

# INSIDER *Newsletter*

— Issue #314: July 2025 —

Greetings, friends!

To start, we recorded a brief video for you with an overview of some of the topics covered in this Newsletter issue. To watch it, [click here](#).



Onwards...



The above is from Michael at our recently completed Cayman Islands event.

And here's the Black Rock Desert from Mark:



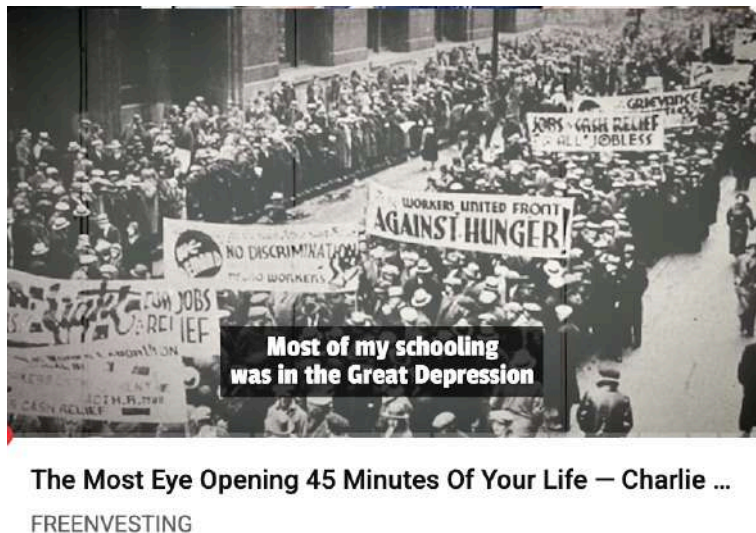
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## MUNGER MAGIC

Over the weekend I was trawling through Youtube, looking for insights/thoughts on the fading empires' bombing of Iranian nuclear installations (or whatever it was that they actually bombed).

I came across [this](#) and couldn't help but notice the following clip on Charlie Munger's words of wisdom.



Here's the transcript of the last few minutes of the interview:

*"It's amazing how if you just get up every morning and keep plugging and have some discipline and keep learning, it's amazing how it works out okay*

*I don't think it's wise to have an ambition to be president of the United States or a billionaire or something like that because the odds are too much against you much better to aim low*

*I did not intend to get rich, I wanted to get independent, I just overshot.*

*By the way while you're clapping some of the overshooting was accidental*

*You can be very deserving, very intelligent and very disciplined but there's also a factor of luck that comes into this thing and the people that get the good outcomes that seem extraordinary*

*The people who have discipline and intelligence and good virtue plus a hell of a lot of luck*

*Why wouldn't the world work like that so you shouldn't give credit for the unusual*

*A friend of mine said about a colleague of his and his fraternity - he says old George was a duck sitting on a pond and they raised the level of a pond*

*There are a lot of people that just lock into the right place and rise and then and there are a lot of very eminent people who have many advantages and they've got one little flaw or one bit of bad luck and they they're mired in misery all their lives but that makes it interesting to have all this variation."*

Very interesting that Charlie acknowledges the concept of luck and getting lucky! This circles back to a conversation I had with a friend some 20 years ago (an old investor who started investing in 1970), where he said:

*"All you have to do to win at this game is to be at the table when your turn to get lucky comes around. Just make sure it doesn't cost you too much money to sit at the table."*

Those words are central to our investing strategy, namely **positioning ourselves to get lucky**. This is closely tied into the notion of asymmetry of returns.

From a practical perspective, always look at a potential investment and ask yourself "how lucky could I get with this trade?"

Speaking of which...

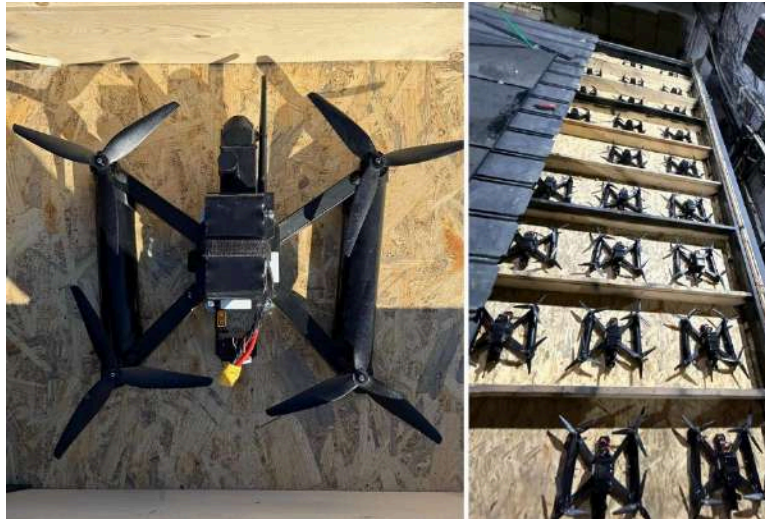
## ASYMMETRY IN MOTION

You may be aware of Ukraine's drone attack on Russian bombers a month or so ago, supposedly wiping out 30% of Russia's heavy bomber fleet.



