THE BIG SECRET ON WALL STREET

The Inevitables

- Your Peek Inside Warren Buffett's Stock Buying Playbook
- Featuring Our Top 15 Inevitables

SPECIAL REPORT

The Inevitables

Your Peek Inside Warren Buffett's Stock-Buying Playbook

Featuring Our Top 15 Inevitables

In 1976 a tax lawyer from Lake Tahoe, Nevada did something most investors can only dream of.

He bought shares of Berkshire Hathaway for $40 each. It earned him the nickname "Forty-Dollar Frank".

By 1995, the shares Forty-Dollar Frank (real name Frank Fitzpatrick) purchased had soared to $35,000 per share. This investment allowed him to buy his dream vacation home in Tahoe, Nevada.

When he gathered his family for a group hug on the deck of his new home in 1995, he gave thanks to the man who made it all possible – Warren Buffett.

Since then, Berkshire Hathaway shares have risen more than ten-fold, to today trade at around $400,000 per share.

Forty-Dollar Frank is just one of countless "Berkshire Millionaires" who turned modest investments into multi-million-dollar windfalls.

Ed Prendeville of New Jersey is another. In 1981, he began investing nearly every dollar he earned from selling collectible trains into Berkshire shares. He was later to the party than Forty-Dollar Frank, buying his first shares in Berkshire at $1,300. But he's not complaining – those shares are worth over $500,000 each today.

The investment not only secured his retirement, but it may have even saved his life.

Prendeville received a colon cancer diagnosis in 2007, and his insurance company wouldn't cover an expensive, state-of-the-art treatment. He was able to foot the bill himself by selling a portion of his Berkshire stake – an expense he otherwise wouldn't have been able to cover.

"It's my security blanket," Prendeville explained in an interview with the *Wall Street Journal*.

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It's impossible to quantify how many lives have been enriched by the wealth created from Berkshire Hathaway over the decades, but the *Wall Street Journal* tracked numerous examples...

> *"Early Berkshire stockholders have used shares to finance children's educations, buy homes and put up collateral for loans. Hundreds of millions of dollars of stock already have gone to shareholders' alma maters, cultural institutions and medical research."*

Now, here's the thing...

"Berkshire Millionaires" exist because of the extraordinary investment success of Warren Buffett. Sure, any fund manager can have a great month, great quarter or even a great year. But we don't hear about yesterday's flavor-of-the-month fund manager minting millionaires out of their investors.

By the time high-flying fund managers become household names, like Cathie Wood and her ARKK Fund in the U.S. in 2020 - 2021, well... that's almost universally a warning sign that the boom will soon go bust:

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Source: Bloomberg

The legends are the ones who can compound wealth for decades. That's where Buffett really separates himself from the crowd.

Over a 40-year time horizon (from 1976 to 2017), no other fund manager, or single stock, compares with Buffett's record of wealth compounding. The table below shows that of the 186 funds and 1,111 stocks on U.S. markets that have a 40-year trading history, Berkshire Hathaway is the single best performing. It has a similar record over other time periods, too.

Buffett's Relative Performance to All Other Mutual Funds, 1976-2017

	A Simple Distribution of Sharpe Ratios					Buffett Performance	
Stock/ Fund Measure	Number of Stocks/Funds	Median	95th Percalie Percentile Maximum	99th Percalie Percentile Maximum	Maximum	Rank	Percentile
All stocks with at least 10-year history	2,872	0.39	0.32	0.74	0.99	11	99.7%
All stocks with at least 30-year history	432	0.38	0.39	0.73	0.93	3	99.5%
All stocks with at least 40-year history	186	0.33	0.32	0.63	0.79	1	100.0%
All stocks with at least 10-year history	9,523	0.28	0.57	0.75	1.12	57	99.4%
All stocks with at least 30-year history	2,021	0.32	0.52	0.61	0.81	2	100.0%
All stocks with at least 40-year history	1,111	0.34	0.5	0.55	0.79	1	100.0%

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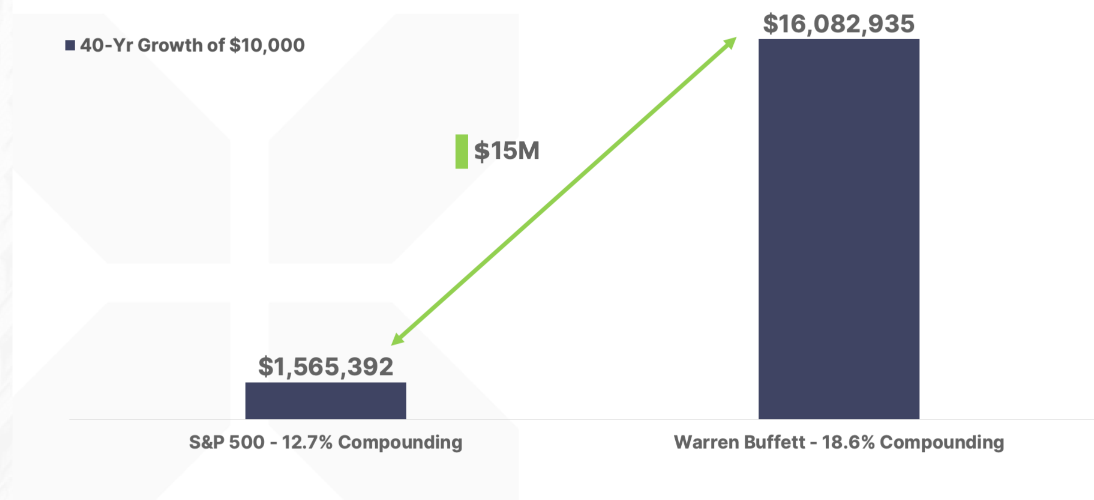
Buffett produced this track record by earning an 18.6% "excess return" (which is the return above that of U.S. Treasuries) over a 40-year period. That compares with a 12.7% excess return for the overall stock market, as measured by the S&P 500.

That means that Berkshire Hathaway shares performed 5.9 percentage points better than the broader stock market – or 5.9% of "alpha."

Over the period of a few years, 5.9% alpha doesn't mean a whole lot. But compound it over 40 years, and the results are extraordinary.



Starting with $10,000 and compounding for 40 years, this 5.9% of alpha means the difference between $1.6 million (what the S&P 500 returned) and $16 million (Berkshire Hathaway's return). That's the magic of compound interest: When a few percentage points each year snowballs into 10x more wealth over many years.

So, what does this mean for you and your money today?

You might think that Buffett-like alpha of 5.9% remains out of reach for the average investor. But that's not the case... and Warren Buffett himself agrees.

In this guide, we'll reveal the dead-simple Warren Buffett investing framework we've used to earn Buffett-like alpha for 15 years running. You'll see how, when you find a stock that meets our checklist, you can beat the market – even if you buy and sell at all the wrong times.

You'll also get our top 15 "Buffett stocks" that we've selected from a group of more than 10,000 public securities.

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But perhaps the most striking thing that you'll take away from this guide is just how easy it is to apply Buffett's investment framework yourself.

During the 1994 Berkshire shareholder meeting, Buffett explained…

> *"Ben Graham taught me 45 years ago that in investing it is not necessary to do extraordinary things to get extraordinary results."*

He's also explained that investment success doesn't correlate with intelligence…

> *"You don't need to be a rocket scientist. Investing is not a game where the guy with the 160 IQ beats the guy with a 130 IQ."*

And Buffett concedes that you don't need unique insights or God-given talent to beat the market…

> *"To invest successfully does not require… unusual business insights, or inside information. What's needed is a sound intellectual framework for making decisions and the ability to keep emotions from corroding the framework."*

What we'll show here is that the real secret to Buffett's success is not ephemeral genius or a freakish talent for stock picking. Instead, we're going to distill Buffett's alpha into a framework that anyone can follow to generate life-changing investment returns.

But first, it's important to understand what Buffett *doesn't* do.

Don't Call Him a "Value Investor"…

Quantitative investment firm AQR is a $150 billion hedge fund giant that few people outside the realm of professional institutional investors are familiar with. You won't see their analysts prognosticating on CNBC about the latest Federal Reserve decision or guessing which company will beat earnings.

That's because AQR analysts are "quants" – that is, quantitative analysts. They ignore narratives, and they don't guess about what stocks might do in the future. They crunch numbers to identify historical sources of alpha – and then deconstruct these "alpha sources" into quantitative factors they can replicate.

A few years ago, AQR tasked their research team with tackling one of the greatest and most enduring alpha sources in finance:

What's the secret behind Warren Buffett's world-dominating performance?

In 2018, they published their findings in a paper titled "Buffett's Alpha."

The study deconstructed the exact factors driving Buffett's performance. And it

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shattered many of the narratives surrounding Buffett's investment process.

Now, conventional wisdom holds that Warren Buffett is a traditional "value investor."

That's the kind of money manager who buys companies that trade at deeply discounted valuation levels. Think stocks that trade below book value, or at single-digit price-to-earnings (P/E) ratios, as examples.

But the reality is that many of these so-called "cheap" stocks are lower-quality, higher-risk businesses. The discounted share valuation reflects the market pricing of poor business fundamentals.

Buffett practiced this style of deep discount investing in his early money management days in the 1950s and 1960s. But in the 1970s, Buffett evolved his investment style away from cheap, lower-quality companies. He instead focused on paying fair prices for high-quality companies, as captured in his famous quote:

> *"It's far better to buy a wonderful company at a fair price, than a fair company at a wonderful price."*

AQR's analysis confirmed that Buffett didn't spend much time dumpster diving in the deep discount pile during the 40-year stretch from 1976–2017, the period during which AQR analyzed how Buffett's Berkshire Hathaway secured the top spot as the world's best wealth compounding vehicle.

