

Capitalist Exploits - The Insider Strategy

Welcome!

Most of our subscribers have been on a long search.

They've tried multiple newsletters. Followed countless stock tips. Dabbled in trading strategies that promised a lot but delivered little. And many reach us tired of continually looking for something that works.

This guide exists to offer a different path – one based on logic, risk management, and long-term thinking.

Why Most Investors Struggle

Most investors are taught to:

- Focus on individual companies, in isolation of the bigger picture
- Chase short-term price moves and try to time entries and exits
- Stay close to home (stocks listed in their local or national stock market)
- Use trading tools like stop losses and the like to “manage risk”

This approach can work – occasionally. But it's rarely repeatable, and it often leads to poor outcomes. That's because it's not built on a durable, strategic foundation.

How We Approach It

This guide outlines a different model. One based on:

- **Asymmetry** – seeking opportunities where the upside is multiple times greater than the potential downside
- **Top-down analysis** – beginning with the big themes (sector, industry, macro conditions) before drilling into individual stocks
- **Global positioning** – remaining geographically agnostic and willing to invest wherever the best opportunities exist
- **Risk management via allocation** – sizing positions appropriately to minimize risk and maximize resilience

It's not about predicting the next earnings beat. It's about identifying deep structural imbalances – and placing intelligent bets that can compound for years.

What You'll Learn in This Guide

This guide outlines the principles and mental models behind every investment decision made by the Insider team. It explains:

- Why asymmetry is the foundation of real long-term wealth creation
- How to think in terms of *sectors* and *themes*, not just “companies”
- Why geography matters far less than value and timing
- How position sizing – not stop-losses – is our preferred risk control tool

Along the way, we'll reference the [Insider Investor Series](#) – a video-based companion that walks through many of these ideas in detail. If you prefer video, watch it instead of reading this.

Looking Ahead

Right now, we believe we're exiting a long cycle of growth and tech dominance, and entering a new cycle likely led by value-oriented sectors – energy, commodities, transport, and others. This is just one example of the kind of large-scale themes we position around.

With our strategy, there are no sacred cows. No “favourite” sectors. We'll invest in cotton wool, coal, AI or bananas... if the setup is right.

What matters is the opportunity for **asymmetric reward**.

Chapter 1: What Asymmetric Investing Really Means

Most investors say they want big returns. But few understand how to pursue them intelligently – and fewer still appreciate the difference between high risk/high reward and asymmetric investing.

This chapter lays out what asymmetry truly means, why it's misunderstood, and how we aim to use it to grow capital consistently while managing downside.

What Is Asymmetric Investing?

When most people hear "asymmetric," they think of huge upside.

But that's only half the equation.

True asymmetry means seeking out investments where:

- The potential reward is many multiples of the capital at risk
- The probability of loss is minimized – not just emotionally, but structurally

Finding something with a 10,000% potential return is easy.

Understanding the *actual probability of achieving it* is very hard.

That's where most investors fail – they focus on reward and ignore risk.

Why Models Break

There are endless models and valuation systems out there – all trying to calculate risk and reward. But most ignore the reality of the world:

- Markets are messy. Nothing operates in isolation.
- Economic, political, and regulatory variables create randomness that can't be modeled.
- The biggest risk isn't the company. It's what you can't see or predict – the interconnected, fast-moving chaos outside the spreadsheet.

The Illusion of Skill

We live in a world where lucky outliers are mistaken for geniuses.

People who got rich during a speculative mania – be it dot-com stocks or early-stage tech – often go on to host podcasts, run funds, or sell courses. The myth becomes that anyone can do the same if they're smart enough.

But for every Amazon, there were thousands of failures.

In the late 1990s and early 2000s, top Silicon Valley venture funds had a 1-in-4 success rate with 10x returns – leading to average annualized returns over 300%.

But that didn't last. The flood of capital that followed created a bubble, which then burst.

Over the next two decades, only 1 in 20 investments made even a 2x returns.

[Source - Correlation Ventures](#)

The lessons you can learn from the above;

It wasn't skill that achieved the 300% annualized returns

It was a cycle. It was the flow of capital. It was the tide that lifted all boats – and then wiped them out.

The Crypto Parallel

This pattern has repeated in more recent times with the volatility of “alt coins”.

