*Doc Eifrig:* This gentleman—really fun. One of my favorite podcast guys, he has a podcast called *The Acquirers Podcast*, and if you listen to him, he has this beautiful Australian accent. And Tobias Carlisle is the Founder of The Acquirers Multiple and Acquirers Fund and manages The Acquirers Fund, the ticker is ZIG, Z-I-G, and the Deep Value ETF, DEEP, D-E-E-P.

He is best known as the author of the number one new release in Amazon’s Business and Finance, a book called *The Acquirers Multiple: How the Billionaire Contrarians of Deep Value Beat the Market*; the Amazon best sellers, *Deep Value: Why Activists, Investors, and Other Contrarians Battle for Control of Losing Corporations*. Also *Qualitative Value: A Practitioner’s Guide to Automating Intelligent Investing and Eliminating Behavioral Errors*, and another book, *Concentrated Investing Strategies of the World’s Greatest Concentrated Value Investors*. I mean, he’s right up my alley—behavior, finance, value—I love it.

He has extensive experience in investment management, business valuation, public company corporate governance, and corporate law. Prior to founding the forerunner to Acquirers Funds in 2010, Tobias was an analyst at an activist hedge fund, General Counsel of a company listed on the Australian Stock Exchange, and a corporate advisory lawyer. As a lawyer specializing in mergers and acquisitions, he has advised on transactions across a variety of industries in the United States, the U.K., China, Australia, Singapore, Bermuda, Papua New Guinea, New Zealand, and even Guam. He’s a graduate of the University of Queensland in Australia with degrees in Law and Business Management.

And again, I encourage you to listen to his podcast at the very minimum, because he has—I was just telling him backstage how fun it is to see him in real life. Because his love of what he does, what I call work fun, is so obvious. Please welcome Tobias Carlisle. *[Applause]*

*Tobias Carlisle:* Alright. Thank you so much for that intro.

*Doc Eifrig:* You’re welcome.

*Tobias Carlisle:* Thanks, Doc. Hi, folks. Great to see everybody. Thanks for persisting through to almost the very end. It’s great to see everybody’s faces again. It’s been a long time. I’ve been doing these things behind Zoom, and it’s nice to be back out in the open.

I’ve been doing this style of investment for a very long time. This is a sort of very conservative, traditional Benjamin Graham approach to investment. I used to think that Warren Buffett was a little bit too racy for my blood, he was a little bit too aggressive.

It’s been a miserable decade, quite frankly, for investors of my stripe—you know, people who like cash flows and companies to sort of show you what they're gonna do rather than companies that promise to do something in the future. It’s been much better for them.

That’s not unusual. It’s a sort of cyclical thing; it comes around every now and again. And I’m gonna show you today why I think that this method of investment is a very good one, is a very sound one. I’m gonna show you why I think the current environment is one of the best setups that I’ve ever seen. And you know, I’m a quantitative investor, I spent a lot of time looking at very long-term cycles, and I’ve got some data that goes back 200 years, and I think that this is one of the best opportunities that I have seen in that 200 years of data. And that sounds extraordinary, I realize; 200 years sounds like a ridiculously long period of time. The data is not very good. I freely admit that when you get back closer to 1825, it’s not as good as the current data that we have. But I think it’s an interesting story and I think that it’s a pretty compelling argument.

As Doc mentioned, I’ve written a series of books. I do really love this stuff. I love every part of it, from the quantitative side to the human stories that sort of make the quantitative record appear as it does over time. So, the first book that I wrote was called *Quantitative Value*. I partnered with a guy who was doing his Ph.D. at Booth, which is the old Chicago School of Business. It’s regarded as the best quant school in the States. We found every bit of industry and academic research that we could and we tested all of these ideas that had existed. So, there was stuff from the 1920s about manufacturing companies and the likelihood that they would go into—they would be in financial distress. And we took the simple research that they had done and updated it to the time that we published that book in 2012.

