IFB342: Benefits of Individual Investing - Compounding, Lower Fees, and Long-term Perspectives

Dave [00:00:00]:

All right, folks, welcome to Investing for Beginners podcast. Today we have episode 342. Today we're going to answer five, yes, five great listener questions we got recently. And with that, if you have any questions, if you're curious to have us read something on the air and answer for you, please reach out to us@newslettereinvestingforbeginners.com. Dot. I will put that in the show notes for you. You can also ask me questions at Twitter, which is underscore podcast and we'll be happy to answer them here for you. So with that, go ahead and start with the first question.

Dave [00:00:33]:

So we got, hey guys, love the podcast. I listen all the time. Have investing for beginners, dummy question. I work for Walmart and get a 6% match into my four hundred one k. I make sure to take advantage of this each paycheck. My options to invest are very limited, though. I even can't get Walmart stock. They do offer a stock investment program that they match 15%, up to $1,800 per year.

Dave [00:00:57]:

My question is this. I'm looking to retire in eleven years, currently 54. Congrats and want to know which is my better option. Number one, a 401k with 6% match. Number 215 percent stock match in Walmart. And three, do my own Roth Ira with no match. Appreciate your insight. And this is from Jeff.

Dave [00:01:16]:

So great question, Jeff and Andrew. Why don't you take a first crack at it?

Andrew [00:01:20]:

All right. First crack. You know, I would clarify the 6% match, the 15% match. I havent heard of a company giving you like a dollar for dollar match on the 15% like on a company stock, if thats what youre getting, a dollar for dollar, that sounds like a bargain. Anytime you can get a dollar for a dollar match, thats going to be a bargain. Thats free money. So I would take that all day long. I think the eleven years of retirement is also interesting.

Andrew [00:01:48]:

That kind of throws a little wrench into what I would do personally if it was me. But first things first is I would find whatever has the highest dollar for dollar match and just max that out because thats a 100% return on your money. How about you?

Dave [00:02:04]:

Yeah, I would do exactly the same thing. I would try to find whatever is going to give me the biggest free dollar amount that can be reinvested and I would go with that to max out your four hundred one k. I dont remember the exact numbers but its a big nut to max out. So thats a lot of money you could put to work for you with the depending on how your 401K is set up. If you're eleven years from retirement, it could start rebalancing into more conservative investments as you get closer to retirement. And if you're not in a air, quote, catch up type situation where you got to put a lot of dollars into, you know, squeeze a lot of dollars into a narrow funnel in a short amount of time, I don't know that starting my own Roth IRa with no match would make a lot of sense. And if youre in a position where youre just trying to look to maximize the best returns you got and youre already well on your way to retirement, I think the 401K with a 6% match would be awesome. And even if it isnt matching your company, like in his particular case, Walmart is not matching with their own stock.

Dave [00:03:08]:

In and of itself, thats not a horrible thing because one of the things that happened with me when I was working at Wells Fargo is because they were doing the company match in their stock. Eventually my portfolio in the 401K became like 45% Wells Fargo and then the other stuff in ETF's and everything. And so I had to start kind of moving that over to the ETF's and index funds because it was just too much Wells Fargo stock. And so there's some pros and cons to that. Also, if the 6% match was in a company that wasn't doing great too, that would not be also ideal as well. I'm not saying Walmart's not doing great, but just for other people that are in kind of a similar situation. So for me personally, I would do the 401K with a 6% match depending on what the answer is with the 15% stock match on Walmart.

Andrew [00:03:57]:

Yeah. And that one, two, three is a nice order, a nice order of operations, if you will, of personal finance, people use that term. It's a great way to go. I would do the same.

Dave [00:04:07]:

Yeah, it really is. And it also doesn't mean that you couldn't pick part of one and part of two as well and, you know, split up your money and put some of it in this and some of it is depending on what your options are with it.

Andrew [00:04:18]:

Well, you know, I'd be curious if the stock investment program has a tax shield on it. It probably does not.

Dave [00:04:26]:

And so that would have a bearing on it too.

Andrew [00:04:29]:

That would, yeah, depending on what the percentages are. If you have to pay 30% tax on something, even if you get a 15% discount on it.

