IFB210: Student Debt, TQQQ, and DCFs

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[00:00:00] **Dave:** All right, folks. Welcome to Investing for Beginners podcast. Tonight, we have episode 210, and we are going to go back to the listener well and answer some great listener questions that we got recently. So without any further ado, I'll go ahead and start.

So I have, hello, Andrew. I have been listening to the podcast for a few weeks, and I've learned a lot. However, I have a large student loan debt, a 500 K, and wanted to know if you had any type of account besides maybe a money market account to set aside money, to allow it to grow quickly over the years, to help me pay off my loan faster while I'm making the monthly payments, any suggestion, which would be much appreciated.

Thank you. And look forward to hearing from you. Very respectfully, Ryan. Andrew, what are your thoughts on Ryan's interesting question.

[00:00:44] **Andrew:** First off, hopefully, studying to be a doctor, a lawyer or something, hopefully, either way, you, I think it's a good idea that tries to knock this thing out more if you can.

So the question is, how do I set aside some money so I can pay off this loan faster? Is there a place I can put it, let it compound, and then throw that on the debt? And so it's really going to depend on where interest rates are. Listen to people bemoan the fact that, oh, back in my day, 20, 20 years ago, you could put money at a bank and get 8%, 10% today.

Interest rates are so low. Like one and a half, the percent is one of the baseline rates right now. And everything above or below that. So banks aren't going to give you much more than one and a half percent today. And so if your student loans are 3%, 4%, then if you're putting money away in any sort of account, you're losing to the student loan.

So why not just pay that student loan off faster? That's kinda how I would see it. The only other way you're going to get higher than what you would get at a bank. And again, higher than that baseline rate. So if that baseline rate today is one and a half percent, if you want to earn more than that, you have to take on additional risks to do that.

Obviously, I do that when I buy stocks, but I also have a very long time horizon. And so that compensates me for the risk because I'm willing to take ups and downs, but when you're talking about savings, and you're talking about having huge payments that you're doing on student loans, you might not have the same risk tolerance, and plus there's that clock that's sticking in that student loan.

Once, once you have to start paying on that, then that interest can start to accumulate on itself. So if that's the case where your student loan interest rate is high, you might as well pay it off early now; as I answer this, I realize maybe he's talking about he's still in school, so he doesn't have any interest accruing yet.

In which case, maybe. There would be some costs. Put some money in an account. And then, once you're making regular payments, you just accelerate all those payments and pay them fast; in that case, what would you recommend?

[00:02:58] **Dave:** Ooh, that's a good question. You really have two ways to go.

One is you can go the safe and secure route, and you can put the money in savings, accounts, money, market, account. They're all gonna earn in the same ballpark, ish, depending on where you put it half a percent to one and a half percent. I think one and a half is the highest I've seen from an online bank which is not great.

If you look at any of the brick and mortar banks or was, you're easily looking at less than a percent pro. Real terms are less than half a percent, as probably realistic. So those options are not great. And then, of course, you have the other flip side of that coin, like Andrew was talking about, we can invest in stocks.

I don't recommend doing that for money that you're trying to save to put towards something like this. Yes, you could obviously hit a big and pick the next Amazon and make a lot of money and pay off the loan quicker. That'd be great. But the chances of doing that are. Much slimmer. And it's harder to do that.

I'm not trying to be negative, Nancy, but I'm also trying to be realistic and think about if you're trying to save whatever money it is, you're trying to save. You could end up shooting yourself in the foot by putting in the stock market because God forbid you to put the money in a stock market. Let's say everything is going great.

And you have two years to graduate just for a scenario. Everything's going great. Three months before you graduate. And just going to start paying off those loans, your, the stock market crashes and the companies that you've invested in have now lost 50, 60, 70% of the net worth of the earnings that you've accumulated in there.

Now, what do you do now? You've basically just either had to wait and hope that those companies recover, or you have to just sell it and take your lumps and do that. There is a greater chance of upside, but there's also a greater chance of a downturn too. So like Andrew was saying, there's a risk tolerance that, that you have to have when you're investing in stocks and for any sort of short-term monies that you want to use for anything, buying a house, paying student loans, whatever they may be.

It's always riskier to put it in the stock market. And I can't think of any financial advisor or any fiduciary that would reasonably say that's a good way to go. So here's a, there are a couple of other thoughts that I have along these lines. And these are a little more out of the box, if you will.

