Islamorada
Investment Management

# IIM Annual Investor Meeting Recap

**May 12, 2018**
**Transcript of Cale Smith's Slide Narration**

## Cover Slide

Hello, everyone. This is a recap of the slides we presented in person a week ago, on Saturday, May 5, at our eight annual investor meeting. We are recording this version of those same slides a week after the original meeting for those investors who couldn't make it in person. This was the first live and-in person meeting we've done in a few years. As our client base has expanded beyond the Keys, we've tried to make sure as many investors as possible could see this material, so we've done the last two meetings online…but after Hurricane Irma hit the Keys last fall, it felt especially good to do this meeting in person again.

## A Hello From Compliance

First, the usual greeting from our compliance folks – and actually, while you all know Retz who is on my right in this picture, and who will be speaking a bit later, since the last time we did an in-person meeting, Retz became a partner in the firm. A newer face to most of you is our new operations manager, Maria Mandozzi, who is on the left in the photo. Maria and her family moved full-time to Islamorada two years ago, and we were lucky to find her. She has a lot of experience in the industry…she'd previously spent about a dozen years working in the high net worth client groups of UBS and Morgan Stanley up in Aventura…and we were thrilled she could join us last summer. Her first day here was about five weeks before Hurricane Irma, and since then she has been asked to do a lot that we had no idea we'd need her to do originally, but she's absolutely a huge part of the team now.

## Agenda

Here is what we wanted to cover today...and we'll try to keep it relatively brief, considering it was only last October that we did the last annual meeting online.

## Tarpon Year To Date

The slides I did for that annual meeting online last October were about two hours worth of pretty detailed charts and graphs all about oil, and I may do another deep dive again like that this fall.

Today I wanted to hit pause on the overtly analytical stuff and talk about things a level or two up from there.

Couple of things charts to put on the screen to start, though. And Tarpon's performance so far in 2018 is the first.

You may remember from that last online meeting that after a huge year in 2016, we had a tough year in Tarpon in 2017, due to some pretty volatile oil prices. Last year also stung a bit more than usual because not only were we down, but the market as a whole had a really good year.

Here is what Tarpon has looked like so far in 2018, through yesterday's market close – the 11th of May, 2018. This slide has been updated compared to the one presented at the actual investor meeting a week ago. Again, I'm recording this video on Saturday, May 12th, and we held the annual meeting exactly one week ago, and both Tarpon and the S&P had a good week in the interim - in Tarpon's case, due to the U.S. withdrawing from the Iranian nuclear deal, which is unequivocally bullish for oil prices and which I'll talk more about briefly. Hopefully the rest of my comments here help underscore why I think we should soon start to significantly outperform the broader market for the foreseeable future. And in the meantime, you can get a pretty good sense for the roller coaster that is investing in these companies from this snapshot here.

So, it's been a volatile start to 2018, but we are staying stoic here. This is the process. It is a disciplined grind, but the fundamentals – both for oil at a macro level, and at our companies, too – look excellent. The fact that the market has not completely recognized this yet is frustratingly beyond our control – but it's also a problem that should soon solve itself. I'll talk more about that in a bit.

**Global Oil Prices**

Here's a good quick shot of the volatility of oil prices. The chart of Tarpon over the last few years also looks kind of like this…almost seismographic.

But while oil prices have fluctuated quite a bit, my rationale for sticking it out through all this volatility has not. In a nutshell, I still believe the market is sleepwalking into a possible supply shock.

Determining when that might happen is challenging, but bigger picture…unless we start seeing significantly higher prices immediately, the small math problem we currently have in terms of supply and demand in the oil market could easily become a much larger problem. More on that in a bit, too.

**The Oil Cycle Graphic**

Let's pause here and review, big picture, where we are, and how we got here…which I think is important to remind us what we're trying to accomplish as we endure these ups and downs lately.

So it was the end of 2015 that I made the decision to concentrate this portfolio in the energy sector – and oil companies, specifically. That was coming up on 2 ½ years ago.

Now we are about right here in the oil cycle…right around that red circle is…meaning we are through the worst of it, and we still have a long way to go until we reach the peak of the next cycle.

Prior to late 2015, Tarpon had been a more traditional, somewhat more diversified – at least by sector – portfolio of my best ideas – right out of the Warren Buffett playbook…want meaningful stakes good, undervalued companies with competitive advantages. We owned some financial companies, telecom companies, retailers, one or two oil and gas companies, and even Amazon…which we clearly sold way too soon.

