



Discover Kris (From Growth To Value) Heyndrikk's Strategies for Identifying and Investing in Multibagger Stocks

Dave [00:00:00]:

All right, folks, welcome to Investing for Beginners podcast today. We have a great show. We have a superb guest today who's joining us all the way from Belgium. We have Kris Heyndrikk from Potential Multibaggers. Kris is the founder of Potential Multibaggers, obviously, and also Best Anchor Stocks, along with Multibagger Nuggets. And you might know him from Twitter @FromValue. So Kris is one of my favorite follows on Twitter and has been for quite a long time. And I've been lucky to talk to him a couple times now.

Dave [00:00:28]:

He's generously giving me more of his time because we had a little problem with the last recording. So this is take two, if you will, of our podcast. So, Kris, welcome to the show, and thanks for coming back again.

Kris [00:00:39]:

I'm happy to be here with you again, Dave.

Dave [00:00:42]:

Yeah, I'm looking forward to this. It was a lot of fun talking to you the last time you were kind enough to have me on your show, and that was a lot of fun. So let's see if we can repeat the magic again. So, I guess let's start with you. Your story, your background, like you to me, are a bit of a Renaissance man because you have kind of done a lot of different things and had a lot of different interests and everything. And so I think that could really be interesting for other people to hear about, kind of your backstory, if you will.

Kris [00:01:08]:

Yeah, well, the renaissance thing, you say, that really, you know, resonates deeply with me because I learned about that concept when I was, like, probably 15 or 16 or so, you know, the Renaissance and the homo universalis. So the man who knows everything about everything. And I thought, oh, my God, this is what I want to become. But I looked through the folders and there was no option to study universalis. So I did a bit on my own. So I have a background in linguistics. I studied Dutch and English at university, and then I studied an extra master's degree in journalism, and that was my first profession. So I started out as a journalist for a local tv station.

Kris [00:01:53]:

Then I worked in the belgian parliament for four years, and then I became a teacher. And that was actually meant for, like, two months or something. But I liked it so much that I stayed a teacher for 15 years. 15 or 16, I should count, but something like that. And then in 2013, my wife was pregnant, and I had some sort of primal feeling of having together stuff things for our unborn child. And there were several ideas there. One of them was to invest in single malt whiskey, because I gave whiskey tastings at the time and I knew what whiskey to invest in so, but my wife was not really enthusiastic about that idea. She said, you know, you will want to taste them because you don't drink single malt whiskey, you taste it.

Kris [00:02:45]:

And I said of course, sure, I agree. So that's why I will buy three bottles, one for me and then two to invest. But my wife is a lawyer, an attack specialist, so she said you're starting with -33% and she was right, of course. So I tasted 100% of the whiskey I buy and I started, you know, investing in stocks. I knew nothing about stocks, really nothing. As you heard, I had no background in financials or economics or anything. And of course like every beginning investor I made all the stupid mistakes you can think of, like trading, day trading, like not even day trading, some minute trading or, you know, leverage shorting, which I knew nothing about, you know, name it and I've probably done it. And of course I lost quite a bit of money but my wife was very smart to say, you know, start with small amounts and I did so, which is like 50 and \$100 a month, well in euros of course, but small amounts and lost quite a bit of that and then I could have given up.

Kris [00:04:04]:

But I always loved studying and reading and I started studying ferociously. I even counted the articles I read and all the other things I read like 15,000 articles in three years. That sounds crazy, but it's only like 1718 a day but every day and then 750 podcast episodes. Podcasts are great, right Dave?

Dave [00:04:30]:

Yes, they are.

Kris [00:04:33]:

And probably 80 books or so, but not all about investing, also about business in general, marketing a bit. I started commenting on articles as well, especially on seeking Alpha, you can comment on articles there. And those comments became longer and probably a bit more complicated as well. And at a certain moment somebody said, why don't you start writing articles? I follow you because your comments are often more interesting than the articles you comment on and almost as long. So why don't you start writing articles? And I had already thought about that but I thought nobody's waiting for me here. And that was the last push I needed. So I started writing for seeking Alpha in 2016 and that's how I gathered followers there as well. And somewhere near the end of 2019 seeking Alpha said to me that I was constantly in the top three of most followers per art and if I would not be interested in launching a paid service.

Kris [00:05:40]:

And yeah, I was interested but I didn't have the time. You know, teachers have a busy job and you know, we also had a child. Right. And my wife had a really busy job as well. She was a lawyer and a tax specialist, as I say. So she was a chief legal officer. And then, you know, the pandemic hit. That was actually a good thing because my wife had a, you know, how shall I put it, friendly.

