February 21, 2024

THE LONG PULL: Portfolio & Thematics Update

It's quiet in our book this week. Most of our portfolio companies report either later this week or next week. And it gives us a chance to "catch our breath" and update you on our *Portfolio Thematics*.

Let's start with our Futures, Bonds, and FX bucket.

Futures, Bonds, & FX: Nikkei/Yen & Qs Lead The Way

This is our portfolio's largest notional size bucket at ~115% exposure (it's >100% due to futures margin requirements). Our Nikkei/Yen position alone is ~66% notional, which is fine because it's been our best performer (see below).

We're up over 4R in our first leg and 1.63R in the second leg. That said, we're anticipating a retrace to its midline. Stops are below the February 8th low.

Our Nasdaq 100 position, however, gives me heartburn. We're up ~1R on our combined two-leg position. And if we get stopped out of both positions, we'll still generate +58bps profit.

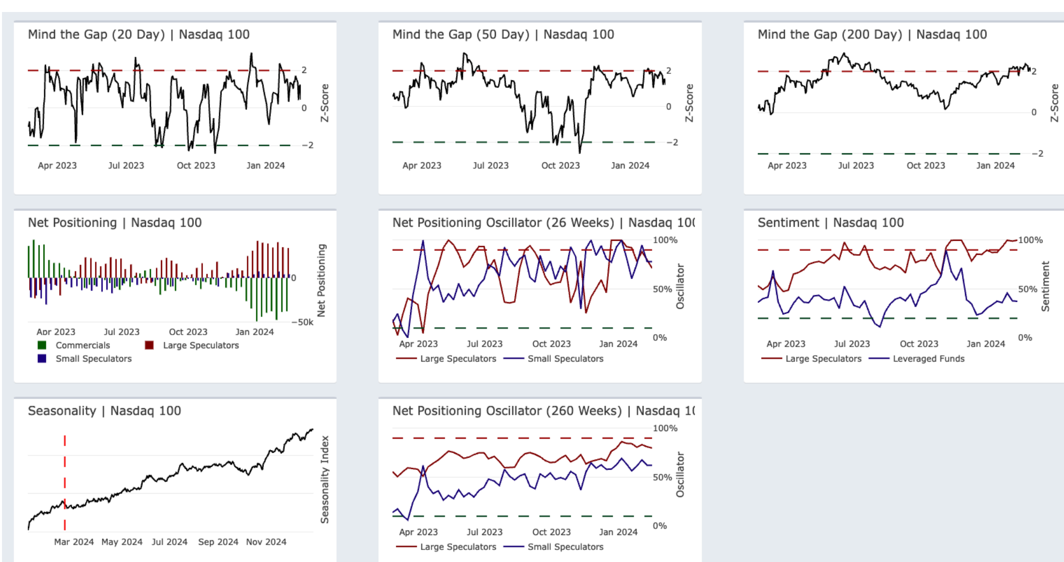
As a quick refresher, the Nasdaq 100 comprises the 100 largest companies that trade on the NASDAQ. So we're basically long Mag-7.

Nasdaq 100 QQQ Components

#	Company	Symbol	Weight	Price	Chg	% Chg
1	Microsoft Corp	MSFT	8.841	▼ 399.49	-3.30	(-0.82%)
2	Apple Inc	AAPL	8.339	▲ 181.73	0.17	(0.09%)
3	Amazon.com Inc	AMZN	5.099	▲ 168.60	1.52	(0.91%)
4	NVIDIA Corp	NVDA	5.066	▼ 680.44	-14.10	(-2.03%)
5	Meta Platforms Inc	META	4.914	▼ 468.27	-3.48	(-0.74%)
6	Broadcom Inc	AVGO	4.37	▼ 1,216.49	-10.10	(-0.82%)
7	Tesla Inc	TSLA	2.753	▼ 191.70	-2.06	(-1.06%)

Don't get me wrong, this trade has worked. But now, everyone's obsessed with NVDA's earnings. CNBC even has an "NVDA Earnings Report" countdown like it's some New Year's Eve ball drop ceremony (top?). I can't think of another company with a more highly anticipated earnings announcement, maybe ever?

I'm not screaming, "this is the top!!" But I am saying we should consider taking profits and jamming stops. Look at the latest CoT data.



