

The CPA Advantage Series Video #7 | The Value of Value Investing | Video Transcript

Andy Bertke, CPA & PFS | Director

Beth Germann, CPA & PFS | Tax Manager

Beth Germann:

For what we do with our investments, our philosophy is a value oriented one, and that's where we pick stocks that are at a lower cost than maybe the broad market. Hold them for a long time. It's not an instant return. Andy, can you tell me a little bit more about how our portfolio management works?

Andy Berke:

As Beth mentioned, we are a value-oriented investment group, so we are not looking for high flyers. In fact, you will not find any of the so-called FAANG stocks. You will not see any of so-called FAANG stocks in our portfolios because albeit their great companies, they're just not worth what people are paying for them. I mean, you might find the home that you've got to have, right, but you're not going to pay twice or three times as much of what it's worth to have it. And that's our philosophy here. So we look at various companies that are value oriented. Okay. So when I say value oriented, I mean the price earnings ratios are not so sky high that they're overpriced. And think again, putting that accountant hat on, we want companies that are solid fundamentally. We're not going to pay for something that can't support itself.

Andy Berke:

It's doomed to fail. And eventually it will. When you look at the S&P 500 over the last, go back two years, it was driven by four or five, six different stocks. Those were the FAANG stocks. That was what was driving the S&P 500. We didn't have those stocks, but now that those stocks kind of planed out, all of a sudden the stocks that we have, the value stocks is where people start looking to try to increase their net worth. And over the past year, we've had great success with those stocks.

Beth Germann:

So Barnes Dennig Wealth Management is affiliated with Biechele Royce. They are the company that allows us to do trading and manage our custodial accounts. One item that they give us access to that a person wouldn't necessarily have access to investing on their own is alternative investments. I wonder, Andy, if you could tell us a little bit more about some of those opportunities.



Andy Berke:

We operate under a different guidelines and standards as most other companies, as certainly for brokers, but as an RIA, we have the option to look at a whole different set of investments that other folks can't, and these are private placement investments that we can put our clients' money in and gain a return or get a return that does not collate with the market. So these could be local companies in our greater Cincinnati area, they can be in Indianapolis, they can be in Texas and we can place people in those investments. The critical part is these are alternatives that do not move up and down with the market. That differentiates us from other investment groups, because we have that opportunity.

Andy Berke:

And to look at the other side of it, we don't have any proprietary or home or family funds, so we can be independent. We can look at investments and say, you know what? We don't have any proprietary funds other than our alternatives, but we're not looking at mutual funds that come from a brokerage company or something to that effect. We can be totally independent and we are totally independent on the selections that we make.