



Welcome to Week 4!

Warren Buffett's Life and Investing Principles
(No, Warren Buffett is not actually here tonight)

Agenda

- Market Update with Kyle Krupski, Vice President
- Portfolio Update with Ryan Nyffeler, Senior Portfolio Manager
- Announcements



Market Update
February 17th, 2021

Market Movements

S&P 500

3,925.43

↑ 0.48%

+18.84 5D

Feb 24, 5:20:02 PM UTC-5 · INDEXSP · Disclaimer

Russell 2000 Index

2,284.38

↑ 2.11%

+47.12 5D

Feb 24, 4:30:08 PM UTC-5 · INDEXRUSSELL · Disclaimer

Nasdaq Composite

13,597.97

↓ 1.77%

-245.10 5D

Feb 24, 5:15:59 PM UTC-5 · INDEXNASDAQ · Disclaimer

Dow Jones Industrial Average

31,961.86

↑ 1.35%

+424.51 Today

Feb 24, 5:20:02 PM UTC-5 · INDEXDJX · Disclaimer

BTC / USD

48,845.20

↓ 12.73%

-7,126.30 5D

Feb 24, 10:55:00 PM UTC · Disclaimer

VIX

21.34

↓ 9.58%

-2.26 5D

Feb 24, 3:14:57 PM UTC-6 · INDEXCBOE · Disclaimer

Monday

Tuesday

Wednesday

Thursday

Friday

Before Open

After Close

Before Open

After Close

Before Open

After Close

Before Open

After Close

Before Open

 Royal Caribbean Cruises Ltd.	
	
	
	
	
	
	
	
	
 DASAN Zone Solutions http://eps.sh/cal	












Walmart Earnings

- Disappointed on earnings.
- Dropped the Thursday after earnings were released 6.48% to \$137.66
- Dropped future guidance as to growth and sales.
- Aim to boost hourly employees to above \$15 an hour

What does this mean for the economy?



Jerome Powell is in No Hurry to Raise Rates

- The Federal Reserve the last year issued new guidance that it will allow the economy to run “hot”
- The start of this week the market had some fears of inflation.
- Those fears were eased after Powell testified this week.
- Why does interest rates matter?



Gamestop Continues to Be Insane

GameStop Corp.



\$91.71

↑ 104.12%

+46.78 Today

After Hours: **\$168.21** (↑ 83.42%) **+\$76.50**

Closed: Feb 24, 6:56:17 PM GMT-5 · USD · NYSE · Disclaimer

1D

5D

1M

6M

YTD

1Y

5Y

MAX



Quotes of the week: Obviously by Warren Buffett

"I don't know if Harley Davidson stock is worth \$20 or \$30. I like a business where customers tattoo their name on their chest - I'm not sure you can go around questioning those guys!"

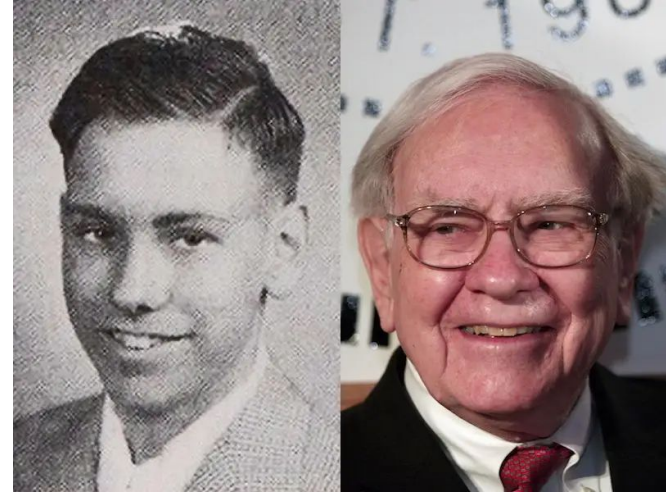
- Warren Buffett (2010 Berkshire Annual Meeting)

"We also look for three things: intelligence, energy, and integrity. If you don't have the latter, then you should hope they don't have the first two either. If someone doesn't have integrity, then you want them to be dumb and lazy."

- Warren Buffett (2005 Berkshire Annual Meeting)

"Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years"

- Warren Buffett



Have any of you seen anything in the market that interests you that you would like to share?