Yes, some might become the next Amazon. But to invest intelligently, you'd need:

- Deep knowledge of the space
- Legal and regulatory awareness across multiple countries
- Insight into leadership intent, competition, investor terms, ownership structures and monetization timelines
- The ability to quantify value in businesses that don't yet generate revenue/profit

And even then, you'd be exposed to constant change, opaque information, and shifting rules.

That's not asymmetric. That's high risk, high reward.

And while there's nothing wrong with that if you want to dedicate your time to it – it's not what we do.

So What Is Asymmetry?

Asymmetry is not betting on moonshots.

It's finding investment setups where:

- Risk is understandable and limited
- Return potential is many multiples of the capital at risk
- The macro context improves the odds – rather than working against them

We don't invest in AI companies because the sector is exciting. Nor do we avoid it, just because it's new.

We avoid it (for now) because the probabilities of success are unknowable, and the risks are systemic, legal, structural, and behavioral.

Besides which, we're investing in the underlying commodity that powers all AI - energy - which is much easier to evaluate. We still have exposure to AI, just not the way most people would think.

If you want real asymmetry – you need *clarity*, not *hype*.

In the next chapter, we'll show you exactly how we seek that asymmetry. And how we build a portfolio around it.

Chapter 2: Why We Start with Sectors – Not Companies

Most investors begin by looking at companies.

They dig into financials, management, product lines, competitive advantages – and hope to find that one diamond in the rough.

We do it the other way around.

We start with sectors / industries these companies are in. Because before you can judge whether a company is worth investing in, you need to understand the bigger forces that drive capital – and returns.

Companies Carry Unpredictable Risks

Even the best company on paper can be undone by things no model can anticipate:

- A lawsuit
- Regulatory change
- Fraud
- A natural disaster
- Leadership drama
- Political interference

We use the umbrella term “corporate risk” – and while each of these events is rare on its own, the existence of some form of disruption is common in business.

That's why we don't look for asymmetry by scanning P/E ratios or balance sheets.

We look for it in the direction of capital flow – the major, global shifts that dictate where money is leaving... and where it's going next.

Money Moves in Waves

Unlike companies, money is predictable in one key way: it always flows to where it can grow.

Inflation ensures that cash is constantly losing value – so capital must move in search of higher returns. That's why capital tends to migrate in cycles, often spanning 5–15 years, from one sector to another.

Our first job is to identify:

- Which sectors capital is likely to leave
- And which sectors it's likely to enter next

We don't build this view by scanning a list of 50 sectors. We build it by understanding what's happening in the world, and applying historical precedent and human behavior patterns to current conditions.

Case Study: The Setup in Shipping

Take the global shipping sector.

This is the engine room of the global economy – responsible for moving the vast majority of world trade. Without ships, there is no globalization, no just-in-time logistics, and no functioning supply chain.

For years, shipping was neglected:

- Overcapacity from the last cycle led to depressed rates and falling margins
- Investor interest dried up
- New vessel construction slowed dramatically

Meanwhile, demand for global trade has remained resilient. But the supply of ships hasn't kept up.

What followed was a classic setup: underinvestment meets revived demand. Freight rates rose. Shipping companies repaired their balance sheets, returned capital to shareholders, and began trading at levels far below what their cash flow would suggest.

Yet the sector remains widely misunderstood and under-owned.

Why This Is an Asymmetric Setup

Shipping - and especially subsectors, like oil & product tankers, and offshore services vessel operators - ticks every box of what we look for:

- Long-term neglect – a sector left for dead by investors
- Cyclically mispriced – strong companies trading at cheap valuations
- Improving fundamentals – better supply/demand balance, cleaner balance sheets, real earnings
- Investor apathy – still ignored in major indexes and funds

From an asymmetry standpoint:

- The downside is limited – many companies are debt-light and cash-generating
- The upside is real – few are pricing in supply constraints, and dividend yields remain compelling

That's what we mean by asymmetry:

- Low risk – because the pain has already been felt
- High reward – because the structural setup is still playing out
- A clear narrative – tied to *physical reality*, not hype or trendiness

We Still Haven't Picked a Company

Notice we still haven't chosen a stock.

That's deliberate. We don't go "bottom-up" and hope a great company will weather a bad macro setup. We go top-down – identifying powerful trends first, and then choosing the best way to express the opportunity.

