

Houston HP Retiree Club Investment Club Webinar

Agenda

- Welcome, Announcements, and Introductions
- Matt Spielman -Better Investment, Houston Chapter
- Carlos Fernandez –Nest Egg Builders Investment Club
- Q&A

Nest Egg Builders Investment Club (NEBIC)

Prepared by Carlos Fernandez

March 2024



Nest egg image source for free use: <https://pixabay.com/photos/drive-the-eggs-nest-egg-eggs-3070850/>

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NEBIC – Quick Facts 1/3



- Founded in 1996
- The mission of NEBIC is investing for members mutual benefit, with the primary purpose of providing investment education. We commit to running the partnership in a professional manner as a business.

NEBIC – Quick Facts 2/3



- We follow Better Investing (betterinvesting.org) principles.
 - Invest a set amount of money regularly.
 - Reinvest all earnings.
 - Buy stock in high-quality growth companies.
 - Diversify the portfolio.

NEBIC – Quick Facts 3/3



- NEBIC is structured as a Limited Partnership, for tax purposes a Schedule K-1 (Form 1065) is issued yearly to each club member.
- Our portfolio consists of sixteen stocks, the club's maximum.
- Our aim is to beat the market (S&P 500); in the last 10 years we have been 3.9% higher (as of 1/5/24).
- We focus on long-term investment, 10 of 16 of our stocks exceed 10 years, only 2 are less than a year.
- Education is a priority in each month's agenda.

NEBIC –How we operate



- We meet monthly for two hours, on the second Wednesday, 7 – 9 PM.
- We meet via Zoom.
- We follow a standard agenda.
- We follow Roberts's Rules.
- Each member tracks an equal number of stocks.
- At each meeting we review 2-4 stocks
- Each meeting has an educational component.
- Each member invests at least \$50 per mo.
- Schwab is our brokerage firm.
- We use Bivio for accounting.

NEBIC – Primary Sources of Stock Information



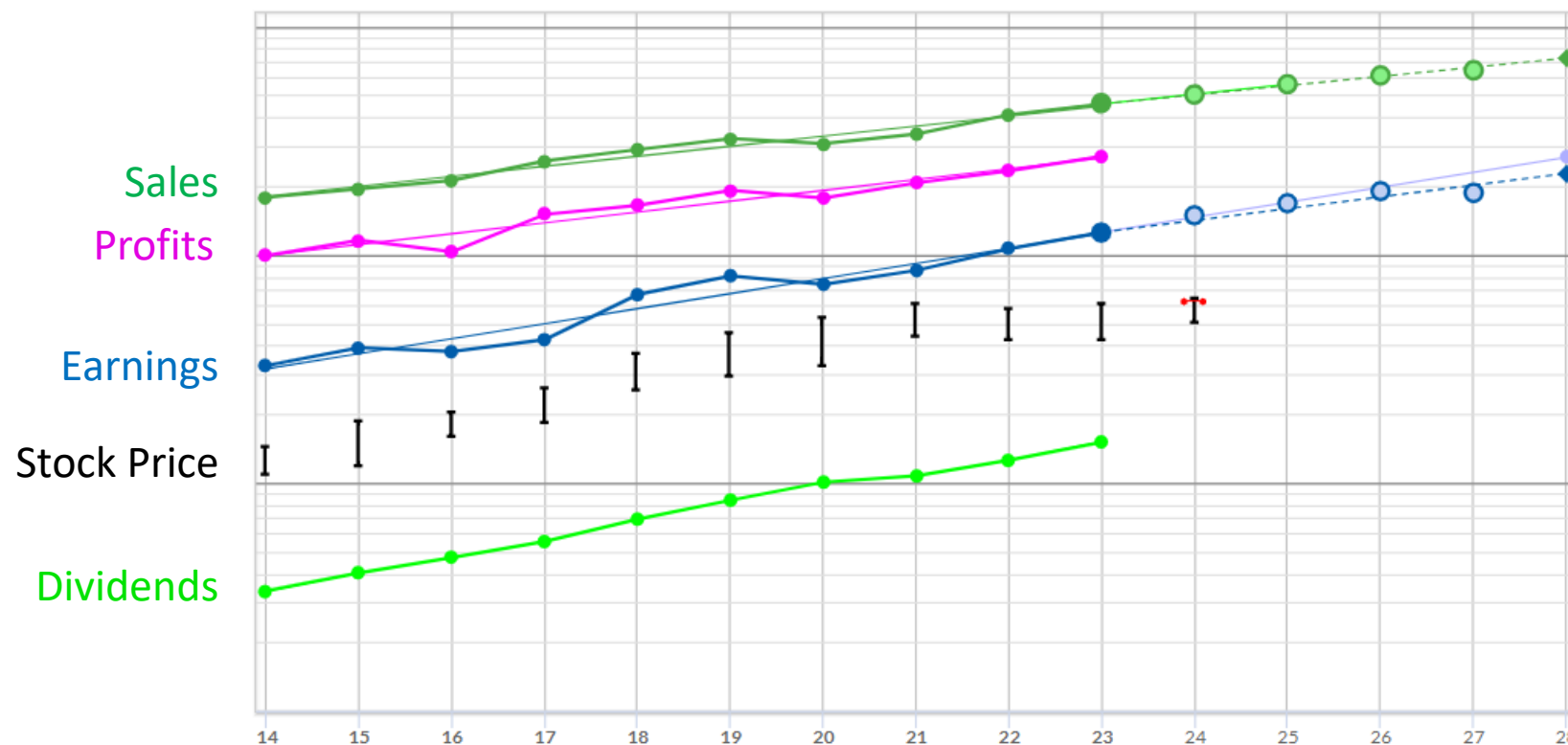
- BetterInvesting Stock Selection Guide (SSG)
- BetterInvesting community and links
- Value Line (library card)
- Morning Star (library card)
- Stock Rover (free version)
- Companies Website investor relations

