



# THE EQUUS REPORT

—BY BARNABY LEVIN

## The **OVERVIEW EFFECT**

April 7, 2026



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## The Overview Effect

Seeing the image of Earth from Voyager’s perspective – when it was 4 billion miles away – Carl Sagan said “That’s here. That’s home. That’s us – everyone you love, everyone you know, every human being who ever was – on a mote of dust suspended in a sunbeam.”<sup>1</sup> It’s a perspective shared by many of the world’s astronauts who’ve returned home, transformed by what’s known as “The Overview Effect” – “when they see the planet hanging there, in the blackness of space, and realize how interconnected and interdependent we are...that we on Earth are inextricably linked.”<sup>2</sup>

And yet, throughout history, there are those among us who do everything they can to tear things apart, in a never-ending struggle between the (quote) “enlightened” and those who would (like Ellsworth Toohey in Ayn Rand’s “The Fountainhead”) destroy the things others have built. Few know (for example, because it’s no longer taught in class) that, in the third century B.C. – during the “Ionian Awakening” – the Ptolemys established the great **Library of Alexandria**, dedicating it to the study of mathematics, physics, biology, astronomy, literature and medicine. For seven **centuries**, it thrived, until it was destroyed by a mindless mob that had no idea what great works (from the likes of Sophocles, Aeschylus and Euripides) were stored within. They only knew what it **represented** to *them*.

Unfortunately, of that glorious library, not a single scroll remains – so one can only imagine where we might be today, had it been allowed to flourish, uninterrupted till now. It’s such a shame, to see people filled with such hatred, when they clearly have no idea what the puppet masters pulling their strings have in store for them, if they’re “successful” in achieving “their” ends.

I’ve spoken of things like this in my several articles and podcasts on “The Battle between the Haves and Have Nots” – and Ray Dalio has (of course) been far more prolific (just today, on April 7<sup>th</sup>, posting a new article titled “We are in a World War that Isn’t Going to End Anytime Soon”). Bless his heart...

Yet this (I believe) **is** the sort of existential battle over which we’re now engaged in **Iran** – whose leaders have long dedicated themselves to wiping Israel and the U.S. (that is,

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<sup>1</sup> “A Pale Blue Dot,” by Carl Sagan, Ballantine Books, 1994

<sup>2</sup> “Astronaut who observed Earth from space says humanity is living a lie,” by Vidhya M, Scoop, April 5, 2026



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the “Little” and “Great *Satans*,” respectively) off the face of the earth. The threat this Sponsor of Terror would pose, should they ever come into possession of a nuclear bomb, is almost incalculable. Combined with their arsenal of short- and long-range ballistic missiles and control over the Strait of Hormuz (through which 20% of the world’s global supply of oil flows), it would be devastating for generations to come. In some ways, in fact, I’d almost prefer we be taken over by **China** (which, at least, still values culture and education, which the Mullahs don’t).

So (when we consider this) it seems to make the threat that **AI** might have on **Software** – or to those, in **Private Credit**, who’ve lent them money – pale in the scheme of things. In Software and Private Credit, there will (no doubt) be a shake-out and some companies will be impacted more than others. But this too shall pass and I think it would be a mistake to under-estimate American ingenuity and our almost innate, entrepreneurial spirit. In America, at least – while “Men accept change only in necessity and see necessity only in crisis”<sup>3</sup> – it **does** seem that’s when we’re at our best (rising to the occasion, when push comes to shove).

And yet, these “shakeouts” **are** having an impact on the Markets and on some of our holdings and its incumbent on me to address them.

To begin with – in my most recent article (titled “**Margin Call**”) in February – I sought to **prepare** Clients for **precisely** the sort of turmoil we’ve been experiencing since the war in Iran broke out – **and** what I recommended we do about it.

The war in Iran is (of course) having an inevitable impact on the price of oil, given (again) that 20% of the world’s supply flows through the Strait, which Iran has (effectively) closed (as it has many times, over the past 47 years). And, as the price per barrel has risen, the “market” has immediately begun to price in its potential impact on everything downstream of it – that is, on everything oil goes **into** or affects, including (of course) inflation and interest rates – should the battle take longer than expected.

But I have to ask: do these people (the ones pushing the price of oil up 50-70%, since the battle began) truly doubt the U.S. **won’t** (ultimately) succeed? in the face of Israel’s

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<sup>3</sup> Jean Monnet (1888-1979): “Les homes n’acceptent le changement que dans la necessite et ils ne voient la necessite que dans la crise.”



