INSIDER Newsletter

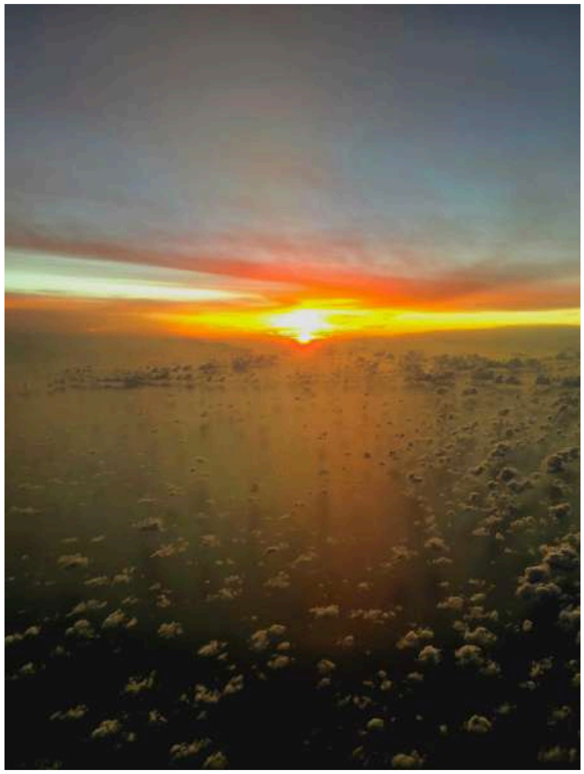
— Issue #313: June 2025 —

Greetings, friends!

We have this beauty from our fellow member Royce's house in Huatulco, Mexico.

Then there's this one from member Rob at Gower Point in Gibsons, looking west towards Vancouver Island.

And from Andrew flying into Sydney (those are clouds below).



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THE MIGHTY AND MYSTERIOUS CAYMAN ISLANDS

We just spent the last week or so in the Cayman Islands attending the latest Mavericks conference (in between the usual activities one indulges in).

It is hard to get lost there....

And it's rather easy to find a fine Cuban cigar and a chug of whiskey or rum to reflect on life.

Cuban cigars abound… but they are no bargain (I only bought a few, not the whole box). The prices are in Cayman Island dollars, so add 25% to get to a USD price. And fine Cuban rums, but at US$200 a tot (and more), all I did was admire them.

And a fine selection of wines, although I didn't even ask as to the price.

A favourite was a rustic cafe called [Czech Inn](), where we enjoyed reasonably priced beer and great street food.

Given that we were there, I thought I'd share some additional thoughts on this cluster of islands in the sun. The Cayman Islands has seen significant growth in fund registrations and assets under management (AUM) over recent years, to the extent that it is now definitely the primary premier offshore financial centre. Some data points:

- As of today, Cayman hosts **over 27,000 regulated investment funds,** including hedge funds, private equity vehicles, and mutual funds.
- They've **trillions in AUM,** with continued year-on-year increases, particularly in private credit, digital assets, and hedge funds.

It is attracting capital for three simple reasons:

1. **Tax Neutrality:** Cayman imposes no direct taxes on income, capital gains, or corporate profits, making it appealing for wealth preservation and intergenerational planning.
2. **Flexible Regulation:** While regulated, Cayman offers streamlined compliance and fund structuring options.
3. **Sophisticated legal and financial ecosystem:** Top-tier law firms, auditors, and fund administrators operate locally, ensuring institutional-grade infrastructure.

And then the big one that is impacting not just this little group of islands but other similar locations around the world such as Dubai, Abu Dhabi, BVI — all experiencing an influx of capital that I call geopolitical capital flight.

It isn't so much that the Cayman Islands is so wonderful, but rather that so many other parts of the world have taken a communist pill and accelerated the stealing of their citizens' assets. In a land of the blind a one eyed man is indeed king.

- Surprise, surprise, there are increasingly **wealthy individuals in Europe and North America** fleeing the communists in the EU and reallocating capital offshore, driven by:
  - **Surging sovereign debt** and **rising taxation risk** in G7 economies.
  - **Concerns over political overreach**, banking system fragility, and civil unrest.
  - **Fear of capital controls**, especially in the context of central bank digital currencies (CBDCs) and declining trust in Western institutions.
- Cayman is seen as a **neutral, dollar-linked haven** with strong rule of law and a history of protecting client confidentiality (within legal bounds).

The Caymans used to be notorious for its ~~dodgy clientele~~ secrecy. This is no longer quite the case. Sadly, it has fallen to the insanity of all the acronym soup misnamed "transparency initiatives" such as FATCA, CRS, and AML regimes.

Despite these increased reporting requirements, it remains attractive because it offers a less worse setup than elsewhere. What's most attractive is legal clarity, operational efficiency, and a perception of greater asset security.

The key takeaways for me here are that the growth of funds in the Cayman Islands reflects a broader trend: **wealth is moving away from politically unstable or over-regulated regions toward jurisdictions perceived as financially sovereign, geopolitically neutral, and structurally sound.**

In that sense, Cayman stands out not just as a tax haven, but as a strategic base for capital protection in an increasingly uncertain global landscape.

THE DYING EMPIRE STRIKES

The time to position for calamity is before, not after. The time to buy insurance is before fire engulfs your home, not after. We have talked before about Iran, Israel, the greater Israel project (no, it's not antisemitic to highlight risk, ideology, and facts). Secondly, this is what happens at the end of empires. It is to be expected. All that aside, the question to ask is, what does this mean for our portfolio? While we can't control any outcome here, we can control where and how we invest our capital.

Our views and application of our views on oil/energy were never based on political outcomes in the Middle East. However, conflict in this region based on Israel's well-documented expansionist views was a matter of when, not if. As such, we did find it bizarre that there was no premium placed on the price of oil. So by buying an oil service company like TechnipFMC or a producer like Exxon, there was a "free option" on hell breaking out in the Middle East (however you define "hell breaking out").

My friend Alex Krainer wrote an excellent and detailed article on the topic. I encourage you to read it here.

Our job, as mentioned, is to allocate capital, so…

We ask the question, at $75, how much of a "Middle East political premium" is now embedded into WTI? Probably not too much, especially if the conflict is just getting into gear. This begs the question, how far will the conflict go and what effect will it have on the supply of oil coming out of Iran? We simply don't know!

Perhaps we see oil trade above $100 before year end, but we aren't making any changes to our positioning. We're already positioned for chaos and conflict — the proverbial insurance before the fire.

TARIFFS BLOCKED

In mid-April (during the tariff tantrum), we wrote about how **the mighty US Constitution specifically prohibited the US President from raising taxes on US citizens.** There was talk about this on the fringes, notably from economist Jeffery Sachs, but we didn't hear squat from the press of popular opinion (being the lizards they are).

The thinking of the vast majority of market commentators and a good few fund managers to boot was a repeat of the 2008 GFC or something akin to that.

Well, lookie here…

US court blocks Trump's sweeping tariffs, citing overreach of authority

By **Dietrich Knauth** and **Daniel Wiessner**

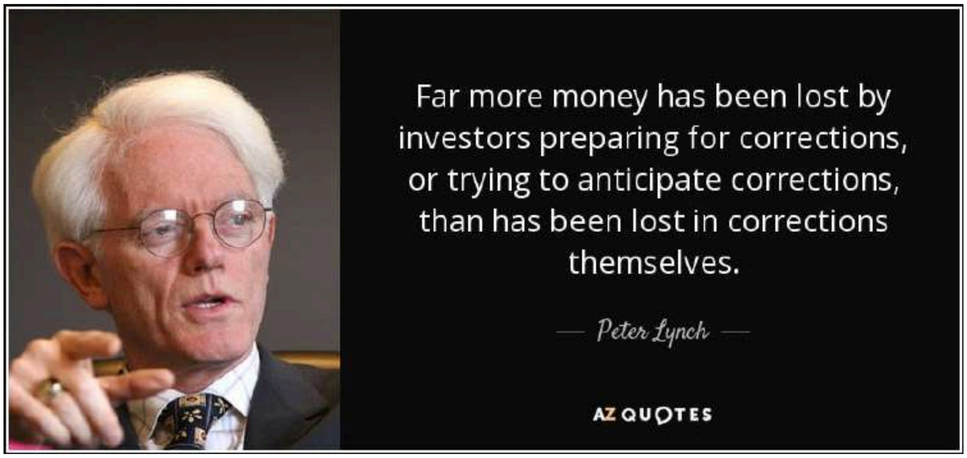
May 29, 2025 10:51 AM GMT+10 · Updated 4 min ago

> *"A U.S. trade court on Wednesday blocked President Donald Trump's tariffs from going into effect, ruling that the president overstepped his authority by imposing across-the-board duties on imports from nations that sell more to the United States than they buy.*
>
> *The Manhattan-based Court of International Trade said the U.S. Constitution gives Congress exclusive authority to regulate commerce with other countries that is not overridden by the president's emergency powers to safeguard the U.S. economy."*

At the time we mentioned this, we didn't think this was hard to figure out and we figured that sooner or later these tariffs would be challenged in court.