NEBIC -SSG



Company: Visa (V) Study Name: V 8/8/23

Quick Navigation



PROJECTION STARTING POINT

☒ Annual ☐ Quarter ☐ Trend

RECENT QUARTERLY FIGURES

FY2023 Quarter Ending (09/23)

	Sales	EPS
Latest Quarter	8,609	2.27
Year Ago Quarter	7,787	1.86
Percentage Change	10.6%	22.0%

ANALYST CONSENSUS ESTIMATES

Sales 2 Year Estimate:	10.4%
EPS Long Term Estimate:	16.3%

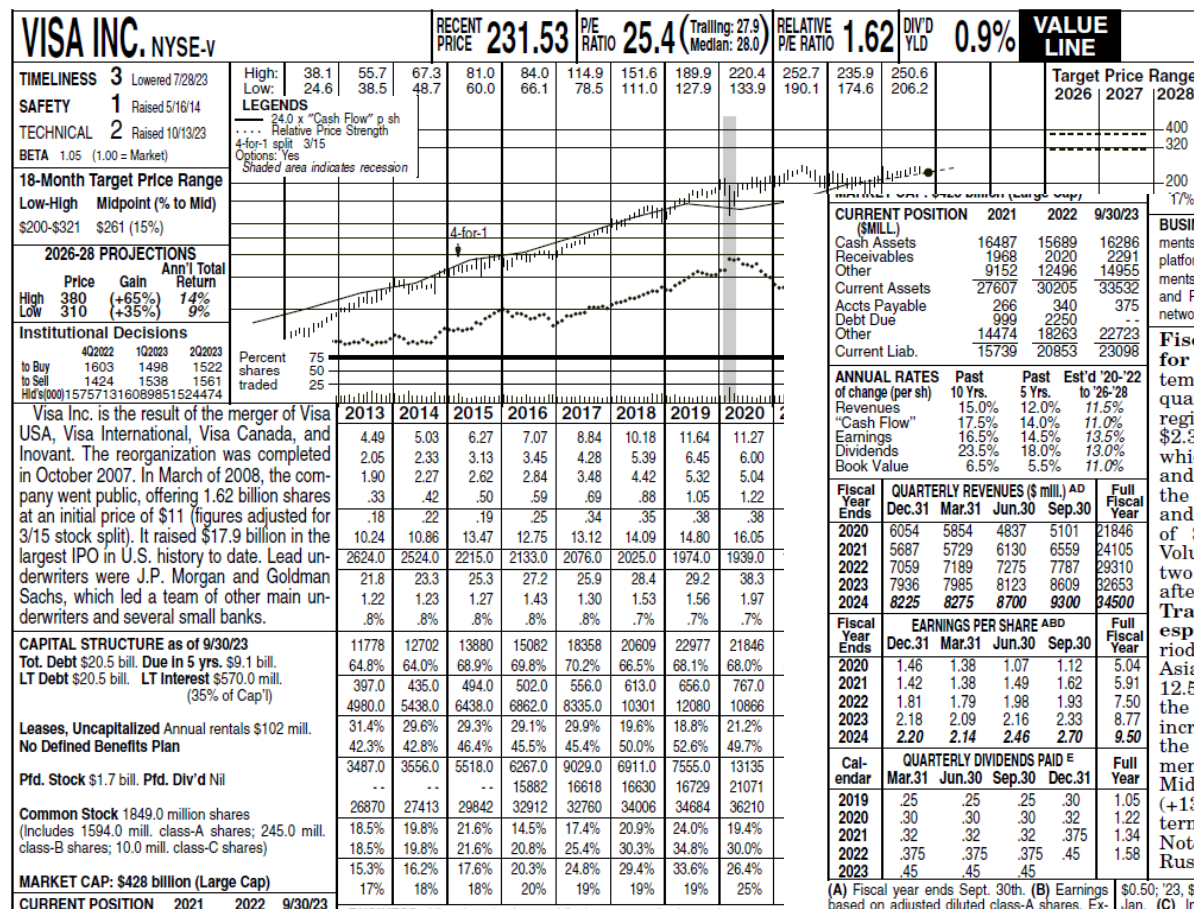
LEGEND

Sales	Total Debt
Pre-Tax Profit	Net Income
Prices Hi/Lo	Shares Outstanding
EPS	Sales Detailed Estimates
Book Value/Share	EPS Detailed Estimates
Free Cash Flow/Share	
Dividend	

Reset Chart

Compare Peers

NEBIC - Value Line Reports



Visa Inc. is the result of the merger of Visa USA, Visa International, Visa Canada, and Inovant. The reorganization was completed in October 2007. In March of 2008, the company went public, offering 1.62 billion shares at an initial price of \$11 (figures adjusted for 3/15 stock split). It raised \$17.9 billion in the largest IPO in U.S. history to date. Lead underwriters were J.P. Morgan and Goldman Sachs, which led a team of other main underwriters and several small banks.

CAPITAL STRUCTURE as of 9/30/23
 Tot. Debt \$20.5 bill. Due in 5 yrs. \$9.1 bill.
 LT Debt \$20.5 bill. LT Interest \$570.0 mill.
 (35% of Cap)

Leases, Uncapitalized Annual rentals \$102 mill.
No Defined Benefits Plan

Pfd. Stock \$1.7 bill. **Pfd. Div'd Nil**

Common Stock 1849.0 million shares
 (Includes 1594.0 mill. class-A shares; 245.0 mill. class-B shares; 10.0 mill. class-C shares)

MARKET CAP: \$428 billion (Large Cap)

