

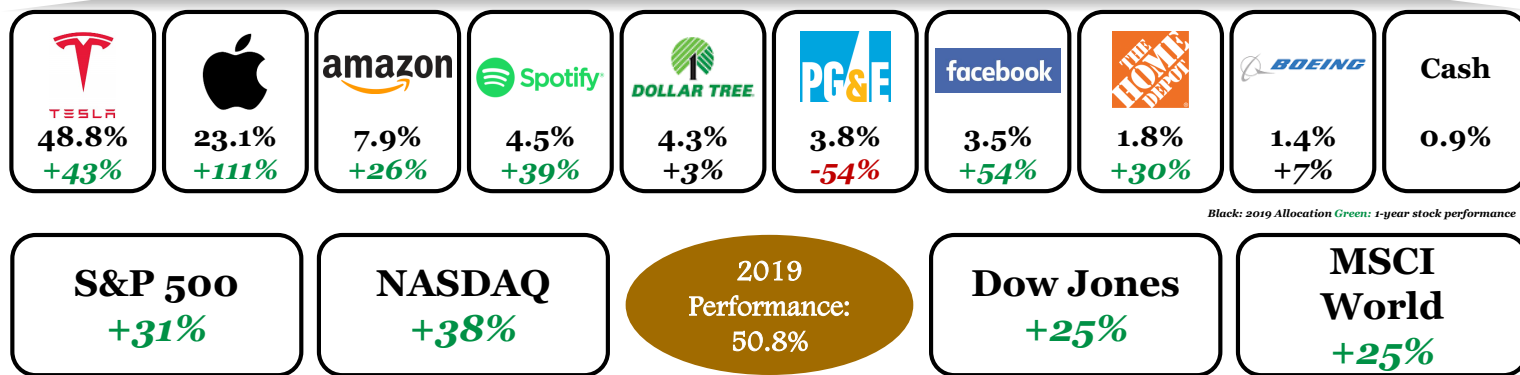


2019 PORTFOLIO  
PERFORMANCE REVIEW

# 2019 In One Page

## YESMAR

### 2019 FUND PERFORMANCE



### *The Intelligent Investor's Preface: Words of Wisdom By Warren Buffett*

*"To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insights, or inside information. What's needed is a sound intellectual framework for making decisions and the ability to keep emotions from corroding that framework – You must supply the emotional discipline."*

### *Working Investment Principles:*

1. Minimize your potential for loss, while maximizing your potential for upside
2. None can time the market
3. Time is your **best friend**
4. Buy when there is blood in the streets when everyone is selling
5. Strong brands and good management teams drive sustainability of cash flows
6. The market is forward pricing, think at least 1-Quarter ahead
7. Own companies that you wouldn't mind holding if they were taken private and you couldn't see the daily stock price for 10 years
8. Don't *ever* bet against the U.S. Economic Machine
9. Market are irrational and it's typically always a good time to buy equities

# 2019 In Review

I have just found my last issue of the Annual Review, it was last done in 2017. It's been a while since I've taken an in-depth analysis on my portfolio, the holdings, performance and the future of what my holdings will be. 2019 has been a rocky year both personally and professionally and until recent event with PG&E's power outage and the massive failures and resulting externalities, I haven't had the time to review my holdings and make moves until now.

**The market is anyone's game.** Whether you're a Harvard MBA Hedge Fund PM, a Business Student in undergrad, or a baggage handler at the airport, the tools are here. Market access has been democratized through apps like Robinhood and E\*TRADE and now the fees to trade are \$0 and account minimums are as low as \$0-\$500. The Random Walk Theory states that with regards to managing your portfolio, you're nearly no better off having an expensive fund manager charging 2&20 or a monkey throwing darts to choose individual equities for your portfolio. If I were to give investing advice to say, my sister or aunt who had a long time horizon and would be able to invest sums of money often and not look at it, I would tell them to invest in the S&P500 and maybe the remaining 10% into a mix of equities that I'd pick for them. But you can't beat the S&P 500 returns without taking significant risks, which is why I'm hand picking securities for my growth fund and enacting active management.

**Since my last review,** Donald J. Trump has been elected as President of the United States and massive changes have ensued. The corporate tax rate has been cut from ~40% to ~21%, interest rates have been continuously cut under Jerome Powell, and Trump has also been tougher on China than any other country before, ensuing the resulting 'trade war' we're in today. Talks of a 'recession' and inverted yield curves have also spooked investors recently and Donald Trump will be up for election within the coming months as the DNC have already started their debates to gear up for taking the White House. On the other hand, Trump has increased job gains, decreased unemployment, which means more consumer spending and increased GDP growth compared to Obama. The SP 500 is up 56% since November 6<sup>th</sup>, 2016 – at the same time, brought back the animal spirits driving the market and enabling more consumer confidence.

**All things considered,** we have been in an expansionary period and a lot of financial gains have been made. Notably, we've also seen some major IPO's of the era, such as Uber, Lyft, SNAP and the fail of WeWork's IPO, more on valuations later. Private VCs give exonerous valuations to private tech companies with the hopes that their spend on sales and marketing will bring them immense scale and eventually become profitable – the Amazon model as private VCs value *growth* over *profitability*. Wall Street, on the other hand – values cash flow sustainability instead – which is mathematically driven by EBIT, which inherently means that these companies need to be profitable to be successful publicly traded companies – or they will need to face the swings and criticisms of Tesla in the public markets.

**Everything comes down to incentives...** the WTO is incentivized by the membership fees, money managers incentivized by fees, not performance (it's a sales game). This is why I think that people should think about investments in their own vacuum and within their own individual lens, or have a money manager who has skin in the game and has invested in your fund side by side.

Going forward within this annual review, I will be taking a look at my performance since my last Annual Review done in 2017, with market data from 4/1/2016 – 12/27/2019.

“Just because our stock is up 30%, don't feel 30% smarter, just as you shouldn't feel 30% dumber if the stock is down 30% in the short run” – Jeff Bezos

The Random Walk Theory is ringing through my mind...

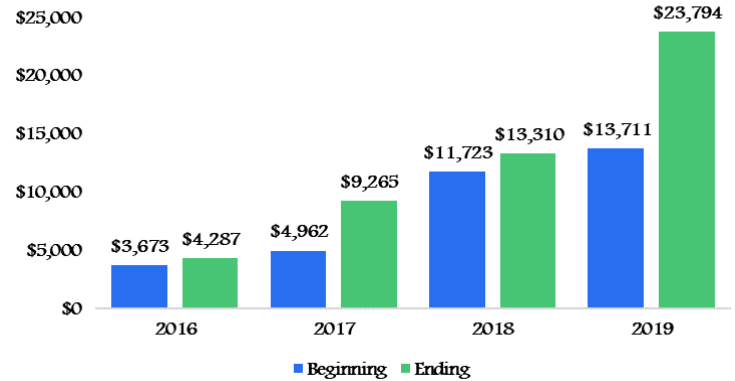
# Fund Performance Since Inception (2016~2019)

## Since 2016, We Haven't Taken A Major Hit In Equity Valuations

- > Warren Buffett's age-old strategy of buying and holding good companies has begun to bear fruit in 2019, as portfolio growth has compounded massively during the holding period
- > As you see, even in periods when returns are low, deposits are steadily increasing – this is because I'm making bets on great U.S. companies at attractive valuations as their stock prices swing

Date	\$ Beginning	\$ Ending	Deposits	Withdrawals	\$ Gain	% Gain
2016	\$3,673	\$4,287	\$3,100	\$0	-\$2,485	-67.67%
2017	\$4,962	\$9,265	\$3,690	\$0	\$613	12.35%
2018	\$11,723	\$13,310	\$4,011	\$0	-\$2,424	-20.68%
2019	\$13,711	\$23,794	\$3,110	\$0	\$6,973	50.86%