Kris [00:06:06]:

A boss who didn't really care about people. And he fired everyone except himself, of course. And that freed up a lot of time for me. And that's when I launched potential multivariate. I initially thought that I would do it as a side gig, but after there's a two week free trial, and after three weeks, I already saw that it took off like a rocket, and I could already do that full time. Never looked back since.

Dave [00:06:37]:

Yeah, that's awesome. I love kind of the breadth of everything that you were talking about. We talked in the past about, you know, you also were a musician. And did I also read on your twitter that you built at your own house?

Kris [00:06:50]:

Yes, that's correct. Well, I'm a musician, but I'm not good. I mean, I play the guitar. I still sometimes do, but I have always seen it much more as a something to accompany my voice. So I was more of a singer than a really good musician. I was in a few bands and, you know, I had probably, like, I don't know, 150 gigs

something. And probably of those 150, 60 were, you know, just me alone, me and my guitar. And, yeah, I built my own house after university.

Kris [00:07:23]:

I had a feeling of I wanted to do something with my hands and not just, you know, think of my mind, but also think of my.

Dave [00:07:33]:

I.

Kris [00:07:34]:

You know, I have always admired people who are really good at something. And, you know, construction is actually, if you look at it, it's great. I mean, you start from nothing and you end up with a house. I mean, it's some sort of magic. I also think it goes back to the same primal feeling of, you know, making sure you have shelter for your family.

Dave [00:07:57]:

Yeah.

Kris [00:07:58]:

For three years on Saturday, from seven in the morning until, I think, three in the afternoon or maybe two and a half in the afternoon, I follow bricklaying. So, yeah, that's how I could build my own house, not just, you know, the brickling. I almost did everything, like, all the techniques, you know, water. And my wife eventually did the electricity.

Dave [00:08:21]:

Oh, wow.

Kris [00:08:22]:

Yeah. Because, you know, I was still a teacher and I had exams, so, you know, I didn't have the time to continue. And I said she was, like, complaining, like, oh, come on. And it's such a pity that you cannot work and the electricity now. And then, you know, do it yourself. And then I thought, well, actually she would probably be better, but I had to push one more button, like, and that button was, oh, but, you know, it's too

difficult for you, probably. So she took, she took my electric plan and she made it. She made it so much better.

Kris [00:08:58]:

And, you know, that's, that was great because then we were at parties and there were an electrician working with like 25 people or 30 people, and, you know, he made fun of her. And then she taught him something that he didn't know. And then, of course, all the other people were like, you better tell your man.

Dave [00:09:21]:

That's awesome. That's awesome. So do you think that some of these kind of wide, varied, you know, renaissance kind of ideas, like, do you think some of those have informed how you invest now and how you think about different businesses?

Kris [00:09:36]:

Yes, great question. I think so. Because I want to be interested in a company. I mean, if a company stays the same for decades, that's probably a great buffet investment, but I would probably get bored. So I love companies that have optionality technology. People either shy away from it because it changes fast. For me, that's an advantage because I love the change and I love the fact that I have to study constantly to follow up and to see the trends and to, you know, sometimes see the trends coming. I think it definitely has influence on my investing.

Dave [00:10:17]:

Yeah, I could definitely see that. So I want to go back to your reading comments. You had this great post on Twitter recently talking about this very thing. You were talking about like 17 articles a day, every day. I read a lot, too. And so I think about how hard that is. And you pointed out this great thing, especially about us Americans, is that we watch a lot of tv. And so there's a trade off.

Dave [00:10:41]:

You know, maybe you don't watch 3 hours of Netflix and you read all night, and that's going to make you a better investor. What. I mean, what are your thoughts on that? Like, how people can find the time to read?

Kris [00:10:54]:

Yeah, exactly. If you look at the average american, I think, you know, under 50, I think the average time being before the big screen is 3 hours and 16 minutes or something. Or, you know, it's not always the big

screen anymore, but you know what I mean, I give it up completely. At the time, when I was a local tv reporter, I also writing journalists and I wrote about movies. So it's not that I don't like movies at all, but, you know, you have to choose. And if I looked at what could bring me closer to my goal. It was an obvious choice. So I enjoy movies, but I almost never watch them anymore.

