Some things and ideas: April 2020

Some random thoughts on articles that caught my attention in the last month. Note that I try to write notes on articles immediately after reading them, so there can be a little overlap in themes if an article grabs my attention early in the month and is similar to an article that I like later in the month. That's a particular challenge for a month as wild as this one; for example, if I link something from early April like "Apple tells staff stores closed until early May or "Equinox won't pay April rent," by the time I post this article the information is wildly out of date (people will be more concerned with Equinox paying May rent!) even though it's super interesting!

Premium / word of mouth

- I launched a premium YAVB in April (announcement / overview here). I've had a lot of fun doing the site so far (I thought this tweet summed up nicely how having people subscribe to a newsletter is motivating), and I think it's worth subscribing if you enjoy the free blog.
    - The general goal of the premium site is to post one deep look at a company and/or investment idea each month, and then do a monthly general update post (kind of like this post, but with a heavier focus on investing specific things and my thoughts on them), but it's still a work in progress!
- Don't feel like subscribing? No worries! However, one of the reasons frequency of posts / podcasts / other public stuff can fall off is because I look at them and wonder: "Is it really worth my time doing these for this small an audience?" A lot of work goes into all of these, and I hope that the output is generally of interest / high quality. If it is and there's someone you think would

like this blog, please share it with them. It would mean a lot; positive feedback / increased readership is what keeps the public posts coming!

    - This isn't meant to be a threat or anything! It's just frustrating to spend lots of time on something that you think is decently high quality and consistently see viewership numbers that would rival a local high school's newspaper or a North Korea / South Korea soccer match or an Italian soccer match during a pandemic.
    - And a big thank you to everyone who reached out expressing how much they liked the blog. Honestly it means a lot to me!
- One thing I realized after putting this request up for a few months: it's kind of rude for me to be asking people to share my blog without highlighting some other blogs I enjoy. So here's a special shoutout to some fellow bloggers whose posts I enjoyed this month:
    - Viral Prohibition
    - I'm struggling here
    - Colony Capital Preferred Stock (I've mentioned prefs a few times; I think there are lots of opportunities out there and this appears to be one of the better ones)
    - The great influenza of 1918 (summary of the book; starting it this afternoon and then likely shifting to a Civil War or Roman empire book)
    - V-Shaped recovery for me, L-Shaped recovery for thee
        - I'd actually never heard of The Diff before this month. Two people I respect highly recommended it to me, so I subscribed. I've really enjoyed the service; it's near daily and I'm honestly envious of the quality / quantity combo that he manages to put out. Very much recommend.

Monthly Pondering: Corona **dislocation**

- I posted some thoughts on Corona dislocation earlier this month, so I'm going to use that as my monthly pondering.

Bonus Monthly Pondering: creativity in the wake of Corona

- Ok, I can't leave you without a new pondering. This isn't value investing specific, but I wanted to throw it out there anyway.
- I've expressed a few times how bearish I am on the short term for a lot of things. I don't just mean for the economy specifically (though that too!) or for stock markets (no opinion short term; think longer term today's prices are decent), but also just a lot of things we take for granted. It's going to be quite some time before we get sports the way we're used to them, next year's slate of TV shows is likely to look a lot different, a lot of big gatherings that we're used to havign will be put on hold for a long time, etc.
- But there is one area I'm really bullish: story-telling. The shut in has redefined a lot of things in life for us in the short term, and I expect that's going to spark a lot of creativity for new books / stories / movies / etc.
    - One example of this: CBS is shooting a virtual episode of All Rise. I've never watched the show, but it's cool to see them quickly adapt and experiment.
- Again, not specifically investing related, but something I'm thinking about. And it certainly could have investing implications: creativity could come in new ways that consumers engage with media, and companies that pick up on that quickly could see huge increases in engagement / value. Nothing particularly on my mind here currently (though Match has done some interesting stuff with virtual dating), but I'll be thinking about it.

Some non-finance recommendations: Staying on the non-finance theme, here are some things that I've been into recently in case you'd enjoy any of them.