Now, I know that the media are mostly neanderthals parroting nonsense, but I looked into it, and as far as I can tell (whether the above happened or not), the effectiveness of these tiny little flying death weapons is pretty accurate.

Essentially, it was these little things, which don't look that different than what you can buy in an electronics store or from DJI:



As mentioned, we are always apprehensive of believing what we have been led to believe, especially with all the propaganda surrounding the Ukraine war (or any war for that matter).

But let's not get caught up in the weeds. The key thing I'd like to point out here is asymmetry — how something seemingly small and insignificant (costing a few thousand dollars) can have an extreme impact or result (like taking out a multimillion dollar bomber).

With the dramatic advances in AI, we are likely to see a proliferation of asymmetric weapons over the coming years. Anyway, we don't want to get bogged down in discussing weapons of war, rather the main point here is asymmetry. In other words, non-linear outcomes... or in layman's language, **little things having big outcomes**.

It is hard to go wrong when you have asymmetry on your side. Because sooner or later you lock onto a big winner.

Consider that anyone investing into this weird thing that geeks were playing with called Bitcoin a few years ago will now appreciate asymmetry:

*“5 years ago: If you invested \$1,000 in Bitcoin in 2020, your investment would be worth \$10,444.*

*10 years ago: If you invested \$1,000 in Bitcoin in 2015, your investment would be worth \$421,283.*

*15 years ago: If you invested \$1,000 in Bitcoin in 2010, your investment would be worth about \$968 million.”*

We keep highlighting “asymmetric setups” in the Big Five in each publication. Do with them what you will!

Remember YPF when we first highlighted Argentina in late 2021?



Genius! Or maybe it is just that we got real lucky? Note we haven’t closed the trade out yet!

Which brings up the question...

## WHEN TO CASH OUT?

Here’s a question we received for our latest monthly webinar:

### WHEN TO CASH OUT?

*Several hedge fund managers — including Kuppy, Ray Dalio, Ken Griffin, Bill Ackman — have warned that the global economy is on shaky ground, with some pulling double-digit*



*percentages of AUM into cash. CapEx's ethos is to stay the course with a 5–10 year view, riding out short recessions to capture long-term upswings. Under what specific conditions would CapEx shift strategy and take significant cash off the table?*

This was a very good question and one that we get often, albeit different variants of it. We did answer it during the webinar in a general sense, but let us get a little more specific.

Look at your portfolio and ask yourself: **is any stock that you objectively feel is too expensive.** If so, sell. If not, hold. It is as simple as that.

We say “simple” because when you hear of well-known fund managers putting the “fear of the almighty” up you, it ain’t so easy to hold the line.

Here is a case in point: Globrands, an Israeli cigarette distributor. We have held it since we started the Dividend portfolio, and it has served us very, very well!



*Globrands stock price and total returns indexed to 100*

However, when we look at fundamentals here and now (8% dividend yield, 10x P/E, and little reason to believe that Israelis will quit the “horrid” habit), there is no reason to sell.

Well, at least there is one “upside” to the conflict...

# Stressed out by war, Israelis appear to be smoking more than they have in years

Soldiers, hostages' families and others seem to be lighting up at increasing levels, reversing years of falling rates, but health experts aren't pushing them to kick the habit yet

By RENEE GHERT-ZAND  [FOLLOW](#)  
12 April 2024, 9:10 pm

Frankly, we can't blame them. Some 20% of Israelis smoke.



There is simply no reason to NOT own this stock today, no matter what Dalio, Ackman, or Griffin say. Of course, there is always a chance that a missile could hit a Globrands warehouse, sending all their cigarettes up in smoke. But that is why this company (as with all other stocks in our Dividend portfolio) only has a 1.5-3% weighting.

Risk, my friends, cannot be eliminated, but it can be managed. So next time some headline hits your screen or someone on the interwebpipes yells and screams about the world ending, stop, breathe, and **look critically at what you own, why you own it, and what your actual risk with each particular position ACTUALLY is.**

Now, if you've built a portfolio of companies across sectors, many of which are unrelated to the others and dispersed geographically while all sporting deep value, then the real question to ask is: where else would you put your money?

