



PORTER & CO. CONFERENCE 2024

Investing in 2025: What Would Ben Graham Do?

Bryan Beach, CPA | Stansberry Venture Value

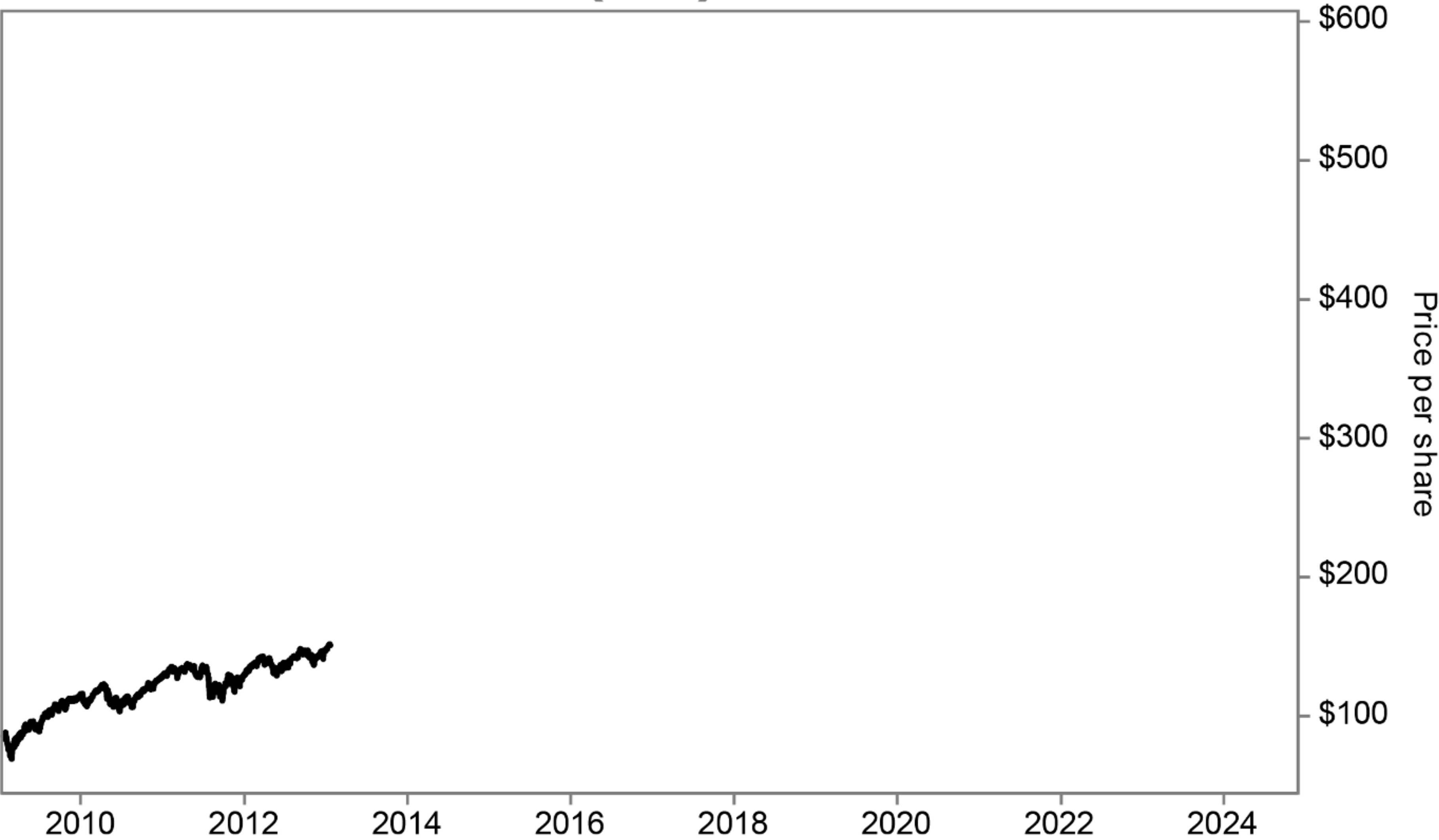
“You see, the S&P 500 was created by Standard and Poor's, a credit ratings agency...

the index wasn't created to help individuals manage their money. That people use it to do so is, in my view, proof-positive of willful stupidity.”

-Porter Stansberry

February 1, 2013

SPDR S&P 500 ETF Trust (SPY)