Dave [00:04:40]:

Yeah.

Andrew [00:04:40]:

You're not down, so be careful about that.

Dave [00:04:43]:

Yep, that's a good question to ask.

Andrew [00:04:45]:

Yeah.

Dave [00:04:47]:

All right, so let's move on to the next one. So I'm going to butcher their name. So apologies ahead of time. My name is Chrishan, I'm UK based, 37 years old and have been both directly and indirectly investing through my pension. I'll come back to this for some time. I've read Ben Graham's book. In it he says that if you want to be an investor, you have to hold yourself to the same standards as professional investors. Through my workplace pension, I never really paid attention to the investment decisions that were made for me until now.

Dave [00:05:16]:

I feel as if I can make better investment decisions by choosing passive funds rather than the expensive actively managed pension funds and have had some success doing this. So it begs the question, should the vast majority of people who do not have vast resources that financial institutions have just be investing in passive funds that track the market? If you were able to judge by Graham standards. Look forward to hearing from you. Kind regards, Chrishan so thats a great question. What are your thoughts on this?

Andrew [00:05:45]:

Yeah, I kind of do feel that way. I think most people probably are not to be stock pickers and probably should be passively investing in something like an index fund because you get the diversification, you don't get the screw ups of having the terrible return if you make a mistake, you get to participate in the growth of the economy and you get really, really nice compounding which can build you serious wealth. And the fact of the matter is, probably a lot of people aren't cut out to be stock pickers and so they should be taking this seriously and just using index funds. Index fund like ticker spy or ticker VTI, those are all great options for getting diversification and getting exposure to the stock market. I agree.

Dave [00:06:33]:

Yeah, I wholeheartedly agree. I think people think that the only way to get rich or wealthy is to invest in individual stocks and that is far, far from the truth. And it really comes down to what kind of investor do you want to be? Do you want to be like a geek like me and sitting on a couch on a Saturday reading a ten k? Or would you rather be watching football or doing something with a family member or friend or something like that? And so that's what I've chosen to do and that's why I feel that's the way that I feel like I need to do it. But there's a lot to be said for buying index funds and calling in a day and going to the beach, you know, and enjoying your life and you can get great returns and sleep well at night. And so I think thats where I think most people should invest, and I think thats a smart way for them to do it. And I really encourage people to do that. And to his point, using these index funds or these ETF's that are lower cost are going to also provide you better returns over a longer period of time than something thats actively managed, that doesnt do as

well because its just more money coming out of your investments. So you look at a fund that lets say one is generating, it charges you 1% a year and it only earns 6% a year.

Dave [00:07:46]:

So now you're really at 5% a year. And then you look at one that's cracking an index and it's earning 10% a year and it's only charging you 0.4%. You're miles ahead. And as that time goes on, that compounding window is just going to accelerate even more. It's going to amplify and multiply many x times over. You know, a 9% return versus a 5% return over a time period is going to be a much, much bigger number, exponentially. So. And so that's where these things really start.

Dave [00:08:18]:

You know, one year to one year. Yeah, WHOOP dee doo. But over a longer period of time, it makes a big, big impact. And so I wholeheartedly agree with his, with his assessment.

Andrew [00:08:28]:

What about this obvious? I can't let this slide, right. You know, the people who don't have the vast resources that financial institutions have, should they be even trying to compete with the financial institutions? That's kind of the one of the jabs I got from this question, right?

Dave [00:08:45]:

Yes. The vast amount of resources also comes with a heck of a lot of anchors. And there are things that they can not do that we can. So, for example, one of the biggest ones is our time horizon. The large financial institutions, their two main goals is not necessarily to outperform the market. It's to bring more people into their funds, because that's one of the ways that they make money, is by funds, by the fees that they charge people for them to manage their money. And so the more assets under management or the more dollar amount that they have to invest, the more money they make, irregardless of their returns. But having said that, they also get judged much more harshly year to year than you and I do as an individual investor.

