# Some things and ideas: September 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. Writing earlier in the month is a particular challenge for an environment 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early May or "Equinox won't pay April rent," by the time I post those articles in late April the information is wildly out of date (people will be more concerned with Equinox paying May rent!)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), and we updated it (and the rest of the website) with version 2.0 in August. I've had a lot of fun doing the premium site so far; if you enjoy the free blog, I think you'll love the premium site, so I'd encourage you to subscribe.
  - 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, individual investment updates, 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 shout out to some fellow bloggers whose posts I enjoyed this month
    - Low Tide Investments August Update
    - Rational Research on Nordstrom
    - Stoptheherd on BMYRT
    - Deep Dive on Uber from Mostly Borrowed Ideas
        - A new premium service; it's currently in trial and free. I really enjoyed this first post (though this is a bearish post and I tend to lean more towards the bullish thesis presented by Mario Cibelli in our podcast).
    - Premium recommendation of the month: Technically
        - One of the biggest issues to investing in tech can be understanding the actual

technology behind it (shocking, I know). Technically fixes that. Every post takes a look at a different tech building block (GPT-3, a data warehouse, etc.) and breaks it down in layman's terms that anyone can understand. At $80/year, it's extremely reasonably priced: being able to understand any one of these concepts in a short period of time is honestly worth it.

- There is a secondary reason for recommending this month: his post on "I built a (basic) Substack clone." Substack is a really interesting business, and having him build a clone really helps to highlight the different moats (and potentially pitfalls) for substack as a company. Obviously they're not public (yet) so you can't take advantage of the learnings there on the public market, but it's a super interesting post nonetheless.
- Plus, as I got ready to finish this, he published a guide to AWS that I found excellent!

Monthly Pondering: Netflix'

- Originally, I was simply going to link to Netflix has taken Cobra Kai from obscure hit to the #1 show in America in my other links section. But then I tweeted out how I thought Netflix buying a cancelled show the basically no one had seen and turning it into the most popular show in America was another example of Netflix's moat, and my twitter responses went unreadable for a day, so I wanted to expand on it a bit.
- I think a big piece of the Netflix bear argument is the

stock is too expensive. That may be true (I'm not long and never have been!) but I think it's crazy to look at the current financials and try to extrapolate into the future linearly. If you had valued Netflix ~10 years ago, you would have been doing it by valuing the subscription DVD by mail business and saying it could never justify the current price. That would have been a big mistake. Couldn't you be making the same mistake here? If you shorted amazon in 2005, you would have said the business could never justify it's valuation as a retail business.... and you would have missed AWS completely (and probably been wrong on the retail side too!). I'm not sure what happens with Netflix, but Amazon / Bezos has AWS. Facebook bought Instagram and WhatsApp and had mobile. Google had YouTube, gmail, and a bunch of other products. Steve Jobs had Pixar after Apple, and then the iPod and iPhone after Pixar. Great businesses run by great leaders tend to surprise you with new business lines you never dreamed of or with incredible acquisitions, and Netflix is a great business (it's, by far, the dominant media business in the world) run by a visionary CEO. Why wouldn't they have some home run acquisition or product launch that dramatically expands the business in their future.

    - Note that some of this goes against Netflix's core. The company has done basically one acquisition in their history. But I still think this "there could be something big brewing" thought applies here. Things like Netflix's "choose your own adventure" shows are completely unrivaled by anything else in media; why couldn't the company create some type of crazy moat from being the first with the tech and scale to really let audiences consistently choose their own stories and explore the worlds they love in ways we've never imagined?

- Want some more proof Netflix is a great business? You, Cobra Kai, and a bunch of other shows never found an audience.... until they were on Netflix, at which point they became breakout hits. You might be saying that's just a small example... but consider all of the international shows that Netflix has bought and turned into breakout hits (Dark, Money Heist, etc). Has any other channel / service managed to turn a foreign show into a breakout hit? Outside of BBC shows (and many of those air on Netflix!), I can't think of a single one. The bottom line is Netflix can turn just about anything into a cultural hit by putting it on the front page of their website. That's a mammoth edge; over time, they should be able to hire the best talent and the best shows for less than competitors because of that edge.