Large Specs are still *very* long Qs while Net Positioning works off its highs. Plus, it's overbought on the 50D and 200D.

Technically the Qs look weak too. The index completed a rising wedge breakdown yesterday with a follow-through this morning (see below).

 Chop wood, carry water…

We took half profits today as price traded below yesterday's lows.

Next, let's examine our Equity Book, which we split into **Strategic** and **Tactical** buckets.

Strategic Equities: Uranium, PMs, Tin, and Energy

Our Strategic Equity book is basically all energy and metals or metal-adjacent companies. Energy in the form of oil and uranium. Metals in the form of tin, gold, and silver.

Let's start with uranium.

Uranium: This Pullback is Normal, But We Remain Cautious of Exposure

Last month, I wrote about my growing concern for our long uranium exposure. Specifically, I examined various ways to hedge our long U.UN trade, like shorting names like UEC or CCJ.

I also suggested taking partial profits in U.UN and reallocating to Yellow Cake (YCA.LSE), which offers more right-tail exposure on a potential buyout.

Last week, two of the smartest uranium investors – Segra Capital and Sachem Cove – increased their uranium hedging.

Here's Segra Capital's 13F.

SYM	ISSUER NAME	CL	CUSIP	VALUE ($000)	%	SHARES	PRINCIPAL	OPTION TYPE
NXE.…	NEXGEN ENERGY LTD	COM	65340P106	23,261	14%	3,323,065		
TDW	TIDEWATER INC NEW	COM	88642R109	21,948	13%	304,377		
URE.…	UR-ENERGY INC	COM	91688R108	15,658	9.4%	10,167,791		
VAL	VALARIS LTD	CL A	G9460G101	14,654	8.8%	213,715		
DML.…	DENISON MINES CORP	COM	248356107	13,941	8.4%	7,876,758		
CCO.…	CAMECO CORP	COM	13321L108	8,620	5.2%	200,000		put
BORR…	BORR DRILLING LTD	SHS	G1466R173	8,598	5.2%	1,168,265		
XOM	EXXON MOBIL CORP	COM	30231G102	7,998	4.8%	80,000		
ABX.…	BARRICK GOLD CORP	COM	067901108	7,959	4.8%	440,000		
AEM	AGNICO EAGLE MINES …	COM	008474108	7,953	4.8%	145,000		
SDRL…	SEADRILL 2021 LTD	COM	G7997W102	7,654	4.6%	161,900		
VTLE	VITAL ENERGY INC	COM	516806205	5,994	3.6%	131,784		
AA	ALCOA CORP	COM	013872106	5,780	3.5%	170,000		
LXU	LSB INDS INC	COM	502160104	5,284	3.2%	567,612		
SSW	SIBANYE STILLWATER …	SPO…	82575P107	4,914	2.9%	905,000		
SD	SANDRIDGE ENERGY INC	COM…	80007P869	4,730	2.8%	346,074		
UEC	URANIUM ENERGY CORP	COM	916896103	1,920	1.2%	300,000		

And here's Sachem Cove.

Segra Capital Management is based out of West Palm Beach. Segra Capital Management is a hedge fund with 2 clients and discretionary assets under management (AUM) of $264,456,867 (Form ADV from 2023-10-13). Thei last reported 13F filing for Q4 2023 included $124,658,328 in managed 13F securities and a top 10 holdings concentration of 100.0%. Segra Capital Management's largest holding is NexGen Energy Ltd with shares held of 8,484,263. Whalewisdom has at least 11 13F filings

How do I update this listing?

SUMMARY HOLDINGS INV. ADVISOR INFO OWNERSHIP/PRIVATE FUND DATA 13D/G COMMENTS AND UPDATES

Quarter to view: Current Combined 13F/13D/G REFRESH ADVANCED EXPORT To Excel | To CSV | To TSV

