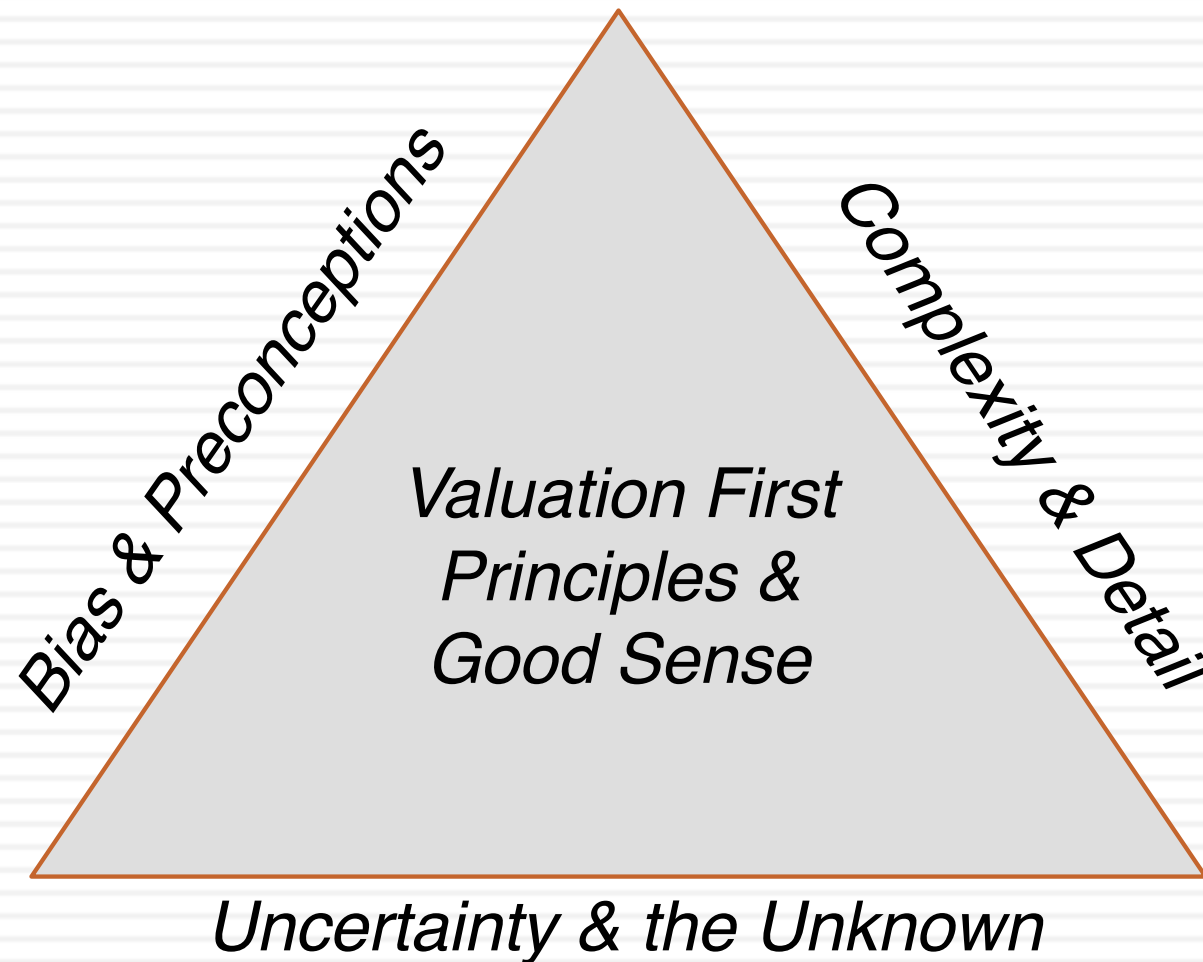




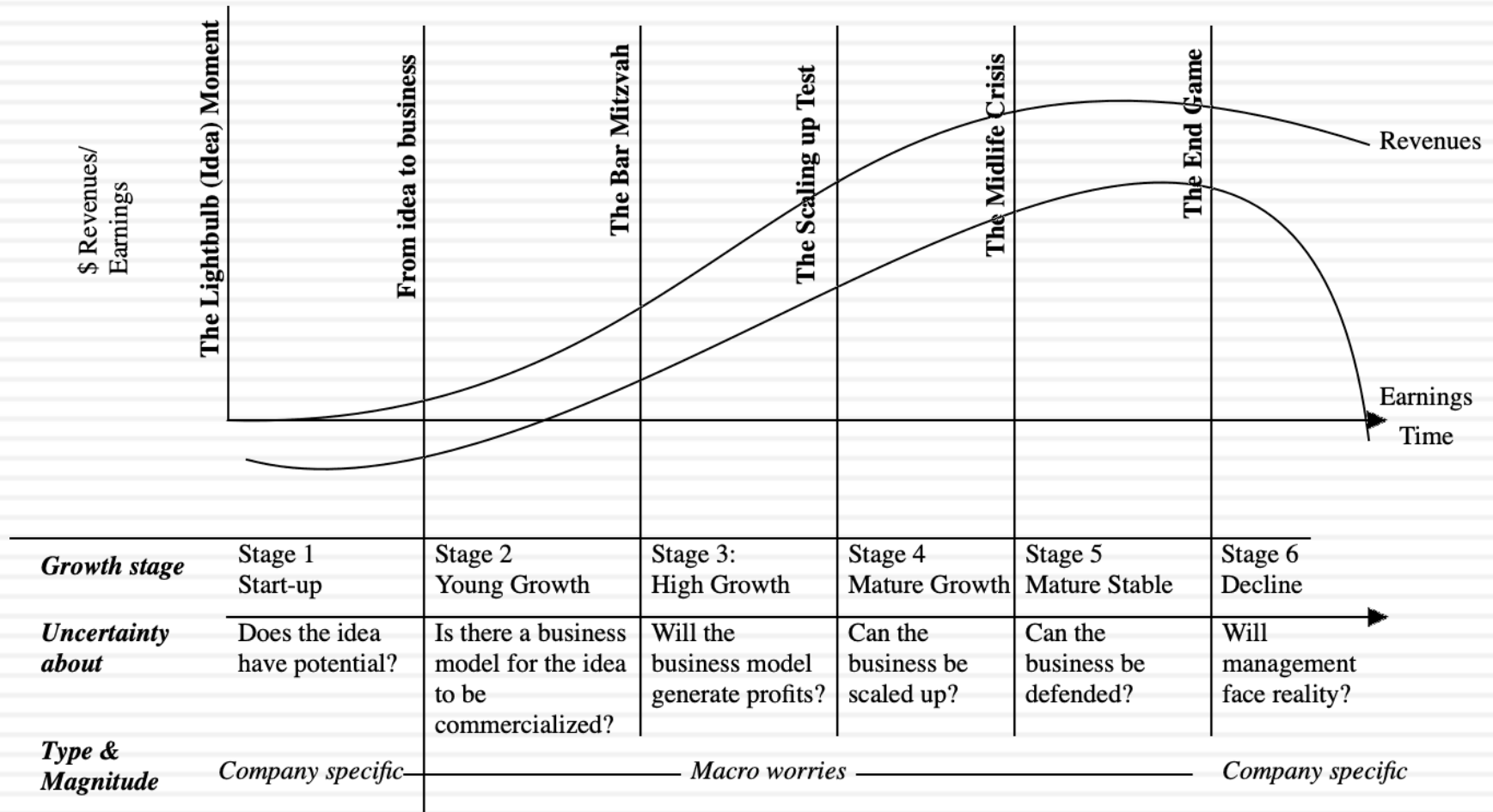
**NARRATIVE AND NUMBERS:
LIGHT IN THE DARKNESS!**