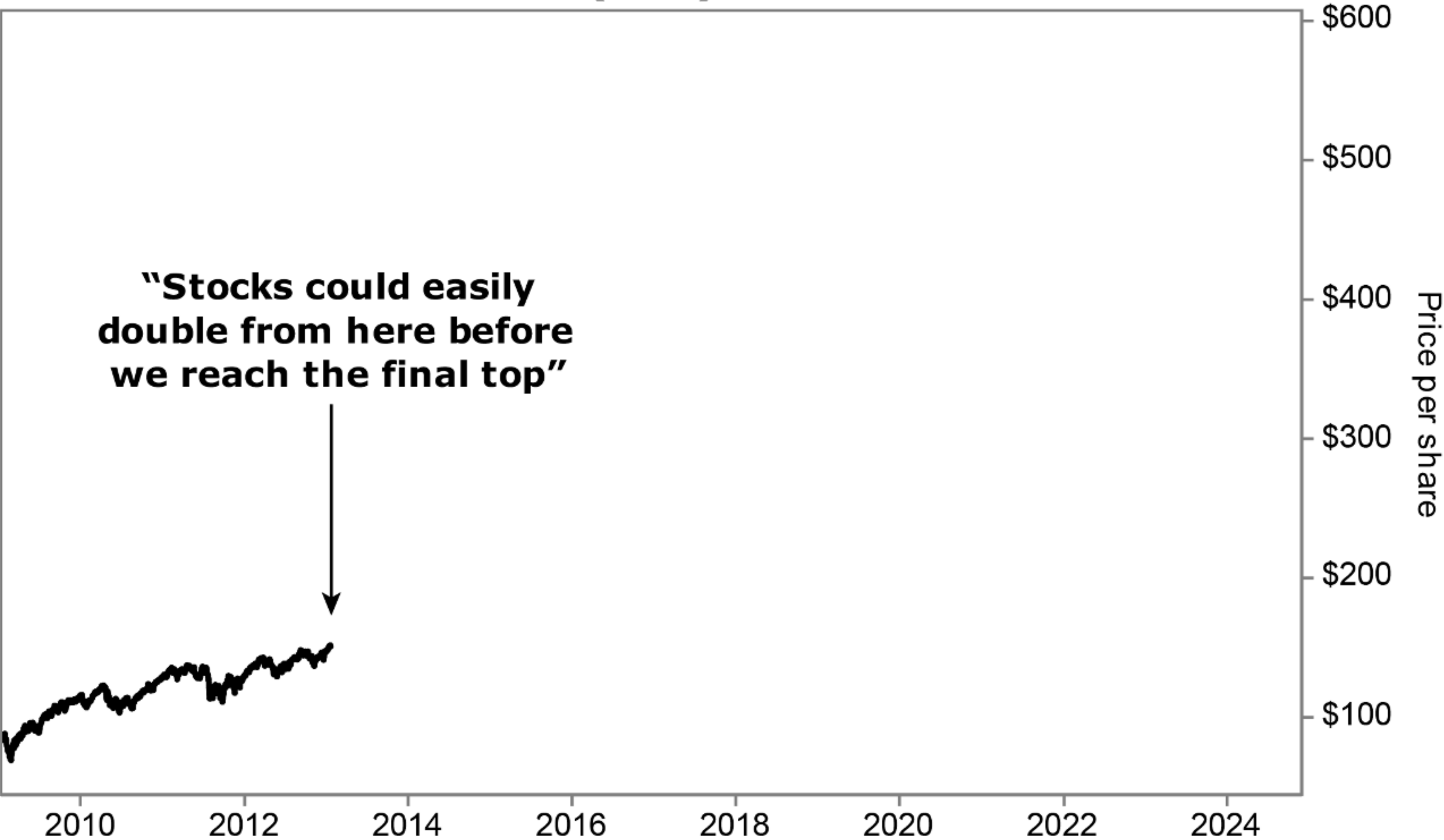
“The S&P 500 is a market-cap-weighted index, which means *the biggest stocks carry the most weight in the index.*

Investing in the index means most of your money will go into stocks that are already the biggest and most expensive...”

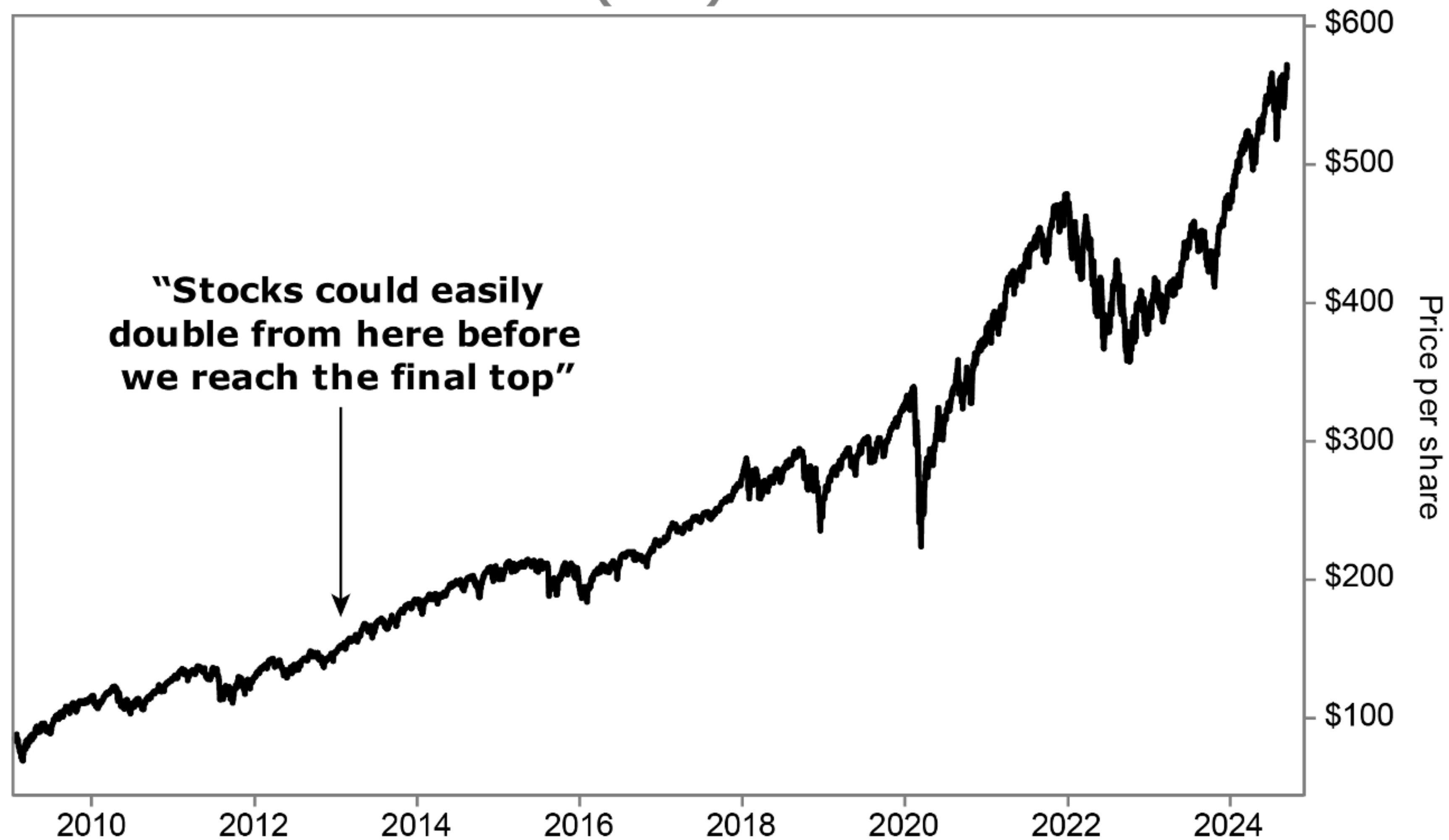
-Porter Stansberry

February 1, 2013

SPDR S&P 500 ETF Trust (SPY)



