Insights on Selling Stocks and Evaluating Management from Brett and Ryan of Chit Chat Stocks

Dave [00:00:00]:

All right, folks, welcome to Investing for Beginners podcast. Today we got a fun show in front of us today we have Brett and Ryan from Chitchat stocks. They are here to talk to us about the stock market and all kinds of fun stuff. So Brett and Ryan were gracious enough to give us some time today and they gave us some time back in the early winter. And so we're excited to have them back here today. Andrew is not joining us today. Andrew is actually is going to be on maternity leave. So he's had having a baby very soon.

Dave [00:00:29]:

And so I'm recording some episodes in lieu of that to try to make sure we have some content why Andrew is out. But don't worry, he'll be back very, very soon. So with that, let's maybe dive into some stuff. So I got a whole list of questions here for you, so bear with me, guys. So here we go. So let's do the first one. How do you guys source ideas? You know, you come up with some cruel ideas like Gogo, Nelnet, coupang and Harvard diversified, which I had never heard of. So how do you guys come up with these ideas? Where do you source your investment ideas?

Ryan [00:00:59]:

So a lot of it is kind of around then personally on social media, primarily x Twitter built up kind of just a network of people that I respect and I like the way they think around investing. And so I tend to see a lot of their blog posts, financial writers, stuff like that. And we can get a lot of individual stock write ups that way. The other place I read value investors club quite a lot. And there are some really high quality technical write ups in there which are difficult sometimes to understand at first, but there's some really high quality ideas. So I read that as well. And then, yeah, it's just basically kind of a universe of blogs, podcasts, and uh, yeah, forums like Value Investors Club. And then I'll do some screeners as well, which we can maybe talk about a bit later in terms of what the criteria is.

Ryan [00:01:47]:

But I'll let Brett speak here.

Brett [00:01:49]:

Yeah, I use x Twitter as well. I mean, I think with that there's a lot of tickers getting thrown around all the time. There's just a flood of information. And what I like to do is maybe not even look at what the person is saying on there because I might disagree with what their thoughts are, but kind of just write down the ticker, go investigate it myself. Same thing with Valley Investors club. There's an article probably written every day. Not everything is going to be for me. I also subscribe to various substacks, listen to different podcasts, such as this one, or, you know, something like business breakdowns where they might have an interview on something.

Brett [00:02:24]:

And that's actually how I found Gogo a little bit. Also, I think it was on value Investors club as well. But with our podcast, what is nice is that we'll get DM's or emails from various people asking us to do a show on a stock, and then sometimes it ends up being a really fascinating idea. And then another thing I do is look at, and this is a little bit of a double edged sword, because not all these filings are perfect, but I look at some, you know, what famous investors hold, and it's more of like, what the buy and hold type investors. If someone has owned a stock for multiple years and I really respect their work, and they've done quite well over multiple decades, I look at that as well. So I really want basically as wide of a funnel as possible, and then build up a watch list of, not even a watch list, just a list of tickers, and then go and research them myself. So then I also use a screener as well.

Ryan [00:03:20]:

But, yeah, I wish I could say I had, like, one succinct strategy for finding ideas, but really it's, if I find kind of a quick pitch that's compelling, we'll either, I'll dig into it, or typically what Brett and I do is we each take turns doing research for a stock on certain episodes for the podcast. So if I'm busy, I'll say, hey, Brett, maybe you should research this stock so that I can kind of outsource my research.

Brett [00:03:46]:

Yeah. And it's, and it's a good, yeah, we'll toss ideas off of each other where we'll, you know, text to each other and say, hey, what do you think about this one for a show? And, you know, you'll say, oh, yeah, you know, it's a good idea, or, I don't know. I don't know if that's a good podcast episode. Yeah, I think that's it.

Dave [00:04:01]:

So how many companies have you guys researched for the show have ended up becoming actual investments? You had to put a percentage on it.

Ryan [00:04:09]:

Of a percentage percentage? Yeah, it's a low percentage. I'd say we've reduced how many shows we're doing because we were doing shows every week, and it was oftentimes kind of just the top of the funnel. We weren't able to dig quite as deep because it was only that week of research. Now we've narrowed it down to it's more one true, true deep dive every month or so, and now it's probably a little higher. But back then it was, we were discarding, like, it felt like 90% of the stocks. Not to mention it's been throughout a lot of, it was kind of during more bubbly times, and the valuations were kind of stretched that we've been running the podcast, so I'd say it's been, it's a pretty low percentage, but there have been some for sure.

Brett [00:04:59]:

Yeah. And during, I believe we started doing these stock specific episodes in late 2020. So that was a perfect timing to, you know, have people recommend very bubbly stocks to us, which we don't mind doing a show on. But, you know, we're not going to be like, oh, this is at 50 times sales. Yeah, we're going to buy this one now. We might discard that, and that sometimes will upset some listeners during a bubble, but we hopefully can help people given our honest opinions on those.

Ryan [00:05:29]:

The other thing that I enjoy about the show is that we'll have great guests on that will pitch a stock, or maybe it's not necessarily a pitch, but they'll do a deep dive on a stock they own or a stock they find interesting. Like, Dave, we had you and Andrew on, I think we talked about Texas instruments for a little while, and it was pretty compelling. So it kind of went on the watch list right after that. And so that kind of serves as another source of ideas and another way to get, like, thorough deep dives in.

Dave [00:05:59]:

Yeah, that's awesome. So let's say you find an idea that you like. How do you guys analyze companies? Like, do you use checklists to kind of narrow down. Okay, I like this, this, and this. But, like, are there red flags that you look for to discard companies? Like, how does that work for you both?

Brett [00:06:16]:

I can go first on this one. I like to start every time with either the ten k or the ten Q because that you might look at kind of the basics on the website or the investor relations page about what the company does to try to understand it there. And then after that, if it's, you know, if it's like a restaurant, you can kind of understand what it does. But if it's maybe a software company, you kind of want to understand a bit about what they're pitching to customers and how it all works. But I'll read that first. I want to read the, you know, sec level. No promotional stuff, you know, with within the annual reports that try to get as clean of a look as possible. At first look, I won't call this a red flag, but the first way I would get out of a company is if one, the financials or balance sheet or whatever is too confusing and I can't understand it fully, or two, I can't understand the business.

