Twitter Thread by Connecting the Dots■■■■■ to Disruption■■■■■■



Connecting the Dots■■■■■ to Disruption■■■■■■
@ConnectingODots



https://t.co/nWSFLFFnte

2/ Regarding A. I'm long $TSLA, believe it isn't a bubble and the naysayers are shortsighted and wrong.

Only time will tell about A, but B we already know - $TSLA joined at an ATH of $695 then fell - but it's now at $763, so it ADDED value, not detracted.

BUT..

3/ But the question of whether $TSLA brings risk to the S&P is WRONG by itself. The whole idea of an INDEX FUND like S&P500 is to be passive, and it's THE ACTIVE MANAGER DECISIONS that introduce risk

Being profitable and large TSLA should have been added ON Q2 EARNINGS.
..

4/ Before we analyze implications, consider this:

DataTrek Research estimates that if on Jan 1 2020 an investor had put $5 of every $100 invested in an S&P 500 ETF into $TSLA, their return by Dec 11 2020 would've increased by roughly 31%!
(more by EOY)
https://t.co/nWSFLFFnte

5/ But that's hypothetical bc $TSLA didn't qualify for S&P at Jan 2020, and 5% is more than its share today.

Tesla DID qualify on Q2 earnings but was admitted after Q3. Comparing 12/21 price ($695) to 9/21 price ($449) is wrong bc by 9/21 price fell after news of not including.

6/ So let's take compare the last day b4 the bad news and compare with 3months forward. 9/4 price was $418, while 11/30 price was $599

I other words, S&P Managers deciding to postpone inclusion despite Tesla meeting requirements, robbed Granny of ~43% rise on every $TSLA dollar

7/ Percentages are misleading. Let's assume just the $181 diff - as if buying $TSLA at $514 instead of $695, then reaping that $181 rise.
at $695 $TSLA was 1.65% of S&P, so at $514 it would've been 1.22% of S&P size, and 1.22% of the shares were robbed of 35% gain

8/ Grandma was robbed by the ACTIVE decision of delaying inclusion. But what next?

Since inclusion, $TSLA rose 10% ON RESULTS, NOT VOLATILITY, in <10 trading days - so S&P gained from inclusion

By me ($TSLA LONG, not investment advice) the future looks even more promising!

9/ S&P should be a passive index and act like one

Manager intervention robbed fund holders of profits, but now that fixed $TSLA is set to be one of the engines pulling the index upwards

MSM POV has shifted accordingly - can't wait to see 01/2021's growth engines do their thing



10/ PS While writing this thread shifted from just charting the "what if"s into a somewhat ideological rant. Sorry, lol, but realizing how the "robbing granny" argument was in fact what robbed grannies, gramps and other honest hardworking people - that got to me. Chill now!



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