**Letter Back in November 2015**

But then we pivoted – we focused in on this one area. In November of 2015 you may remember I wrote an 82 page investor letter that was basically me saying…because the opportunities in this area of the market were so much more attractive than anything else out there…by far…we're going to do something that is a little unusual and focus on the best opportunities we can, just in this one area – the energy sector.

And the short version of why that was so attractive is because this meltdown in oil prices was going to be a once-in-a-decade type of investing opportunity. Oil prices went from a previous high of $100 a barrel in late 2014 to $26 in February of 2016 – all due to a 2% oversupply of oil in the market.

As a value investor….someone who reads companies' annual reports, and quarterly filings, and looks at balance sheets and follows the cash flows inside companies before we invest…that was really what I'd been waiting for since the last time this happened back in late 2008 – when I first launched Tarpon. That sort of earthquake, that sort of panic selling, when other people lose emotional control and sell their stocks at any price just because they have to get out…is exactly when we want to be stepping up and buying – not doing it blindly, and not to be masochistic, or just to be a contrarian for contrarian's sake…but because you could literally buy dollar bills for ten cents. The probability of achieving very high returns got real high all of a sudden.

**Value Investing In The Oil Patch**

There are a handful of overlooked things about the energy sector that as it turns out make it especially appealing to a fundamental value investor. I feel like if you call yourself a value investor, but you're not spending anytime looking in the oil sector the last few years, your card to the club should get revoked or something.

This is sort of my top ten list of why I felt that we are uniquely positioned to capitalize on this historic collapse in oil prices.

Also important, but not on this list…

**The Value Investor's Advantage**

The competition. Who are we buying and selling from.

This slide may come across as a bit cocky, but that's not really my intent here. After watching this market daily for close to three years, I feel pretty confident telling you that most "investors" in this sector aren't really investors at all – they're speculators and daytraders. And I'm not saying that to disparage anybody…you could argue that last year, from a very short-term point of view, you could probably argue that some days we should have acted more like daytraders than long-term investors, I suppose.

Regardless, my point is that among the humans that are left trading anything in this area of the market, I don't believe many are looking at asset values or are trying to buying fractional ownership stakes in companies and considering themselves partial long-term owners of anything. I can't prove it, but it sure feels like the vast majority of our competition seems to be looking at squiggles on a chart, and trading. And they don't seem to be thinking as much as reacting. I'm not even sure they even have any strong opinions...it's just an at-home casino or something.

What they do seem to have are emotional reactions to headlines - amplified by their own fears and misconceptions. Which certainly makes things volatile…but in the long run, that will be good for us because of the opportunities it creates.

In other words, if the time frame you're thinking about is years instead of weeks or months, I think we have very little serious competition when it comes to buying the shares of the most undervalued companies in the singularly most beaten up area of the market in years. So we can buy things at extremely low valuations…and the best predictor of your future returns, bar none, is the valuation you originally buy something at – in all asset classes, from stocks to real estate to comic books to Bitcoin, even. But that's a whole nuther rant.

**And The Value Investor's Challenge**

In the meantime, this is one of the most emotionally challenging parts of being a value investor; having to personally reconcile what you see in the fundamental data with what you're seeing in your portfolios. That difference can be confounding and frustrating to say the least, because there is a big gap between your expectations and reality.

The good news is that your portfolio manager is an emotional midget or something, I suppose, so that sort of thing doesn't bother me so much...but I can certainly empathize. And like I said, it is a problem that will self-correct over time.

**The Two Big Questions**

So the first question back in late 2015 was…is this downturn in oil prices going to be temporary. And in the end, the answer was, pretty clearly – yes. Among other things, this industry will always be cyclical, and this time would be no different.

Then the second question is…okay, if that is true…"Is there a systematic way we can really exploit the coming rebound in oil prices?" And yes, I think there is.

To do it, we want to identify the best-managed companies with the best rocks and most viable path to significant long-term gains.

Lot to unpack there, but in the analytical sense, want to align ourselves with companies that would be the most geared to an increasing oil price –because of the operating and/or financial leverage in their businesses, and/or because they would see significant expansion in their reserves…in those oily assets that drove their earnings…both through increased oil prices, acquisitions and/or proving the viability of other reserves they already owned.

