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Transcript

Hi, everyone, and welcome to chapter 6, week 6. I want to talk about earnings and valuations and price earning ratios to get an idea of how to value some of the stocks that we buy and more importantly, to understand when is a good time to sell and when a company is at a discount. or at an overvaluation. I guess the last two weeks have been pretty scary for people in the market. And while I understand that this is going to be an very, very regular part of 2026, I have no doubts in my mind that this is going to be an extremely volatile year. and extremely important for us to be conservative and to take a defensive posture. I may have been too early in the prior week to suggest that we were in the middle of a correction, or at least that we had started one. And I would be most happy to be wrong about the market falling or having a correction. But I do believe that the weakness seen in the last week, the higher volatility, the VIX ratio is over 20, and the complete lack of interest in the M7 suggests that the market has probably topped out in October. And it's going to be an extremely hard grind for the market to make it new highs. So anyway, let's plunge into how we should value stocks. I use the price earning ratio as my go-to metric, go-to tool, go-to multiple, simply because I believe that it is one of the more effective tools and probably the best tool to use for different categories of companies, different industries, and also to get a clear metric to use as an as analysis for buying and selling. So one of the most important and critical aspects of investing is price and one that most of us investors get wrong. I most certainly do. And you know, it's been quite obvious in the last three months that several of the stock picks that I suggested or the trade alerts trades that I made were on the higher side. And It's also important to know when to sell based on price earning ratios and the inflection points of growth. In my mind, this is a constant tug of war. And honestly, there are no easy solutions, but the best method to reduce errors is to strongly focus on rules. And you must adhere to them regardless of, you know, any emotional judgment that you might have or a reluctance to sell a stock at a loss. And that often happens to most of us. So in the last six months alone, I think my biggest mistakes was overpaying. So we'll go through some of these examples also. Warren Buffett has frequently emphasized that while buying high quality companies, which is what we do, it's important to buy them at the right price. And that's what's critical to long-term success. A

defining part of his investment strategy is that even an excellent company can be a bad investment if purchased at too high a price. And why does he say that? Because it's the The stock market is a forward mechanism. Most of us would buy trying to beat the others to try and predict and catch the growth of a company about a year or even two years in advance. You know, you want to be the first in line to buy it at a discount. So you'll keep buying till the earnings catch up. And He is warned that paying too high a price for a great company can undo the effects of a subsequent decade of favorable business developments. And when he says the word decades, he doesn't mean it lightly. I can give you a great example. We've talked about nuclear companies in this forum for a long time, and many of you have asked me whether it's worth buying some of these companies like Oklo, and NuScale and SMR and, you know, companies that have got, you know, compliance and licenses from the government to produce nuclear power, which is going to be a key component of data centers and the shortage of electricity that's in the country. Now, even assuming that they will do well and their plans come to fruition, a nuclear power plant takes close to four to five years. You're booking them at prices which are telling you these are the revenues from 2030. So if you are overpaying now, basically you have to wait four years for the companies to provide you with those kind of earnings or revenues. So we need to always be extremely careful of what we pay because ideally you should have a margin of safety. You should tell yourself that, look, if the stock falls 20%, I'm very comfortable with that because I've got a discount of at least 20% of what I see as an intrinsic or a correct value for the company. So basically, you want to be on the safer side and buy at a price which will give you a lot more safety than overpaying and chasing a momentum stock. 2 examples, Duolingo, which was a high quality company, but the growth slowed down. I did not exit in time, and now the stock has got rerated to a much slower go grower than it. You know what it was. So we'll we'll look at that in some detail. Applovin. I was. I got out in time. I realized that the hyper growth would not continue and I just did not want to pay the kind of price it was asking for in the 500s. Some of these SaaS companies have got, their multiples have got re-rated in the sense we were paying 30 times earnings, 35 times earnings. Now it makes sense to wait for a much better price. Rubrik is one example when I got in way too high in the 80s when I first started buying and then I started averaging it down. because naturally I never buy everything at once. But still buying in the 70s and 60s was a mistake when I should have seen the writing on the wall that rubrics growth would slow down with AI encroaching on their space. Warren Buffett says that market volatility is an opportunity to find the right price, advising that investors should be patient and rather chasing trends. I completely agree with that. We should, holding and waiting for a bargain is a great strategy. Sometimes we may realize it a little late, but I still think that's the only way to go. Let's talk about how we calculate EPS and price earnings and price earnings to growth ratios. We have talked about calculating earnings per share in our first class using Chipotle as an example, if you

