



# Streetlight Confidential

## Inside This Issue:

### Unlocking the Value of Collectibles

There are few markets in the world where a third party opinion holds the majority of sway over the value of an asset. The collectibles market is one. And this company aims to revolutionize it...

### Partnership Proves VMAR is Ready for Prime Time

Recently, one of our holdings, Vision Marine Technologies announced a partnership that promises to push it to prominence in the industry. All the details are here...

### The Last Word...

Two weeks ago, I explained how the government's employment numbers weren't adding up to an accurate representation of the strength of the economy. Now this invisible trend is sinking the economy...

### The Streetlight Confidential Portfolio

I'm just wondering one thing...

## Unlocking the Value of Collectibles

One Company's New Patent Pending Technology Is Set to Revolutionize This \$30 Billion Market



-by Bob Byrne

When buying and selling most things in life, supply and demand determine their value. On occasion, the subjective views of buyers and sellers can influence price or even whether or not a transaction takes place. But markets where a third party opinion holds the majority of sway of the perceived value of an asset are few and far between.

The collectibles industry is one of them...

Until 1979, the collectible coins market was strictly between buyer and seller. Other than to determine authenticity, no "grading scale" existed until Ronald Reagan was actively campaigning to become the 40th President of the United States.

A decade passed before PSA (Professional Sports Authority) began grading sports cards, starting with baseball. Since then professional graders, regular people like you and I, have been charged with grading cards and coins. While grading companies create guidelines and rules, the final grade is ultimately left up to the person staring at that coin or card.

But, what if they're having a bad day? What if they're grading your card after a long shift or after seeing the most perfect coin or card they've ever seen? What if they lower a score for some reason another grader wouldn't?

I could come up with a dozen more scenarios, but you get the idea. Grading is subjective.

Not only that, counterfeit coins and altered cards have become a growing problem in the industry as the technology to alter either has become more readily available.

There needs to be a better way...

That's where the company I want to tell you about today comes into play.

It's developed a new technology that promises to completely disrupt the \$30 billion coin and sports card segment of the collectable industry.

## Solving the Two Biggest Problems of Collectibles Market

The company I'm talking about uses blockchain technology, neural networks, and artificial intelligence (AI) to compare graded and ungraded cards and coins against a database of collectibles. This allows the company to not only instantly grade cards, but also authenticate whether a card is real or a counterfeit.

Plus, it has two patents pending that will allow collectors to automatically authenticate *and* trade physical cards and coins as non-fungible tokens (NFTs) on the blockchain. That means anyone can verify the grade of cards and coins and trade them via a digital asset exchange.

And on top of that, the original owner can attach royalties to their physical collectables, which means they get a cut every time it's traded.

The ability to rely on artificial intelligence via a software application to rate collectibles means buyers and sellers won't have to rely on one person's opinion. They can be confident that the ratings of their cards and coins are consistent.

More importantly, the same technology can identify fraudulent cards and coins — another huge problem facing the collecting industry. (According to AARP, fraud costs the gold coin industry alone around \$300 million every year.)

Take a step back and look across the entire industry and you can see how much money is at stake.

According to Brand Minds, the value of the sports card market is \$21.6 billion. And the industry is expected to grow at an annual growth rate of 29% over the next five years.

The global coin collecting market size was valued at over \$11.5 billion in 2020 and is estimated to reach a value of \$23 billion by 2027, according to Market Insights. It's expected that the coin collecting market will grow at an annual rate of 10.2%

Combined, that's a \$33 billion market opportunity.

## A Fast-Growing Market Means Faster-Growing Scams

While collectibles have always been popular, the pandemic reignited interest in the industry. As just one example, Bowers Galleries, a prominent US dealer, saw sales double.

The Professional Coin Grading Services key Rare Coin Index surged by 16% in 2021, highlighted by an \$18.9 million sale of a 1933 US Double Eagle gold coin. Since its launch in 1970, the index has increased by 6,315%.

With this renewed popularity in the collectibles market, the increased prevalence of fraud is no surprise, especially when you see that single coins and single cards can sell for hundreds of thousands, if not millions, of dollars.

Fraudsters, for example, will sometimes add substances to a coin's surface to cover up marks or hairlines. Even small alterations like these can cost extreme amounts when these "faked" coins come to market.

In 2019, a small group of collectors identified over 300 cards that had been altered by fraudsters. Those cards had been resold for a combined \$1.4 million after being purchased for much less.

The cards had already been graded by the PSA, but the scammers took them to a “card doctor,” who then altered them. The owners then resubmitted them to the PSA for new grades.

The group that altered the cards auctioned the ones that received a higher grade through PWCC — a global leader in trading cards and other collectibles — at an average price increase of \$3,000 per card. That’s \$900,000 in “fraudulent” value that unknowing victims paid above true market value.

In another instance in late 2017, a 1952 Bowman Stan Musial card sold for \$2,800. About seven months later, the same card sold for \$28,100.

Why did the price increase over 1000%?

Fraudsters covered a stray black print mark on the white frame of the card that originally sold for \$2,800 thus making it appear more valuable. Eventually PWCC acknowledged that it sold altered cards and even paid out refunds.

In 2019, Al Crisafulli, owner of Love of the Game Auctions in New Jersey stated:

*It’s a nightmare right now, but it’s been a problem in the industry forever, and it’s time that it was brought to light. I think we’ve all been burned at some point or another.*

## Keeping Pace with Demand

In addition to fraud, another huge problem for card graders is their inability to keep up with record demand for trading cards and coins.

