

August 3, 2026 Meeting Summary

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Introduction

We held the latest meeting of The Investing Group on Monday, August 3, 2026, at the Union League Club of Chicago in Room 816.

The evening covered a wide range of topics, including micro cap market structure, geopolitics and energy, artificial intelligence infrastructure, portfolio construction, leverage and risk management, hyperscaler earnings, healthcare innovation, peptides, sports business, and a variety of individual investment ideas discussed during the lightning round.

Several themes connected much of the evening. The first was that execution and risk management ultimately matter more than having the correct long term thesis. Whether the subject was Leopold Aschenbrenner's hedge fund, AI infrastructure companies, or individual portfolio construction, the same idea surfaced throughout the evening. Correctly identifying a secular trend is only one part of successful investing. Position sizing, leverage, liquidity, governance, and disciplined capital allocation often determine whether investors ultimately benefit from being right.

The second theme centered on physical constraints. China, nuclear energy, data centers, and AI infrastructure all reinforced that compute demand continues colliding with limits imposed by electricity generation, fuel supply, transmission infrastructure, and manufacturing capacity. Artificial intelligence continues progressing at an extraordinary pace, but the industries supporting it remain governed by engineering, permitting, and industrial production timelines alongside software development.

The third theme involved incentives. Markets repeatedly demonstrated that prices are influenced not only by business fundamentals but also by the incentives facing governments, hedge funds, management teams, regulators, institutional investors, and even prediction markets. Understanding those incentives often provided a clearer explanation for recent market behavior than following headlines alone.

Perhaps the most enduring lesson throughout the evening was that investing has become an interdisciplinary endeavor. Markets are now shaped simultaneously by technology, engineering, geopolitics, psychology, healthcare, public policy, and market structure. Developing a durable investment framework therefore requires understanding how those disciplines interact instead of viewing each in isolation.

1. Chinese Micro Caps, Reverse Splits, and Why Market Structure Continues Driving Extreme Moves

The meeting opened by revisiting another series of extraordinary moves within the low float micro cap market, continuing a theme that has surfaced throughout several recent meetings. The examples showed how modern market structure can produce price movements that bear little resemblance to changes in underlying business value.

The first company discussed was China Pharma Holdings (CPHI), which continued the recent pattern of Chinese

biotechnology companies posting dramatic speculative gains. Although CPHI has been publicly listed for many years, its trading behavior closely resembled the wave of recent Chinese micro cap momentum names. On July 21, shares opened at approximately \$0.86 before surging to an intraday high above \$19, representing a gain of more than 2,100% from the open at the peak. Roughly 81 million shares changed hands during the session, driving the company's market capitalization from roughly \$36 million to more than \$328 million within a matter of hours. The move also followed several earlier volatility events during July, showing that these episodes have become a recurring feature of today's speculative micro cap market.

The discussion examined the mechanics behind these moves. Recent regulatory changes eliminating the Pattern Day Trader rule, together with greater retail participation, easier access to leverage, and brokerage platforms that encourage active trading, have created an environment where extremely small public floats can experience enormous buying pressure over very short periods.

What followed proved equally instructive. One day after the rally, China Pharma announced a registered direct offering of 2.5 million shares priced at \$2.00 per share, raising approximately \$5 million in gross proceeds despite the stock having closed above \$8 after reaching an intraday high above \$19 the previous session. Shares immediately sold off following the announcement, providing another example of the financing incentives that often emerge throughout the speculative micro cap universe. Strong momentum can create an opportunity for management teams to raise capital at valuations that may not otherwise be available, often leaving existing shareholders to absorb the resulting dilution. It was also noted that CPHI had completed a one for ten reverse stock split during 2025 and continues operating with a relatively small revenue base, providing additional context for why access to capital remains an important consideration.

The discussion emphasized that these events should no longer be viewed as unusual. Reverse splits, aggressive dilution, secondary offerings, and repeated capital raises continue appearing across many lower quality micro cap issuers. Understanding those incentives has become just as important as evaluating charts or financial statements.

The conversation then moved to another recent example, DFNS, formerly known as NUKK. Frequent name and ticker changes have become a familiar feature across portions of the speculative micro cap universe, making it easy for investors to overlook a company's prior operating and trading history. DFNS, a U.S. listed company with Israeli operations, experienced extraordinary volatility following a one for 125 reverse stock split that became effective during July.

A reverse split by itself does not create value. However, it dramatically reduces the number of shares available for trading while increasing the quoted share price, frequently creating conditions where relatively modest buying pressure can generate explosive price movements.

DFNS provided another clear example of those mechanics. Following the reverse split, shares climbed from roughly \$3 to more than \$100 over only a few trading sessions before retracing a significant portion of the advance. By the time of the meeting, the stock had already begun another powerful rally, demonstrating how these extremely small float securities can remain highly volatile long after the initial move.

Following the reverse split, the company's outstanding share count fell to roughly 1.12 million shares, with the effective public float believed to be even smaller after accounting for insider ownership and other concentrated holdings. A recently disclosed 13D filing showing a sizable ownership position further tightened the supply of shares available for trading. Under those conditions, daily trading volume can turn over the effective float multiple times within a single session, allowing supply and demand dynamics to overwhelm traditional valuation.

