The Evolution of a Value Investor with Jason Rivera

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[00:00:00] **Andrew:** We are here for our first official YouTube collaboration. We are joined by Jason Rivera. How's it going, Jason?

[00:00:07] **Jason:** Doing awesome. How are you guys?

[00:00:08] **Dave:** We are doing great. Thank you.

[00:00:10] **Andrew:** Yeah, I got Dave here with me.

I wanted to start with maybe your background just introduced. What do you do or are in the investing realm now, managing money, whatever it is? And then maybe after that, how did you get started?

[00:00:23] **Jason:** Yeah, so I run the value investing journey blog had for 8, 9, 10 years, which is ancient in the blogging arena.

We also, I also have our masterclass by value investing masterclass, where we teach students how to find, evaluate and value great stocks faster written a couple of books called how to value invest and on the float, teach people how to to value invest and about investment float. And then, I also managed some portfolios as well for some investment portfolios, and that is the short version of my story.

[00:00:55] **Andrew:** Like a CFA kinda thing.

[00:00:56] **Jason:** No, I'm actually self-taught; I'm completely self-taught. I wasn't able to go to college due to severe health issues in the past. So I'm completely self-taught, and when I say self-taught, most people are like whatever. And they learned from mentors.

I, 99% of what I know is that I know about investing finance is self-taught from books, Google. Because when I first started about 15 years ago, there were no online courses with this stuff. And because I couldn't

go to college, I didn't have a network of people like to reach out to talk about. My dad was in the air force, and my mom was a stay-at-home mom slash flight.

She worked as a receptionist, so we didn't talk about things like investing. So I'm completely self-taught no, no certifications, no degrees. I haven't even taken it. I was about to say I haven't taken one college course. I took one college course on valuation firms from Aswath Damodaran. I think that's how you pronounce his name.

Years ago, I could finish the course. Yeah, completely. A self-taught.

[00:01:55] **Andrew:** You're in good company. That's Dave and me too. Or both self-taught then go to school for anything. I'm a huge fan of Damodaran. I know Dave is too; I've got several of his books, including those big thick textbooks, his, and yeah, it's interesting. Like when you're passionate about something, how.

It can really learn, and things can stick in your head that might not necessarily happen even if you are enrolled. What was it that got you interested? You mentioned you didn't really have a network of people that introduced you the finance. So was there something that kind of drew you to the stock market investing?

Like, how did you even end up? Like from the very beginning.

[00:02:36] **Jason:** Yes. So it's a fantastic question. So this my I've always wanted to make money and become wealthy ever since I was a little kid, I don't really know why. I can't remember why other than, of course, to make lots of money, who would want to do that?

Yeah, exactly. And I've always been interested in business, and I've always loved strategy and this. But the actual first thing that got me interested in specifically investing in finance was in high school. In my senior high school, we had this co this class called consumers. It was a smorgasbord of classes, and they taught things like how to open a checking account, how to write a check.

What is a credit card? Like very super basic stuff. Before you turn 18 and become a quote-unquote adult that you should know. Another thing they taught there, though, was the theory of compound interest. And I still remember the example to this day, and this was I was 30. I turned 35 in December.

So this was about 18 years ago. So I remember to this day, he put on the board $2,000. If you got $2,000 to your investment account and you do it. And I don't remember the exact example, but I can see him writing on the board in my head. If you put $2,000 in your investment account for five years, And then that you build that up and compound that at say 10% a year, which would look the market does you'll make more money and become more wealthy than if you start in year six, investing $10,000, something like that.

I don't remember the exact example as I was like, That's really cool. And then, off of that, we did a stock competition. And because it was our senior in high school, and I was the only one even remotely interested in investing. And we were like six weeks away from graduation. I, in my group, got to pick the stocks, and I ended up picking Google.

