

# Radical Thinking Driving Huge Returns In 2020

PLEASANTON, CALIFORNIA, UNITED STATES, September 22, 2020 /EINPresswire.com/ -- In 2020, months provide a lifetime of changes both for markets and in the world in general. In March we were closing down and facing unprecedented market uncertainty that had led to a one-third drop in stocks in less than a month. Reacting from fear, many investors fell back on traditional strategies. But, I wrote that investors could look at three different kinds of chips – [snack chips](#), [casino chips](#) and [computer chips](#) – to find huge potential upside in an upside down market. This came from some very radical thinking at the time. As you will see, I was right and bold investors made huge returns in a short period of time.



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Casinos seemed too many to be the worst place to put money during a pandemic-driven economic recession. People were not even allowed to leave their homes and unemployment skyrocketed to historic levels overnight. When I wrote this article MGM Grand was at \$6 a share and it has nearly quadrupled to around \$23. Caesars Entertainment has gone from \$3.50 a share to \$55. The Wynn Resorts have gone from \$36 a share to \$105. Boyd Gaming shot up from \$ 6.75 to \$27, paralleling MGM. But the best returns during this time has been William Hill Betting from \$1.50 to \$7.80.

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*John Valentine*

Also, back in March, I outlined how the COVID pandemic was going to spur large investments in corporate computer IT infrastructure to support a sudden surge in remote work. That has also proven true. Microsoft is now at record highs as are Intel and Apple. The PHLX

Semiconductor index is gone from \$1250 to over \$2000!

There is still great market uncertainty. But the market's reaction in Q2 proves some old adages. First, any period of great market volatility means opportunity for well informed and bold investors. Second, look deeper at segments that appear not to have potential. The market overreacts and long term, fundamentally strong segments can turn into great investment opportunities.

The challenges we face are unprecedented which is why experience is irreplaceable. For me, my time with GE Capital in Silicon Valley gave me that experience. GE Capital was in the heart of Silicon Valley in Palo Alto next to Stanford University. Working for Jack Welch gave me unique experience and the tools to tackle difficult problems that have proven more important than my college degree.

Today it can be difficult to remember just how dominant GE was at the time. Exceptional people with exceptional behaviors deliver exceptional results. GE was THE company that produced 4200% return over 20 years as its stock demolished Wall Street from 1981 to 2001. Jack demanded perfection and integrity from everyone, and he definitely thought outside of the box. I had the honor to work for the most powerful firm in the most powerful city at the most powerful time in its history.

I also gained a lot from my time with EF Hutton. There were many talented people there. EF Hutton did encourage me to think outside the box the same way that GE did. Facing this crisis, most other firms would have fallen back onto traditional thinking and reduced positions in the Three Chips that we bought 4 months ago. Great firms like EF Hutton and GE encourage radical thinking in everyone that works for them.

There are just as many opportunities for radical thinking and huge returns today. Pinterest is at \$26 and all the REITs are 70% -80 % off of their highs. After months of price wars, oil and other energy stocks are 40 to 50% off their highs. Underlying all of these is the same basic condition we saw with The Chips, untapped market demand. The market has overacted and discounted these in spite of strong growth potential. This makes all of them poised to be breakout performers in the coming months.

With the election coming up and the President pushing for greater investment in infrastructure you're going to see Cemex (CX) and the infrastructure stocks move up. Lumber prices are headed up it's hard to get a contractor because everybody's fixing everything around their house because they're at home so often.

I think I we will see a huge resurgence in interest in online security and cloud software.

Services that make staying home bearable will continue to do well. Orlando is open for the NBA which is playing in a Quarantine Bubble on the Disney Campus. Disney will move from 115 to 135 on its way to 200. They and other online streaming services will continue to do well because people are at home. Uber is going to do well because of food delivery at home. There will be lots of winners in online video games, sports betting and online shopping stocks. There is huge pent

up demand for sports so betting online will do well. There are six major providers.

For many, the move to working from home will be a permanent change. Interest rates are low and investments in rural property will see record highs. People are moving out of the major cities for lower costs, a change in lifestyle and greater security for their family.

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