And so, we looked at what had worked, what sort of never worked and was just a fluke of the data, and what continued to work to this day. And so we discarded some stuff, we modified some stuff, and that enormous research project formed the basis for everything else that has come since then.

In 2014, I wrote a book called *Deep Value*. It’s terrible timing, because it was very close to the top four for that Deep Value style. It sort of persisted on for a few more years and the way that I practiced it, it sort of lasted until 2018, but it’s had a rough go since 2018, although that does seem to have turned around some time last year, which I’ll talk about in a moment.

I’ve written these other books and provided some of the forewords. The *Concentrated Investing* one is another one that I’m proud of, because we interviewed Charlie Munger, among other guys; Louis Simpson, who ran Berkshire’s GEICO Equity Desk for a long time. They're just conservative, long-term, concentrated value investors, which is the way that I think of myself. And we teased out from them some of the things that have allowed them to survive, because I think that that is really the most important thing.

If you take away nothing from what I say today, this is the only thing that I think is crucial, that you cannot survive without. You literally must survive through the bad periods of your cycle so that you can get to the times when the wind is at your back. Which is—that’s my entire focus, to make sure that, even though we’re under performing and it’s miserable and it doesn’t feel good. Particularly when the market’s racing away, I know that there’s as close to zero—it’s never zero, but as close to zero chance of us blowing up.

I’ve delivered some variation of this speech, I’ve delivered it to Google, I’ve delivered it to Harvard. At every stage, I’ve had this argument where I’ve had to say the spread between the two, the growthy stocks and the value stocks, is at this extraordinarily wide disparity. And when it gets wide like that, that means that the opportunity is good. I don't know when it’s gonna turn around, and every time I go out and do it again, it’s another opportunity where it hasn’t turned around the differences. This time, I think it might have actually turned for the first time in the last 10 years.

Just so we know what we’re talking about here, this is the original sort of exposition of the idea. This is Warren Buffett quoting John Burr Williams, who wrote *The Theory of Investment Value*. It’s a discounted cash flow analysis. There’s nothing particularly magical about it, just that the growth is a significant part of the valuation can it can be a very large part of the valuation, or it can be vanishingly small part of the valuation, and I’ll just ask you to bear that in mind as we continue on.

You know, the stock market crashes regularly. It’s no great prediction to say that it will crash again in the future. I can look at how expensive it is at the moment—it’s crazy expensive on any single measure that you choose. It’s been that way for five years. Anybody who’s got up and said that they thought it was gonna crash, they are gonna be right and they are gonna be right for the reason that it’s overvalued. It’s just that it’s not a very helpful kind of analysis, because it could easily, as we’ve seen, the conditions aren’t that different from where they were five years ago. It could do the same thing over the next five. It could go down by 50 percent, it could go up by 50 percent. I’ve given up trying to predict it. I don't know.

When it crashed back in Graham’s day, they hauled him up before this committee and they said, “You know, when you find these things that are undervalued, how do you make them go back to their value? How does that work?” And Graham said, “I don't know. It’s a mystery.” He said, “It’s a mean reverting mystery; we don’t know how it works.” He was being a little bit coy. The answer is some sort of microeconomic capital cycle theory, and you can imagine it in, say, oil and gas. When the oil price goes to negative, there’s not a lot of capital being spent drilling new worlds. When the oil price runs up, there will be a lot more capital spent. And that period of time when these industries get starved for capital creates the conditions for the next boom when the commodity price runs away and people need to move in and invest in that industry. There just aren’t very many opportunities to do that, and that’s why you get these fantastic runs from this particular style of investment.

This is—so, Fama/French is some of the most famous names in the academic side of finance, they’ve looked at what drives returns. They say—they are essentially two competing schools of thought. One is this risk-based theory for value outperforming, that you’re buying riskier companies and you’re compensated for holding these riskier companies by generating higher returns. And then there’s a behavioral side that says there are reasons why we don’t believe that any of these things can turn around, because mean reversion is difficult to see in the data. When you look at the data, it looks, for example, at any company that the earnings are falling or the stock price is falling. It’s very difficult to imagine how that scenario turns itself around. It just does. It’s that mean reverting mystery that Graham referred to.