I put all of the hundred thousand dollars fake money portfolio into Google, and it would have been worth that hundred thousand dollars. If it was real money, it would be worth like 5, 5, 6, $7 million. So that kind of, that spark, the compound that there's interest in and then picking Google when I was 18, 17, 18 years old, got me interested in this.

[00:04:41] **Dave:** Yeah. That's an amazing story. So I guess, how did you evolve into the value investor? Where did that kind of, so how did you take from picking something like Google to where you are today? How did that transformation?

[00:04:54] **Jason:** And I have to say this while that was awesome.

It was completely pure luck looking back at it. I just thought Google was cool, and I liked to start changing, and there was a brand new IPO. And so that was mostly luck. But I didn't do anything with investing or value investing for 5, 6, 7 years after. What kind of got me into value investing specifically is that, when I was dealing with my severe health issues, I had to figure out some way to make money.

I had a wife; we had were brand new newlyweds. We had just found out that we were pregnant with our first daughter, and because of my severe health issues, I didn't have any job skills. I didn't have any social skills, personal skills. I was I couldn't do anything, really. So I had to figure out some way to make money at some point in the future, even if it wasn't right now today for my family.

And I thought about becoming a lawyer, or I'm sorry, not a lawyer politician. And I'm the world's worst liar, so I can do that.

[00:05:57] **Dave:** Yeah. You're definitely out there.

[00:06:01] **Jason:** My wife, I'll just say something, just joking with her because everybody in my family there, like immediately told my face when I'm lying and I'll just say something, my wife, and she'll just look at me, and she's no, you're not like that.

It's just something we face. I don't know what it is, but I'm just terrible at it, so I couldn't do that. I thought about becoming a writer, but at that point, I had been told by a high school teacher that on one of my final senior projects, I almost failed senior year. Because the paper we had to write.

She was like, I hope he never becomes a writer because it's terrible. And now I'm a professionally trained writer, so I couldn't do that. So the only thing that kind of popped in my mind other than those two things was about the compound interest and the picking of Google. And I took it from there, and I don't remember how I came across value investing, but I remember when I did, and I think it was shortly after the.

The Damodaran, I think it was shortly after his course. I read The Intelligent Investor and came across that, and then immediately I was like, this makes perfect sense to me that moment is ingrained in my mind.

[00:07:01] **Andrew:** What is it about the Intelligent Investor? Let's say we're talking to a seven-year-old kid. Is there a way the boil down just like the most core part of that book to try to relay what's so profound about the book?

[00:07:17] **Jason:** So this is perfect. I have a ten-year-old, a seven-year-old, and a three-year-old. So I'm glad you picked the seven-year-old to talk to this through the three-year-old one, understand the 11 year old or just whatever. That's the way I would explain it to a seven-year-old would be to find out what something is worth and buy underneath that, buy something for cheaper than what you think it's worth.

That's how I would boil down, not only to the Intelligent Investor but actually all the value investing figure out what something is valued at by underneath that price.

[00:07:48] **Dave:** Yeah, it's pretty simple. Sorry, go ahead. No, it's pretty simple. Can you give some examples of maybe how you started thinking about that?

[00:07:56] **Jason:** Yes. So I went the normal stock route as everybody does. Got kicked in the teeth by Mr. Market. Because when I first started investing, because I, at that point, wasn't super into actually learning about value investing in the craft of it. I was investigating quote-unquote stocks with good-looking ratios that don't do that.

If you're listening or watching, don't do that. What happened is six months after I started investing real money this time. I lost 50% of my entire portfolio when the small Chinese caps blew up. This was probably 8, 9, 10 years ago, something like that. But the Chinese small caps blew up because they were found out a lot more frauds and reversed mergers and all that.

So I got crushed because all of the stocks with good-looking ratios were those Chinese small caps. So what kind of kick-started me from there was I was like, I need to figure out, I need to dedicate myself to. Or I need to do something else cause I'm just gonna lose money. So that's what transitioned me from the investor or the person playing into an actual investor.

