

The background is a blurred image of a financial newspaper page. It features various stock market data, including a list of 'HIGHEST MOVERS' with stock names like 'ImgnTech', 'Fenner', and 'BarndDev' along with their share prices. There are also line graphs showing stock price trends over time, with labels like 'Change on day' and 'Share Price'. The entire image is overlaid with a semi-transparent red rectangle.

Gambling Sector

Gabi Miller and Harrison Calder

4/3/23

Summary

Idea – *Gambling is more prevalent than ever, cyclical surging, consumer spending up*

Strategy – *Gambling sector, filtered out with a set of parameters*

Historical Performance – *Interesting*

Recommendation – *Buy \$0*

What to Sell – *Nothing*

Effect on Portfolio – *No Effect*



Strategy Details

Backtesting Method - Bloomberg

Rebalance frequency - Quarterly

Number of positions – N/A

Number of years backtested - 10

Minimum stock market cap - N/A, \$10M

Weighting - Equal

Type of stock - Common Stock

Exchange listings included - Major US Exchanges



Strategy Rationale

- Recession unlikely even with inverted yield curve
- Investor sentiment that stocks will outperform bonds
- Increased consumer spending from Q4 2023 to Q1 2024

"In February, concerns about inflation decreased slightly from the previous quarter, which helped consumer optimism about the US economy reach its highest level in almost two years."

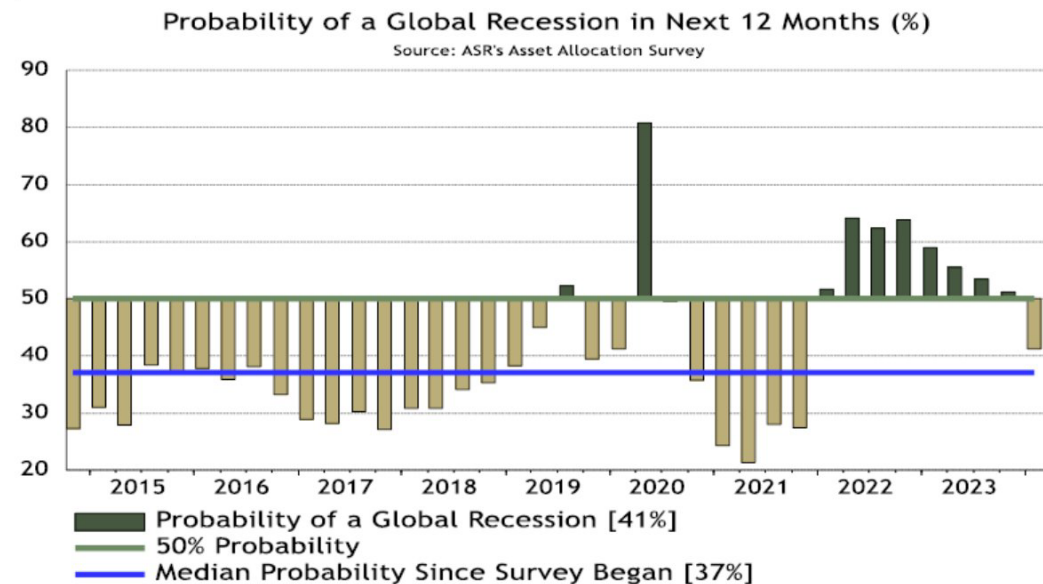
Strategy around consumer cyclical - gambling



Strategy Rationale – Bloomberg Research

The key economic call is that a recession within the next 12 months is no longer viewed as a certainty. This week saw the latest edition of Absolute Strategy Research's Asset Allocators survey, which polls 225 managers responsible for \$8 trillion. In the last three months, they've slashed the odds of a recession. For the first time in two years, the allocators, who are asked to affix a probability to certain outcomes, put the chances of recession below 50%.

