JAY PELOSKY

TPW ADVISORY

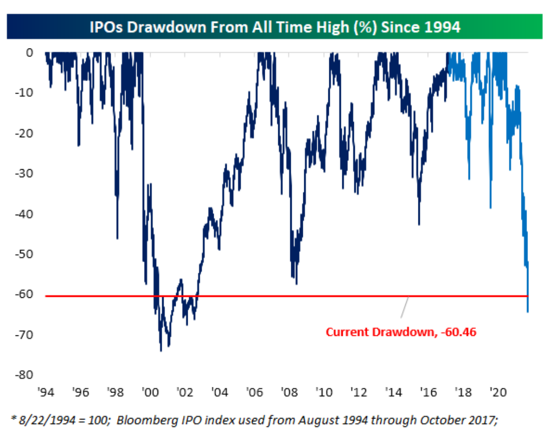
TPW Advisory Monthly: A Time to Market & A Time to Invest
May 27, 2022

It's been quite the year so far in global financial markets. The challenge of maintaining a constructive medium-term view amidst the current cross asset action remains at black diamond level (for nonskiers – that's V difficult). It has brought to mind the old adage that tough lessons are often the best lessons and from that a true story from my early days. Allow me to share it with you.

My first job for MSAM was to launch a Brazil Fund; this was in 1990-91 during Brazil's hyperinflationary era. We had the World Bank's IFC arm helping and could select stakes from the National Dev Bank's portfolio to build out our portfolio & yet we still couldn't raise any money. Finally, one of Barton Biggs' peers in the HF industry stepped up and we raised $20-25M. The lesson? There is a time to market & a time to invest and this was clearly not the former. It was however the latter as a look back will show 1990 - 91 was right about the absolute USD low for the Bovespa. The challenge of course is that the time to invest is not as obvious as the time to market; in fact it's usually only obvious in hindsight.

This memory came to me as I contemplated current cross asset market conditions: the dearth of IPOs and HY issuance, the collapse of the SPAC craze, YOLO investing & Crypto diamond hands, not to mention the bloodletting in the innovation/thematic space. How's this for a temperature check: last Friday witnessed the publication of over 3700 articles on bear markets, the 2nd most in the past decade. It's clearly not the time to market – could it be the time to invest?

Chart 1 – Time to Market?



Source: Bespoke

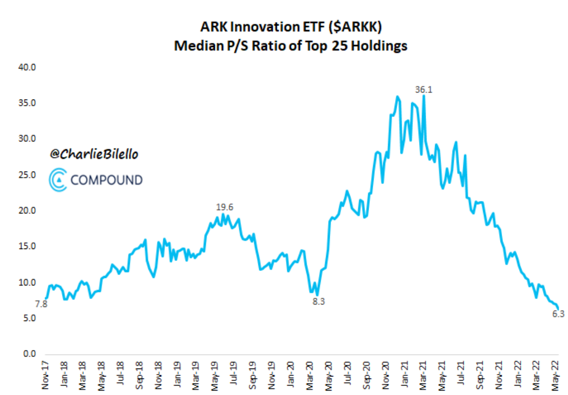
As I thought about that last question it struck me that financial assets have priced in a variety of bad news stories in recent months, ranging as far and wide as war, nuclear conflict, famine and a host of other calamities. Here in the US the awful specter of gun violence rears its ugly head from the NYC subway to the grade schools of Texas. We have zig zagged from ever higher inflation fears to the prospects for recession – all in a matter of weeks.

It also strikes me that the opposite is true - namely that very little in the way of positive surprise is priced in. An old buddy who sits at the upper echelons of a major US bank noted exactly that over lunch recently. It got me thinking (as those lunches usually do) that much of the potential bad news has been priced in but very little of potential good news suggesting a pretty good forward-looking risk reward profile. What good news you say? Cease fire in the Ukraine, more aggressive policy action in China, supply chains working, energy & food price stability (fertilizer prices down 30% over the past month), a cooling off of the US housing and labor markets & the clear ebbing of inflation in the US and Europe and the consequent repricing of all those Fed rate hikes. That's a pretty decent list.

Another item that came to mind is the huge divide that has opened up between the public company valuation in the innovation & thematic space post selloff & the concurrent and opposite private market craze for the same space, most especially in the Crypto related Web3 and Metaverse segments which lasted right up until about a month ago.

Much as Wall St has moved to hiring freezes, Silicon Valley is now preaching the strategy of hunkering down, laying off folks, cooling the cash burn and extending the runway to market. Tech layoffs have reached 30k ytd, triple year ago levels but only a tenth of the dot com bust in 2001-2. With cross over stars like Tiger Global down 40-70% depending on the vehicle and the Cassandra of the space, Sequoia Capital, coming out with its latest warning, its clear that late-stage investors in these spaces are in deep trouble as the IPO exit is closed and any upcoming rounds will be done at a hefty discount. All this before one notes the stock based compensation (SBC) issues and after ¾ of the family offices responding to a Silicon Valley Bank (SVB) survey noted they had made VC investments over the past year, double the amount of a decade ago and now equal to 12% of total portfolio holdings. Private market bubble anyone?

Chart 2 – Time to Invest?

