

## WAVE'S INVESTING CHECKLIST

from *The Warren Buffett Way* by Robert Hagstrom

### **Business Tenets**

- Is the business simple and understandable? (Circle of competence)
- Does the business have a consistent operating history? (Historical success)
- Does the business have favorable long-term prospects? (Moat)

### **Management Tenets**

- Is management rational & candid with shareholders?
- Does management resist the institutional imperative? (Mindless imitation)
- **Do they increase or decrease their share count over time?**

### **Financial Tenets**

- Focus on return on equity & return on invested capital.
- Calculate “owner earnings.”
- Look for companies with high profit margins & good debt management.

### **Market Tenets**

- What is the intrinsic value of the business?
- Can the business be purchased at a significant discount to its value?
- Is this a better opportunity than buying other companies you already own?

*All information or ideas provided should be discussed in detail with an advisor prior to implementation. This is not a recommendation to buy or sell any securities or other products. This is simply a list of the general investment principles of Wave Wealth Planning, LLC.*