And I didn't; I was investing small amounts of money. But the actual first real-world example I have of true value investing is a business. I started to buy clothes from thrift stores, like Goodwill, Salvation Army, and stuff like that for, let's say, four bucks and then sell them for 2025 bucks on eBay. That was my first kind of real-world business experience with value investing was not stocks.

Although Mr. Market kicked me in the teeth hurt, it was actually buying and selling clothes on eBay.

[00:09:41] **Andrew:** So was there parts of that? Cause I'm sure, you're not just going into a thrift store and buying every little thing that you can do. So were their strategies you use for that, that maybe. Also are used in value investing for stocks.

[00:09:55] **Jason:** Oh yeah. No, that, that's a very question. I've never been asked a question before. Yes, absolutely. So one example is I would look for competitive advantages. How would I look for that in a pair of jeans? For example, one example of that is a brand name, powerful brand name, one Salvation Army.

At this time, at the time I was living in South Dakota, I found. What looked like brand new Giorgio Armani pants at a thrift store for two bucks. Online, I did the research all that, of course, which is a huge thing. As I am investing, you have to do the research. You actually have to know what to look for to be able to spot it if it's a good deal.

So I did my research before that found these pants and did the research on eBay to see what. Worth on, on the store. And I ended up selling them for 80 bucks. So I turned $2 into $80 with similar diagnosing principles. There are other things that, again, you want to go really deep into this.

What's coming to the top of my head right now is balance sheet strength. Suppose they looked like a brand new pair of pants. So they had a clean balance sheet if you want to put it that way. And there was some other stuff too, but If you guys want to keep going down that rabbit hole because that's a fact, that's a fascinating question that you asked

[00:11:08] **Andrew:** Let's try one more, one more hop down the rabbit hole.

[00:11:10] **Jason:** Let's see one more hop down the rabbit hole. So to avoid terrible stocks, or in this case, clothes can't have holes in them. Can't have stains, can't have problems with them. You can't have major red flags. So that's another example of using value and principles to buy and sell close to make money.

[00:11:30] **Dave:** Yeah, that's awesome.

[00:11:32] **Andrew:** I guess. Okay. So let's go back. So you started this business, and then was there a part in time when you were in business that you went back to the stock market.

[00:11:43] **Jason:** Yes. So I built that business from zero, like literally whatever money. Cause at that time we didn't have any money. Literally whatever money I had.

And it was probably a couple of hundred bucks at most. I turned that a couple of hundred bucks or whatever it was into an inventory worth $20,000. And I stopped doing that for several reasons. First, my wife hated all the inventory in our house because at that stage, it was all in my house, and we didn't have where to put it.

So she was getting frustrated with me. But the more important thing is life stopped that and got back into stocks is because I realized, and I don't remember the exact Buffett quote about this, but I realized that all of my cash was in an inventory. And that to keep the business growing, I would keep having to do that, which means I couldn't pay myself.

Because you have to constantly be in this kind of business, you have to constantly keep reinvesting money into more and more inventory to continue growing it. So I couldn't get the cash out when I realized that I sold off the inventory; actually, I think we ended up moving on not too long. So I sold off as much as I could.

And then we donated the rest of it back to Goodwill and Salvation Army. Because I just, there's no way I could've gotten my cash out of it while still growing the business. Now, looking back, if I would've known what I know now, I would have probably hired somebody to help me or found a storage unit to do that.

But that transition is what got me back into the kind of looking at the stocks kind of full-time.

[00:13:11] **Dave:** So do you feel like the experience from running that business really helped lay the groundwork for value investing and taking it from there?

[00:13:19] **Jason:** Oh yeah, absolutely. One another of Buffets, Of my favorite sayings that, frankly, I used to think was crap. Now I realize it's a hundred percent true. I'm a better businessman because I'm an investor. I'm a better investor because I'm a businessman. That is, again, I used to think that was crap. That is 1000000% true because the more you are in real-world business situations, the more you have to face.

