



## THROUGH THE LENS OF RICHARD DE LISLE

Things you may not hear about on Bloomberg

September 2023



### How to benefit from the misery created by technology

What do young people really want? We hear that they value experiences over physical 'stuff', but what kind of experiences? Unable to enter the property market and weighed down with debt from university degrees that don't seem to be leading to premium jobs, you would expect Millennials to show a growing resentment at a materialism foregone. However, engaging with their hopes and fears reveals more of an existential angst in an uncertain world. With many more choices and paths to follow than ever before, which ones give meaning?

We can turn for guidance to American psychologist, Abraham Maslow, and his Hierarchy of Needs. The paths of career, religion and family formation gave structure to the Silent generation (1925-45). The Boomers who followed were materially indulgent as was their entitlement, being the majority. But once these physiological and safety needs were met and society became richer, Maslow's 'self-actualisation', the need for personal growth and fulfilment, rose in prominence.

Already we have seen that Generation X is more about a work/life balance and now Millennials, the internet generation, have a profusion of choice. We might suppose this improved state of affairs would bring more happiness. Better opportunities and wider choice give more ways to reach the top of Maslow's pyramid and find fulfilment.

The ability remains to pursue a materialistic life but, unlike the Boomers, the Millennials don't have the insecurity to need to flaunt their material success. Nevertheless, the human condition ensures that happiness remains elusive and the addiction to social media has corrupted lifestyles as well as benefitted them.

The annual Girlguiding survey just out shows female unhappiness at a new high, and it is one of many. Only 8 per cent of 17- to 21-year-olds are now 'very happy' and effectively all, of all ages, are anxious. Whatever happened to self-actualisation?

The reality is that social media has led to behavioural changes, new rules and new anxieties, leaving only a few confident souls finding that higher path. For the majority the most desired experience is reassurance in an uncertain world, escapism into a less judgemental place. The reach of the internet and the doom-laden 24-hour news cycle builds up their fears and their sense of living in an unstable world. Favourable long-term changes that show our quality of life has never been higher are disregarded. The consequence is that many young people already foreswear bringing children into this supposedly hostile world, closing down one of the old paths that gave structure to the world of the Boomers.

### Company Spotlight - Build-A-Bear Workshop



Market Cap*	\$405m (as at 15/09/23)
Sector	Consumer Cyclical
Date Purchased	04/12/2020
% of Portfolio*	3.21% (as at 31/08/23)
P/E*	8.5x (as at 15/09/23)

#### Did you know?

Build-A-Bear is growing faster than Apple, and is at 7x earnings versus 28x for Apple

\*Source: Morningstar

We first bought Build-A-Bear in December 2020, starting at \$4.5 and even getting a few below \$4. At that price, we were paying under \$100,000 a store and it had no liabilities except the leases. Ridiculous? Yes, but this was during the pandemic and the stores were all closed.

Today we are still buyers at \$29 and expect \$4 in earnings next year. Earlier this month, in our chat with CEO Sharon Price-John, she confirmed that there is profitable expansion for the company everywhere: stores, cruise ships, pop-ups, branding, collectibles and even movies. Public awareness is 93% and it has 500 interactive stores, strong online sales and 20 million social media followers. This is a little growth company and the market valuation is still catching up. Now we await reviews of its forthcoming Christmas feature film, Glisten and the Merry Mission.

Many seek to duck all responsibility and hide in infantilism. We have seen this in many ways. The rise of Superhero films is one example; Avatar 2 may have cute sentiments but it's hardly Dr Zhivago. For us, the most fascinating escalation has been Barbie and the sight of men wearing pink to see it, an unlikely occurrence even pre-pandemic. Despite all this damage to our social fabric, the stock market reveres tech more than ever. The P/E multiples relative to the growth rate are highest in this sector, ignoring the creative destruction that occurs here more than elsewhere.

We prefer to invest in the infantilism that tech creates. Consider Apple and Build-A-Bear. Both have near universal brand recognition and no debt but Apple is 7,500 times bigger by market cap. Build-A-Bear is growing faster yet is at 7x earnings versus 28x for Apple. One is considered exciting and the other trivial. But only one is making people happy.

## Watch on Demand



### **Webinar Recording: US stock market valuations from a 40 year perspective**

Fund manager Richard de Lisle, shares his views on the current and historic macro environment, how the Fund is well positioned to take advantage of a US economic recovery followed by some live Q&A.

**[Click here to watch \(1 hour\)](#)**



### **Webinar Recording: The US Fund you need in your portfolio**

Fund manager Richard de Lisle, provides an introduction to the Fund and shares his views on why he believes a quality value fund is well suited to the current macroeconomic environment.

**[Click here to watch \(1 hour\)](#)**



### **Webinar Recording: Fund Update**

Fund manager Richard de Lisle, provides a quarterly update on the Fund including performance attribution and portfolio updates.

**[Click here to watch \(19 mins\)](#)**

## Upcoming Events

### **Register: VT De Lisle America Fund Webinar: Macro Update & Fund Introduction**

Date: Wednesday 18th October

Time: 2:00pm - 3:00pm

Platform: Zoom

**[Register Here](#)**

## Contact Us

If you would like to arrange a meeting with the manager, or for further information on the Fund, please email [investor-relations@delislepartners.uk](mailto:investor-relations@delislepartners.uk) or call 020 7074 3572.

## Important Information

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