Dave [00:09:32]:

And so if a topic performing hedge fund or other fund does poorly for a two or three year stretch, they're going to lose all their assets under management, they're going to flee and go find somebody else. And that, you see a lot of that in that industry. There's a lot of fleeing of, you know, they call it inflows and outflows. And basically what it means is people are leaving a fund because it's not performing and they're going to another shiny object. And then when that shiny object gets a little dull, they go to another shiny object, and

they just kind of run around looking for the best returns all the time. You and I, as an individual investor, have the ability to not care about that and buy companies that we want to hold for a long period of time. Because it's been proven the longer you hold a company, the better chances you have of a better return over a longer period of time. And so if you buy a good company, look at Amazon.

Dave [00:10:22]:

You buy Amazon when it was at $6 a share. Now look at what it's doing. You only get that if you bought it when zero six and you held it till 2024. So 25 years. You don't get that by buying it at six and then selling it the next year. And that's what the hedge funds have to do. We don't have to do that. We can buy that and hold it for as long as we want, because the only thing we're being judged on is ourselves.

Dave [00:10:44]:

And so we don't have that, that hanging over us. And then the last thing I'll throw out there is that we don't have size constraints. So one of the things that Warren Buffett runs into, he's got too much money. His fund is too big, and so he can't buy anything. It's hard for him to buy things that'll move the needle for him. And so if he goes out and buys a company that's $3 billion in market cap, that's nothing. That's, you know, that's peanuts. It's like it's picking up pennies in front of a steamroller for him.

Dave [00:11:11]:

For us, it's obviously a lot of money. But, you know, for the size of what Berkshire is working with, it doesn't move the needle. And. But you and I can go out and invest in that $3 billion company and hold it for a really long period of time and do well with it, whereas these other big funds can. Robert.

Andrew [00:11:25]:

Yeah. I mean, if you're a fund with, what, 10 billion, 15 billion, you can't buy a $3 billion company. And there's great deals, companies under a billion, sometimes that limits a lot of the institutional players, that very small space.

Dave [00:11:42]:

Yep, for sure. You know what the best performing stock over the last 20 years is?

Andrew [00:11:48]:

I'm going to guess it's a small company.

Dave [00:11:50]:

It is monster beverage.

Andrew [00:11:52]:

Okay.

Dave [00:11:53]:

They've had the best returns over the last 20 years. I don't know what their market cap is now, but when it started off it was minuscule and no fund owned it.

Andrew [00:12:03]:

So you know what's funny about that example is if I knew about stocks back in the day when me and my friends were drinking monster beverage 1520 years ago, we could have used our knowledge of how much we like that drink to buy the stock and make whatever the return is on it.

Dave [00:12:22]:

Right?

Andrew [00:12:22]:

You could ten x your money, whatever, whatever the return is. That same person with that same kind of knowledge makes the same percentage return as a hedge fund full of 100 analysts who build 300 spreadsheets. All to come to the conclusion, hey, we're going to buy monster energy. Its the same percentage. Thats why I think its so fascinating about the stock market is on a percentage basis. It doesnt matter if you use an old 1980s calculator or you use a Bloomberg terminal with AI making your calculations, the same return when you buy and sell. And so I think the whole vast resources thing is a little bit overkill, maybe a little overstated when it comes to, you know, your chances in the stock market.

Dave [00:13:07]:

Right. One last thing ill throw out there about this. If you think about like hundred bag stocks, which is a book that Chris Mayer wrote, all those companies all started off as very small companies. You cant buy a hundred bagger today buying Nvidia or Apple or Microsoft just because of the law of large and numbers. Think about how big Microsoft would have to be to be 100 bagger from today. And so anytime you want to get those

kinds of returns on those kinds of companies, you have to buy them small or smaller, a lot smaller. And, you know, the big funds that he's talking about, they're all fighting over information, edges on something like Nvidia, which I'm not saying you can't make a lot of money on, but it's a different game. And so they're arguing about, you know, who has more insight information on Microsoft than Google than we do? They probably do.

Dave [00:13:57]:

But I would suggest we could also beat them by finding the monster beverage and, you know, outperforming the companies that are having to go back and forth with all the big caps.

