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Better Than Berkshire

- Stocks That Outperform Warren Buffett's Portfolio



FROM THE DESK OF PORTER STANSBERRY

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Better Than Berkshire

Stocks That Outperform Warren Buffett's Portfolio

What you're about to read could end my entire career.

Why write this?

I write what I believe I would most want to know if our roles were reversed. And I write that every time, regardless of the consequences. Sometimes I just can't help it.

There are things you are not allowed to say... Ever.

You see, I am about to reveal a very painful truth. It's something that most of you will simply refuse to believe. No matter how sophisticated my analysis.

That's a shame, because the lesson that lies behind this analysis is one of the most valuable things you could ever learn about investing.

And I promise, nobody will ever tell you this simple truth.

This is part of a universal truth. Something that's true about humanity, about nature, about physics. There is an underlying architecture. And this reveals it.

Ironically, most of you simply won't believe this. It doesn't matter that everything I write below is accurate and true. And is easily confirmed by any competent and honest analyst.

Let me start by telling you something about how I first came to recognize this unpleasant reality.

Let me tell you about my dad.

My dad is, without a doubt, the kindest person I have ever known. Dad is a real-life Santa Claus. I was a very difficult and strong-willed teenager (shocker!). But Dad never raised his voice – not once. Rather than fight with me, he simply told me:

“Porter, I believe in you. You are a good person, and you will do the right thing.”

Gulp.

I’ve never met anyone who didn’t adore my father. He’s one of those magical people who draws everyone together.

He is 85 this year. He was raised in a log cabin without modern plumbing. In rural Appalachia. He’s of Scottish descent, with jet black hair, wild eyebrows, enormous calves, an incredible wit, and he’s blindingly intelligent.

He also adopted me. I carry his name with the greatest reverence. In fact, when I decided to sponsor golfer Kevin Kisner on the PGA Tour, my fondest part of the deal was putting Dad’s name – Stansberry – on Kevin’s shirt. Kevin earned a second-place finish in the British Open in 2018 with my dad’s name on his breast. A very proud moment for our family.

My dad lost his job at SunTrust Bank in the aftermath of the 1973-’74 financial crisis, due largely to President Richard Nixon’s gross mismanagement of the U.S. economy.

Dad had been a well-known writer for *BusinessWeek*. He moved along to public relations for the most important bank in the Southeast. He found himself, quite suddenly, in financial peril. No income. A wife. Two adopted children (my brother and I).

I’ll spare you many details, but he had one goal: get a job at Coca-Cola. Why? It was the premiere business in the South. He landed that job in 1979. He stayed with Coke until his first retirement in 1996. And he made an incredibly important decision: he invested all of his savings into Coca-Cola (KO) stock. That’s an investment that’s grown at around 14% a year since 1979.

I’ll never forget the crash of 1987. My mother was terrified that their savings would be lost. Dad, with his normal good cheer, simply replied: “I own as much of Coke today as I did yesterday. And by the end of this year, I’ll probably own a bit more than I would have otherwise. Today is a great day for us.”

As you might know, that’s when Warren Buffett started buying shares of Coke.

This is a lesson that I’d like to teach every investor. Buy a great business. Buy more when you can. Ignore everything else.

You don’t need to be a powerful financier. You don’t need to invest in private equity funds. All you have to do is buy the best business in a good industry and never sell.

Is it really that easy? Yes!

Who is the world’s greatest investor? Most people believe Warren Buffett is the world’s greatest investor. Nobody can compete with the “Oracle of Omaha.”

Wrong.

Buffett's Take-Private Businesses Have Lost Money

The truth is, Warren Buffett has made a lot of lousy investments in the last 25 years – with the notable exception of his enormous investment into Apple (AAPL). And what was Apple? It was the obvious market leader in the biggest trend in the economy.

Most people believe that Buffett succeeded because he's brilliant and because he had access to all kinds of special deals. Most people believe they must take risks and take on leverage and do all other kinds of financial wizardry because they're not as smart or as well-connected as Warren Buffett.

