



Summer 2023

The current market conditions and the global economy are more uncertain than at any time in my 45-year career.—Stanley Druckenmiller

In this edition, we'll take a look at the performance of the Intelligent Cloning portfolio thus far by looking at the constituents in the portfolio for five years or more.

But we'll start with some insights on how Warren Buffett actually built his Berkshire Hathaway empire. There is more to it than meets the eye. Enjoy!

Berkshire Hathaway

Buying a stock is a far more complicated activity than most people seem to think. In order to do well, one really has to understand the underlying business in terms of its market capitalization ten to fifteen years from now. Most people already start gazing when you ask them for the current market capitalization of a company, let alone the future one. Stock picking is not easy.

One might think that the greatest investor on the planet continually hits home runs in terms of the stocks that he picks. That myth was recently debunked by the man himself, Warren Buffett, in his annual letter to shareholders, where he clearly states that most of his capital-allocation decisions during his 58-year tenure have been no better than so-so. Mohnish Pabrai looked into the Berkshire Hathaway period from 1965 to 2022 and concluded that approximately 80 business acquisition decisions and 210 common stock investments were made. Out of these 300 decisions over 58 years, only 12 moved the needle, or a meager 4%.

Another idea that, at first glance, looks like a good one is that you can do very well by "aping" his boring buy-and-hold approach. While this might turn out to be true to an extent, it is important to note that Buffett has also used leverage and derivatives to achieve his success. Those who want to mimic Buffett's long-term success, with a track record of 58 years and a 20% CAGR, should take

notice that this probably can't be done without using leverage and derivatives.

Warren Buffett has a complicated relationship with derivatives. On the one hand, he has called them "financial weapons of mass destruction" and has warned investors against using them. On the other hand, Buffett has capitalized on the advanced options-trading technique of selling naked put options as a hedging strategy. In fact, in Berkshire Hathaway's 2007 annual report, the company acknowledged that it had 94 derivative contracts, which over the year generated \$7.7 billion in premiums. Here are a few other examples of his derivatives trades:

- **Coca-Cola:** In April 1993, Warren Buffett engaged in a short position by selling 30,000 contracts of out-of-the-money Coca-Cola put options. These contracts were equivalent to 3 million shares of Coca-Cola. Later on, Buffett increased his position by selling an additional 20,000 contracts of the same options.
- **Long-Term Equity Anticipation Securities (LEAPS):** In 2003, Berkshire Hathaway sold long-dated put options on stock market indices (S&P 500) using LEAPS contracts. These contracts gave the buyers the right to sell stock to Berkshire at predetermined prices in the future. Buffett collected premiums from the sale of these options but remained exposed to potential losses if the stock market declined significantly.
- **Goldman Sachs and General Electric Investments:** During the financial crisis of 2008, Berkshire Hathaway made notable investments in both Goldman Sachs and General Electric. In the case of Goldman Sachs, Buffett's company purchased \$5 billion worth of preferred shares, which came with warrants to buy common stock. These warrants allowed Berkshire to profit if Goldman Sachs stock performed well. Similarly, Berkshire Hathaway invested \$3 billion in General Electric preferred shares with similar warrant features.
- **Equity Index Put Options:** In his 2002 letter to Berkshire Hathaway shareholders, Buffett mentioned that the company had purchased long-dated equity index put

options. These put options were used as a means of hedging against potential declines in the broader stock market. However, specific details about the extent and timing of these transactions are not widely available.

- **Corporate Bond Put Options:** In 2008, Berkshire Hathaway entered into derivative contracts known as credit default swaps (CDS) with various counterparties. These CDS contracts effectively functioned as insurance policies on corporate bonds. Under the terms of the contracts, Berkshire would make payments to counterparties if the underlying corporate bonds defaulted. This allowed Berkshire to collect premiums in exchange for assuming the risk of bond defaults.
- **Short-Dated Index Put Options:** In 2017, Berkshire Hathaway disclosed in its annual report that it had sold short-dated equity index put options. The contracts had a maturity of roughly 8 to 9 years and were tied to major stock market indices. By selling these put options, Berkshire effectively received premiums upfront but faced potential losses if the stock market declined significantly.
- **Burlington Northern Santa Fe:** In December 2008, National Indemnity Company, a subsidiary of Berkshire Hathaway, sold approximately 5.5 million shares of put options on Burlington Northern Santa Fe. The options had a strike price of \$75 per share and an exercise period prior to January 30, 2009. The options were sold on December 3, 2008, and were exercised on January 30, 2009.

And on top of that, Warren Buffett has used insurance float to leverage his investments in a number of ways. For example, he has used it to buy stocks, bonds, and other securities. He has also used it to buy entire companies. Float is the money that insurance companies collect from policyholders in the form of premiums before they have to pay out any claims. Buffett has said that he believes float is one of the most important factors in Berkshire Hathaway's success. He has also said that he would not be able to achieve the same level of investment success without access to float.

I find it funny that there are so many books out there on Warren Buffett's stock picking methodology, but none on his derivatives trades. Or at least, none that I know of. So why aren't there more books about Buffett's derivatives trades? Perhaps it's because they are not as easy to understand as his stock picking methodology. Derivatives are complex financial instruments, and it can be difficult to explain how they work to a lay audience. Or perhaps it's because Buffett himself doesn't want to talk about his derivatives trades. He has said that he doesn't want to encourage other investors to use derivatives, because he believes they are too risky.

Whatever the reason, it is surprising that there are not more books about Buffett's derivatives trades. These trades could provide valuable insights into how one of the most successful investors in the world thinks about risk and reward.

Overall, it is clear that derivatives have been a valuable tool for Warren Buffett. However, it is impossible to say exactly how much money he has made by using them. Once again, in his 2002 annual report, he estimated that derivatives had generated \$7.7 billion in premiums for Berkshire Hathaway over the previous year. The question that comes to mind is: where would Berkshire Hathaway stand today without any derivative trading?

Having a source of permanent capital, like Berkshire Hathaway has with its insurance float, is an enormous competitive advantage, and I am trying to establish that with my company by introducing a short-term trading desk, whose profits, if successful, can be used to fuel my long-term investments. I've been testing the desk since January 1, 2023, and things are going well thus far. It would be a huge mistake to celebrate too soon. I'm anxiously awaiting a period of hefty stock market fluctuations where the prices are going up and down rapidly. That would most certainly be the ultimate stress test for it. Getting the desk up and running is the number one priority right now.



The Intelligent Cloning Portfolio

I want to emphasize that the returns I am about to present are not actual fund results and do not necessarily reflect any of my personal holdings.

The evaluation I am about to share was conducted during the second week of April 2023. The initial company included in the portfolio is Allison Transmission, which was acquired on October 26, 2016, and continues to be a part of the portfolio. I cloned this one from the late Joe Simpson.

	SP	EP	DIV	TSR
Allison	29,0	43,1	4,2	63,2
SPY ETF	213,7	409,7	36,1	108,6

SP: Start Price

EP: End Price

DIV: Dividend

TSR: Total Shareholder Return

If you had invested \$100.000 in this company, you would have ended up with \$163.241, while the S&P 500 ETF would have generated \$208.581. The dividends of neither Allison Transmission nor the S&P 500 ETF were reinvested.

The second company in the portfolio was John Deere, acquired on October 28, 2016, and still in the portfolio. I cloned this one from Warren Buffett.

	SP	EP	DIV	TSR
Deere	87,0	380,8	21,4	362,4
SPY ETF	212,5	409,7	36,1	109,8

If you had invested \$100.000 in this company, you would have ended up with \$462.368, while the S&P 500 ETF would have generated \$209.750.

The third company in the portfolio was Verisign, acquired on February 21, 2017, and still in the portfolio. I cloned this one also from Warren Buffett.

	SP	EP	DIV	TSR
Verisign	83,0	213,7	0,0	157,5
SPY ETF	236,5	409,7	34,8	87,9

If you had invested \$100.000 in this company, you would have ended up with \$257.458, while the S&P 500 ETF would have generated \$187.946.

The fourth company in the portfolio was Davita, acquired on May 30, 2017, and still in the portfolio. I copied this one from Warren Buffett as well.