Fund Growth Since Inception



## 2016: A Period Of Learning and Introduction

Beginning Ticker	Name	Priced Holding	# Shares	Market Value
AA	Alcoa Inc	\$11.70	20	\$234
APPL	Apple Inc	\$93.74	5	\$469
AWSL	Atlantic Wind & Solar	\$0.90	3000	\$2,700
Cash				\$973
<b>Total</b>				<b>\$3,673</b>

Ending Ticker	Name	Priced Holding	# Shares	Market Value
APPL	Apple Inc	\$115.82	16.12	\$1,867
BAC	Bank Of America	\$22.10	12	\$265
Cash				\$2,155
<b>Total</b>				<b>\$4,287</b>

## 2018: True Long-Term Thinking Was Enacted & Capital Was Continually Invested

Beginning Ticker	Name	Priced Holding	# Shares	Market Value
AMZN	Amazon Inc	\$1,450.00	1	\$1,450
APPL	Apple Inc	\$167.43	18.403	\$3,081
QQQ	Nasdaq ETF	\$169.40	4	\$678
SPY	SP500 SPDR ETF	\$281.90	3	\$846
TSLA	Tesla Inc	\$354.31	16	\$5,669
Cash				\$0
<b>Total</b>				<b>\$11,723</b>

Ending Ticker	Name	Priced Holding	# Shares	Market Value
AMZN	Amazon Inc	\$1,501.97	1	\$1,502
APPL	Apple Inc	\$157.40	18.67	\$2,939
BRKB	Berkshire Hathaway CL	\$204.18	1	\$204
FB	Facebook Inc	\$131.09	4	\$524
NFLX	Netflix Inc	\$267.66	2	\$535
SQ	Square Inc	\$56.09	11	\$617
TSLA	Tesla Inc	\$332.80	21	\$6,989
Cash				\$0
<b>Total</b>				<b>\$13,310</b>

## 2017: The Start Of My Buy & Hold Strategy

Beginning Ticker	Name	Priced Holding	# Shares	Market Value
APPL	Apple Inc	\$136.00	18.18	\$2,472
TSLA	Tesla Inc	\$249.00	10	\$2,490
Cash				\$0
<b>Total</b>				<b>\$4,962</b>

Ending Ticker	Name	Priced Holding	# Shares	Market Value
AMZN	Amazon Inc	\$1,169.47	1	\$1,169
APPL	Apple Inc	\$169.23	18.403	\$3,114
TSLA	Tesla Inc	\$311.35	16	\$4,982
Cash				\$0
<b>Total</b>				<b>\$9,265</b>

## 2019: Disciplined Long-Term Thinking & Skillful Active Management Was Introduced

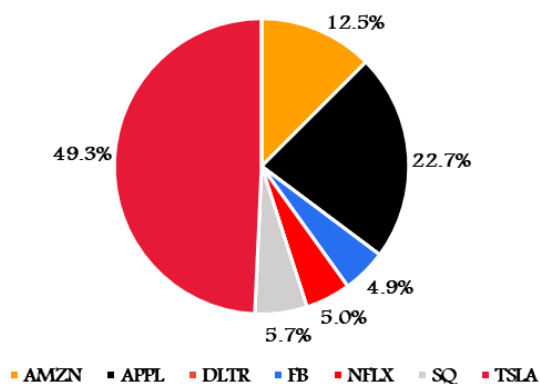
Beginning Ticker	Name	Priced Holding	# Shares	Market Value
AMZN	Amazon Inc	\$1,718.73	1	\$1,719
APPL	Apple Inc	\$166.44	18.67	\$3,107
FB	Facebook Inc	\$166.69	4	\$667
NFLX	Netflix Inc	\$339.50	2	\$679
SQ	Square Inc	\$71.35	11	\$785
TSLA	Tesla Inc	\$307.02	22	\$6,754
Cash				\$0
<b>Total</b>				<b>\$13,711</b>

Ending Ticker	Name	Priced Holding	# Shares	Market Value
AMZN	Amazon Inc	\$1,869.80	1	\$1,870
APPL	Apple Inc	\$289.80	18.961	\$5,495
BA	Boeing Co	\$330.14	1	\$330
DLTR	Dollar Tree Inc	\$92.84	11	\$1,021
FB	Facebook Inc	\$208.10	4	\$832
HD	Home Depot Inc	\$219.97	2	\$440
PCG	PG&E Corp	\$10.44	87	\$908
SPOT	Spotify Technology Inc	\$153.17	7	\$1,072
TSLA	Tesla Inc	\$430.38	27	\$11,620
Cash				\$205
<b>Total</b>				<b>\$23,794</b>

# 2019 Performance – At A Glance

- > 2019 has been a year of growth for the equity account, noting \$3100 of deposits and continuing zero withdrawals.
- > The portfolio is still 100% equities, which I would like to change with the eventual introduction of Options trading or more mid-cap growth investing
- > The goal of this portfolio is an engine of growth for me, I have a long-time horizon and the ability to take risk, with a growing knowledge about securities that will help inform these decisions
- > Once I start earning income, I will start dollar-cost averaging the SP500, Dow and Nasdaq as my long term retirement account allocation

2019 Beginning Asset Allocation



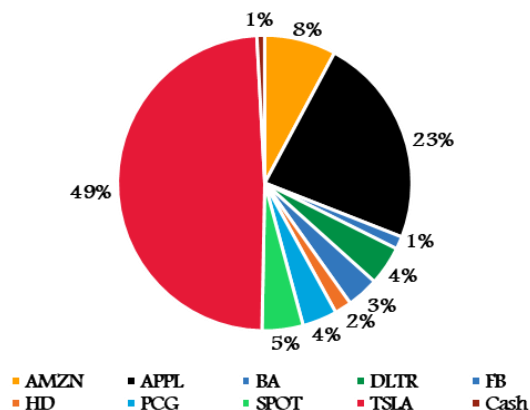
2019 Portfolio Beginning & Ending Balances



Beginning Ticker	Name	Priced Holding	# Shares	1/31/2019 Market Value
AMZN	Amazon Inc	\$1,718.73	1	\$1,719
APPL	Apple Inc	\$166.44	18.67	\$3,107
FB	Facebook Inc	\$166.69	4	\$667
NFLX	Netflix Inc	\$339.50	2	\$679
SQ	Square Inc	\$71.35	11	\$785
TSLA	Tesla Inc	\$307.02	22	\$6,754
Cash				\$0
<b>Total</b>				<b>\$13,711</b>

Ending Ticker	Name	Priced Holding	# Shares	12/27/2019 Market Value
AMZN	Amazon Inc	\$1,869.80	1	\$1,870
APPL	Apple Inc	\$289.80	18.961	\$5,495
BA	Boeing Co	\$330.14	1	\$330
DLTR	Dollar Tree Inc	\$92.84	11	\$1,021
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SPOT	Spotify Technology Inc	\$153.17	7	\$1,072
TSLA	Tesla Inc	\$430.38	27	\$11,620
Cash				\$205
<b>Total</b>				<b>\$23,794</b>

2019 Ending Asset Allocation



I am still heavyweight Tesla, as I believe investments within EVs, EV Charging Infrastructure and the eventual roll out of Autonomous Vehicles will provide a sustainable business model for not only Tesla, but other incumbent players. The introduction of PG&E and HD, DLTR and BA are a part of my 'Event Driven Strategy' I will be working over the months of December and January to develop. Investments in Apple are still re-investing in the share buy-back program. Amazon has proven to be a steady horse with extensive capital appreciation, which I intend to hold forever. Facebook, Netflix and Square have been the worst performers of the portfolio, most notably, Netflix – which has been the subject of increased competition within the digital streaming industry, which might turn Netflix into an acquisition opportunity for a larger incumbent.

