



Bubble Bath

I hope everyone had a wonderful Thanksgiving holiday.

Thanksgiving remains my favorite holiday. My annual tradition of stealing a meatball as they gently simmer in the sauce on the stove and my cousin threatening me with a wooden spoon remains intact!

Here's a great chart I saw this week. It illustrated the history of bubbles back to 1977.

Human nature never changes. Folks get sucked into glossy stories about the next great thing.

The problem with bubbles is that they pop.

When that happens, a lot of people get caught holding the bag.

Those unfortunate folks take a bubble bath!

As the chart shows, the latest bubble is in artificial intelligence.

The performance chart is straight up!

The faster something goes up, the harder it falls.

Hype doesn't pay. *Microcap Millions*, which uses a consistent methodology, is at new all-time highs. The strategy avoids hype stocks like the plague.

Meanwhile, the most hyped micro-cap stocks have suffered a 20+ year drawdown.

Even in 2023, with *Microcap Millions* up about 40%, the benchmark is *down* on the year.

It won't change much if I scream at the top of my lungs. People will still get sucked into the latest fad and take a big bath when the tide moves away from them.

There is always a bubble somewhere



Source: Bloomberg, Apollo Chief Economist. Note: Nikkei for Japan's real estate crisis of 1989, 1998 Moscow large cap index, NVDA as a proxy for AI, China property bubble 2005-07, and Stock price of US homebuilders.

The Risk-O-Meter

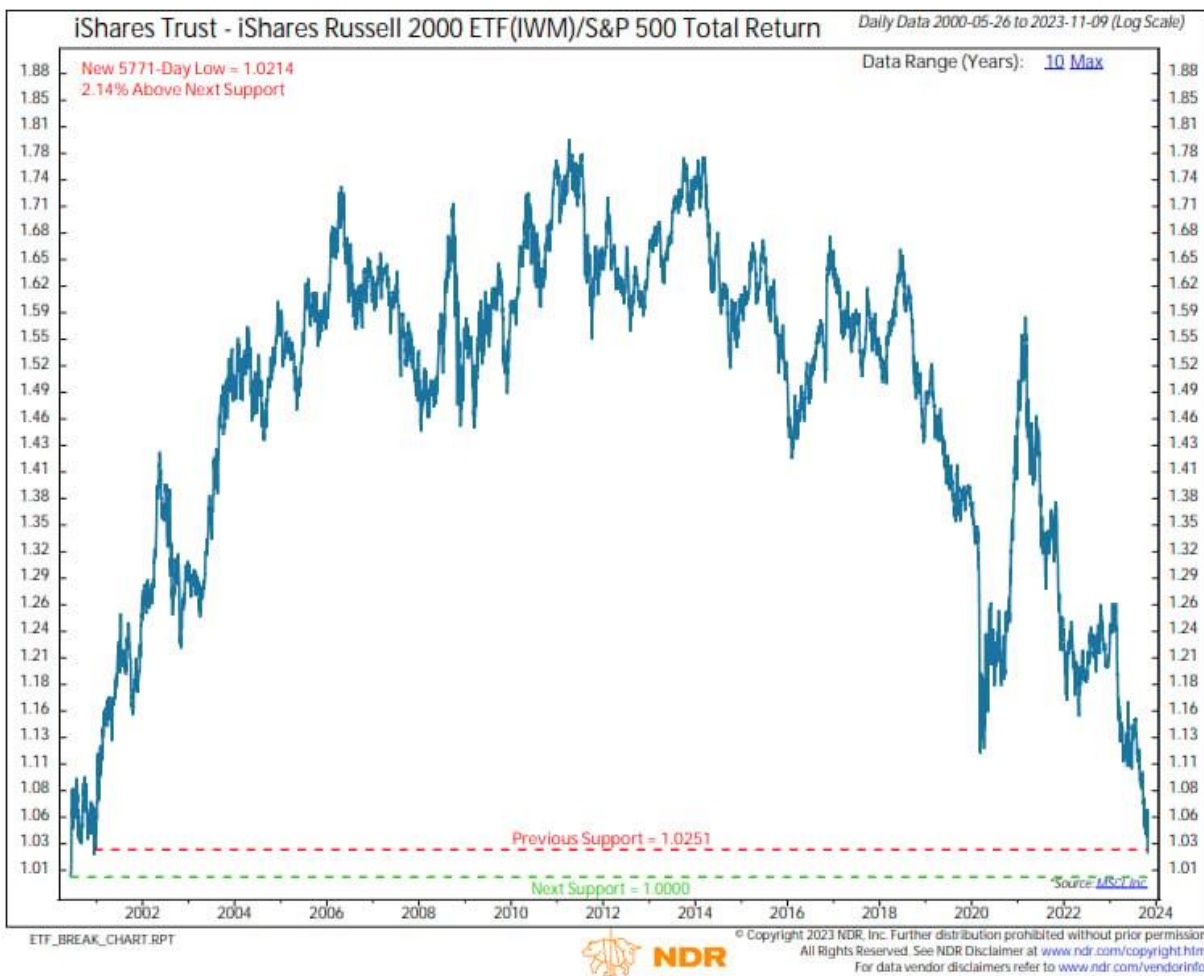
The *Risk-O-Meter* remains in the "green zone."