## A CONFESSION

Here's another question we received (simplified down from the two pager it was):



**Nabors (NBR)** was previously criticized for poor financials, but deeper research suggests it's being misunderstood. The company is heavily investing in SANAD, a joint venture with Saudi Aramco to build 50 gas rigs—15 awarded, 11 operational—paid directly by Aramco, minimizing risk. While financials look weak due to \$300–400M in annual capex, NBR generates \$350M in EBITDA and pre-capex EPS may already be ~\$24. The recent Parker Wellbore acquisition was bank-backed, not a distress move, and SANAD is funded through ongoing cash flow. Despite past dilution, management seems focused on long-term value, not survival. This may be a case of the market punishing smart reinvestment. Am I wrong here?

We have looked at Nabors before, but we thought it had too much debt load and in any event, we wanted to concentrate on offshore oil services rather than land-based. However, I have a confession...

Back in mid/late-2020 I looked at Weatherford International and came to the same conclusion (too much debt). We had the chance of buying Weatherford at \$2, but we passed. Perhaps you couldn't blame us given all the other oil and gas service stocks that were going to the wall at the time.

Weatherford eventually went up some 6,700%. Granted, we wouldn't have got out at the top, but even if we got out half way up (where it currently sits), we would have still been up 24x (near enough). To put it in dollar terms: \$100,000 would now be worth \$2.4 million (after having been up at \$6.7 million at one stage).



This is the first time I come out of the closet (so to speak) on this “passed opportunity.” Bugger, it is embarrassing!

Life goes on. Somewhere out there is another opportunity like Weatherford. One just has to have the balls to buy at the point of maximum pessimism and also have the fortitude and patience to let deep value assert itself in the stock price. Along the way, inevitably some won't play out as anticipated and you need to be ok with that too. It really does take a “special” type of person to get back on your horse after getting bucked off a few times.

## A DESPERATE ATTEMPT

While we are all having our attention directed towards the war with Iran, we should always be looking at the “why.” Keeping in mind the absolutely true adage that all wars are bankers' wars, I noted [this](#) from ZeroHedge.



\*US PLANS TO EASE CAPITAL RULE LIMITING BANKS' TREASURY  
TRADES

12:41 PM · Jun 18, 2025 · 512.4K Views

So while we're being directed towards the Middle East, I note the easing of the capital rule on banks. This — together with the war — are absolutely totally part of the same equation, despite the fact that not one in a 100 folks will ever know it or realise it, and for that very reason it will progress. Here is the problem...



The US government has quietly initiated a stealth liquidity backdoor for banks by easing capital requirements on Treasury trades. This means:

- Banks no longer need to reserve as much capital when holding or trading US government debt, making banks dodgier than they already are.
- They can now soak up more Treasury issuance without showing increased risk on their balance sheets, making banks dodgier than they already are.
- This injects artificial demand into the Treasury market and helps paper over collapsing organic demand while making banks dodgier than they already are.

This is not a mere policy shift. It's a quiet declaration of structural stress.

What this really means is that the Treasury market, the backbone of the current financial system, is now so fragile and overburdened with issuance that it can no longer function without regulatory distortion.

- The US government is now issuing a whopping \$1–2 trillion in new debt every quarter.
- Foreign buyers like China and Japan are net sellers.
- Domestic demand for treasuries is not keeping up.
- Yields are becoming increasingly unhinged from real risk.

I'd always thought they'd tap the boomers' capital sitting in pension funds, mandating percentages to be allocated to "safety" or some such hogwash, but this is a new one that I admit I did not see coming — they're turning banks into forced buyers by changing the rules. Sneaky buggers!

It won't be called yield curve control, but this is exactly what it is... and it stinks of desperation.

So where does the Iran distraction come in? Exactly here:

War is a cover for liquidity expansion. War equals narrative control. War is a moral justification for massive capital deployment. And war means optical deferral of systemic accountability (they screwed up biggie, but can't admit to it, because by doing so we'd get a revolution). Far better to send the peasants into a meat grinder (worked in Ukraine).

The Iran "surprise" hype machine serves a dual purpose:

1. Emotionally spike public attention away from the fact that the US is suffering from domestic insolvency.
2. Creates a narrative for justifying increased military spending and debt expansion, all under the guise of national security. The deep state truly is in control.

They're not trying to hide the debt anymore. They're trying to normalize the next phase of collapse by staging urgency elsewhere.

The United States is entering a phase where the legitimacy of the dollar system depends entirely on manufacturing belief. And when belief wanes, control mechanisms shift from fiscal logic to memetic warfare.

This is why capital rules are being gutted in silence, all the while state media channels scream about "world-changing surprises" (Trump's Big Beautiful Bill) and existential threats (Russia bad, Iran bad, yadda, yadda, yadda). It is simply another step in the process of a failing empire.