The discussion also touched on another pattern that has emerged over recent years. Israeli affiliated micro cap companies, much like many recent Chinese issuers, have repeatedly appeared among the market's most volatile securities. While each company has its own unique circumstances, these securities often share structural characteristics including very small floats, reverse splits, aggressive financing activity, and rapid price movements

driven primarily by market mechanics instead of business fundamentals.

These examples highlighted several characteristics that continue defining today's speculative micro cap market. During periods of speculation, the number of shares actually available for trading can become more influential than total shares outstanding or even company fundamentals. Financing incentives also help explain subsequent price behavior, as companies with limited operating cash flow often have every incentive to issue stock following dramatic rallies, making balance sheet analysis and future capital needs essential considerations. Liquidity, positioning, leverage, float dynamics, and investor psychology frequently determine short term outcomes far more than discounted cash flow models or traditional financial metrics.

2. Iran, Saudi Arabia, Nuclear Power, and the Global Energy Competition

Geopolitics once again became an important topic, although this time the discussion expanded beyond the military conflict itself and toward its implications for long term energy infrastructure and global competition.

Recent coordinated military action by the U.S. and Saudi Arabia against Iranian aligned groups in Iraq prompted discussion regarding the strategic relationship developing between both countries. The joint strikes on July 28 and 29 followed attacks against American forces and Saudi energy infrastructure, including a July 25 strike on the Saudi Aramco refinery in Jizan. Saudi participation was notable given the kingdom's previous efforts to limit its direct involvement in the conflict, while the operation also drew a strong response from Iraq after reported casualties among the Popular Mobilization Forces, an umbrella organization of mostly Iraqi armed groups that includes several Iran aligned militias.

The relationship extends well beyond the immediate conflict. On July 23, the U.S. and Saudi Arabia signed a civilian nuclear cooperation agreement designed to support the development of Saudi nuclear infrastructure. The agreement remains subject to congressional review, and one of its most important unresolved questions involves uranium enrichment. Reports have suggested the framework could eventually open a path toward domestic enrichment following additional study, while the administration has given conflicting signals regarding whether enrichment is actually included. The uncertainty leaves an important part of the agreement unresolved as both countries pursue a deeper energy and security relationship.

The arrangement was viewed as another indication of shifting relationships throughout the Middle East, where energy policy, national security, and diplomacy have become closely interconnected. It could also create second order investment opportunities extending beyond traditional energy producers. American companies involved in engineering, construction, nuclear infrastructure, fuel production, and related industrial supply chains could benefit if large international nuclear projects move forward.

That brought the conversation toward one of the evening's larger themes: electricity and the physical infrastructure required to support artificial intelligence.

While the U.S. continues leading many areas of AI development, concerns remain over whether the country is expanding electricity generation quickly enough to support that leadership over the long term. China served as the primary comparison. Its electricity system has expanded at a scale that remains difficult to match, spanning nuclear power, coal, solar, wind, transmission infrastructure, and other forms of generation.

The numbers help illustrate the difference. China generated roughly 9,400 TWh of electricity in 2024 compared with approximately 4,300 TWh in the U.S., more than twice as much total

generation. China also added roughly 429 GW of generating capacity during 2024 alone, while its solar, wind, and nuclear fleets have continued expanding rapidly. The scale of this buildout matters for AI because access to electricity ultimately determines how much computing infrastructure can actually be deployed.

Export controls may slow Chinese access to the most advanced semiconductor technology, yet abundant electricity

could offset part of that disadvantage by supporting much larger deployments of less advanced hardware. Superior chips provide an important advantage, but their economic value still depends on having sufficient power to operate them. As AI infrastructure expands, electricity generation, transmission, and access to reliable power could become just as important to national competitiveness as semiconductor performance itself.

Recent public comments from Elon Musk reinforced this point. Musk has argued that China's long term advantage in AI could emerge from its ability to scale electricity generation and eventually semiconductor production, allowing the country to deploy enormous amounts of compute. His estimate that Chinese electricity production could approach three times U.S. output runs ahead of current data, with the actual ratio closer to roughly 2.2 to 2.4 times, although the direction of the argument remains important. Other industry research has raised similar concerns that power availability could become a limiting factor for U.S. AI infrastructure while China maintains substantial excess generating capacity.

Space based computing also briefly entered the discussion. The concept has gained credibility as major technology companies explore hardware designed for orbital AI workloads, including Nvidia's (NVDA) work on computing systems intended for space. It was also noted that thermal management remains a significant obstacle because heat in a vacuum must be dissipated primarily through radiation instead of convection. The technology may eventually become viable for certain workloads, though terrestrial data centers and their supporting power infrastructure were viewed as the more relevant opportunity for the foreseeable future.

The comparison between the U.S. and China also raised questions about how their different economic systems influence infrastructure development. China's centralized planning has allowed the country to expand pharmaceutical manufacturing, nuclear generation, coal capacity, renewable energy, transmission networks, and industrial production at enormous scale over relatively short periods. The U.S. relies much more heavily on private sector investment supported by government policy, incentives, financing, and regulation.

Neither system was treated as universally superior. The point was that their different structures can produce very different outcomes when an industry requires enormous amounts of capital, physical infrastructure, permitting, and long term planning. Understanding those differences

becomes especially important when evaluating competition in industries such as AI, energy, semiconductors, and advanced manufacturing.