# Amazon Inc

**Description:** Provider of the fastest delivery services for Prime subscribers, offers digital media and original content, autonomous and electric delivery modes and retail outlets through GoStores, ~70% of profit comes from AWS Cloud Hosting Services

**Date founded:** July 5, 1994 **HQ Location:** Seattle, WA

**Marketcap:** ~\$927Bn

**CEO:** Jeff Besoz



## Revenue and Profitability Profile

AMZN - Amazon	2015	2016	2017	2018
Revenues	\$107,006	\$135,987	\$177,886	\$232,887
Gross Profit	\$21,945	\$30,103	\$40,683	\$59,704
Net Income	\$596	\$2,371	\$3,033	\$10,073
Margins				
Gross Margins	20.5%	22.1%	22.9%	25.6%
Net Income Margins	0.6%	1.7%	1.7%	4.3%

*Amazon continues to grow deliveries and prime subscription rates which continue to be a sticky product that consumers can't go without having*



## Relevant News

Date	Development
Dec-27	Amazon is patenting hand-recognition tech, and it could be implemented in Amazon Go stores ( <a href="#">BI</a> )
Dec-24	Amazon says more than 5 million people signed up for Prime in one week this holiday season ( <a href="#">Quartz</a> )
Dec-19	Amazon's delivery business reveals staggering growth as it's on track to deliver 3.5 billion packages globally this year ( <a href="#">BI</a> )
Dec-18	Amazon is building a giant factory to make internet satellites and compete with SpaceX ( <a href="#">BI</a> )
Dec-18	3 Reasons Why FedEx Will Never Win Amazon's Business Back ( <a href="#">BI</a> )
Nov-19	Amazon makes its music streaming service free with ads
Nov-14	Amazon will challenge Pentagon's award of \$10 billion JEDI contract to Microsoft ( <a href="#">Washington Post</a> )
Apr-26	Amazon on pace to spend \$7 billion on video and music content this year, according to new disclosure ( <a href="#">CNBC</a> )
Feb-15	Electric truck start-up Rivian announces \$700 million investment round led by Amazon ( <a href="#">CNBC</a> )
Jan-23	'Alexa, bring me a cold one!' Amazon introduces 2-hour beer, wine delivery in Orlando ( <a href="#">OS</a> )

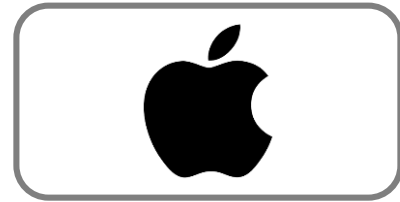
# Apple Inc

**Description:** Hardware and software producer of phones, tablets and PCs, also sells subscriptions for music, TV and cloud services

**Date founded:** April 1, 1976 **HQ Location:** Cupertino, Ca

**Marketcap:** ~\$1.29Tn

**CEO:** Tim Cooke



## Revenue and Profitability Profile

AAPL - Apple, Inc.	2016	2017	2018
Revenues	\$215,639	\$229,234	\$265,595
Gross Profit	\$131,376	\$141,048	\$163,756
Net Income	\$45,687	\$48,351	\$59,531
Margins			
Gross Margins	60.9%	61.5%	61.7%
Net Income Margins	21.2%	21.1%	22.4%

*Apple continues to invest in software services in order to diversify away from hardware sales*



## Relevant News

Date	Development
Dec-26	Apple's Secret Project Could Be About Satellite-Enabled Smartphones
Dec-26	iPhone XR: Best-Selling Smartphone Through Q3 2019
Dec-24	OPINION: "Apple Buys Disney or Netflix": Hollywood Insiders Reveal Their 2020 Predictions
Dec-24	'Designed in California, assembled in India': iPhone in new phase
Oct-30	Apple TV+ will be free with an Apple Music student subscription
Oct-12	Apple creates its own TV studio, will produce WWII drama 'Masters of Air'
Jun-25	Apple buys self-driving car startup Drive.ai
Feb-12	AirPods are the second-best selling Apple item within two years of launch, search rate up 500% YoY



# Boeing Corp

**Description:** Designs, manufactures, and sells airplanes, rotorcraft, rockets, satellites, telecommunications equipment, and missiles worldwide  
**Date founded:** July 15, 1916 **HQ Location:** Chicago, IL  
**Marketcap:** ~\$185.8Bn  
**CEO:** Dave Calhoun



## Revenue and Profitability Profile

BA - Boeing Corp	2015	2016	2017	2018
Revenues	\$96,114	\$94,571	\$93,392	\$101,127
Gross Profit	\$14,026	\$13,781	\$17,326	\$19,637
Net Income	\$5,176	\$4,895	\$8,197	\$10,460
Margins				
Gross Margins	14.6%	14.6%	18.6%	19.4%
Net Income Margins	5.4%	5.2%	8.8%	10.3%

*Aerospace and Defense continues to be a cornerstone of US Government spending, with the Trump Administration up for re-election, we could see these numbers rise after the 737 MAX crisis subsides*



## Relevant News

### Date Development

Dec-27	Space Tourism Set to Become a Craze in 2020: Stocks in Focus
Dec-26	Former Boeing CEO Muilenburg Could Receive a Multimillion-Dollar Severance Package
Dec-25	Boeing names David Calhoun as CEO, effective Jan. 13 2020
Dec-22	Boeing chief Muilenburg out after 737 Max failure
Dec-20	United Airlines Cancels 737 MAX Flights Until Summer
Oct-9	Boeing 737 Max Lion Air crash caused by series of failures over Indonesia



# Dollar Tree

**Description:** American chain of discount variety stores that sells items for \$1 or less, with over 14,500 stores across the US

**Date founded:** 1986 **HQ Location:** Chesapeake, VA

**Marketcap:** ~\$21.9Bn

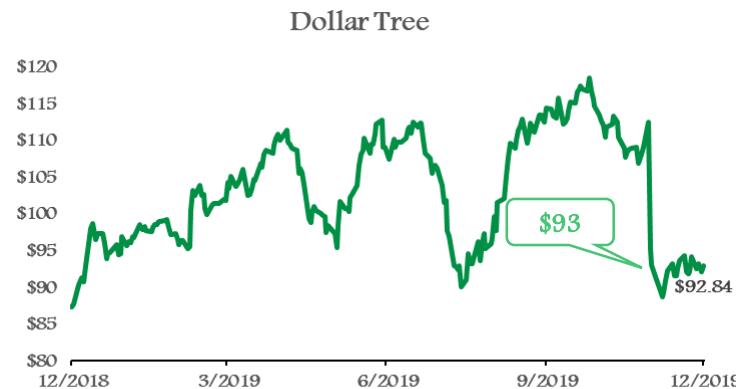
**CEO:** Gary Philbin



## Revenue and Profitability Profile

DLTR - Dollar Tree	2016	2017	2018	2019
Revenues	\$15,498	\$20,719	\$22,245	\$22,823
Gross Profit	\$4,656	\$6,394	\$7,021	\$6,947
Net Income	\$0.282	\$0.896	\$1,714	-\$1,590
Margins				
Gross Margins	30.0%	30.9%	31.6%	30.4%
Net Income Margins	0.0018%	0.0043%	7.7051%	-6.9667%

*Discount retailers are proxies of the economy both on the bull and bearish and are somewhat of a recession hedge during a downtime. We were able to enter this investment at an attractive price after a disappointing Q3 and FDA probes on foreign pharmaceuticals.*



## Relevant News

### Date Development

Nov-26	Dollar Tree holiday-quarter forecast disappoints as tariffs bite; shares fall
Nov-26	Dollar Tree Stock Falls Again Because Analysts Are Skeptical
Nov-25	SHAREHOLDER NOTICE: Scott+Scott Attorneys at Law LLP Investigating Dollar Tree, Inc.'s Directors and Officers for Breach of Fiduciary Duties - DLTR
Nov-15	Dollar Tree Receives FDA Warning Letter Over Foreign-Made Pharmaceuticals
Oct-13	Dollar Tree Stock Is Surging and Its Former CEO Bob Sasser Is Unloading Shares
Oct-9	Dollar Tree, Family Dollar to hire 25,000 at jobs event