SPDR S&P 500 ETF Trust (SPY)



“I have to admit... Right now, I’m as uncertain about what comes next for...the stock market as I ever have been in my career.”

-Porter Stansberry

September 19, 2024

It's a Story of Four Investors

- Brent, Fireman
- Meg, Dental Hygienist
- Ben Graham, Investing Legend
- “Mr. Market”, the dumb money



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Source: Wikipedia



It's a Story of Four Investors

- Brent, Fireman
- Meg, Dental Hygienist



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It's a Story of Four Investors

- Brent, Fireman
“Do you buy any Essen Peas”



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- Meg, Dental Hygienist



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It's a Story of Four Investors

- Brent, Fireman
“Do you buy any Essen Peas”
(S&P 500 Index Fund)
- Meg, Dental Hygienist



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It's a Story of Four Investors

- Brent, Fireman
“Do you buy any Essen Peas”

(S&P 500 Index Fund)

- Meg, Dental Hygienist
“I don't even open those statements”



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A Tale of Two Markets

A Tale of Two Markets

“Active” Market Participants

“Passive” Market Participants

A Tale of Two Markets

“Active” Market Participants



“Passive” Market Participants



A Tale of Two Markets

“Active” Market Participants



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source: wikipedia



“Passive” Market Participants



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MARKETS

Passive investing rules Wall Street now, topping actively managed assets in stock, bond and other funds

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The Rise of Passive...

- Since February 1, 2013...
 - The number of participants in 401(k)-type plans has increased from around 63 million to around 80 million (est) in 2024.
 - The annual contributions of these savers has increased from around \$300 billion per year annually to around \$600 billion annually.
- As of 2023, “More than \$15 trillion in assets...are linked to the performance of the S&P 500 index in some way”

Estimated Value of "The Relentless Bid"



Source: Department of Labor

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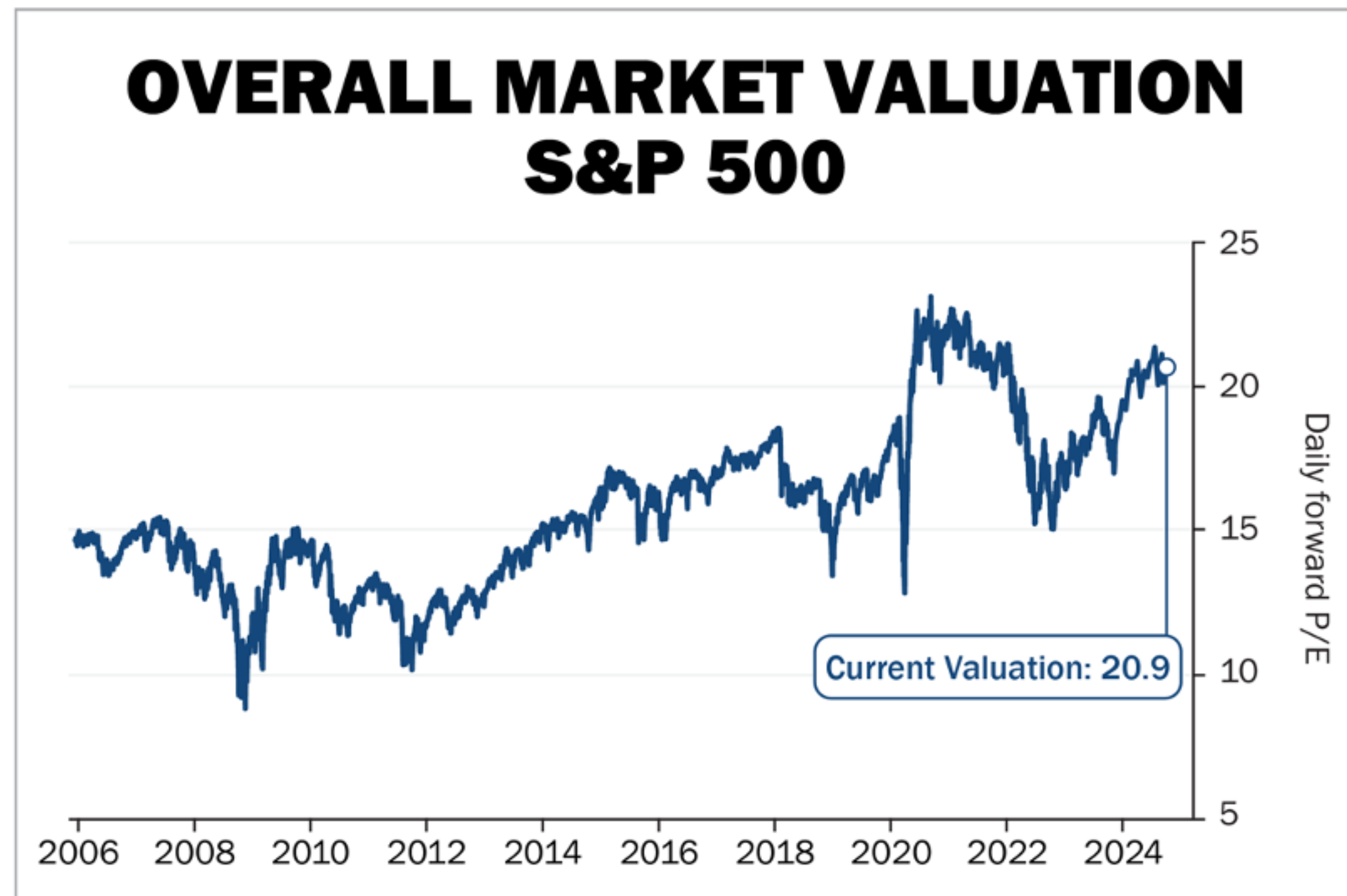
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KEY WORDS

