

## Thinking the Unthinkable

By John Mauldin | April 8, 2023



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“Thinking the Unthinkable.” What does that phrase bring to mind? To me it suggests a situation that has become so stressed you are forced to consider undesirable solutions.

Yet the opposite is possible, too. Thinking differently may reveal an immensely profitable and beneficial solution. I have been in and around markets now for well over 40 years. I’ve seen previously unthinkable innovations prove beneficial to us all. That goes double for technology.

Today I’m sharing my annual SIC preview this weekend, weaving in points and ideas that I believe you will find helpful.

### Thinking the Unthinkable

A waiter at the club last night (you get to know them) was asking about college and what I wish I had done differently. I told him that it went even further back. I wish I had taken typing in high school. For someone who has written literally millions of words, you would think I could type proficiently. I am terrible. My speed is measured not in words per minute but in mistakes per minute. But in that era of Mad Men and stereotyping, boys just didn’t take typing. It was kind of unthinkable. Why would we need it? (Thankfully this changed by the time my kids were in school.)

The unthinkable actually happens regularly. I think back to the 1970s inflation, the Volcker response, the 1987 crash, the S&L crisis, the dot-com implosion, the Great Recession, the COVID collapse, and the closer-than-ever Great Reset. But all these crises produced opportunities. Boring bonds made a massive run from the 1980s through 2020. The whole tech revolution, adapting the world to computers and automation, globalization. Now artificial intelligence and biotechnology are changing the world even faster.

In order to have a reasonable chance to both protect yourself and profit from change, you need sources that can help you look around the curve, to ask yourself what is unthinkable today that will be commonplace a few years from now. What will the solutions to our massive problems look like when we are forced to deal with them and how will that affect us on an individual and national basis?

We're asking these questions and more at this year's [Strategic Investment Conference \(SIC\)](#). Yes, we're weighing risks seen and possible. Yes, we're also looking ahead with as much confidence and clarity as we can muster. But, perhaps most important to our mindset, our returns, our allocations, we're asking: "What's the worst that could happen?" This is not the rosier macro stance, but it's imperative at this time. We will have famous investors talk about not just avoiding the fallout from the solutions but profiting from them.

I think about panel combinations, the expert faculty who debate the most pressing issues, all year long. Months after SIC closes, in late summer, I often start pinging colleagues and friends, asking what they might want to talk about at the next SIC. When I say SIC is my art form, what I mean is the conference is never far from my mind. We have all thought about who would be at our fantasy dinner table and what we would learn. The SIC is my ultimate fantasy dinner table with 40+ faculty sharing their wisdom.

## Added Urgency

When the landscape requires us to "Think the Unthinkable" as it does right now, the task of building an [SIC faculty](#) takes on added urgency.

Case in point: Jim Bianco, Peter Boockvar, Felix Zulauf, and Louis Gave (among others) all spoke at last year's SIC about persistent, sticky, high inflation and what it could mean to the economy, consumer habits, and the markets. At that time, the inflation cat was just emerging from the bag. There was still an active choir singing the "inflation will prove transitory" tune. Our faculty knew better, and I'm proud we had so many voices hammer home the point that inflation was a real threat and needed to be addressed across all portfolios. I'm also happy to report all four faculty members I mentioned above will be joining us again this year.

Part of the mystery (and the fun) of building SIC lineups is talking to my friends about what they think is most urgent right now. I suspect inflation will again feature in several presentations this year but could end up a relative footnote compared to banking industry concerns, developments in energy tech, AI, and so on.

Let's take a look at the [All-Star lineup](#) for this year's SIC:

Of course, David Rosenberg is my leadoff hitter as he has been for over a decade. He was bearish going into the Great Recession and then at my conference he turned bullish and has been up until recently. He will make his presentation and later in the week we will have a “Bull/Bear debate” featuring Rosie and Dr. Ed Yardeni.

Following Rosie will be my good friend Neil Howe, of *The Fourth Turning* fame. He has just finished a follow-up book, 25 years later, called appropriately enough: “*The Fourth Turning Is Here.*” It will be out shortly after the conference. I was privileged to get an advance copy and it is masterful. Based on generational cycles, the latter half of the Fourth Turning is always the most tumultuous (generally accompanied by war and tremendous upheaval). Expertly interviewed by Ben Hunt, Neil’s insight will be the perfect lens through which to view the rest of the conference.

Next we have Howard Marks of Oaktree Capital—one of the world’s greatest distressed debt and opportunistic traders—talking about his version of cycles and how he sees the market unfolding, as well as sharing his views on the cultural problems that are shaping the investment landscape.

