March 13, 2026

On behalf of the CFA Society NY, I hosted a meeting for Members with 13D Research - Jay Sellick, CFA to discuss his recent work exploring:

"***The Most Contrarian View on the Planet:*** *will the equity-market weights for Information Technology (~36%) and Resources (~5%) switch places in the coming years?*"

Below are my notes from that meeting, with help from Otter.ai and ChatGPT. We are very grateful to Jay for sharing his insights.

For anyone wishing to explore a subscription to the highly regarded 13D Research, please reach out to Spencer Gottshall, VP Relationship Mgm't, at *Spencer@13d.com* or (301) 828-6993.

Meeting Notes:

Jay Sellick, CFA (13D Research) - "The Most Contrarian View on the Planet…"
March 11, 2026 via Zoom

Executive Summary
Jay Sellick's core argument is that we are moving into a new macro and market regime in which natural resources and other asset-intensive sectors materially outperform asset-light technology and financial assets. His thesis is not based on a normal cyclical commodity rally, but rather on a structural shift driven by persistent fiscal deficits, rising debt-service burdens, central-bank reflation, long-term underinvestment in mine development, and intensifying geopolitical competition for strategic resources.

In his view, the long era of disinflation, falling rates, passive index dominance, and U.S. exceptionalism is fading. The next phase is likely to feature higher structural inflation, weaker real returns from bonds, multiple compression in long-duration growth equities, and significant outperformance from hard assets, especially gold, silver, copper, select energy exposures, and resource-linked emerging and developed markets.

The Most Contrarian View on the Planet…
The most provocative implication is that natural resources could ultimately regain an index weighting comparable to, or even greater than, information technology, reversing one of the defining market trends of the last two decades. (but not without precedent since it was true at prior peak(s) of select commodity bull markets)

Core Investment Thesis
Jay's framework begins with the idea that the world has already experienced three major deflationary crises in succession: the Global Financial Crisis, the European sovereign debt crisis, and the COVID shock. After this sequence, he believes the next major systemic event is more likely to be inflationary rather than deflationary.

His rationale:
First, global debt levels have exploded, while the era of zero-cost capital is over. Governments were able to add enormous leverage when rates were near historic lows, but now rising yields are causing debt-service burdens to compound. In the U.S., net interest expense is already at record levels and rising, while large fiscal deficits remain entrenched.

Second, demographics have turned inflationary. Aging populations mean a rising share of consumers relative to producers, while younger labor-force growth is slowing. In the U.S., baby boomers are aging into retirement at a rate of roughly ten thousand per day, while the Social Security system is approaching a financing shortfall within the next decade. Sellick's point is not merely that these are fiscal challenges, but that they create a structural bias toward further monetary accommodation and currency debasement.

Third, he argues that central banks remain institutionally biased toward reflation. Faced with the choice between sustaining hard anti-inflation policy or easing to support over-levered fiscal system, Sellick believes they will ultimately choose the latter. Recent policy behavior shows that this process is already underway.

Fourth, the world is confronting a resource supply problem after years of underinvestment in mining, energy, and materials. Capital discipline, ESG pressures, permitting delays, and poor prior-cycle returns have all contributed to restrained investment. Yet already strong underlying demand from trend consumption per capita in emerging economies is now being exacerbated by electrification, data-center buildout, defense spending, industrial policy, and geopolitical stockpiling.

Taken together, he sees a setup for a multi-year hard-asset bull market rather than a garden-variety cyclical commodity rally.

Why This Matters for Asset Allocation

The immediate implication is that the traditional 60/40 portfolio may prove poorly suited to the next decade. That framework benefited enormously from a forty-year bond bull market and from an environment in which disinflation boosted both fixed income and equity multiples. Sellick's view is that this backdrop has changed.
If inflation proves sticky and yields remain structurally higher, bonds may no longer provide the same ballast, while long-duration equities may face pressure from both higher discount rates and more fragile business models.

He also argued that the bubble in "U.S. exceptionalism" may be fading. He was careful to distinguish between the U.S. remaining important and the market's prior assumption that it was the only place to allocate capital. In his telling, global investors are likely to broaden out, especially toward countries and sectors leveraged to scarce resources and hard assets.

That has implications not just for security selection, but for regional allocation. He highlighted Canada, Australia, Latin America, and emerging markets tied to commodity production as likely beneficiaries of a sustained resource-led cycle.

