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Streetlight Confidential

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Trouble on the Economic Horizon

A Proven Portfolio Strategy to Win During the Coming Recession

-by Bob Byrne

Having spent the past six months talking about, and frankly, fretting over, the economically painful effects of inflation and rising interest rates, investor sentiment is beginning to shift.

The shift in sentiment isn't from bearish to bullish, but rather from fears of inflation and rising rates to a pending recession.

It wasn't long ago that our fearless leaders at the Federal Reserve were banging the table, assuring us that inflation was transitory. Led by Federal Reserve Chairman Jerome (Jay) Powell, our central planners were confident that inflation would top out and roll back toward 2% or 3%.

Suffice to say, Jay was wrong. REALLY WRONG!

In fairness, Jay and his central banking buddies weren't the only policymakers that missed the boat on inflation. After telling the American people in 2021 that there was a "small risk (of inflation), and I think it is manageable," US Treasury Secretary Janet Yellen was forced to eat her words.

While speaking with CNN's Wolf Blitzer, Janet admitted being wrong about inflation and its path in the US. Simply put, she, like Jay, missed what virtually every American already knew:

•Demand for goods is high…
•Supply is tight and…
•Prices are climbing precipitously…

Put another way… Inflation is soaring!

US Consumer Price Index YoY

Source: Ycharts.com

As much as some inside the Capital Beltway in Washington D.C. would love to belabor the fact that President Biden's Treasury Secretary completely whiffed on the inflation side of things, a more critical question is: Why did our economic policymakers get inflation SO wrong?

The most likely answer is that Jay, Janet, and Biden's closest economic advisors were busy fighting the last war and ignored the warning signs that inflation was rising.

The last war refers to the Great Recession of 2008–2009 — a period plagued by anemic economic growth, persistently high unemployment, and the never ending threat of deflation.

So, while Jay and Federal Reserve colleagues were busy printing money, staving off deflation, and focusing on economic growth, they were blind to the fact that inflationary pressures were already taking a toll on businesses and consumers.

Now, here's where things begin to get tricky. An increasing number of folks are predicting that we're near peak inflation. But I'm a data-driven analyst and investor, so I won't rule out an eventual surge to double-digit inflation until I see data that validates a peak inflation narrative.

And how about interest rates?

If you take Jay at his word, the Federal Open Market Committee (FOMC) is still targeting a raise of 50 or 75 basis points next month. And remember, the 75 basis points the Fed just raised is the first raise of that magnitude in 28 years!

I don't know about you, but back-to-back 75 basis point rate hikes, after raising by 50 basis points in May, is a pretty obvious indication that our central bankers are simply grasping at straws.

They haven't got a clue about what's on the economic horizon for this country.

And that brings us to what investors are terrified of: Recession.

The Coast… is NOT Clear

Historically, the Fed's playbook has been pretty easy to read. Economic growth slows amid rising unemployment, and policymakers respond by reducing interest rates. The reduction in rates lowers the cost of capital, stimulates economic activity, and spurs hiring.

Then, as low interest rates overstimulate economic growth and demand-side inflation increases, the Fed responds by tightening money via interest rate hikes.

It's all fairly straightforward, or at least it should be.

You see, Jay and Janet (who was also Fed Chair before she took the job at Treasury) were asleep at the wheel while inflationary pressures were building, and their inaction has allowed prices for everyday goods to skyrocket. And while their answer to their laziness has been to hike rates, there's no ignoring the subsequent risk — Recession.

The Wall Street Journal ran an article on June 19 discussing the probability that the U.S. will enter a recession in the coming 12 months. And let me tell you, the editorial doesn't leave you feeling warm and fuzzy.

First, a little background.

Economists aren't very good at predicting recessions and even worse at recognizing when the U.S. is already in a recession. In mid-2005, the Journal began asking economists about the likelihood of a recession in the next 12 months. Since that time, we've learned two important things.

And neither of them are what you'd call "encouraging."

According to the WSJ, economists were asked to assign the probability of a recession in December 2007, and they collectively responded with around 38%. Ironically enough, we know that the Great Recession officially began in December 2007.