CURRENT POSITION 2021 2022 9/30/23

	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	4.49	5.03	6.27	7.07	8.84	10.18	11.64	11.27
Earnings	2.05	2.33	3.13	3.45	4.28	5.39	6.45	6.00
Dividends	1.90	2.27	2.62	2.84	3.48	4.42	5.32	5.04
Book Value	.33	.42	.50	.59	.69	.88	1.05	1.22
Current Liab.	.18	.22	.19	.25	.34	.35	.38	.38
Current Assets	10.24	10.86	13.47	12.75	13.12	14.09	14.80	16.05
Current Liab.	2624.0	2524.0	2215.0	2133.0	2076.0	2025.0	1974.0	1939.0
Current Assets	21.8	23.3	25.3	27.2	25.9	28.4	29.2	38.3
Current Liab.	1.22	1.23	1.27	1.43	1.30	1.53	1.56	1.97
Current Assets	.8%	.8%	.8%	.8%	.7%	.7%	.7%	.7%
Current Liab.	11778	12702	13880	15082	18358	20609	22977	21846
Current Assets	64.8%	64.0%	68.9%	69.8%	70.2%	66.5%	68.1%	68.0%
Current Liab.	397.0	436.0	494.0	502.0	556.0	613.0	656.0	767.0
Current Assets	4980.0	5438.0	6438.0	6862.0	8335.0	10301	12080	10866
Current Liab.	31.4%	29.6%	29.3%	29.1%	29.9%	19.6%	18.8%	21.2%
Current Assets	42.3%	42.8%	46.4%	45.5%	45.4%	50.0%	52.6%	49.7%
Current Liab.	3487.0	3556.0	5518.0	6267.0	9029.0	6911.0	7555.0	13135
Current Assets	26870	27413	29842	32912	32760	34006	34684	36210
Current Liab.	18.5%	19.8%	21.6%	14.5%	17.4%	20.9%	24.0%	19.4%
Current Assets	18.5%	19.8%	21.6%	20.8%	25.4%	30.3%	34.8%	30.0%
Current Liab.	15.3%	16.2%	17.6%	20.3%	24.8%	29.4%	33.6%	26.4%
Current Assets	17%	18%		20%	19%	19%		25%

CURRENT POSITION	2021	2022	9/30/23
Cash Assets	16487	15689	16286
Receivables	1968	2020	2291
Other	9152	12496	14955
Current Assets	27607	30205	33532
Accts Payable	266	340	375
Debt Due	999	2250	--
Other	14474	18263	22723
Current Liab.	15739	20853	23098

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '20-'22
Revenues	15.0%	12.0%	11.5%
"Cash Flow"	17.5%	14.0%	11.0%
Earnings	18.5%	14.5%	13.5%
Dividends	23.5%	18.0%	13.0%
Book Value	6.5%	5.5%	11.0%

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2020	6054	5854	4837	5101	21846
2021	5687	5729	6130	6559	24105
2022	7059	7189	7275	7787	29310
2023	7936	7985	8123	8609	32653
2024	8225	8275	8700	9300	34500

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2020	1.46	1.38	1.07	1.12	5.04
2021	1.42	1.38	1.49	1.62	5.91
2022	1.81	1.79	1.98	1.93	7.50
2023	2.18	2.09	2.16	2.33	8.77
2024	2.20	2.14	2.46	2.70	9.50

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.25	.25	.25	.30	1.05
2020	.30	.30	.30	.32	1.22
2021	.32	.32	.32	.375	1.34
2022	.375	.375	.375	.45	1.58
2023	.45	.45	.45		

(A) Fiscal year ends Sept. 30th. (B) Earnings based on adjusted diluted class-A shares. Excludes nonrecurring charges: '12, (\$1.03); '16, \$0.36; '19, \$0.17; '20, \$0.14; '21, \$0.28; '22, \$0.50; '23, \$0.48. Next earnings report due late Jan. (C) Includes intangibles. Fiscal 2023: \$44.1 billion, \$23.85 per share. (D) May not sum due to rounding and/or change in share.

BUSINESS: Visa Inc. is the world's largest retail electronic payments network providing processing services and payment product platforms. This includes credit, debit, prepaid, and commercial payments, which are offered under the Visa, Visa Electron, Interlink, and PLUS brands. VisaPLUS is one of the largest global ATM networks. Visa's global network, VisaNet, delivers value-added processing, including fraud and risk management. Has about 26,500 employees. Officers and directors own less than 1.0% of common stock; The Vanguard Group, 8.6%; BlackRock Inc., 7.7% (12/22 proxy). Chairman: Alfred F. Kelly, Jr. Chief Executive Officer: Ryan McInerney. Inc.: DE. Address: P.O. Box 8999, San Francisco, CA 94128. Telephone: 415-932-2100. Internet: www.visa.com.

Fiscal 2023 was another standout year for Visa. (Fiscal year concluded on September 30th.) During the fiscal fourth quarter, the electronic payments processor registered \$8.61 billion in revenues and \$2.33 in adjusted earnings per share, which marked year-over-year gains of 11% and 21%, respectively. For the full year, the top and bottom lines advanced 11% and 17%, respectively, to company-records of \$32.65 billion and \$8.77 per share. Volumes have been healthy over the last two years, after suffering in the immediate aftermath of the COVID-19 pandemic.