Brett [00:07:08]:

And then second, ill read a lot of the investor relations materials, conference call transcripts, investment conference transcripts, their presentations, all that going back probably a couple of years. And then from there, you can get a good feel on management. And then after that, ill read the proxy and then you can kind of see what the incentives are for the management team. And after that you can get a good feel what you think about the executives. And it's hard because there's not like a quantitative thing where you go, well, I think, you know, the management team is good, or I think the management team is bad. It's kind of a feel you get after following them for a little while, and then that's it. And then after that, I'll probably just look at the valuation and do a little bit of work on that. And that's it.

Brett [00:07:53]:

That's kind of my three step process.

Dave [00:07:54]:

Awesome.

Ryan [00:07:55]:

I agree with a lot of the same stuff Brett said. It kind of depends where I find the idea, right? So if. If I find it on a longer form write up, it takes away some of the need for me to read through the ten k as the first thing, because you get an understanding of the business that way. But, yeah, the biggest things for me, making sure I have a solid understanding of what drives the business, which that can either be done through the ten k. I've been using Finchat a little bit more lately as well. Just asking. Summarize this business for me so that I get it. Decent understanding.

Ryan [00:08:31]:

And then I like to listen, not to every conference call, but I like to listen to the actual conference call sometimes just to get a sense of how does management speak. Because sometimes you pick up different things listening to them than reading the transcript. Or maybe it doesn't pick up some of the dialogue and you can just get a better sense of how honest does it feel like the team is. And I really like just at least listening to one or two and then. Yeah, because like Brett said, the management team's a big part of any investment thesis for us, or at least for me as well. And their integrity is a huge part of it. So I like to listen to people to kind of figure that out. But yeah, and then I'd say for financials, I basically go through Finchat for the most part, just because it's all in one place makes it a little easier.

Dave [00:09:22]:

Yeah. Well, that brings me to the next question then. So how do you guys use Vinchat? I mean, this is a tool we all love and we all use it. So how does it play into each of your processes?

Brett [00:09:34]:

Well, first I have my dashboard, which just lists all the stocks that I have on a watch list. It's basically every stock that I would own or do own at the right price. So I just have that and it tracks just the daily price performance and I think the six month price performance. And thats something I just look at every day, probably about once a day. But if Im researching a stock, I really like to look at. Usually if Im looking at a stock or if somethings cheap, it means that something has gone wrong in the financials or something. You know, its been like a rough period for them. Or if the stocks down or something like that, or people are bearish on it, theres something wrong.

Brett [00:10:12]:

And I kind of want to see that and visualize it. So I really like to look at the margin profile. For example, you could look at gross margin and operating margin. You can just click it really quickly over trailing periods and then it pops up on a chart. And then you can see when, lets say, for example, with one company, gross margins been flat, but then operating margin went up and then it started going down again. Then you can look at what time that exactly happened and then say its Q 420 21. Then you can go and say, okay, well something happened in Q 420 21. I better read the conference calls around that time because the analysts are clearly going to be asking questions about that.

Brett [00:10:48]:

And then I can figure out what exactly happened and whether it's a long term concern for the business or something that's created a buying opportunity for people that are more short term oriented.

Ryan [00:10:59]:

Yeah, I agree with all that. This might be actually a flaw in my process, but something I do pretty much right off the bat with a lot of companies is I just chart the revenue and just see what has revenue looked like over the last ten or 20 years just to get some sort of an idea of the growth. And ill do the same thing with some of the other big metrics depending on what they report. So if theres certain KPI's that are important, ill try to find those which finchite usually has for most of the companies I follow, and then earnings as well. And then this is kind of a flawed way to look at valuation. Its a bit simplistic, but I like to just take whatever the metric is that I think is the most relevant for that business, whether it's the price to earnings, the EV to EBIT, or the price to free cash flow, one of those, and just look at it relative to its historical multiples, so you can see what it's traded at over time. And it doesn't necessarily keep me away automatically if it's high relative to its historicals. But I'm usually a little more attracted to the idea once it's trading below or around its historicals, if it's done well, and then the conference call transcripts are all there as well.

Ryan [00:12:12]:

So I use that a lot. The other thing is, we did, Finchat pushed a big change yesterday, which for, that's primarily for what they call Finchat copilot now. And it just allows you to summarize the conference calls really quickly. There's other things that it can do really well, but summaries for conference calls is the thing I really, really like, because there's companies where I kind of follow them. They're on the watch list, but I don't have time to read the whole transcript. And so just getting the summary down, if I find it, like, a really intriguing summary, I'll hop into the whole call and read it. But I think it's a good shortcut to kind of speeding up my research process for companies.

Brett [00:12:58]:

Last thing ill say is its really good for visualizing certain things you might care about a lot as an investor, where one thing I care about is looking at shares outstanding and the trajectory of that over a longer time period. So if its going up, you go, okay, well, there are heavy SBC users, most likely, and thats something I should take into account. But if its going down, and if it's either going down at a consistent rate, you go, okay, well, they're a consistent repurchaser of stock, or if there's major fluctuations where it either started to accelerate or it's decelerated, I find that interesting as well. You can also look at the cash flow conversion, and you can visualize that very easily, which I find very helpful as well.

Dave [00:13:43]:

Yeah, those are all great tools. So two questions, then. So, number one, are there any red flags? Like, are there consistently any red flags that you're like, okay, if the revenue growth is 6%, I'm out. Or if you see declining margins over a longer period of time, I'm out? Or do you guys have any, like, hard stop red flags? And then I guess the second part is, Ryan, you mentioned that you feel like it could, there could be a flaw in your process? Why do you feel like there is a flaw in your. Could be a flaw in your process? So I guess two questions.

Ryan [00:14:15]:

Yeah, so the flaw in my process, looking at revenue first, just charting it, I think I can miss good opportunities where the revenue growth historically hasn't been that good, but there's maybe some sort of a change going on in the business, or maybe there's a new strategy. There's a segment in the business that's growing really quickly and the legacy business is kind of dying off or something like that. And just looking at total revenue growth over the last ten years might miss some of those companies, and there's companies we own that are like that, where it doesn't chart well, it doesn't screen that well. But we think the opportunity in the next five to ten years looks pretty good. So I like looking at revenue over the long time period. Same with like return on invested capital and metrics like that, because what's the quote? There's a quote that's like, I've seen the future, it looks a lot like the past, just a little bit longer. And I think you get a lot of that, especially in investing, where a company that's had good returns on the capital they deploy into the business tend, tends to do so in the future, assuming that it's a strong, competitively advantaged business. So that's why I tend to look at the historicals.