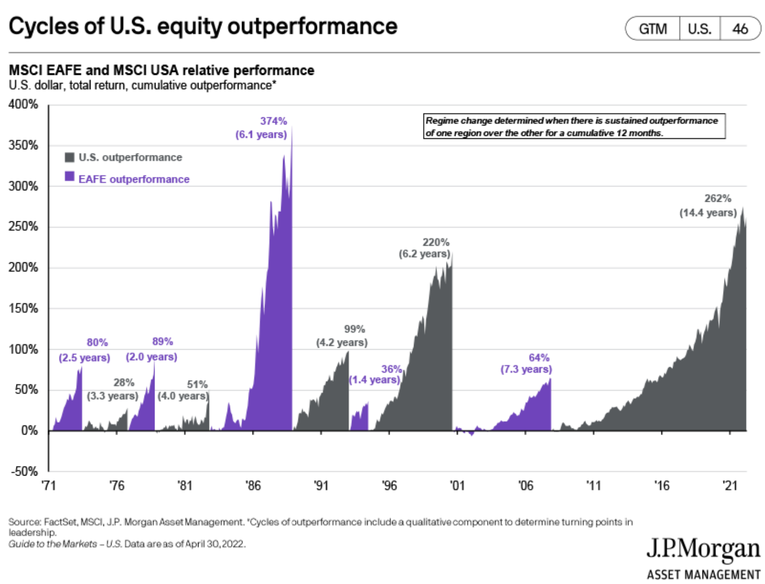


Let's circle back to the idea of time to invest, especially as it pertains to the public market thematic/innovation space. FactSet reports that the US thematic ETF space is down roughly 21% ytd. The upcoming private market valuation haircut is likely to take some time to proceed; the late-stage investors are cooked while early stage could be ok given the usual 5-7 yr. lifespan of VC funds. This time spread between late and early stage could be thought of as something akin to a moat for public companies, i.e., protection against some privately funded upstart, willing to burn cash competitor from taking the business. It should in other words make those thoroughly crushed, public market companies more able to grab market share and thus more, not less valuable. I have not seen much on this so feel free to enlighten me.

The other area where the time to market and the time to invest seems very much at odds is in non-US equity. The relative outperformance of ACWX vs SPY over the past month has been very significant and while less significant extends to the YTD period as well. This relative strength is pretty broad based with both EM and non-US DM outperforming. Given the tech led US equity implosion this should not come as much of a surprise as the decade long marketing/performance problem for non-US equity has been its lack of tech exposure - something that may now be turning into a positive.

Non-US equity has been the anti time to market as foreign investors have fled in size with both Europe and China in the midst of record long selling pressure (12 consecutive weeks or so of European and China focused equity fund outflows). This makes their outperformance all the more impressive - who is buying? Could it be the locals? If so that usually a good sign as I recall from my EM days. Brazil is another non-US market that is acting great amidst the carnage.

Chart 3 – Non US Equity – Time To Invest?



Given all the talk of a shift from digital back to physical one can't get much more physical than Brazilian equity with its oil, mining, food exposure coupled with a very cheap FX, an FX that is now appreciating vs the USD. Brazil, like many EMs, has front loaded its rate hike cycle and is now approaching the end of its hiking cycle.

The point is that we are closer to the time to invest than the time to market. That amidst the carnage the market is telling us what is working. If one wants to sell, what is working should be kept. If one wants to buy, this is your buy list. The complete absence of pricing in any upside surprise scenarios suggests the risk reward is pretty good for long term investors, especially in the innovation and non-US equity spaces. Perhaps most importantly, the economic and financial market outlines of a new, new world of higher nominal growth are starting to materialize.

We have priced in peak inflation and are well on our way to pricing in recession. The time for the latter is running out as data confirmation that price pressures are ebbing and the Fed is becoming more sanguine will result in a clear move up for risk assets as the market prices out the risk of an overly aggressive Fed which is the driver to recession.

Taking out the Fed risk suggests both tactical and strategic upside – tactical as the Fed risk is repriced and strategic as it opens up the path to the high nominal growth rate world we envision for 2023-2025. No recession and the 3800 level (key Fibonacci level) on the S&P should hold; recession and we likely decline to 3500 and possibly 3200 (next major Fibonacci level) on an earnings decline as the level recognizing algos drive us there.

Thus the recession call is THE call. We will get into it as we go thru our Global Risk Nexus (GRN) system looking at Climate, Economics, Politics, Policy and Markets. As investors we want to understand where we stand between the time to market and the time to invest – there has been a lot of marketing over the past few years; it seems from this armchair that the time to invest is upon us and those areas are starting to make themselves known. Don’t despair, pay attention.

