

MAGIC:THE GATHERING FINANCE

PRESENTED BY DANIEL CHANG

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DANIEL CHANG BIO

- President & CEO of VintageMagic.com, LLC
- Avid collector of Magic: The Gathering cards/rarities, Transformers, Comic Books/Cards, Artwork, Sports Collectibles, & Memorabilia
- Started Teddy's Ballgame in 1999 with business partner at age of 19 during Mechanical Engineering UW
- Almost dropped out, but mom convinced him to finish in 6 years
- Teddy's Ballgame was training grounds for High-End Sportscards consignments, grading, direct/indirect sales and appraisal services.

DANIEL CHANG BIO CONT...

- Created VintageMagic.com in 2009 serving clients worldwide in the Old School Magic, Vintage, & Legacy Formats.
- Business model is built from relationships with artists, collectors, investors, and vendors
- Sales revenue from eBay, online store sales, consignment/appraisal services, direct/indirect sales and store subscriptions
- Over 10,000 YouTube Subscribers and contributor to PSA SMR price guide as well as dealer for BGS/PSA Submissions
- Sold/Owned/Owns EVERY Valuable and Important MTG Card or Artifact including Original Black Lotus Artwork, Proposal Uncut Sheet, Beta Artist Proof Sheets and all THREE PRISTINE BGS 10 Beta Black Lotus'

BLACK LOTUS ORIGINAL ARTWORK SOLD FOR
\$200,000 IN 2013, ESTIMATED VALUE TODAY?



ESTIMATED VALUE TODAY = \$2,500,000 TO
\$3,000,000 USD



WHY MTG AS AN INVESTMENT CAN OUTPERFORM OTHER TRADITIONAL INVESTMENTS?

- Traditional Investments = 401k, Real Estate, Bonds, Stocks, Mutual Funds, IRA, ROTH IRA
- Non-Traditional Investments = Art, Comics, Toys, Sportcards, Coins, Pokemon, Yuglioh, Magic: The Gathering Cards
- Typical gains in Traditional = 5% to 15% on average | Dividends, Compound Interest, Tax Benefits, Rental Income
- Non-Traditional gains = Both Short/Long Term plays, but has EXPOTENTIAL gains for rarer, high-end investments. Unregistered Asset unlike Traditional.

MTG INVESTMENT VS. TRADITIONAL CONT...

- Collectible has nothing to do with interest rates, or overall US/Worldwide Economy
- Nostalgia play vs. Commodity {car, clothes, other luxuries}
- Recession saw little change, where some markets grew
- Worldwide collectible = Asia, Europe, US, Latin America
- Economy based on Supply/Demand, Rarity, Condition, External Market Factors from WOTC/Hasbro
- Each Collectible has triggers of growth and decline = each card or box is an “asset” affected by tournament play, supply changes, and other factors mentioned.

MTG INVESTING VS. TRADITIONAL TAKE AWAYS

- Personal Life should be balanced first = Personal Income/Debt Analysis
- Treat MTG as any business = THERE IS ALWAYS DOWNSIDE risk to lose everything
- However, MTG is now at 25 years, Catastrophic risk to lose everything is basically zero. Game continues to grow, and has digital game {MTG Arena} which mirrors competitor Hearthstone.
- Paper MTG is like “Live” Poker, people always like playing in person, even with Digital growth it will always exist.
- Nostalgia is the “X” Factor for collectibles
- Gaming is the Pop Culture of our time, we want to own our past...



MTG BUSINESS UPSIDE

- **Freedom** = Freedom to spend time with your family. Freedom to see the world.
- **Friends/Colleagues** = Business is centered around something fun. Many times I game with my clients and conversations are light-hearted not about business.
- **Creativity** = You call the shots and innovate without any supervisor.
- **Time** = While time is a downside consideration, the time with your family and flexibility is worth every moment. As long as you are discipline and balance life/work, it is a positive.
- **Financial Security** = At a certain point, your portfolio will be “in the money” at a level you will not even know what you own. You will have so many cards, boxes, packs, but the values are insane. To security, I can sell a card and make a yearly salary at a corporate job is incredible.