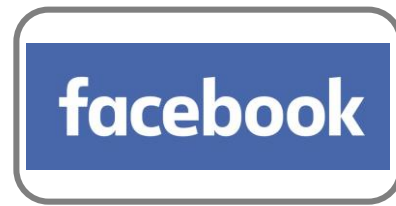
# Facebook, Inc

**Description:** Social media powerhouse who sells ads and mines for consumer data to bring customers closer to advertised products and connects users through friend and intimate group memberships

**Date founded:** Feb 2004 **HQ Location:** Menlo Park, CA

**Marketcap:** ~\$593.4Bn

**CEO:** Mark Zuckerberg



## Revenue and Profitability Profile

FB - Facebook	2015	2016	2017	2018
Revenues	\$17,928	\$27,638	\$40,653	\$55,838
Gross Profit	\$15,061	\$23,849	\$35,199	\$46,483
Net Income	\$3,688	\$10,217	\$15,934	\$22,112
Margins				
Gross Margins	84.0%	86.3%	86.6%	83.2%
Net Income Margins	20.6%	37.0%	39.2%	39.6%

*Consumer data continues to be an area of concern for FAANG stocks, however Facebook's ownership of WhatsApp and Instagram drive their market leadership in an increasingly connected world that continues to demand constant status and Instagram story updates.*



## Relevant News

### Date Development

Dec-18 Facebook acquires Madrid-based cloud gaming startup PlayGiga

Dec-16 Instagram hides false content behind warnings, except for politicians

Nov-13 Facebook says government demands for user data are at a record high

Nov-12 Facebook wants you to pay people on Messenger, Instagram and WhatsApp with Facebook Pay

Nov-8 Instagram to test hiding Like counts in US, which could hurt influencers

# Home Depot, Inc

**Description:** The largest home improvement retailer in the United States, supplying tools, construction products, and services to two customer segments, PRO members and DIY shoppers

**Date founded:** Jan 1978 **HQ Location:** Atlanta, GA

**Marketcap:** ~\$237.9Bn

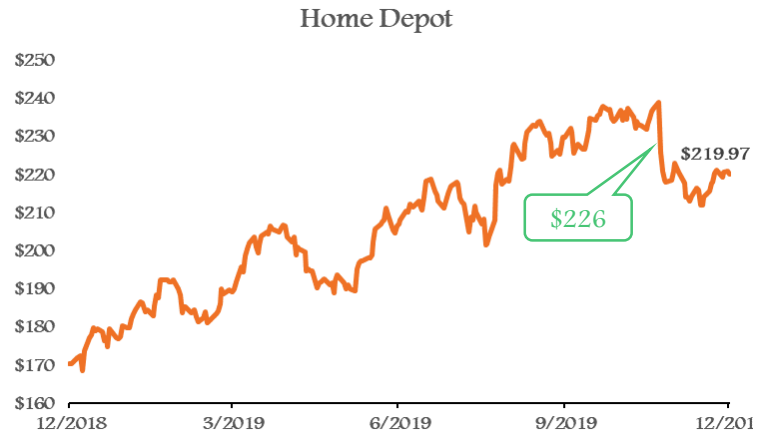
**CEO:** Craig Menear



## Revenue and Profitability Profile

HD - Home Depot	2016	2017	2018	2019
Revenues	\$88,519	\$94,595	\$100,904	\$108,203
Gross Profit	\$30,265	\$32,313	\$34,356	\$37,160
Net Income	\$7,009	\$7,957	\$8,630	\$11,121
Margins				
Gross Margins	34.2%	34.2%	34.0%	34.3%
Net Income Margins	7.9%	8.4%	8.6%	10.3%

*Home Depot is another good proxy for US economic growth, as home building is directly tied with the interest rate climate. Home Depot also has 2 segments, PROs and DIY customers, which prove as a hedge against any large home building downturns.*



## Relevant News

### Date Development

Dec-12	Home Depot (HD) Stock Takes a Hit on Soft Fiscal 2020 View
Dec-11	Home Depot's investment plan weighs on fiscal 2020 outlook
Dec-11	Home Depot says peak investments to pressure 2020 margins
Nov-21	Lowe's And Home Depot's Quarterly Reports Both Underline The Importance Of Technology

# Pacific Gas & Electric

**Description:** Is one of four American investor-owned utilities which provide natural gas and electricity to 2/3 of Northern California and parts of Southern California

**Date founded:** 1905 **HQ Location:** San Francisco, CA

**Marketcap:** ~\$5.6Bn

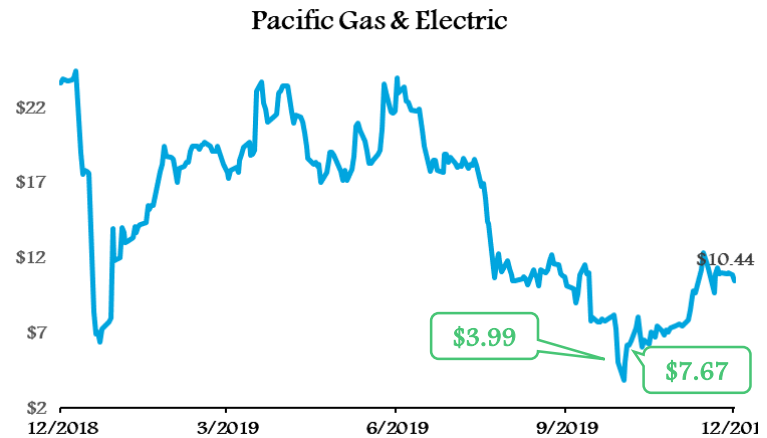
**CEO:** William Johnson



## Revenue and Profitability Profile

PCG - PG&E	2015	2016	2017	2018
Revenues	\$16,833	\$17,666	\$17,135	\$16,759
Gross Profit	\$4,120	\$4,932	\$5,810	\$5,107
Net Income	\$1	\$1,407	\$1,660	-\$6,851
Margins				
Gross Margins	24.5%	27.9%	33.9%	30.5%
Net Income Margins	0.0053%	8.0%	9.7%	-40.9%

*The October CA wildfires set up the perfect catalyst to start my 'Event Driven' strategy. Near perfect execution was enacted at my entry price and holding strategy, I just wish I had invested more and around the low of \$4.*



## Relevant News

### Date Development

Dec-20	PG&E creditors offer California wildfire victims \$13.5 billion in cash upfront
Dec-16	Judge approves PG&E \$24.5B plan for wildfire victims, insurance companies
Dec-13	Cities explore electricity options that don't include PG&E
Dec-4	California governor calls on Warren Buffett to purchase bankrupt PG&E
Dec-3	PG&E Could Have Prevented Deadly California Fire, State Says

# Spotify Technology

**Description:** Music streaming platform with a focus on the social aspect of sharing music, the company is starting to invest in original content in order to lower their distribution and royalty expenses – they are the market leader with 108mm global subscribers

**Date founded:** 2006 **HQ Location:** Stockholm, Sweden

**Marketcap:** ~\$27.7Bn

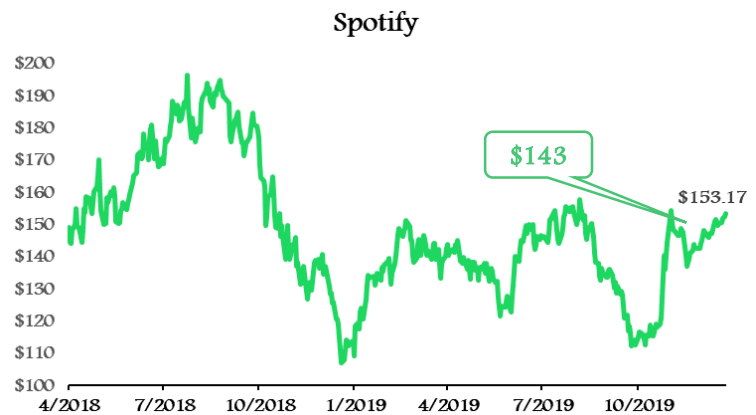
**CEO:** Daniel Ek



## Revenue and Profitability Profile

SPOT - Spotify	2015	2016	2017	2018
Revenues	\$1,940	\$2,952	\$4,090	\$5,259
Gross Profit	\$0	\$0	\$1	\$1,353
Net Income	-\$0.230	-\$0.539	-\$1.235	-\$0.078
Margins				
Gross Margins	0.012%	0.014%	0.021%	25.727%
Net Income Margins	-0.012%	-0.018%	-0.030%	-0.001%

