Capital Tells

Grant Mu

DA $878.35 ▲4.12%   SPY $524.18 ▼0.43%   TSLA $184.90 ▼1.88%   AMZN $192.45 ▲1.24%   META $528.66 ▲3.07%   GOOGL $170.12 ▼0.61%   BRK.B $403.

Stock Market Game (SMG)

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4/27/26

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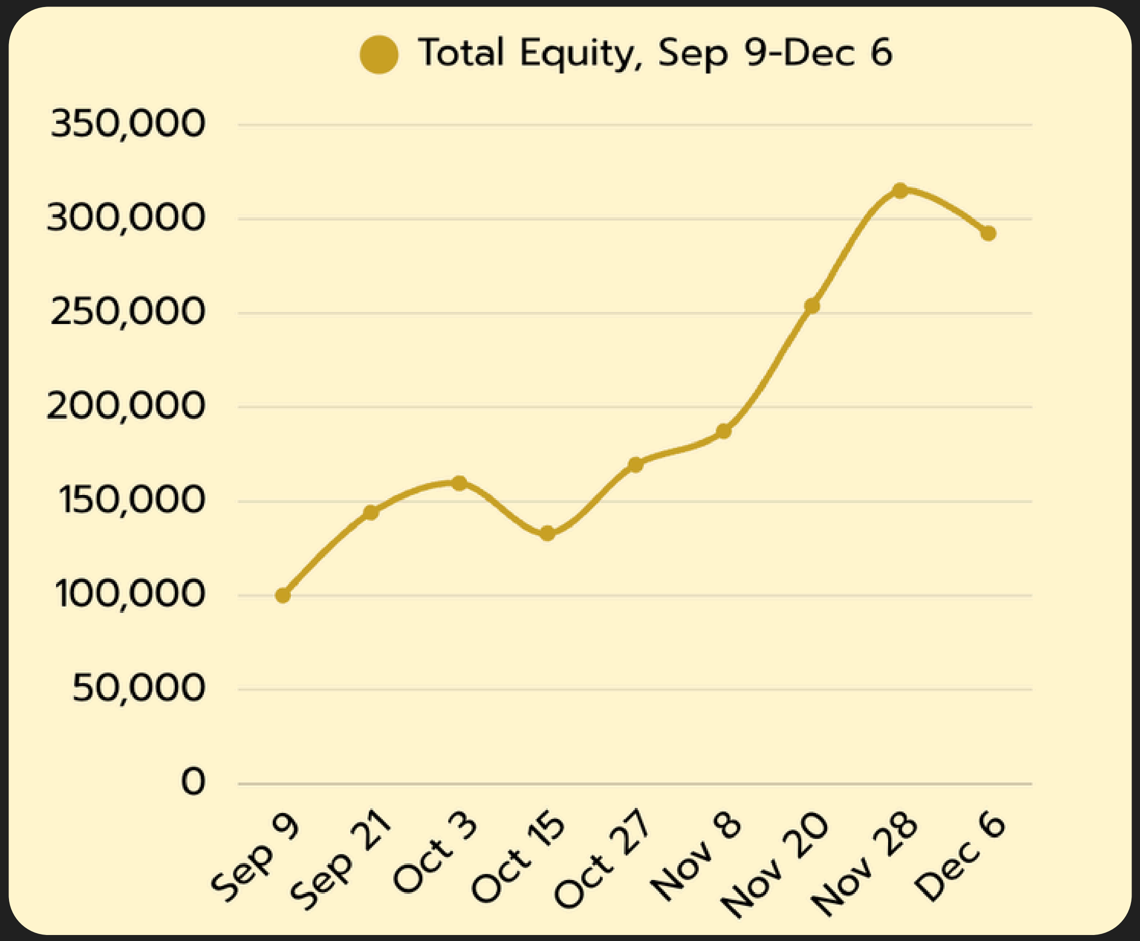
Capital Tells - Overview

**The market doesn't reward the lucky. It rewards those who can read the table.*

99th Percentile Portfolio

Ending equity: $292,378.28

186.6% above the S&P 500



At Capital Tells, we treat the market like the game of poker.

An investor's initial instinct on a company might feel weak; it might feel strong. But feeling *isn't* knowing.

The best hand in poker means nothing if you can't read the table. At Capital Tells, we have formulated the blueprint that allows us to read the market.

Stage 1: ***Blueprint***

Stage 2: ***Revision***

Stage 3: ***Convergence***

Why Capital Tells?