# NORDSTREAM 2-POINT-OH?

There's been much talk about Iran shutting the Strait of Hormuz. To the extent that it's taken to be a given (at least by Western media and citizenry). If the Strait gets shut... well, it's Iran that did it.

I did some analysis, and here's what I found. But just so we know what we're talking about, here is the topic of discussion — this narrow piece of water in the Persian Gulf that can act as a chokepoint... should it be closed:



Here is a visual representation of the ships traversing this piece of water to highlight the chokepoint:



Keep the above in mind.

Now, there has been much talk about Iran shutting this down, mostly, I note, from Western media. In fact, it's very difficult to find this rhetoric in non-Western media. Weird. I thought, so then I started looking at it more closely.

Consider this. Iran's allies include: Russia, China, Oman, Pakistan, and Qatar. There are others, but these are the key players. Now, further consider the below chart I put together.

**Summary Table: China's Oil Imports via the Strait of Hormuz (Q1 2025)**

Country of Origin	Estimated Daily Volume (barrels)	Notes
Total via Strait	5.4 million	All Middle East suppliers
Saudi Arabia	1.6 million	15% of China's total imports
Iran	1.3 million	Over 90% of Iran's exports to CN

Putting aside the "who dunnit?" of any hypothetical shuttering of the Strait, let us see who benefits and who doesn't.

There are two major losers should the strait get shut: Europe and China. China would be short-term while Europe would be long-term. China has a land route with Russia and Iran (rail) and will adjust to obtain its energy accordingly. Europe has only extremely expensive US natural gas. Recall they lost their Russian energy when Putin blew up his own pipeline (cough, cough).



On the other side, the major benefactor of this would be the United States. That's just a fact based on energy flows. So, keep this in mind should something happen.

The reason I point it all out is that the powers that be will know more than the peasants. China, Russia, etc. will likely know who did what, and this changes the balance of power and ability to negotiate further down the track (should that be required).

Speaking of negotiations...

Trump went to negotiate with the Iranians, then bombed them, and then a few hours later said, *"It's ok. We now want peace."* It's comical, really.



**Donald J. Trump**   
@realDonaldTrump

We have completed our very successful attack on the three Nuclear sites in Iran, including Fordow, Natanz, and Esfahan. All planes are now outside of Iran air space. A full payload of BOMBS was dropped on the primary site, Fordow. All planes are safely on their way home. Congratulations to our great American Warriors. There is not another military in the World that could have done this. NOW IS THE TIME FOR PEACE! Thank you for your attention to this matter.

Aside from the fact that this reads like a six-year-old wrote it, what is important to understand is that he just blew his credibility. Imagine, if you will, that in a few years' time there is some conflict with China, and Trump flies over to sit down with Xi to negotiate.

Do you think that maybe, just maybe, the Chinese will be remembering what he did with Iran and that while he's "negotiating" with them he has some of his "big beautiful bombs" on their way to be dropped on a Chinese city?

It's the end of Empire stuff. Also...



At a practical level, should the Strait actually get shut, it would be a very “green” day on our portfolios.

## GOLD MINERS VS MAGNIFICENT 7

Given that gold miners have performed in line with the Magnificent 7 over the last 18 months (both up about 70%), you could be forgiven for thinking that investing in gold miners would be as popular as investing in the Mag 7.



