back in the '90s. And I made really good money. Well, it was really good money for me at the time. And I'd had ... I'm really glad that that happened to me at a very young age. I think I was 23. And the reason that I say that is because I made all this money, I turned around, I realized clearly that I was a genius. And then I went to my ... I obliterated the entire lot on a number of subsequent "investments," quote unquote. And I did some really really stupid things.

And so, there was like a, you know, you can get educated at university and all that sort of stuff, but you're gonna have it real-time where you make good money and then you make horrendous losses, and you're going through all of the psychology in your head behind that and sort of marrying that with an analysis or, indeed, lack of analysis. Minus probably a more apt description. That was very very valuable.

So that was kind of a bit of an education by fire that I had earlier on in my career. And then I ... I've always been a bit of an entrepreneur, so I started investing in ... At the same time that I was obliterating all the money very well. And as, you know, this was while I was working full time. I was at JPM at the time, and I

started investing in residential real estate. This was over in the UK. And just, I guess, being much more entrepreneurial. I mean, when I was there I was, quite frankly, Mike, as a slum lord. I would go and I'd lease large, all the Edwardian places in a London on a long-term lease and then I'd sublease them out on a short-term basis to antipedians and I'd stack as many of the buggers in as I could. And I'd capture the margins. And the margins were pretty good. I was running between 30 and 50% margins.

Mike Alkin:

Wow.

Chris MacIntosh:

And so I kind of got to the situation where I was working almost 70-, 80-hour workweeks and then running over 30 properties across London and becoming a bit of a mess. But I learned a lot. And I also learned that I could earn passive income which then exceeded what was a pretty good stipend from my employer. And so that then, you know, naturally made me question how you go about spending your life, quite frankly.

So that was where I realized that working for somebody else was not gonna work for me. And then I went and left the UK and traveled quite a lot. I ended up building a real estate investment and trading company, selling all of that down. And then trading commodities and FX markets and, you name it. I kind of jumped around a little bit. Most of that was based on a kind of global macro view. I've always been afflicted with this problem of trying to ... being interested in everything and wanting to know how it works.

And then I sort of look at sectors and say, "Well, what's the most probabilistic, and where can I get the most bang for my buck, given my view of the world?" And then that's, typically, I'm into particular areas. And so it happened to be real estate, in the sort of 2000s, up to 2006, when I liquidated everything and then, from that point on, I happened to be more in the venture capital space.

So it's kind of always looking at this kind of global view and then saying, "Okay. Well, what's happening? Where do we think, where do I think then, the most asymmetry lies? And how do I go about tapping that?" Because I'm not necessarily a professional in any one area. And so that's kind of how I've gone about doing things over the last, what's it now? Two, three years. I set up a fund with a buddy where we trade equities, bonds, you name it, across the globe. Again, looking for that asymmetry. And that's been really successful.

And then launched the research service which augments that. And it's, you know, I kind of sat there and I was like, "Well, I'm doing all this work on how to allocate my own capital," and quite frankly it makes a lot of sense to have that augmented with revenues that can help pay for analytical staff and all of the kind of carry-ons that go with the fund. And then it can be something that people who don't usually want to invest in the fund ... Well, the fund's closed at the moment anyway, but who can take advantage of some of those ideas.

And so that's kind of what I've kind of been doing for the last couple of years. And it's just, you know, here we are.

Mike Alkin:

So let's talk about that, Chris. So, you mentioned asymmetry. So our listeners are from individual investors to professional investors. So, let's break down asymmetry a little bit more and contrarian .

So you say, you know, you have a big-picture view of the world. That there's a lot of ways you can express that or think about it. You could think about looking at things that are working, that are working in real-time, that are moving quickly, that are facing big trends. Or you can go to the other end of the spectrum and look at things that are out of favor.

And as a contrarian, you're tending to look at things that are out of favor. So talk about what it means to be a contrarian. And if you can, what you mean by asymmetry. And what you're looking for, from an investment standpoint.

Chris MacIntosh:

So, I think the first thing to actually think about with that particular question is what everybody misses in this. When you think about asymmetry, everybody thinks about how you're gonna make a lot of money. All right, you're gonna turn, I don't know, 10 cents into a dollar, or something of that nature. And that's what you hope for. But hope's a terrible strategy. You know, the most important thing, bar none, and this doesn't matter whether you're a trader, which I've been in the past, or an investor, a long-term investor.

The most important thing, and Buffett has pointed this out many many times before is to not lose money. And that means that your risks, the risk to any investment needs to be quantified. And that risk needs to be, relative to the upside, very very low.

And so what we tend to do at Insider, and with the Asymmetric Opportunities Fund that we run, is we start out looking where the lowest risk happens to be in any sector. And I'm always kind of looking at multiple different pieces of that particular puzzle. And this can be geo-politics, it can be debt deflation, it can be, you know, the rise of China as a global power. There's a lot of different factors and you can look at how they impact, all that. But if you're just starting with one point and saying, "Okay. How do you find a sector where the risk to that sector going substantially down is relatively low?"

And then the next question is, "Okay. How's it priced?" And if you find that it's very .. it's priced, you know, such that everybody thinks it's a really fundamentally very valuable and it's not gonna go down significantly, well then, that's not that interesting. But that it's very rarely the case. And you'd know that from looking at the uranium sector, a sector where we've got about 80% of the companies that were in URA, which is the ETF, don't exist anymore. Brought back from the peak. Now these companies have gone away. And even not only have they gone away, the companies that are left sitting in that ETF, the evaluations are a fraction of what they used to be. And then you say, "Okay. Well, that's interesting. But, you know, something, just because it's gone down doesn't mean it can't go down any more," so you say, "Well, what causes something to go down?" Well, digs. Digs typically, you know, a killer in any market where you can't get financing and so on and so forth. So you look through the capital structure of many of these companies and you find that they've been restructured. Or they've been acquired. And they're being acquired through a restructuring.

And so, like if you think about ... It's almost like Pareto's law in reverse, Mike. So Pareto's Law, you know, the good old 1820 principle where 20% of everything, or 20% of the value, in any one sector typically produces 80% of the results and so on and so forth. So if you've got 80% of the companies that have gone away, the 20% that are left, by and large, and we're just making generic statements, you know, have picked up the 80% of those assets. 'Cause all of the infrastructure and the assets, and everything else that existed with those 80% of the companies, they still exist. Like they didn't just wash away. They just changed hands.

So now you've got the 20% that owns, effectively, now 100% of everything. And so, in that situation, you say, "Okay. Well, that's being restructured." And then you just look at your income

statements. You say, "Okay. Well, are these guys making any money?" Well, you know, at relative to where they've been. And so you kind of run through the situation and you see that ... I mean, the uranium space, the medium was still losing money. So you say, "Okay, well they could continue to lose money," and then you look at the factors behind the supply and demand of the uranium. Because, at the end of the day, you look at it and you say, "Well, we could have a Kodak moment, right?" And maybe you like this, and just picking on uranium, maybe this thing's going away and we're never gonna see uranium again. That's possible. Okay.

You know, and what are we paying for that probability? And so, you kind of run through all those things and you find these sectors in these setups where the risk is very very low. And then you start looking at what all those drivers behind it are. And that's really, that's as simple as it is. It's one of those things. I don't know, you said it, but it's like it's simple but it's not easy. Something along those ...