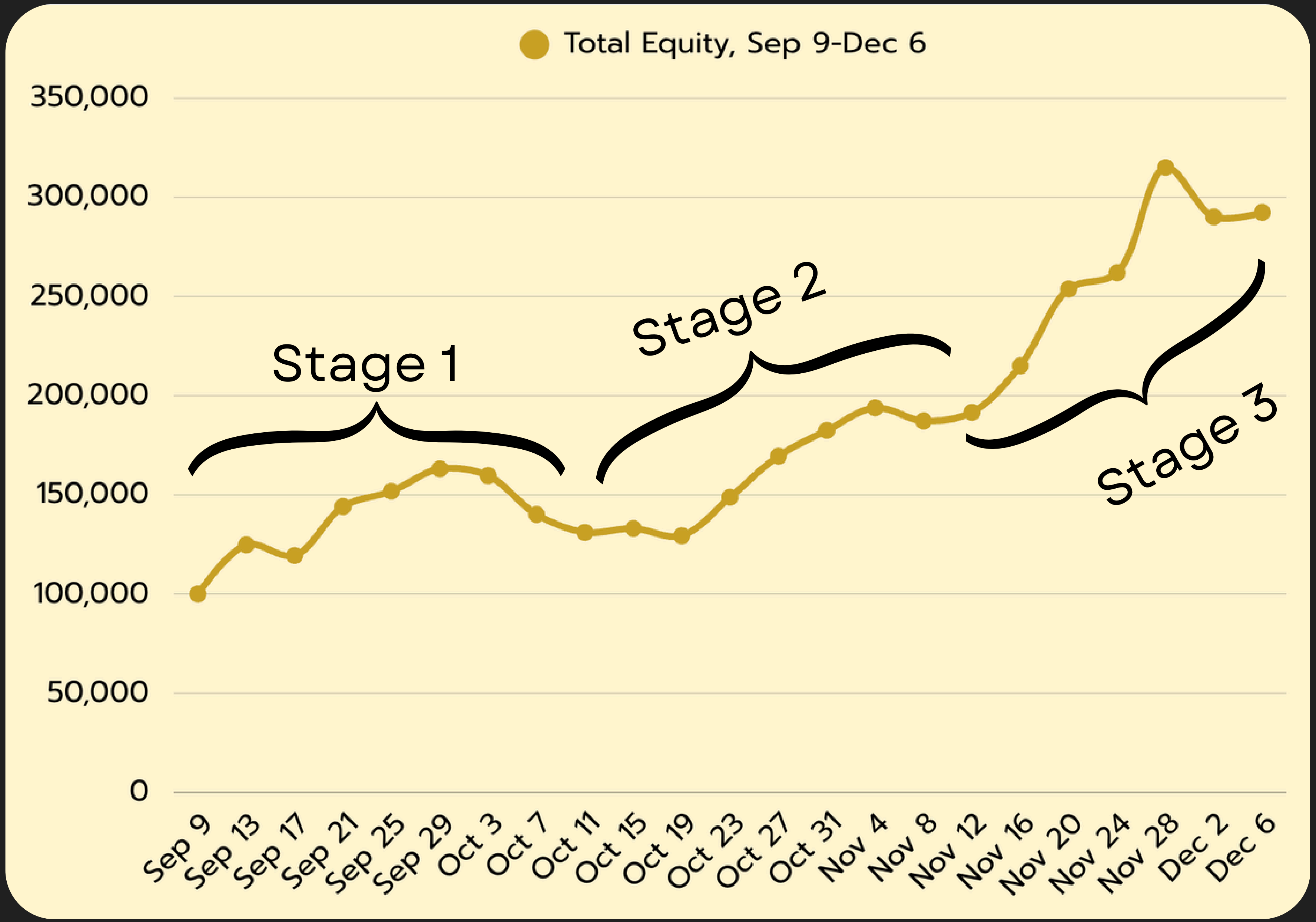
**Our investment philosophy*

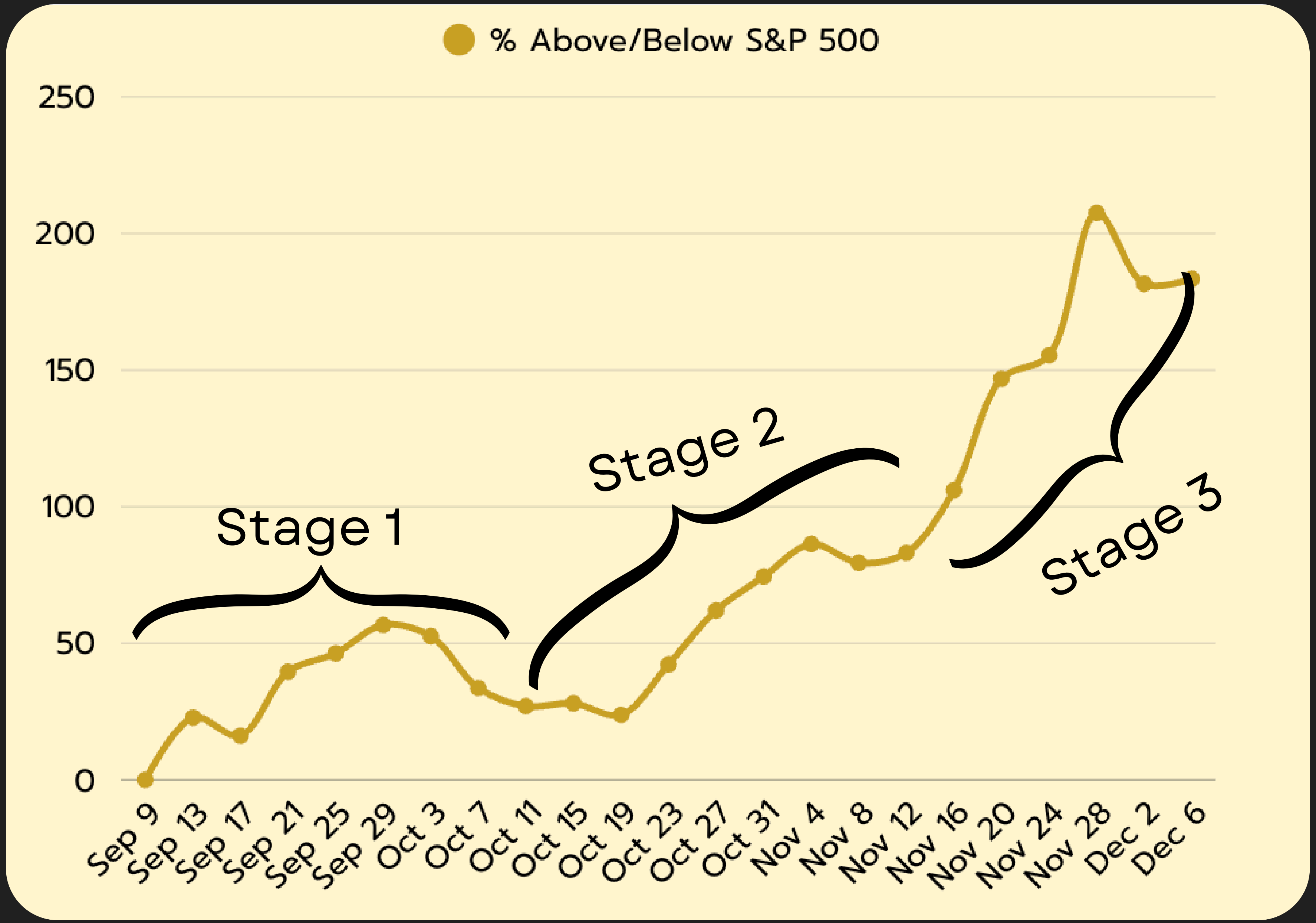
Stock Market = Poker Table, Hedge Funds = Players

When Capital Tells sits down at the poker table, we don’t play poker. We play the table.

