

Purloined Portfolio aims to steal from managers I respect



JOHN DORFMAN

"If you're going to steal, steal from the best," Woody Allen once said.

Once a year, I try to do that. My annual Purloined Portfolio features ideas I lift from other money managers.

My Purloined Portfolio from last year returned 45.9%, thanks mostly to gains in Alphabet Inc. (GOOGL, idea courtesy of David Katz) and John Bean Technologies Corp. (JBT, from Chuck Royce). The Standard & Poor's 500 Total Return Index was up 32.4%, so I beat it by about 13 percentage points.

Bear in mind that my column results are hypothetical: They don't reflect actual trades, trading costs or taxes. These results shouldn't be confused with the performance of portfolios I manage for clients. Also, past performance doesn't predict future results.

Long-term, the seventeen Purloined Portfolios I've cobbled together since 2000 have returned an average of 14%, versus 11.4% for the index.

Diamondback Energy

Now I'll put on my black mask and do this again. The first idea, Diamondback Energy Inc. (FANG), is drawn from the portfolio of Scott Black, who heads Delphi Management in Boston.

Based in Midland, Texas, Diamondback weathered the long bear market for the energy industry better than most of its competitors. In the seven years through 2020, it managed a profit four times. And it emerged from the agony with less debt than many competitors.

One thing that worries me about Diamondback is that it's a little too popular. Of 30 analysts who follow it, 28 rate it a "buy." I don't like to run with the herd, but in this case I think the analysts are right.

Walgreens Boots

From Randall Eley, who runs Edgar Lomax Co. in Alexandria, Virginia, I choose Walgreens Boots Alliance Inc. (WBA). A drug-store giant in both the U.S. and Britain, Walgreens has a notably cheap stock. The shares go for 0.28 times sales and less than 10 times estimated earnings.

the portfolio chief at CGM Trust in Boston. One of his holdings that intrigues me is Academy Sports and Outdoors Inc. (ASO), from Katy, Texas.

Academy has some 259 stores, plus a website, selling fishing, camping and hunting gear, sports equipment, and casual clothing. As befits a Texas outfit, it carries guns and ammunition.

Owned for several years by KKR, the big private equity firm, Academy went public again in 2020. Return on invested capital was puny at first, but has strengthened steadily, exceeding 25% in the latest quarter. Selling for seven times earnings, the stock appears very cheap to me.

Goldman Sachs

David Katz is chief investment officer for Matrix Asset Management in New York. From his holdings, I'll pluck Goldman Sachs Group Inc. (GS), a prestigious brokerage house that just announced a blowout quarter.

Goldman has increased its earnings at better than a 16% annual the past five years. Its net profit margin has exceeded 30% in the past four quarters. It has more debt than I usually like, but considerably less than it carried in the years before the 2008 financial crisis.

The White House frequently taps Goldman executives for high government posts. (Robert Rubin, Steven Mnuchin and Henry Paulson spring to mind.) This to me is a big plus for the firm, adding to its prestige and influence. On top of that, the stock is cheap, selling for about eight times earnings.

First Citizens

Wrapping up the portfolio, I'll pick First Citizens BancShares Inc. (FCNCA), based in Raleigh, North Carolina. This bank company gets most of its deposits in the Carolinas, but makes loans in about half of the continental U.S.

I like to see a bank earn 1.0% or better on assets. First Citizens used to fall short of this mark, but has exceeded it in the past three years, and so far in 2021. Consistent profitability is appealing here: The company has shown a profit in each of the past 30 years.

Note that my knowledge of the managers' holdings comes from public filings. It's possible that one or more of them could have

INSIDE BUSINESS

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ANNOUNCEMENT

CATHERINE FRENCH MCGILL, DENISE NATALI-PAINE, S. SCOTT MOORE, AND SHAWN OSWALD JOIN THE SALVATION ARMY OF OMAHA'S ADVISORY BOARD



Catherine French McGill



Denise Natali-Paine



S. Scott Moore



Shawn Oswald

The Salvation Army of Omaha recently named Catherine French McGill, Denise Natali-Paine, S. Scott Moore and Shawn Oswald to its advisory board. The Omaha Advisory Board supports the work of The Salvation Army in the Omaha-Council Bluffs metro by providing mission-based leadership and strategic guidance.

Catherine French McGill is a partner at the firm of Lamson Dugan & Murray LLP, where her practice focuses in the areas of estate planning and administration, real estate, guardianships/conservatorships and nonprofit corporate governance. She also serves as corporate counsel to closely held businesses and their owners. McGill is a 2013 graduate of Creighton University School of Law. She earned a Bachelor of Science in Business Administration in Economics from Creighton University in 2010 and a Chartered Advisor in Philanthropy (CAP) designation from the American College of Financial Services in 2019. McGill serves as an executive council member of the Omaha Bar Association and is also a board member for The Salvation Army Early Head Start program and the Gilbert C. Swanson Foundation, and a guild member for the Women's Center for Advancement.