Markets are ‘fundamentally broken’ due to passive investing, says David Einhorn

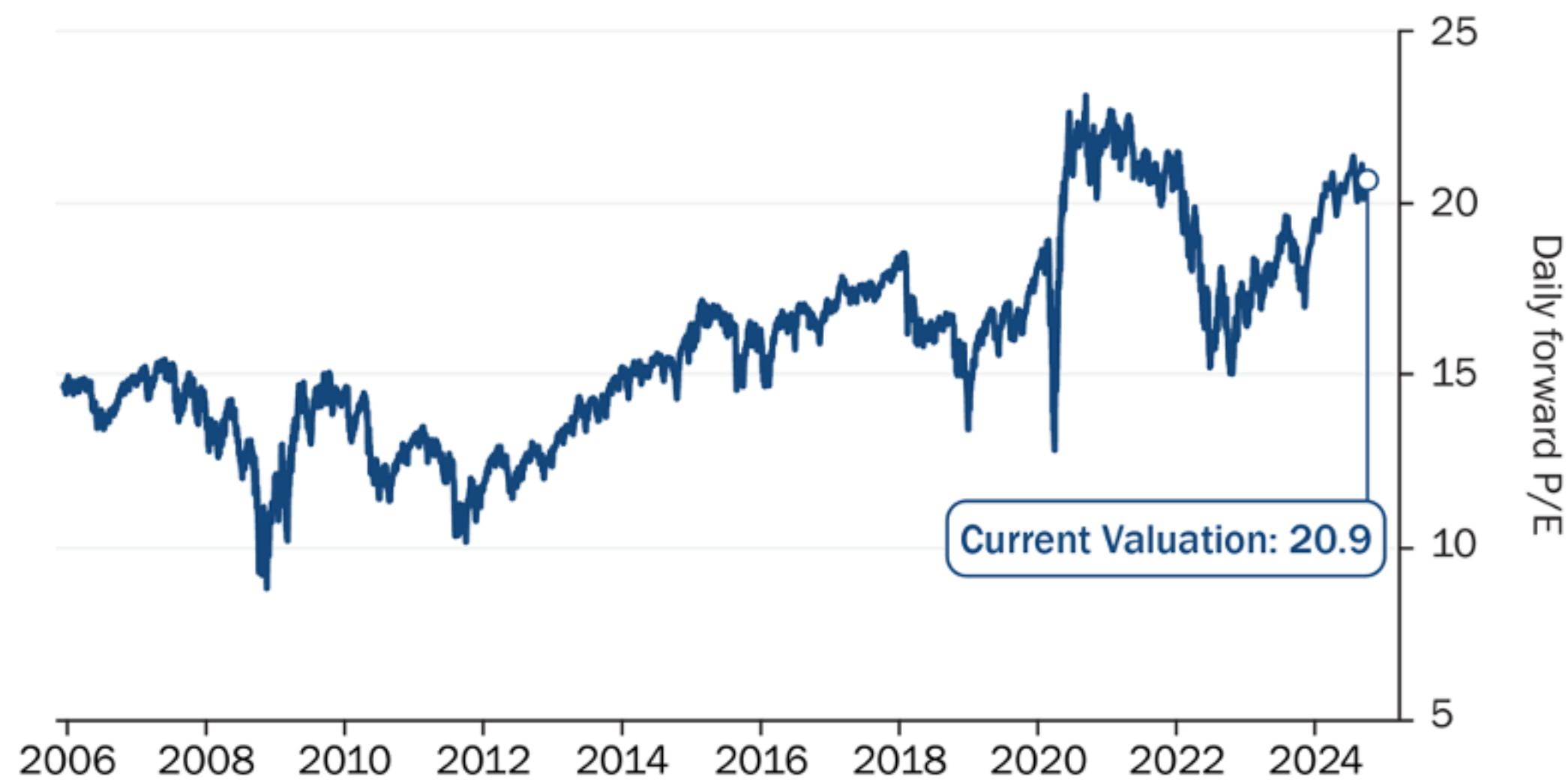
‘The value industry has gotten completely annihilated,’ says hedge-fund titan

