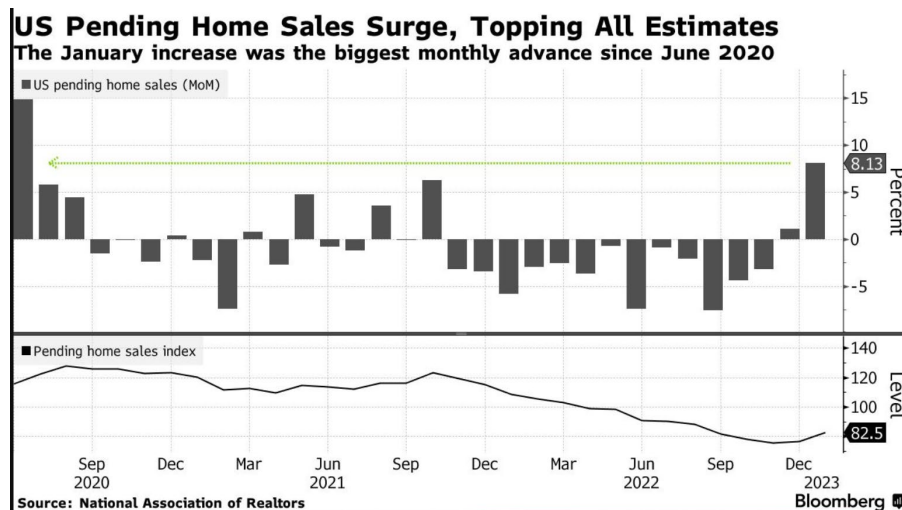




Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 1, 2023:

Pending home sales. Pending sales topped analysts' estimates, jumping 8.1% in January for the biggest monthly gain since June. Year-over-year sales are down 22%.



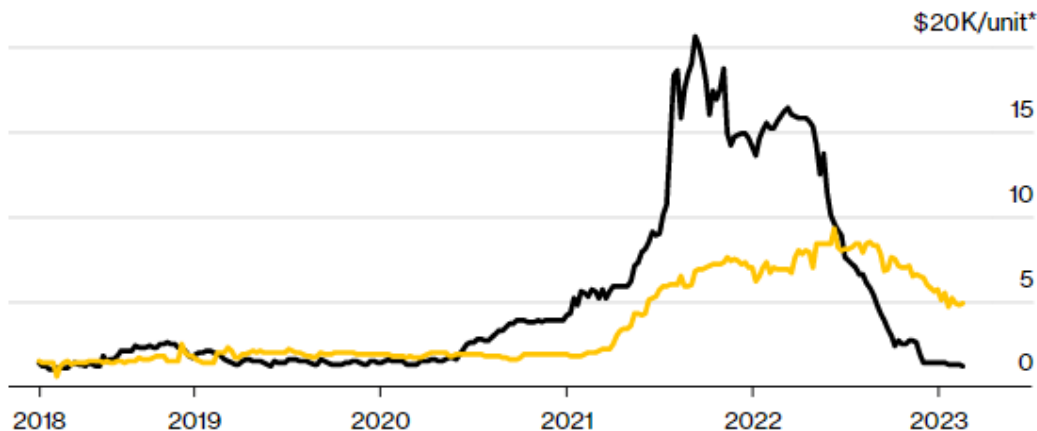
Source: Bloomberg

Blog Entry Date March 1, 2023:

Global Container-Shipments Rates Have Dropped

China to US rates at pre-pandemic levels; Europe-to-US rates still higher

／ China to US West Coast ／ Europe to US East Coast



Source: Freightos
 Note: Unit = forty-foot equivalent box

Source: Freightos



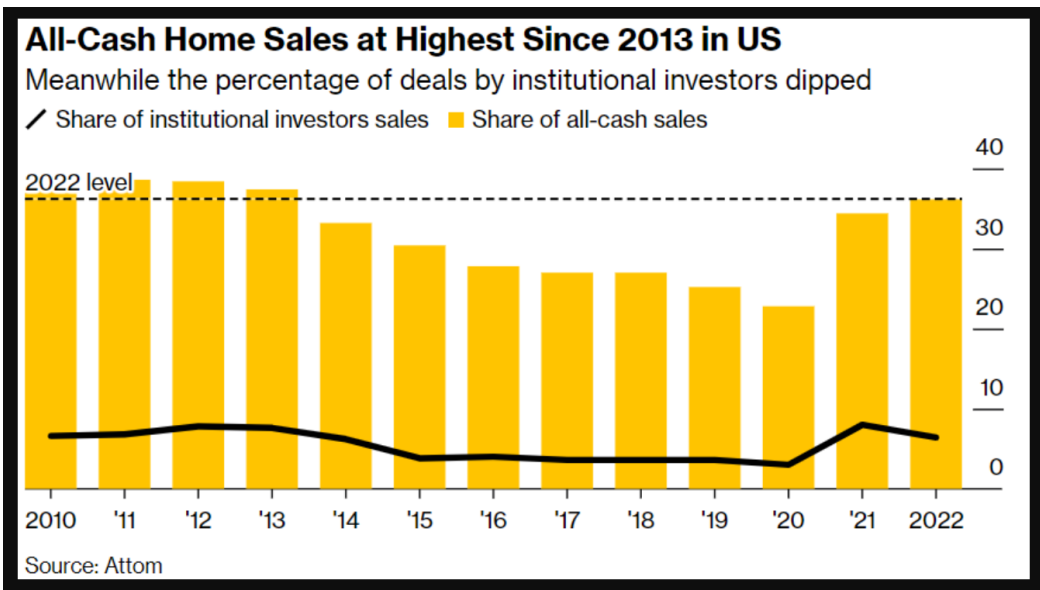
Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 1, 2023:

Home sales. "Using April 2020 as a starting point, only existing home sales (orange) are down; new (white) and pending (blue) sales have managed to climb after falling dramatically over past couple years."



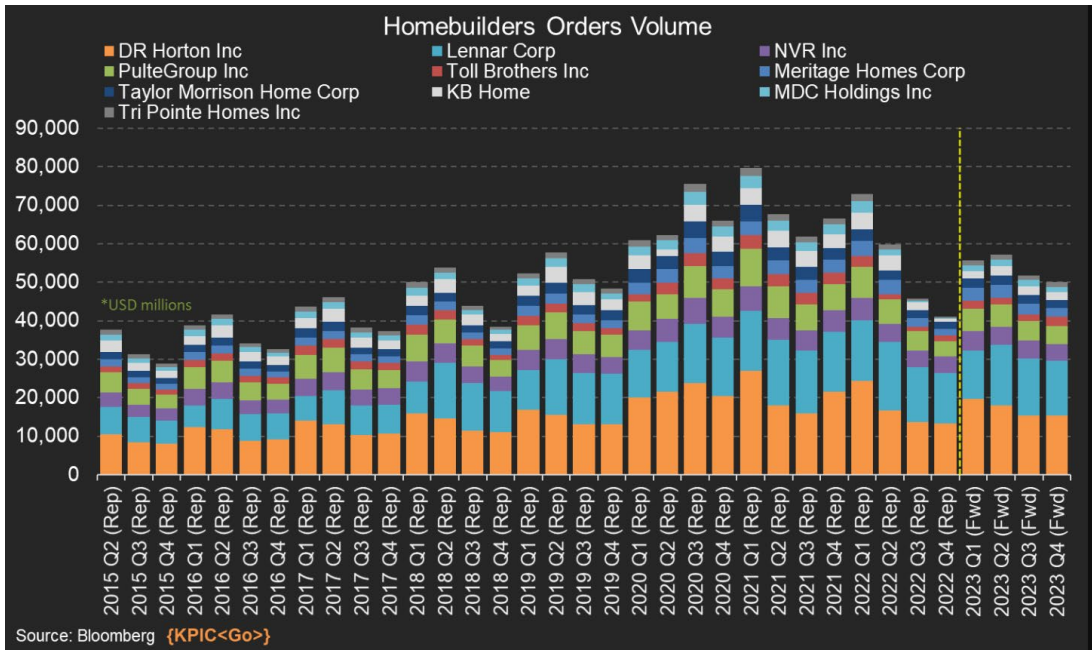
Cash buyers. "The share of all-cash deals rose to the highest since 2013 last year, while institutional investors, who usually account for many cash sales, retreated."





Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Homebuilder orders. "Analysts seem optimistic on a rebound in homebuilder order volumes over the next few quarters."



Source: Bloomberg

Blog Entry Date March 1, 2023:

IN THIS ISSUE

OIL IS SLICK: CAPITAL STARVED, SUPPLY CONSTRAINED, CASH RICH

- The energy sector remains, as it did all of last year, the one area of the stock market that has all the positive characteristics investors should constantly be screening for
- Relative to the 18x multiple for the S&P 500 overall, energy stocks trade at an eight-point discount, a differential only seen just 5% of the time in the past
- The entire capital structure of the sector trades at a deep discount benchmarked against the earnings and balance sheet fundamentals
- A shortage of investment into expanding fossil fuel supply has led us to a situation where demand keeps rising but renewables are not at a point where they can fill in the gaps on a reliable basis

Source: Rosenberg Research



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 2, 2023:

Elbit Systems
 54,519 followers
 46m • 🌐

Exciting news!
 Elbit Systems has been awarded two contracts totaling \$252 million to supply advanced artillery rocket systems to a European NATO member country. The contracts include the supply of ATMOS autonomous truck-mounted howitzers and PULS artillery rocket-launcher systems, both designed for rapid deployment and operation to provide effective fire support for a broad range of missions.

Elbit Systems CEO, Bezhaleh (Butzi) Machlis, notes that there is increasing demand for advanced artillery solutions from militaries around the world, and the company's proven systems provide an advanced and cost-effective solution to meet that demand.

Find out more here <http://bit.ly/3KOxYpa>



Source: Elbit Systems

Blog Entry Date March 2, 2023:

Elbit Systems Awarded a \$120 Million Follow-on Contract to Supply Unmanned Turrets, Weapon Stations and Mortar Systems to the Romanian Armed Forces

HAIFA, Israel, March 2, 2023/PRNewswire/ -- **Elbit Systems Ltd.** (NASDAQ: ESLT) (TASE: ESLT) ("Elbit Systems" or the "Company") announced today that its Romanian subsidiary, Elmet International SRL., was awarded a follow-on contract valued at \$120 million from General Dynamics European Land Systems (GDELS) to supply unmanned turrets, Remote Controlled Weapon Stations (RCWS) and mortar systems for the 'Piranha V' Armored Personnel Carrier (APC) of the Romanian Armed Forces. The work will be performed in Romania over a three-year period.

Under the follow-on contract, Elbit Systems will supply UT30 MK2 turrets, RCWS and the SPEAR mortar systems, all fully integrated onboard the GDELS' 'Piranha V' APC. Elbit Systems' UT30 MK2 is a 30mm unmanned light turret that integrates weapon systems, fire control systems, sensors and display systems for enhanced combat effectiveness, situational awareness and target acquisition capabilities.

The Company's RCWS is a light weight high accuracy 12.7mm weapon station. The SPEAR is a 120mm computerized autonomous vehicular mortar system. In addition to Romania, Elbit Systems' turrets, RCWS and mortar systems have been selected to date by dozens of customers across the world including Israel, U.S.A, Denmark, Austria, Belgium, Brazil, and Croatia.

Bezhaleh (Butzi) Machlis, Elbit Systems President & CEO: "This follow-on contract award is yet another vote of confidence in Elbit Systems' portfolio of solutions for armoured platforms. I believe that the expansion of our integration and production capacity in Europe strengthens our ability to address the growing demand for advanced and proven capabilities for armoured platforms."



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 2, 2023:

Elbit Systems Awarded Two Contracts In An Aggregate Amount of \$252 Million to Supply ATMOS and PULS Artillery Systems to a NATO Member Country

HAIFA, Israel, March 2, 2023 /PRNewswire/ -- **Elbit Systems Ltd.** (NASDAQ: ESLT) (TASE: ESLT) ("Elbit Systems" or the "Company") announced today that it was awarded two contracts with an aggregate value of \$252 million to supply artillery rocket systems to a European NATO member country.

