



Bulldog Investment Company
Sponsored by Sather Financial Group

Members

Presenting:

- Arthur Munoz
- April Estes
- Ernie Stephenson
- Philip Bauch **

** - Board of Directors

Other Members:

- Erblin Ribari
- Kevin Haugen
- Lucas Kneitz
- Ryan Griffiths
- Emily Toensing
- Nathaniel Raschke
- Cody Foil
- Eric Sturman
- Jacob Bravo
- Leon Wagner
- Nathan Ramos
- Stephanie Thompson
- Tasha Phillips
- Kelli Gohmert

What Is The Goal?

- An internship to think about businesses—how to identify quantitative and qualitative success and then how to value them.
- It is NOT about stock trading.

Real Money

- This is not a simulation.
- Unlike most schools, we invest real money in real companies.
- If we make a mistake, it costs money.
- If we make wise decisions, it makes money.
- As of April 11, 2013 our portfolio is worth more than \$180,000.

What Has Framed Our Mindset?

- Warren Buffett and the “Value School of Investment Management.”

Why Buffett?

- Incredible long term track record for high returns and ethical behavior.
- Buffett has compounded Berkshire Hathaway's Book Value by 20% annually for 45 years.
- Buffett continues to show that success in the business world and highly ethical behavior are NOT mutually exclusive.

What Does Buffett Look For?

- Can You Understand The Business?
- Does it possess a sustained competitive advantage or a “moat” protecting it?
- Is It Predictable?
- If you don't understand the business and it's not predictable, how can you value it?

Overview

1. Investments
 1. Cash Out Arbitrage – New Frontier Media
 2. Advanced Auto Parts
 3. Writing PUT Options – Dollar Tree
 4. American International Group
2. Portfolio Performance

Cash Out Arbitrage

Buffett's Rules

1. One company buys another.
2. All Cash Deal.
3. No Regulatory Hurdles.
4. Must be a friendly buyout.
5. Significant market price discount to cash out price.

LFP Broadcasting buys New Frontier Media (NOOF)

- Buyout announced October 15, 2012 at a cash out price of \$2.06 (\$33 million total).
- One month later the market price of NOOF was \$1.99.
- Dept. of Justice approved the merger.
- We purchased shares on November 26, 2012 at \$1.99.
- Deal paid out on January 3, 2013.
- Gross Proceeds: 3.52%
(\$2.06-\$1.99 = \$.07 gain / \$1.99 share)
- Payout after 38 day holding period was 33.8% annualized rate of return.

Advance Auto Parts (AAP)

- Return On Equity $> 15\%$ for past 10 years
- Net Profit Margin continuing to improve
- Long Term Debt & Other Obligations Divided by Net Income is payable in 1.55 years.

Advance Auto Parts

- Repurchased 31% of company in past 10 years
- Earnings per share increased 12% per year for 10 years
- Book Value per Share increased 11.1% per year for 10 years

Writing PUT Options

- It's a contract that potentially obligates us to buy a specific stock at a specific price and time.
- We are paid a cash premium to have a stock sold to us at the pre-determined price & time.

Dollar Tree (DLTR)

- Growing Company
- Highly Efficient
- Entered a Put Contract on Dollar Tree
 - We have written 3 PUT options which have paid us \$230 or \$2.30/share.
 - Trading above \$45.
 - Lower Entry Price.

American International Group (AIG)

- Provides insurance products and services for commercial, institutional, and individual customers domestically, and internationally.

Best Insurer Overall – Global

- Region
 - #1 Western Europe
 - #1 Latin America
 - #2 North America
 - #2 Asia
 - #2 Central & Eastern Europe
- Category
 - #1 General Property & Casualty
 - #1 D&O Liability
 - #1 Marine & Fire
 - #2 Medical & Life
 - #2 Catastrophe

American International Group

- Key Points
 - Trades at a little more than half of tangible book value
 - A company's tangible book value is what common shareholders can expect to receive if the firm sold off all of its assets at their book values.
 - Fortress Balance Sheet
 - Repurchasing common stock
 - Paid back US Government with Interest