Ryan [00:15:24]:

But just because the historicals are bad or something like that doesn't mean that's what it's going to look like in the future. So that's the only reason I say it's a flaw. And then what was the other question? Any red flags? I don't necessarily have any like, hard, hard rules. There are certain multiples that scare me. Just because I've been hurt paying up for. Paying up for growth. I'm putting this in air quotes here. I've been hurt by that in the past.

Ryan [00:15:51]:

Just didn't work out. I was expecting more growth than what really came. And I would say I'm quite deterred by really high, like really high multiples. Unless there's something that's maybe misleading, that, or leading to like a company that's under earning or something like that. It might look, the headline multiple might look a little bit worse, but I'd say headline multiples. And then if I get the sense that this isn't really quantitative, but if I get the sense that I can't trust management, that pretty much keeps me out.

Brett [00:16:22]:

Right? Yeah. That that's a big one. And again, trusting management is almost qualitative unless there's major evidence that they've been lying to investors, which is a clear, you know, all right, well, I can't trust them. But with the red flags on the quantitative stuff like margins expanding or declining, if I see that margins have been declining for multiple quarters or multiple years, that doesnt necessarily mean Im out then, especially if Im new to the stock, it means that I should research why thats happening and then kind of look at, okay, is it smart that theyre reinvesting so much, or is it because their unit, economics and competitive advantage are going away?

Dave [00:17:05]:

That makes sense. Yeah, that makes sense. Yeah. I like all those thoughts. I think that's a really wise way to think about those things and to approach each company individually, because I think having concrete rules about specific things can limit you to, you know, I guess, lesser opportunities.

Brett [00:17:23]:

Yeah. But it can also be helpful sometimes because I think especially during a period like early 2021 where people were convincing themselves to buy stuff at 30 times sales or more. Or more. If you have a hard rule on saying, I'm not going to buy something at a certain earnings multiple, or you give yourself a hard limit on them, you're technically lowering the pond you're fishing in, or you're shrinking it, the pond you're fishing in. But it actually might be helpful. You might miss a massive winner like Nvidia, but you'll also prevent yourself buying a bunch of losers that go down 90%.

Dave [00:18:01]:

Yep, exactly. Andrew and I talk a lot about this, you know, that you don't have to swing at every pitch, and you can get great investment returns without investing in Nvidia, and I haven't, and I don't. Did either of you guys.

Brett [00:18:15]:

I have not.

Dave [00:18:16]:

Okay. Yeah. So, you know, to me, it just falls into the too hard pile, and I just, I don't understand the industry well enough, and I don't feel like it's something I could take a flyer on where maybe I could take a flyer on

wise in the payments industry. Cause I understand that industry a lot better. So that's kind of how I try to look at it.

Brett [00:18:37]:

Yeah. And from, I guess, any listeners, there's gonna be, there's, I don't know how many sectors there are dozens, maybe a hundred around the world. And especially, you know, even if you're international, there's a lot of different international markets you might be an expert on or you can, you know, have some sort of knowledge, build up some expertise on maybe five, six seven over time sectors, but expecting yourself to understand every single sector with really great detail is just not something you're going to be able to do. So I'd say focus on a few sectors that, you know, you understand well, whether it's, say, e commerce or payments or whatever, but if it's not semiconductors or the hot AI stocks at the moment, well, don't let FOMo say, oh, I got to be in these things right now.

Dave [00:19:23]:

Well said.

Ryan [00:19:23]:

You never want to pigeonhole yourself to, like, eliminate certain opportunities. But I think having some, maybe not strict, but some rough guidelines around what you're looking for is really going to help. And obviously saying, oh, I don't know what Nvidia does well enough, certainly cost me, I guess, in some potential returns, but I think I probably would have gotten shaken out of it eventually if I really didn't know it. You look at Nvidia, how many people have been saying, oh, the multiple is so high, it's unrealistic. There's been probably so many pieces written about how the valuation is stretched. If I didn't truly know the business, I'm not sure I would have been able to endure all the negative headlines or any sort of significant drop in the stock.

Dave [00:20:14]:

Yeah, yeah, that's right. On the money. I agree with both of what you guys are saying. I think that's so critical for investors to understand that we all have limits and it's okay to understand those limits. I don't understand commodities, so oil, lithium, you know, copper, all those things, I'm out. You know, I just don't understand it. I've tried. I tried really hard to look at Albemarle and, you know, learn how lithium works and that whole sector, because, you know, I think that electrification is a big, big deal, but I can't find anything to invest in that other than Berkshire.

Dave [00:20:48]:

And so I just. I just pass and that's okay.

Brett [00:20:51]:

Yeah, actually, funny you say that. I looked at, I can never say it correctly, but Alba Albemarle, I think.

Dave [00:20:56]:

Is how you say it.

Brett [00:20:57]:

It's a very weird name. And I guess they do have that mind that has in and out in North Carolina the stalls and gotten built right around your neck of the woods. But, yeah, I had the same thought, like, hey, there should be demand for this, or I think the second largest player in the world, but having that, like, say when, you have to look at them and say, well, if the price of lithium is this, then they make a lot of money. But if it's, if it's lower by 30%, then they don't make much money. And how do I predict the price of this? Well that seems pretty tough. And yeah, people might make a lot of money on that. There's, you know, right now they could. Stocks been down a lot, price of lithium is down.

Brett [00:21:34]:

Maybe there's going to be supply crunch pretty soon, but like that's just a harder game to play. And yes you can make money doing that, but unless you're a pro, it might not be the juice, might not be worth the squeeze, right?

Dave [00:21:48]:

Yeah. So would you guys consider yourselves generalists? Yeah, yeah. If you had to hang a label.

Ryan [00:21:54]:

On it, maybe just cause I'm not a specialist, I call myself a generalist. Yeah, I'd say generalist. There's nothing, I probably wouldn't touch most oil and gas or other commodity things, but there's nothing that I would hard rule exclude industry wise, other than those commodities, oil and gas, where I don't have any sort of idea where the underlying driver of the business is heading because I'm not excluding anything. Sure. I think generalists would be a decent description.

Brett [00:22:25]:

Yeah, if there's anything specialized, we usually, I think Ryan, even more than me, like to invest in stuff that interact in some way with the consumer or the end customer, whether it be a restaurant or whether it's a consumer Internet company or whether it's even in the aviation industry, something like that. Not the entire, not all the time, but a lot of the times that for an individual who doesn't have the advanced analytics that the big funds have that can help with understanding a business, understanding customer value proposition, all that good stuff.