Things like, do I have enough margin of safety? Is there too much risk here? Am I comfortable with the risk? Is this worth my time? Is this worth the opportunity costs, all these things that you think about as a value investor, looking at a stock, you have to think like a business owner as well, vice versa.

And so both doing both combined has helped, I'm positive. It's helped both aspects of my career.

[00:14:05] **Andrew:** It was just to throw something out there. I'm assuming since you have this very, you have this memory that's really burned into your brain of what happens when you have so much inventory that it doesn't leave any cash.

That's a real business lesson, and huge corporations deal with that too.

[00:14:21] **Jason:** Oh yeah. No. And I still teach about this in videos that we put on YouTube on our channel and in the podcast. And even in the course, if you and I just actually talked about this a couple of days ago, and I was making a video from my own channel.

I saw a company that inventory was going straight up. While its accounts receivable were not going up hardly at all. I was like, this is a massive problem. This is a massive potential problem because if they are building up inventory for, let's say, the holidays, that's one situation because of the supply chain issues we're dealing with.

Now that's a possibility, but if that's not the case, and I assume, that's not the case because it was a health supplement company. If they can't sell their inventory and they have all this inventory. That's a massive potential loss. If they have to write it down or if they have to sell it at a discount, which will lower their margins, low revenue, all that stuff, or profits, lower cashflow.

That's a massive potential issue. And yeah, that's, that is ingrained in my mind. And that's something I look for every company I look at now is especially if it, if they produce hard assets, what's their relationship between the accounts receivable and inventory, because they should be about going up and down at about the same rate.

If they're not, you need to figure out why because there could be a potential massive issue.

[00:15:38] **Andrew:** Can you say just quickly, like what's accounts receivable and how do people find accounts receivable and inventory?

[00:15:44] **Jason:** Yes. So accounts receivable is on the balance sheet. That's where you can find it. It's also known as trade receivables, depend on what you're looking for.

I use Morningstar, and they trade trite, changed the wording to trade receivables. I'm not sure why, but they did. So it counts receivable, trades receivable, the same thing, essentially. That's the money you're expecting from clients' customers, wherever you call them that they are going to pay you either. At some point in the future, for whatever goods or services you have, inventory is what you are selling.

Inventory could be a thing like Walmart; their inventory is the foods, groceries, clothes, all that stuff that is their inventory. And that can also be found on the balance sheet as well.

[00:16:24] **Dave:** Yeah. So I guess when you're looking at those things, how do I guess seguing from that, how do you find some of these red flags? Is it just reading through the financials of the companies, or are there different aspects of the company that just speak to you that tell you, Hey, this is a problem or could be?

[00:16:43] **Jason:** So at this point of my career, it's in, it's been about 15 years, and it's probably thousands or tens of thousands of companies that I've evaluated. And when I say evaluated, like to some degree, I, everything I do is manual. I don't use any software. I don't use any screeners. I look through things manually.

Yes. That probably sounds crazy to both of you and to maybe everybody else listening. But with the process that I figured out. The first look I do is what I call the preliminary visual analysis. I have this worksheet that gives a free lead magnet to people who sign up for our sites. And also to students that list it's 10 to 15 things like market cap, book value per share.

Is it rising or going up against cash earnings cycle all these other terms and on this sheet, if something doesn't meet my criteria, Then I discard it because if it doesn't meet those certain criteria is for the certain numbers. So let's say cash conversion cycle because that is directly applicable to what we're talking about.

Accounts receivable and inventory, if that is going up at a huge rate, for example, you need to figure out why. That's a massive potential red flag because it shows you that the company is either having trouble selling stuff. They're having inventory issues. They have too much inventory that they can't sell, or their suppliers are crushing them with making them pay faster, something along those lines.