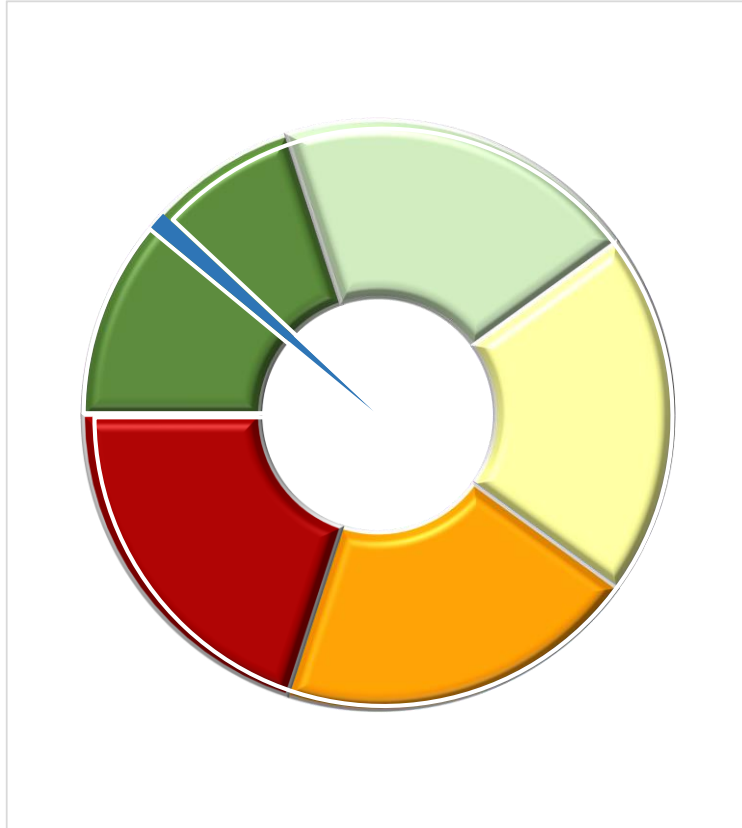
I still favor small-cap stocks in my taxable account.

Similar to a chart I showed a few weeks ago, small-caps are trading at a 23-year low relative to the S&P 500.

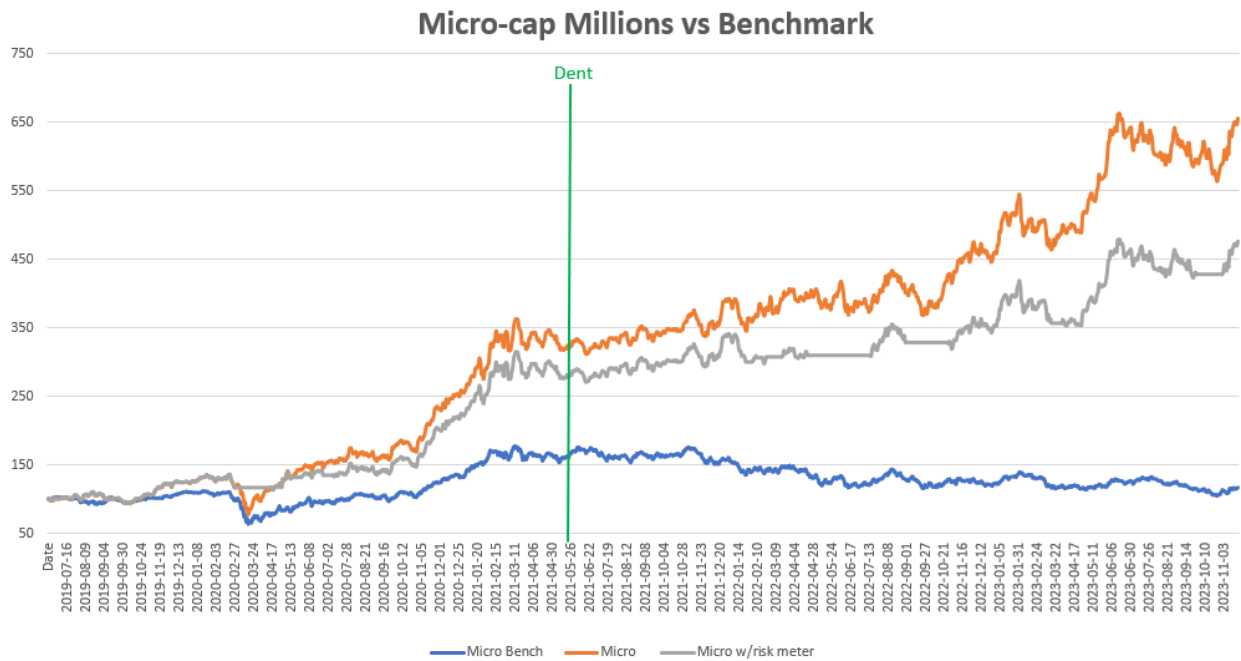
I'll bet on a reversion to the mean.