	SP	EP	DIV	TSR
Davita	65,0	84,7	0,0	30,3
SPY ETF	241,5	409,7	33,7	83,6

If you had invested \$100.000 in this company, you would have ended up with \$130.338, while the S&P 500 ETF would have generated \$183.619.

The fifth company in the portfolio was Monro, acquired on August 10, 2017, and sold on November 15, 2021. I cloned this one from Chuck Akre.

	SP	EP	DIV	TSR
Monro	47,0	61,7	3,2	38,1
SPY ETF	257,1	467,4	21,8	90,3

If you had invested \$100.000 in this company, you would have ended up with \$138.100, while the S&P 500 ETF would have generated \$190.298.

The sixth company in the portfolio was Tegna, acquired on November 17, 2017, and sold on November 27, 2018. I copied this one from David Einhorn.

	SP	EP	DIV	TSR
Tegna	13,0	13,4	0,3	5,2
SPY ETF	257,9	268,4	5,0	6,0

If you had invested \$100.000 in this company, you would have ended up with \$105.154, while the S&P 500 ETF would have generated \$106.033.

The seventh company in the portfolio was Esterline Corporation, acquired in the first half of 2018 and sold in the second half of 2018. The company is now delisted, so in hindsight, it's unfortunately a little difficult to be more precise on these dates. Anyhow.

	SP	EP	DIV	TSR
Esterline	72,0	122,4	0,0	70,0
SPY ETF	258,0	294,0	5,1	15,9



If you had invested \$100.000 in this company, you would have ended up with \$170.000, while the S&P 500 ETF would have generated \$115.931.

The eighth company in the portfolio was StoneCo, acquired on December 21, 2018, and is still in the portfolio. I copied this one from Berkshire Hathaway. This is not a typical Warren Buffett investment, so I expect this one was chosen by his investment lieutenants, Todd Combs and Ted Weschler.

	SP	EP	DIV	TSR
StoneCo	17,0	9,1	0,0	-46,6
SPY ETF	240,7	409,7	26,3	81,1

If you had invested \$100.000 in this company, you would have ended up with \$53.353, while the S&P 500 ETF would have generated \$181.141.

And finally, number nine: Veritiv. The company was acquired on December 26, 2018, and is still in the portfolio. I copied this one from Seth Klarman.

	SP	EP	DIV	TSR
Veritiv	24,0	125,0	0,0	420,9
SPY ETF	246,2	409,7	24,9	76,5

If you had invested \$100.000 in this company, you would have ended up with \$520.875, while the S&P 500 ETF would have generated \$176.526.

As mentioned earlier, the other companies in the portfolio, namely eBay, XPEL, the Daily Journal, and IDT Corporation, have not yet completed a five-year holding period. Additionally, we have already closed positions at Sinclair Broadcasting, Liberty Global, and Graftech.

Let's explore the remarkable potential of investing in the basket of stocks known as the Intelligent Cloning Portfolio. Imagine if you had invested \$900,000 in this portfolio; your investment would have experienced remarkable growth, reaching an impressive \$2 million. In contrast, by dollar-cost averaging the SPY 500 ETF, which involves investing a fixed amount of money at regular intervals, regardless of market conditions, \$900.000 would become approximately \$1.5 million.

Intelligent cloning wins! It's important to note that these figures represent gross results, excluding transaction costs, taxes, and other factors.

Needless to say, the growth potential is even more staggering if you invest larger sums. For instance, investing \$9 million would have resulted in approximately \$20 million. Just imagine an institutional investor partnering with my company from the start with an investment budget of \$90 million.

Cloning is such a simple and effective idea. Limit your fishing pond to superinvestor holdings and pick the one you really understand well. One or two a year will do. As shown, it worked great!

One of the remarkable facts of this approach is that the number of mistakes is low. StoneCo is one, for now, but that's it. Peter Lynch, the former manager of the Magellan Fund, which at one time was the largest mutual fund in the world, has said that even the best investors make mistakes. One out of three investments will go wrong, he said, and he based his statement on his own experience as a professional investor. The average number of mistakes in the intelligent cloning approach with a holding period of at least five years thus far is one out of nine.

So here we are

Finding great investments by studying great investors makes a lot of sense. Intelligent cloning is a perfect fit for me. Although it suggests that you can become successful by copying great investors, I also realize more than ever before how hard it is to make meaningful predictions about the future performance of this approach. Based on my research and back-testing of various investment approaches and quants thus far, I believe that intelligent cloning is the safest one.

As always, I derive immense pleasure from composing this quarterly update. It serves as a wonderful means to organize my sometimes fuzzy thoughts and infuse them with a sense of rationality. It effectively documents my thinking and enhances my investment approach. I sincerely appreciate your time and consideration in reading it. At this point in my learning journey, I believe



that two publications per year will be sufficient. The next one will be the Winter Edition.

Peter

Peter Coenen
Founder & CEO
The Value Firm®
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Post scriptum. For a glimpse of the current constituents of the intelligent cloning portfolio as well as my latest 2023 intelligent cloning stock pick, please refer to the attachment. If you master the latest artificial intelligence language tools, like ChatGPT, but even more so Google's Bard, generating these attachments becomes easy. And guess what? They are pretty accurate as well.

Everybody makes mistakes now and then. If you find any, let me know: peter@thevaluefirm.com. Always do your own research!

Here are my latest publications, available on Amazon.Com:

Record of Ruin: Parts [1](#), [2](#), [3](#), and [4](#)
Risk Ratings: [The 2023 Edition](#).

I believe I am right on the details mentioned in these Warren Buffett derivative trades, but I'm not 100% certain. Google Bard agrees with me, though, so let me know if I made mistakes so that I'm able to correct them.



ATTACHMENT

ALLISON TRANSMISSION

- **Business model:** Allison Transmission is a manufacturer of fully automatic transmissions for medium- and heavy-duty commercial vehicles, buses, and military vehicles. The company also provides related engineering services. Allison Transmission's products and services include:
 - Fully automatic transmissions: Allison Transmission's fully automatic transmissions are designed to provide smooth, efficient, and reliable performance in a variety of applications.
 - Related engineering services: Allison Transmission provides related engineering services, such as design, testing, and installation.
- **Competitive advantages:** Allison Transmission has a number of competitive advantages, including:
 - Strong brand reputation: Allison Transmission has a strong brand reputation that is built on a long history of innovation and customer satisfaction.
 - Global reach: Allison Transmission has a global reach with operations in over 150 countries. This global reach allows the company to serve a wide range of customers and meet their needs.
 - Strong product portfolio: Allison Transmission has a strong product portfolio that includes a wide range of transmissions for medium- and heavy-duty commercial vehicles, buses, and military vehicles.
 - Innovative technology: Allison Transmission is committed to innovation and invests heavily in research and development. This commitment to innovation allows the company to stay ahead of the competition and provide its customers with the latest and greatest transmissions.
 - Focused management team: Allison Transmission has a focused management team that is committed to growing the company. The company's management team has a proven track record of success, and they are well-positioned to lead Allison Transmission to continued growth in the future.
- **Competitive landscape:** Allison Transmission faces competition from a number of other companies, including:
 - ZF Friedrichshafen: ZF Friedrichshafen is a global manufacturer of automotive components, including transmissions.
 - Voith: Voith is a global manufacturer of industrial equipment, including transmissions.
 - Dana Incorporated: Dana Incorporated is a global manufacturer of drivetrain and powertrain components, including transmissions.
 - Eaton Corporation: Eaton does produce manual transmissions for commercial vehicles, which can be seen as an alternative to Allison Transmission's automatic transmissions. While they serve a similar purpose, the choice between manual and automatic transmissions often depends on the specific needs and preferences of the vehicle owner.
 - Tesla, Inc.: While Tesla primarily focuses on electric vehicles, including trucks and buses, their electric powertrains can be seen as potential competitors to Allison Transmission's hybrid propulsion systems. Both companies offer different approaches to powering commercial vehicles, with Tesla emphasizing electric solutions and Allison Transmission specializing in hybrid systems.
 - Cummins Inc.: Cummins is a well-known manufacturer of engines and powertrain components for commercial vehicles. They offer a range of solutions, including hybrid and electric powertrain options. In this regard, Cummins can be considered a competitor to Allison Transmission, particularly in the area of hybrid and electric powertrain technologies.