When in trouble, go back to basics!

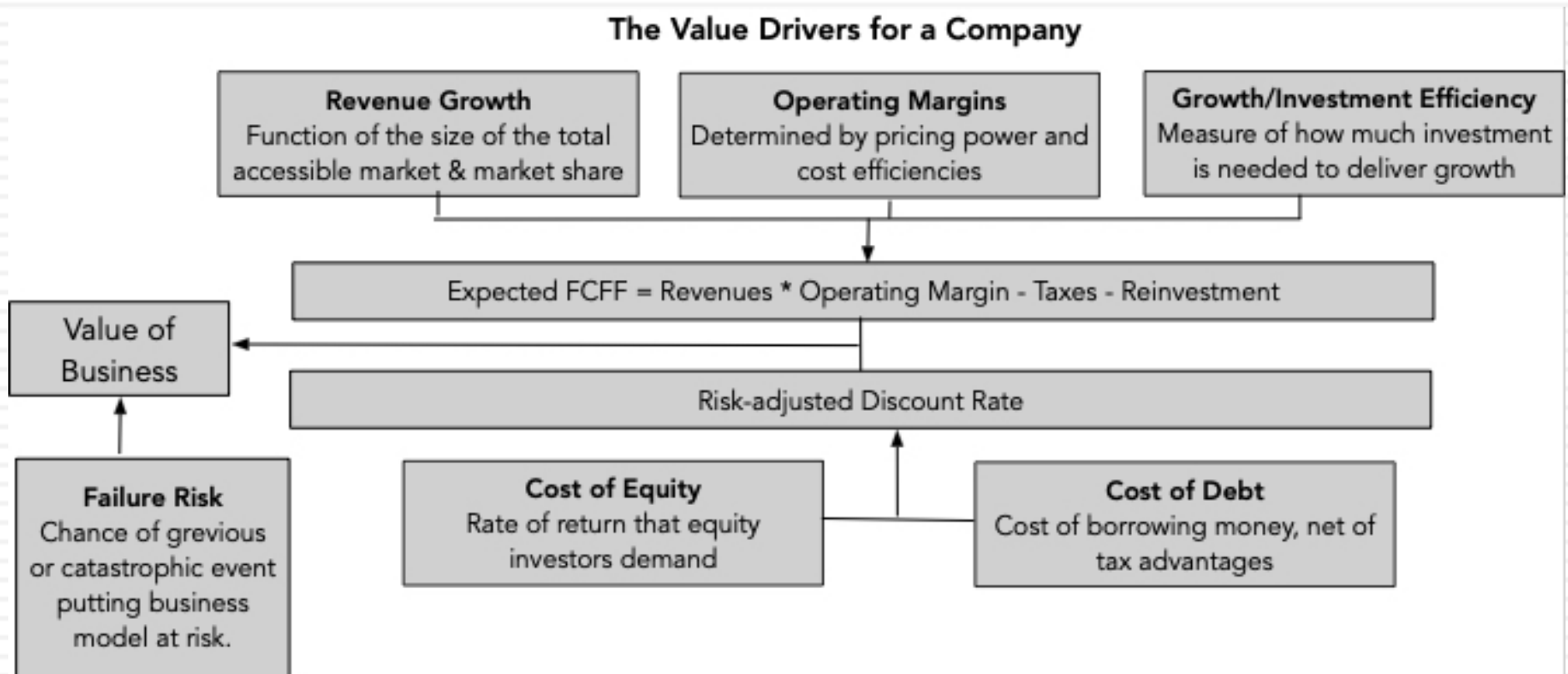
The Bermuda Triangle of Valuation