Mike Alkin: Well, you know, I-

Chris MacIntosh: It is-

Mike Alkin: Yeah, I think about it, Chris, like simply, you know, heads, I risk ... Heads, I win. Tails, I lose a little, when I'm thinking about it, you see?

Chris MacIntosh: Exactly.

Mike Alkin: Right?

Chris MacIntosh: Exactly.

Mike Alkin: And that's kind of what you're looking for. That's what I look for when I'm looking at these ideas. Both on the long side and short side.

Let's shift gears a little bit. I know, you know, you spend a lot of time thinking about the broader picture. And it's not always easy, you know, when you're thinking about, if you're paying attention to the financial press. You know, you're seeing, you know, the headlines right now with the Russians and the election meddling, and the Americans are imposing sanctions on Russia. And you've got the US blacklisting oligarchs. You've got this talk of the trade wars with

the US imposing 100 million dollars in tariffs on Chinese goods, or wanting to. And the Chinese responding in kind, and that moves the markets day to day. But that's all for, like the here and now.

As I know you do, and I do as well, is I like to think a little bit broader outside of that. And when I think about China and Russia, yeah, they're in the headlines and we're focusing on those that I just mentioned. But, as I look at the world right now, what I'm seeing aside from that, is this ever-strengthening bond between Russia and China. And I try and think about the implications from that bond. And I think about what's driving it. And I look at a relationship that was, from the 1950s to, really, the end of the Cold War in the early '90s, was broken. It was damaged. The Russians and Chinese didn't really, at the time, didn't like each other, right? But now you're seeing this closer cooperation, which is really driven by nothing more than mutual interests and common threats, being the United States.

And so, they, you know, there was this interesting time when you go back to the early '70s. I think it was '72 where you had Nixon and Chairman Mao get together and it really created this historic meeting where there was this détente between the US and the Chinese on one side, and you had this whole Soviet containment in the Asia-Pacific region on the other. And that's all gone now. I mean, after the Cold War ended you saw Yeltsin go and visit China and, in the early '90s, I think it was '93. And then that morphed into a series of strategic cooperation agreements that they signed in '96. And a whole host of agreements since then around energy and military, and selling arms back and forth.

And so, as I think about now, and I think about China's role in the world, and I think about Russia's role in the world. And what I see is, I look at, you know, I look at Putin's pet project, which we don't hear in the West, we don't talk a lot about, which is the Eurasian Economic Union, which we call the EEU. And then I look at the China-led belt and road initiative, which really started, it was called One-Belt, One-Road, to revitalize the old Silk Road back in 2013.

And that was really the onset of China's really ambitious foreign policy where they're spending 150 billion a year across 68 countries to really break with the old Chinese dictum of, "Hide our capabilities, bide our time, but don't let anyone see us trying to take the lead." That's out the window now. They really are focused on global open-trade projects.

As you think about the world as it is now, and you think about investing, what role ... Let's start with China. What role does China play from a global power standpoint? Let's look at it different ways. Let's think about it economically, politically, and militarily. How are you thinking about that?

Chris MacIntosh: Well, I don't think that you can separate any of those three elements out, because they're all ... There's a feedback loop between all of them. A lot is fairly evident to me. Firstly is that China have got a very very long horizon in the terms of the way that they view themselves, which is very different to how the West views themselves. And we can see that in their political systems. So, in the West, you've got pretty much four years to do something. Because you know at the end of the four-year period, you're gonna ... you're up for reelection so there's this very short window, which is not a window sufficient to actually get much done. So it would be the, you know, the construction of Congress and things of that nature. And this is not just the US, this is most of the Western, we'll call it, Western world in general.

There is the political infrastructure, if you will. It's such that it pushes leaders towards short-term outcomes, because that's what's required to keep in power.

China, on the other hand, doesn't have that. In fact, China now have got ... I mean, Xi [crosstalk 00:44:33].

Mike Alkin: They have a life-time president.

Chris MacIntosh: Exactly. And Russia's the same. And so there's a very different ... the way that they can go about enacting policies and determine their final outcome is very very different. And so that thing that impacts foreign policy, it impacts investment, it impacts military.

So from the Chinese perspective, what we have seen, and this is consistent with their history for thousands and thousands of years, is the merchant's lust, right? So they're traders. And they've been expanding in that realm for the last 30 years and that's now been really on steroids for the last 10 years. Overall, it's just the icing on the cake, I guess, if you will, for that very same plan, which is to extend economic interests throughout the world. And it makes a lot of sense if you're becoming, as they are, a global power, the early stages of gaining that economic power, you can't waste resources. And so you very much ... It's almost like a start-up. Like a start-up

doesn't have, or shouldn't have, large office space and fancy office space, you know, down in the middle of Manhattan. No, they're gonna be sitting out in the Bronx so they're gonna be in Brooklyn, or they're gonna ... Like, you know what I mean?

Mike Alkin:

Yeah.

Chris MacIntosh:

So they're gritty, and they're just focused on building, building, building. And they're not gonna get chauffeured around in limousines, and they're not gonna have private jets and all that kind of stuff.

So, I think it's quite a good analogy with the start-up, as opposed to a big Bohemas behemoth, that they're not spending a lot of money to sustain. And often that Bohema thing isn't so focused on growth, but it's much more focused on keeping the status quo, and keeping the power that you have.

And we've seen this through, you know, when the Brits ruled the world and private at the Spanish and, prior to that, Portuguese and everything else. So if you look at China, they've been building their economic power, while being very very careful of not to get engaged in military endeavors. And I think that's gonna continue for as long as it's gonna continue. But what is playing here but from history and is now increasingly at risk, is that at some point those economic initiatives that they've spent time and money building come under threat as a consequence of political pressures. And there is the need or the decision, I guess, to be made to protect those economic interests.

So if we just took, for example, Greece. Like I say, Greece has been at the forefront of China's policy for the Opal Project in terms of giving access to Europe. So they bought the ports, they bought the airports, and a lot of the infrastructure. And this is now across the world, but I always pick on Greece 'cause it's a good example.

Let's just say, for argument's sake, that the US and Russia now have a bit of a bust-up, and the US decides that they need to go and put some submarines and Belships in strategic locations. And Greece has always been an ally of theirs. So now they go to the Greek Governments and go, "Oh, we're gonna put a battleship in Athens' port and we're gonna put a couple of submarines in there." And the Greek Government says, "Well, you know, I guess that might be fine, but kind of at the end of the day, we don't really own the ports any more. So we need to be careful about how this goes

about." And then the Chinese say, "Then do we really want to have US submarines in a port that we own that are threatening Russia?" And if you look at what's been happening, and you correctly identify this Russia is not just a friendly party to China. Russia's more like an alliance at the moment.

Mike Alkin: Absolutely.

Chris MacIntosh: And there's very good reasons why that's, you know, one of those main reasons is that they've got energy that the Chinese desperately need. And they have a common foe, if you will.

Mike Alkin: You're going right where I'm thinking, Chris, yeah.

