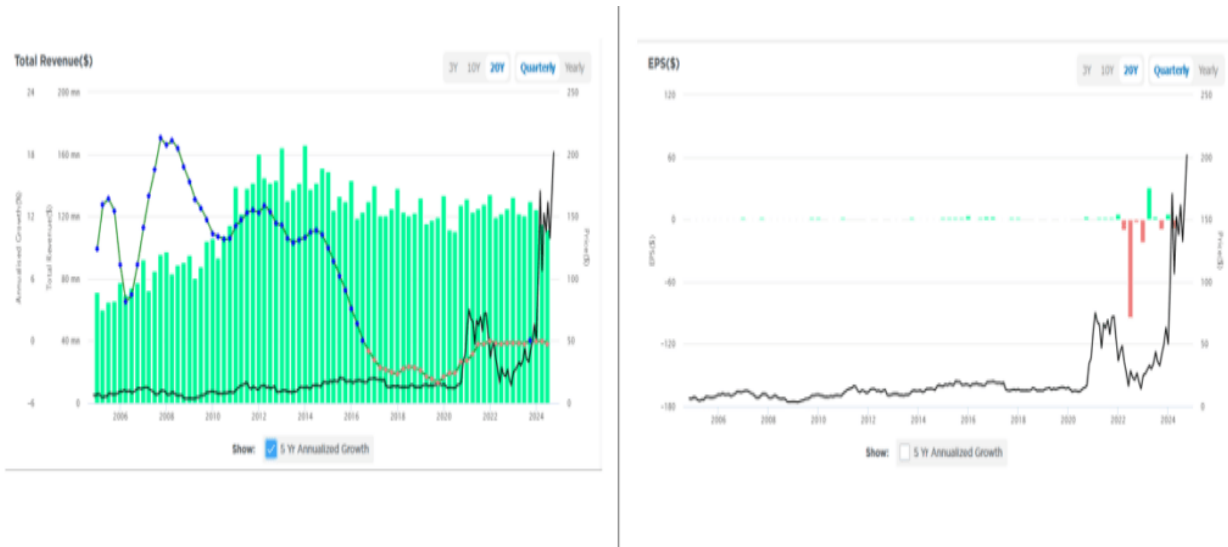


MicroStrategy Is A Leveraged ETF In Disguise

Per its website, MicroStrategy *“provides software solutions and expert services that empower every individual with actionable advice.”* While Microstrategy’s mission description may seem like a profitable enterprise, reality has a different opinion. Since 1997, the company has a cumulative net loss of \$1.108 billion. Accordingly, the graphs below show its revenue has been flat to slowly deteriorating for over ten years. Its EPS on the right also shows the company’s poor fundamental status. However, as both graphs show, the price of Microstrategy has risen by over 1,300% over the last five years.

Microstrategy has a market cap of \$42 Billion. The reason for such a high market cap and stock performance is clearly not their underlying business. Exciting shareholders are its holdings of approximately 250k bitcoin. At current prices, its Bitcoin holdings are worth nearly \$17 billion. Furthermore, Microstrategy is using approximately 2.5x leverage. If you multiply the leverage by their holdings, you get \$42.5 billion, a value almost perfectly aligned with its market cap. So, what is MicroStrategy? It’s a leveraged Bitcoin fund disguised as a non-profit technology company.



What To Watch Today

Earnings

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ASML Takes Some Steam Out Of The Chip Bubble

The [SimpleVisor](#) graph below shows that ASML Holdings fell by over 10% yesterday on a weak earnings report. ASML makes chip-making machines widely used by the semiconductor industry. ASML's bookings were only 2.6bn euros, about half the expected number. The company also cut sales and margin guidance. Thus, the question is, if the chip industry is facing insatiable demand, why such a stunning decline in the need for chip-making equipment? Per the CEO:

While there continue to be strong developments and upside potential in AI, other market segments are taking longer to recover. It now appears the recovery is more gradual than previously expected

ASML's earnings caused the chip sector to weaken. However, it's important to note that the weakness appears not to be coming from AI-related machinery. Consequently, this earnings report made earnings season for chip developers, manufacturers, and related companies much more interesting.



