Wisdom from Buffett and Munger: Brian Feroldi Talks Quality Investing

Dave [00:00:00]:

All right, folks, welcome to Investing for Beginners podcast today. We are super excited because we have our good friend Brian Feraldi back to talk to us about stocks and all kinds of other fun stuff. So, Brian, thank you again for joining us. I think this is the 7th or 8th time there's been so many times I've kind of lost track now. So you are, I think, now the most repeat guest here on the show. So congratulations for that honor.

Brian Feroldi [00:00:23]:

Love it. Take that, number two guest, right.

Dave [00:00:27]:

So I thought maybe we could talk about kind of a wide range of stuff today, but I think the first thing we probably should touch on is the passing of Charlie Munger. He was obviously a titan in the finance industry and a huge impact on all three of us. And maybe you could share some of your thoughts on Charlie and maybe how he impacted you.

Brian Feroldi [00:00:45]:

So I first discovered Charlie Munger by studying Warren Buffett. I think that's how many people come to him. And I think that if you think about what Warren Buffett had, the wisdom that Warren Buffett has imparted on most people, I would say 95% of it relates to money and finance and investing in the markets. And that education is absolutely invaluable. Once you really start to study Buffett, you learn just how much of his mindset and his personality has been shaped by Munger. And I have studied Munger just as intensely, I would say, over the years as I have studying Buffett. And I would say that Munger has more of a niche following than Buffett does. But people, I think, hold Munger in just as high of esteem, if not even more so than Buffett, than they hold Buffett in esteem.

Brian Feroldi [00:01:34]:

And I certainly fall into that camp. I have learned a ton about life in general, about psychology, about being a good human, about being a good husband. I have learned more about that from Charlie Munger than I have through Warren Buffett. And the one thing that I think I saw from Charlie Munger that really just blew me away. The first time I heard it was Munger has this wonderful talk called the psychology of human misjudgment. And I think it was a speech he gave at, like, Harvard or Yale or somewhere like that. And he essentially goes through and lists off 20 to 25 psychological biases that humans are innately born with that cause us to make bad decisions. And those bad decisions meet to everything in our life, but they, of course, apply to investing.

Brian Feroldi [00:02:24]:

And I vividly remember the first time I heard that and he was listing off these things. I was basically like, yes, I've done that. Yes, I've done that. Yes, I've done that. And when somebody kind of puts a name and a face to the biases that you actually unaware of, that you are subject to, that really helped me to improve my thinking more than almost anything else I can think of.

Dave [00:02:44]:

He was a titan in that. And that speech that you're talking about, I have read it four or five times. I've listened to it on Spotify half a dozen times, and every time I listen to it, I come across something new that I didn't think about before. And yet you could literally go down the list and go, yes, did that. Yep, did that. Yep, did that. Guilty, guilty, guilty, guilty. It's crazy how precise that is.

Dave [00:03:07]:

And it's even more amazing to think that he gave that off kind of off the cuff. So he didn't have notes written. He was just talking. And so I don't think people understand how smart he really was, and he was way more understated than Warren was, especially at the meetings. I have nothing to add was kind of his refrain at most of the meetings. So what kind of impact do you think he had on Warren?

Brian Feroldi [00:03:29]:

The biggest impact that I think he had, especially when they first met, was when they first met. Warren Buffett was a died in the wool value investor. He was cut in the cloth of Benjamin Graham, and Benjamin Graham really cut his teeth in the investing world in the wake of the Great Depression. A lot of people don't know this, but Benjamin Graham lost a huge amount of money, a huge amount of money in the Great

Depression and the stock crash of essentially 1929 to 1933. And that had a severe psychological impact on him as an investor, as it would to anybody that saw essentially 90% of their net worth, 90% of the market's net worth, evaporate over a period of a few years. So because of that experience, Benjamin Graham essentially shifted his psychology to being like, I just want to focus on downside protection. I want to essentially invest in any crappy business. I don't care.