ANY NEW CLOSED OUT ADDED TO REDUCED NO CHANGE OVERWEIGHT ONLY

Click to See Additional Filters

CUSTOMIZE COLUMNS Items per page: 25 1-6 of 6

Stock	History	Sector	Shares Held or Principal Amt	Market Value	% of Portfolio ↓	Previous % of Portfolio	Rank	Change in Shares	% Change	% Ownership	Qtr 1st Owned	Est. Avg Price	Qtr End Price	Price 1D	Perf MTD	Perf YTD	Source	Source Date
NXE	History	ENERGY	8,484,263	59,389,841	47.64%	35.79%	1	123,592	1.48%	1.62%	Q4 2021	4.828	7	Subscribe			13F Filing	2023-12-31
DNN	[illegible]	MATERIALS	16,564,477	29,319,124	23.52%	24.17%	2	-3,869,580	-18.94%	1.86%	Q4 2021	1.358	1.77	Subscribe			13F Filing	2023-12-31
CCJ PUT	History	[illegible]	500,000	21,550,000	17.29%	0.02%	3	250,000	100.00%		Q2 2023			Subscribe			13F Filing	2023-12-31
[illegible]	[illegible]	[illegible]	9,350,236	14,399,363	11.55%	9.23%	4	990,031	11.84%	3.52%	Q1 2023	1.1401	1.54	Subscribe			13F Filing	2023-12-31
CCJ	History	ENERGY	0	0		12.80%	Sold All	-450,300	-100.00%	0.00%	Q4 2021	0	43.1	Subscribe			13F Filing	2023-12-31
UEC	History	MATERIALS	0	0		17.98%	Sold All	-4,870,276	-100.00%	0.00%	Q4 2021	0	6.4	Subscribe			13F Filing	2023-12-31

Both added sizable CCJ puts during the quarter. Not bad timing.

I have two competing hypotheses in my head. On the one hand, uranium is probably overbought, and many of the producers/explorers look expensive here.

On the other hand, drawdowns like these are healthy for long-term secular bull markets. We should *expect* these moves even if we believe the 3-5-year picture looks as good, if not better than when we first started investing.

Take U.UN, for example. Everyone's losing their minds on Twitter because U.UN is off 12% from its highs. Yet if you step back, the U.UN looks constructive.

There's nothing "worrying" about this chart *as of now*. It's trading in a sideways consolidation.

Also, uranium's recent price action has nothing to do with fundamentals. Global producers keep missing production guidance. Last week, Orano reported a production miss for 2023 (see below).

Operating income

Orano's operating income stood at €635 million, up by €126 million compared to 2022. This change can be analyzed by activity, as follows:

- Lower operating income for the **Mining** Sector, which stood at €196 million, compared to €298 million in 2022. This decrease is due to (i) lower revenue, (ii) lower production volume at mining sites outside Canada and (iii) the increase in the cost of materials and energy. It is partly offset by positive price effects linked to the increase in uranium prices. It should be noted that operating income for 2023 was also impacted by a provision for risk in the event there is a prolonged situation in Niger.

We will take profits if we get a close below this range as the price is extended from its 200MA. There's *a lot* of white space below support.

Onto oil.