Greed And How To Lose 100% Of Your Money

[Few stories are as staggering or cautionary](#) as this one. An investor turned an \$88,000 investment into a mind-boggling \$415 million through Tesla stock, only to lose it all. It's a story that captures extremes of financial success and failure. It is a story of greed and the false confidence that comes with exponential returns. However, a deeper examination of the circumstances that led to this loss clarifies that there were warning signs. Common-sense strategies and risk management tools to prevent financial catastrophes were abandoned.

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Cejay Kim

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From \$88K to \$415M to nothing.

This is insane

RBC Dominion Securities Inc. is facing a lawsuit in the Supreme Court of British Columbia from Christopher DeVocht, a Vancouver Island man who lost his entire \$415-million portfolio. Mr. DeVocht claims that RBC provided him with inadequate advice as he carried out risky trades and his account suffered sharp declines. Among other things, the firm set him up with a margin account and substantial loans that amplified his risks, he says.

The allegations are contained in a notice of claim that Mr. DeVocht filed at the Vancouver courthouse on Tuesday, Oct. 1. The notice identifies Mr. DeVocht as a resident of Sooke, B.C., who had worked as a carpenter until he started suffering from health problems in 2019. Mr. DeVocht says that he began investing in his early 20s, trading derivatives, largely in Tesla Inc.

The case arises in part from the value of Mr. DeVocht's portfolio which, as set out in the lawsuit, grew enormously. At the end of 2019, he had an \$88,000 portfolio, which had grown to \$26-million by mid-2020, when he was 30 years old, the suit states. The substantial gains arose almost entirely from trades in shares and options in Tesla (which more than doubled during that period, reaching an \$1,119 (U.S.) high).

With his account value rapidly rising, RBC assigned advisers to Mr. DeVocht who should have helped him preserve his wealth, according to the suit. Among other things, RBC set him up with a tax adviser at Grant Thornton LLP and an RBC employee who was a "coach and coordinator of financial planning and investment management," the suit states. According to the suit, the advisers were to make proper inquiries and advise Mr. DeVocht on the risks and consequences of his financial planning. The firm was also to advise and recommend strategies that would minimize risks, Mr. DeVocht says.