Large Cap Vs. Small Cap Valuation



Large Cap Vs. Small Cap Valuation

OVERALL MARKET VALUATION S&P 500



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Source: Yardeni Research

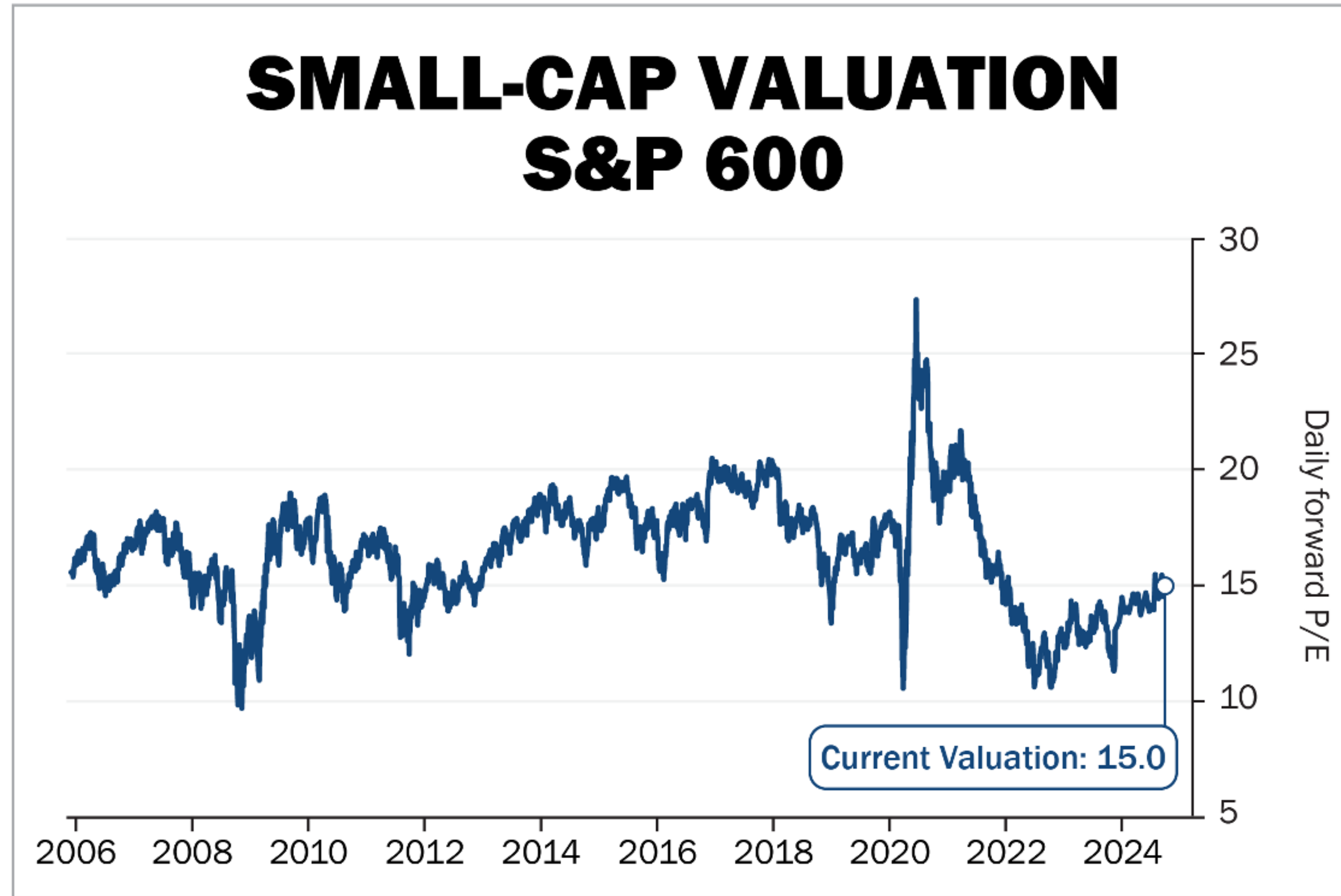
SMALL-CAP VALUATION S&P 600



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Source: Yardeni Research

Large Cap Vs. Small Cap Valuation



Microcaps and Small Caps: Where You Can Invest Like the Good Ole Days



www.stansberryresearch.com Source: Wikipedia



Microcaps and Small Caps: Where You Can Invest Like the Good Ole Days



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Source: Wikipedia



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Microcaps and Small Caps: Where You Can Invest Like the Good Ole Days



“If I were starting today...I would try and know everything about everything small.

And with a million dollars (or less) you could earn 50% a year.”