Moral of the story? **Think for yourselves** and don't be led astray by the press of popular opinion. Convid should have taught us all that!

And as for a repeat of the 2008 GFC experience, as we quoted:



We also said during the height of the "tariff tantrum" that **if we can find enough value, we will remain fully invested. And if we can't find enough diverse deep value, then we will have a high allocation to cash**.

In the lead up to the 2000-2003 TMT bear market, there was lots of value outside TMT sectors so there was little reason to have a high allocation to cash. In the leadup to the 2008 GFC, everything in the world had gone up significantly in an almost parabolic style. There was little value to be had and a good reason to have a big allocation to cash.

If there was to be a "bear market" we thought (and still think) that it would be more akin to the 2000-2003 TMT bear rather than the 2008 GFC.

Today, we can find tons of value outside the US and especially so in commodity sensitive sectors. As such we find no reason to sell or have a high allocation to cash (or any cash for that matter). We said this some six weeks ago, and we reiterate it today.

To be clear, if we were fully invested in the S&P 500, Nasdaq, and such, we'd be far more likely to sell it all and go to cash… but we're not and so we won't.

Circling back to the popular opinion of early April, recall all the pundits talk of a repeat of the 2008 GFC. **Do you think that the fear of a repeat of the GFC prevented it from happening again (i.e. caused Trump to postpone his tariffs)?**

Remember that famous quote that no one has ever heard of?

> *"The more you look at the future the more it changes because you looked at it, and that changes everything else."*

Wouldn't it be a strange irony that the greatest risk we face isn't a repeat of the GFC but rather the unintended consequences or side effects of all the measures taken to prevent another 2008 GFC?

A STEP CLOSER TO...

You owning nothing and being decidedly unhappy. Pissed off, I'd say.

First came the net. Now comes the scoop.

'Unfair and bizarre' consequence of Labor's proposed unrealised capital gains tax under the spotlight for SMSF holders

> *"A concerned Aussie with a self-managed super fund has bemoaned an "unfair and bizarre" financial hit they could face if Labor passes legislation to tax unrealised capital gains in super accounts.*
>
> *The Albanese government's plan to impose a 30 per cent tax on super funds above $3 million, including unrealised capital gains, looms as Labor and the Greens are likely to join forces in the Senate to pass legislation after the former's massive federal election win.*
>
> *It has raised concerns for Australians with SMSFs as many put assets – including farms, properties and shares – into their accounts."*

Pensions are a scam — basically a pot that the government can raid like a piggy bank at any time, all while you're being sung lullabies about how you will be taken care of and you only have to work 1/3 of your life to relax into your sunset years.

The old adage rings true here — *"you either understand history or you believe your government. You can't do both."*

Consider these parasites and how they blatantly steal while shielding themselves from the same laws.

You see, with these new measures any Australian is simply viewed as cattle to be farmed. On the other hand, if you're a politician or judge, you're golden. You are exempt. Rules for thee, but not for me.

Former state premiers and MPs exempt from Labor's controversial super tax

> *"The government claims it will hardly affect any people, but given the $3 million is not indexed, more and more people will be captured every year, and it will end up raising $40 billion over 10 years for the budget," Mr Clennell said."*

What else? Industry super funds are exempt. So guess what? The capital will flow into Blackrock, etc. only to finally be seized. Watch!

If you're an Ozzie and you move your money into an industry super fund, you're an idiot and you'll not have my sympathy when the inevitable happens.

You may be asking yourself what happens next.

Well, this is interesting since we're sitting here in the Cayman Islands and Brad and I had a little chat with our legal team here. I asked about business, and no surprises. There are Ozzies fleeing with their capital (as any self respecting individual should). So we'll see more of that. The majority won't do anything, though. They'll follow mindlessly, and even when their assets get stolen, they'll likely believe whatever gumpf they're told that is put forward to justify the theft.

W.H.O. DUNNIT?

Lookie here…

Robert Fico 🇸🇰
@RobertFicoSVK

PHONE CALL WITH THE LEADERSHIP OF THE WORLD HEALTH ORGANIZATION

A few minutes ago, I received a phone call from the Director-General of the WHO, Tedros Adhanom Ghebreyesus, who asked me for the Government of the Slovak Republic to change its position and not request a vote on the Pandemic agreement, which is scheduled to take place later this evening.

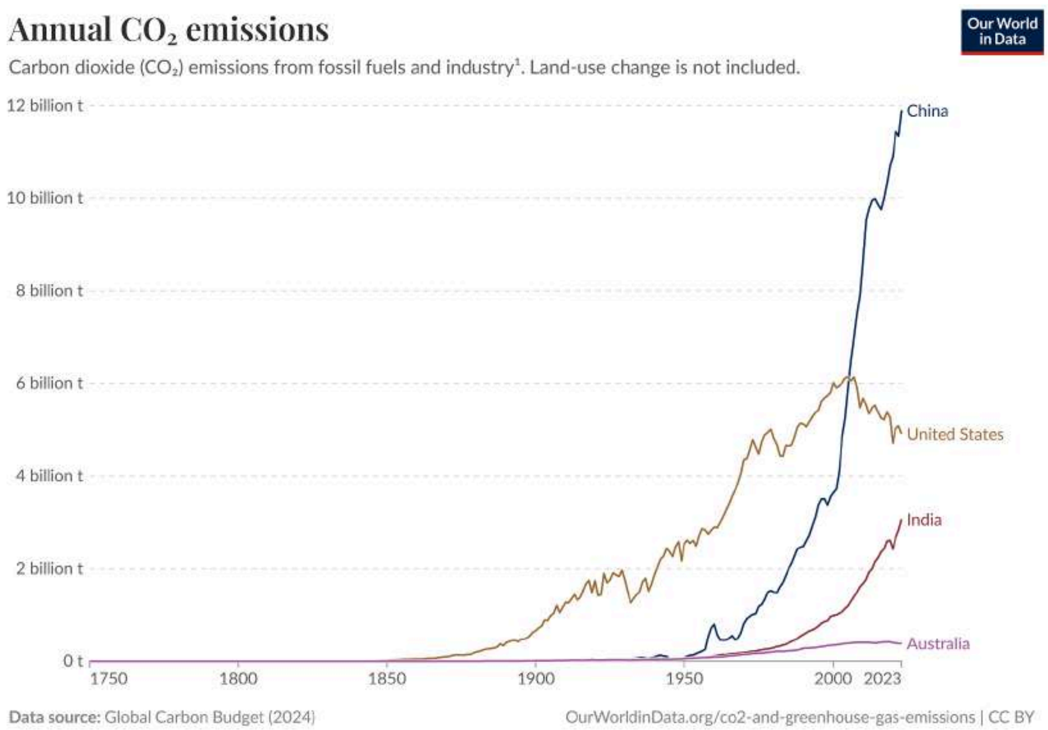
I reiterated that the Slovak delegation is bound by the instruction of the Slovak government to request a vote on the Pandemic agreement.

The Prime Minister of the Slovak Republic expresses surprise that there are efforts to avoid a fundamental democratic institution – a vote. If a vote does take place, the Slovak delegation has been instructed not to support the Pandemic agreement, as it undermines the principle of the sovereignty of member states and disproportionately interferes with the sphere of human rights.

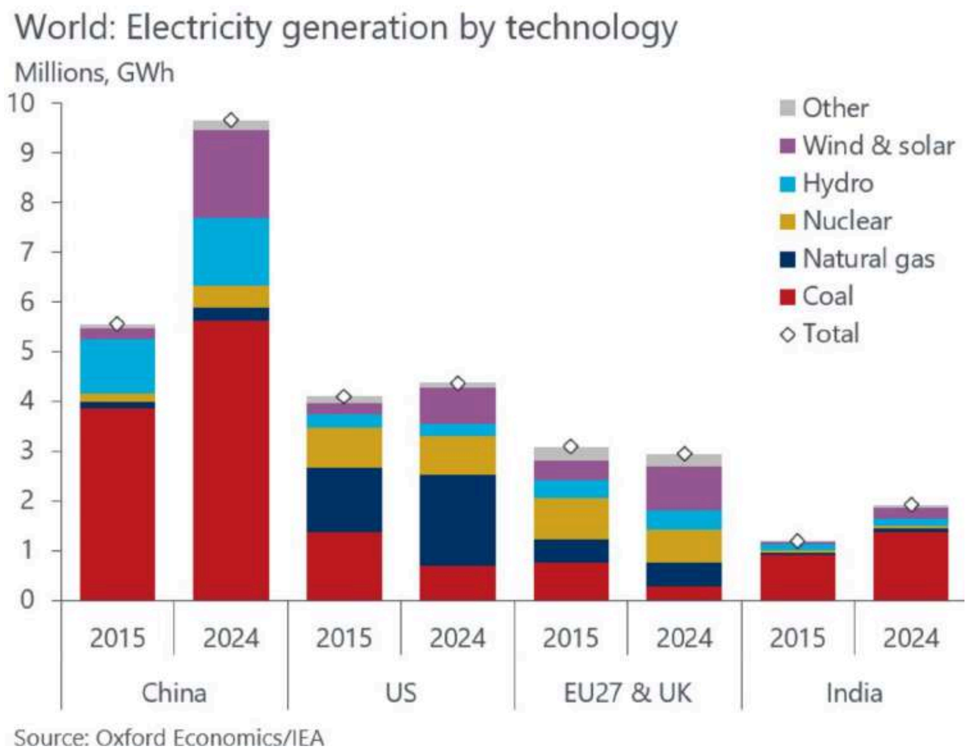
Recall Fico is the guy who had an attempt on his life not long ago. I'm sure it was just some lone crazed gunman — a Lee Harvey Oswald reincarnate. Nothing to see!