And Buffett did not often buy "cheap" stocks – that is, those that were trading well below the average stock market valuation. Instead, he avoided buying "expensive" stocks. He also avoided "momentum" stocks, high-flying shares that had recently enjoyed big price gains.

AQR noted that, because Buffett's style did not fit neatly into a "value" or "momentum" framework, analysts and academics had previously struggled to explain his alpha...

> *"The standard academic factors that capture the market, size, value, and momentum premiums cannot explain Buffett's performance, so his success has to date been a mystery."*

But, as AQR discovered, the solution to that mystery had been hiding in plain sight for many years.

Buffett's Big Play: Buying Great Businesses at Fair Prices

AQR's study shows that most of Buffett's alpha came from picking stocks that exhibited two key features – they were both "safe" and "high-quality."

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AQR used a lot of fancy math to describe these factors… but in plain English, the study distilled these factors down to "*companies that are profitable, growing, and safe and have a high payout*."

Buffett didn't buy these companies at rock-bottom prices (part of the problem is that high-quality companies rarely trade at cheap multiples). Instead, he paid prices that were about on par with the broader market valuation multiples of the day.

If this sounds straightforward… listen to your gut. There's no magic here.

AQR used math to prove what Buffett himself has told the investing public for decades – that applying a basic framework for identifying safe and high-quality companies will beat the market, so long as you don't overpay to own shares in these companies.

So, what does this look like in practice? We've distilled this framework into a set of defined criteria that everyday investors can use to compound like Buffett.

But before introducing this framework, fair warning…

Earning market-beating returns with the strategies we'll show today is a lot like diet and exercise – the process is simple, but not easy.

Just like eating well and staying fit, implementing this investment framework requires patience and discipline. In the case of wealth compounding, you'll need the discipline to follow the process not just for months or years… but for decades. That's the only way to unlock the true benefits of the Buffett approach.

Again, it's a question of basic math …

Buffett's 5.9% of alpha isn't all that exciting over a few years. Even after 10 years, the growth of a $10,000 investment with Buffett-style alpha becomes $63,327 versus $35,372 in the S&P 500 – impressive, but not life-changing.

But the magic happens for investors who apply this process over the long term…

The chart below shows the additional dollar value of growth in an original $10,000 investment compounded at Buffett's 18.6% versus the S&P 500's 12.7% compounded returns (i.e., shows the additional dollar value of growth from 5.9% of annual outperformance on a $10,000 investment).

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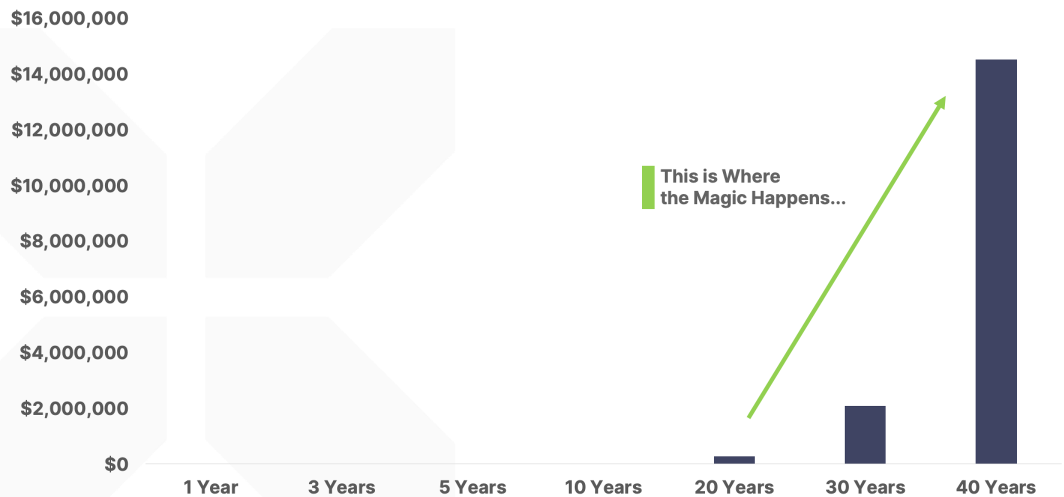
The additional wealth accumulation is minimal for the first 10 years (just $63,327 in additional dollar value) before eventually snowballing into multiple millions of dollars by year 30 and over $14 million by year 40:



Therein lies the magic – and the challenge – of wealth compounding. It's a simple game, but one that requires time to work. Over decades, a few percentage points of extra performance can snowball into millions of dollars in additional wealth creation on a modest $10,000 investment.

How does Buffett find these safe, high-quality outperformers?

He looks for "Inevitables."

Inevitability – The Real Secret to Buffett's Alpha

You'd be forgiven for thinking that "The Inevitables" are a cartoon superhero family in tight-fitting red Spandex.

Actually, it's Buffett's term for businesses whose competitive advantages are so clear and entrenched it's hard to imagine even a well-financed competitor making much of a dent in their margins.

As he explained in the 1996 Berkshire shareholder letter:

> *"Companies such as Coca-Cola and Gillette might well be labeled "The Inevitables." Forecasters may differ a bit in their predictions of exactly how much soft drink or shaving-equipment business these companies will be doing*

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> *in ten or twenty years...*
>
> *In the end, however, no sensible observer – not even these companies' most vigorous competitors, assuming they are assessing the matter honestly – questions that Coke and Gillette will dominate their fields worldwide for an investment lifetime."*
>
> *– Warren Buffett, 1996 Letter From the Chairman*

An "Inevitable" business checks off five major green flags ... and we'll show you exactly how to spot them in a moment.

But, in broad terms, Inevitables are always highly capital efficient.

Capital efficiency describes how well a company transforms profitability into shareholder returns.

This is one of the least understood, but most important, parts of Buffett's investment framework, as we've been explaining since 2007...

> *"The importance of corporate capital efficiency – is the key to understanding Warren Buffett's success as an investor... I have come to believe evaluating capital efficiency gives us a permanent edge in the market, as almost everyone else ignores this crucial variable... Few people even understand the concept.*
>
> *– Stansberry's Investment Advisory, November 2007*

The concept is based on the idea that not all profits are created equal. When a business earns money, there are two places those earnings can flow to...

1. Back into the business to be spent on capital expenditures (i.e., replacing or upgrading the business' fixed assets including buildings, vehicles, machinery and land holdings).
2. Back to the business owners (that is, the money is returned to shareholders). Shareholder returns can come directly from dividend payments, or indirectly through share repurchases – where the business uses cash to buy back its own shares in the open market. This reduces the total outstanding equity, thereby increasing the ownership among the existing shareholders.

You can think about capital efficiency as the ability of a company to convert profits into shareholder returns, instead of being consumed by the capital needs of the business. For virtually all business, some portion of profits must be diverted back into the capital spending, as part of the inevitable replacement or upgrading of plant and equipment, among other requirements. The most attractive companies have minimal capital requirements, which maximizes the free cash flowing into your pocket as the business owner.

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Consider two businesses that, on the surface, appear to be equivalent in terms of their profitability – each generating $100 per share in operating profits. But digging a little deeper into the capital demands of the business reveals that the first company consumes $95 of that $100 in capital expenditures to support its ongoing operations (i.e., investing in plant and equipment). This leaves only $5 in free cash flow available to shareholders.

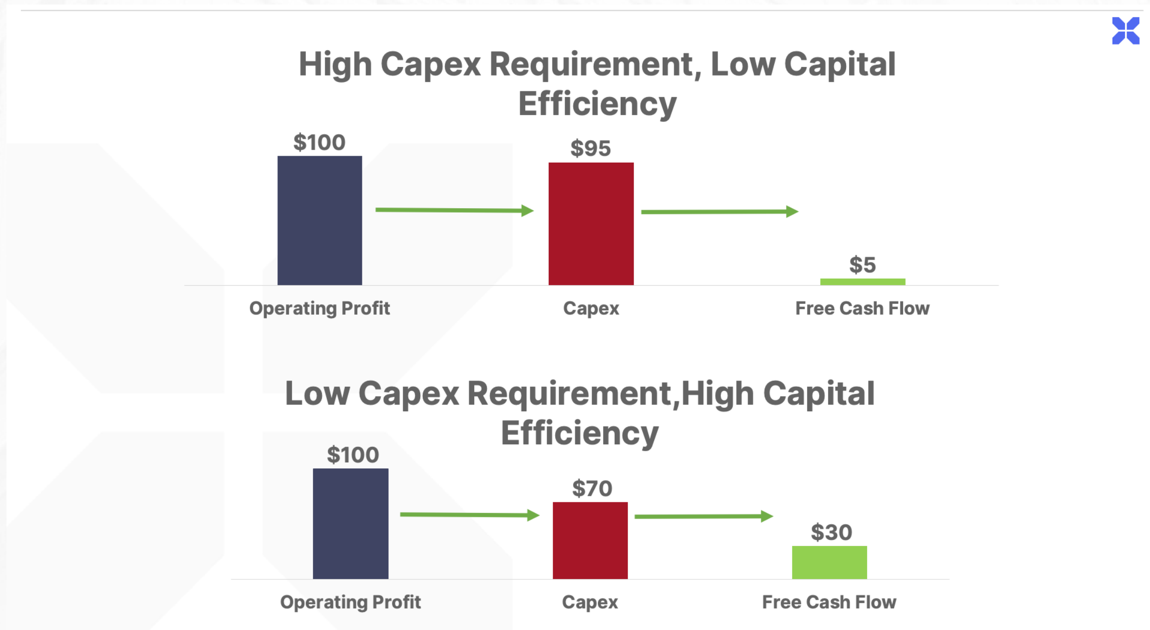
The second business only requires $70 per share in capital requirements, leaving $30 in free cash flow that can be delivered back to investors. In a choice between these two equally profitable companies, the second one, with lower capital requirements, will inevitably create more shareholder wealth over time:

The chart below shows how these two businesses may look identical on the surface level of operating profits (i.e., the blue bars). But a closer inspection of the flow of money through the cash flow statement, which accounts for capital expenditures and free cash flows, reveals a critical difference...