Denise Natali-Paine is vice president at Cox Business Omaha, a division of Cox Communications, where she is responsible for commercial service including sales, service delivery, assurance and customer support across the Omaha commercial market. With more than 25 years of experience in commercial technology, digital strategy and cable industries, she has led multiple companies through transformation with a clear understanding of business drivers and organizational imperatives. Previous to her work in the technology and telecommunications industry, Natali-Paine served as an intelligence officer in the U.S. Army. Natali-Paine holds a Bachelor of Arts degree in International Affairs from Lafayette College in Pennsylvania and has completed graduate coursework with the University of Edinburgh Business School's Heriot Watt University and advanced studies with the U.S. Department of Defense. She is also a national award-winning cartoonist and a committed volunteer with several veteran, hospice, equine and mentoring organizations.

S. Scott Moore is co-owner of the commercial auction firm PartnersBid, LLC, which specializes in the disposition and liquidation of commercial assets, and partner at the commercial real estate firm OMNE Partners. Prior to his career at PartnersBid and OMNE Partners, he was employed in commercial real estate at World Group Commercial and at the commercial real estate investment firm CBRE/MEGA. He is a certified auctioneer and real estate auctioneer and a licensed real estate agent in Nebraska. Moore serves on The Salvation Army Adult Rehabilitation Advisory Board and the Elkhorn Public School Foundation. His past community involvement includes service on the boards of the Strategic Air and Space Museum, Prevent Blindness Nebraska, River City Roundup Fair and Festival, The Nature Conservancy of Nebraska, Merry-makers Association, Douglas County Fair and the Brownell-Talbot Alumni Council. He has also served on the professional boards of the Business Ethics Alliance in Omaha, North Omaha Development Project, American National Bank and the National Auctioneers Association. Moore regularly donates his time and skills as a charity auctioneer.

Shawn Oswald is president and general manager of KETV Omaha. Previous to his appointment in 2020, he was employed as president and general manager of KHBS-TV/KHOG-TV and The Arkansas CW -- the ABC and CW affiliates in the Fayetteville and Fort Smith, Arkansas, markets. He has also held industry sales and general management positions in Milwaukee; Fort Myers, Florida; and Wichita, Kansas. His appointment at KETV marks a return to Omaha and KETV, where he worked as an account executive at the outset of his career. During his six-year tenure at KHBS/KHOG, Oswald expanded local news coverage, oversaw a construction project that tripled the station's newsroom space and led a successful initiative to improve the station's sales, marketing and promotions strategies. Under his leadership, KHBS/KHOG was awarded four Mid-America regional Emmy Awards and the Arkansas-Oklahoma Associated Press Broadcasters awards for Best Spot News, Best Weather Coverage and Best Website. The Arkansas CW also earned two national Apex Awards from the CW Network. Oswald graduated from John Brown University in Siloam Springs, Arkansas, with a bachelor's degree in broadcasting.

ANNOUNCEMENT

Koley Jessen Surpasses 100 Attorneys

With the addition of 20 attorneys so far this year, **Koley Jessen** is excited to share that it has surpassed 100 attorneys.

The firm was founded in 1988 when Jim Koley, Paul Jessen, and four additional partners set out to establish a firm focused on being a great place to work and providing over-the-top client service. Since that time, the firm has not only drastically diversified its service offerings to include 25+ core areas of practice, but has also put together an experienced team serving businesses and families locally and nationally. The team's consistent focus is on making their clients' business their business in order to help capitalize on opportunities, solve legal challenges, complete transactions, and plan for the future.

"This is a very exciting and significant milestone for our firm," said Alex Wolf, President of Koley Jessen. "Since our founding, we have seen steady growth, but the pace has really accelerated during the last five years - driven largely by the needs of our clients, who we have been blessed to grow alongside. Their success has been a huge reason that we have been able to expand so quickly and comprehensively. Our growth has allowed us to build substantial depth and expertise in all of our areas of practice, which means better service and results for our clients."

"As we grow, it is our goal to preserve our small firm roots and be a great place to work, where people feel gratified in their role," says Mike Hupp, Chairman and one of the founders of Koley Jessen. "It's also important to recognize that we would not be where we are today without our team of 100 plus attorneys and 70 additional professionals who put in the work, day in and day out, and are the backbone of the firm," said Hupp. "We feel very grateful to have such a talented team aligned in our vision to provide over-the-top

APPOINTMENTS

Fraser Stryker PC LLO



Fraser Stryker PC LLO is pleased to announce the addition of **Shay P. Talbitzer** as an associate attorney to their commercial litigation, products liability, and professional negligence practice areas. Shay started her law practice after graduating from Baylor Law School with a J.D. in 2014. Prior to law school, Shay received a B.A. in Psychology with minor in Sociology - high distinction, from The University of Nebraska.

NEW HIRES

Walentine O'Toole, LLP



Walentine O'Toole, LLP is pleased to announce that **John J. Hawk Jr.** has joined the firm as an associate in its banking, foreclosure and creditor's rights practice group. Mr. Hawk holds a J.D. from the University of Nebraska and received his undergraduate degree from Wayne State College. **Walentine O'Toole, LLP** is a banking, business transactions and litigation law firm that pro-