- **Revenue growth drivers:**
 - **Strong demand for commercial vehicles:** The global commercial vehicle market is expected to grow at a compound annual growth rate (CAGR) of 3.5% from 2022 to 2027. This growth is being driven by factors such as urbanization, e-commerce, and infrastructure development.
 - **Increased adoption of automatic transmissions:** Automatic transmissions are becoming increasingly popular in commercial vehicles, as they offer a number of advantages over manual transmissions, such as improved fuel efficiency, reduced emissions, and easier operation. In the United States, for example, the market share of automatic transmissions in Class 8 trucks (the largest commercial vehicles) has increased from 20% in 2000 to 80% in 2022.
 - **Expansion into new markets:** Allison Transmission is expanding its presence in new markets, such as China and India. These markets offer significant growth potential, as they are experiencing rapid urbanization and economic growth. In China, for example, the market for commercial vehicles is expected to grow at a CAGR of 4.5% from 2022 to 2027.
 - **Investment in new technologies:** Allison Transmission is investing in new technologies, such as hybrid and electric transmissions. These technologies offer the potential to improve fuel efficiency and reduce emissions, which are important trends in the commercial vehicle market. Allison Transmission is a leader in the development of hybrid and electric transmissions, and it is well-positioned to benefit from the growth of these technologies in the years to come.

DEERE

- **Business model:** John Deere is a global manufacturer of agricultural, construction, forestry, and turf equipment. The company also provides financial services to its customers. John Deere's products and services include:
 - Agricultural equipment: John Deere's agricultural equipment includes tractors, combines, harvesters, and other equipment used in farming.
 - Construction equipment: John Deere's construction equipment includes excavators, loaders, backhoes, and other equipment used in construction.
 - Forestry equipment: John Deere's forestry equipment includes harvesters, forwarders, and other equipment used in forestry.
 - Turf equipment: John Deere's turf equipment includes lawn mowers, tractors, and other equipment used in lawn care.
 - Financial services: John Deere provides financial services to its customers, including financing, leasing, and insurance.
- **Competitive advantages:** John Deere has a number of competitive advantages, including:
 - Strong brand reputation: John Deere has a strong brand reputation that is built on a long history of innovation and customer satisfaction.
 - Global reach: John Deere has a global reach with operations in over 130 countries. This global reach allows the company to serve a wide range of customers and meet their needs.
 - Strong product portfolio: John Deere has a strong product portfolio that includes a wide range of equipment for agriculture, construction, forestry, and turf.
 - Innovative technology: John Deere is committed to innovation and invests heavily in research and development. This commitment to innovation allows the company to stay ahead of the competition and provide its customers with the latest and greatest equipment.
 - Focused management team: John Deere has a focused management team that is committed to growing the company. The company's management team has a proven track record of success, and they are well-positioned to lead John Deere to continued growth in the future.
- **Competitive landscape:** John Deere faces competition from a number of other companies, including:
 - CNH Industrial: CNH Industrial is a global manufacturer of agricultural, construction, and forestry equipment.
 - Caterpillar: Caterpillar is a global manufacturer of construction and mining equipment.
 - Komatsu: Komatsu is a global manufacturer of construction and mining equipment.



- **Revenue growth drivers:**
 - **Strong demand for its products and services.** John Deere's products and services are in high demand from farmers, construction companies, and forestry companies around the world. The company's products are used to produce food, build infrastructure, and manage forests. The global population is expected to grow to 9.7 billion by 2050, and this will increase the demand for food and other agricultural products. The global construction industry is also expected to grow in the coming years, as countries invest in infrastructure projects. The global forestry industry is also expected to grow, as demand for wood products increases.
 - **Increased market share.** John Deere has been increasing its market share in the agricultural, construction, and forestry equipment industries. This is due to the company's strong brand recognition, its high-quality products, and its excellent customer service. John Deere has a strong brand recognition in the agricultural, construction, and forestry equipment industries. The company's products are known for their quality and durability. John Deere also has a strong customer service reputation. The company has a team of experienced and knowledgeable customer service representatives who are available to answer questions and help customers with their orders.
 - **International expansion.** John Deere is expanding its operations into new international markets. This will help the company to grow its revenue and reach new customers. John Deere has already expanded its operations into several international markets, including Canada, Mexico, Europe, and Asia. The company plans to continue to expand its operations into new international markets in the coming years.
 - **Acquisitions.** John Deere has acquired several smaller companies in recent years. These acquisitions have helped the company to expand its product offerings and reach new markets. John Deere's most recent acquisition was the purchase of Wirtgen Group in 2022. Wirtgen Group is a leading provider of road construction equipment. The acquisition of Wirtgen Group has helped John Deere to expand its product offerings and reach new markets.

DAVITA

- **Business model:** DaVita Inc. is a Fortune 500 healthcare company that provides dialysis services in the United States. The company operates a network of over 2,800 outpatient dialysis centers in 46 states and the District of Columbia. DaVita also provides other healthcare services, such as laboratory services, pharmacy services, and education and support services. DaVita Inc.'s products and services include:
 - **Dialysis services:** DaVita Inc.'s dialysis services are designed to remove waste products from the blood of people with kidney failure.
 - **Laboratory services:** DaVita Inc.'s laboratory services provide testing for kidney disease and other conditions.
 - **Pharmacy services:** DaVita Inc.'s pharmacy services provide medications for kidney disease and other conditions.
 - **Education and support services:** DaVita Inc.'s education and support services provide information and resources to people with kidney disease and their families.
- **Competitive advantages:** DaVita Inc. has a number of competitive advantages, including:
 - **Strong brand reputation:** DaVita Inc. has a strong brand reputation that is built on a long history of innovation and customer satisfaction.
 - **Large network of dialysis centers:** DaVita Inc. has the largest network of dialysis centers in the United States, which gives it a significant advantage over its competitors.
 - **Experienced management team:** DaVita Inc. has an experienced management team that is committed to growing the company. The company's management team has a proven track record of success, and they are well-positioned to lead DaVita to continued growth in the future.
 - **Strong financial position:** DaVita Inc. has a strong financial position, which allows it to invest in its business and grow its operations.



- **Competitive landscape:** DaVita Inc. faces competition from a number of other companies, including:
 - Fresenius Medical Care: Fresenius Medical Care is a global healthcare company that provides dialysis services in over 100 countries.
 - Dialysis Clinic, Inc.: Dialysis Clinic, Inc. is a healthcare company that provides dialysis services in the United States.
 - US Renal Care Group: US Renal Care Group is a healthcare company that provides dialysis services in the United States.
- **Revenue growth drivers:**
 - **Increased patient population:** The number of people with CKD is increasing due to an aging population, obesity, and other factors. According to the National Kidney Foundation, an estimated 37 million Americans have CKD, and this number is expected to grow to 47 million by 2030. This increase in the patient population is driving demand for DaVita's dialysis services.
 - **Shift to outpatient dialysis:** In the past, most people with CKD received dialysis treatment in inpatient settings, such as hospitals. However, in recent years, there has been a shift to outpatient dialysis. This is due to a number of factors, including the increasing availability of outpatient dialysis centers, the convenience of outpatient dialysis, and the lower cost of outpatient dialysis. The shift to outpatient dialysis is increasing DaVita's revenue.
 - **Increased government reimbursement:** DaVita receives reimbursement from the government for its dialysis services. This reimbursement is increasing due to a number of factors, including the rising cost of dialysis treatment, the increasing number of people with CKD, and the aging population. The increased government reimbursement is contributing to DaVita's revenue growth.
 - **Acquisitions:** DaVita has acquired several smaller dialysis companies in recent years. These acquisitions have expanded DaVita's patient population and revenue. For example, in 2017, DaVita acquired Nephros USA, a leading provider of dialysis services in the United States. This acquisition added approximately 1,000 dialysis centers to DaVita's network and increased its patient population by approximately 20,000.
 - **New technologies:** DaVita is investing in new technologies that can help to improve the efficiency of its dialysis centers. These technologies can help to reduce the time that patients spend in dialysis centers and the amount of staff that is needed to operate each center.