*Spotify has become the market leader due to their new technologically advanced 'Discovery' algorithm and ways to increase CLTV through their social aspect – Spotify is also a good acquisition target for some of the larger tech giants.*



## Relevant News

Date	Development
Dec-30	Spotify Stock Falls As Streaming Audio Service Forgoes Political Ads
Dec-27	Music Streaming Leader Spotify Technology Approaches Buy Point
Dec-18	Analyst Who Called WeWork Debacle Sees Risks in Direct Listings: Unlike traditional IPOs, direct listings don't carry a lockup period -- the standard six months of selling restrictions for early investors
Dec-15	Spotify spent a lot of money on podcasting, so it wants you to start listening, please
Sept-26	Tesla V10.0 car software update adds Smart Summon, Netflix/YouTube, Spotify, karaoke and more
Sept-12	Spotify acquires SoundBetter, a music production marketplace, for an undisclosed sum

# Tesla, Inc

**Description:** Vertically integrated EV manufacturer with 3 core models (SX3) and three working prototypes (Roadster II, Y, and Cybertruck); the company builds their own battery cells in the Nevada Gigafactory and works on power cells for homes and supplementary solar roof tiles

**Date founded:** July 2003 **HQ Location:** Fremont, CA

**Marketcap:** ~\$75Bn

**CEO:** Elon Musk



## Revenue and Profitability Profile

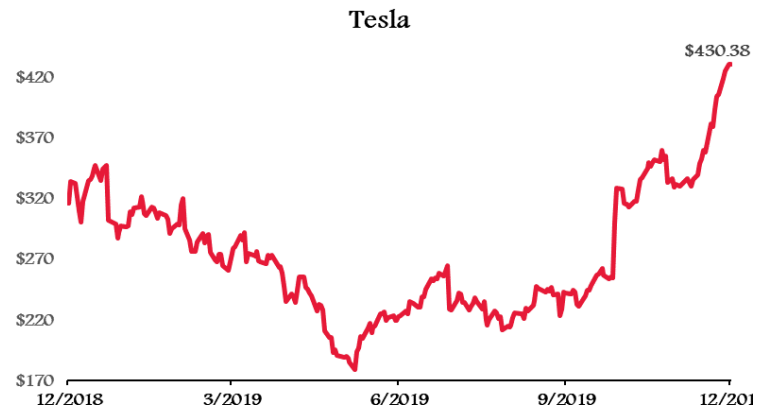
TSLA - Tesla	2015	2016	2017	2018
Revenues	\$4,046	\$7,000	\$11,758	\$21,461
Gross Profit	\$923	\$1,599	\$2,222	\$4,042
Net Income	-\$888	-\$773	-\$2,240	-\$1,062

### Margins

Gross Margins	22.8%	22.8%	18.9%	18.8%
Net Income Margins	-21.948%	-11.043%	-19.051%	-4.949%

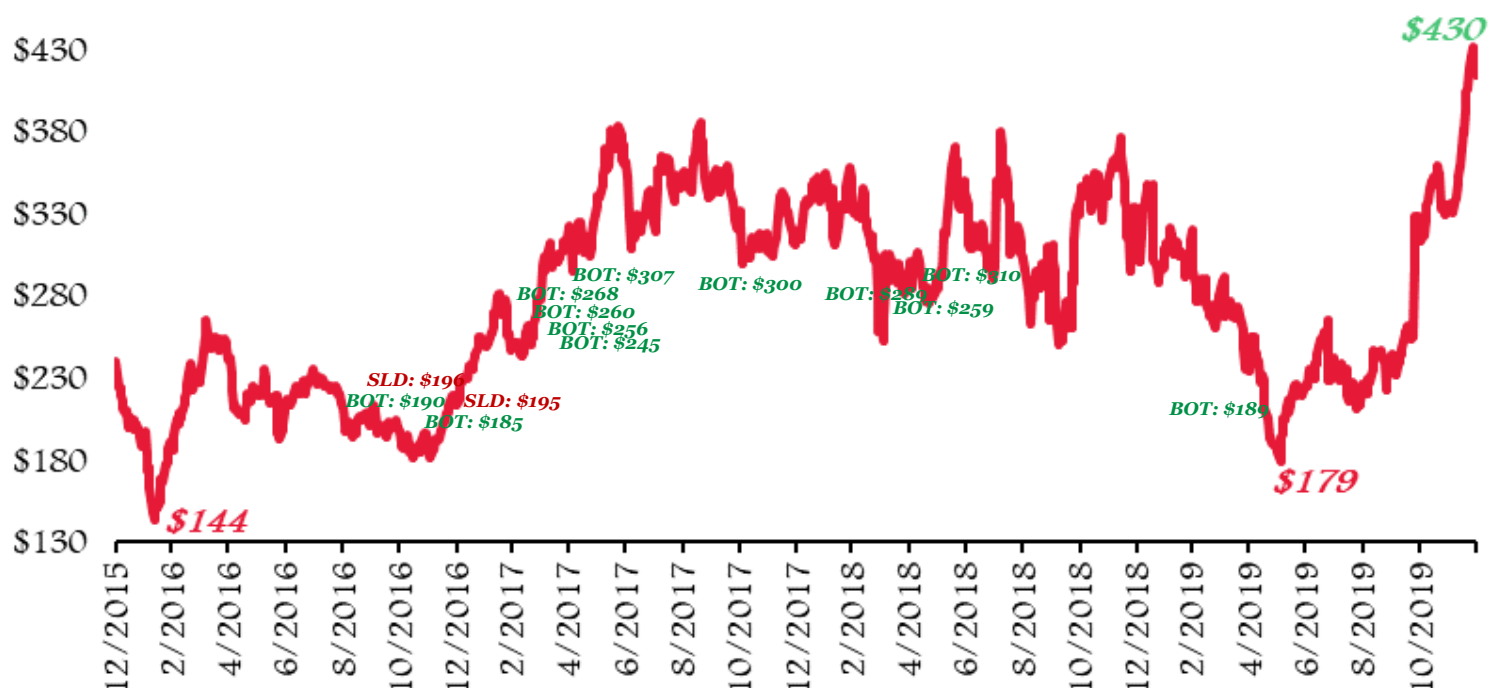
*Tesla continues to work out manufacturing kinks for Model 3 production, expansion to the Chinese and European markets will open new SAMs for Tesla while competitors are still catching up, Elon Musk's leadership remains to be a driving force of future success*

- > Tesla is the largest US Auto Manufacturer by market cap, but still has a long way to go in order to reach \$100bn in revenues like GM and Ford has
- > The mix of utility-scale revenues on a global level makes for an attractive revenue profile and eventual free cashflows