recall. EPS is simply the net income divided by the number of shares outstanding. My bad, this is a mistake. Right. So take for example, how would we calculate Apple's EPS? Apple had a net income of 131 billion for planned for forecasted for 2026. Apple has about 15.4 billion shares outstanding, which is equal to 8.45 per share. That's the EPS for Apple for 2026. So the concept of price earning and the PEG ratio is simply the ratio is calculated by taking the current price divided by the forward earnings per share. So if Apple is priced at 256 and its earning per share is 845, the PE ratio is 30.2. Why is this important? Why do we use a PE, you know, for deciding to buy a share or, you know, analyzing its value. Say, suppose you were to buy a property as a business, you know, you wanted to rent it out and earn some rent income. You would pay like, say, a million dollars for a property and get a net rent of 6,000 per month after expenses, you know, like property tax, management fees, maintenance, whatever. And that would net you about 72,000 a year. Your PE ratio for that property is a million divided by 72,000, which is equal to 13.89. So when you're doing your due diligence to look around the neighborhood and your broker is telling you, broker is basically giving you the same analysis. He's looking at 10, 12, 15, 20 different properties and he will give you the So choosing the rental property to earn rent income would mean comparing the rent received from each property compared to the price you would pay to acquire the property. And in from that you would choose the one that gave you the biggest bang for your buck. It's the same concept we use for shares. And because we are actually acquiring part ownership in a business and you must understand that what you are paying is what you would've paid if you were to acquire the whole business. Look at it this way. Market capitalization of Apple is about 3.96 billion. And if you divide the net income of 131 billion by 3.96 trillion, 3,960 billion, you would get the same ratio of 30.2. And that's why we use per share. because we cannot buy the whole company, you know, which is worth about $4 trillion. Let's talk a little bit about PEG ratios. So a very important metric is called the PEG ratio, which Peter Lynch had popularized. For those of you who remember, Peter Lynch had an outstanding 14-year record at Magellan, Fidelity's Magellan Fund, which he beat the market consistently for 13 or 14 years. And he was beating the market by like 5 percentage points each year. So his approach is extremely good. He and Warren Buffett have a common fundamental leaning towards buying stocks on their fundamental businesses. And he popularized this PEG ratio. The PEG ratio as it spells is price earnings to growth, which is used to evaluate stocks by comparing their PE to their earnings growth rate. And in his time, he would aim for a ratio of one because he wanted to buy things cheap. And he argued that a company's price earnings should ideally equal its growth rate. So he viewed a peg of under 0.5 as very attractive and over two as poor. In our decade and in the decade ahead, we've been dealing with a lot of high growth tech semis and AI companies where the price earning and the PE, the peg bands are skewed much higher. But the fundamental concept and the thesis remains the same. Whether you're looking at a