CHINDIA NEVER GOT THE MEMO

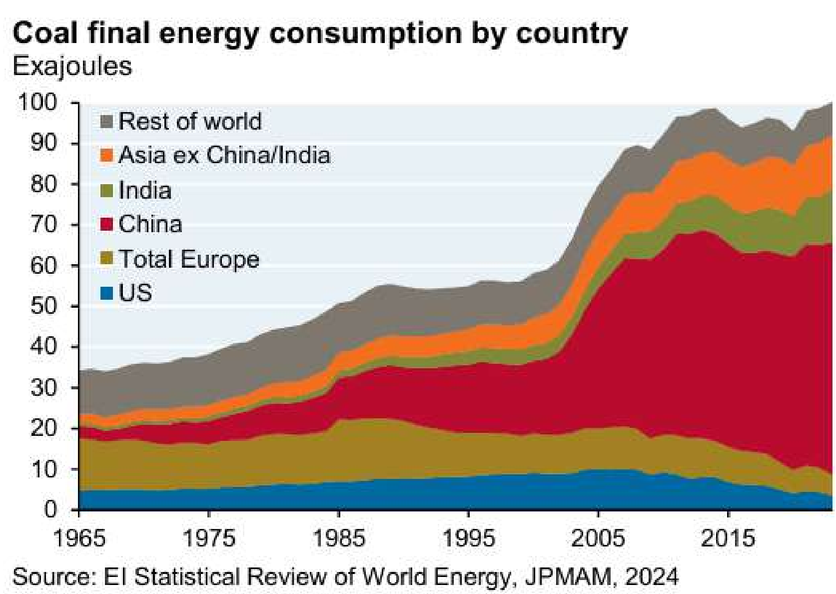
This article is packed full of all the reasons why investing in coal is so sexy as well as an indicator of where energy security is stronger. This is important because you can't have political security without energy security. Here are a few charts to wet your lips.

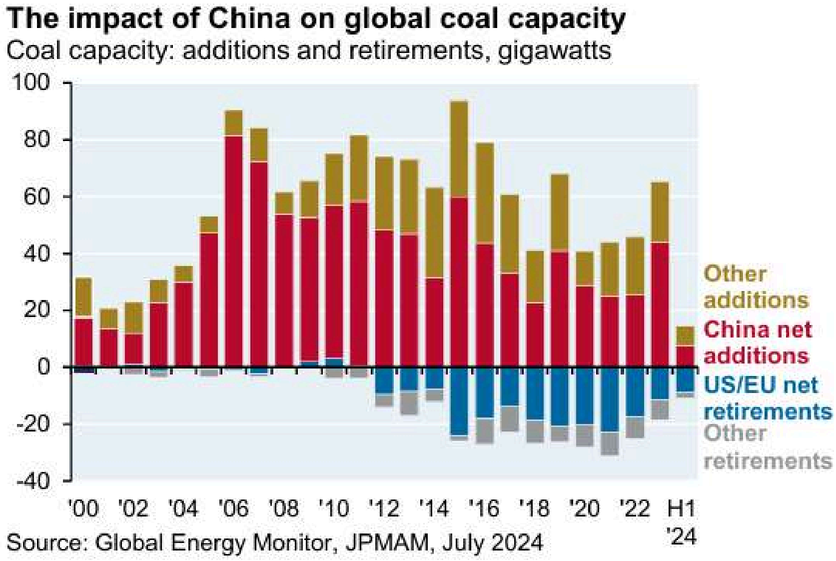


Don't worry, China promised to go "net zero" by 2030. Pinky promise!

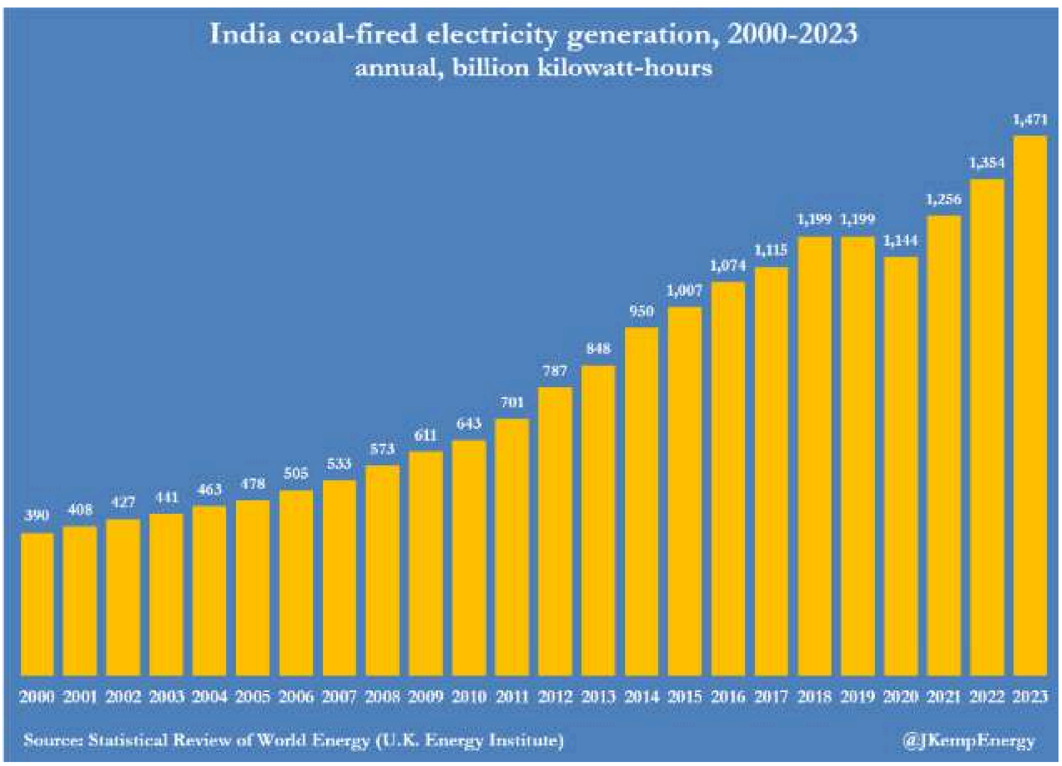


As you can see, China is insignificant — a third world country filled with funny people eating funny food. Completely inconsequential!

