



Bulldog Investment Company
Sponsored by Sather Financial Group

Members

Presenting:

- Kenneth Olson **
- Erblin Ribari
- Kaleb Schmidt
- Nathaniel Raschke
- Cody Foil
- Philip Bauch **

Other Members:

- Andrew Kopecki **
- Mark Moellering **
- Tina Ferati
- Joel Gronberg
- Kevin Haugen **
- Caleb Janysek
- Lucas Kneitz
- Ryan Griffiths
- Emily Toensing

** - Board of Directors

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 March 31, 2012 our portfolio is worth more than \$135,000.

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?

Consider Wal-Mart

Buffett's company, Berkshire Hathaway, owns over \$2.3 billion worth of the company.

- Why?

Doesn't Buffett Watch The News? Wal-Mart is Horrible!

- What does Buffett see in a company that so many love to hate?
- Many claim that Wal-Mart treats its employees poorly. Really?
- How many of its employees are forced to work there? None.
- Many state that Wal-Mart puts Mom & Pop stores out of business. Wal-Mart is highly competitive—but it is not a one sided argument. By being highly competitive it offers lower costs to the single mother of four--as well as your family, too.

Appearances Can Be Deceiving

- Although you may like the Corvette, Camaro or Silverado vehicles—it does not make General Motors a great investment.
- Just because some people don't like Wal-Mart, does not mean it is a bad investment.
- Any good investor must look past the headlines and truly know how a company functions.

Background and History of Wal-Mart

- Founded by Sam Walton in 1962.
- The company's purpose was best said by its founder:
“If we work together, we’ll lower the cost of living for everyone... we’ll give the world an opportunity to see what it’s like to save and have a better life.”
- 1970: Wal-Mart opens first distribution center and home office in Bentonville, Arkansas.
- 1988: Opened the first supercenter in Washington, Missouri.

Background and History of Wal-Mart

- 1990: Wal-Mart becomes nation's No. 1 retailer.
- 1991: Became an international company after opening its first Sam's club near Mexico City.
- 1997: Wal-Mart joins Dow Jones Industrial Average.
- 2003: Wal-Mart named FORTUNE Magazine's Most Admired Company in America

Wal-Mart U.S.

- Wal-Mart Discount Stores

First opened in 1962
629 stores in the U.S.

- Wal-Mart Supercenters

First opened in 1988
3,029 in U.S.

- Wal-Mart Neighborhood Markets

First opened in 1998
210 markets

Wal-Mart U.S.

- **Marketside**

Opened in 2008

In Arizona in Chandler, Gilbert, Mesa and Tempe

- **Walmart.com**

Founded in 2008

Features more than 1,000,000 products

- **Wal-Mart Express Stores**

First two Wal-Mart Express test stores opened in June 2011 in Northwest Arkansas

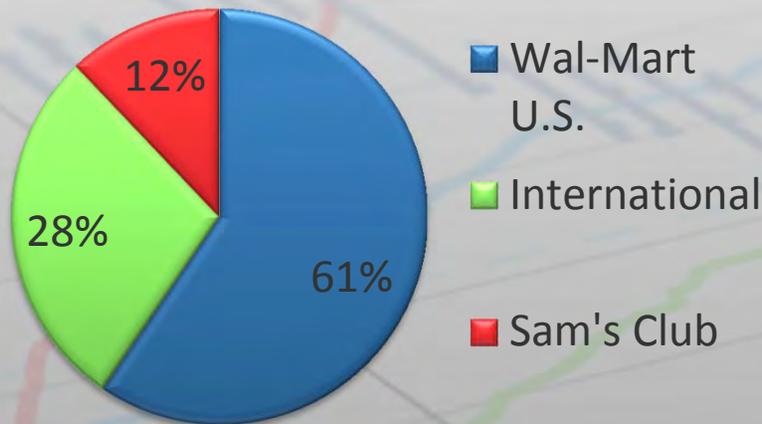
Wal-Mart International

- Fastest growing part of Wal-Mart's overall operations.
- 5,651 stores
- In 27 countries outside the continental U.S.
- 100 international Sam's Clubs in Brazil, China, Mexico and Puerto Rico.