Chris MacIntosh: So you then get these potential situations which could end very very badly. Now, that's sort of we're just watching all of these pieces moving on the puzzle, right? And that's just one example. There's many across the world. But what we do know is that China has been making these economic investments throughout Africa. I mean, if you just look at oil. Like, energy. Saudi Arabia, which has been, you know, the king pin in energy, and it's been a very very strong ally of the US, and so on and so forth. Which, from the Chinese perspective, they decided literally not to go there. And they went, and they negotiated oil contracts with the Russians, and Angola. And so, I think it was 2016. Don't quote me, I'm not certain. 2016, 2017. In terms of trade partners, Saudi Arabia dropped to number three in terms of energy with China.

And China's like literally the world's largest trading partner for everybody. It's the US's largest trading partner, Australia's largest trading partner, it's Europe's largest trading partner, it's ... It is the Behemoth out there. I mean, at the moment, it's what? It's about 15% of global GDP.

So anyways, that's, you know, they were significant. And they've built up those contracts. And again, and then there's another factor. As they started trading as oil contracts in Burundi, which also gives them a lot of flexibility in managing their currency exposure. Because, as you know, if you get the currencies moving against you, you can get wiped out pretty quickly. And we've seen that before, like in the Asian crisis, right?

Mike Alkin: Yeah.

Chris MacIntosh: So they're smart. They realized that these old significant issues that they gotta try and de-risk. So they built all of these sort of, as much as they can, these economic moats and relationships around the world. But, and in, at some point, there is a risk that alliances need to be made on a political level and not just an economic level in order to protect those economic interests. The two are intertwined and you can't, you can't get away from that. That's just the reality.

So at the moment they have very strong economic alliances throughout the world, especially in Africa because they've been looking for resources. But all over the place. And so, if push comes to shove, and increasing we're seeing that, literally daily, there is the risk that that this gets a little bit more out of hand. I mean, you know, I trade as a [inaudible 00:52:13]. I was just over there a couple of weeks ago. And I'm looking at Australia and then looking at the numbers there and, philosophically, I guess, the Australia has always aligned with the US. But if we just look at the trade numbers, they're aligned with China.

So tell me, Mike, what happens if the US turns around and says, "Well, we're putting all these sanctions on China and we want our allies to follow." So they turn around to the Australian Government and they go, "Well, we don't want you guys to be selling goods to the Chinese or we want you to join us in punishing them with tariffs," or whatever. Some sort of policy initiatives. What do you do if you're the Chinese ... Sorry ... if you were the Australian Prime Minister? That's a tough one because-

Mike Alkin: It's a tough call because your economy depends on them.

Chris MacIntosh: Your economy depends on them. To a large extent, your defense has been depending on the US. So you've got the situation where it's like the largest military power is still the US, but the largest economic power is China. And me, here's the thing. Many people don't realize this.

I mean, I was having just a bit of a joke the other day. I was sitting in a business lounge. I'm at the airport and I was chatting to ... There was a couple of businessmen there, Americans. And I wanted to just test this, 'cause I haven't got any empirical evidence about it, but I suspect it's consistent. And I said to them ... They were doing These were guys that were doing business in China. And I said to them, "What's the biggest economy in the world?" And they're like,

"Well, it's still the US." And I was like, "Ah, okay." I said, "Well, what are you seeing in China?" "No, well, it's, you know, it's growing and it's really, you know, it's going ahead," and all very positive.

And I said, "Well, you know, how do you see things moving forward?" "Oh, well. You know, they're gonna become, you know, the ruling power for sure economically." And I said, "What's your timeframe?" "Oh, I don't know. Maybe 20 years?" And I, 'cause I've been looking at the numbers. So 2015, China became the world's largest economy measured by a purchasing power parity which, by the way, is what has always been the relied-upon metric.

Mike Alkin: Not the absolute.

Chris MacIntosh: I don't remember, but at the time when that came out, there was all sorts of hoo-haw and there was a lot of economics at Harvard and stuff going, "Oh, no! We shouldn't measure by purchasing power parity any more. Because it's not fair. They've got like 1.4 billion people and so we should measure it by something else." And it's like, at the end of the day, it doesn't matter. That's what they always bloody measured it by. If you change a measurement, statistics presumably change the fact that this is where things are headed.

So I kind of found it interesting because here was a group of ... There was four of these guys. They were all businessmen doing business in China. I said these were the guys who extensively should know a lot more than your average Joe who's not even been to China. And they still believed that America was the largest economy. And, furthermore, they believed that China was gonna only become the largest economy in like 20 years' time.

And so there's a big divergence between what is already here and what is the common-held view. And I think that's quite dangerous. If we get into more conflict, and that can be conflict on an economic front and which, again, almost always translates into some sort of political conflict too. And I sense dangerous just because it's very easy to make miscalculations when you don't understand what is actually the reality on the ground.

Mike Alkin: Well, when you think about the creation of a Chinese-Russian entente, if you will, in Central Asia. I mean it eventually places a huge swath of Eurasian landmass under the influence of these two countries, right? It's ... You're never going to have Russia being the, you know, flag carrier for Beijing, right? Russia's too proud for that.

Chris MacIntosh: Yeah, but they don't need to be.

Mike Alkin: But they don't need to, right? With this Belt Road initiative where China can really exert its influence in Central Asia, and Russia plays the role of ... protection in that part of the world for them. And it just expands China's global goal and it consolidates Russian power in that region, and very stabilizing for the region.

And, you know, that has farther ramifications when you think about it. I mean, when you have a system that's designed to control a large resource-rich swath of the plan, where two leading superpowers, you know, can enforce their model. I mean, that has far-reaching implications. Not just in that region, but around the rest of the world. And that's kind of, some of the things I'm trying to think through, versus the day-to-day movements of the market because of a headline about the British boarding a Russian plane when it lands at Heathrow or something else. It extends farther beyond that.

So when you think about that, how do you express that view? When you're thinking about it from an investment standpoint?

Chris MacIntosh: Okay. It's a very good question. Firstly, we've got a country which is hungry for resources, even when it's growing modestly, it's growing at sort of twice the pace of any of its Western contemporaries. And that's, you could look at that like this little island that I'm sitting on now, where there's literally no people. We could grow it at like 30% a year and we wouldn't have any impact. Because we're empty. There's no one here, you know?

Mike Alkin: Tell people where you are.

Chris MacIntosh: New Zealand. So which is why I like being here, but no. But when you've got a country with 1.4 billion people, even 1% of that is significant. Just by its sheer force, it's like a massive asteroid as opposed to a pebble. And so that's, you know, on aggregate it has a very very powerful movement. So I'm not ... I'm very wary of that with respect to what they need and what they can achieve.

So there's a couple of elements. If I'm gonna like dig down into ... Let's dig into, you know, where would you allocate capital? So one of the things that we've been looking at, a lot at, is renewable energy, for example. And so, in the renewable energy space, China spends more money than any other country on the planet in that space.

It's the largest generator of solar power, bar none. In fact, in all its output in 2016, it's got like the world's largest floating solar farm. You know, the fact is that they have a terrible pollution problem. And they realize that that's ... also can potentially be a civil issue for civil strife and things of that nature, and so there very cognizant that they're gonna have that. And they don't want another Tiananmen Square. I mean they don't want to ... they wanna have a happy populace.

Mike Alkin: That's why you see renewables and nuclear power in China growing.