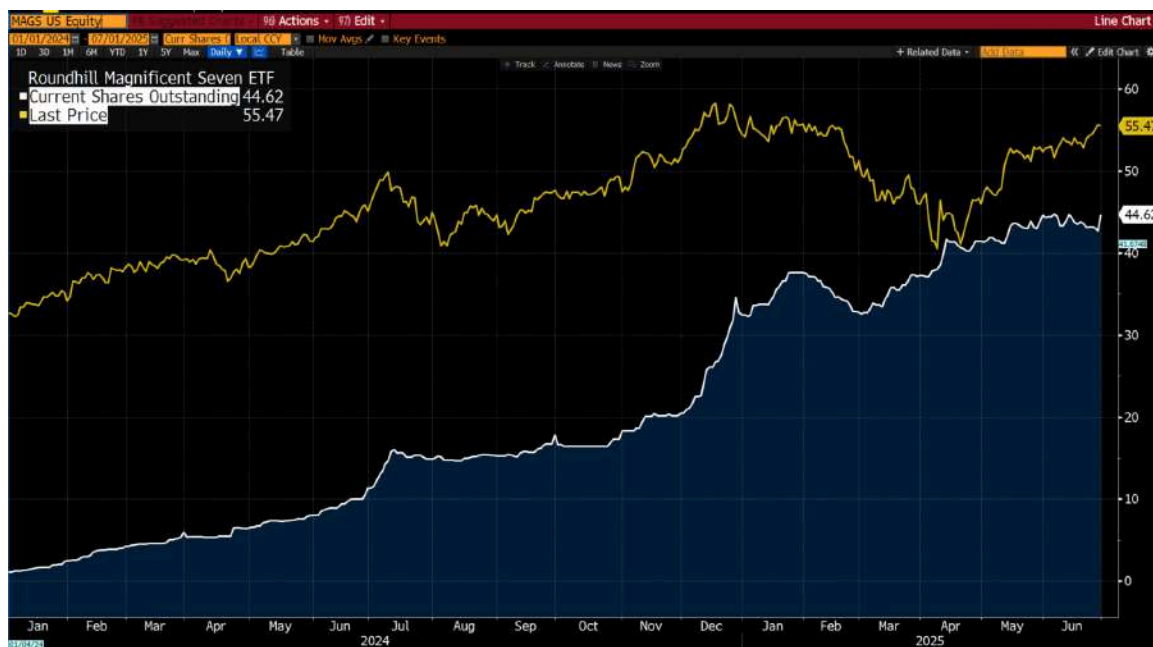
Gold miners (GDX) and Magnificent 7 (MAGS) ETFs indexed to 100

Perhaps don't be so quick in jumping to conclusions based just on price action.

Before we carry on, let us explain “shares in issue” or “shares outstanding” of an ETF.

Shares in issue represent the total number of ETF shares currently available in the market. The significance is that a **higher number of shares outstanding generally reflects greater investor interest and demand for that specific ETF**. As demand for an ETF increases, authorized participants can create more units to meet the demand. The same also works in reverse.

Back to the case at hand. Logically, you would think that price behavior and shares in issue should match each other as is the case with the Magnificent 7 ETF (the Roundhill Magnificent Seven ETF).



And the gold ETF (the SPDR Gold Trust).



But look at the gold miners ETF — its share price is up but shares in issue have collapsed. This is rather bizarre!



This suggests to us that investing in gold miners is far from being popular or a crowded trade.

# THE WORLD'S MOST UNCROWDED TRADE

Speaking of uncrowded trades...

When ETFs close down due to lack of demand, it is a strong contrary sign.

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## Exchange Traded Concepts to Close and Liquidate Range Global Offshore Oil Services Index ETF (NYSE: OFOS) | OFOS Stock News



GuruFocus News

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May 23, 2025



See, there is a reason why we didn't invest in OFOS (other than lack of liquidity).

It pays to be contrary as an investor. But as an ETF provider? Not so much!

Let's put a line in the sand. The long-term bottom in offshore oil services (in the SPDR S&P Oil & Gas Equipment & Services ETF) was registered on 4 April 2025.





Don't forget this, and let's revisit it five years from now. And also remember this (in case you forgot):

## The Only Coal ETF Is Closing. What It Means for Investors.

Dec 17, 2020, 12:13 pm EST

Share AA Resize

Reprints



The VanEck Vectors Coal ETF, which went public in 2008, has stopped trading. (IAN FORSYTH/GETTY IMAGES)

The only coal-focused exchange-traded fund is closing at 12 years old, another sign of investors' desire to withdraw from the industry.

The VanEck Vectors Coal ETF, which went public in January 2008 under the ticker KOL, stopped trading this month and will return investors' money on Dec. 22. It had about \$35 million in assets. At its height in 2011, the ETF had \$908 million, said Ed Lopez, head

Well done! The closing down of the VanEck Vectors Coal ETF (KOL) almost “bottom ticked” the end of a 10-year bear market in December 2020.