In early 2021, the PSA graded about 22,000 cards per day. But they were receiving nearly 100,000 cards a day to grade. There simply weren’t enough trained or qualified graders

in the space to expand grading capabilities.

The company responded by raising prices to lower demand.

Unfortunately, that didn’t work. By late March 2021, cards continued to pour in, with a record high of 660,000 received in one day – a 560% increase. The company eventually piled up a backlog of 13 million cards. The demand forced PSA to suspend some of its grading services just to catch up.

Even with 100 qualified card graders working, PSA can only grade 750,000 cards per month. Yet despite a backlog of 5 million cards, the company still managed to book \$300 million in top line revenue in 2021.

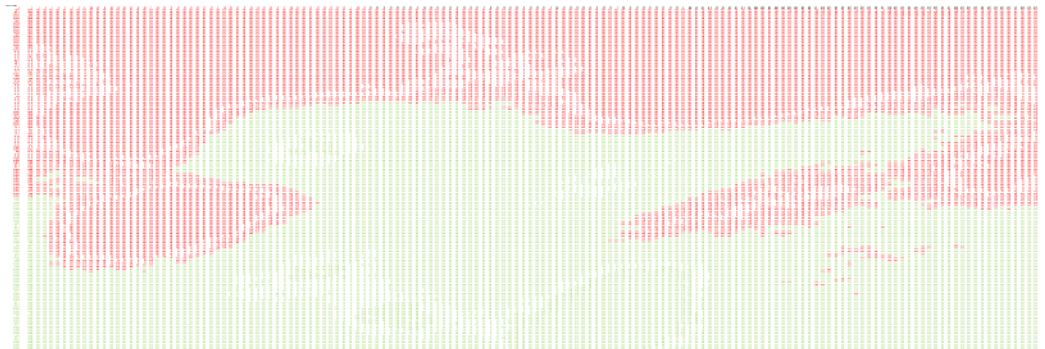
This \$33-billion market is clearly ripe for disruption via the use of innovative technology that will make grading cards both more objective and more efficient.

## Technology to Level the Playing Field

That’s where **Coin and Card Auctions (CCA)** comes into play. It uses digital “fingerprints” to analyze coins and sports cards.

These “fingerprints” come from data culled from previously graded cards and coins. The up-to-one-hundred million data points provide an objective baseline the company’s proprietary AI can use to appraise and grade cards and coins.

Take a look at the image below:



While it may appear to be a random series of red, green, and white lines, it's actually a digital fingerprint from a tiny portion of a penny. The colors represent different aspects of the coin measured to the nano-level. Now, imagine ten of these connected together. Or twenty-five. Or one-hundred twenty-five. That's what a digital fingerprint will look like.

Over time, as the database grows, its AI grading system will expand. With each new query, the software will compare cards or coins against potentially millions of previously graded collectibles to provide a quick and accurate grade.

CCA's state-of-the-art, nano-scanning technology is similar to the nano-scanning technology used by the U.S. Mint: a Keyence scanner and camera.

The system captures 15 different metrics on every card and coin, down to a nano-level. This will allow the technology to detect even the smallest changes in height, width, cross sections, centering, colors, and more. And the system will actually get smarter over time because it stores the data it collects to enhance future grading.

It can even extract data from coins and cards in plastic cases. Meaning collectors don't have to remove their items and risk damaging prized collectibles for an appraisal.

Take a look at this example of a scanned penny in the image to the right. The system can analyze all the way down to the tiny section around Lincoln's eyebrow for incredible detail. It applies this same level of analysis to every area of the coin.

The scanner takes the image and Coin and Card's software does the rest.

The company currently has two patents pending on this technology. Management, however, anticipates both will be approved by August or September.

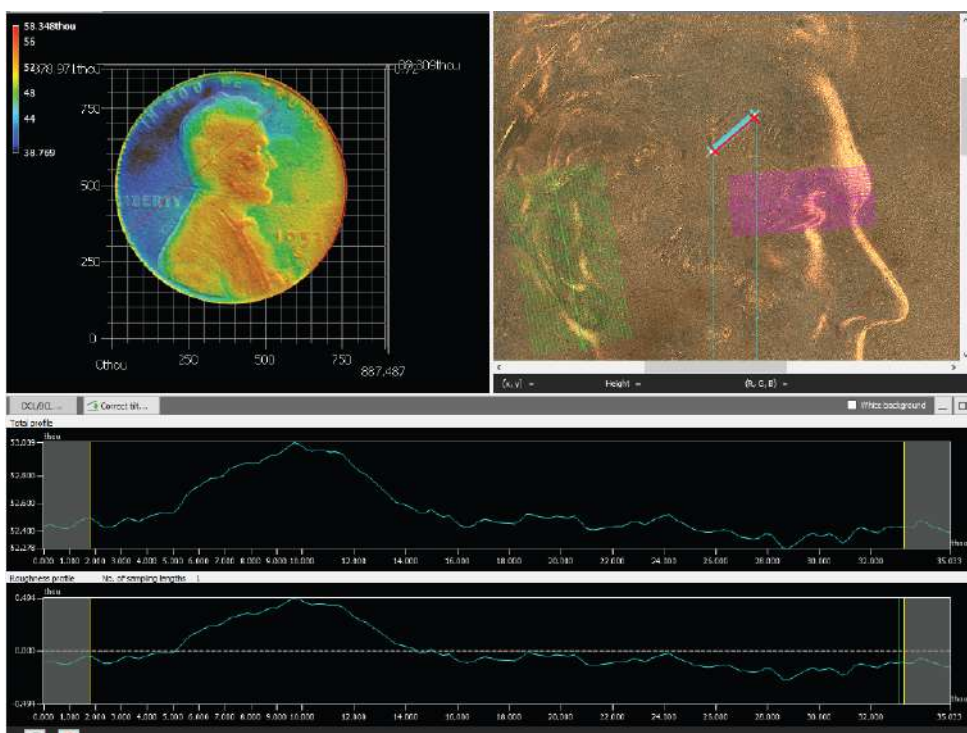
CCA's coin and card database will be made available on the blockchain making it a permanent information vault.

