THE COLD SHOWER

By Ray Smith, for Singular Research

Withstanding trade tariffs proposed by President Donald Trump will be like taking a cold shower, hedge fund manager Robert Maltbie tells investors at an April 17 private dinner in Las Vegas.

It's going to be chilly at first, it could reduce GDP by half a percent, or push inflation half a percent, but it won't be anything "cataclysmic," the founder and president of Singular Research says.

"The cold shower is setting the stage for the next U.S. economic boom and those who recognize it early will be the biggest winners," Maltbie advises about 25 high net-worth investors at Siena Golf Club.

National media have created a buzz speculating on the impact of tariffs, from forecasts of an economic recession to imputations that Trump manipulated the markets by implementing tariffs on China and Canada, then backing off when stocks tumbled.

What the media fails to mention is the benefits of the tariffs, how they're "rewiring the economy," along with the Department of Government Efficiency, Maltbie explains during a 45-minute financial presentation.

"Ladies and gentlemen, today we are witnessing an economic shift that the press refuses to acknowledge," the research analyst states. "They are sharpening their knives, warning of doom, stagflation, and economic collapse."

But this change is not just about tariffs, Maltbie contends. "It's about economic realignment, capital efficiency, and a long-overdue correction in government waste."

Some people see Elon Musk as a reincarnation of Hitler, protesting at Tesla dealerships and burning cars at Tesla recharging stations, but that's not where Americans should be expressing their outrage, Maltbie says.

"What about China? They've got slave labor-like wages."

China is the manufacturing "hot bed" for American companies such as Apple and Nike, so investors might want to short those companies' stocks, which are exposed to higher risk from tariffs, the analyst notes.

AMERICA'S ADVANTAGE

Wall Street investors and brokers have heard complaints about tariffs in the past. It's nothing new. But in truth, America holds the "dominant position," Maltbie claims. "The rest of the world needs access to U.S. consumers more than we need access to their goods. Foreign investment is shifting into the U.S. to bypass these tariffs."

The result? A massive capital influx into U.S. industries. While the media focuses on tariff costs, they ignore the private-sector stimulus effect. The simplest way to avoid tariffs is to build in America.

Maltbie's proof: Japan, $1 trillion in LNG import commitments; Dubai and Saudi Arabia, $600 billion in direct U.S. investments; Taiwan Semiconductor, $100 billion in U.S. factory construction; Apple, $500 billion redirected to U.S. manufacturing; The Stargate Project, $500 billion allocated for AI and data center infrastructure; Eli Lilly, $50 billion invested in U.S. pharmaceutical production.

Add another $20 billion in foreign investment across various sectors and the total comes to about $2 trillion, dwarfing by eight times the estimated $250 billion in tariff costs, Maltbie points out.

CUTTING WASTE

While tariffs are driving foreign capital into the United States, Musk has taken his hatchet to cut government waste at an "unprecedented scale," the analyst continues. Musk has already cut $65 billion from "bloated" government programs, and CBO estimates $526 million in funding for those programs has expired.

Since every dollar wasted on government spending generates only $1 in GDP, and every dollar invested in the private sector generates $1.40, DOGE is unlocking hundreds of billions in productive capital that will accelerate economic growth, Maltbie projects.

"This isn't economic destruction," he says. "It's a realignment of global capital flows. It's a structural shift toward efficiency, private-sector growth, and economic self-reliance. This is the cold shower effect – painful in the moment, but the key to long-term prosperity."

ABOUT ROBERT MALTBIE

Maltie is a former investment advisor with Morgan Stanley Dean Witter and Salomon Smith Barney. He founded Millennium Asset Management in 1999 and has accumulated more than 110 institutional clients with $60 billion in assets at Singular Research.

He was the first analyst to identify the "Magnificent Seven" in early 2023, before they doubled in price.

His Argonaut 2000 Partners fund is focused on publicly traded small-cap and mid-cap equities, based on a long-short fundamental valuation strategy. The fund is currently ranked in the 96th percentile of the HFRX Equity Hedge Index.

It's weighted by financial (30%), ETFs long-short (24%), technology (15%), consumer discretionary (12%), industrials (11%), basic materials (3%), health care (3%), and energy (2%).

"Small caps have very little exposure to tariffs," Maltbie says. "They should lead thoroughly. Will they? That remains to be seen."