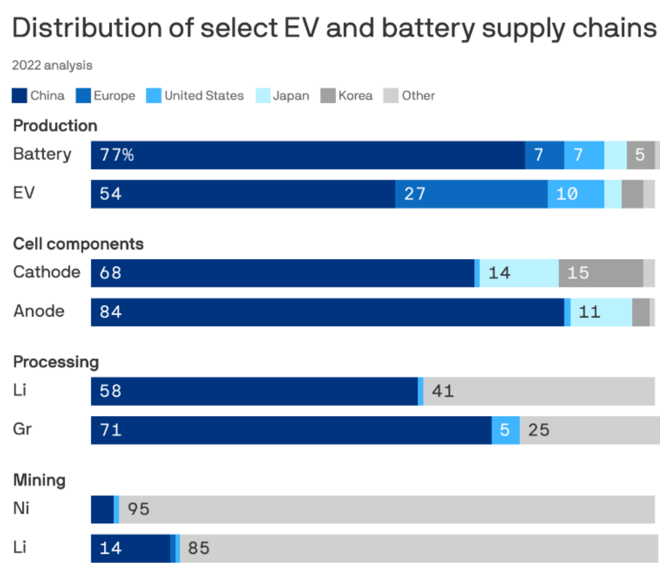
CLIMATE

The surging interest in EVs is the current climate story as a couple of data points make clear. First up is the EY global consumer survey which showed that for the first time a majority of new car buyers want to buy an EV at 52% of those surveyed, up 22 points in a year. Secondly, Experian Automotive notes that here in the US new EV registrations in Q1 rose over 60% y/y to a record high of 4.6% of total; note that overall registrations were down 18% y/y – no surprise that Tesla totally dominated the sales #s. In a sign of the times, the sharp increase in EV purchases has coincided with a 30% collapse in TSLA stock price as the Twitter takeover is deemed more important than the strong Q1 data and the re-opening of the Shanghai production platform.

There is also some very interesting thinking going around about how Govts are caving in to near term political pressure to cut prices for gasoline and diesel fuel instead of allowing the run up in prices to facilitate and accelerate the transition to the EV revolution. In this regard the UK just announced a windfall tax on energy providers which while perhaps politically expedient is policy moving in the wrong direction. Perhaps Australia with its new transformative and climate friendly Govt will have a better go of it. This is a global issue with governments across the Tri Polar World cutting taxes to provide consumers some relief from soaring energy prices. The political pressure is significant but the opportunity to make the case as to why the world needs to go green is arguably much more important – who will grasp the mantle of climate leadership?

One leadership prospect is the corporate sector which is beginning to organize itself to support regional production platforms across the EV and EV battery space in particular. In the US for example, a new group called The Coalition for American Battery Independence (CABI) has just been formalized with a broad array of battery related companies including EV makers, mining companies, battery companies and the like. We have noted the growing role in private sector leading the way to regional integration and the Tri Polar World, this is perhaps the latest manifestation of such which could speed things along as such groups lobby Govts for faster change.

Chart 4 – The EV Revolution is in Full Flower



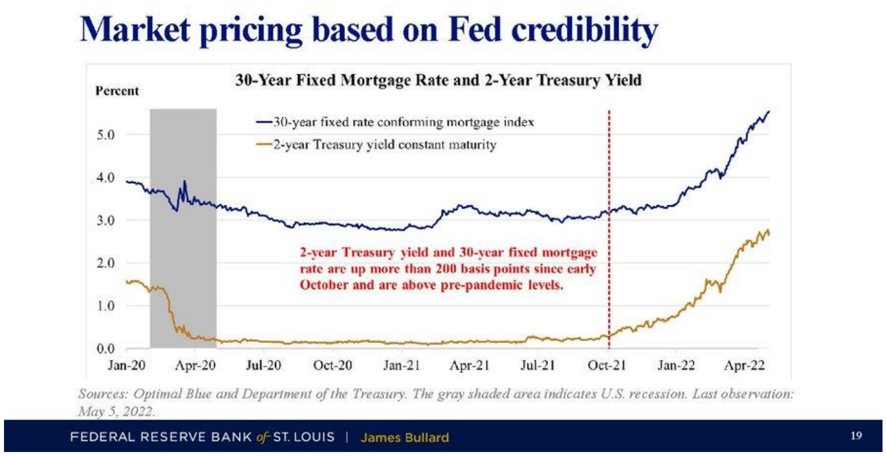
Source: Axios

ECONOMICS

As noted in last week's Musings the story has shifted suddenly from inflation fears to recession worries, seemingly overnight. A few weeks back, the 10 yr. UST was probing 3.2% and now is around 2.75% while the 2 yr., which broke above 2.7%, now sits comfortably around 2.5%. Fed talk in recent weeks has alternated between Chair Powell's most recent statement that clear and visible reduction in inflationary pressures is needed to cool the Fed's ardor for rate rises & thus 50 bp is a done deal for both June and July to that of uber hawk Bullard saying 50 bps is good and we could maybe take a pause in the Fall, a POV echoed by several other Fed members, some voting, some not. The June meeting is in a few weeks, July six weeks after that. Fed futures are now pricing out 100 bps in June and July, as the idea that the Fed may only raise 25 bps in July starts to take root. Inflation expectations and breakeven appear to have peaked.

US housing has begun a sharp roll over as the rapid and robust rise in mortgage rates take the steam out of an overheated market. Mortgage applications are down 25% over the past few months with no sign of a bottom as Pantheon Macro reports the monthly payment average has surged 50% since last Fall. New home sales have plunged & inventories are rising; while existing home inventories remain abnormally low, they are starting to rise as well. April's inflation print was a dud for those looking for clear confirmation that inflation has peaked; we expect upcoming US data releases to be more convincing.