In addition to using the blockchain and NFTs to store data on grading and ownership, it will also allow for transaction verification as an extra measure of security. Establishing "provenance" on high value collectible items could potentially increase the value of a collectible.

Why?

Because the blockchain is public information, it cannot be altered without being publicly seen. This will greatly decrease instances of fraud and virtually eliminate counterfeiting.

This will be even easier once CCA launches its smartphone application. The app will allow collectors to snap a photo of their item and receive an accurate and objective valuation and grade with



---

*“CCA’s state-of-the-art, nano-scanning technology is similar to the nano-scanning technology used by the U.S. Mint...”*

---

the touch of a button. And whether a person receives a grade from a smartphone or CCA’s scanner, they’ll be able to list their items on CCA’s marketplace for a small fee.

CCA offers subscriptions services for merchants or one-time sales fees for individual listings. It will target four areas:

- Digital storefront subscriptions and traditional auctions for commercial sellers
- Subscription offerings for amateur collectors
- Third-party technology licensing for peers
- Marketplace listings

By offering and developing a virtual marketplace and storefronts, CCA can establish a business presence online. It can then expand its relationship with clients by using its patent-pending, automated grading for coins and cards.

In the future, it will also be able to use another patent-pending tool – a system for creating NFTs with automated grading and trading of coins and cards.

The company plans to generate NFTs of scanned items so users can track the grades and ownership of collectibles on the blockchain. That will evolve CCA into a full-service operation. It can grade an item, offer a digital certificate of ownership, and function as the sales intermediary.

For context, rivals like Heritage Auctions generate an estimated \$1 billion in sales just acting as a

specialty marketplace. CCA has the opportunity to upend these stalwarts with its cutting-edge scanners, blockchain technology, and a smartphone app. And since big players in this industry don’t hesitate to scoop up smaller players, there’s a good chance CCA will be purchased by a larger rival long before it can list on a public exchange.

## **Taking the Subjectivity Out of the Industry**

CCA’s main advantage over its rivals is its suite of technologies that promise to objectively grade collectibles, thus reducing fraud. Its technology will also allow anyone, anywhere to verify grades and ratings, and trade those collectibles on digital exchanges.

Remember, the industry is stuck in the past with subjective ratings given by professionals. The problem is that professionals can be overly critical... or too lenient.

Behavioral scientists have well-documented these types of biases. There are dozens that influence how we judge things; from “action bias” to “zero-risk bias” and everything in between. Influencing factors can be as simple as the day of the week or the time of the day.

And when we’re talking about analyzing cards, the difference between the requirements for a Grade 8 and Grade 9 is amazingly small.

Check out PSA’s own definition of grading standards comparing 8 and 9:

*A PSA grade Mint 9 is a superb condition card that exhibits only one of the following minor flaws: a very slight wax stain on reverse, a minor printing imperfection or slightly off-white boards. Centering must be approximately 60/40 to 65/35 or better on the front and 90/10 or better on the reverse.*

*A PSA grade Near-Mint/Mint 8 is a super high-end card that appears Mint9 at first glance, but upon closer inspection, the card can exhibit the following: **a very slight wax stain on reverse, slightest fraying at one or two corners**, a minor printing imperfection, and/or slightly off-white boards. Centering must be approximately 65/35 to 70/30 or better on the front and 90/10 or better on the reverse.*

The only defined difference between grades 8 (Near Mint) and 9 (Mint) is an item described with the word “slightest” which I’ve bolded

The Oxford Dictionary defines “slightest” as: small in degree; inconsiderable. Ironically, inconsiderable is defined as insignificant.

I wouldn’t call a \$10,000 to \$100,000 difference insignificant. You can find that price range on hundreds of sought after cards when you compare a grade 8 to a grade 9.

I’ve been a collector my whole life. Grading subjectivity is a huge complaint. Popular collector and YouTuber, Vintage Card Curator, put subjectivity to a test. He and his partner performed a study and found that PSA appeared to be under grading popular cards.

They began the study with a popular Derek Jeter 1993 card, and in the end, analyzed over 1 million grading decisions. Popular rookie cards like Michael Jordan, Rickey Henderson, Cal Ripken Jr., Don Mattingly, Wade Boggs, Tony Gwynn, and Roger Clemens all saw average grade levels lower than other cards in the corresponding set.

Their conclusion was that PSA graded high-value cards tougher than other cards, in their corresponding sets. All Vintage Cards — a leading sports card trading site — polled its subscribers asking their trust level regarding PSA. Every respondent answered: “I have some concerns.”

