

# Transcript of Jeffrey Kamys

**Hall T. Martin:** [00:00:00] Well, hello, this is Hall Martin with Investor Connect. Today we're here with Jeffrey Kammes, CEO at Inherent Wealth Fund. Inherent Wealth Fund is a registered investment advisor focused on thematic and sector specific investing. Jeffrey, thank you for joining us.

**Jeffrey Kamys:** Hey, thanks for having me again,

**Hall T. Martin:** Hal.

Great. So where are you calling from today?

**Jeffrey Kamys:** I'm actually in Vegas. I, [00:00:20] uh, I have a trip, uh, you know, I'm involved in this sports betting and gaming ETF. I try to go twice a month because I want to see what's going on on the ground floor and all I can tell you is for investors or people interested in the space, it's very crowded here.

And I, uh, you know, things are going well in Vegas despite the recession. And in terms of recession proof, this is an industry that usually lasts and does [00:00:40] well, actually better in, in those kinds of economies. So, uh, uh, sports betting and the casino gaming sector is alive and well right now, I can tell you.

Well,

**Hall T. Martin:** great. Well, let's kick off a little bit with your background. What did you do before founding Inherent Wealth Fund?

**Jeffrey Kamys:** So I started in, um, when I was younger, I was a [00:01:00] athlete, I played a lot of sports. I wanted to stay, I took, I hurt my shoulder. I wanted to take part in sports. So I created one of the very first fantasy sports sites when I was like 23, 24.

It was called Dr. Stats at the time. I ran that for about 17, 18 years. It was a lot of writing. We were doing like, I was doing something like 400 player evaluations, especially for football. [00:01:20] During the football season, uh, NFL season, I'd be doing three and four hundred player evaluations a week. So it got kind of draining, but, uh, it was a great business.

Got to work from home for myself and, uh, made a nice living, got to be at home, raise my kids. So it worked out kind of perfectly at that time and, and I really love the industry and now it's kind of grown into fast forward [00:01:40] into the sports betting, analyzing stocks. It's very similar.

**Hall T. Martin:** Great. And so what's your advice for people working in this space?

What do you tell them to do before they jump in?

**Jeffrey Kamys:** Uh, in investment advisement or in just in terms of general entrepreneurial kind of lifestyle investing

**Hall T. Martin:** in the sports space, you know, the sports betting space in particular. [00:02:00]

**Jeffrey Kamys:** Well, one of the things that's happening is, you know, it's a, it's a really, it's a nascent kind of investment kind of concept because, you know, a lot of these companies are very new.

And so what you get a lot, and there were three this week, there's a lot of merger and acquisition activity, and I would say there's some winners and some losers. One of the reasons a fund like mine makes sense, if you're interested in investing in this space. [00:02:20] is that you don't, you get the diversification without the single stock risk.

You know, uh, the stocks will win. Some will win. Most will win. Many will lose. And that's just like the stock market in general anyway. I mean, we've, we all probably took some hits in those bank stocks in the last two or three months. But, but you know, some are going to lose and some are going to win. And you're going to get diversification by being [00:02:40] in a fund like mine because we owe 30 to 35.

Holdings and rather than just betting on one company, you get the ability to get diversification and get the cumulative annual growth rate with just somewhere in between 13 and 15% currently per year. So that's really the concept behind it and a fund like mine.

**Hall T. Martin:** Well, great. And so how do you [00:03:00] see the state of investing in this sector evolving?

Where do you see it going at this point?

**Jeffrey Kamys:** It's still very new. It's, you know, people are still learning it. I get questions all the time. Are, what are you, do you make bets with my money? I'm like, no, it's we're, we're investing in companies that are traded on the, you know, the stock markets and global markets all over the U U [00:03:20] S and all over the world.

And you know, it's companies that people know and understand. Some of them Caesars when Las Vegas Sands are companies people have heard of, but there's new companies. There's a company, essentially people know the name FanDuel, but it's actually owned by Flutter, which is a London and Ireland company.

That's actually going to go public at some point here in the next probably three to six months and they're going to have a US ticker. I [00:03:40] advised them actually, I told them they should go public as FanDuel because people don't know who Flutter really is. You know, it's, Flutter just means make a bet. You know, it's like having a flutter.

I don't know if you knew the term. But I ask people that because most people don't understand what the term means, but it's a British term for like making a bet. It's like, oh, I'm going to go have a flutter. So that would be placing a bet on a horse race or a game. [00:04:00] And, um, but there's new companies that are, that are in this industry.