Sector-Level Takeaways

Gold

Gold is central to Sellick's thesis. He views it as the clearest hedge against fiscal disorder and currency debasement, not as an inert asset lacking utility. His key point is that gold's supply is inherently constrained: mine production has been largely flat for years, exploration spending has fallen sharply, and the stock of readily investable gold is small relative to global financial wealth. That creates asymmetry if investors or central banks incrementally raise their gold allocations.

Importantly, he argued that gold mining equities still do not reflect the full economics of today's gold price. Margins and free cash flow are expanding materially, yet valuation frameworks on the Street still appear anchored to much lower long-term gold assumptions. This suggests further upside in producers if the market begins to capitalize current or even moderately elevated pricing more fully.

Silver

Sellick described silver as both a monetary and industrial asset with unusually attractive setup characteristics. Mine production has declined in recent years, while industrial demand continues to rise, especially through electronics, solar, and electrification-related use cases. He emphasized that industrial demand has grown even as the price has risen, suggesting relatively inelastic end markets. In his framework, silver remains significantly below its inflation-adjusted prior peak and could have substantial catch-up potential.

Copper

Copper remains one of the most compelling structural stories. Sellick's point is not merely that copper demand is improving, but that the world has systematically underinvested in future supply. Electrification, power infrastructure, AI-linked data-center demand, and emerging-market industrialization all add to the long-duration demand case. Meanwhile, declining ore grades, longer development timelines, permitting challenges, and insufficient exploration make new supply difficult to bring on stream. His conclusion is that the copper market is likely headed for substantial deficits over time.

Oil and Energy

While Sellick now spends less time on oil than in prior cycles, he remains constructive. He noted that despite peak-demand rhetoric, the world still requires enormous investment in new production simply to offset natural decline rates. ESG constraints and years of reduced capital investment have left the industry vulnerable to tighter balances, especially if non-OECD demand continues to rise. He also noted that geopolitical conflict continues to remind markets that oil remains strategic and cannot be dismissed.

Technology and Passive Investing: The Other Side of the Trade

A key part of Sellick's thesis is not just that resources go up, but that technology may cease to command the same premium position in the market.

He highlighted three reasons:

First, a more inflationary environment tends to create multiple compression in long-duration growth assets.

Second, some technology business models may be less defensible in an AI-driven environment than investors assume. Sellick was careful not to predict universal collapse, but he stressed that markets are starting to question business durability in a way they largely did not before.

Third, hyperscaler and AI capex requirements are becoming enormous, which may reduce future free cash flow and diminish the attractiveness of these businesses on the margin.

If that occurs at the same time that hard-asset sectors rerate upward, passive investors may find themselves structurally overexposed to yesterday's winners and underexposed to tomorrow's. That is especially relevant given the extreme concentration of the S&P 500 and the dominant weight of the top ten holdings.

Key Actionable Conclusions
From an investor's standpoint, the most important practical conclusions from the discussion are these:

1. Increase strategic exposure to real assets.
The clearest message from Sellick was that portfolios should hold more exposure to hard assets than they have in the recent past. Gold appears to be the highest-conviction expression of the thesis, followed by silver, copper, and selective energy.

2. Reassess gold equities as a capital-allocation opportunity, not just a commodity trade.
Gold producers may offer a combination of rising margins, strong free cash flow, low relative valuations, and a still-underappreciated earnings power if gold remains elevated.

3. Treat copper as a structural rather than cyclical theme.
The demand case is broadening beyond China construction toward electrification, power demand, and global industrial policy. High-quality copper exposure remains strategically important.

4. Consider reallocating internationally toward resource-linked markets.
Canada, Australia, Latin America, and selected emerging markets may benefit disproportionately if capital rotates out of a narrow U.S. growth complex and toward commodity producers.

5. Be cautious on passive index concentration and on high-multiple technology exposure.
Even if technology remains important, the combination of valuation risk, AI-driven business-model disruption, and higher capex intensity argues for greater selectivity.

6. Position for inflation persistence, not just inflation spikes.
Sellick's framework is not about a brief inflation scare. It is about a sustained regime in which inflation is structurally harder to suppress because of debt, demographics, geopolitics, and policy incentives.

Bottom Line

Sellick's presentation amounted to a forceful case that the market is underestimating the scale and duration of a resource-led, inflationary regime change. His view is that we are still in the early innings of a reversal that could reshape leadership across asset classes, sectors, and geographies. The strongest implication for investors is that hard assets, commodity producers, and resource-linked markets may deserve materially higher portfolio weightings, while traditional long-duration financial assets and passive U.S. growth exposure may be entering a less favorable period.

If Mr. Sellick is even directionally right, this is not a trade to be dismissed as late-cycle enthusiasm. It is a thesis that could define capital allocation for years.

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