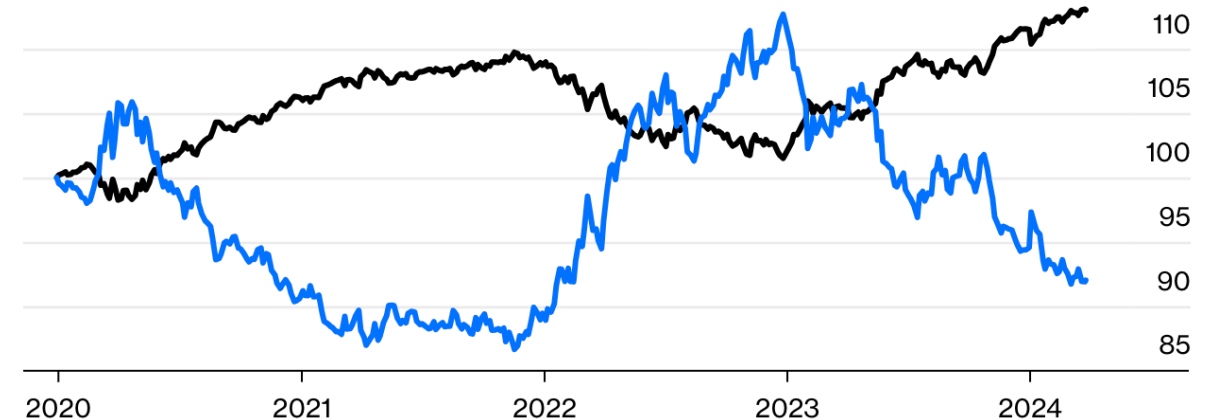
AAS. 3: Probability of a Global Recession in the Next 12 Months



Stockpickers Position for No Landing

Cyclicals are doing strangely well if rate cuts and a soft landing lie ahead

MSCI World Defensives/World MSCI World Cyclicals/World



Backtesting Implementation Details

# OF STOCKS	N/A
MIN MARKET CAP	N/A
MIN MONTHLY TRADING VOLUME	N/A
WEIGHTING SCHEME	EQUAL
REBALANCING FREQUENCY	QUARTERLY
TIME FRAME	10 YEARS
CURRENCY	USD

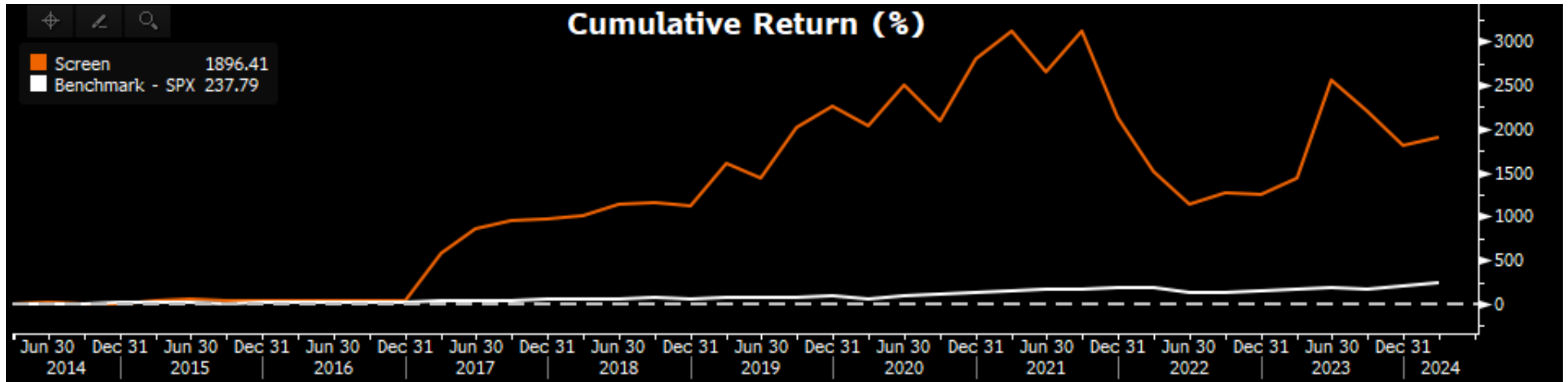


Backtesting Parameters - D/E

	Security Universe	1685132	
51)	:: Trading Status: Active	543115	⊗
52)	:: Security Attributes: Show Primary Security of company only	93991	⊗
53)	:: Sectors (BICS): Casinos & Gaming	171	⊗
54)	:: Exchanges: United States; NASDAQ CM; NASDAQ GM; NASDAQ GS; NASDA..	55	⊗
55)	:: LF Total Debt to Total Equity <= 40	10 ⓘ	⊗



