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In Search of 100-Baggers

INSIDE THIS ISSUE

The Next Outsiders: 12 Candidates

Peterffy's Juggernaut: Buy!

An Extraordinary Thing Called a "Corner"

"I like financial history particularly. I used to read everything in sight on that. Sometimes I ask students, for example, about the Northern Pacific Corner. These are MBAs from prestigious schools. They don't know about it, but it's useful to realize how extraordinary things can happen occasionally."

— Warren Buffett on the Northern Pacific Corner (see page 6)

Chris Mayer
Editor

I'm about to make what I think is the biggest promise anybody in my business has ever made: I'm going to find you 100-baggers.

A 100-bagger is a stock where every dollar invested turns into $100. That means a $10,000 investment turns into $1 million.

I know, I know… It sounds like an outrageous quest with a wildly improbable chance of success, like setting out to draw a royal flush in poker. And I would probably have agreed with you not so long ago. But then I started to dig in and study the 100-baggers of history…

Before I get to what I've learned, let me give you some context.

I'm working with Stephen Jones (String Advisors) to create a comprehensive study of every 100-bagger since 1962. This is a massive undertaking. My publisher has already spent $50,000 on the project. The final bill will be higher.

I'm convinced it will all be worth it.

What I'm looking for is what these stocks have in common. I want to learn how these spectacular returns came about, with an idea toward using those insights in today's market.

The inspiration for this project came from a book I read in 2011 called *100 to 1 in the Stock Market* by Thomas W. Phelps. Published in 1972, Phelps looked at every 100-bagger from 1932–1971. His book lists over 365 stocks. The latest 100-bagger dated from 1967 — that's a 100-fold return in just four years.

Phelps' book is out of print, but it is a gem. I've written about it many times before and recommended it to you. Recently, I was in Manhattan one evening at dinner with a reader who had the read the book on my recommendation. He is a professor at The New School, where I have occasionally spoken to his graduate students. We were sitting at the rooftop restaurant Birreria. (They have great cask-aged ales there.) And he suggested I update the book.

Needless to say, I took his suggestion. My new study is an update of Phelps' work. I also plan to write a new book around the study, called *100-Baggers*. I'll dedicate the book to the old man, Phelps. (He died in 1992 at the age of 90. He lived in Nantucket since moving from Manhattan after he retired.)

I expect to reinforce many things Phelps wrote about. I also believe we'll uncover some new insights, since our computing horsepower vastly exceeds what was available to Phelps.

I'll share all of what I learn over time in this letter as we make progress on the study.

At the outset, I can tell you a few things right away.

Our study, too, uncovered hundreds of stocks. This should dispel the notion that they are impossibly rare. Phelps, early on in his book, dealt with the myth that finding 100-baggers is a futile effort. In his preface, his first line is: "This is a story — fact, not fiction — of hundreds of opportunities to make a million dollars in the stock market by investing $10,000 in one stock and holding on."

He goes on to say that you did not need to pick the one right stock or the one right time to buy it. Starting in 1932, you could've bought a different stock every year for the next 35 years and multiplied your money 100-fold each time!

So timing is not essential. With our own market running high today, it is worth reiterating this point. Phelps gives us a personal example. He predicted the bear market that began in 1937. *It took 7½ years for the market to get back to where it was before that bear market began.*

"Yet," Phelps writes, "I would have been much better off if instead of correctly forecasting a bear market, I had focused my attention throughout the decline on finding stocks that would turn $10,000 into a million dollars."

They were there, every year. Tables in his book show it was so, "with painful clarity." Phelps' book is a warning to stay away from market timing. It is also a hymn to the powers of compounding and the virtues of sitting still.

Which is one of the second striking things about 100-baggers. You often have years to buy them. In example after example, he shows how you could've bought the same stock anytime during a five- or 10-year stretch and still had a 100-bagger. It would've been impossible not to… if you just held on.

Think about that. You could've paid the 52-week high for five or 10 years running and still made 100 times your money on each purchase. All that sweating people do over eighths and quarters, the games people play to try to save a dollar or two… it really doesn't matter when you are hunting for 100-baggers.

Buying right is only half the meal. Holding on is the other half. Selling, then, is a confession of error. It means you made a mistake. The shorter the time you owned the stock, the more easily perceptible the error.