And in February 2020, when the last Recession began, economists assigned a 26% probability of a recession within the next 12 months. Suffice it to say, these economists lack both economic prediction and real-time financial awareness skills!

But here's what's got Wall Street concerned.

While the joke persists — that economists have predicted about 15 of the last three recessions — this esteemed group of intellectuals is now assigning a 44% probability of a recession in the next 12 months. Put another way, they believe the odds of a recession are greater now than in 2007. If that doesn't scare you, I don't know what will.

The bottom line is that while inflation and rising rates are still the headline drivers of stock market volatility, that will likely shift over the coming months toward fears of a recession. But rather than stuff our money in a mattress in anticipation of a recession, I want to show you how I allocate my family's investment dollars.

The KISS Method of Investing Through a Recession

Keep it simple stupid, or KISS is probably the best piece of investing advice I received during the first couple of years of my investing career. Parting with one's capital while keeping one's emotions at bay is hard enough. The last thing we want to do is overcomplicate matters by creating an overly complex equation for allocating money across 20 mutual funds or ETFs.

During bear markets, and make no mistake about it, we are embroiled in a nasty bear market; the safest approach is to diversify our investments across a

diversified portfolio of reliable, dividend-paying companies or ETFs/mutual funds that invest across a large number of stocks and have relatively low fees.

My approach is derived from one created by the famed investor Paul Merriman.

Paul believed that investors could keep things simple by spreading their assets across four funds. And his logic was pretty sound. These four funds focus on large-cap value, large-cap blend, small-cap value, and small-cap blend.

There's a very straightforward logic behind spreading one's investments across four different market categories, but before we talk about that, look at the two tables below.

The first table illustrates the growth of $100,000 over 50 years if invested in the S&P 500, representing a large-cap blend (LCB). The table then proceeds to incorporate the idea of adding in a large-cap value (LCV) component, a small-cap blend (SCB) fund, and finally, a small-cap value (SCV) piece.

The growth of the $100,000 makes the inclusion of LCV, SCB, and SCV a no-brainer. But this table fails to clarify how adding things like a small-cap value component can smooth out one's investment results.

You see, regardless of market cap, stocks suffer from "lumpy" performance over time. Your traditional, large-cap blend of S&P 500 stocks will outperform in some years. While in other years, the small-cap value stocks will trump the performance of every other group of stocks.

Paul has written about expanding one's portfolio to include as many as 10 ETFs, and the logic behind his portfolio construction is sound. However, after extensive review and consideration, I've discovered

	4-Fund Combo Equity Portfolio Build-Up --------->			
	S&P 500	+ US LCV	+ US SCB	+ US SCV
1970 - 2019 (50 years) (with YEARLY rebalancing)	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4
Initial $100,000 Grew to:	$15,378,660	$19,380,935	$22,478,374	$32,549,356
Annualized Compound Return	10.6%	11.1%	11.4%	12.3%
Annualized Standard Deviation	17.0%	16.8%	17.4%	18.7%
Difference from Portfolio 1	0	$4,002,275	$7,099,714	$17,170,696

Note: Index returns reduced by the equivalent of a representative fund's expense ratio.

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Summary Results for 94 1-year Periods (1928-2021)

	US LCB (S&P 500)	US LCV	US SCB	US SCV	S&P 500	4-Fund Combo (SCV, LCV, SCB, LCB)	2- Fund Combo All Value (SCV, LCV)
In 94 yrs $100 grows to:	$917,379	$2,185,429	$4,565,555	$13,233,052	$917,379	$4,024,753	$6,208,587
CRR over 94 years	10.2%	11.2%	12.1%	13.4%	10.2%	11.9%	12.5%
Best 1 year return	54.0%	92.5%	110.8%	124.7%	54.0%	96.0%	110.3%
Worst 1 year return	-43.3%	-61.1%	-48.3%	-55.4%	-43.3%	-51.8%	-58.2%
SD over 94 years	19.7%	22.8%	28.2%	31.3%	19.7%	24.5%	26.5%

that a long-term investment portfolio constructed of good LCB, LCV, SCB, and SCV ETFs or mutual funds allows you to actively invest in the market without suffering from the effects of extreme volatility (outside of the stock market norms).