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and our combined might? Could it be they *hope* we won't? Because the only way (it seems to me) *that* might happen is if *China* (as the primary beneficiary of Iran's oil) got involved, militarily.

I certainly fear (before President Xi is done) this might happen, when it comes to *Taiwan* (if only because it's what he *said* he'd do, before he left office). But I *don't* think they're prepared to do that (just yet) – to directly confront us over *Iran*. They may not lift a hand to *help*, but I don't think they'll shoot themselves in the foot since they need the rest of the world to purchase their exports and (perhaps in anticipation, that something like this might happen) they've stockpiled plenty of oil already, so they're in good shape, with regard to energy, for now.

I just think we need a little more time.

Now, I'm not saying the IRGC won't (like a cornered animal) inflict damage – and, possibly, surprise us with some of their targets. I imagine they've been planning for this for a long time. But ultimately, at the pace we've been going, there won't be any more targets (organic or otherwise) before much longer – and, when it's over, the price of oil will fall back to where it was (at \$70) or lower – once Iran's ability to shut down the Strait is eliminated, once and for all. Imagine, for example, what the price of oil might be if that continual threat were taken off the table, *forever...*

Regarding Software (as Chamath Palihapitiya has been saying in his All-In Podcast), the likes of Anthropic and OpenAI will – when they go public, later this year – “not simply absorb capital. They will decide where every dollar in the sector is allowed to flow.”<sup>4</sup> He thinks the tech sector will shrink faster than non-tech and that it “will erode most of the moats that support” today's companies. And (because he's much smarter than me) I'm inclined to agree – to some extent.

But I can't help but feel that he (like others) are discounting the fact, there are people like Nikesh Arora at Palo Alto Network, who *won't* just be sitting idly by, like ducks in a row, doing nothing. In a recent post on LinkedIn (for example), he acknowledged how, “over the next six months, the barrier to entry for sophisticated attacks will continue to diminish. A single bad actor,” he said, “will now be able to run campaigns that once required entire teams –and *they* only have to be right once.

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<sup>4</sup> “Travis Kalanick & Michael Dell Live from Austin, Texas,” Chamath Palihapitiya, The All-In Podcast, March 16, 2026



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Defenders (like us) have to be right every time. So,” he said, “we must fight AI with AI – **and our work is well underway.**”

Some “proprietary code; switching costs; network effects; and data advantages” **will** vanish or be intermediated, to some degree – and (again) for some more than others. But for Chamath to say “every SaaS company trading at 20x revenue on the assumption of a long runway just had that runway cut by two thirds” seems a bit extreme.

In the first place, there are those (like Palo Alto) that are already trading at half that multiple, which isn’t much different than many other companies in other “non-tech” industries. And he **does** say “**mid-tier**” – not “**top-tier**” (which is what **we** own).<sup>5</sup>

Regarding cybersecurity companies in particular – while I’m not quite convinced Anthropic is a “supply chain risk (yet) to national security” – they **would** be if (as Arora and others in the industry are asking) they refuse to work with the defenders **before** new versions of their software are released, going **forward**. “New capabilities around cybersecurity and agentic workflows should be secured by design, not launched with no regard” and – if Anthropic **were** to do so after the recent revelation (that there were multiple vulnerabilities in the Claude **Code** itself, exposing users to hackers) – it would be clear our national interest and that of our companies (to whom Anthropic is currently selling their product) isn’t a concern of **theirs**. Which wouldn’t make sense – because the potential consequences are so serious. They’ve now had a chance to see the blowback, and they must know that (to disregard these type of threats now) would be inexcusable and (in my opinion) lead to their own demise. So, I **do** think they (and other AI companies, like OpenAI) will work more closely with those trying to protect us – **which** (I think) would make the latter **more** valuable, not **less**.

In the meantime (unfortunately) it’s “shoot first; aim second” for most of the Day Traders and Hedge Funds that drive our markets, on a day-to-day basis, and we’re going to get hit by some shrapnel in the short-term. As Chamath says: “Capital does not slowly migrate. It **floods**. And institutions do not politely trim their mid-tier SaaS exposure. They **dump** it.”

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<sup>5</sup> In our Model Portfolios – when it comes to stock selection **and** given our Concentrated approach – we only buy the **Market Leader** (in terms of Revenue) in any given industry and (then) move on to the next industry, so we can provide **true** diversification, by Sector **and** Industry.



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He's right.