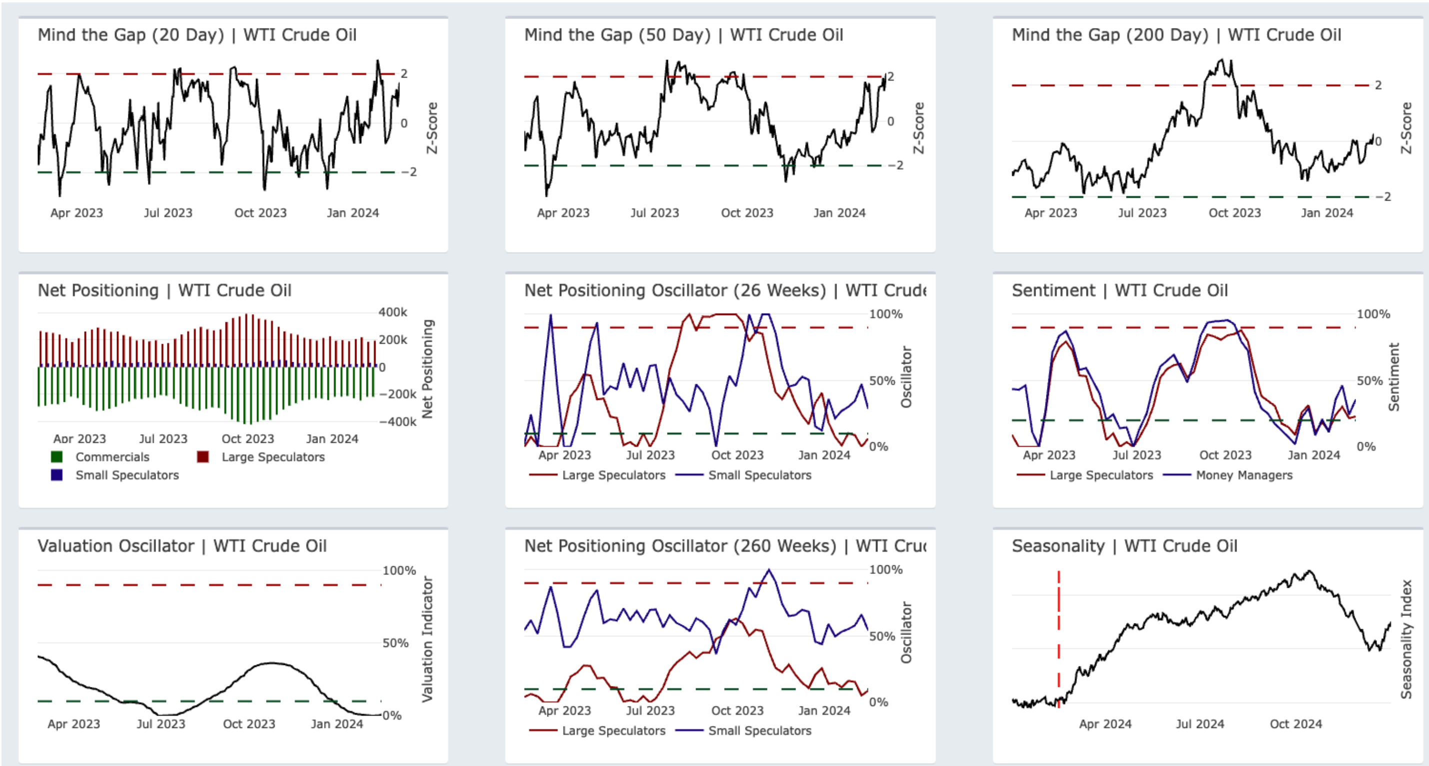
Oil: Higher For Longer in 2024 (VIST & TDW)

I don't know what the pain trade will be this year. But one idea is that tech sells off and commodities rip, a la the 1970s. Regardless, oil looks ready to break out.

We have ~12% exposure to oil through Vista Energy (VIST) and Tidewater (TDW). We will increase our exposure through oil futures on a breakout above the inverse H&S (see below).

For some reason, oil can't break above $80/bbl. Maybe it's "Biden" or "paper barrels" or "The Illuminati". It doesn't really matter for VIST and TDW. These companies make gobs of cash if oil stays in its current range.

The latest CoT data looks encouraging for a sustained move higher.



Large Specs are the least long they've been since April 2023 on a 26 and 260-week basis. Money Manager sentiment hovers at the lows. And oil is about to enter its strongest period of Seasonality.

Returning to the equities … leaders lead.

We'll add to TDW on a breakout from its weekly range as the company rolls lower day-rate contracts into higher day-rate contracts and consolidates the industry at accretive prices. The company reports earnings next week, so be on the lookout for an earnings recap.

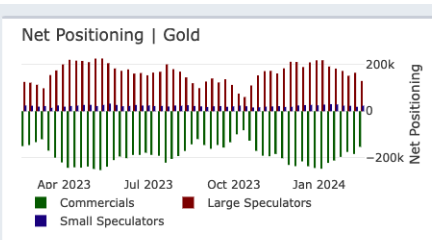
Next, let's discuss gold.

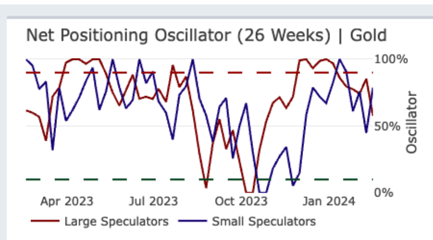
Gold: IDR Outperforms Junior Miner Index

I have this pet theory that gold is the forgotten metal. Nobody cares about mining gold because there are way cooler things to mine, like lithium, copper, and rare earths.

Yet central banks and countries like China and India keep buying gold on every dip. And silver plays a vital role in solar panel manufacturing, a trend that is gaining steam globally.

Let's look at positioning and sentiment for gold.