This is the French data set. This is price to cash flow. I’ve divided it into five buckets, they're quintiles each. At one end, you can see there’s a glamour quintile, you can call that the expensive quintile, the growth quintile. At the other end is value. The value guys pay less for more cash flows; the growth guys pay more for less cash flows, believing that the growth will cause their cash flows to eventually exceed the cash flows of the value guys. The thing is that, for the entire data set and for most of the time during that data set, paying less for cash flows has generated better returns. It’s unequivocally the case. It’s not always the case, but it’s usually the case.

This is one of my favorite slides. Why do things get undervalued? It’s easy to see why, in my opinion. This is—we’ve created two portfolios. One is undervalued, that’s the broken line, and then there is the overvalued, which is the unbroken line. And this is the earnings going into the point where we form the portfolio. It’s easy to see why the undervalued portfolio becomes undervalued, because their earnings have been falling. And then we’ve zeroed it out to the portfolio formation. True, also, of overvalued, earnings have been leaping ahead.

The question is, not so much in this chart, what does the stock price do, the question is, what do the earnings do after formation? And this is the really surprising thing. What we see is that, on average, it seems that if you want the higher earnings growth, you get it in the undervalued stocks that have had this compression. An easy way to understand this is just to think of two different industries through their business cycle. The one that has been starved for capital and has falling earnings, when they get their turn, they do much better. The other one is cresting in their business cycle and their earnings start falling off. And so, it’s a little bit of a paradox, but you get the higher growth earnings in the value stocks.

This is a more recent update of exactly the same chart. It just shows those five quintile boxes that I showed you before. You can still see the growth is better in the value—same deal. And then this is the earnings on the right-hand side chart, and you can see in each instance that earnings have fallen more for the value portfolio and the rise further on the other side. You get higher earnings growth in value portfolios after you buy them. This is the key, because what we care about is what happens after we buy them, not what happens up to the point that we buy them.

So, I just created these four, this is just completely for fun. Rather than looking for how expensive something is, we can go and measure how much the earnings are actually growing. And then, on the other hand, we could also see what we’re paying for those earnings, and then we can create four portfolios. One is a high growth but undervalued portfolio; one is a high growth but expensive portfolio, that’s glamour; and then there’s the low growth, cheap portfolio that’s contrarian value; and then low growth expensive, that’s not a good place to be.

This is the statistics from that previous slide, just so you can see, just so you can get an idea. The way to read this is, the percent sign before the slash is the rate of growth, and then the number with the X is the multiple that you pay for those earnings or cash flow or book value. And I think one way to look at this would be glamour and high growth values side by side. Earnings growth is 18.7 percent for glamour, 16.9 percent for high growth value—comparable, in my opinion. Cash flow growth is sort of comparable, again. The big difference, though, is that glamour pays a lot more for those earnings; high growth value pays a little bit less. Then we look at contrarian value. In that instance, the earnings growth is materially lower than the high growth value, so 9.7 percent for contrarian value, and you’re paying a 6.5 times multiple for it. High growth value—much, much higher growth, slightly lower multiple. The only reason for that is if you look at the—the book value multiple is a little bit more compressed. So, all it’s saying is that the earnings for these companies tend to be depressed on their asset base.

These are the returns. It’s not great surprise, I guess, that high growth value outperforms glamour. We’ve seen that. This, I think, is the surprising thing, though. The contrarian value, which had the lower growth, paying comparable multiples for it, actually delivers higher stock price returns.