As I suggested in my article, “**Margin Call**”, “consumer agents” like OpenClaw are already beginning to handle purchase decisions, subscription management, price comparisons and service negotiations – so the clock is ticking and great companies **will** need to step up their game. But I think they will – as they have so many times before – when there's been other “disruptions,” of one sort or another. If they hadn't, they wouldn't be the Market Leaders they are today – and the same (I must say) is true when it comes to **Private Credit**.

The bad news with Private Credit is that most Alternative Managers (from Blackstone to Apollo) and Asset Managers (from Blackrock to Morgan Stanley) have significant exposure to Software in general. And (as far as I can tell, by the number of announcements we've seen) virtually all that offer quarterly redemptions have, by now, instituted their right to limit withdrawals to 5% of Assets Under Management (AUM), in their respective Private Credit funds.

Clearly, it's possible – that **some** Advisors didn't adequately communicate the potential lack of liquidity to their clients when they invested. In **my** case, however, that's where I **begin** – and we don't go any further until I'm confident clients understand they must only invest in this type of Alternative Investment on a **long**-term basis, when **liquidity** isn't a concern, in the first place. Then (when it comes to “Perpetual” Funds), quarterly liquidity's an added **bonus**.

The truth is, I have **always** considered the 5%, Quarterly “gate” a feature, not a “bug.” Its purpose is to strike a **balance** – between providing liquidity for those who may wish or need to exit – and (in times of stress) protecting investor capital for those wishing to remain invested, by avoiding a forced sale, below intrinsic value.

When it comes to valuation, all or most (reputable) Funds use an independent, third-party company to audit and mark each Fund's holdings “to market” on an ongoing basis – and they're **all** subject to SEC review.

Therefore, it's noteworthy that Jamie Dimon (CEO of JPMorganChase) – who was one of the **first** to suggest the problems at funds (like Blue Owl) might be a “canary in the



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coal mine” – just admitted in his Letter to Shareholders that “private credit does **not** pose a systemic risk.”<sup>6</sup>

Of course, there **will** be defaults and, as we’ve discussed, AI **does** pose risks – especially to companies in the software industry whose product depends on “coding,” which is a strong suit of AI. But as usual, the biggest culprit I always look for is **leverage** – which, during the Financial Crisis of 2008, rose as high as 30:1. Today, for the top tier Business Development Companies (or “BDCs”), it’s closer to 1:1 – and the better ones invest primarily in “first lien, senior secured” loans where the Lender is first in line, should the Debtor default, and all the **owner’s equity** is wiped out **first**. IF this happens, they can step in; take over the company; and restructure the business, for which they typically have experienced and dedicated teams in place, to run the companies themselves.

The **question** (in the end) is **who** (after all the panic the media is ginning up – causing those who may not know any better to head for the exits) will be **willing** to extend that **next** loan? As always, it will be those with the strongest Balance Sheets and that were prepared for this scenario, in advance – who have a proven record, not only of dealing with change, but emerging stronger than ever. Who (therefore) will be taking **advantage** of the opportunities those in trouble provide them (like Goldman Sachs and Morgan Stanley seem to be doing, according to Bloomberg)<sup>7</sup>

Returning to AI, it’s often compared to The Industrial Revolution, which was a prolonged and brutal period, lasting (roughly) from 1760 to 1840 – when output per worker grew and real wages for the working **poor** stagnated or fell. As Carl Frey said in his book “How Progress Ends,” “Progress happened. Workers paid for it.” But in retrospect, one can see that – while automation destroyed old categories of work – it created new ones. “Factory hands replaced handloom weavers; service workers replaced factory hands; and knowledge workers replaced clerical labor.”

But with AI it seems less clear. While Green energy and Home Care (for example) are real, they seem insufficient in scale to absorb those “white collar” workers who will, most likely, be displaced.

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<sup>6</sup> “Dear Fellow Shareholders,” by Jamie Dimon, JPMorganChase, April 6, 2026. He also said that “AI is **not** a speculative bubble.”

<sup>7</sup> “Goldman Says It’s Ready to Pounce as Retail Flees Private Credit,” and “Morgan Stanley Plans Private Credit Fund Even as Investors Flee,” Bloomberg News, April 7, 2026



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All in all (when it comes to AI) there seem to be three types of company:

- Those that will benefit and prosper from AI;
- Those that truly have a viable moat and, after some restructuring and “Creative Destruction” perhaps, will survive; and
- Those that will go away (and “to the victors will go the spoils”).