Kris [00:11:34]:

And Netflix, we have Netflix. We have Disney. You know, my wife and our daughter regularly watch it. We have Amazon prime as well, but I almost never do. I watch some sports, but very limited as well. And that's it. And that's a choice, of course. And it sounds more rational than it is in that sense that I'm actually very excited about what I read.

Kris [00:12:01]:

And in that sense, it doesn't make it a hard trade off. It's just an organic consequence of the choices that you make. So, yeah, even now, I haven't watched. I probably watch, like, one or two movies a year. That's it. That frees up so, so, so much time. It's the same, like, you know, scrolling through Facebook and. And, you know, Twitter.

Kris [00:12:27]:

I do that, but.

Dave [00:12:28]:

Guilty.

Kris [00:12:29]:

Yeah, but you can learn something from Twitter. But, you know, what do you really learn from scrolling through Facebook or Instagram? I don't know. I'm not, you know, just. I probably do, like, every. Every day, like three minutes or Facebook, just to see if some friends posted something important, and then I put it away. Instagram probably once a week or every two weeks. I don't know. I would have actually shut down my Facebook account, but my wife said no because she's more on my account than I am.

Dave [00:13:05]:

That's funny. So do you feel like, you know, when you're reading now, what do you focus on? Do you read books? Do you read articles? Do you read a. You know, the news? Like, what do you focus on now? I

wouldn't say that you've conquered to the mountain, but you've achieved a certain level of understanding. So what do you focus on now?

Kris [00:13:23]:

Yeah, great question. I stopped reading the news, you know, quite a long time ago already. Probably more or less at the same time when I stopped watching tv. Well, I still have one newspaper. It's a belgian newspaper, and it's the dumbest thing you can imagine. And the reason is very simple. If there's real news, it will be there, and all the rest of the society and whatever socialites and what have you, I don't care about. So I can scroll, scroll, scroll.

Kris [00:13:55]:

There's maybe one thing a day that is, could be important. I look at that and that's it. Of course, I follow up the stocks that have some news as well. But, like, if you look at it to the core, so much of the news is just opinion, and I don't care about other people's. Opinions. I have my own opinions, of course, but I just want to facts if there is something important, you know, as I said, I'm interested in everything, so it's actually, for me, the news is the old form of Facebook. What I mean is, when I used to read the paper, you know, I spent probably 2 hours reading the paper every day because everything was interesting to me. So I had to guard myself, shut that off as well.

Kris [00:14:40]:

And back to your question. I read more and more books and less and less articles because I have the feeling that, as you said, you know, I probably learned a few things over time, and most articles rehash the same information. There are exceptions, of course, and I love, you know, some writers there. And like, if Morgan House will write something, I'll read it. I mean, he can write about anything, and he does.

Dave [00:15:11]:

Yeah, he does.

Kris [00:15:12]:

So, you know, there are still fantastic authors, but more and more, I try to read books, and not just like investing books. I still read about business. I still read about psychology. I still read novels. That's relaxing for me. I see it as the fertile ground on which, you know, the flowers can grow. So my own writing are the flowers. In that case.

Kris [00:15:34]:

I don't know if they smell, you know, good or bad, but people say they smell good. So, you know, without. 2023 was a difficult year. Personally, a few people that were close to our heart passed away, and I found it harder to read in 2023. And I saw that it impacted my writing as well. The creativity was lower, and I still wrote a lot. I wrote 217 articles where I published. I didn't write them all because I also have authors helping me.

Kris [00:16:10]:

But I published 217 articles, and usually they are between 2000, 505,000 words. So I still wrote a lot, but I didn't find that, you know, creativity, that I needed to make an article stand out. Now that I read more again, that comes back. And I feel it's not just about creativity, it's also the standard articles. You know, I have a quality score. And updating those after the quarterly earnings, I feel that I don't look at it as just an article anymore. I look forward to it. Like, let's dive in.

Kris [00:16:49]:

And so there are also many people meditating. I've done that in the past. I think that reading itself is some form of meditation, especially nowadays. If you compare it to all the other fast moving media impressions you get, it's a form of slowness. It's a form of concentrate on one thing, and that's meditation, right? You concentrate on one thing that can be your, you know, breathing or, or your mind or whatever. But, you know, with reading, especially with a physical book, you're concentrating on one thing as well. So I mostly read physical books, and I also enjoy listening to books like audible, so I cycle a lot, and I love listening to books when I, when I cycle. And podcasts, of course.