Brian Feroldi [00:04:23]:

He literally didn't care what the business did at all. The only thing he cared about is, am I buying this for less than it's worth? And at the time, that essentially meant less than it's working capital. Right? Like, am I buying this less than it's the cash. Now, that strategy works great in the wake of the Great Depression, and a lot of his teachings and lessons that he learned really filtered through down to Buffett, who himself, I think, has a natural penchant for value investing. Right? Natural pension for spending as little as possible and getting as most as you can in return. Munger was really the first investor, the first person that slowly started to change Buffett mindset from focusing solely on valuation and actually focusing more on the quality of the business. And without Munger, they would have never made investments in blue chip stamps and they never would have made one of their pivotal investments of all time, which was in seize candy. Even though Buffett and Munger got a really good price, I think they paid five or six times pre tax earnings, seized candy when they bought it.

Brian Feroldi [00:05:26]:

There's no doubt that was a much higher quality business than Buffett had ever purchased prior to that. And of course, Buffett was not interested in flipping it. He was interested in taking the capital from that business and essentially building Berkshire Hathaway on top of that. So that comes to mind first and foremost as the biggest impact that Munger had on Buffett. And if you play that through, that same mindset through Buffett has impacted, I don't know, half of investors in the world at this point.

Dave [00:05:55]:

All of us. All of us. So what do you think are some great resources to kind of learn more about what Charlie said and maybe some of his thoughts?

Brian Feroldi [00:06:06]:

Yeah, I mean, the ultimate resource. I think they just re released this week or as a new edition of a book. It's called Poor Charlie's Almanac, and it's essentially a collection of wit and wisdom, interviews, writings public that he had, that really compiles all of Charlie Munger's work together in one book. And just like that psychology of human misjudgment speech that we've referenced a few times, it's basically like that but in book format. So I would say that that is probably a book that I know I'm going to be buying this week and I'll probably keep next to my bed, and that will be one that I reread on an annual basis, I'm guessing.

Andrew [00:06:42]:

I just recently got the book and I love it, has this cartoon drawings all across it and I can't remember who the editor was. I think it was Robert Axtrom. Really did a great job of curating all of those fantastic thoughts from Charlie and making them really digestible. What would you say was your favorite part of the seas candy investment? You think, is there something there that maybe Buffett wouldn't have seen and Munger helped him to see?

Brian Feroldi [00:07:09]:

My guess, the favorite part of the seas candy investment is it's truly a spectacular business in every sense of the word. I mean, pick a metric that Buffett likes and it basically has it. The most important one, I would say, would just be pure pricing power. Buffett has said for I don't even know how many decades now. I think the day Christmas season is their biggest sales season, and I think on December 26. So as soon as Christmas is over, they raised prices 10% on all products across the board, and they have such inelastic demand for that product that consumers just eat that 10% price increase forever. So talk about a business. One of Buffett's most important attributes a business can have is the ability to pass on prices to consumers and seize candy can certainly do that.

Brian Feroldi [00:07:56]:

But another attribute I think is really important, and Buffett spelled this out in one of his recent annual letters. I can't remember the year off the top of my head, but he essentially gave an important lesson to investors on the virtues of return on invested capital and how capital light businesses like seas Candy essentially have created an ever growing stream of profits that can essentially be extracted out of the business with essentially minimal capital reinvestment. The numbers I'm about to say, are completely wrong, but they're directionally accurate. I think it was something like they had to reinvest about $20 million into the business and they've pulled out of the business like $2 billion in capital. It's somewhere in that magnitude of importance, but I think that's going to be a textbook example of the importance of buying capital light businesses that compound capital at high rates of return.

Dave [00:08:50]:

What are some examples of companies like that today?

Brian Feroldi [00:08:52]:

Well, that's going to be a hard one to answer. Right. Right.

Dave [00:08:55]:

I'm going to put you on the.

Brian Feroldi [00:08:57]:

Off the, off the top of my head, I'll stay in the confectioner category, which I think is a great place to stay. And I'll just say Hershey's. Hershey's is a brand that is beloved. They sell candy, which is a sugary product. And Americans I know myself, certainly love to buy sugary products essentially around year round. My kids are addicted to it. We are addicted to it as adults. And that's a business that generates very high returns on capital, because people just don't want to buy chocolate.

