THE INVESTING GROUP

October 12, 2026 Meeting Summary

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Introduction

We held the latest meeting of The Investing Group on Monday, October 12, 2026, at the Union League Club of Chicago in Room 816. The evening opened in the small-cap market, where a pair of premarket spikes, one so extreme that Nasdaq erased the trades, showed how quickly a thin order book can be turned into a weapon and then into an offering. From there the conversation moved to the Iran war, which Washington has effectively paused for the election calendar, and to the diesel and freight markets still paying for it. The heart of the evening turned to the consumer: a reported megadeal in fast casual dining, a restaurant industry splitting along income lines, and whether social media can tell you which chains will win before the earnings do. The last stretch covered Starlink's fights in India and in the airline industry, an AI film aiming for the Academy Awards, and a lightning round on uranium, software, the neoclouds, and one of the world's most famous sportswear brands.

The common thread was pricing power and who holds it. In the small-cap market, it belongs to whoever controls the float and the shelf registration. In energy, it belongs to the Strait of Hormuz and the shrinking number of available tankers. In restaurants, it belongs to the chains that still feel like a deal, and in satellites, to the only company that owns its own rockets. In film, the cost of production is collapsing toward zero, which moves the pricing power to whoever owns distribution and attention.

1. Baiya, China SXT, and the Nasdaq Trades That Never Happened

At 8:20 AM Eastern on Wednesday, October 7, Baiya International Group (BIYA) went from $2.54 to $33.96 in under two minutes, a gain of more than 1,200 percent. Five minutes later, it was back near where it started. China SXT Pharmaceuticals (SXTC) had printed a similar spike that morning, jumping from about $1.80 to $7 in premarket trading before falling back under $3 within minutes. Neither company had issued news. Both have tiny floats, and both spikes happened in the premarket session, when liquidity is thin and the limit up, limit down volatility halts that apply during regular hours are not in effect at all.

Baiya is a Shenzhen company, structured through a Cayman holding company and a Chinese variable interest entity, that runs a cloud platform for crowdsourced recruiting and human resources software in China's gig labor market. It went public on Nasdaq in March 2025, selling 2.5 million shares at $4.00 to raise $10 million. A one-for-ten reverse split took effect in July 2026, leaving a float of roughly 1.4 million shares. The stock had closed at about $1.37 the day before the spike. Its headlines that week offered nothing beyond boilerplate about a "latest breakthrough."

Then Nasdaq stepped in. At 10:06 AM Eastern the exchange announced it was reviewing the trades, and at 11:00 AM it ruled, on its own motion under its clearly erroneous trade rule and jointly with the other exchanges and FINRA, that every Baiya trade at or above $3.05 executed between 8:20:00 and 8:23:00 Eastern was cancelled. The ruling cannot be appealed. Anyone who sold into the spike lost the sale, and anyone who covered a short at $30 had the cover

erased. Baiya closed the day at $2.29, up 67 percent on 34.5 million shares. China SXT, which received no such relief, closed near $2.84, up 128 percent on 116.8 million shares.

The asymmetry is the most interesting part. Two stocks spiked within minutes of each other in what looked like the same playbook, and only one had its tape rewritten. Theories on social media ran from an algorithm sweeping an empty ask in a thin book to a large fund calling in a favor to get its losses undone. Nothing supports the second theory, and exchanges bust trades on objective price thresholds, whoever happens to be hurting. The first theory fits the evidence. Premarket shorts had piled into Baiya after a run the prior evening, and an operator who could see thin offers above the market had every incentive to buy through them all at once. One short seller posted that they covered after the spike and still made money, calling it among the craziest moments of their career. Others were simply wiped out, which on a sub-$3 stock can happen faster than a stop order can execute.

China SXT supplied the second act. On Thursday, October 8, about an hour before the opening bell, the company announced a $12 million registered direct offering: 8 million shares at $1.50, paired with 8 million one-year warrants. The warrant exercise price was later corrected to $2.75, and each warrant can also be exercised for no cash into as many as nine shares, which means the warrants alone could eventually produce up to 72 million new shares. Investors also received a 30-day right to buy another $12 million of securities on the same terms. Univest Securities was the sole placement agent. The stock traded at $0.35 that morning, down 87 percent. In less than 30 hours, a $7 print had become a 35-cent stock and a $12 million check.

WF Holding (WFF), a Kuala Lumpur maker of fiberglass tanks and pollution control equipment that completed a one-for-five reverse split in April, ran the same circuit in daylight. It rose about 500 percent on Friday, October 9, and on the day of our meeting it opened at $14.75, traded as high as $50.60 and as low as $7.75, and closed at $17.28. Watching that chart live, a short seller who correctly called the collapse from $50 to $8 would still have been forced out if they added size on the way back up. This is the middle finger pattern discussed at prior meetings, and its defining feature is that the second spike tends to arrive right after everyone agrees the momentum is dead.

The practical guidance was blunt. Premarket trading in low-float names is a game where one bad morning can erase years of gains, and the trade that destroys an account may come along once a decade. Shorting these names premarket, or holding the short overnight, is close to a death sentence. Stop orders offer little real protection in that window, since many brokers do not trigger them outside regular hours and a stock can gap from $3 to $30 before any order fills. Position sizing is the only meaningful buffer, keeping a short small enough that even a tenfold move against it leaves the account intact, and even that is no guarantee. Statistically, many of these names fade after a spike like this, and there is a real edge for disciplined short sellers, but it belongs to traders who size for the worst print imaginable and have the humility to take a loss without fighting it. A market where an exchange can cancel your winning trade three hours later is a market where the rules themselves are a source of risk.

2. The Capital Raise Machine: Cash Burn, Boutique Banks, and the Free ATM

The deeper question was who these stocks are built for. The answer starts with what a stock market is for. At its core, it is a crowdfunding machine. A company sells shares to raise cash and spends that cash building its business. Tesla (TSLA) used repeated equity raises in its early years to fund the factories that eventually made it profitable, and a higher share price meant each raise cost less dilution. The mechanism is neutral. Nothing in it requires the proceeds to be spent productively, and that gap is where the trouble lives.