Dave [00:17:35]:

Yeah, right. Of course. Of course. So how do you think, feel like there's a direct connection between reading, writing and how we think. And I guess, what are your thoughts on that? Because you have a journalism background. You wrote 200 and some articles last year alone, so you're obviously very prolific. So what are your thoughts on that kind of connection?

Kris [00:17:56]:

I actually started out writing before I actually already wrote for myself because I think that if you write, you see the gaps in your reasoning, in your thoughts, you can see the weak points. You can see where you need more research. I think it was Vitalika Nelson who said that writing is speaking to yourself. And I thought that was a great way. That's probably why I remembered it. Yeah, a great way of putting it. It's true. It's

almost like the author and the person who you are are two sides of the same, you know, entity, but still a bit, still a bit different.

Kris [00:18:40]:

And the author can write and make a logical train of thought and say, like, you know, there's a gap here, or, you know, that's not logical at all. You make a jump here and that jump is too big, or. So I think it's extremely valuable to write.

Dave [00:18:59]:

I totally agree. So why stocks? Like, what about stocks get you excited? Like, why choose this over anything else?

Kris [00:19:07]:

That goes back to what I said in the beginning, the broad scope. If you study about stocks, you can study about the world and especially its future, because there are so many trends that you see many, many years before anyone else sees them, and you can dive into so many subjects. I mean, recently I heard a presentation about a, yeah, coal mine, and I thought, well, okay. But then I saw the difference between, you know, what coal mines and coals are still needed for some processes, like making steel and why it is needed, et cetera, et cetera. So that's interesting. You know, we have caloric dense coal and the rest. Then I, you know, I remember that I studied for weeks, but like, from morning till evening on a certain medicine, I really wanted to understand the full chemical working and implications. And, you know, and it's not just chemistry, of course, it's also biology because it's meant for human beings.

Kris [00:20:22]:

So, you know, you can study about anything you want, if you invest in stocks, and that makes it so appealing to me. I can follow my interests and, and it's also even one of my criteria. If I don't, if I'm not interested, I don't pick it. It's as simple as that, because I will not follow it up properly. So why pick it in the first place?

Dave [00:20:47]:

Yeah, 100% on that. If it's not an industry or a business that interests me. You know, I don't invest in oil, I don't understand commodities, and I've started to pick at it a little bit. But like, you know what, I just, I'm not really that excited about it and I'd rather look at something else. What are your thoughts on how much you need to understand about a company? And I'll throw two at you. So Nova Nordisk, especially with their semi

glutide particles, and then a company like CrowdStrike, with their tech and their endpoint securities. And so how much of those things do you think you really need to understand to invest in those companies versus something like Coca Cola, which is far simpler.

Kris [00:21:30]:

Yeah, of course Coca Cola is simpler. I think that it's probably the Pareto principle, like, you know, 20/80, but you should probably know 80%, but not, but also 20%. What I mean is this, I think you should know 20% of the technical side, so you should understand what makes it better than the rest. For example, for cross. Right. Then you know, you should know what the modules do. And they had eleven modules when I picked the stock. They have, I think, 23 now, 24 maybe.

Kris [00:22:06]:

So the effect of more modules, you should know what that is and that it comes at almost no cost for cross strike. So I think 20% max is what is needed there on the technical side. I think if we talk about Nova Nordisk, you should probably know what GLP one does and what the risks are and how it could be improved, how competitors could come up with something better. So those are quite technical questions, but probably not. You don't have to know the whole biological and chemical implications of GLP one, but you should probably know that for now, the patent. So Europe and the US took away parts of the patent because there's simply not enough. So that has implications, and that's why I say 80%. You should know 80% about everything else than the technical side.

Kris [00:23:07]:

So you should know management, for example, you can have two completely identical companies, starting from zero, with the same technical solution, and one will do fantastically and the other will fail. That's only because of the people. I think that we all know, if you ever had a job or you are in a job, that, you know, one great boss or awful boss makes a huge difference. And that's also the same thing on a macro level. You know, one exceptional CEO can really make the difference for the rest of the company, no matter how big that company is. So I think that's very important that you look into all those details and that you think about the implications of is crowdstrike favorite among cyber security specialists. I think it's very important to know that what are the options that they still have? How is the company culture that ties with the CEO? Of course. But all those things are very important, I think should really look into that.

Kris [00:24:17]:

Of course, there's always, in stocks, you always have two components. You have skills and research, and you have luck. There will always a certain amount of luck. You can simply not look into the future. It's as

simple as that. But, you know, you can minimize the amount of luck that you need. And if you go low into stocks, you'll probably not minimize the amount of luck you need. And you can have a, a huge winner, of course, if you just pour into any stock that you saw promoted on Twitter.