I’ve asked my friend Sam Rines to put together his fantasy dinner table built around oil and energy. When he shared with me whom he could get I was blown away. It’s good to have friends who have brilliant friends and can get them to share.

We will close the day with three very successful money managers describing the real world of managing client money. They all do it differently. We will tease out the differences and the opportunities they see. This session may have some of the most direct impact on your portfolios.

That’s a powerful opening day lineup, but the second day just keeps building. We start out with Stephen Roach, the former chairman of Morgan Stanley Asia and one of the most knowledgeable China experts in the world. His latest book (just out) is called “Accidental Conflict: America, China, and the Clash of False Narratives.” My friend Lyric Hughes Hale, who speaks six languages (including Japanese and Chinese) and lived in Asia for decades, will interview Stephen and keep the conversation lively. Honestly? Who wouldn’t want a dinner hour with them?

Next up we have Bruce Mehlman, political and social analyst extraordinaire, who will present his usual lightning-fast PowerPoint on where the country is today and is going politically. Given the unfortunate and outsized role that politics is having today, this is important. Bruce is my go-to guy.

Then Lacy Hunt will make a short presentation and then be joined by Peter Boockvar talking inflation, deflation, and all things Fed. Another fantasy dinner but one that I’ve actually enjoyed.

And then we get [a special treat](#). Joe Lonsdale of 8VC, one of the most successful venture fund managers in the world, will interview a few of the CEOs of his own investments. How can silicon change the battery equation? Other energy solutions? Prepare to be amazed.

And then Joe will come back for a second session for he will be talking about the need for America to return to its frontier mentality roots, where innovation and entrepreneurship thrived. He and his guests will talk about the practical ways we can actually do that and at the same time (just like he does) figure out how to get involved in creating new companies and technologies. (I will have my own fantasy dinner with Joe in a few weeks in Austin, helping me adequately prepare to engage in a conversation with him.)

Next, we'll have Peter Boockvar for a full session. Longtime readers should be familiar with Peter, as I quote his wisdom so much. This will be wide-ranging, going from inflation to Fed policy to unemployment and more.

To close out the day we will have the inestimable Louis Gave. Normally, I have some idea of where my speakers will be going. Not Louis. He is totally free range. We'll talk about the topics he thinks will be at the top of our newsfeeds five to six months from now. His track record says we should pay attention; Louis is literally one of the best China and global investing experts I know.

## Inside Stories

On the third day, we start off with Ben Hunt and Grant Williams in conversation. Normally Grant is the interviewer, but here I get to interview them both which means I ask a question and then just sit back and let them go. Truly a fantasy dinner.

Following that amazing session will be Karen Harris, the managing director of Bain Capital's Macro Trends Group. Karen sits at the epicenter of a vast network with a team that helps analyze global trends and comes up with surprisingly out-of-the-box thinking. She and they are just that good. I find them must-reading when it hits my inbox!

Next, we have my good friend David Bahnsen, one of the most thoughtful and insightful gentlemen I know, interviewing Ramesh Ponnuru, the editor of the National Review. Culture, politics, society, and markets. Bring your thinking caps. This will be one session with transcripts you'll want to review and share with your kids.

We close out the third day with my longtime friend Renè Aninao, who has become the go-to markets and geopolitical analyst for many of the world's governments, large financial institutions, and private funds. He has deep connections in nearly every aspect of the US government and the Fed, as well as all over the world. He only does a few public interviews a year but because we became friends well over a decade ago, we get the privilege of being one of those few. This year he is joined by two (and maybe three) extraordinarily well-connected insiders. Names you will know. Better than a top-level CIA briefing as these guys will actually tell you what you need to know, not what they want you to think. China and Taiwan, Russia, the ongoing conflict in Ukraine, plus the West's response to an emerging trend of de-dollarization. What more could you ask for?

We kick off the fourth day with Mark Zandi, whom President Biden has called his economist. This will be interesting as well as instructive. What policies are we likely to see over the next few years? If there is another Democratic president or Biden is reelected? For some of you, that is unthinkable but it shouldn't be. Much will happen before the next election.

Next up we have one of the greatest macro investors of our time, Felix Zulauf, coming to us from Switzerland. Felix was a staple on the *Barron's* Roundtable, known for his out-of-consensus views which over time often proved right. This will be one of the most practical forecasting sessions you could possibly have from a true master. I have met Felix many times but have yet to have that fantasy dinner. This will be close.