Brian Feroldi [00:09:23]:

They want to buy Hershey's, or they want to buy Kit Kats or they want to buy Snickers, or they want to buy branded chocolate. And also the absolute dollar amount that you pay for a candy bar is a few. Lot of it won't put you out as a consumer to pay up for a quote, unquote luxury candy brand. Now, Hershey's doesn't exactly fit the mold of seized candy because they also have this park segment operating to them, which, by the way, I was there this summer and absolutely loved it. I'm totally going to be going back to Hershey park with my family again. But I think people have a real affinity for the Hershey name and brand, and that's a business that in many ways mimics seas candy.

Dave [00:10:04]:

Yeah, that's a good one.

Andrew [00:10:06]:

So simple, right? Just find the companies that can cater to your sweet tooth. Coca Cola, Dairy Queen, seas candies, Hershey's.

Brian Feroldi [00:10:16]:

It's a pretty successful business, selling sugar to Americans. That's a dependable.

Dave [00:10:21]:

Yes. Yes, for sure it is. To further hammer that point home, I'm diabetic, you know. I have found that Reese's peanut butter cups now come in sugar free. And so I found that heavenly delight at Walmart not too long ago. And, yeah, I was a happy, happy man because that was the one thing, probably the top two or three things I missed when I became diabetic and I couldn't eat them anymore.

Brian Feroldi [00:10:46]:

Are they any good? Do they taste like the original?

Dave [00:10:49]:

Well, they're maybe not quite the original, but it's been five years since I've had an original, so I think I've lost the flavor memory, the taste memory for it. So I can't say. I can't do side by side tests, but, yeah, if they aren't the same, they're real close and good enough to fill the desire or the need, if you will.

Brian Feroldi [00:11:11]:

Love that. Well, that's good to know. Two or three years ago, when we were making s'mores, one of my friends showed me that you can actually put Reese's peanut butter cups in the s'more instead of just chocolate. And I was like, I didn't know you could do that. No, I didn't either.

Dave [00:11:22]:

I never thought of that.

Brian Feroldi [00:11:24]:

Why haven't I been doing this my whole life?

Dave [00:11:27]:

That's brilliant. All right, we can stop recording now because that's the best thing that's ever going to come out of this talk today. That's awesome. Well, that's great. Maybe we could kind of switch gears a little bit and talk about hard segue here. There was a recent paper by Ian Castle, one of my favorite investors on Twitter, and he was talking about the advantages or disadvantages. I haven't read the paper yet, so forgive me, but I want to. But I think it could be an interesting conversation about the idea of averaging down.

Dave [00:11:57]:

And then maybe we could also talk about the pros and cons of averaging up. So I guess, have you read the paper and are you familiar with what Ian's talking about?

Brian Feroldi [00:12:05]:

I have. It was one of my actually more favorite things that he's written this year. And he highlights a very interesting point, because when we are talking about investing in index fund like the S and P 500 or the Nasdaq, it's an extremely safe thing to do to add to those indexes when they are down. Right? When a bear market comes, you can feel very secure knowing that you're buying an index at a discount. So when the price of the index falls, it's always a good thing for you as a buyer of the index. The same thing cannot be said when you're looking at an individual company. So I would say you can't automatically dollar cost average into an individual stock the same way that you can dollar cost average into an index. And the reason there is, when you're investing in an index, you're investing in hundreds of companies, all of which, as a collective group, are nearly guaranteed in air quotes to recover and return to highs later in life.

Brian Feroldi [00:13:06]:

When you're investing in a business, if that business's stock is down, there might be an extremely good reason for that stock to be down. And it is super dangerous of you to actually add to that stock on the way down. So in the paper you're mentioning, he listed a couple of reasons why you should not average down into a business. For example, if the company's core product or service is becoming obsolete, averaging down into that business would be an absolute disaster. It doesn't matter how low of a price you paid for blockbuster or Kodak or Polaroid, right on the way down. Those businesses eventually went to zero. So you got wiped out no matter how cheaply you bought them, because their core products were made obsolete by changes in the market. Another one that he called out was just when the business itself is underperforming, so management is not hitting their targets that they set for investors.