Still, we have to correct our mistakes. To recognize a mistake and then not do anything about it is to make it worse. So I'm not saying we sit on everything forever. But we should recognize the missed opportunity a sale represents.

"In a bull market, correcting mistakes often means taking profits," Phelps writes. "But when we do so, let us not kid ourselves we are making money. The truth is we are acknowledging missing vastly bigger opportunities, and incurring a capital gains tax liability to boot."

Old man Phelps set the bar high. I love it.

At bottom, there is a mathematical law to every 100-bagger. They have to compound at a high annual rate. Phelps has a table in his book that lists the returns and how many years before you get a 100-bagger:

14%	35 years
16.6%	30 years
20%	25 years
26%	20 years
36%	15 years

The faster we can get a 100-bagger, the better. But there are many ways to get there — all kinds of businesses in all kinds of industries have done it. I look forward to mapping out the pathways of these 100-baggers.

And most of all, I look forward to finding 100-baggers in the making…

The Next Outsiders: 12 Candidates

The quest for the next 100-bagger logically begins with a study of the wizards who have already done it.

The Outsiders by William Thorndike profiles four of them. Recently, I got to ask Thorndike about 100-baggers in the making. His answers are below.

If you don't know about his book, you should read it. He profiles eight CEOs. Four of their stocks became 100-baggers under their watch. These CEOs include

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Henry Singleton at Teledyne (180-bagger), Tom Murphy at Capital Cities (204-bagger) and John Malone at TCI (900-bagger). Oh, and Warren Buffett, an absurd 6,000-plus-bagger.

There are also four who don't quite make the cut of being a 100-bagger, such as Katharine Graham at *The Washington Post* (89-bagger) or Bill Stiritz at Ralston Purina (52-bagger). But we won't be too doctrinaire about this. With Stiritz, that 52-bagger took just 19 years. Imagine putting $10,000 with him and turning it into $520,000. That can save a retirement.

The point is investing with these people made you a pile of money. You didn't even have to be around for the full ride.

The idea of the book is simply to draw out some key things these people did. And it turns out they did do some of the same things. They made great decisions about when to buy back stock, when to buy another company and so on. There is more to it than just this, but that's the gist. In short, they were smart investors. ("Capital allocators" is the fancy phrase.)

In New York, Thorndike sat down for a Q&A moderated by William Cohan, who was an investment banker at Lazard and now writes books and shows up on TV. The New York Society of Security Analysts hosted the event. It was definitely worthwhile.

I won't recount the whole discussion. But I will highlight one part that will interest you. And that is his answer to my question. I asked him what CEOs and companies he thought followed the *Outsiders* template.

He rolled off several ideas…

Nick Howley, TransDigm (TDG). An "incredible company, based in Cleveland." Transdigm makes highly engineered parts for aircraft. These parts are hard to replace. They are critical to flying aircraft. And there are no substitutes. So TransDigm has a great business. Add in Howley's aggressive buybacks and you have a super-powered stock.

TransDigm has a cameo in the book, running a couple of pages. If you bought it after the book came out in October 2012, you'd be up 45%. The stock never looks cheap enough to me, but no denying it has been a winner. It's up 660% since its IPO in 2006.

Steven and Mitchell Rales at Danaher (DHR) and Colfax (CFX). The Rales brothers have been the moving force behind two industrials. Danaher you probably know. It's a giant $58 billion company. The Rales brothers perfected folding in smaller industrials and plugging them into the Danaher machine.

Colfax is more interesting because it's smaller (only $6 billion market cap) and younger. It went public back in 2008 for $18 per share. The Rales brothers are basically applying the Danaher formula all over again at Colfax. It was on fire for a while. The stock seems to be on sale now, off 30% from its high. I'll be digging into Colfax.

Mike Pearson, Valeant Pharmaceuticals (VRX). This one is controversial. There are some vocal critics who think Valeant's business model is all sizzle and no steak. They also dispute the accounting and chafe at the share price. On the other hand, I heard Bill Ackman of Pershing Square cogently defend it at Grant's conference. He cited growing cash earnings and the logic of the Pearson's deal-doing. I put it in the "too hard" category for now. But I admit I am intrigued.