This is a study conducted by Michelle Clayman, she was an analyst. She read Tom Peters’ book, *In Search of Excellence*, where he talked about all the criteria for excellent companies—high returns on invested capital, rapid growth. It sounds really good, and she said, “Well, let’s create some un-excellent portfolios which are the exact reverse of that. We’re gonna go and buy all of the stuff that you wouldn’t want—much, much lower growth in assets equity. The big difference, though, is that you pay a much lower number for the un-excellent companies. You'll never guess what happens. Un-excellent massively outperforms.

Now, this chart came out in my *Deep Value* book in 2014. You see that little bump where the broken line runs across the—it’s a little bit hard to see, but the broken line, just the, that’s 1999. The same thing has happened more recently, the market and the excellent companies have done much better. That’s why it’s been so miserable for value guys like me.

Sometimes, the question is—is there a reason to invest in these better companies? Do they do better when you go through these bad states of the world? And we’re defining bad states here as lower growth globally than you would ordinarily see. So, it’s not necessarily categorizing it as a recession or a depression, just saying it’s not doing as well. The shaded areas are lower than average growth. The answer is, there’s no real assistance to being in the excellent companies. The times when they outperform seems to be when we get stock market manias.

Very famous book written by Joel Greenblatt, I’m a huge fan of the book, it’s very easy to read. The basis for the book is that he takes Warren Buffett’s approach to investing in wonderful companies at fair prices, defines that quantitatively—a high return in invested capital. Buffett says a sustainable high return on invested capital. And then I say high EBITDA/enterprise value, but you can think of that as like a low priced earnings where EBIT and enterprise value are substituted.

The magic formula really does outperform. We took this and tested it to the academic gold standard. It’s not a function of them being very small companies, it really does outperform. It’s the drivers of the outperformance, I think, that are really the interesting things. So, return on invested capital, we can do this thing where we devolve the return so we can see, where do we attribute the returns of the magic formula? Do they come from the fact that they are buying these wonderful companies, or do they come from the fact that they're not paying very much for them? And it turns out that if you only buy based on this wonderful company, you'll underperform the magic formula, and all of the return and more comes from the value side of that portfolio.

This is the same thing. So, you can see ROIC only, the red on the very far right, value only on the very far left is green, and then in the middle is the magic formula, and you can see it’s just a step change. Any time we add value, we do a little bit better, and it outperforms the market.

The important thing here, also, it’s worth noting that return on invested capital, selecting on that basis only, does lead you to outperform the market. The reasons might be that you avoid a lot of the science experiment style companies that get listed, things that don’t really have any revenue or business model. If you’re buying things that are profitable, that’s a real business, you’re likely to do better than the market buying those things. It’s just that you do better, again, by buying undervalued stocks.

This is, all of those portfolios run back to 1972 and allowed to run. You can see that—and this is a log chart, so what that means is that we’ve taken away the left-hand axis, the vertical axis goes up by multiples of 10 rather than 1 at a time. The main reason to do that is so that you can see what happened back at the start of the data. So, I’ll show you what another version of this chart looks like in a moment, and you'll see why I present it this way. I realize this might not be intuitive to look at, but you can see that there is this widening advantage to value over profitability over the course of it. It just has consistently done better.

But it doesn’t always do better, and this is sort of the main thrust of this slide. There are these notable occasions when the advantage of value over profitability narrows, and they're all associated with very famous stock market booms. And the most recent one prior to the one that we’re currently enduring was the late 1990s and 1999.

This is just taking away that log so you can see what these charts look like. It becomes impossible to see these sort of first two-thirds of the chart. You can’t see what that’s done, but you can see that the outperformance is very, very material for the value over the profitability.

I put this slide up just so that anybody who wants to satisfy themselves that the academic rigor has—we’ve exercised the academic rigor. You can see that, on risk adjusted, on a raw performance basis and on a risk adjusted basis, you do do better with value over time. I won’t take you through it, but if anybody wants that slide, please let me know.

True also globally, I’ve highlighted Canada here, because I thought there might be some Canadians, but if you’re an Ozzie, there’s an Ozzie up there as well. I’ve given this talk in Spain—Spain’s up there as well. I’ve given it in Mexico—Mexico is there, too. You get outperformance for the value wherever you are in the world.