There's enormous upside even if the spread returns to where it was after the post-COVID rally.





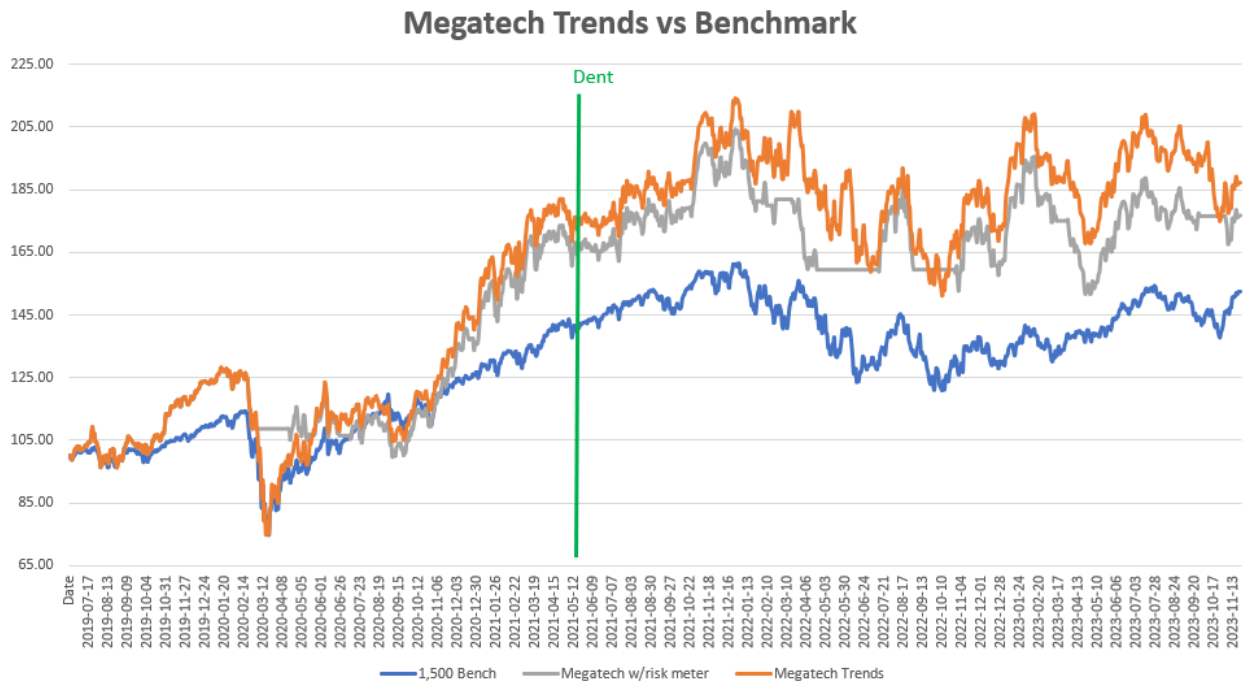
Micro-Cap Millions



There are no trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
DSP	Viant Technology, Inc.	16.20%	25	Technology
DTST	Data Storage Corp.	20.15%	95	Technology
EGAN	eGain Corp.	16.13%	11	Technology
FEIM	Frequency Electronics, Inc.	27.93%	39	Technology
GILT	Gilat Satellite Networks Ltd.	14.70%	193	Technology
ITRN	Ituran Location & Control Ltd.	6.28%	172	Telecommunications
MIXT	MiX Telematics Ltd.	14.51%	11	Technology
MPTI	M-tron Industries, Inc.	-7.03%	4	Technology
MTLS	Materialise NV	16.85%	11	Technology
RCMT	RCM Technologies, Inc.	5.85%	4	Technology

Mega-Tech Trends



There is one trade this week.