NVR Inc. (NVR). This is the clear Outsider among homebuilders. Murray Stahl at Horizon-Kinetics wrote about it late in 2013. He summed up its outstanding features:

> NVR is somewhat of an oddity within the homebuilding industry. It chose not to enter rapidly growing markets such as in California and Arizona, it remained solidly profitable throughout the housing crisis and currently has more cash than debt. This conservative management approach has led the company to also repurchase nearly half of its shares outstanding during the course of the last decade.

If you ever want to own a homebuilder, you should start with this one.

Exxon Mobil (XOM). Thorndike cited a long 35-year track record. Big and boring. And it feels played out to me. The stock has been a dog for five years. But maybe you can still make good money with it.

A whole range of mini-Berkshire insurance companies: Markel (MKL), White Mountains (WTM) and Fairfax Financial Holdings (FFH on the Toronto Exchange). You probably know these. All follow the same kind of model. They have insurance companies. And they creatively invest the funds to create superior returns over time. Always an interesting set of names. I watch 'em all. When the market takes another dive, pay attention — that may be the only time you can get any of these on the cheap.

Leucadia National (LUK). As a side note, Thorndike wanted to include Ian Cumming and Joseph Steinberg in the book. The duo headed up Leucadia National, which was a 250-bagger. But the reclusive duo wouldn't cooperate with the author. So Thorndike made the call not to include them, because he thought it was important to meet with every living CEO. He wrote the chapter, but

didn't publish it.

Today, Leucadia is a different bug entirely. There was a big merger with Jefferies, the investment bank. Cumming retired. Steinberg remains as chairman. But Rich Handler, top dog at Jefferies, is now at the helm of Leucadia. Jefferies is a big part of LUK. Basically, don't own LUK unless you like Jefferies. Perhaps the culture of the old Leucadia will carry on. I have my doubts.

AutoZone (AZO). I've written about AutoZone before. Great incentive plan. Here's what I wrote in your November 2013 letter: "All the incentive metrics — return on capital, earnings per share and total shareholder return — are perfectly aligned with shareholders. No surprise, then, that the CEO is a fan of stock repurchases. AutoZone's share count has declined 75% over the past 13 years. The compound annual return for shareholders is 21%, versus just 3% for the market as a whole."

Lastly, Thorndike mentioned one that rang a bell but I couldn't place it at first…

Mark Leonard, Constellation Software (CSU:tsx). He called it a "small but excellent company in Canada." Then it hit me. I know where I read about this company: in J.P. Donville's *ROE Reporter*. You may remember him from your September letter. (See "How to Make 49 Times Your Money.") I dug out Donville's note. Here is an excerpt:

> I am a fan of technology companies, and two companies that we have looked at frequently over the years are Constellation Software and Descartes Systems. Both companies are very successful software companies and thus they each get high marks in terms of making and selling things. But we have chosen to own Constellation Software over Descartes because we think the former is a much better allocator of capital. Constellation's return on equity (as we measure it) is typically three times higher than that of Descartes... Constellation's superior capital allocation strategy has made a significant difference in terms of its long-term share price performance.

I'll say. Constellation ran from about C$24 per share to C$322 since going public in 2007. That's a 13-bagger. Over the same time, Descartes was a four-bagger.

Canada's *Globe and Mail* ran piece about CEO Mark Leonard in April. ("Constellation Software's Elusive CEO.") They wrote he "has been favorably compared to Warren Buffett and Prem Watsa [the head of Fairfax Financial]." He also manages a striking level of anonymity for someone with such success in a public company.

Constellation is a Danaher-like roll-up. It buys lot of companies, fixes them and reinvests the cash. It did 30 acquisitions in 2013. There is no shortage of targets. The company maintains it has a database of 10,000 acquisition targets.

Leonard is also a big shareholder, with a stake worth over C$400 million. "And he is very protective of shareholders," the Globe notes. "Since 2007, Constellation has not issued a single share."

It's an incredible story. I'd encourage you read the Globe piece online. This is a company I'm going to give a deeper look. Constellation is a worthy Outsider for that second edition.

Ah, but there will be no second edition, Thorndike said. That's too bad. We won't be able to read Thorndike's analysis on the next crop of Outsiders. But we can invest in them.

