Investment Quarterly

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Wonderful businesses. Management? Not so much.

In selecting stocks to recommend, one of the things we look for is companies whose management has had some missteps. Usually, the market price of these stocks has come under pressure which may present a buying opportunity. Time is a great healer and our long-term perspective gives the advantage of waiting for better management to eventually take the lead. This could take years to play out but once the ship is righted, investors could see significant rewards. The key is finding businesses that will survive, despite poor management, and then let time work its magic.

Some of the stocks we think fit this approach:

- **Twitter (TWTR, $46.25, 0% Div.)** – We do give Twitter management credit for the original idea, but for years, they've been unable to successfully navigate the social media landscape. Regardless, TWTR continues to dominate its market. Management will certainly see changes with Elon Musk on the board.
- **AT&T (T, $24.11, 4.60%)** – What a mess prior management created trying to build a multimedia empire. Now, the new team is focused on its core communications business.
- **General Electric Co (GE, $90.23, .35%)** – Similar to AT&T, GE has new management that is focusing on its core businesses. These businesses own major market shares in aerospace, health care, and electric power.
- **eBay Inc (EBAY, $54.85, 1.60%)** – eBay has already withstood the test of time, even with a difficult to navigate platform bringing buyers and sellers of used goods together. Management is getting it, focusing more on simplifying the process for everyone.

As we reallocate portfolios, we will discuss increasing exposure to some of these names.

Please contact us with any questions.