Under the first contract in an amount of \$119 million, Elbit Systems will supply a battalion's worth of ATMOS (Autonomous Truck Mounted Howitzer) 155mm/52 caliber truck-mounted howitzers systems. The contract will be performed over a period of two years.

Under the second contract in an amount of \$133 million, Elbit Systems will provide two batteries worth of PULS™ artillery rocket-launcher systems including a package of rockets and missiles. The contract will be performed over a period of three years.

The ATMOS modular artillery system is a combat proven wheeled Howitzer solution, capable of firing all NATO-certified 155mm projectiles that has an effective range of over 40km with standard projectiles and offers extended range with Rocket-Assisted Projectiles (RAP). The ATMOS is designed for rapid deployment and operation enabling provision of fire support for a broad range of missions.

Elbit Systems' PULS launcher supports firing both free-flying rockets and precision guided rockets and missiles ranged from 12km and up to 300km. The PULS launcher is fully adaptable to existing wheeled and tracked platforms, enabling a significant reduction in maintenance and training costs. Bezhael (Butzi) Machlis, President and CEO of Elbit Systems: "We are witnessing a trajectory of an increased demand for advanced artillery solutions from militaries around the world, including European countries and NATO members as part of their efforts to increase the effectiveness of their armed forces. Our operationally proven systems provide an advanced cost effective solution to meet that demand."

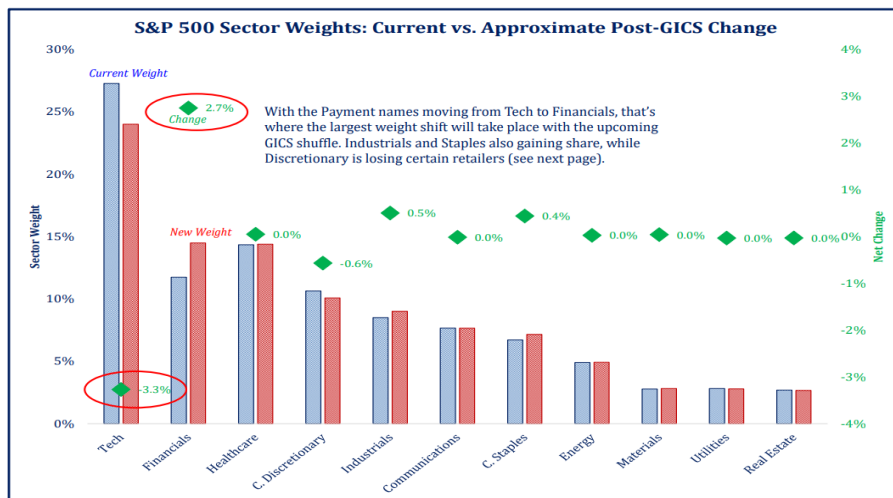
Blog Entry Date March 2, 2023:



STRATEGAS

3/2/2023

FYI... GICS SECTOR CHANGES COMING IN TWO WEEKS (3/17)





Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023



STRATEGAS

3/2/2023

GICS CHANGES COMING 3/17... MOST NOTABLE CONSTITUENT MOVES

Moving From Tech to Financials		
Ticker	Name	Market-Cap (\$MM)
V	Visa Inc	\$460,339
MA	Mastercard Inc	\$336,971
PYPL	PayPal Holdings Inc	\$83,518
FISV	Fiserv Inc	\$72,743
FISV	Fidelity National Information Services Inc	\$37,233
GPB	Global Payments Inc	\$29,389
FLT	FleetCor Technologies Inc	\$15,690
JKHY	Jack Henry & Associates Inc	\$11,966
	<i>Sum</i>	<i>\$1,047,850</i>



Moving From Tech to Industrials		
Ticker	Name	Market-Cap (\$MM)
ADP	Automatic Data Processing Inc	\$90,975
PAYX	Paychex Inc	\$39,904
BR	Broadridge Financial Solutions Inc	\$16,476
	<i>Sum</i>	<i>\$147,355</i>