Peterffy's Juggernaut: Buy!

Thomas Peterffy has one of those immigrant stories that helped make America great.

He came to U.S. from Hungary in 1965 to escape communism. He was broke when he arrived in the concrete canyons of New York City. He didn't even speak English.

But Peterffy had a nose for capitalism. Even in communist Budapest, Peterffy sold contraband Juicy Fruit gum to his high school classmates at a 500% mark up.

In the big leagues of America, it didn't take long for him to make his mark. He got a job as an engineer in 1966. He learned computer programming, skills he soon turned to making money on Wall Street.

In 1977, Peterffy bought a seat on the American Stock Exchange. This was the embryo of what eventually became Peterffy's billion-dollar enterprise.

Today, Peterffy is 70 years old. (He was born in 1944, in the basement of a hospital in Budapest during a Russian air raid.) And he's a billionaire, ranked 76th on the Forbes 400. He is the head of **Interactive Brokers (IBKR:nasdaq)**, the firm he founded. Peterffy owns about 75% of IBKR, and most of his net worth is in the firm.

Peterffy is our owner-operator here. And he's a good one. According to public filings, "Mr. Peterffy has taken no bonus or long-term incentives." He believes his ownership stake "has provided sufficient incentive to align his interests with those of… our common stockholders." Indeed.

It went public in May 2007 at $30 per share. Here we are in 2014 — more than seven years later — and the stock is $27 as I write. Even though the stock is near 52-week

highs, it is far from its true worth. Peterffy has created a monster that looks like it could become the biggest firm in its industry.

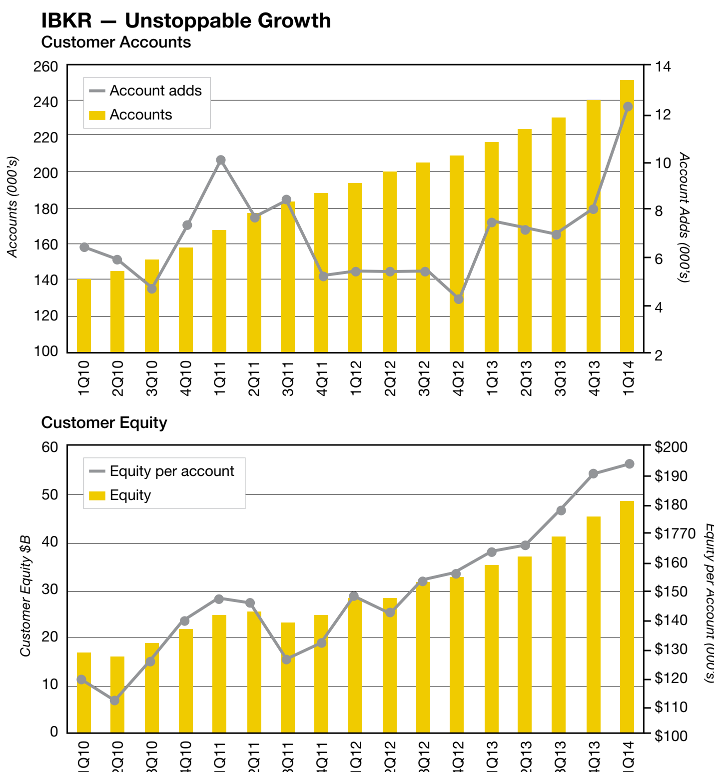
IBKR — Cheapest by Far

	100 Shares	1 Stock Option	1 E-mini S&P 500 Future
Interactive Brokers	$1.00	$1.00	$0.85
E-Trade	$7.99	$8.74	$2.99
Fidelity	$7.95	$8.70	N/A
optionsXpress	$8.95	$12.95	$3.50
Schwab	$8.95	$9.70	N/A
TD Ameritrade	$9.99	$10.74	$2.25
thinkorswim	$9.99	$10.74	$2.25

IBKR is a fully automated electronic broker. Its chief competitors are E*Trade (ETFC), Ameritrade (AMTD) and Schwab (SCHW). Except it is way better than all those. Here are a few highlights from a recent presentation:

- Customers can trade 100-plus markets in 23 countries and in 20 currencies — no competitor is remotely close to this kind of access
- IBKR has been *Barron's* No. 1 electronic broker three years straight — all IBKR does is win awards for its platform
- IBKR has the lowest execution costs: For example, from $0.0005–0.005/share — again, no one is even close (see the above chart).