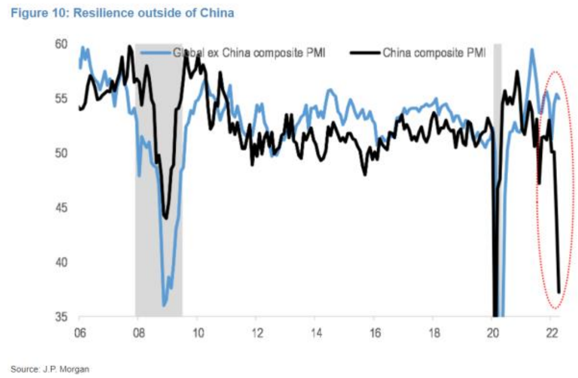
Chart 5 – Mortgage Repricing Cools US Housing



European inflation continues to be mainly energy related; what appears to be a new modus operandi for cutting reliance on Russian energy reduces the likelihood of further significant price hikes which imply a potential inflation peak there as well. Inflation continues to be a nonissue in both Japan and China; Japan's inflation readings are high but core is likely to rollover while China inflation pressures are muted as the country battles Covid.

Speaking of Covid, we continue to feel that the ex-China Covid reopening & its positive impact on DM service demand will be a main reason why recession fears are likely to prove unfounded. Early May PMI releases support this nascent shift from goods demand to service demand across the DM landscape from Japan to Europe and on to the US. The gap between the data (EU May PMI Composite 54.9) and the virtually gospel belief that Europe is about to enter recession if its not already in one suggests the recession time clock is running out here as well. Investors have voted with their feet; BofA's FMS reports record low global growth outlooks. Given that the DM economies are roughly 2/3 service & consumption the post Covid resurgence should buffer growth fears as we move into Summer.

Chart 6 – DM PMIs Don't Support Recession Fears



In the US, April's Chicago Fed National Activity Indicator (CFNAI) showed no sign of near-term recession risk; its 3 m mav suggested an above trend growth path. Real rates have stabilized well below levels that would threaten recession while bank loan growth is rising. April's retail sales report from the Commerce Dept showed control group sales running at a 15% annualized rate ytd. While a recession will no doubt happen at some point the likelihood of one occurring in 2022 or even early 2023 seems unlikely.

Chart 7 – US Jobless Claims Far From Recession Levels

Source: Richard Bernstein

Ebbing inflation, a US housing market in early rollover, cashed up consumers, corporates and state/local govts all suggest the Fed may well come to the Fall and either drop down to a 25bp hike in September or pause altogether. In such a world our preferred "middle path" scenario could come into play. As a reminder, this scenario calls for roughly 3% real growth and 3-4% inflation (6-8% nominal growth) as we exit 2022 which should allow some of the fear around inflation, recession & earnings to calm considerably with attendant positive price effect on risk assets.

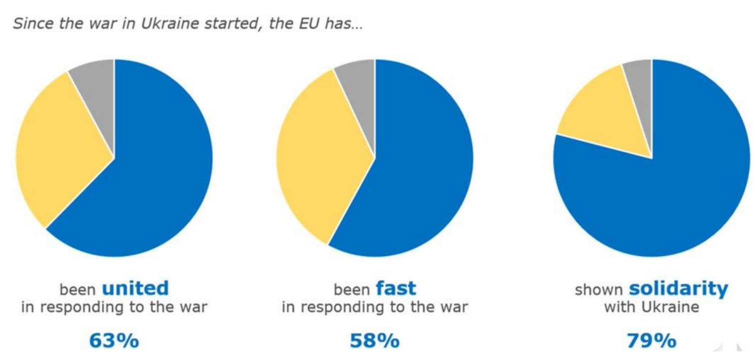
POLITICS

The reordering of global politics continues as we move away from the globalization phase and into the regionalization process or what we at TPWA have called since 2010, the Tri Polar World. The two not for turning: Pres. Putin and Xi, remain on their fixed paths of violence in Ukraine and Zero Covid in China and apparently consequences be dammed. Russia appears to be making what could be a last gasp effort to turn the tide on the battlefield and encompass the whole of the Donbas. Either success or failure could lead to cease fire talks. The next few weeks could prove critical for the conflict. We continue to feel time is not Putin's friend.

In China, the car crash that is the Zero Covid battle against Omicron vs the 5%+ GDP growth goal is going against Pres. Xi to the extent that there are now outward rumblings of discontent at both the civilian and Party level. While Shanghai prepares to reopen schools, Beijing continues to struggle to rein in cases and all the while the clock is ticking to the Fall meetings where Xi hopes to be given an unprecedented 3rd term. This may help explain the lack of aggressive economic policy action – the two sides may not be able to agree on actual policy measures. If so, it would be a worrisome outcome.

Europe continues to work to deepen its integration while America pursues its partisan, party driven polarization, to the point where CPAC just held its annual meeting in Hungary, home of Viktor Orban who is currently holding up the EU wide plan to exit Russian energy dependency. In a sign of the times, the Carnegie Endowment just published a study arguing that the US is the most deeply polarized democracy in recent history.

