

There is a phrase out there about 'stopping on a dime'. Guess what, the markets just did that. And while it's messy out there, everything says it will get worse before it gets better. As strategist Jim Bianco said this week, 'the market [just lost](#) a \$1.5 trillion buyer'.



First up this week, the one thing everyone is watching most, [interest rates](#). In a surprise to hopefully no one, rates have been going up...fast. Three and a half months ago things were chugging along smoothly. Inflation? Sure, but not at all out of hand. Fast forward a scant 90 to 100 days and now we are talking about the prospect of a 50 basis point Fed funds rate increase in March. That, friends, is a dime turn.

Four on the Floor

Markets betting on at least 4 rate hikes from Fed in 2022



Now let's start counting the mangled bodies. First up, [profitless tech companies](#) and their innovation Queen, Cathey Wood. Before I get blamed for being a Cathey hater, let me give you full disclosure, she absolutely killed it by wrapping herself in the robe of disruption and the next economy. Somebody was going to do it, be out there on the right tail, might as well been her. She was qualified, believed in what she sold, and executed...that is [until the music stopped](#). And it always does. Sometimes it just takes a while.



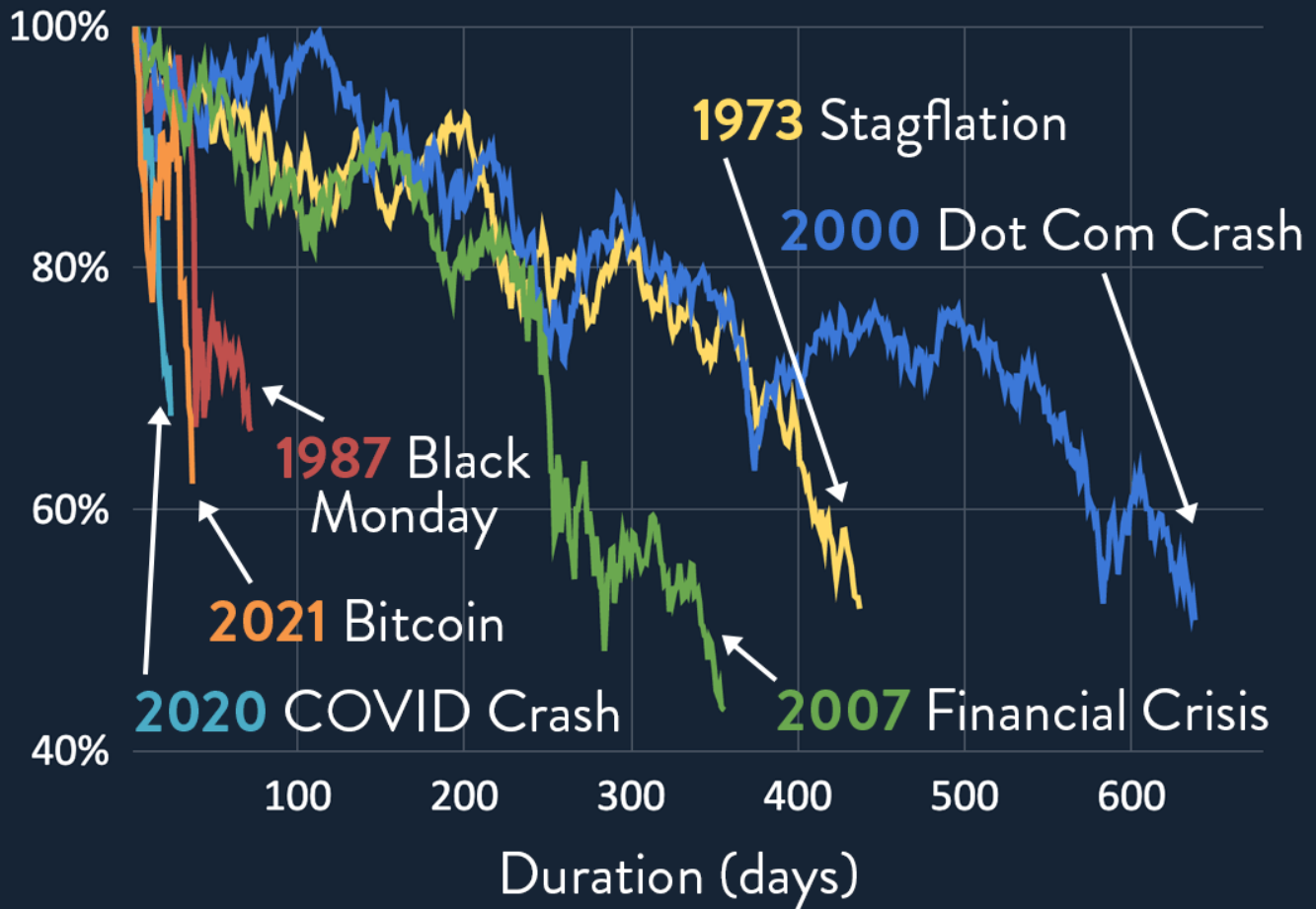
We've seen a lot of jaw dropping charts in our lives, this one is right up there with them. It shows the dismantling of the massive outperformance put up by the ARK Innovation ETF since 2020. After today, you would have [roundtripped the trade](#) and been even with the S&P 500 return for the same period of time.



