

# Hedgeye's Third Time Lucky?

I'd never heard of Keith McCullough until today when we noticed that Kinder Morgan (KMI), a stock we own, was down 4%. MLPs are weak but KMI and its cousins KMP and KMR are certainly leading the way. The driver appears to be a bearish report on Kinder Morgan to be released to clients of Hedgeye next week. We like KMI for its 4% yield, long history of stable growth and management guidance of 12% dividend growth. KMI owns the IDR's for Kinder Morgan Partners (KMP) which we also own, and around 50% of distributable cashflow from KMP now goes to KMI. In effect, KMI is a hedge fund manager charging 2 and 50. It seems like a decent investment.

Keith McCullough has in the past made some bold calls. In 2010 he apparently advised clients that France and Italy would both crash as the Euro crisis unfolded, and also at around the same time recommended that they sell all U.S. stocks. I must confess that we didn't read about those forecasts as the time because we weren't then (and aren't now) subscribers. In fact we didn't hear about them at all until reading about Kevin McCullough today.

Two spectacularly wrong calls don't tell you anything about whether the KMI call will be right or wrong (and in any case there may have been hundreds of correct calls since 2010). We still like KMI, although we haven't read Hedgeye's report. We bought a little more today. He obviously has the ability to cause short term moves in stocks, so we'll be watching what he has to say (though not as a subscriber).