Chart 8 – EU Acts Well In A Crisis

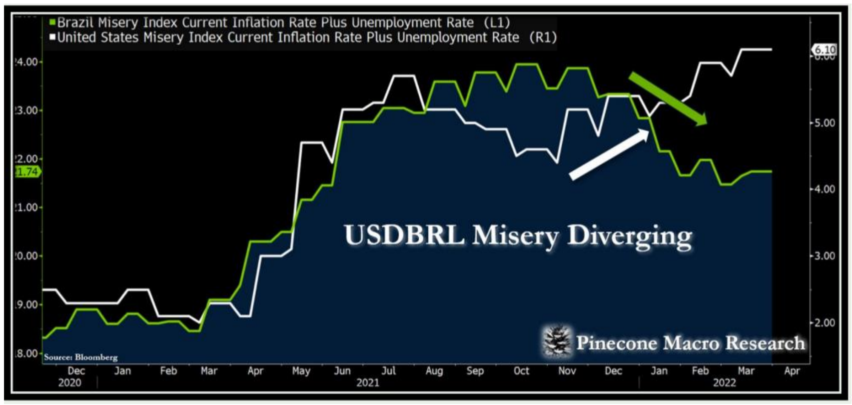


Source: European Commission

Abroad, the US is trying to make inroads in Asia where President Biden has unveiled something called the Indo Pacific Economic Framework (IPEF) in an effort to undo then Pres Trump's decision to take the US out of the TPP. The early read has not been very generous with one astute commentator calling it an "all pain, no gain" offer for Asia given the framework does not envision either tariff reductions or increased access to the US market.

The US is also set to lead the Summit of the Americas although the guest list remains in flux, signaling just how far there is to go to develop any kind of Hemispheric cooperation. From a Tri Polar World perspective this is one of the great strategic opportunities that the US just doesn't seem able to focus and execute on. There is so much that can be done especially under the climate change auspices between North and South America. All the talk about re shoring, friend shoring etc. suggests the time is ripe for some pollical leadership on this front.

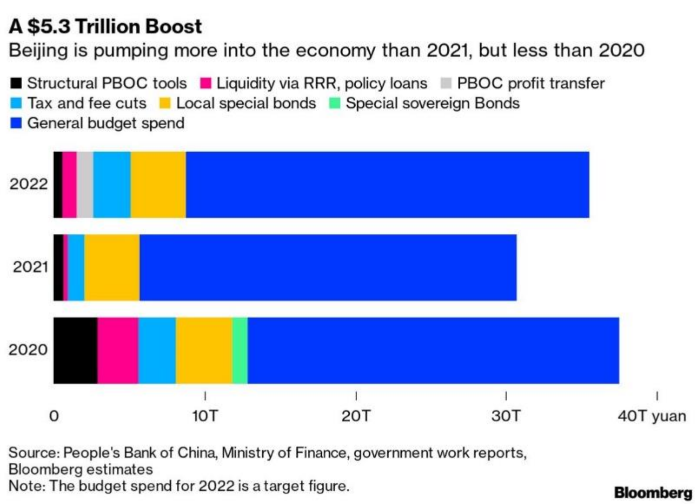
Chart 9 – Whose Misery Index is Worse – The US Or Brazil?



POLICY

Speaking of leadership it seems clear that the economic policy mix in China is struggling to move from words to action. The most recent effort – known as the 33 measures, seems to amount to some targeted tax cuts and broad-brush efforts to help various parts of the economy. A recent cut in the property borrowing rate caused a stir but it remains hard to see how China will extricate itself from a sharp growth slowdown the longer the Zero Covid approach is maintained. There are signs that the lockdowns are easing across the country and in the Shanghai epicenter in particular but the match between need and action seems misaligned.

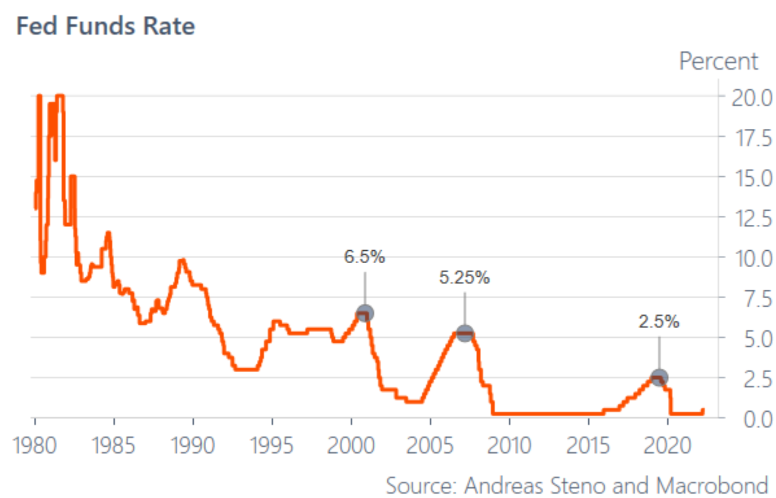
Chart 10 – China's Spend – Is It Enough?



Europe's policy mix seems in better shape with sustained fiscal support through the Next Gen program, a 12-month extension before the Fiscal Stability and Growth Pact budget deficit rules return while the ECB has taken a page from the Fed and become quite clear on its plans to end QE and begin to raise rates in the coming months. This has supported the Euro, led to rates turning positive in Europe & reduced recession fears while not affecting financial markets to anywhere near the same degree as the Fed has done in the US.

US recession fears have sprung up in recent weeks notwithstanding very solid data, consumers sitting on roughly $3T in post Covid excess savings, cashed up companies with roughly $2T on their balance sheets and states like California and cities like NYC sitting on budget surpluses they never dreamed of. Yes consumer confidence is in the dumps but spending is strong – watch what they do, not what they say. How any of this aligns with imminent recession is a mystery to me; it really is.