No surprise, then, that it keeps adding more and more customers who put more and more money with IBKR.



Peterffy, on an October conference, summed up the latest third-quarter results:

> This quarter, we set new records in our brokerage business with total number of accounts, customer equity, margin balances, profits and profit margins reaching all-time highs.

In the first half of the year, IBKR added new accounts at a rate three times faster than ETFC and five times faster than SCHW and AMTD. It also added customer equity (assets) at a rate more than twice that of its nearest peer (AMTD). This is not something that's been happening just recently, either.

Since it went public in 2007, IBKR has added customers at a 17% clip and customer equity at a 35% clip. These customers come from all over the world. In fact, only 43% of IBKR's accounts are in the U.S. The fastest-growing region is Asia (19%). This makes IBKR a great play on the growth of global financial markets.

Profit margins are fat, too, in the brokerage business — about 60% pretax. It's a great business. (By the way, brokers are also a fantastic play on rising interest rates. They earn interest on the un-invested cash of their customer base. Low rates suppress those earnings. I don't expect rates to rise, but if it does happen, it will be nice to own IBKR.)

Later on the call, Peterffy didn't mince words about IBKR's future. Here's the exchange between an analyst and Peterffy:

> **Analyst:** Where do you see the brokerage business going in the next few years?
>
> **Peterffy:** Well, if you really want to know my honest opinion, I think that in 10 years we could be the biggest broker in the world. And I am not kidding, because our technology is way out ahead.

It is hard to argue with him. IBKR has the best product on the market. There is no one close to him. And he's growing it at least twice as fast as everybody else. Yet IBKR is still a fraction of the overall market. The runway is long, as the boys on the Street like to say.

But the market doesn't seem to be noticing. Part of this is because of some added complexity with IBKR. It has a dying market maker business. (IBKR earns a spread on the buy and sell orders in securities in which it "makes the market" by providing buy and sell prices.) This business adds volatility and confusion to IBKR's earnings.

The market maker business is profitable but is going away. In my valuation, I just mark this business as worth the capital invested in it, which can be put to other use when

IBKR shuts it down.

Altogether (including the market maker capital), IBKR has excess capital of $3.25 billion. This works out to almost $8 per share. So to get at a fair value for IBKR, you should deduct that from the stock price. This excess capital is money that could be used to pay dividends or buy back stock. In fact, IBKR has paid special dividends in the past. (It paid $1 in 2012 and $1.79 in 2010.) It pays a small regular dividend today.

Anyway, the current $27 stock price less $8 per share is $19 net for the brokerage business. This business is on pace for about $1.08 per share in earnings if you just annualize last quarter's results. (I also assume a 25% tax rate.) That is *very* conservative because it assumes zero growth from here.

But even using $1.08 and a 25 times multiple — basically, the middle of peers AMTD, ETFC and SCHW — gets you $27 per share for the brokerage itself. Add in the $8 in excess capital and IBKR is worth at least $35. This valuation is doubly conservative because it gives basically no value to IBKR's market maker business and gives zero credit for growth. And I would argue IBKR deserves a premium over peers for its faster growth rate.

Besides all that, IBKR is debt-free. It has a cash-rich balance sheet. IBKR's credit rating is equal to the nation's largest broker dealers. Further, it is one of only two with a stable outlook.

Talk about being able to sleep well at night. IBKR has the proverbial fortress balance sheet. Moreover, volatility is actually good for IBKR. When the markets have those turbulent months as they did this past September and October, there is a lot of trading, which helps fuel earnings.

Let's see how IBKR stacks up against our CODE.

Cheap? IBKR is cheap for a high-growth machine. Using conservative no-growth assumptions gets you a price of $35 per share. Besides, Peterffy is 70 years old. He might sell IBKR someday. In which case, IBKR shares would go for a big premium. Today, that would be at least a 20% premium over my low-ball value of $35 per share, or $42 per share.