So if you have income and you have the ability to pay off your student loans before you graduate, you could do it. You, there is nothing to prevent you from making payments on your loan before you graduate. Most people don't. And a lot of people don't know they can, but you have the ability to do that. And when you do something like that, it also pays down the principal, not the interest and the principal.

When you cut that down, it reduces the amount of interest that you pay over the life of the loan, which makes the loan air quote cheaper in the long run. So if you. I guess for me, I will think about either saving the money or paying it towards the interest or paying it towards the principle of the loan so that if I could do that before I graduate again, this is hypothetical.

I don't know if Ryan has that ability or kind of where he's sitting with that; this would just be speculating, but that would be something that I would consider as a great way of how. Pay off the loan faster because that 500 K is a big chunk of change. And. If you have interest in that three, 4%, and that compounds, that's going to be another big chunk of change.

So anything you could do to reduce that in the meantime would be awesome. So I guess those would be some of the thoughts that I have, and it's those kinds of things. They are easy to do. You just call up your student loan provider, tell them I want to start making payments, even though I haven't graduated. I wanted to go towards the principal of the loan, and they'll take care of it for you.

It's actually pretty simple. That's I guess that's my thought; what are your thoughts on any of those ideas?

[00:06:59] **Andrew:** Yeah. I like the idea a lot. I think there's a basic psychological tendency when you have extra money that you're going to want to blow it. And if you're having, if you have some money that you have stashed, why not just pay it off? And it's you're paying off a bill. And as Dave said, you're getting ahead of that compounding.

And that way, you can't do something stupid, put it into the market and, you start to go down that path. It could go really poorly if that's the thing about the stock market, right? It's a fantastic place to build wealth. I'm all about it. The problem is every 10 to 15, 20 year period.

You get a crash. It's always recovered after the crash, but it'll also take several years. And so, just like we can count on the earth, rotating around the sun. You can count on the stock market crash. That's why you want to be prepared and not put, like you said, money that you need into something like that when you might potentially be.

[00:07:58] **Dave:** Yeah, we're not trying to be Debbie downers, Ryan, but you have to think about logically what would be in your best interest for the long term. And if you have the money to use towards either saving it or paying off the debt ahead of us had a schedule, I would be, I would veer towards something a little more stable, whether it's saving them money.

Putting that towards, unfortunately, there is no safe, easy way to put it someplace. That's going to earn you 10% over the next two or three years. You could do it in a market, but it's not going to be safe. And it's not a good place to put it for that, those kinds of things, whether it's a house or.

All right, so let's move on to the next question. So we have, if you believe in a stock tremendously, is it still a bad idea to have shares in both your Roth and brokerage account? The compound interest would be at the same effect, but I find myself with 15 different stocks. It's hard to spread the money.

I'm sure you're flooded with emails, but I would love any help you could send me. So what, Andrew, what are your thoughts on this is an interesting question.

[00:09:08] **Andrew:** So my thoughts are you can most definitely buy a stock, both in our Roth and a brokerage account. Obviously, you don't get the tax benefits when you're doing it in the brokerage account.

So it does slow down that compound interest, assuming yours. Know, if you don't sell, you're not going to slow down the compound interest, but you will have less in dividends to reinvest.

So you do have a bit of a slow down there. I think Andy might've said that one time on the podcast. I can't remember if it feels on the show or it feels elsewhere, but if you have a mix of brokerage and raw. Money. So Roth IRA. Right now, the annual limits, like $6,000. You can put $6,000, and once you've done that, you've maxed it out for the year.

Any other money you want to try to invest? You're going to pay taxes and put it in a brokerage account. Not talking about 401k is right now, but just talking about these two. And so, if you have a dividend, if you have stocks that pay dividends, stocks that don't pay dividends. You would want the stocks that pay dividends to be in your Roth because you're not paying taxes on those dividends.

And then the stocks that don't pay dividends you'd have in your brokerage account. You're not going to get taxed on those until you sell or until they pay a dividend. The dividend tax. It's not as bad as a capital gains tax necessarily if you're jumping in and out of stocks.

So I wouldn't pull out my hair over it too much. I would say when it comes to trying to maximize for retirement, make sure you're thinking about the 401k also because we can all believe in a particular stock tremendously, but if you're leaving free money on the table, That you could have Uncle Sam flipped part of the bill with some of these tax-advantaged accounts, take advantage of those as much as you can.

And so one of the things you can do is you can max out a Roth and then also max out your 401k and then go to the brokerage account. And then you can play with the stocks from there. Definitely. Definitely. Definitely. I think that's where I would see the priority.