VERISIGN

- **Business model:** Verisign is a global provider of domain name registry services and internet infrastructure. The company's services include providing registration services for the .com and .net top-level domains, operating two of the Internet's thirteen root nameservers, and providing authoritative resolution for the .com and .net top-level domains. Verisign's products and services include:
 - Domain name registration services: Verisign provides registration services for the .com and .net top-level domains.
 - Root zone maintainer services: Verisign operates two of the Internet's thirteen root nameservers.
 - Authoritative resolution services: Verisign provides authoritative resolution for the .com and .net top-level domains.
- **Competitive advantages:** Verisign has a number of competitive advantages, including:
 - Strong brand reputation: Verisign has a strong brand reputation that is built on a long history of innovation and customer satisfaction.
 - Global reach: Verisign has a global reach with operations in over 100 countries. This global reach allows the company to serve a wide range of customers and meet their needs.
 - Strong product portfolio: Verisign has a strong product portfolio that includes a wide range of services for domain name registration, root zone maintenance, and authoritative resolution.
 - Innovative technology: Verisign is committed to innovation and invests heavily in research and development. This commitment to innovation allows the company to stay ahead of the competition and provide its customers with the latest and greatest services.



- **Competitive landscape:** Verisign faces competition from a number of other companies, including:
 - Google: Google is a global technology company that provides a variety of services, including domain name registration.
 - Amazon: Amazon is a global technology company that provides a variety of services, including domain name registration.
 - Namecheap is a domain name registrar that offers a variety of domain name registration plans and services.
 - GoDaddy is a domain name registrar that offers a variety of domain name registration plans and services, as well as web hosting and other web services.
 - DigiCert is a provider of digital certificates and other security solutions.
 - Cloudflare is a provider of content delivery network (CDN) and security services.
 - Neustar is a provider of information services, including domain name registry services.
- **Revenue growth drivers:**
 - **Domain name registrations:** Verisign is the exclusive registry operator for the .com and .net top-level domains. The company collects a registration fee each time a new domain name is registered or renewed.
 - **Security services:** Verisign offers a variety of security services, including DDoS protection, website security, and email security. The company's security services are used by businesses of all sizes to protect their websites and data from cyberattacks.
 - **Managed DNS services:** Verisign offers managed DNS services, which allow businesses to outsource the management of their DNS infrastructure. The company's managed DNS services provide businesses with a reliable and secure DNS infrastructure.

Verisign's revenue drivers are all related to the company's core competencies in domain name registry and Internet security. The company's domain name registry services are a critical part of the Internet infrastructure, and its security services are essential for businesses of all sizes to protect their websites and data from cyberattacks. Verisign's managed DNS services provide businesses with a reliable and secure DNS infrastructure. In addition to its core competencies, Verisign is also investing in new growth areas, such as the Internet of Things (IoT) and cybersecurity. The company believes that these growth areas will provide opportunities for future revenue growth.

Here are some of the key trends that are driving Verisign's revenue growth:

- **The growth of the Internet:** The Internet is growing rapidly, and this growth is driving demand for domain name registrations and security services.
- **The increasing importance of cybersecurity:** Cyberattacks are becoming more sophisticated and frequent, and this is driving demand for security services.
- **The growth of the IoT:** The IoT is a rapidly growing market, and Verisign is well-positioned to benefit from this growth. The company offers a variety of security services that are designed to protect IoT devices from cyberattacks.

STONECO

- **Business Model:** StoneCo is a financial technology company that provides payment solutions to merchants in Brazil. The company's main product is its point-of-sale (POS) system, which allows merchants to accept credit and debit cards. StoneCo also offers a variety of other payment solutions, such as e-commerce payment processing, mobile payments, and installments plans. StoneCo's business model is based on providing merchants with a comprehensive suite of payment solutions that help them to grow their businesses. The company's POS system is designed to be easy to use and affordable, and it offers a variety of features that can help merchants to improve their operations. StoneCo also offers a variety of other payment solutions that can help merchants to reach new customers and increase sales.



- **Competitive Advantages.** StoneCo has a number of competitive advantages, including:
 - A strong management team: StoneCo's management team is experienced in the payments industry and has a proven track record of success.
 - A leading technology platform: StoneCo's POS system is one of the most advanced in the market, and it offers a variety of features that can help merchants to improve their operations.
 - A large and growing customer base: StoneCo has a large and growing customer base of over 1 million merchants.
 - A strong financial position: StoneCo is financially sound and has a strong balance sheet.
- **Competitive Landscape.** The competitive landscape for StoneCo is highly competitive. The company faces competition from a number of other payment providers, including traditional banks, credit card companies, and other fintech companies. However, StoneCo is able to compete effectively by offering a comprehensive suite of payment solutions, a strong management team, and a leading technology platform. Here are some of StoneCo's competitors:
 - Nubank is a Brazilian digital bank that offers a variety of financial services, including checking and savings accounts, credit cards, loans, and insurance.
 - PagSeguro is a Brazilian payment processor that offers a variety of payment solutions for merchants, including point-of-sale terminals, online payment processing, and mobile payment solutions.
 - MercadoLibre is an e-commerce company that also offers payment processing services through its Mercado Pago platform.
 - PayPal is a global payment processor that offers a variety of payment solutions for both consumers and merchants.
 - Visa and MasterCard are global credit card companies that offer a variety of payment solutions for merchants and consumers.
- **Revenue growth drivers:**
 - **Strong growth in the Brazilian SMB market:** The Brazilian SMB market is large and growing, with an estimated 10 million SMBs in the country. StoneCo is well-positioned to capitalize on this growth, as it is one of the leading payment processors in Brazil.
 - **Increased adoption of digital payments:** The adoption of digital payments is growing rapidly in Brazil, as consumers and businesses increasingly prefer to use electronic payments over cash. StoneCo is well-positioned to benefit from this trend, as it offers a wide range of digital payment solutions to SMBs.
 - **Expanding geographic reach:** StoneCo is expanding its geographic reach beyond Brazil, with operations in Mexico and Colombia. This expansion will help the company to reach a wider customer base and grow its revenue.
 - **Acquisitions:** StoneCo has made a number of acquisitions in recent years, which has helped the company to expand its product offerings and reach new customers. These acquisitions have also helped the company to grow its revenue. Here are some examples of recent acquisitions by StoneCo:
 - **Linx (2020):** StoneCo acquired Linx, a leading provider of retail management software in Brazil, for \$1.28 billion. This acquisition helped StoneCo to expand its product offerings and reach new customers in the retail sector.
 - **Kontabilizei (2021):** StoneCo acquired Kontabilizei, an online accounting platform in Brazil, for \$140 million. This acquisition helped StoneCo to expand its financial services offerings to SMBs.
 - **PayRetailers (2022):** StoneCo acquired PayRetailers, a global payments technology company, for \$325 million. This acquisition helped StoneCo to expand its global reach and offer its payment processing solutions to businesses in new markets.