Sales by Business Segments

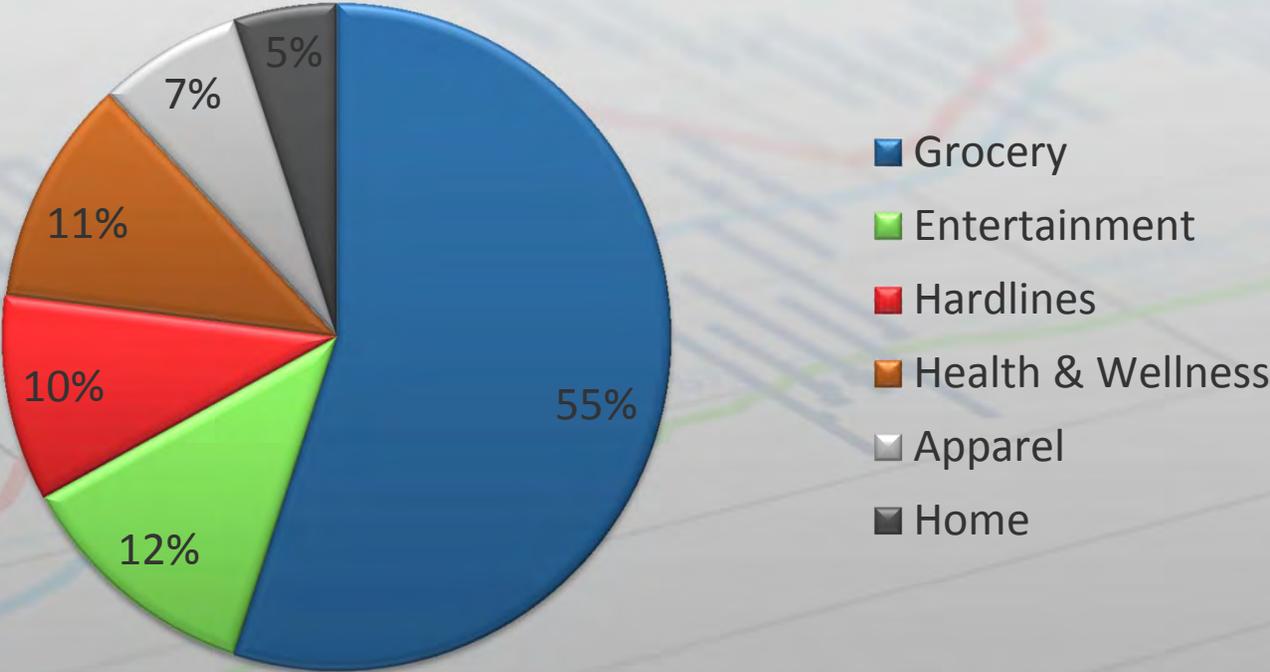
Wal-Mart - 2012 Net Sales by Segment



- The Wal-Mart U.S. segment includes the company's mass merchant concept in the United States and Puerto Rico.
- The Wal-Mart International segment consists of operations outside of the United States and Puerto Rico.
- The Sam's Club segment includes the warehouse membership clubs in the United States and Puerto Rico, as well as SamsClub.com.

Sales by Category

Wal-Mart U.S. - 2012 Net Sales by Category



Logistics—Their Moat

- Wal-Mart is a logistics company coordinating the efficient distribution of millions of goods every day throughout the world.
- They manufacture nothing. They are simply better than anyone at low cost distribution. This is Buffett's "moat."
- Great. So Wal-Mart sells lots of stuff—but are they consistent and predictable?

Consistency

- For the past twenty years, Wal-Mart has produced more in Sales, Earnings, Cash Flow, Dividends and Book Value—every single year!
- Amazing consistency.