Small modular reactors also returned as a topic. Enthusiasm surrounding SMRs remains substantial, especially among investors seeking exposure to next generation nuclear technology through companies such as Oklo (OKLO) and NuScale Power (SMR), although widespread commercialization likely remains years away. Current designs generally produce considerably less electricity than conventional nuclear reactors, which can limit their usefulness for the largest power requirements while still offering potential advantages for smaller or more distributed deployments.

The discussion also revisited Centrus Energy (LEU), one of the few publicly traded companies positioned to benefit directly from efforts to rebuild domestic uranium enrichment capacity. The stock had previously underperformed expectations, but the company's fundamental position had improved materially heading into the meeting. On July 1, Centrus announced a \$900 million Department of Energy task order to expand commercial scale production of high assay low enriched uranium, or HALEU, at its Piketon, Ohio facility, with total potential contract value reaching approximately \$1.07 billion including options. The initial expansion targets 12 metric tons of annual HALEU capacity, adding another meaningful catalyst to a business already supported by a multibillion dollar order backlog.

That development reinforced the view that nuclear fuel production could represent a more durable long term opportunity than many speculative pre revenue reactor developers. Centrus still carries execution, valuation, financing, and commercialization risks, but it occupies a strategically important position in a part of the nuclear supply chain that the U.S. is actively attempting to rebuild.

The larger investment point was that identifying an attractive theme does not automatically identify an attractive investment. Nuclear power may play a much larger role in global electricity generation over the coming decades, yet individual companies can still struggle because of valuation, financing requirements, commercialization timelines, execution risk, or weak business economics. Utilities, SMR developers, fuel suppliers, and nuclear infrastructure companies each provide very different forms of exposure to the same underlying trend.

As AI demand places greater pressure on global electricity systems, the competition to build generation capacity, secure nuclear fuel, expand transmission infrastructure, and provide reliable power could become one of the defining industrial investment themes of the coming decade. The U.S. and China are approaching that challenge through very different economic systems, and the companies ultimately positioned to benefit will depend as much on execution and economics as on the strength of the underlying energy theme.

3. Leopold Aschenbrenner, Situational Awareness, Leverage, and One of the Largest Fund Liquidations in Recent Memory

The evening's longest discussion centered on the severe losses and forced portfolio unwind at Leopold Aschenbrenner's hedge fund, an episode that became one of the most instructive case studies in portfolio management, leverage, and risk control during the current AI investment cycle.

Aschenbrenner graduated from Columbia University as valedictorian at age 19 before beginning his career at the FTX Future Fund, the philanthropic operation associated with Sam Bankman-Fried's FTX, and later joining OpenAI as a researcher. He gained widespread recognition in 2024 following the publication of Situational Awareness, his lengthy essay arguing that artificial intelligence was entering a period of exponential capability growth driven by scaling laws, compute expansion, and massive infrastructure investment. In July 2024, he launched his hedge fund, Situational Awareness LP, translating many of those ideas directly into an investment strategy centered on the companies and infrastructure expected to benefit from rapid AI development. Despite entering professional money management without a traditional investing background, the fund attracted substantial outside capital and quickly built an extraordinary early track record.

The portfolio closely reflected Aschenbrenner's AI thesis, although its actual positioning was considerably more complex than simply owning a collection of AI stocks. Situational Awareness maintained large direct equity positions across power, data centers, storage, compute infrastructure, and related businesses while layering an extensive options book and short positions across other parts of technology.

The fund's largest known direct stock position as of its latest disclosures was Nebius Group (NBIS), followed by Bloom Energy (BE), Sandisk (SNDK), and CoreWeave (CRWV). Situational Awareness also held long positions in SK Hynix (SKHY), IREN (IREN), Core Scientific (CORZ), Applied Digital (APLD), and other companies tied to AI infrastructure, power, semiconductors, data centers, and compute. Together, these holdings created substantial concentrated exposure to the physical buildout required to support artificial intelligence.

The portfolio extended well beyond those direct stock positions. Situational Awareness maintained a large options book involving companies including Nvidia (NVDA), Micron Technology (MU), Broadcom (AVGO), Oracle (ORCL), Advanced Micro Devices (AMD), ASML Holding (ASML), and others. Some names appeared through puts, others through calls, and several through combinations of options and common stock. The public filings provide only a

partial picture because 13Fs do not disclose short stock positions and offer limited information about the economics behind reported options positions.

That became especially important during the July reversal. Reporting indicated that Situational Awareness was also short software stocks, including Adobe (ADBE), and those positions moved against the fund as software rallied

while many of its concentrated AI infrastructure longs declined. The fund therefore found itself losing across both sides of the portfolio at the same time, making its heavy gross leverage especially damaging.

Before that reversal, the strategy had generated extraordinary returns. Situational Awareness reportedly gained more than 1,500% from its 2024 launch and another 439% during the first half of 2026. Assets expanded rapidly as the portfolio appreciated and additional capital entered the fund, while Aschenbrenner used borrowing from prime brokers to magnify the portfolio's exposures. Reporting surrounding the collapse indicated that gross leverage eventually reached approximately four times capital.

That same leverage became exceptionally difficult to manage when momentum reversed. Major AI infrastructure positions including Nebius, CoreWeave, Sandisk, Bloom Energy, and SK Hynix came under heavy pressure while software shorts moved higher. The overall market declined considerably less than many of the securities inside the fund, demonstrating how concentrated positioning and gross leverage can produce enormous portfolio losses even during a market environment that appears relatively manageable at the index level.