The second company spends substantially less on capital requirements (i.e., the red bars), leaving a much greater proportion of profits available as "free cash flow" (i.e., the green bars) that can be returned to shareholders:

This is the magic of capital efficiency – where companies with minimal capital requirements can send a large portion of profits to investors, instead of sinking it back into the business.

Warren Buffett says businesses with this feature have "economic goodwill." But don't let the nomenclature confuse you – whether it's called economic goodwill or capital efficiency, it's the same financial phenomenon.



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Capital efficiency also ties in our concept of safe businesses – companies with robust economic moats. Because of their strong competitive positions, these companies can avoid allocating excess capital towards warding off competitors. Since they are secure in their financial position, they are free to return earnings back to shareholders.

Only businesses with high capital efficiency and strong competitive positions can enjoy a robust and growing earnings stream, while also having enough profit left over to support high shareholder payouts. And those are the businesses we – and Warren Buffett – call "**Inevitables**."

Few companies in the world meet these criteria. But when you find one that does – and one that checks off the five green flags we're about to show you – it's like stumbling across an untapped gold mine.

In these rare situations, you can simply buy, hold and forget. The economy could be on the cusp of the biggest financial dislocation in 100 years, and you'll still do just fine.

The Five "Green Flags" of Inevitability

A capital-efficient "Inevitable" stock will check off each of the five boxes below.

Green Flag 1: High profitability (operating margins > 10%)

Operating profits are what's left over when operating expenses – that is, recuring business costs like salaries, rent, and marketing costs – are subtracted from revenues. Operating profits exclude the impact of interest and tax payments – and thus reflect the economics of the core business, and don't reflect the impact of changing tax rates and/or interest expenses).

NVR's Five "Green Flags" of Inevitability
High profitability (operating margins > 10%)
Growing (positive revenue growth over the last 10 years)
High free cash flow conversion (>10% free cash flow margins)
Safe – a durable competitive advantage that will last for at least 10 years
Fair valuation – avoid paying a more than 10% premium to the market multiple

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Broadly speaking, operating margins over 10% indicate a highly profitable core business with excellent potential for compounding shareholder capital.

Green Flag 2: Growing (positive revenue growth over the last 10 years)

Screening for companies with growing revenue helps us avoid “value traps.” These are companies that produce profits today, but which face growth challenges from technological disruption or competitors taking market share – which will limit future profitability.

In recent years, retail stocks like Sears or JC Penney are cautionary tales. These one-time industry stalwarts were unseated by the rise of Amazon and e-commerce. The shares of both appeared cheap at certain points – along the way to their ultimate demise. And falling sales provided a key warning signal of the disruption in their business models, no matter how cheap the shares appeared at the time.

Green Flag 3: High free cash flow conversion (>10% free cash flow margins)

Free cash flow is defined as net profit minus capital expenditures. Capital expenditures include things like plant and equipment – spending necessary to maintain and/or grow the business.

In other words, free cash flow is the profits that are available to be returned to shareholders – after the capital needs of the business are met. We focus on companies that can convert at least 10% of sales into free cash flow, indicating the high potential for shareholder returns.

Green Flag 4: Safe – a durable competitive advantage that will last for at least 10 years

As we mentioned earlier, Buffett describes inevitable businesses as those that enjoy competitive advantages so entrenched that it’s hard to imagine even a well-financed competitor making much of a dent in their margins.

Another term Buffett uses to describe this phenomenon is a moat – or a virtually impenetrable barrier to entry, which secures the business against encroachment by competitors. (We’ll revisit these ideas with a real-world case study below.)

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Green Flag 5: Fair valuation – avoid paying a more than 10% premium to the market multiple

As with any general framework, some rules can be bent, and others can be broken. For a good enough business, you can afford to stretch on price, and occasionally pay a premium valuation above the 10% limit. Later, we'll show a tangible example of what this means in practice and also provide more context on how to think about valuations in general.

The bottom line is this: Find businesses that check off the first four green flags, and avoid overpaying. These opportunities don't come often. But the rare business with all five green flags is a bona-fide Buffett stock with serious potential for compounding capital at Buffett-like rates.

That holds true even when it's an objectively bad time to buy.

How to Buy at the Exact Wrong Moment and Still Earn Buffett-Style Returns

It was November 2007, and financial Armageddon was less than 12 months away. Porter Stansberry and his team of analysts were issuing dire warnings about the coming implosion of the housing market, and the devastating impact it would have on the stock market and economy.

But despite these macro risks, Porter's team had identified "Our Best No-Risk Opportunity Ever." That company was confectioner Hershey (NYSE: HSY) – one of the world's most inevitable consumer franchises. The business enjoyed incredible capital efficiency, providing the core of Stansberry's thesis, as Porter explained:

> *"If a company is able to return more of what it makes every year to its shareholders, then the compound return of its stock will be much, much higher over time than the returns of another business that grows its sales and profits at a similar rate but reinvests all that it earns back into its business. There's no great wisdom in this conclusion: It's simply a matter of basic math. And yet this concept is utterly beyond the scope of almost every individual investor. I have never seen it mentioned in a single Wall Street report, either."*
>
> *– Stansberry's Investment Advisory, November 2007*

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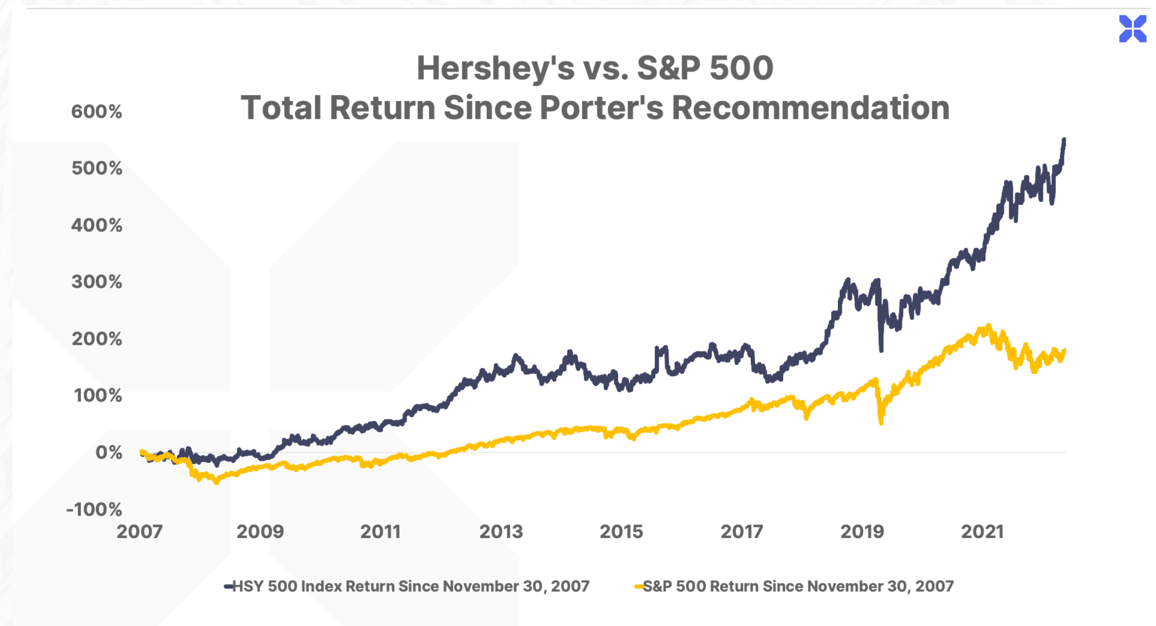
Fast forward 15 years later, and Wall Street still hasn't caught up.

Porter's team recommended Hershey shares on November 30, 2007. 15 years later, the stock has generated a 15.37% compounded return, compared with 9.43% for the S&P 500. That's 6% of alpha over 15 years, and right on par with Warren Buffett's historical 5.9% of alpha:



First, let's discuss the idea of safety. Despite concerns at the time of a devastating recession, Porter's team knew that Hershey's business model would survive and thrive. They didn't know what the next few quarters had in store for the business... but looking out over the next decade, they were confident in the inevitability of Hershey's business model.

When it comes to candy, Hershey has been around since 1894. The company owns a portfolio of some of the most iconic candy brands of all time, including Hershey Bars, Hershey Kiss, Reese's Peanut Butter Cups, Twizzler's and Almond Joy.

In 2007, the bet was simple – these enduring brands had dominated the market for decades, and they saw no reason why that wouldn't continue for the next decade. With the benefit of 15 years of hindsight, it was an easy decision that worked out quite well.

Here's how the Stansberry team deployed the "Inevitables" framework to Hershey's economics, starting with revenue growth...

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> *"First, this is a slow-growth business. Sales have only increased 24% over seven years. That, surely, will turn off most investors. Most people simply don't understand the impact of even slow growth over time in businesses that are extremely capital efficient."*
>
> *– Stansberry's Investment Advisory, November 2007*

There's a key lesson here in that high growth rates aren't required for market-beating returns. If the business model is truly Inevitable, even modest revenue growth can translate into a fast-growing profit stream that flows back to investors.

Speaking of profits, Hershey earned 13% operating profit margins (that is, "cash profits") which easily exceeded the 10% threshold ...