So, why, is the question. This is what happens—return on invested capital when it gets very high, that’s basically a company making more profit for each dollar invested in it than they could make just about anywhere else. And they don’t exist in a vacuum, there are companies in adjacent industries and there are competitors, and they would like some of that profitability, too. So, they come into the industry and the returns get competed away. And the other thing happens on the other side, as well. Industries that are starved for capital because they're underperforming lose some supply and then they have this period of time where they go, they trend towards the mean. This is literally mean reversion, this is what it looks like. So, if you—this is a Michael Mauboussin chart. He updates this every year; he’s been rolling it forward, it’s always looked the same.

And it’s this—it’s hard to see, but this line on the bottom here, that’s the thing that nobody wants to own, and so that’s a really good place to fish for companies to buy.

This is going back to the French data that I showed you at the start. So, Fama and French who are the two academics who sort of discovered the value anomaly and then attributed it to risk. French maintains this data library, it’s completely free. You can find it online, just Google French data library, and it’ll come up.

This is deciles. So, a decile is one—so, if we divided the entire universe into buckets of 10 and we look at the value decile that’s in orange or gold and the glamour or growth or expensive decile is in black, it’s massive outperformance for value over the full data set. Consistent, massive outperformance—but it’s not always the case. It is a little bit cyclical, as I’ll show you here.

So, the black line, all I have one is divided the value by the glamour. And so, you can see how much value has outperformed over glamour through this entire period. And then the gold line at the top here shows you drawdowns or underperformance. So, when the gold line drew down 62 percent to the bottom, what that was showing was that you can imagine it like you essentially underperformed by 62 percent. If you’re a value investor, you watch the market run away to that extent. It’s very, very hard to believe, and there are probably people in this room who no longer believe in value. I’ve had this conversation with many, many people—they think it’s broken for a variety of reasons. Some of them they attribute to accounting issues with modern companies, some of them are interest rate believers. There are—and I’m sympathetic toward these views. I think that it’s probably a combination of those things, but mostly, I think that it’s cyclical.

And I think that the most interesting thing about this chart, I’ve been building this chart and showing this chart for years and years, and almost the entire time, it’s been in that death spiral where it looked like it was gonna crash into the ground, and I didn’t know when it was gonna pull out. But it does seem to me that it’s bounced pretty materially, and that’s a very encouraging sign. So, I’m not now saying, “Invest in this, because I think it will turn around,” I’m saying, “Invest in it because it has turned around.” And I think that we’re now back into a more normal regime, which will look like value outperformance, perhaps something that looked like the early 2000s until more recently. Even though it’s had that massive drawdown, value has still outperformed by about 264 times over glamour, which is statistically significant.

So, this is the chart that I was alluding to at the start. This is 200 years of stock market data put together by a friend of mine, Mikhail Samonov. There’s some—the blue at the end is the thing that everybody uses. We all have this same data set. Everybody who uses this sort of data hunts in the same data set. The gold stuff is the Cals commission. Cals wanted to work out whether there were investors who possessed some skill, and so, he created these punch cards, and they tested to see whether they were investors who had skill; they concluded that there were none. Which is. depressing thought, but the case. Benjamin Graham sort of referred to this, he said, “If I could have access to the last sort of whatever period of time, 50 years or so, I think that my strategy would’ve done about 15 percent a year.” This was Graham, and that’s the gold in the middle there. And then the really, really sketchy data is that sort of purple color at the far left. They had to get annual reports and put this together by hand, and the way that they did it is by dividends so that it’s a dividend yield as a proxy for price to book or something else like that.

