**Matt McCall**

Matt doesn't try to be controversial, but he can’t help it. After 25 years investing, 2022 was probably the worst year he’s ever had. It was a very difficult time for him and his team. But he’s truly aware of it and working harder only getting better.

But we need to think long term.

At the same time he is changing his short term strategy. His favorite sectors to be invested in, the small cap, the micro cap, innovation… they got crushed last year. When rates rise they have to borrow more money, because they're not profitable yet. And what's the end result there? The market just throws that out.

Matt read that on Friday, the micro cap index reached the lowest level since COVID. So these stocks are down 10% this year. This represents an opportunity.

Matt has five ideas. First he polled the audience to see who feels a housing boom is coming. No one raised a hand. But Matt thinks we are in a boom. The USA existing home inventories is at about 1.1 million. This metric is near the lowest level ever.

Matt showed a chart of apartment starts versus U.S. population. This goes back to 1950. This fascinates Matt because if you look at the population of the US population, we went from about 160 or so million people to about 306 million now. But the apartment starts haven’t changed much. So y hey're not building enough homes out there for everybody.

Another chart showed active new listings. We all know prices are through the roof. But new listings. Are falling. You can't find homes for sale.

Another chart showed the sales price per capita of disposable income. This metric takes US new home sales and divides that by the per capita disposable income. By this metric, prices are about average.

Folks say nobody can afford a house right now with 30-year mortgage rates at seven and a half 8%. You have home prices that have gone through the roof. And it's tough to put down 20%. Home payments right now are at a high. But an audience poll revealed almost everyone present locked in a 5% or lower in the mortgage rate.

They call this the” golden handcuffs” effect. 92% of mortgages out there right now are below 6%, 82% are below 5%, and almost 25% are below 3%. So if you want to sell your house and move to a new home in the same area, your mortgage rates and mortgage payments will go through the roof because you're paying more, plus the interest rates going up.

So if there is this lack of inventory, it’s going to lead to a boom of building, a housing boom. Matt’s not saying that home prices are going to continue to go through the roof because that's insane. But there's going to be a housing boom. And the companies that build homes, that supply windows, doors, you name it — they will do very, very well.

Builders FirstSource (BLDR) is a company that supplies various materials to builders. It's about a 14 and a half billion dollar company. And based on price to earnings, the stock is extremely cheap. It recently hit an all time before a pullback. That's what you want to buy.

Sometimes you see great charts of stocks hitting highs. That's not the time to buy. You want to find a pullback like we see in BLDR.

Next is Green Brick Partners (GRBK), a small homebuilder which focuses on Texas, specifically Dallas Fort Worth, as well as Atlanta. These areas are still seeing a ton of people move in. Again its fundamentally undervalued, well below its peers, well below the market.

Matt likes one more home builder, M/I Homes (MHO). It’s a little bit bigger than Green Brick but they deal with the South and West regions. People are likely to keep moving over there for the next couple of years.

Most people think that we're in a situation where housing is a bubble, but there's a lot of great opportunity to invest in it.

Anybody who reads Matt’s work knows he likes the barbell approach when it comes to investing in energy. You need to invest in both clean energy and oil. Because if we really want to get close to zero net carbon... How do we build all these solar panels and these wind turbines? Oil and gas. We need it…

America has nearly 2 billion megawatts of clean energy capacity right now ready to go. But they’re on hold because we don't have the electrical grid capacity to bring it up. It’s just sitting there. That's embarrassing. And to put that number in perspective, US existing capacity right now os 1.25 million megawatts. We have the 2 million megawatts sitting there ready to go. They can’t figure it out.

The world is forecast to invest $1.8 trillion in clean energy this year. But they're gonna need about $4.5 trillion a year. To get to the 2030 goal they want to $4.5 trillion. So we can not ignore the fact that there's going to be trillions of dollars of government money government subsidies going into clean energy. So we need to have to invest in that barbell. We need to invest in “dirty” energy and we need to invest in clean.

Matt also likes Fluance Energy (FLNC). This is a battery storage stock. This is going to be on the clean energy side of the barbell.

Without battery storage, there's really no future for solar or for wind energy sources. So this company does both the hardware and software for this storage. It harvests and stores energy for times when the winds not blowing and the sun's not shining. This is one of the best investment angles for clean energy, versus just buying a solar stock or wind stock. Plus software means a recurring revenue model.

On the energy side EOG resources is Matt’s favorite oil and gas company. They’re in the Permian Basin, the Bakken Shale, Eagle Ford as well, conducting a bunch of shale plays. The stock is doing well. And it pays a nice little dividend of 2.46%. This would be Matt’s pick to play the dirty side.

