VALUE INVESTING PRIMER

Price is what you pay. Value is what you get.

— Warren Buffett

Every share of stock is a small piece of a real business — one that earns money, owns things, and pays its bills. **Value investing** is the habit of figuring out what that business is actually worth, and only buying when the price is lower than the value. This is a five-minute primer to read before you open the app.

What is value investing?

A stock isn't a lottery ticket or a squiggly line on a screen. It's part-ownership of a company, and that company has a worth — its **intrinsic value**. Some days the market prices it above that worth (everyone's excited); some days below (everyone's scared). A value investor ignores the mood and asks one question: **is this worth more than it costs right now?** If yes, you buy. If no, you wait.

THE BIG IDEA · MARGIN OF SAFETY

The gap between a cheap **price** and a higher **value** is your **margin of safety** — room to be a little wrong and still come out fine. It's the whole game: buy a dollar's worth of business for seventy cents.

Why it matters

Because the price you pay decides your result. Buy a great company at a crazy price and you can still lose money. Buy a sound company cheaply and time works *for* you. Value investing protects you from hype — the hot tip, the meme stock, "everyone's buying it" — and trains you to think like an **owner**, not a gambler.

The surprising part: the pros mostly lose

You'd think the professionals — the hedge funds, the people on TV — would crush a simple index fund that just buys the whole market. They don't.

~9 in 10

professional U.S. fund managers **fail to beat** a basic index fund over 15 years.
Source: S&P Dow Jones Indices, SPIVA scorecard.

Three reasons this happens:

1. **Fees.** They charge a lot, and every dollar of fees comes straight out of your return.
2. **Competition.** Millions of smart people trade the same news at once, so easy edges get erased fast.
3. **Short-term pressure.** Pros are judged every few months, so they chase, churn, and overtrade.

The lesson is oddly freeing: **you don't have to be a genius or trade constantly.** You mostly have to avoid big mistakes and be patient — two things a teenager can absolutely do.

So how does value investing help?

Straight talk: it's not magic, and nothing guarantees you beat the market. What value investing does is **stack the odds in your favor and keep you out of trouble.** Buying below fair value gives you that margin of safety. Historically, patient value investors have been rewarded — and just as importantly, they dodge the overpaying and panic-selling that sink most people.

At its heart it's just a set of rules that force you to slow down and ask, *is this actually worth the price?* **Rules beat feelings.**

What "cheap and sound" looks like

These are the six checks the app runs on any stock — the same ones Benjamin Graham (Buffett's teacher) used. You don't need to memorize the math; the app does it. This is just what you're hunting for:

THE 6-POINT VALUE CHECKLIST

1. **Cheap on earnings**
   not overpaying for its profits
2. **Cheap on assets**
   priced near what it owns
3. **Pays its bills**
   enough cash to cover its debts
4. **Far from trouble**
   a healthy, stable balance sheet
5. **A rare deep bargain**
   sometimes priced below its cash
6. **Below fair value**
   under what it's really worth

Green light on most of these? It's worth a closer look. That's a value investor's radar.

Now try it — with fake money

Open `travisvaluation.ca`, start a practice portfolio, and use the **"Research the stocks first"** list to find a cheap, sound company. Buy it with pretend cash and watch how it does. The goal isn't to get rich this week — it's to build the habit of asking what something's worth *before* you buy it. Do that for life and you're ahead of most professionals.