That’s why CCA purchased nano-scanning technology — to quantify the precise details of collectibles.

As I mentioned above, the scanner collects millions of data points on the object’s dimensions, surface, and color measurements. It then runs this data through a patented algorithm before computing a valuation based on the Sheldon Grading Scale (coins) or PSA Grading System (cards).

As the company scans more cards and coins, it will integrate scan results into the PSA and Sheldon grading scales, which should help remove any subjectivity from the scales.

On top of that, CCA’s digital certificate of ownership – with the ability to collect royalties – is something the industry has never seen before, giving CCA a big advantage over its rivals in the market.

## And It’s an Exploding Market

We’re not talking about a small market either. According to data intelligence company Morning Consult, about 1 in 3 Americans consider themselves collectors. That’s more than 100 million people. Growing at 5.5% per year, the global collectibles market should approach \$700 billion by 2032.

Currently, coins make up around \$11.5 billion of the market with sports cards nearly doubling it at \$21.6 billion. Combined, that’s an opportunity worth more than \$33 billion.

Although coins and cards may seem “old school” in the age of NFTs, we’re still seeing surging demand. Last year, the U.S. Mint sold 1.25 million ounces of gold coins, an increase of 48% over the prior year. Based on the prices of gold, that’s over \$2 billion in sales.

The secondhand market is breaking records as well. For example in June 2021, a 1933 Double Eagle gold coin fetched \$18.9 million at a Sotheby’s auction.

Demand for cards has been just as robust.

Up until two years ago, the record for the highest priced sports card was \$1 million for a Honus Wagner. But over the past two years, we've seen 19 cards break the \$1 million mark. In August 2021, a Honus Wagner card reclaimed the top spot with a \$6.9 million sale at a Robert Edward Auction.



One thing those sales all have in common is the collectibles were graded. We haven't seen ungraded cards or coins setting record sales numbers, so we don't expect grading to end any time soon.

That means CCA's objective grading database will be its most valuable asset for some time to come.

## An Outstanding Management Team

This company is being led by a straight-laced team with the chops to get the job done. CCA has strong leadership with prior experience and success.

**Michael Johnson (CEO & director):** Johnson started his career in finance working on structuring corporate and private equity and debt. After retiring, he turned his focus to his passion of collecting inventing two patent pending systems:

- **Method and System for Automated Grading and Trading of Numismatics.** As we mentioned above, this patent creates a digital fingerprint of each coin, assigns a grade, and stores that on the blockchain for future verification and authentication.
- **Method and System for NFT Minting with Automated Grading and Trading of Numismatics and Trading Cards.** This patent covers the royalty attached to the graded coins. After professionals grade the coins and/or cards, they are converted into mirrored digital assets that accompany the physical. The original owner and CCA share in the royalties of the digital assets.

These technological advances form the bedrock for the foundation of CCA. Johnson gathered a team of professionals to leverage cutting-edge technologies to improve the coin and card collecting market.

**Mike Ellis (director):** Ellis has been a professional numismatist for 27 years, including as a grading instructor at American Numismatic Association Certification Service (ANACS) and the American Numismatic Association (ANA). Ellis has also been an editor and contributor to dozens of publications within the industry. He's received recognition and awards from governing bodies within numismatics, including being inducted into the CONECA (a numismatic organization) Hall of Fame.

Ellis brings an incredible depth of experience and knowledge about collectible coins and sports cards. As a member of the board, he's in a great position to help Card and Coin disrupt the industry.

**Dr. Ron Brown (director):** Brown is a U.S. Air Force veteran and holds a Ph.D. in zoology. His work within numismatics includes publishing five editions of "*Canadian Coin and Their Varieties: 1858 to Date*" and writing columns for several coin collecting publications.

## A Rapidly Evolving Industry

The numismatic and card grading industry has seen a consistent number of acquisitions over recent years.

- Investment giant BlackRock bought the Numismatic Guaranty Corp (NGC) in July 2021. The deal valued NGC at \$500 million.
- Collectors Holding acquired Goldin Auctions in a deal that valued it at \$853 million.
- Collectors Universe, which owns grading and appraisal services PSA and PCGS, went private for \$700 million in November 2020.

Currently, none of these companies have implemented technology anywhere close to what CCA intends to introduce.

PSA currently plans to use a very rudimentary AI to allow users to get a range on the possible value for its card. Ironically, this could benefit from CCA's software, so we wouldn't be shocked to see PSA make a bid to acquire CCA in the coming years.

CCA plans to charge a virtual storefront fee of \$100 with no limit on transactions. Selling on eBay or another auction site can run as high as 5% per transaction. The storefront model virtually eliminates the high cost of grading.

By comparison, PSA charges \$50 to grade a card with a value between \$500–\$999. If the estimated

value is \$2,500–\$4,999, that fee increases to \$300. Above \$10,000 and the price rises to \$600.

CCA estimates its pricing to range from \$12–\$65. Its most expensive grading charge is close to PSA's least expensive charges.

PSA / Collectors Universe was valued at \$700 million when it was bought out. Right now, CCA is valued at \$15.1 million. This implies that CCA could be significantly undervalued.

CCA anticipates growing revenue quickly as a major disruptor in the collectables space. Management projects revenue of \$4.5 million next year, growing to \$23 million the following year.