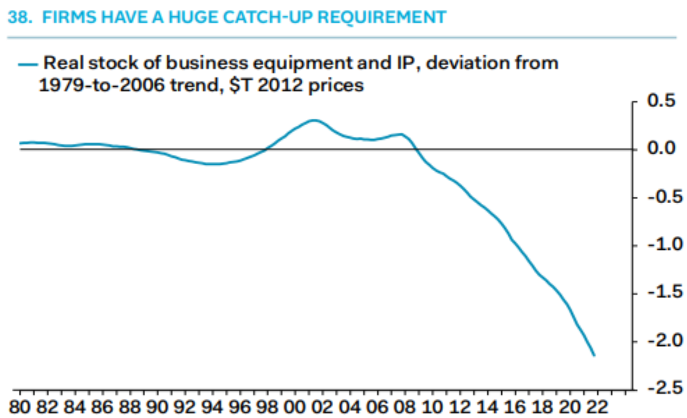
Chart 11 – Clear Downward Shift in US Rate Structure



Yes, there is a hit to household wealth, yes, the Fed is raising rates, yes, the Federal Govt is pulling back on the fiscal side and yes QE is shifting to QT but the current environment is unlike much if not all of what has preceded it and so the history may need to be leavened with an understanding of what's different this time. History of late has not been a very good guide to what has occurred, especially in financial markets. It may be the same on the economic and policy front.

Arguably it's not the new normal we need to prepare for, it's the new, new world – a new framework driven by the need to address the unprecedented 3Cs of Covid, Climate & Conflict. These needs coupled with the cash on hand across the various segments of the economy reduce the risk of a major breakdown in growth and economic activity. The opposite seems equally if not more likely to unfold; namely the global cap ex boom (US core capital goods orders are up over 20% pre Covid levels & rising) and productivity surge we have highlighted that result in a high nominal growth path with slightly elevated but stable inflation, a period last seen in the US in the mid 1990s. This is the unpriced scenario, the upside that cooling inflation and reduced Fed risk opens the door to.

Chart 12 – Global Cap Ex Boom Ahead?

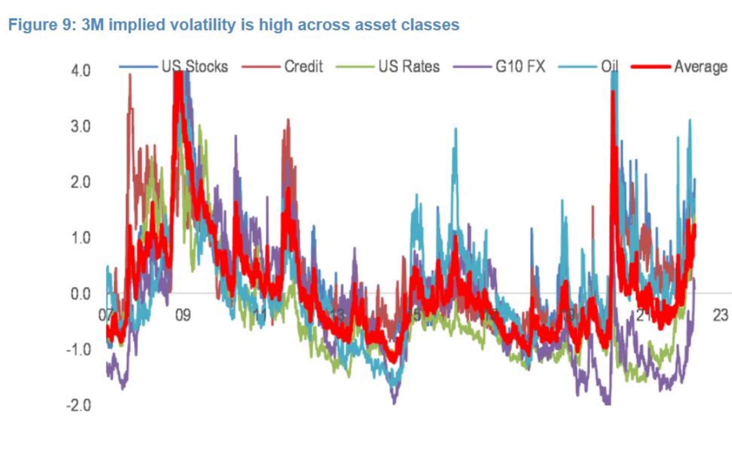


Source: Pantheon Macro

MARKETS

Bond markets have led the way in 2022; crashing as an aggressive Fed tightening cycle was priced in over a record setting short period of time. This in turn caused long duration big cap tech stocks to crash, resulting in another leg down for the innovation space (that we did not expect). Commodities have been the saving grace to such an extent that calls are now going out to add such uncorrelated exposure to the old 60-40 stock – bond model which has had a terrible run ytd. The dollar has wrong footed many (ourselves included). Very few appear to have escaped unscathed from the cross-asset price action, long only or HF, retail or intuitional, it has been an equal opportunity humbling.

Chart 13 – Elevated Cross Asset Volatility



Source: J.P. Morgan

This environment naturally shrinks one's horizons, tends to lead one to throw up their hands cry uncle and liquidate or as I have heard multiple times recently statements akin to I don't want to look at my portfolio. All this suggests we are close to the end of this 7 weeklong drawdown and right on cue the S&P looks like it will close this week up. This will allow the start of the basing process which should hold barring a recession as noted at the top; to recap, no recession, strong technical support at 3800 should hold – now tested 2x; yes recession and we need an earnings haircut that takes us to next majors support at 3500 and then 3200.

Chart 14 – Is This Where We Are?

Bear Markets Are Better Without A Recession

S&P 500 Index Bear (And Near Bear) Markets (WWII - Current)

Start Date	End Date	S&P 500 Change	Months	Recession?
5/29/1946	5/19/1947	(28.5%)	11.7	No
12/12/1961	6/26/1962	(28.0%)	6.4	No
2/9/1966	10/7/1966	(22.2%)	7.9	No
9/21/1976	3/6/1978	(19.4%)	17.5	No
8/25/1987	12/4/1987	(33.5%)	3.3	No
7/17/1998	8/31/1998	(19.3%)	1.5	No
4/29/2011	10/3/2011	(19.4%)	5.2	No
9/20/2018	12/24/2018	(19.8%)	3.1	No
Average		(23.8%)	7.1	
Median		(21.0%)	5.8	

Source: LPL Research, FactSet 05/13/2022
All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.
The modern design of the S&P 500 stock index was first launched in 1957.
Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

While there is no Fed put in sight, the Fed is well aware of the recent wealth destruction that has occurred globally and in the US. It is likewise, well aware of the incipient rollover in US housing prices, the slow rise in jobless claims, the easing of supply chain pressures, the inventory buildup and subsequent retail promotional activity. Should incoming inflation data support the bond market's belief that inflation is roiling over and will not become embedded in the wage cycle, the twin barreled nature of the Fed's policy actions, raising rates and beginning QT suggests that a late summer, early Fall pause could well materialize to ensure the Fed does not get over its skies. It's worth noting that both the Barclays Agg and broad commodity indices are roughly flat mtd.