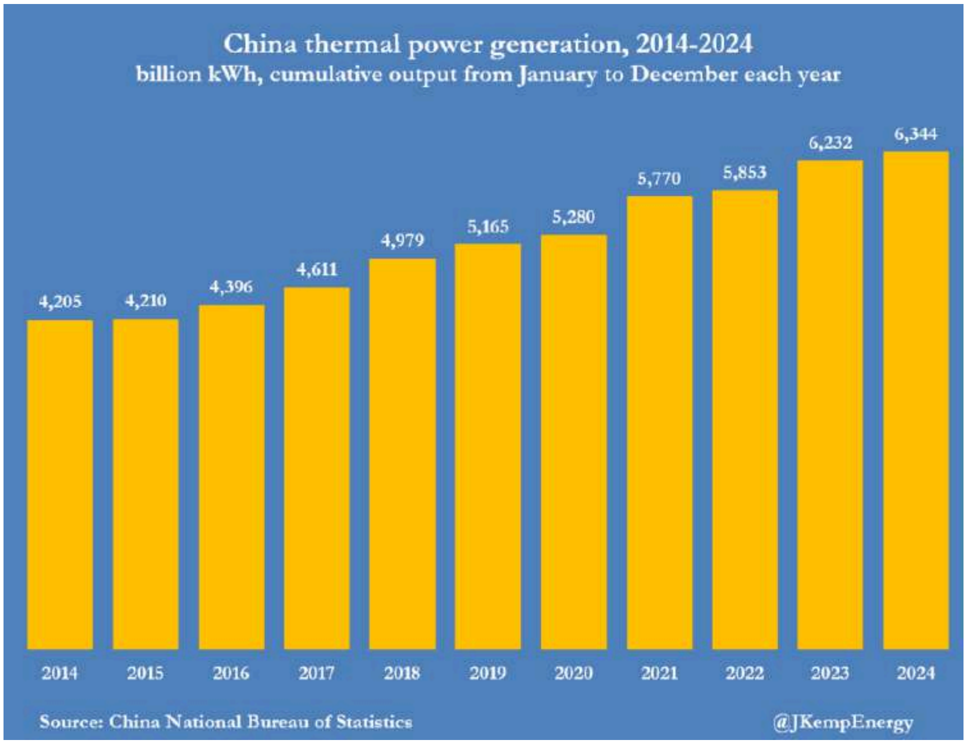


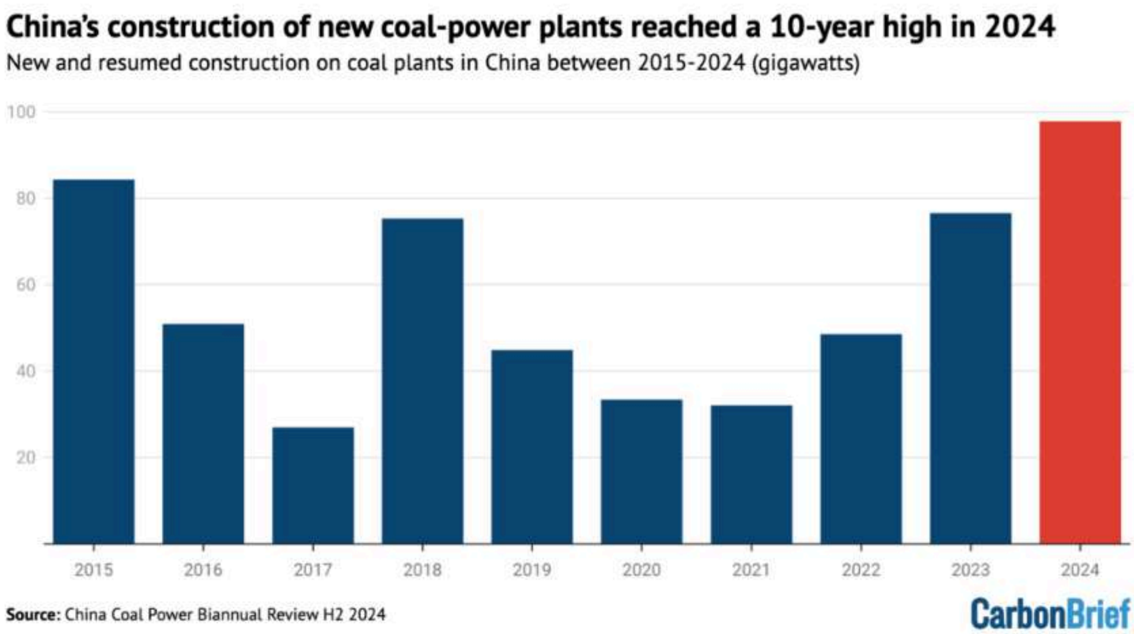


The impact of China on global coal capacity
Coal capacity: additions and retirements, gigawatts
100
80
60
40
20
0
-20
-40
'00 '02 '04 '06 '08 '10 '12 '14 '16 '18 '20 '22 H1 '24
Other additions
China net additions
US/EU net retirements
Other retirements
Source: Global Energy Monitor, JPMAM, July 2024

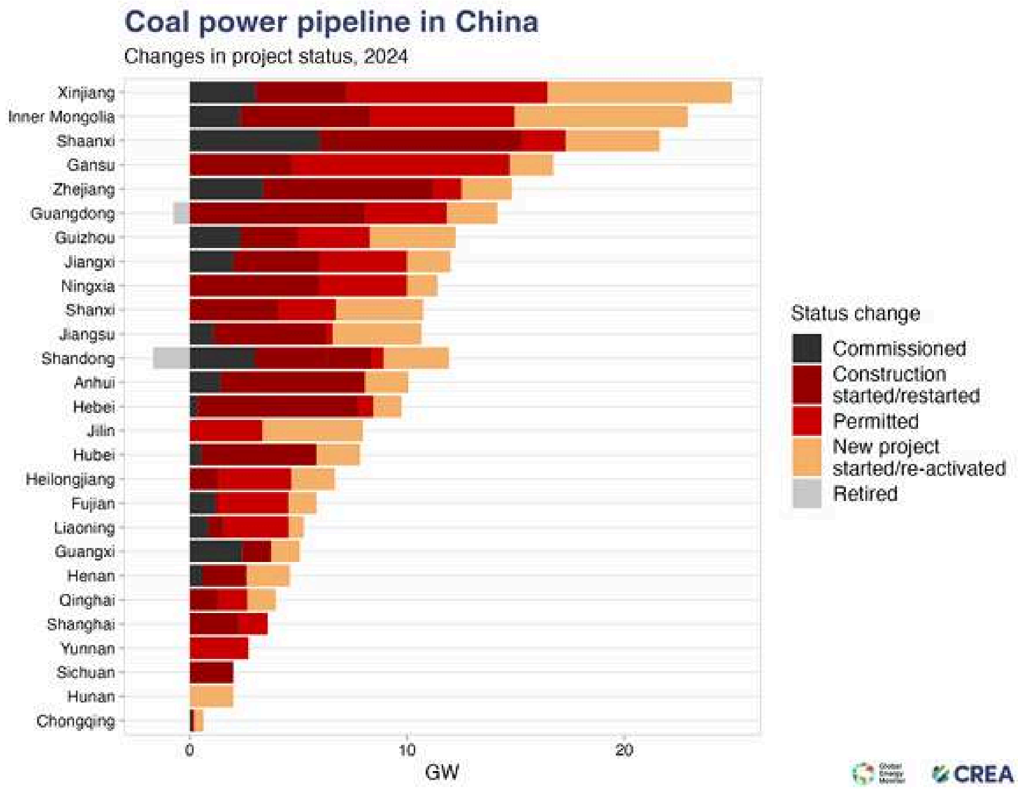


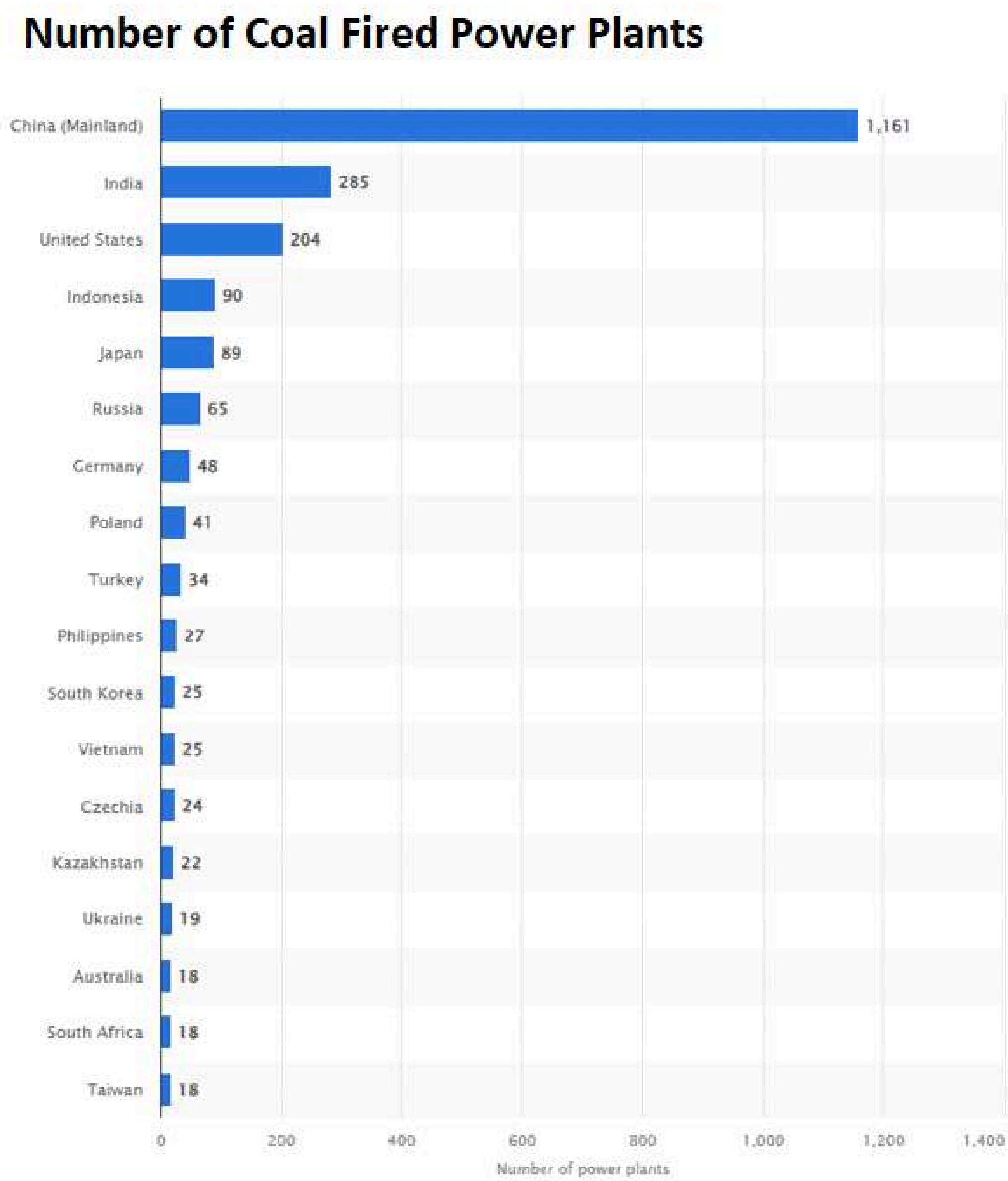
India coal-fired electricity generation, 2000-2023
annual, billion kilowatt-hours
390 408 427 441 463 478 505 533 573 611 643 701 787 848 950 1,007 1,074 1,115 1,199 1,199 1,144 1,256 1,354 1,471
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Source: Statistical Review of World Energy (U.K. Energy Institute)
@JKempEnergy





New and resumed construction of coal capacity in China between 2015-2024, gigawatts. Credit: GEM and CREA.