Up to 80% of a company's share price movement comes from its sector – not the business itself.

- Source: [BARRA factor models, Fidelity, MSCI, academic studies on return attribution](#)

In the next section, we'll walk through how we move from a theme like Shipping to an actual investment – and how we evaluate the best expression of the opportunity.

Chapter 3: How We Select Stocks (Without Losing Our Minds)

Once we've identified a compelling sector – where capital is likely to flow next and where assets are mispriced – the next step is to find the right stocks to own.

But unlike most investors, we're not hunting for one or two superstar companies.

We're constructing a theme-based portfolio – a basket of high-probability bets – to give ourselves the best chance of profiting from the entire sector shift.

First, Zoom Out

This strategy isn't about chasing hype or getting rich quickly.

It's about using trends and global shifts to get ahead of where capital is likely to go – and then positioning in undervalued, out-of-favor companies that institutions and smart money will eventually chase once the story becomes obvious.

We're often buying businesses that are:

- Profitable
- Financially healthy
- Down 80–95% from previous highs

These aren't moonshots. They're **spring-loaded opportunities** that the market has forgotten – for now.

Why We Don't Pick Just One or Two

We aim to own 5 to 10 stocks per sector, equally weighted.

Why?

Because:

- We don't know which one will outperform
- We reduce single-company risk (fraud, lawsuits, bad management, etc.)
- When the sector turns, the entire group tends to rise

This approach gives us the law of large numbers on our side. If the sector plays out as expected, we don't need to be perfect – just broadly right.

What About ETFs?

ETFs can be great – however, they're often flawed.

- Many are poorly constructed, holding dozens of unrelated or low-quality stocks
- They often include “safe” companies (like utilities) that dilute the upside
- Some don't exist at all for niche themes or frontier sectors

So if the ETF doesn't give us **pure exposure** to the theme we want – we build our own.

That means selecting the best companies ourselves, using public tools and some good old-fashioned filtering.

The Process (Step by Step)

Here's a simplified example, using Shipping as the sector:

1. Choose a region with known exposure to the sector (e.g. Norway for shipping)
2. Use a free screening tool (like TradingView) to filter companies by:
 - a. Sector/industry
 - b. Market cap (start with the bigger players)
 - c. Basic financial health metrics
3. Scan long-term charts
 - a. You're looking for companies that are still down from their highs
 - b. The longer they've gone sideways, the more likely they'll break out strongly when the sector turns
4. Check fundamentals
 - a. Low or manageable debt
 - b. Positive cash flow
 - c. Reasonable valuation (P/E, P/B, dividend yield)
 - d. Ignore things like analyst ratings, momentum scores, or technical noise

You're not looking for perfection – you're looking to eliminate weak companies so that what remains are those most likely to survive and thrive in the next bull cycle.

A Word on Debt

Debt, generally speaking, is your enemy in this environment (though in some capital intensive industries, high levels of debt can be expected).

We're living through the largest global debt bubble in history. If a company can't cover its debt or operate profitably in a bear market, it has no place in your portfolio.

Prefer a company that could 30x with low debt over one that might only 5x but could blow up.

Survival matters more than potential upside. Because no one can time exactly when the sector will turn – and you need your capital to still be there when it does.

What About Research and Monitoring?

If you're the type who enjoys deep research, go for it. But this strategy doesn't require it.

In fact, we don't track every company daily. We rely on:

- Sound financial filters
- Sector-level conviction
- A portfolio that's built to absorb surprises

We don't day trade. We don't stare at screens. We let the thesis play out.

Obviously, if we own BP or Exxon who declare they are no longer interested in oil, but want to transition to wind and solar, we remove them from the portfolio as they no longer support our thesis.

Final Filters

Once you've built a watchlist of financially sound companies, the last layer is geographic and political risk.

Ask:

- Does this company operate in a jurisdiction that (generally!) upholds rule of law?
- Is the business environment stable?
- Are there regulatory or political headwinds?

Then narrow down your list to 10 or so companies across multiple regions, if possible. This becomes your mini ETF, built around a single theme, and ready to benefit from a major capital shift.

In the next chapter, we'll show you how we allocate capital across these positions – and how this final step completes the asymmetric investing strategy by minimizing risk and maximizing staying power.