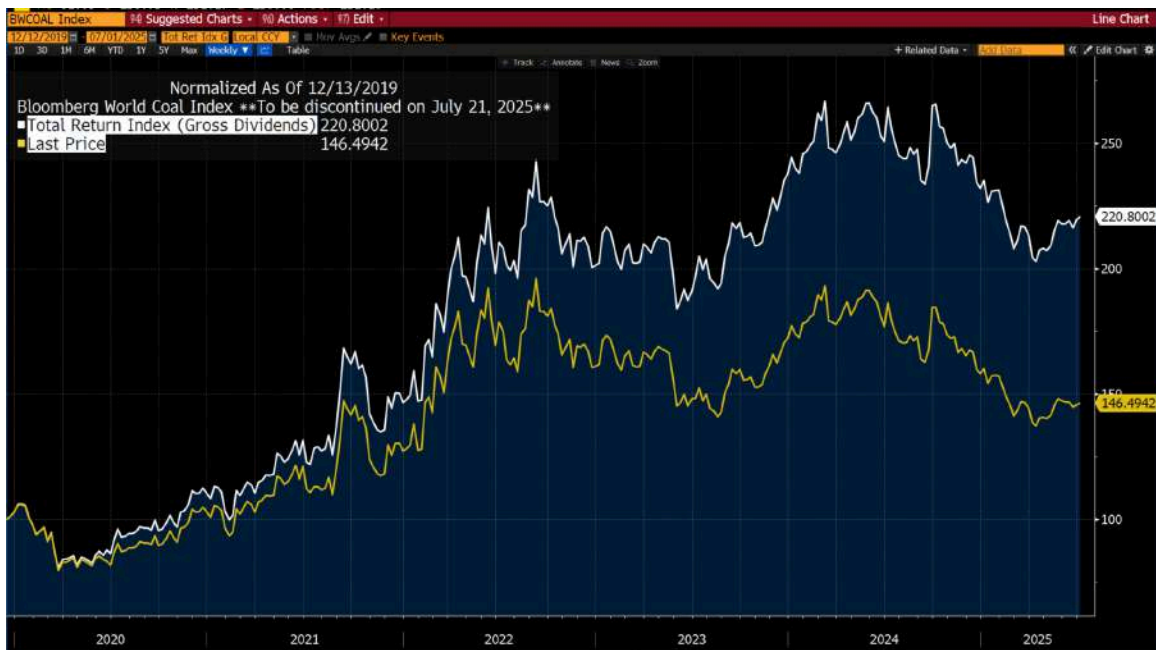


Bloomberg World Coal Index (total return)



We remember KOL well. We bought it back in December 2019, sold out just before liquidation in December 2020, and with the proceeds bought a basket of coal miners which we continue to hold.

Those folks who bought in way back in 2019 or 2020 would have received returns more or less in line with the Bloomberg World Coal Index on a total return basis (dividends reinvested) — up some 120%, whereas the index itself is up some 46%. Yes, dividends over time do make a hell of a difference.



## REMEMBER WHEN “SMOKING KILLS?”

Remember all those “scare the hell out of you” anti-smoking ads of the 1970s and 1980s?



In 1980, you could have easily come to the conclusion that smoking was on its way out and that investing in cigarette stocks was the dumbest investment you could have made for the next 30 years.

Anyway, let's assume my father had an epiphany in 1980. He quit smoking and put \$100 (equivalent to about \$500 in today's terms) into a brokerage account investing in one stock (Altria) and instructed his broker to reinvest dividends.

That \$100 would be worth \$127,000 today (or \$16,539 if those funds were invested in the Dow). Goodness knows how much that investment would be worth today if my father had also invested the equivalent of the cost of a packet of Marlboro a week into the brokerage account, only stopping in 2006 when he died (although, maybe if he had quit in 1980, he would have lived a lot longer). That was about \$1 per week in 1980 and \$1.60 per week in 1990.

Actually, if you compound [\\$100 at 17.5% per year for 45 years and add \\$50 every year](#), the total becomes close to \$600,000.



All well and good! But in 1980 investing in cigarette stocks (like Altria) would have likely been about as popular as investing in oil and gas stocks today (like Exxon).

It would be an interesting experiment to put \$10,000 into a brokerage account for each of my children with dividends reinvested and adding \$10,000 per year — just to see where it gets to 30 years from now. Hopefully, I will be around in 30 years to see the outcome!.

Of course, the question is, is Exxon the right choice? I guess time will tell!

## BIG FIVE

Five 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. Chu Kong Petroleum (1938)
2. Hong Hua Group (196)
3. Sibanye Stillwater (SBSW)
4. Valterra Platinum (ex-Amplats) (VAL:JSE, VAL:LSE)
5. Palram Industries (PLRM:TASE)

# CHU KONG PETROLEUM

We may have discussed Chu Kong a month or so ago, but no harm in a bit of repetition. Here's a summary from Reuters:

*"Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd is a China-based company mainly engaged in the **manufacturing and sales of steel pipe**. The Company has two segments. The Steel Pipes segment engages in the manufacture and sale of welded steel pipes and the provision of related manufacturing services, and the Company's products include LSAW steel pipes, SSAW steel pipes, and ERW steel pipes. The Property Development and Investment segment engages in development of properties for sale and property investment for its rental income potential."*

SEGMENTS ›							
Business		Revenue (2024)		Geographic		Revenue (2024)	
Steel Pipes		94.82%	<div></div>	Africa		53.40%	<div></div>
Property developm...		5.18%	<div></div>	Mainland China		24.51%	<div></div>
				Other Asian Countri...		11.11%	<div></div>
				South America		5.66%	<div></div>
				Middle East		3.65%	<div></div>
				North America		1.46%	<div></div>
				Europe		0.20%	<div></div>