There's also old ones. People, if you've been to what they call Las Vegas, which is old Las Vegas, which is they call it now. You, you, everybody's probably been to like Fremont street, Fremont street, hotel zone by Boyd's, which is a great company. In fact, it's a company that for many years, Warren Buffett invested in because it was a, it was a value based company.[00:04:20]

You know, it trades at somewhere in the 13 to 15 price to earnings ratio and does considerably well. And when there was a downturn in the market, while it may not have made. 50, 60, 70% like some of these stocks made in certain years in 2019, Boyd's made like 25% but didn't lose 50, 60% the next year. So it was kind of churning along and it always makes a profit.

It's a well run [00:04:40] business.

**Hall T. Martin:** So, so what is the growth rate of the sector now?

**Jeffrey Kamys:** It's in between, uh, estimates are between like Grandview research used to have it at like between 13 and 15%. Um, I think it's getting

harder to gauge that number because we're getting, when we talk about the global market, if the global market has.

is somewhere in the range of 450 [00:05:00] billion right now. But that's because we're adding countries like, so here, here's what just happened. Interesting news globally is something like Japan, which never had casinos, just allowed, um, a casino that that's going to be built by MGM. And that's coming in the next three or four years.

You know, we had big growth. What happened when we had COVID essentially and the lockdowns in Hong Kong and Macau [00:05:20] is that that market grew, Singapore grew. You know, there's a company called Genting that grew and is growing that Singapore market. So we're getting huge growth in Korea, Philippines, all those, you know, all those Asian countries that are, that are expanding now into this space.

So, and now we're getting South America. We have UAE, Arab Emirates that, that's adding casinos. So [00:05:40] you're getting them not only in the US, but you're getting them globally too. And that's one of the things you can get exposure to in my fund because you can't really trade a lot of these stocks that are globally, you'd have to have a special account.

And most people wouldn't want to pay the cost to trade globally.

**Hall T. Martin:** Well, how many companies are engaged in it worldwide? If

**Jeffrey Kamys:** you could guess, um, I, you know, [00:06:00] wow. I mean, there's gotta be over with all the tickers all over the world. It's gotta be 150, but I would tell you it's actually, it should be larger, but what's happened is because the market's been so terrible for IPOs, you know, 2019, 2020, we were having, you know, one to two companies a month that were in this space or associate or affiliated.[00:06:20]

Whether they be a pay company or a software company that we're going public and now we're getting no one's going public essentially no IPOs and I think there will be a bunch that will come on the marketplace probably when the Fed gets done with the rate hikes, which is which seems about now. I think that there are you were getting some notifications of IPOs, not necessarily in this space.

We do have the one Fandel Flutter [00:06:40] one, which we know is going to happen in the US, which will be great for our industry. But we're going to start seeing more companies probably go, you know, with IPOs because there's

people, you know, I mean, there's companies like Instacart, you know, that's been waiting for three years.

So they're, they're due to go public. So we're going to start seeing some IPOs probably in the next second half of this year and definitely in 2024. [00:07:00]

**Hall T. Martin:** Great. Well, aside from the IPO situation, what are the challenges in the sports

**Jeffrey Kamys:** betting space? So, we saw the, the original comment you'd hear about the challenges for these companies at the beginning was customer acquisition.

And so a lot of the cost, you know, these companies are spending a lot of money, especially somebody like DraftKings, which was a ubiquitous kind of [00:07:20] advertising company. They were everywhere. You know, my brother, who doesn't enjoy sports betting at all, he's more of a art musician type person. And he's like, well, who is this DraftKings?

And I thought if it reached my brother, John, maybe they're doing too much advertising. That was one of the challenges initially, was getting people on their platforms. But what they've done now is strategic partnerships. Um, you'll see almost [00:07:40] every single team that has a professional, you know, as a professional team, they'll have some kind of a license with these companies, either Vandal, DraftKings, BetMGN, one of them.

Now, if their states are legalized, they'll probably have a kiosk. You know, in, in Wrigley Field, they're building one for DraftKings that's open. I think it's opening in the next couple of months. [00:08:00] They've been working on it. And there's, there's all, every stadium in Arizona has them. Cleveland Browns did their own deal.

All these stadiums where GAMLI's legalized, you know, it's, it's becoming wide open and they're doing these partnerships. So they're giving up a little bit of the, the gain, but they're also getting these, this customer base that they maybe wouldn't have been able to access at the cost. You know, you'll [00:08:20] see Texas, Hal, I know you're, you're in, you're in the, you're in Texas in that area.

So. Thank you. We, we

**Hall T. Martin:** are, we are in Texas and we're having a discussion about the regulatory issue of it today.

**Jeffrey Kamys:** Right, I know it, it got to the, it got to the, I guess, I guess the governor general's bloc, who's, somebody's says they're gonna stand in the way of that. I know that most of the teams, you know, I'd read the story this week, [00:08:40] I know that they had passed it for the initial vote, but they say that they're gonna block it.