Andrew [00:14:07]:

I hate to beat this dead horse. I want to take one more hack. If you look at I wish I remember what book it was in, but I think it was called value investing. It was by Greenwald, maybe one of the professors. He talked about WD 40.

Dave [00:14:20]:

Yeah.

Andrew [00:14:21]:

And that's a super small company. And you know what's cool about companies that just are ignored? A company like MVR companies are just ignored and Wall street just never buys them. And so their stock price stays really, really low and so they just buy back shares and buy back shares. You know, a market cap of a company that continues to buy back shares does not grow much, but the stock price just explodes when you do enough buybacks.

Dave [00:14:46]:

Yep.

Andrew [00:14:47]:

So that you can really find some gems doing that. And finding companies are just buying back a ton of stock.

Dave [00:14:54]:

Right? Yeah. So there are lots and lots of opportunities in the market. You dont have to follow the huge hedge funds or the huge market movers, if you will, to be successful. Theres a lot of, as Andrew said last episode, theres a lot of ways to skin the cat. All right, so lets move on to the next one. So we have, I love the pod and gain a lot of confidence from the advice and detailed breakdowns of the various terms and strategies. I increasingly feel as though I can take a much bigger impact financially to my family long term, which is a great feeling. So thank you.

Dave [00:15:25]:

My main question is around the impending elections, which will affect both us in the United States and in the UK soon. Without wishing to draw anyone on affiliations or preferences, do you invest differently, prepare differently, or change research strategy in times such as these? If so, any tips? Kind regards, Daniel. So this is a great question and it's kind of timely. So what are your thoughts on Dan's question?

Andrew [00:15:49]:

Dan, it's a fantastic question. Thanks for writing in. Think about how often this happens, though. Once every four years in the United States. If you change your investment strategy every time that happened, it'd be a never ending change cycle, right? So no, I do not, even though it does make the president can make an impact on the stocks themselves. But I don't change the way I'm thinking about the portfolio as a whole just because there's an election coming up. How about you, Dave?

Dave [00:16:23]:

I don't change it, just like I don't really use economic data or thoughts to really adjust my preference for buying companies much. It can sway you a little bit here or there, but I don't really put a lot of emphasis on it. I've seen studies recently on social media that show that over the last 30 or 40 years, whether a Democrat or whether a Republican here in the United States is in power, the returns you get during those terms is almost exactly the same. So there's this myth that when a Republican's in charge, that the stock market does better and that you look at the data and it's just not true. So they're just, it's pretty evenly split. And so therefore, like Andrew said, the president can impact what happens to the markets, and there can be a swing one way or the other immediately after the market before, over the long period of time, the next four years or eight years, that that person's in charge potentially. Nah, I don't, I don't give it much credence.

Andrew [00:17:25]:

I remember in 2020 when Joe Biden was talking a lot about corporate tax that was going to be applied.

Dave [00:17:31]:

Yep.

Andrew [00:17:32]:

And I remember, like, just, you know, diving in, like, headfirst and they're, like, projecting, how is this going to affect cash flows for this company and this company? And then I realized, like, if he changes the tax rate that hits all companies. But I'm a guy who's like, I believe in the stock market. I'm investing in the stock market for the long term. So if it affects all companies, what am I doing wasting my time trying to, like, bake that into every valuation I do, right. It's a lot easier to just say, you know, I'm in the market. If they want to raise taxes and my returns suck for a while, so be it. But this stuff cycles. That's kind of part of the game, right?

Dave [00:18:13]:

It's very true. I was listening to one of Professor Oswald de Modern's lectures not too long ago, and one of the things he said when he was talking about taxes, you mentioned taxes, was he said, when you're thinking about taxes and the tax rate for the particular company, he said, don't be a hero. Don't kill yourself trying to figure out the exact, he said, just throw a range on there and just, and be done with it and move on to more important things because it's going to change. And as the political spectrum winds around, it'll go up and it'll go down. It'll go up and it'll go down. And that's just part of it. I mean, you have to bake it in a little bit. But like professor de Modern said, don't be a hero.

Dave [00:18:53]:

Don't kill yourself. It's not worth it.