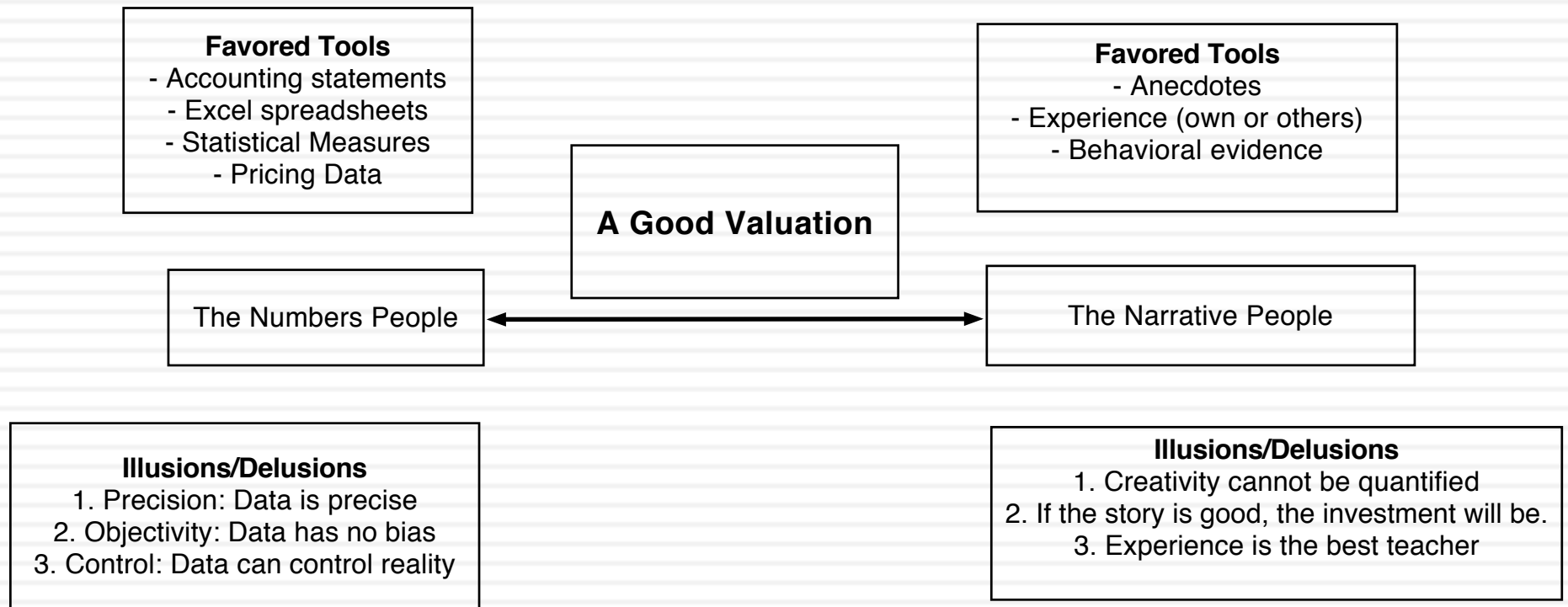
A Life Cycle View of Uncertainty



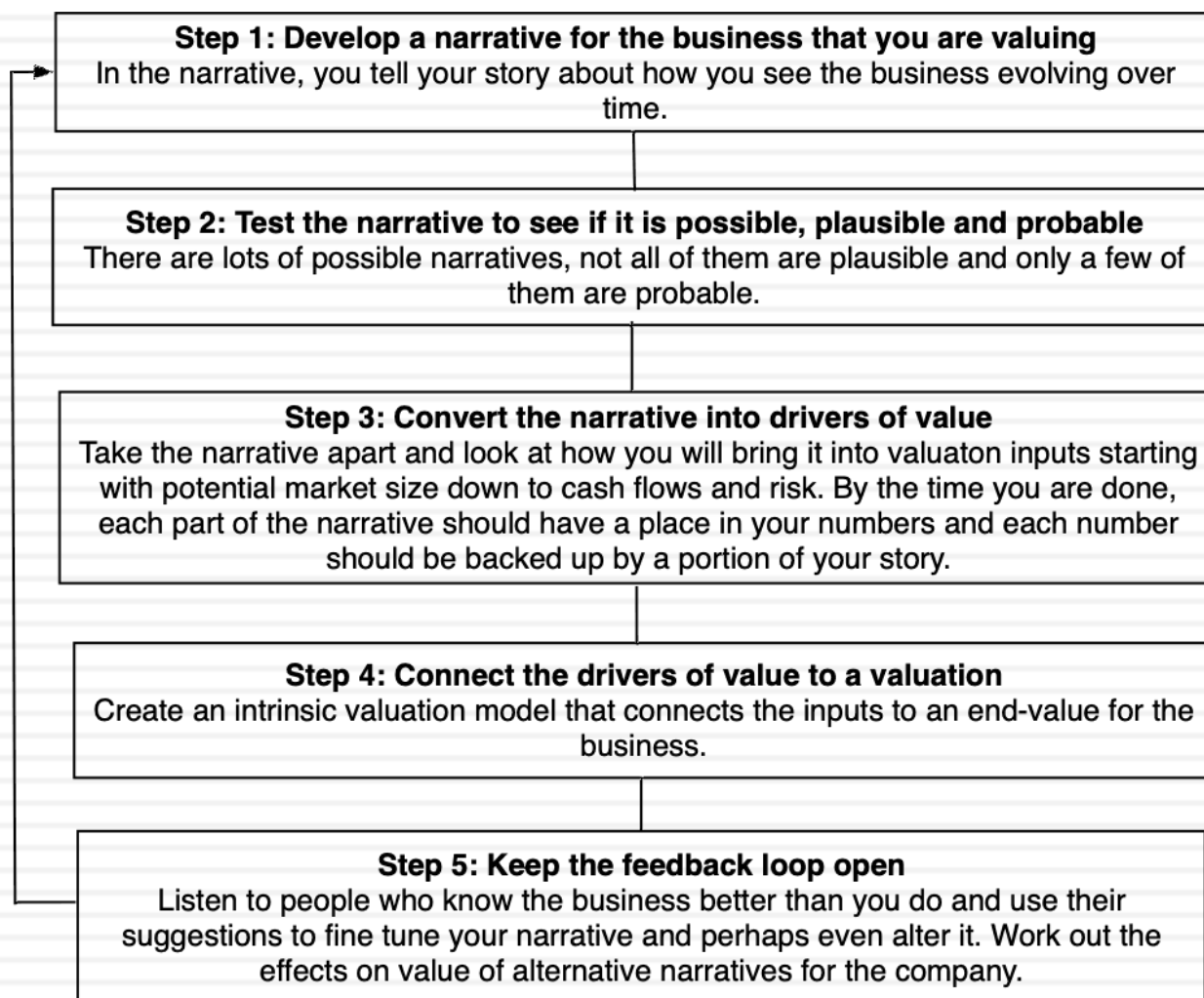
Value: The Drivers