Transaction activity has been solid, especially abroad. In the September period, total dollar volumes in Europe, Asia/Pacific, and Latin America expanded 12.5%, 3.2%, and 12.4%, respectively, from the like-fiscal 2022 quarter. Too, volumes increased 5.4% and 6.9%, respectively, in the United States and Canada. The segment comprised of Central Europe, the Middle East, and Africa performed well (+13.6%), but may be a laggard in the near term due to the recent attacks in Israel. Note that Visa suspended operations in Russia in March of 2022 because of the

war with Ukraine. (All figures are presented on a constant-dollar basis.)

Finances are in great shape. Long-term debt stood at \$20.46 billion in the September period, compared with \$20.2 billion at the same point in fiscal 2022. The debt-to-total capital ratio was 35% at year's end, versus 36% in fiscal 2022. Visa finished the fiscal fourth quarter with a sizable cash hoard, at \$16.29 billion, and has ample borrowing headroom to continue investing in its payments network. **We have trimmed our estimates for fiscal 2024, but it should be a good year for the company nonetheless.** Our respective revenue and earnings projections for the year ahead, at \$34.5 billion (previously \$36.1 billion) and \$9.50 per share (previously \$9.75), would represent annual growth of 5%-6% and 8%-9%.

Visa can be a building block of a well-diversified portfolio. The company and the stock have our Highest ranks for Financial Strength (A++) and Safety (1), respectively, and the equity has excellent scores for Price Stability, Price Growth Persistence, and Earnings Predictability.

Sharif Abdou November 3, 2023

Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	100
Earnings Predictability	90

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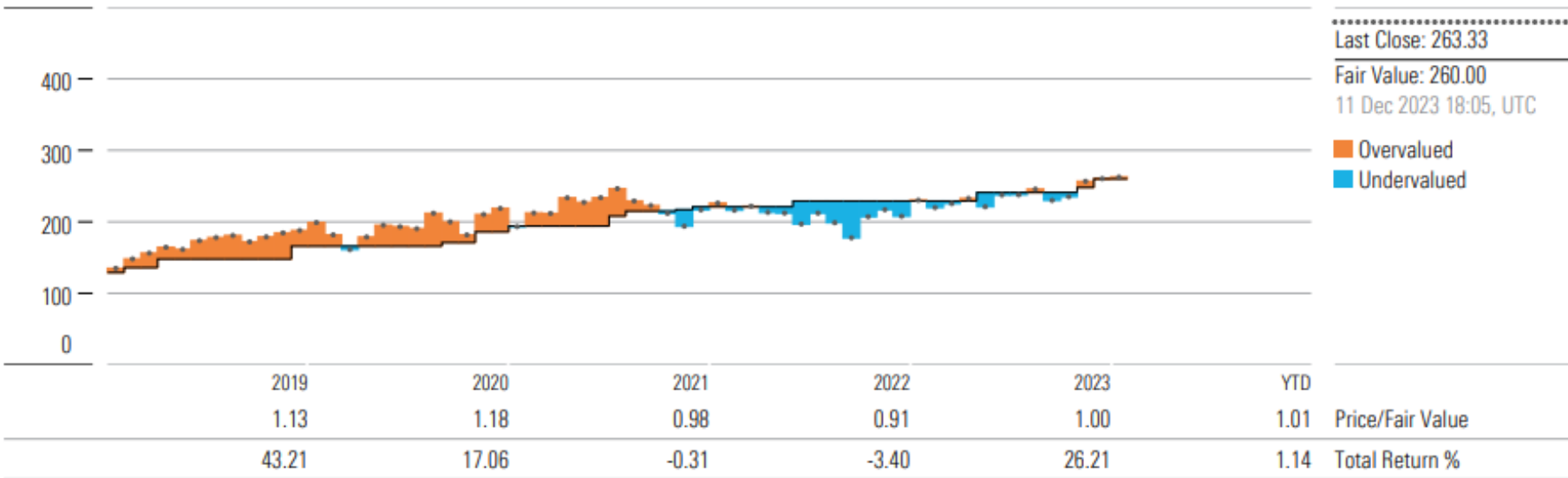