## Tesla Purchase History

### Tesla Historical Purchase History



# Tesla, Inc

## Relevant News

Date	Development
Dec-27	Tesla to begin delivering China-built Model 3 cars next week
Dec-23	Tesla lands \$1.4 billion from Chinese banks to build out its Shanghai Gigafactory
Dec-21	Tesla nears land deal for German gigafactory outside of Berlin
Nov-23	Tesla Cybertruck reservations hit 146,000
Nov-12	Elon Musk picks Berlin for Tesla's Europe Gigafactory
Nov-5	Walmart reaches settlement with Tesla over solar panel fires, drops lawsuit
Oct-25	Tesla's new Solar Roof costs less than a new roof plus solar panels, aims for install rate of 1K per week
Oct-23	<b>Elon Musk predicts Tesla energy could be 'bigger' than its EV business</b> - Q3, Tesla deployed 43 MW of solar, a 48% increase from the previous quarter. Solar installations are still 54% lower last year
Oct-23	<b>Elon Musk: Model S, Model X production continues for 'sentimental reasons'</b> - Tesla delivered 17,483 Model S & X in Q3, compared to 79,703 Model 3, Musk anticipates Model Y, to surpass Model 3
Oct-23	Tesla is launching version three of its solar roof tile this week
Oct-23	Tesla surprises with a profit in the third quarter / Tesla delivers a record 97,000 EVs in Q3
Oct-1	Tesla acquires computer vision startup DeepScale in push toward robotaxis
Jul-29	<b>Tesla has a new energy product called Megapack</b> - a utility-scale energy storage product modeled after the battery system deployed in Australia as they seek to provide an alternative to "peaker" plants
Jul-24	Tesla co-founder and CTO JB Straubel stepping down
Jul-18	Tesla's new V3 Supercharger can charge up to 1,500 electric vehicles a day
Jun-11	<b>Tesla might get into the mining business to secure minerals for electric batteries</b> - Tesla's minerals procurement said the co expects global shortages of nickel, copper and lithium in the near future
Jun-11	<b>Tesla completing 'small acquisition' which will help launch its insurance product</b> - It has a key advantage when compared to third-parties that will help it price insurance for its customers correctly



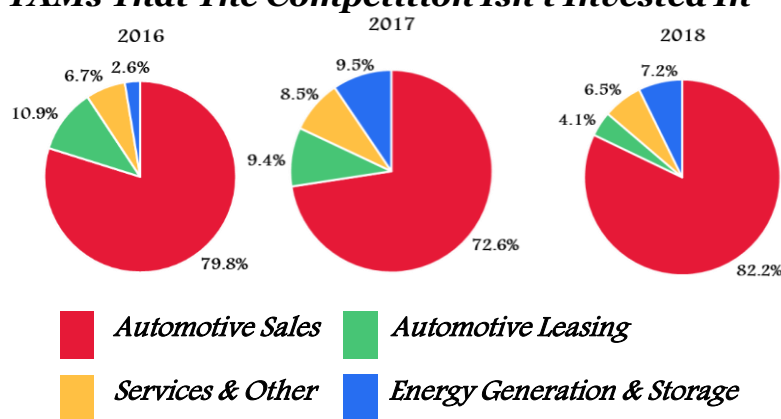
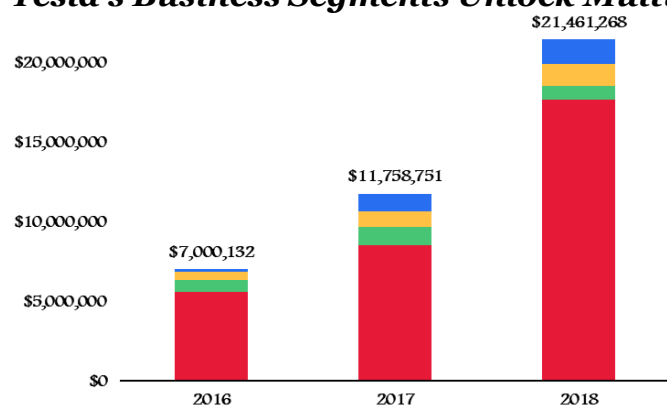
# Tesla, Inc

## Relevant News (Cont'd.)

Date	Development
Jun-3	<b>GM and Fiat Chrysler are buying Tesla's regulatory credits</b> ~ Tesla has brought in nearly \$2Bn in since 2010 when it started selling credits to automakers to offset sales of polluting vehicles in the U.S.
May-2	Tesla is raising up to \$1.5 billion through convertible note and share sale
Apr-24	<b>Elon Musk on taking Tesla private: 'That ship has sailed'</b> ~ Musk said Tesla as a public company was a distraction at times and then added, "I'm not sure what to do about it."
Apr-23	A new Tesla Model S can now drive from Los Angeles to San Francisco on a single charge
Apr-22	<b>Tesla plans to launch a robotaxi network in 2020</b> ~ enabling owners to add equipped vehicles to a ride-sharing app, similar to Uber or Airbnb, taking 25-30% percent of ride revenue
Apr-22	<b>'Anyone relying on lidar is doomed,' Elon Musk says</b> ~ Tesla, cameras are the keys to the future and its CEO sees a future when cameras will enable Tesla to see through the most adverse weather situations
Apr-15	New registrations for electric vehicles doubled in US since last year
Mar-14	The Tesla Model Y is a 300-mile-range Model 3 doppelgänger coming in fall 2020
Mar-11	Tesla issues \$13.8M in stock to buy trailers in bid to improve electric vehicle deliveries
Feb-28	Tesla closing retail stores in shift to online-only sales strategy
Feb-28	<b>The \$35,000 Tesla Model 3 has arrived — but it comes with a price</b> ~ will have 220mi of range and reach 130mph, with some layoffs as a result, to hire more service technicians at the retail outlets
Feb-20	Tesla's top attorney leaves after two months on job due to 'poor cultural fit'
Feb-8	<b>One of Tesla's biggest investors upped its stake by more than \$30mm</b> ~ Baillie Gifford, the 2 <sup>nd</sup> biggest shareholder increased its stake from 7.64% to 7.71%, purchasing nearly 109,000 Tesla shares
Feb-4	<b>VW's Electrify America will use Tesla battery packs to lower charging costs</b> ~ The Powerpack stores energy drawn from the grid, which can be used during peak demand hrs when charging costs are hi
Feb-4	<b>Tesla's \$218mm all-stock deal of the Maxwell acquisition</b> ~ valuing Maxwell's 45.9mm shares at \$4.75, to apply their ultracapacitor technology to increase charging speed
Jan-30	Tesla CFO Deepak Ahuja is retiring
Jan-18	<b>Tesla to cut workforce by 7% and focus on Model 3 production</b> ~ Higher volume and mfg. changes are crucial for Tesla to achieve the economies of scale required to manufacture the standard Model 3

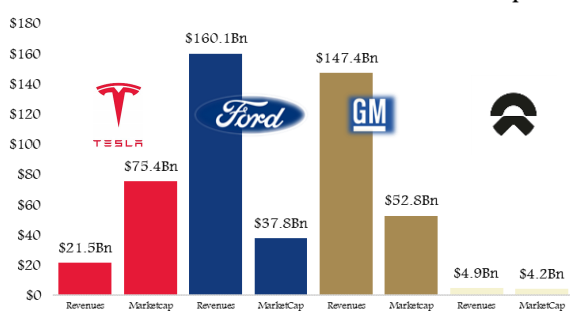
# Tesla: Revenue Segments & Catalysts To Watch

**Tesla's Business Segments Unlock Multiple TAMs That The Competition Isn't Invested In**



**Tesla Has A Market Perception Lead Relative To Their Publicly Traded Competitors, But Has A Long Road To \$100Bn Revenues**

Tesla - Ford - GM - NIO Revenues & MarketCap



- > Tesla, like Apple will face "limited demand" as only so many vehicles can be sold – just as Apple can only sell so many iPhones
- > Tesla is addressing this –by concurrently working towards FSD packages to sell to owners who can then use these cars as a ride sharing service, where Tesla takes a portion of the revenue made from rides Tesla's Energy Services Segment will provide Utility-Like Revenues
- > Elon Musk, has his personal financial success tied with the business, so the element of key man risk is prevalent
- > Elon as a leader has built a premium brand around the company and their vehicles being deemed "The iPhone of cars" in under 15 years as GM and Ford haven't been able to crack the code around premium EVs