Portfolio Update

- View our Portfolio dashboard under the “Education” tab on the website!

\$453,940 Total Holdings

- Down for the Week by **0.43%**

Biggest Winners:

GLUU - 32.40%

PRFT - 24.43%

CENTA - 19.94%

Warren Buffett

Oracle of Omaha



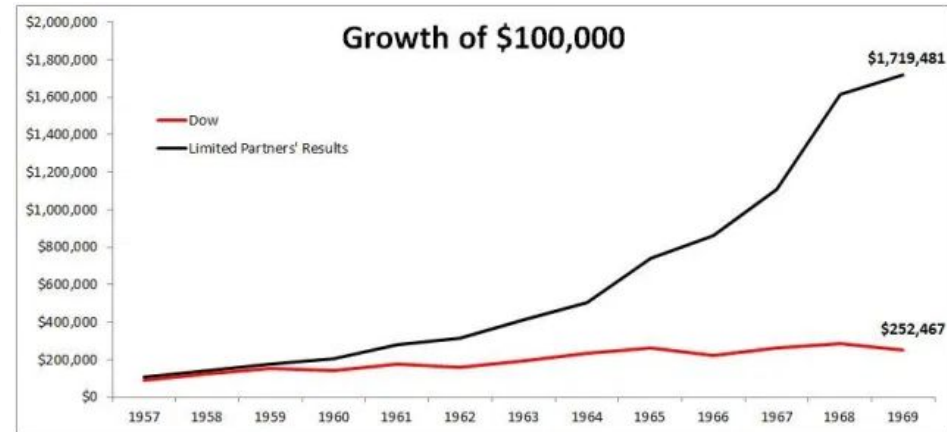
Early Life

- Born on August 30th, 1930
- At 11, purchased three shares of Cities Service Preferred at \$38 per share
- At 13, ran his own business as a paperboy
- Attended Wharton Business School before transferring to UNL
- Went to graduate school at Columbia, where he met Benjamin Graham
- After school, sold securities for his father's brokerage before working for Graham at Graham-Newman Corp



Early Career

- In 1956, Buffett formed Buffett Partnerships Ltd in Omaha
 - started accumulating stock in Berkshire Hathaway in the early 1960s
- By 1962, partnership had capital in excess of \$7.2M, \$1M belonged to Buffett
- After ten years the partnership's assets had risen more than 1,156%, compared to Dow's 122.9% growth
- Buffet took control of Berkshire in 1965
- Dissolved Buffett Partnership in 1969



History of Berkshire Hathaway

- Warren Buffett began trading the stock in 1962
- Insurance businesses were central to the business throughout its history
 - National Indemnity Company and National Fire & Marine Insurance Company were acquired in 1967.
 - Purchased stake in GEICO in the 70s and fully acquired it in 1996
- Got involved with Blue Chip Stamps in 1969
- See's Candies was acquired in 1972
- Charlie Munger joined the company as Vice Chairman in 1978
- In 1985 Berkshire completely liquidated its textile operations
- Newspaper businesses
 - Buffalo News was acquired in 1977
 - Purchased the Omaha World-Herald in 2011
 - Announced it was selling its newspaper portfolio, BH Media Group, to Lee Enterprises in Jan 2020 for \$140M

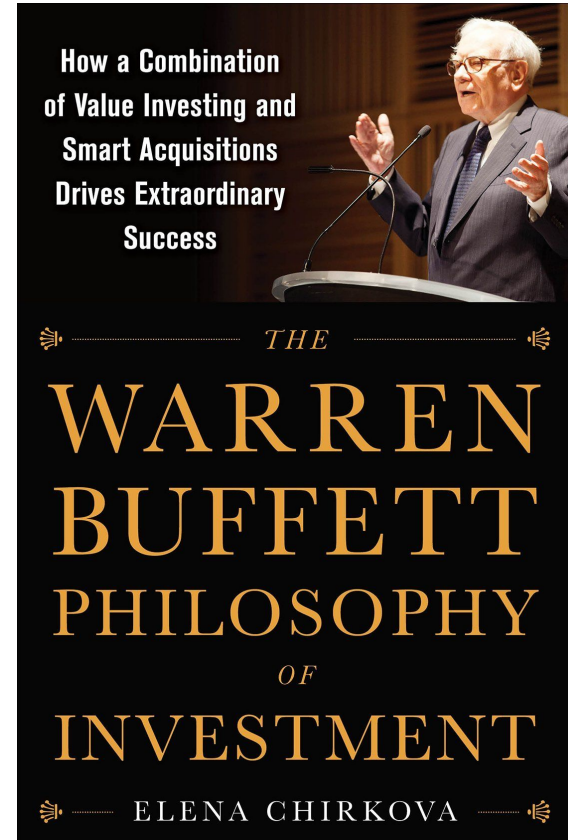
Berkshire Hathaway's Portfolio (As of Late 2020)