Backtesting Results – D/E



<u>Annualized</u>	Return	α^*	β^*	σ	Sharpe	Treynor	Max DD	Info Ratio*	Idio. Risk
10 Year	74.65%	98.22	0.57	136.44	0.78	1.23	64.14%	0.59	N/A
1 Year	11.6%	-6.44	0.91	46.08	0.37	.08	31.53%	-0.15	32.5%
10 Year SPY	13.05%	N/A	1.0	15.1	0.77	.08	30.75%	N/A	0%
1 Year SPY	26.38%	N/A	1.0	13.58	0.57	.22	10.09%	N/A	0%



Recommended Purchases – D/E

Name	Ticker	P/E Ratio	Monthly Trading Volume (\$M)	Market Cap (\$M)	Share Price
Canterbury Park	CPHC	10.36	5,959	116	22.06
Bravo Multinational	BRVO	0	25,590	11.45	0.24
Genius Sports	GENI	0	2,280,836	1,195	5.47
Littlefield Corp	LTFD	0	983	2.61	0.15
Lottery.com	LTRY	0	61,003	10.59	2.14
Monarch Casino	MCRI	17.35	121,872	1,423	72.87
Pacific Vegas GL	PVEG	0	N/A	N/A	N/A
Rush Street	RSI	0	554,862	1,451	6.64

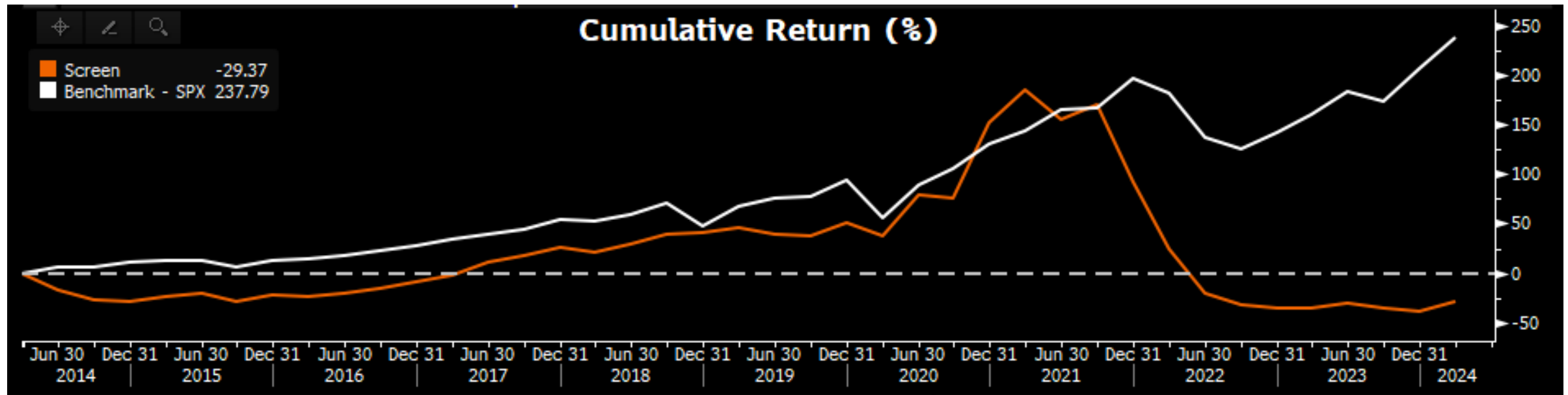


Backtesting Parameters – D/E with min. MC

	Security Universe	1685439	
51)	:: Trading Status: Active	543308	⊗
52)	:: Security Attributes: Show Primary Security of company only	93998	⊗
53)	:: Sectors (BICS): Casinos & Gaming	171	⊗
54)	:: Exchanges: United States; NASDAQ CM; NASDAQ GM; NASDAQ GS; NASDA...	55	⊗
55)	:: LF Total Debt to Total Equity <= 40	10	i ⊗
56)	:: Current Market Cap > 10 Million	8	i ⊗