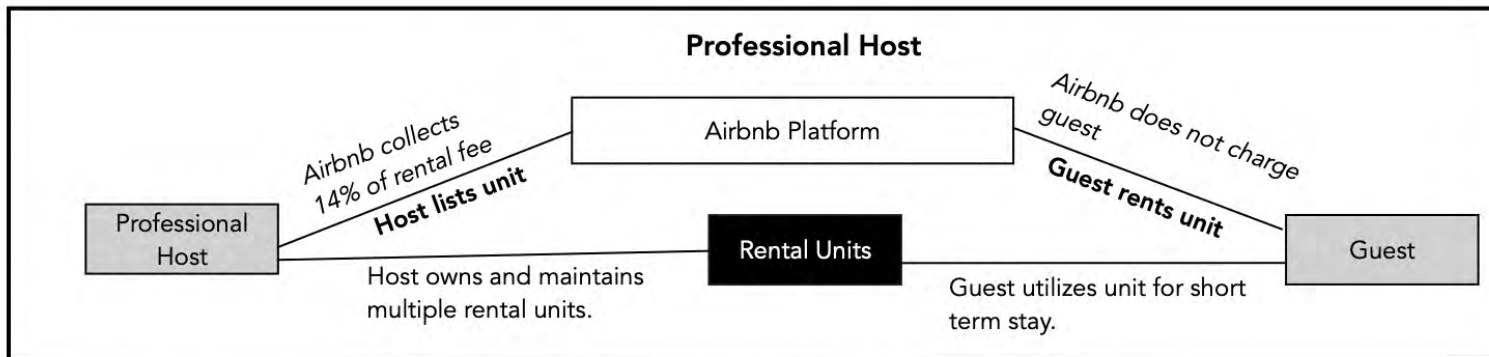
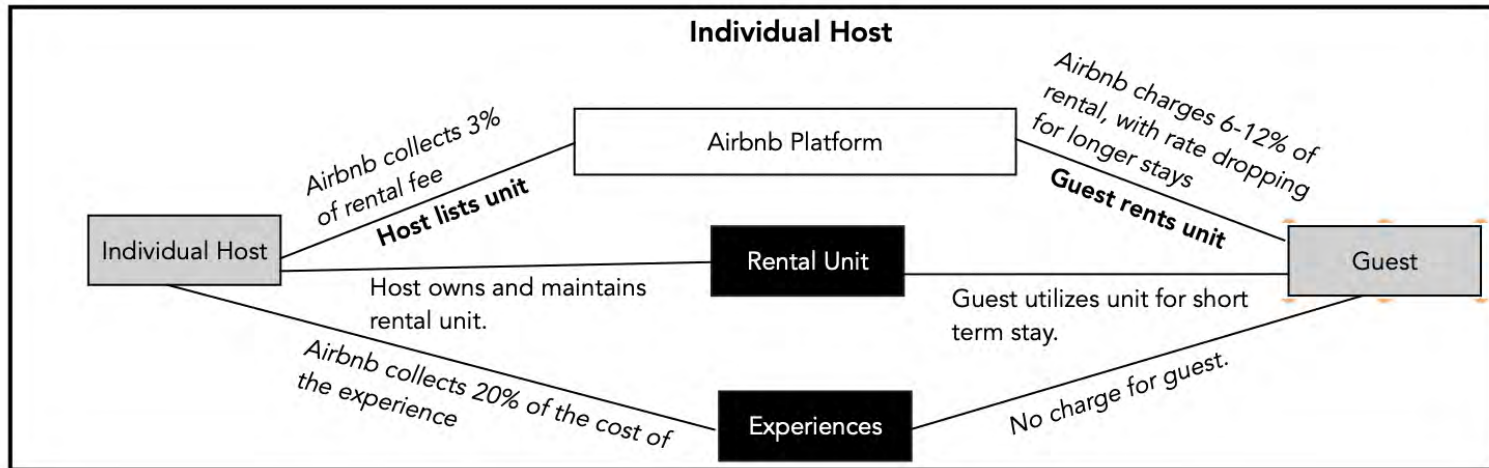
Healthy Valuation = Story + Numbers