Dave [00:23:01]:

So how would you guys go about, I guess expanding your circle? Like if you are looking at a company that maybe youre not super familiar with, how they make money or how they operate, how would you attempt to try to learn more? Lets maybe put a qualifier, lets say its pharma. So youve never invested in pharma but youre interested in pharma. How would you go about trying to expand into that sector, if you will?

Brett [00:23:28]:

Well, first getting an interview on the podcast with someone for that. The first thing is luckily there's all these obscure books out there written by these experts and not very niche subjects. So I would assume there's a book on the history of modern pharmacology ever since I think it was the gene revolution in the eighties with Genentech. I can't remember exactly. That's my entire knowledge of the pharma pharmaceutical space. Yeah, Im sure theres a history on that and then that can help a lot with building up your context around all the different players, how the industry works. Is it a very acquisitive industry, which I think seeing all the headlines around this industry, pharmaceuticals does have a lot of acquisitions. So yeah, that would be my first step if finding some sort of broad book.

Brett [00:24:17]:

And then once you read that, then you probably have a good understanding of the sector, maybe not a great one, but then you can follow a few companies, read some conference calls, and then you can, instead of reading a conference call and saying, well, I didn't know what the heck they said this whole time, you could actually understand and build your knowledge base on that. And it might take you a year or so before you understand the business fully. And it's not like you're studying it every day, but it might take, you know, four quarters of conference calls to kind of go, okay, this is kind of how the juice is squeezed over here, but after that, I think you can develop that over or time, but it does take work. If you're starting from scratch in a hard to learn industry like pharmaceuticals, semiconductors, stuff like that, it's going to take a while. But the good thing is they have large market opportunities and they can be quite profitable. So it can be worth it.

Ryan [00:25:07]:

Yeah, I'd say the good thing about just being an investor today in general, there's so much resources, so much information out there where when I start looking into an industry, I haven't done this with pharma and it's admittedly an industry I know pretty much nothing about. But like home building is something I got interested in over, I'd say, the last six months. I like to go company by company and just understand what each executive is saying, where they kind of land in terms of market share and the industry. And one way you can do that is just simply looking up the name of the company on a podcast player and you're going to find either a deep dive or an interview with the CEO or you can look up, you used to be able to look it up on Twitter, but it's dying now.

Dave [00:25:56]:

It's harder.

Brett [00:25:58]:

Yeah, substacks as well. There's always, you know, some of them are paid which, but a lot of them are free where, or at least have a trial period where you can check out. I'm sure there's, there's, you know, experts in all sorts of things. On substack you have the semiconductor experts, you probably have pharmaceutical experts that can really help with that. So yeah, theres just a wealth of knowledge out there. And you kind of got to start from scratch, start from the basics and go from there.

Ryan [00:26:26]:

I think the good thing is once you learn, pharma might be different just because every company has different drugs that theyre selling. But like home building, once you get the terminology or kind of the nomenclature down for that specific industry, its a lot easier to your research time for the next home builder becomes a lot easier. And if I'm investing in a company, in an industry where I'm not that familiar, I do like to read or get up to speed on at least a few companies in the industry before I take a stab at one. If I'm getting into the auto parts business or the auto retailers, I'll look at O'Reilly. But it's also very important to look at Autozone, see how much of this is the industry overall growing versus how much is it taking share from other players. So, yeah, I say I kind of like to go company by company.

Dave [00:27:22]:

Yeah, that's great. I do a lot of similar things when I'm thinking about that. And one of the things that I have found, I heard an interview with Shane Parish a while back, and one of the things he said in the interview

was the best way to learn something that you don't know know is spend time gathering resources as much as you can, books, papers, you know, podcasts, interviews, anything. And then he said, spend a lot of time reading all of it. And then the next step is, is putting it out there, in other words, writing it down, talking about it on a podcast, making a journal, you know, whatever it is, because he said, just the act of, you can consume all of it, but the act of actually putting it out there makes you forces yourself to coalesce the ideas, and it helps you understand if you really understand it, you know, and there's also that Feynman idea of if you can't explain it to a five year old, you don't understand it kind of thing. And, you know, I've tried to do that. Then the reason why I mentioned Pharma is because that was something I been trying, I tried to do with Nova Nordisk. And this kind of leads me to my next question.

Dave [00:28:28]:

So when do you feel like enough, this is something I'm struggling with. So when do you feel like enough is enough to know that you can buy or not buy a company? And I'm going to give you a back text. So I did all those things for Pharma, in particular, Inova Nordisk. And this is before the acquired guys came out with the podcast and did all that work for me. So that's kind of a bummer. But I learned everything I could learn, and this was before the company really kind of hit with the, you know, Wagovi and the ozembic stuff. And I, as a diabetic, knew that this is going to be huge. And I passed because I didn't think I understood patents well enough.

Dave [00:29:06]:

And now it's up, like, I don't know, 100% or something stupid like that. So I'm, like, kicking myself and, like, trying to discern, trying to determine what can I do in my process to avoid that passing on what I already know is a great company and will be a great investment.

Brett [00:29:23]:

Oh, yeah. Well, I think there's a quote. I believe it might be Druckenmiller, but it also might not be where they essentially say the best opportunities are. When you have 70% to 80% confidence, but you're not going to get 100% of the way there, because if it's 100, you have 100% confidence. That means that the opportunity is probably going to go away, or it's already gone away. And I think an important thing for me is trying to look at the potential downsides and say, okay, well, if my thesis is wrong, is the stock going to go down 80% or is it going to probably stay at the same spot? And there's a huge difference for me where if the stock is going to go down 80%, if I'm wrong, well, then the upside better be really big, or I'm probably not going to invest. But if there's what I'd say, you know, a good chance that you don't lose very much money at all, then I'd say, even if the confidence level isn't 100%, you can probably still make that bet. But that, I think, leads into position sizing as well.

Brett [00:30:26]:

And there's a lot of variables that can come into play. I think another thing you mentioned, you know, that acquired episode on Nova Nordisk, I think when I get more confident on a company or that I understand it fully and can maybe understand, you know, its competitive advantages, how it relates to all its stakeholders within the industry, is when I listen to a conference call, I listen to a podcast like that that goes over a history of a company, and I go, well, I didn't learn anything new, you know, and then you're like, okay, I'm probably not missing too much here.

Dave [00:31:00]:

I like that checkpoint. That's cool. What are your thoughts, Ryan?