Several developments had already weakened sentiment surrounding parts of the AI infrastructure trade. Bloom Energy came under pressure following a short report questioning its scandium supply chain, while concerns surrounding Oracle's Project Jupiter added uncertainty around one of the largest proposed AI data center developments. Questions surrounding hyperscaler capital spending and elevated AI valuations added further pressure across companies that had previously generated exceptional returns.

As losses accumulated, Situational Awareness faced mounting pressure from its prime brokers and began seeking additional capital. In a July 24 letter, Aschenbrenner acknowledged the losses while maintaining his conviction in the long term AI thesis and began approaching investors and Wall Street firms in an effort to raise capital and avoid liquidating positions at depressed prices.

The timing of what followed became another subject of debate during the meeting. On July 27, Citadel Securities published a macro report arguing that the Federal Reserve could unexpectedly raise rates at its upcoming meeting, a considerably more hawkish view than markets had been pricing. Expectations for a near term hike moved higher as investors considered that possibility,

adding another source of uncertainty during an already difficult period for leveraged technology and AI positions. The Federal Reserve ultimately did not raise rates at the meeting.

The additional market weakness placed further pressure on Situational Awareness at a time when the fund was already highly leveraged and attempting to raise capital. The fund ultimately liquidated its public equity portfolio, which was acquired by Citadel through a large block transaction. Situational Awareness was left with its private investments, including an Anthropic stake valued at approximately \$5 billion.

Given the sequence of events, some in the room questioned whether the Citadel rate call may have indirectly contributed to the final wave of selling that pushed Situational Awareness beyond the point where it could maintain its leveraged public positions. The timing was notable given that Citadel subsequently acquired the public portfolio. There is no evidence, however, that the rate report was published with the intention of pressuring Situational Awareness or influencing the eventual transaction, leaving the idea firmly in the realm of speculation.

The Citadel transaction also prevented what could have become a much more disorderly liquidation into the open market. With Situational Awareness under pressure to reduce leverage, transferring the public portfolio through a block transaction allowed those positions to change hands without forcing billions of dollars of additional selling through the market. The episode illustrated how quickly liquidity and financing can become more important than the underlying investment thesis once leverage reaches a level where outside counterparties begin determining portfolio decisions.

The magnitude of the drawdown illustrated how quickly leverage can reverse an extraordinary track record.

Situational Awareness reported a 67% decline during July alone after entering the month following enormous gains. Even after that collapse, the fund remained approximately 80% higher for the year, demonstrating both the scale of the preceding run and how rapidly leverage allowed a large portion of those gains to disappear.

The episode led to an extended examination of portfolio construction and the importance of maintaining enough financial flexibility to survive periods when a strong secular thesis temporarily moves against an investor. The long term case surrounding artificial intelligence remained compelling, with demand for compute, semiconductors, networking, power generation, storage, and data center infrastructure continuing to support enormous investment across the industry.

Situational Awareness demonstrated how the route toward that long term outcome can still produce devastating losses for a portfolio carrying too much leverage. Many of the fund's direct equity positions were concentrated in companies capable of moving twenty, thirty, or forty percent over relatively short periods. At approximately four times gross exposure, movements

of that magnitude can rapidly create liquidity problems as margin requirements begin determining portfolio decisions.

The two sided nature of the losses made the episode especially instructive. AI infrastructure longs fell while software shorts rallied, reducing the protection normally expected from maintaining exposure on both sides of the market. The options overlay added another layer of complexity across semiconductors and other technology exposures. Once multiple portions of the portfolio began moving against the fund simultaneously, leverage dramatically reduced the amount of time available to wait for the underlying thesis to recover.

Long Term Capital Management served as one historical comparison. The hedge fund was founded by an unusually accomplished group that included prominent Wall Street traders and Nobel Prize winning economists, yet its highly leveraged strategies unraveled amid the 1997 to 1998 Asian financial crisis and the subsequent Russian financial crisis, ultimately requiring a Federal Reserve coordinated private sector rescue before the fund was liquidated. Peter Thiel's experience with Clarium Capital offered a more recent example. After producing exceptional early returns, the hedge fund suffered major losses during and after the 2008 financial crisis, with assets eventually falling roughly 90% from their peak before the fund wound down its outside capital. Both examples illustrated how even highly sophisticated investors with strong records can see a hedge fund unravel when leverage, positioning, and market conditions move sharply against them.

The episode reinforced a principle that has surfaced throughout many of the group's meetings: being correct over the long term has limited value if portfolio construction prevents an investor from surviving the path required to get there. Leverage can dramatically accelerate returns when a portfolio is working and remove financial flexibility just as quickly when several exposures reverse at once.

The Situational Awareness thesis may still prove substantially correct over the coming decade. The July losses did little by themselves to change the underlying case for continued growth in AI compute, power, storage, semiconductors, networking, and data center infrastructure. The fund instead provided a striking example of how exceptional insight and extraordinary prior returns can still be overwhelmed by concentrated exposure, leverage, liquidity requirements, and adverse moves across multiple parts of a portfolio, reinforcing the importance of execution, discipline, and risk management throughout an investment cycle.