But that's all nonsense. All you must do is buy the best businesses, in the best industries. That's all. It's obvious. And it's easy.

Warren Buffett's Berkshire Hathaway (BRK) has continued to outperform the market because it profits enormously from the free use of \$170 billion in capital – its insurance "float." At the last Berkshire Hathaway annual meeting, Berkshire's head of insurance, Ajit Jain, revealed Berkshire has earned 2.2% per year on underwriting profit on its float. That's an enormous accomplishment. But the impact of getting to invest \$170 billion of other people's money, completely for free, is lost on the public.

Here's the truth: Berkshire doesn't beat the market because of Buffett's investing. It beats the market only because of its property & casualty (P&C) insurance companies and their legendary underwriting.

And here's what no one is allowed to talk about: ***on a weighted basis, Buffett's largest take-private investments have lost money.***

At the end of the 1990s, Buffett made a profound shift in his investment strategy.

Rather than buying fractional ownership stakes (stocks) in the world's best businesses, he began buying whole companies. This, of course, started – in bits and drabs – much earlier. He took Berkshire itself private in the early 1960s. And then National Indemnity, his first insurance company, in 1967. And then See's Candy in 1972.

Making whole-company acquisitions gave him a substantial edge: he gained access to the target company's books and records. He was able to know everything about a potential acquisition. This also gave Berkshire the ability to manage its tax liabilities far more efficiently. Rather than having to pay taxes on dividends before reinvesting the capital, buying whole companies allowed Buffett to reinvest their earnings directly, pre-tax.

Today, many individual investors believe that, to be successful, they must have an expert's knowledge of a business – the equivalent to Buffett's total access to the company books. And many investors have given capital to private equity firms upon the express promise that such knowledge and greater tax efficiency will earn them greater returns.

Simple question: what if none of this actually works? What if private-company investing isn't nearly as profitable as public-company investing?

Here's a thought experiment. What if, like my dad, you simply bought the very best business that was the clear leader in a growing market? What if you simply did the most obvious thing – you bought the largest, most-dominant businesses and held them, virtually forever? Would you beat Buffett? Sounds impossible, right?

But it's not.

Buffett Should Have Stuck With Stocks

Below you'll see a simple chart of some of Buffett's largest take-private transactions. No, I don't include Gen Re because, at the time, General Re was the obvious choice in the public markets – the largest insurance company in the U.S.

What I'm talking about are the take-private investments Buffett made when there was a clear, publicly traded market leader that he could have easily bought instead. In fact, in most cases, Buffett owned or would own the public company analog that informs my comparisons.

Buffett Should Have Bought Stocks, Not Companies

PUBLIC VS. PRIVATE	YEAR	INVESTED (\$MILLIONS)	PUBLIC CAGR	PRIVATE CAGR	PUBLIC GAIN (\$MILLIONS)	PRIVATE GAIN (\$MILLIONS)	DELTA (\$MILLIONS)
Hershey vs. See's	1972	\$25	12.7%	8.3%	\$9,900	\$1,605	\$4
Home Depot vs. Mrs. B.	1983	\$60	22.2%	8.9%	\$222,440	\$2,240	\$220,200
McDonald's vs. DQ	1997	\$585	10.8%	4.0%	\$9,448	\$1,201	\$8,247
GDs vs. NetJets	1998 - 2012	\$18,725	6.5%	5.7%	\$76,212	\$2,621	\$73,591
S-W vs. Ben Moore	2000	\$1,000	13.5%	3.6%	\$23,125	\$1,250	\$1,875
ExxonMobil vs. BHE	2000 - 2025	\$100,000	5.7%	-2.8%	\$99,821	\$(51,250)	\$151,071
NVR vs. Clayton	2003	\$1,700	13.7%	6.9%	\$25,900	\$5,300	\$20,600
Nike vs. Russell	2006	\$600	13.6%	9.5%	\$5,975	\$2,650	\$3,325
PG vs. KraftHeinz	2013	\$17,360	8.6%	-1.6%	\$29,067	\$(3,000)	\$32,067
Public rails vs. BNSF	2009	\$26,000	15.5%	5.9%	\$227,633	\$39,000	\$188,633
Couche-Tard vs. Pilot	2017	\$13,560	12.4%	-8.8%	\$4,317	\$(7,080)	\$11,397
Summation		\$179,615	6.9%	-0.2%	\$733,838	\$(5,436)	\$739,302

*Summation lines are cap weighted to reflect the different size of each investment

Before you cry, “Well, of course – hindsight is 20/20,” hear me out.