Stocks, traumatized by the speed and scale of the recent declines, have decoupled somewhat from bonds, signaling the need to see the whites of inflation's eye's before buying the story. Nasdaq in particular has not responded to the sharp bond market rally of late, suggesting that the liquidation process in the big cap names could have further to go. A buffer is likely to be the share buybacks the big cap tech names are likely to implement with the FANG names themselves having close to $400B set aside while the Washington Service notes that its insider buy – sell ratio just popped over 1 in May vs .43 in April, marking the first month of more insider buys than sells since March 2020.

Chart 15 – Global Stocks Have Derated

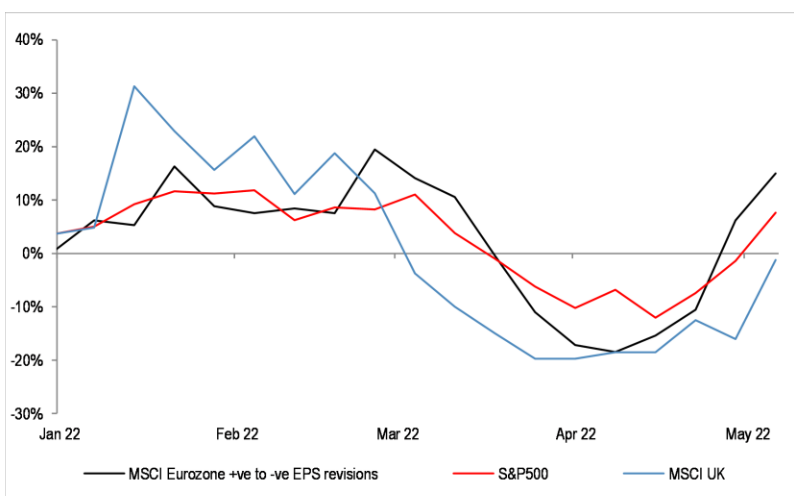
	12m Fwd PE		
	Current	2021 high	Current vs 2021 high
MSCI UK	10.2	14.4	-29%
MSCI EM	10.8	16.3	-33%
MSCI Eurozone	11.7	17.8	-34%
MSCI Japan	12.6	18.6	-32%
MSCI US	17.3	23.3	-26%

Source: J.P. Morgan

Given our TPW 20, 100% thematic model portfolio we are observing the space closely and note what could be some bottoming action. For example, 15 of our 20 positions have OPed the Nasdaq mtd. The ARKK ETF, the poster child for the space, is putting in higher lows and not following the QQQs down to new lows. It is very early days but ARKK bottoming first makes a lot of sense given its bear market begin 15 months ago, has resulted in a 75% drawdown and valuation comps that imply a 25% discount on a P/S basis to that of its March 2020 Covid low. This is both a tactical opportunity and a strategic one as we see the thematic space as big winners in the new new scenario laid out above.

We remain OW equity and within that position are OW non-US equity with our long standing preference for non US DM including Europe and Japan. Both are selling at several decade valuation lows, have currencies that are likewise at multi decade lows vs the USD, have better policy mix than the US with a much less polarized political culture and has been sold down the river by US investors. The long-awaited change in global equity leadership from the US to the non-US markets could well be initiated by the current market selloff, signaling a new regime.

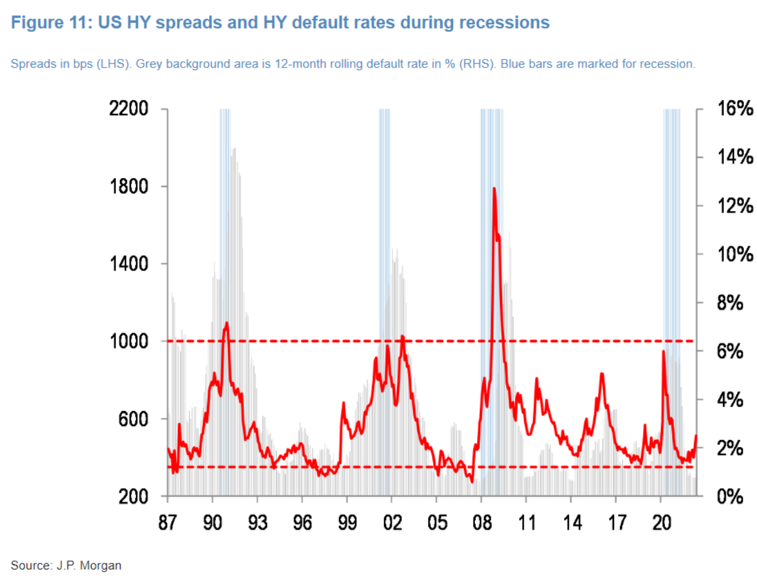
Chart 16 – Contrary to Recession Fears – EPS Revisions Are Up