price earning of 35 and a peg of 1.5 or a peg of 2, you would still use it to compare companies pegs with each other. And in my analysis, I would not be perturbed or surprised if I get a peg of 1.5. But over 2.5, it would start definitely giving me a red alert. There has to be something much more compelling in the company's story that I would pay more than 2.5. So, and this is always going to happen because for most growth stocks, investors are bidding up their prices in advance. Sometimes it's for two years, hoping for a fast growth to last. And like we saw in some of our companies, this can be a minefield. And we must navigate it very carefully. And if it's too high, you can just walk away. There are 6,000 other stocks in the market is my dictum. What are the key aspects of using a PEG ratio? So let's have a look at the calculation or how to calculate it. So Nvidia's PE ratio is 23.7. because that's the current price of, what is it, bar 182 divided by the earnings per share, which is around four something. We look at the spreadsheet and I'll walk you through that example. So it's earnings, but are expected to grow at 27% on average in the next three years. Many analysts will take the 2026 earnings growth, which is 64%. Now, that would make it like a PE of what, less than half of 23. It would make it like a PE of 12 and 15. I think that's wrong. You have to take a conservative approach and you should take the average growth for the next years, next three years, not just one year, because a 64% earnings growth never lasts. almost impossible to do that consistently over many years. And if you go in thinking, oh, Nvidia is priced at only 12 times next year's earnings, it's, I would think it's a mistake. So what is the PE? What is the PEG ratio? How is it calculated? In Nvidia's case, the 23.7 is divided by 27% to give you 0.9. Okay. Now that's the peg of NVIDIA. Why would we look at the peg? So the PE ratio in isolation is meaningless because it also distorts the analysis if you apply it across different industries and different categories. So a PE for a cyclical company or a bank is typically between 12 and 15. And beyond 15, it tends to get a little expensive. A PE for a tech stock is usually in the 20s or 30s. So what you would do is use the PEG ratios by dividing the PE by the growth and seeing if that made a meaningful analysis. And we've seen that in the last few months that steady growth companies are getting rewarded because their PEG ratios are low. compared to high flying growth companies that are facing slowing growth because of AI. Lynch used to look for growth companies or reasonable growth in the 2010 to 20% range, and he clearly avoided over the hyped and excessively high growth companies because as we've seen, high growth never lasts. It lasts maybe three years, five years, or sometimes even lower, and then it snaps, which means it'll take the stock down with it. But the underlying concepts and the fundamentals of this approach is universally applicable, and you have to adjust it based on where you see the growth is going or where analysts give you a reasonable estimate of where they see the growth going. In many cases, the company will guide at least for a year ahead, and then it's up to us to extrapolate if that growth is going to continue. And that will help us get a meaningful analysis of a good peg or a good price earning for the next two or

three years. Now, in our case, okay, Lynch used to look for 10 to 20%. because at that time tech was not such a high flying environment. We usually have growths over 20%, but again, like he said, they should not be overly overhyped or overpriced. We should look for bargains amongst these companies as well. So I want to, before we go to the examples and the spreadsheet, I also want to talk, I want to stress that A price earning ratio is not necessarily a measure of growth. It's also a measure of risk. Why do I say that? So the price earning ratio of a 10 year treasury bond is 25. Why? So a treasury bond gives you a coupon rate of $4. And when you pay $100 for those $4, you're basically for a 4% yield, it's translating to a price of earnings to 25 to 1. 100 divided by 4. And why are you paying a price earning of 25 when obviously the treasury does not grow, the bond does not grow? It's because it's a government bond. You are paying 25 to 1 or a price earning ratio of 25 because it's a risk-free asset backed by the weight of the US government, which guarantees you the 4% yield, which means you're paying for safety. Right. You if you buy a government bond, you're going to get that 4% till the coupon mature till the 4% coupon rate till the bond matures. And that's a guarantee by the US government. So you don't mind paying 100 bucks for that. Why do we pay 21 to 20 times earnings for the S&P 500, which has just averaged a growth of 10% in the last decade and a growth of 7 to 8% in the previous 5 decades. I looked at S&P 500 data from 1962, and my average came to about 7 and a half to 8%. And yet the S&P 500 rarely was priced at below 14, which means we were paying 14 times earnings with a 7% growth. So the peg was actually 2. right? That's because the S&P 500 is safer than individual stocks because the diversity of 500 stocks, the diversification of investing in the 500 stocks in the index will cushion the drop of each individual stocks. And you've seen that, you know, we've seen individual stocks like Google, Amazon, Microsoft fall between 15 and 20%. And how much has the index fallen? Less than 3%. So that's the beauty of investing in an index. And that's why the index is also never going to be cheap compared to compared to earnings or its growth simply because you're getting a lot of safety where it cushions the fall much, much better. than individual stocks. And in the past, I've talked about high beta stocks, because if the index falls by 1%, your stocks are going to fall by 2%. So it's almost like twice. And we've seen it in some of our high flyers. We've seen it in nebius. We've started seeing it in the M7, where the falls have been quite steep when they should not have been. The smaller the stock, the higher the volatility. That's just how it is. So when you look at a price earning and a peg, you will see that it's not just for growth and earnings. What should we worry about price earnings and pegs and multiples and valuation? Sometimes the price earning would also be referred to as a multiple as a the number of times earnings or sales or any other financial metrics. So it basically means the same thing. One of the most important aspects of PE multiples, and this is somewhere where I need to be extremely careful as do other analysts, as do investors. These things go through regularly ratings, especially based on declining growth.