What it shows, though, there are these very notable drawdowns. There’s one in 1841. What is interesting about 1841 is, that was the first information revolution that we have in stock market history. That was the invention of the telegraph. That made it much easier to get information from one side of the world to the other, where previously, it had blown over on a ship that was powered by the wind, and that was when your information came in. So, your gold arbitrage that you were running between New York and London was closed out when the ship arrived. And then 1862 was another notable one. 1904, that used to be called the Great Depression before the 1929 Great Depression; now, we know it as the Long Depression. That wasn’t good for value, either. 1932—that is, of course, the ’29 stock market crash bottom. Then you can see where Graham-Newman, which is Benjamin Graham of Graham and Dodd, Warren Buffett’s teacher, this is where he operates from 1936 to 1956 doing 20 percent year. The nice thing is that he started at the bottom of a drawdown and he sort of rode it all out.

And there’s 2020 in there. Mikhail hasn’t updated this chart, but I do think it did proceed down a little bit lower than this, because the data, I think that we may have set the record for the biggest underperformance for value in our lifetime. But the nice thing is that we’re all now investing prospectively, we don’t have to endure that again. And so, I’m hopeful that, for value investors, the next period of time is a very good one. And I think that there’s plenty of evidence to indicate that that might be the case.

So, here, we’re just looking at stock market pricing returns and you could attribute any of this underperformance to the composition of the value portfolios that have been in financials and energy, which haven’t done very well. The growth stuff has tended to be technology, information technology—it has done very well.

So, this is back to the Fama French data set. What we’ve done here is, the gold is the yield to a value portfolio on a price to cash flow basis. So, it’s currently at 16.1 percent. That’s a little bit below the average; they have been a little bit higher than that. The glamour portfolios are the most expensive they have ever been in the data, and they are currently yielding 0.9 percent; the long run average is closer to 4 percent. It’s very likely that the returns are anemic for glamour growth from here on in. It’s very likely that the returns to value re much better. The black line shows you the differential between the two. So, that black spike in 1999, that was the beginning of the—was the end of the dot com boom or the beginning of the value run that started in the early 2000s, and was probably part of the reason that value has underperformed so recently, because value got very, very expensive. It’s hard to imagine, but value did get expensive through that period of time, and that was in about 2015, the spread was as tight between, and you can see it in this data here. The spread in here became unusually tight, and that led to glamour massively outperforming.

So, I think it’s a very good time to be a value investor. I have a quantitative approach to it. We do some stock selection and screening on our website, Acquirers Multiple. We have free screens that show you 30 companies drawn from the largest 1,000, you just need to register there. We also have some paid screens. I also manage a firm that has two funds that implement this strategy. As Doc mentioned, one is called The Acquirers Fund, the ticker is ZIG; the other is Roundhill Acquirers Deep Value Fund, that’s DEEP. The difference between the two is, ZIG is mid cap and large cap, and DEEP is small and micro. We’ve been in operation since May, 2019. We saw the first part of that—or we saw the tail end of that monster drawdown, and we’ve been doing a little bit better since it bottomed somewhere between September and February of last year.

Folks, I’ll be very happy to answer any questions that you may have. This one?

*Male:* Are you seeing any turnaround yet in the beginning stages?

*Tobias Carlisle:* Yeah. So, the misery for value guys was that we had underperformed into March, 2020, then we sold off more than value—sorry, more than growthy guys, and then we didn’t bounce as much. And that caused competitors of mine to leave the industry. There was, one of the funds that we currently manage, we took over the management of, because they had $350,000,000.00 in it; there was $20,000,000.00 in it by the time we took it over, because they didn’t see any future, they were so beaten down from managing this thing.

I don't know if you heard, recently, once of these managers threw himself off a building. It’s very, very sad. I wish that he’d held on a little bit longer, because I think that it turned around in September last year, and it’s been—we have outperformed since. So, I think that, for my style, the bottom was about February. The interesting thing about that, on exactly the same day, February 12th, 2021, this year, was the peak for ARK, Cathie Wood’s flagship, ARKK. That peaked at $156.00; it’s currently trading at about 118. It’s fallen from that same day, so I think that that was the date, February 12th, 2021 was when it turned around.