The One Exception

Before I tell you about the one change I've made to Paul's asset allocation, I want to make one thing very clear.

While I devote a large part of my portfolio to this investment style, I also manage a diversified portfolio of dividend stocks. And when the market is in a strong bull trend, I also invest in high-growth stocks.

Investing isn't an all-or-nothing game. The ideal approach fits your personality, risk tolerance, and investment time horizon.

OK, now for the adjustment I've made to Paul's four fund portfolio.

The folks at Hartford Funds published a report earlier this year illustrating the performance of US stocks vs. international stocks over a 5-year rolling return from 1975 to March 31, 2022. Take a look at the chart below.

Hartford's analysts determined that since the mid-1970s, U.S. stocks have outperformed their international peers, on average, for 7.9-year cycles. That means after nearly eight years of outperformance by U.S. stocks, the process flips, and international stocks trump domestic ones.

Well, according to this report from Hartford Funds, we're more than 11 years into what has traditionally been a 7.9-year cycle. Simply put, we are overdue for long-term outperformance by international stocks relative to U.S. stocks.

I've positioned my portfolio to take advantage of this cycle by including two additional categories of stocks in my ETF portfolio. One is a small-cap ETF that invests in companies operating in the developed market, excluding the U.S. and Canada. And the other is an ETF that invests in a blend of large-, mid-, and small-cap companies located outside of the U.S.

Putting Your Money to Work

It's time to make some money!

As a reminder, I am investing in ETFs representing a large-cap blend, small-cap blend, large-cap value, small-cap value, small-cap international blend, and a mixed-cap international ETF.

US Equity vs. International Equity 5-Year Monthly Rolling Returns (1/31/1975-3/31/2022)

Source: Hartford Funds Client Conversations

The **Vanguard S&P 500 (VOO)** is my choice for a large blend ETF.

The stock has an annual expense ratio of only .03% and currently pays a 1.60% dividend. The expense ratio is the only difference between the VOO and the SPDR S&P 500 Trust (SPY) large-cap blend ETF. The VOO's expense ratio is .03%, while the SPY charges investors .09%. Both fees are negligible, but why pay more in expenses than we have to?

Vanguard S&P 500 (VOO)

Source: Barchart.com

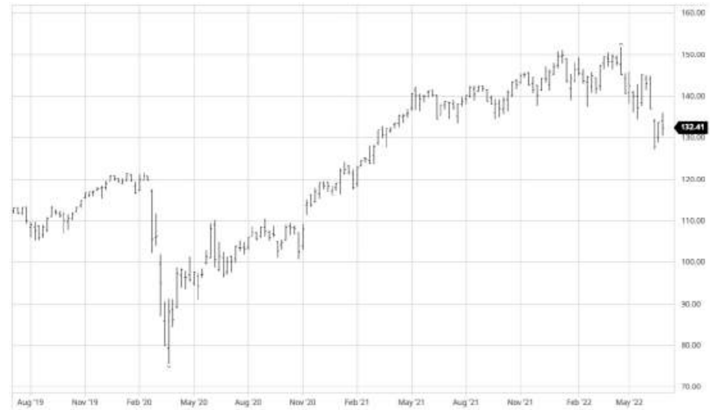
Next up is the **iShares Core S&P Small-Cap ETF (IJR)**. This small-cap blend ETF charges a .06% expense ratio and has a current dividend yield of 1.89%. Another popular small-cap blended ETF is the iShares Russell 2000 (IWM), but with an expense ratio of .19% and a yield of only 1.34%, I prefer the IJR.

iShares Core S&P Small-Cap ETF (IJR)

Source: Barchart.com

My pick for a large-cap value ETF is the **Vanguard Value ETF (VTV)**. Vanguard is famous for charging astonishingly small fees, and VTV is no exception. The annual fee is .04%, and the current yield is 2.48%.