Chapter 4: How We Allocate Capital (and Sleep Well at Night)

So far, we've shown you how we build investment theses, choose sectors, and select stocks.

Now comes the part most people get completely wrong – how to actually allocate capital.

In plain English: **How much do you put into each idea?**

The Problem with "Modern Portfolio Theory"

Most people's money – in pension funds, super funds, or "balanced" portfolios – is allocated using something called Modern Portfolio Theory. It spreads capital across a mix of bonds, cash, and equities, based on historical volatility and correlation.

It sounds intelligent. It's not.

We believe this method now offers low reward and high risk, especially in a world overloaded with debt, distorted by central banks, and full of systemic fragility.

If you want different results, you need to do things differently.

The Capex Way: Small Positions, Big Asymmetry

Instead of concentrating in a few "safe" stocks or funds, we build portfolios of many small positions, each with asymmetric potential.

That means:

- Low risk: Each position is small, and the companies we select are financially healthy
- High reward: The upside potential on each position is large enough to move the needle

For example, in our own capital and the Insider model portfolio, we often hold:

- 70+ positions
- Across 10–12 themes
- Each position sized at 1–2% of capital

Why This Works (Even If You're "Wrong")

Let's say you invest \$10,000 into a theme of ours, like Offshore Oil & Gas or Argentinian Equities.

You spread that across 10 individual companies – \$1,000 each.

- One company goes bust → You lose 10% of the theme (1% of your overall portfolio)
- Five companies go bust → You lose 50% of the theme (5% of your total portfolio)

Now imagine just one of the remaining companies goes up 10x.

That \$1,000 becomes \$10,000 – covering the losses of all the others, and putting you in profit. And if a few others perform decently? You've hit a home run on the theme.

This is the power of:

- Asymmetry
- Position sizing
- Accepting uncertainty (it's inevitable, so embrace it!)

You Don't Have to Be Perfect – Just Sensible

This approach doesn't rely on being a great stock picker. It builds failure into the design. We assume that:

- Some companies will disappoint
- Timing will be imperfect
- Surprises will happen

And we're still okay – because one or two winners in each theme can carry the weight.

This strategy turns being early (often seen as a risk) into an advantage – because we own companies with low debt, healthy balance sheets, and essential business models. They're built to survive while we wait.

This Is How We Reduce Risk

- We don't try to guess the top performer
- We don't go "all in" on a single stock or trend
- We don't let ego get in the way of structure

Instead, we:

- Allocate capital evenly across our picks
- Spread exposure across multiple sectors
- Accept that we can be wrong often, and still come out ahead

If you've ever felt nervous watching a concentrated bet wobble, you'll appreciate what this does for your sleep quality.

Overlaying This on Your Existing Strategy

If you already have a stock-picking process, you don't need to throw it out. This allocation strategy can act as a risk-management overlay on whatever you're already doing.

You'll still get exposure to your high-conviction ideas – but now with a structure that protects you from being wrong on timing or unlucky with a single name.

In the next chapter, we'll show you how we manage our portfolio over time – when to exit, how to recycle capital, and why sometimes the best decision is doing nothing at all.

Chapter 5: How We Manage the Portfolio (And Avoid Sabotaging It)

At this point, we've covered how to identify trends, pick sectors, select stocks, and allocate capital intelligently.

Now we come to the part most investors misunderstand – portfolio management.

Contrary to what Wall Street imagery suggests, managing a portfolio shouldn't mean staring at blinking screens or tracking daily price swings. That's trading.

We're here to invest – and that means staying focused on the thesis, not the noise.

Set It Up So You Don't Have to Babysit It

Even if you hold 100 positions, management shouldn't be stressful.

Why? Because you already:

- Built a diversified, theme-based structure
- Bought profitable, low-debt companies
- Accepted that some will fail – and others will go 10x

Unless something fundamental changes in a thesis or sector, there's rarely a need to adjust. We don't obsess over every stock. We obsess over the big picture.

The heavy lifting was done during the selection process.

Example: Why We Sold Bitcoin (the first time)

We first entered Bitcoin at around \$400 and exited above \$50,000.

Not because of the price – but because the thesis changed. We saw better asymmetric opportunities elsewhere at that point, and the risk/reward profile had shifted.

This is how we approach every position.