Gold bulls should welcome the Large Spec positioning decline as it provides fuel for another leg higher.

We're long gold via Idaho Strategic (IDR). I recorded a podcast with IDR CEO John Swallow, which will be released this Friday. It's a must-listen for any IDR shareholder and mining investor.

IDR has bucked the trend of junior miners lagging the gold price. The company boasts strong relative outperformance against the ETF GDXJ (see below). Again, leaders lead.

IDR is a 4.50% position. We'll use pullbacks to get that to 7-8% notional.

Here's a good article from my friend *HoldcoMarkets* on [gold's resilience this year] (emphasis added):

> ***"Certain headwinds:*** *Given the most recent US CPI data which illustrated the fact that inflation remains sticky, the frequency and magnitude for 2024 rate cuts has been somewhat tempered. This has kept the dollar on firmer ground which intuitively/historically, is a headwind to gold. Additionally, the ETF outflows have continued. The month of January kicked off 2024 with the eight consecutive*

monthly outflow as global gold ETFs fell by 51t to reach 3,175t. Meanwhile, total AUM declined by 2% to reach $210.0B. For added context, holdings were 19% below the peak month-end in October 2020 (3,915t) while AUM was 13% below the August 2020 all-time high of $240.0B.

Certain supportive factors: *The latest Swiss gold export data showed that January shipments nearly doubled month on month to reach 207t. Fueled by the Year of the Dragon, half of those exports were specifically exported to mainland China and Hong Kong. The strong monthly export number points to the highest level since December 2016. The consistent pricing premium of Shanghai over London signals the solid domestic appetite. This strong Chinese demand is underpinned by weak domestic equity performance and persistent unease over domestic real estate."*

What about tin?

Tin: I'm Getting More Bullish

Last week, I wrote about Indonesia's presidential race and what it means for critical minerals like tin (see below).

> *"Prabowo just won the Presidential election in Indonesia. He will take over after a ten-year run by highly popular president Joko Widodo (80% approval rating).*
>
> *Why does this matter?* ***The guy who Joko endorsed just won with Jokowi's son as VP.***
>
> *One of Joko's last requests as president was a critical minerals export ban. Now that Joko has his man in office,* ***we believe the export ban will happen and Indonesia tin exports will grind to a halt.***
>
> *For those that are new to the Collective, I wrote about this potential reality in my November 15th Long Pull Report.*
>
> *Indonesia has done this before, with great success, and it looks like they're doing it again.* ***The country is responsible for 20% of global tin supply.*** *This will rock the already fragile tin market."*

Newer Collective members can read more about Indonesia's history with critical minerals bans here.

Here's Andy Home's latest Reuter's piece (emphasis added):

"Indonesia's exports of refined tin all but evaporated in January with just 400 metric tons shipped abroad by the world's largest exporter, all in the form of solder.

