

Monthly Depth Report – July 2022

Home – and Associated Investment Lessons

Over our last few Monthly Depth Reports, I've written a lot about travel. Regular readers know I spent much of last November and December in Tamarindo, Costa Rica, part of February and March in Arequipa, Cusco, Mancora, and Lima, Peru, and much of May in Medellin, Colombia. I've made friends with Charlotte the tarantula (or just came to a respectful co-existence), fought a scorpion to the death, took surfing lessons, walked parts of the sacred valley outside Cusco, hiked at 15,000 ft of altitude on a volcano, danced in salsa clubs at 3am, and toured Comuna 13 to understand how the most dangerous neighborhood in the world became a thriving arts community. For me, the process of being in new, different, and challenging environments sparks a creativity that helps me see the investment world differently. This leads to differentiated independent work, and helps me uncover ways the big firms and establishment opinions are misunderstanding key ideas.

As much as I love travel, I also value summers spent in my home of Westport, CT. It's an idyllic beach town where half the population shows up for the Independence Day fireworks, and the Chief of Police greets you with a handshake and a pat on the back. A neighbor and I just split the cost of some landscaping equipment and share use of it. Neighbors trade keys and look after each other's homes when we travel. Groups of teenagers gather at the beach and a local ice cream place, and are relentlessly kind and polite. It's that kind of place.

There are investing lessons from both places, and both lives. Sometimes, it's good to be in one place; settled and still. While I've made money owning Las Vegas Sands (ticker: LVS) many times in the past, the current version hasn't worked out well. While the process of re-tendering (bidding for a new gaming license) in Macau is going well, I didn't expect that 2 ½ years into Covid, the Chinese government would still have Macau largely closed in a futile effort to

maintain zero cases. LVS has fantastic assets that are underutilized at the moment due to government policy. For now, we think the best thing to do is to stay put and wait for that policy to change. Sometimes, it's a good idea to just stay where you are.

We've also written a lot lately on the big establishment Wall Street firms "predicting" rate hikes, recession, and economic problems long after it was apparent to us that those issues already existed. For those of you who want to understand why the news and analysis you see from these firms is so dated, we strongly recommend this [article](#) where we explain that groupthink, government contacts, and an unwillingness to tell clients the truth are behind the bad work.

We also made a key point in this [article](#) that we keep seeing headlines about the first half of 2022 being the worst start to a year in over 50 years. That's definitely the case if you've only been long the market and long tech stocks in particular. Our market short (a call made in early January), and long investments in oil (made in November of 2021) have been hugely profitable.

From that article:

The two big calls to be made in the first half of this year (owning energy and shorting the market) are the ones we got right. If you're reading our work, you're 4-7 months ahead of the big Wall Street banks. Independent conflict-free research matters. The market might be "terrible" for everyone else. Please don't feel helpless or that you don't have good investment options. We're here for you.

It's helpful to not think in terms of "good" or "bad" markets. Rather, the focus is how our clients will make money in the current environment, or based on projections for the future. It's a different outlook that the big firms use, and it's a useful lens to view the world. I suppose, there's a time for adventure combined with a different world view, and a time to stay home and get comfortable.

Most importantly, if you're looking for an alternative point of view, or you're an RIA who would value having a way to help your clients outperform a volatile market that's causing them stress

and anxiety, please feel free to subscribe [here](#), or reach out to us at IR@DeepKnowledgeInvesting.com.

At the end of the month, I had the opportunity to address the Institute for World Politics on the effectiveness of the anti-Russian sanctions. While we think the sanctions are well-intentioned, we think they've been ineffective. More importantly, they've created stress and hardship for our own citizens, and have weakened the US dollar as the world's reserve currency. We've written on that topic [previously](#), and expect to have the full video with a more comprehensive explanation of the subject available soon.

If any of you have questions, concerns, or thoughts regarding issues we should address in a future depth report, please feel free to reach out to me at IR@DeepKnowledgeInvesting.com. If you think a friend, RIA, family office, or portfolio manager would be interested in this monthly commentary, please feel free to pass it on to them.

Thanks for being part of Deep Knowledge Investing,

Gary Brode

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