Bitcoin as well, and all the crypto brethren that go with it, have been taken out to the woodshed and smacked with the [risk off axhandle](#). As has been said many times, by many people on Wall Street, down is for sure faster. No different this time.

CRYPTO CRASH?

Here's a look at how the recent **bitcoin** price drop compares to historic **S&P 500** stock market crashes.



 PERSONALFINANCECLUB

Bottom line, or top line if you prefer, crypto is a proxy for risk. Nothing more, nothing less. Just ask Jamie Dimon. Is it [worthless](#) like the CEO of JP Morgan says, probably not? Is it as [confusing](#) as the day is long? One hundred percent. Keep in mind, Dimon made that statement in 2017 and since then thousands, if not millions, of people around the globe have made life changing amounts of money being 'stupid enough to buy it'.



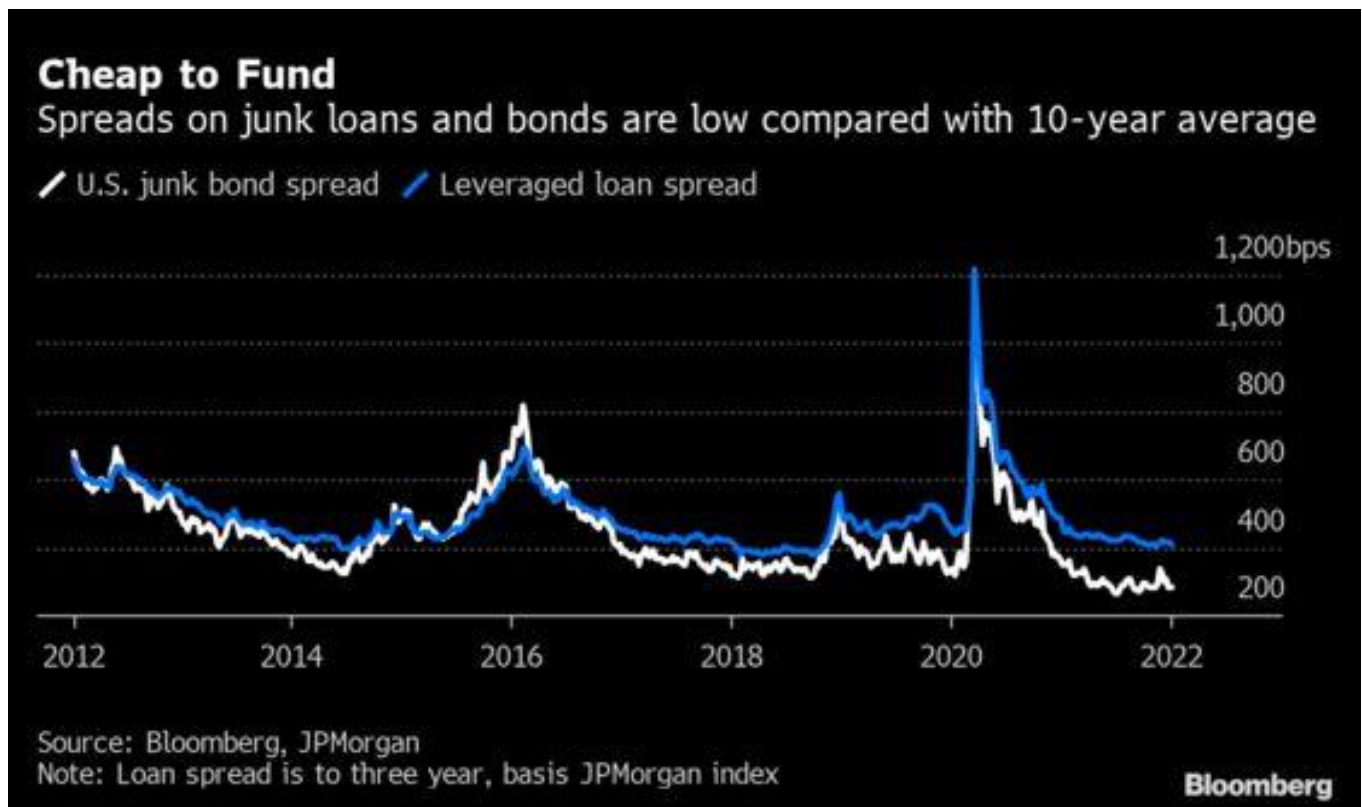
“

If you're stupid enough to buy it, you'll pay the price for it one day.”

*Jamie Dimon,
CEO of JPMorgan Chase (October 2017)*

PHOTO ILLUSTRATION/GETTY