And yet, as **Mike Rowe** (the TV host best known for his show, “**Dirty Jobs**”) says, “there are a couple million AI-proof, six-figure jobs open right now”<sup>8</sup> and (according to the most recent report, from the Bureau of Labor Statistics, for March 2026) the number of those unemployed was 7.2 Million.

So, where are all the workers?

Clearly, some **can’t** work and some don’t **want** to – while (as we’ve said) some are busy protesting or tearing things down. In part, it’s that people aren’t yet trained for these jobs because – even though they don’t need a four-year, college degree – they’re **still skilled** trades, like welders, electricians, plumbers and machinery mechanics.

In part, it’s a “demographic squeeze,” where skilled workers are “aging out” and fewer young people entering – like it’s been, for a while, for farming, where the day is long and the work hard. And why (you might ask) is that? As Rowe says, there’s been decades of messaging (when it comes to education and career options) – that those jobs weren’t “worthy” of consideration. Some things they’ve been teaching (like politics and social “equity”) have only **recently** come to light, during the Pandemic. But ever since they stopped offering Shop Class in High School, twenty or thirty years ago, it created a cultural stigma, which is too bad. Because **those** are the kinds of jobs that are not only available – they’re less susceptible (today and for the foreseeable future) to AI and automation.

In “fact,” I found it fascinating that the sole survivor of the Eridian spaceship in Andy Weir’s book, “Project Hail Mary,” is a “lowly” mechanic who simply “fixes things” (and **he** doesn’t have a very high opinion of himself, **either**). The solution (both for his own planet and earth’s) existential crisis requires **both** of them – the scientist (aka the hero,

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<sup>8</sup> “Existential-Alarm Bell Bad: Mike Rowe says there’s an apocalyptic number of people not getting into the trades,” by Jessica Wong, Moneywise, April 5, 2026



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Ryland Grace) **and** the mechanic – and (perhaps) that gap (between “blue-collar” and “white-collar” work) will soon be fading away. “The color of collars,” says Rowe, “is over” – and we may not only be beginning to see a growing demand for practical, hands-on skills – the U.S. Department of Labor recently noted how **some** companies (like Ford and Caterpillar) are beginning to offer Registered Apprenticeships that combine on-the-job and classroom training to fill those skill gaps. For the workers – once they start to realize they can get paid while they learn a new skill, without drowning in student debt – I’m hoping “the Trades” will gain traction. So, there’s hope (that we may tackle more of those job openings soon).

Meanwhile, JPMorgan recently told investors that the next “big trade” is the aging U.S. power grid which (nearly 60 years old) is posing a national risk – exposed, as it is, to extreme weather, cyberattacks and geopolitical threats. “Globally,” they said, “\$5.8 **Trillion** is expected to be spent on grid upgrades between 2026 and 2035, with the U.S. accounting for roughly \$1 Trillion of that.”<sup>9</sup> And, in their October 2025 “Security and Resiliency Initiative,” grid resilience was named one of the priorities – right next to AI; defense technology; the pharmaceutical supply chain; and access to critical minerals. They’re committing \$10 Billion of their own capital to this key piece of Infrastructure (thus offering **another** opportunity, for people **looking** for work).

So, where do things stand at this point in the year?

As the Oracle said to Neo in “The Matrix Revolutions,” “everything that has a beginning has an end” – which (in the teachings of Buddha) seems to mean that “clinging to permanence only breeds suffering.” According to **Grok**, it’s a reminder that “cycles of oppression and conflict aren’t infinite and it’s up to us to choose the ending we want.” And – as the Oracle says **throughout** the Trilogy – most of us have already made the choice: “now we simply need to understand **why**.”

I think (for those unfortunate enough, never to have considered that tiny Blue Dot, just “hanging there, in the blackness of space”) that’s sometimes hard to appreciate. But when looking at one of those maps that show **just** our own **Galaxy** – once we have a chance to realize that – when it comes to many of the challenges and conflicts affecting our Markets (and how seldom people take the time to truly consider things from all angles, or **all** of their Pros and Cons), they seem small and (in the end) inconsequential.

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<sup>9</sup> “JPMorgan identifies a massive investment opportunity,” by Hillary Remy, The Street, April 3, 2026



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We must simply remember the caliber of the companies we own (and that of their Leaders) and (once we take a breath) realize “this too shall pass” and that we’ll be right back on track to a bright future, in relatively short order.

## **Barnaby Levin**

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