4. Mag 7 Earnings, AI Capital Spending, and the Growing Divide Between Infrastructure and Monetization

The conversation then shifted toward one of the busiest earnings periods of the year, with nearly every major hyperscaler reporting results over the previous two weeks. Financial results were generally strong, though the market's reaction demonstrated that investors remain focused on the economics of artificial intelligence and whether

today's enormous capital commitments will generate sufficient returns over the next several years.

The discussion revisited a point that has surfaced throughout multiple meetings. The largest technology companies now resemble startups operating at enormous scale, directing unprecedented amounts of capital toward data centers, semiconductors, networking equipment, custom silicon, and other AI infrastructure while pursuing revenue opportunities that remain at different stages of development. Tesla (TSLA), Alphabet (GOOGL), Apple (AAPL), Microsoft (MSFT), Amazon (AMZN), and Meta Platforms (META) all reported results during the two weeks leading into the meeting, providing a useful snapshot of how those investments are progressing.

Microsoft emerged as one of the strongest reports. Revenue reached \$90 billion, up 18%, while Azure and other cloud services grew 43%, reinforcing confidence that the company's infrastructure spending is already translating into meaningful financial returns. Microsoft also disclosed that Azure had surpassed \$100 billion in annual revenue during fiscal 2026 and that Microsoft 365 Copilot had exceeded 30 million paid seats. The results provided some relief following months of concern surrounding the scale of Microsoft's AI spending, even as management indicated that capital expenditures and finance leases would remain exceptionally high.

Amazon also delivered a strong quarter. AWS revenue grew 37%, its fastest growth rate in several years, while total quarterly revenue surpassed \$200 billion for the first time. Management raised full year capital expenditure expectations to approximately \$220 billion as demand for cloud computing and AI infrastructure remained strong. The report reinforced Amazon's position alongside Microsoft as one of the companies already generating substantial revenue directly from the infrastructure being built.

Alphabet presented a more complicated picture. Google Cloud revenue grew 82%, providing strong evidence of underlying AI and cloud demand, while management raised full year capital expenditure guidance again to approximately \$195 billion to \$205 billion. The scale of that spending became a central issue for investors, particularly as quarterly free cash flow turned negative and management indicated that spending would rise further in 2027. Alphabet's

results illustrated the market's willingness to reward AI growth while continuing to scrutinize the amount of capital required to sustain it.

Meta experienced similar scrutiny. Revenue remained strong, though capital expenditures rose sharply as the company continued expanding its AI infrastructure. Free cash flow declined substantially during the quarter, reinforcing questions regarding how quickly those investments can translate into higher revenue and earnings. Meta does not currently operate a cloud infrastructure business comparable to Azure or AWS, leaving much of its near term monetization tied to improvements across advertising, engagement, social platforms, and future consumer products. Reporting before the meeting also indicated that Meta was exploring offering AI computing capacity as a service, potentially creating another avenue for monetizing the infrastructure it is building.

For Apple, tariff refunds provided a temporary benefit to margins and earnings, while the market's primary concern centered on below consensus September quarter guidance and component shortages. Those constraints also tied into the group's semiconductor thesis, as memory and advanced manufacturing capacity continue being absorbed by AI data center demand. The results provided another example of how the AI infrastructure buildout can affect companies well beyond those directly constructing data centers.

Tesla reaffirmed plans for more than \$25 billion of capital expenditures during the year while simultaneously funding autonomous vehicles, robotics, artificial intelligence, and manufacturing expansion. Quarterly capital expenditures rose sharply and free cash flow turned negative for the first time in more than two years, highlighting the financial demands of pursuing several capital intensive initiatives at once. Tesla also has less financial flexibility than several of the largest hyperscalers, placing greater importance on execution and the eventual monetization of its investments in autonomy, robotics, and AI.

The four largest hyperscalers are now guiding toward roughly \$725 billion of combined capital expenditures in 2026,

compared with approximately \$410 billion in 2025, demonstrating how dramatically the scale of the AI buildout has expanded and raising the question of where that value will ultimately accrue. Recent market performance has produced an interesting divergence, with earlier phases of the AI cycle strongly rewarding infrastructure companies while several hyperscalers lagged. That relationship has partially reversed as large technology companies demonstrating clearer monetization paths have performed better while semiconductor and infrastructure stocks experienced meaningful corrections. The Philadelphia Semiconductor Index fell sharply from its late June peak, while companies such as Microsoft and Amazon received stronger reactions following earnings.

This divergence may ultimately prove temporary as the relationship between AI infrastructure spending and monetization becomes clearer. If artificial intelligence continues producing measurable productivity improvements and commercial returns, infrastructure providers and hyperscalers could eventually begin moving together as investors gain greater confidence that current capital expenditures are creating durable economic value. Continued AI adoption requires substantial infrastructure investment, while successful monetization provides the economic justification for sustaining that buildout.

Palantir Technologies (PLTR), which released results the evening of the meeting, provided another perspective on where AI economics may accumulate. The company reported exceptionally strong growth, with quarterly revenue reaching approximately \$1.94 billion, up 93%, while U.S. commercial revenue grew 149%. Full year guidance was also raised as enterprise demand for its AI platforms continued accelerating.

Palantir's positioning generated considerable interest because the company occupies a different layer of the AI ecosystem. Its strategy centers on enterprise software, proprietary data, secure deployment, and integrating artificial intelligence directly into operational workflows. Many organizations remain hesitant to provide sensitive proprietary information directly to external AI providers, creating demand for systems that allow them to deploy AI while maintaining greater control over their data.