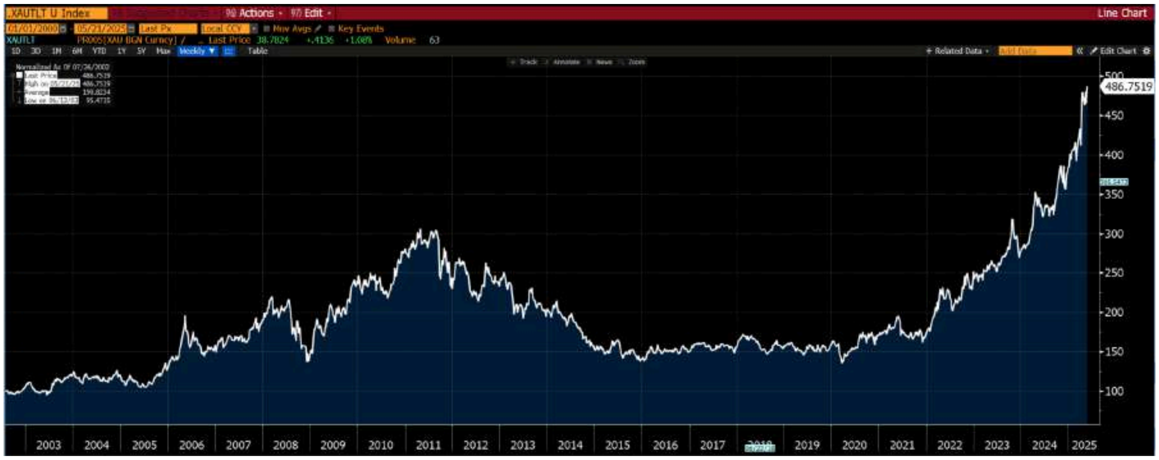

Coal power pipeline in China
Changes in project status, 2024
Xinjiang
Inner Mongolia
Shaanxi
Gansu
Zhejiang
Guangdong
Guizhou
Jiangxi
Ningxia
Shanxi
Jiangsu
Shandong
Anhui
Hebei
Jilin
Hubei
Heilongjiang
Fujian
Liaoning
Guangxi
Henan
Qinghai
Shanghai
Yunnan
Sichuan
Hunan
Chongqing
0
10
20
GW
Status change
Commissioned
Construction started/restarted
Permitted
New project started/re-activated
Retired
CREA



Source: Statista

GOLD VS TREASURIES

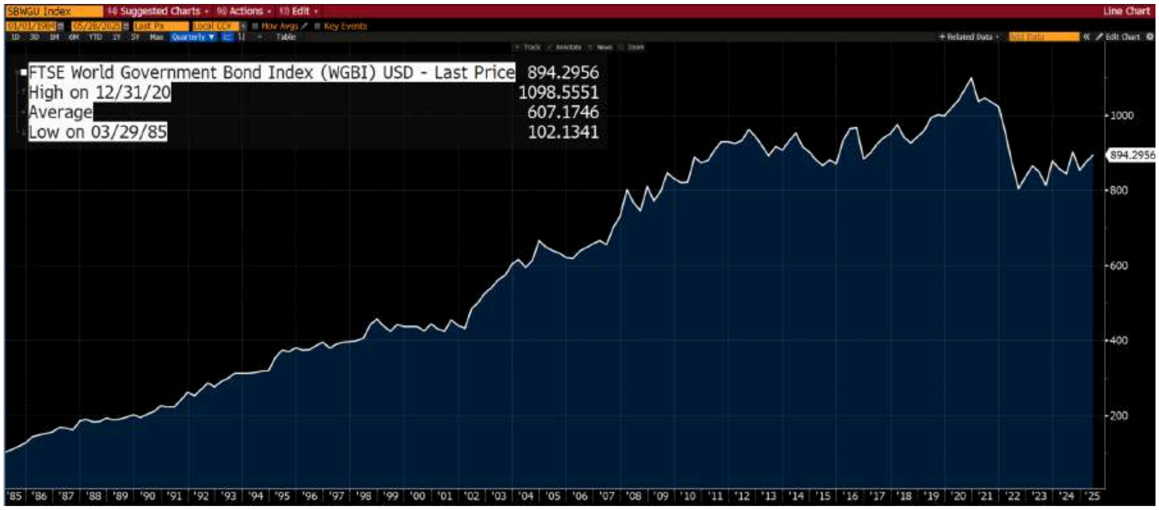
The pure inflation trade — long gold and short US treasuries (TLT) (the relative performance of gold and iShares 20+ Year Treasury Bond ETF) is telling us something in no uncertain terms:



Ratio of gold and TLT (indexed to 100)

Even just looking at TLT, that is a rather precarious (bearish) looking chart!

Here is the **FTSE World Government Bond Index** (index of bond prices rather than yields).

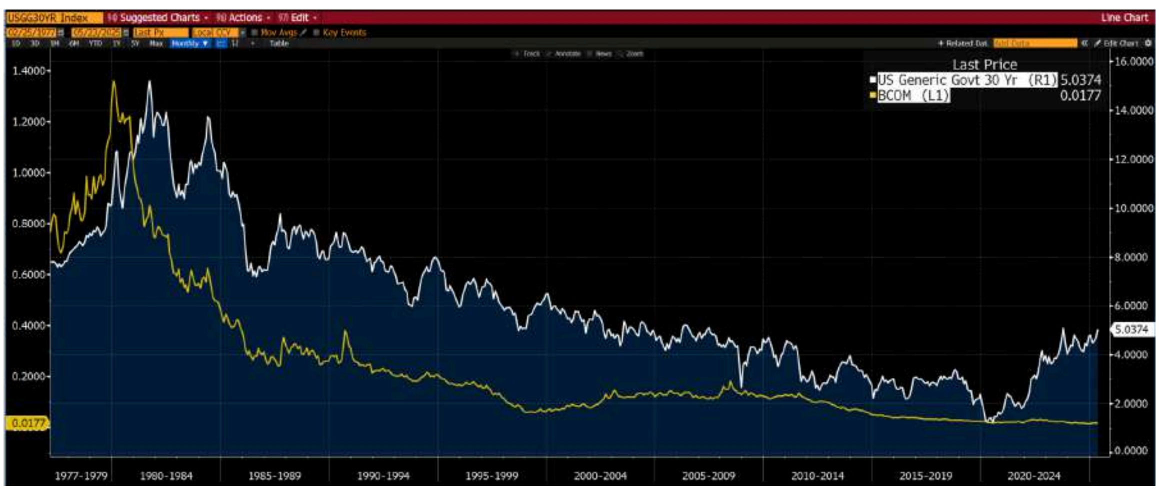


We think that big damage was done in 2021 and 2022. If that was just a correction in an ongoing long-term bull market, then we should have seen new highs or near new highs by now.

Watch closely the behavior of 10-year yields. Specifically, watch 5% on the US 10-year yield. Above that level and world bond yields are going way higher. We think this will happen, it is just a question of when, not if.

The US 30-year yield is already hinting at the direction of the US 10-year yield… and it's not down.

Here is a thought… What if we looked at the **behavior of the US 30-year yield (white line) and the ratio of commodities and the S&P 500 (yellow line)?**



From 1980 until 2020, yields went down in an almost linear fashion, and apart for a few years from 2000 to 2005, commodities underperformed the S&P 500, also in a somewhat linear fashion.

Although the time frame isn't as long, the S&P 500 has underperformed the Nasdaq (as a proxy for value vs growth) in an almost linear fashion (except for the TMT implosion from 2000 to 2003).

Was there a relationship here? In other words, is there a cause/effect of lowering bond yields (cost of capital) underperformance of commodities/commodity related stocks and outperformance of tech (growth) stocks?

Let's reframe it: what if bond yields had never kept going down after the GFC? Would we have seen such underperformance by commodities and outperformance of tech?