VERITIV

- **Business Model.** Veritiv is a leading North American business-to-business distributor of packaging, facility solutions, print and publishing products and services; and also a provider of logistics and supply chain management solutions. The company serves customers in a wide range of industries, including food and beverage, retail, healthcare, and manufacturing. Veritiv's business model is based on providing customers with a wide range of products and services, as well as a high level of customer service. The company has a large network of distribution centers throughout the United States, Canada, and Mexico, which allows it to provide customers with fast and efficient delivery. Veritiv also offers a variety of value-added services, such as custom packaging and logistics management, which help customers to improve their operations.
- **Competitive Advantages.** Veritiv has a number of competitive advantages, including:
 - A broad product offering: Veritiv offers a wide range of products and services, which allows it to meet the needs of a wide range of customers.
 - A strong distribution network: Veritiv has a large network of distribution centers throughout the United States, Canada, and Mexico, which allows it to provide customers with fast and efficient delivery.
 - A focus on customer service: Veritiv is committed to providing customers with a high level of customer service. The company has a team of experienced professionals who are dedicated to helping customers to find the right products and services for their needs.
 - A commitment to innovation: Veritiv is constantly investing in new products and services, as well as new technologies, which allow it to stay ahead of the competition.
- **Competitive Landscape.** The competitive landscape for Veritiv is highly competitive. The company faces competition from a number of other distributors, as well as from manufacturers who sell their products directly to customers. However, Veritiv is able to compete effectively by offering a broad product offering, a strong distribution network, and a focus on customer service. Here are some of the competitors:
 - WestRock is a global packaging and paper company that provides a wide range of products and services to a variety of customers.
 - International Paper is a global paper and packaging company that produces a variety of products, including paper, packaging, and forest products.
 - Packaging Corporation of America is a global packaging company that produces a variety of packaging products, including corrugated containers, specialty paper, and plastic films.
 - DS Smith is a global packaging company that produces a variety of packaging products, including corrugated boxes, plastic films, and paperboard.
 - Smurfit Kappa is a global packaging company that produces a variety of packaging products, including corrugated boxes, paperboard, and plastic films.
- **Revenue growth drivers:**
 - **Strong demand from key industry verticals:** Veritiv's customers are in a variety of industries, including healthcare, manufacturing, and e-commerce. These industries are all growing, which is driving demand for Veritiv's products and services. For example, the healthcare industry is growing due to the aging population and the increasing prevalence of chronic diseases. The manufacturing industry is growing due to the increasing demand for goods and services from consumers and businesses. And the e-commerce industry is growing due to the increasing popularity of online shopping.
 - **Increased focus on e-commerce:** Veritiv is investing in its e-commerce capabilities to better serve its customers. This investment is helping the company to grow its revenue from online sales. E-commerce is a growing trend, and Veritiv is well-positioned to capitalize on this trend. The company has a strong online presence and a wide range of products and services that are well-suited for online sales.
 - **Improved supply chain efficiency:** Veritiv is working to improve its supply chain efficiency. This is helping the company to reduce costs and improve customer service. Veritiv is implementing a number of initiatives to improve its supply chain efficiency, such as using predictive analytics to forecast demand and optimizing its inventory levels.



- **Acquisitions:** Veritiv has acquired several companies in recent years. These acquisitions have helped the company to expand its product offerings and reach new customers. Veritiv has acquired companies in a variety of industries, including print, packaging, and facility solutions. These acquisitions have helped the company to become a more comprehensive supplier to its customers. Here are some examples of Veritiv's recent acquisitions:
 - In 2021, Veritiv acquired Henry Schein Medical. This acquisition expanded Veritiv's healthcare product offerings and reach.
 - In 2020, Veritiv acquired The Graham Company. This acquisition expanded Veritiv's packaging product offerings and reach.
 - In 2019, Veritiv acquired Penford Corporation. This acquisition expanded Veritiv's facility solutions product offerings and reach.

EBAY

- **Business Model.** eBay's business model is based on providing a platform for buyers and sellers to connect and transact. The company charges sellers a fee for listing and selling items, and it takes a percentage of the sale price. eBay also generates revenue from advertising and from its PayPal payment processing service. eBay's business model is based on the idea that it can connect buyers and sellers more efficiently than traditional brick-and-mortar retailers. The company's online marketplace allows buyers to shop for a wide variety of items from a large number of sellers. This convenience and selection has helped eBay to become one of the most popular online marketplaces in the world. Here are some examples of their products and services:
 - Listing fees: eBay charges sellers a fee to list items for sale. The fee varies depending on the category of the item and the length of time the item is listed.
 - Transaction fees: eBay charges sellers a fee when an item is sold. The fee is a percentage of the sale price.
 - Advertising: eBay sells advertising space on its website and mobile app. Advertisers can target their ads to specific categories of items or to specific demographics.
 - PayPal: eBay owns PayPal, a global online payment system. eBay generates revenue from PayPal when sellers use it to process payments.
 - In addition to these revenue streams, eBay also generates revenue from its classifieds business, eBay Motors, and its StubHub ticket resale business.
- **Competitive Advantages.** eBay has a number of competitive advantages, including:
 - Large user base: eBay has over 182 million active buyers and sellers in over 190 countries. This gives the company a large pool of potential buyers and sellers, which helps to drive traffic and sales.
 - Global reach: eBay operates in over 190 countries, which gives the company a global reach. This allows the company to tap into a large and growing market.
 - Brand recognition: eBay is a well-known and trusted brand. This gives the company an advantage over smaller, less well-known competitors.
 - Technology platform: eBay's technology platform is robust and reliable. This allows the company to handle a large volume of transactions and to provide a smooth and user-friendly experience for buyers and sellers.
- **Competitive Landscape.** eBay faces competition from a number of other online marketplaces, including Amazon, Etsy, and Alibaba. These competitors offer a variety of features and services that compete with eBay's offerings. However, eBay is the largest online marketplace in the world, and it has a number of competitive advantages that give it an edge over its competitors. Here are some of eBay's competitors:
 - Amazon is an online retailer that sells a wide variety of products, including books, electronics, clothing, and furniture. Amazon also offers a number of other services, such as cloud computing, streaming video, and online advertising.
 - Etsy is an online marketplace that specializes in handmade and vintage goods. Etsy sellers are typically individuals or small businesses, and they offer a wide variety of unique and one-of-a-kind items.
 - Alibaba is a Chinese multinational technology company that operates an online marketplace. Alibaba's marketplace is one of the largest in the world, and it offers a wide variety of products, including electronics, clothing, and furniture.



- Walmart is an American multinational retail corporation that operates a chain of hypermarkets, discount department stores, and grocery stores. Walmart is the largest company in the world by revenue, and it is one of the largest online retailers in the United States.
- Facebook Marketplace is an online marketplace that is operated by Facebook. Facebook Marketplace allows users to buy and sell items from other users on Facebook. Facebook Marketplace is one of the fastest-growing online marketplaces in the world, and it is used by millions of people every month.
- **Revenue growth drivers:**
 - **Increased buyer and seller activity.** eBay is constantly working to attract new buyers and sellers to its platform. This includes investing in marketing and advertising, as well as making it easier for people to buy and sell items. For example, eBay has launched a number of initiatives to make it easier for people to buy and sell items on their mobile devices. Additionally, eBay has partnered with a number of retailers to offer their products for sale on eBay. This has helped to attract new buyers to the platform.
 - **Growth in international markets.** eBay is expanding its presence in international markets, which is a key driver of revenue growth. The company is investing in local marketing and advertising, as well as localizing its platform to meet the needs of buyers and sellers in different countries. For example, eBay has launched a number of initiatives to make it easier for people in China to buy and sell items on eBay. Additionally, eBay has partnered with a number of Chinese retailers to offer their products for sale on eBay. This has helped to attract new buyers to the platform in China.
 - **Increased use of advertising.** eBay is seeing increased use of its advertising products, which is a key driver of revenue growth. The company is offering a variety of advertising products that help sellers reach a wider audience and drive more sales. For example, eBay offers Promoted Listings, which are listings that appear higher in search results. Promoted Listings have been shown to increase the number of views and clicks that listings receive. Additionally, eBay offers Sponsored Brands, which are ads that appear next to search results. Sponsored Brands have been shown to increase brand awareness and consideration.
 - **Acquisitions.** eBay has made a number of acquisitions in recent years that have helped to drive revenue growth. These acquisitions have given eBay access to new markets, new products, and new technologies. For example, eBay acquired StubHub, which is a leading online ticket marketplace. StubHub has helped eBay to expand its presence in the live events market. Additionally, eBay acquired GSI Commerce, which is a leading e-commerce solutions provider. GSI Commerce has helped eBay to improve its platform and offer a wider range of products and services to its users.

XPEL

- **Business Model.** XPEL is a provider of automotive paint protection film. The company's products are designed to protect vehicles from scratches, chips, and other forms of damage. XPEL's products are available through a network of authorized dealers. Here are some of XPEL's products and services:
 - **Paint Protection Film (PPF):** XPEL's PPF is a clear film that is applied to the exterior of a vehicle to protect it from scratches, chips, and other forms of damage. PPF is made from a durable material that is resistant to UV rays, chemicals, and other environmental factors.
 - **Window Tinting:** XPEL's window tinting films are designed to block out heat, glare, and UV rays. Window tinting can also improve the privacy of a vehicle and make it more comfortable to drive in.
 - **Carbon Fiber Wrap:** XPEL's carbon fiber wrap is a high-quality film that can be applied to the exterior or interior of a vehicle to give it a more stylish and luxurious look. Carbon fiber wrap is also resistant to scratches, chips, and other forms of damage.
 - **Headlight Restoration:** XPEL's headlight restoration service can restore the clarity and brightness of faded or yellowed headlights. Headlight restoration can improve the safety of a vehicle by making it easier for the driver to see at night.
 - **Interior Protection:** XPEL offers a variety of interior protection products, including seat covers, floor mats, and dashboard protectors. These products can help to protect your vehicle's interior from spills, stains, and other forms of damage.