Chris MacIntosh: Exactly. So those are kind of obvious sectors to look at. And forget about like the noise that you get out of, you know, the waste with, you know ... I'm gonna laugh at companies like Tesla which is just ... I mean, it's completely inconsequential when you look at what they're doing compared to what China's doing. And no one's really paying attention to it.

Anyways, so that's really significant but I mean, coming back to what we discussed at the start, which is low risk, let's just pick on solar, which is Altenergy. I mean one of the things that I managed to look at, and this is a consequence of running a venture capital for a number of years, is I look at capital flows in different stages of the sovereign economic cycle. And so what you often find, Mike, is that capital will go into a sector early, and like venture capital space, and then you'll have a boom, and then you'll get like your IPOs and then you'll get your listing of ETFs and index funds, and all that kind of fun stuff. And then, that's the end. Because that's basically investment bankers just selling the last round or remaining dregs to retail in a nicely packaged format. And there's no more capital and that's the end of the value actions and sully, and everything crashes. And that's what we saw with uranium. And that's what we saw with Altenergy. So 2005, '06, was massive amounts of capital going into the VC space in Altenergy?

Mike Alkin: Yeah.

Chris MacIntosh: 2007, I don't know if you remember. We had carbon trading credits in oil?

Mike Alkin: Yeah. Sure, sure.

Chris MacIntosh: And I think it was at the same time that Al Gore came out with his nonsense movie. Or was it the inconvenient truth? Anyway, so you had all of this, this-

Mike Alkin: That was after he invented the internet? Or-

Chris MacIntosh: Oh, yeah. Of course. Yes.

Mike Alkin: Yeah, okay. Yeah.

Chris MacIntosh: Yeah, yeah. Can't do it all at once. So, and in 2007 was the listing of TAN, the solar ETU. And that, Mike, was the end.

Mike Alkin: Yeah, fine.

Chris MacIntosh: And then, so you know, you run a graph of TAN from 2007 through 2000, now today. And it's this wonderful ski slope. I mean, you need to put your helmet on, but that thing would have been a very very fast downhill run. And then we lost about maybe 90% of the value of that thing.

Anyways. So that's kind of your cycle that you go through. But what the really super cool thing, and we alluded to this before, as happens in any of these booms is that all of their infrastructure, which gets belted off. And it gets built where it doesn't make any bloody economic sense. Like the stuff that was getting built in solar and wind, and all this kind of nonsense, in the boom, made no economic sense.

And it doesn't matter because all of that infrastructure then gets utilized as your base coming out. And that's where we're at today. We have all of that infrastructure which was built, but guess what? The CapEx doesn't matter, 'cause it all got wiped out and all of the poor monkeys who bought the stuff, they got harnessed. And so, now you've got this baseline which is perfect for margin expansion and you've got like an initiative, not just in China, but across the world with respect to renewable energy and everything else. And it's actually economic.

Anyways, so that's kind of ... but China's very very heavily influencing that space, aside. And it's also the consequence of the fact that, if you go to Beijing today, you gotta chew the air before you can swallow it and that sucks. So they are addressing all of those issues.

In a roundabout way, I wanna ask you a question. So ... 'Cause this is something I've been debating a lot. And it's as a consequence of, you know, trade wars and things like this coming out, which I've sort

of been saying since 2016 we were likely to get and, you know, I'm still of the belief that it was July 2016 when we had a top in the bond market which was when we had about 13 trillion trading negative. And everything since then has been really in the other direction.

And part of that is also as a consequence of these political changes because you're not gonna get the coordination at that central bank level that we saw in the GFC. Like, seriously, do you think that Trump and his administration today would help bail out Chinese, Russian, European economies, if they need it? It's just not ... That dog won't hunt, and vice versa. And that means that you're gonna get this lack of coordination at Central Bank Liberal and that creates volatility, and volatility is also in the bond markets, it ... There's a feedback loop between volatility and risk. And often people say, "Well, volatility is a consequence of risk." And it kind of is, but there's a feedback link between the two of them.

So the point is that the narrative is changing, has changed, and there's a bit of a catch-up there. Now, if we couple on top of that the fact that we've got these trade wars going on, and then if we think about resources ... 'Cause we've talked about resources. Now, in an environment where you've got trade wars, that's fairly on the ... Ostensibly, it's very bearish for global growth. Okay? And so then you can say, "Well, commodities shouldn't perform particularly well in an environment where global growth is at risk because you've got less trade going on, you've got, you know, even potential wars breaking out." Like that's, you know, this is ... it's hard to make a judgment call, then global growth is gonna accelerate under those sorts of conditions.

And so, I've heard a couple of very very smart commentators mentioning that we're gonna see deflation, because debt deflation is almost always what ... Debt reduction's almost always deflationary. And if we look at it from a corporate level, that's true. So like when you've got a big ... Again, well I'll take the uranium sector. Big dip, doubled up, da da da-da da. Play it out in the debt, it's deflationary. I mean that's just, that's certainly the case. And there's a case to be made for that, but when we're looking at the situation today, we're talking about sovereigns. And sovereigns, I think this is where they're getting it very wrong because sovereigns are not gonna pay off their debt.

If we look at history, there's ... they don't ... If they're pushed to it, and if it's certainly with the levels of [inaudible 01:06:54] that exist today, they're far in excess of anything that we've seen. I think too the idea that that needs to be paid down, especially when in the West, and even in China, we have a demographic situation which is such that that is, in itself, deflationary because we've got the baby boomers retiring and so on and so forth. And so they're a back dragging capital and they're not spending, they're not investing. All of those things are deflationary by their nature, but if we go back to the governments themselves, certainly they don't have the ability to pay that down. And if we look at history, they can inflate it away. And that's very inflationary. It's not deflationary at all.

So that's one element that I've been struggling with. I'm not struggling with, but it's just, it's kind of one of the pieces of the puzzle, I guess, on my board here. And then that's ... Okay, given the situation, well, okay, let's rewind the clock again to 2008. Post-2008, we had this central bank coordination, whereby everybody did the same thing. Prepare the balance sheets, quantitative easing, those things. I just put in, drop swap lines that literally did everything that they could to reliquify the system.

Now, in that situation, I look at it and it's like everybody did it. Japan. Japan was already on that path. They were already doing that, okay? So then you just had the Bank of England, the ECB, and the Fed, all doing the same thing. So now you had this culmination across the main players in global capital markets. And they were all doing the same thing. Now, when everybody's doing the same thing, there is no exit valve. Like when you had the Mexican peso crisis, the exit valve was the US dollar. That's easy, okay? The peso goes to hell in a hand basket. The dollar, you know, soaks it up. And there's an exit valve for people. And everything gets readjusted. And that's how Europe used to work prior to the Euro. Like you would have Greece and Italy and these countries who would periodically run up debts, and then they'd devalue the lira or the peso or whatever it was, and you'd restructure. And that's how you kind of had this flexibility in the system.

And we've not had that flexibility since '08 in major markets because you can't move capital. Like if you're a big money manager, moving just cash allocations or bond allocations, you don't have the option to move it into Norwegian krone, into ... Like you can't. The market's too small. You're literally stuck with euro, yen, dollar.

And so when you're looking at euro, yen, dollar, they're all in this, sort of, this bad situation. So you just take home, you know, the least ugly shirt at the end of the night, and that's just the way it is.