Vanguard Value ETF (VTV)

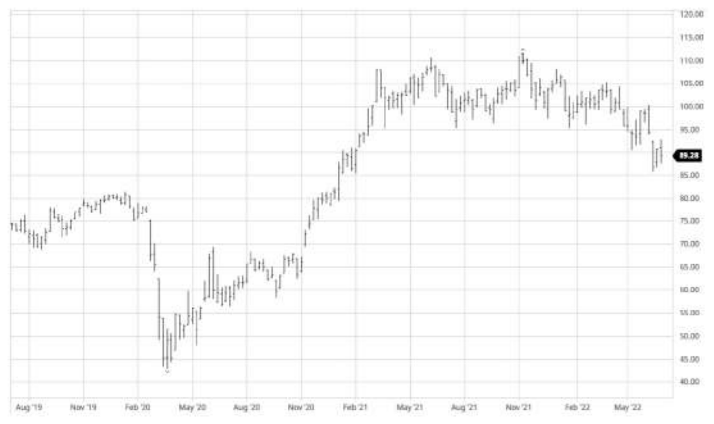


Source: Barchart.com

Regarding small-cap value stocks, I opt to invest in the **iShares S&P Small-Cap 600 Value ETF (IJS)**. This ETF charges an expense ratio of .18% and yields 1.79%.

If I were to go with any other small-cap value stock, it would be the SPDR S&P 600 Small-Cap Value ETF (SLYV). But frankly, they're about the same.

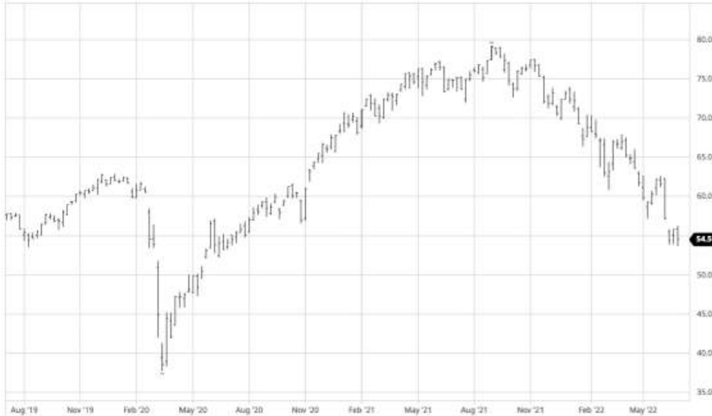
iShares S&P Small-Cap 600 Value ETF (IJS)



Source: Barchart.com

On the international front, I invest in the **iShares MSCI EAFE Small-Cap Index ETF (SCZ)** to gain exposure to non-U.S. small-cap companies.

iShares MSCI EAFE Small-Cap Index ETF (SCZ)



Source: Barchart.com

Now, international ETF and mutual funds typically charge higher fees, so don't be scared away by the .39% expense ratio set by the managers of the SCZ ETF. The current 4.72% yield makes that expense ratio easy to swallow.

And as far as an international mix capitalization ETF is concerned, I invest in shares of the **Vanguard FTSE Developed Markets ETF (VEA)**. Being a Vanguard fund, this ETF charges a minuscule fee of .05%. And it pairs that small fee with a generous 3.89% yield.

Vanguard FTSE Developed Markets ETF (VEA)

Source: Barchart.com

How to Get In

There you have it, the six ETFs I invest *my* long-term capital in. And if you're wondering about capital allocation, I keep things pretty simple.

I take the amount of capital I want to invest and do the following. I place:

- 20% in VOO…
- 20% in IJR…
- 20% in VTV…
- 20% in IJS…
- 10% in SCZ and…
- 10% in VEA.

So if you initially invest $10,000 you'd put $2,000 in VOO, IJR, VTV and IJS and $1,000 in SCZ and VEA.

The next step in the process is rebalancing or adding to your positions.

If you opt to rebalance, check your portfolio every six to twelve months. Calculate its value plus however much you intend to add, then buy/sell shares to bring your position percentages in each fund back in line with the 20%-10% model above.

But rather than make things complicated, you might consider taking a simpler approach.

Instead of rebalancing your entire portfolio, simply use the above percentage breakdowns to invest whatever you want once a quarter or a couple of times a year.

Note: We'll be adding these six ETFs to the Streetlight Confidential portfolio as unweighted positions.