So I do that once a company reaches, surpasses that criteria, if it does, or if those criteria in that worksheet, then I start reading the financials. Which is probably backward to most people that I talk to. Most people start reading the 10 Ks and the, in the quarterlies first. I don't do that anymore.

The reason being I don't do that anymore is because, at this point, I know so many industries. I know so many business models that, that I can tell with very good accuracy whether the industry they're in is going to be bad or not in terms of the economics and the profit. So I wait; I want it to meet the minimum criteria first.

And then I get into actually digging into the other company or to the actual financials and the footnotes and stuff like that.

[00:18:50] **Andrew:** I'm actually right there with you. If I'm looking at a company and I'm like this could be a good opportunity. I'm running my little filters too, because, unless I'm doing like competitive research, This company competes against the company I'm looking at; you gotta have some of those filters in place.

There are too many stocks out there. And we only have for hours, depending on, I guess how much time you're committing, most average full-time person, we only have 40 hours in the week to look at that. And you really have to pick your spots.

Could you give another example of the sheet of a red flag and then, obviously, there's probably a metric behind it, but then what's the business application of that red flag, similar to what we said about inventory.

[00:19:30] **Jason:** Yes. So another thing that I do that's different than most value investors, most just investors in general, is I don't care anything about net profit.

I don't care anything about earnings. I often don't even know. I actually pretty much almost 100% of the time. I don't know what the company's net profit is. When I look at operating profit as well as the other main metric. And I also look at free cash flow and owner's earnings, but specifically, when it comes to operating profit, I look for companies to have consistently higher than 10% profit margins on operating profit.

If that's not above, that means they're probably not making enough money to grow the business. While also sustaining the business. So they might have to issue debt, or they might have to issue shares to con continue generating cash to grow the business. And in most cases, that's not optimal. So they just, again, just that one metric, if that doesn't surpass that threshold, that gives me an idea of is management allocating capital.

Are they investing there. Are they earning a high return on their investments or their products or services and that that can lead to these other things, potential issues with inventory, and some of this other stuff we talked about.

[00:20:40] **Dave:** So that leads me to ask that question. I would bet I probably fall into that camp that you do as well. I don't pay much attention to earnings. So why don't you pay attention to that?

[00:20:52] **Jason:** Oh, I love this question because I have four or five videos and blog posts on my own channel and stuff for that, because I've talked about this so much because every, literally every address I talk to that I say, I don't care about net profit.

They just look at me like I'm crazy. Like, why don't you look at that profit that everybody looks at in their profit? Why don't you look at earnings? The reason I, frankly, hate net profit or earnings is that it's so easy to manipulate. If you have good enough accountants, if you have good enough lawyers, you can make the number, whatever you want it to be.

Essentially. Take GE, for example; I think there are 20 12, 20 13, 20 14 timeframes. They had built up the net operating loss, carryforwards, which are essentially tax credits for being coming or for losing money in a year. To offset gains that they had in, in that year. So they didn't have to pay taxes, and people were freaking out.

And I remember this huge thing about it, and people were freaking out why it isn't one of the biggest companies in the world have to pay any taxes? It's completely legal that they didn't have to pay taxes, but and those net operating losses carry for us can be super valuable for companies. But that also.

They go again, or they don't go against; they lower the amount of net profit you show. So you don't have to pay taxes on it. That is one main reason I hate net profit. It's because it's so easy to manipulate, especially with the taxes changing all the time between the various presidents and administrations.

I want to know what a company earns from its operations, which is why you use operating profit as one of the proxies. Also, another reason why I use free cash flow in owner earnings, as well as. Those are more realistic kinds of business numbers than net profit.

[00:22:33] **Andrew:** Yeah. That makes a lot of sense. You mentioned some of the courses you do, so I imagine you take them through a path.