Andrew [00:18:56]:

What do you think about looking for stocks that are affected by policy? So, for example, the semiconductor bill that was leading to labs being built here in the United States, or the Infrastructure and Jobs act. Does that play a role at all?

Dave [00:19:16]:

You know, it probably should, but it didn't or doesn't for me. I guess a lot of it is you have to just wait and see what the reaction and how it's actually going to impact things before you can start making assessments ahead of time. A perfect example is the whole semiconductor space. I was listening to Texas Instruments recent call and they talked a lot about that and they are going ahead and doing the things that they were

going to do anyway, and they're hopefully going to get some benefit from it. But they still, I think they just applied for starting to receive the benefits, but now, then they revealed that they're probably not going to start seeing those on their financial statements for at least a couple years. So I just feel like some of this stuff is, it can be a lot of noise, but until you actually see it impact the business positively or negatively, I guess I don't try to preempt it like the world is coming to an end or this is going to be the how we a savior for this particular thing. I just wait until it plays out and then I'll make a decision from there.

Andrew [00:20:23]:

Yeah, yeah. I love that. I think that's a good way to look at it.

Dave [00:20:28]:

All right, let's move on to question number four. So I have. Hi. I started listening to your podcast about two months ago, and I love it. I love how you break down info into bite sized pieces that are clear and provide good direction. Your discussions are also enjoyable to listen to and not dry. I have a question in the book. The intelligent investor Benjamin Graham says to invest 10% of one's investments in reits, which are real estate investment trusts.

Dave [00:20:54]:

One of you recently said in a podcast that you invested 15% of your portfolio in reits. Can you specify which REIt is this a ReIt ETF or REIT stock? Can you be more specific? Which rEIt ETF and or stock specifically? The consultants I have spoken with, fidelity and Schwab, don't seem to know enough about reits for me to feel comfortable in what they tell me on the topic and how to invest REIT wise. My own research is not yielding a clear enough answer. Given that ten to 15% of my portfolio and a REIT investment is still a decent amount, I want to make sure I invest in the right one. Can you also explain the logic and strategy behind having ten to 15% invested in a REIT? I really appreciate if you could answer these questions. Many thanks, Cheryl. So great question. Lots of stuff to unpack here.

Andrew [00:21:43]:

Yeah. Thank you for writing, Cheryl. All right, so, first, I would say, I don't think Benjamin Graham ever recommended putting 10% of your portfolio into a REIT or 15% of your portfolio into a REIT. I think that was probably Jason Zwieg, who wrote commentary on, on top of the intelligent investor. Could have been one of his recommendations, and I dont know why he would have picked this exact number, but I would imagine the logic behind doing something like that is just to kind of get exposure to different asset classes. So some people like to have a little bit in real estate, a little bit in stocks, a little bit in bonds, and that's what makes

them feel safe and diversified. And if that's your philosophy, more power to you. But I don't think it's necessary for investors to do, to feel like you're diversified.

Andrew [00:22:35]:

There's a million ways to skin that cat. I also don't want, you know, breaks my heart a little bit to think that because of the way I'm investing, that there can be ways that people are misinterpreting it. I would just recommend, you know, if you want to follow what I'm doing, then either, like, subscribe to value spotlight or do your own thing, because, you know, if you're trying to get secondhand knowledge of, of what I'm actually writing about and the things I'm analyzing, you're not getting the whole picture if you're not subscribed. So you don't really understand the context of my investments. And so, in this particular case, the 15% I have in a REIT does not have anything to do with my portfolio or how I'm trying to be diversified. It speaks to the opportunity I see in the company and the reasons why I see those opportunities, which I have discussed many times under the paid subscription. So that would be kind of my first thoughts on the whole REIT idea. I do think it's interesting that some of the people that she talked to weren't forthcoming about, about the whole reed situation.

Andrew [00:23:50]:

So I'm curious, kind of what you think about that. What do you think about Cheryl's question in general?