**E&P Value Creation, Simplified**

Let me step back a minute. In the big picture sense…it's the assets a company owns – or even that you own as a person…that are going to drive your future earnings potential. For instance – if one of the intangible assets you own is a diploma from Harvard Law School, or if you are the only plumber for 100 miles around in a town of 6000 people, you're probably going to be able to convert either of those assets into high earnings over time.

Same concept for oil companies…only the assets aren't diplomas or monopoly businesses…they are rocks. Specifically, the geology of the land they lease. And it's even easier for an outsider to quickly gauge how valuable those assets might be…because the company has to tell you.

So, stepping back again…it's a company's assets on the balance sheet that ultimately drive a company's earnings on the income statement…and if those earnings are then what the market is going to use to assign a value to the overall company…then it doesn't take a genius to figure out that much higher oil prices are going to increase asset values, dramatically improve profits, and ultimately result in much higher company valuations.

Technically, in the oil business, it's not the company that tells you what it's assets are worth, it's the independent engineers that audit an oil company's reserves every year, and based on a number of assumptions, will literally tell you how much the conversion of those assets over time will be worth today with something called PV-10.

And that number will change modestly in some circumstances…specifically, as oil prices rise then the cash flows from a company's existing oil reserves will increase, too…but in other circumstance…

**E&P Value Creation, Lollapalooza edition**

You may see lollapalooza-type changes if, at the same time oil prices rises - the size of the companies total asset base grows, too – either because the company buys high quality assets at good prices in the depths of the downturn, or because they prove that other assets they already own are really worth a lot more and they're going to start monetizing them soon, too.

So there are a number of different ways to value oil companies…each with a number of acronyms and nuance…but to start, you can pretty quickly tell whether a company might be worth spending a lot of time on by doing some back of the envelop number crunching using an adjusted version of the same PV-10 number that these companies have in every presentation they put out.

**On The Valuation Lag…**

One of the most common questions I get is basically – oil has been rallying nicely here, why haven't the stock prices of our oil stocks moved up, too?

I call this the valuation lag, and in 2017 we saw the largest divergence between energy stocks and oil prices in the 30 years this sort of thing has been tracked. Up until about a month ago, many small oil companies trading at the same valuations they were when oil prices hit $26 a barrel…only oil was at $60 a barrel instead. So…why is that?

And the short answer is: sentiment is causing that valuation lag, but it will correct in our favor before too much longer. In fact it may have already started a month ago.

A lot of investors still just hate this sector…probably because of something called recency bias, when you incorrectly believe that whatever the market has been doing recently is just going to continue. Everybody remembers the oil crash and is overly cautious, and they seem to feel like the market is going to crash again when (insert your bearish argument here) happens. And there are also a lot of shorts…lot of short-sellers…who have just been camped out in these shares for a long time, so you've got some technical factors which can keep prices depressed in spite of good fundamentals for longer than you might expect.

I kind of think of it as if investors had a really bad break-up with energy stocks. Things got thrown around the room, numbers got deleted from phones, the whole deal. They got burned. They'll be back, but it's going to take some time to for the market to earn their trust back, too. And unlike value investors, those folks will be happy to buy those shares again at levels higher than today.

The other source of that horrible sentiment could also be the perception that U.S. oil production is going to climb rapidly, and flood the market with oil. Kind of a longer discussion about why that won't happen, but for now, if that is a valid concern in the market, then the flipside has also gotta be true…i.e. that drillers valuations can increase rapidly if the perception once again becomes that U.S. shale will not be able to cap global oil prices at low levels. So as WTI oil prices keep climbing higher, more people may finally be forced to realize that was bad math to begin with.

So, the outperformance in stocks I am expecting will likely come after the commodity reaches a new level and hovers there for awhile. And we could be at that inflection point right now. Which means there is the potential for a violent rally in energy stocks before too long.

But even if for whatever reason it gets pushed out further, remember that Math of Value Investing slide…we should still do really, really well, even if it takes longer to happen. Which brings me to this…

**Math of Value Investing**

Hypothetical example…if we buy shares in an oil company trading at half of what it is really worth, and if its value grows 12% a year through retained earnings due solely to increased oil prices, and its share price finally rises to reflect it's true corporate worth in the fifth year, then at the end, that investment will have compounded at 29% per year. It also turns out that two thirds of that return comes from the gap between price and value closing; only one third comes from the increase in business value driven by increased oil prices.