Ryan [00:31:04]:

Well, I'll give what I actually do, and then maybe hopefully some more practicable advice. I know, I know enough once ive pitched it on the podcast and been able to answer all Bretts questions because then I know that I can. Not only I know, ive internalized the idea because im able to publish the research as well and feel confident about it. But on the flip side, for the average investor who isnt hosting this on a podcast, I think trying to find someone to be sort of a sounding board is helpful. And then the other part is you're never going to know everything about a company. That's just the reality. And that's why I personally start have kind of adopted this approach of starting my position small and you're going to learn more over the life of owning the business. And here's an example.

Ryan [00:32:01]:

I thought I was like one of the most knowledgeable investors on Spotify. Because we host a podcast, we had access to the kind of the back end plumbing of the podcasting efforts that they were putting in. And we spent so much time researching. It was probably one of my worst investments. So it's like having the idea that you know a lot about the business doesn't mean the investment outcome is going to be better. So I think starting small and just learning, or not learning, but reading the transcripts as they come, you're going to get a better understanding of what the business looks like, how it's changing. And then if you're doing the research back, start from not the most recent conference call, but start four quarters ago, or maybe it's eight quarters ago, and read them kind of sequentially like you were a shareholder, because then you get a better sense of what the journey has been like over that time.

Dave [00:32:54]:

Yeah, that's great stuff. That's really good. I think very wise advice and stuff that to your points. I felt like I knew it, and I did know it well enough to invest. I just chose not to. So what are your thoughts on the whole position? Sizing skin in the game, helping you learn the company better? Is that a regular practice for you? Or is that something where you're maybe your conviction isn't quite enough and so you won't go in as big and then you'll build into it? How do you look at those ideas?

Ryan [00:33:23]:

I dont know if Brett follows the same strategy here, but sometimes maybe it is a little bit of. I dont know if I know this business that well, but the other part is ive been hurt by thinking this is the greatest pitch ive ever seen and Im going to make this 15% of my portfolio because its the perfect investment. And then it, it turns out that the future is uncertain and anything can happen. So yeah, I think part of it is just growing with the business growing the position size over time as I get more comfortable about what drives the business. So Im trying to think of a good example here. Even Amazons, probably a good one. We invested in Amazon, I want to say a year ago and there was a lot of uncertainty around the business at the time which it's hard to think today when Amazon is doing so well and it seems bulletproof that there was this much uncertainty. But people thought at the time e commerce will never be profitable.

Ryan [00:34:27]:

Aws and cloud has matured. It's not going to grow much anymore. And that Jassy is a bad replacement for Bezos and there's so much uncertainty. So we started the position small and then as they proved okay, e commerce is getting more profitable, we can get more efficient. And Andy Jassy took a lot of steps that I really liked. I'd feel comfortable adding over time as unfortunately the price went up with it. So it felt like the returns weren't going to be as good. But they do things to kind of make you more comfortable as a shareholder and as your thesis.

Ryan [00:35:02]:

I encourage everyone to just write out why they're buying something. It doesn't have to be a ten page write up. Just say I, you know I think Amazon has competitive advantages and Jesse's good CEO, whatever. If that thesis starts to play out and you still believe it in a year you can feel a little more comfortable adding to that position.

Brett [00:35:20]:

Yeah I agree. And I'm not one who likes clutter I guess in my portfolio. So those starter positions, I don't know, it just is not for me. But I get that's to each his own. To people that like that, there's, there's no issue with that. But how a lot of maybe people in the media or big time investors talk is they talk how they have

like a fixed pool of money and its different if youre an individual, which 99% of us are just individuals that are bringing in money from their job and then putting into their whatever account they have. And if you have money coming in on a consistent basis well you can start a position small and then build it up over time and its not like you have to sacrifice a different position to do that. So I think people who are saying oh I should load up and put 20% in this right away, maybe think about that and say well I have whatever money it is like this year I'm going to have $20,000 that I can save for my retirement account or my various accounts.

Brett [00:36:18]:

Well, okay. Instead of putting 20% in this can't miss opportunity. Now, I can put some in, but I'll have more money coming in over time. And if it's that good of an idea and you think it, it'll do well over the next 510, 15 years, you'll still have time to make money. And this one sounds simple, but it's a classic molly fool. Uh, I don't know, axiom or kind of cardinal rule is there buy in thirds thing where you buy a third of your position that you want to do at one point, then wait a quarter or two by your next third, and then a quarter or two and buy your next third no matter where the price has, has gone.

Ryan [00:36:55]:

The other thing, this is something I read off of the Scuttleblurb blog that just really resonated with me. And it was dollar general. The share price had dropped like 50%. There was so much concern about the business at the time. And prior to that, everyone thought it was this perfect discount retailing compounder, and it was basically thought of as that for ten years prior to this huge drop. And the author of Scuttleburg just said, he's like, I bought shares because I'm a sucker for a fallen angel. And I think that just resonated with me. Where if people have thought of it as a great business for ten years, 20 years, you thought of it as a good business all the time reading it, and now it's down 50%.

Ryan [00:37:41]:

I like to, that's kind of when I will just buy a position as like a tracker position, a startup position. And even if it's in the research process, you're always in the research process, it doesn't end. So the idea that you have to finish a certain amount of research before you can buy something, I've just never really liked that. So I'll take a small position, and then as I'm kind of building conviction or building a better understanding of the business, then I can choose what to do with that position over time.

Brett [00:38:09]:

Yeah. And if a stock is down a lot and it's fallen fairly quickly, that means almost assuredly the narrative has gone from might not have been extremely positive to way more negative in a short period of time. So

there's going to be things like that. But as Ryan mentioned, if the, not even the narrative, if it has shown that it's been a great business for over ten years, and they have one bad period. That probably means that businesses can change and you're not going to get every stock right, but it probably means the business is not in as worse shape as the narrative in the media out there is.

Ryan [00:38:50]:

Yeah.

Dave [00:38:51]:

Yeah. Well, look at what happened with meta, right?

Brett [00:38:53]:

I mean. Oh, yeah. I mean, we were negative on that, too.

Dave [00:38:56]:

Yeah. Everybody was. It was trash. You know, it was going under. Zuck was driving it into the ground. And now he's probably one of the top five CEO's on everybody's list, so. And it's, you know, really within a year, year and a half that that narrative has changed.