Kris [00:24:51]:

But you will need a lot of luck. You can also win the lottery, but you will need a lot of luck. And so investing is always hard luck, but I think that you can reduce the amount of luck that you need quite considerably.

Dave [00:25:06]:

Yeah, I agree. So how do you think about, I want to double down on this idea of management. So how do you identify good leaders? And are there any ways that investors can get a handle on who could potentially be a good leader and maybe an add on? Who are some of the top leaders that you find in today's markets?

Kris [00:25:33]:

Yeah, I already talked about CrowdStrike. So George Kurtz, there is a fantastic leader, the trade desk Jeff Green. He's phenomenal, and he does something very risky. He makes predictions, and sometimes he makes them years ahead, and they always come true, which is exceptional. So Matthew Prince of Cloudflare is an exceptional leader as well. He's a very straight talker, which not everybody used to, is used to or likes. But I like that. I like people who are just straight and honest.

Kris [00:26:09]:

So how do you recognize them? Well, they often have grand visions, like, you know, they have visions that you can easily ridicule, for example, Cloudflare, to make the Internet better. I mean, you can easily ridicule that kind of thing. Think about Amazon, Jeff Bezos, to be the most customer centric company in the world, you can very easily ridicule that, especially if, you know, Amazon did something wrong. But they always have. Elon Musk is another example. Of course, they always have those impossible goals or seemingly impossible. They also are almost possessed with that goal. It's the one burning light in their lives.

Kris [00:26:59]:

That's the reason why they were put on earth almost. So they are very fanatical. So that's another good trade. Usually they're very smart. That's also a common trade. So you see that many of them had previous experiences. Like, for example, if we talk about Jeff Green, he developed the first digital ad exchange in the world. That was in, I think, 2002.

Kris [00:27:26]:

So Microsoft bought that in 2007. He stayed at Microsoft for two years and then he got bored and he thought, well, they don't pay the attention to this that it needs. And he built it again. But that was the very first ad exchange. And just, you know, ad exchange is like a broker, but instead of stocks, you can buy ads on that platform. Matthew Prince, he had a few previous companies and he was a professor. You see the same thing, for example, with Luis van ahn Duolingo. He, that's quite early still, but I think that he could become one of those.

Kris [00:28:00]:

So that's maybe an interesting one to double click on because that's one in progress still. He invented capture and recapture, you know, the thing that makes you prove that you're human. And he sold it to Google. He was also a professor. And he, together with one of his students, he founded Duolingo. So I think, and you know, his vision is to make good education universally available for free. So that's a grand vision as well. Right, right.

Kris [00:28:30]:

So those are the kind of things that I see a lot of skepticism about this, and I think that's with good reason. You should be skeptical, but you should also think about, are these people really committed to that goal or are they just, you know, saying this because they know that sounds good and you can see it because they, those people are fanatics, you know, probably in real life you don't want to be their partner because they will, you know, you will never come in the first place, so.

Dave [00:29:01]:

Right, right. Yeah. It's interesting you bring up Duolingo because I've been an avid user of their app for four, four plus years. I've been trying to learn Portuguese. My fiance is brazilian. And it amazes me. You don't think you're learning anything on the app. And then you go to Brazil and you hear people talking like, I can actually understand some of that, like it's a story.

Dave [00:29:22]:

You read something on my wife, my. My fiance's instagram. She follows a lot of Brazilians, and I can actually read that. That's crazy. So, yeah, it's an amazing company, amazing app. It's stupid. We have not invested in it yet, but. So that kind of.

Dave [00:29:37]:

We.

Kris [00:29:37]:

It's still just an \$8 billion company. I think so. And, you know, their vision is not language learning, mind you. It's learning.

Dave [00:29:47]:

Right, right.

Kris [00:29:48]:

So, you know, they have rolled out mathematics and music theory theory in. But only in the US and on iPhone. So the reason why is because that's the most committed public, and they're a b testing like crazy.

Dave [00:30:05]:

Yeah.

Kris [00:30:06]:

They communicated the number of a b tests they do. I don't. I forgot the number. It's. But it's. It was mind blowing.

Dave [00:30:13]:

Yes, it was, for sure. So I think you have a unique ability to identify great companies and great leaders early on. How do you do that? I want to know, how do you do this?