At the bottom of the market, the mechanism inverts. A company with little revenue and a board of friendly directors pushes the stock higher, sometimes with a press release and sometimes, as Baiya and China SXT showed, with nothing at all, and then sells stock into the excitement. The proceeds can pay salaries and listing fees, and the stock drifts lower until the next cycle. Cynics on social media laid out the sequence in one line: pump, insiders dump, drift

under a dollar, reverse split, dilute, repeat. Every step can be legal. The only thing that changes from cycle to cycle is the share count.

The most notorious case remains DryShips, the Greek dry bulk shipper run by George Economou. Between March 2016 and July 2017 it executed eight reverse splits while selling stock continuously, largely through a single financier, Kalani Investments, raising up to roughly $400 million while shareholders lost about 99.99 percent of their investment. By some estimates, a single post-split share represented millions of the original ones. Economou took the company private in 2019. A related story is told in The China Hustle, the 2017 documentary directed by Jed Rothstein and produced by Alex Gibney and Mark Cuban, which traced how small Chinese companies used reverse mergers and American listings as a cash machine for Western promoters and Chinese insiders alike.

Behind these deals sits a tier of small investment banks that specialize in registered directs, warrants, and at-the-market offerings. H.C. Wainwright has been ranked the top placement agent by deal count for twelve straight years, with 144 deals in 2025 alone, and firms like Roth work the same territory. The deals discussed this week went to an even smaller name. Univest Securities placed both the China SXT offering and other recent raises with nearly identical structures, including the cashless warrant feature that can multiply the share count. Baiya's own IPO was underwritten by Cathay Securities and Revere. The fees are real money for the banks, and the incentives point in one direction.

Who buys at the top? More people than one would expect. Retail traders scanning for the day's biggest mover, penny stock forums on Reddit and StockTwits, and Discord groups that try to pile into runners all supply demand at exactly the wrong moment. For someone with a brokerage app and a desire for action, a stock up 300 percent is an advertisement. Momentum traders are part of the prey, but the larger pool is anyone long at the moment the company decides to sell.

That raised the question of whether anyone knows an offering is coming before it hits the tape. Precise timing would require inside information, which would be illegal. Approximate timing requires only arithmetic. A quick screen of a company's cash per share against its cash burn per share tells a trader roughly how long it can survive before it must raise. A company holding a

few cents of cash per share while burning dollars per share has no choice but to sell stock, and it will do so whenever the price makes it worthwhile. Nobody outside the company can know the minute, but anyone with a calculator can know the season. Longs should respect that math as much as shorts, since an offering can land in the middle of a breakout just as easily as at the top of a spike.

There is a reason short selling exists. It is how overpriced securities find their way back toward fair value, and regulators broadly understand that. In this corner of the market, though, the line between price discovery and survival is thin. Small-cap trading remains one of the best laboratories available for understanding incentives and corporate finance, provided the tuition is paid in small position sizes.

3. Iran: A War Paused for the Election Calendar

Seven and a half months after the first strikes on February 28, the Iran war is in a holding pattern that both sides insist is unrelated to the calendar. On Thursday, October 8, President Trump wrote on Truth Social that the United States would not be attacking Iran at any time prior to the midterm elections. At a rally in Syracuse the following evening he framed the end state in stark terms: "Either they give us everything, or they don't exist any longer." Iran's position is just as fixed. On October 4, parliament speaker and lead negotiator Mohammad Bagher Ghalibaf said the Strait of Hormuz would remain closed until the United States meets seven conditions drawn from the Islamabad memorandum, the framework the two countries signed in June. Formal talks are stalled, and backchannel contacts continue through Qatar.

Meanwhile the fighting has spread outward. On Saturday, October 10, a Houthi strike hit King Khalid International Airport in Riyadh, killing 12 people, including one American, and wounding 309, according to Saudi civil aviation authorities. The airport was struck again on Sunday and has been closed after four attacks in five days. The President said he is weighing whether the United States should join Saudi strikes against the Houthis. The Pentagon revised the American death toll to 21 service members around the same weekend, with at least 865 wounded.

Inside Iran, much of the damage is now economic. The head of the state power company said about 4,700 megawatts of generating capacity owned by industrial and petrochemical companies is offline, and the grid is ready for petrochemical plants to import electricity from Turkey, though no supply contracts have been signed. Vladimir Putin met Iranian President Masoud Pezeshkian in Turkmenistan on October 8 and said Russia would do everything in its power to help end the war. The International Energy Agency agreed on October 7 to accelerate emergency stock releases and prioritize diesel, following a G7 agreement on October 2 to release 100 million barrels over four months.

Oil has settled into a high plateau. Brent slipped below $100 on October 6 for the first time in weeks as Gulf exports outside Iran recovered to near prewar levels, with about 40 percent of them now bypassing Hormuz through Saudi and Emirati pipelines. The Riyadh strikes and renewed tanker attacks pushed it back up, and by the morning of our meeting Brent was trading around $104 to $106, with West Texas Intermediate in the low $90s.

Expectations at the table converged on escalation after the vote. Promises of this kind tend to be kept until they expire, and this one expires on November 3. A pattern has defined this administration: when the President says something, he usually tries to make it happen, more often than his predecessors did. The likeliest path is a resumption of strikes at a higher tempo in November and December, before a new Congress arrives. The midterm odds only sharpen that incentive. With prediction markets leaning toward Democrats taking both the House and the Senate, the window between Election Day and the new Congress in January may be the administration's last chance to escalate without a hostile legislature. And this administration will not admit defeat, period. A war that was supposed to last days is now past seven months, and the only ending the White House will accept is one it can call a win.

4. What a Democratic Congress Could and Could Not Do

That expectation made the midterms a market question. Prediction markets on the day of our meeting gave Democrats about a 90 percent chance of winning the House and about 62 percent for the Senate. A Senate majority at those odds would be narrow, probably 51 or 52 seats, and the consensus at the table leaned toward the House flipping and the Senate staying close.