Brett [00:39:11]:

Yeah. And the stock price drives narrative. That's what people say. A classic one we did, too, is Netflix. Would I say we were pretty neutral on. But when we saw subscribers kind of stagnating, we were like, eh, you know, I mean, it looks okay, but I don't know, like, we weren't, like, super negative or anything, but we're like, it could be cheap if they start growing again. And then low behold as a perfect buying opportunity, which I think for any investor, like with Netflix, we hadn't researched it that much or had that much confidence in the competitive advantage at the time, although I think they've widened it a lot over the last few years. That's why having confidence in the management team and having confidence in the competitive advantage is so important, because that means when the stock is down 50, 60, 70%, you have that you can buy and feel comfortable, which is important, because if it keeps going down, you got to be comfortable with that, because the worst thing you can is buy a stock or sell a position that.

Brett [00:40:04]:

That's gone down a ton.

Dave [00:40:06]:

Exactly. So we've talked a lot about this. So what are your thoughts on management's importance? Are there any concrete ways that you can measure that, or is it more touchy feely?

Brett [00:40:18]:

One thing you can do is look at what they said they were going to do maybe three, four, five years ago and see if it actually happened. You can also look at their incentive structures in the proxy statement for their compensation. I think that's a big telltale of whether they get it or not. And then you can kind of look at. So there's this maybe on its face, the compensation stuff is supposed to be set by the board, right, for the chief executive officer. But a lot of the times, if the chief executive officer is, has a big control of the business, is also the chair of the board, they're not going to be the chair of the compensation committee, but at the end of the day, like, this is all one team and they're going to probably do what the leader wants them to do. So I think looking at whether their incentives are pretty low, like, oh, we just want our adjusted EBITDA to grow by 4% this year, and then we're going to gift you a ton of money. That can be a telltale sign that they are focused on enriching themselves versus putting their customers, their employees and their, you know, their shareholders first versus prioritizing themselves.

Brett [00:41:30]:

But some other stuff is qualitative where I think sometimes you get a vibe that I don't even know how to put it, where they might be going with the trend at the time. Only where you have people, maybe right now, I guess a big example is the AI stuff. If you see someone just embracing AI, that doesn't need to be where. If it's like a consumer Internet or software company, that's fine. But if it's not, you're like, okay, Walmart. Yeah, exactly. Exactly where, yeah, okay. Maybe they're trying to do a little.

Brett [00:42:03]:

I got, obviously with Walmart, they're not trying to pump it up or anything, but they're trying to set this narrative out there where you don't really need to. If you're an established company that's already profitable. And I say, why are you spending all this time and energy on this when you should be focused on running your business?

Ryan [00:42:17]:

Yeah, I'd say assessing management and its importance to any thesis is pretty dependent on the business. So, for example, visa is probably something that would be hard to screw up. I think if you put someone

incompetent at the CEO spot, Visa would still run on its own pretty well. It would grow naturally, whereas at least.

Brett [00:42:44]:

Like 20 years, 1015 for a long time.

Ryan [00:42:48]:

Right. Whereas other businesses, if you, if you're investing in something because you believe in management's capital allocation skills, I'm thinking of like a serial acquirer here, or someone who has, you're really basing it on the CEO themselves as sort of an investor, then obviously it really matters what they say. The other thing, just looking at the proxy, it's not perfect this way, but insider ownership for me is a pretty big deal. You can have a CEO that owns 90% of the stock and the business can still be going down. That's not, it doesn't eliminate all the bad investments, but at least, you know they're going down with the ship and so they have the proper incentives and they're aligned with you. They're on the same team as you, whereas if you get sort of this mercenary CEO where he's come into a business or he or she has come into a business where they are being paid quite well, and you can just go back over the last couple of years and just look. And it's not a perfect measure, but if the stock hasn't gone anywhere for ten years and they're hitting all their bonuses and their hurdles and getting paid well, you're probably not properly aligned with the executives in that case. I think one example, and it's, it's not entirely his fault because it's a very difficult business to run.

Ryan [00:44:10]:

But the Boeing CEO has met a number of the bonuses and gotten paid quite well. All CEO's get paid well. So it's, you know, it's relative. Yeah. But obviously the stock hasn't performed well and there's been a lot of incidents going on with Boeing. So it's just one of those where his interests and your interests as a minority shareholder aren't exactly the same. So try to look through the proxy and just get a sense of how much are they going to, are they making their bonuses and is it helping me as a shareholder at the same time?

Dave [00:44:45]:

Yeah. So at what point does like some sort of malfeasance from them make you go, I'm out?

Brett [00:44:52]:

That's a tough one? I don't think there's a, the hard line, but we talked about this on last week's power hour, the live show that we do just on YouTube, and it's also a podcast. Where was it, Axon? There was an

investigative report. Now the company's quite larger and it's a really important company. And for those that now that don't know, it's a huge, you know, they started with tasers. They make those for law enforcement, but they also expanded to just a ton of law enforcement hardware and software and the management, or, excuse me, the founder, who's still the CEO today, was found to probably like 95% confidence be lying about the founding of the company where like, the reason was that his apparently best friends got shot or something like that. But in reality, he didn't really know these people. I would say that that was a check in the box of something to be concerned about. But then when you add on that, it's a company we've been following for a while and yeah, it's done really well, but their proxy statement doesn't seem very aligned with shareholders where they're, they're comping people in a bunch of stock, but then they're using a profitability metric that excludes stock based compensation when giving their metric for profitability to incentivize their executive team.

Brett [00:45:58]:

So its almost a self fulfilling cycle. Like, well, were just taking all of this value and not giving any to the shareholders. And yeah, theyve grown so much, it hasnt been a problem. But I think it shows that I dont really have confidence in that management team. And I think it can add up where thats not like a lie, that if I was super confident in a business and id say nothing concerning at that point, and I just saw that investigative report on the CEO, I'd be like, okay, that's something to watch out for. But if there's a huge lie, I know some people won't like this one. But in 2016, the Tesla solar roof style thing, where in court came out that it was totally faked, that's the one that I'd be like, okay, you're faking products. I would be very nervous about investing in your company.

Dave [00:46:44]:

Yeah.

Ryan [00:46:45]:

The other thing is sometimes companies will put out investor days every three or four years, and theyll set out these long term goals. And if three or four years comes by and theyre not talking about those goals anymore, or no ones really going back and looking at those investor day guidelines or those ambitions that were set out, it to me is a bit of a red flag that the little lies can be overlooked, but it certainly makes me cautious. The other thing that's maybe a bigger one is, and we've kind of been talking about this in one way or another throughout the show, but how do executives measure themselves? And we have an instance, I'm a shareholder in this company, Autodesk, where the executives talk a lot about the rule of 40, and it's a metric that for me as a shareholder, doesn't truly matter. And for anyone that doesn't know, rule of 40 is just, it's the, I think they use an adjusted profit margin, which doesn't surprise me, but they use an adjusted

profit margin plus the revenue growth rate, and they want it to be above 40. Well, Autodesk has 90% gross margins and it has a customer base that is very sticky and they continue to raise prices all the time on them. So the incremental margins are very, very high on this software. It does not cost a lot to deliver to customers. So rule of 40, they could have 40% margins if they wanted to.