We suspect that if the gold/TLT ratio continues to climb and bond yields continue to rise, then it is only a matter of time (sooner rather than later) before commodities start to outperform. Given the length of time that they have underperformed (a generation or so), the outperformance is likely to surprise everyone in terms of duration and magnitude.

EMERGING MARKETS AND COMMODITIES

Leading on from the discussion above, here's another interesting long-term relationship:

- Emerging markets relative to the S&P 500 (white line)
- Commodities relative to the S&P 500 (yellow line)

Granted, the relationship isn't perfect, but it is reasonably close for us to say that where commodities go relative to the S&P 500 so do emerging markets.

The other observation is that emerging market equities remain as out of favour relative to the S&P 500 as they were during the height of the TMT bubble back in the late 1990s, while commodities are way more out of favour. Nothing new! We have been saying the same thing ever since this publication got going some nine years ago.

We reiterate: we continue to actively look for value outside the US, particularly in emerging markets and commodity sensitive sectors.

One day (sooner rather than later), these long-term trends will change, and then we are probably looking at 10 or so years when emerging markets and commodities outperform.

TRUMP AND URANIUM

If Trump is successful (no reason to think otherwise), then his admin will likely send uranium stocks to new highs:


FACT SHEETS

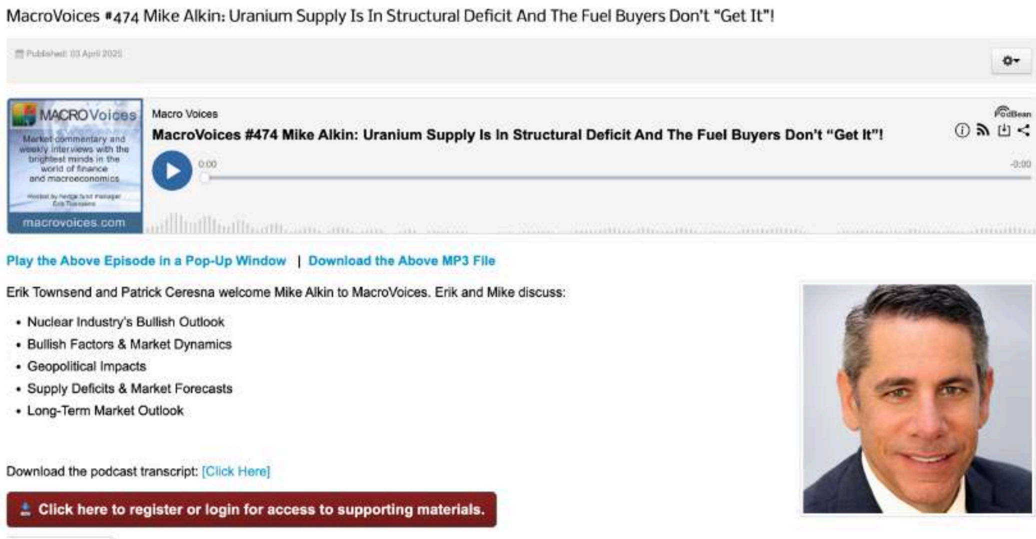
Fact Sheet: President Donald J. Trump Reinvigorates the Nuclear Industrial Base

The White House | May 23, 2025

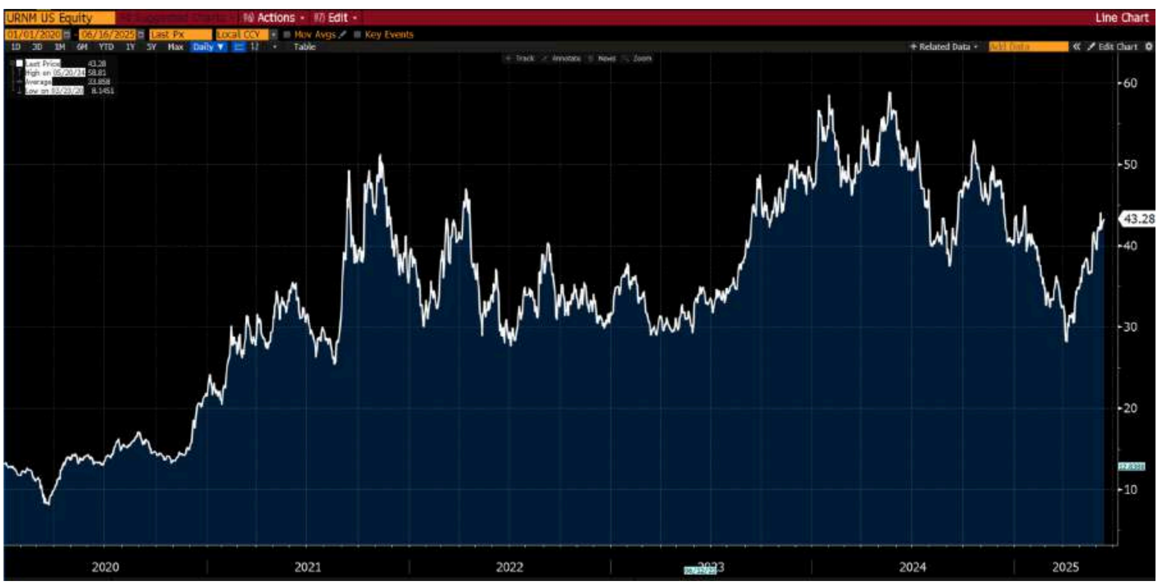
Part of Trump’s plan:

> *“ACCELERATING NEW NUCLEAR ENERGY PRODUCTION: President Trump is leveraging the full suite of Federal financial resources to support the restart, completion, uprate, and construction of nuclear plants.*
>
> - *The Department of Energy will prioritize the facilitation of 5 GW of power uprates to existing nuclear reactors and construction on 10 new large reactors by 2030.*
> - *Federal loans and loan guarantees will be prioritized to support increased nuclear energy, including restarting closed nuclear power plants and completing construction of prematurely suspended plants.*
> - *The Order tasks the Secretary of Energy, in coordination with the Administrator of the Small Business Administration, to prioritize funding for companies with potential for near-term deployment of advanced nuclear technologies.”*

This is all wonderful, but to us it is a layer of icing on our bullish view on uranium. In essence, there were already big supply shortages looming without Trump’s latest uranium push as outlined in this brilliant discussion with Mike Alkin. We encourage folks to listen to it. Note this discussion took place almost 2 months ago, well before the latest Trump uranium announcement:



Uranium stocks are back to where they were trading in 2021. That's four years and nothing to show for it! And for those folks who brought in mid-2024, almost 50% downside at one stage.



It's been one hell of a long hard trade. Yes, we will make good money out of the uranium trade by the time we pull the pin (at least another five years away), but we will have for sure earned every cent.

GREEK EQUITIES: THE QUIET BULL

Quietly the Greek equity market keeps on chipping higher. Year-to-date (on a USD total return basis), it is up some 40% whereas the S&P 500 is flat… yet we don't hear any commentary about the Greek stock market.

From a longer-term perspective, this is the highest the Greek stock market has been relative to the S&P 500 since 2018. It could easily double from current levels and still be where it was relative to the S&P 500 in 2014 (assuming the S&P 500 doesn't go up).

Athens Index relative to S&P 500 (indexed to 100)

Over the longer-term it would appear that there is “ample room for continued outperformance.” Put in another way, five years from now it will be materially higher relative to the S&P 500.

Athens Index relative to S&P 500 (indexed to 100)

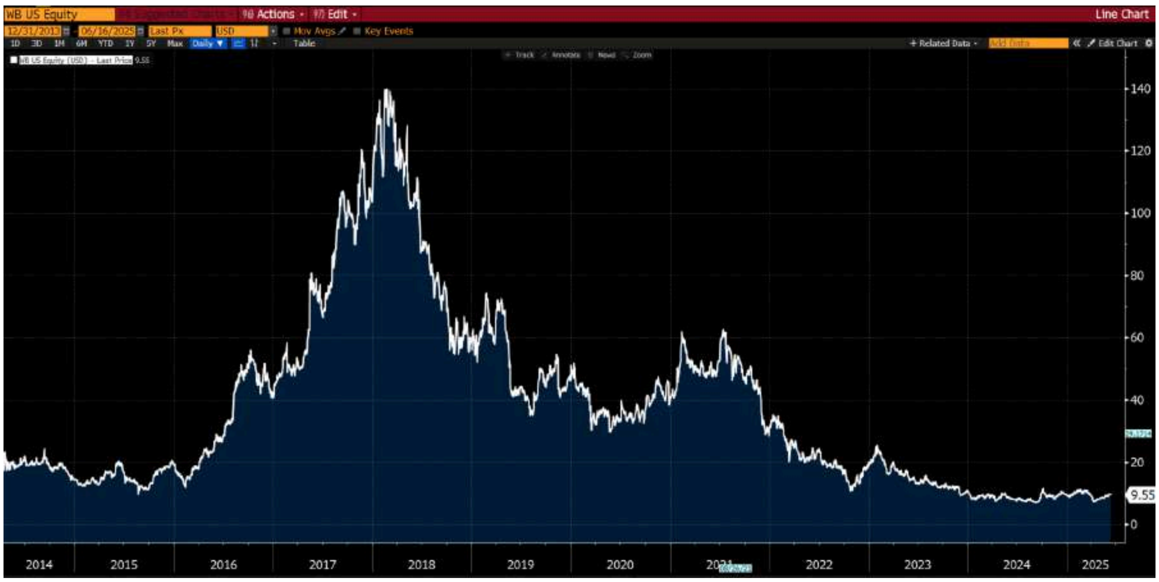
BIG ~~FIVE~~ SIX

Six deep value ideas that you probably wouldn’t have heard of before let alone considered. These aren’t trade ideas as such, but if you were to take each position short them in equal weights and hold those short positions for five years, you would most likely be taken to the cleaners, which answers the question of whether or not they would be a good investment. Please read our important disclaimer here regarding any recommendations.