So that's a very simplified proof that stocks purchased at prices significantly less than their intrinsic worth can appreciate substantially once the market recognizes the company's true economic value – even in the oil market, and even if that takes a while.

The point is if you can stay patient, and grind it out even during the times when the market is frustratingly slow to recognize the value in that company, then we will be rewarded handsomely at some point.

Now all that said, in the practical sense, I realize I don't have forever to prove to you that this has all actually been a really good idea. You are all probably tired of this volatility, and I realize we can't keep doing this forever.

But let's not give up yet.

The good news is that sentiment seems to finally be shifting. Finally, seems like others are starting to realize what I've been trying to say for a while…

**Sentiment Starting To Turn**

Here are a couple of recent headlines that you all have sent me the last few weeks.

At the end of 2015, I though we'd be back to at least $80 oil by last fall…a couple of years. I was wrong – and specifically because last year I didn't anticipate OPEC temporarily boosting production in late 2016 to lock in higher levels going into their production freeze agreement. That hurt us last year for sure. Still we were able to take advantage of things by swapping out a few good cheap companies for good even cheaper companies.

The other good news is that it's looking more and more likely that we will see $100 oil again within the next year or so. So the timing has been challenging, complex equation, lot of variables, but the broader conclusion remains the same…specifically, the world is an increasing risk of sleepwalking into a supply shock in the not-too-distant future.

And that is because...

**Oil Fundamentals Very Favorable**

Oil inventories are evaporating at a historically unprecedented level, there has been by some counts $1 trillion in capital expenditures and maintenance that has not been done on oil fields around the world the last few years, the market is overly obsessed with U.S. shale production growth even though it only represents 5% of the overall market while other more significant production sources overseas are clearly faltering….and last but not least, because Saudi Arabia appears to want to see oil significantly higher, too.

Let me step back a bit again…so, two different but related concepts when it comes to oil…there is real-time supply and demand…and then there is oil sitting in tanks and other inventories around the world.

Right now, in real-time, the market is probably undersupplied by about 700,000 barrels of oil per day. So there is not enough supply to meet demand – right now. Hard to say how much exactly, cuz most of the data is on a lag, and/or hard to definitively prove, but we can make a pretty confident estimate that it's between half a million and a million barrels of oil that the world is currently short – today.

The reason this is not more widely known, however, is because of the oil that has been sitting around in inventory. The oil sitting in tanks has been getting pulled out, and put into the market every day, so that 700,000 barrel a day shortage gets masked. And so one of the more interesting questions is…when is the market going to figure this out? I suspect that given the historic rate at which inventories have declined the last year…it's going to be pretty obvious by this summer, when demand for oil steps up big time around the world, and global inventories fall below the level they were 5 years ago, when oil was at $100 a barrel.

So let's see how this summer goes, and then take things from there…

**What If It All Goes Right?**

Because somewhere on this table will be our reward.

And if some of these outcomes look too good to be true, I would tell you…we've gotten a couple of data points already that confirm that this strategy of focusing on undervalued, small oil companies…could in fact be highly profitable, Specifically, cuz two ten baggers we had in 2016….two companies who share prices went up more than 1,000% in a single year. Which I feel like is a pretty good justification to stick to that strategy of being a stubborn fool a little bit longer.

**Exit Strategy**

Another common question I get…what's the plan? When are we going to be done with all this up and down?

If I were you, I think what I would probably want to here from me is that we will get out when oil hits $100. But I'm going to be hesitant to say that. Instead I will say…

We'll be exiting when the data says supply is meeting demand in the oil market, and our companies have reached their fair values at whatever oil price that might be. I want to be a partial owner of these businesses for the next leg of this oil cycle, full stop, and realize the highest possible increase in valuation of our fractional stakes in these companies, if that makes sense.

It's tempting to think about our exit in terms of an explicit oil price…but I am resisting that temptation, too, and let me explain why.

First, because there may be that lag between oil prices and the valuations of our companies. If oil hits $100, it could be a quarter or two before that shows up in the share prices of our companies.

Second, I don't want to take too lightly the prospect of forgoing truly significant long-term gains. As Charlie Munger says, "The first rule of compounding is never to interrupt it unnecessarily." It is hard to articulate the value of the exponential function on a portfolio's growth, but to me, this is what investing is all about…the search for the most life-changing, long-term compounded returns possible, full stop.