Moving From Discretionary to Staples		
Ticker	Name	Market-Cap (\$MM)
TGT	Target Corp	\$74,779
DG	Dollar General Corp	\$47,823
DLTR	Dollar Tree Inc	\$32,762
	<i>Sum</i>	<i>\$155,363</i>

Source: Strategas

Blog Entry Date March 2, 2023:

Elbit Systems

 54,550 followers
1d • 

Elbit Systems subsidiary, Elmet International, has been awarded a \$120 million follow-on contract to supply unmanned turrets, Remote Controlled Weapon Stations (RCWS) and mortar systems to the Romanian Armed Forces for the 'Piranha V' Armored Personnel Carrier.

The UT30 MK2 turrets, #RCWS, and SPEAR mortar systems will be fully integrated onboard the APC.

For more  bit.ly/3YdsszB



Source: Elbit Systems



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 4, 2023:

Oil to be used in King Charles' coronation is consecrated in Jerusalem

Liquid from Mount of Olives made sacred by patriarch; Archbishop of Canterbury: 'From ancient kings to present day, monarchs have been anointed with oil from this sacred place'

By [AFP](#) and [Tol Staff](#) Today, 6:12 am



Olive oil, fragrant rose and orange blossom: the special "chrism" or holy anointing oil for the coronation of Britain's King Charles III has been blessed in Jerusalem's Old City.

Friday's ceremony was carried out at the Church of the Holy Sepulchre, where Christians believe Jesus was buried.

The oil was produced out of olives from groves in the Mount of Olives. It was made holy in a ceremony presided over by Patriarch of Jerusalem Theophilos III as well as Anglican archbishop Hosam Naoum.

Based on the same ingredients as the oil used at the 1953 coronation of Queen Elizabeth II, it is based on a formula "which has been used for hundreds of years," the palace said Friday.

Charles will be coronated on May 6 alongside Queen Consort Camilla.

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Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 4, 2023:



Russia Is Getting Round Sanctions to Buy Key Chips for Its War

Russia looks to be successfully working around European Union and Group of Seven sanctions to secure crucial semiconductors and other technologies for its war in Ukraine, according to a senior European diplomat. Russian imports in general have largely returned to their pre-war 2020 levels and analysis of trade data suggests that advanced chips and integrated ...

Source: Bloomberg

Blog Entry Date March 4, 2023:

Clément Gignac, Sénateur · 1st
Économiste, ASC, C.Dir.
 Président du C.A., Collège des administrateurs de sociétés
 2d · Edited · 🗨

Heading to a consumer led recession engineering by central banks to fight inflation?
 Phases:
 1) Housing sector demand collapse (done)
 2) Lower demand for carmakers (ongoing)
 3) Surging inventories in manufacturing
 4) Declining demand for discretionary consumer items such travel, lodging and restaurant.
 5) Higher unemployment rate to be followed by interest rate cuts!

Phase 1: Mortgage applications to purchase a home dropped 6% last week compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. Volume was 44% lower than the same week one year ago, and is now sitting at a 28-year low.



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Blog Entry Date March 4, 2023:



Source: The Economist

Blog Entry Date March 6, 2023:

'I can't get my money out': Billionaire investor Mark Mobius says China is restricting flows of capital out of the country

[Carla Mozée](#)

Mar 3, 2023, 11:47 AM



[Richard Brian/Reuters](#)

- Emerging markets investing veteran Mark Mobius says China is restricting capital outflows.
- He told Fox Business' "Mornings with Maria" that he couldn't pull investment funds from his account in Shanghai.
- Mobius said he's been unable to get an explanation about the "crazy" restriction.



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Mark Mobius, a pioneer in emerging markets investing, said China is restricting investment outflows from the country, a move that would be taking place as the world's second-largest economy is trying to shake off pressure from COVID-19 lockdowns.

"I'm personally affected because I have an account with HSBC in Shanghai. I can't get my money out. The government is restricting the flow of money out of the country," Mobius said on Thursday on the Fox Business show ["Mornings with Maria"](#). "So I would be very, very careful investing in China," the founder of Mobius Capital Partners said.