I know that all the professional sports teams, obviously, it's, it's bread and butter for them, they want it. Uh, I know that there's a deal kind of in place pending with... Mark Cuban and the Mavericks to build, you know, with Las Vegas Sands, who used to be a company that was, did most of their business in Macau.

[00:09:00] But, you know, they realized that was not a great idea and they wanted to differentiate after what's happened there. So now they're, they have a deal in place with Cuban to build a stadium and a park and a resort and luxury hotel there in Texas when, when that happens. So we might not get it this term.

We'll see. But, you know, pressure's building and there's a lot of money at stake and a lot of big, a lot of big, uh, voting dollars, I would [00:09:20] say, in Texas.

**Hall T. Martin:** Aside from Texas, do you see regulatory as an issue?

**Jeffrey Kamys:** Um, in terms of what? I think these companies, one of the things these companies do, you know, is they do a good job.

Are you talking about like regulatory from like compliance and policing, self policing? Or are we talking about just regulatory getting it passed in certain places? [00:09:40]

**Hall T. Martin:** Uh, compliance and leasing, uh, just uh, you know, it seems like it's holding back the industry in some cases, but uh, or maybe it's not. What are your, what's your take?

**Jeffrey Kamys:** I think they're doing a great job. I think the licenses are on the line. I think they punish bad actors, and I think they punish them pretty quickly. One of the things that the industry has now, because it's not in, in dark places and dark [00:10:00] hallways, and this is something people need to understand is, you know, we, I, I try to go and explain to institutions why there should be a mandate.

That's what my goal is. Um, and one of the things it is, it has this dark underbelly concept. It's not. You know, the data that they have now is so perfected because it's all online or computerized. That they know bad actors,

they know when there's a problem gambler, they go [00:10:20] and search them out and they say, look, we can't let you be on our platform because we know that, you know, based on your profile, you're overrunning where you should be and a lot of that has to do with this data move in terms of, you know, taking AI and being able to, to figure out where there's people who maybe are betting 10,000 a game and they should probably be betting 100 and they'll, and they'll [00:10:40] search those people out.

And it's very hard, I think, with the way that it's all centralized and everything's tied together these days. Yeah. To have people really abusing the system and they're worried about losing licenses when you're paying tens of millions of dollars to put licenses in place. You know, they're not going to want to lose those for that revenue and they don't.

And so I think they do a very good job of [00:11:00] policing it. And I think education is a mandate and I think that the education that's around gambling is present everywhere you see it. I, you know, like I'm, I stay at, you know, MGM hotels when I, when I travel. Uh, generally to Vegas because, you know, that's something I've been with them for a long time.

But there's lots of information on problem gambling. Everywhere you look in terms [00:11:20] of that. Whether it's in the sports book or in the casino itself. And I think the industry needs to police itself and has done a good job of it so far.

**Hall T. Martin:** Great. Well, you mentioned AI and that's one thing that came to mind is, What is the impact of AI on the sports betting

**Jeffrey Kamys:** space?

You know, when, uh, people talk to me all the time and I, you know, I, I built software for a long [00:11:40] time. So when you think about the apps that are on these phones, um, something like, you know, Salesforce a huge company, you know, maybe not the huge whole version of Salesforce, but I could probably create, cause I've created enterprise software, I could probably create Salesforce in three to five, six months to create an app for the sports betting space with the complexity they have in it.

It's a year plus. [00:12:00] These are complex apps. Complex technology from things like geofencing to legislative issues, not even talking the AI that's involved in like these real time data bets where, you know, if you're up in a bet,

the AI will tell it, it'll say, look, at this point you can, you should cash that bet out for, for 70% of the bet.

You know, they have all this live betting action. [00:12:20] It, these are very complex apps. They've been using AI in these apps for three to five years. For a lot of things, for analysis, for analytics, for the real time feeds, for the real time decision making involved in when you buy off a bet. And I think this, you know, this is really, it's transformational.

Um, what you'll have is, at some point, they've laid a lot of, when investors look at [00:12:40] it, they're like, wow, they're spending so much money on technology. But they're gonna, they're putting that groundwork in, and at some point, the transformation will be in the margins that they get in technology, because it always is.

They're just, I think of these companies as like 1980, Software companies like, or hardware like Apple, you know, that's what they are. They're, they're, they're nascent [00:13:00] and that's what I try to explain. You're really early on this if you're, if you get it. And when I, when I see somebody invest in it, I'm like, you're early, you're smart.