Now, I'm suggesting that that's all changing very very quickly because those exit valves are now opening up. The Fins raising rates. They're gonna continue, even if they don't, even if they just hold steady, there's already a gap between European policy and OECD policy, and fake policy.

And that creates volatility, and it creates an exit valve. So I'm actually quite bullish on US bond assets. I'm not buying them, not by any stretch of the imagination, but just kind of looking at the ramifications of how that flows through. So, because there's a yield differential. And, increasingly, as we get more and more trade wars and things of that nature, those divergences are gonna be exacerbated. And those policy ... the guys at the policy level, are not gonna accommodate. And that's really significant.

Mike Alkin:

And so it sounds like you're coming down on ... in the inflation camp.

Chris MacIntosh:

I am. And the reason that I am, Mike, is because there's ... If you go and you think about how any country in history, in the past, has paid off debts or got themselves, shall we say, out of an indebted situation, they've been forced into it, where there's been an exit valve.

So like a really prime example is Zimbabwe back when they blew the place up. And the people ... Look, the exit valve was South Africa ran on the US dollar for the most part. And that's cool. But then they also had capital controls, so you couldn't actually take capital out of the country. People were smuggling it out and all that stuff. But, by and large, you had a lot of capital was trapped. And that trapped capital went into anything that literally held value. So, as a consequence, that are the Zimbabwean stock exchange ... stock market, should I say, went through the roof on a Zimbabwean dollar basis, okay? Because you would rather own a company that you knew had assets and vehicles, and stuff, than you would the Zimbabwean dollar.

I mean, I don't know how many people were buying ... There was this one guy who was buying fridges, because he was an electrician and he understood fridges. And he's like, "Look, I'm never gonna hold value here," so he had the whole warehouse full of fridges. That's ... was nuts, but like ... You know. Anyway. So the point is that you, you know, you have a move to tangible assets.

Now, the question that troubles me is what do those tangible assets look like in a world where dollar, euro, yen, are all shit? And we know it.

Now, and you realize that they can't all move. Like if you're moving billions of dollars and some big fund managers are, you can't go and buy fridges. And you can't buy a Norwegian krone. And you can't even buy resources. You can buy resources, but you can ... Like you go to the risk by cross, 'cause like the gold market's tiny. And, you know, many of these markets are very small markets. So, but what I think is that the deflation argument is wrong, because the governments are gonna inflate. They're not gonna pay back the debts. So that's quite significant.

Mike Alkin: So how does that ... So, as a contrarian, looking for asymmetry, where does the commodity complex come into your thinking here? With the view that you hold?

Chris MacIntosh: Well, again, it comes back to what we said at the start. The first step in the process is to look at risk and say, "Where is the lowest risk?" And so if we look at a number of the commodities in that spectrum, they've been decimated. The supply-demand fundamentals are favorable at the situation.

You could make the argument, and I've made the argument to myself, because I argue with myself.

Mike Alkin: Oh, I thought you won?

Chris MacIntosh: It's a valuable exercise because, look, we're always wrong somewhere, Mike. And you go to try to find out where you're wrong.

So the argument is that level growth will stall, falter, have trouble, as a consequence of trade wars and any other sorts of, you know, ramifications of that. And then you say, "Okay, what does that look like?" And then you reevaluate and say, "Okay. Well, you know, what does this particular sector look like and what are the ..." you know. So let's go back to uranium, 'cause you're an expert and you know that space very very well.

So we could make the argument and say, "Okay, well global growth's not really good. How is that gonna affect the uranium market?" Well, for starters, much of that space, these initiatives that are being ... You know, nuclear plants, et cetera, that are being

built, are hugely capital-intensive. When you're a few hundred million dollar in, the likelihood that you're gonna turn around and turn the thing off is fairly low.

Mike Alkin: You're in. Once you're in, you're in.

Chris MacIntosh: Exactly. Like you're married now, right?

Mike Alkin: Yeah.

Chris MacIntosh: You have to deal with it, you know? She's probably putting on a bit of weight, but too bad, man. This ...

So ... And then the second thing is that if you look across that spectrum, I think a lot of these things become politically sensitive.

In order for China ... Let's go back to China. In order for China to achieve what China wants to achieve, they need to secure those resources. And they've been doing it across Eurasia and across Africa. So they've become politically sensitive. And the most politically sensitive in any of these things is always energy. Always. And then if I look at the energy spectrum and if I look at that change over the last 30-odd years, oil's making up less and less of a percentage of that. And again, that's as a ... part of that is a consequence of that Alternenergy boom that we discussed, and the fact that that is actually now economical to the extent that it was never economical before.

And so uranium ... I mean, we talked about, you know, electric vehicles and things of that nature, and you know, that's like, that's a big topic that people are talking about now. But the fact is that China is the leader in electric vehicles, bar none, in the world. Like, I mean, people have got no idea until you travel and you have a look at what's going on. I mean, it's ... They're producing more electric vehicles than any other country in the world. They are building out all the infrastructure to ... for their entire transportation grid in that space. And then you say, "Okay, well, clearly that's happening. What are the commodities that are impacted," or, "What are the commodities that are utilized in the formation of that infrastructure and those motor vehicles, and everything else that goes with it?" And you come back to things like uranium. Have they got ... Like uranium sells as tiny ... What do they call them? They're like, literally, Mini Nukes.

Mike Alkin: Yeah, yeah. Small modular reactors.

Chris MacIntosh: Yeah. And then you look at-

Mike Alkin: Your time.

Chris MacIntosh: We've been all over Cobalt like a fat kid on a cupcake for a while.

Mike Alkin: Well, think about vanadium and the impact that just China itself is having. Vanadium is a ... It's a byproduct of some uranium mines. And it also, its main use forever has been to strengthen steel, and about 10% of all steel that you use, use vanadium. And it was trading at a couple of bucks just a couple of years ago, and now it's sitting at about \$14. And that's China and battery storage, because it's the next generation of battery storage. It has something called a vanadium flow battery. And we're seeing there's not enough vanadium in the world. And so, as alternative energy expands, you need more battery storage that could be more cost effective. And vanadium plays a role in that. And also from a Chinese Government standpoint, they've also put in some regulations that require the use of more vanadium in steel processing. So it's impacting that.

But there's a commodity a couple of years ago. Even now, if you mention vanadium, most people have never heard of it. But you-

Chris MacIntosh: No, no.

Mike Alkin: It's price, you know, go up five-, six-, seven-fold in a couple of years.

Chris MacIntosh: And we're seeing ... I mean, you and I spoke about this before, and then I've written a couple of articles about it. Like this enormous project in that space taking place. You know, and we're not talking about, you know, a few million dollars. We're talking about hundreds of millions of dollars, billions of dollars.

And so, yeah. So it's kind of looking at that, all of these sort of moving pieces, and then trying to drill down. 'Cause you can look at, you know, China, and go, "How old, you know, is the currency that you buy," and then you look at there's also problems with the currency. And I don't have a strong opinion one way or the other really. I could easily sit down and give you a narrative as to why I think the renminbi would do well. And I could also easily sit down and give you a narrative as why I think the renminbi could do badly.

Mike Alkin: Right.

