

## Speaking The Truth and Calling Out B.S.

\* As a contrarian with a calculator in hand...

"Don't piss in my eye and tell me it's raining."

- Grandma Koufax

Speaking the truth has some consequences - consequences that cause many not to be truthful - or to ignore their investment boners, weak investment performance/returns and wrong-footed opinions - in the hope of selling a service, expanding viewership/eyeballs or in other ways in trying to expand their franchises.

Some in the business media hate "the truth" and appearance invites are often withheld by those that are critical - even when the criticism is meant to be constructive - when non truths are of panelists, commentators, strategists and analysts are publicly exposed.

My pet peeve has always been the absence of memorializing investment recommendations in the business media. How else can a viewer assess the value of the expressed ideas? I am particularly critical of short term trading recommendations, especially of an options kind as, empirically, directional call and put buying is an unprofitable *mugs game*.

At this point in my career I frankly don't care about business media invites - I am more concerned with, firstly, delivering superior returns to my Limited Partners at Seabreeze Capital Partners LP and, secondly, in delivering non consensus, hard-hitting investment views and ideas on *Real Money Pro* for the last 24 years!

With that in mind, I want to make an observation and start the day with these additional thoughts:

The reality is that there are very few fundamental investors, even those that fully subscribe and are ostensibly clothed in fundamental analysis as their primary methodology, that appear daily in the business media. Rather, too many, as The Divine Ms M notes in her pinned tweet, "*There is nothing like price to change sentiment.*"

It is increasingly clear, especially after such a forceful ramp higher in stock prices as we have experience over the last eight weeks, that most, in reality, worship at the altar of price momentum - even though they might wear a fundamental disguise. And, importantly, their investment "memory" of their past views - when incorrect - are quickly forgotten and never mentioned.

Their commentary and narrative shift with the weather - and, as such, they are no different than the quants, whose algos and machines are triggered by price and price momentum.

This helps to explain why that change in view, based on price and momentum, when combined with the dominance of passive products and strategies have produced a backdrop of exaggerated moves - both up and down - in which "buyers live higher and sellers live lower."

As noted in yesterday's "[Top](#)" column the virtuous impact of defensive hedge funds that had degrossed and derisked combined with the price momentum turn, leading quants to reposition offensively, contributed to such a grand eight weeks in the markets.

This volatile behavior also helps to explain that in managing short term/trading money and why I average into long and short positions.

*I am often wrong and always in doubt* and consciously attempt to highlight my mistakes on RMP.

Importantly, I hope that I communicate clearly, logically and consistently my views - as I did in yesterday's opening missive - which change with price but in a different way:

*\* The higher prices rise, the less attractive upside reward vs downside risk.*

*\* The lower prices trend, the more attractive upside reward vs downside risk.*

Of course, that is, when fundamental conditions don't change.

### **Bottom Line**

As it is said, Grandma Koufax, an extraordinarily bright business person and gifted investor always was frank - she always spoke the truth - or as she would say, "emes" in Hebrew.

I am trying to follow her example.

P.S. - I happy to report that I will be on Bloomberg TV at 9:30 am next Monday morning.

**Position:** None

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