We asked: was the original reason we bought this still valid? Or had the world changed in a way that broke the setup? The world had changed (we had a bubble in ~~fraud~~ alt coins). Months after we exited, the 2021 crash happened.

(Note: this doesn't reflect a view on bitcoin, it's a demonstration of paying attention to the risk / reward of anything you hold. And for the record, we like bitcoin).

Your Job Isn't to Watch Stocks. It's to Watch the Tide.

Getting the sector right is far more important than obsessing over the performance of each stock.

That's why we don't worry if a few holdings are underperforming. If the theme is playing out, the winners will carry the weight.

And when one holding diverges sharply (up or down), we don't panic. We investigate, and only act if the facts warrant it.

When Should You Sell?

The answer to this is nuanced.

We would say that the *wrong* answer is: "When I'm up X%" UNLESS it makes you sleep better at night.

The right answer is: When it's no longer cheap.

Here are better questions to ask:

- Is the company still undervalued relative to its earnings, assets, or peers?
- Has the sector become overhyped?
- Are there better opportunities elsewhere?

- Would I buy it again today?

You're not trying to predict the exact top – just think as though you're exiting when the upside is gone. Not because you *feel*/like locking in gains.

This is why we have operated a Q&A session for Insider members since 2017.

We've answered hundreds of questions essentially asking the same thing;

"X stock is up 500% since I bought it, should I sell?"

or

"X stock is down 50% since I bought it, should I sell?"

Which brings us onto volatility.

Volatility Is the Price of Asymmetry

Expect to buy stocks that go sideways, even down, for a while.

This is normal in deep value investing. Often, the best returns come after months (or years) of nothing – and then, the thesis clicks, and the move is sudden.

If your picks are financially strong, time is your friend.

Managing Emotion

This is the hard part – and the one that separates average investors from great ones.

- Don't sell just because something is up
- Don't panic because something is down
- Don't forget the reason you bought it in the first place

If you're struggling, imagine you don't own it yet. Would you buy it at today's price? If "no", that's a clue. If "yes", then do nothing.

A Final Word on Active Management

Everything in our model portfolios is rated and monitored.

If a thesis breaks down, we sell and redeploy. Otherwise, we stay the course.

We don't use technical analysis. We don't run stop-losses. We manage risk with probability, valuation, and structure – not screen time or emotion.

This is what gives us the best odds of growing wealth safely in a world full of risk, misinformation, and noise.

Conclusion: Where to From Here?

If you've made it this far, congratulations – you now understand the core of how we invest.

It's not magic. It's not timing. And it's not hype.

It's simply a process:

- Understand where capital is likely to flow
- Identify sectors priced for maximum asymmetry
- Select financially healthy companies
- Allocate wisely across a broad base of positions
- Let time – and probability – do the rest

This guide was written to give you clarity, confidence, and a mental model for investing that works across cycles, geographies, and market conditions.

But it's just the beginning.

Want to See Real Opportunities in Action?

We apply this exact strategy across all our portfolios – and if you'd like to follow along with our ideas and research, there are three ways to go deeper:

[1. The Insider Newsletter](#)

In this regular newsletter, we highlight new stock ideas and analyse the themes we're tracking, including specific companies that meet our asymmetric criteria. If you're looking for curated insights without diving into portfolio management, the newsletter is a great place to start.

[2. The Full Insider Service](#)

This is where we publish all of our active portfolios – with position sizes, updates, and alerts when we buy, sell, or change our thesis. You'll get access to the full structure we use to manage capital – the same one outlined in this guide – a members-only community to ask questions and compare notes with serious investors, a monthly Q&A where you can get your specific questions answered, in addition to the Newsletter.

[3. Glenorchy Capital](#)

Prefer someone to manage this for you? Our team at Glenorchy Capital applies this framework to manage money on behalf of individuals, families and institutions. If you'd rather focus on other things while your capital is professionally deployed with this same strategy, reach out.

This approach isn't for everyone.

It's not fast. It's not flashy. And it requires patience. But it works - feel free to ask our staff for an example of our returns.

If you're ready to invest in a way that's based on logic, value, and asymmetric opportunity – rather than prediction, hype, or emotion – then you're exactly the kind of person we built this for.

Thanks for reading – and welcome to Capitalist Exploits.

Chris & the team