Before we go on, we wanted to point out the long-term chart of junk rated debt. If this doesn't tell you that policy is out of step with reality, we simply don't know what does. Here you have a global pandemic, one that caused disruptions, death, inflation, sickness, and a complete change in how many people live. And through it all, spreads on the worst kind of borrowers to the best kind of borrowers have [never been this tight](#). Stan Druckenmiller was right last May when he said current Fed policy was [‘totally inappropriate’](#).

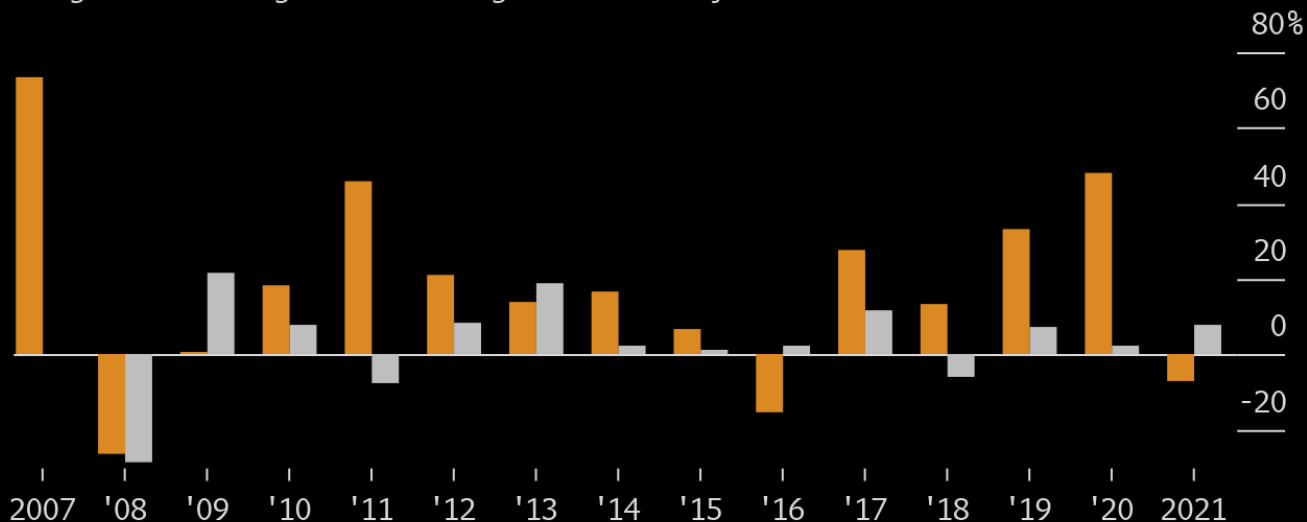


Another casualty, one that was sitting right under my nose and I didn't see it, was some of the once untouchable hedge funds like Chase Coleman's Tiger Global. Turns out 2021 was not the year it was [made out to be](#) for some. Get this, Tiger turned a 13% gain into a 7% loss in the [final two months](#) of the year. That was the worst performance since 2016, and only the third down year. This year, while only twenty days old, can't be feeling much better.