> *"For every $1 in product this company sells, $0.13 or so ends up in cash in the company's coffers, on average."*

Next, cash-flow conversion – the magic of capital efficiency. Hershey doesn't need to spend a lot of money each year on buying new chocolate-making equipment. It also doesn't need to reinvent the wheel – a Hershey Bar or Reese's Peanut Butter Cup hasn't changed much over the past 20 years.

That means that its capital requirements are low. The company converted 11 - 12% of sales to free cash flow in 2006 – 2007. This allowed Hershey to return a substantial portion of its growing profit stream back to shareholders.

Specifically, Hershey had raised its dividend every year since 1974. Hershey also returned shareholder capital via buybacks, which helped reduce shares outstanding by 15% in five prior years, as noted in 2007.

So, to summarize our check list so far for Hershey's...

1. Operating margins above 10%? Check
2. Positive sales growth for the last 10 years? Check
3. Convert over 10% of sales into free cash flow? Check
4. A dominant competitive position that will last at least 10 years? Check

We'll address valuation below. For now, let's continue with the real magic of a capital efficient "Inevitable" business: the ability to grow sales and profits at a faster rate than capital expenditures.

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This is what Porter's team predicted in 2007 would happen with Hershey:

> *"This is the beauty of capital-efficient businesses: As sales and profits grow, capital investments don't. Thus, the amount of money that's available to return to shareholders not only grows in nominal dollars, it also grows as a percentage of sales."*
>
> *– Stansberry's Investment Advisory, November 2007*

It turns out, that's exactly what happened. In 2006 and 2007, Hershey converted 11 – 12% of sales into free cash flow. This figure increased by roughly 50% to a range of 15 – 18% over the last five years.

Hershey's growth in sales and profits outpaced the need for capital expenditures – driving ever greater capital efficiency.

So, it's no surprise that Hershey has delivered Buffett-like alpha of 6% since 2007: It was a world-class business then, and it's only improved with time.

Next, let's move on to another example of a stock Porter's team recommended in 2007 – on the cusp of the greatest housing market bust of all time...

Buying a Homebuilder in 2007... and Living to Talk About It

Most homebuilding companies make for lousy investments. They're the opposite of capital efficient. Homebuilders require huge amounts of capital in the form of land holdings – which is what they'll build houses on at some point.

Tying up capital in land hurts financial returns, since big plots of land don't produce revenue. What's more, when the real estate cycle turns – and it always does – land prices fall. So the value of that land inventory declines. But the payments on borrowed money that homebuilders used to buy the land don't decline.

Virginia-based homebuilder NVR (NYSE: NVR) learned this lesson the hard way, when the company went bankrupt during a real estate downturn in the early 1990s. But as Porter's team explained in 2007, that experience motivated NVR to transform its business model...

> *"NVR pioneered a "land-lite" homebuilding business model. While most homebuilders buy vast tracts of land and develop them over years, NVR doesn't own any raw land – none... As a result, NVR only maintains a small amount of lot inventory compared to other builders."*
>
> *– Stansberry's Investment Advisory, October 2007*

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Instead of buying up land and putting huge amounts of capital at risk, NVR purchased options on land development. Options tied up much less capital and providing NVR the opportunity to develop the land if conditions were right. If not, the company could pass on the option without taking a big loss on land holdings when the cycle turned.

And therein lies the key to NVR's financial results – the company developed a uniquely capital-efficient business model in an otherwise capital-intensive industry.

And in other ways, NVR checked all the key financial boxes we look for. It concentrated its operations in a select number of strong markets, which allowed it to maintain high profitability. And because it didn't require the large capital outlays of buying land, it could grow without the same large capital requirements as traditional home builders.

This combination of high profitability, and low capital requirements for growth, meant the company generated ample cash flows that it could return to shareholders, as Porter's team explained...

> *"Thanks to the company's land-lite business model, it can afford to return most of its profits to shareholders via share buybacks."*
>
> *– Stansberry's Investment Advisory, October 2007*

NVR's capital-light model translated into a unique competitive advantage, thereby securing its status as a "safe" and "inevitable" company– regardless of the obvious risks in the broader housing market...

> *"In addition to its superior business model, the final moat around NVR's business is its ability to build high-quality houses very cheaply."*
>
> *– Stansberry's Investment Advisory, October 2007*

Porter's team was so confident in the safety and resilience of NVR's business model, that they were willing to recommend it – despite the storm clouds gathering in the housing market.

They even went so far as to recommend investors not use a stop loss – that's how confident they were in the company's long-term prospects, as explained back in 2007...

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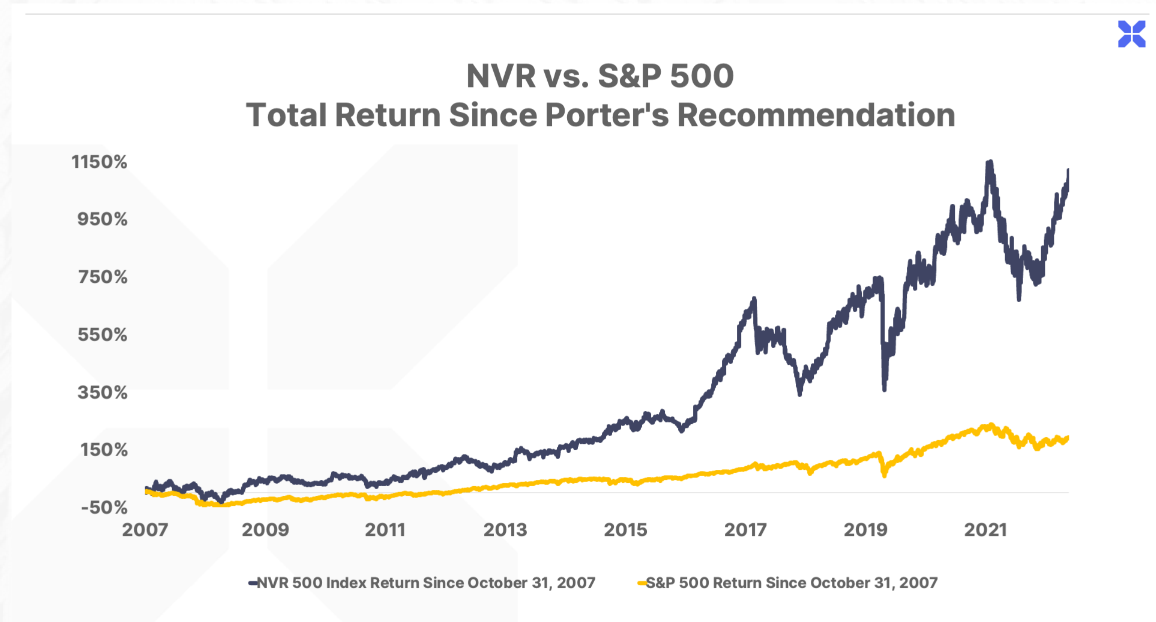
> *I'm sure my timing is way, way too early. But I'm prepared to average down and be very patient... Don't use a stop loss on this position, as NVR stands almost no chance of going bankrupt, but sentiment in the sector is very likely to decline.*
>
> *– Stansberry's Investment Advisory, October 2007*

One look at the stock chart and returns tells the whole story of how this call worked out following the October 2007 recommendation...

Even though the timing wasn't perfect – as predicted, NVR suffered short term volatility as the housing bust accelerated into the 2008 financial crisis – anyone following this recommendation nevertheless enjoyed Buffett-beating returns since then.



NVR's 16.26% compounded return 15 years since Porter's recommendation handily outperformed the S&P 500's 9.00% over the same period. That's Buffett-beating alpha of 7.26% from buying a housing stock on the eve of the greatest housing bust of all time.

So, you see, the secret to beating the market has nothing to do with timing booms and busts. In fact, as we've just shown, you can safely invest through recessions and bear markets when you simply focus on the fundamentals and find capital-efficient businesses that trade at reasonable valuations.

And that brings us to our final topic of discussion – green flag no. 5, the "Valuation" factor in our checklist.

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How to Approach the Valuation Question

Valuation is the price you pay to buy a share of a business. There are many metrics for valuation, but the most common and straightforward is the price-to-earnings (P/E) multiple. In simple terms, this is the total market valuation of the business, divided by the last 12 months of earnings.

So, if a business earned $100,000 last year and trades for a total market value (that is, total number of shares outstanding, times share price) of $1 million, that's a P/E multiple of 10.