- **Competitive Advantages.** XPEL has a number of competitive advantages, including:
 - High-quality products: XPEL's products are made from high-quality materials and are manufactured to strict quality standards. This ensures that XPEL's products provide the best possible protection for vehicles.
 - Strong brand recognition: XPEL is a well-known and respected brand in the automotive industry. This gives the company an advantage over smaller, less well-known competitors.
 - Wide distribution network: XPEL's products are available through a network of authorized dealers. This gives customers easy access to XPEL's products and services.
 - Excellent customer service: XPEL provides excellent customer service. The company's customer service team is available to answer questions and provide assistance.

- **Competitive Landscape.** XPEL faces competition from a number of other providers of automotive paint protection film. These competitors offer a variety of products and services that compete with XPEL's offerings. However, XPEL has a number of competitive advantages that give it an edge over its competitors. Here are some of XPEL's competitors:
 - 3M is a global technology company that produces a variety of products, including paint protection film, window tinting, and carbon fiber wrap. 3M is a well-known brand with a strong reputation for quality.
 - Llumar is a global provider of automotive films, including paint protection film, window tinting, and carbon fiber wrap. Llumar is known for its high-quality films and its innovative technologies.
 - SunTek is a global provider of automotive films, including paint protection film, window tinting, and carbon fiber wrap. SunTek is known for its affordable films and its wide range of colors and finishes.
 - InvisibleShield is a provider of automotive films, including paint protection film, window tinting, and carbon fiber wrap. InvisibleShield is known for its easy-to-install films and its lifetime warranty.

- **Revenue growth drivers:**
 - **Increasing demand for automotive paint protection film (PPF) and other protective films.** The demand for PPF has been growing in recent years as consumers become more aware of the benefits of protecting their vehicles. PPF can help to protect a vehicle from scratches, chips, and fading. It can also help to improve the resale value of a vehicle. The demand for PPF is expected to continue to grow in the coming years as more consumers become aware of its benefits.
 - **Expansion into new markets.** XPEL is expanding its operations into new markets, such as Europe and Asia. This expansion will help the company to reach a wider audience and grow its revenue. XPEL has already established a presence in Europe and Asia, and it plans to continue to expand in these markets in the coming years.
 - **Acquisitions.** XPEL has acquired a number of smaller companies in recent years. These acquisitions have helped the company to expand its product offerings and reach new customers. XPEL has acquired companies that offer a variety of products and services, such as ceramic coatings, window tint, and wheel and caliper protection. These acquisitions have helped XPEL to become a one-stop shop for automotive protection.
 - **Increased marketing and advertising.** XPEL is increasing its marketing and advertising efforts to raise awareness of its products and services. This is expected to lead to increased sales and revenue. XPEL is using a variety of marketing and advertising channels, such as television, print, and online advertising. The company is also working to increase its social media presence.



DAILY JOURNAL CORPORATION

- **Business model:** Daily Journal Corporation is a diversified business that provides a variety of products and services, including:
 - Legal publishing: Daily Journal Corporation publishes legal newspapers and magazines, as well as legal software and other products.
 - Technology development: Daily Journal Corporation develops and sells technology products and services, including e-filing and case management systems.
 - Financial services: Daily Journal Corporation provides financial services, including investment management and trust services.
- **Competitive advantages:** Daily Journal Corporation has a number of competitive advantages, including:
 - Strong brand reputation: Daily Journal Corporation has a strong brand reputation that is built on a long history of innovation and customer satisfaction.
 - Broad reach: Daily Journal Corporation's products and services are used by courts, businesses, and individuals throughout the United States.
 - Focused management team: Daily Journal Corporation has a focused management team that is committed to growing the company. The company's management team has a proven track record of success, and they are well-positioned to lead Daily Journal to continued growth in the future.
- **Competitive landscape:** Daily Journal Corporation faces competition from a number of other companies, including:
 - LexisNexis: LexisNexis is a publicly traded company that provides a variety of legal information products and services.
 - Westlaw: Westlaw is a publicly traded company that provides a variety of legal information products and services.
 - Wolters Kluwer: Wolters Kluwer is a publicly traded company that provides a variety of legal information products and services.
- **Revenue growth drivers:**
 - **The growth of the legal market.** The legal market is a large and growing market, with total revenue of over \$1 trillion in the United States alone. The growth of the legal market is being driven by a number of factors, including the increasing complexity of the law, the growing number of lawsuits, and the increasing demand for legal services from businesses and individuals.
 - **The increasing adoption of technology by the legal industry.** The legal industry is increasingly adopting technology to improve efficiency and productivity. This includes the use of e-discovery, document management systems, and artificial intelligence. The adoption of technology by the legal industry is creating new opportunities for Daily Journal to provide its products and services to lawyers and law firms.
 - **The expansion of Daily Journal's product offerings.** Daily Journal is expanding its product offerings to meet the needs of a wider range of customers. For example, the company has recently launched a new product called Lex Machina, which provides data and analytics to help lawyers make better decisions. The expansion of Daily Journal's product offerings is creating new opportunities for the company to grow its revenue.



IDT CORPORATION

- **Business Model.** IDT Corporation is a provider of telecommunications services, including voice, data, and wireless services. The company also provides value-added services, such as call center services and international calling cards. IDT Corporation's customers include businesses and consumers in the United States, Canada, and the Caribbean. Here are some of IDT Corporation's products and services:
 - Voice Services: IDT Corporation offers a variety of voice services, including local and long-distance calling, call forwarding, and voicemail.
 - Data Services: IDT Corporation offers a variety of data services, including high-speed internet, broadband internet, and DSL.
 - Wireless Services: IDT Corporation offers a variety of wireless services, including cell phones, mobile hotspots, and data plans.
 - Value-Added Services: IDT Corporation offers a variety of value-added services, including call center services, international calling cards, and prepaid calling cards.
- **Competitive Advantages.** IDT Corporation has a number of competitive advantages, including:
 - High-quality products: XPEL's products are made from high-quality materials and are manufactured to strict quality standards. This ensures that XPEL's products provide the best possible protection for vehicles.
 - Global reach: IDT Corporation has a global reach, with operations in the United States, Canada, and the Caribbean. This allows the company to serve a large and diverse customer base.
 - Broad product portfolio: IDT Corporation offers a broad product portfolio, including voice, data, and wireless services. This allows the company to meet the needs of a variety of customers.
 - Strong brand recognition: IDT Corporation is a well-known and respected brand in the telecommunications industry. This gives the company an advantage over smaller, less well-known competitors.
 - Experienced management team: IDT Corporation has an experienced management team with a proven track record of success. This team is well-positioned to lead the company through future growth and challenges.
- **Competitive Landscape.** IDT Corporation faces competition from a number of other providers of telecommunications services, including AT&T, Verizon, and T-Mobile. These competitors offer a variety of products and services that compete with IDT Corporation's offerings. However, IDT Corporation has a number of competitive advantages that give it an edge over its competitors. Here are some of IDT Corporation's competitors:
 - AT&T: AT&T is one of the largest telecommunications companies in the world. The company offers a wide range of products and services, including voice, data, and wireless services. AT&T is known for its strong brand reputation and its extensive network of coverage.
 - Verizon: Verizon is another large telecommunications company that offers a wide range of products and services, including voice, data, and wireless services. Verizon is known for its reliable network and its innovative products and services.
 - T-Mobile: T-Mobile is a growing telecommunications company that offers a wide range of products and services, including voice, data, and wireless services. T-Mobile is known for its affordable prices and its focus on customer service.
- **Revenue growth drivers:**
 - **Strong growth in its payments business:** IDT's payments business, National Retail Solutions (NRS), has been growing rapidly in recent years. In the most recent quarter, NRS's recurring revenue grew 107% year-over-year. This growth was driven by strong merchant acquisitions and increased usage of NRS's payment processing services.
 - **Growth in its cloud communications business:** IDT's cloud communications business, Net2Phone, has also been growing rapidly. In the most recent quarter, Net2Phone's seat counts and revenue grew 20% year-over-year. This growth was driven by increased demand for cloud-based communications solutions from businesses and consumers.
 - **Expansion into new markets:** IDT is expanding into new markets, such as Latin America and Asia. This expansion is expected to drive revenue growth in the coming years.