We may have that chance to truly compound for a long, long time with some of these companies – the obvious problem being that this is a cyclical industry, and none of us want to be around to see paper losses of 50% during the next down cycle.

So, still chewing on what that means in Tarpon, specifically, and may have more to update you on soon, but for now, to summarize: we're going to get out as deliberately as we got in, and while I know some of you are probably ready to get off the volatility train, let's not forgo some truly significant gains the next few years because you're tired of the volatility today.

Let me be tired. Go enjoy your lives…my hair was already turning gray.

**Two Near-Term Catalysts**

Okay, two near-term events that might further cause oil to rise faster or higher…

1 – That first one there – the Iran deal being nixed, has happened. Again, one week at the annual meeting, I'd noted that on May 12th, President Trump seemed highly likely to decertify the Iran deal. And today, as I record this video, it is May 12th, and the President did back the U.S. out of that deal. So this catalyst materialized, and is unequivocally bullish for oil. Iran is OPEC's third largest producer, and exports 2.5M bopd. Sanctions are in the process of snapping back, I believe that in spite of the best efforts of other parties to that deal, most of the world is going to have to reduce their imports of Iranian oil. That could remove, on the conservative side, anywhere from 200k to 300k bopd in the near-term, and potentially double that over the next year or so. This will further increase the real-time supply deficit we are currently in.

2 - The humanitarian crisis in Venezuela also continues to impact the national oil industry. Over the last 29 months, production has fallen sharply by 870,000

b/d and these declines are accelerating. The former head of the Venezuelan national oil company said a week production could fall another 600,000 bopd by the end of this year. I struggle to see how production will not continue to decline substantially from there. This issue is also, to me, a more significant potential surprise than the Iran deal, because it's simply not getting nearly enough attention.

Here in South Florida, because of the large Venezuelan community in Miami, it seems like we've been seeing disturbing headlines in the Herald about it for years…but my sense is that it's been oddly underreported when it comes to the oil market impact, specifically, for some reason.

In any case - neither of these reductions in supply was figured into to most analysts' models at the beginning of this year. Both are very bullish for oil.

On a daily supply/demand basis, we are already in a deficit…probably about 700,000 barrels a day…and that was likely to grow significantly this year even before factoring in Iranian sanctions and Venezuela's problems.

Again, it could be a very interesting summer. Let's see what happens.

**Three Tarpon Holdings**

Some quick looks at a couple of Tarpon names…here are some of my best attempts to maximally compound our capital as safely as possible. And the fact that they are unknown and ugly is kind of the whole point…that is where the best values are.

**Contango**

Wrote them up in a letter to you all about a year ago. Probably the best, most undervalued stock among all very small U.S. oil production companies. Trading at less than 4x expected cash flow for this year. At these prices, you are literally paying nothing for 5,000 prime acres near the heart of the best U.S. oil acreage in North America, the Permian basin in West Texas. In fact, if you bought the entire company, and sold all its assets off, the cash you'd get back would be about double what you paid to buy it…the market is valuing the share price as if the company would be worth about twice as much as it is right now if you just liquidated it. Which obviously doesn't make any sense.

Contango had a good year operationally, but the stock price got crushed in the last three months of last year because a private equity fund that previously held a large number of Contango shares (among other stocks) closed, and it had to liquidate all it's stock holdings including Contango shares. So the fund blew those shares out, and because it was closing and didn't particularly care what price it got on them, it sold a lot of shares over a long time, unconcerned with if/when buyers stepped up...and because it's a small stock without a lot of daily liquidity, the stock cratered.

The points being that (a) that sort of development doesn't have much to do with the company's prospects or current operations itself, even though it obviously impacts shareholders like us in the short-term, and (b) that share price decline shouldn't be confused with a change in the underlying asset value (or safety) of Contango - which, ironically, has increased in value as we've owned it due to the successful drilling efforts of one it's partners in South Texas. All of which is why we're still sitting here on those shares, and even adding some more occasionally...in spite of the paper loss to date. The company is as undervalued as it has ever been, and there are clear catalysts which should unlock that value not too far out on the horizon.

Also, for what it's worth, the CFO of Contango previously lived in Miami for a number of years, so he actually returns phone calls from guys in the Keys. The short version is I am comfortable with our holdings there.