[00:11:17] **Dave:** Yeah, that's a great answer. And I would agree with that. I think it's. It's a good problem to have if you're able to max out your Roth IRA, and then you're worried about opening a brokerage account so that you can invest more. That's a good problem to have for sure. And I guess I would definitely agree with what Andrew was saying.

Suppose you have to if you have to split them. Definitely put the dividend-paying companies in the Roth because that's where you're going to get the most advantage compounding-wise, as well as tax-wise, and in the long run, you're going to thank yourself. And I guess with the brokerage account, eel it's, it is what it is and you just, you got to go with it.

But I think the progression that Andrew was talking about is really the best way to go. In the long term for you, because if you can take advantage of that free money with a 401k, which doesn't get enough love, I think in the investing world, if you can max that out and max out the Roth, you're in good shape.

And that's a first-world problem to worry about the brokerage account and having other things to invest in. That's a great problem to have to double up on the company. I, if you really believe in Amazon and you want to have them in both and Hey, more power to you, but I think that's, I think following Andrew's advice is probably the best way to go with that.

[00:12:34] **Andrew:** So fair to solve this problem for him, what would be in your mind? A good. Figure them out to put the portfolio in, in stock; you feel tremendously confident in, let's say it's Amazon for him. What percent of his portfolio do you think would be appropriate for a good, prudent long-term plan?

[00:12:57] **Dave:** Yeah, that's I that's the $24 question, isn't it. So it really comes down to really what your faith is and how much you're willing to bet on that faith. And I'll just throw out a few examples. If you run a hundred percent stocks and you have 20 positions, that's what a 500.

Position on each position. And that seems to be the standard norm. If you will, 5% give or take what a lot of people will run in the portfolio world. And if you really have a lot of, but we're in a particular company, you may bump it up to 10, even 15%. I've seen people do that.

And I'll see people talk about that on, on, on fin twit. And, some people will Marvel at the guts that those people have because they're putting so much of their money and that big of a position. Sometimes it's just a matter of the company will grow into that big of a position, and they don't rebalance their portfolio.

And that's all fine. And dandy. Warren Buffett has, I believe, almost 50% of his investment portfolio right now. Isn't it. So that's obviously a tremendous amount of conviction that he has in that position. And I guess for me, boy, that's a good question. I think the most any of mine have gotten up to has been around 20%, and I felt like that's a that was a pretty strong conviction, but I wouldn't go above that for me.

I think that's. Too risky for me personally; I'm an old fuddy-duddy. So take that for what it's worth.

[00:14:31] **Andrew:** I think it's good to have that humility of, we all think we're. W we all think good about particular companies, but things happen sometimes. It's, there's a lot of hurts that can happen from putting 80% of your portfolio in the stock.

Oh yeah, for sure. Working out. Yeah. I need, I, you spread that out, and not a lot can go wrong.

[00:14:52] **Dave:** And one of our favorite investors, he's always con he's had concentrated portfolios. Like he will run. It's not unusual for him to run two or three companies, and that's it.

That's all we invest in. Charlie Munger. I believe he only has four companies that he invests in. And one of them's not even accompanied. One of them is a fund that's in China. And I think as three positions are Wells Fargo Bank of America and Costco. That's super simple. But he obviously has tremendous conviction in those investments and really believes in them.

So it's each to your own, but for me, I prefer to have to spread the wealth a little bit, if you will just, cause I, I don't always, I don't have the conviction that Charlie does in Costco. I just, I don't sell. That's fine.

All right. So let we've beat that horse. Let's move on to the excellent. So I have, hi, Andrew. I wanted to thank you a day for all the great work you have done. It has really helped me understand and enjoy investing. It has become my favorite hobby. Pay in the future. I was looking at ETFs that matched the market like VTI and VOO and came across pro-share ETS TQQ or triple cubes.

I'll call it. This was structured differently, and their holdings included items like NASDAQ index swap society, general NASDAQ, 100 index swap bank of America, et cetera. It also has a short position. I was looking at the return. I was surprised by that. It was almost 50% higher than the average market ETF, VTI or VOO, which you spoke of.

Also, I see that as heavily traded everywhere; the market moves more than usual is a triple cube ETF, a sound investment. And should I consider it for my portfolio? Thank you for your help. Andrew, what are your thoughts on this really interesting.

[00:16:40] **Andrew:** Yeah. So I guess you had brought up a general summary of the fund.

Maybe you can talk about that. And I definitely have some Problems with the leverage structure of it. And I can talk some on that, but what's like the overview of the fund for people who aren't familiar.

