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Guides

How To Pick Stocks Guide: Part 2 – How We Apply 'Granny Shots' To The Stock Market?

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FSInsight Team

Wall Street is supposed to be full of smart people with smart ideas. Sometimes it is. Sometimes an idea's complexity can be misidentified as credibility or the potential for prosperity. We think, particularly in the wake of the pandemic, some clear winners whose advantages and congruence with our key investing strategies open them to similar criticism to those taking the easier and more consistent 'granny shots.' We aren't showboats though, we are trying to make our subscribers money. That's why we recommend many relatively safe names to our subscribers because of the relatively straightforward intersection with at least two of our six active portfolios.

Some of these companies may be seen as 'bland' or 'easy' recommendations for stocks, and they may be relative to what some are buying, but since our inception, our 'Granny Shots' portfolio has significantly outperformed the S&P 500. So, as Rick Barry's father told him, you can't make fun of us because we're making our shots. Though you will find names like AAPL and TSLA, you will also find less-known names that we believe are investable stocks that you will want to buy to own. This means we recommend these to be bought and held, not traded. To illustrate the spirit of our Granny Shots investing strategy, we'll give a quote from both Rick Barry and his son, who uses his famous 'granny shot' to explain the wisdom of the strategy. The elder Rick Barry, always known for flare and directness, put it like this, 'I don't understand. I really truly can't comprehend the aversion that people have to try something that could be very effective for them. After all, the ultimate goal is to make the high[est] percentage you can!'

The younger Barry, Canyon, put it a bit more subtle but perhaps makes an even more forceful point for our purposes of using their signature shot as an investing metaphor. "I think nowadays image is big. People are super into fashion, you know, how they look, kind of how they're portrayed. But at the same time, is it macho shooting 40 percent from a line versus 80% from a line and your team winning six more games in the NBA season? To me, I think that's more important than being macho or considered manly." We couldn't agree more with the sage young Gator.

Investing is about returns. An idea is not bad because its efficacy is widely acknowledged or the thesis isn't about anything shiny and new. Granny Shot investing is about companies where the numbers keep showing up quarter after quarter and shareholders keep getting rewarded. Still, some investors show a definite prejudice against 'crowded trades' or investments they think are too obvious. They think they should have a more creative alternative than that when clients ask, but if they weren't so worried about impressions maybe clients wouldn't be asking in the first place. We would point to the returns and the earnings put up by some of the best tech stocks like AMZN, AAPL, and GOOG, all of which have been on our Granny Shots list for quite some time, so if you're a retail investor who has been suffering from average or sub-par returns than try a straight play with some of our safest Granny Shots. Like Rick Barry and the spirit of our investment selection product, we won't make you take our word for it. We'll just give you the numbers, and if you're doing better than our conservative product, then don't worry about considering a subscription. Though many of the names may be considered conservative or safe plays, it certainly doesn't sound conservative that we're beating the S&P by well over 20% on a YTD basis.

Figure: Granny Shots Portfolio Performance

Monthly. Source: FSInsight. FactSet as of 10/15/20

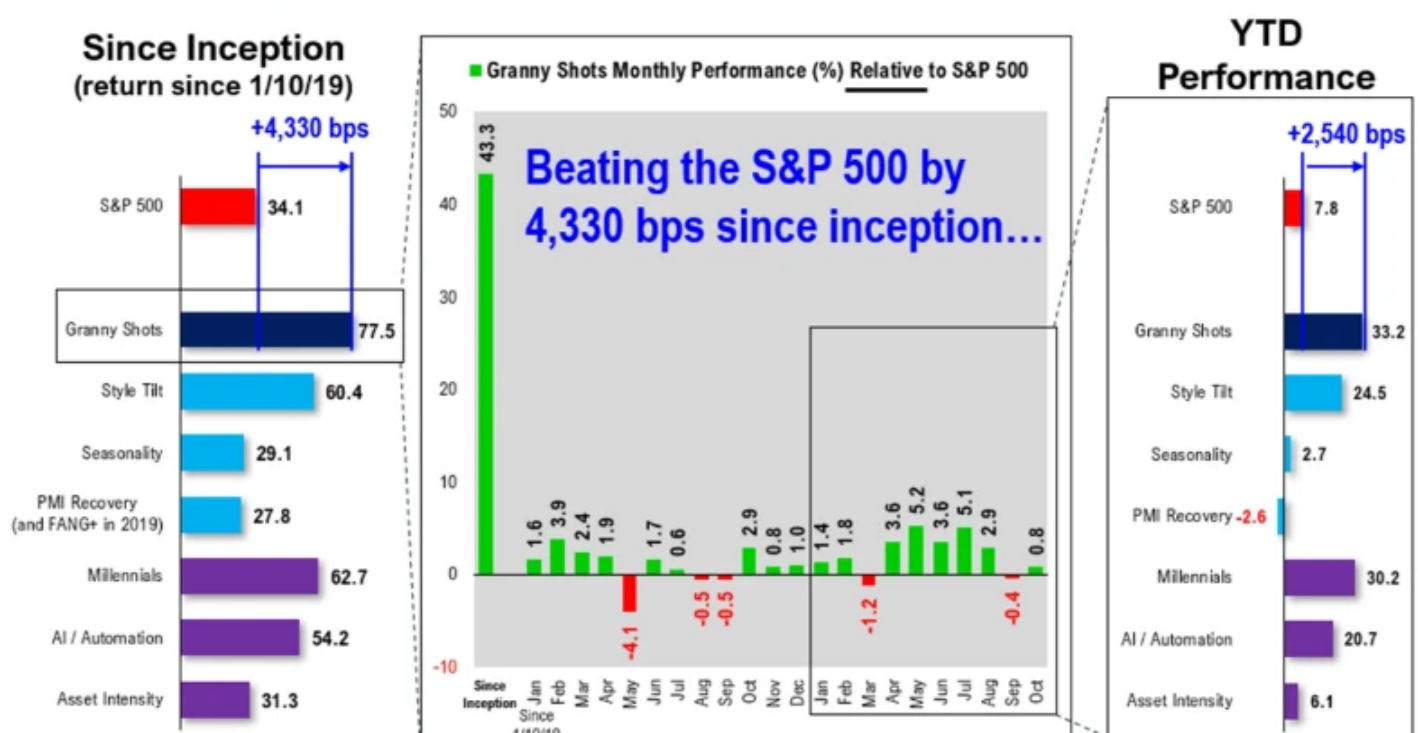


Figure: Intersection of investment recommendations by strategy

As of 10/15/20, Source: FSInsight, FactSet

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