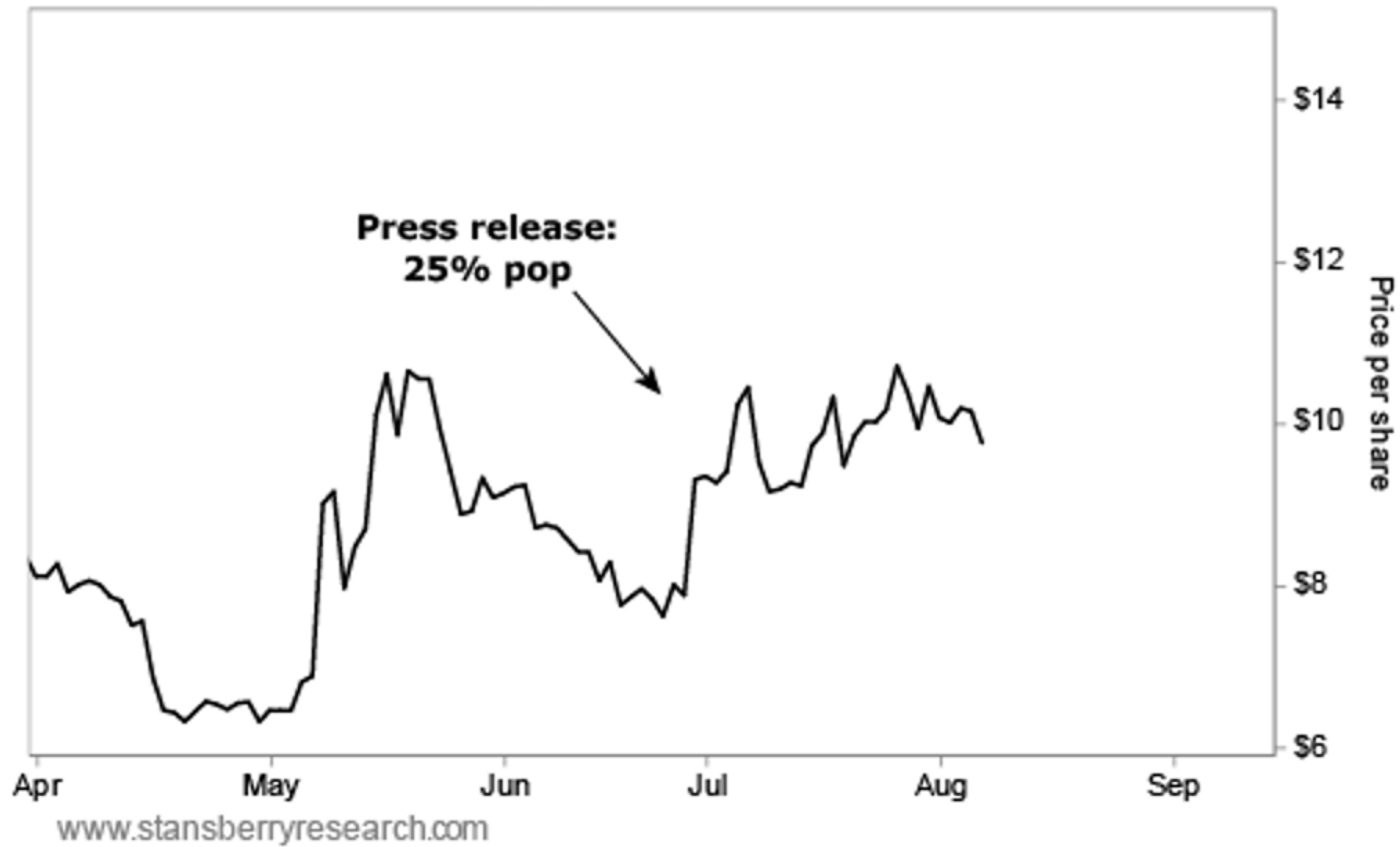
-- Warren Buffett, May 2024

Venture Value Strategies

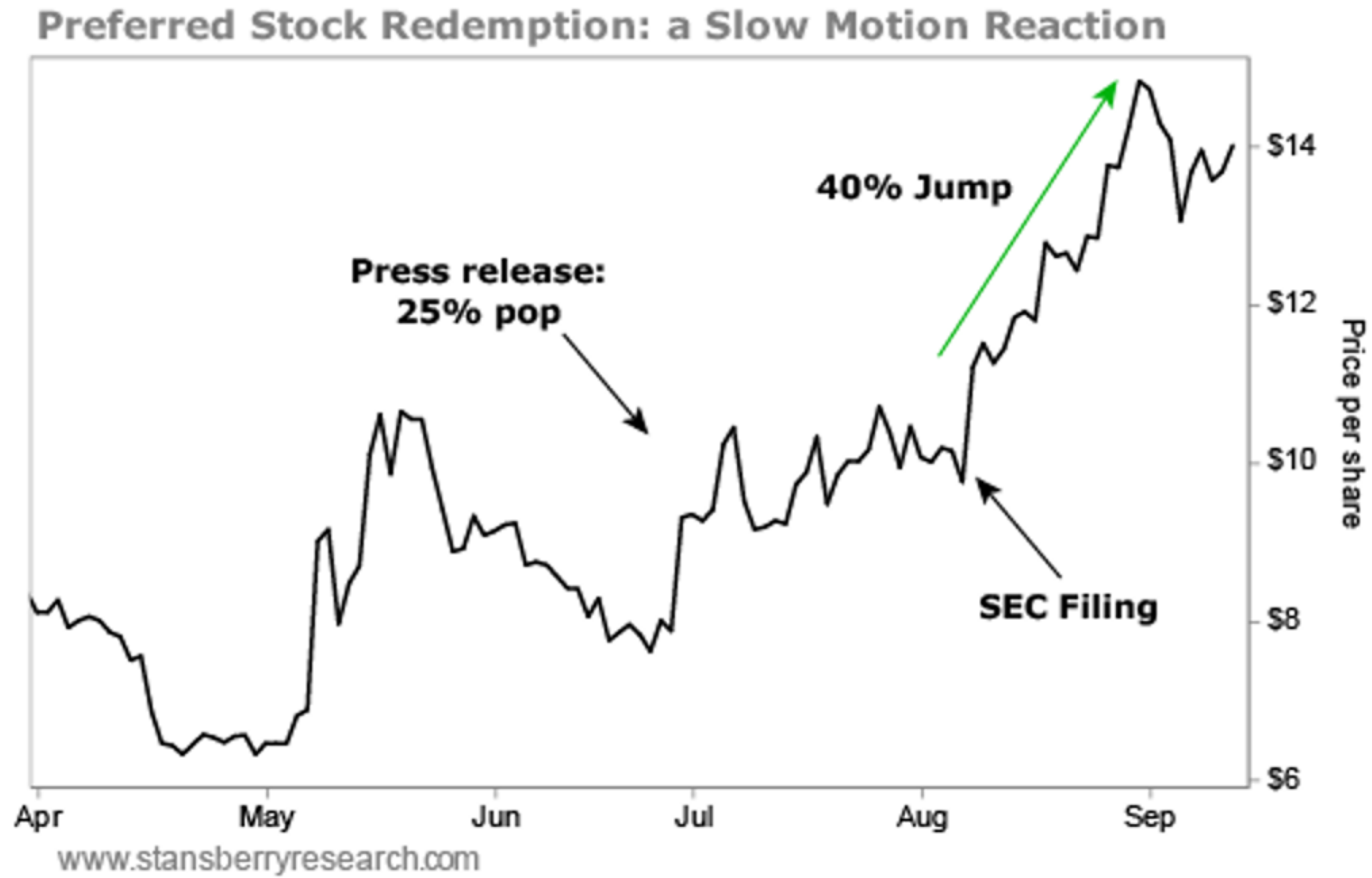
- Bloomberg Blind Spots
- SPAC Splats
- “Unprofitable” Software
- Preferred Stock Retirement or Redemption