So let's say somebody has prescribed this idea. Okay. Yes. I want to take stock and figure out how much it's worth and then buy it when it's less than that, what would be the next stepping stone of, whether that's a major principle concept or what's the next path of the evolution there for somebody who's just learning

[00:23:01] **Jason:** In my opinion, and I'd like to get your guys' thoughts on this in my opinion, it's to make sure you have a solid foundation with your mindset when it comes to value the best thing. In my opinion, and based on my experience with students or. Suppose you don't have the quote-unquote value investing mindset, which is things like discipline, patience, looking for things like margin of safety and not even if you don't have them now, because these things, in my opinion, can be developed.

But you have to at least be willing to develop them as well. And if you don't have the proper mindset, it doesn't matter how many evaluation techniques; it doesn't matter how good you are at doing an asset reproduction valuation. If you don't have the patience to wait until something is undervalued and you don't have the discipline to keep looking, while stuff is not undervalued, you're not going to; you're not going to succeed as a value investor, in my opinion.

[00:23:52] **Andrew:** I'm going to take like the I'm gonna pretend like I'm one of the snobby students. Who's like talking back to the teacher. Why should we be patient? Why should we have discipline?

[00:24:01] **Dave:** Why should we be patient right now when everything is just going up to the right? What the heck.

[00:24:06] **Jason:** I love that. Because not only do I love that because it's a great teaching point, but because almost every day, at least a few times a week, I get questions from friends or family. Hey, did you see XYZ went up a thousand percent, and you're an investment guy. Why didn't you tell me to invest in this and all those things that I'm sure you guys have heard over the years too is while this last, while this craziness lasts, people are gonna make it.

Historically, that's what happens. People make a lot of money in these kinds of situations.

People also lose, again, typically even more money after things crash. So why do I think value investing is important now while other people are calling the same value, investing is dead, and it doesn't work anymore. And that the world has changed and all that. I don't think that's true. Yes. The world has changed.

Yes. Innovations have changed just the US federal government and federal reserve are manipulating the money supply in my opinion, and printing money and doing stuff with the debt and interest rates to affect that on a side effect, value investing the principles will always work, especially when a crash happens because when a crash happens if you even just understand the basics principles of value investing, just the basics, you don't even understand how to value anything.

Just the basics. You will look for things like margin of safety. You will look for things with less risk. You will look for things with less downside, and that essentially is the principle of value.

[00:25:40] **Dave:** Yeah. I agree with those things, and I think a couple of things sprang to mind when you were talking about those ideas; first of all, Mauboussin, who's one of my heroes.

Yeah. Amazing writer. He's one of those, he's one of those teachers like Aswath Damodaran, and who's so good at being able to explain difficult concepts so that way people like us can understand them. And I was listening to a podcast not too long ago that Mauboussin was talking about.

And they asked him that's a similar type of question, is to are things different now. And his response, I thought, was pretty amazing. He said to my knowledge; we have not suspended the laws of economics. So the things that happened in the 1950s and the 1980s and the 2000 tens and now have not changed.

He said, so businesses make money and they reinvest them, and then they become more profitable and it just, it becomes an evolution of a cycle. He said, what really has changed is the idea that the way that we value companies is that we used to value them based on hard assets, but he said now businesses are more based on intangible assets.

And he said to be blunt; the accounting rules have not kept up with the way the economy function. And so, we have to look at different ways of reconstructing the income statement and the balance sheet to more accurately reflect the financials of these companies. But he said, going back to the idea that this time it's different, it's no different.

And he said these SaaS companies are really no different than what Exxon or what GM was doing 50 years ago. They made they created a profit. They make creating a product; it made money, it made profits. They

reinvested those profits so that the company could continue to grow, which is exactly the same thing that the companies are doing today.

It's just that the way that the balance sheets, it's just the way the financials are arranged accurately reflect that. And so it just, it skews things. It makes things look different than they are real in reality really are. So I thought that was fantastic. The other thing that springs to mind is the great quote from Mohnish Pabrai and another fantastic value investor where heads I win tails.