The Last Word…

A New Plan to Punish Russia… Now Threatens the Rest of Us

-by Bob Byrne

What could be dumber than the head of a government trying to finagle their way around market forces in order to control the price of that market?

The world bound together to condemn the attack and lashed out with a flurry of financial sanctions. Even typically neutral Switzerland moved to lock down some financial accounts…

WSJ

Feb 28, 2022 at 12:16 pm ET

Switzerland Joins European Sanctions on Russian Assets

How about the heads of *seven* governments trying to do it?

Well, don't look now, but the "Septaverate" known as the G-7 is about to take the entire global energy network to Defcon 5.

So how did we get to the edge of this energy cliff?

It All Started…

Well before Putin ever sent a tank into Ukraine — December 2021 to be exact — the US had been planning for this expected invasion: (All emphases following are mine)

> *According to Bloomberg, the Biden administration is pushing for the EU to hit Russia's banking and energy sectors hard, as a set of "options" to implement in the scenario of any future attack on Ukraine. Further Bloomberg notes "the US believes agreeing on specific sanctions options would send a firm signal to the Russian president."*

Vladimir Putin, apparently the "Honey Badger" of global politics (he don't give a $#!%), paid them no mind. On February 24, he sent his troops one way tickets into Ukraine.

From there it was game on.

They did their best to isolate Russian banks (and the oligarchs who launder money through them) and turn Putin into so great a pariah, that no one in the world would dare do business with them.

Since the invasion began, there have been a total of 64 sanctioning actions against Russia — however none of which hit Russia in the one place where it would hurt the most.

Russia's Soft Underbelly

Russian energy exports make up some 60% of its GDP. It also makes up over 40% of the EU's energy supply. So stabbing Russia in the pipeline would pretty much be like cutting off their own hand. And after a bitterly cold, green-powered winter, they were in no hurry to do that.

Despite the cone of shame hung around Putin's neck, Russia has still been doing business with countries more concerned with keeping their lights on and not destroying their own economies — like India who imports 80% of their energy needs:

Crude Oil Futures: August 2022

Source: Barchart.com

> *...reports emerged of a "significant uptick" in Russian oil deliveries bound for India. Matt Smith, the lead oil analyst at Kpler, told CNBC that since the beginning of March, five cargoes of Russian oil, or about 6 million barrels, have been loaded and are bound for India. In other words,* ***India imported half as much crude from Russia in one month as it did in an entire year.***

And in the mother of all ironies, the price increases in oil (thanks to Russia's blacklisting) has actually boosted their revenue in the face of lowered exports.

The EU Finally Steps Up

Since nothing else seemed to be working, the EU finally put on its big boy pants and decided to hit Russia where it hurts. About a month ago, they came up with the brilliant idea of banning insurance for ships that would transport its oil.

The Wall Street Journal wrote in sum on May 31…

> *The European Union is set to impose its toughest sanctions yet on Russia, banning imports of its oil and* ***blocking insurers from covering its cargoes of crude****, officials and diplomats say, as the West seeks to deprive Moscow of cash it needs to fund the war on Ukraine and keep its economy functioning.*
>
> *The sanctions, which are expected to be completed in the coming days, are harsher than expected. The ban on insurers will cover tankers carrying Russian oil anywhere in the world. These sanctions could undercut Russia's efforts to sell its oil in Asia. European companies insure most of the world's oil trade.*
>
> *The embargo is a* ***high-risk strategy for the EU, forcing the bloc to break its dependency on cheap Russian energy. It is likely to fuel***

> ***inflation already running at the highest pace in decades on both sides of the Atlantic***.

Like an alcoholic dumping all the liquor in the house down the toilet — or like **Joe Biden burning the ships** — the EU was ready to quit Russia cold turkey.