Next up, we get the inside story on housing and mortgages from two top experts. John Burns (with his large team) is hands down the best new housing construction analyst in the country. Barry Habib has won three of the last four Zillow awards for best real estate and mortgage analyst in the country. He did it by being out of consensus. Together these two will give us a peek into the future of housing and real estate markets.

My friend Danielle DiMartino Booth is up next interviewed by our friend Jim Bianco. She has exploded on the scene over the last decade to become one of the top experts on Federal Reserve policy. Always controversial, and lots of fun, and I can guarantee you that Jim will pull out the best from her. I actually have had this fantasy dinner several times and it is enlightening as well as extraordinarily fun.

Then we have the bull and bear debate I mentioned above, but by this time you will have context in which to get the most out of this session.

I'm excited to reveal we'll have a nuclear energy panel this year featuring Amir Adnani, Christopher Levesque, and Dr. Michael Goff. If we're going to responsibly meet the energy demands of the emerging future, nuclear will most certainly play a large role. We'll see many opportunities around the nuclear theme.

We close out the final day with the wisdom of Liz Ann Sonders, the chief investment strategist for Schwab, and once again rely on Jim Bianco to make the most of her knowledge and insight.

The final day is almost overwhelming. A special surprise guest, then geopolitical rock star George Friedman of Geopolitical Futures regales us with his very different take on Ukraine, Russia, and the geopolitical world in general.

Then we have Bill White, former chief economist for the Bank of International Settlements and too many other prestigious positions in his long career to mention. Unlike most central bankers, Bill actually says what he thinks even if you don't want to hear it. And I can guarantee you that this year most central bankers won't like what he says. I can never get enough Bill White time.

Which brings me to the flip side of "Thinking the Unthinkable." By this time next week, I should have the next speaker nailed down—one of the true experts in artificial intelligence. You know at heart I am an optimist on progress, innovation, solutions, and collaboration. Thinking the Unthinkable also forces us to examine ideas like the emerging importance of AI. No, not in that "rise of the machines" sense, but in a sober, solution-focused way.

What if AI in the not-too-distant future leads to a streamlining of information transfer and massive cost reductions in just the education and healthcare sectors? Where do the trillions we'll save go instead? What will we choose to do with the new wealth created? I have my own theories, of course, but I'm more excited to see what our faculty thinks comes next...

A highlight for me, selfishly speaking, is the “Final Panel” each year, where I join the panel to engage with a small group pulling takeaways from the five full days of presentations. This year’s Final Panel includes Felix Zulauf, Bill White, Neil Howe, and me, moderated by David Bahnsen. It’s always a treat (and a difficult task) to distill hours upon hours of presentations and analysis down to a clean 75 minutes of actionable insight.

The SIC runs Monday, Wednesday, Friday, May 1, 3, 5, as well as Monday and Wednesday, May 8 and 10. The days are structured with ample break time provided between presentations. ***Recordings and transcripts also will be available so you can take your time, go back, and rewatch or reread anything you might miss.***

Our goal isn’t to assault you with an overwhelming “conference experience.” There’s plenty of that around and it’s not what the SIC is about. Instead, the SIC brings together the best minds, the best ideas, and puts them in debate, in conversation. All while giving you the ability to absorb ideas in a way that makes sense for your schedule, interests, and specific needs. I take tremendous pride in the SIC, and I sincerely hope you [decide to join us again this year](#) as we “Think the Unthinkable.”

## **Dallas, Austin, Colorado Springs, Denver, Tulsa, and SIC**

In less than two weeks, I fly to Dallas to meet with my partners at King Operating, then to Austin to meet with friends, and on Saturday night will be at the Cicero Institute dinner. The next day I fly to Colorado Springs to see my new grandson Odin. I will host a dinner with clients and prospects in Denver on Monday night (place TBD) and then on Tuesday fly to Tulsa to see three of my children (the twins Abbi and Amanda plus Henry) and lots of grandkids. Then back to Puerto Rico. Traveling like the old days. We’ll see how my old body holds up. I think I have gotten pretty soft travel-wise living here in Puerto Rico.

Let me note that I will also be hosting dinners in Dallas, Austin, and Denver for clients and prospects. Details to come.

Just writing about the SIC gives me a “can’t wait to be there” excited feeling. We are nailing down the last few headline speakers and a few surprises. Again, you can watch it live or at your convenience, listen to it as a podcast, or read the transcripts. The SIC has become one of the world’s top economic/geopolitical conferences and this year will give you an enormous amount of material to think about. This is all designed to make you a better investor, a more informed manager of your own world, and be fun and provocative. [Click here to join me!](#)

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