Tough Year

Chase Coleman's Tiger Global post third annual loss since inception

■ Tiger Global Hedge Fund ■ Hedge Fund Industry



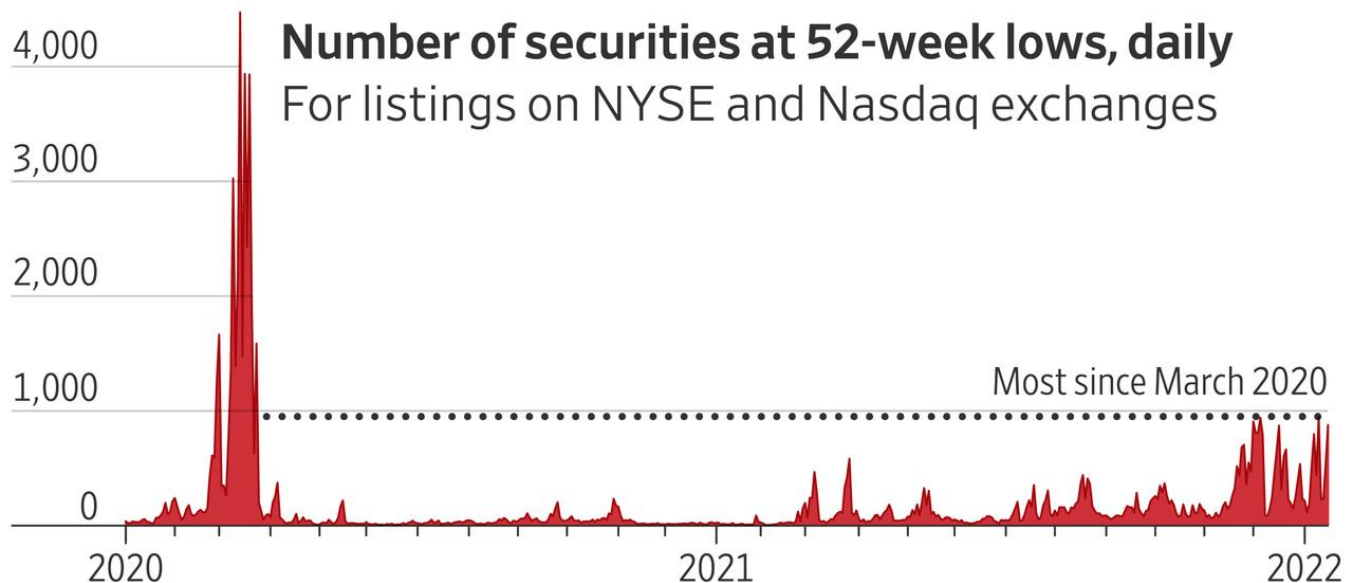
Sources: Bloomberg News, Hedge Fund Research asset-weighted index

Note: Industry data not available for 2007

Bloomberg

Number of securities at 52-week lows, daily

For listings on NYSE and Nasdaq exchanges



Source: Dow Jones Market Data

Turns out a bunch of long positions in speculative tech stocks can only be good for so long. That said, it's astonishing that the biggest holding in Mr. Coleman's

fund is Microsoft at 7.6%. The rest are [sitting right there](#) for you to see, free of charge. While a little dated, you get the idea.