Chris MacIntosh: Okay. And so, it's just there's no asymmetry there for me. And that doesn't mean there's so asymmetry. It just means that I can't figure that one out. And so you kind of look through different elements of the economic cycle, what they're trying to achieve. And then you find, you know, where ... Again, electric cars. Do you go and buy an electric car company in China? Well, they're not actually that cheap, right? So, no. I mean, it doesn't mean they're not gonna go up. I think you could probably make some money in them. Fine. All right. But, so it's kind of going different levels and just trying to find where the most, where the greatest asymmetry lies.

I think most of that asymmetry actually lies in the commodity space of the assets. And again, and there's two factors here. So, like there's just, you know, there's just us looking and saying, you know, "Electric vehicles are going to be something. And they are something that the Chinese are attacking and going after in a very very big form." But the other, sort of more global macro perspective is such that we've got this geo-political environment that's very risky right now. And these debts that have been built up, again, lack of coordination and policy, they've all ... all of these sorts of factors, and then I would say, "Okay, well, if we have problems breaking in that system," and like right now, the market's already giving us indications of that. LIBOR has been on the rise since 2016 and it is just going parabolic and it is not-

Mike Alkin: It's up in the air.

Chris MacIntosh: Yeah. It's not changing. And then something very fundamentally ... Look, there's things happening there. Now, sure, I think a bunch of that is probably around tax initiatives that Trump's put in, and you've got a repatriation of capital. So there's dollars being sucked out of the system. Right? So there's a dollar liquidity problem. Okay. Because there's still most of the world is financed in dollars, and so you take dollars out of the system, and financing becomes a problem. And there's a whole list of ramifications that come as a consequence of that. And we've been looking at a lot of them and trading around them.

But the point is in this whole, like structure, everything that existed post '08 has changed so substantially. And then you think, "Well, where do you go to in an environment like that for, on a relative basis, for both risk mitigation and profit?" And I come down on

things, on certain commodities, not all commodities, 'cause they're not all made equal. And then you give, even things like bitcoin. And bitcoin's super risky on that front. But bitcoin's interesting in that respect as well, because it's ... actually follows the same cycle that I talked to you about with Altenergy. Right?

So the most capital win, 2015 ... 2014, 2015, the VC capital block chains base. That's where it went, okay? Now this 2016, 2017, was a call of IPOs. They were called ICOs, but same thing. Fine. Okay?

Now all of that infrastructure that's been built was 'cause there's been hundreds of millions of dollars, right? And some of that's just gonna blow away and fine. And probably 90% of those thing are garbage anyway. That's cool. If people are silly enough to invest in them, go for it.

But the point is that a lot of infrastructure for that whole, you know, digital economy is being built. And, coming out of it, we're gonna have a potential for a phenomenal boom again. And there'll be where nobody even thinks that they'll literally have written off bitcoin and all these old currencies. They'll be like, "Ah, this is all gone and it's a waste of time."

And it'll be literally be like Amazon. You go back and you look at Amazon in 2000. It ran from like 20 bucks to what? 150. And it collapsed all the way back down. Everyone was like, "Oh, that's it!" You look at a chart of Amazon today, and you can't even see that bump. It doesn't even look like, I mean, we're over 1,000 and you can ... It's a tiny little bump. And that was the same cycle. Now, I'm not saying bitcoin's surpassed it. I don't know. But that space looks very similar, and then that's, I believe that's where we're going.

So ... But it also is much ... it has been much faster in that digital economy than it has been in like resource economies. That whole cycle has been contracted now to stay contracted. And does it happen quicker? I don't know. But again, when you look at the asymmetry side of it, and when you look at the global economic situation, there's a decent case to be made that where ... And now exit valves start opening up as a consequence of a lack of policy coordination at central bank level. And where you don't know what else to freaking buy because, you know, Europe looks like they're a mess, and the US has got trouble, and like, you're just looking at this going, "Hang on a second. Do you even wanna own currency? And what currency do we own?" It's a very different world to look at.

And if I go back and I look at what's happened in my experiences in third-world countries, and when you have pretty much the same structure, people want stuff. They want liquidity. And they want security of assets. And there's nothing there in terms of security of assets and real stuff.

Okay. So, there's ... is ... commodities fit that pretty well. Interestingly, energy ... 'Cause we did an analysis on this a couple of weeks ago. Energy beats out things, like the gold, people go, "Oh, we buy gold." Well, not necessarily. Gold does well. But it doesn't do nearly as well as energy. Energy is the biggest driver in that space. Because if you can't go there—

Mike Alkin: How are you ... do you play energy, Chris?

Chris MacIntosh: Well, the way that we then we keep ... Again, I keep arguing with myself. So I might change that opinion. But if we look at oil. Oil's ... Look, [inaudible 01:26:08] right now are at fairly extreme levels. I think we could easily have a pullback in oil.

However, if I look at the oil sector, and if I look at offshore oil, offshore drilling, for example. That looks very similar to the uranium space. There's nobody left. It's priced as if we will never ever get oil from offshore sources again. And today, Mike, not 30% of oil comes from offshore sources. That's a not insignificant amount of bloody oil. And sure, we're gonna have Altenergy come in and all, but like we're not gonna get rid of oil just yet. So that's a very interesting space.

Mike Alkin: So you're talking the drillers and the companies that service those drillers?

Chris MacIntosh: Yeah. And again, you look at most of them and they've been restructured. You've got companies that all of the debtors have become equity holders. They're being wiped out. Like anybody who owns these things is either really really pissed off, or they're new. And no one's selling. And they're profitable, and they're profitable at what are, not particularly great prices. So that's an interesting space.

Mike Alkin: And left for dead.

Chris MacIntosh: Yeah. Of course, uranium is another one. Solar. We're invested in some stuff in that space. Again, the dynamics of that market are very favorable now.

- Mike Alkin:** What are you staying away from? What scares you?
- Chris MacIntosh:** The big energy companies because, for the most part, they got sucked into the passive investment space. So where we've had this movement of capital from active to passive?
- Mike Alkin:** Mm-hmm (affirmative).
- Chris MacIntosh:** We've had all of these ETFs and indexes, and all that kind of nonsense, get set up. And then we've had [inaudible 01:28:02] trade them which, you know, the whole ... It's the low-volatility trade, right? The low-volatility trade. And so your utility companies, for example? All typically exhibit lower volatility than Google, Apple, Microsoft, Facebook, whatever, right? And so the argument goes like this. Well, if you've something that pays off at ... 'Cause mostly it's the dividend payers, right?
- Mike Alkin:** Yeah.
- Chris MacIntosh:** If it pays off a dividend, and its volatility is half of typical equity, well, isn't the thing sort of like a 50% bond?
- Mike Alkin:** Yeah.
- Chris MacIntosh:** You know? And it's like-
- Mike Alkin:** And if people get run over thinking that.
- Chris MacIntosh:** It's like ... Yes. Yeah. I won't even point out-
- Mike Alkin:** Then, when things start going up, and people rotate out of those, good luck, right?
- Chris MacIntosh:** Yeah. Exactly. So that's where we're staying away from in that space. Because the valuations are silly. And they're silly as a consequence of those companies having been included in indexes and ETFs, and the like, which get bought automatically by dumb money, by passive ... all those strategies, which just say, "Hey, volatility in Exxon Mobil is blah. Buy it. Oh, it's gone." And in buying, because they've been buying it, it actually decreases the volatility, right?
- Mike Alkin:** Yeah.