MTG INVESTING DOWNSIDE & CHALLENGES

- **Liquidity** = When you sell something eBay, PAYPAL fees, or some type of transaction fees may apply. Also, the sale isn't as fast as stock trading, it requires finding a buyer.
- **ROI vs. Time** = Selling takes time. Find product takes time. Negotiating deals take time. Shipping takes time. Account/Business Logistics takes time.
- **External Factors** = Wizards of the Coast {WOTC} has ability to ban/restrict cards that are too powerful. Thus, there is a risk if you speculate on a single card/item.
- **Marketing/Advertising/Social Media** = To create a successful in MTG you need to have the skill to brand yourself. This alone can produce incredible deals, sales, or opportunities no one else can achieve.

MTG INVESTING DOWNSIDE & CHALLENGES

CONT...

- **Cash Flow** = Like any business, you need to have typically \$10,000 to \$50,000 to begin an impactful MTG business. You can go lower, but I recommend this level. Always cash ready to buy deals.
- **Competition** = Lots of Vendors, and companies, how do you compete? Branding, customer experience, negotiating deals.
- **“Dead Money”** = Many times people purchase items that are not going anywhere. Thus, money is held up in something that makes little or no return. The skill to identify a profitable item(s) vs. “Dead Money” is the trick to a successful MTG business.



CREATE A MTG BUSINESS STEPS {ON A HIGH LEVEL}

- **Principal Investment** = \$10,000 to \$50,000. \$100,000 would be ideal.
- **Decide on what type of business** = Online only, Local Game Store {LGS}, or both
- **What is your focus** = HIGH-END, volume, great food, family friendly, variety of tournaments, etc...
- **Is the focus profitable?** = Analyze the ROI from a professional business people in the industry. PAY for their advice and analysis. You will save a lot of money to gain the knowledge from people in the industry.

CREATE A MTG BUSINESS STEPS {ON A HIGH LEVEL}

CONT...

- **Assuming ROI is there, Relationships** = Build network of Vendors, players, collectors, investors. Travel to shows and brand yourself.
- **Inventory** = Notice my focus wasn't to buy a bunch of things blindly, each profitable situation varies. Through what you are focused to do, that is the inventory you purchase.
- **75% short term, 25% long term inventory** = In the beginning you want to make a profit quickly. You want to establish eBay feedback, sales in Facebook communities, be active. Build trust and quality feedback. Cash you gain back invest in more deals.
- **NO OVER EXPANSION or SPENDING** = Who needs a fancy office, car, best computer, or coffee maker? Be FRUGAL with your spending be cash rich. Tech bubble mistake was to spend on too many luxuries and produce no sales or profit.

WHAT MADE ME SUCCESS IN MTG AS A BUSINESS???

- **Relationships** = Life-long friendships for decades, clients become friends, investors
- **Passion vs. Money** = I enjoy what I do daily, the corporate grind, never again.
- **Living the Dream** = Collectibles daily. Games, talking finance, freedom, kids, family, travel.
- **Right time right Place** = Every entrepreneur needs some sort of timing. Timing in many cases has nothing to do with forcing but creating a brand, a purpose, a need that someone else has not.
- **Creating Value in MTG** = the reason clients do business with me is experience from beginning to end. My slogan... Game. Collect. Invest. Summarizes my growth with client in every stage of their career with Magic: The Gathering

WHAT MADE ME SUCCESS IN MTG AS A BUSINESS???

CONT...

- **Legacy** = I focus on Legacy for my family and MTG. What that means is the longer term beyond my years. I make decision for the extreme future. That dictates my buying, selling, trading, investing habits.
- **Don't DREAM, ACT** = Those that dream and do nothing, end of regretting. I always ACT on my dreams, because there is no other life I can do so but NOW.
- **Giving back** = I was given an opportunity to learn at 19 from a successful entrepreneur who mentored me. I am blessed by the people who taught me the good and bad in life, and I try to do so with various ways to show that. {Essay contest example}

QUESTIONS?