The steps in valuation



Airbnb: Let's start with the business model

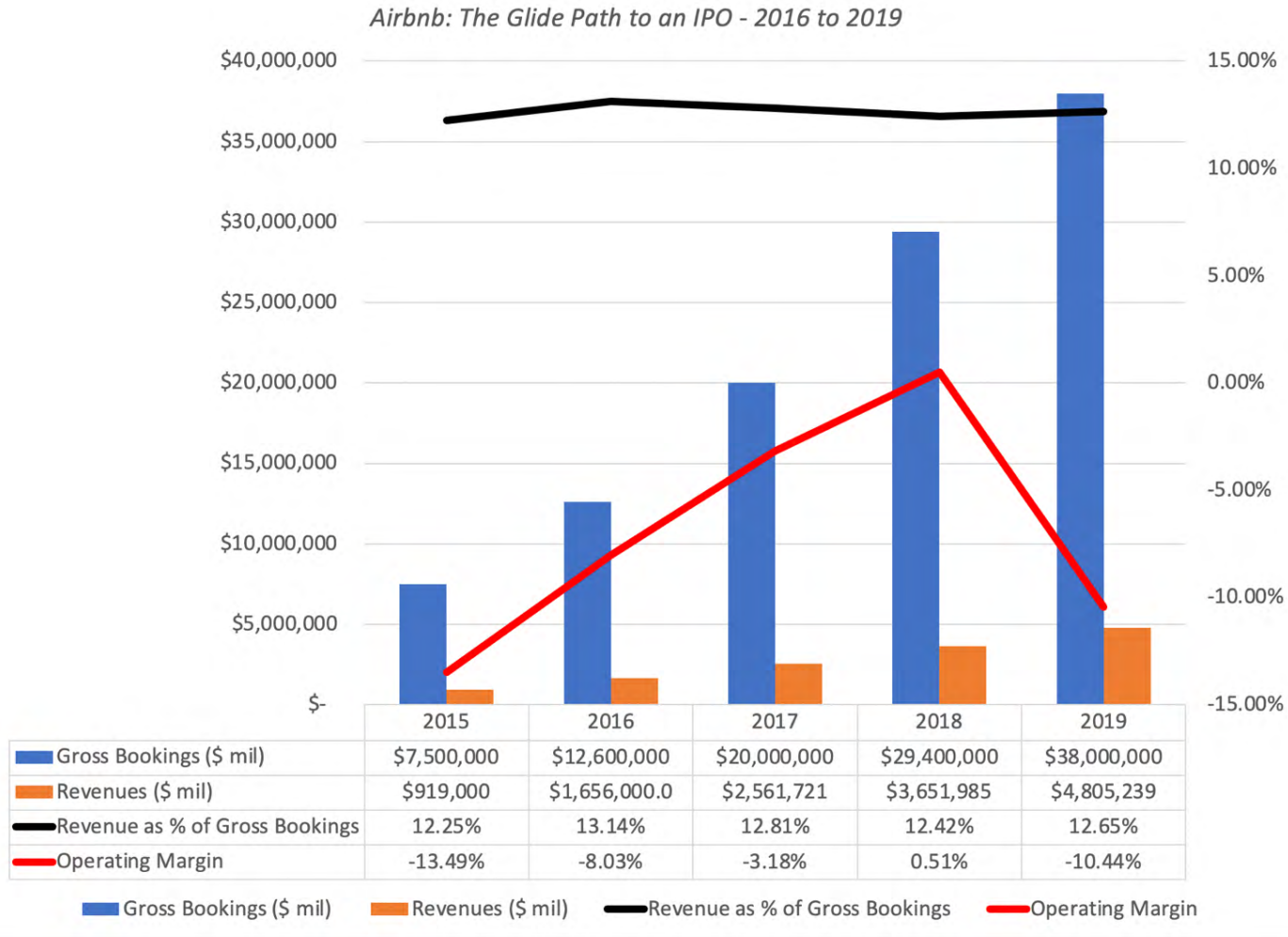


In 2019, there were 4 million hosts on the platform.

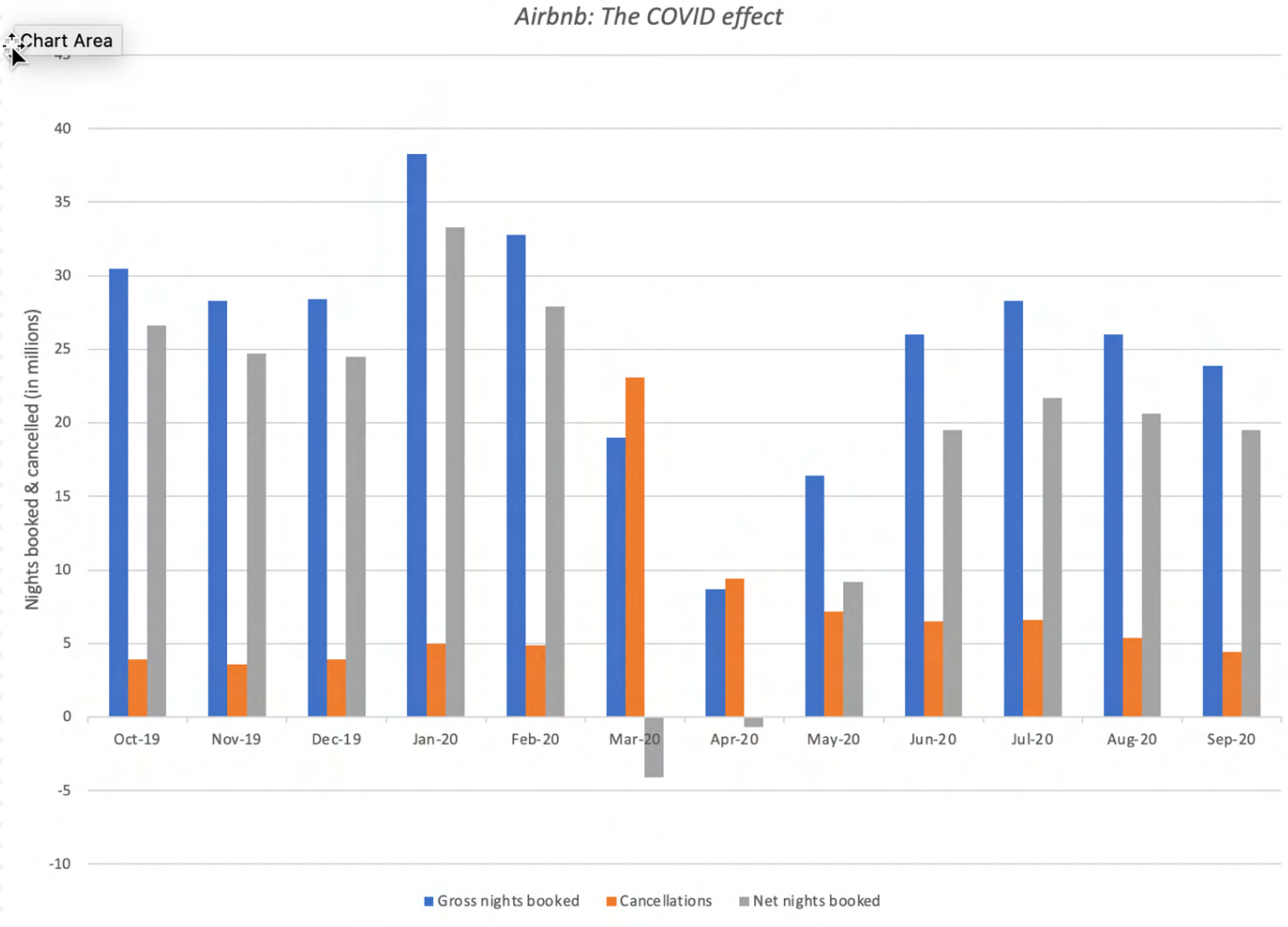
In 2019, there were 5.6 million units listed across 10,000 cities in 220 countries.

In 2019, there were 54 million travellers on the site, who booked 327 million nights.