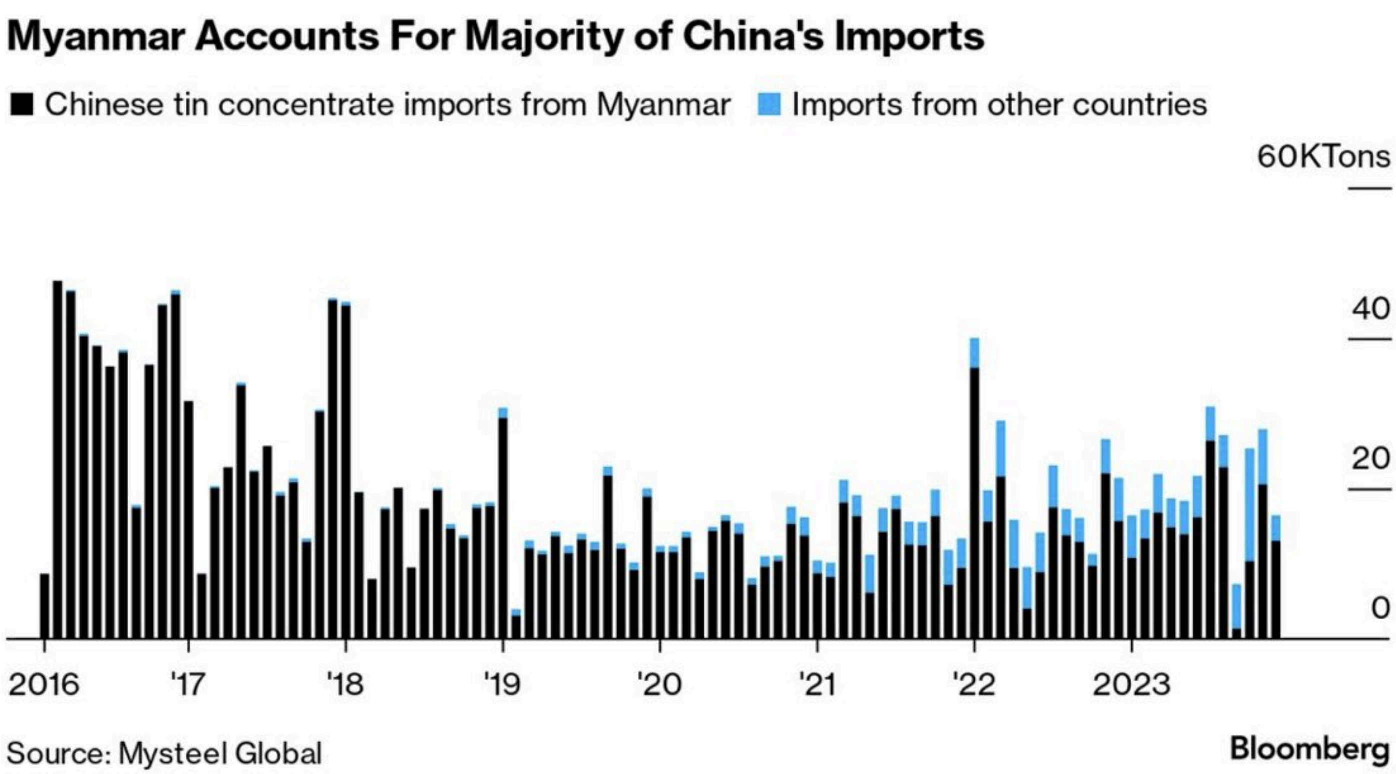
That represented the lowest monthly volume since August 2015*, when Indonesia imposed an export regime to exclude illegally mined metal.* ***This time too, the drop is down to a change in permitting.***

Tin exports will resume, but the uncertainty has unsettled both paper and physical markets."

My bet is that Indonesia's export issues last longer than the market thinks. Prabowo wants to make a good impression as the new president. And what better way to do that than enforce a highly popular critical minerals export ban from a highly popular former president?

There are also other supply issues. This month, Myanmar issued a new 30% "tax in kind" on all tin concentrate exports.

The result is a collapse in Chinese tin imports (see below).