1. Weibo
2. Odfjell Technology
3. Litu Holdings
4. European Banks
5. Platinum
6. Euro Sun Mining

WEIBO

This is a little different to the “usual suspects” that make their way into the Big Five. Weibo, often referred to as the "Twitter of China." It's a microblogging platform similar to ~~Twitter~~ X, where users can share updates, images, and videos, follow other users, and engage in conversations. It’s now below its listing price.



Like many Chinese internet/tech stocks, it is really cheap — sitting on a P/E of 5.5x and a dividend yield of some 9%.

ODFJELL TECHNOLOGY

From Reuters:

> *“Odfjell Technology Ltd. is an international technology and engineering company delivering specialist services, equipment and competence across the offshore energy value chain. The Company’s businesses include Well Services, Operations and Projects & Engineering. It offers energy industry experience across a range of disciplines, including feasibility and concept studies, pre- Front End Engineering Design (FEED) and FEED, drilling facility engineering and operational drilling engineering. It operates fixed and floating production drilling platforms in Norway and the United Kingdom. Well Services include tubular running services, well intervention services and drilling tool rental. Well Services endeavors to develop new technology within the industry. The Company delivers*

the safest services using radio-controlled, remotely operated technology and a new range of handling tools. It also specializes in the design of whipstocks, casing and packer milling, fishing, and remedial products."

There is a lot of jargon in there, but it isn't hard to figure out that the prosperity of this stock is rather tied to the level of capex in offshore oil and gas exploration and development.

What is really interesting about this stock is its valuation: a P/E of 7x and dividend yield of 12%. Perhaps an excellent candidate for the Dividend Strategy?

KEY RATIOS › | Fiscal Year | Calendar Year

		HISTORICAL		FORECAST (MEAN)		
	LTM 31-Mar-25	FY-1	FY0	FY1	FY2	FY3
Enterprise Value/R...	0.50	0.57	0.46	0.52	0.50	0.51
Enterprise Value/E...	3.42	3.53	3.17	3.36	3.11	3.10
Enterprise Value/E...	5.63	6.18	5.47	5.57	4.96	4.70
Total Debt/Enterpri...	0.46	0.44	0.51			
Total Debt/EBITDA	1.57	1.56	1.61	1.55	1.43	1.42
EBITDA/Interest E...	6.38	5.11	4.30	8.77	9.75	9.89
EBITDA-Capital Ex...	3.49	3.62	2.32	5.77	6.56	--
EBIT/Interest Expe...	3.87	2.92	2.48	5.29	6.11	6.52
PE	6.96	6.51	7.00	5.99	5.11	4.94
PEG	-0.34	0.20	-0.26	0.21	0.18	0.17
Dividend Yield	11.83	5.70	11.62	12.57	12.15	12.15
FOCF Yield	8.77	21.03	9.01	16.24	24.22	24.28
Price/Sales	0.35	0.45	0.33	0.36	0.35	0.35
Price/Cash Flow	3.34	3.21	3.41	2.70	2.45	--
Price/Book Value	1.49	2.03	1.25	1.32	1.21	1.11
Return on Assets	7.24%	10.11%	6.43%	--	--	--
Return on Equity	23.88%	37.10%	20.66%	24.00%	26.03%	23.55%

LITU HOLDINGS

Litu is an investment holding company mainly engaged in the printing and manufacture of cigarette packaging and related materials.

It sports a P/E of 5.5x and dividend yield of 14.55%, although its market cap is only US$55 million, so it is off the radar of the vast majority of funds but individual investors can pick it up with no problem.

	LTM 31-Dec-24
Enterprise Value/Reve...	0.09
Enterprise Value/EBIT...	0.39
Enterprise Value/EBIT	0.66
Total Debt/Enterprise ...	3.06
Total Debt/EBITDA	1.21
EBITDA/Interest Expen...	42.47
EBITDA-Capital Expen...	--
EBIT/Interest Expense	25.48
PE	5.49
PEG	0.04
Dividend Yield	14.55
FOCF Yield	--
Price/Sales	0.59
Price/Cash Flow	3.74
Price/Book Value	0.20
Return on Assets	2.91%
Return on Equity	3.68%

One would like to think that it has little/no correlation to the S&P 500. Look at how much it didn't move in early April when the S&P 500 took a beating!

EUROPEAN BANKS

You may think we are clinically insane for mentioning any European stock, let alone a European bank. This isn't the first time we have mentioned them (I think we have mentioned them a couple of times over the last year or so), but now they are really taking off.

Eurostoxx Bank Index

They are outperforming the Nasdaq dramatically over the last five years and performing in line with the Magnificent 7. Yet the Mag7 hogs all the limelight and you can hear a pin drop at the mention of European banks.

From a valuation perspective, European banks still aren't expensive.

SX7E Index | 96) Actions | 97) Export | 98) Settings

EURO STOXX Banks Price EUR | Compare <Sec> | Periodicity Annuals | Cur FRC (EUR)

1) Key Stats | 2) Fundamentals | 3) Custom | 4) Shared

11) Highlights | 12) Valuation | 13) Profitability | 14) Leverage & Liquidity | 15) Market Data

12 Months Ending	2021 Y 12/31/2021	2022 Y 12/30/2022	2023 Y 12/29/2023	2024 Y 12/31/2024	Current 05/21/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026
Valuation Metrics							
Price/Earnings	9.12	6.84	6.53	6.83	9.15	9.19	8.77
Price/Earnings before ...	9.34	7.30	6.10	6.24	8.27	8.97	8.56
Price/Earnings before ...	9.76	7.30	6.10	6.24	8.27		
Price/Book Value	0.67	0.62	0.71	0.80	1.07	1.03	0.96
EV/Sales	6.74	6.15	4.35	3.92	4.56	7.38	7.36
EV/EBIT	32.07	23.92	18.74	17.39	18.23		
EV/EBITDA	—	—	—	—			
Dividend Yield	3.65	5.88	5.57	6.59	5.05	5.38	5.88
Fundamentals							
Gross Margin	—	—	—	—			
Operating Margin	21.00	24.82	22.95	22.62	24.31	46.95	47.49
Profit Margin	18.39	21.51	24.11	25.48	25.29	25.19	25.74
Return on Assets	0.31	0.37	0.57	0.64	0.65	0.76	0.76
Return on Equity	6.13	7.62	10.96	12.07	11.96	11.46	11.25

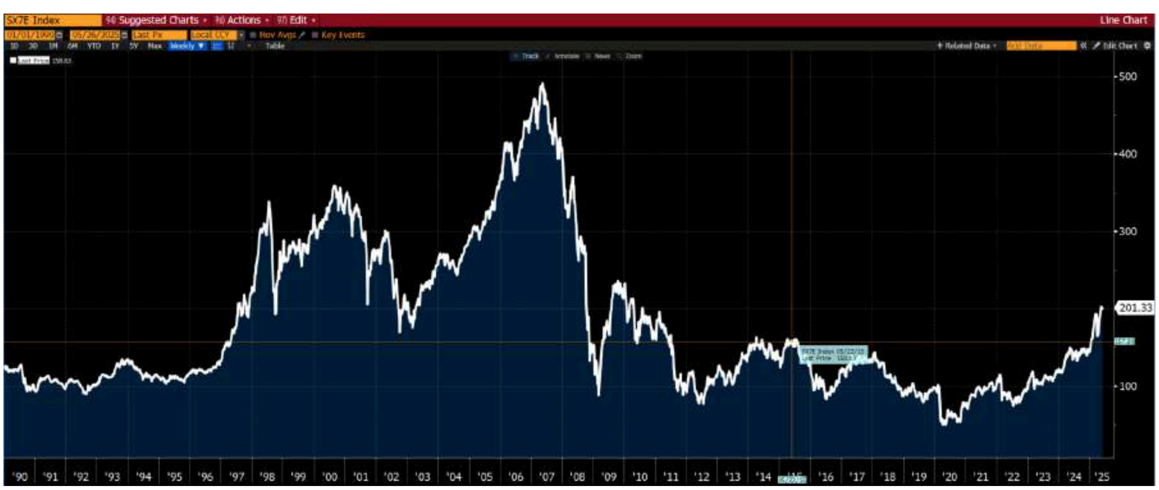
There are plenty of European bank ETFs trading on European exchanges. However, Americans cannot invest in these, and I can't find any US-traded Euro bank ETFs. So if US citizens wanted to gain exposure to European banks, then our thinking would be to buy four or five of the large caps. Here is the holdings of the Amundi STOXX Europe 600 Banks UCITS ETF (BNK) trading on the Paris exchange:

7) Top Fund Hlds | HLDR »	Net Fund
11) HSBC Holdings PLC	13.304%
12) Banco Santander SA	7.640%
13) UniCredit SpA COMMON	6.358%
14) BNP Paribas SA	5.897%
15) Banco Bilbao Vizcaya Argentaria SA	5.619%
16) Intesa Sanpaolo SpA	5.132%
17) ING Groep NV	4.264%
18) Lloyds Banking Group PLC	4.045%
19) Barclays PLC	3.986%
20) NatWest Group PLC	3.491%

Here's a tale, a true story, actually…

I circle back to the long-term chart on European banks. In 2015, before this publication was envisaged, I (Brad) thought European banks looked like a good long-term investment/trade. They had been absolutely hammered during the GFC and then again during the PIIGS/Euro debt crisis thing. To call them "toxic waste" was an understatement. No fund manager would touch them with a 40-foot barge pole. So I bought long-term OTM calls (five years to expiry) on ING, DBK, UBS, and ACA (expiry was in December 2020). I risked some 2% of my capital (0.5% on each position) — not enough to do me any harm from a monetary/physical perspective, but enough to do a bit of "emotional" damage if it didn't work out. But I thought it was a sure thing. Five years should have been way long enough.

Come 2020, those options expired worthless. And guess who didn't go again (i.e. buying 2025 calls on the same stocks)! Yeah, even "professionals" suffer emotionally from a good "handbagging" — that is, a slap around the head from a handbag (granted, this hasn't happened to me but mates of mine tell me about how emotionally humiliating it is. You tend not to go back for seconds).



Eurostoxx Banking Index (indexed to 100)

A couple of lessons…

Things often take longer to work out than you think. Way longer. And just because you failed the first time around, don't be deterred — it was just probably bad/unlucky timing.

Of course, if I had just bought stock instead of options, then I would be doing ok now. That is, if I had the patience to hold on after being down 70% after five years. Yes, that is how much this index had dropped from mid-2015 to mid-2020.

By the way, we do have exposure to European banks, mainly through Polish banks in the Dividend Portfolio.

PLATINUM

Something bullish is brewing with platinum. Notice the trading range from 2015 until now (try and take out the volatility surrounding the Corona affair). If our experience is anything to go by, the longer a market remains in a trading range the greater the intensity and duration of the trend. It is hard to conceive of the next material move in platinum being to the downside.

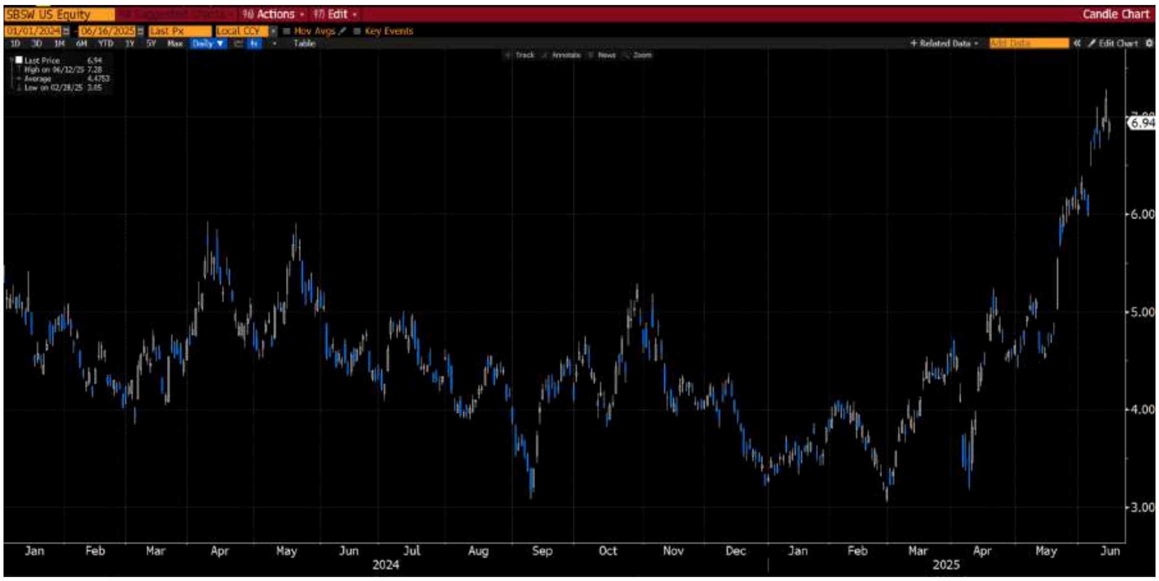
We are dumbfounded by the magnitude of the “gap” opened up between gold and platinum. In the last 10 years, gold has outperformed platinum by some 200%... and we were led to believe that platinum was more precious/rare than gold!

Our thinking is that platinum is more likely to play catch up to gold. Even if it doubles, it will still be “undervalued” relative to gold.

Gold-to-platinum ratio

One can invest in a platinum ETF (like the abrdn Physical Platinum Shares ETF) or a platinum producer like Sibanye Stillwater (SBSW).

We bought Stillwater last year, and after being down about 40% at one stage (just a few weeks ago), we are now showing a reasonable profit — a wild ride to say the least. These aren't trades for the faint hearted!

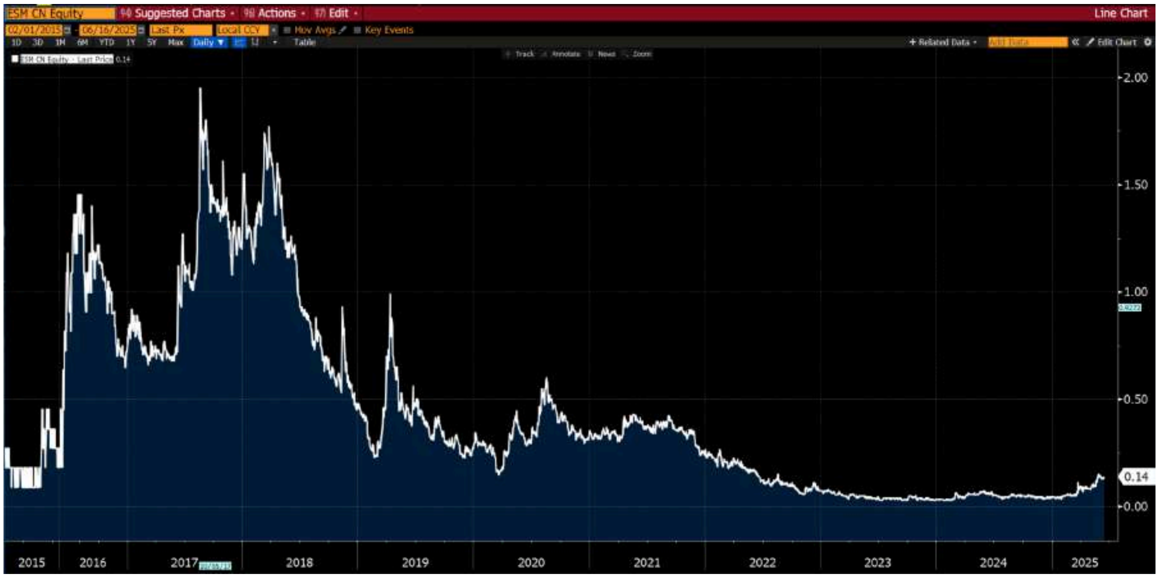


EURO SUN MINING

For those willing to take a punt on a gold/copper mine developer, Euro Sun is developing a gold/copper deposit in Romania. Their Rovina project is the 14th largest developing deposit in the world and the second largest in Europe. It contains measured and indicated resources of 10.1 million gold equivalent ounces (217 tonnes of gold and 635,000 tonnes of copper).

Glencore will take 100% of its production. They recently received funding from the EU as a strategic asset under the European Union's Critical Raw Materials Act (CRMA).

Another long-term bottoming phase and a bullish breakout. Imagine shorting this. It would be your worst nightmare. Of course, the opposite is true.



WEEKLY HUMOUR

This one was too funny not to share in this section…

TECHNOLOGY

Builder.ai Collapses: $1.5bn 'AI' Startup Exposed as 'Actually Indians' Pretending to Be Bots

This collapse signals wider AI startup turbulence due to hype over substance, with QIA losing $250M

By Vinay Patel 𝕏 @VinayPBPatel
Published 02 June 2025, 9:49 PM BST

Sincerely,

Chris MacIntosh
Founder & Editor In Chief, Capitalist Exploits Independent Investment Research

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