Brian Feroldi [00:14:04]:

The sales team is not focused, the margins are becoming loose, or they're just dealing with forces in the market that are completely out of management team's control. One that comes to mind immediately beyond meat. If you guys are familiar with the fake meat company, I actually like the company's products. But that business has been a disaster. Investors, because they have consistently traded gross margin for revenue growth. And the pandemic, of course, threw things up. But they are an extremely competitive market that's essentially a race to the bottom on pricing. And so far, that company has not proven to me at all that the brand name beyond meat will actually cause consumers to choose it versus, fill in the blank, a generic meat alternative there.

Brian Feroldi [00:14:47]:

So that stock is down considerably from its all time highs. I would guess well over 50% at this point. But to me, it's more dangerous to buy that stock today, because now we have a documented history of consumers do not prefer this brand over the generics versus two or three years ago when everything was up into the right. So if the core business is underperforming for any reason, averaging down can be a disaster.

Dave [00:15:13]:

What would be some good situations where you would want to consider averaging down?

Brian Feroldi [00:15:19]:

That would be essentially the opposite of everything we just said before. So the story behind a business is constantly in flux. Some businesses are. Their story is improving. Some businesses are holding steady, and some are in decline. The absolute Goldilocks scenario for an individual investor would be the stock price is going down, but the core business remains healthy, is actually flourishing. So if you see a company with accelerating revenue growth, if you see a company that made a game changing acquisition, that consolidated market share or took out a major competitor, if you see a company that went from previously being unprofitable to one that is now profitable and producing a free cash flow, those can be a good time to average up or average down into a know. One that comes to mind for me immediately is Uber.

Brian Feroldi [00:16:14]:

For years, ever since Uber came public, I was just like, nope, this is just a situation that I want nothing to do with. It's high valuation and it's burning free cash flow. But if you look at Uber today, the company is actually profitable and it's actually producing free cash flow. So the stock price, I'm sure, is down from its all time highs because it was a very popular name when it came public. But the business today, if you just look at the business, it's clearly trounced Lyft. It's gotten beyond its founder headaches when Travis Kelnick was shown the door and the business is now proven to be profitable. So that is a story that has dramatically improved, but at the same time, the stock price hasn't kept up. So I'm not saying Uber is a buy, but that's a situation where you need to revisit the story because the underlying story has changed.

Dave [00:17:03]:

Yeah.

Andrew [00:17:04]:

If this is any indication, the last time I tried to take an Uber, it was actually cheaper to take a taxi. So they're raising the prices, and they're not afraid to do it. And that's how you make profits.

Brian Feroldi [00:17:14]:

Right? That's right.

Andrew [00:17:15]:

So that's, know, why would a stock go down even as the business goes up? For a beginner, that doesn't make any sense at all. How can that exist?

Brian Feroldi [00:17:24]:

Yeah, well, I'm going to steal a quote from Morgan Housel that I've been ripping off a lot recently, and he's basically, the price of a stock today is the numbers from today times the story about tomorrow. Right. And when you think about those two components, the numbers from today don't really change all that drastically. If you even can imagine a company that was growing 30% per year, which is an extremely rapid growth rate, that's essentially a business that's growing two and a half percent a month, that's not a lot of change at the business level, even if it's compounding over a year at a very rapid pace. So even companies that are growing very, very rapidly, the core fundamentals of the business, don't really move all that much. However, the second part of that equation times a story about tomorrow. The story about tomorrow can change drastically on a dime. And there's a huge number of reasons that the market's perception of how a company can doing can change drastically, some of which have to do with the company, some of which have nothing to do with the company.

Brian Feroldi [00:18:30]:

If you were on the quack just in 2008 when the recession was coming on Apple's stock peak, the trough fell well over 50% at that point. And yet what was Apple, the business doing at that time? Launching the iPhone. Right. They were literally launching the iPhone. The numbers were very clear. This was going to be an incredibly popular product. They were charging high rates. All their financial metrics were heading in the right direction.