Look at every comparison and ask yourself a simple question: *Would any rational investor at the time not concede that the public company analog was clearly a larger and better business?*

In short, with each of these investments, Buffett had a clear choice to make between a smaller (and lower-quality) business that he could own 100% of – or a larger (and higher-quality) public company he could own fractionally. In each of these cases, the public-company choice is blindly obvious.

Let's start with See's Candy. Buffett often explains how great it's been to turn his \$25 million investment into billions with a tiny privately-owned candy company. And, yes, that was a great investment! It has compounded at almost 9% a year for 50 years! But what if Buffett had done something vastly easier, that any investor could have done: buy America's best publicly traded candy company, which in 1972 was clearly The Hershey Company (HSY) – just as it is today.

And how has Hershey performed? Well, it has compounded at almost 13% a year! If Buffett had simply bought the most obvious, highest-quality public company in the exact same industry, over the last 50 years, he would have earned Berkshire \$8 billion more in total returns than he did owning 100% of See's Candy.

See's has become part of Berkshire's pantheon. And so has **Mrs B.'s Nebraska Furniture Mart**. Buffett has waxed eloquent about this business for 40 years. And it's easy to see why. Once again, he's compounded his investment at almost 10% a year – for 40 years!

But what if instead of buying 100% of a tiny, one-location, hardware and home-furnishings store in Omaha, Nebraska, he had invested the same \$60 million in what was, at the time, the largest (and fastest growing) hardware and home-goods business in the country, The Home Depot (HD)? Sure, this is rear-looking, but at any point over the last 40 years, Buffett could have made this trade. The public-company analog to the private Mrs. B. was always obvious and always available. Nothing would have been easier. And The Home Depot has compounded capital at 22% a year since 1983. The difference to Berkshire? \$220 billion.

Makes you feel a bit differently about Mrs. B., doesn't it?

Now, let's look at Dairy Queen.

There's zero question that Dairy Queen was, and always has been, a lesser version of McDonald's (MCD). Same basic foods. Same business model (franchise). Same basic customers, except of course McDonald's is one of the greatest businesses in human history and Dairy Queen is... well... not even close.

And here's a fun fact for everyone who thinks this analysis is bogus because it's rear-looking: Buffett sold his stake in McDonald's in 1999, a year after he bought Dairy Queen! He chose to own 100% of a lousy business instead of owning a fraction of a great business.

The difference for Berkshire holders? About \$8 billion so far. Again, this huge delta has been obvious for every year that Buffett has owned Dairy Queen – and he's even written what a huge mistake it was to sell McDonald's.

Buffett has consistently bought 100% interests in lousy businesses instead of simply owning the world's best businesses, which are for sale every day in the stock market. It makes no sense.

And here's another deal that just makes no sense.

Buffett has written at length about why owning airlines is a terrible idea. **He bought NetJets in 1998.** And it looks like just as he was buying NetJets, he was selling General Dynamics (GD). This matters because, in 1998, Gulfstream – the maker of the world's best business jet – was for sale. Rather than buying NetJets, Buffett could have bought Gulfstream! And guess who did? General Dynamics – the company Buffett sold just as he was buying NetJets!

Buffett owned General Dynamics! All he had to do was nothing. Instead, after NetJets had done nothing but lose money for more than a decade, Buffett poured another \$10+ billion into buying still more planes for NetJets. He should have bought General Dynamics instead, the maker of Gulfstream planes. If he had, the difference to Berkshire shareholders would have been \$73 billion.