Contango stock trades at under $4 now, and never mind what I think it's worth in that letter I put out a year ago about them – if you Google the company's latest presentation you'll find a slide in there that shows you why management thinks shares are really worth $24 each on a net asset value basis.

**Ensco**

Ensco is a company that owns and leases offshore drilling rigs. Trades at 20% of book value – and that book value is a solid number. Offshore drilling has just gotten decimated in this oil downturn…it costs more to get oil out of offshore fields, so that's the first line item to get cut when doing a corporate budget when oil is at $26…but in the end, the world is still going to need offshore oil fields, too, to meet the demand for oil. Ensco is the best positioned company, having acquired a rival with excellent assets right at the bottom of the cycle.

To say something is trading at 20% of book is like seeing a perfectly good house that is really worth $1M but which you could buy for $200,000 in cash. If you just bought the house, and never even cracked open the front door and just waited for the people in that neighborhood to come to their senses, you'd quintuple your money. Shares of Ensco are at $6 and just using book as a proxy they'll be worth $30 each as the upcycle in oil continues.

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**Energy XXI**

Energy XXI is good example of creating value via increasing reserves like I mentioned earlier. PV-10 reserve value is $135 million based on their last annual report, which assumed $41 WTI . WTI trades near $70 right now, but let's use an average of $58 WTI for all 2018 to keep things conservative. Using that $58 WTI, Energy XXIs proved reserves will jump to $1.4 Billion at the end of 2018. That is a 10x increase in assets. Every $1 increase in oil prices is worth about $10 million in cash flow. Stock is at $6 now, and I believe it's worth much closer to $30 in 2019 if oil can stay north of $75 for a while.

Also, I should note that between the time I originally presented this slide at the annual meeting last week and today, Energy XXI announced a significant but complex proposed deal they are considering doing, along with their earnings report last Thursday. The deal involved offloading a big chunk of their future liabilities to a third party, resulting in some significant cost savings in exchange for a piece of the company. That deal has to be voted on in Q3, so nothing official yet, but was pretty interesting to consider.

To summarize my thoughts on it…first, the drilling results for the quarter were quite good and reinforce that increase-in-reserve-base thesis again. By my calculations, that proposed deal valued Energy XXI at approximately $10.80 per share – significantly higher than where we are right now. In a nutshell, that deal, if it goes through, essentially de-risks the company in exchange for trading off some of that $30 per share upside. So instead of being worth $30 in 2019 (assuming oil stabilizes here), it would mean shares might be worth closer to $20 at the end of 2018, depending on oil prices. That sort of thing.

So I liked the deal, and we're hanging on to our shares – specifically because at the end of the day, it's good for the company –it really represents a short-term put option. Specifically, if oil prices fall in the next two months, shareholders will probably vote to keep that deal. If oil prices continue to rise, the deal will likely get scrapped and we'll keep all of that $30 in upside. I also think the announcement of that proposed deal was probably like shooting a flare to get the attention of activist investors, who if they respond would also share the some take as us….which would also be a positive for the shares.

Anyway - those just three examples of some crazy undervaluations that are out there right now. The names in the rest of the portfolio are basically the same. And again, while it's not clear when the market is going to wake up to them, I am okay waiting a bit longer for it to happen, because when it does…it could be a violent rally.

**Where Will Oil Prices Go?**

Here's the final question I get a lot…where will oil prices be at the end of this year?

That is the answer from the head of Saudi Arabia's oil industry…probably the most important single individual in the entire industry.

And my own unsatisfying but technically correct answer to this question is…the price of oil will go to whatever the price is that brings supply in line with demand. That could be $80, or $100, or $125. But to expect oil to stop right at the marginal cost barrel - $75 or $80 - is probably naïve. The price is just as likely to overshoot on the way back up as it did two years ago on the way down.

**Saudi's Answer To That Same Question…**

And that said, perhaps an even better answer is in here, a story which showed up in the Wall Street Journal the day before I was finishing the original annual meeting slides slides. Apparently Saudi wants to see oil at $80 by the end of this year. Which is intriguing…and I personally would not want to fight Saudi on this point.

Did I mention it could be an interesting summer?

Anyway, that's all I've got for now. Thanks for the patience, this is all going to be worth it and then some before too much longer. Stay tuned and if it's helpful, we can do another deep dive update on oil in another one of those narrated slideshows in later summer or early fall.

And now I'm going to turn things over to Retz for a bit. Thank you.