Owner-operator? We have Thomas Peterffy, who owns about 75% of the company, and has most of his net worth in the company. IBKR is an owner-operator.

Disclosures? The financials are not intuitive, and it takes a little work to separate out the brokerage business and the market maker business. You also have to dig out the excess capital by reading the footnotes. But the business itself is simple enough. We want to see IBKR gathering accounts and assets, which drive earnings per share.

Excellent financial condition? It could hardly be better. IBKR has zero debt and $3.2 billion in excess regulatory capital. We are good here.

To sum up: IBKR has many attributes we look for. I just wish I had jumped in sooner. But this is one that should run for a long time. This is one we may never have to sell. A big bank will take it from us at a big premium when Peterffy finally decides to cash in his chips.

Until then, I think we can earn 20%-plus annually in IBKR as the business continues to roll. (And yes, you should look into opening an account with them.)

Recommendation: Buy Interactive Brokers (IBKR:nasdaq) up to $30 per share.

An Extraordinary Thing Called a "Corner"

It's called a corner.

What happens is that someone, or some group, gets hold of almost all the shares of a stock. They corner the market. This can create a problem for people who are short the stock. (If you are short a stock, it means you borrowed shares and sold them with the idea that you'll buy them back later — or cover — for a lower price and pocket the difference.)

But if there is a corner, then the shorts can get in big trouble because they can't get shares to cover their short. And when that happens, the stock can skyrocket.

I want to give a couple of historical examples to make the idea plain. And then I want to share a corner that's forming now — one you can act on if you choose.

I heard the idea pitched by Nicholas Snyder. He is a managing partner of Snyder Brown Capital Management. He gave a four-minute presentation at the second annual InvestPitch, on Nov. 3.

Snyder is an investor but also a history major. Good thing in this case, because our story begins with the Northern Pacific Corner of 1901. This is a famous event for stock junkies. Warren Buffett said this about the famous corner:

> I first read about the Northern Pacific Corner when I was 10 years old. When I opened my office on Jan. 1, 1962, I put on the wall a framed copy of *The New York Times* of May 10, 1901, describing the fateful prior day.

Buffett has said a number of times that they should teach the Northern Pacific Corner in business school. Snyder

quoted Warren Buffett from December 2007:

> I like financial history particularly. I used to read everything in sight on that. Sometimes I ask students, for example, about the Northern Pacific Corner. These are MBAs from prestigious schools. They don't know about it, but it's useful to realize how extraordinary things can happen occasionally.

In this case, titans James Hill and E.H. Harriman were both fighting over the Northern Pacific Railroad. They mopped up all the available shares, which left no shares for the short sellers. (Check out *Harriman vs. Hill: Wall Street's Great Railroad War* by Larry Haeg for a good read on this event.)

But there were a lot of shares sold short. Bruce Wasserstein wrote about this corner in his book *Big Deal*. "The short sellers cornered themselves in," he writes, "having pledged to sell 100,000 more shares than had ever been issued." The stock went from $140 to $1,000 — *in one day!*

Snyder picks up the tale: "It became the largest company in the world [by market cap]. And nearly brought down the exchanges."

Now mark the sequel…

"In 2008," Snyder continued, "history roughly repeated itself with Volkswagen. As you know, Porsche one day announced — which is OK to do in Europe — that they bought 74% of Volkswagen without anyone knowing. The state of Saxony owned 20%, which meant that these two shareholders owned 94% of the company. That left 6% of the shares for the shorts. Unfortunately for them, 13% of the shares were sold short. That company went up four times in three days, became the most valuable company in the world and almost brought down the exchanges."

Could the same kind of setup be playing out today in… Sears Holdings (SHLD)?

"We believe Sears is essentially a slow-moving corner," Snyder said. He pointed out that there are five owners of the stock that matter:

- Eddie Lampert (and his related entities)
- Thomas Tisch (on the board)
- Fine Capital (Debra Fine, used to work for the Tisch family)
- Fairholme (Bruce Berkowitz)
- Horizon Kinetics (Murray Stahl).

All of these holders have been adding to their holdings. "Between the five of them, they own 86% of the outstanding shares, and that's rising," he said. "If you add in index funds that cannot sell the shares, you get to 93%."