The constraints on any new majority are mostly about time and arithmetic. The new Congress is not sworn in until January 3, 2027, so the two months between the election and the swearing- in are the window in which the administration faces the least resistance. That timing creates an incentive to escalate early. After January, a Democratic Congress could pass a binding joint resolution ordering an end to hostilities, and the President would veto it. Overriding a veto requires two-thirds of both chambers, which no plausible result delivers. The war powers measure Congress already passed in June was a concurrent resolution, approved 215 to 208 in the House and 50 to 48 in the Senate, which never goes to the President and carries no binding force.

The real lever is money. Congress has not appropriated a dollar specifically for the war. The White House requested $87.6 billion in June, including about $67 billion for the Pentagon, and the House folded $95 billion of war funding into a reconciliation blueprint in July, but the Senate has not acted, and the Majority Leader has said the votes are not there. Reconciliation would need only a simple majority, while an ordinary supplemental needs 60 votes to clear a filibuster. A Democratic House would end the reconciliation path entirely. Cost estimates for the war through the summer range from about $33 billion to $45 billion, and the services are covering it from their base budgets, drawing down training, maintenance, and modernization accounts.

That limits how fast a funding fight could bite. The Pentagon's operations and maintenance accounts run to hundreds of billions of dollars a year, so a Congress that withholds new money can slow escalation without forcing an end to operations. A funding fight would work like a slow, partial brake, with the likeliest effect being shutdown-style standoffs and plenty of posturing. There are limits in both directions. Sustaining the war from base budgets would

eventually mean drawing on munitions and readiness set aside for a potential conflict with China, which would become its own political liability heading into 2028. At the same time, Washington has very rarely failed to fund the military once it is committed, and even a Democratic majority would likely come through if readiness were truly threatened.

The Pentagon's own restructuring added a wrinkle. On September 30, Defense Secretary Pete Hegseth announced that general and admiral positions would be cut by 20 percent by January 1, 2027, roughly 800 positions, doubling the prior year's 10 percent cut. The stated purpose is efficiency. A more cynical reading is that a smaller senior rank is also a more compliant one. Either way, the cut lands in the middle of the war.

The investment conclusion held whatever the election brings. A stalemate alone keeps pressure on energy and freight, with Hormuz partly closed, inventories drawn down, and emergency reserves near record lows. The Strategic Petroleum Reserve holds about 284 million barrels, the lowest since 1982, and is on track for about 243 million once current deliveries finish. China does not want to release more of its own strategic supply. Whoever caves first, the calendar says the answer arrives after November. Many at the table expect this to be one of the most important market stories of 2027.

5. Diesel, Tankers, and the Best-Performing ETF of 2026

The war has created a distillate shortage, which is a different and stickier problem than expensive crude. The national average for diesel hit a record $6.53 a gallon on September 22 and has eased only modestly since, sitting around $6.20 by the weekend of our meeting, roughly 70 percent higher than a year ago. China halted most October fuel exports as its own diesel stocks fell about 20 million barrels below prewar levels. On October 2, the President ruled out a ban on diesel exports. On October 9, after a call with Vladimir Putin, he announced a deal to import Russian diesel under a temporary Treasury license, starting with more than 300,000 metric tons (about 2.2 million barrels) immediately and scaling toward a million metric tons a month. The plan drew bipartisan criticism within days, and there is good reason to doubt it survives.

Nature added a supply shock of its own. Hurricane Isaias reached Category 3 strength on October 9 and came ashore near Destin, Florida, as a Category 2 that evening. About 63 percent of Gulf of Mexico oil production was shut in at the peak, two refineries representing about 2.5 percent of American refining capacity went offline, and the White House approved another reserve release.

The inflation question followed naturally. Freight costs were one of the largest drivers of the 2021 inflation surge, and they are surging again. If shipping and diesel keep feeding into food and goods prices, inflation could move back toward or above 4 percent, which would be a difficult scenario for an administration whose interest bill on federal debt grows with every month that rates stay high. The Federal Reserve raised its benchmark rate on September 16 to a range of 3.75 to 4 percent, its first hike since 2023, and futures on the day of our meeting priced roughly a one-in-four chance of another hike on October 28. August consumer prices

were up 3.4 percent from a year earlier. The counterargument was political. An administration focused on the next two years may simply choose to tolerate the inflation.

The clearest expression of the shortage is the tanker market. The industry's main yardstick is TD3C, a route assessed daily by the Baltic Exchange, the London body whose freight rates the shipping world prices off. The code stands for a "dirty" tanker route, meaning crude and heavy fuel oil, running from Ras Tanura in Saudi Arabia to Ningbo in

China. It is the world's largest oil trade lane, and it is sailed by Very Large Crude Carriers, or VLCCs, ships more than 1,000 feet long that each haul about 2 million barrels, roughly 270,000 metric tons of crude. In the Baltic Exchange's report of October 9, VLCC earnings on TD3C reached about $1.41 million a day, a record. At the start of the year, the same voyage paid around $30,000 a day. Insurance, rerouting around Hormuz, and a fleet tied up on longer voyages have turned a commodity shipping lane into the scarcest asset in energy.

That made the Breakwave Tanker Shipping ETF (BWET) the trade of the year. The fund holds near-dated freight futures tied mostly to the TD3C route, and it does not own shipping companies at all. It closed at a record $1,012.75 on October 8, up about 5,150 percent for the year from $19.26. Very few instruments in market history have done that in ten months. The fund's structure carries its own risks: futures roll every month or two, assets have fallen from a September peak of about $340 million to about $247 million, and Swiss energy and commodity trading firm Mercuria has sued the Baltic Exchange, arguing the TD3C index no longer reflects actual market conditions. A fund priced off an index under legal challenge is a different kind of risk from a fund priced off a company's earnings.

The tanker stocks offer a more conventional exposure. Frontline (FRO) paid a quarterly dividend of $2.61 in September, up from $1.55, and the stock hit a 52-week high near $60 in October. Annualizing that dividend implies a yield in the high teens, which overstates the reality, since tanker dividends rise and fall with rates. Trailing yield is closer to 9 percent. Dry bulk names like Star Bulk Carriers (SBLK), Diana Shipping (DSX), and Safe Bulkers (SB) also came up, though they carry grain, coal, and ore and benefit far less directly from the crude squeeze. Diana's main story this month is its hostile pursuit of Genco Shipping & Trading (GNK). Their valuation screens look extraordinarily cheap, and that is the trap with every cyclical at the top of its cycle: the trailing numbers measure a boom that may not repeat.