Dave [00:23:55]:

Well, I think it's an interesting question. I would probably agree with you on the Graham idea, mostly because when he wrote the book, a reach didn't exist, so it would have had to have been Jason's. Why the reconstruction, as we know it, is a much more recent thing. And so as far as, like, a specific reit, to kind of echo what Andrew was saying, if you want to know what he's buying. You're going to have to subscribe to the value spotlight. But what I, what we can tell you is that reits are an opportunity for individual investors to invest in real estate without having to actually own the land or own the building. And it's a way that you can participate in that asset class without having to have either an amazing credit score or lots of money saved up to go out and buy something and deal with the other headaches of managing that kind of investment. When you buy a Reit, you are buying a stock, and so you can sell it, you can trade it, you can hold onto it for a long time, you can reinvest in it.

Dave [00:24:58]:

The one advantage that reits offer is that they offer great dividends. And so for income investors, they can be very attractive, especially the people that are trying to build up a dividend portfolio that will pay them a lot of dividends, especially when they enter closer to retirement. And so they can be very advantageous in that

regard. Over the last year or so, reits have been a hard place to invest because the interest rates have gone up and theres expectations in the market that those could potentially change at some point. But until it actually happens, it's just a lot of noise because the interest rates have gone up. And the primary way that reits operate in real estate is through lending and through borrowing. Then the rates that they are being charged, as well as charge, go up, and it can, it just makes it harder for reits. And then you also add into the whole commercial real estate arena has been hammered over the last few years with the work from home movement in particular, really causing office spaces to be really, really hard to rent, especially in the big metropolitan cities like New York, Chicago and such.

Dave [00:26:06]:

And so it's a hard space. It could be a hard space to invest in. It's a different language. And so the language that you speak to invest in a REIT is different than it is if you're going to buy Costco. And so you have to understand different things just because of the structure of the companies and the way that they invest and the way that they operate. They have different metrics and, you know, like funds for funds from operation, for example. So that's a term that you've probably never heard of, but that's, in essence, earnings or cash flow for a REIT. And that's very important in that industry.

Dave [00:26:39]:

If you don't understand that, you can invest in reits. And so if you're going to look at buying individual reits, beyond what Andrew is providing in the value spotlight, I think you really need to figure out what sector you really want to participate in. And there's a million of them. There's apartment complexes, there's malls, there's data centers, which I think is an area that could be interesting if the prices were right. There's public storage. I mean, there's just on and on and on. I think there's like 30 different markets. And so there's lots of opportunities, but you really kind of have to decide what it is you want to do and how much of this you really want to learn.

Dave [00:27:15]:

ETF's, ill be honest with you, Im not familiar with ETF's and I wouldnt want to throw one out there just because Im not knowledgeable on them. And so I dont want to spew things I dont know anything about. So I hope that helps try to build a portfolio if you really want to get into it. I know Im getting long winded, but ill end this real quick if you go to our website, einvestingforbeginners.com dot, theres a big search bar at the top. Type in reits and there's a ton of information in there. I've wrote, I've written a lot of articles about reits and so is Andrew. And so there's a lot of great, not like foundation knowledge that you can learn there and then you can start looking at some of the companies that are out there and see what's available. But there's a lot of opportunity if that's something you really want to go for.

Andrew [00:27:58]:

Yeah, there is a lot of opportunity. If I was the tour guide who is like, here's your map. Watch out for alligators. At the risk of sounding dry, be careful with funds from operations because adding back depreciation is making the assumption that the assets youre buying you can sell later at a higher price. And so with some real estate, I would say that still applies, but with others, to Daves Point, theyre not as in demand as they were five years ago. That might not apply. So funds from operations might not be a good usage for those type of assets. So be very careful.

Andrew [00:28:34]:

Stay away from those value. Chop alligators?

Dave [00:28:37]:

Yep, yep. Good advice. Don't, don't let snap at you. All right, let's go ahead and move on to the last question. So I am curious about your advice on when to trim investments that have done well in your portfolio. I purchased a nice size share of Nvidia in 2023 when it hit a low of dollar 220 per share. Currently it has gone over up over 400% since then and now takes up 58% of my portfolio. When is a good time to sell and take realized gain from some of your stock? Air quote winners.

Dave [00:29:07]:

And this is from Adam. So great question.