Analysis of Performance

**The market doesn't reward the lucky. It rewards those who can read the table.*





Stage 1: strategy-seeking edge (Blueprint)

Alpha: +0% → +33%

Stage 2: risk exposure + resilience (Risk-seeking)

Alpha: +33% → +84%

Stage 3: long-term strategy prevails (Convergence)

Alpha: +84% → +187%

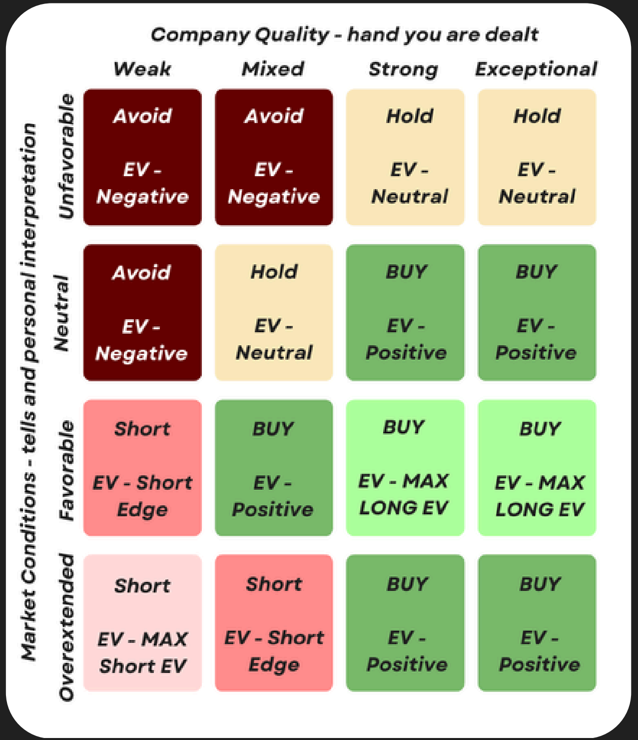
Portfolio Performance (1)

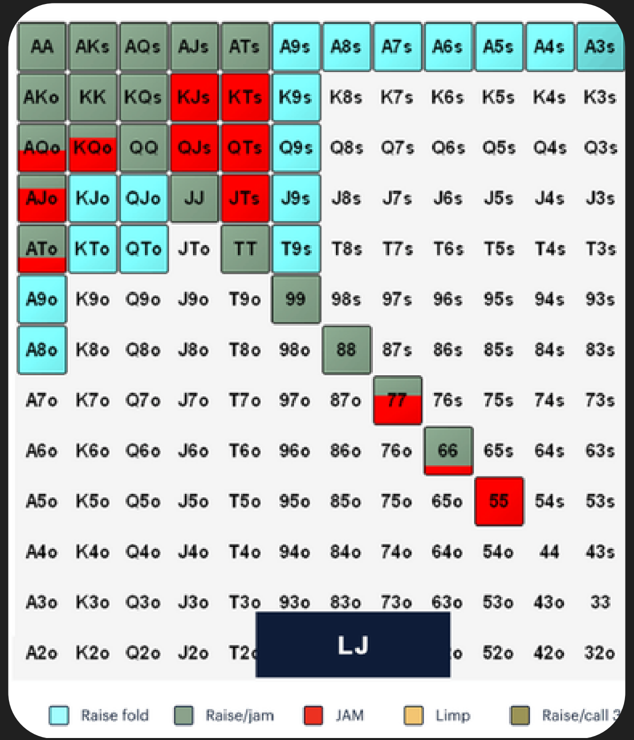
Creating the Blueprint

- EV Chart created based off trial & error + outside research, interviews
- Actively seeking to formulate a strategy
- Early recognition of shorting
- Adaptability, self study

Features	STAGE 1 Sep 9-Oct 7
Ending Equity	$140,103.89
Profit (per stage)	+$40,103.89
Top Gainers	HOUR, EPSM, QMMM
Top Losers	SNPS, MBX

Connection to poker





The blueprint represents knowing over “feeling”

Portfolio Performance (2)

Risk-seeking & Revision

- Calculated risk investments
- Research
  - Risk related in investments mitigated
  - Interviews
- Diversity attempts, focus on short-selling

Features	STAGE 2 Oct 7 - Nov 13
Ending Equity	$187249.91
Profit (per stage)	+$47146.02
Top Gainers	CD, LFS
Top Losers	QURE, LAC, DGNX, PRAX

Connection to poker

In poker, every action has associated risks. How to mitigate them?

Portfolio Performance (3)

Convergence

- Most explosive period of growth
  - Profit aligned with EV
- Diversification further integrated into plan
- Integrated balance

Features	STAGE 3 Nov 13 - Dec 6
Ending Equity	$292378.28
Profit (per stage)	+$105,128.37
Top Gainers	GSIT, BETR, LUD, NGL
Top Losers	CSIQ, OLMA, TYRA

Connection to poker

In poker, luck outweighs skill in the short term but not the long term.

Explanation of Prior Research (1)

**The market isn't just about financials. Its about the timing of your reads.*

- Mitigation of risk
- Fundamental Analysis
  - Earnings, history sentiment
  - Intrinsic value
- Technical Analysis
  - indicators, charts
  - Market conditions
- Company performance/plans

a) Research
   1. Selection of stock
   2. Fundamental/technical

b) Alignment on blueprint, decision

Over-valued → Short

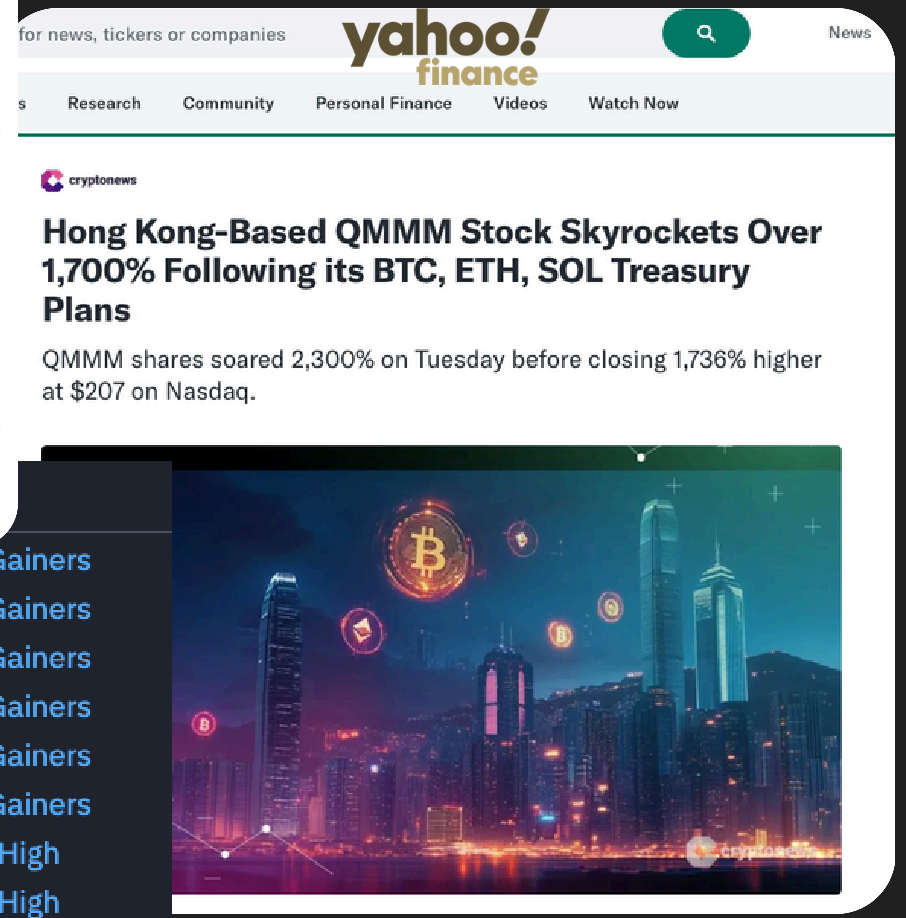
Under-valued → Long

Explanation of Prior Research (2)