Source: J.P. Morgan

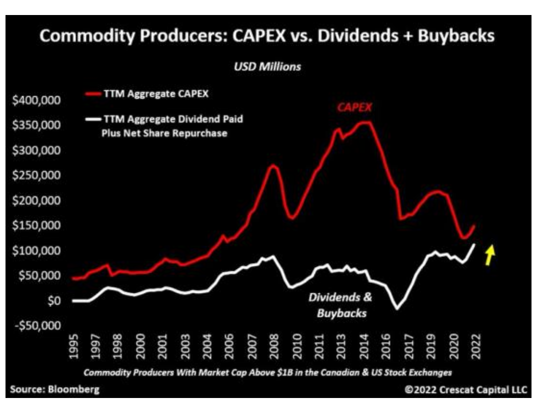
While remaining deeply UW Fixed Income with a belief that a bear market is and remains the base case for long duration especially we have begun to take on more risk. AXA notes that US credit yields are now above their 10 yr average, suggesting a new regime. We have shifted positions towards the credit space and in particular high yield where we now have positions in both US and EM HY. UST could continue to rally but we do expect higher long rates over the coming years given our new, new outlook. At the same time, the heavy debt burdens at the Govt level, not consumer or corporate, do suggest a cap on the rate side as Chart 11 suggests.

Chart 17 – Credit, The Dog That Hasn't Barked



Likewise our Commodity view remain quite constructive given that new new view; a secular bull market in commodities is likely to have years to go and relative price charts, time to open new mines, ESG concerns, current spot price vs production prices etc. etc. all serve to keep us quite positive and content with our near double weight vs our BM in our global multi asset (GMA) model portfolio spread across the space from energy to agro, from metals to miners.

Chart 18 – Commodity Producers – The New Cash Machines



We expect the USD to return to earth after a 15% runup in the past year; as rates have rolled over so has the DXY. With its break of the 102 level our friends at Pinecone Macro have noted the 99 level as an important support. Portfolio flows have been very dollar supportive – as things stabilize in Europe & Asia some of these flows should reverse, further weakening the USD and helping ease inflationary pressures in both Japan and Europe for example.

Chart 19 – Dollar Reversal Ahead?

The one area where we have lost a lot of faith and are coming to the conclusion that our faith was misplaced is in Crypto. The Economist reports that Cryptocurrency total values peaked at $3T last Fall and have collapsed to $1.3T. The demise of the Terra stable coin, the lack of diversification benefits, the failure to act as an inflation hedge, the rug pulls and open theft all lead to a conclusion that suggests it is purely a demand-based instrument, that one is dependent on the greater fool to take one out and that the only real avenue to success is to get in on the ground floor. So in an interesting twist Crypto may be the one area where private does better that public markets in the coming months as VC firms support the space and avert a long winter akin to 2018-19.

Chart 20 – Crypto – Loss of Faith

Tales from the Crypt: returns since November 2021

Return	Description
-37%	SANDBOX: Gaming token used by people buying virtual land, possibly to plant tulips on
-44%	BINANCE COIN: Token/exchange; welcome to France, global epicenter of entrepreneurship (see p7)
-49%	BITCOIN: Store of value? Volatility 5x S&P, 0.8 correlation with NASDAQ, zero inflation hedge
-51%	ETHEREUM: DeFi application platform; Ethereum 2.0 is coming, may improve speed/scale and reduce fees
-55%	BITCOIN MINER ETF: Each Bitcoin transaction consumes energy to power typical US home for 6 weeks
-59%	RIPPLE: Used for currency remittances, also Fred Sanford's favorite drink; SEC lawsuit finally underway
-60%	SILVERGATE: Crypto lending bank down more than double KBW Bank Index
-61%	DECENTRALAND: Gaming token; Less than 1,000 active daily users according to CoinDesk
-64%	BITCOIN CASH: Faster and cheaper than Bitcoin due to larger block sizes, same awful price/volatility characteristics
-66%	DOGECOIN: This dog has fleas
-69%	ROBINHOOD: Brokerage firm with 25% of transaction based revenue from crypto
-70%	CARDANO: DeFi application platform; You could have owned CarMax instead, which is down half as much
-72%	SOLANA: DeFi application platform; Seven outages in 2022 as bots crash network
-79%	UNISWAP: Token/exchange; its share of decentralized crypto trading activity fell from 80% in Oct 2020 to 30% in Mar 2022
-79%	COINBASE: Crypto brokerage; ARK Innovation ETF continues to accumulate shares as its largest holder
-82%	TERRA: Algorithmic stablecoin; collapsed when unsustainable 20% yields to holders were about to expire
-85%	AXIE INFINITY: Gaming token; how could something ever go wrong with a token linked to digital pets
-100%	LUNA: Whatever it was, rest in peace

Source: Bloomberg, Coin Market Cap, JPMAM. May 15, 2022.

As we think about the new, new world scenario, it seems feasible that a higher nominal growth world could arguably be confirmed by the combo of credit yields above 10 yr. average, Commodities in a secular bull market, Tech out of favor, USD weakness and non-US equity leadership. We are working hard to maintain a forward focus and as we do so, the outlines of a new geo-economic, political and financial market landscape are starting to make themselves known. Amidst the angst of frequent weeks, hope springs eternal. It is an exciting time!