NEBIC –Morningstar Reports

Visa Inc Class A V ★★★ 9 Jan 2024 22:18, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
263.33 USD 9 Jan 2024	260.00 USD 11 Dec 2023 18:05, UTC	1.01	539.57 USD Bil 9 Jan 2024	Wide	Large Growth	Medium	Standard	3 Jan 2024 06:00, UTC













Price vs. Fair Value



NEBIC -12-year vs key indices



Annual Total Returns

Year	NEBIC	S&P 500	DJIA	NASDAQ	Market VTI
 2012	7.60%	16.00%	10.24%	15.91%	16.41%
 2013	34.30%	32.39%	29.65%	40.12%	33.51%
 2014	15.40%	13.69%	10.04%	14.75%	12.56%
 2015	8.60%	1.38%	-1.79%	6.96%	0.40%
 2016	18.00%	11.96%	25.32%	11.28%	12.68%
 2017	25.60%	21.83%	28.11%	29.64%	21.16%
 2018	8.80%	-4.38%	-3.48%	-2.84%	-5.13%
 2019	31.20%	31.49%	25.34%	32.90%	30.80%
 2020	17.20%	18.40%	9.72%	44.92%	21.03%
 2021	33.10%	28.41%	20.95%	22.18%	25.67%
 2022	-11.10%	-18.11%	-6.86%	-32.54%	-19.51%
 2023	23.70%	24.00%	13.70%	43.00%	26.05%

Arrows indicate favorable/unfavorable/close to SP500

NEBIC -5-year vs S&P 500 (2019-23)