Kris [00:30:25]:

Well, I don't think that I always have a problem when people use the word unique, because it's not that unique. It's just the same thing as everything else you put in the work. And what you concentrate on is very important if you really try to see the patterns. And I have tried to study those patterns for years. And that started with Toby Lutke in 2017. It was February 2017. I listened to a podcast episode, and I heard Toby Luttger talk, and I thought, oh, my God, this man is a genius. And I bought Shopify shares immediately after, just like, ten or so at the time.

Kris [00:31:02]:

So before they were split. So that's 100 right now. But I was actually surprised because at that time, I was still more of a growth at a reasonable price investor. And I thought, but this guy really makes me enthusiastic. And I had the same thing with Jeff Bezos. And I have watched so many of Steve Jobs speeches, and I thought, is there a pattern here? Yeah. I started studying, like, the multi bearers, you know, the stocks we all know that were always crazily overvalued. Like Netflix, like Tesla, like Amazon, like Apple, and so many of us.

Kris [00:31:48]:

Costco. Yeah. Walmart at the time, when it was a high growth stock, was crazily overvalued. And all of them had leaders that you saw were special. So I made that one of my criteria. And you need high revenue growth, of course. You need that grand vision. You need the CEO, et cetera, et cetera.

Kris [00:32:12]:

So it's not just like, the CEO is enough. You need all the rest as well. I have a list of. I think it's 17 criteria that I use for potential multibaggers. I just named the most important ones. I think also one, I am called the three O's. So for overachieving, that was already explained. So, you know, having those great, you know, visions of the future over delivering.

Kris [00:32:39]:

So that can be, you know, financially over delivering. So, you know, always beat the expectations, but it can also be with your product. I mean, if you look at Tesla, you know, Elon Musk doesn't over deliver when it comes to Timing. Right?

Dave [00:32:54]:

So, right now.

Kris [00:32:57]:

But he. He over delivers for customers, because if you look@the.net. promoter score for Tesla is 97. Yeah, that's the second highest score. So for people who don't know net promoter score, that goes from -100 to plus 100 of all your customers. So of all the companies who have an NP's score. So not all have them, but all the companies that have an NP's score, Tesla is the second in the world.

Dave [00:33:25]:

Wow.

Kris [00:33:26]:

I mean, if you ask Tesla owners, will your next car be a Tesla? I don't remember exactly that number, but it was also in the high nineties, you know, maybe 96, 97, 98. I don't remember. Say, yeah, sure. My next car will be a Tesla. Absolutely. I mean, that's over delivering as well. And then the third o is owning. So people who have a big stake in their own companies are often, you know, just more motivated.

Dave [00:33:58]:

Those are great criteria. And I think another company that kind of falls into that category that you're talking about is Nubank from Brazil. It's a company that I own, and I was lucky enough when I went to Brazil, one of the big reasons why I ended up buying it was when I was there, I saw those purple cards everywhere, and I was like, okay, that's a good sign. But then, to your point, after listening to David Velez talk, I was like, yeah. I mean, I had already done all the work and understood the financials, and banks are something that fits into my wheelhouse. And so. But then after hearing David Talk and then seeing anecdotally how the enthusiasm for the bank, which is unusual, I was like, I was sold.

Kris [00:34:39]:

You know me as well. I picked it when it was, like, four and a half or something. I actually waited a bit because I thought, well, what am I missing?

Dave [00:34:49]:

This looks too good, right?

Kris [00:34:51]:

Let's do good. I never seen such an obvious choice, so I must be missing something. But then, you know, I researched it again, and I said, damn, I just have to pick it. Right, right. And I did. And I had an interview with Federico Sandler. He is the former investor relations officer of both Mercado Libre. And he took Nubank through the IPO, which was a very complicated IPO, because there was not just a dual listing in Brazil and the US, but all of the Nubank customers could get shares from you before the IPO.

Kris [00:35:30]:

So that was a very complicated IPO. If you talk to him, and I did, I have my own podcast, multibagger nuggets. If you listen to that interview with Fidi Sandler, you will hear that he says, marcos Caparin. So the founder and CEO of Mercado Libre and David Velez have one thing in common, and

that is, or they have more things in common. But one of the things that they have in common is that they hate the yes man. So people who always agree, they hate them, they want to know what could be done better, what should be better, what was not a great customer experience, et cetera, et cetera. But like, if you think about first principles, that's also very important. Like Elon Musk, he's the first principals prophet like David Falaz does the same thing.