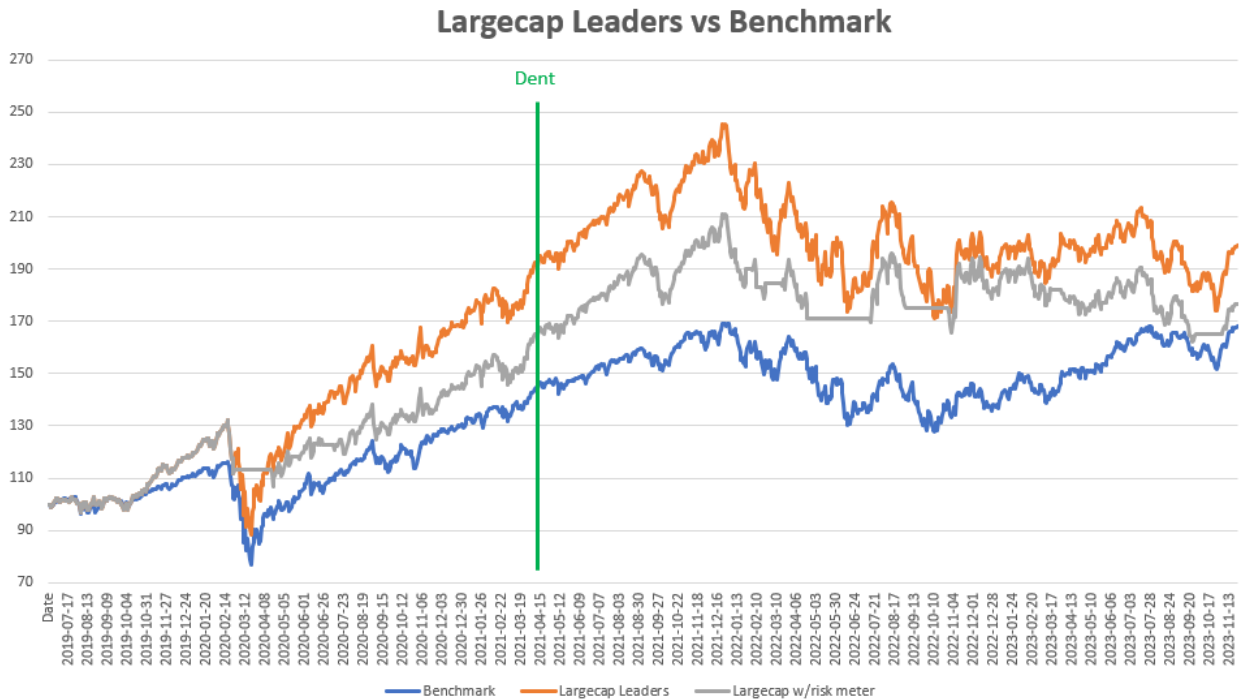
Buy GoDaddy (NYSE: GDDY)

Sell Benchmark Electronics (NYSE: BHE)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
CALX	Calix, Inc.	7.00%	18	Technology
CDW	CDW Corp.	2.37%	11	Technology
CNXN	PC Connection, Inc.	1.11%	18	Technology
DFIN	Donnelley Financial Solutions, Inc.	5.28%	18	Technology
FN	Fabrinet	-3.59%	4	Technology
GDDY	GoDaddy, Inc.	0.00%	NEW	Technology
INTC	Intel Corp.	23.69%	25	Technology
PLUS	ePlus, Inc.	25.66%	178	Technology
RAMP	LiveRamp Holdings, Inc.	17.42%	39	Technology
XRX	Xerox Holdings Corp.	-3.35%	39	Technology

Large Cap Leaders



There is one trade this week.

Buy CDW Corp. (Nasdaq: CDW)

Sell Adobe (Nasdaq: ADBE)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ANET	Arista Networks, Inc.	2.78%	18	Technology
APH	Amphenol Corp.	13.93%	25	Technology
CDW	CDW Corp.	0.00%	NEW	Technology
EA	Electronic Arts, Inc.	5.41%	18	Technology
MSFT	Microsoft Corp.	19.06%	60	Technology
MSI	Motorola Solutions, Inc.	0.81%	4	Technology
NOW	ServiceNow, Inc.	21.64%	25	Technology
ROP	Roper Technologies, Inc.	10.52%	25	Technology
SNPS	Synopsys, Inc.	14.67%	49	Technology
TEL	TE Connectivity Ltd.	13.46%	25	Technology

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