Oil exchange-traded funds raised a similar distinction. The United States Oil Fund (USO) tracks front-month crude futures, while the ProShares Ultra Bloomberg Crude Oil (UCO) resets to twice the daily move, which causes it to decay in choppy markets. Leveraged products are short-term trading tools. Held for months, the math of daily resets erodes them even when the underlying view is right.

The bottleneck trade has been one of the most profitable setups of the year, and most investors missed it. If the Hormuz situation drags on through 2027, riding the shipping momentum may still work. A credible peace deal would hit freight rates faster than any other asset class, which is why position size matters as much as direction here. In a bottleneck, the scarce thing earns everything until the moment it doesn't.

6. Starbucks, Chipotle, and the K-Shaped Lunch

On Thursday, October 8, the Financial Times reported that Starbucks (SBUX) had worked with advisors on a possible takeover of Chipotle Mexican Grill (CMG). The logic had obvious appeal: Starbucks chief executive Brian Niccol ran Chipotle from 2018 to 2024, and a deal at a standard premium would have valued Chipotle near $50 billion, the largest restaurant acquisition ever. Chipotle closed about 6 percent higher that day while Starbucks finished roughly flat. On the day of our meeting, a Starbucks spokesperson told CNBC that "Starbucks is not buying Chipotle," and Chipotle fell nearly 4 percent while Starbucks rose almost 2 percent. The market's verdict on the idea, before the denial even arrived, was a shrug from Starbucks holders, which says plenty about how investors viewed the merits.

The more interesting question is how Chipotle became a target at all. The company was worth more than $80 billion at the end of 2024 and is worth around $40 billion today. Same-store sales fell 1.7 percent in 2025, its weakest year since 2016, before recovering modestly this year, and restaurant margins have been squeezed by beef and freight costs. Its leadership has blamed young consumers for shifting toward groceries and eating at home. Opinions on the food itself are mixed. Regular customers still find it good and appreciate the menu rotation. Others miss the days of generous portions, when influencers filmed staff piling on extra chicken, and feel the brand has lost that sense of fun.

Competition from CAVA Group (CAVA) and a wave of newer fast casual concepts has made the category harder to dominate.

Chipotle has company in its decline. Over the past year, Wingstop (WING) has fallen about 54 percent, Portillo's (PTLO) about 42 percent, Wendy's (WEN) about 32 percent, and McDonald's (MCD) about 19 percent, with McDonald's chief executive Chris Kempczinski saying in late September that he did not expect things to change soon. CAVA sits about 49 percent below its early-2026 peak of $98.79. Yum Brands (YUM) has held up better, down only about 4 percent. The surprise is Sweetgreen (SG), which is up about 50 percent this year, though that rebound starts from a very low base. The stock traded near $40 in late 2024, collapsed below $5 earlier this year, and even at about $10 remains roughly 75 percent below that peak. A bounce off the floor still shows the fast casual category is far from uniform, but it is a long way from a recovery.

The reason these chains are struggling while prices keep rising comes down to the shape of the economy. A family of four could eat at McDonald's for under $20 a few years ago, and the same meal now costs meaningfully more, while a family dinner at Chipotle can easily reach $60. McDonald's has said low-income traffic across quick service restaurants fell by close to double digits in 2025, while high-income traffic rose by nearly as much. That is the K-shaped economy in a single statistic. The lower half of the K is trading down to groceries, and the upper half was never a heavy fast food customer to begin with. High-end dining has held up comparatively well.

Rising prices do not necessarily mean rising profits. Energy, beef, freight, and the cost of capital have all climbed, so much of the increase on the menu board is passed-through cost. Ground

beef averaged $7.16 a pound in August, nearly 8 percent above a year earlier, with the national cattle herd near multidecade lows. A string of food safety recalls this year, including a July outbreak tied to shredded lettuce supplied to major chains, has added a layer of distrust. Investors rotating out of consumer cyclicals and into technology and financials may also be part of the story, since money that can earn easy returns elsewhere has little reason to wait for a turnaround in burritos.

GLP-1 weight-loss drugs came up as a structural headwind, and the data suggests a smaller effect than the headlines imply. These are the appetite-suppressing drugs behind Ozempic and Wegovy from Novo Nordisk (NVO) and Zepbound from Eli Lilly (LLY), and for restaurants the question is simple: how many customers are on them, and how much less do they eat out? Adoption is the number to watch, because every point of it translates into lost demand for exactly the foods fast food chains sell. A poll fielded in late 2025 by KFF, the nonprofit health policy research group formerly known as the Kaiser Family Foundation, found about 12 percent of American adults currently taking a GLP-1, and a Gallup survey in July put it at 11 percent, up from about 3 percent in 2024. Few consumer trends have moved that fast. A Cornell study using purchase data from about 150,000 households found that fast food and limited-service spending fell about 8 percent within six months of starting the drugs, with grocery spending down about 5 percent. Applied to the share of the population taking them, that works out to a drag of one or two percentage points on industry sales. The effect is likely to grow as usage spreads, given how sharply the drugs reduce cravings for exactly this kind of food. Restaurants appear to know it, and menu adjustments toward protein and smaller portions are already underway.

Alcohol is a related pressure. Gallup found that 54 percent of American adults drink, tied for the lowest share since 1939, and among adults under 35 the share fell from 59 percent in 2023 to 50 percent in 2025. Industry data shows the decline is concentrated in bars and restaurants, while drinking at home holds up more. Owners of full-service restaurants describe the same pattern from the floor: dining rooms that look full, with a smaller check per table because guests skip the drinks that once carried the margin. Crowded restaurants can hide a weak economy. The ticket tells the truth.