- News sources = reading tells
  - Monitoring trends, reports, sentiment
- SPAC Research = bluff recognition
  - Profitable opportunities
  - SPAC mergers
- Finviz = reading the board
  - Streamline stock selection process
- Fidelity Investments & Expert Analysis

SPAC Research

Name	Date	Price
Vine Hill Capital	Mar 31	
Crane Harbor	Mar 26	$7.64
Trailblazer Merger I	Mar 26	$1.77
Pelican Acq	Mar 25	$9.05
dMY Squared Technolo…	Mar 19	$10.00



APLS	40.23	135.40%	90.33M	Top Gainers
UBXG	3.34	112.63%	284.49K	Top Gainers
MASK	2.27	83.06%	123.97M	Top Gainers
ELAB	5.99	68.26%	50.50M	Top Gainers
BFRG	1.68	60.00%	195.12M	Top Gainers
JAGU	2.75	57.14%	2.62M	Top Gainers
APLS	40.23	135.40%	90.33M	New High
CNTA	39.72	44.02%	47.74M	New High
TBN	49.99	12.49%	326.21K	New High
GLBS	2.31	18.46%	678.36K	New High
TBN	49.99	12.49%	326.21K	Overbought
KORE	9.02	0.22%	71.24K	Overbought
OXBR	1.18	36.04%	32.48M	Unusual Volume
VRAX	0.22	35.32%	237.22M	Unusual Volume
EQRR	69.52	1.50%	279.66K	Unusual Volume

Finviz (the reading board)

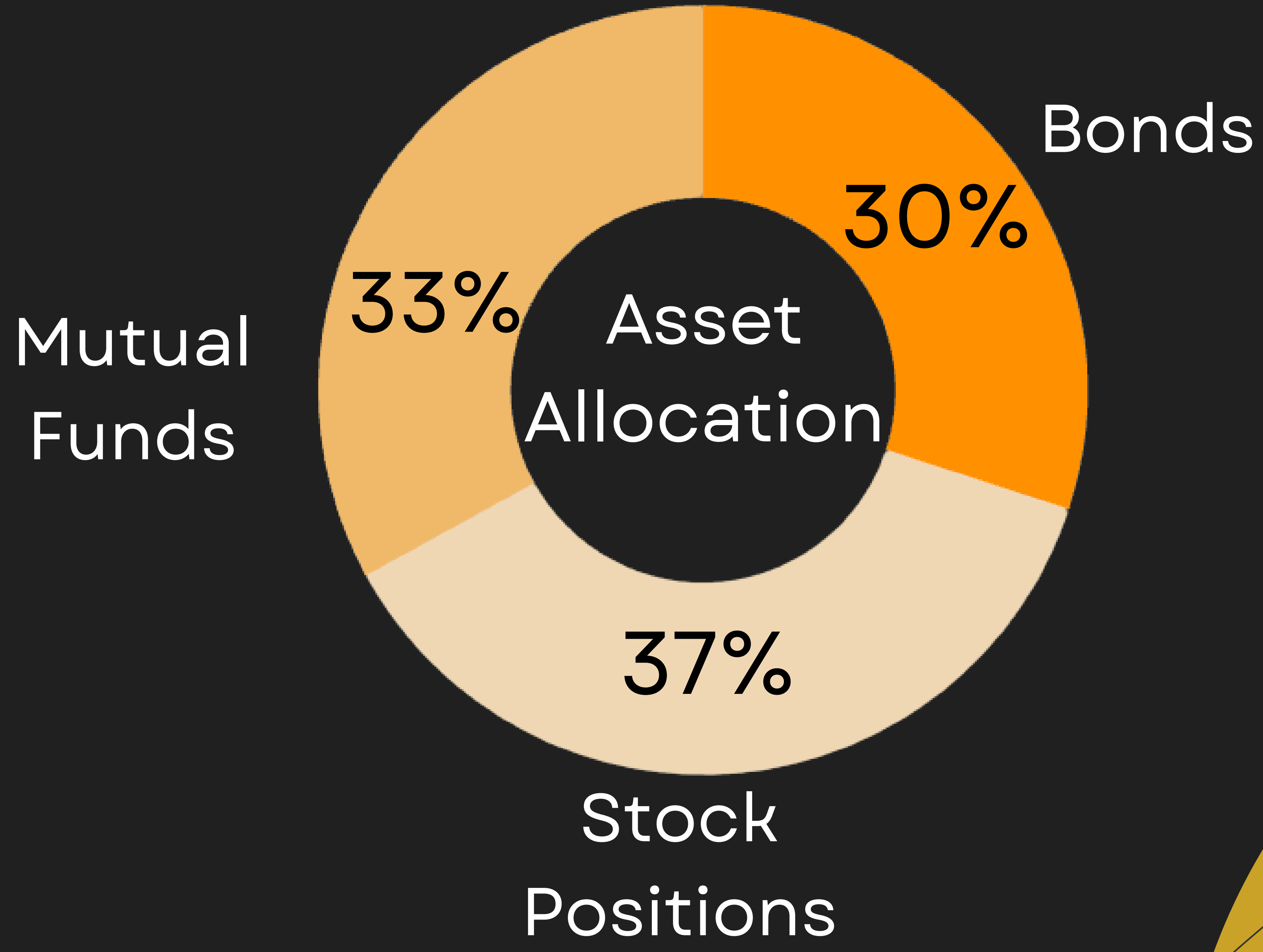
Diversification Strategy (1)

**Don't put all your eggs in one basket. -Warren Buffett*

Diversification in Poker - Game Theory Optimal → **Balance**

- Application of GTO frequencies to the market (3-layer diversification)
- Different asset classes
  - Stocks, bonds, mutual funds
  - Shorts & Longs
  - Minimize fluctuations
- Well-balanced portfolio