Incredible Growth

Since 1995, Wal-Mart has increased

- Sales/share from \$20 to \$143 (+13%/year)
- Cash Flow/share from \$.88 to \$7.45 (+14%/year)
- Earnings/share from \$.60 to \$5.00 (+14%/year)
- Dividends/share from \$.10 to \$1.75 (+19%/year)

Main Competitors

- Costco Wholesale Corp. (COST)
- Target Corp. (TGT)
- Family Dollar Stores Inc. (FDO)
- BonTon Stores Inc. (BONT)

What Else Does Buffett Look At?

- Buffett doesn't stop there.
- What else does he consider and why?

Common Shares Outstanding

- Consider that a company produces earnings and you have partners who share in those earnings. Do you want more partners or less?
- Fewer shares outstanding means more earnings per shareholder.
- Over the past 10 years shares outstanding have decreased from 4.4 billion to 3.3 billion.
- This has increased Wal-Mart's earnings/share by 25%.

Stock Repurchase Plan

- Two years ago, Wal-Mart repurchased 207 million shares of stock or 5.34% of outstanding shares.
- This pace of stock repurchase is approximately 815,000 shares each trading day.
- If Wal-Mart continues this pace of buy backs at current prices, they would buy back ALL outstanding stock in 17.7 years.
- Last year Wal-Mart approved another \$15 billion buyback program.

Margin Analysis

- Over the past 10 years, Gross Margin, Operating Margin and Net Profit Margin have all increased.
- On a regular basis, Wal-Mart finds ways to be more efficient.

Debt Kills

- The greatest failures in business have come from using too much debt.
- Buffett wants to make sure that all of a company's long term debt can be fully paid off using only the net earnings of the company—meaning he doesn't want to sell any assets.
- Buffett wants long term debt divided by annual earnings to be **no more than three**. This tells Buffett that a company can easily service their debt.
- Wal-Mart can pay off its long term debt in under three years.

Return on Equity

- Return on Equity is Buffett's favorite ratio.
- It is calculated by dividing Net Income by Shareholders Equity (the net worth).
- This is a good metric to see how well management is using profits to grow the net worth of the company.
- Buffett wants ROE to be 15% or higher.
- Wal-Mart consistently produces ROE of 20%+.

Dividends

- Dividends are a cash bonus paid to shareholders. Wal-Mart has increased its dividend every year since 1974.
- Although cash payouts are nice, Buffett wants to limit the amount of cash paid out so future growth is not hindered.
- Buffett wants no more than 60% of the net earnings of a company to be paid out as dividends.
- Wal-Mart pays only 31% of its profits in dividends.
- This ensures plenty of cash for future growth.
- Wal-Mart's dividend is expected to double over the next six years.

Other Metrics

- In addition to the metrics discussed, Buffett analyzes at least 50 other items to assess the stability, safety and profitability of a company.
- Bulldog Investment Company interns must know and evaluate all of these metrics for a proposed investment.
- Wal-Mart satisfies these other metrics.

Future Rates of Return

- Once Buffett determines that he understands a company and has determined it is highly predictable, stable and profitable--he assesses reasonable future rates of return.
- Although Buffett does these calculations in his head, we have the benefit of software to assist us.