Analysts predicted that these sanctions could be severe both in terms of crude production:

> *Lower crude production in Russia — to the extent it's not replaced by OPEC, the U.S. and others — is a tailwind for oil prices.*

As well as refined products according to Morgan Stanley analysts:

> *"If [Russian] refineries indeed struggle to find alternative buyers, it is likely that their own production would need to decrease.* ***It seems likely that both crude oil production and refinery runs will decline over time****, reducing supplies of both crude [and products] — especially diesel — to the rest of the world."*

Now however, faced with an action that could actually put a dent in Russia's energy business, the US — specifically Treasury Secretary Janet Yellen — noticed the flaw in the plan:

> *Because many shipments of Russian oil are insured in the EU and UK, Treasury Secretary Janet Yellen has repeatedly said she is concerned that* ***the EU's plans could take Russian oil off the global market…***

But wasn't that the point?

> ***…and further drive up prices***.

Ohhhhh… that. But there's always a solution to prices spiraling out of control.

> *Ms. Yellen said she was discussing creating a carve-out in the insurance ban to allow shipments to low-income and developing countries* ***that fall under a price set by the West***.

WSJ

WORLD

U.S. Gains in Push for Exception to EU Sanctions on Russian Oil

Europeans still question how to enforce a price cap on Russia's shipments of the commodity to allow its continued sale globally

So we get to set the price below which tankers can get insured to ship Russian oil. We'll just cap the price of Russian oil!

Now I don't know, this idea is so crazy it just might work. Except for a couple things.

Enforcement of a price-based cut off would be extremely difficult since insurers are not generally party to the sales contract of the shipment.

The other issue is… What if Russia doesn't go along?

So in the face of these new issues, it was back to the drawing board at last week's G-7 meeting.

> *"We will consider a range of approaches, including options for a possible comprehensive prohibition of all services, which enable transportation of Russian seaborne crude oil and petroleum products globally."*

Meanwhile, the EU is bracing for the worst.

> *European Union countries agreed Monday that* ***all natural gas storage in the 27-nation bloc should be topped up to at least 80% capacity for next winter*** *as they prepare for the possibility of Russia further reducing deliveries.*

No Easy Way Out

It seems like years ago, but it was just back in your **March issue** that I wrote about the cost of taking the moral high ground where this war was concerned:

> *Sanctions are always an option for dealing with bad behavior. The problems with them are two-fold. One is that there's no guarantee the target of them will actually change their behavior. Putin has likely been planning this for some time and certainly has memories of the sanctions placed on Russia after his invasion of Crimea six years ago. He's likely more prepared.*
>
> *The second problem is that they don't have the destructive accuracy of, say, a Javelin anti-tank missile.*
>
> *You can't be sure where the fallout will land. And in a post-pandemic world (remember the pandemic?) a lot of countries whose economies are still recovering won't be able to endure the potential impacts that may result.*

It now appears clear that the fallout is landing everywhere. And there are few solutions remaining.

It's questionable whether OPEC will (or even if it can) increase its oil production enough to make up the difference.

The other, and bigger, problem is there doesn't appear to be any kind of graceful exit for the US or the EU over this situation.

To be fair, Europe has shown a bit more propensity to put its tail between its legs and, like Oliver Twist, ask the headmaster "Please sir, can I have some more?"

The US… not so much.

I keep going back to this under-reported fact: that President Biden actually campaigned on **making irreversible changes** to the United States' energy landscape.

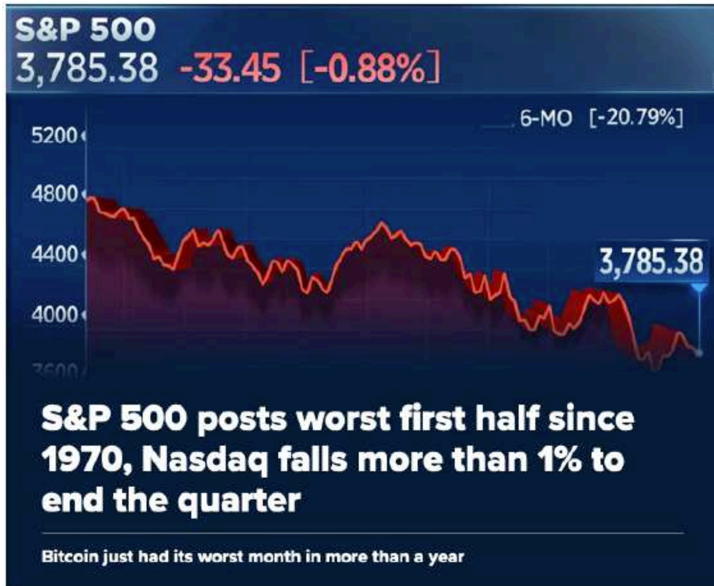
$200 a barrel oil might be just the change he's after.