Mobius, who has spent decades traveling the world searching for investment opportunities, said he hasn't been able to get an explanation about why he's running into the restrictions in China.

"It's just amazing. They're putting all kinds of barriers," he said. "They don't say, 'No, you can't get your money out,' but they say, 'Give us all the records from 20 years of how you've made this money,' and so forth. It's crazy."

Hong Kong, on the other hand, "seems to be a little more open," he said. The previous executive chairman of Templeton Emerging Markets Group said he's been able to get his money "in and out" of the financial center.

Mobius's warning came days before [China's President Xi Jinping](#) was expected to cement his third term at a key government meeting starting this weekend. China late last year abruptly began lifting long-standing COVID lockdown measures and economists worldwide are expecting a recovery process to ignite a resurgence in activity in services and manufacturing. Mobius said the reopening play is resulting in commodity prices starting to move higher.

But the current government is operating "in a completely different direction" than China's former market-oriented leader Deng Xiaoping, Mobius said.

India is a place that investors should consider, he said.

"You've got a billion people, they can do the same thing that the Chinese do. They can do the same kind of manufacturing and so forth," Mobius said.

"I'm now in Brazil, and Brazil, you've got 250 million-plus people. Very good people, open society. Hey, why not come here? It's another alternative."

Source: Business Insider



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Blog Entry Date March 6, 2023:

<https://www.bloomberg.com/news/articles/2023-02-28/spac-era-ends-as-companies-that-ipo-d-struggle?sref=mBP6xoc9>

The SPAC Fad Is Ending in a Pile of Bankruptcies and Fire Sales

[Jeremy Hill](#)



Illustration: David Huang for Bloomberg Businessweek

It took only 10 months for [Quanergy Systems Inc.](#), a maker of high-tech sensors and software, to go from its stock market debut to filing for [bankruptcy](#). [Fast Radius Inc.](#), a 3D-printing company, made it nine months. Online retail startup [Enjoy Technology Inc.](#) lasted eight-and-a-half months before it filed.

What these companies all have in common is the way they made it onto the market. Instead of selling shares in a conventional initial public offering, each of them merged with a special purpose acquisition company. A SPAC is a publicly traded corporate shell with no business other than to seek out a merger with another company, which then inherits the shell's listing. Such deals were a [pandemic-era Wall Street fad](#)—but now a growing number of ventures that went public in this way have gone bankrupt, highlighting how speculative the SPAC game could be.



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

Time to Bankruptcy

Time to Bankruptcy		
Companies recently brought public via a SPAC		
Company	Trading debut	Days from trading debut to bankruptcy
Electric Last Mile	6/28/21	352
Rockley Photonics	8/12/21	530
Clarus Therapeutics	9/10/21	361
Enjoy Technology	10/18/21	256
Core Scientific	1/20/22	336
Fast Radius	2/7/22	274
Quanergy Systems	2/9/22	308
Starry Group	3/29/22	329

Company trading periods in calendar days.
Source: Compiled by Bloomberg

Internet service provider [Starry Group Holdings Inc.](#) on Feb. 20 became the latest to seek protection from creditors, bringing the count of failed SPAC offspring to at least eight since June 2022. The trend is likely to be just getting started. Almost 100 companies that listed this way don't have enough money on hand to fund their current level of spending over the next year, data compiled by Bloomberg show. That's on top of the 73 companies that currently trade below \$1 a share, risking a potential delisting from major exchanges such as the New York Stock Exchange and Nasdaq. Since the baseline share price of most SPACs before a merger is \$10, a price below \$1 also means that an investor who bought into the shell company in anticipation of a deal and held on for the full ride lost at least 90%.

"The value destruction has been spectacular," says Dan Zwirn, co-founder of [Arena Investors LP](#), a debt-focused investment firm. The way Zwirn sees it, troubled SPACs are usually one of two



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

types: totally speculative businesses or reasonable ones that were grossly overvalued. The former will go bankrupt or be quietly wound down, while the latter can be sold for low prices, he says. So far, at least 12 companies that did SPAC mergers have agreed to buyouts for less than they were worth when they listed, according to data compiled by Bloomberg.