- Look at Sandra Bullock's imdb page; she's had precisely one relevant project over the past ~7 years and that was Bird Box (Netflix).Or consider Drew Barrymore; Santa Clara Diet is probably the only relevant thing she's done in the past decade. Why couldn't Netflix go to the "next" Sandra Bullock / Drew Barrymore and say "make this movie for us for free and we'll make you relevant again?" If Sandra Bullock doesn't do anything relevant for another five years, would she pay Netflix to star in a Bird Box sequel or some other vehicle to regain some attention? You may laugh, but why wouldn't a washed up star pay $100k to star in a movie that they know 40m people are going to watch? That would be the best investment of their life; I guarantee you they could make 100x that money from the increased attention (new sponsored products, selling stuff on their instagram / twitter to their increased follower count, making more money in their next roll now that they're in demand again).
- I'm not saying this to hate on Sandra Bullock (who I love) or Drew Barrymore (who I don't actively

dislike). I'm just pointing out that Netflix has star making power that no one else has, and I suspect that is extremely under-monetized currently.
    - Here's another example: in our world, when the Rock was looking to jump from wrestling to the movies, he starred in a Mummy spinoff (the scorpion king) and then wandered around aimlessly for almost ten years until breaking out with a bit part in The Other Guys and a role in Fast Five. Say the Rock came along fifteen years from now and was looking to make that jump. I bet you he would chose a Netflix vehicle that starred him over any other vehicle, nearly regardless of money, because he knows a Netflix vehicle gives him the best shot of being seen by tens of millions of viewers and becoming a breakout star.
- Again, I'm not saying that Netflix is over or undervalued at today's prices. I just think betting against great businesses with an enormous scale/moat run by visionary CEOs is a very large mistake. Even if you're right in your modeling (which you probably aren't), there's every chance that the CEO finds a new project or three that turn out to be worth multiples of the value of the core business.
    - I wrote this all in early / mid-September. I saw this tweet and this article after I wrote everything; obviously I think it's very supportive of the moat / scale advantage laid out here.

Podcasts:

- I launched the Yet Another Value Podcast in August. They've been a blast so far. You can follow on Spotify, iTunes, or YouTube. This month's pods:

    - Dave Waters from OTCAdventures / Alluvial on PIOE and LICT (otcadventures)
    - Marc Rubinstein from Net Interest on the financial sector (netinterest)
    - Cliff Sosin from CAS on Cardlytics (CDLX)
    - A threesome on drugs: talking $BMYRT with Matt and Dan
    - Shopping for value: Bill Brewster on QRTEA
    - Packy McCormick from Not Boring on Opendoor $IPOB
- As always, if you have recommendations for the podcast, I'm all ears (pun intended). The most helpful would be to hear people you'd like to hear on the podcast (again, all puns intended), but any suggestion is always welcome!
    - And don't be scared to recommend yourself if you think you'd be a good guest! I can't interview every person with a trading account, but if you'd be a good interview I'm happy to consider anyone!

Other things I liked

- Wirecard and me
- The billionaire who wanted to die broke is now officially broke
    - There's also a book on him, The Billionaire who wasn't
- WWE's mounting problems
- Burger King's Stevenage sponsorship
    - Not sure if this shows the power of sports sponsorship, the power of video game sponsorship, or both.
- Gerald Ford rushed out a vaccine. It was a fiasco
- Studies suggest this supplement could reduce hangovers
    - Based on my own very vigorous research, I can assure you these studies are wrong and L-Cysteine

does not prevent hangovers.

- Manhattan's office buildings are empty. But for how long?
- We're at war: NYC faces financial abyss
- Deal for Mets makes Braves look attractive
- The great chalk hoard
- Roku: the gatekeeper to modern TV
- Spotify wants to turn its podcasts into TV / movies
- Retail Bankruptcies will push mid-range malls over the edge
- Why the survival of airlines depends on frequent flyer programs
- Buffett slashes stake in Wells Fargo
    - I am a little surprised by this. Wells Fargo trades below tangible book value, and Berkshire is floating in capital. If he was selling Wells Fargo because he needed the capital to do something else, I could understand it. But it appears he's just selling because he's negative on the business. I'm not saying he's wrong to be bearish or bullish; I'm just surprised that given the way he's talked about Wells over the years that he would sell the bank below tangible book when he didn't need the capital.
    - I found myself thinking about this for a long time after I linked to this; I ended up writing about it on Seeking Alpha.