There's no use going through the entire list. You can see for yourself.

Instead of buying all of Benjamin Moore, Buffett could have bought the industry's clear leader Sherwin-Williams (SHW). Difference to Berkshire? \$21 billion.

Rather than buying a mobile-home maker, Clayton Homes, he could have bought NVR (NVR) – the country's most profitable home builder. It had appeared as a recommendation in the Value Investors Club and was, even back then, well-known to good investors as the very best homebuilder in the country. By the way, Berkshire owns it today! Difference to Berkshire? \$20 billion.

Rather than buying Russell Athletic (maker of Brooks running shoes), Buffett could have bought Nike (NKE). This was a no-brainer in 2006. Difference to Berkshire? \$3.3 billion.

And, finally, what I think is the most interesting mistake – **instead of buying Pilot Flying J truck stops**, he could have bought shares in Couche-Tard (ATD), with brands like Circle K convenience stores. The difference to Berkshire would have been \$11 billion.

Buffett has consistently done best when he bought the absolute market leader, in the public markets: American Express (AXP), Coca-Cola (KO), Apple (AAPL), Moody's (MCO) are prime examples. When he hasn't bought the clear market leader he's almost always made a mistake.

Buffett's Two Biggest Mistakes

I've written about Buffett's ill-fated and disastrous decision to invest massively into tightly regulated utilities and energy-related infrastructure. So far he's lost Berkshire about \$50 billion on these investments, if you trust the mark-to-market price for **Berkshire Hathaway Energy ("BHE")** that Buffett used last fall to buy out the estate of his longtime friend Walter Scott.

There isn't an obvious public analog to these regulated utilities, but Buffett should have never made these investments – period. If he wanted to own energy, the best energy business in the history of capitalism is ExxonMobil (XOM). So I've run an analysis here of buying ExxonMobil instead of the half dozen different energy businesses that Buffett has bought to build BHE. Difference to Berkshire? More than \$150 billion.

And that's not Buffett's biggest mistake.

In 2006, Chris Hohn, the legendary British investor behind the The Children's Investment Fund, began taking an activist position in railroads, including CSX in America. He pitched his thesis that railroads were deeply undervalued to hedge funds and other very knowledgeable professional investors. Everyone knew the rails were in play. And Buffett invested in the idea, buying stakes in America's best railroads: CSX (CSX), Norfolk Southern (NSC), and Union Pacific (UNP). He sold these stakes to buy something else. **He purchased 100% of BNSF Railway**, which has long been the worst performer in the industry. So what if Buffett hadn't picked one railroad to own 100% of, but instead had simply invested heavily into the basket of railroads that he already owned? It would have been a difference to Berkshire of \$188 billion.

Looking at all of these investments, you'll discover something shocking: Warren Buffett has lost money, cumulatively, on a capital-weighted basis, mostly because of the huge losses at BHE.

It Doesn't Have To Be Hard – Just Invest Like My Dad

These situations make clear Buffett's biggest mistake: rather than investing in market leaders, he chose, repeatedly, to buy "value businesses," where he could own 100% of the shares. That strategy has been a colossal failure.

But here's the good news. You don't have to make these mistakes. Just learn to invest like my dad – in the biggest, most obvious market leaders. *If Buffett had just made those easy choices, Berkshire would be more than twice its size today (on an enterprise value basis).*

That's a difference of over \$700 billion.

The reality is, Warren Buffett, like many investors, often dismissed the obvious advantages of simply buying the world's best businesses and holding on to them. And that's the good news: **investing doesn't have to be hard.**

So how can you build your own Berkshire? Here's a hint.

Only own great businesses (return on equity of at least 15% a year) that actively buy back huge amounts of their own valuable shares. Like Buffett does when he owns a whole company, you'll benefit from these compounding returns. High quality businesses that buy back their own shares in large quantities are, pretty much, wealth-creation machines.

Building A Better Than Berkshire Portfolio

At first glance, the idea that you could build a portfolio that would reliably outperform Berkshire Hathaway (BRK) seems ridiculous.