A Brief Case Study

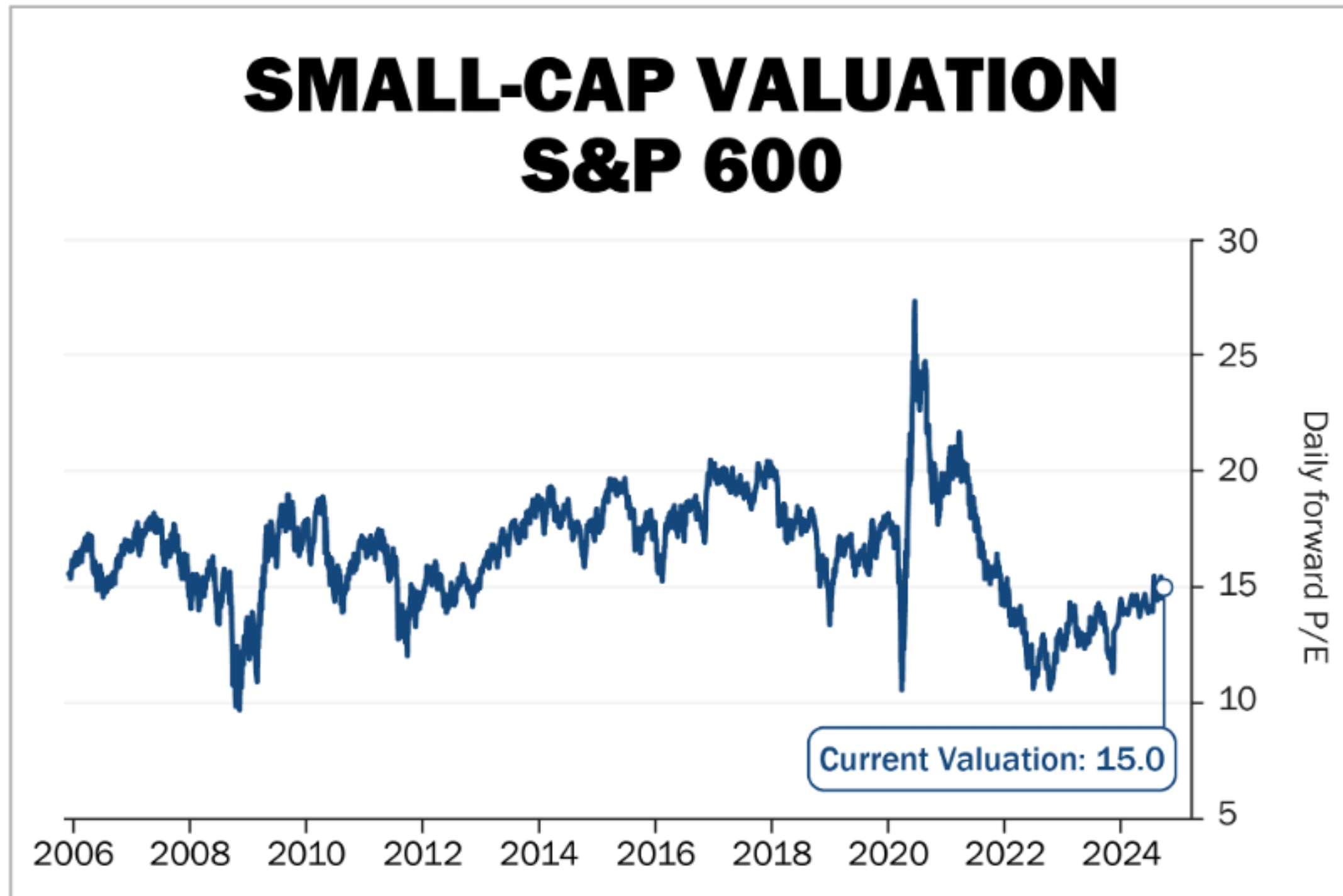
Preferred Stock Redemption: a Slow Motion Reaction