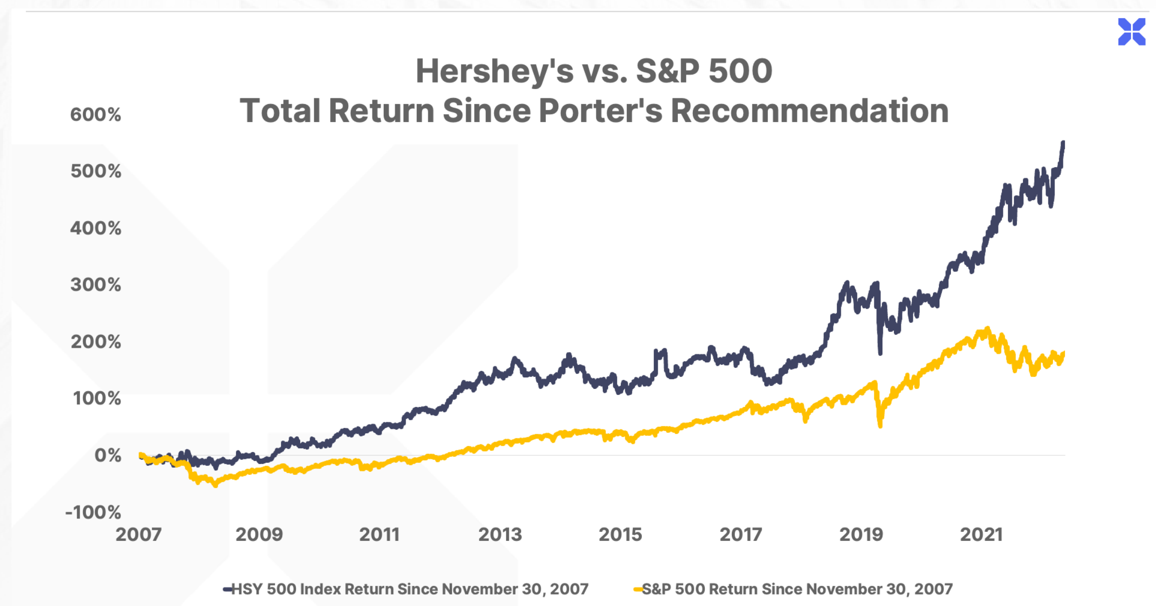
In a perfect world, you would aim to pay between 10 – 15 times earnings for stakes in world-class businesses. Of course, we don't live in a perfect world. The capital efficient stocks we're focused on often trade at premium valuations, for good reason – they generate higher profitability and returns on capital versus the broader stock market.

That's why the valuation multiples on highly capital efficient businesses can often range between 20 - 30 times earnings, or more.

If you refused to pay above 10 – 15 times earnings for these stocks, you would find yourself sitting in cash for long stretches of time (which comes with its own costs).

If your goal is to outperform the market, you should avoid paying a big premium over the current broad market index – measured by the S&P 500. That means not paying more than a 10% premium, in general, over the current price/earnings multiple of the S&P 500.

So, going back to our examples… in the case of Hershey, the shares traded for 18x earnings in November 2007. This compares with a roughly 16x earnings multiple on the S&P 500. In other words, investors paid about a 12% premium.



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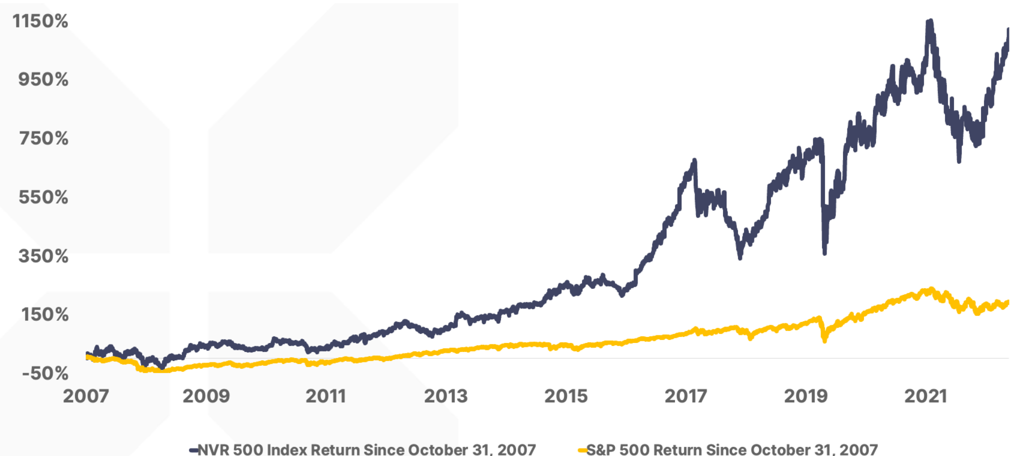
This is why the rule is breakable – sometimes Mr. Market won't give you exactly the price you want... and that's all right. Had investors been stubborn and waited for shares to get cheaper, they might have missed the opportunity to earn 6% alpha over the next 15 years.

The NVR example was easier – in that case, the stock was depressed, trading at just over 6x earnings, for a more than 50% discount to the broader stock market. Given this depressed valuation, it's no surprise why this stock performed even better than Hershey.



This compelling valuation for a world-class business bolstered this recommendation – including not using a stop loss – despite the forecast of a housing meltdown. The valuation was just too compelling.

So far, we've only discussed performance and valuation relative to the S&P 500 benchmark. However, for investors focused on absolute returns (instead of returns relative to a benchmark), we will note that, once in a while, the market gods provide an opportunity for incredible absolute returns.

During recessions and bear markets, you can find shares in world-class businesses trading at fire sale prices across the board. That's your best bet to scoop up a wide selection of stocks trading at deep discounts – and thus secure life-changing returns on an absolute basis. Again, don't take our word for it...

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When It Rains Gold

The world's greatest wealth compounder doesn't fear recessions and bear markets… he embraces them. During the brutal 1974 bear market, Buffett was famously quoted as saying he felt "like an oversexed guy in a harem."

Over the years, he toned down and refined his language, describing recessions as once-in-a-decade opportunities to catch gold raining down from the skies…

> *"Every decade or so, dark clouds will fill the economic skies, and they will briefly rain gold."*
>
> *– Berkshire Hathaway 2016 Annual Shareholder Letter*

So, if your goal is to own inevitable companies at rock bottom prices… well, you should be prepared to act aggressively during bear markets.

That's what Buffett famously did with Coca Cola when he bought a billion-dollar stake in the business in early 1988. This was shortly after the October 1987 Black Monday crash, when the Dow Jones Industrial Average fell by 22.6% in a day – the largest single day drop on record. Stocks remained depressed for months afterward, allowing Buffett to buy Coke shares for around 15 times earnings. The opportunity was so great that Buffett put 25% of Berkshire's entire portfolio into the stock.

Of course, Black Monday sales don't come around often in the stock market. Over the last 20 years, investors had a tiny window when they could have made a Buffett-style purchase of Coke shares. In the wake of the 2008 Financial Crisis, there was about a five-month period to buy shares of Coke for under 15 times earnings. If you had held onto it during the next 15-year period through June 2023, you would have made 363% returns. (Note that Coca-Cola has underperformed the S&P during that period, but 363% for a single stock is still not shabby.)

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Source: Bloomberg

Because no one knows when a bear market will strike, it makes sense to simply have a shopping list ready when the sale happens.

Our Top 15 Inevitables

And that brings us to our list of top Buffett-style "Inevitable" companies, complete with green flags that should make them ultra-safe to buy and hold for 10+ years... with the caveat that you wait to buy them at the right price.

Among all the rules in our framework, the question of defining the right price to pay is the one with the greatest amount of variability (largely due to the different growth rates of each company), and the greatest amount of room for "bending the rules" when it comes to making a buy decision. When one of these businesses crosses our radar for becoming attractively valued, we then roll up our sleeves to study its recent operating history and competitive position in great detail, to determine whether its price is attractive relative to its current business trajectory.

Recall what makes a stock "inevitable."

Capital efficient, inevitable stocks feed off five critical characteristics.

- High profitability (with operating margins above 10%).
- Strong financial growth (with 10 years of positive revenue growth).
- High free cash flow ("FCF") conversion (with levels above 10% for FCF margins).
- A competitive advantage that will last at least a decade
- Adequately priced – we avoid paying a premium greater than 10% to the market.

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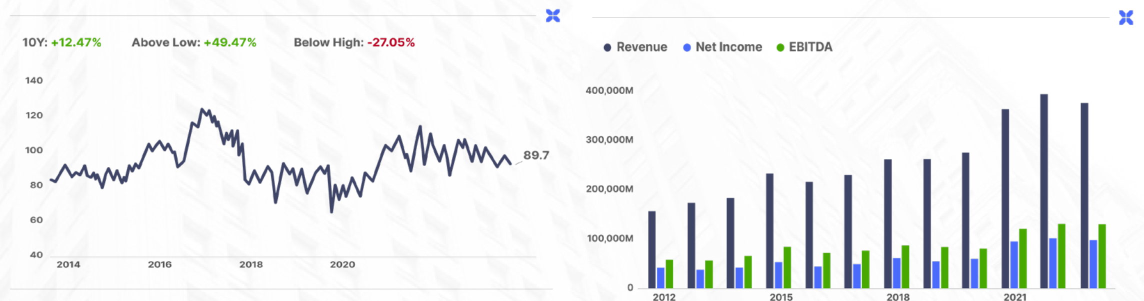
Below, we discuss how these stocks qualify for our "inevitables" list.

Company #1 - Philip Morris (PM)



Philip Morris International (PMI) is a global leader in tobacco and nicotine products.

It has built its economic moat on its strong brand equity. Marlboro is one of the world's best-selling cigarette brands – worth roughly $36 billion in 2022 and comprised 39% of all cigarette shipping volume.

This brand strength enables significant pricing power. Such market power allows the company to maintain high profit margins. Its operating margin sits at an incredible 34.6%, while its FCF margin sits at 22.4%.

These remarkable numbers happen despite the news volumes of cigarette sales are declining globally. The company's return on invested capital ("ROIC") is 18.6%, signaling a highly capital efficient business. Its net revenues increased 10.7% in 2023, easily topping long-term, historical growth rates.

Philip Morris' moat is getting stronger. It sells products in 180 markets and holds the first or second product position in most nations by market share.

It also boosts five of the top 15 global tobacco and nicotine brands.

Its recent strategic pivot toward reduced-risk products (RRPs) further enhances its market power. These innovations include its IQOS heat-not-burn tobacco system. The IQOS e-vapor brand is so successful that it has now surpassed its Marlboro brand as a contributor to Philip Morris' global net-revenue figures.

This strategic shift aligns with the global trend of reducing harm in tobacco use and opens new revenue streams and markets. The company hopes this emerging trend will slow the long-term decline in traditional cigarette consumption.