And we are seeing this happen in the past three to six months because now suddenly Anthropic and OpenAI and their cheaper models are just killing growth for all the SaaS stocks. So you have to be on the watch out for all these. Say, for example, a price earning of 35 may be justified if the stock continues to grow at 45%. But if it drops to 30, you want to see why this is happening. And very often analysts are in denial. I certainly was for a few stocks. Management sometimes will also not guide you properly. And it's very, very important to catch these. And it's also very difficult. And this is the biggest key risk for growth stocks. These inflection points is must be captured. And when you'll see it, you know, when If the quarterly growth or the sequential growth tends to slow down, which will tell you that, okay, next year is not going to be that good. And this is a warning sign that the PE multiple will drop by several points, which means at some point of time, investors are saying, look, I don't want to pay such a high price earning ratio. I want to wait for a better price. Duolingo, classic example of not selling out in time. I did not expect the growth to drop as dramatically. I did not exit in time and now the stock has got re-rated. Confluent had the same issue, but luckily it got bought out. So the price went back to 30 bucks a share, which was close to maybe, you know, 35x adjusted earnings. AppLovin, luckily, or at least I was alert. to realize that the hypergrowth had slowed down. It just could not continue growing at 45%. I exited over 550, and it's whatever, 360, 380 right now. Rubrik, I made a mistake of not waiting for a larger drop because even though I thought the current year's growth is about 43%, but it's going to drop to about 26, 27% for the next three years. and I should not have overpaid in the 70s. So the businesses will remain good, but they are relegated to slow grower or growth at a reasonable price status, which means simply that you will get a lower multiple or a valuation. And this is where you go back to Buffett's note that this will undo the effects of a subsequent decade of favorable business developments. I'm not worried about rubric not getting enough business. But because I paid a higher price, I'm going to see the stock just stay range bound for probably two to three years or till it gets back to what it was. SaaS company.

I have, sorry, two questions.

No problem.

Yeah. One is, when are we, when should we be looking at all these? Is it when you're just buying the stock or is it something that comes out like? Once a year or quarterly, how do you?

Quarterly, both, both. First, the entry point also should be very conservative to the sense where you're getting that margin of safety. So you're telling, if you want to tell yourself that, look, what if the earnings growth was 15% instead of 30%, okay, or 20% instead of 30%, what does my PE look like? when I'm getting it much, when the earnings is going to slow

down. Based on that lower PE, what is my entry point? So you are going to miss a few stocks like that because they may not fall. But if you want a margin of safety at that time also, you should look at a bargain. I'll give you another example. Somebody had asked about MakeMyTrip, that was an Indian stock.

Yeah, And.

At that time, I said, I can't pay 40 times earnings for this. I just don't see the growth. And I ignored it, you know, and I just waited. I'm pretty sure it's fallen 30 or 40% since then. And there are several I've let go. So number one, if you don't find a bargain and you don't see the growth, you can ignore it. Number two, the quarterly quarterly changes will also tell you that look, quarter on quarter, it's not growing the way it grew in the last six or eight quarters. And that's sometimes I miss that looking for the bigger picture and seeing, wait, I still get about 30% growth, but I'm not realizing fast enough that look, it's already pointing towards 24, 23 or 22. And that's a classic case of what happened in Duolingo. where I didn't see that coming. And I said, okay, fine. It's gone from 400 to 200. Now my PE is looking very, very small. And I still think it'll grow at maybe 28, 30%. When it fell to 22, the stock cracked to what 150 or something. Now it's what 120. And now it's a threat from AI that the business model is going to get wiped out, which I don't think that's the case. I still think they have something, but it would be rare if the price went back above 200 now. It's rerated. And, you know, one could do two things. One could buy more and average it down and try to get out at a decent price. But I would, I don't like to average it down when I see that the growth prospects have dimmed. And I feel that, look, the stock is going to get a permanent rerating. And if next quarter doesn't show us that strength in Duolingo, we'll see if we want to just take the loss or let's, we'll wait for a couple of quarters. Yeah. Okay. Sorry to your, go ahead. Yeah. Yeah.

So, you know, the other question I have is when we're looking at ETFs or mutual funds and all, at that point, all these, these, these pegs and P, do they still count or how, how do you do for those things?