- **Acquisitions:** IDT has a history of acquiring businesses that complement its existing operations. These acquisitions have helped IDT to expand its product offerings and reach new markets.

MAMAMANCINI'S

- **Business Model.** MamaMancini's offers a wide variety of frozen Italian-American cuisine, including meatballs, sauces, pasta, and desserts. The company's products are made with fresh, high-quality ingredients and are frozen to lock in flavor and freshness. The company's products are available in grocery stores across the United States. Here are some more products and services that MamaMancini's offers:
 - **Meatballs:** MamaMancini's meatballs are made with fresh, high-quality ingredients and are frozen to lock in flavor and freshness. The meatballs are available in a variety of flavors, including classic, Italian sausage, and alfredo.
 - **Sauces:** MamaMancini's sauces are made with fresh, vine-ripened tomatoes and are simmered for hours to create a rich, flavorful sauce. The sauces are available in a variety of flavors, including classic marinara, meat sauce, and vodka sauce.
 - **Pasta:** MamaMancini's pasta is made with semolina flour and is extruded through bronze dies to create a chewy, flavorful pasta. The pasta is available in a variety of shapes, including spaghetti, penne, and fettuccine.
 - **Desserts:** MamaMancini's desserts are made with fresh, high-quality ingredients and are frozen to lock in flavor and freshness. The desserts are available in a variety of flavors, including tiramisu, cannoli, and cheesecake.
- **Competitive Advantages.** MamaMancini's has a number of competitive advantages, including:
 - **High-quality products:** MamaMancini's products are made with high-quality ingredients and are prepared using traditional Italian recipes. This ensures that MamaMancini's products taste delicious and authentic.
 - **Strong brand recognition:** MamaMancini's is a well-known and respected brand in the frozen food industry. This gives the company an advantage over smaller, less well-known competitors.
 - **Wide distribution network:** MamaMancini's products are available in grocery stores across the United States. This gives the company a large and diverse customer base.
 - **Excellent customer service:** MamaMancini's provides excellent customer service. The company's customer service team is available to answer questions and provide assistance.
- **Competitive Landscape.** MamaMancini's faces competition from a number of other frozen food companies, including Amy's Kitchen, Birds Eye, and Lean Cuisine. These competitors offer a variety of products and services that compete with MamaMancini's offerings. However, MamaMancini's has a number of competitive advantages that give it an edge over its competitors. Here are some of MamaMancini's competitors:
 - **Amy's Kitchen:** Amy's Kitchen is a plant-based food company that offers a variety of frozen meals, entrees, and snacks. The company's products are made with organic, non-GMO ingredients and are free of artificial flavors, colors, and preservatives.
 - **Birds Eye:** Birds Eye is a frozen food company that offers a variety of frozen vegetables, fruits, and entrees. The company's products are made with fresh, frozen ingredients and are convenient and easy to prepare.
 - **Lean Cuisine:** Lean Cuisine is a frozen food company that offers a variety of frozen entrees, sides, and snacks. The company's products are low in calories, fat, and sodium and are a good source of protein.



- **Revenue growth drivers:**
 - **Strong brand recognition:** MamaMancini's has been in business for over 30 years, and its products are sold in over 10,000 stores nationwide. The company has a strong brand reputation for quality Italian food.
 - **Expanding product line:** MamaMancini's is constantly expanding its product line to include new flavors and varieties of frozen meals. This will help the company to attract new customers and appeal to a wider range of tastes. In recent years, the company has added a number of new products to its lineup, including meatballs, lasagna, and ravioli.
 - **Growing distribution channels:** MamaMancini's is expanding its distribution channels to reach more consumers. The company is currently sold in over 10,000 stores nationwide, and it plans to expand into new markets in the coming years. MamaMancini's has recently partnered with a number of new retailers, including Walmart and Target.
 - **Online sales:** MamaMancini's is growing its online sales business. The company sells its products through its own website and through third-party retailers. Online sales are a growing trend, and they offer MamaMancini's a way to reach new customers who may not be able to find its products in stores. MamaMancini's online sales have grown significantly in recent years.
 - **Marketing and advertising:** MamaMancini's is increasing its marketing and advertising efforts to reach new customers. The company is using a variety of channels, including television, print, and online advertising. MamaMancini's has recently launched a new advertising campaign that features its products in a variety of popular television shows.
 - **International expansion.** The company has already begun to export its products to a number of countries, including Canada, Mexico, and the United Kingdom. In the coming years, MamaMancini's plans to expand its international presence to include new markets in Europe, Asia, and South America.

Summer 2023 — part 2

In Part 2 of the Summer 2023 Edition, we will delve into the outcomes of the India and China quants, commonly referred to as investment robots. These robots operate on a fully rule-based system, devoid of any human intervention or intelligence.

Allow me to present the rules governing the investment robot Q20. This robot's strategy involves selecting three constituents from a pool of Chinese small-cap stocks through a meticulous algorithmic screening process. The chosen constituents are acquired on the first trading day of August and held until the last trading day of July in the subsequent year, unless certain conditions arise earlier.

Should the price of any of the three constituents decline by more than 20% during the holding period, the stock will be promptly sold. Conversely, if the price of any of the stocks rises by more than 50%, it will also trigger an immediate sell-off. This stringent approach ensures that the robot reacts promptly to significant market fluctuations, aiming to optimize returns and minimize potential losses.

The results of these investment robots can be found in the attached document. As mentioned in the winter edition, Fire Rock Holdings was replaced by KWG Living Group Holdings.

The results of the Chinese investment robots are disappointing indeed, as evidenced by the performance benchmark for the Chinese investment robots, represented by the iShares MSCI China Small-Cap ETF, Chinese small caps, on the whole, delivered disappointing results. The only highlight I can find is that the robot that is expected to outperform the rest in the long run, Q25, the one without conditional selling rules, outperforms the benchmark vastly, which might imply that the algorithm works pretty well, also in disappointing markets.

The India robots all perform way above expectation; all of them outperform the benchmark for the India investment robots, the iShares MSCI India Small-Cap ETF benchmark, vastly. The robot that is expected to outperform the rest in the long run, Q32, the one without conditional selling rules, outperforms the benchmark vastly with a 4-year CAGR of 56.7%!

Wingardium Leviosa! Here are the 2024 China and India constituents.

Robot	Constituents
Q19 – Q25	Kinetic Development Group Limited, Binjiang Service Group Co. Ltd., Truly International Holdings Ltd.
Q26 – Q32	Supreme Petrochem Ltd, Greenpanel Industries Limited, Mastek Limited.

Kinetic Development Group Limited, an investment holding company, engages in the extraction and sale of coal products in the People's Republic of China. The company focuses on the development of its Dafanpu Coal Mine with a concession area of approximately 9.6 square kilometers located in Zhunge'er Banner, Ordos City, Inner Mongolia, China. It also engages in the coal production, trading, washing, loading, and transportation activities; and sale of mineral products. In addition, the company is involved in the breeding, production, and selling of breeding stock; and production and sale of wine and fruit wine, as well as grape planting activities. Further, it engages in the property management; engineering construction; development, production, and sale of e-vapor.

Binjiang Service Group Co. Ltd. provides property management and related services in the People's Republic of China. Its property management services include security, cleaning, gardening, repair, maintenance, and ancillary services to residential and non-residential properties, industrial parks, and government buildings. The company also offers value-added services to non-property owners comprising pre-delivery, consulting, and community space services primarily to property developers; and property sales and leasing agency, car parking space, and storage room services, as well as home living, interior design, customized furnishing, facility upgrade, and maintenance



services to property owners. In addition, the company sells furniture, parking places, and storage rooms; and provides decoration, advertisement design, producing, releasing, and brokerage services. It serves property owners and residents, property developers, and property management companies.