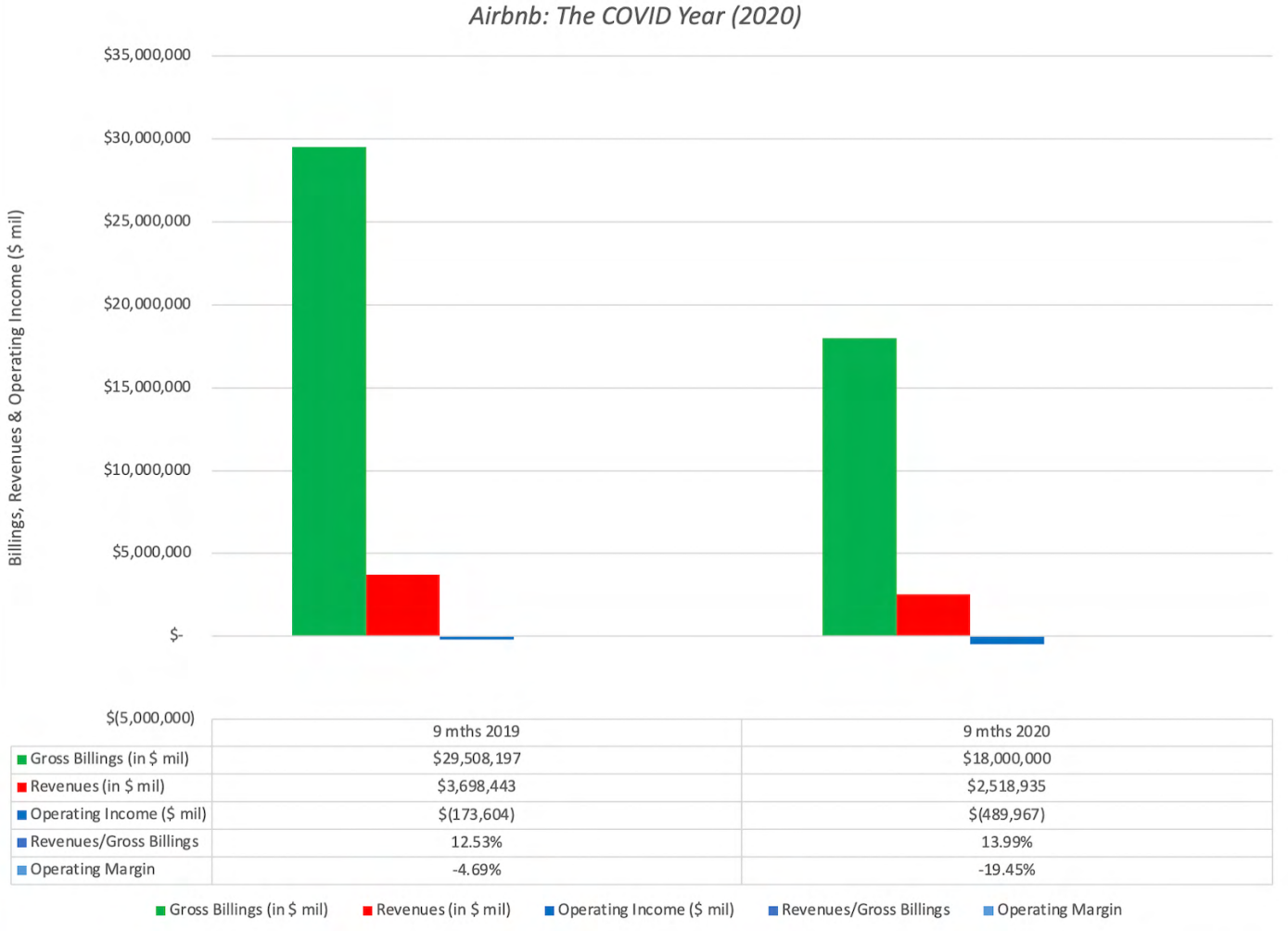
And the financial payoffs..



The COVID Effect.. In nights booked



And in financials..



Prospectus Revelations: On Costs

Airbnb: Cost and Profit Patterns

	2017	2018	2019	LTM
Gross Bookings	\$20,000,000	\$29,400,000	\$38,000,000	\$26,491,803
Revenues	\$ 2,561,721	\$ 3,651,985	\$ 4,805,239	\$ 3,625,731
COGS	\$ 1,043,429	\$ 1,473,234	\$ 2,011,387	\$ 1,722,568
Gross Profit	\$ 1,518,292	\$ 2,178,751	\$ 2,793,852	\$ 1,903,163
Product Development	\$ 400,749	\$ 579,193	\$ 976,695	\$ 973,576
Sales & Marketing	\$ 871,749	\$ 1,101,327	\$ 1,621,519	\$ 982,523
G&A	\$ 327,156	\$ 479,487	\$ 697,181	\$ 628,001
Restructuring Charges				\$ 136,969
Operating Profit	\$ (81,362)	\$ 18,744	\$ (501,543)	\$ (817,906)
Revenues/ Gross Bookings	12.81%	12.42%	12.65%	13.69%
Gross Margin	59.27%	59.66%	58.14%	52.49%
Operating Margin	-3.18%	0.51%	-10.44%	-22.56%
COGS/Revenues	40.73%	40.34%	41.86%	47.51%
Product Development/ Revenues	15.64%	15.86%	20.33%	26.85%
Sales & Marketing/Revenues	34.03%	30.16%	33.74%	27.10%
G&A/ Revenues	12.77%	13.13%	14.51%	17.32%

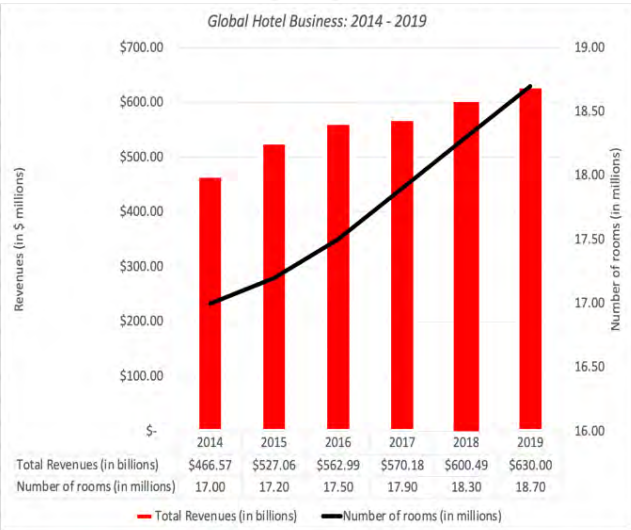
Revenues as a % of gross billings has been relatively stable between 2017-19. In 2020, it did increase, perhaps because of the new host model.

Barring 2020, the direct operating expenses have been fairly stable at 40-42% of revenues. There is little evidence that scaling up is lowering this number.

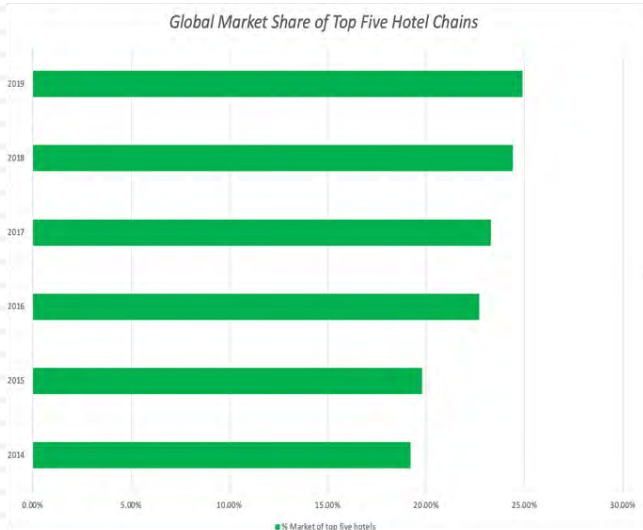
Non-direct operating expenses (G&A, Selling and Product development) are all increasing as revenues grow, suggesting that growth demands are drowning out economies of scale, at least for the moment.