There are alternative ways with the same concept in the sense that you would see that the ETF would have been priced at, you know, at a certain level. Say like for example, the semiconductor ETF. was much, much lower because semiconductors five years back was a cyclical.

Yeah.

And now it's priced very high. So there is a way to do that. And I will put it out. I'll send you that thing where you could measure what the ETF is selling for compared to the past.

compared to the past growth. I don't think it's the exact PE, but I'll dig up that and I'll send it to you.

Sure, thanks.

Because yeah, you know, it's sometimes these ETFs will also give you extremely good returns where you're having the safety of not seeing the ETF fall 20% in a day. I'm also leaning towards, you know, getting more defensives like I'm so happy that I have Wu and I have another S&P 500, which has just fallen 3% in this, in these bad lines. So, okay, we also use a price to sales ratio because it's a good, good way. And this also sometimes helps you catch the inflection points. And, you know, if it's, it gives you a good perspective of where the sales is declining because if the sales decline, it will also lead to earnings declines. And the calculation is also very, very similar. It's the same thing, actually, not very similar. Price to sales ratio is equal to the market cap divided by the sales. Price to sales growth ratio is equal to the price to sales growth rate divided by the growth rate, which is very similar to the PEG. So for example, in the case of Broadcom, there is a market cap of 1.5 trillion, 1,500 billion divided by an earnings by a sales of 97 billion, which is 16.2. And wow, that is high. But when you compare it to the growth of Broadcom in this year, Broadcom is going to grow sales by 30.5%. And that is pretty good for a $97 billion company. Your price to sales growth ratio comes down to 0.5, which is low compared to NVIDIA, which is 0.9. So here also I take the five year sales growth, not just the one year sales growth. So I think you probably have seen this chart before. I updated it.

Yeah.

So, you know, just to walk through the walk through examples of what, how these ratios are calculated. So I'll just walk through some of them and then please feel easy to ask questions because I think many others have not seen this graph. So I'm just going to quickly go through.

This was initially you had shown, right?

I had shown it when we were looking at the M7 and some of the companies. Yeah. So updated. Let's see. Okay, so let's do a quick look at the price earning ratios. We are seeing that Apple's example I showed you all, which is 255 divided by the earnings per share of 8.5. The price earning ratio of Apple is quite high. It's 30. But the peg is not that-- it's one of the highest in the group because Apple is also going to grow 13%. And ideally, we would have loved to see Apple grow at 15%, 17%, 18%, which means this would have come down below 2. And then at this price, which is maybe 10% from its high this year, this would have been a great buy. I also put in the operating profit margin, because the higher that is, it's always better for the stock. Amazon's P is fairly reasonable. The peg is also not too bad.

Look at Meta. Meta. Okay, this is what I wanted to put a note. You'll see these earnings growth. These are mega companies, and they should be making a lot more money. But why are their earnings growth only 1915, and 10, right? They should be growing faster, but depreciation is killing your earnings here. Because of all that 200 billion in CapEx this year, they will have to depreciate that 200 CapEx, and this is what is hurting your earnings per share. I could, if you took out the depreciation, the EPS would be closer to 10 or 11. Same thing with Google. The earnings growth in the next three years is only 15%. Look at Meta. It's so much lower because Meta is spending what, 175 billion. And that's what makes these look comparatively expensive to what they've been in the past decade. And this is why, this is one of the reasons why I even sold, you know, in last week when I was fearing a correction. These are family jewels. You never really sell these guys. But the markets are no longer going to accept them as family jewels and companies that can never go down. It's changed because they are capital heavy. They have to spend more to earn more, which is something these used to be capital light models. They used to generate 100 to 150 billion in cash. They would use the buyback shares or they would give you a dividend or they would use it to, you know, much better use. Now they are in this race to create all these data centers. And if you don't see revenues and earnings catch up with all this spending, markets are not giving them a thumbs up. They've all fallen in the last two, three months, especially in the last two weeks after earnings. We saw Meta fall 8%. We saw Microsoft fall 8 to 12%. We saw Amazon fall. Amazon was what? 240, now it's 196 and I'm still not buying. I had planned that as a defensive for 2026, I would buy these safe companies, but I don't think the market is going to give them that sort of safety rating the way it used to.