Conscious Investor Default Setting

Scenario or 'What If' Analysis

WMT Wal-Mart Stores Inc Symbol Default

Industry: Discount, Variety Stores Market: USA

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGR™	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12			6	Calc	11.14%	97.75%
1.810	2.070	2.410	2.680	2.710	3.130	3.390	3.700	4.470	4.520		4.520				
Sales Per Share												Years	HGROWTH	STAEGR™	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		Chart	6	Calc	9.03%	99.01%
55.637	59.459	67.365	75.012	83.513	94.268	102.228	107.822	119.980	130.764						
Net Profit Margin (NPM)											Current NPM				
3.29	3.53	3.60	3.59	3.27	3.40	3.34	3.64	4.03	3.67		3.67		Chart		
Return on Equity (ROE)											Current ROE				
20.40	20.80	20.80	21.10	18.30	19.70	20.50	21.00	24.80	23.00		23.00		Chart		
Price Earnings Ratio (PE Ratio)											Current	Current PE			
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12			High	Chart		
35.30	29.10	25.40	20.10	19.20	16.40	18.80	14.90	13.00	13.70		13.86		13.42		
24.20	22.40	21.20	15.80	15.60	13.40	13.80	12.50	10.70	10.70		10.69	Low			
Price											Current	Current Price			
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12			High	Chart		
63.94	60.20	61.31	53.74	52.15	51.44	63.85	55.20	57.90	62.63		62.63		60.67		
43.72	46.27	51.08	42.31	42.31	42.09	46.92	46.25	47.77	48.31		48.31	Low			
Payout Ratio (PR)											Current PR				
17	17	22	22	25	28	28	29	27	32		32%		Chart		

STRETD®

current year 5 Apr 2012 Price

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

EPSttm

PE Ratio

HGrowth %

Payout %

Investment Period years Tax - dividends %

Tax - capital gains %

Calculate per year Sync with TARG

TARGD®

current year Req Return %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

EPSttm

PE Ratio

HGrowth %

Payout %

Investment Period years Tax - dividends %

Tax - capital gains %

Calculate Sync with STRET

Earnings Growth Rates

Scenario or 'What If' Analysis

WMT Wal-Mart Stores Inc
Industry: Discount, Variety Stores

Market: USA

Save Image Save Load Default Safety

1/03	1/04	1/05	1/06	
1.810	2.070	2.410	2.680	2
55.637	59.459	67.365	75.012	8
3.29	3.53	3.60	3.59	3
20.40	20.80	20.80	21.10	1
35.30	29.10	25.40	20.10	1
24.20	22.40	21.20	15.80	1
63.94	60.20	61.31	53.74	5
43.72	46.27	51.08	42.31	4

1/12 EPSStm Years HGROWTH STAEGR™

4.520 4.520 6 Calc 11.14% 97.75%

130.764 Chart 6 Calc 9.03% 99.01%

Pr

3.67 Current NPM 3.67 Chart

23.00 Current ROE 23.00 Chart

Payout Ratio (PR) Current PR

17 17 22 22 25 28 28 29 27 32 32% Chart

STRETD®

current year 5 Apr 2012

Price 60.67

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

EPSStm 4.520

PE Ratio 13.60

HGrowth 11.14 %

Payout 29 %

Investment Period 5 years

Tax - dividends 15 %

Tax - capital gains 6 %

Calculate 12.81% per year Sync with TARG

TARGD®

current year

Req Return 15.0 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

EPSStm 4.520

PE Ratio 13.60

HGrowth 11.14 %

Payout 29 %

Investment Period 5 years

Tax - dividends 15 %

Tax - capital gains 6 %

Calculate \$54.93 Sync with STRET

Sales Growth Rates

Scenario or 'What If' Analysis

WMT Wal-Mart Stores Inc
Industry: Discount, Variety Stores

Market: USA

Save Image Save Load Default Safety

1/03	1/04	1/05	1/06
1.810	2.070	2.410	2.66
55.637	59.459	67.365	75.0
3.29	3.53	3.60	3.5
20.40	20.80	20.80	21.1
35.30	29.10	25.40	20.1
24.20	22.40	21.20	15.8
63.94	60.20	61.31	53.7
43.72	46.27	51.08	42.3

1/12	EPSttm	Years	HGROWTH	STAEGR™
4.520	4.520	6	11.14%	97.75%
130.764	Chart	6	9.03%	99.01%
3.67	Chart	6	3.67	Chart
23.00	Chart	6	23.00	Chart