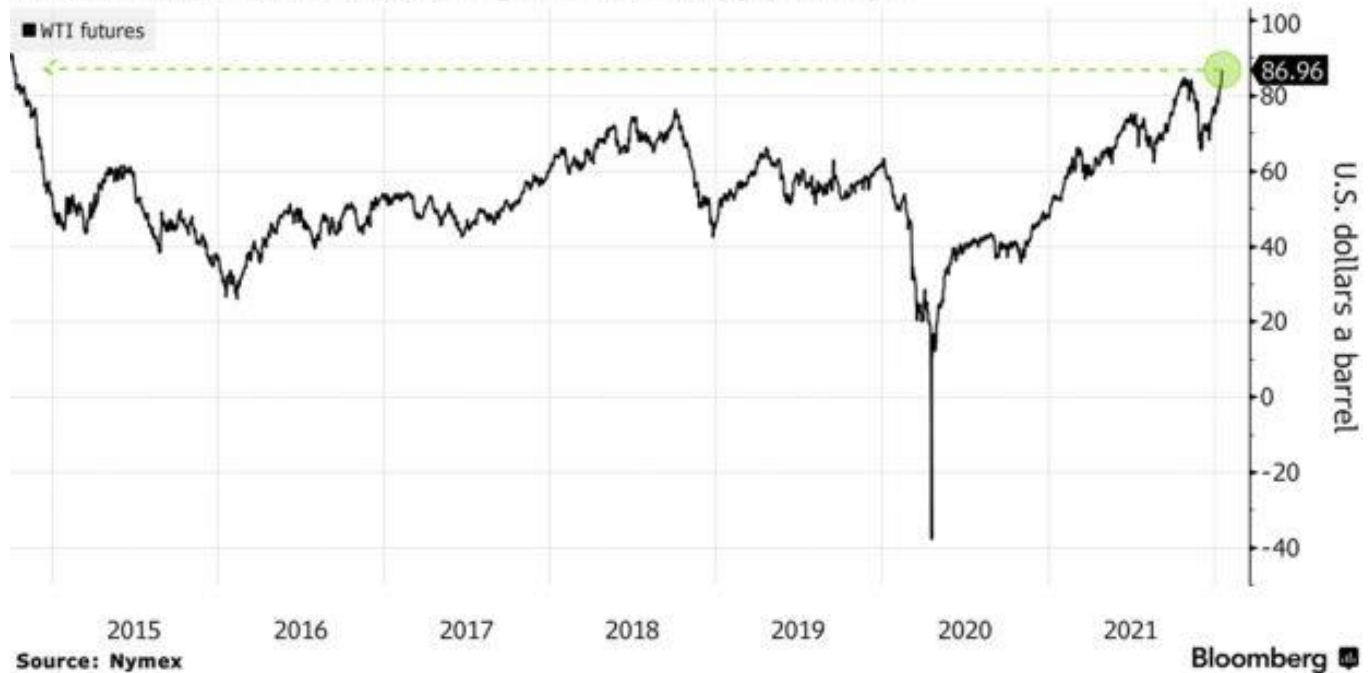
Entity	Market Value as of 06/30/2021	Shares as of 06/30/2021	% Allocation 06/30/2021	Market Value as of 03/31/2021	Shares as of 03/31/2021	% Allocation 03/31/2021
JD.com Inc. (JD) & Calls	\$4,117,777,000	51,594,753	7.66%	\$4,355,675,000	51,650,366	10.02%
Microsoft Corp. (MSFT)	\$3,557,387,000	13,131,734	6.62%	\$3,235,409,000	13,722,734	7.44%
Sea Ltd. (SE)	\$2,786,778,000	10,148,500	5.18%	\$2,121,913,000	9,505,500	4.88%
Roblox Corp (RBLX)	\$2,464,759,000	27,392,297	4.58%	\$2,621,003,000	40,428,863	6.03%
Docusign (DOCU)	\$2,035,270,000	7,280,000	3.79%	\$1,042,820,000	5,151,000	2.40%
Amazon.com Inc. (AMZN)	\$1,953,564,000	567,870	3.63%	\$1,896,965,000	613,095	4.36%
Doordash (DASH)	\$1,946,246,000	10,913,734	3.62%	\$761,415,000	5,806,568	1.75%
Apollo Global Mgmt. (APO)	\$1,931,464,000	31,052,476	3.59%	\$1,641,284,000	34,913,500	3.78%
Carvana Inc. (CVNA)	\$1,918,098,000	6,355,107	3.57%	\$1,577,787,000	6,012,907	3.63%
CrowdStrike Holdings (CRWD)	\$1,894,123,000	7,537,000	3.52%	\$1,375,578,000	7,537,000	3.16%
Pinduoduo Inc. (PDD)	\$1,785,020,000	14,053,066	3.32%	\$1,881,424,000	14,053,066	4.33%
Facebook Inc. (FB)	\$1,757,026,000	5,053,137	3.27%	\$1,637,627,000	5,560,137	3.77%
Zoom Video (ZM)	\$1,657,678,000	4,283,073	3.08%	\$787,226,000	2,450,204	1.81%
Shopify Inc. (SHOP)	\$1,274,413,000	872,300	2.37%	\$572,669,000	517,550	1.32%
ServiceNow Inc. (NOW)	\$1,212,439,000	2,206,240	2.26%	\$1,078,237,000	2,156,000	2.48%
RingCentral Inc. (RNG)	\$1,144,885,000	3,940,000	2.13%	\$990,859,000	3,326,370	2.28%
TransDigm Group (TDG)	\$1,137,447,000	1,757,245	2.12%	\$1,033,119,000	1,757,245	2.38%
Peloton Interactive (PTON)	\$1,094,621,000	8,826,164	2.04%	\$883,528,000	7,857,772	2.03%
Uber Technologies (UBER)	\$1,039,882,000	20,747,855	1.93%	\$1,134,992,000	20,821,712	2.61%
Snowflake Inc. (SNOW)	\$1,012,962,000	4,189,254	1.88%	\$511,673,000	2,231,652	1.18%
Workday Inc. (WDAY)	\$985,387,000	4,127,450	1.83%	\$1,025,382,000	4,127,450	2.36%
Alibaba Group Hldgs (BABA)	\$956,939,000	4,219,678	1.78%	\$1,015,311,000	4,478,062	2.34%
Procore Technologies (PCOR)	\$904,440,000	9,525,439	1.68%			
Spotify Technology (SPOT)	\$870,367,000	3,158,195	1.62%	\$852,935,000	3,183,186	1.96%
UiPath Inc. (PATH)	\$708,077,000	10,423,632	1.32%			
Coinbase Global (COIN)	\$664,987,000	2,625,294	1.24%			