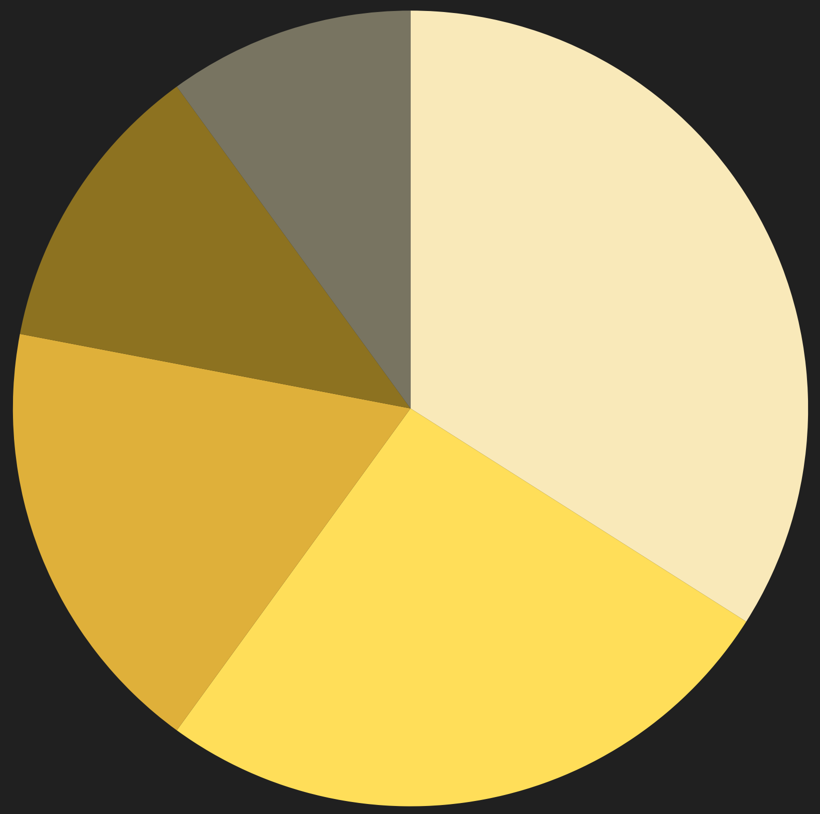
Security Diversification



Diversification Strategy (2)

Sector Diversification

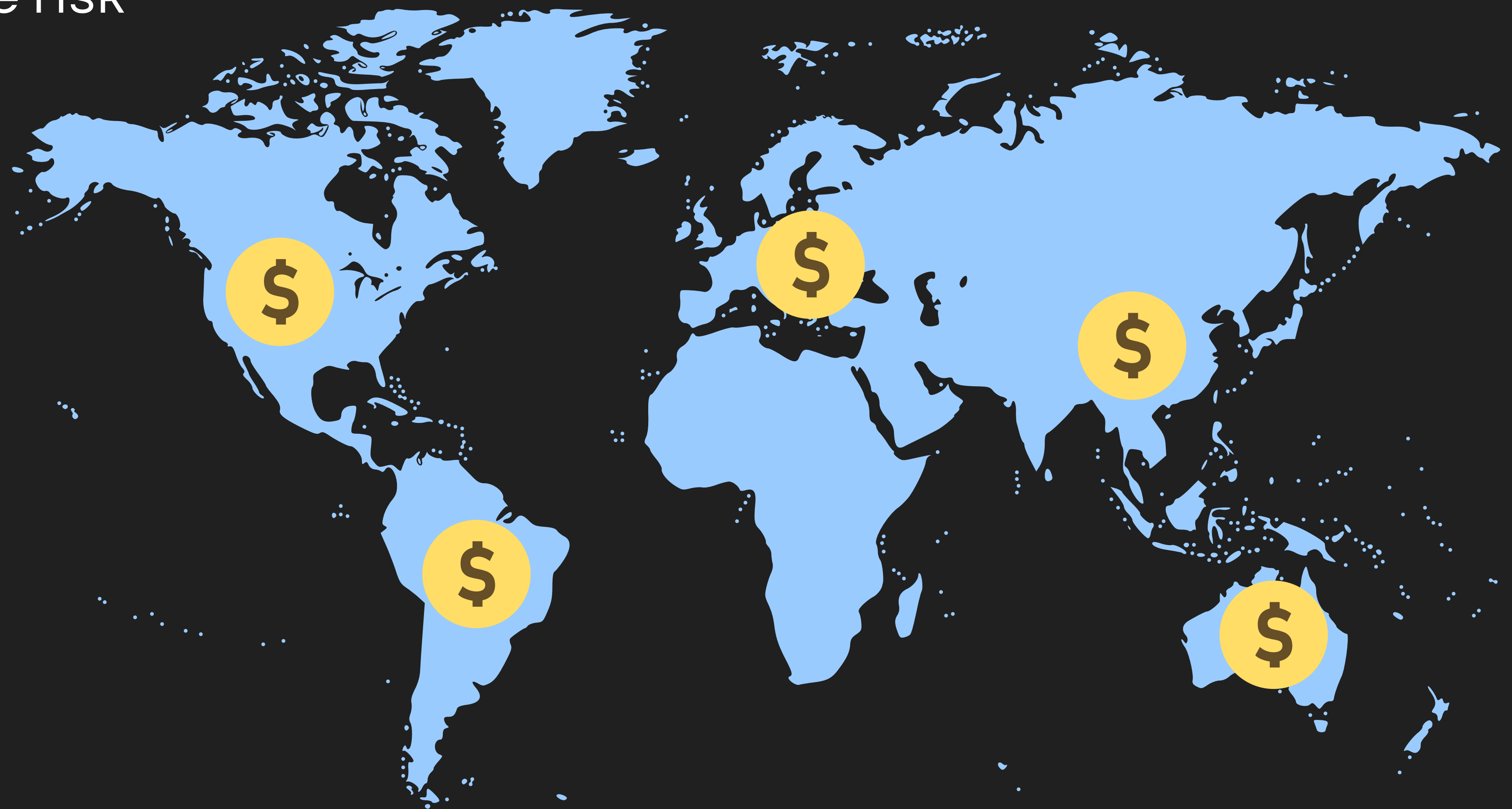
*All positions were diversified across sectors to mitigate risk



Breakdown of top 13 stock positions

- Financials: 34%, +$102,431 (4 stocks)
- Tech: 26%, +$78,108 (3 stocks)
- E-commerce: 18%, +$53,753 (2 stocks)
- Healthcare: 12%, +$36,248 (2 stocks)
- Energy : 10%, +$29,860 (2 stocks)