I don't lose that much when he tries to explain the idea of risk and working for companies that are going to be strong companies that can handle the ups and downs of the market. And I think all the things you were talking about are fantastic, but those are two things that just sprung to mind as you were talking about that.

[00:28:12] **Jason:** 100% agree with both of those. Especially the Maubuossin stuff. Hey, I love his stuff. I love his stuff. I have some of his stuff bookmarks. I think one that I have bookmarked that I've gone back to over the years. Several times in his paper that he put out the positive effects of higher returns on invested capital. And that is one of my favorite papers I've ever read when it comes to investing.

But I agree. At this point again, 15 years, I've studied an enormous amount of financial history. I'm sure you guys have those well; these things go in cycles and backend what, 2000 before the tech bubble popped, people thought this was a new age because of the internet, and we need to value stocks differently.

And who cares if they have, who cares? If they don't make any money, they're going to get clicks and whatever it was back then. Hasn't changed either. Even with all the even more advanced technology we have now, it, in my opinion, again, hasn't changed. I completely agree with that. And then Pabrai, yeah, that is again a perfect illustration of diagnosing heads.

I win tails. I don't lose a ton of money. That is my number one rule in all of investing. Don't lose money if I do keep the downside minimum. And that's why I haven't bought anything in six years because I can't find anything that meets my strict criteria. But that again is part of not investing right now with all the stuff we've been talking about.

[00:29:31] **Andrew:** So if you could go back in the time machine, take yourself to when you first started, when you had several years experience when you were. In the thick of it. And then, over the last six years, have you said you hadn't bought anything what's changed and what hasn't changed when it comes to the things you look at the way you look at things in that kind of in that realm.

[00:29:55] **Jason:** Honestly, I haven't changed the way I do things much. I've more refined it than completely changing things in and out. That yeah. That, yeah, I haven't really changed anything to a large degree. Again, it's just more refinements, more tweaks, getting better at what I do and what I look for. In terms of how overall investing has changed, that's changed enormously with the huge amount of tech companies out there; again, without the hard assets, you have to value those completely before.

With the monthly money printing and the low-interest rate policy, and the debt issues that have changed, that has, in my estimation, manipulated the market and gotten more people into the market because of interest rates. So they came. They can't own a yield anywhere else. So they have to get in into the stock market, which is why in my, again, I keep saying my opinion, but I don't want to speak for you guys here.

That's why the market keeps going straight up because people literally don't have anywhere else to invest to earn a yield. If you have people say we don't have negative interest rates in the US, and while that's technically true, if you have your money in a savings account, 0.05% or whatever.

Inflation's at 5.4, 4%. So you're already, you're automatically losing money just right there because of inflation. Then you have taxes; then you have fees on top of that. So realistically, right now, to earn any return whatsoever, even let's say 6% return, which is below market average over the last 120 years, the market does about 10% per year on average.

So you want to earn a 6% return. You have to invest in something that does it. 11% per year because of the effects of inflation right now and all the other craziness that's going on. So it's made it harder, this, all the stuff that's going on that we've been talking about, it's made it harder to find not only value but to make money with that value because everybody right now with all the insanities in the market and the sky-high valuations and all that are just trying to get rich quick right now.

That. Yeah. That's how it's changed. The mindset to me has changed more than the actual underlying principles if that makes sense.

[00:32:06] **Dave:** No, it totally does. I wonder, too, along with all those things that you mentioned, I think I definitely have. I feel like I've had definitely had an impact. I also wonder if the ease of retail investors now taking part in this game and the air quote democratization of investing through our friends at Robin hood have allowed me; I'm not a fan. I've been anybody that listens to me. No one knows I'm not a fan. But one thing that they have done is they have caused all these other brokerages to lower their fees too. So there's no, there's almost no friction or no speed bump to prevent people from getting into the markets now. And now you have the Cash App, and you have PayPal, and you have all these apps now that are allowing you to easily buy and sell stocks.