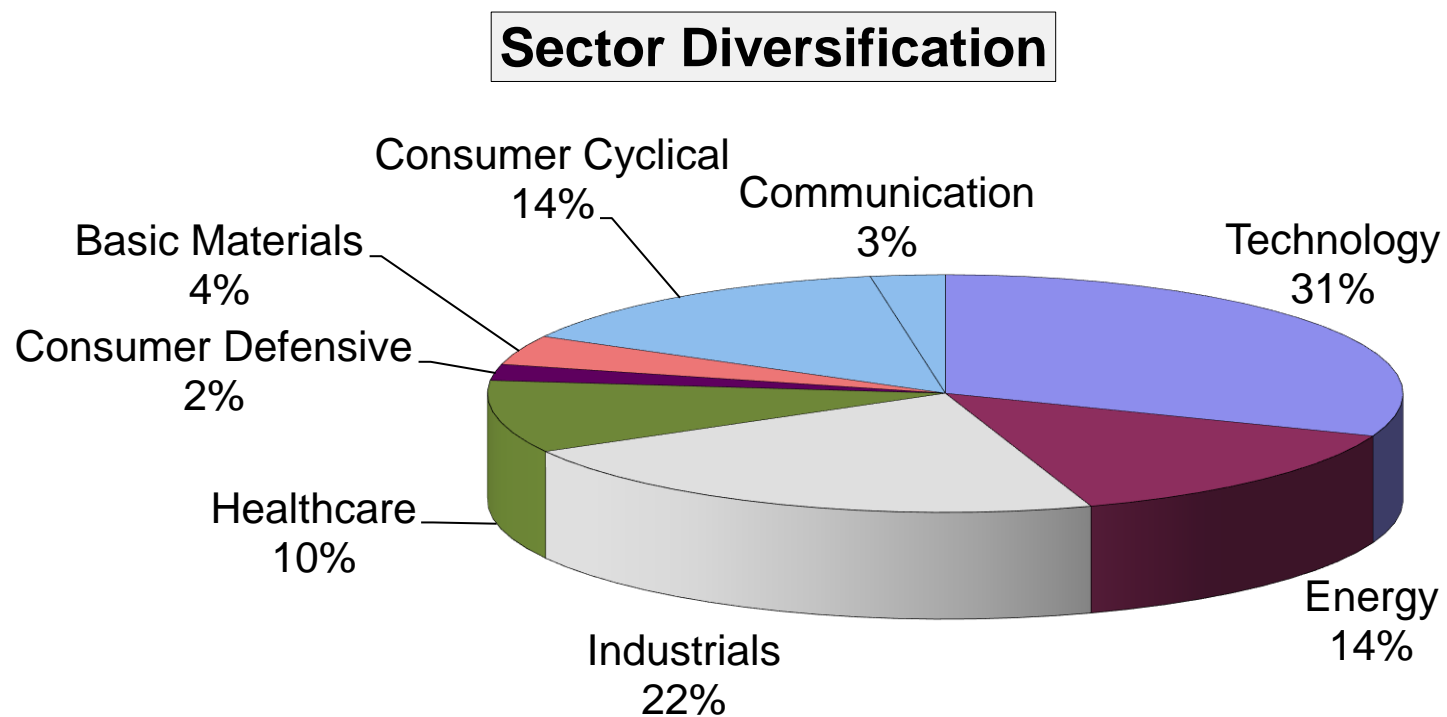
NEBIC – Portfolio Performance



As of 1/5/2024

Name	Shares	Cost Basis	Share Price	Market Value	Weight (%)	Relative Weight	Curr/FV Mstar	First Buy	Comp ≤1-Yr	Ann Ret 5-Yr	Ret (%) 10-Yr
Microsoft Corp (MSFT)	26	\$ 24.21	\$367.75	\$ 9,561.50	12.84	2.1	0.99	11/3/05	98.0	36.7	29.5
Copart Inc (CPRT)	180	\$ 7.50	\$ 46.55	\$ 8,379.00	11.25	1.8	1.03	6/11/15	82.0	38.8	
Adobe Systems Inc (ADBE)	14	\$150.75	\$564.60	\$ 7,904.40	10.62	1.7	0.93	3/24/98	78.7	32.9	32.4
Exxon Mobil Corp (XOM)	71	\$ 58.83	\$102.63	\$ 7,286.73	9.79	1.6	0.83	8/13/20	(2.7)		
Intel Corp (INTC)	111	\$ 33.67	\$ 46.89	\$ 5,204.79	6.99	1.1	1.17	1/5/12	61.7	(0.6)	7.1
Starbucks Corp (SBUX)	46	\$ 68.08	\$ 92.99	\$ 4,277.54	5.75	0.9	0.89	2/12/14	(9.8)	18.7	16.0
Expeditors Intl of WA Inc (EXPD)	33	\$ 65.61	\$128.52	\$ 4,241.16	5.7	0.9	1.21	2/16/07	24.8	16.9	13.2
Pfizer Inc (PFE)	136	\$ 35.06	\$ 29.47	\$ 4,007.92	5.38	0.9	0.70	6/3/08	(39.6)	8.5	10.0