Current Portfolio

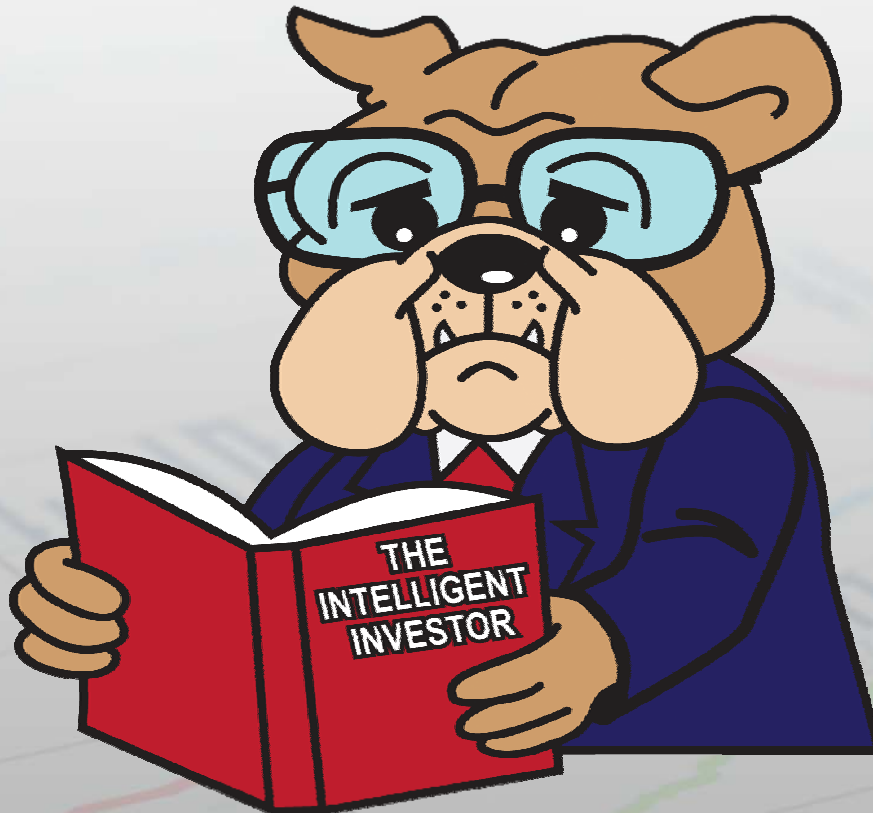
Description	10/04/2009 Value	Additions Purchases	Withdrawals Sales	Realized Gain (Loss)	Unrealized Gain (Loss)	Income Expenses	04/11/2013 Value	Actual Net (IRR)
Equities								
Advance Auto Parts Inc	0	4,978	(9)	0	916	9	5,894	18.57
American Intl Gp 21wts	0	5,006	0	0	1,018	0	6,024	20.35
American Intl Group Inc	0	9,941	0	0	1,827	0	11,768	20.81
Becton Dickinson & Co	0	5,006	(190)	0	1,566	190	6,572	35.60
Bed Bath & Beyond	0	9,957	0	0	1,179	0	11,136	18.57
Berkshire Hathaway C1 B	0	10,081	0	0	3,794	0	13,875	43.52
Best Buy Inc	0	10,344	(4,563)	(713)	948	276	6,293	10.10
Blackboard Inc	0	4,982	(5,310)	328	0	0	0	6.59
BOSTON BEER COMPANY CO	0	9,742	(11,758)	2,016	0	0	0	20.70
Bowne & Co Inc	0	4,994	(5,269)	250	0	25	0	5.50
Church & Dwight Co Inc	0	4,989	(409)	0	6,390	409	11,380	139.72
Coca Cola Company	0	6,646	(307)	0	1,590	307	8,236	29.15
Johnson & Johnson	0	4,964	(6,376)	861	0	551	0	30.05
Johnson & Johnson	0	0	(51)	0	0	51	0	..
Lorillard Inc	0	5,005	(1,108)	0	3,433	1,108	8,437	98.89
Mc Donalds Corp	0	4,948	(6,656)	1,544	0	164	0	35.14
Mc Donalds Corp	0	0	(46)	0	0	46	0	..
Medtronic Inc	0	4,978	(321)	0	1,990	321	6,967	47.87
Microsoft Corp	0	15,445	(675)	0	1,598	675	17,043	21.70
Motorola Mobility Hldgs	0	9,987	(10,360)	373	0	0	0	4.78
Nestle S A Reg B Adr	0	4,931	(416)	0	2,312	416	7,243	57.35
NEW FRONTIER MEDIA INC C	0	5,015	(5,175)	160	0	0	0	3.40
Oracle Corporation	0	12,567	(323)	0	3,838	323	16,404	49.44
Pepsico Incorporated	0	13,268	(739)	0	2,724	739	15,992	28.16
Procter & Gamble Co	0	6,155	(6,364)	112	0	96	0	3.40
Wal-Mart Stores Inc	0	5,000	(445)	0	2,312	445	7,312	57.28
Walgreen Company	0	5,024	(194)	0	2,374	194	7,398	51.88
WESCO FINL CORP COM	0	5,039	(5,010)	(34)	0	5	0	-0.57
WORLD ACCEP CORP S C NE	0	4,916	0	0	679	0	5,596	13.82

How Have These Strategies Worked For Us?

- Using these strategies over the past 3 1/2 years, Bulldog Investment Company has produced gross returns of more than 91% --or 19.5% per year.

	Gross Return	Annualized Rate of Return
Bulldog Investment	91.0%	19.5%
Berkshire Hathaway stock	63.2%	15.0%
Dow Jones Index	56.6%	13.6%
S&P 500 Index	55.4%	13.3%

Questions?



**“Price is
what you pay.
Value is
what you get.”**
- Warren Buffett

LOGIC • DISCIPLINE • VALUES

Bulldog Investment Company

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