Brian Feroldi [00:18:57]:

But Apple, the stock plunged because the entire market fell drastically. Or fast forward a couple of years later to 2012, I vividly remember when Netflix split its business in two. They used to bundle DVD by mail with streaming, and then they said, oh, we're going to split those two things in two. The market hated that, absolutely hated that news, and peaked the trough. I think their stock fell over 80%. But if you look at the business number of subscribers, they have barely budged at all. So that's a case of the story changing drastically. Even the numbers didn't move all that much.

Brian Feroldi [00:19:31]:

So your job as an investor is to find cases where the numbers are stable or getting better. But the story has fallen drastically. That's where the real opportunity is.

Andrew [00:19:40]:

So I'm going to ask this a little bit selfishly, because I struggle with this all the time. When the story changes. I start thinking like everybody else and get those, whatever the opposite of rose tinted glasses are. So when there's this negativity about a story and the stock goes down and it could be a great opportunity, I start believing the same story that everybody else is believing. So how can investors avoid getting, like, finding the right story to believe in and not getting swayed by whatever, the changing narrative?

Brian Feroldi [00:20:14]:

What munger. This is why Munger says investing is hard, right? This is getting back to the whole independent thought thing. And, Andrew, I struggle with ThaT same thing, too. When a company I own, their stock is going up, I feel like, yes, this management team is awesome. They really get it. And when the stock is declining, I'm like, get the bums out of there. They're doing a terrible job. Right? Even if, or at least that's the emotions that I have.

Brian Feroldi [00:20:37]:

I don't know how every individual can solve that for themselves. I can tell you what helps me as an investor. I pretend I don't know what's happened with the stock price. And I just go back to the most recent earnings report and the most recent transcript, and I just read those as they appear. And I ask myself, if this was all I knew about the business, would I think good things about this company or would I think bad things about this company? And when I'm doing that, I'm looking at what's the direction of revenue? Is it up? That would be a good thing. What's the direction of gross margin margins as a group, but gross margin in particular, I think the gross margin number can tell you a lot about the pricing power of the business. The supplier relationship with the supplier of the business, and how stable or volatile it is, is a big indication to me about the strength of the quality of the business. I ask, okay, what's happening with profits, and if they're up or DOWn? Why are they up or DOwn? What is the forcing function that's causing them to go up and down? Is it because of a temporary problem that everybody hates right now, or is it because of a permanent change in the story of the business? And then I like to read through the transcript, because they'll often talk about new products they have.

Brian Feroldi [00:21:52]:

Obviously, they're going to give the most positive spin that they can on what's happening with business. But I like to read through that and say, all right, do I believe management or not? And by the way, if I don't believe management, it's an automatic sell, right? Why would I ever invest on management team I don't agree with so that helps me is to just go back and just look at the absolute numbers and just try and deemphasize what everyone else is saying on the stock price. But it's hard.

Andrew [00:22:20]:

It is hard. I love that though. Add numbers to the narrative, that can really help. I love that idea.

Dave [00:22:26]:

I think that's the great way to look at it. Look at the narrative around meta. A year ago it was hated. It dropped like a rock. It was hated everybody. It's going to zero and now look at it. I don't know what the returns have been, but it's probably been 80% to 100% this year that it's returned. And now the narrative has completely changed.

Dave [00:22:45]:

But to your point, I don't know that the numbers have changed that drastically from a year ago to today.

Brian Feroldi [00:22:52]:

Yeah. Peak, peak to trough meta stock between 2021 and 2022. So that was the peak, peak to trough, 74%, a 74% decline in the business, which was essentially all narrative driven. Right. Their revenue growth slowed, but they were still growing when this was happening. But the narrative became TikTok is going to take over and AI is going to take over and ruin these businesses. So yeah, we've seen a massive rebound in the stock price since those lows, but I think at the lows they got down to like eight or nine times earnings where previously it was what, 40 times earnings. So that's a great showcase right there.

Brian Feroldi [00:23:39]:

Meta. Think about meta. I'm pretty sure it's been, if you're not debt free, they have tons of cash, huge competitive advantage, billions of users, billions of dollars in revenue and cash flows. A founder led management team. I mean, pick a box and you're like, this business is pretty good. And still that stock fell

75% because of the changes in the narrative. So as Munger has said, if you're unwilling to deal with that, you're unfit to be a common stock shareholder, right?