Another classic long-term setup:



We are seeing a number of Chinese pipe/pipeline/drill-pipe manufacturers starting to pop, both in price and volume action. And by pop we mean display this sort of behavior:



## HONGHUA GROUP

We have discussed Honghua before, perhaps a couple of months ago. It's a manufacturer of land based oil and gas drilling rigs. Per Reuters:

*"Honghua Group Ltd is an investment holding company primarily engaged in manufacturing of drilling rigs, oil and gas exploitation equipment and providing drilling services and fracturing. The Company operates its business through four segments. The Land Drilling Rigs segment is engaged in the research and development, manufacturing and sales of full range of land drilling rigs. The Parts and Components and Others segment is engaged in the research and development, manufacturing and sales of core parts and components of drilling and completion equipment and other products. The Drilling Engineering Services segment is engaged in the provision of drilling and completion integrated engineering services. The Fracturing Services segment is engaged in the provision of a comprehensive integrated power supply solution for drilling, power supply for fracturing, electric fracturing equipment and services. The Company conducts its business in the domestic and overseas markets."*

SEGMENTS >					
Business	Revenue (2024)		Geographic	Revenue (2024)	
Parts and Compone...	36.23%		Peoples's Republic ...	46.47%	
Land Drilling Rigs	29.00%		Middle East	33.40%	
Offshore Drilling Rigs	14.95%		Africa	11.00%	
Fracturing service	14.76%		Europe and Central ...	4.11%	
Drilling engineering...	5.06%		South Asia and Sou...	3.06%	
			Americas	1.95%	

Another classic long-term setup — the sort of stuff we like:



## SIBANYE STILLWATER

A month or so ago (and before that as well), we noted how bizarre it was that gold was making new highs while platinum (somewhat more rare than gold) was going nowhere. If the rise in gold was truly a monetary phenomenon, then surely platinum should rise as well, albeit eventually.





*Platinum and gold indexed to 100*

And risen it has!



Another feather in the cap for what happens when a security/market breaks out of a trading range. At the risk of repeating ourselves, **the longer a security is locked in a trading range and the tighter that trading range the greater the intensity and duration of that breakout.**

Unbeknownst to the vast majority, platinum has been the best performing precious metal this year, clocking up a 52% return (vs gold's 27% rise).



And as luck would have it, our exposure to platinum (via Sibanye Stillwater) has doubled the performance of platinum itself.



There is a lot of hidden asymmetry in Sibanye and indeed many miners that have mines in “care and maintenance,” which now start to look attractive with the rise in the price of gold and platinum.

Folks tend to overlook the optionality of mines in care and maintenance. Sibanye’s [Burnstone gold project](#) highlights this optionality.

# Sibanye-Stillwater to restart R5bn Burnstone gold project

By David McKay - June 25, 2025



*"Stillwater is expected to approve the restart of its R5bn Burnstone gold project in South Africa's Mpumalanga province.*

*Neal Froneman, CEO of the precious metals miner said in an interview on the sidelines of the London Indaba, a conference, that a decision on the project was "weeks away".*

*There was "no question" the 120,000 ounce a year project was "a good one," said Froneman. A feasibility study into it, launched last year, was focused not on the project's fundamentals but on specific ramp-up issues such as staffing. "It's in the middle of nowhere," said Froneman.*

*The group had already spent R4bn on Burnstone before halting it in 2021 as it sought to conserve cash amid a heavy correction in platinum group metal prices.*

*"It wasn't because the project didn't work at all. There was no problem. We just had to limit cash outflow and we felt that Burnstone was something we could switch on and switch off," he said."*

Yes, although Sibanye's stock price has doubled since the start of the year, there is still a lot more upside to come — there better be because we bought it a year or so ago at \$5.