And so I wonder if some of the attraction and to this now, as it's becoming a little bit of a poker game, it's, back in, ten years ago, when, Texas Hold'em was the big thing, and everybody was playing it on their computers, I feel like maybe some of that has come back now.

[00:33:13] **Jason:** Oh, I 100%. I was one of those people playing poker shows back in the day to,

[00:33:18] **Dave:** hopefully, you're doing it on a computer and not face to face because if you can't lie, I'm guessing bluffing is a bit of a challenge too.

[00:33:25] **Jason:** Yeah, no, I don't gamble anymore. And if I do, it's like 50, 60 bucks. Because I'm just like, yeah, but that's another story for a different day, but yeah, no, I a hundred percent agree.

Yeah. It's in my estimation; overall, that is a good thing that more people can invest in my estimation. That's a good thing. The problem I have with this conversation now is that what I tell everybody who asks to invest money with me or ask just in general, what should I do with my investments? This is the investment advice I give to anybody who asks me whether they're investing with me.

If they ask me, how should I invest? Hey, do you know what you're doing? Do you want to spend a lot of time researching stocks? Usually, pretty much every time, the answer is no. So I say in that case, you should either invest with somebody like me, that you trust, who knows what they're doing, who likes doing this stuff, or you should invest in an index fund.

You should not invest in meme stocks. You should not invest in all the other craziness that's going on because, yes, while people are going to make money doing that. If you're not in the in-crowd on Wall Street Bets., And you don't know when they're going to start selling; you're going to get crushed, just absolutely destroyed.

For example, when GameStop and everybody were asking me about game stock back in February, March, April, whenever that was earlier this year, everybody in my network knows I'm an investment guy had been for a long time. My brother my, my wife, people who never once asked me about stocks or anything, should we buy Gamestop?

And I told them all no and gave them my reasons. And usually, when people do that, they still end up doing it and whatever, and that's fine. I don't take any of this personally anymore. But after Gamestop went up, my brother was like, why didn't you tell me to invest? Is it going up? Or we've made a lot of money.

And then it just crashed. And I just sent my brother again, being a smart-ass older brother. I sent my brother a text message that says yours. It says for what to, for saving you a lot of money. And I did that in a flippant way because he's my brother. But if you don't know what you're doing, you in my, again, in my opinion, you shouldn't invest in the stock market.

In individual stocks, you shouldn't pick individual stocks if you aren't in this all the time and you don't know what you're doing. Because at some point, you're going to get crushed. Another reason. Another thing I like in this too, is would you want, if let's say you need brain surgery, would you want to get brain surgery from a part-time brain surgeon, or would you want to invest with somebody who invests on a full-time basis and has the results to back up that they know what they're doing?

That's another thing. If you're going to invest with somebody, get their results.

[00:36:16] **Andrew:** I think that's really a timeless lesson that can be applied for any market cycle is this idea of making sure you know what you're doing. You've got a ton of resources to help people exactly with that. So where can people go if they're interested in learning more from you, getting some good advice and some good tips on how the.

[00:36:36] **Jason:** Yeah. If people want to learn more from my stuff, we have our blog via messenger outcome—the same thing on YouTube, Facebook, pretty much all the social media platforms. If you want to learn more about our masterclass, it's mastermind dot value investing journey.com for that. But yeah, that I'm all over the place. So anywhere you want to find me, email me, DME, whatever.

[00:36:58] **Andrew:** That's awesome. Really appreciate you taking the time to talk to us today, Jason. It was a lot of fun, and I loved hearing about your backstory. I think we don't really talk much about the backstory of investors, and it was just super fascinating to hear about your journey.

Yeah. Thanks for joining us today, and have a good rest of your day.

[00:37:14] **Jason:** Yeah. Thanks for you

[00:37:15] **Dave:** guys. Yeah, we really appreciate it, Jason. It was awesome.

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