The spread is still so incredibly wide that I think that it runs on for years, potentially decades from here.

*Male:* So, I have a question regarding—

*Tobias Carlisle:* I’m sorry, just over there, yeah.

*Male:* - stock market timing vis-à-vis value. So, we’re now possibly in the final innings of a fabulous bull market. Clearly, growth has been the topic or the investment of choice. If we start to move, if volatility starts to increase and some of these issues that have been talked about during the meetings these last three days occur, that graph you put up there about the very wide spread between value and growth—how fast could that collapse?

*Tobias Carlisle:* I wonder if I can get that graph back up again—thank you. You know, it’s collapsed very, very quickly in the past months. I think it was nine months in ’99. So, it happens very, very fast. I think that it has started to collapse now. I think there are two different dates, there’s a September date last year or in October. I’ve heard some of the value guys call it Vaccine Day, that seems to have been the day that it took off. For me personally, that wasn’t the day, because that seemed to have been the junkier, more levered stuff that took off on that day. And I just—I tend to buy more cash-rich, cash flowing businesses that are buying back stock, and the bottom for mine was February 12th, 2021.

We’ve outperformed since that date. You can pull up the chart of the fund. It’s underperformed until that date an it’s outperformed since that date. We haven’t caught up to the market from inception, but I think that given enough time, we will. It’s collapsing right now, is the answer, and I don't know how long it takes. But value is an evergreen strategy. The idea of buying something for less than it’s worth should work most of the time, it just has these periods where the market becomes manic, there’s a mania in the market. And definitionally, the stuff that I buy doesn’t participate in the mania; at least not at the time that I’m buying it.

So, I think that it’s collapsing right now, and I think it’ll take a while, but we’ll be in a more normal market. If that volatility comes to pass, that—I fully expect that to be the case. It’s traditionally, value does best out of the bottom of a crash. It may be that we need something like that to finally shake the market. I honestly thought it was completely done.

I’ve been stunned to watch Tesla as the, sort of the bellwether of that market. Because when I look at Tesla as a security analyst—I’m sorry if there are holders of it in here. I always get lots of hate mail when I discuss it on the podcast, because it’s very widely owned, and I can’t touch it, I’ve been shorted. I’m not shorted anymore. I wouldn’t recommend that you long it, either, but it’s a terrible business. It’s a terrible capital structure. It doesn’t have a lot of growth, there’s a lot of competition coming, and yet it’s up, it’s over $1,000,000,000.00. It actually went through $1,000,000,000,000.00 fully dilated a few months ago, but it’s fully dilated to $1,000,000,000,000.00 on a market cap basis now. It’s trading at 300 times PE. I think it’s completely untouchable, but I’ve been wrong and continue to be wrong about them.

*Male:* How would you recommend finding companies that you advocate for at this time?

*Tobias Carlisle:* Well, I have a screener that is free on the website, but it is a—you know, there are lots of different ways of doing it. There are some people who like to read through the holdings of well-known value guys and see what they hold, see when they buy them. I think that’s a good way of doing it. There are lots of screens that you can run.

The problem with screening, you just have to be aware of—when you run a screen and you test something, there will be things in the screen that you don’t wanna own, and you’re likely going to skip over those things, and it’s just human nature that that’s the case. And it tends to be those things that drive the returns. You really have to be comfortable buying things that are going through pain and that, you know, they're either, they’ve got some issue that you can see—you know, it’s oil and gas or it’s banking, something like that—or they're just in a malaise, they just haven’t done anything for a really long period of time. It is difficult to buy these stocks. That’s really the hardest thing, because they're either, they're boring or they're scary, and they're not particularly exciting and you can’t talk about them at cocktail parties. So, that keeps them alive, that keeps them going, in my opinion.

Does that answer the question?

*Male:* Thanks, Toby.

*Tobias Carlisle:* Thanks, all. *[Applause]* Thank you, sir.

*[End of Audio]*