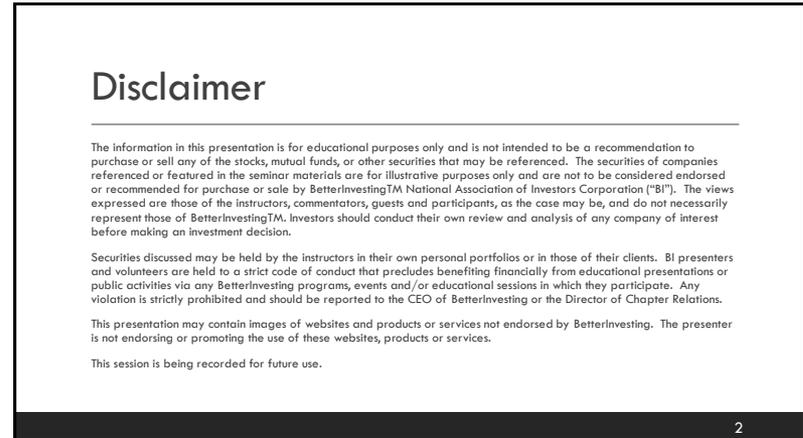
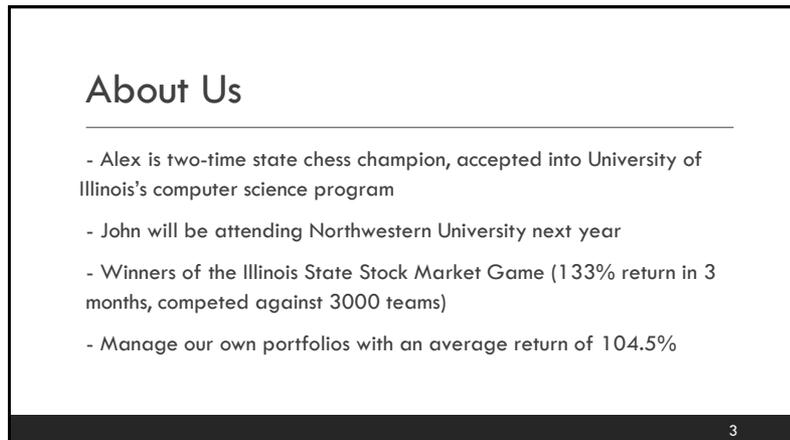




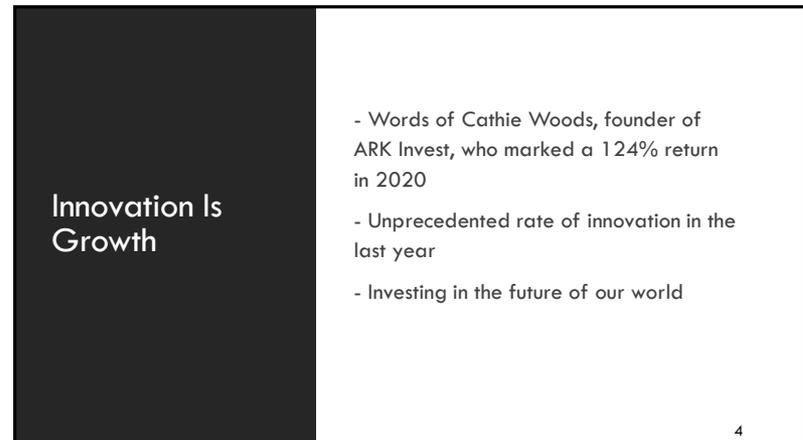
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Aggressive Growth Companies

-  - Retained earnings that are invested back into the company (low dividends)
-  - Listen to the CEO speak
-  - A product that can be considered disruptive innovation

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Disruptive Innovation

-  - The Digitization of Money (PayPal up 116% in 2020)
-  - Gene Editing (CRISPR up 213% in 2020)
-  - Clean Energy (Tesla up 743% in 2020)
-  - Artificial Intelligence (Palantir up 135% in 2020)

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Value vs. Growth

	1-Year (1/1/2020-12/31/2020)	3-Year (1/1/2018-12/31/2020)	5-Year (1/1/2016-12/31/2020)	10-Year (1/1/2011-12/31/2020)
Large Value	2.68	5.46	9.30	9.40
Large Growth	34.84	20.22	18.04	14.66
Value Underperformance:	-32.16	-14.75	-8.74	-5.26
Mid-Cap Value	2.84	3.81	8.37	8.87
Mid-Cap Growth	37.32	19.25	17.43	13.27
Value Underperformance:	-34.48	-15.45	-9.06	-4.40
Small Value	3.84	2.13	7.88	7.81
Small Growth	36.91	18.01	17.31	13.06
Value Underperformance:	-33.06	-15.89	-9.43	-5.25

Source: Morningstar Direct. Returns are annualized.

Why is Disruptive Innovation Attractive?

- Creates creative destruction
- Can easily penetrate an existing market with their more attractive products
- Disruptive Innovation can also create their own market, which makes growth exponential

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TAM (Total Available Market)

- Total available market
- Add up sales of leading companies in a market to get a rough estimate of TAM
- TAM's of new products can be estimated by adding up the sales of markets it is attempting to improve
- Important to know growth of TAM

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SAM (Serviceable Available Market)

Serviceable available market

Share of the total market the companies providing a specific product can fulfill

Subset of TAM

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SOM (Share of Market)

Share of market

What share of the market a specific company is planning on achieving in the next five years in terms of sales

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TAM, SAM, SOM

- Look for a high TAM
- High SAM
- High sales growth rate suggesting a growth in SOM

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Digital Wallet Projections Using TAM/SAM/SOM

2020 Smartphones and PayPal Users	2025 Smartphones and PayPal Users
2.5 Billion Smartphones	5 Billion Smartphones
1.2 Billion Mobile Wallet Users	3.3 Billion Users
377 Million Users	825 Million Users

11% CAGR in Smartphone Sales

23% CAGR

Data taken from Statista

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Wright's Law

- Created by Theodore Paul Wright (1936), an aeronautical engineer and educator
- Used to model the cost reduction associated with the increase in production of airplanes
- A cumulative doubling will decrease cost by a constant percentage
- Same idea as economies of scale

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Wright's Law Illustrated

- Graph taken from ARK Big Ideas 2021
- Shows a 28% cost reduction for every cumulative doubling in battery production
- EV, another high growth area, has a CAGR for EV sales of around 45 percent. This means a great increase in production and a great decrease in cost using Wright's Law.



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Techno-fundamental Theory of Investing

- Pioneered by Nicolas Darvas in the 1950s
- Was a dancer who studied economics and also toured with Bob Hope and Judy Garland
- Looked for fast growing industries that could do well over the next 20 years but focused on price movement and breakouts using his box theory
- This way, he combined technical trading with choosing fundamentally exciting companies.
- "Everything old is new again" similar to what Cathie Woods of ARK Investing is doing now

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Is It a Sustainable Strategy?

- Darvas was able to turn 36k to 2 million over the course of 3 years (in the 1950's!)
- The key is to not become too attached to a particular stock, but let the price movement and technical both keep you in or get you out of a stock
- With the increase in retail investors volatility is heightened, using his box theory you can find set prices at when you should sell or buy
- Puru Saxena is a modern day Nicolas Darvas (CAGR +56.2% since Sep 1st, 2016), he likes E-commerce, EV, Fintech, Genomics, Space, and Cloud

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Thanks for listening



jsrogers2021@gmail.com



thealexsumoto@gmail.com

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