As we mentioned above, BlackRock acquired PSA's parent company for 10 times revenue. If CCA hits the metrics management outlined and we apply a similar multiple, then we could anticipate a market cap between \$35 to \$45 million next year with the potential to surpass \$100 million in 2024.

A buyout could produce roughly the same values or even a premium. Although PSA was bought out, there's a twist. Many PSA shareholders hated the deal. They complained their buyout deal was way too low. In fact, two major shareholder groups opposed the deal. So, I may be taking too conservative of a view here.

## A True Game-Changer

Every single breakthrough CCA offers benefits the consumer. Every single one. That's the definition of a disruptor.

Removing subjectivity in the grading industry will be a game-changer. CCA will level the playing field between grader, collectable pro, and beginner. Some collectors, especially kids, don't have the extra money to pay for expensive grading systems. Even more, the process of sending away your cards or coins can be overwhelming and uncomfortable.



Now, think about how many people have smartphones today? Soon, with just the snap of the camera app and the price of a movie ticket plus popcorn, anyone can instantly get an accurate grade on their collectable.



With greatly reduced fraud and no grading subjectively, new collectors will trust the system and flock to the space. And none of them will be worried about getting shorted because of an overtired grader's opinion.

The company will raise money through a Regulation CF offering. Regulation CF deals let private companies raise funds from everyday investors, just like the Reg. A+.

The main difference is the amount they can raise and the level of reporting required by the Securities and Exchange Commission (SEC). Reg. CF deals require less reporting (and scrutiny) from the SEC. So they're generally earlier stage companies with more risk.

CCA's goal is to raise up to \$5 million through its Reg. CF offering. It's selling shares for \$0.50 apiece. The minimum buy-in for this deal is \$250 which would purchase 500 shares.

CCA launched its Reg. CF offering in May and it's almost to the \$1M mark already. That's a great sign. How a company uses the capital it raises can be almost as important as what the company does. Once past the first \$1 million, the company will use 15% for operating and administrative costs, 40% for

marketing efforts, and 40% for building out its smartphone app and Web3 services.

Additionally, the company can use the capital to patent the software and NFT apps it's developed to use and store the data it collects.

It has already filed a patent application for the "Method and System for NFT Minting with Automated Grading and Trading of Numismatics and Trading Cards" and expects approval in the next 60 days.

CCA's valuation stands at about \$15 million. That means we have the chance to get in on this deal at an early stage.

CCA is open to all U.S. and international residents.

**After consulting with your personal financial advisor, if you feel this opportunity may be right for you, here's how you can participate.**

In general, the fastest option is to go through Coin and Card's website at:

<https://investcoinandcard.com>

When you arrive at their landing page, you can read more about the company and any do any other due diligence you may want to.

You can participate in this Regulation CF offering via credit card, ACH, wire transfer, or check.

**Note: As this company is only available via private offering and is not a publicly listed company, we will not be adding it to the *Streetlight Confidential* portfolio.**

# Industry Update: Partnership Proves VMAR is Ready for Prime Time

## The Clock Is Now Ticking On A Major Industry Breakthrough

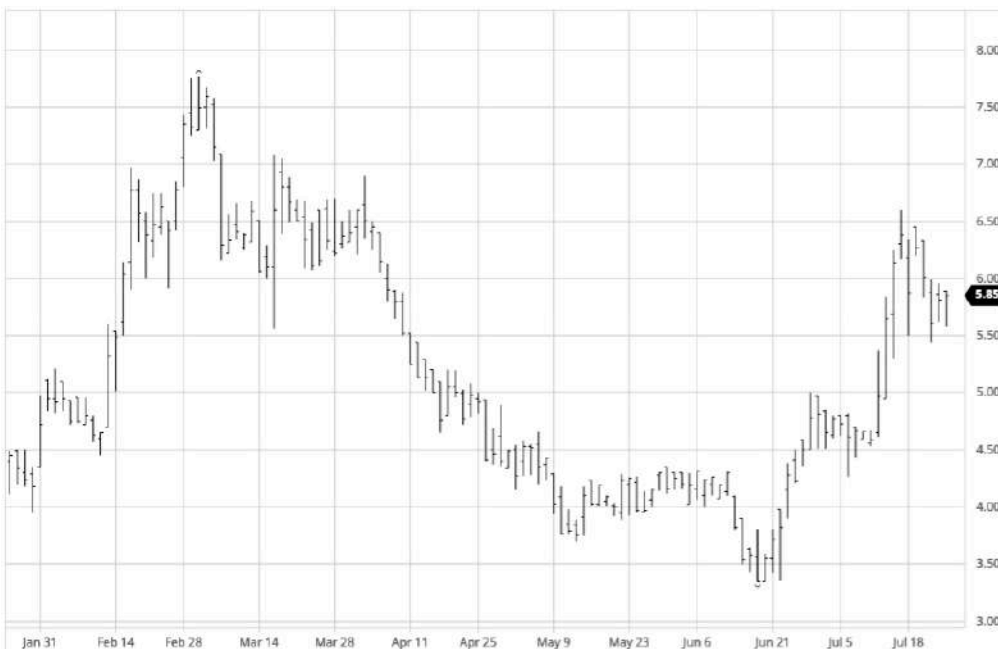


-by Bob Byrne

It's been nearly three months since I introduced you to [Vision Marine Technologies \(VMAR\)](#). While the major stock market averages have struggled and lost ground, our investment in shares of VMAR has performed impressively well.