17	17	22	22	25	28	28	29	27	32	32%	Chart
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STRETD®

current year 5 Apr 2012

Price 60.67

EPSttm 4.520

PE Ratio 13.60

HGrowth 11.14 %

Payout 29 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period 5 years

Tax - dividends 15 %

Tax - capital gains 6 %

Calculate 12.81% per year

Sync with TARG

TARGD®

current year

Req Return 15.0 %

EPSttm 4.520

PE Ratio 13.60

HGrowth 11.14 %

Payout 29 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period 5 years

Tax - dividends 15 %

Tax - capital gains 6 %

Calculate \$54.93

Sync with STRET

Predictability

Scenario or "What If" Analysis

WMT Wal-Mart Stores Inc
Industry: Discount, Variety Stores

Save Image Save Load Default Safety

Mar 2012 USA

1/03	1/04	1/05	1/06
1.810	2.070	2.410	2.680

1/12	EPSttm	Years	HGROWTH	STAEGR™
4.520	4.520	6	11.14%	97.75%

1/03	1/04	1/05	1/06
3.29	3.53	3.60	3.59

1/12	Chart	Years	HGROWTH	STAEGR™
130.764	Chart	6	9.03%	99.01%

1/03	1/04	1/05	1/06
35.30	29.10	25.40	20.10

1/12	Chart
3.67	Chart

Current NPM: 3.67

1/03	1/04	1/05	1/06
63.94	60.20	61.31	53.74

1/12	Chart
23.00	Chart

Current ROE: 23.00

Payout Ratio (PR)

17	17	22	22	25	28	28	29	27	32

Current PR: 32% Chart

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current year: 5 Apr 2012

Price: 60.67

EPSttm: 4.520

PE Ratio: 13.60

HGrowth: 11.14 %

Payout: 29 %

Dividend Reinvestment Strategy: Buy additional shares

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years

Tax - dividends: 15 %

Tax - capital gains: 6 %

Calculate: 12.81% per year

Sync with TARG

TARGD®

current year

Req Return: 15.0 %

EPSttm: 4.520

PE Ratio: 13.60

HGrowth: 11.14 %

Payout: 29 %

Dividend Reinvestment Strategy: Buy additional shares

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years

Tax - dividends: 15 %

Tax - capital gains: 6 %

Calculate: \$54.93

Sync with STRET

Using The Past To Predict The Future

Scenario or "What If" Analysis

WMT Wal-Mart Stores Inc Symbol

Industry: Discount, Variety Stores Market: USA

Earnings Per Share (EPS)											EPStm	Years	HGROWTH	STAEGR™
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12					
1.810	2.070	2.410	2.680	2.710	3.130	3.390	3.700	4.470	4.520	4.520	6	Calc	11.14%	97.75%

Sales Per Share											Chart	Years	HGROWTH	STAEGR™	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12						
55.637	59.459	67.365	75.012	83.513	94.268	102.228	107.822	119.980	130.764		Chart	6	Calc	9.03%	99.01%

Net Profit Margin (NPM)											Current NPM
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		
3.29	3.53	3.60	3.59	3.27	3.40	3.34	3.64	4.03	3.67		3.67

Return on Equity (ROE)											Current ROE
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		
20.40	20.80	20.80	21.10	18.30	19.70	20.50	21.00	24.80	23.00		23.00

Price Earnings Ratio (PE Ratio)											Current	High	Current PE
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12				
35.30	29.10	25.40	20.10	19.20	16.40	18.80	14.90	13.00	13.70	13.86	High	13.42	

STRETD®

current year

Dividend Reinvestment Strategy

Price

EPStm

PE Ratio

HGrowth %

Payout %

Note: PE and PR Ratios are ave of 4 yrs

Investment Period year

Calculate per

Assumes current PE ratio of 13.6 & historical earnings growth of 11.1

Combining a 13.6 PE ratio with 11.1% earnings growth yields an expected 12.8% future rate of return

What If There Is A Bump In The Road?

- What if Wal-Mart doesn't grow as fast?
- What contingencies does Buffett build into his thinking to offer a "Margin of Safety?"