Chris MacIntosh: And then, because the volatility's lower, it says, "Now allocate more to that because, on a percentage basis, that volatility is lower than this other company over here." And so it puts more money. And so you get this wonderfully stupid setup, where you've got so much capital going into these, anything that's low vol. And they don't even care if it's utilities or if it's energy, or if it's email peas in the freaking property sector. It's just, you know. So I'm just staying very very far away from those. I think over the next decade they're gonna seriously underperform.

Mike Alkin: Oh, you know, you just said something. Decade. What's your time horizon? When you're looking for out-of-favor assets?

Chris MacIntosh: That's a good one. And it's important because I'm not a trader in a short timeframe. I'm more than happy to buy something and sit on it and see it go nowhere for two years.

Again, if you go back and you say, "Okay. What's my risk? If I've got ..." Let's just take the offshore drillers and transportation companies and shippers, and things like that. You got companies now that are being restructured. They're at the bottom of the cycle. They're profitable. So they've got like no debt. Almost no competition. And do they go up in the next six months? I really don't care, Mike, and I don't know.

Mike Alkin: Well, what you're trying to figure out is how far down can they go?

Chris MacIntosh: Yeah. And I'm looking at them and I'm like these are ... You get this weird setup where they're actually deep value plays. Like the kind of stuff that, you know, Buffett would be proud to own.

So, to answer your question, it's five years, at least.

Mike Alkin: Okay. So how do you ... One of the things we run a risk of, being contrarian, is a couple of things. One is you fall in love with your thesis. And, like you say, you're always arguing with yourself. I do that every day on uranium, and any other ... in long investment that I have. And the same on short side.

Now, one of the things though, as contrarians, you run the risk of falling into value traps.

Chris MacIntosh: Yeah.

Mike Alkin: So, I talk about a value trap and what you do to guard against those.

Chris MacIntosh: Yeah. So ... Well, let's use a ... If there's something that we own, which may or not be a value trap. I'm still ... I think it may be. It possibly is. And there's a lot of ramifications around it. Gazprom. 'Cause ... And Gazprom, you look at all of the metric, and you're like, "This thing's-

Mike Alkin: But, by the way, for listeners, that's the Russian, that one, I guess, company.

Chris MacIntosh: Yeah, yeah. So, Gazprom could be a value trap. And a value trap because on the face of it you look and then you think, "This is ... Shit, this is really cheap and you should buy it for any number of reasons." It's a trap because it doesn't ... It's never gonna get expensive. And it's never gonna get expensive because it's run by oligarchs and because they're gonna suck all of the capital out of the company. And, you know, buy jets and whatever else, you know. So that may be the case.

Now, again, if you say, "Well, why would you get into that?" Well, if you come back to the first metric, which is, "What's your risk?" Like your risk, if you bought Gazprom for the last 10 years, like you wouldn't have lost a huge amount of money? But then, you wouldn't have made any money.

Mike Alkin: Right.

Chris MacIntosh: You just got annoyed. You're just prosecuting. You just got, you know, pissed off.

Mike Alkin: Kind of like [crosstalk 01:32:59] saving cash for the last 10 years.

Chris MacIntosh: Yeah. Yeah. And so, you know, I'm not sure how this ... Look, there's so many different factors that come into it. So like, with Gazprom, you know, this is ... Like if you wanna buy Russia, and you wanna buy a capital shift into Russian assets. Because right now Russia's probably one of the cheapest markets in the world. And it's probably one of the cheapest markets in the world because people don't understand it. And I'm not pretending that I do. But I do know that most everybody I talk to does not understand it, and they-

Mike Alkin: And they don't even wanna hear about it.

Chris MacIntosh: And they don't wanna hear about it. And so that's interesting in and of itself. But we also know that they are like an, basically an alliance member with China. So they're gonna be selling ... This trade's gonna happen. It's not like this is Venezuela. It's not.

Mike Alkin: I've seen a number recently, where trade, it's supposed to increase from like 80 billion to 200 billion over the next ... just couple of years.

Chris MacIntosh: Yeah. Yeah. Yeah, yeah. We've probably been looking at the same sort of data.

So then I look at that, and I go, "Okay. If that's gonna take place, we're ..." 'Cause I'm not gonna sit here and try and figure out the small-cap companies in Russia. I'm not that guy, okay? So how do I try and get exposure to that-

Mike Alkin: You don't wanna be that guy, by the way.

Chris MacIntosh: No. Look, I've got friends that have worked over there and it's ... Look, that's an entire specialty all in of itself. And I've got friends who do dig into that stuff and they'll often, you know, provide me with information. How you should look at this and that. And I've learned over the years to limit my time spent on that stuff because it doesn't give me ... I can get much better payoffs just looking at the broad themes, finding stuff.

Look. We can ... What you're doing with uranium, Mike, is a perfectly ... it's a perfect example of how this should be done. You've got an entire sector that's been able to [inaudible 01:35:15]. You're picking up what? 20, 30, 40 maybe max companies? You're buying into those in the most favorable terms that you can so that you can often liquidate out a bunch of the capital and hold warrants, and things of that nature. And so you're diversifying across a sector that's been ... that's, by most any argument, we can say has a very decent probability of going the right way. And if we're even half right, it's gonna be multiples, not just, you know, double-digit returns. So that's cool. And that's the way to go about doing it.

So, if I go back to like the Russia argument, say, "Well, is there asymmetry? I think there's a very good potential that, yes, there is." Because it's not just like ... It's not that something's gonna go up or down. It's like things nearly just get not that bad in Russia. And stuff can double. Like, 'cause everybody right now just thinks it's a complete basket case. It's like, "Are we ever gonna trade with

them?" It's just, you know, "Putin's Satan." And so the narrative is very important to kind of understand and then see how that narrative's priced. Because if the narrative gets even slightly less bad, then, you know, that could be quite good for you. So-

Mike Alkin:

Chris, you say something so important that I focus on a lot, is the existing narrative. And, you know, I think about, just like in the US market right now. It's trading at near all-time highs and you've seen ... you have 40% of, I think, the Russell that's exposed to light more. Which is going up so ... and they need to refinance. You have that risk. Revenue growth is paltry. Margins have already expanded over the last several years. And the last bit of what you've seen from growth has been a lot of share buybacks, driven by borrowing at low rates.

And so there's a lot of good stuff priced in. And whether trade wars come to fruition, I don't know. I can make the argument, trade wars are not good for stocks. Other people wanna say it's not that big a deal. But what I do know is where the narrative is now. So much good has to continue to go on for stocks to keep moving that much higher.

And you talk about risk reward. Asymmetry. And, for me, like when I think about the US market, I think about the stuff that's creeping into it that, just a few months ago, wasn't there. That's shifting the narrative. And that changes your risk reward. And you have to constantly look at what that narrative is.

And when you're talking about Russia, right, everyone hates Russia. Like you said, "Everyone says, "Putin's the devil." "What if he's not? What if he is, but things on the margin get a little bit better, and you have one of the world's cheapest stock markets?

Chris MacIntosh:

Yeah, you know, it's like I think about China. So like the Western viewpoint is that we proved, after the Cold War, that the model is two things: Capitalism and democracy. So the Western theology is such that, "Hey, we proved it. Like are you guys all fucking stupid? That's how it should be." All right?