Dave [00:24:09]:

Yeah, so true. I guess maybe could we pivot again? So we've been talking about kind of averaging down. What are your thoughts on averaging up?

Brian Feroldi [00:24:18]:

I'm a fan of averaging up. I would rather add more money when I have fresh capital to a business. That business is getting better and the market is rewarding that, even if I have to pay a slightly higher valuation to do so than the opposite. I mean, that, by the way, is like the complete opposite of the way that I invested when I first started out. When I first started, it was just natural idea to me to look for stocks that were down the most and consider those to be my buy list and anything that was on the 52 week high list, I would be like, avoid that overpriced. Right now, I would rather do my shopping on the 52 week high list than I would on the 52 week low list. Now, that's just a broad statement. Of course, I'm still going to look at valuations and see how the business is doing.

Brian Feroldi [00:25:08]:

But typically speaking, companies don't get to 52 week highs or even better, all time highs unless something about the core business is going well. And something has gone well, so well at the business that Wall street is recognizing that the company is performing well. So there have been several holdings that I've had where I've added over a period of years, and each time I'm paying a higher and higher price on the way up. But in some cases, even though I'm paying a higher price, the fundamentals of the business have grown even faster than the price. So the valuation that I'm paying is the same or even better, even though the price that I'm paying is higher. So that is my preferred way to average up. You're paying a higher price, but the business is growing even faster.

Dave [00:25:50]:

What would be a hard stop for you to say, okay, I love this company, but I'm not going to add more at this point.

Brian Feroldi [00:25:58]:

Yeah. So for me, that breaks down to my portfolio management rules. For me personally, when I stop adding capital to one of my holdings once it's eclipsed 3% of my portfolio, once it gets there, I am perfectly comfortable with it growing to be a higher percent from there. But after the business has 3% of my invested capital, I leave it up to the business to actually do the compounding and the growing of my wealth. For me, in the past, the reason I've done that is in the past I've made the mistake of saying to myself, this business is awesome. I want a huge amount of my capital in that company, and the stock declines, and I add capital to it, and stock declines, and I add capital to it. And I'm overlooking in those cases something fundamental about the business. So my conviction is not lining up with the reality of what's happening with the business.

Brian Feroldi [00:26:50]:

So what I've discovered that works best for me is if I stop adding capital once it gets to 3%, and I say, I'm not going to sell, but it's up to the company to generate from there. That prevents me from continually buying and adding to a company that eventually goes on to underperform.

Dave [00:27:06]:

Yeah, that makes a lot of sense. I like that idea. All right, I got notes I got to take. So I guess where do you see the market going now? If you had to kind of look into your crystal ball and give us a prediction, what do you think are going to be the leading things in 2024 as we're kind of on the cusp of that?

Brian Feroldi [00:27:25]:

Well, I'll cop out and give you the JPMorgan answer. When he was asked what's the stock market going to do? He said fluctuate. I think that that's the actual answer. But since you asked, I will make a prediction. When I think about the state of the world today, where valuations are and where interest rates are and bull run that happened over from the 2021, I guess really what was the peak? It would not surprise me if we enter a multi year period of sideways to down markets. I think valuations today are pretty high. The returns this year, while the markets look like they've done great things this year, that is hugely skewed by the magnificent seven, many of which I feel are overvalued at best, like best to call them richly priced, perhaps bordering on overvalued. At least a few of them are.

Brian Feroldi [00:28:22]:

And I think that this situation reminds me a little bit of while I wasn't investing then, not necessarily 1999, but towards the end of the.com boom when everything was going crazy, the market was up huge. But that was really driven by just a handful of stocks, one of which was Microsoft, by the way. I think Cisco was a huge one, jds uniface was another one, intel. So there was a couple of companies that were just insanely highly valued and they were the biggest of the big tech. And at the same time period, the rest of the market was really lagging behind those huge leaders. And that mimics to me a situation that we have today. So I would guess that the indexes over the next couple of years are going to have fairly muted returns just because their biggest components have had such a big runoff this year and over the past ten years. And I think it's a little bit out of balance right now.