Backtesting Results – D/E with min. MC

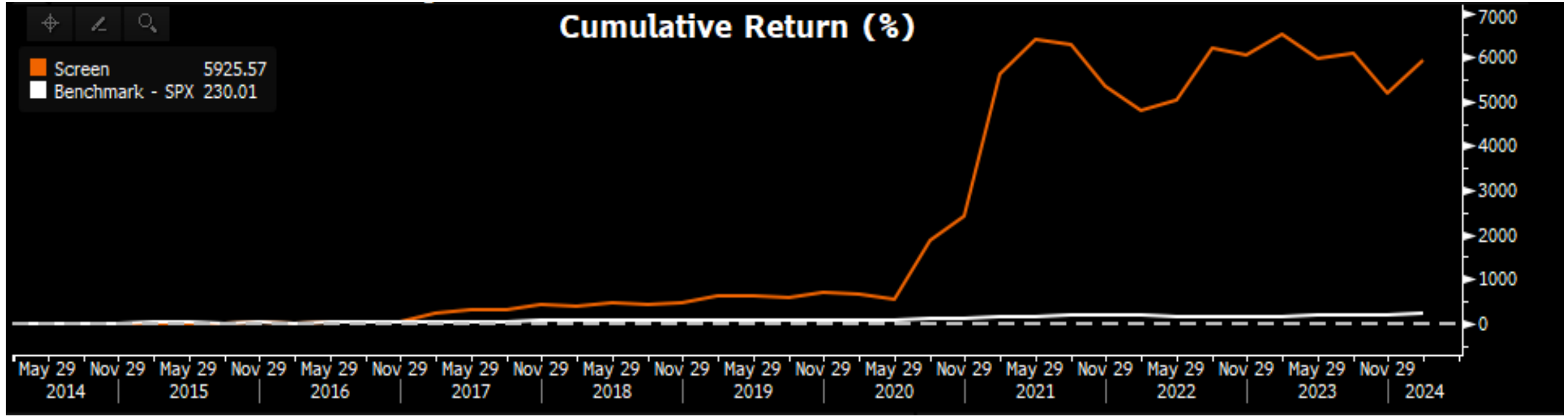


Backtesting Parameters – Positive Profit

	Security Universe	1685132	
51)	:: Trading Status: Active	543115	⊗
52)	:: Security Attributes: Show Primary Security of company only	93991	⊗
53)	:: Sectors (BICS): Casinos & Gaming	171	⊗
54)	:: Exchanges: United States; NASDAQ CM; NASDAQ GM; NASDAQ GS; NASDA...	55	⊗
55)	:: T12M Gross Profit > 0 Million	32 ⓘ	⊗



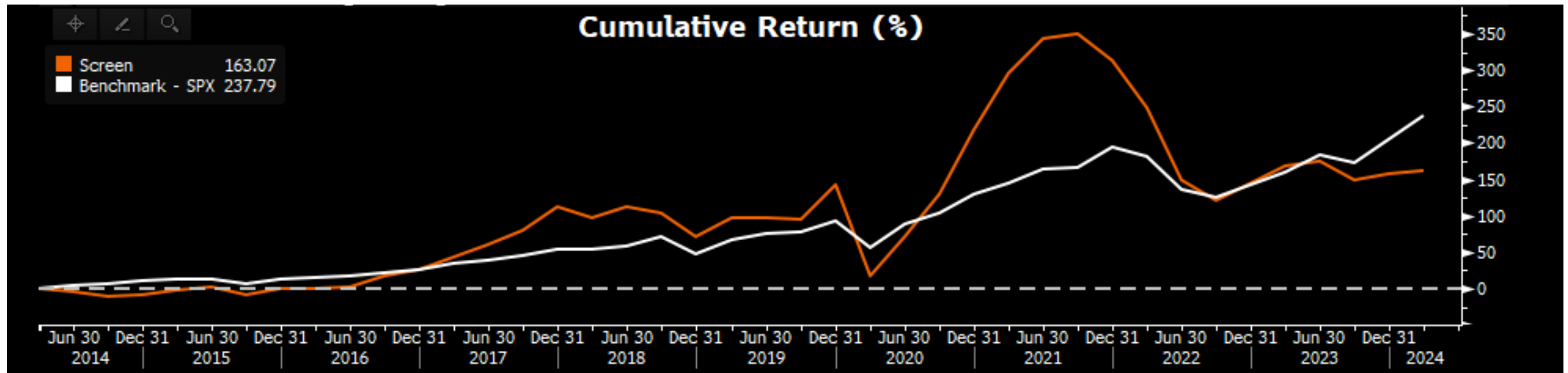
Backtesting Results – Positive Profit



<u>Annualized</u>	Return	α^*	β^*	σ	Sharpe	Treynor	Max DD	Info Ratio*	Idio. Risk
10 Year	81.55%	5591.6	1.74	790.3	7.10	0.44	27.23%	6.21	N/A
1 Year	-13.1%	-45.75	1.11	21.54	-0.80	-0.16	13.01%	-1.88	6.96%
10 Year SPX	13.05%	N/A	1.0	15.1	0.77	0.08	30.75%	N/A	0%
1 Year SPX	26.38%	N/A	1.0	13.58	0.57	0.22	10.09%	N/A	0%