Mike Alkin:

Yeah.

Chris MacIntosh:

And the Chinese don't care about that. So they are capitalists, if you wanna call it that, but democracy for them is ... Anybody who thinks that democracy's coming to China is just not paying attention, at all. 'Cause that dog won't hunt. It's not happening.

Mike Alkin: Nope. Capitalism is.

Chris MacIntosh: Capitalism. And I'd like to say, and Jamie mentioned this the other day, mercantilist. They're mercantilist. That's probably a bit of, sort of-

Mike Alkin: Yeah. That's right. That's right.

Chris MacIntosh: ... terminology [inaudible 01:39:17]. So, and then things are priced accordingly. Like everybody ... Like if we took South ... Let's say Venezuela. Venezuela turn around and say, "Oh! We're gonna become a democracy." The market would go up. It doesn't necessarily mean that it's gonna get any better.

Mike Alkin: Right.

Chris MacIntosh: I mean, just India is a democracy. I mean, it's been growing all right, but it's way lagged behind China. And there's very good reasons why that's the case. Because it's incredibly ... There's a whole lot factors. We won't get into it. But, so ... So that's ... That's this kind of narrative around what things should look like. I mean, they get priced according to if they do look like that. And that's where you look for those divergences, where the narrative is, either just fundamentally wrong or it's coming out of kilter.

And something Russia could potentially fit into that space, where the narrative is just that wanna invest there, but I'll invest in anything if it's cheap enough and if the risk reward is sufficient for me to make that case.

So that's kind of one thing to think about. The other is that the whole world order is changing. And this has been the case for a number of years now. There's been a couple of commentators who have kind of picked it up and it's all around this sort of China story. And there's the ... China's bringing into this fear of influence. Most ... much of Asia for sure. And we're seeing that in the South China Seas and-

Mike Alkin: Yeah, absolutely. Oh, absolutely. And their alliance with Russia. I mean, they're fortifying themselves.

Chris MacIntosh: Yeah. And then if I look at the, you know, because I've traveled to [inaudible 01:41:14]. And I'm trying not to over the last couple of years, but ... And I lived in Asia for a while with my family.

The one thing that really stands out for me is that Asia's just growing. It's got this ballooning middle class. China's literally got them under their thumb, because they're the biggest trading partner. That's just the way it is. And like, back in the Obama era, there was this sort of pivot to Asia, which didn't ever pivot. I mean, they just literally stayed in the Middle East, as far as I can tell.

Mike Alkin: Right. Yeah. Absolutely.

Chris MacIntosh: And China likes that because that's just a quagmire. It's like just keep them in the sand and let them keep, you know, wasting time and money there while we build our influence in Asia. And that's already now gone. I mean, like none of those Asian countries are gonna pivot back to the US. That's like it's ... And, again, [crosstalk 01:42:07].

Mike Alkin: If you focus on [inaudible 01:42:08], I'll pay attention to Vietnam and the growth that's going on there.

Chris MacIntosh: Totally. Totally. So there's this entire region there that is, on its own, can trade with one another. And, you know, in an environment of, you know, shall we say global trade conflict and, you know, that's ... I'm not sure that that's a war that the West can win. Because all of the growth in the world is out in that region. That's all under one regime right now. And I'm not sure people have kind of figured that out.

And then if I look at pricing. I mean, just talk about the US markets. You look at the US markets and then you look at these markets, and you look at how they're priced. And it's like, it's as if it's the other way around.

Mike Alkin: Right. Yeah.

Chris MacIntosh: And so, there's a lot of asymmetry in that. And so that's, I think, an important space for people to be thinking about.

Mike Alkin: So, Chris, how do people get a hold of you? Obviously, your fund is closed, as you said earlier, but if somebody wanted to be the beneficiary of all that great brain power of yours—

Chris MacIntosh: Yeah. So, you know, I've got a free blog where I occasionally annoy a lot of people. And then I've got the research service, which comes out of the back of that. And so [crosstalk 01:43:22].

Mike Alkin: Is that Capitalist Exploits?

Chris MacIntosh: Yeah. Capitalist Exploits [inaudible 01:43:26]. It's .at but you can go to .com They all route to the same area.

Mike Alkin: Okay.

Chris MacIntosh: So Capitalist like, as we are, and then Exploits .at So-

Mike Alkin: I'm a huge fan of it. I love reading it. And, you know, I strongly strongly urge people to take a look at the website and your work, and subscribe. It's very good.

Well listen, I can't thank you enough for all the time that you spent. And we're doing this on a Sunday afternoon, New York time. And it's in the ... What is it? Daytime? Or where are you, Chris? What-

Chris MacIntosh: It's morning, Monday morning here.

Mike Alkin: Yeah. Monday morning for you. And I thank you for getting up early and doing this. And I'm gonna have you back.

Chris MacIntosh: Love to have another chat. It's always good chatting to you, Mike. And I appreciate your time. And I enjoy bouncing ideas off you, 'cause you've got a great way of looking at things. And it's, you know, one thing that I find really valuable with gentlemen like yourself is that you're not sort of restrained by some sort of ideology, and you're prepared to look at things from multiple angles. And I think that's one of the most important things that any investor can do today, is literally just think.

Mike Alkin: I was ... I had the good fortune of being wrong early in my career on a handful of things, and maybe more than a handful of things. And, like you said, "Boy, there's nothing ..." I've been right more than I have wrong. But when you're wrong, it's a great teacher, so it teaches you to think globally, to be open-minded, and to think outside the box. That's for sure. And like you say, "Always argue with yourself." 'Cause-

Chris MacIntosh: Yeah.

Mike Alkin: Right?

Chris MacIntosh: Yeah. Absolutely. Yeah.

Mike Alkin: All right, Chris. Thanks.

Chris MacIntosh: Well, thanks.

Mike Alkin: Well, I'll be in touch soon. And we'll have you back on.

Chris MacIntosh: Fantastic. Thanks, mate. Okay.

Mike Alkin: All right. I hope you enjoyed the interview with Chris. He always has some very thoughtful insights. I always enjoy speaking with him. I always come away smarter, and he gives me a lot of nuggets to think about. And so, I hope you enjoyed that.

Remember, you can follow me on Twitter. I am @footnotesfirst

I, really, I started using Twitter about a year and a half ago at the suggestion of a few of my buddies. And I have to tell you, I have met some of the ... some really really bright people in fintwit Financial Twitter as the nickname is. And I never thought I would be a social media user. But I find some really thoughtful ideas, some very good ... Some people who agree with me, who disagree with me. We get into little spats, but I find it's an interesting forum of education for myself, and it gives me an opportunity to share my thoughts with people.

And you can email me with suggestions. I really appreciate the email I get. It's so ... You know, you talk into a microphone and you don't get feedback. So I love the emails. Keep them coming. It's mike@curzioresearch.com

Good and bad. I'm always trying to get better. I'm new at this, at the podcast game, so thank you.

Next week I am going to talk about a subject that we had last week, and we're gonna repeat it with someone different. And a topic near and dear to my heart. We're gonna talk in-depth again on uranium. And someone who is invested in the space and has a viewpoint on it.

So I hope you have a good week. And I look forward to next week's podcast.

Thanks.

Announcer:

The information presented on Talking Stocks Over a Beer is the opinion of its host and guests.

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