As I type this, the stock is trading near \$6, or more than 40% above the \$4.27 price it was trading at when I introduced you to the company on May 2.

### Vision Marine Technologies (VMAR)



Source: Barchart.com

As a reminder, Vision Marine makes electric outboard powertrain systems for boats. And while most of us are still accustomed to cruising around in a traditional gas-powered boat on the weekends, I believe we're on the cusp of a significant push to electrify the recreational boating industry.

It wasn't so long ago that the thought of an electric automobile seemed oddly silly. But look around you. Every time I check my rearview mirror, a bloody Tesla is on my tail. And if your town is anything like mine, in another 12 months, Rivians will dot the landscape the way Chevy Camaros used to.

The bottom line is we, as a society, have reached the point of mass adoption of electric vehicles. And

while more people have cars than boats, hundreds of thousands, if not millions of boat owners, would love never to buy another gallon of gas.

And I believe Vision Marine is the company to help this reality come to fruition.

[Back in mid-February](#), I was able to ride in a boat powered by Vision Marine's 180E outboard motor system while attending the Miami International Boat Show. While I've never been much of a boater, I was blown away by the smooth acceleration and the fact that there was almost zero noise coming from Vision Marine's all-electric 180E engine.

If you've ever tried to carry on a conversation while sitting toward the back of a boat traveling 30 or 40 mph, you know how difficult it can be. But it was effortless in the boat powered by this electric motor.

## The Press Release Heard Round the Boating Industry

I'm updating you on them today because the company released a significant piece of news that I want you to be aware of.

On Monday, July 18, Vision Marine announced a partnership with Groupe Beneteau to integrate Vision Marine's electric outboard motors on several models across Groupe Beneteau's brand portfolio.

Unless you're an active boater (or live overseas), Groupe Beneteau probably isn't a company you're familiar with. I only know about Beneteau because of all the digging into the boating industry I did while researching Vision Marine.

But if you've ever heard of any of these popular boating brands:



Then you're familiar with the company. Groupe Beneteau oversees all these groups.

Suffice it to say, Beneteau isn't a small company.

The company employs roughly 7,600 people throughout France, the US, Poland, Italy, Portugal, and China.

With its international production capacities and global sales network, Groupe Beneteau oversees 12 brands and manufactures over 180 different boat models. Oh, and across all those brands and models...

The company sells THOUSANDS of boats each year.

The bottom line is Vision Marine, with its 50 million dollar market cap and industry-leading electric outboard motor technology just hooked a whale of a partner!

While this morning's press release didn't include any upfront order numbers or revenue estimates, here's what I know...

Based on my conversations with Vision Marine's management, I expect every 100 E-Motion 180-hp Powertrain system sold to add about \$0.25 to the company's bottom line.

That's not revenue, mind you. That is straight, 100% profit!

It'll likely be a while before either company publicly releases its initial order commitments, but that doesn't matter. Because Vision Marine's announcement accomplishes precisely what the company needs, and that's a crystal clear commitment from one of the leading boat manufacturers in the world that the E-Motion 180hp Powertrain System is ready for prime time.

## An Industry Giant in the Making

While I have no idea who else is on deck when locking up more of Vision Marine's 180E supply, I want to share what the company's CEO, Alex Mongeon, said about this morning's announcement. (emphasis mine)

*"We have always held Groupe Beneteau in high esteem and acknowledge the company's long-standing mandate for leadership and excellence within the boating industry. We are honored to have the opportunity to power the Four Winns boat with our E-Motion™ 180E technology and look forward to a long-standing partnership with them. **We continue to showcase our technology and rig the E-Motion™ powertrain on numerous third-party boats to formally move towards scaled production of our E-Motion™ technology for commercial usage.**"*

That section I highlighted is VERY telling.

I read Alex's words to mean that the folks at Beneteau aren't the only ones hanging around the Vision Marine facility! My guess is that today's announcement about Groupe Beneteau will be the first of many for Vision Marine over the next 12 months.

## Pounding the Table on Vision Marine

In my view, the announced partnership between Vision Marine and Groupe Beneteau is both bullish and hugely transformative.

By winning the approval of a major manufacturer like Groupe Beneteau, Vision Marine has earned a seat at the grown-ups' table. And in time, I expect this partnership to pay off in a massive way for Alex and the whole Vision Marine team.

---

*Based on my conversations with Vision Marine's management, I expect every 100 E-Motion 180-hp Powertrain system sold to add about \$0.25 to the company's bottom line. That's not revenue, mind you. That is straight, 100% profit!*

---

While it will be a while before we see the fruits of this partnership flow to Vision Marine's bottom line, this is the catalyst the company needs to explode to the next level.

So, if you were waiting for additional confirmation that Vision Marine was on the right track with its electric powertrains, the company just provided you with that evidence.

That's why **I'm raising our buy-up to price on Vision Marine Technologies (VMAR) shares to \$6.50.** (Just know that once this stock breaks above \$7.75, it's likely headed into double-digit territory.) And if you'd prefer to buy the stock on a dip, I'd encourage you to **watch the \$5.50 area** for that opportunity.

**Disclosure: I own Vision Marine Technologies (VMAR) shares and am an advisor to the company.**



# The Last Word...

## The "Invisible" Economic Trend That's Sinking the Economy



-by Bob Byrne

I love it when we're ahead of the curve!