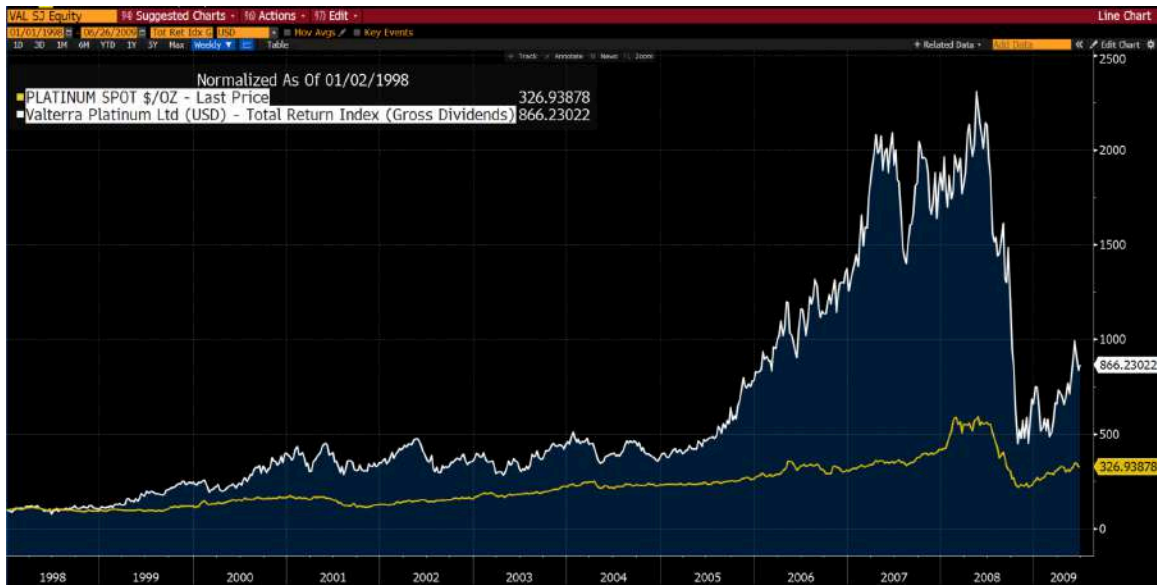
## VALTERRA PLATINUM (EX-AMPLATS)

Amplats (Anglo American Platinum) has been unbundled from Anglo American. Stockholders of Anglo American will now get shares in Amplats with its new name, Valterra. The company is now listed on the London Stock Exchange.



*Valterra – JSE listing in USD indexed to 100*

The following charts give you an idea of how sensitive platinum miners are to changes in the platinum price.



*Amplats and platinum (in USD and indexed to 100 as of 1998)*

And Impala Platinum (which you can buy in the US as an ADR under the ticker IMPUY). Yes, \$1,000 invested in 1998 did become \$70,000 by mid-2008... if you were smart (lucky) enough to have bought and sold then.



While on the subject of Anglo American unbundling its interests in Amplats, the following tells us a lot about where exploration and development has been concentrated over the last 10 years or so.

In 2015, Anglo American's commodity mix was primarily focused on the following resources:

- Iron ore and manganese, including Kumba Iron Ore and Iron Ore Brazil.
- Coal: Both thermal and metallurgical coal were part of their mix.
- Base metals, including copper, nickel, niobium
- Platinum: A significant portion of their portfolio.
- Diamonds: Through their 85% ownership in De Beers.

If one goes back to 2005, the commodity mix was broader again, including gold mining. Anglo American has been systematically divesting from coal assets, specifically thermal coal, to prioritize commodities aligned with decarbonization trends.

The company is now focused on becoming a higher-margin mining company by concentrating on copper, iron ore, crop nutrients (namely polyhalite, which is a play on Anglo believing that farmers will go for polyhalite due to its low CO2 footprint compared to conventional nitrogen based fertilizers).

Anglo has fast become a one trick pony with its dependence on copper and iron ore.

Our experience is that strategic divesting by big conglomerates is more often than not a long-term contrary sign as we find the very businesses that are divested tend to outperform the business that the company becomes focused on.

Look what has happened to the price of gold relative to copper from when Anglo American divested from AngloGold in 2007.





Anglo American used to be such a well-run company in the good old days. They were renowned for buying businesses that were out of favour, but over the last 20 years or so, they seem to be chasing what is currently hot and ideologies.

## PALRAM INDUSTRIES

Palram is an Israeli plastics manufacturer and a candidate for a dividend-focused portfolio. From Reuters:

*“Palram Industries 1990 Ltd is an Israel-based company active in the plastics sector. It manufactures extruded thermoplastic sheets from polycarbonate, polyvinyl chloride (PVC) and other materials. Its products are divided into five segments: Flat Sheets, Corrugated Sheets, Panel Systems, Specialty Products, and Finished Products. Its thermoplastic sheet products are designed to suit a diverse range of applications in the advertising, agricultural, construction, do-it-yourself, glazing and fabrication markets. It operates a number of subsidiaries in such countries as the United States, Mexico, France, Israel, Australia, the Republic of South Africa, the United Kingdom, China, Hong Kong, India and Germany.”*

See all that roofing? It's plastic and made by Palram:



With dividends reinvested, it's up 400% dividends over the last five years. Yep, a boring plastics manufacturer. Thanks Capex for telling us this after the fact. LOL!



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