The RRP investment, ongoing innovation, and global distribution network position it well to keep existing customers and attract new users. It should also entice new investors.

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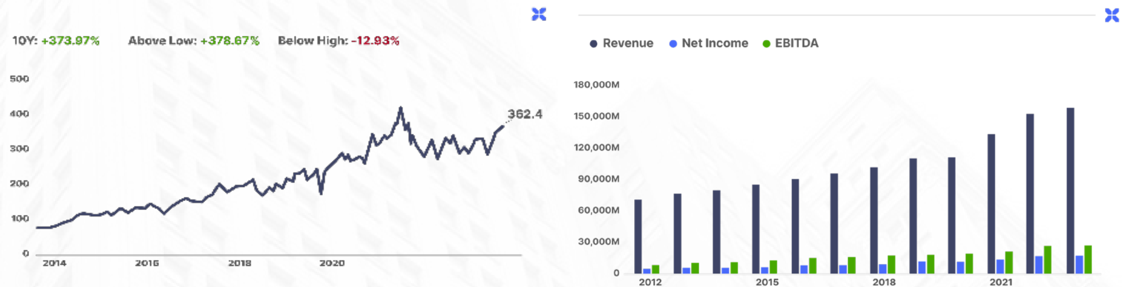
Company #2 - The Home Depot (HD)



The Home Depot is a solid investment. It combines financial strength, strategic advantages, and a history of strong shareholder returns. The average total return compound annual growth rate ("CAGR") for Home Depot (HD) stock was 14.88% from 2000 to 2020.

The company boasts a 14% operating margin. It also has an 11.5% FCF margin. These figures showcase its profitability and strong cash generation. A 30% ROIC further highlights its capital efficiency.

Home Depot offers a steady income stream of a 2.3% dividend yield. It has also used its strong cash flow to buy back stock. Recently, it purchased enough stock to bring the number of diluted outstanding shares to under 1 billion.

The company's decade-long consistent revenue growth attests to its operational success. Home Depot's competitive edge centers on strong brand recognition. It also has a vast distribution network and benefits from economies of scale. These factors allow it to navigate changing consumer trends.

Home Depot's financial strength, strategic market positioning, and excellent ROIC make it one of our "Inevitables." It's poised for continued success, offering investors both stability and potential for appreciation. America's construction industry remains very robust. Future housing growth and other real estate will boost Home Depot's financials.

The company trails only Costco Wholesale (COST) and Walmart (WMT) in the physical retail market. Yet, its specialization creates a competitive advantage over larger rivals like Lowe's. It also outperforms smaller mom-and-pop hardware stores and other names like Ace Hardware.

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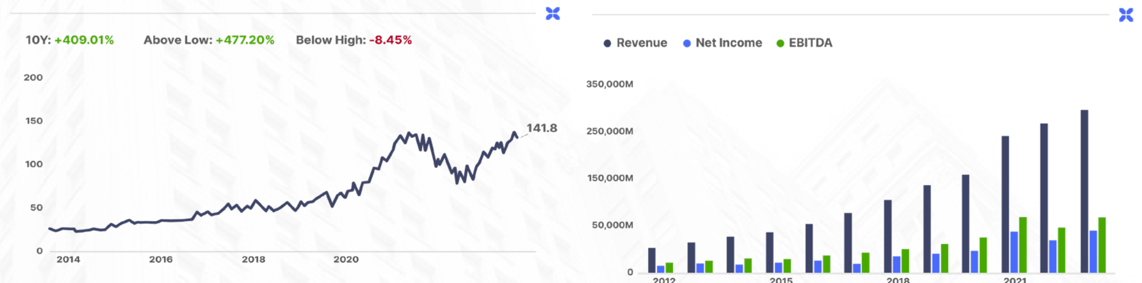
Company # 3 - Alphabet (GOOG)



Americans know Alphabet's Google for its search engine and digital advertising platforms. They also know Google for its cloud computing solutions, software, and hardware products.

A dominant market share in search and online advertising supports its business model. As of January 2024, Google held a 91.47% market share in the global search. Now, it's starting to make headway in the Cloud space. Google Cloud's operating margins surged from 3.16% in Q3 to 9.40% in Q4 2023. That's an incredible 600 basis point expansion.

Its lasting competitive advantage lies in its search technology, data collection, and digital innovation. Google has maintained high margins and consistent revenue growth over the past decade, making it a cornerstone of the digital economy.

Its expansion into artificial intelligence ("AI") and advanced tech will bolster its competitive advantage. These investments ensure its dominance into the next decade. The company's strong financials produce significant FCF. This underscores its investment appeal, promising sustained profitability and growth.

The company maintains an operating margin of 27%. It also maintains FCF at 22% and a ROIC at 29%. It trades at a growth-oriented price-to-earnings (P/E) multiple of 24.

But, investors are paying less than a 10% premium to the Communications sector.

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Company #4 - Starbucks (SBUX)

Starbucks is a renowned global coffee chain. It boasts a strong brand, high customer loyalty, and consistent expansion. This contributes to its impressive revenue growth and high margins. You don't have to like coffee to like SBUX.

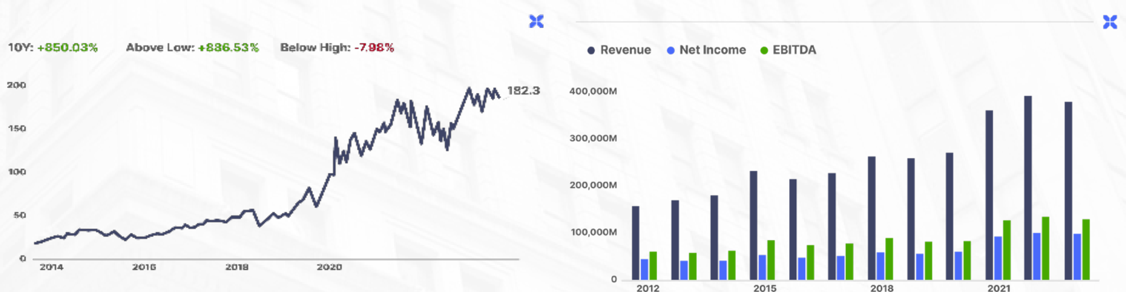
Plenty of other people do worldwide.

Its competitive advantage lies in its strategic store locations across the world and premium brand experience. They have over 38,000 stores worldwide. They plan to reach 55,000 by 2029. Their global footprint is unmatched.

The company has solid financials. Record revenue levels fueled share prices during the first quarter of 2024. The proof is in Starbucks's sizable FCF and solid profitability. It has 15% operating margins and 12% FCF. Their three-year FCF growth even ranks within the top 1% of the restaurant industry.

Since 2010, Starbucks has rewarded shareholders with regular dividends, which have increased by an average of 17% annually since 2014. Today, its dividend yield sits at a comfortable 2.4%.

Company #5 - Apple (AAPL)



Apple dominates the global consumer technology market.

It's known for designing, manufacturing, and marketing high-end consumer electronics, software, and services. The company relies on innovation and quality

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for its competitive advantage. It has also built strong brand loyalty in its unique digital ecosystem. This ecosystem integrates multiple streams of hardware, software, and services with a combined 1.5 billion customers. This customer base has an incredible retention level of 90%, according to market research firm Gitnux.

In the U..S smartphone market, Apple reigns supreme. Apple holds a whopping 61.2% share, compared to Samsung's 22.6%. This reflects American consumers' deep affinity for the iPhone.

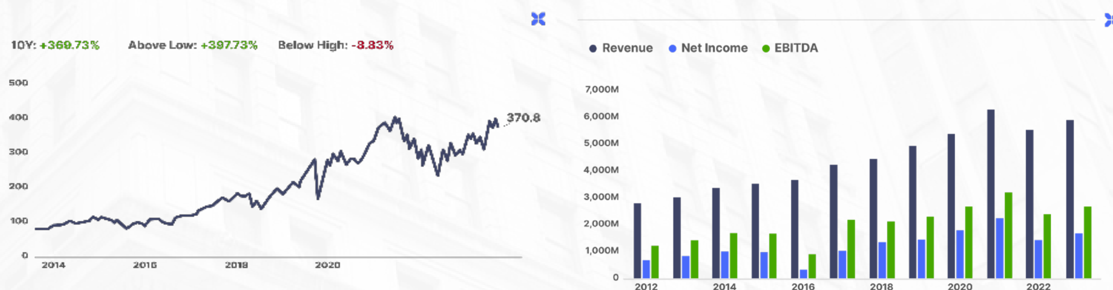
High margins and consistent annual revenue growth highlight Apple's financial health. With operating margins of 30% and FCF levels of 27%, it's a capital efficiency champion. This translates to 27 cents of every dollar available for reinvestment, buybacks, and dividends. This figure exceeds 96% of tech companies.

Apple's financial strength extends beyond margins. Its three-year buyback ratio surpasses 97% of companies. Its 34% ROIC also places the company in the 97th percentile. Currently, it's trading at a 55% premium to the S&P 500. Yet, it's also at a 24% discount to the broader tech sector's P/E ratio of 37.

Beyond financials, Apple invests in the future. Its 32 AI startup acquisitions in 2023 show its commitment to innovation. This forward-thinking approach aligns with the trust in the company by titans like Warren Buffett. He holds Apple as his largest position at Berkshire Hathaway.

Apple's success isn't a secret. This powerhouse has stakes from hundreds of ETFs, mutual funds, and institutional investors. This, along with its strong finances and innovative spirit, make Apple a compelling investment. It is suitable for those seeking long-term growth potential.

Company #6 - Moody's (MCO)



Moody's is a critical player in the financial-services sector. It is part of a natural oligopoly alongside competitors S&P Global and Fitch Ratings in the ratings industry.