Kris [00:36:21]:

So he actually moved to Brazil, and he had to wait in the line and come back several times, again and again, again. And waiting in line was not like five minutes, it was like an hour and a half, 2 hours before he could open a bank account. And he thought, well, this should be done better. And he still thinks of that experience, and he urges customer service to really service people. And Fede gave an example there. Like, somebody was leaving for a trip to Italy and the car didn't work, and he called customer service. It wasn't like panicking. Like, oh, sir, my card doesn't work and I'm leaving tomorrow.

Kris [00:37:07]:

And, you know, the customer service said, okay, we'll solve the problem. And they sent a card, you know, through a special delivery service. So he had it the same night. So before he left and they offered him for free, they gave him a book about Italy and must sees in Italy. I mean, that's customer service. Will you ever go away again from that bank? I don't think so. And if you compare that with, you know, the banks we know, and, you know, there is almost no customer service. It's like, oh, shut up, you dumb client.

Kris [00:37:46]:

You know, don't bother us, just give us, give us your money. And that's all. Don't ask anything from us.

Dave [00:37:51]:

Yes, yes. You know, as somebody who worked in the bank for five years. I saw that firsthand. And, yeah, that was definitely something that, you know, to me, set them apart from every other bank, you know, not only in Brazil, but, you know, globally. Yeah. So I guess we've talked about a bunch of different companies. What is, like, the quintessential Kris investment?

Kris [00:38:12]:

It could be Shopify. It could be Shopify. Actually, it was the first pick. It was the first potential multibaggers pick, because I hadn't started potential multibaggers. It first was a series on seeking alpha before it was a paid service. And as I said, I bought my first shares of Shopify in February 2017. And then that set me up for,

you know, my study of multibaggers and what they had in common. And, you know, as I said, like, I thought, like, my God, that Toby Lutke guy, he's so smart.

Kris [00:38:47]:

He's a genius. But not just that. He can also make me really enthusiastic. And I thought, well, if he can make me enthusiastic, he could also make his customers enthusiastic, his investors and his own employees. So that's probably why I would pick Shopify as. So that, you know, after my study, I started with the potential multibaggers, and Shopify was the first pick there at, what was it, 774 split adjusted, and maybe, but I could also have said the trade desk, or I could have said cloudflare, or could have said CrowdStrike or Nubank or any of the others that I have had for most of them for several years. And Mercado Libre is another one. I think that, by the way, I should mention, I had lots of losers as well.

Kris [00:39:39]:

So I always think it's very important to emphasize that. But, I mean, I don't care. No matter how you invest, you will always have losers. I mean, Buffett has many losers. And when I was a value investor, I probably had as much losers as I have now, but that was because of my skills. I mean, the losers are just part of the game, one and two. They are. If you look at the math, it's very simple.

Kris [00:40:10]:

You can go up ten x with the stock, but you can only lose 100% of your money, which I never had, by the way. So there's an imbalance in your favor there. I think it's important to also stress that it's not like a quiz, and you have to have five out of ten correct before you can go to the next level. That's not investing. You can perfectly beat the index with four winners and six losers. If you have Nvidia, for example, like I have that helps a lot.

Dave [00:40:44]:

Yes, it does.

Kris [00:40:45]:

So, I mean, people look too much at the losers and not enough at the winners. I think off, what I mean is not just like ignore the losers, but in the end, for long term investors, your winners should be much, much, much more important than the losers, than all those losers. I mean, if you look historically, if you read 100 baggagge by Kris Mead, for example, fantastic book, you'll see that if you look at, I think it was fidelity who looked at the best portfolios. And, you know, often those were of people who had passed away or forgot

that they had invested or didn't know how to enter their portfolio and just didn't look at it. And what you saw was always the same pattern. And that is that a few stocks. So first and for all, they outperform both the index and almost every one of all, the investors, professionals or non professionals. And secondly, the distribution, they always had one, two, three huge winners and then many losers, but they still did so well.

Kris [00:41:58]:

So that's also why I invest in that way. Of course, I, unlike the people who pass away, I do sell my losers every now and then, not because of the price, but only when I am 100% sure. Okay, I was wrong on this one. So I still have, like for example, C Limited, I still have that stock because I, I think that management actually did impressive things no matter the stock price and no matter the reaction of the market. For example, Sea Limited was a money losing company, right? That was all the rage. In 2020, 2021, you have to invest, invest, invest to grow your revenue as much as possible. And then the market changed and they wanted profitability. Sea Limited had, I think, 1 billion negative free cash flow, and they changed that in just two quarters to 500 million positive free cash flow.