But if the guidance is strong, like if Meta says, oh, we are investing blah, blah, so much for the data centers because we are expecting some huge growth coming or whatever, for whatever reasons.

Right.

Does that not give you confidence of still buying it cheap or something?

So to your point, a great point, look at Meta's sales growth, 21%, very impressive, right? $251 million company. And with the 175 billion in spending, they are the one company that is actually seeing fantastic growth because the AI is actually helping them. But you're on a price to sales ratio, look at that. It's nothing. It's the cheapest. But this is where it's killing them. Yeah. With 21% sales growth, your earnings growth is only 10%. 10%. So if I'm a fund manager and my fund manager rules are that I'm not paying anything with a peg of 1.5, this company is out for me. If my rules are, if my fund rules are that, look, these are our caveats, we cannot pay beyond this price. That metas out for me. I could buy it on the basis of the price to sales, but this depreciation is killing me. Depreciation is a very big expense.

So if you're, the way you see it is you're spending 175 billion in CapEx and your depreciation schedule is five years. So 175 divided by 5 is what? $35 billion. $35 billion is getting knocked off its net income. Every year. Every year, right? Yeah. So that's why your this number is EPS is going to go down. Now the good thing is a lot of people will say, but OK, but depreciation is a non cash charge, but you still spend the $175 billion. You it's gone. The cash is gone. You have to you have to account for it just by saying it's a non cash charge and. So what will happen here? Your EPS for 26 is 30.3, your cash flow per share will be 45. So somebody might justify the purchase of beta and say, look, my price earning is 21, but my price to cash is like 15. So I can buy it, you know. So it it depends which approach you take. Amazon survived. 15 years on a price to cash ratio. It didn't have earnings for the first 10 years of its existence. So people can still come back and say, look, I'm okay because I can see the sales coming of 21%. I don't care about the earnings. I'll go on a cash basis. So that's one approach. Looking at the rest of the chart, I think probably if I had to go back and buy, you know, an M7, I would lean towards Microsoft because it's pretty reasonable and all the metrics are okay. You know, the peg is only 1.3, the price to sales is 0.6. It's not this thing. AVPO looks very interesting. The price to sales is only 0.5 and the peg is only 0.8. This This is something we should consider. And these these and of course these 2 Taiwan semiconductor hasn't even got hit by the correction so far. But would I get in at this this level? I would wait. I would wait for a drop, but then it's probably on these metrics. It's it's look at this. It's nothing. It's only point 3, and the peg is 1.2, and it's a monopoly. So that should give you give it a little bit of a premium. Here's the S. And P. 500. If you want to see the calculation, it's the Eps is 312 of the index. So when you were talking about etfs. There are there are ways to also have the at least the S&P 500 publishes its earning per share. I can check if the ETFs do it on the same basis, because that'll give you a nice comparison to see if you could you could derive a price earning for the ETF. Yeah. So S&P 500, the 5 year growth, 3 year growth average is about 13.4. It's PE is 21.9. Why are we paying so much for this? It's also because the of the diversification of the index. The peg is not cheap. It's 1.6, and this is the Treasury example of 4.5. Besides the peg and the PEs, I like to see the operating profit margins, which also allows me to pay a slightly higher peg just because I can see how profitable it is. And that factors, you see, Meta's operating profits are extremely high. And this is after the depreciation. The margins are so great because, you know, every ad they sell, there's no cost to it.

Yeah.

There is virtually no cost to it, you know, so it's straight going into profit margin. Same thing with Nvidia. 63% of sales is going towards operating profits. And Nvidia is even not even spending capex. It's gushing with cash. Problem with Nvidia is, it's, it's, is over owned is, is what I feel that this, you know, that's why it's not going up. See, look at all these M7

companies by look how profitable they are. Yeah. All of them are very high profit margins. So in a way they deserve high PEs. They should, you know.

And except Tesla, but maybe Tesla is because it has so many components that they need to spend on.

Right.

They probably their sales are.

Exactly.

The margins are less.

Exactly. Yeah. The it's and but what Tesla is banking on is that that humanoids will the where is the sales growth? Yeah. This is what analysts are banking on. The Tesla will grow sales by 30.5%. If they sell these $20,000 robots, it's the highest. amongst these. It's the highest grower in the M7, M8.

Opto, what is that called?