The company specializes in credit ratings, research, and risk analysis. Moody's has a terrific reputation for accuracy and reliability in credit ratings and analytics. This

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is its lasting competitive edge in financial markets. Also, the company is very good at adapting to regulatory and market changes.

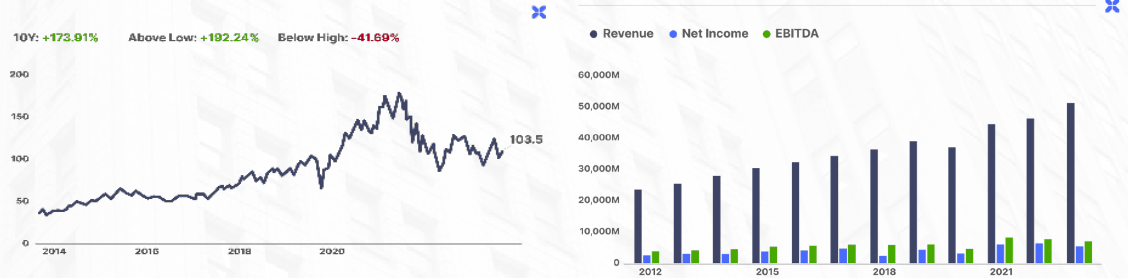
Moody's demonstrates robust financial performance. It has an operating margin of 37%, a FCF margin of 31%, and a ROIC of 15%. These figures magnify its profitability and effective management of resources.

The company also reinvests this capital in technology and analytics, fueling long-term growth. This strategic allocation of resources positions Moody's for financial expansion and highlights its forward-looking investment approach.

Moody’s has experienced great success by expanding into many foreign countries. This enables global investors to compare U.S. stocks and bonds to foreign investments. With more capital sloshing worldwide, their ratings will remain vital to the global financial system.

Of course, this strength comes at a premium. Historical trends suggest that the best entry point over the past five years has been when the stock dips below its 50-week moving average.

Company #7 - Nike (NKE)



Nike is a global powerhouse in athletic footwear, sports apparel, and equipment.

The company has endured over recent decades thanks to constant product and marketing innovation. This innovation has helped build iconic brands on top of extensive global distribution. New partnerships and extensive product pipelines maintain its economic moat. As of 2024, Nike held a 38.2% total market share for its industry.

Nike demonstrates strong financial health with an 11% operating margin and a decade of consistent revenue growth. It boasts a 12% FCF margin, surpassing 85% of apparel manufacturers, and exhibits a high FCF growth rate.

Nike's 23% ROIC highlights its capital efficiency. This is further emphasized by a 1.3% dividend yield, rewarding investors.

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Nike's other superpower is responding to changing market trends. The company has engaged in many strategic shifts to succeed. These include moves toward direct-to-consumer sales channels and digital platforms. It will remain the dominant player as a consumer brand, leaving others "chasing" it in less quality sneakers.

Company #8 - Microsoft (MSFT)

Microsoft is now the largest company on the S&P 500, cementing itself as a titan in technology.

The company has evolved through innovation across software, services, and devices. Today, it's more than just its dominant Windows operating systems and Office productivity suite.

The company maintains an incredible competitive advantage in its sector. It has a wide moat supported by switching costs, network effects, and brand recognition. This is largely due to innovation and bold leadership. Its most important cash cow of the last decade was its jump into cloud computing with its Azure platform. Microsoft maintains a 23% market share in the global cloud computing industry. That puts it right behind Amazon's AWS, which has 32% of the market. It's fast becoming part of a new cloud oligopoly for the internet.

Microsoft has also made several strategic acquisitions like LinkedIn and Activision Blizzard. These deals have expanded and diversified its product portfolio and global reach.

Microsoft has high margins, sustained revenue growth over the past decade, and robust FCF. Microsoft boasts operating margins (44%) better than 98% of companies in the software sector. Its FCF (29%) and high ROIC (25%) display a capital efficient company.

Over the next decade, Microsoft will become even more powerful. It stands at the forefront of emerging technologies such as AI, gaming, and quantum computing.

Microsoft has experienced strong stock price momentum and growth over the last year. Shares are relatively expensive at the moment, but buying opportunities will emerge.

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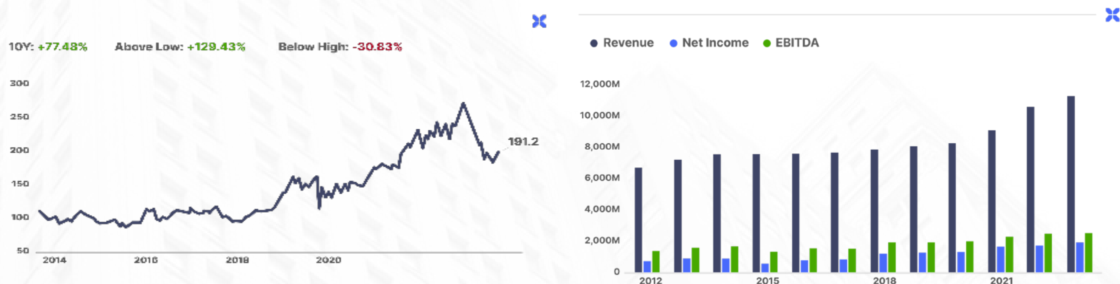
Company #9 - The Hershey Company (HSY)



The Hershey Company is a leading U.S. confectionery and salty snack company.

If you love chocolate, you likely know their brands.

But it has become an inevitable company. This is thanks to a strong distribution network and innovative food products. At its core, Hershey satisfies its customers, establishing long-term brand loyalty. Its acquisitions and expansion into new markets and product categories like healthier snacks position it for long-term growth.

The company maintains a wide moat as it expanded its market share for U.S. chocolate to over 33%. It has two brands that generate more than $2 billion annually in revenue.

This company is highly efficient, with an operating margin of 22.9%, FCF at 14.5%, and ROIC at 22.4%. All three figures are in the 90th percentile for consumer goods companies.

These metrics allowed Hershey to grow its dividend from 1.5% last year to 2.5% this year. In the previous five years, its dividends have increased 8.3% per year and 15% in the last year. Look for P/E to pull back to 17.

Company #10 - S&P Global (SPGI)

S&P Global provides ratings, benchmarks, analytics, and data to capital and

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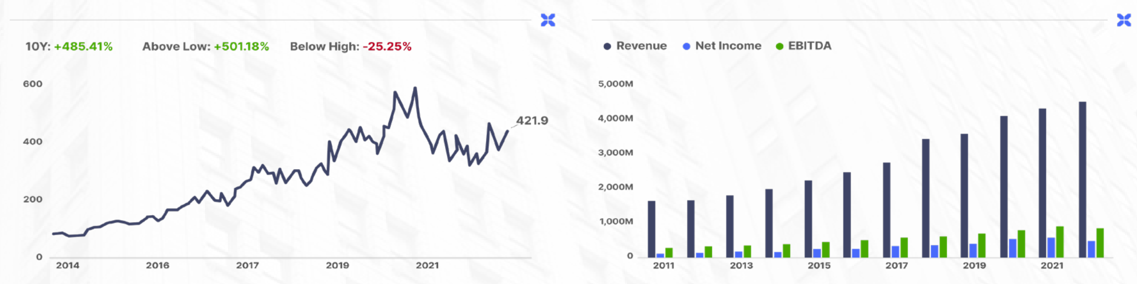
commodity markets. It capitalizes on its extensive market intelligence and analytical capabilities.

S&P Global has a significant market share. At 50% of its market share, it sits in a natural oligopoly with Fitch Ratings and Moody's. S&P Global has a solid operating margin (32%) and a FCF margin of 28%. That said, it does require more effort to generate profits. Its ROIC sits at 5%.

The company has made several key strategic acquisitions. This includes the merger with IHS Markit. This deal expanded its data and analytics offerings and boosted its competitive position. Global credit markets have been recovering since October 2022. And with upwards of $12 trillion in U.S. corporate debt maturing in 2028, this ratings giant will be quite busy.

Company #11 - Domino's Pizza (DPZ)



Since its IPO in July 2004, Domino's Pizza (DPZ) has transformed into a powerhouse company that sets it apart from other restaurant chains around the world.

It went from America's top pizza delivery service to a significant tech innovator.

In recent decades, it has even surpassed tech giants like Google in dividends and total returns.

Domino's competitive advantage comes from its innovative digital ordering platforms and efficient delivery network. Key innovations include online and mobile ordering, the HeatWave bag for temperature maintenance, and the launch of real-time order tracking.

The company's early use of digital and AI technologies has redefined food ordering. This technology adoption established Domino's as an industry pioneer. It also maintains a strong reputation for product and service quality.

AI chatbots and predictive analytics now elevate customer service and operational efficiency. Domino's demonstrates a successful digital integration into its business model. Over 60% of orders come through digital channels.

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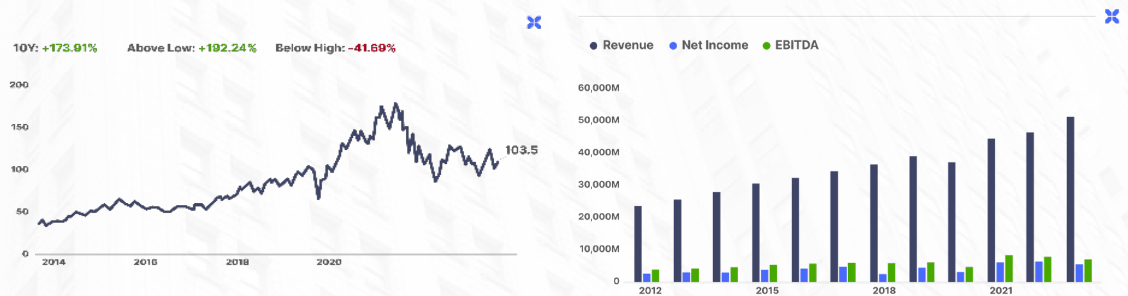
Domino's innovation contributes to its remarkable growth. The company maintains an 18% operating margin. It also has a 10.5% FCF yield. These numbers underscore its operational efficiency and profitability. The company's ROIC is an impressive 52%.