Building In A Margin of Safety

Scenario or "What If" Analysis

WMT Wal-Mart Stores Inc Symbol Details Print Save Image Save Load Default Safety

Industry: Discount, Variety Stores Market: USA

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGR™	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		4.520	6	Calc	11.14%	97.75%
1.810	2.070	2.410	2.680	2.710	3.130	3.390	3.700	4.470	4.520						

Sales Per Share											Chart	Years	HGROWTH	STAEGR™	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		Chart	6	Calc	9.03%	99.01%
55.637	59.459	67.365	75.012	83.513	94.268	102.228	107.822	119.980	130.764						

Net Profit Margin (NPM)											Current NPM	Chart
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		3.67	Chart
3.29	3.53	3.60	3.59	3.27	3.40	3.34	3.64	4.03	3.67			

Return on Equity (ROE)											Current ROE	Chart
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		23.00	Chart
20.40	20.80	20.80	21.10	18.30	19.70	20.50	21.00	24.80	23.00			

Price Earnings Ratio (PE Ratio)											Current	High	Current PE
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		13.86		13.86
35.30	29.10	25.40	20.10	19.20	16.40	18.80	14.90	13.00	13.70				

STRETD®

current year 5 Apr 2012

Dividend Reinvestment Strategy

Buy additional shares

Lower future PE from 13.6 to 11.8
Lower earnings growth from 11.1 to 8

Note: PE and PR Ratios are ave of 4 yrs

Price	60.67
EPSttm	4.520
PE Ratio	11.82
HGrowth	8.07 %
Payout	29 %

Investment Period 5 years

Tax - dividends 15 %

Tax - capital gains 6 %

Calculate 7.16% per year Sync with TARG

Building In A Margin of Safety

Scenario or "What If" Analysis

WMT Wal-Mart Stores Inc Symbol Default

Industry: Discount, Variety Stores Market: USA

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGRTM	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12			6	Calc	11.14%	97.75%
1.810	2.070	2.410	2.680	2.710	3.130	3.390	3.700	4.470	4.520		4.520				
Sales Per Share												Years	HGROWTH	STAEGRTM	
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		Chart	6	Calc	9.03%	99.01%
55.637	59.459	67.365	75.012	83.513	94.268	102.228	107.822	119.980	130.764						
Net Profit Margin (NPM)													Current NPM		
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12				3.67	Chart	
3.29	3.53	3.60	3.59	3.27	3.40	3.34	3.64	4.03	3.67						
Return on Equity (ROE)													Current ROE		
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12				23.00	Chart	
20.40	20.80	20.80	21.10	18.30	19.70	20.50	21.00	24.80	23.00						
Price Earnings Ratio (PE Ratio)											Current		Current PE		
1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12		13.86	High	13.42	Chart	
35.30	29.10	25.40	20.10	19.20	16.40	18.80	14.90	13.00	13.70						

STRETD®

current year Price

Dividend Reinvestment Strategy EPSttm

Buy additional shares PE Ratio

Invest at the rate below HGrowth

Note: PE and PR Ratios are ave of 4 yrs Payout

Investment Period years per year

Conservative estimates still produce 7.16% estimated rate of return

Margin Of Safety

- Developing a “Margin of Safety” is all about giving an investor flexibility with an investment in case things don’t work out the way you may hope.
- Lowering the historical earnings growth rate by 27% and lowering the price to earnings ratio by 13% still produces a 7.16% expected rate of return.

Can We Be More Pessimistic?

- What happens if we factor in even slower growth in earnings and a lower price to earnings multiple?
- We try to kill the company.

Can You Kill It?