Geographical Diversification

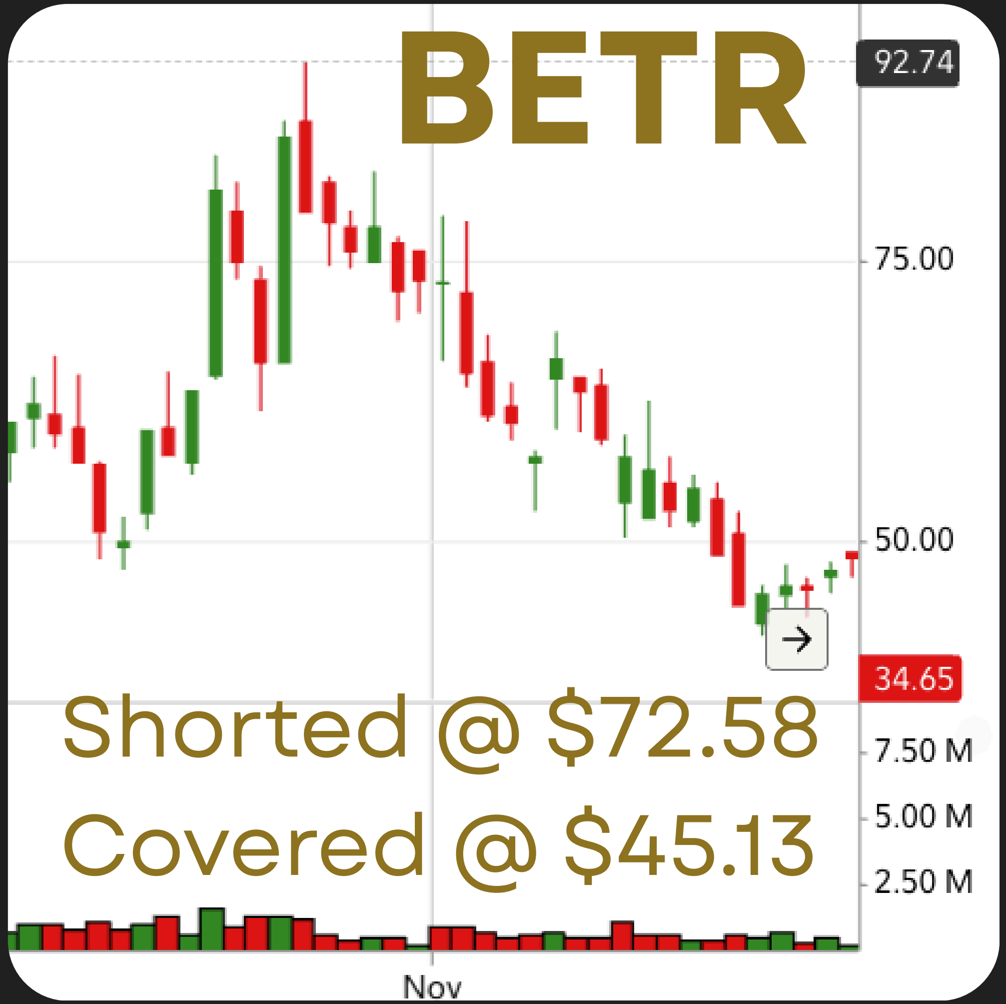


- Regional-specific diversification
- Shielding from sector-specific & regional downturns
- 5 different continents

How Investments Fit Strategy (1)

**The stock market is a game of skill disguised as a game of luck, just like poker.*

- -304% operating margin, P/S ratio of 272x
- No competitive moat
- RSI pushed to 76 (overbought)
- Driven by temporary AI narrative
- Weak company fundamentals with overextended market conditions → MAX EV SHORT

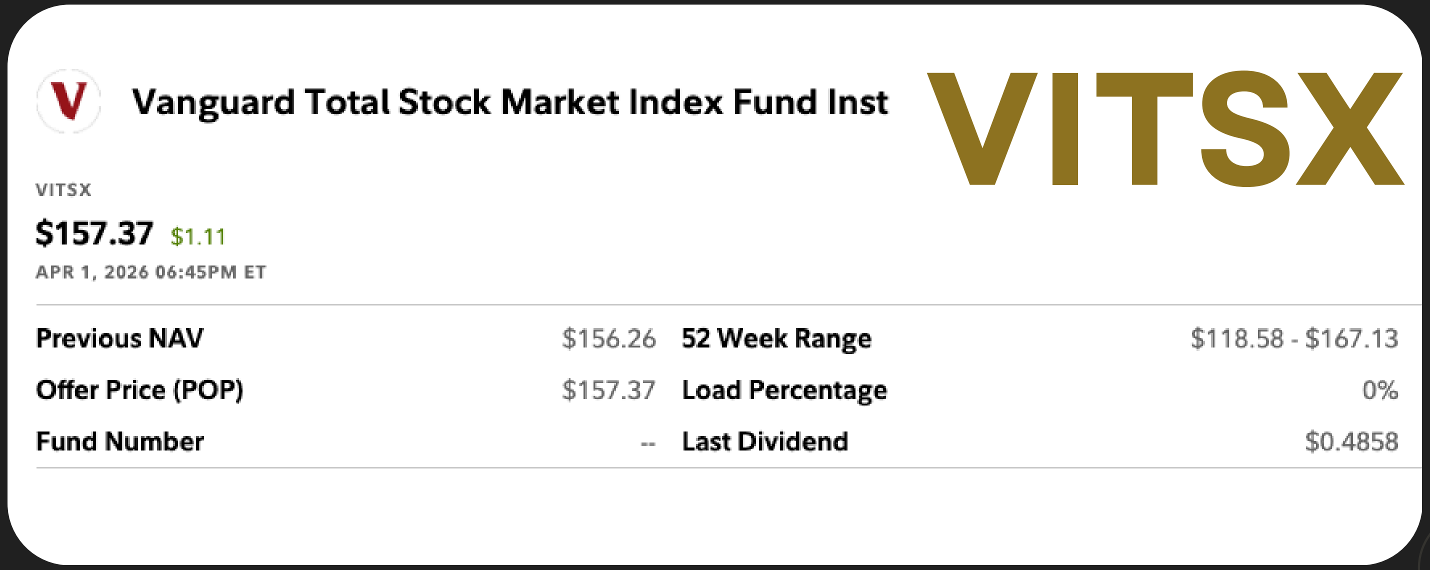


- Sector/geo diversification (UK financials)
- Spacresearch.com
- 510% surge due to temporary external factors, NOT the stock's intrinsic value
- Interest rates temporarily favored BETR, short squeeze
- Strong technicals but weak fundamentals → SHORT