Andrew [00:29:09]:

Great question. Give me an opportunity to eat crow, too, because we got a similar question like this six months ago or a year ago. I said what I would do and what makes me comfortable. But just because I say what makes me comfortable doesn't mean it's going to be the best outcome in the market. So I'd be curious, you know, where you start with this, Dave.

Dave [00:29:31]:

I think there are several things that I would probably ask myself. So number one is a awesome, congrats. I mean, seriously, that's awesome. I'm happy for you. Number two is I think I would try to figure out, number one, okay, if I was going to sell some of these shares, where would I put the money and where putting that money, would that be a better return than I would get by leaving it where it is now? So there's that question to answer. Number two is, if I was going to sell it, do I have something in my portfolio I'd rather buy or would

there be something outside that I would rather buy? And is that in the same industry? So let's say, just for example, let's say that you sold shares of Nvidia to go buy it and tell which no same person would do. But, but if you did that, do you really think you're going to get a better return from investment b than you are investment a? And so I guess that would be one part of it. And then the other part of it is, I would try to, I would try to forecast, where do I think Nvidia is going to be in five years based on their performance, the history that I know about the company, what their valuation is now, and try to compare that five years from now.

Dave [00:30:42]:

And if it still looks reasonable, like it's not gone from trading at a 20 pe to a 72 pe, let's say it's gone from a 20 pe to a 32 pe, then, okay. You know, hey, maybe they still have some legs to run on here. And so I think those would be the ways that I would try to, try to logically look at it as opposed to my emotions and my stomach dropping every time I think about what happens, you know, how much am I losing by not selling some of it? Now, those are my initial thoughts. What do you think?

Andrew [00:31:13]:

It's tough. I mean, the first world problem isn't it first world problem. I can't imagine myself hanging on to a position that's greater than 50% of my portfolio. But my goals might be completely different from Adam's. And I've also never been in that situation. I haven't had a stock grow to 58%, so that plays a role. And if it was me, I would almost certainly be trimming that thing to a percentage. I felt I was comfortable with understanding that if I leave some upside on the table, I'm exchanging that potential for the peace of mind, ability to sleep at night, to say if a nuclear bomb goes off at an Nvidia design center or something.

Andrew [00:32:01]:

I haven't lost my life savings like that kind of an idea. That's where I sit with my goals and the way I look at my portfolio. That all said, though, you know, this idea to sell, to take a realized gain, I think is one of the saddest lies. We tell ourselves as investors, that you don't have a gain in your portfolio unless you sell it and take that cash out. I mean, think about it this way. Hopefully, maybe you're a sports fan, Adam, maybe not. And maybe this just doesn't connect whatsoever, but if you drafted Michael Jordan, you know, what a move, right? Now, all of a sudden, you can sell way more tickets. You can sell way more jerseys.

Andrew [00:32:41]:

All of this you could trade him while he's at his peak to get, I don't know, magic Johnson and Larry bird or something. Or you could just hang on to Michael Jordan and sell a bunch of tickets and get a bunch of jerseys. Right? And so it's not 100% apples. Apples. But it's a similar concept in the stock market, depending

on the company. You know, I'm not talking about GameStop or everybody's crazy about a stock for no reason. A company like Nvidia has proven itself through its earnings and its growth. And you can see it in the financials.

Andrew [00:33:19]:

And so if it's become the Michael Jordan of your portfolio and you. You're not getting, like, a great bargain going elsewhere, to Dave's point, and why not let him play, right? But again, I think personal comfort and diversification trumps that to me, but it might not to you. And so that's what makes this a never ending fun problem to try to tackle for people. And it's like Dave said, it's a great problem to have. So, you know, congrats and enjoy.

Dave [00:33:54]:

Yeah, yeah, for sure. Definitely. Enjoy. All right, well, with that, we will go ahead and wrap up our conversation for today. I wanted to thank everybody for taking the time to send us those fantastic questions. This was a lot of fun, and hopefully you guys got some good takeaways from all of this. So without any further ado, I'm going to go ahead and sign us off. You guys go out there and invest with a margin of safety.

Dave [00:34:13]:

Emphasis on the safety. Have a great week, and we'll talk to you all next week.

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