[00:16:56] **Dave:** Sure. ProShares offers a; they have two indexes ETFs. The one is the triple cubes, which is just QQQ, and that matches the NASDAQ 100, which is the.

Companies in a NASDAQ stock index, which is primarily technology companies. There are no financials in the NASDAQ 100. So all these companies, the top 100 by market waiting, are tracked by the NASDAQ 100 and the triple Q, or I'm sorry, the. The triple Q is the one that kind of tracks that. So the ProShares also offers this other ETF that the questioner is mentioning, which is T QQQ.

And that is the same. Index the NASDAQ 100, but it's tracked in a way that it uses derivatives, and it also uses leverage, which means debt. And what they're trying to do is triple the returns of the NASDAQ 100. So, for example, if the NASDAQ 100 is up 1%, then the triple cube would be up 3%. Likewise. If the NASDAQ was down 1%, the triple cube would be down 3%.

So if you look at the returns, their webpage triples the returns, but they're also leveraged to triple the losses as well. It's also, as he mentioned, it is traded a lot. It's 38 billion; 38 million shares are traded daily on average, which is a lot. A ton of liquidity. So that's a lot of money going in and out of this thing.

So anyway, so that's the overview of kind of what the gentlemen or the person I'm sorry is speaking about for the question. So I guess what your thoughts on the kind of question here are?

[00:18:43] **Andrew:** I got the assumption that he wants to buy and hold. As like a long-term investment. And that's absolutely the worst thing you can do with an ETF that has leveraged like this.

And I think it's called slippage factor, but basically you just, you don't want to buy and hold a. ETF and because they're not designed for that. And because the way that the vehicle is structured is, you will actually be structured to lose money, and you won't get three times the return of the NASDAQ index.

And so there's a reason why there are so many shares traded on it every single day. It's because people know this, and they're buying in and out. And so it's hard to explain because it involves some math, but basically, when you let's say we're up 5%, we're down, I'll make the numbers. We'll try to make the numbers easier.

If we were up 20% and the NASDAQ was up 20%, NASDAQ was up, was down 20%. Those are not equal because if the NASDAQ goes from if it goes down 20% and went from a hundred to 80 if you go up 20% from. You didn't go up another 20, 20% of the eighties, only 16. So we go down 20% up 20%. We're only; we're still down.

We're only up to 96 instead of back to a hundred; that's because 20% of the lower is not as much. And so when you're. When you're in the market for the long term, that doesn't really affect you, but when you're triple leverage, so every little two, a 3% drop in the market becomes a 10, 15% drop because it's triple leveraged.

Then you start to get that where even when the NASDAQ does bounce back; it doesn't bounce back as high. And the ha bigger the drawdowns, The more that falls, the last money that they're able to leverage up the next day. And so, depending on when you can get in, it can be really bad.

And it's just; it's not really structured as a long-term investment because of things like that. And because of the fact, cause they're opening the trades and then they're closing the trades and then they're repositioning it every single day. And so you won't. If you look at the NASDAQ and how it moves, it's not leveraged like that.

So it doesn't have the same ups and downs. When you do that on a leveraged basis, you're tripling the losses.

[00:21:08] **Dave:** Yeah. That's not a position you want to get yourself into, the concept that Andrew was talking about, how. If you go down 20%, you have to earn more than 20% to get back to even or above.

That is where having a long-term mindset was something like this could really bite you in the butt because. The NASDAQ, in particular, because it's involved with tech stocks. There's a lot of volatility, and there's a lot of volume moving in and out of those investments. And over the last couple of weeks, we've seen a lot of volatility in the market because there have been various different news items that have come out, have really swayed the market.

COVID things are going on in China, just our three examples and supply and the supply chain issues. Those three or four things have really caused the market to fluctuate quite a bit. And if you are in something like this over that period of time, it could really hurt. And it really, it's not meant to be a long-term investment.

I heard somebody talking about this kind of idea on a podcast a year ago or so, and the person, the expert on the show, was basically telling them that this is not something you want to do. If a, you can't. A tremendous amount of a strong stomach is basically what they were saying. If you don't have a strong stomach and you don't have a lot of money to lose, this is not a game you want to play.

Because they were actually talking about one that, that six times the leverage. So it wasn't three times; it was six times the leverage. And they were talking about using that as a way to goose their returns kind of thing. And in theory, on paper, it sounds great. But when you actually have to start with.