## Future Tesla Catalysts To Watch In 2020

### Developments Noted in 2018 10-K


High	<ul style="list-style-type: none"> <li>&gt; <b>Model Y production</b> – "Model Y will share ~75% of its components with Model 3, which will reduce the cost and time to ramp production" – 10K</li> <li>&gt; <b>Gigafactory Shanghai</b> – "We broke ground in January 2019, and subject to a number of uncertainties...we expect to begin production of certain trims of Model 3 by end of 2019" – 10K</li> </ul>
Medium	<ul style="list-style-type: none"> <li>&gt; <b>Production Timeline Push-backs</b> – "We have experienced in the past, and may experience in the future, delays or other complications in the design, manufacture, launch, production, delivery and servicing ramp of new vehicles and other products"</li> <li>&gt; <b>Further Straining Supplier Relations</b> – "Our products contain numerous purchased parts which we source globally from hundreds of direct suppliers, the majority of whom are currently single-source suppliers"</li> <li>&gt; <b>Further Straining Capital Supplier Relations</b> – "The inability to establish and maintain confidence in our long-term prospects among consumers, analysts and within our industries, our financial condition, operating results, business prospects and stock price may suffer materially"</li> </ul>
Low	<ul style="list-style-type: none"> <li>&gt; <b>Automobile Manufacturer and Dealer Regulation</b> – "We expect the dealer associations will continue to mount challenges by lobbying state agencies in ways not favorable to Tesla" – 10K</li> <li>&gt; Autopilot Robotaxi Service</li> </ul>

# Active Management 2019 P&L & Thesis

## *The Event Driven Strategy Is In Infancy, But Is A Promising Opportunity For Future Yield*

Date	Security	Entry Price	# Shares	Entry Valuation	Exit Price	Exit Valuation	\$ Return	% Yield
11/27/2019	NFLX	368.75	2	\$737.5	315.19	\$630.4	-\$107.1	-14.52%
11/27/2019	SQ	64.84	11	\$713.2	69.49	\$764.4	\$51.2	7.17%
11/18/2019	ACB	2.437	200	\$487.4	2.68	\$536.0	\$48.6	9.97%
11/5/2019	UAA	17.22	29	\$499.4	19.16	\$555.6	\$56.3	11.27%
1/22/2019	BRK.B	197.08	1	\$197.1	203.68	\$203.7	\$6.6	3.35%

Traded Gross Capital	\$2,634.6
Total Profit	\$55.5

 Represents the trades made this year concerning my new event driven strategy, the exits of BRK.B, SQ, and NFLX allowed for capital to free up in order to achieve more yield

## Working Event Driven Thesis

**Buying equities with strong brand names** who are experiencing higher than 7% daily drops based on news such as missed earnings, corporate mistakes, failures and other catalysts that may drive the stock price down in the short run, but due to the brand name and position of the company, it will eventually rebound either through trading speculation or next quarter's earnings beat.

- > **Time Horizon – The Longer, The Better:** I will hold good securities and businesses for as long as I see fit (in order to achieve maximum yield during the holding time), or if an *Investment* on my watch list becomes attractive
- > **Additional Considerations:** PGE, Home Depot, Dollar Tree and Boeing are companies I have entered in 2019 based on event driven catalysts that I'm still holding
- > Small to Midcap company catalysts

Tactic	Rationale	Company Plays
Branded Name Drops		
Public Utility missteps		PCG,
School Shootings		RGR, SWHC, VSTO
Terrorism Events		
Presidential Election		Broader Market
General strategy: Buy the dip based on the catalysts in order to make ~10 – 20% return within 3 – 5 months of the play		
Asset Allocation %:		

# Watch List

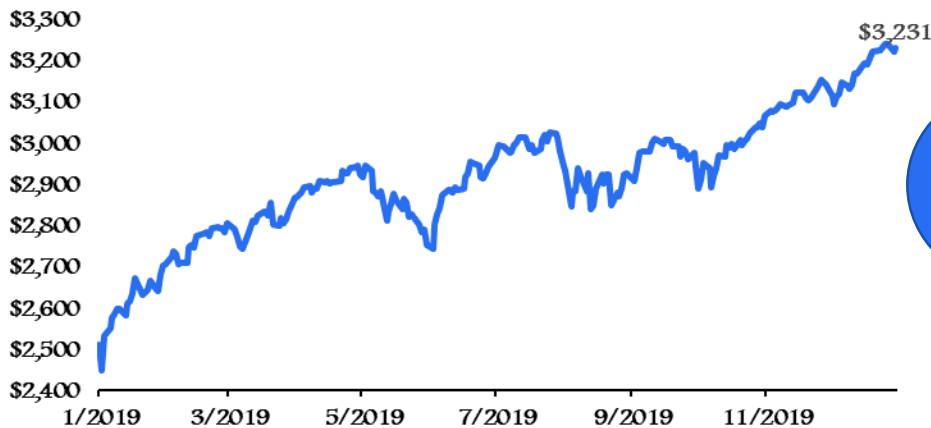
*A question to ask yourself when / before investing:* “Would you rather own a single company, inherently investing in their vision, the management team, culture and their operations – or are you more excited about the growth of the broader sector? If the former, buy the stock of the company, if the latter, buy shares in an ETF with the most promising holdings.

Company	Rationale
Shopify \$SHOP	Micro E-Commerce that isn't on Amazon
Waste Management \$WM	Cash flow sustainability and infrastructure growth
Verra Mobility \$VRRM	Cash flow sustainability and infrastructure growth, good midcap mover
Discount Retailer ETF	Better exposure to this sector instead of buying individual securities
SPY	One share
QQQ	One share
DJAI	One share
Twitter	CEO / leader comms are increasing as this is the outlet they need to reach people
Saudi Aaramco	US dependence on Oil will last a lifetime, while electricity joins the mix
NIO	Exposure to EV market, may be a target for an acquisition (Chinese) – growth

# The Alternative to Management

Had You Invested \$10,000 in the SP500 this year...

SP 500



***On a \$10,000 investment on January 1<sup>st</sup>, 2019 – You would have earned \$28700, to make \$12,8700***

## Portfolio Administration

### Cost Structure

- > Commissions are now free and there is no need to consider competing brokers based on cost structure