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Tweet of the Day

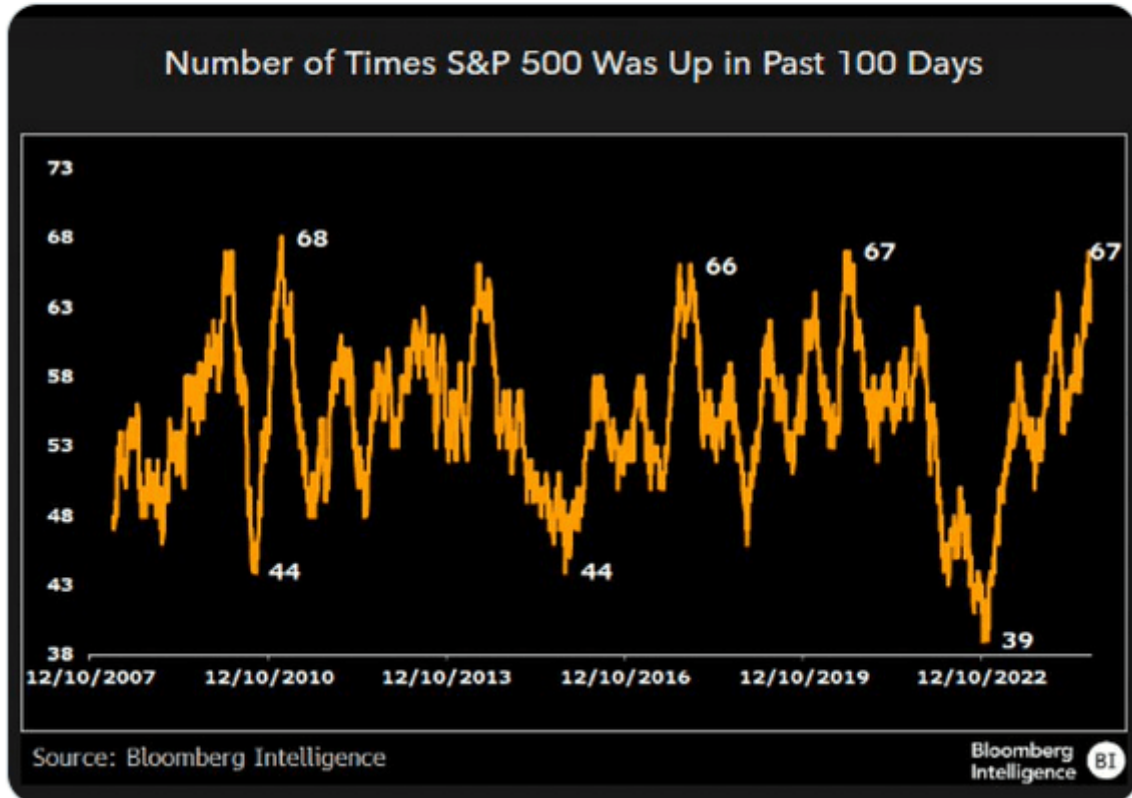


Eric Balchunas ✓

@EricBalchunas



The S&P 500 has been up 67 of last 100 days, which is about as consistent an advance as you'll ever see, which is why SPX ETFs have taken in 30% of all new cash with [\\$VOO](#) and [\\$IVV](#) in race to crush ann flow record a la McGwire and Sosa in the Summer of '98 (minus the steroids) via [@psarofagis](#)

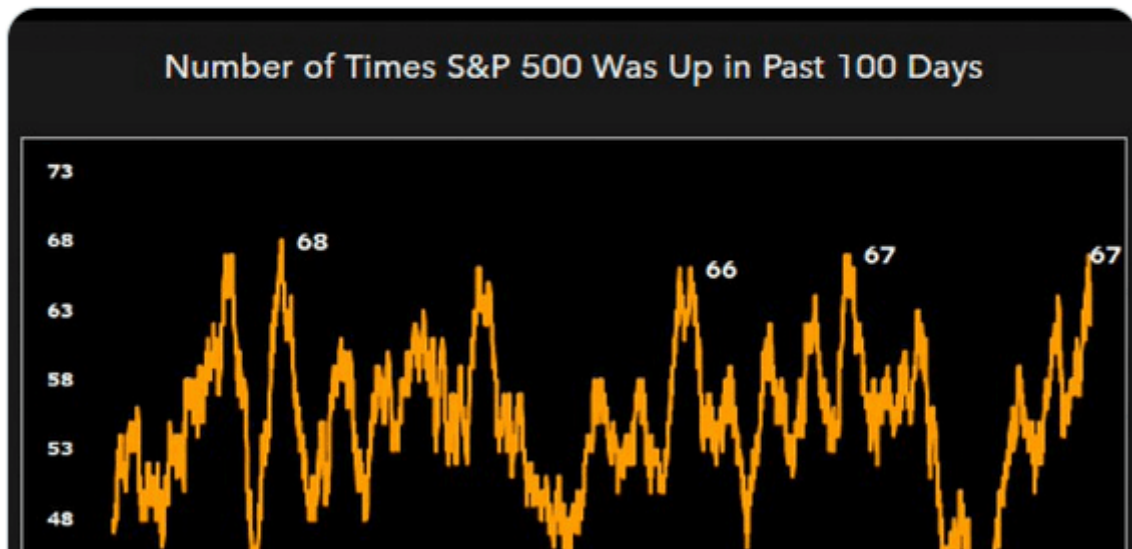


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