The Year in Review (So Far…)

Everything's TERRIBLE!!!

The first half of 2022 ended last Thursday, and according to pretty much every news outlet, it was awful. Record breaking awful.

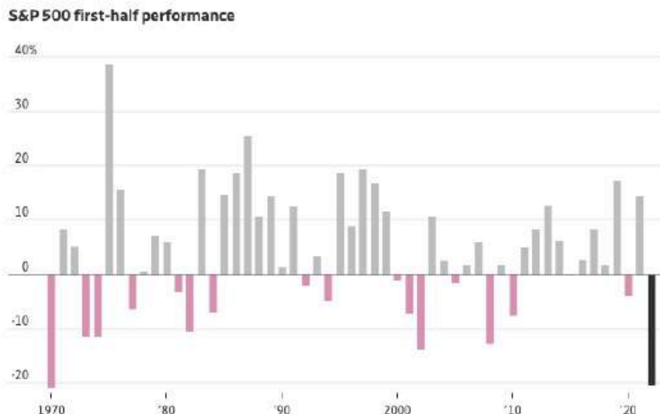
There was CNBC…



The Wall Street Journal…

Markets Suffer Worst First Half of a Year in Decades

Investors gird for more volatility after a bruising start to 2022



And of course, the ever-insightful Tylers of ZeroHedge…

First-Half FUBAR: Stocks Worst In 60 Years, Bonds & Bitcoin Worst Ever

BY TYLER DURDEN THURSDAY, JUN 30, 2022 - 04:00 PM

It appears the world's investors were 'over-stuffed' full of liquidity just as 2021 ended...

I could go on, but you don't need every major news outlet to tell you what you've just seen with your own eyes over the last six months.

Much of the reporting went on to point out the usual suspects behind this bloodbath including out of control inflation and a "behind the curve" Fed tightening by leaps and bounds to catch up with it.

And all that's true.

But the universal truth where markets are concerned is nothing goes up forever. I've said it before, and I'll keep saying it — *Bear markets are an investing fact of life*.

We sometimes think things used to be different. Like back in the good old 1920s… When the average

investor was just discovering the power of getting rich on margin (leverage) and getting great stock tips from his shoeshine boy.

The only difference today is that Wall Street number crunchers have come up with even more ways to over-inflate markets — Too much leverage, too-easy money, algorithmic/program trading or some other valuation aberration that inflates the market faster and further beyond where actual market forces would ordinarily take it. The corrections that follow are equally dramatic.

Today, bull and bear markets that used to take months to years can now happen in weeks.

So for the investor — and by investor, I mean long term market participant — you simply have to ride these times out. Keep calm and invest on.

So How'd We Do the Past Six Months?

A good portion of our portfolio is made up of more speculative stocks. Smaller cap companies with solid fundamentals and what my team and I believe to be solid potential to outperform the market when the economy rights itself. (And it eventually will…)

That means the red in that portion of our portfolio has persisted as well. But there were a couple bright spots worthy of note…

JD.com (JD) rebounded by nearly 15% this past month and Vision Marine (VMAR) has outperformed as well gaining 12% since our last update. And we're expecting to hear some news from them in the coming weeks!