Scenario or "What If" Analysis

WMT Wal-Mart Stores Inc
 Industry: Discount, Variety Stores
 Market: USA

Earnings Per Share (EPS)

1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12	EPSttm	Years	HGROWTH	STAEGR™
1.810	2.070	2.410	2.680	2.710	3.130	3.390	3.700	4.470	4.520	4.520	6	11.14%	97.75%

Sales Per Share

1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12	Chart	Years	HGROWTH	STAEGR™
55.637	59.459	67.365	75.012	83.513	94.268	102.228	107.822	119.980	130.764		6	9.03%	99.01%

Net Profit Margin (NPM)

1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12	Current NPM	Chart
3.29	3.53	3.60	3.59	3.27	3.40	3.34	3.64	4.03	3.67	3.67	

Return on Equity (ROE)

1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12	Current ROE	Chart
20.40	20.80	20.80	21.10	18.30	19.70	20.50	21.00	24.80	23.00	23.00	

Price Earnings Ratio (PE Ratio)

1/03	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12	Current	High	Current PE
35.30	29.10	25.40	20.10	19.20	16.40	18.80	14.90	13.00	13.70	13.86		13.86

STRETD®

current year 5 Apr 2010

Price 60.67

EPSttm 4.520

PE Ratio 10

HGrowth 7 %

Payout 29 %

Investment Period 5 years

Tax - dividends 15 %

Tax - capital gains 6 %

Calculate 3.18%

Lower future PE from 13.6 to 10
 Lower earnings growth from 11.1 to 7

Trying to kill the company still produces
 3.18% estimated rate of return

Can You Kill The Company?

- Now we have lowered the earnings growth rate to 7% and the price to earnings ratio to a mere 10.
- This is a 37% reduction in estimated earnings and a 26% decline in future price to earnings ratio.
- Wal-Mart has never traded for only 10 times earnings and its earnings growth rate has never been below 9% per year.
- Despite such a pessimistic scenario, Wal-Mart would still be expected to produce a 3.18% return.

What If You're A Glutton For Punishment?

- Finally, we assess how poorly an investment would have to perform to produce zero return.

Kill It Again

Scenario or "What If" Analysis

WMT Wal-Mart Stores Inc
Industry: Discount, Variety Stores
Market: USA

Earnings Per Share (EPS)

1/02	1/04	1/05	1/06	1/07	1/08	1/09	1/10	1/11	1/12	EPSStm	Years	HGROWTH	STAFGR™	
STRETD®														
											Price	60.67		
											EPSStm	4.520		
											PE Ratio	8.5		
											HGrowth	6.5	%	
											Payout	29	%	

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years
Tax - dividends: 15%
Calculate: 0.02%

Buy additional shares
 Invest at the rate below

PE Ratio	8.5
HGrowth	6.5 %
Payout	29 %

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years
Tax - dividends: 15%
Tax - capital gains: 6%
Calculate: 0.02% per year
Sync with TARG

Buy additional shares
 Invest at the rate below

PE Ratio	11.82
HGrowth	8.07 %
Payout	29 %

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years
Tax - dividends: 15%
Tax - capital gains: 6%
Calculate: \$42.06
Sync with STRET

Lower future PE from 13.6 to 8.5
Lower earnings growth from 11.1 to 6.5

At this point, the company produces no rate of return—but still survives

Break-Even Scenario

- Assuming Wal-Mart only trades for a price to earnings ratio of 8.5 and earnings only grow at 6.5% per year, the company would still be expected to break-even.
- This assumes a decline in earnings by 42% and the price to earnings ratio by 28%.
- If, and when, we have another 2008 market downturn, Buffett knows a company like Wal-Mart will not only survive—but eventually thrive.

Wal-Mart Investment Summary

- Wal-Mart is:
 - Understandable
 - Predictable
 - Meets Buffett's quantitative criteria
 - Offers an attractive rate of return
 - Offers tremendous downside protection of value if something really bad happens