That distinction may become especially important as enterprise AI adoption develops. Model capabilities will continue advancing, though businesses also need infrastructure that connects those models with proprietary information, existing software, security requirements, and real world decision making. Palantir's growth provided an early indication that meaningful economic value may accrue to companies capable of handling that integration layer.

Artificial intelligence will almost certainly create enormous value over the coming decade, leaving the central question of where those economics ultimately accumulate. Infrastructure providers, hyperscalers, software platforms, companies controlling valuable proprietary data, and businesses with powerful distribution may each capture different portions of that value. The recent earnings cycle provided evidence that investors are beginning to distinguish more carefully between companies building AI infrastructure and those already demonstrating how that infrastructure can translate into revenue, productivity, and durable financial returns.

5. Peptides, Hims & Hers, and Healthcare's Next Potential Growth Market

Healthcare became one of the evening's most engaging topics following recent regulatory developments involving peptides, particularly BPC-157, and their potential implications for patients, consumer healthcare, and publicly traded companies.

The FDA's Pharmacy Compounding Advisory Committee voted 8 to 6 with one abstention on July 23 to recommend adding BPC-157 to the 503A Bulks List, which would allow compounding pharmacies to prepare it with a prescription. Across the two day meeting, the committee supported six of the seven peptides under review, while rejecting one. The recommendations went further than FDA career scientists had advised, as agency staff had recommended against including all seven compounds.

BPC-157 has attracted significant interest because of its claimed ability to accelerate healing and recovery. The

peptide is commonly promoted for helping repair tendons, ligaments, muscles, and other soft tissue, reducing inflammation, improving recovery from injuries, and potentially supporting gastrointestinal healing. These proposed benefits have helped drive substantial interest among athletes and consumers, although human clinical evidence remains limited and many of the claims are based on animal studies, anecdotal experience, and early research rather than large scale clinical trials.

The vote represented an important regulatory development, though its legal significance remains limited for now. The recommendation is nonbinding, the FDA is not required to follow it, and adding BPC-157 to the compoundable list would require a formal rulemaking process. Even if ultimately added, BPC-157 would not become an FDA approved drug. It would instead become eligible for legal compounding under the applicable framework, an important distinction when evaluating both the commercial opportunity and the available evidence regarding safety and efficacy.

The committee itself also became part of the story. The FDA had reconstituted it in late June with eight new members as part of the current HHS leadership's more permissive approach toward certain compounded therapies, and reporting identified financial ties between some appointees and the peptide industry. That background adds another layer of uncertainty surrounding how durable the recommendations will prove as they move through the regulatory process.

Much of the discussion centered on Hims & Hers Health (HIMS), which remains one of the most obvious publicly traded companies positioned to benefit if peptide compounding becomes more widely available. Hims has spent years building a vertically integrated consumer healthcare platform combining digital distribution, manufacturing capabilities, physician

networks, and direct to consumer marketing, giving it infrastructure that could potentially support rapid commercialization of new categories.

The company had also positioned itself for peptides well before the recent regulatory developments. Hims acquired a U.S. based peptide manufacturing facility in California in early 2025, following earlier investments in 503A and 503B capabilities. Management described the expansion as supporting areas including preventive health, metabolic optimization, cognitive performance, recovery science, and biological resilience. The acquisition came roughly a year and a half before the recent advisory committee vote, illustrating how early the company began preparing for the possibility of a larger peptide market.

That willingness to invest ahead of regulatory clarity was viewed favorably. If additional peptides become eligible for compounding, Hims could enter the market with manufacturing, distribution, prescribing infrastructure, and a large existing consumer base already in place.

The company's experience with GLP-1 therapies also provided useful context for evaluating that strategy. After the FDA declared the semaglutide shortage resolved in February 2025, the opportunity for mass compounding narrowed considerably. Hims subsequently moved toward branded access through Novo Nordisk (NVO) and Eli Lilly (LLY), although the transition was far from seamless. Its original Novo relationship collapsed, a dispute over compounded oral semaglutide followed, and the companies eventually reconciled in March 2026. Hims now provides access to Ozempic, injectable and oral Wegovy, as well as Lilly's Zepbound and Mounjaro through branded channels.

The transition also carried meaningful financial costs. Hims reported a \$92 million loss in the first quarter of 2026, including approximately \$33 million of restructuring charges tied largely to the compounded GLP-1 supply chain. Even with those costs, management's ability to rebuild relationships with the major drug manufacturers and reposition the platform demonstrated the flexibility that could become valuable as peptide regulations evolve.

The potential market extends well beyond Hims itself. Peptides were viewed as a possible major growth category within consumer healthcare, with applications discussed including weight management, muscle recovery, tendon and ligament healing, arthritis, hair restoration, tissue repair, and general health optimization. Stories were shared of people personally known to those in the room experiencing rapid recovery from orthopedic injuries and meaningful

reductions in chronic pain following peptide use, while recognizing that these individual experiences should not be treated as definitive scientific evidence.

Athletics received significant interest because recovery is one of the most obvious potential use cases. BPC-157 is currently prohibited by the World Anti Doping Agency, limiting its relevance for active athletes subject to WADA testing regardless of any future FDA compounding decision.

The larger commercial opportunity could therefore develop among recreational athletes, retired professionals, and the much larger consumer fitness and recovery market.