Truly International Holdings Ltd is an investment holding company principally engaged in the manufacture and sale of liquid crystal display (LCD) products. The Company operates its business through two segments. The LCD Products segment engages in the manufacture and distribution of LCD products and touch panel products. The Electronic Consumer Products segment engages in the manufacture and distribution of electronic consumer products. The Company's products include compact camera module, fingerprint identification modules, cover lens, personal health care products such as blood glucose monitors, blood pressure monitors and electrical toothbrushes, calculators, circuit board panels, among others.

Supreme Petrochem Ltd is mainly engaged in the business of styrenics. The company's primary operating segment is Styrenics business. The Company manufactures polystyrene (PS), expandable polystyrene (EPS), masterbatches and compounds of styrenics and other polymers, extruded polystyrene insulation board (XPS) styrene methyl methacrylate (SMMA) with manufacturing facilities at Amdoshi district Raigad, Maharashtra and Manali New Town, Chennai, Tamil Nadu.

Greenpanel Industries Limited is an India-based manufacturer of wood panels. The Company manufactures plain and pre-laminated medium density fiberboards (MDF) boards. It also produces plywood, doors and veneers to service domestic and international customers. The Company's products categories include club grade, medium density fibreboard, flooring, plywood & blockboard, veneers and doors. The Company operates through two segments: Plywood and allied products and Medium density fibreboards and allied products.

Mastek Limited is an India-based enterprise digital transformation specialist. The Company is a provider of vertically focused enterprise technology solutions. Its segments include UK & Europe

operations, North America operations, Middle East and Others. The portfolio of its offerings includes business and technology services, which consist of application development, application maintenance, business intelligence and data warehousing, testing and assurance and legacy modernization. Its services include digital application and engineering, Oracle cloud and enterprise applications, digital commerce and experience, data, automation and artificial intelligence, and cloud and software as a service (SaaS) managed services.

So here we are

The 4-year compound annual growth rate (CAGR) of the India robots is indeed exceptional. However, it is important to note that this is a relatively short period of time, and it is advisable to wait for a 10-year track record before investing money in this quant approach. Additionally, if you do decide to invest, it would be prudent to limit your investment to no more than 10% of your overall investment budget.

As previously communicated, the frequency of these writings will be changing from quarterly to twice-yearly. The next edition will be published by the end of December 2023. Thank you for taking the time to read my letter.

Peter

Peter Coenen
Founder & CEO
The Value Firm®
28 July 2023
E-mail: peter@thevaluefirm.com



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QUANTS, ROBOTS & CYBORGS

In search of an investing quant, robot or cyborg that consistently outperforms the market with a greater than 15% CAGR.

The USD Robots		2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Q1	The Mohnish Pabrai Free Lunch Portfolio (MP FLP).	-17.0%	21.7%	3.0%	25.0%	-17.7%				1.6%
Q2	The conservative version of the MP FLP.	-10.1%	25.2%	15.9%	25.6%	-10.0%				8.1%
Q3	The conservative version of the MP FLP. Sell at +40%.	21.6%	34.0%	20.6%	26.7%	-10.0%				17.5%
Q4	The MP FLP. Spawners only.	-	-	-	28.0%	-15.2%				4.2%
Q5	The USD new year robot. Sell at -20% or +40%.	40.0%	27.7%	-20.0%	36.3%	-20.0%				9.3%
Q6	The USD new year robot. Sell at -20% or +50%	50.0%	34.4%	-20.0%	43.0%	-20.0%				13.0%
Q7	The USD new year robot. Sell at -20% or +60%.	60.0%	33.4%	-20.0%	49.6%	-20.0%				15.4%
Q8	The USD new year robot. Sell at +40%.	40.0%	27.7%	-6.1%	36.3%	-17.4%				13.6%
Q9	The USD new year robot. Sell at +50%.	50.0%	34.4%	-6.1%	43.0%	-14.0%				18.4%
Q10	The USD new year robot. Sell at +60%.	60.0%	33.4%	-6.1%	49.6%	-14.2%				20.8%
Q11	The USD new year robot. No conditional selling.	18.4%	25.4%	-6.1%	95.1%	-14.2%				18.5%
Q33	The Value Firm® USD Free Lunch Portfolio (TVF FLP)	-	-	-	-	-				-
Q34	TVF FLP USD. Sell at +40%.	-	-	-	-	-				-
Q35	TVF FLP USD. Sell at +50%.	-	-	-	-	-				-
Q36	TVF FLP USD. Sell at +60%.	-	-	-	-	-				-
BM1	Benchmark: iShares S&P SmallCap 600 UCITS ETF	-9.1%	22.3%	11.2%	28.1%	-16.5%				5.7%
BM2	Benchmark: iShares Core S&P 500 ETF	-5.2%	31.2%	17.4%	30.6%	-18.3%				9.3%

The EUR Robots		2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Q12	The EUR new year robot. Sell at -20% or +40%.	-	-	-	-	-20.0%				-20.0%
Q13	The EUR new year robot. Sell at -20% or +50%.	-	-	-	-	-20.0%				-20.0%
Q14	The EUR new year robot. Sell at -20% or +60%.	-	-	-	-	-20.0%				-20.0%
Q15	The EUR new year robot. Sell at +40%.	-	-	-	-	-45.0%				-45.1%
Q16	The EUR new year robot. Sell at +50%.	-	-	-	-	-45.0%				-45.1%
Q17	The EUR new year robot. Sell at +60%.	-	-	-	-	-45.0%				-45.1%
Q18	The EUR new year robot. No conditional selling.	-	-	-	-	-45.0%				-45.1%
Q37	The Value Firm® EUR Free Lunch Portfolio (TVF FLP)	-	-	-	-	-				-
Q38	The TVF FLP EUR. Sell at +40%.	-	-	-	-	-				-
Q39	The TVF FLP EUR. Sell at +50%.	-	-	-	-	-				-
Q40	The TVF FLP EUR. Sell at +60%.	-	-	-	-	-				-
BM	Benchmark: iShares MSCI Europe Small-Cap ETF	-	-	-	-	-27.3%				-27.3%

The China Robots		2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Q19	The China midyear robot. Sell at -20% or +40%.	-	-	-19.3%	23.8%	-20.0%	0.4%			-5.4%
Q20	The China midyear robot. Sell at -20% or +50%.	-	-	-19.3%	30.5%	-20.0%	3.7%			-3.3%
Q21	The China midyear robot. Sell at -20% or +60%.	-	-	-19.3%	37.2%	-20.0%	-19.6%			-8.1%
Q22	The China midyear robot. Sell at +40%.	-	-	6.1%	13.4%	-49.3%	-0.2%			-11.7%
Q23	The China midyear robot. Sell at +50%.	-	-	9.4%	20.1%	-49.3%	3.1%			-9.0%
Q24	The China midyear robot. Sell at +60%.	-	-	12.8%	26.7%	-49.3%	-28.2%			-15.0%
Q25	The China midyear robot. No conditional selling.	-	-	56.4%	135.8%	-49.3%	-28.1%			7.7%
BM	Benchmark: iShares MSCI China Small-Cap ETF	-	-	11.3%	22.6%	-28.6%	-10.1%			-3.3%

The India Robots		2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Q26	The India midyear robot. Sell at -20% or +40%.	-	-	23.0%	41.2%	19.3%	14.4%			24.1%
Q27	The India midyear robot. Sell at -20% or +50%.	-	-	29.7%	51.2%	7.0%	17.8%			25.4%
Q28	The India midyear robot. Sell at -20% or +60%.	-	-	36.3%	54.5%	10.4%	19.2%			29.0%
Q29	The India midyear robot. Sell at +40%.	-	-	24.2%	41.2%	19.3%	18.3%			25.4%
Q30	The India midyear robot. Sell at +50%.	-	-	30.9%	51.2%	7.0%	21.6%			26.7%
Q31	The India midyear robot. Sell at +60%.	-	-	37.6%	54.5%	10.4%	23.0%			30.3%
Q32	The India midyear robot. No conditional selling.	-	-	44.3%	243.7%	-1.2%	23.0%			56.7%
BM	Benchmark: iShares MSCI India Small-Cap ETF	-	-	-7.2%	81.3%	-6.1%	11.9%			15.3%

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A "red year," like **2020**, is a year in which the stock market experiences a significant decline. This is typically defined as a decline of 20% or more from the market's high to its low during the year.