Ryan [00:48:13]:

It's just this obscure hurdle where it doesn't help me as a shareholder, and it seems to be what they're measuring themselves by with that said, I still own the stock. So maybe, maybe I have an unlimited amount of red flags that CEO's can have.

Brett [00:48:26]:

Yeah, I mean, rule 40 is a tried and true metric for very early stage companies, especially software businesses. I'm sure Ryan doesn't know. He wasn't in those meetings. But the Finchat capital rounds, I'm sure they talked about that. But it's important for an early stage company. It's not important for a company that's been around for 40 years that has a $50 billion market cap. So it's about looking at what type of company, what matters for the company of that size, which stage it's in. And it's also lining up what management team fits with what company it is.

Brett [00:49:00]:

You know, CEO's like Bezos, Zuckerberg, Musk, they're probably not the best fit for a visa, a Coca Cola, Pepsico. But on the flip side, the CEO's of those companies are probably not the best fit for Amazon, Meta, or Tesla. So I think that's important as well.

Dave [00:49:19]:

Yeah, I totally agree. I worked at Wells Fargo. I started working there about a year and a half before the whole scandal went down. And I got to tell you that everything that was coming out in the news was true. It was all stuff that was happening in the stores. And I know that the company at first tried to, I guess, spin it, that it was all like one, just one region in Southern California. But I was in Minnesota, and I could tell you I saw it happen. I was one of the few that didn't do those things.

Dave [00:49:53]:

And I got a lot of write ups because I wasn't pushing things enough. And yeah, all the stuff that they were alleging was happening in the branches all over the country. And so it was not. And it was culture that was established by maybe not that current CEO, but certainly the one before him established that. And it just

filtered all the way down the company because we got to be privy to some of the meetings that the regional managers would have. And so you could just hear them talking about what was important and how much we needed to help our customers by making everything, bundling everything so we could just get our tentacles in our customers so they'd never leave. And kind of an unknown fact in the banking industry is that most people have longer relationships with their banks than they do with their spouses, their significant others, because you just don't leave the bank. And even after everything that went down at Wells Fargo, we had a lot of people come in.

Dave [00:50:49]:

You know, I was a banker, and I had a lot of customers come in and bitch at me about how rotten Wells Fargo is, but they wouldn't close their accounts. So, you know, it just was, it was very evident that the culture and the management that was driving it was rotten to the core.

Brett [00:51:04]:

Yeah, it's one of the most. And you've seen it a lot over the last couple of decades. You've had general Electric, you've had Wells Fargo, Boeing, IBM, intel casino, or McDonald's. Yeah. These past national champions, or still national champions, or not even national champions, but companies have done super well for a very, very long time. And they were just the compounders of their day. And they turned into kind of very mature dividend payers. People probably held them for 15 or 20 years and they thought, well, this is low volatility.

Brett [00:51:38]:

Pay me a good dividend, it grows a little bit, but it's really hard because even someone like you were inside the business, you could see the problems that were happening. But Buffett at the same exact time period was saying this is the best biggest bank ever.

Dave [00:51:51]:

Right?

Brett [00:51:52]:

Yeah. So that's just a troubling one for me because that's a big risk that when you see something like that happen, especially if it's not a high growth stock with not that much upside, if you see something like that potentially happening, it might be time to get out. There's other ideas out there, right?

Dave [00:52:07]:

Yeah, for sure. So I guess let's maybe kind of wrap this up with like, do you have any maybe sell rules? Like if you see these things happen to a company, that's I'm out.

Brett [00:52:20]:

I think two for me, actually three. Three major criteria, valuation, competitive advantage, and management. So if the management leaves and the new management comes in and I don't have much confidence in them. Um, and I really like the old management team. The business doesnt seem to be doing as well when the new management team is there. Maybe ill sell. Valuation gets extreme. And im not talking like it goes from 20 times earnings to 35 times earnings.

Brett [00:52:44]:

Im saying if it gets really extreme, like 70, 80, 90 times earnings, because I typically dont want to sell something unless the forward returns just look absolutely atrocious. And thats a good problem to have as you debate that in your head, because it goes from 20 times earnings to 70 times earnings, that means your returns have been quite good. And the second one is just competitive advantage erosion, where this one's harder to spot, I guess. But let's say the tobacco companies, where one of the big competitive advantages they have is there's no marketing for nicotine products, or has to be extremely limited, even for the new age products. And if that changed and there's just a flood of new competitive products out there, which the economic incentive is there because of how profitable nicotine products are, well, then that could be a big issue because there could be much more advertising and all that stuff. So that type of thing would make me consider selling something.

Ryan [00:53:42]:

Yeah, I've been trying to move more and more towards this never sell approach where when I buy a company, I want it to be with the idea that I'm going to own this forever that way, because I've sold things too early. It has been a big lesson for me. Sold Spotify a little early, I sold Wix probably a little early. And these were businesses where I thought management kind of had their eye off the ball. I thought Daniel Leck wasn't focused, truly focused on profitability. Same thing with the Wix management team. And it just started to frustrate me. Hopefully I don't make those mistakes again, and I just kind of think that they will figure things out.

Ryan [00:54:25]:

If you have a really valuable platform, really valuable product that is getting more and more relevant and gaining share in whatever the respective industry, which I Spotify. Wix are two examples where they were. I

kind of think hopefully management will start to find religion, I guess, if you will. I don't know if I have any truly hard sell rules. If I go a year where I'm constantly shaking my head, listening to the conference call, and it feels like management is talking about a lot of things that I don't like, or they're measuring themselves by metrics that I don't like. That frustration kind of starts to build and that's when I've really ultimately sold things. I try not to sell just because the stock is down. I try not to get shaken out because of that.

Ryan [00:55:11]:

But same thing with Brett. If the multiple does start to get extreme, I'd love to say that I'm never selling no matter what, but I tend to lose some confidence. That's really only happened to us once and actually ended up kind of growing faster. As the multiple looked more expensive, it ended up growing faster. And maybe it's just more expensive today, but I think the never sell approach might have worked a little better in that case. But I know, I wish I had a hard rule that I could give to people.

Dave [00:55:42]:

That's all right.