With the ups and downs of that, it becomes a lot harder to do. And like Andrew was saying, it's not like it's just a gradual slope. All the day-to-day fluctuations are going to affect the returns of something tremendously. And so Andrew was saying the volatility or the volume of trading in and out it's because people are putting something like this on for a day or two to try to get a little extra turn in and taking it off.

You are going back and forth. It's not like buying Costco today and then worrying about it two years from now. It's not the same kind of idea. And so you really gotta, you really gotta know your stuff, and you really gotta be paying attention. And if that's something you want to do, then again, more power to you, but that's not a game I want to play.

I don't think it's a game most people want to. We didn't even touch on the index swap. Feature of this, did we much? No, that's a little suspicious, and then you have they also, they're also shorting. Who's making that decision, whether they're going to short and, what's to say that they know what the right shore is versus something else.

I'm sure there's some structural reason to do it, to offload some of the other holdings, but it's not a game I would play.

Nope. Not at all.

[00:24:06] **Andrew:** All right. So we got time for one more. Alright. This one, I'm not going to read the whole thing. I'll try to parse it down, and I'll try to give a decent answer to this.

So he says, Hey Andrew, as a newsletter subscriber, I really appreciate when you put DCF estimates into the newsletters. I like understanding what a rough margin of safety I can expect per stock picks. So thank you for providing those every issue. I'm curious if you have shared. Slash, we'll be willing to share the formula you use when calculating a DCF.

And he says some stuff about some of it's floating around online, and it's complicated, which I don't blame you. Cause that's, that is the reality of it. But if I can boil it down in a nutshell, what's a DCF. We haven't touched a lot about it, but basically, it stands for discounted cash flow, and it's a way to value.

How much cash is worth. So Warren buffet, he uses the metaphor of one hand in the one bird in the hand is worth two in the Bush. And so it's a similar concept because when you're making an investment, you're asking yourself, are this a hundred dollars in my hand? Is that worth me going to to get like a bottle of wine?

Or is it worth me putting in a company that can give me $200? In 10 years. So then that's, then you get more questions to that is if inflation continues and a bottle of wine is costs like a thousand dollars in 10 years, that's probably not a good trade-off if inflation doesn't cost anything at all, and this is a guaranteed $200 in 10 years, that's a pretty good bet.

But then it's also if there's a 50, 50 chance, you're going to get the $200 or you going to get zero, then that's not a good bet. So what a DCF is trying to do is it's trying to take all of those factors, and they try to boil it down into numbers, which is crazy, but it's, it does work.

And that's really what sets the prices of stocks in the markets. And it's very complex. It takes months to learn. So we're not even gonna try, but just to get the basic—concept of it. You're factoring in inflation. You're factoring. How much is this? How much are these dollars expected to grow? And then you're factoring, what's the risk of those dollars growing.

So if I'm going to put money in Microsoft, I have a much better feeling about them being able to grow money than my friend's company. He just started yesterday down the street. So that, that factors into how expensive of a company is.

And so there are two parts to it. One is you take free cash flow, which is a whole nother conversation on its own; I always, when I write an e-letter issue, I always say what the free cash flow is. Based on how I'm analyzing it and what I think that's going to be over the long term.

So that includes how much is the company going to grow? So we'll just leave that to its side right now because that could get hairy. But let's talk about the other side, which is like the bird, the hand, and two in the bush. Like, how are we going to determine what's worth?

What's what's worth. What are the risks? What is worth it to us to money in the future? What's that worth to us? So the other side of the equation is the whole bird, the hand, and two in the bush. And it's; basically, we're trying to determine what's cash worth to us now what's it worth to us in the future.

And so for that, we use what's called the discount rate. And so what the discount rate is going to do is it's going to say. Look where our interest rates are now because, like, we answered at the beginning of the episode, if interest rates are low, you're not going to get any interest at the bank. But if interest rates go back to where they were in the 1980s, and there's nothing to say that it couldn't have.

Like interest rates, they fluctuate. If you look at the history of interest rates, they always fluctuate. That's just part of life. So just because recently, we feel like they've been so low for so long. It doesn't mean that's how they always have been and will be. If interest rates were at like 10% and I could get a 10% return for putting cash in the bank, I probably won't pay as much for stocks.

Because they're going to need to compensate for that, the stock should be a lot cheaper. So that's where the discount rate comes in with interest rates. And so the way that the numbers kind of work is you can set that number. So you can think of the discount rate as like your hurdle rate.