How Investments Fit Strategy (2)

- Exploding cloud demand, strong revenue growth, AI infrastructure mania
- Intrinsic value models
- ADX spiked to 40
- Position diversification (short vs long)
- Exceptional fundamentals, favorable conditions → MAX EV BUY

- Investment in VITSX reflects commitment to stability & compound growth
- Tracks the CRSP US Total Market Index
    - Large, mid-cap, small stocks
- Yielded steady 4% return, mitigated fluctuations; low expense ratio
- 3 -month investment in TR_912810PW2
    - United States Treasury Bond

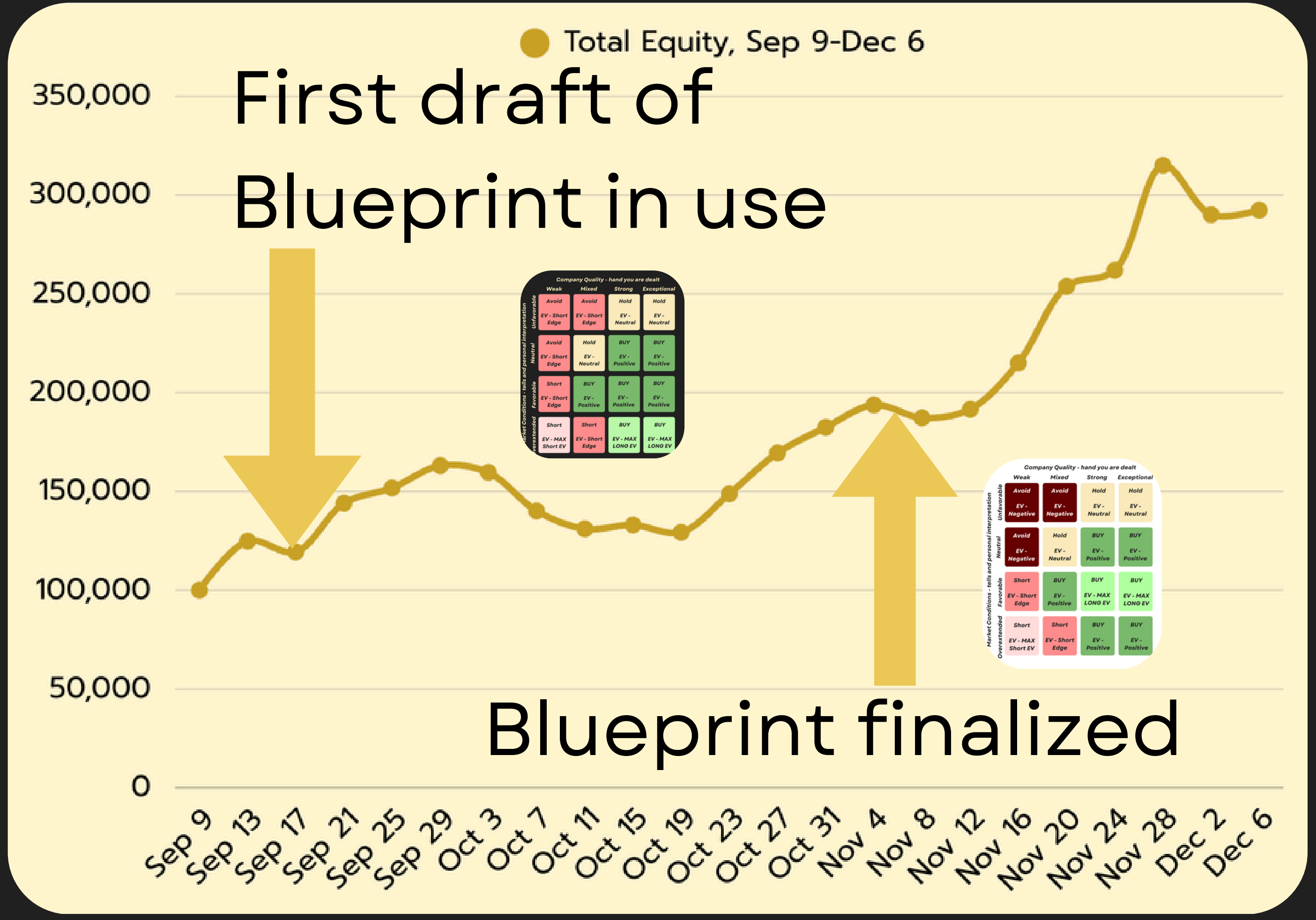


**Fidelity VITSX informational report*

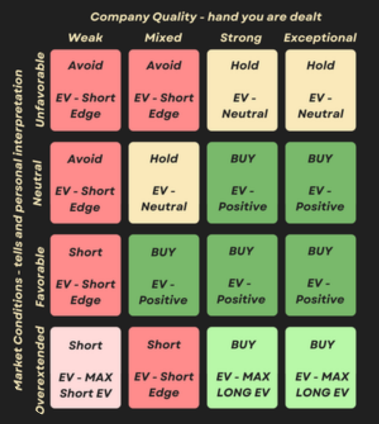
Strategy Effectiveness (1)

**The stock market transfers money from the impatient to the patient.*

- First draft of blueprint (9/15)
  - Diversification not as heavily considered
  - Led to greater fluctuations due to high risks without heavy mitigations
  - 37 Trades - 62.2% winners
- Blueprint finalized (Nov 4)
  - Equity growth skyrocketed
  - Growth with cushion
  - 41 Trades - 80.5% winners

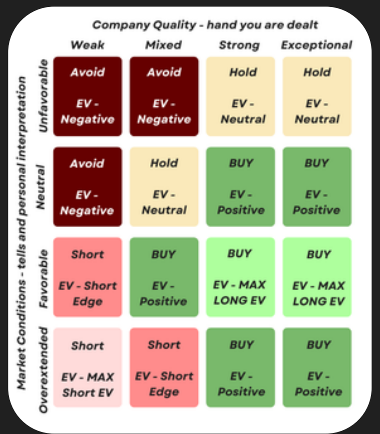


Biggest winner: GSIT +$23,563 (<8% profit) → Distributed returns



Company Quality - hand you are dealt

Market Conditions - tells and personal interpretation	Weak	Mixed	Strong	Exceptional
Unfavorable	Avoid EV - Short Edge	Avoid EV - Short Edge	Hold EV - Neutral	Hold EV - Neutral
Neutral	Avoid EV - Short Edge	Hold EV - Neutral	BUY EV - Positive	BUY EV - Positive
Favorable	Short EV - Short Edge	BUY EV - Positive	BUY EV - Positive	BUY EV - Positive
Overextended	Short EV - MAX Short EV	Short EV - Short Edge	BUY EV - MAX LONG EV	BUY EV - MAX LONG EV