[Two weeks ago](#), I explained how the government's employment numbers weren't adding up to an accurate representation of the strength of the economy. That they were being muddled by the use of two different reporting surveys: one measuring jobs and one measuring employed people.

Last week, the Wall Street Journal caught on and reported on the same thing...

They're simply not acknowledging the evidence right in front of their faces.

### An Employment Sector on the Ropes

Despite Chairman Powell's assurances that the tight labor market indicates a healthy economy, things have not been all that rosy. The surge in economic "growth" that accompanied the trillions in stimulus spending is now beginning to face a reckoning.

#### ECONOMIC DATA

## Diverging Jobs Data Raise Questions About Labor Market Health

Payroll growth is strong, but household data and other indicators are weakening

By [Jeffrey Sparshott](#) [Follow](#)

July 18, 2022 5:30 am ET

But self-congratulations aside, this little-noticed shift in the employment situation is a serious development.

Because it's on the back of these numbers that the Fed is promising to attack the inflation that's devouring your savings and investments and emptying your wallet everywhere you go shopping.

And it would appear that they're taking the same willfully blind stance they took when they were calling inflation transitory all those months last year.

For one thing, retail sales (in real terms) have been stagnant for the past 16 months.

In [an update back in May](#), while discussing the struggling retail sector, I explained how retailers would eventually need to address their own employment situations.

*...one of the major costs these companies have to bear is employment. And right now these costs are out of whack.*

*Because they operate on such razor thin margins and manage their costs on the product side so tightly, Walmart's biggest expense is its labor cost. Boosting staff (and raising pay) during the spread of Omicron, excess employment costs have eaten into their margins even further.*

*At some point, they'll have to correct these labor imbalances (or the market will simply balance itself) at which point we'll see unemployment start to climb. At which point the ruse will likely be up.*

Now it seems that retail merchants aren't the only ones feeling the pinch.

Tech and other online-related companies are being forced to deal with their own problems.

*Twitter announced mass layoffs were in the works last week as uncertainty over the company's acquisition by Elon Musk grew. Now that it is clear that Musk will not be buying the platform, they face serious decisions on cuts in order to remain afloat as their stock price tanks. So far, Twitter has laid off over 30% of its talent division and announced a hiring pause.*

And...

*OpenSea, the world's largest nonfungible token marketplace, disclosed Thursday that it has laid off 20% of its workforce amid a "crypto winter" as NFT sales and prices drop.*

And...

*Carvana Co. is cutting around 2,500 staffers, or 12% of its workforce after finalizing an expansion deal.*

And...

*In February, the at-home fitness company (Peloton) said it would cut 2,800 corporate jobs as it suffers from weaker-than-expected demand for its equipment.*

And...

*Robinhood Markets Inc. said late last month it was laying off 9% of its full-time staffers. ... Robinhood's head count more than quintupled during the pandemic to 3,800 people, according to Chief Executive Vlad Tenev.*

And...

*Online mortgage lender Better.com has had three rounds of layoffs since December, including one where it fired 900 employees over a Zoom call.*

And finally...

*In a recent leaked memo, Facebook executives have informed managers that "low performance" employees have no place at the company and will need to be cut, indicating that a philosophy of meritocracy is returning to the otherwise woke world of social media.*

I wouldn't necessarily blame all this on management. These companies did what they had to do under the circumstances that followed the pandemic lockdowns. (And it gives you a crystal clear picture of how dangerous it can be when governments and other external forces try to impose their wills on markets.)

But what's done is done and now the situation has to resolve itself. And unfortunately it doesn't appear that it'll be a happy ending...

## Layoffs Elsewhere Continue to Rise

Two weeks ago the Labor Department reported that weekly initial jobless claims — a proxy for layoffs — had actually hit new highs for the year. Mind you, this is in the face of what the Fed keeps telling you is supposed to be a strong labor market...

U.S. ECONOMY

### U.S. Jobless Claims Reach Highest Level This Year

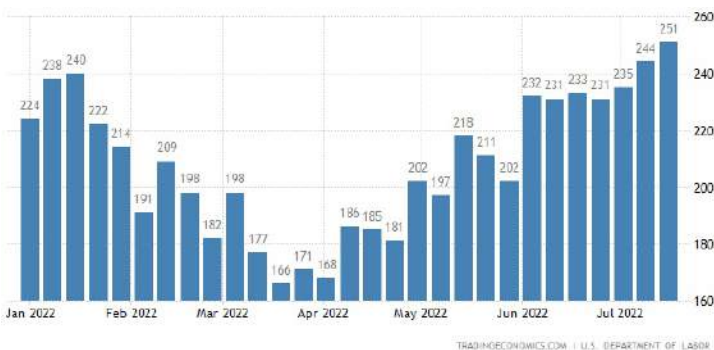
Initial claims for jobless benefits rose 9,000 last week to 244,000

By [Bryan Mena](#) [Follow](#)

Updated July 14, 2022 9:10 am ET

Last week's number came in even higher than that...

#### Initial Jobless Claims



Source: [Tradingeconomics.com](https://tradingeconomics.com)

## Is the End Near?

The Federal Reserve has prioritized their war on inflation insisting that the economy is strong enough to handle tighter monetary policy. (Treasury Secretary Janet Yellen, whose track record has been questionable at best, has been echoing this same message, as we pointed out [in our PS here...](#))

This trend in employment numbers suggests that they may not be 100% correct...