Safety remains one of the central uncertainties. Human clinical evidence for BPC-157 and many other peptides is still limited, and FDA scientists have raised questions regarding efficacy, long term safety, and the chemical identity and consistency of certain peptide products. The possibility of obtaining compounding eligibility without undergoing the traditional drug approval process makes this distinction especially important. A favorable regulatory pathway for compounding would expand legal access without providing the same evidence base associated with full FDA drug approval.

The existing gray market adds another dimension to the opportunity. Many peptides are already available through research chemical suppliers despite lacking approval for human consumption, and testing of some gray market products has identified issues including bacterial endotoxin contamination, heavy metal residues, and substantial differences between labeled and actual doses. Regulated pharmacy compounding could offer consumers greater confidence in manufacturing quality, although lower gray market pricing may allow informal channels to remain significant even if legal access expands.

The pharmaceutical industry's response will also be worth watching. Acquisitions of peptide developers, expansion of internal programs, or greater investment by established drug manufacturers could provide further evidence that the category is moving toward commercial scale. The success of GLP-1 therapies has already demonstrated how quickly a new class of metabolic drugs can reshape healthcare markets when strong clinical outcomes intersect with enormous consumer demand.

West Pharmaceutical Services (WST) was mentioned as a more conservative way to gain exposure to continued growth in peptides and injectable therapies. The company manufactures specialized elastomer components including stoppers, plungers, and seals, along with self injection delivery systems, giving it exposure to expanding injectable drug volumes without requiring investors to identify which individual therapies ultimately succeed.

Healthcare remains one of the world's largest industries, and the combination of artificial intelligence, personalized medicine, digital distribution, and emerging peptide therapies could reshape meaningful portions of consumer healthcare over the coming years. The commercial opportunity may ultimately depend on which compounds gain legal pathways, how the safety evidence develops, whether consumers migrate from gray market suppliers toward regulated channels, and which companies can translate regulatory changes into scalable businesses.

6. Lightning Round: Sports, Healthcare, Value Investing, and Second Order Opportunities

LeBron James and the Philadelphia 76ers: LeBron James came up following his decision to sign a two year contract worth nearly \$8 million with the Philadelphia 76ers, shortly after the team acquired Jaylen Brown from Boston. Historical examples were cited showing how LeBron's arrival has previously added hundreds of millions of dollars to franchise valuations through increased ticket demand, sponsorships, merchandise sales, and media interest. Philadelphia was effectively adding two major stars during the same offseason, creating the potential for a meaningful increase in the commercial value surrounding the franchise.

Prediction markets provided an interesting counterexample to their recent track record. Philadelphia was priced at

only about 9% on Kalshi in the hours before James committed, trailing Miami, Cleveland, and Golden State despite roughly \$226 million in trading volume surrounding his destination. The miss demonstrated one of the limitations of prediction markets when an outcome depends on a decision controlled by a very small number of people and reliable information remains tightly held. In this case, the market largely aggregated public rumors and speculation, while contrarian traders willing to buy Philadelphia at roughly ten cents received the largest payoff.

Butterfly Network and medical imaging: Butterfly Network (BFLY) came up in connection with the June launch of Midjourney Medical and its planned full body tomographic imaging system, which created a new potential application for Butterfly's ultrasound technology. The prototype Midjourney Scanner incorporates 40 Butterfly Ultrasound on Chip modules per system under a co-development agreement, helping send Butterfly shares approximately 17% higher following the announcement. Midjourney plans to deploy its first scanner at a flagship wellness location in San Francisco while developing additional medical hardware products. The partnership adds another potential use case for Butterfly's portable ultrasound platform as medical imaging becomes cheaper, more accessible, and more closely integrated with artificial intelligence. The scanner remains a prototype without regulatory clearance, leaving significant execution risk while providing an interesting example of how AI driven healthcare platforms could create demand for enabling medical hardware.

Advanced Micro Devices and AI accelerators: Advanced Micro Devices (AMD) came up following its Advancing AI 2026 event and continued progress across AI accelerators and rack scale infrastructure. AMD introduced its Helios rack scale platform while disclosing substantial accelerator commitments from major AI customers, including OpenAI and Meta Platforms (META), with Microsoft (MSFT) Azure and Oracle (ORCL) among the early Helios customers. The company has also emphasized memory capacity and bandwidth as areas of differentiation, with the MI455X offering substantially greater memory capacity and bandwidth than NVIDIA's (NVDA) B200. NVIDIA remains the dominant provider of AI accelerators, while continued growth

in overall compute demand leaves considerable room for AMD to build a significant business by serving workloads where its architecture provides attractive performance and economics.

Blue Owl and private credit: Blue Owl Capital (OWL) and the expansion of private credit generated more caution. Payment in kind financing was one of the primary concerns, since borrowers can satisfy interest obligations by issuing additional debt instead of making cash payments, allowing lenders to recognize income without receiving corresponding cash. The issue has received greater scrutiny as withdrawal requests, litigation, and credit concerns have emerged across portions of Blue Owl's affiliated businesses. One lawsuit filed during the summer alleged that approximately \$43 million, or roughly 25%, of a Blue Owl fund's first quarter 2026 net investment income consisted of PIK interest and dividends. Across public business development companies, PIK now represents roughly 8% of investment income on average. Private credit continues filling an important role outside traditional banking, though the growth of noncash interest and liability management transactions makes underlying credit quality and accounting practices important areas to watch during a prolonged period of economic stress.