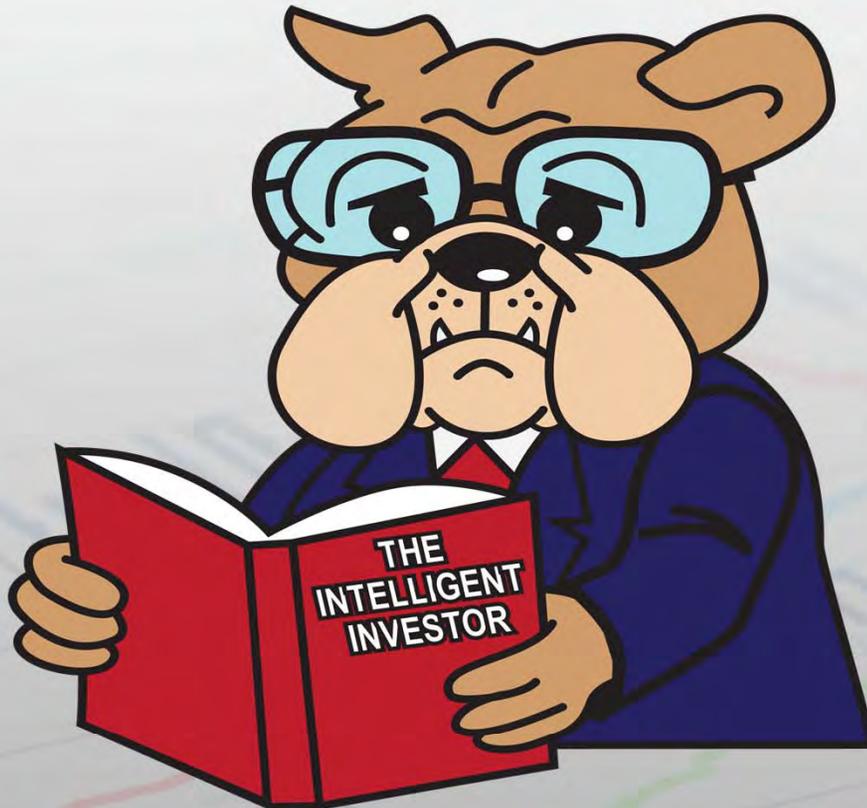
How Have These Strategies Worked For Us?

- Using these strategies over the past three years, Bulldog Investment Company has produced gross returns of more than 52%--or 18.45% per year.

Our Current & Closed Out Positions

Description	10/04/2009 Value	Additions Purchases	Withdrawals Sales	Realized Gain (Loss)	Unrealized Gain (Loss)	Income Expenses	03/31/2012 Value	Actual Net (IRR)
Equities								
Becton Dickinson & Co	0	5,006	(61)	0	274	61	5,280	6.72
Berkshire Hathaway Cl B	0	10,081	0	0	469	0	10,550	6.52
Best Buy Inc	0	9,027	(4,412)	(713)	(216)	126	3,812	-15.23
Blackboard Inc	0	4,982	(5,310)	328	0	0	0	6.59
BOSTON BEER COMPANY CO	0	9,742	0	0	937	0	10,679	9.62
Bowne & Co Inc	0	4,994	(5,269)	250	0	25	0	5.50
Church & Dwight Co Inc	0	4,989	(231)	0	3,766	231	8,756	81.34
Coca Cola Company	0	6,646	(47)	0	755	47	7,401	12.14
Johnson & Johnson	0	4,964	(450)	0	510	450	5,475	20.19
Lorillard Inc	0	5,005	(680)	0	3,800	680	8,805	94.12
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	(172)	0	744	172	5,722	18.72
Microsoft Corp	0	10,436	(288)	0	2,466	288	12,902	29.17
Motorola Mobility Hldgs	0	9,987	0	0	176	0	10,163	2.52
Nestle S A Reg B Adr	0	4,931	(208)	0	1,353	208	6,284	32.21
Oracle Corporation	0	12,567	(147)	0	1,663	147	14,230	25.76
Pepsico Incorporated	0	13,268	(309)	0	2	309	13,270	2.64
Procter & Gamble Co	0	6,155	(6,364)	112	0	96	0	3.40
Wal-Mart Stores Inc	0	5,000	(251)	0	753	251	5,753	20.60
Walgreen Company	0	5,024	(34)	0	66	34	5,090	2.01
WESCO FINL CORP COM	0	5,039	(5,010)	(34)	0	5	0	-0.57
	0	147,768	(35,946)	1,487	17,521	3,341	134,172	

Questions?



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

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Bulldog Investment Company

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