7. Chili's, Cheesecake Factory, and Reading the Feed

The list of restaurant stocks that have held up told a different story. Brinker International (EAT), the parent of Chili's, is up about 51 percent over the past year and has posted 21 consecutive quarters of same-store sales growth, with comparable sales up roughly 50 percent over three years. The Cheesecake Factory (CAKE) is up about 119 percent over the past year and hit an all- time high in October. Darden Restaurants (DRI), the owner of Olive Garden, is up about 8 percent. Texas Roadhouse (TXRH), often grouped with the winners, is down about half a percent over the past year and sits near the low end of its range, a reminder that a familiar name and a strong stock are separate questions.

The winners share a value proposition, whatever their price point. For a family deciding where to eat on a Friday night, the gap between a casual dining chain and a fast casual one has narrowed to little more than the tip, and the casual chain comes with a table, a server, larger portions, and the option of a beer. Chili's has leaned into exactly that comparison. Its Big Crispy chicken sandwich, launched in April inside the $10.99 "3 for Me" value meal, has a filet Chili's says is more than 80 percent bigger than McDonald's McCrispy, and the sandwich lifted average daily sales per store by 175 percent, beating the earlier Big Smasher and Big QP launches. Chili's is selling fast food's own playbook back to fast food's customers with a waiter attached. One member shared a recent visit to a Cheesecake Factory where their group ordered much of the sprawling menu, betting that no single kitchen could do all of it well. The verdict was that it was perfectly good and a real value, which is exactly the point.

The losers are mostly mid-market chains with weaker management. Dine Brands (DIN), owner of Applebee's and IHOP, has a market value of only about $363 million. Red Lobster, which Darden sold to Golden Gate Capital in 2014, went bankrupt in 2024 and is now privately owned by Fortress. Noodles & Company (NDLS) has become a micro-cap, and its occasional rallies have mostly been rebounds from deeply oversold levels. In a sector where the same consumer is choosing between all of them, execution separates the winners from the rest. Restaurants are a stock picker's market, and the right filter is quality of management.

That raised one of the more promising research ideas of the night. Chili's comeback was visible on social media long before it showed up in the stock. Its Triple Dipper appetizer went viral on TikTok in the spring of 2024, made up 14 percent of sales that year, and preceded a quarter in which same-store sales jumped more than 31 percent. Memes about date nights at Chili's were everywhere. Could tracking which chains trend on TikTok and Instagram give investors an early read on which stocks will outperform? Chris Camillo built a career on exactly this kind of social arbitrage using Google Trends from Alphabet (GOOGL), and for years the edge belonged mostly to people like him and to large funds paying for alternative data feeds, scraping tools, and analysts to sort through it all. That barrier has largely fallen. With an AI subscription and a little cleverness, an individual investor can now pull hashtag counts, view counts, and creator activity from sources like TikTok's Creative Center and turn them into a working trend tracker in an afternoon. Location data could add another layer: how far a family has to drive past a McDonald's to reach a Chili's. The large funds are almost certainly still doing a more sophisticated version of this, but the gap between their tools and everyone else's has never been smaller.

The relationship between influencer marketing and results turned out to be less obvious than expected. Chipotle partnered with teenage creator Salish Matter in August on a digital-only kids' meal aimed at Gen Alpha. Taco Bell, owned by Yum Brands, teamed with Duolingo (DUOL) for Global Taco Day on October 6 with a limited-edition hot sauce printed in nine languages. Chili's, the clearest winner, has relied far less on paid influencers and more on value marketing, product stunts, and organic virality. One theory is that heavy influencer spending can backfire, since an audience that feels pushed tends to push back. Another is that it depends entirely on execution, because a well-shot photo of a good-looking dish still sells food. The pattern this

year suggests that customers can tell the difference between a brand that has to pay for attention and one that earns it.

Two trends at the high end rounded out the discussion. Erewhon, the Los Angeles grocer whose $20 smoothies became a social media status symbol, has expanded beyond its home market and is planning its first East Coast location. Closer to home, FARE, a healthy scratch-kitchen chain founded in 2010, has been adding Chicago

locations, including a new one in Old Town. The prices drew winces. The concept is a modern version of the lipstick effect, the small luxury people allow themselves when larger ones feel out of reach.

The last restaurant thread was automation. Taco Bell now runs AI voice ordering in nearly 900 American drive-throughs, and McDonald's is testing a new system built with Google after ending an earlier trial with IBM (IBM). Customer experiences have been mixed, with frustration at systems that ask people to repeat themselves. Still, people will likely accept talking to a machine the moment the machine gets the order right and the food costs less. Accuracy is the whole test, and the technology is getting there.

8. Starlink, India, and Delta: A Monopoly That Has Not Sent the Bill Yet

Elon Musk spent the week of our meeting fighting with two incumbents on two continents. In India, he reshared a post on October 7 claiming that "certain oligarchs" were blocking Starlink's launch to protect their position, calling it a crime against the people of India. The next day he asked whether Mukesh Ambani, chairman of Reliance Industries (NSE: RELIANCE), was "the real boss of India," and later addressed him as "Prime Minister Ambani." India's Ministry of Communications called the claims baseless and misconceived, noting that Starlink, Jio Satellite, and Bharti-backed OneWeb are at broadly the same regulatory stage and are all undergoing security assessments. Opposition leader Rahul Gandhi joined in with a sardonic "Welcome to India, Elon," turning a business dispute into a domestic political issue.

The market structure explains the fight. Reliance Jio holds about 39 percent of India's wireless subscribers and Bharti Airtel (NSE: BHARTIARTL) about 38 percent, and Jio has passed 500 million users. Jio built that position by launching in 2016 with months of free service, then raising prices slowly from a very low base. Indian consumers are accustomed to some of the cheapest data in the world. Starlink has no announced Indian price yet. A figure of 8,600 rupees a month that briefly appeared on its Indian website last December was disowned as test data, and press reports expect something closer to 2,500 to 3,000 rupees, roughly $26 to $34 a month. Satellite plans from Jio and OneWeb are expected to land far lower. On October 11, Musk said Starlink would be priced affordably in India, days before Jio Platforms' planned IPO at a targeted valuation of about $106 billion.