Backtesting Results – Positive Profit with min. MC

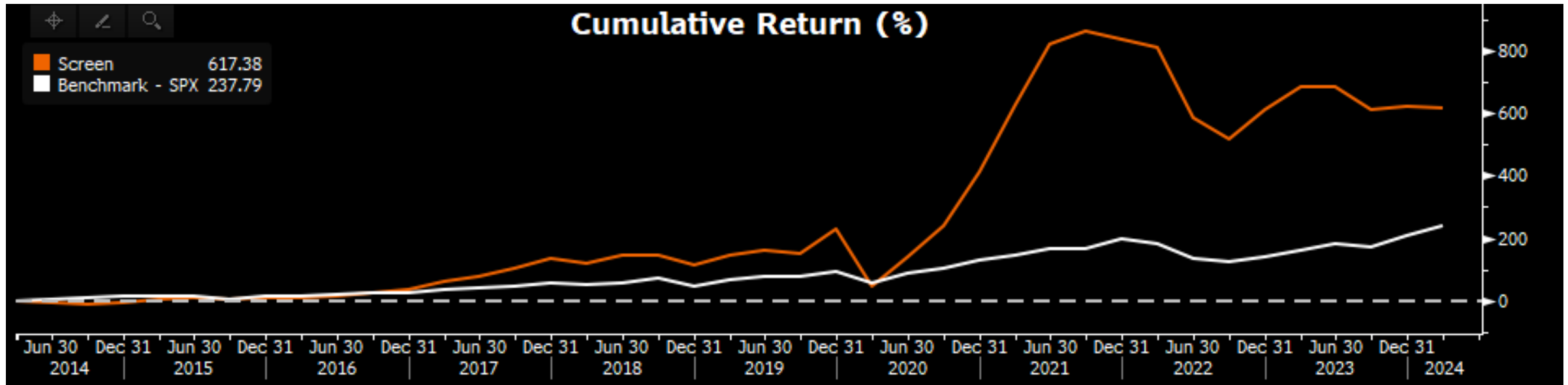


Backtesting Parameters – GP, FCF, and min MC

	Security Universe	1685134	
51)	:: Trading Status: Active	543114	⊗
52)	:: Security Attributes: Show Primary Security of company only	93991	⊗
53)	:: Sectors (BICS): Casinos & Gaming	171	⊗
54)	:: Exchanges: United States; NASDAQ CM; NASDAQ GM; NASDAQ GS; NASDA...	55	⊗
55)	:: T12M Gross Profit > 0 Million	32	i ⊗
56)	:: T12M Free Cash Flow > 0 Million	15	i ⊗
57)	:: Current Market Cap >= 10 Million	15	i ⊗



Backtesting Results – GP, FCF, and min MC



<u>Annualized</u>	Return	α^*	β^*	σ	Sharpe	Treynor	Max DD	Info Ratio*	Idio. Risk
10 Year	31.55%	10.81	1.27	33.97	0.82	0.21	74.63%	0.49	18.87%
1 Year	-8.80%	-43.24	1.21	22.50	-0.53	-0.11	39.02%	-1.62	7.92%
10 Year SPY	13.05%	N/A	1.0	15.1	0.77	0.08	30.75%	N/A	0%
1 Year SPY	26.38%	N/A	1.0	13.58	0.57	0.22	10.09%	N/A	0%



Recap

Idea – *Gambling is more prevalent than ever, cyclicals surging, consumer spending up*

Strategy – *Gambling sector, filtered out with a set of parameters*

Historical Performance – *Performance (impressive)*

Recommendation – *Buy \$0*

What to Sell – *Nothing*

Effect on Portfolio – *No Effect*