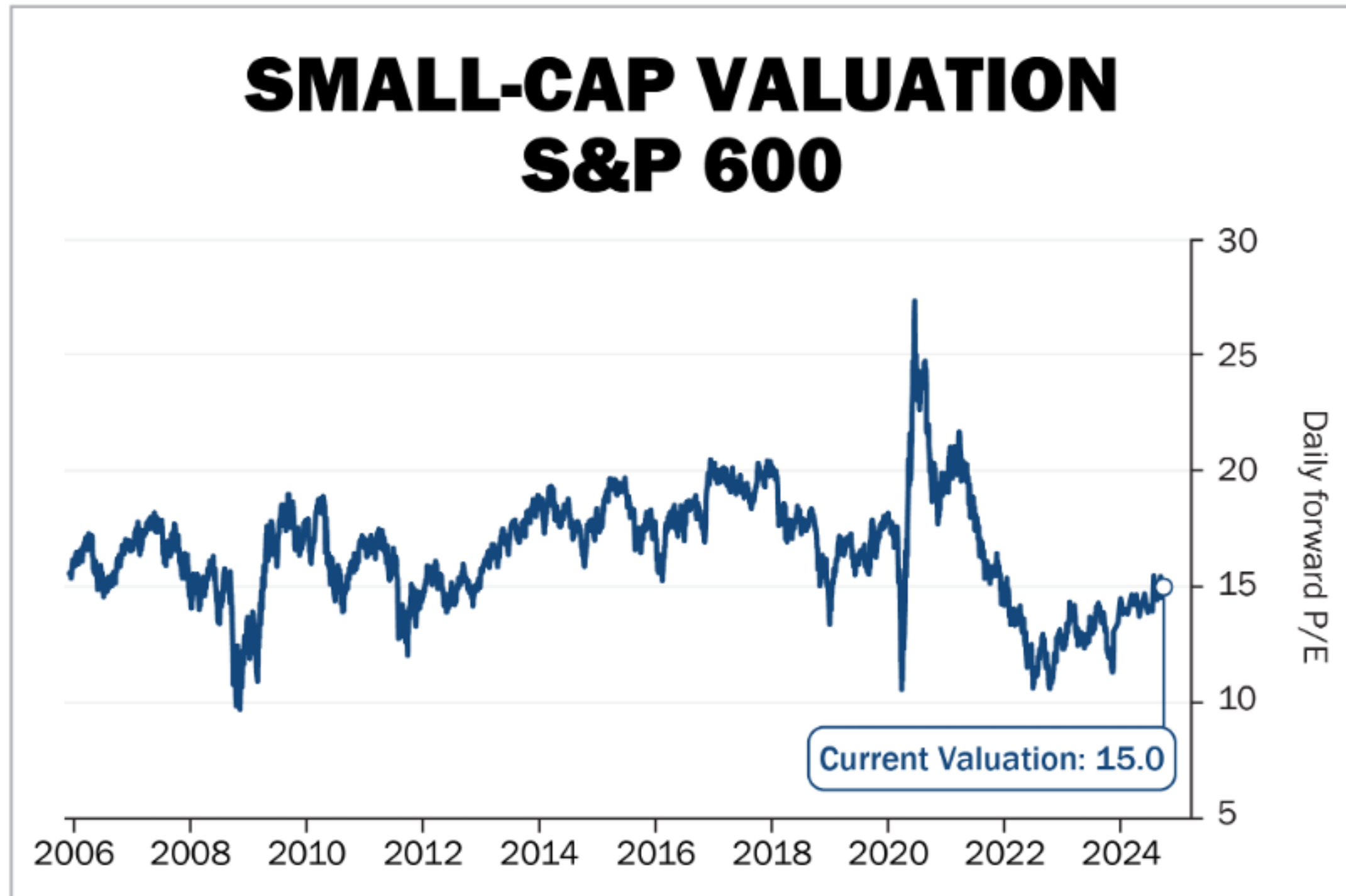
A Brief Case Study



When? Right Now May be Better than Ever...



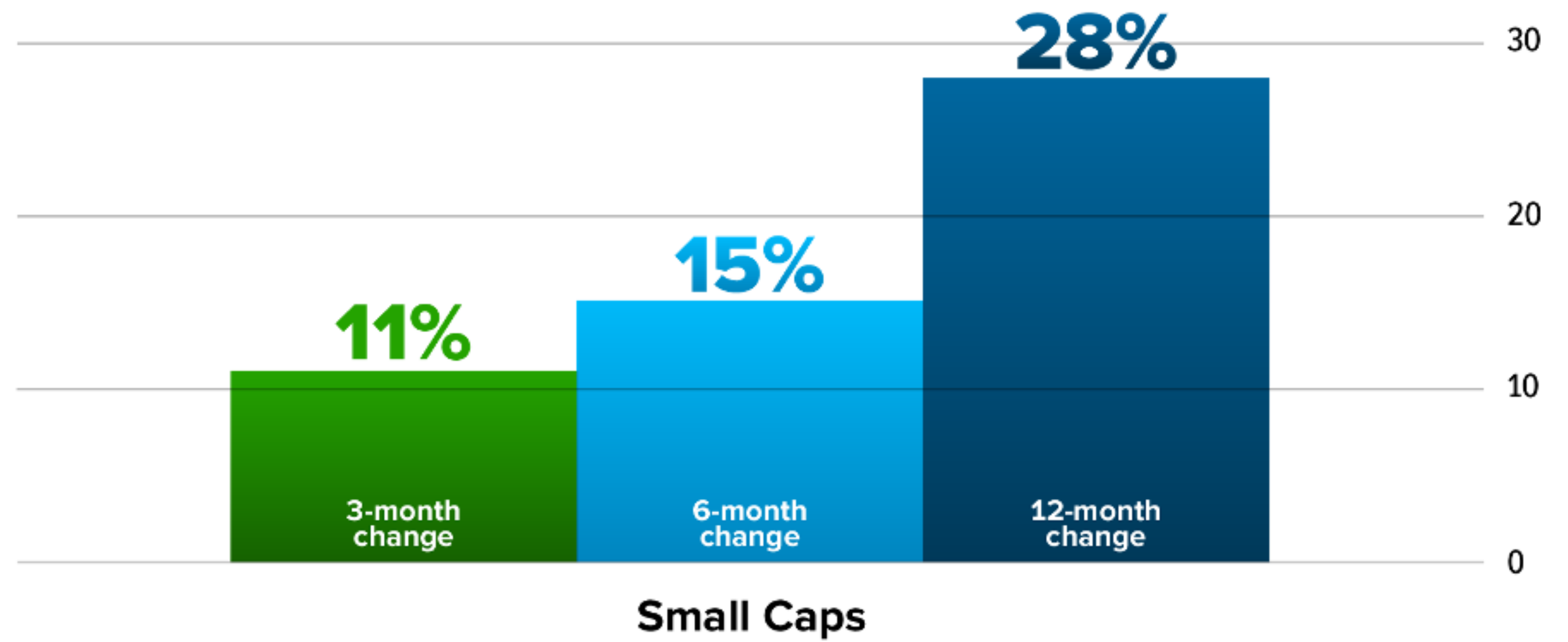
When? Right Now May be Better than Ever...



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Source: Yardeni Research

Small Caps After First Interest Rate Cut



When? Right Now May be Better than Ever...

- While things are certainly volatile, it's never a really a *bad* time to buy a small, profitable, growing public company.

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- No “Relentless Bid” down here in the Microcap World
- With so little coverage, it's still possible to get an edge on the market
- Historically, small caps outperform during periods of falling rates.

For More Info...

www.StansberryVenture.com