Views on the Indian market tend to split along generational lines. Younger Indians tend to welcome Starlink, while older generations are more loyal to the domestic incumbents and the government that backs them. Price, though, is the decisive variable. A premium satellite product is a hard sell in a market built on near-free mobile data. Over time, technology

advantages tend to win, the way ride-sharing eventually overcame protected taxi markets around the world, but in India that time could be long.

The American picture is similar. Starlink's residential plans run $55, $85, and $130 a month depending on speed, raised in June, plus a $349 kit. Users generally find it fast and convenient, both at home and on flights. For most households already paying AT&T (T) or Verizon (VZ) for bundled home and mobile service, there is little reason to switch today. The threat to the incumbents is about the future, and the market is already pricing it. On October 8, SpaceX (SPCX) agreed to buy 800 MHz low-band spectrum from Grain Management, pending FCC approval, and in after-hours trading AT&T fell almost 8 percent while Verizon and T-Mobile (TMUS) each fell about 7 percent. Low-band spectrum is what a company buys when it intends to offer mobile service directly to phones.

The Delta Air Lines (DAL) dispute showed how SpaceX negotiates. Delta chose Amazon's (AMZN) Amazon Leo network for in-flight Wi-Fi in March, with installation on 500 aircraft beginning in 2028. In May, chief executive Ed Bastian said Amazon offered stronger bandwidth at meaningfully lower cost, and Musk responded that SpaceX refuses to let airlines put Starlink behind an annoying branded portal and that Delta wanted to make the experience painful and expensive. On September 30, Musk posted that Bastian would lose his job and Delta would lose customers. Bastian told CNBC on October 9 that there was "no tit for tat," that SpaceX was not ready to scale with

Delta, and that he remained a big fan of Starlink. United Airlines (UAL), American Airlines (AAL), and Southwest Airlines (LUV) use Starlink. JetBlue Airways (JBLU) chose Amazon Leo.

The constraint on Amazon is launch. Amazon Leo had about 396 satellites in orbit in late September against a planned constellation of more than 3,200, after the FCC waived its mid- 2026 deployment deadline. Starlink had about 11,150 in orbit as of October 9. Amazon depends on outside rockets, including Blue Origin's New Glenn, which returned to flight in May after a failure. SpaceX launches its own satellites on its own rockets, and on September 28 its Starship reached orbit for the first time, carrying the first third-generation Starlink satellites. SpaceX shares closed at $163.42 on the day of our meeting, up from a $135 IPO price in June.

This is why the SpaceX thesis discussed at prior meetings frames the company as a modern Standard Oil. It controls access to orbit, the scarcest input in the space economy, and every competitor must either build that capability from scratch or rent it from SpaceX. It owns the satellites, the launch vehicles, the ground infrastructure, and now spectrum, with xAI and data center ambitions alongside. Vertically integrated monopolies tend to compete on quality first and price later. A useful comparison is Apple's (AAPL) ecosystem, which retains customers regardless of price once they are inside it. Today, Starlink offers few people a compelling reason to switch from a cheaper incumbent. If integration lets it cut prices in half while improving speed, the incumbents in every country will have a problem. There is no historical precedent to measure this against. Either you believe the monopoly thesis or you don't, and stocks price that belief years before the bill arrives.

9. Gods Don't Give Gifts and the Collapsing Cost of a Feature Film

Gods Don't Give Gifts, a feature-length animated film by Zack London, known online as Gossip Goblin, will open in limited release on December 4 on fewer than 1,000 American screens. It carries an R rating, which is unusual for an animated feature, and its producers are submitting it for the Academy Award for Best Animated Feature. The film was produced with Fable, an AI studio whose chief executive, Edward Saatchi, said he feels it could be "this generation's Toy Story." The studio has not published a budget, calling it a low-budget independent production, and it has no major distributor. Early critical reaction has been hostile, with Futurism calling the trailer "empty calories," and the word "slop" has followed it around social media. No one has seen the film yet.

The Academy's rules leave room for it. Since April 2025, Academy guidance has held that AI tools neither help nor harm a film's chances and that voters should weigh the degree of human authorship. On May 1, 2026, the Academy went further and ruled AI-generated performers and AI-written screenplays ineligible. Fable has stressed that the film's story was conceived and written by humans and that it used human voice actors, musicians, and a Foley artist, presumably to stay on the right side of that line.

The trailer invites mixed reactions. It is hard to tell what the film is about, while the animation itself looks comparable to studio work. One fair critique lands better than any review: it looked like a parody of every movie trailer from the past five years. That criticism cuts both ways, since a good share of Hollywood's output is already formulaic. The filmmaker has openly welcomed the backlash, betting that attention of any kind sells tickets.

The economics are where it gets interesting. The studio has not published production costs, and rough estimates put them in the range of several hundred thousand dollars to under $1 million, with compute costs a fraction of that and a creative team that could fit in a single room. Whatever the precise figure, a film that would have required a nine-figure budget a few years ago can now be produced for something closer to the price of a house. At that cost, a modest theatrical run and streaming sales can return the investment several times over. Marketing becomes the largest line item. Three years ago, rendering at this quality and volume was effectively impossible. Three years from now, the production cost may approach zero.

History suggests the resistance will follow a familiar arc. Painters viewed photography as a threat. Early cinema was dismissed as a fairground novelty, and serious stage actors avoided it. Charlie Chaplin refused to make talkies for

years after sound arrived. Computer animation drew the same skepticism before Toy Story, a film that required a large team and years of work at Pixar. Each technology displaced a craft, made its output dramatically cheaper and more widely available, and created far more work in new places than anyone could see at the start. Printing presses, recorded music, and digital cameras all followed the same pattern. The objection to AI film is louder, and the arc is the same.

The strongest skeptical case was about art and economics together. Jurassic Park and Star Wars became landmarks partly because audiences marveled at how they were made, and effort is part of what people value in art. A movie that cost $1 million and earned $5 million is a fivefold return, yet it does not pay for a studio's overhead, and Netflix (NFLX) has learned over the past

five years that more content does not necessarily create more value for subscribers. Labor unions add friction for any traditional studio that tries to replace performers. On that view, AI will become a production tool inside studios long before it produces a billion-dollar blockbuster on its own.