Although SPACs have been around for decades, they took off in the trading boom of 2020-21 that also propelled cryptocurrencies and meme stocks. Sometimes called [blank-check companies](#), they have no operations but simply raise money by going public with the stated goal of buying another business in a specified period of time. There was [a widespread view](#) that SPACs were a faster, easier way to take cutting-edge companies public, sidestepping some of the legal and regulatory hurdles traditional IPOs face. (The US Securities and Exchange Commission is now mulling [tougher rules](#) for SPACs.)

[Sponsors can earn big money from SPACs](#) because they get a chunk of stock in the newly public company if they can close a deal. Meanwhile, the early investors, often hedge funds and other institutions, secure a nice, safe return for a while. That's because each \$10 share of a SPAC can be redeemed, with interest typically around 1.5%, before the merger. There's also a sweetener: a "warrant" entitling holders to buy more shares at cheap prices if things go well.

But the low-risk deal that hedge funds got isn't what drew retail investors to blank checks. The companies targeted for acquisition often made highly optimistic forecasts for revenue and earnings growth. And in hopes of getting in early on some hot new business, retail traders would buy SPAC stocks ahead of the expected merger or just after—sometimes paying well above \$10. SPACs merged with and took public money-losing electric vehicle startups, early-stage drug developers and a bevy of other companies that promised to change the world.

Sometimes it worked if the retail investor played it right: A SPAC called [Diamond Eagle Acquisition Corp.](#) climbed past \$17 a share before [merging](#) with [DraftKings Inc.](#), the online sports betting company, in early 2020. Then the stock, renamed DraftKings, rocketed to a peak of \$74 over the next year. (It's at about \$19 now.)

As the hype grew, more and more money piled in. [Famous money managers](#), [former politicians](#) and [celebrities](#) lined up to start new blank-check vehicles. Over the course of 2020 and 2021, more than 850 SPACs raised roughly [\\$245 billion](#) to use in the hunt for deals. The quality of new



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

offerings declined in a hurry. Sponsors selected more speculative acquisitions or struggled to find worthy deals at all. Then came higher interest rates and the 2022 bear market. Today an overwhelming majority of public companies that were formed when a SPAC made an acquisition—sometimes known on Wall Street as a “de-SPAC”—are trading far below the \$10 mark and are years away from turning a profit.

“A lot of the problems with the de-SPAC’d companies is that they’re relatively early-stage, capital-intensive companies that are more risky in general,” says Usha Rodrigues, a law professor at the University of Georgia and one of the leading academic experts on SPACs. “There was nowhere near that number of viable private companies ready for the public markets.”

Many companies have been hurt by a surge in [redemptions](#). When SPAC investors don’t like an upcoming merger or simply wish to recoup their money, they can redeem their shares before the deal goes through. Over the past year, the average SPAC saw more than 80% of its shares cashed in, data compiled by Bloomberg show. That compares to a single-digit rate in early 2021. These redemptions mean that companies raise less cash from the deal.

In the case of Starry Group, the company hoped to raise as much as \$450 million when it [merged](#) with [FirstMark Horizon Acquisition Corp.](#) last March, assuming none of the SPAC investors took their money back. But FirstMark shareholders chose to cash in more than 90% of their SPAC shares when they approved the combination. Although other investors also kicked money in, the redemptions reduced Starry Group’s bundle of new money to a little more than \$155 million, according to court papers. It traded for about 11 months and now plans to sell itself out of bankruptcy or repay its lenders with new stock.

“It’s just a cautionary tale,” says Greg Martin, co-founder of [Rainmaker Securities LLC](#), which facilitates secondary transactions for private companies, speaking on SPACs in general. “When something is too good to be true, it’s too good to be true. It’s so obvious when you look at the valuations some of these companies were getting from SPAC sponsors that it wasn’t sustainable.”

Source: Bloomberg



Best of the David L. Fingold Blog (#504): March 1, 2023 – March 7, 2023

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Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed or insured by the Canada Deposit Insurance Corporation or any other government deposit insurer, their values change frequently, and past performance may not be repeated. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or incomes taxes payable by any securityholder that would have reduced returns.