For decades, Berkshire was a free and easy way to beat the market consistently. Thanks to Berkshire's huge insurance company float (now, as we said above, over \$170 billion), Berkshire was a leveraged bet on Warren's "alpha" – his legendary ability to make great investments.

But over the last 25 years, as Berkshire has grown to become virtually unmanageable (it's a \$1 trillion market-cap business!), its relative performance has declined. Likewise, because of the growing portion of Berkshire's capital that's locked into regulated and capital-intensive businesses, it's unlikely that Berkshire will outperform relative to high-quality equity portfolios.

Below is a list of stocks I feel certain will outperform Berkshire.

These are ultra-high-quality businesses that buy back large portions of their outstanding shares each year. In my mind, this is a virtually fool-proof way to beat the market: these are wealth-creating machines.

Wealth-Creation Machines

TICKER / COMPANY	CHANGE IN SHARES OUTSTANDING SINCE 2015	CURRENT ROE	EV/EBITDA (NEXT 12-MONTH ESTIMATE)	AVERAGE ANNUAL RETURN (CAGR%, 10 YEARS)	TOTAL RETURN (2015 - 2025 %)	S&P 500 OUTPERFORMS	CURRENT PRICE	INTRINSIC VALUE	DISCOUNT/ PREMIUM
AZO Autozone	-48%	15.2%*	15.7	18.6%	452.9%	6.2%	\$3,745.54	\$3,115.77	20%
CACC Credit Acceptance	-47%	17.2%	4.4	7.8%	112.8%	-4.6%	\$484.70	\$572.61	-15%
ORLY O'Reilly Automotive	-46%	17.3%*	21.0	20.2%	528.2%	7.8%	\$1,378.09	\$852.93	62%
APPL Apple	-36%	29.1%*	20.3	21.4%	598.7%	9.0%	\$196.25	\$179.43	9%
HCA HCA Healthcare	-40%	12.0%*	8.9	17.5%	403.2%	5.1%	\$360.98	\$447.88	-19%
NVR NVR	-26%	38.3%	11.7	18.2%	432.2%	5.8%	\$7,095.64	\$6,592.72	8%
HLT Hilton Worldwide	-26%	33.6%	18.2	15.5%	321.7%	3.1%	\$241.65	\$165.17	46%
BKNG Booking	-37%	23.4%	17.5	15.8%	332.9%	3.4%	\$5,196.24	\$3,827.35	36%
CAT Caterpillar	-21%	55.7%	11.7	17.0%	379.8%	4.6%	\$320.29	\$345.31	-7%
HD Home Depot	-28%	21.8%*	16.3	15.3%	316.9%	2.9%	\$362.75	\$268.06	35%
DE Deere & Co.	-21%	27.9%	18.8	20.2%	529.3%	7.8%	\$472.40	\$407.14	16%
V Visa	-20%	52.3%	24.1	18.9%	463.4%	6.5%	\$349.85	\$253.55	38%
CSX CSX	-36%	26.1%	10.6	10.7%	176.6%	-1.7%	\$28.37	\$27.97	1%
LMT Lockheed Martin	-25%	82.5%	12.4	12.6%	227.5%	0.2%	\$471.32	\$652.88	-28%
GOOGL Alphabet	-10%	34.8%	10.1	18.8%	461.3%	6.4%	\$151.38	\$209.48	-28%
BRK.A Berkshire Hathaway	-24%	13.2%	5.3	13.5%	255.8%	1.1%	\$770,804.00	\$573,148.25	34%

*Indicates that return on tangible assets was used to normalize negative common equity.

One of our analysts, Jared Simons, plugged this list into an equal-weighted portfolio and back-tested it on Bloomberg. The results were *better than Buffett*: 20% annualized returns with less volatility than the market as a whole (beta: 0.95). The combination of market-beating returns and less volatility led to a Sharpe Ratio of 1.10 for this portfolio (the Sharpe Ratio compares the return of an investment with its risk).