Like how much do I want to make on this investment? And so if we had and if we had a company that could give us a hundred dollars a year for ten years, and if we set our discount rates 500. Then basically, after one year, it's worth 5% less. So instead of a hundred dollars, it's worth $95 to us next year, $90 next year, $85.

And so that's because every year we're expecting 5%. So basically, if I'm getting, if I'm putting a hundred dollars this year, I'm getting a hundred dollars next year. That's not good for me because. I wanted 5%, so I want a hundred, 5%. So that's where the discount rate comes in, and the math gets complex from that.

But that's where at its simplest form, you get that idea of what's the bird, the hand two in the Bush. But yeah, just that basic idea. The money is not worth as much in the feature is why you have to set a discount rate. And then you put that in with the free cash flow, and you get the DCF. And that's what Warren Buffett has talked about. That is how you value where stock is at the end of the day.

He just has a crazy brain where he does it all in his head. And he's talked about that too, a lot of. Analysts will tell you value. Investors will tell you there, there is, there are DCFS that are inherent in every stock price, and it's just the difference is I might think that Microsoft can grow 10% a year.

Somebody else might think that affirm can grow up. 30% a year for the years. And it's being baked into what the price is in the market, if that makes sense.

[00:30:14] **Dave:** Yeah, it does. That's a perfect answer. And I think the easiest way for me to think about the things that Andrew was talking about, cause he puts, he put it very elegantly.

The easiest way that I can think of it is the discounted cash flow model. It is a way for us to determine what a company is going to be worth that we want to buy today for the hamburger that we may get tomorrow, to think about the. The cash flows, the money that the company creates are worth what it is today.

It will be worthless in the future because of interest rates and inflation. And how much is that total value today? If we buy it today, then how much we should. We expect that in the future. And the reason why the stock market is excitable today is that the interest rates are so low that people don't have anywhere to put the money to make a decent return.

That's going to overcome inflation outside of the stock market. We talked about earlier banks, bonds. All these things are safe and secure investments that 15, 20 years ago you could easily do. Like Andrew was saying, now you can't do those and make a decent return. If you put a hundred thousand dollars in a bank that's earning less than 1%, you're losing money because of inflation and take out just the more recent inflation numbers that everybody's arguing about right now, just in general, the inflation.

Is around two-ish percent give or take and, don't hold my feet to the fire on that. But in general, it's around that. So anything less than 2% you're losing money. And so when interest rates go down, as much as they have, and even though the fed is talking about starting to raise them gradually, 10% is probably not realistic in the next few years, but who knows, but.

Overall when the interest rates are down, interest in a stock market picks up because you can make more money historically by investing in stocks than you could if it needs other avenues of investments. And so that's where some of these. Theories and these ideas come into play and without getting into all the numbers of working with a DCF, because that, that is that's a rabbit hole.

We w we don't want to go down. Andrew, I don't love talking about this stuff. Don't get me wrong, but I, we feel like that we would overwhelm people if we just started really digging into this stuff. And so we don't want to do that to you guys, but I think it's a good idea to talk about the concept of it because this is arguably one of the.

Best ways to value companies to figure out how much is it worth and how much should I pay for it? Just like I've talked about before buying an iPhone, a car, a house, whatever, a washing machine, we all spend all this time doing that, but then we don't do the same thing for buying a stock, and it should be the same idea, w we all want to buy that Whirlpool dishwasher for the best price we can get.

We should do the same thing with the stocks, and the DCF model is the way you can do that. And we have lots of great resources on the website to help people learn that if that's something they really want to go down. But the basic concept is you have to think about it. What are the cash flow is the burden hand, what does that bird worth today?

And what's worth in the future. And how do I discount that to account for inflation and interest rates, and then value that, figure out, take all those numbers and add them all up. And that's your value. And that's really what a discounted cash flow model does. And it can look overwhelming and get, could look confusing.

It, once you figure it out, it's aha. Okay. It could be a little bit overwhelming, of course. But if anybody has any questions about any of this stuff, please, by all means, reach out to Andrew and me; we're here to help you with these things. This is something we get super jazzed about. And Nick asked us this great question, and Nick, if you hear this and you have questions, reach out to me; I'm happy to help you with this.

Anyway, that's, I guess, some of my thoughts on Nick's question, a DC.

All right. I guess with that; we will go ahead and wrap up our conversation for this evening. I wanted to thank everybody for writing these great questions. Thank you, guys. Keep them coming as always, we enjoy doing this, and without any further ado, I'll go ahead and sign us off.

You guys. Go out there and invest with a margin of safety emphasis on the safety. Have a great week. We'll talk to you all next.