Kris [00:43:02]:

Wow. I mean, that's an olympic achievement for sure. Yeah. So for me, the long term perspective there has, and of course, there are other details and I have not picked c, as, you know, one of the ones that you would identify as a typical star for me, because I see that there are more challenges and there's protectionism, for example, in Indonesia, et cetera, their biggest market, et cetera. So there are other things as well. But what I mean is that I am not 100% sure that my thesis was wrong. So I don't sell. I have to be 100% sure.

Kris [00:43:43]:

I will always err on the side of holding too long instead of selling too fast, because I know so many people, but dozens and dozens and dozens who say, if I only had held this stock, I would be a multimillionaire right. But I know very few people who say, oh, I have this stock and I'm multimillionaire. So the biggest mistakes that investors usually make throughout their investing career are usually selling and not buying. So forget about the losers. Make sure that you don't sell that one winner. That could make you very rich.

Dave [00:44:30]:

Yep. I totally agree. One of my favorite sayings is sell, buy slow, sell slower.

Kris [00:44:36]:

Oh, yeah, I do both because I buy very slow. And what I mean is I invest every two weeks. And I never say, this position is full. And I don't add. I continue to add. If companies deserve, you know, deserve that. So, for example, the traders, I probably bought 50 times, okay, at least. And several, several others as well.

Kris [00:45:03]:

So shopify probably as well. I continue investing, and I don't care about the percentage gain. I care about the dollar gain. So I want my position to be bigger if the company continues to do well. Just to be clear, I have not added to the trade desk for a while already because I think it's very expensive right now. But it was at just 50 50 something, probably just before the year started or something. We're beginning of this year. Oh, yeah.

Kris [00:45:38]:

I added quite a bit, then again. So I look at valuations, but I don't look at valuations to sell, only to add.

Dave [00:45:49]:

Yeah, that's great. So this has been a fantastic conversation, and I've learned a lot, and I know my listeners have learned a lot. Can you talk to us a little bit about potential multibaggers? Because we've talked about that off and on throughout the conversation today, and I think that's a really important service that you offer, and I'd like to give you kind of the platform, if you will, to talk about that.

Kris [00:46:13]:

Yeah, thank you very much for that. So at potential multi barriers, I try to find stocks that can multiback. The goal is ten x in ten years. That's about 26% per year, or five x is also good, right? That's about 70% a year. I have that service on seeking Alpha. Maybe I should give you a link, Dave, so you can put it in the show notes and people can get a discount.

Dave [00:46:36]:

How about that?

Kris [00:46:38]:

All right. All right. And you know, that's a paying service. If you want free information, I have that as well on multibaggernuggets.com dot. And of course, you will not get everything that paying subscribers get, and you will not get to see my portfolio, which paying subscribers. And I say I add every two weeks. I show that every time. And each time I write an article about what I added and why.

Kris [00:47:05]:

So you're very informed there, and you have constant updates about the stocks that we have at least, like, you know, three to five articles a week at least. So that's for people who are really interested in investing, are enthusiastic about the future, and have a long term horizon. I think that you will feel at home in potential multibillions.

Dave [00:47:32]:

Yep, I agree. So where else could people find you online? We talked about the podcast, and Twitter is there. You want to share those handles, if you will.

Kris [00:47:40]:

Yeah. So you can also find me on Twitter from value. You can listen to the podcast multibagger nuggets as well. You know, we have very interesting interviews with Vitalika Nelson, with Fede Sendler, and with a guy named Dave Ahern and several others. And then you can also find me on LinkedIn as Kris Hendricks. So I'm a bit everywhere.

Dave [00:48:06]:

Yeah, you are. You are. And for everyone, I will put all those things in the show notes so people can easily find them when they're listening to the podcast, whether it's on our podcast player or whether it's on the website. So it makes it easier for everybody. Kris, again, thank you for your time again, and this was a lot of fun. And I always enjoy talking to you because you're a smart guy and you have great thoughts and you express them very well. And I like surrounding myself with smart people. It makes me feel like I'm smarter, too.

Kris [00:48:36]:

Thank you very much. And I blush. It's good that it's not a video because I'm blushing here. So thank you very much, Dave. I really enjoyed our conversation.

Dave [00:48:45]:

You're welcome. You're welcome. All right, folks, well, with that, we'll go ahead and wrap up our show for today. I wanted to thank again, Kris, for joining us today. And all, all the links will be in the show notes. 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.

Dave [00:49:01]:

Bye.

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