

Snippet 2
Interviewer/Interviewee

Interviewer: Okay.

Interviewee: If you're able to value a business, the shares are just basically a currency you're trading in and that's all it is. The amount of shares and the price of the shares is really irrelevant. Whether a company has 200 shares outstanding or 2 billion shares outstanding, it doesn't really matter.

Interviewer: You're looking more at kind of a what—almost reverse engineering that price, seeing if it makes sense based on what you see [*cross talk 00:26*]—

Interviewee: Yeah.

Interviewer: - of the company—

Interviewee: Yeah.

Interviewer: - if the price makes—

Interviewee: Yeah. Basically you ask yourself—it's real simple. You just kind of imagine in your mind, "How much am I paying if I was to buy the whole company?" If you could say to yourself, "Well this is a really good price to pay for this company," then you buy the shares. If you say, "Well if I was buying the whole company at this price it would not be a good deal," you would not buy the shares.

Interviewer: Okay.

Interviewee: Maybe if you own the company, you'd say, "Wow, this is a really crazy price for this company." On the high side, you'd say, "I'll sell you my shares."

Interviewer: Sure. Sure.

Interviewee: That's where another one of the main ideas of security analysis comes in is really there's this character that they kindly call "Mr. Market." It's kind of a metaphor for the stock market as a whole, but they personify the market as an individual.

[*End of Audio*]