### Asset Allocation Considerations

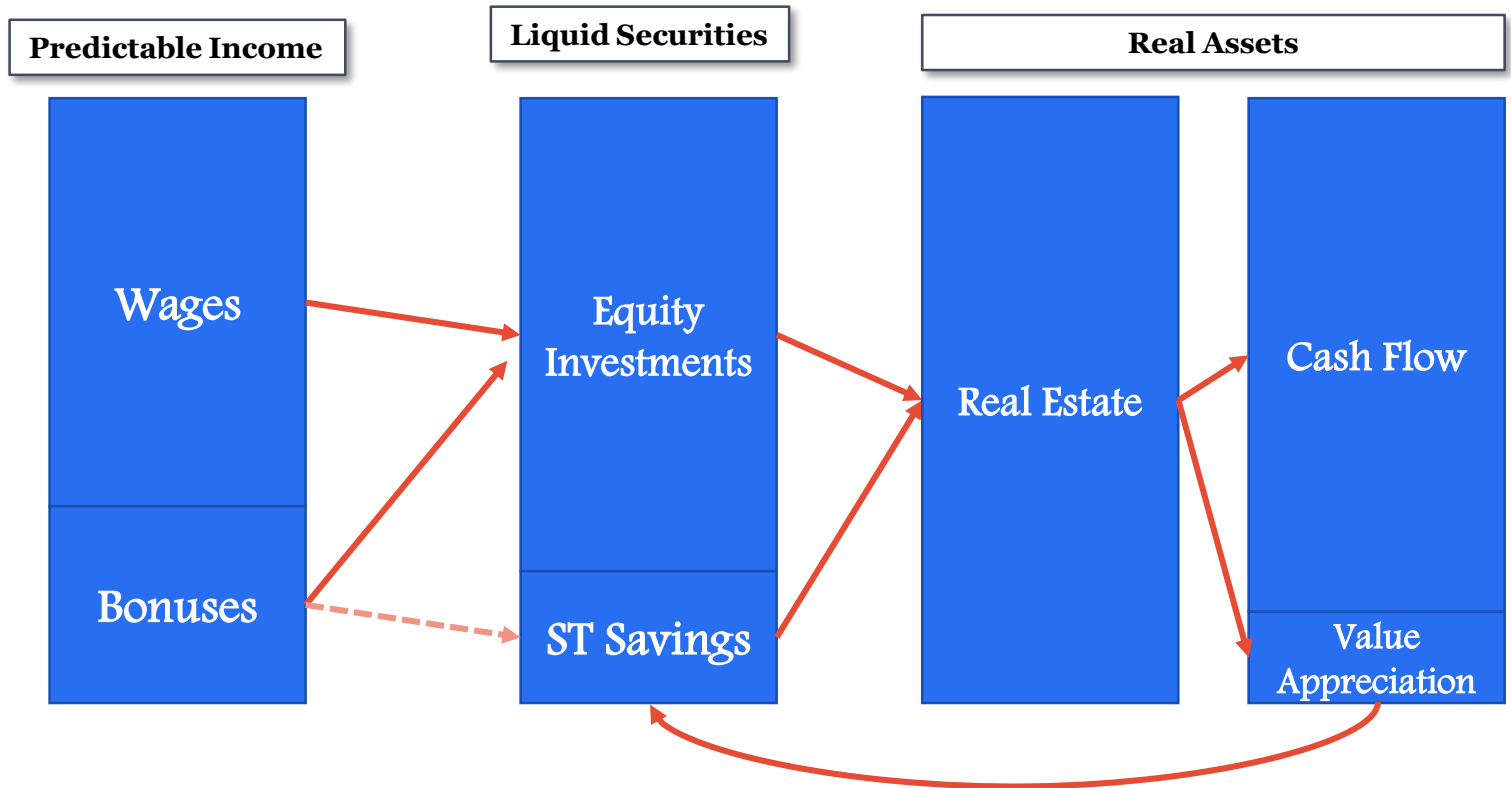
- > My portfolio has ballooned into a monster that is heavily weighted 50% with Tesla
- > I am investing for the very long haul, yet it may be wise to take profits from some of the winners while I can and reinvest them
  - > **Considerations before selling**
    - > 1. Do you need the money right now?
    - > 2. What are the tax implications?
    - > 3. Are you looking to rebalance your portfolio?
    - > 4. What else are you going to spend this money on?
  - > Now that I've asked myself these questions, I don't need to sell my holdings for any immediate cash needs

## Macro Risks & Considerations

- > **Political**
  - > Trade wars
  - > "Impeachment"
  - > Social unrest and the risk towards Private Equity spearheaded by Elizabeth Warren
- > **Economic**
  - > Trade Wars with China
  - > Interest rate climate, not lowering rates
  - > Inflation, growing lower- and middle-class inequality
- > **Social**
  - > "Impeachment"
  - > Millennial lack of financial literacy
  - > General youthful lack of regard towards patriotism
- > **Technological**
  - > China, data breaches to the cloud
  - > Growth of unhealthy social media reliance

# Investing in Real Assets

Unfortunately since these reports follow my personal wealth and access to capital, the conversation regarding real asset investing will be prolonged for the next 5-10 years. I do however, have a general plan and framework regarding how I plan to invest my capital into real assets which is highlighted below.

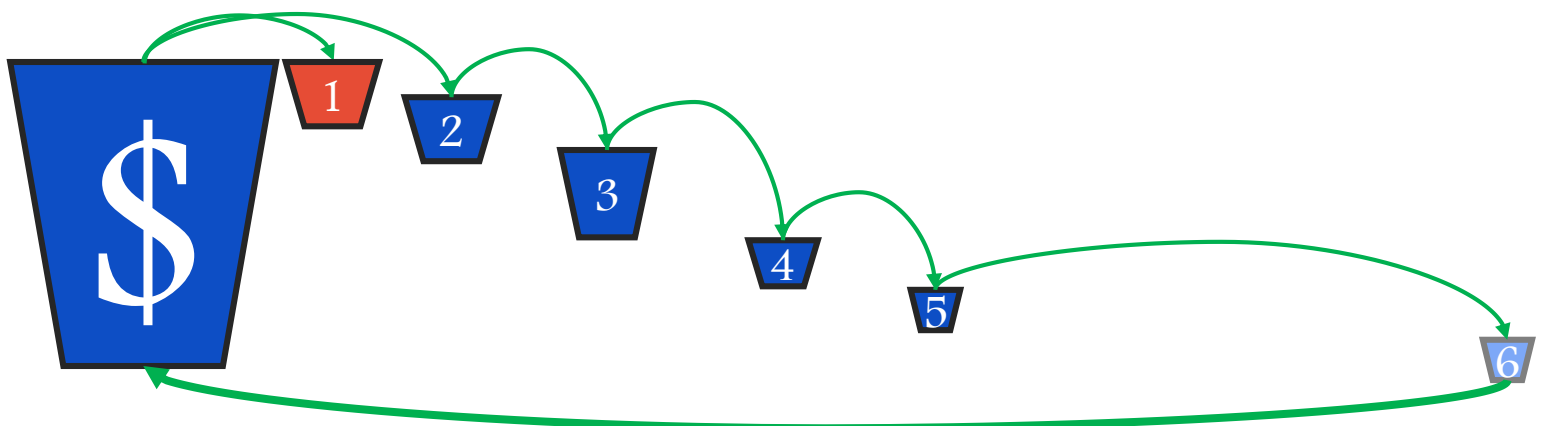


## Personal Finance & 'Buckets'

*Earnings made from annual wages (as a young banker) flow into the following buckets*

1. Cover my bare costs to operate: Rent, Food, Phone, Transportation
2. Retirement contributions: Index Investing – SP500, NASDAQ, Dow Jones, MSCI World Index
3. Growth Portfolio Investing: My own handpicked portfolio (E\*Trade)
4. Short Term Savings: Money Market Account ~10% of Net Worth
5. Emergency Savings: Money Market Account – WHICH IS A SEPARATE ACCOUNT ~4x rent
6. Flow into Real Asset Investing (Multi Family Apartments)

*To eventually flow back into this circular flow model of investing*



# YESMAR As A Company

The aim would be to set up a family office styled company that takes all the homes our family owns, puts them under one roof and provide a tax shield for all equity holders. Buy in and equity would be diluted as a % of the total asset value you contribute (with regards to real estate) so for instance if person 1 has 4 homes with an average market value of \$1mm, person 2 has 3 homes worth \$2mm, the total market value would be \$4mm+\$6mm=\$10mm with person 1 owning 40% and person 2 owning the remaining 60%.

**Tax efficiencies** could be achieved through writing off marketing, operational and tenant screening expenses as well as the interest paid on debt.

- > The corporate structure according to GAAP, allows companies to ‘write off’ in a sense their COGS, Operating Expenses (which includes Depreciation) and Non-Recurring Expenses, which is what EBT (Earnings Before Taxes) are
- > Companies are taxed on *EBT, not Revenue* – which is significantly different than how personal income taxes are – which is motivating this idea of a family office

**Syndication** among the parties can be achieved as the company can hold funds in the names of the related parties during the capital raise and holding period. Eventually purchasing assets through the company and achieving yield through cash flow generation, or sales of multifamily homes

**Working Corporate Structure:** The easiest thing that I could think of would be to set up a real estate property management firm to in effect bring all of our familial homes together under one corporate roof, write all rental income as revenues, subtract the COGS and OpEx from the business and pay out Dividends to our ‘shareholders’ as their income