What about nuclear energy? Matt tells a quick story. He interviewed Rick Perry, former governor of Texas, former Secretary of Energy, two months ago at a conference in California. He's an oil and gas guy from Texas. The first thing he said, after some small talk was “Matt let’s talk nuclear energy.”

And he was a secretary of energy for two years so he knows what's going on behind closed doors.

Matt says this is a time right now where nuclear energy is starting to take off. The two ETFs that track it, VanEck Uranium + Nuclear Energy Fund (NLR) and Global X Uranium Fund (URA) broke out about a month ago to multi year highs. The price of uranium is going through the roof at a multi-year high too. And it's just starting.

We cannot come anywhere close to reaching the zero carbon that these governments are looking for without nuclear energy. And it comes down to right now.

The topic you're gonna hear a lot the term is “energy security.” We know what's going on Ukraine. We know what's going on in Israel right now. And all these other conflicts around the world. What these countries want, they need energy. They need that security and nuclear energy, in my opinion, gives that to them. Matt could list 16-20 countries that are rapidly expanding to nuclear energy in the next decade. China and India are going nuts with it. So this is something that's not going to fade.

Small modular reactors (SMRs) are very small, less expensive reactors that are even safer than it is right now. And the US government's putting a ton of money behind them.

Nuclear is obviously one of the cleanest energy sources in the world. But it produces maximum power more than 93% of time. Natural gas only does 57%. Solar coming in 25%. So it's the most efficient form of power as well.

Nuclear investment idea number one is BWX Technologies (BWXT). This is a company that has three different divisions, all nuclear related. You might know them from their contracts with the US Navy. They have that exclusive contract for nuclear subs with the Navy. You can see the chart. This stock hit an all-time high yesterday. So this thing is a powerhouse stock and it's a major player in the infrastructure behind the green energy.

Centers Energy (LEU) is a very interesting company that deals with a certain type of uranium used for the SMR reactors, and they're the only company in the United States that is a proved to produce it. So as SMRs take off, this company will be a huge winner.

Silex Systems (SILXF) are small Australian based company in the nuclear space as well. And they have technology that enriches uranium in a bit of a different, safer way. Very high risk small cap company. But good chart and recent bullish news gives it room to run.

Number three – Matt doesn’t think AI is a bubble. When a new megatrend comes along, we overestimate it in the near term but underestimate it in the long term. So Nvidia (NVDA) is the perfect example of this. It’s ahead of itself. But Matt wouldn’t short it. If he had bought it earlier he’d probably just hold it and let it run for years.

However, long term it will probably be much higher five or 10 years from now. The move that it made this year, yes, it went fast. But it's not a bubble. A bubble is is a fad. It's something that has no legs. It's not a long term trend. Artificial Intelligence is. It’s been happening for years.

Google is an AI company. How many times have you said something in front of your phone and then it's searching for it for you?

Matt discusses this more in my breakout, as well as quantum computing. As much money as people made on AI stocks in the last 12, 18 months, expect Quantum computing to do the same in coming years.

There will also be long term beneficiaries like Salesforce (CRM). This customer relation management leader is now incorporating AI.

Adobe, (ADBE) is too with picture manipulation. These are the long-term winners Matt means. These companies were alive for the long term already. So they won't run out of road.

There's a lot of other great companies, software companies specifically. It doesn’t matter what industry you're in. You have to incorporate AI in the future or perish.

The big seven tech stocks today make up 29% of the S&P 500. But it’s not in a bubble based on the P E ratio estimate for the next two years…

When we had the internet bubble in 2000. About 19% of the top stocks made up the the majority of the S&P. But the PE ratio was 52. Going back to the “Nifty 50” bubble of the sixties, it's similar — these companies made up about 20% of the index and it was at a 34 PE.

So even though the stocks have gone up so much, earnings have come up with these big names.

Some speakers were pretty bearish today. But Matt believes that stocks are a great long term buy today if you pick well.

The Fed believes that the GDP to grow this quarter by 4.9%. Next year, the figure is lower but still positive. This is not the recession people are talking about. Today the S&P is trading at 17 times next year's earnings. That is not bubble territory.

The equal-weighted S&P 500, as of 10 days ago, was flat for the year. So if your portfolio is down this year, don't feel bad, because equal weight is flat. Small and mid caps are down.

But Interest rates are priced in today (give or take .5%). And if you're investing for long term for next five to 10 years, do you truly care if the Fed raises rates that little? It shouldn't matter.

Matt thinks the equal weighting will outperform the market (which is all the big guys) going forward.