- TV: I don't watch much TV; I generally only watch with my wife. We used to only watch an episode of TV together once or twice a week, so I didn't get through tons of TV, but now we probably watch an episode or two together every night so I'm getting through way more stuff.
  - Netflix: Really enjoyed The Sinner, particularly season 1. We've recently started Money Heist and it's incredible.
  - HBO: Watchmen Season 1 was one of the best things I've ever watched
  - Hulu: Honestly nothing. This is a company worth like $20B (per Comcast / Disney deal). I understand a huge piece of the value is the live product, but how are their originals this bad / this limited?
  - Disney+: The Mandolorian was really, really good.... but there's honestly not much else on the service. We will go back and watch some of our favorite Disney movies (so I can see why the service is a godsend for parents), but (similar to Hulu) this was a multi-billion dollar swing. How were the originals this bare boned on launch?
  - Other: I'd never watched Billions before (simply as a protest for their work / doing other things balance, which is absurd. When do those people work?); we finished that earlier this year and I really enjoyed it.
- Non-business books: I love to read. I generally alternate between business and non-business books; here are some non-business books I read recently and enjoyed
  - First law trilogy: Really enjoyed this. The best comp for it is probably Game of Thrones; well developed world with lots of different and

    interesting characters. Probably not as twisty or quite as brutal as GoT, but at the same time the story actually makes sense and they're able to finish the story....
    - City of brass: first book in a trilogy; reading if for a book club we're forming. Books 2 and 3 will follow next month!
    - Saga: I'd never read a graphic novel before; this was my first and the story and universe was super unique.
    - Locke & Key: after reading Saga, decided I'd rather read the novel than watch the Netflix show
- Workouts: perhaps the every day thing I miss most about social distancing is the inability to go to gyms and workout classes (I was a Classpass fanatic and hit tonehouse ~2x/weeK0. Currently, I'm doing Insanity ~5x a week, and supplementing with some running and yoga.
- A quick investing thing: look at what I said about Hulu / Disney+. Multi-billion dollar swings, and the originals are super bareboned. I think it highlights the 1) moat that netflix has built up through pure depth of their content and 2) why I think there's some reason to be bullish legacy media because of their deep content libraries.

Amazon cutting commission rates

- Ok, the previous section was actually more about setting this section up. You'll note that, in the section above, all of the book recommendations and the Insanity link were amazon affiliate links; that was intentional because I thought it helped highlight the power of Amazon.
- Why highlight that power? Amazon is cutting their commission rates, and I found thinking about the cut really interesting. I've always been kind of shocked how generous amazon's affiliate terms are. Consider all the

links above; if I was linking to products from some random small internet site, I'd guess if you followed the link you'd find it kind of weird if I was linking to a random site. Even if you were interested in the product, most people would probably try to go find / order it on Amazon rather than buying it from arandom site. It's just a convenience thing; you've probably already got an Amazon account, you know you can trust Amazon with returns and issues, etc. Even if I was linking to a big, reputable site (Walmart or Target or something), I'm guessing you're way more likely to buy the product on Amazon. As a writer / referrer, if you're using referrals to make money, that calculus has to loom large; sure, you can try to use other sites that offer larger commissions, but your conversion rate is likely to be way lower and you'll probably make a lot less money. So Amazon's always had a huge scale advantage there: if you use their referral code instead of a competitor, readers are more likely to buy, so you'll probably make more money even if amazon doesn't pay as much. I'm surprised they haven't leaned on referral rates earlier.

- No huge takeaways here. Clearly the affiliate cuts were designed around products that are in higher demand in the Corona environment, but I thought it was also a really interesting highlight of another part of Amazon's moat.

Gold star continuation

- I introduced the "Gold Star" process in my August 2019 blog link and followed up on it in September. My goal is to continue to do this going forward: every month, I want to read 40 10-Ks and hit the most recent earnings call for those companies (if they have them). Many of these will be new companies, but some will be brushing up on old favorites. The hope is the process helps to me to maintain the balance of reading broadly while learning about new companies and ensures I'm a bit more structured in my work. Anyway, here are the 10-Ks I read this month:

    - I hit around 45 companies companies this month. I've listed about half of them below; similar to last month, I looked at a bunch of BDCs and illiquid microcaps (particularly at the start of the month), and for competitive reasons I don't want to disclose those.
    - SLG
    - VNO
    - ALX
    - CLNY
    - LEVI (their annual meeting was interesting)
    - KTB
    - IWG (posted here)
    - WKP (Workspace Group in London; loose IWG comp)
    - COOP (about 4x)
    - NRZ
    - LADR (have looked several times before; revisit inspired by Clarkstreet's post)
    - XPO (inspired by excellent chair letter; again have looked several times before)
    - FTAI
    - BRG (execs started taking ~all comp in stock after shares collapsed)
    - QMCO
    - Tanker stocks
        - INSW
        - STNG
        - EURN
        - NAT
- If you have thoughts on any of the companies I mention in this, I'd love to hear them. Or if you have suggestions for companies I should look at next month, I'm always open to suggestions (I tend to hit ~75% of

the companies people ask me to look at, and I'll try to get back to you with thoughts on them if I have any / if I remember or you remind me)

Sports media update: A core tenet of the monthly update: continued highlights of the increasing value of sports rights (mainly because of my love of MSG (disclosure: Long)).

- Corona sports cancellations sets up media fights over refunds
- Behind the scenes are Wrestlemania, the most unusual yet
- How WWE pulled off Wrestlemania
- Last call for the XFL
- Can US sports return soon? South Korea offers clues
- Streaming wars on hold during Corona
- MLB 2020 valuations
- James Dolan ditched his family cable business; now he's stuck with an albatross of his own making
- In a sports blackout, NFL games are booming
- Summer will come; crowds are still a maybe
- Live sports are cancelled; don't expect a TV refund
- Sports ticketing will look different as teams get creative without fans
- Social distancing effects on arenas
- Dish demands ESPN refund
- Sports post-pandemic reckoning

Other things I liked

- LYV revolver amendment
    - I'm just endlessly fascinated by this. LYV's covenants will replace 2020 Q2+Q3 EBITDA (which will be awful) with Q2/Q3 2019 EBITDA. I get that the company and bankers are trying to adjust for how bad 2020 is goin gto be, but it seems a bit of a fantasy to just replace them with earnings from 2019 (I doubt live events are getting back to that level of earnings / attendance any time soon).

- LYV was the first company I can remember doing this, but it got pretty common throughout the month. SIX flags did it a few days later, and I'm sure many more (I'm writing this ~April 15 so not set to comment on how prevalent this gets). Again, I undertand the thought, but it does seem a little crazy to me. Even after the economy reopens, it's tough for me to see SIX's earnings recovering for years (even in 2021, I'm not sure people are going to be going to mammoth theme parks where people are huddled together and touching common things unless we have a vaccine by then).
- FT interviews bill gates
  - Bill Gates Vox interview
  - I tweeted this, but I think Gates brings the best blend of knowledge /rationality / guarded optimism to the conversation. If you know of any better expert, I'd love to hear them.
- Socially distance this
  - The whole article is wild, but the company's response was mindblowing. I figured it was an obvious lie, but nope!
- Lesson from Singapore: why we need to think bigger
- Which way now (Marks memo)
- Local TV sees spike in viewers; drop in ads
- Iger thought he was leaving on top; now he's fighting for Disney's life
- AirBNB's corona crisis
- David Chang isn't sure the restaurant business will survive Corona
- A Corona fix that passes the smell test
- Corona sends deal making into disarray
- In the Corona Economy, the only safe mortgage is a goernment backed one
- Corona Virus has shut stores, and retailers are running out of time
- Maybe he doesn't want to be the hero; buffett lying low,

Ackman stepping up
    - Charlie Munger: the phone isn't ringing off the hook
- With corona shutdown, airlines learn to manage without flying planes
    - aircraft lessors should fare better than their airline customers (S&P on air lessors)
- PE values stressed by Corona
    - How PE is winning the crisis
    - PE firms scramble to shore up Corona hit holdings
- Oaktree, Elliot among bargain hunters circling mortgage trusts
- Cheapest U.S. gasoline since 1999 has America's Refiners throttling back
- Forbes story on Softbank / Masa
- How can broadway recover from corona
- United, delta weigh selling miles early to raise cash
    - The devastated travel industry by the numbers
- Despite stay at home order Seattle real estate market continues to show up
- They were the last couple in paradise. Now they're stranded
- Animal crossing gives Nintendo new horizons
- Chinese companies hope for NY IPOs despite fraud
- Troll no more: energy twitter's big short on shale comes good
- Time to look for a vacation deal? Travel addicts are looking ahead
- Bundle magic
- Millions of credit card customers can't pay their bills. Lenders are bracing for impact
- Chewy Q4'19 puppy photo review