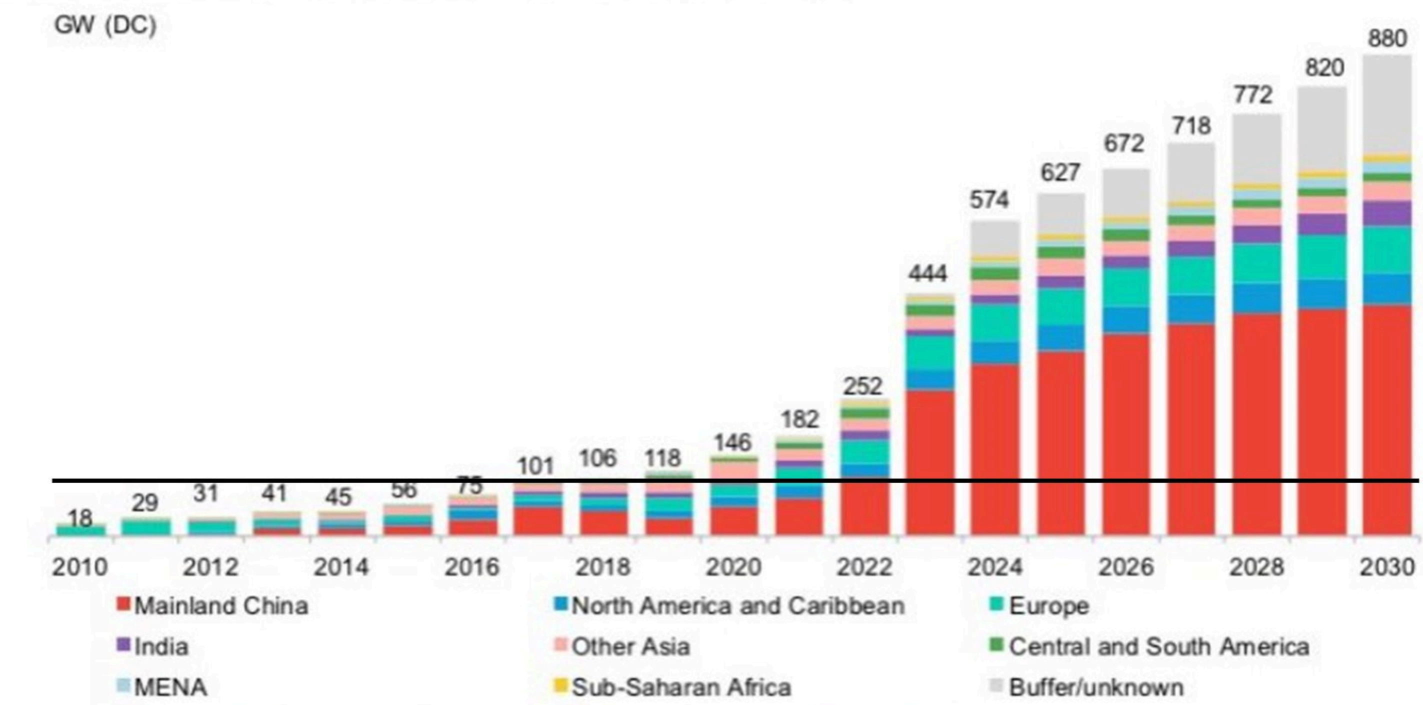


Myanmar and Indonesia comprise ~30% of the global tin supply. And both countries are doing everything they can to make exporting tin more difficult and expensive.

Meanwhile, demand looks, good?

AI chip demand remains robust, although NVDA earnings will be a good lookthrough for that thesis. And solar demand remains strong. BloombergNEF released its latest global PV installation projections (see below).

Figure 2: Historical and mid-scenario forecast for global PV installations



Source: BloombergNEF. Note: MENA is Middle East and North Africa. Details in BNEF's Capacity tool (web | terminal). All capacity in direct current (DC), which is module capacity.

China is *literally* building solar panel farms in the middle of the desert.

In fact, China installed more solar panels in 2023 than the United States has in its history (emphasis added):

> *"China is the world leader in renewable energy, including 40 percent of the planet's entire solar capacity, reported Rystad Energy. The United States comes in second place with 12 percent.*
>
> *Last year, China installed more new solar capacity than the total amount ever installed in any other country, Bloomberg reported.*

> *"China's solar sector is set to break records in the coming years. When installed capacity crosses the 500 gigawatts (GW) mark by the end of 2023, it will have taken 13 years to reach that milestone. That total, however, will be doubled to 1 terawatt (TW) in just three additional years," Rystad Energy said.*
>
> *According to China's National Energy Administration (NEA), the country increased its solar capacity by 216.9 GW last year, eclipsing its record of 87.4 GW from the previous year, reported Bloomberg. That's more than the U.S. total of 175.2 GW, estimates by BloombergNEF said."*

Why does this matter? **Tin is the glue that holds solar panels together.**

We're expressing our bullish tin thesis via Alphamin Resources (AFM.V). The company has the potential to do what mining companies *dream of …* bring a new mine online into an inflecting commodity price.

AFM's newest mine, Mpama South, should start production in April. At scale, the mine will add ~10-12,000 tons annually.

At $30k/ton tin, AFM's combined mines would generate ~$350M in annual EBITDA, with some of that cash flow paid as dividends.

We hold a ~9% position at cost and will add on a technical breakout.

Wrapping Up: The Great Rotation

My base case is that we see a Great Rotation from technology/Mag-7 into inflation-resistant assets like industrials, energy, commodities, etc.

Our equity book is positioned to profit from that rotation. We're invested in cheap companies with inflecting **fundamentals**, **technicals**, and **sentiment/positioning**.

My job is to find companies that meet our Trifecta Lens criteria within our given *Thematics*, avoid the ones that don't, and try not to do anything *too* stupid in the meantime.

Thanks for reading, and I'll see y'all next week.

Your Value Operator,

Brandon