This is where it is. You know, it might take a while, but these are, this is where the future is. It's, it's only growing. You're not going to put this back in the barn is the way I look at it. So yeah, they're using AI and they've been using it for years, I guess, to go back to your general question. So it's [00:13:20] expanding in our space as well.

And what way are they

**Hall T. Martin:** actually using it? Is it on the interfacing side or is it on the research or is it on the odds? How exactly is it being used at this

**Jeffrey Kamys:** point? All of it. Pulling from other sites to make sure that they have, they don't want to get, you know, one of the things they're afraid of always is arbitrage.

They don't want to see a site with a four and a half [00:13:40] line against a three line looking for guys to meet the middle there. So they do that. They're pulling massive amounts of data all over all the sites to make sure that You know, I, I would always say to people who would bet because I'd like to bet on the NFL.



I mostly only bet on the NFL occasionally, I'll bet on the NCAA tournament. But I just do it for fun. NFL, I'm, I'm, I consider myself a pretty good prognosticator. [00:14:00] And I always tell people to look for, look for arbitrages. Look for those situations where you might be able to get a point somewhere where someone's not onto it.

That's the one way they're using AI because they're pulling all that data so quickly. Now that they're, they're getting all those lines so that there isn't, if there's any kind of depression or change in the line, they want to make sure they match it. And there's so many exotic bets. [00:14:20] Now, AI is being used just for them to go over.

They'll throw the periphery or the, the kind of the panel of what's happening in the space. And they'll say what bets might be of interest here. And they'll have a backbone of data to see what, so they're creating new opportunities in the space to bet with different teasers and, or kind of like, you know, [00:14:40] It's just strange exotics that they, I would call it, you know, in the space.

So AI is helping them with that as well.

**Hall T. Martin:** Great. Well, let's talk about the inherent wealth fund itself. How does it fit into this sports betting

**Jeffrey Kamys:** landscape? Well, so inherent wealth funds, the advisory. So, uh, uh, the, so I'm the advisor and the fund strategist and inherent wealth fund is [00:15:00] my fund. So essentially.

You know, funds, all, all companies that manage funds, they have a management company and that's essentially what Inherent Wealth Fund is for the space. So that's kind of how it fits in. So that's my fund that I run and we have some private accounts. We don't do a lot of that side of the business, but we do some retail side investment or I should say for individual investors who want it, who [00:15:20] want different portfolios.

But for the most part we're concentrated on this ETF and potentially some other ETFs in the future that we're looking at. That's

**Hall T. Martin:** great. Uh, so what else should we cover that we haven't?

**Jeffrey Kamys:** Um, I would just say, you know, the space is growing. I think it's, I'm, you know, it, there's a lot of [00:15:40] questions that people have about the space.

I think that the, the organizations themselves are doing a great job with compliance, and I think there's a lot of opportunity in the space. I think we have 32 states that have some form of legalization, whether that's kiosk, online, or in person. We have the big states, California missed it, which was a bummer, but you know, [00:16:00] the tribes are huge.

When we talk about this, the sports betting marketplace, Macau does, when Macau gets back up to speed, it'll do somewhere between 13 and 15 billion a year. You know, it's starting, it's getting closer to doing about two thirds of what they used to do. Vegas does about 13 billion. California alone, the gaming, the [00:16:20] tribes in California do 12 to 13 billion.

annually. And so they're powerful. So it's going to be hard to get into California alone. But the big catalyst states are coming up. But of course, we, we still want California has the same kind of problems that Florida does because Florida has the tribes as well. And they're well established there. Texas is wide open.

It's just going to be what happens with the governor. [00:16:40] And when it gets through, because Texas is going to be in wide open territory. I think there's one reservation in Texas. That has a, has a small casino in California. You have 73 tribes, I think 71 of them have operations. So, you know, they're not going to let them run over them.

You know, they're, these are smart business people. We think of the history of, you know, the, you know, the, the [00:17:00] native Americans or the Indians. And we think of it in that kind of way that we took advantage of them. These are smart people. They did a great job knocking out the outside, uh, proprietors. When they tried to pass it last time and it's they have the loyalty of the politicians to be honest and the loyalty of the newspapers.

And those are the things that get these things passed. Well, that's

**Hall T. Martin:** great. Appreciate you sharing that [00:17:20] information with us. How best for listeners to get back in touch with you?

**Jeffrey Kamys:** Yeah, you can either Google me, Jeffrey Kamis or Inherent Wealth Fund or look up the iBet Sports Betting and Gaming ETF. And that's the fund that we're running and that we've been talking about.

**Hall T. Martin:** Great. We'll put that in the show notes. We want to thank you for joining us today and hope to have you back for a follow up soon. [00:17:40]

**Jeffrey Kamys:** Love to. Thanks a lot. And thank your audience for listening.