This week GDP for the second quarter of 2022 was released. (Unfortunately this copy has to be to my editor before it actually comes out.) A negative print would be two consecutive quarters of negative growth which — according to “conventional wisdom” — means it’s recession time.

Officially, however, recessions are determined by a group of economists from the National Bureau of Economic Research (NBER). And White House economists, in an official blog post dated July 21, wanted to make sure you knew this.

In a lame attempt to get out in front of what they already know is headed our way (or is already here) they wrote:

*Based on these data, it is unlikely that the decline in GDP in the first quarter of this year—even if followed by another GDP decline in the second quarter—indicates a recession.*

(Expect to hear a lot more of this full scale deniability in the coming weeks.)

In any case, the NBER determination typically takes months. So until they do make it official, the Fed will likely choose to ignore the reality that everyone else is living through and continue to hike rates.

Which will ultimately worsen the pain in the economy...

...And put us on a collision course between out of control inflation and a deep recession — [aka the other "flation."](#)

Buckle up!

# The Streetlight Confidential Portfolio

## I'm Just Wondering...

Like I mentioned in this month's *Last Word*, the White House has been trying to get out in front of the economic weakness that's happening all around us living out here in the real world. Given that there's no hard and fast criteria (other than "broad based slowdown") to define them, recessions are one of the most deniable economic phenomena there are.

So this is actually one area where the president can stay positive and not look totally out of touch.

Asked about the prospect of a recession at a video press conference, the still-recovering Commander-in-Chief answered:

*"We're not gonna be in a recession in my view. The employment rate is still one of the lowest we've had in history to the 3.6 [percent] area. We still find ourselves with people investing. My hope is we go from this*

*rapid growth to steady growth and uh, so see, we'll see some coming down. But I don't think we're going to, uh, God willing, I don't think we're going to see a recession."*

But I'm just wondering... if God *doesn't* will a slowdown from rapid growth to steady growth, will President Biden add "God's Recession" to "Putin's Price Hike?"

Thus far July hasn't been such a terrible month for the stock market as a whole. But like I mentioned elsewhere in this letter, copy for it has to be in before the month is done, so there's still time.

Pleasantly, we're seeing some green numbers this month. Along with VMAR, EPD has been another solid performer. The six funds we added in our bear market portfolio last month are all off to a solid start as well. The rest is below for your perusal...

| 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   | \$351.06    | \$368.66      | 1.60%           | 5.0%         |
| IJR    | iShares Core S&P Small-Cap ETF          | Bear market portfolio: 20% position per the July 2022 issue  | 7/5/2022   | \$93.35     | \$99.42       | 1.89%           | 6.5%         |
| VTV    | The Vanguard Value ETF                  | Bear market portfolio: 20% position per the July 2022 issue  | 7/5/2022   | \$131.74    | \$136.26      | 2.48%           | 3.4%         |
| IJS    | iShares S&P Small-Cap 600 Value ETF     | Bear market portfolio: 20% position per the July 2022 issue  | 7/5/2022   | \$89.52     | \$94.66       | 1.79%           | 5.7%         |
| SCZ    | iShares MSCI EAFE Small-Cap Index ETF   | Bear market portfolio: 10% position per the July 2022 issue  | 7/5/2022   | \$53.43     | \$56.78       | 4.72%           | 6.3%         |
| VEA    | The Vanguard FTSE Developed Markets ETF | Bear market portfolio: 10% position per the July 2022 issue  | 7/5/2022   | \$40.01     | \$42.12       | 3.89%           | 5.3%         |
| 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     | \$39.22       | N/A             | -20.5%       |
| ONDS   | Ondas Holdings Inc.                     | Buy a full position up to \$8.75   | 6/2/2022   | \$7.55      | \$4.76        | N/A             | -37.0%       |
| 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      | \$0.37        | N/A             | -17.8%       |
| 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. UPDATE August 2022: Buy up to price was raised to \$6.50. | 5/2/2022   | \$4.27      | \$5.71        | N/A             | 33.7%        |
| 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     | \$37.22       | N/A             | -51.8%       |
| EPD    | Enterprise Products Partners, L.P.      | Buy shares of EPD up to \$23.00 as an income-generating investment.  | 12/1/2021  | \$21.20     | \$26.52       | \$1.86          | 25.1%        |
| ARKX   | ARK Space Exploration & Innovation ETF  | Buy shares of ARKX up to \$22.00   | 11/1/2021  | \$20.48     | \$14.39       | N/A             | -29.7%       |
| 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     | \$11.77       | N/A             | -59.3%       |
| GENI   | Genius Sports Group                     | Buy shares of GENI up to \$22.50   | 10/5/2021  | \$16.99     | \$2.49        | N/A             | -85.3%       |
| JD     | JD.Com                                  | Buy shares of JD.com (JD) up to \$80 per share   | 8/30/2021  | \$76.69     | \$63.32       | N/A             | -17.4%       |
| CZR    | Cesars Entertainment                    | Buy shares of CZR up to \$101.75   | 8/6/2021   | \$90.50     | \$43.89       | N/A             | -51.5%       |

Current Prices as of 07/27/2022

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 position at \$27 on 10/27 gives us an average entry price of \$28.95