- 47 Different Companies
- Market Cap of \$560B, \$278B in their portfolio
- Apple - 49.1% of Portfolio
- Bank of America - 10.8%
- Coke - 8.6%
- American Express - 6.5%
- Kraft Heinz - 4.2%
- Other Companies
 - AbbVie
 - Procter & Gamble
 - SnowFlake



Value Investing Strategy

- Four Key Tenets of a Company
 - Business
 - Management
 - Financial Measures
 - Value Measures
- Moat
 - What Differentiates a Product



Business Tenet

- Must be Easy to Analyze
- No Ambiguity
- Investment Plays have to be Proven
- Coke
 - Simple Model
 - It's literally sugar water



Management Tenet

- Strong Executives Leadership
- Redistribution of Funds
 - Buybacks
 - Dividends
- Extreme Transparency
- Wells Fargo Scandal
 - Cut Stake by more than half in 2020
 - 127.4 Million shares in Q3 2020
 - 52.4 Million in Q4 2020



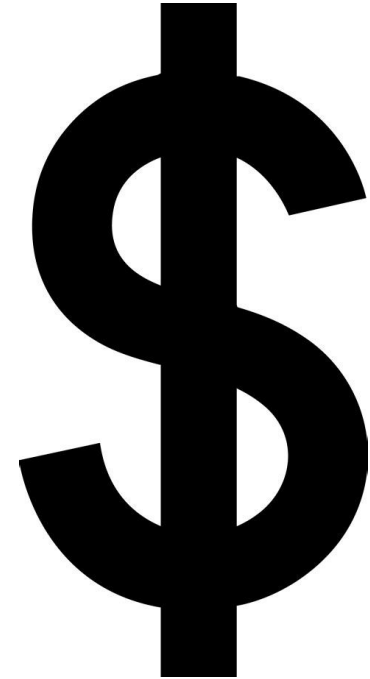
Financial Measures Tenet

- Low- Leverage
- High Profit Margins
- Economic Value Added (EVA)
 - Operating Profit After Taxes - Opportunity Cost of Capital
 - Best Used for Capital Rich and more Mature Companies
- Apple
 - 21.7% Profit Margin



Value Measures Tenet

- Intrinsic Value of an Equity
 1. Project Owners Earnings through Cash Flow
 2. Discount Earnings
 3. Assign Earnings to a Single Stock
- No Exact Method to Value a Stock



Buffett's Two Rules

Rule #1: Don't Lose Money

Rule #2: Don't forget Rule #1

50% Loss requires a **100% Gain**

Invest in Predictable Companies

Å	PREDICTABLE	NON-PREDICTABLE	ALL STOCKS
Total Number of Stocks	570	1833	2403
Total Lost Money	61	830	891
Lost More Than 50%	18	412	430
Lost More Than 90%	4	86	90
Average Gain	260.6%	100.0%	138.1%
Median Gain	150.0%	13.0%	39.0%
Maximum Gain	2852.0%	11483.0%	11483.0%
Maximum Loss	-100.0%	-100.0%	-100.0%
Annualized Average Gain	12.7%	6.7%	8.4%
Annualized Median Gain	8.9%	1.1%	3.1%



Warren's Very First Interview



Announcements!

- **Upcoming Event:**
- **Investopedia Competition going on now!**
 - Sign up on the website, under the same events link tree
 - We know some people had trouble getting signed up... sorry about that!

CONTACT US



unlbric@gmail.com



[@unlbric](https://www.instagram.com/unlbric)



[@unlbric](https://twitter.com/unlbric)



UNL Big Red Investment Club



Big Red Investment Club



www.unlbric.com