



Personal Investing Lecture

Presented by Prodigy
Enterprise™

Value Investing

- Finding well established companies which are trading for less than they are valued.
- Non risky investments in the long term
- Historically Profitable Companies
- Historically Up trending Companies
- Diversify your portfolio

Warren Buffet

- Arguably the greatest investor of all time, Warren has made his billions by following these simple value investing principles
 - The market corrects itself in the long run
 - Invest in well established companies, with generally up trending charts
 - Invest in meaningful companies which have some purposeful impact on society.
 - Diversification is key!

Company health

- All publicly traded companies are required by law to post their companies financials
 - Income Statement
 - Balance Sheet
 - Cash Flow

These all work together to provide key information on how a company is doing financially. Knowledge of this is crucial to understand when evaluating the risk of an investment.

Income Statement

- Showcases how much revenue a company is bringing in
- Showcases how much it costs to bring in that revenue
- For safe investing you generally want to see profitable companies with generally up trending returns

AAPL Referenced 1/3/21

Breakdown	TTM	9/30/2021	9/30/2020	9/30/2019	9/30/2018
> Total Revenue	365,817,000	365,817,000	274,515,000	260,174,000	265,595,000
Cost of Revenue	212,981,000	212,981,000	169,559,000	161,782,000	163,756,000
Gross Profit	152,836,000	152,836,000	104,956,000	98,392,000	101,839,000
> Operating Expense	43,887,000	43,887,000	38,668,000	34,462,000	30,941,000
Operating Income	108,949,000	108,949,000	66,288,000	63,930,000	70,898,000
> Net Non Operating Interest Inc...	198,000	198,000	890,000	1,385,000	2,446,000
> Other Income Expense	60,000	60,000	-87,000	422,000	-441,000
Pretax Income	109,207,000	109,207,000	67,091,000	65,737,000	72,903,000
Tax Provision	14,527,000	14,527,000	9,680,000	10,481,000	13,372,000
> Net Income Common Stockhold...	94,680,000	94,680,000	57,411,000	55,256,000	59,531,000
Diluted NI Available to Com Stock...	94,680,000	94,680,000	57,411,000	55,256,000	59,531,000

Balance Sheet

- Shows everything a business owns (Assets)
- Shows everything a business owes (Liabilities)
- This is crucial in understanding how financially safe a company is
- Companies with liabilities greater than their current assets could pose problems in the future, as it might be a sign they are headed for bankruptcy

Breakdown	9/30/2021	9/30/2020	9/30/2019	9/30/2018
> Total Assets	351,002,000	323,888,000	338,516,000	365,725,000
> Total Liabilities Net Minority Int...	287,912,000	258,549,000	248,028,000	258,578,000
> Total Equity Gross Minority Inte...	63,090,000	65,339,000	90,488,000	107,147,000
Total Capitalization	172,196,000	164,006,000	182,295,000	200,882,000
Common Stock Equity	63,090,000	65,339,000	90,488,000	107,147,000
Net Tangible Assets	63,090,000	65,339,000	90,488,000	107,147,000
Working Capital	9,355,000	38,321,000	57,101,000	14,473,000
Invested Capital	187,809,000	177,775,000	198,535,000	221,630,000
Tangible Book Value	63,090,000	65,339,000	90,488,000	107,147,000
Total Debt	124,719,000	112,436,000	108,047,000	114,483,000
Net Debt	89,779,000	74,420,000	59,203,000	88,570,000
Share Issued	16,426,786	16,976,763	17,772,944	19,019,944
Ordinary Shares Number	16,426,786	16,976,763	17,772,944	19,019,944

Cash Flow

- Summarizes the amount of cash traveling in and out of the company
- Shows how well a company is managing its current cash on hand
- Large amounts of cash on hand is not necessarily good, as you would ideally like to see that money being reinvested into the company to help it grow.
- Low amounts of cash is also not ideal, because if a company needs to quickly pay off a liability, they might not be able to do it in time if they do not have enough liquid cash on hand.

Breakdown	TTM	9/30/2021	9/30/2020	9/30/2019	9/30/2018
> Operating Cash Flow	104,038,000	104,038,000	80,674,000	69,391,000	77,434,000
> Investing Cash Flow	-14,545,000	-14,545,000	-4,289,000	45,896,000	16,066,000
> Financing Cash Flow	-93,353,000	-93,353,000	-86,820,000	-90,976,000	-87,876,000
> End Cash Position	35,929,000	35,929,000	39,789,000	50,224,000	25,913,000
Income Tax Paid Supplemental Data	25,385,000	25,385,000	9,501,000	15,263,000	10,417,000
Interest Paid Supplemental Data	2,687,000	2,687,000	3,002,000	3,423,000	3,022,000
Capital Expenditure	-11,085,000	-11,085,000	-7,309,000	-10,495,000	-13,313,000
Issuance of Capital Stock	1,105,000	1,105,000	880,000	781,000	669,000
Issuance of Debt	20,393,000	20,393,000	16,091,000	6,963,000	6,969,000
Repayment of Debt	-8,750,000	-8,750,000	-12,629,000	-8,805,000	-6,500,000
Repurchase of Capital Stock	-85,971,000	-85,971,000	-72,358,000	-66,897,000	-72,738,000
Free Cash Flow	92,953,000	92,953,000	73,365,000	58,896,000	64,121,000

Did that bore you?

No worries! Many people dread the research portion of looking into a companies' financials. Thankfully, there are other alternatives to be used that can still yield positive results in the long run.

- ETF's
- Mutual Funds

Exchange Traded Funds (ETFs)

- Don't want to invest into individual stocks? No worries!
- ETFs essentially mimic an index, sector, commodity or another asset. They can then be purchased and traded the same way a normal stock can.
- One of the most popular and safest ETFs is the \$SPY, which mimics the S&P 500 performance.
- This acts as a more passive investing strategy & is often great for the long run!

Mutual Funds

- Acts as a big pool of money for investing, which is then managed by professional investors.
- The benefit of this is that it allows for access to diversified & actively managed portfolios for all investors.
- Because of the research and labor put into managing these portfolios, the fee will often be higher than a ETF.