Now, of course, this analysis is rear-looking. A fund like this would be called *The Hindsight Fund!*

But it's also true that these companies are very likely to continue producing high returns on equity and to continue buying back their shares. Barring a financial crisis, it's extremely likely that a portfolio made up of these stocks will generate very adequate returns. I'm also virtually certain they will beat Berkshire Hathaway and the overall market by a wide margin.

And that led to a thought experiment... Let's build a portfolio that's based on Berkshire's structure and asset allocation, but that's only made up of world-class businesses that, when measured objectively, are better than their Berkshire analogs.

If you back out Berkshire's cash, you'll find that its assets are allocated across these industries in these percentage:

Berkshire Hathaway's Asset Allocation	
P&C Insurance	42.2%
Manufacturing, Service, And Retail	23.1%
Utilities And Energy	13.6%
Financials	10.9%
Technology	9.5%
Railroads	6.8%
Consumer Goods	5.4%
Healthcare / Other	5.4%

Let's try it.

When it comes to P&C insurance, Berkshire owns some of the best businesses that have ever been created in the industry. But Progressive (PGR), one of my long-time recommendations, has clearly been outperforming Berkshire's GEICO and, I believe, will continue to do so for a long time.

Likewise, I feel confident that both Kinsale Capital (KNSL) and AXIS Capital (AXS), both in *The Big Secret On Wall Street* portfolio, will outperform Berkshire's other P&C insurance businesses because of its focus on the unregulated excess-and-surplus insurance lines, their industry-leading underwriting and combined ratios, and their faster growth rates (thanks to their relatively small size). I'd also include W.R. Berkley (WRB), which is the gold standard in the industry.

When it comes to Manufacturing, Service, and Retail (“MSR”), outperforming Berkshire isn’t a challenge.

Berkshire’s \$37 billion Precision Castparts acquisition has been a disaster. If you want to own the best aerospace business, buy shares of HEICO (HEI). It is a serial acquirer in aerospace, defense, and electronics. It’s made over 100 acquisitions since 1990. It is one of the best businesses in the world – it’s up ~800% over the last decade with virtually no volatility.

But you don’t need to leave the list of Wealth Creation Machines for the MSR allocation: Lockheed Martin (LMT) is a better business than Precision Castparts, too. Homebuilder NVR (NVR) is a vastly better business than Clayton Homes. The Home Depot (HD) is one of the best retailers in America – far better than Mrs. B.’s Nebraska Furniture Mart – and AutoZone (AZO) is a very safe bet too. Deere & Co. (DE) is one of America’s greatest manufacturers and one of the best businesses in the history of capitalism, and Winmark (WINA) has been one of the best retailers in the world since adopting its franchise model, with a better-than-3,500% return since the Global Financial Crisis – both are in *The Big Secret On Wall Street* portfolio.

When it comes to utilities and energy, I’d absolutely avoid any regulated utilities. Instead, I’d focus on businesses that seem best able to produce, fuel, and distribute electricity – which is sure to be in increasing demand thanks to the insatiable appetite that artificial intelligence (“AI”) has for it. From our list of Wealth Creation Machines, Caterpillar (CAT) has a large and growing back-up power business. But in this industry, I’d look to our *Big Secret On Wall Street* portfolio for high-quality businesses like leading natural-gas supplier EQT (EQT), liquefied natural gas exporter Venture Global (VG), energy royalty business Texas Pacific Land (TPL), Permian basin royalty business Viper Energy (VNOM), and the leading provider of small modular nuclear reactors BWX Technologies (BWXT).

In Financials, Buffett has a huge position in Bank of America (BAC)... which in 2020 made a huge bet on bonds at the worst time in a century: when yields were less than 2%! I’d avoid banks, which are both highly leveraged and highly regulated, and instead focus on far more capital efficient payment processors.