This indicates incredible value creation for shareholders from capital investments.

Domino's excels at returning that value to shareholders. It outperforms 98% of restaurant companies in buybacks. It grows its dividend faster than 83% of its peers. Domino's blends innovation with the stability and profitability of a top restaurant chain.

Company #12 - Nvidia (NVDA)



NVIDIA is a leader in graphics-processing technology. It holds massive levels of market share in in artificial intelligence, gaming technology, and data center sectors.

Shares have gone up 88,462% since it went public in 1999.

NVIDIA's core business is its competitive advantage. NVIDIA is in a league of its own for AI and high-performance computing. A wealth of intangible assets protects its economic moat in GPUs. Also, switching costs on software can be very hefty for customers. The company was one of the first players in the GPU industry. It captured more than 80% of the market share for discrete GPUs.

Over the years, NVIDIA has made significant investments in research and development. This has positioned it as a key player in emerging sectors like electric and autonomous vehicles and virtual reality.

NVIDIA has incredible profit margins, strong cash flow, and one of the best ROICs in the business. We have seen dramatic growth and profitability.

Its operating margin sits at 54%. Its FCF figure hit 44%. And its ROIC hit a staggering 103%.

NVIDIA has strong FCF and solid financial health. This shows it can grow and adapt to fast-changing tech. The stock is costly by traditional financial metrics. It's trading at more than 32x revenue. It has completely defied the "rules," much like

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Tesla did during its surge in 2020.

In early 2024, shares were up nearly 250% in a year. And it keeps melting up.

Company #13 - Adobe (ADBE)

Adobe is a powerhouse in digital media and marketing software. You may know it from its Creative Cloud suite and document services platforms. It dominates the creative software industry and generates incredible cash flow from a robust subscription-based business model.

Adobe maintains a strong economic moat. Leading advantages are high switching costs, and a network effect developers create using its programs. Since 1989, for example, Photoshop software has been the clear leader in image editing.

The subscription model supports a strong operating margin (34%), FCF margin (35%) and ROIC of 21%. The company's robust free cash flow reflects its operational efficiency and financial success. Adobe has used that FCF to repurchase shares in the 95th percentile of software companies. It has also used the FCF to grow its cash and reduce its debt.

The company has recently made significant investments in AI and machine learning.

This will further cement its status as an “Inevitable” investment.

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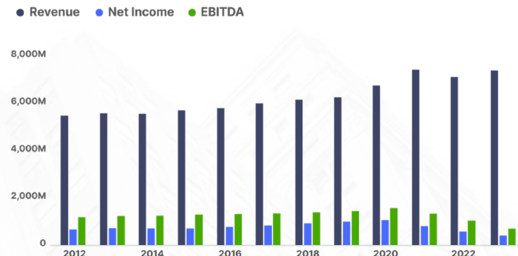
Company #14 - Clorox Co. (CLX)



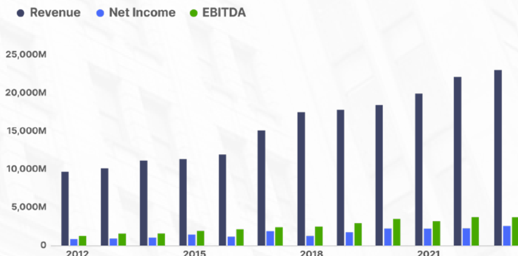
Clorox is a leading manufacturer and marketer of consumer and professional products. You've seen Clorox's name and an extensive portfolio of established brands. These brands are largely in the cleaning, household, and lifestyle industries.

Clorox's competitive advantage is consumer trust in its product portfolio. It also maintains a massive distribution network that allows it to capture ample market share. The company also holds massive pricing power in the consumer goods sector.

Over 80% of its income comes from products that dominate its categories. These products rank as either the No.1 or No.2 best-selling products. It has a clear advantage in the bleach market and has performed well in the trash bag, salad dressing, and charcoal industries.

The company's strong operational efficiency and financial health are core strengths. The latest financial reports state an operating margin of 12%. Its FCF comes in at 9.9%, and its ROIC is about 11.7%. The company has a strong history of stock buybacks and dividend hikes. As of this publication, its dividend was 3.1%.

Company #15 - Sherwin-Williams



Sherwin-Williams is an incredible U.S. company. It is best known for making, selling, and distributing coatings and paints.

Since 1886, it has relied on a solid brand reputation. Today, it is an Inevitable stock thanks to an extensive retail network and world-class direct-to-consumer sales model.

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Customers include both pro contractors and do-it-yourself (DIY) consumers. Over its 147-year history, it has expanded globally and built a highly efficient vertical supply chain. It sells its branded products through over 5,000 company-operated stores in the United States, Canada, the Caribbean, and Latin America.

Sherwin-Williams maintains very strong management. They remain committed to enhancing shareholder value by buying back stock, paying down debt, and maximizing capital efficiency. It boosts a ROIC of 14.9% and generates a 68.6% Return on Equity. Operating margins are roughly 15.6%, while its FCF margin recently hit 10.6%. This capital has been put to good use through strategic acquisitions as well. In 2017, the company purchased Valspar, which helped it access new customers and technologies.

Finally, we noted the company's vertical integration This supply chain strategy helps to better manage costs from manufacturing to retail levels. Vertical integration also creates scale efficiencies, helps improve quality and efficiency, and helps boost overall profitability. From start to finish, this is an Inevitable stock that can produce real wealth.

While the financial metrics above show that these are world-class businesses with tremendous capital efficiency, there's just one problem...

Buffett-Style "Inevitables"
as of March 11, 2024

Name	Ticker	Operating Margin	10-Yr Avg Sales Growth	Free Cash Flow Margin	P/E Multiple	Return on Invested Capital (ROIC)	ROIC (10-Yr Avg)
Philip Morris	PM	35.5%	1.6%	22.4%	17.2	22.1%	36.9%
Home Depot	HD	14.2%	9.7%	11.8%	24.5	31.1%	32.2%
Google	GOOG	27.4%	45.0%	22.6%	23.3	24.8%	16.2%
Starbucks	SBUX	16.5%	12.2%	12.0%	24.9	29.5%	23.9%
Apple	AAPL	30.8%	10.8%	27.7%	26.9	57.8%	31.7%
Moody's	MCO	37.6%	9.0%	31.8%	42.8	18.4%	26.7%
Nike	NKE	11.8%	9.2%	12.2%	29.7	18.6%	22.3%
Microsoft	MSFT	44.2%	15.3%	29.6%	36.6	26.4%	20.7%
Hershey	HSY	24.2%	3.6%	13.9%	19.1	23.7%	22.8%
S&P Global	SPGI	42.8%	16.1%	28.5%	41.6	6.2%	28.1%
Domino's	DPZ	17.9%	14.8%	10.8%	30.3	59.0%	75.8%
Nvidia	NVDA	55.1%	183.2%	44.4%	71.6	72.4%	26.2%
Adobe	ADBE	35.1%	40.5%	35.8%	46.5	25.5%	18.1%
Clorox	CLX	14.9%	5.2%	10.0%	34.5	14.4%	24.3%
Sherwin-Williams	SHW	16.0%	11.4%	11.4%	35.3	16.6%	20.6%

Source: Bloomberg

These stocks generally trade at premium valuation multiples of 20 – 30+ times earnings. This is the market simply reflecting their premium business models.

But we watch these stocks like a hawk – waiting for the occasional gift from the market gods to buy these stocks on sale – and regularly offer updates for Porter & Co. subscribers on the best times to buy.

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This can happen on a one-off basis when a company suffers a short-term setback in its business. Alternatively, this can happen all at once – when stocks fall across the board during a financial panic or recession.

The Real Upside of Inevitability...

With this strategy, you can stop viewing recessions and bear markets as something to be feared. Instead, you learn to embrace these events as rare opportunities to catch gold raining from the sky (or spend some time in a harem)...

You also need not worry about predicting when recessions will strike. As we showed here, when you focus on buying the right businesses, your market timing could be terrible... you can buy stocks on the cusp of the greatest financial meltdown of a generation, and still come out way ahead.

That's why the best part about following Buffett's style of "Inevitable" investing is that it's the ultimate "sleep well at night" strategy.

This process puts you into businesses of such high quality, that you can simply buy and never worry about selling. You can forget trading around Mr. Market's manic-depressive swings. Instead of trading stocks, you can become an accumulator of ownership shares in world-class businesses.

If you can tune out the noise and headache of daily market swings, and earn returns on par with the greatest wealth compounder of all time, ... well, what more can you ask for?

As we showed in this guide, the Inevitable framework is an incredibly powerful tool for earning Buffett-like returns. However, as with any tool, the real trick lies in implementation.

As a Porter & Co. subscriber, you will receive ongoing guidance on how to implement and stick with this process for the long haul. That goes beyond just alerting you to which Buffett stocks have become cheap enough to buy. We'll keep you updated on which ones you should hold, and which ones you should sell if the thesis changes.

Best of all – you'll get access to our portfolio that tracks the performance of our process. Win, lose or draw – we hold ourselves accountable to the results of our research process, with a transparent track record.

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