Brian Feroldi [00:29:17]:

So I would guess that the small cap and the mid cap markets, which have been largely left out of the rally that we've seen this year, I would predict better returns for them in 2024 than I would the large cap. As I've been said many times, the market can remain irrational longer than you can remain solvent. Going to change absolutely nothing about what I do with my investing strategy. But that would be my hunch is that returns over the next between now and 2030 are fairly muted. But I would say that small caps and mid caps would outperform large caps.

Dave [00:29:48]:

Good prediction. Very good prediction.

Andrew [00:29:50]:

So you've got dead wrong.

Dave [00:29:52]:

Yeah, well, your crystal ball may be clearer than ours.

Brian Feroldi [00:29:56]:

Yeah, there you go.

Andrew [00:29:59]:

So you mentioned that the predictions are fun and everything, but it's not going to change what you do. So I know, because I know you, that you've got a ton of cool stuff going on to help investors figure out what they do. So can you talk about some of that and what you've been doing in that arena lately?

Brian Feroldi [00:30:19]:

Sure. So me and two of my longtime investing friends, both of whom are named Brian, in the past couple of years, have kind of accidentally created a financial education company, and we've launched a couple of courses that are essentially the products that we wish we had when we started investing 20 years ago. I mean, when I first started, I knew absolutely nothing about investing, and I really educated myself by reading books and by buying dumb things. Right. I just bought stocks that went down, and I learned a lot of lessons the hard way. But when I made my first investment, I couldn't tell you how to read financial statements. I couldn't even tell you how to find the financial statements of the companies. I couldn't tell you about the management team, about the risks, about the mental models.

Brian Feroldi [00:31:07]:

I couldn't tell you nothing about the companies other than the price of one share. That's the only information that I knew. So for the better part of two years now, we've kind of been building a series of products and resources, some of which are free, some of which are paid, that are really what information do we wish we had when we first started out? I have a really simple, free one, if your listeners are interested. We created a website recently just called stockinvesting school. And you go in there, and what that is is a five day email based course where we teach you the basics of what is the stock market? How does the stock market work? Why does the stock market go up and down? Like, very, very basic stuff that I kind of covered in my book, but it's just a free five day course, if anybody's interested.

Dave [00:31:49]:

Yeah. You're also very active on Twitter and LinkedIn, and I think you're probably on every social media platform, probably. Am I correct?

Brian Feroldi [00:31:57]:

Yeah. But to your point, I'm most active on LinkedIn especially and Twitter.

Dave [00:32:03]:

Yeah. And I think you should mention not just your email series, but the email and the Saturday stock school, because I love.

Brian Feroldi [00:32:09]:

Oh, okay. So anybody that signs up for one of our waitlists, for our cohort based products. We started something called Saturday stock school. So every Saturday we kind of issue one investing lesson related to accounting or valuation or the stock market or those kind of things. So if you follow me on any of the platforms mentioned before, you can.

Dave [00:32:26]:

Get signed up for all. I'm going to say this, a million. These are all fantastic resources. These are things that I read every single week. And I look forward to all of Brian's posts on social media as well as the is. I'm not just saying this because he's my friend. If there's a resource out there that can teach you more about investing, I'm not sure what it is. The stuff that he and his cohorts are putting together is fantastic.

Dave [00:32:51]:

Learning opportunities for everybody, for a wide range of investing experiences. So I'm going to put everything in the show notes so that people can find all these links to all the great resources. But I want to thank you, Brian, for doing all the things that you do because it's so immensely valuable and helpful.

Brian Feroldi [00:33:09]:

Well, I think it's amazing that this is what we get to call our careers, right? I didn't know that this job could exist. I want to kill my guidance counselor. But this is amazing, the times we live in, right? That we get to speak to a microphone into each other about investing.

Dave [00:33:22]:

I mean, how cool is very, very, very true. All right, folks, well, with that, we will go ahead and wrap up our conversation with Brian today. Brian, again, thank you for taking the time out of your busy day to come talk to us. We appreciate it. And I know our listeners enjoy your insights as well. And with that, we'll go ahead and sign off. You guys go out there and invest with a margin of safety. Emphasis on the safety.

Dave [00:33:43]:

Have a great week and we'll talk to you all next week. Bye.