Optimus.

Optimus, yes.

30.57.

Oh, wow. Okay.

Yeah, yeah. So that's why it's humming. It's not nobody wants to. And honestly, if you see Tesla's price earning ratio of the last 20 or 10 years, it's been over 200. It's it's he's he's setting a dream and you know, it's people are willing to ride with him. They've made everybody's made money. I mean, if you got another right price, Tesla gave what if you bought it at 200 and something? It's close to what 400 right now. Yeah. So it's not that people haven't made money, but it depends on your approach, I guess also. Yeah. And then for each company, I try to do sort of a strategic score where I'm balancing the risk part of the company, the business, the business aspects, where I see the business going. Then, of course, this is purely coming from the price earning price to sales and the pegs. And valuations are when, like, for example, I've given, sorry, the, The financial operating are coming from the operating profit margins and the valuation is where I've given an Apple a low score. But ironically, this is going to be, this is the most capital. Apple is spending less than 20 billion on CapEx next year. And to me, I think they've done the smart thing, getting the CD done with AI from Gemini. Why would you spend all that money when you're it could become obsolete or someone could beat you to it. And I think it will help keep the

phones selling. It has a franchise which nobody else has, the loyalty which only Tesla people have.

So I think it also has its own chips, right? It doesn't go depend on Nvidia.

Exactly. Yeah, yeah, yeah. And it probably, there was a time when its total value of its chips were higher than Nvidia, because, you know, if you did 400 billion worth of sales, probably the cost of the chips was close to about 40 or 50 billion, which was higher than Nvidia sales at one time, just three years back. It was the largest chip chip designer in the world. Yeah. Yeah. So yeah, let's See if there anyone go ahead with questions or whatever. Yeah. Dilipa is left.

Yeah, this is actually out. Yeah. He was, he was interested in the options thing. So.

Oh, okay. So that class is on the, the, it's there. And then, you know, we can always chat if, if, If he has more questions, we can always do that. That's yeah. I put up the class from last week. And that that class lasted longer because we were still talking about, you know, the questions. Till about what 2 30 or 2 45?

So last week was the options class.

Last week was the options class.

Oh, so we were thinking is this because last week we missed we had some because it was Saturday we had some. plans and then I haven't had the chance to go through the webinar. It's there, right? The webinar.

It's there. I will send you the link just now. So, you know, you can go through the class, go through the one thing I built. Who was it? Rippon.

Yeah, Rippon.

I think it was Rippon or Kamal. Okay. I couldn't remember, but he had a lot of questions and a lot of good questions, which helps because then it's easier to explain. when somebody is understanding it one by one.

Right. Okay.

So yeah, just, yeah, please go through that class. It was a very, and then I think people will want to follow up because options are very tricky, very, very tricky. And I'm happy to do another session, like a webinar for just questions.

Yeah.

And, you know, walk people through options and how to use that as a good mitigation tool. Next week we have the last class. Okay. We can talk about risk mitigation and portfolio, and we definitely bring up options. And then I can ask people if they want to do a special, you know, question and answer session for options. Okay. And we can do that again. Yeah.

Okay. Yeah.

Yeah.

Thank you so much for doing this. Sure.

Not at all.

I mean, I really want to go back and go through all the webinars again. Yeah.

So there are two of them. You could, yeah, let me show you the thing. You will see the investing courses here. Right. Replace. Oops. Okay. So chapter six is this one. Introduction to options, examples and chapter six, the whole transcript is there.

Okay.

And then of course webinars is every week's webinar is also there. This was the last one. Okay. Cool.

So, I mean, just an idea, I just thought about it. Like, you know, maybe if you could create, say, one or two examples and ask us to kind of check out the P by E and P by E, the PEG and everything, and then kind of analyze what you would think of the score, whether it's a by, not by. So that will maybe, you know, it'll be a practical way to kind of learn.

Sure thing. I think it's a very good idea. Okay, I'm gonna make it and send it out. Yeah. I think Monday or Tuesday I should be able to do it. Yeah.

Yeah, I mean, this is an idea. It's my.

No, we had planned this. I think Prisha said that we will do one project. And I thought, yeah, that's that's the best way to for people to understand this better. Yeah. So we'll start on that. Yeah. All right.

Okay. Thank you.