The counterargument was that the blockbuster is a function of distribution. Roger Corman made a career producing low-budget science fiction and horror films, wrote a book called How I Made a Hundred Movies in Hollywood and Never Lost a Dime, and launched the careers of Francis Ford Coppola, Martin Scorsese, James Cameron, Ron Howard, and Jack Nicholson along the way. Lowering the cost of production lets more people try, and by the law of large numbers, some of them will be extraordinary. There are surely many unknown filmmakers with Coppola-level talent who never got past the gates of a major studio. Charles Curran is a case in point. A filmmaker who spent years struggling to break through, he turned to AI tools and produced a series of cinematic, fan-made videos supporting Spencer Pratt's run for mayor of Los Angeles that drew millions of views in early May. Whatever one thinks of the politics, the craft was striking, and the reach was real. Pratt polled between about 10 and 14 percent in March, climbed to about 22 to 23 percent in three separate polls in May as the videos spread, and finished third in the June 2 primary with 25.5 percent, short of the November runoff. Polls cannot isolate how much of that rise came from the videos, but few traditional campaign ads have traveled as far for as little money. It is a clear example of what happens when real taste and experience meet these tools. Anime offers a precedent: it thrives partly because it is cheap to produce, which allows creators to take risks that big-budget studios cannot. Audiences return to the shows with great stories, from Friends to Breaking Bad, over and over, and they are starved for more of them. If one out of a hundred AI films is genuinely good, people will watch it.

Hollywood is already moving. Disney (DIS) agreed last December to invest $1 billion in OpenAI and license more than 200 characters for its Sora video model. That deal fell apart in March when OpenAI shut Sora down, but Disney said it would keep working with AI platforms, a sign the appetite outlasted the partner. Jeffrey Katzenberg, who ran Disney's film studio during its animation revival of the late 1980s and 1990s and then cofounded DreamWorks, the studio behind Shrek, wrote in September that to resist technology is to risk irrelevance, and he is now launching an AI animation studio. When one of the people most responsible for modern animation embraces the technology, it is hard to dismiss as a fad. Ben Affleck said on September 30 that his Netflix film Animals used AI for "lots of things," without specifying where, and Netflix acquired his AI startup, InterPositive, for nearly $600 million. Amazon is in talks to acquire Decart, an Israeli startup building real-time video and world models, for as much as $7 billion, according to a Wall Street Journal report on October 11. Whoever owns beloved characters and franchises may gain the most, since any creator who wants to use them will have to license them.

The losers are easier to identify than the winners. Actors will have far less control over the process even when they are used, and set designers, costume designers, composers, and visual effects artists face the sharpest pressure. The winners may include Netflix, YouTube, and the owners of valuable intellectual property, along with a new class of independent creators. Seth

Rogen's series The Studio satirizes how risk-averse major studios have become, and that risk aversion may be exactly what makes them vulnerable. The cost of a mistake is falling faster than the cost of a hit. When a $400 million film

fails, a studio has a crisis. When a $1 million film fails, it has a learning experience. Whether or not Gods Don't Give Gifts succeeds, it is the first of many, and the industry will not look the same in a decade.

10. Lightning Round

Nuclear power and uranium: Nuclear stocks have sold off hard even as the commodity strengthens. Uranium spot prices held near $90 a pound into October, and long-term contract prices reached a record $96.50, above the 2007 peak. The equities have gone the other way. On the day of our meeting, NuScale Power (SMR) fell 7 percent and was down more than half for the year, Oklo (OKLO) fell 6 percent and sits far below its high, Centrus Energy (LEU) fell 4 percent, and Nano Nuclear Energy (NNE) hit a 52-week low. Fuel and component names have also pulled back, with Cameco (CCJ) well off its high and BWX Technologies (BWXT) down about 43 percent from its peak. The small modular reactor developers face the hardest questions. No one knows which designs will be approved, when they will generate revenue, or which will win, and in the meantime they burn cash and dilute shareholders. Eventually one of them will likely emerge as the leader. For now, that is a guess.

For those who want broad exposure, the Sprott Uranium Miners ETF (URNM) and the Global X Uranium ETF (URA) offer diversification, though both remain concentrated in Cameco and both hold Kazakhstan's Kazatomprom (LSE: KAP), which carries real geopolitical risk. Reported dividend yields on these funds largely reflect one-time year-end distributions and should not be read as a steady income stream. BWX Technologies, which builds reactors and components for the Navy and is moving into small reactors, offers a more established business with exposure to the same theme. The American ban on imports of Russian enriched uranium, signed in 2024, removes all remaining waivers by January 1, 2028, which tightens domestic supply. Data center power demand makes nuclear's long-term role close to certain. The open question is entry timing in a falling knife, and buyers should be prepared to average in slowly instead of trying to call the bottom.

Software versus semiconductors and the shrinking software moat: The week before our meeting produced a sharp rotation. Semiconductor stocks fell about 4 percent while software rose about 4 percent, and Palantir Technologies (PLTR) closed at its first record high since November after Barclays initiated coverage with an Overweight rating and a $265 target. Palantir has been a near-constant topic at these meetings, and it drew particular attention after its earnings a few months ago. The stock has climbed substantially since. Its national security and defense exposure, tied to the AI competition with China, makes it a different animal from most software. Adobe (ADBE), down about 32 percent this year amid a chief executive transition, illustrates the other side. A developer recently released ArtCraft, a free open-source suite with clones of Photoshop and other Adobe applications, reportedly built with AI coding tools. The developer calls it early alpha and nowhere close to feature parity, and the clones are not faster. The direction is still unmistakable. Large software companies carry decades of legacy

code, while a newcomer starting fresh with AI can move quickly. A separate open-source project called Reverse Engineer Anything, which connects AI coding agents to tools that analyze compiled software, went viral the same week and raised obvious security questions. As the cost of building software falls toward zero, any software turnaround thesis must rest on integration, ecosystem, and customer lock-in. Code alone is no longer a moat.