Atlassian Corp (TEAM)	\$633,263,000	2,465,400	1.18%	\$519,608,000	2,465,400	1.20%
Futu Holdings (FUTU)	\$621,084,000	3,468,000	1.16%	\$530,459,000	3,340,000	1.22%
DoubleVerify Holdings (DV)	\$586,091,000	13,842,494	1.09%			
Elastic NV (ESTC)	\$585,932,000	4,019,843	1.09%	\$447,007,000	4,019,843	1.03%
Netflix Inc. (NFLX)	\$573,895,000	1,086,490	1.07%	\$551,024,000	1,056,290	1.27%
Datadog Inc. (DDOG)	\$519,613,000	4,992,437	0.97%	\$396,448,000	4,757,000	0.91%
Adobe Systems (ADBE)	\$431,910,000	737,500	0.80%	\$350,585,000	737,500	0.81%
Sunrun Inc. (RUN)	\$394,546,000	7,073,257	0.73%	\$427,791,000	7,073,257	0.98%
Coupa Software (COUP)	\$392,903,000	1,499,000	0.73%	\$364,924,000	1,434,000	0.84%
Mastercard (MA)	\$264,325,000	724,000	0.49%	\$257,780,000	724,000	0.59%
PayPal Holdings (PYPL)	\$261,166,000	896,001	0.49%	\$217,585,000	896,001	0.50%
1Life Healthcare (ONEM)	\$251,917,000	7,620,000	0.47%	\$297,790,000	7,620,000	0.69%
8x8 Inc. (EGHT)	\$249,840,000	9,000,000	0.46%	\$291,960,000	9,000,000	0.67%
GDS Holdings (GDS)	\$201,940,000	2,572,811	0.38%	\$298,042,000	3,675,444	0.69%
Salesforce.com (CRM)	\$94,703,000	387,700	0.18%	\$484,907,000	2,288,700	1.12%
New Oriental Education (EDU)	\$75,491,000	9,217,500	0.14%	\$258,090,000	18,435,000	0.59%
TAL Education (TAL)	\$57,591,000	2,282,649	0.11%	\$310,331,000	5,762,873	0.71%
Misc (less than 0.5% of portfolio)	\$4,754,050,000		8.84%	\$3,429,264,000		7.89%
Total	\$53,762,296,000			\$43,468,426,000		

One thing that is not in bear market territory, oh very far from it, is crude oil. Supply chain issues aside, the world's most important commodity is [currently sitting](#) at 7-year highs. Trading at \$87.00, oil is 45% higher than the 8-year average of \$60.00. Wonder why the guy living in the fly over red state is angry

right now? It's because his Chevy or Ford 3500 cost a shit ton more to fill up than it used to.

Red-Hot Run

Oil has rallied as the market tightened on supply outages



We are ending this note with the big tease about what's coming your way next week, and it's not another trip around the markets. Nope, we are going whale hunting with what we think is a well thought out short thesis on the company previously known as Facebook. Upon production, the idea will be on [SumZero](#), ironically, the Facebook of hedge funds, for all the world to see. We look forward to what comes next.