I’d recommend American Express (AXP). That’s one stock that Buffett has that is impossible to beat. From our list of Wealth Creators, you could pick Visa (V). And from *The Big Secret*, a potentially controversial choice: Credit Acceptance (CACC). Subprime auto lending is not a business that I think Buffett would have ever been involved with, but this company does this necessary (but unsavory) job in a first-class way. It’s been a terrible business for the last three years as auto-loan delinquencies have set new record highs. But this is a cyclical business. These lean years will drive out the weaker players and over the next decade, Credit Acceptance could easily become our best-performing stock.

When it comes to technology, it's awfully hard to guess which firms will end up dominating. But I think Alphabet (GOOG) and Booking (BKNG) from our Wealth Creators list have become de-facto "Lindy" stocks in the sector and have proven to be steadfast buyers of their own shares (our Lindy's List of businesses are those that have excellent economics and long, at least 20-year, track records). Also from The Big Secret portfolio, it's hard to imagine a world that doesn't include Uber Technologies (UBER). And I'd add Coupang (CPNG), which is a fast-growing e-commerce leader in Asia.

Railroads? There's only one on our Wealth Creators list, CSX (CSX).

And then there's consumer goods – one part of Berkshire's asset allocation that I'd suggest changing substantially, making it 15% of the total instead of 5.4%. And we have lots of great businesses to choose from: Philip Morris International (PM), British American Tobacco (BTI), Coca-Cola (KO), which also should have been on our Wealth Creators list, The Hershey Company (HSY), Nike (NKE), and Domino's Pizza (DPZ). I'd also add McDonald's (MCD). It has repurchased 26% of its shares over the last decade.

When it comes to healthcare, we've got to go with our Wealth Creation list's healthcare leader, HCA Healthcare (HCA). And I'd also include Alnylam Pharma (ALNY), one of Biotech Frontiers editor Erez Kalir's core long-term recommendations, and Danaher (DHR) from The Big Secret. I'd also allocate funds into Eli Lilly (LLY) for the coming generation of weight-management drugs instead of Novo Nordisk (NVO), which we just removed from The Big Secret before it fell more than 30%.

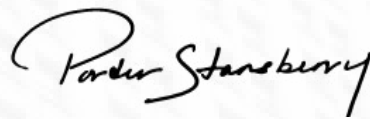
So putting it all together... I'd build a portfolio that looks like this:

Better Than Berkshire

Portfolio	Allocation
Property & Casualty Insurance Progressive (PGR) Kinsale Capital (KNSL) AXIS Capital (AXS) W.R. Berkley (WRB)	40%
Manufacturing, Service, And Retail HEICO (HEI) Lockheed Martin (LMT) NVR (NVR) The Home Depot (HD) AutoZone (AZO) Deere & Co. (DE) Winmark (WINA)	20%
Consumer Products Philip Morris International (PM) British American Tobacco (BTI) Coca-Cola (KO) The Hershey Company (HSY) Nike (NKE) Domino's Pizza (DPZ) McDonald's (MCD)	15%
Energy EQT (EQT) Venture Global (VG) Texas Pacific Land (TPL) Viper Energy (VNOM) BWX Technologies (BWXT)	5%
Financials American Express (AXP) Visa (V) Credit Acceptance (CACC)	5%
Technology Alphabet (GOOG) Booking (BKNG) Uber Technologies (UBER) Coupang (CPNG)	5%
Healthcare HCA Healthcare (HCA) Alnylam Pharma (ALNY) Danaher (DHR) Eli Lilly (LLY)	5%
Railroads CSX (CSX)	5%

We'll start tracking this portfolio as an index to see if, in fact, we can produce something that's "Better Than Berkshire," which is what we will name it. For the purposes of our index, we'll use a "plain Jane" equal-position-sizing strategy inside each allocation. And, going forward, we'll rebalance and reassess the portfolio at the end of each year.

Action to Take: For the latest updates on our open positions and current buy up to prices, please visit our live portfolio [here](#).



Porter & Co.
Stevenson, MD

P.S. If you'd like to learn more about the Porter & Co. team, you can get acquainted with us [here](#). You can follow me (Porter) on [X](#) here: [@porterstansb](#)