Symbol	Name	Comments	Entry Date	Entry Price	Current Price	Annual Dividend	Percent Gain
VOO	The Vanguard S&P 500 ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	NEW	NEW	1.60%	
IJR	iShares Core S&P Small-Cap ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	NEW	NEW	1.89%	
VTV	The Vanguard Value ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	NEW	NEW	2.48%	
IJS	iShares S&P Small-Cap 600 Value ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	NEW	NEW	1.79%	
SCZ	iShares MSCI EAFE Small-Cap Index ETF	Bear market portfolio: 10% position per the July 2022 Issue	7/5/2022	NEW	NEW	4.72%	
VEA	The Vanguard FTSE Developed Markets ETF	Bear market portfolio: 10% position per the July 2022 Issue	7/5/2022	NEW	NEW	3.89%	
DOCN	DigitalOcean Holdings Inc.	Buy a half position up to $60, reserving capital to purchase the remainder of your position on a dip.	6/2/2022	$49.31	$41.54	N/A	-15.8%
ONDS	Ondas Holdings Inc.	Buy a full position up to $8.75	6/2/2022	$7.55	$5.50	N/A	-27.2%
WONDF	Wonderfi Technologies Inc.	Buy a half position up to $0.60, reserving capital to add to the position on a pullback.	6/2/2022	$0.45	$0.42	N/A	-6.7%
VMAR	Vision Marine Technologies Inc.	Buy shares of VMAR up to $5.45 as a speculative investment in the growth of electric powertrains in the boating industry.	5/2/2022	$4.27	$4.77	N/A	11.7%
U	Unity Software	Buy a 25% starter position between $95 and $99. Then scale into the remainder of the position adding another 25% every 15% to 20% down. †	2/3/2022	$77.27	$37.54	N/A	-51.4%
EPD	Enterprise Products Partners, L.P.	Buy shares of EPD up to $23.00 as an income-generating investment.	12/1/2021	$21.20	$24.63	$1.86	16.2%
ARKX	ARK Space Exploration & Innovation ETF	Buy shares of ARKX up to $22.00	11/1/2021	$20.48	$13.51	N/A	-34.0%
MSOS	AdvisorShares Pure US Cannabis ETF	Buy shares of MSOS at market up to $33. Be prepared to add to your position on a dip to $27 ††	10/5/2021	$28.95	$10.34	N/A	-64.3%
GENI	Genius Sports Group	Buy shares of GENI up to $22.50	10/5/2021	$16.99	$2.51	N/A	-85.2%
JD	JD.Com	Buy shares of JD.com (JD) up to $80 per share	8/30/2021	$76.69	$65.95	N/A	-14.0%
CZR	Cesars Entertainment	Buy shares of CZR up to $101.75	8/6/2021	$90.50	$38.53	N/A	-57.4%
	Current Prices as of 07/01/2022	**Price Notes:**					
		Entry prices are closing prices the day the issue is published.					
		† Per our entry instructions a 25% position was initially purchased at $96.99 on 2/3, then another on 3/7 at $82.45, another on 4/27 at $71.10, and a final on 5/6 at $59.55 giving us an average entry price of $77.27.					
		†† Adding an equal weight positon at $27 on 10/27 gives us an average engtry price of $28.95					

You Can't Make This $#!% Up!

You Think You're Having a Bad Year…

So you think you're having a bad year?

Courtesy of Vice News:

VICE World News

Japanese Man Lost a USB Drive With Entire City's Personal Data After a Night Out

An average Tuesday bender turned into an unforgettable night.

> *(An) unnamed man in his 40s had stored the USB stick in his bag when he went out for drinks at a local restaurant in Osaka prefecture's industrial Amagasaki city on Tuesday. After several hours of boozing, the IT worker fell asleep on the street and by the time he woke up, the bag containing the flash drive was gone, local media reported.*

And what was on that USB stick?

Only the personal information of nearly half a million people including dates of birth, addresses, bank account numbers, and tax details.

The subcontractor employee had apparently copied the sensitive data onto the drive to take it back to his company's office (without permission) to continue working there.

Effusive apologies ensued…

> *"We deeply apologize to the citizens of Amagasaki, the city of Amagasaki, and all concerned for the inconvenience caused by the loss of important information entrusted to us."*

They were inundated with over 30,000 calls in one day expressing displeasure with the employee's carelessness.

The good news in all this is there was somewhat of a happy ending (emphasis added!) …

> *The employee found the USB drive, along with his bag, near an apartment building* ***he vaguely recalls passing by during his night out****, Japanese national broadcaster NHK reported. The city is trying to assess whether any data has been compromised.*

No word on what the man has planned for the weekend!

Photo: Vice