YUM! Brands (YUM)	31	\$ 69.16	\$128.34	\$ 3,978.54	5.34	0.9	0.92	9/20/97	5.6	12.9	13.8
Paychex Inc (PAYX)	30	\$ 29.13	\$117.98	\$ 3,539.40	4.75	0.8	0.98	5/9/05	3.3	19.6	14.3
Stryker Corp (SYK)	11	\$ 56.55	\$295.33	\$ 3,248.63	4.36	0.7	1.29	4/7/11	22.6	17.4	17.5
Coterra Energy Inc (CTRA)	117	\$ 10.89	\$ 25.66	\$ 3,002.22	4.03	0.6	0.90	2/16/07	13.7	17.8	17.8
Ufp Industries Inc (UFPI)	25	\$ 65.53	\$118.18	\$ 2,954.50	3.97	0.6	1.00	1/9/20	43.7		
CarMax Inc (KMX)	32	\$ 99.05	\$ 73.00	\$ 2,336.00	3.14	0.5	0.54	10/6/11	32.0	7.1	8.4
Comcast Corp Class A (CMCSA)	45	\$ 41.48	\$ 43.04	\$ 1,936.80	2.6	0.4	0.72	11/10/23			
McCormick & Company Inc (MKC)	24	\$ 40.81	\$ 67.24	\$ 1,613.76	2.17	0.3	1.05	10/6/14	(6.8)	6.0	
Cash				\$ 979.92	2.000						
Summary				\$ 74,452.81	100.7				22.3	18.1	16.6

NEBIC –Portfolio Mix (Jan 5, 2024)



NEBIC –Club Contact Information



We are actively recruiting new members; you can apply to become a member after attending three club meetings.

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