The Hospitality Business

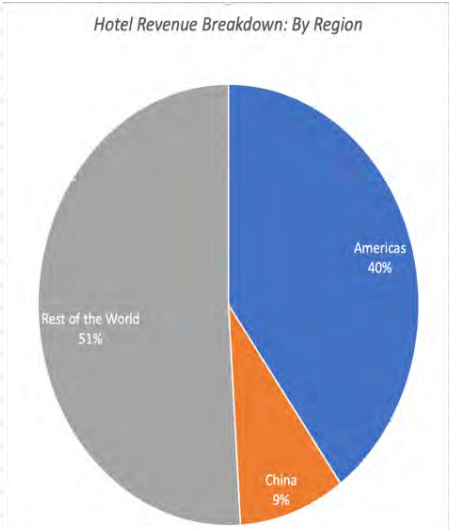
The market is big, but growth has slowed



It is concentrated, and getting more so...



The US is the biggest market, but China is growing.



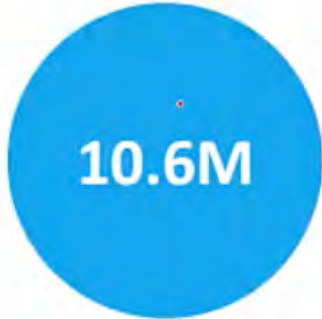
Airbnb's TAM in 2011



TRIPS BOOKED (WORDLWIDE)
Total Available Market



BUDGET & ONLINE TRIPS
Serviceable Available Market



TRIPS W/AB&B
Market Share

The Players: Hotels

Company Name	Country/Region of Incorporation	Revenues (2019)	Revenues (LTM)	Operating Income (2019)	Operating Income (LTM)	Revenue Growth Rate (2015-2019)	Revenue change in LTM	Operating Margin (2019)	Operating Margin (LTM)
Marriott International, Inc. (NasdaqGS:MAR)	United States	\$ 20,972.00	\$13,770.00	\$ 2,070.00	\$ 675.00	14.41%	-42.93%	9.87%	4.90%
Hilton Worldwide Holdings Inc. (NYSE:HLT)	United States	\$ 9,452.00	\$ 7,248.00	\$ 1,565.00	\$ 288.00	3.83%	-29.81%	16.56%	3.97%
Huazhu Group Limited (NasdaqGS:HTHT)	Cayman Islands	\$ 1,724.92	\$ 1,667.38	\$ 302.70	\$ (50.10)	15.00%	-4.42%	17.55%	-3.00%
InterContinental Hotels Group PLC (LSE:IHG)	United Kingdom	\$ 4,627.00	\$ 3,595.00	\$ 837.00	\$ 392.00	13.22%	-28.57%	18.09%	10.90%
Accor SA (ENXTPA:AC)	France	\$ 4,543.80	\$ 3,421.10	\$ 557.70	\$ (405.10)	-7.20%	-31.50%	12.27%	-11.84%
Hyatt Hotels Corporation (NYSE:H)	United States	\$ 5,020.00	\$ 4,772.00	\$ 234.00	\$ (334.00)	-1.13%	-6.53%	4.66%	-7.00%
Choice Hotels International, Inc. (NYSE:CHH)	United States	\$ 1,114.80	\$ 826.00	\$ 335.10	\$ 180.90	8.02%	-32.95%	30.06%	21.90%
Marriott Vacations Worldwide Corporation (NYSE:VAC)	United States	\$ 4,355.00	\$ 4,262.00	\$ 564.00	\$ 163.00	19.74%	-2.84%	12.95%	3.82%
Wyndham Hotels & Resorts, Inc. (NYSE:WH)	United States	\$ 2,053.00	\$ 1,675.00	\$ 464.00	\$ 301.00	NA	-23.76%	22.60%	17.97%
Minor International Public Company Limited (SET:MINT)	Thailand	\$ 4,110.10	\$ 2,359.80	\$ 351.00	\$ (415.90)	28.52%	-52.28%	8.54%	-17.62%
Wyndham Destinations, Inc. (NYSE:WYND)	United States	\$ 4,043.00	\$ 1,947.00	\$ 828.00	\$ 198.00	-5.20%	-62.25%	20.48%	10.17%
Shangri-La Asia Limited (SEHK:69)	Bermuda	\$ 2,431.20	\$ 1,689.80	\$ 241.10	\$ (133.10)	2.86%	-38.43%	9.92%	-7.88%
BTG Hotels (Group) Co., Ltd. (SHSE:600258)	China	\$ 1,193.60	\$ 833.00	\$ 191.80	\$ (48.90)	21.54%	-38.10%	16.07%	-5.87%
TUI AG (XTRA:TUI1)	Germany	\$ 21,551.00	\$15,999.40	\$ 462.00	\$ (1,191.30)	-0.82%	-32.78%	2.14%	-7.45%
Pandox AB (publ) (OM:PNDX B)	Sweden	\$ 594.40	\$ 277.90	\$ 323.30	\$ 210.70	8.62%	-63.71%	54.39%	75.82%
Hilton Grand Vacations Inc. (NYSE:HGV)	United States	\$ 1,670.00	\$ 835.00	\$ 328.00	\$ 67.00	6.66%	-60.31%	19.64%	8.02%
Mandarin Oriental International Limited (SGX:M04)	Bermuda	\$ 566.50	\$ 382.40	\$ 71.00	\$ (45.80)	-3.58%	-40.79%	12.53%	-11.98%
Extended Stay America, Inc. (NasdaqGS:STAY)	United States	\$ 1,201.50	\$ 1,052.30	\$ 324.50	\$ 175.50	-0.20%	-16.20%	27.01%	16.68%
Shanghai Jin Jiang International Hotels (SHSE:900934)	China	\$ 2,168.50	\$ 1,593.20	\$ 226.00	\$ (55.70)	35.79%	-33.70%	10.42%	-3.50%
The Indian Hotels Company Limited (BSE:500850)	India	\$ 660.10	\$ 385.70	\$ 99.90	\$ (18.10)	-0.27%	-51.15%	15.13%	-4.69%
Resorttrust, Inc. (TSE:4681)	Japan	\$ 1,734.40	\$ 1,528.60	\$ 190.60	\$ 125.90	11.76%	-15.50%	10.99%	8.24%
NH Hotel Group, S.A. (BME:NHH)	Spain	\$ 1,916.80	\$ 1,066.70	\$ 303.70	\$ (167.00)	4.89%	-54.23%	15.84%	-15.66%
The Hongkong and Shanghai Hotels, Limited (SEHK:45)	Hong Kong	\$ 754.10	\$ 569.90	\$ 102.80	\$ 13.40	0.03%	-31.16%	13.63%	2.35%
GreenTree Hospitality Group Ltd. (NYSE:GHG)	Cayman Islands	\$ 156.80	\$ 135.20	\$ 72.10	\$ 49.30	NA	-17.93%	45.98%	36.46%
Meliá Hotels International, S.A. (BME:MEL)	Spain	\$ 2,008.20	\$ 1,025.50	\$ 246.50	\$ (426.60)	2.10%	-59.18%	12.27%	-41.60%
Kyoritsu Maintenance Co., Ltd. (TSE:9616)	Japan	\$ 1,582.90	\$ 1,253.50	\$ 135.70	\$ (22.30)	11.69%	-26.74%	8.57%	-1.78%
Fattal Holdings (1998) Ltd (TASE:FTAL)	Israel	\$ 1,546.70	\$ 1,095.30	\$ 227.20	\$ 11.60	35.86%	-36.88%	14.69%	1.06%
Fosun Tourism Group (SEHK:1992)	Cayman Islands	\$ 2,489.90	\$ 1,812.30	\$ 291.90	\$ 135.10	NA	-34.53%	11.72%	7.45%
Aggregate		\$106,242.22	\$77,078.98	\$11,946.60	\$ (327.50)	5.23%	-34.81%	11.24%	-0.42%
Median						6.66%	-33.33%	14.16%	1.71%