Berkshire Hathaway and its evolving return profile: Berkshire Hathaway (BRK.B) also came up as the company enters a new era under Greg Abel, who became CEO at the beginning of 2026 while Warren Buffett remained chairman. Cash and short term investments reached approximately \$397 billion at the end of the first quarter, while Berkshire continued expanding its investments in Japan's five major trading houses. The company crossed the 10% ownership threshold in Sumitomo and Marubeni during May, bringing its ownership above 10% across all five companies and increasing the combined value of those positions to roughly \$40 billion against a cost basis below \$16 billion. The larger question centered on what Berkshire can realistically become from here. Its enormous size and diversification make it unlikely to replicate the returns of the Buffett era, since even highly successful investments must now be large enough to meaningfully affect the overall company. With its collection of operating businesses, public equity holdings, insurance operations, and substantial cash position, Berkshire itself now resembles something closer to a diversified index or internally managed conglomerate than the concentrated investment vehicle Buffett was able to operate earlier in his career. Future returns may therefore depend more on

steady compounding across a large collection of businesses and investments than on the outsized individual successes that defined much of Berkshire's earlier history.

BrightSpring Health Services and healthcare demand: BrightSpring Health Services (BTSG) came up following its second quarter results on July 31. Revenue reached approximately \$3.87 billion, up 23% year over year, while adjusted EBITDA increased 44% to roughly \$206 million and adjusted earnings exceeded expectations. Management also raised full year guidance, yet the

shares fell approximately 17.5% following the report as valuation and positioning appeared to outweigh the strength of the underlying results. BrightSpring continues benefiting from demand for home healthcare and specialized patient services, supported by the long term demographic effects of an aging population. Reimbursement, government funding, and valuation remain important considerations, though the quarter provided another example of strong operating performance producing a negative short term market reaction when expectations are already elevated.

Movie theaters, IMAX, and entertainment economics: Recent box office performance also came up following Spider Man: Brand New Day's exceptionally strong opening weekend and continued enthusiasm surrounding Christopher Nolan's The Odyssey. Final numbers released on August 3 confirmed Spider Man: Brand New Day at approximately \$360 million domestically, surpassing Avengers: Endgame for the largest domestic opening on record. Premium viewing formats provided the more interesting angle. Approximately 61% of The Odyssey's \$395.5 million domestic gross through its first 17 days came from IMAX screenings, demonstrating the willingness of moviegoers to pay for differentiated theatrical experiences. IMAX (IMAX) was viewed favorably because of the scarcity of its premium screens and licensing based business model, while AMC Entertainment (AMC) continued generating skepticism after years of shareholder dilution and substantial leverage despite improvements in operating performance. The economics surrounding premium formats remain compelling as major theatrical releases demonstrate that differentiated consumer experiences can still command substantial pricing power.

Closing Thoughts

The August 3 meeting reinforced the same core lessons that framed the evening from the outset. Execution and risk management ultimately matter more than having the correct long- term thesis. Physical constraints continue to govern the pace of technological progress even as software capabilities accelerate. And incentives, whether facing governments, management teams, regulators, or leveraged investors, often explain market behavior more clearly than headlines alone.

Artificial intelligence remained the connective tissue across nearly every discussion, yet the conversation repeatedly moved past frontier models to the industrial realities required to support them. China's scale of electricity generation, the rebuilding of domestic nuclear fuel capacity, hyperscaler capital expenditure guidance approaching three-quarters of a trillion dollars, and the fragility of highly leveraged AI infrastructure portfolios all underscored the same

point: compute demand is colliding with limits imposed by power, transmission, manufacturing, and capital allocation discipline.

Leopold Aschenbrenner's fund provided the clearest case study of the evening. Identifying one of the decade's most powerful secular trends did not protect against four-times gross leverage, two-sided losses, and the sudden loss of financing flexibility. The episode echoed historical precedents from Long-Term Capital Management to Clarium Capital and reinforced a principle that has surfaced throughout many of the group's meetings: being correct over the long term has limited value if portfolio construction prevents an investor from surviving the path required to get there.

The same tension between theme and execution appeared elsewhere. Nuclear power may grow substantially, and the more durable near-term opportunities may reside in fuel production and infrastructure alongside speculative reactor

developers. Peptide therapies and consumer healthcare platforms such as Hims & Hers illustrate both the commercial potential of regulatory shifts and the scientific, safety, and commercialization risks that remain unresolved. Micro-cap market structure, private credit accounting practices, and the evolving return profile of Berkshire Hathaway under new leadership all highlighted how incentives and capital structure shape outcomes as much as underlying business quality.

Taken together, the evening illustrated how thoroughly investing has become an interdisciplinary endeavor. Technology, engineering, geopolitics, healthcare regulation, market structure, and investor psychology now interact continuously. Durable frameworks require understanding those interactions in addition to individual companies and sectors.

As always, the objective of The Investing Group remains unchanged: to challenge assumptions, share research, examine emerging trends from multiple perspectives, and continue improving our understanding of an investment landscape that evolves remarkably quickly. The full August 3 meeting stream is also available on YouTube (<https://www.youtube.com/watch?v=Ypmb177UHEg>).

We look forward to reconvening on August 24, 2026 as these themes continue developing and new opportunities emerge across global markets.

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