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Favorable	Short EV - Short Edge	BUY EV - Positive	BUY EV - MAX LONG EV	BUY EV - MAX LONG EV
Overextended	Short EV - MAX Short EV	Short EV - Short Edge	BUY EV - Positive	BUY EV - Positive

Blueprint effectiveness ← 78 Trades, 3 Months 56 Winners (71.8%)

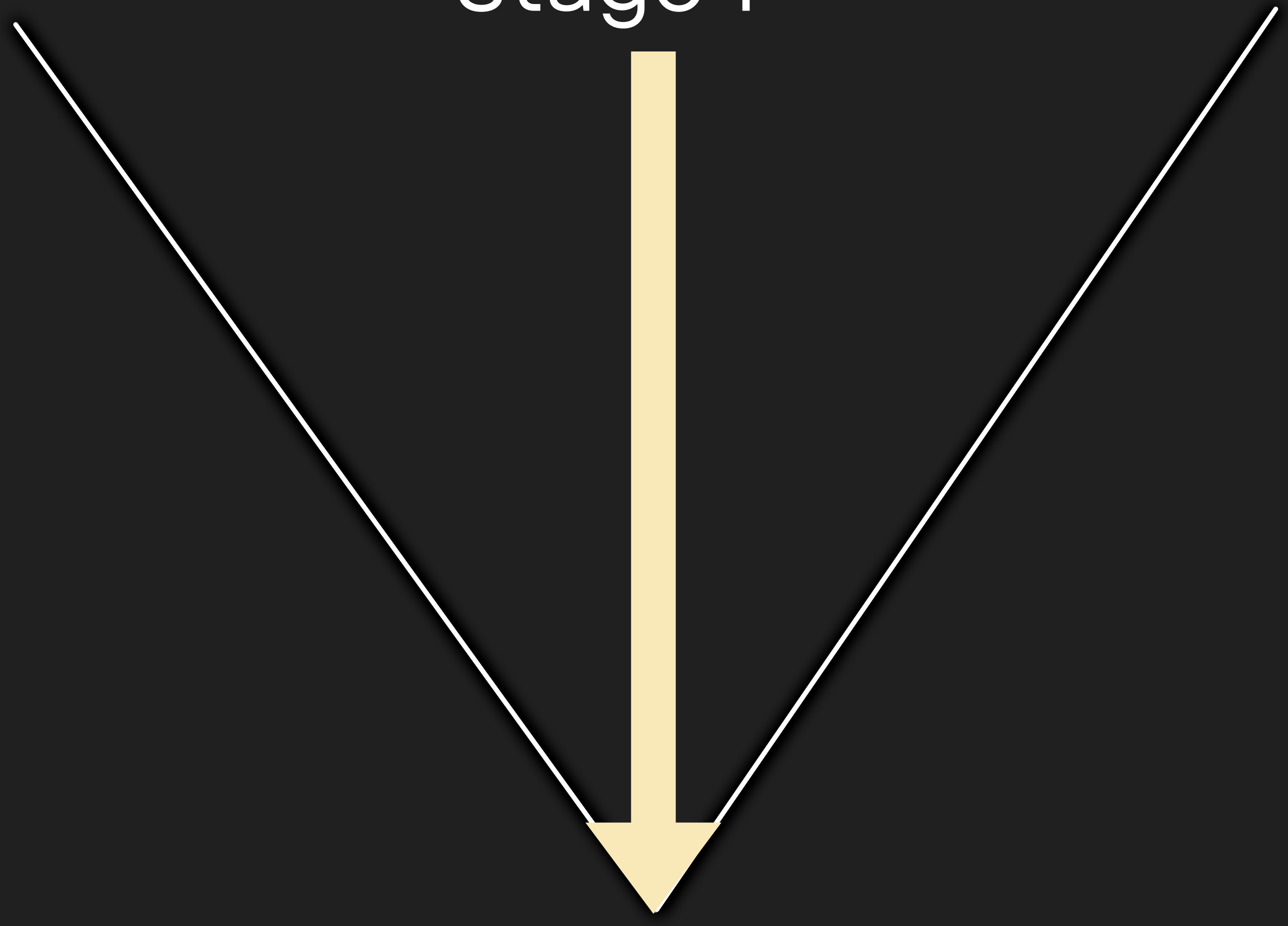
Strategy Effectiveness (2)

- Convergence: long-term oriented strategy
  - Larger sample size benefits the more strategic player
- The longer the simulation ran, the more alpha generated (proof of convergence)
  - The blueprint can't guarantee returns on one stock
  - The more investments made with the blueprint, the more convergence

1 hand → luck

More hands → strategy

Stage 1



Stage 3 & Beyond (Convergence)

-EV alignment

Future Directions & Changes

**The key to making money in stocks is to understand when the story has changed.*

Changes

- Longer time frame → focus on longing
- Testing phase with long positions
- Refinement & extension of the blueprint to treat large/mid/small cap differently

Market Conditions - tells and personal interpretation	Company Quality - hand you are dealt			
	Weak	Mixed	Strong	Exceptional
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Market Conditions - tells and personal interpretation	Company Quality - hand you are dealt			
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Overextended	Short EV - MAX Short EV	Short EV - Short Edge	BUY EV - Positive	BUY EV - Positive

Small vs mid vs large

Your Future Plan

- 60%
  - Long-term investments
  - Endure over time
- 25%
  - Risk-mitigating securities
  - Cushion, balance
- 15%
  - Short term trades

Bibliography

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- https://www.upswingpoker.com
- https://www.reuters.com

Appendix

Capital Tells' Guide to Market Success

- The table = the stock market
- The players = hedge funds and institutional investors
- Your hand = an investment
- Hand strength = company quality and fundamentals
- The pot = total available market return
- Folding = exiting a losing position early
- Raising = adding to a position with high conviction
- Going all-in = maximum conviction position
- **Reading tells** = reading market signals, how market conditions impact stocks in the short-term
- Bluff recognition = identifying overvalued companies (the short thesis)
- Game Theory Optimal = optimal performance in the market
- Frequency diversity = portfolio diversification across longs, shorts, funds, geographically
- Expected Value (EV) = the return of every decision from the blueprint

Nick Pan (Harvard MBA), VP of Product Management at Fidelity Investments

- In-person interview: investment strategies
- As a professional poker player, how might poker be connected to the market?