That leaves 7% left for the shorts to buy back. But about 15% of the outstanding shares are short. In other words, more shares are short than are available to buy, assuming the five big holders don't sell.

Oddly, this happened twice before with Sears.
What happened?

"In 2012, the company reported terrible news," Snyder said. "The shorts shorted more than the available float. The stock went up 186% in three months. In 2013, the company reported terrible earnings once again. The stock went up 64% in one month."

Snyder thinks it will happen again. He maintains that what's happening now is analogous to what happened when Porsche announced it owned all those shares in Volkswagen. How high will the corner push SHLD this time around?

No one knows for sure, of course. But if history is any guide, the answer is a lot. To play the corner, you just buy Sears and wait for the spike.

Further, Snyder pointed out that he does not think Sears is bankrupt. "They've raised $1.5 billion in liquidity this quarter," he said. "They are also not a retailer, which we think is very important. This is a holding company with two subsidiaries. One is a retailer. The other is primarily a reinsurance company that owns all the good assets of the retailer.

"In conclusion," Snyder wrapped up, "if the stock goes down, the corner gets tighter. These five holders aren't selling at these prices. They all believe it's worth at least $60, as we do — even if the retail subsidiary is bankrupted. We think that's a strong margin of safety."

If the stock rises such that the large holders start to sell some stock, this will break the corner. But that would be an OK outcome too, because the stock would be up. When Snyder did his presentation, SHLD was $33 per share. His target is $60 in six months.

Yes, extraordinary things occasionally happen. And sometimes you can make a lot of money when they do.

Thanks for reading, and enjoy the holidays.

Sincerely,

Chris Mayer

Capital & Crisis Portfolio

Prices as of 12/04/14

COMPANY/SYMBOL	DATE REC.	REC. PRICE	CURRENT PRICE	COMMENTS	RECOMMENDATION
Howard Hughes Corp. (HHC:nyse)	10/11	$40.07	$140.40	A revived American original	Buy up to $120
Kennedy Wilson (KW:nyse)	1/12	$11.22	$25.96	McMorrow's asset manager	Buy up to $25
Retail Opportunity Inv. (ROIC:nasdaq)	3/12	$11.69	$16.60	The next Pan Pacific	Buy up to $13
First Citizens Bancshares (FCNCA:nasdaq)	11/12	$161.00	$259.02	Family controlled bank	Buy up to $219
Greenlight Re (GLRE:nasdaq)	1/13	$23.70	$32.56	Einhorn's reinsurance company	Buy up to $33
National Western Life Ins. (NWLI:nasdaq)	5/13	$195.00	$256.37	Moody family's insurance co.	Buy up to $244
Third Point Re (TPRE:nasdaq)	8/13	$13.05	$14.81	Loeb's reinsurance company	Buy up to $15
Capital Senior Living (CSU:nyse)	11/13	$22.99	$25.49	Sold via 11/7 email alert	Sell
Kennedy Wilson Europe (KWE:lon)*	4/14	1,040p	1,064p	Focused on European real estate	Buy up to 1,100p
Ladder Capital (LADR:nyse)	5/14	$18.55	$19.67	Flexible CMBS platform	Hold
Dundee Corp. (DDEJF:otc)	8/14	$16.57	$12.88	Goodman's investment holding co.	Buy up to $18
Iconix Brand Group (ICON:nasdaq)	9/14	$41.41	$39.44	Royalties on brands	Buy up to $45
Interactive Brokers (IBKR:nasdaq)	11/14	$27.14	$27.53	Peterffy's juggernaut	Buy up to $30

* You can also buy this stock under the ticker KWERF in the U.S. To find the equivalent U.S. dollar price, take the London price, divide by 100 and then multiply by the pound-to-dollar exchange rate. The current buy-up-to price of 1,100p is equal to 11 pounds. And 11 pounds times 1.56 (the current exchange rate) equals $17.23 per share for KWERF.

Note: All stocks have been carefully selected to meet CODE. The acronym sums up C&C's investment standards. C is for cheap, as compared with replacement cost or private market value. O is for owner-operators; we want to invest with people who have skin in the game. D is for disclosures; we want transparent businesses we can understand. E is for excellent financial condition. The recommended price is the closing price on the day the recommendation is available via email.

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