Ryan [00:55:43]:

It has to do for me, it really has to do a lot with gut feel and my sense of is management in the same boat as me? Are they on the same team as me, and are they kind of along for the same ride? Because, you know, if you're a CEO that gets paid $20 to $30 million a year, regardless of how well the stock does, you're probably going to be pretty happy and talk about all the positives of the business no matter what. Whereas if you're a major shareholder, you might be a little more honest about the difficulties and what you're doing to fix them.

Dave [00:56:11]:

Brett, you look like you had something you wanted to say.

Brett [00:56:13]:

Oh, maybe you were thinking about the positive stuff. Like what? What negatives you could sell if there's a huge fine from doing something illegal. Right. Or they never file their SEC filings on time, or there's major accounting mess ups all the time, or you find something in the accounting that looks very suspicious, or they're trying to hit some earnings per share target with adjusting a lot of stuff. I don't know. That type of stuff concerns me as well. If you add it all together, sometimes it makes me want to sell stocks.

Ryan [00:56:44]:

Yeah, definitely. If there's, like, accounting malfeasance, or maybe not malfeasance, but misleading, like they're intentionally trying to mislead investors. Yeah, let's call it shenanigans. If when a company has that, there's kind of a culture of it, and so it's not something that, like, pops up, that's new, usually. It's something that I noticed before I kind of buy. So I don't really find myself often selling something because of that. But, yes, if the adjusted metrics started to get further and further from the real metrics, which seems to be happening a bit with Autodesk lately, I might start to think about selling and definitely malfeasance shenanigans on the accounting side. Like I said, chronic frustration with conference calls.

Ryan [00:57:36]:

I put a lot of weight into how do I feel coming away from a conference call? And it doesn't. You know, every company has a bad quarter. Every company has a bad year. But if you're constantly frustrated with the conference calls for four or five quarters in a row, you know, maybe it's not the company for you. It should be fun to be an investor and watch a business progress, right?

Dave [00:57:57]:

It should.

Ryan [00:57:58]:

It doesn't seem like it was some of my holdings, but, you know.

Brett [00:58:01]:

Well, okay, another one is poor capital allocation. Um, if they're instead of returning cash to shareholders and buybacks or dividends, and instead are doing an acquisition of $10 billion on a company that's pretty shaky or maybe dilutes the value of their existing holdings. And most acquisitions don't do well unless you're kind of a serial acquirer, like a constellation of Berkshire or others out there. Yeah, that's a concern as well. Classic example is ge. Right. They just wanted to get bigger and bigger and bigger acquire stuff, and then maybe for them as well, building a financing arm. If you're not a bank, that's also a concern.

Dave [00:58:44]:

Right? Yeah, I think those are all great reasons, and I also. Those are all great reasons to consider selling. And I think the other thing that is interesting is that you guys work closely together, but you have little different viewpoints on how to do that. The whole conversation illustrates that there's lots of different ways

to invest, and people may align generally, but we'll all have little idiosyncrasies. Easy for me to say, that will make it just different. And I don't think there's any right way or wrong way, per se, but I think it's always interesting to hear other people's viewpoints because they can help you form your own opinions, and you can decide what you like and what you don't like and keep what you love and discard what you don't like.

Ryan [00:59:28]:

100% agree. And I recommend to anyone getting started in the investing world, build either a community or just a network of people that you can sound ideas off of and try to get them to be people that tell you the truth. And don't just tell you every idea is a great idea because it forces you to think a little deeper if you have to pitch the stock or kind of give the idea to someone else.

Dave [00:59:55]:

Yep. Yep. To me, that's one of the more powerful aspects of, you know, Twitter or X or whatever you want to call it. Totally, yeah, that's how I try to use it anyway.

Ryan [01:00:08]:

Absolutely.

Dave [01:00:09]:

All right, well, before we wrap it up, can you guys share where people can find more about you and what you guys are doing?

Brett [01:00:17]:

All right, well, I'd say listen to chit chat stocks, a podcast, and find it on Spotify, Apple Podcast, YouTube. Essentially, wherever you're listening to this podcast, you can find it. We do stuff like stock specific research. For full episodes, we'll interview people like Dave, other investors, and analysts out there on companies, for example. We just had, actually, it came out the day that we're recording this with a analyst, kind of an expert on the nicotine tobacco industry. So we do try to do sector overviews, and then we'll also do stuff like analyzing famous investors, how they tick why they've done so well, what their strategy is, all that good stuff. So I'd say check that out. That's the best way to find us.

Brett [01:01:01]:

And that's really where we put all our work.

Dave [01:01:04]:

Guys are both on Twitter as well, right?

Brett [01:01:06]:

That's true. That's true. Yeah.

Ryan [01:01:09]:

Right now.

Brett [01:01:10]:

Yeah. Mine is CCM underscore Brett. B r e t t. I think we have that in the, we have also our podcast Twitter account. It's stocks. Just all one, all one word. We link that in every show notes so anyone listens to the show. Also follow us on Twitter for updates on that as well.

Ryan [01:01:28]:

Yep, I'm at CCM Ryan, but I think you'll get more value out of the chat stocks account because it's a little more active there.

Dave [01:01:36]:

Yeah. Awesome. Yep. I will put all of that stuff in the show notes so everybody can, as they're listening, enjoying you guys talk, they can go check out and see what you guys are doing. I appreciate both of you spending time with me today. This was a lot of fun, as I knew it would be. You guys are both smart cookies, and I always like talking to smart people because it makes me smarter. And side note, if you guys, if anybody out there listening has not checked out their show, please, please do.

Dave [01:02:02]:

Besides our show, I think it's probably one of the best out there. These guys do a great job, and I really enjoy listening to all of their episodes every week. And they provide lots of great commentary as well as knowledge. And that I appreciate them doing because they're spending the time to do it for us so they can do all the heavy lifting. We just got to sit back and enjoy.

Brett [01:02:21]:

So with that, that's a good way to put it. We try to be knowledgeable, but also entertaining.

Dave [01:02:27]:

Entertaining, yes. And you accomplish both. So I appreciate that. So with that, 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, and we'll talk to you all next week. Bye.

We hope you enjoyed this content. Seven steps to understanding the stock market shows you precisely how to break down the numbers in an engaging and readable way with real-life examples. Get access today@stockmarketpdf.com until next time have a prosperous day. The information contained just for general information and educational purposes. Only it is not intended as a substitute for legal, commercial, and or financial advice from a licensed professional review, our full disclaimer@einvestingforbeginners.com.