IREN (IREN) and the neoclouds: IREN rose about 4 percent on the day of our meeting after The Information reported a multiyear cloud deal with Anthropic. Neither company has confirmed it. IREN said in August that it had signed a multiyear contract with an unnamed frontier AI lab, which fits the report, and the stock tends to sell off after good news, partly because of existing dilution. The deal would add Anthropic to a customer list that already includes Microsoft (MSFT), which signed a five-year, $9.7 billion contract in November 2025. Research firm SemiAnalysis published a critical note on October 8 citing customer reports of outages at IREN's British Columbia sites, and the stock fell 4 percent that day. Nebius Group (NBIS), which signed a contract worth up to $27 billion with Meta Platforms (META) in March, has been the stronger performer. The frontier labs keep needing more compute than anyone expects, and third-party data center operators are the overflow valve.

Among the converted Bitcoin miners, Core Scientific (CORZ) is worth about $5 billion, Cipher Digital (CIFR), renamed from Cipher Mining in February and planning to sell its Bitcoin treasury, about $3.7 billion, and Hut 8 (HUT) about $8 billion. Some have pivoted fully to AI, while others still hold meaningful Bitcoin. That has been a rough ride. Bitcoin peaked near $126,000 in October 2025, fell to roughly $60,000 by February, and has since rebounded to around $83,000, still about 28 percent lower than a year ago. Core Scientific's shares have fallen more than Bitcoin itself, which could present an opportunity. Execution has been uneven, and complaints about generous stock compensation at IREN have come up before. The positioning is what matters. The mid-cap and larger players are well placed to benefit from compute demand over five years, with the understanding that drawdowns of 50 to 80 percent along the way are part of the price of admission. Position size should reflect that.

Nike (NKE), Mbappe, and the price of a strong brand: Nike keeps falling, and the question was whether it has fallen far enough. On October 1 it reported fiscal first-quarter revenue of $11.2 billion, down 4 percent, with Greater China down 26 percent, guided full-year revenue down by a high-single-digit percentage, and announced job cuts as part of a restructuring. The stock traded around $33 to $35 at the time of our meeting, roughly 80 percent below its November 2021 peak, with a market value of about $51 billion to $55 billion and a dividend yield near 5 percent. The bull case rests on the brand. Nike and Jordan Brand still dominate basketball, outfitting about three-quarters of NBA players, and basketball is a global sport. Its sportswear and lifestyle business remains enormous. On September 16, Alexandre Arnault, deputy chief executive of Moet Hennessy and son of LVMH (EPA: MC) chairman Bernard Arnault, joined Nike's board, which some saw as a signal that luxury-style brand discipline could return.

The bear case is a long list of decisions. Nike passed on early chances to buy Under Armour (UAA) and lost Steph Curry to it in 2013. It missed the rise of Hoka, owned by Deckers Brands (DECK), and On Holding (ONON), bought Umbro and Cole Haan and sold both in 2012, and acquired the NFT studio RTFKT at the 2021 peak before shutting it down in January 2025. It

pulled back from wholesale shelf space too aggressively, and its marketing has felt generic while competitors target niche aesthetics. Running is where On and Hoka did the most damage, taking share from Nike through much of 2022 to 2024, and it is also where Nike has started fighting back. In running specialty stores over the twelve months through September 2025, Nike's sales grew 35 percent while On and Hoka both declined, an early sign the share losses may be reversing.

Soccer delivered a fresh blow. On September 18, Kylian Mbappe left Nike for On in a deal that includes equity, and two days later he taped over the swoosh on his boots during the Madrid derby. On is worth about $12 billion. The collapse of sneaker resale culture and a valuation that once ran near 35 times earnings complete the skeptical picture.

A return to that multiple looks unlikely, and a $200 billion market value looks out of reach. A plateau with a partial recovery seems more realistic than a collapse. Buying ahead of a turnaround is a guess, and waiting for evidence in earnings and price momentum is the more disciplined way to play it. Phil Knight built a brand strong enough to survive these mistakes. Whether it can grow again is a different question.

Closing Thoughts

The October 12 meeting kept arriving at the same place from different directions: whoever controls the scarce input sets the price, and everyone else learns the rules from the receipt. Over the course of the evening that input took many forms: a float of 1.4 million shares that turned a short squeeze into a registered direct offering within a day, a supertanker on the Gulf- to-China route earning more than $1.4 million a day, a $10.99 value meal pulling customers away from fast food, and a launch business that only one company runs on its own rockets. In each case, whoever held the scarce thing set the terms, and whoever needed it paid.

Film may be the most important case because the scarcity is disappearing. When the cost of producing a feature falls from hundreds of millions of dollars to something closer to the cost of a house, the advantage shifts to whoever

controls attention, intellectual property, and distribution, and to the unknown filmmakers who finally get to try. The same logic is hitting software, where code that once took years to write can be reproduced in weeks, and it explains why the market is rewarding companies like Palantir with deep integration while punishing those that sell features. When something becomes abundant, the value migrates to whatever stays scarce.

The practical lessons were consistent. Read the filings before chasing a small-cap spike, because the capital structure is usually waiting on the other side of the trade. Treat the midterms as a date on the calendar for the Iran war, since the timing of escalation may matter more than the vote itself. In bottleneck trades, respect how quickly a peace deal could reverse the scarcity. In consumer stocks, look for value and execution, use the social media feed as a leading indicator, and let a fallen giant like Nike prove its turnaround in earnings before paying for it. In speculative themes from nuclear to neoclouds, own the thesis in a size that survives an 80 percent drawdown. In every case, separate the signed contract from the story about it.

Nasdaq's erased trades, Starbucks's denial, and IREN's unconfirmed deal all made the same point in a single week: until something is signed and settled, it remains a headline.

Bringing together traders, investors, students, and professionals from very different fields remains what makes these evenings work, and this meeting showed again how much sharper a hard question becomes when a room full of different experiences works through it together. The recording of our October 12 meeting is available on YouTube for anyone who could not attend or would like to revisit the discussion (https://www.youtube.com/watch?v=SKkoVaOiBIs). We look forward to reconvening on Monday, October 26, 2026, at the Union League Club of Chicago.

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Attending members (listed alphabetically by last name):

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Daniel Valentino

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