Margins vary widely, and are higher at fee-based, asset light firms, where another entity owns the real estate, and lower at asset-heavy model, where the hotel company owns the real estate.

Revenues have been growing at a moderate rate (6.66%) from 2014-19, but dropped 33.33% in LTM 2020.

The Players: Booking Companies

	Expedia			Booking.com		
	2019	1TM	% Change (Annualized)	2019 LTM	LTM	% Change (Annualized)
Gross Bookings	\$107,870.00	\$52,470.00	-51.75%	\$96,400.00	\$48,752.00	-59.71%
Revenues	\$ 12,067.00	\$ 7,026.00	-51.38%	\$13,066.00	\$ 8,197.00	-50.46%
Operating Income	\$ 161.00	\$ 1892.00	NA	\$ 5,345.00	\$ 3,881.00	-76.85%
Revenues/Gross Bookings	11.19%	13.39%		15.63%	18.25%	
Operating Margin	7.96%	-12.70%		35.48%	20.58%	

Business Model

Airbnb (and other competitors) derive its revenues from selling and booking intermediaries. Expedia & Booking.com derive some of their revenues from bookings (agency services), but also have a merchant business (where they buy hotel rooms at discounted rates & sell them at higher prices) and an advertising revenue stream.

Expedia: Merchant (50%), Agency (47%), Ads (11%)

Booking.com: Merchant (25%), Agency (68%), Ads (1%)

Startup Class vs Disruptive

Expedia & Booking.com derive most of their revenues from traditional hotel companies, whereas Airbnb plays a more disruptive role, allowing home owners to list their housing units for rent.

The COVID effect

With the COVID shutdown, both Expedia & Booking.com saw a sharp drop in revenues in 2020, with the second quarter of 2020 being the worst so far.

The Airbnb Story

- Continued Growth: Airbnb will continue to grow, while finding a pathway to profitability. Airbnb's growth in gross bookings will come not only from disrupting and taking market share from the hotel business, bad news for conventional hotel companies and travel providers who serves them, but also from continued expansion of non-conventional hospitality providers (home and apartment owners).
- Revenue share stable + Improving margins: As it grows, Airbnb's share of those gross bookings is likely to plateau at close to current levels, but its operating margins will continue to improve towards travel booking industry levels, as product development, marketing and G&A costs decrease, not in dollar terms, but as a percent of revenues.
- Experiences business is tangential: While Airbnb is enthusiastic about the experiences business, it is likely to remain a tangential business, contributing only marginally to revenues and profitability.
- Low Risk, for a young company: Since Airbnb has a light debt load and is closer to profitability than most of the sharing-economy companies that have gone public in recent years

The Story

Airbnb has brought the sharing economy to housing, connecting home owners (hosts) who own units or houses that they want to rent with renters (guests) online, collecting a percentage of the transaction revenues from both sides of the transaction. Its low capital intensity model and extended reach has allowed it to expand not only to almost every part of the world (220 countries) but also provide an unmatched range of offerings. The growth in gross bookings has started to slow down, as the company gets bigger, and the COVID shut downs made 2020 a regressive year. That said, as its competitors in the hotel business have been damaged far more by the crisis, Airbnb will be able to recover quickly from the crisis, and continue on its growth path. Economies of scale will allow for only mild improvements in revenues as a % of gross billings, but the brokerage-based business will generate high margins, in steady state, and require relatively little reinvestment.

The Assumptions

	Base year	In 2021	Years 2-5	Years 6-10	After year 10	Link to story
Gross Bookings & Growth Rate	\$ 26,491,803.00	40.00%	25.00%		2.00%	Growth continues, as hotels scale back growth plans after COVID shock.
Revenues as % of Gross Bookings	13.69%	12.65%			14.00%	Mild economies of scale allow slight increase in percent over time
Operating margin (b)	-13.69%	-10.0%			25.00%	Higher margins than the hotel business, but lower than ad driven businesses.
Tax rate	25.00%	0.00%			25.00%	Global/US marginal tax rate, after NOLs are used up.
Reinvestment (c)		Sales to Capital =		2.00	20.00%	Low capital intensity business
Return on capital	-25.61%	Marginal ROIC =		65.81%	10.00%	Networking benefits allow for high value growth
Cost of capital (d)			6.50%	7.23%	7.23%	Cost of capital moves up over time.

The Cash Flows

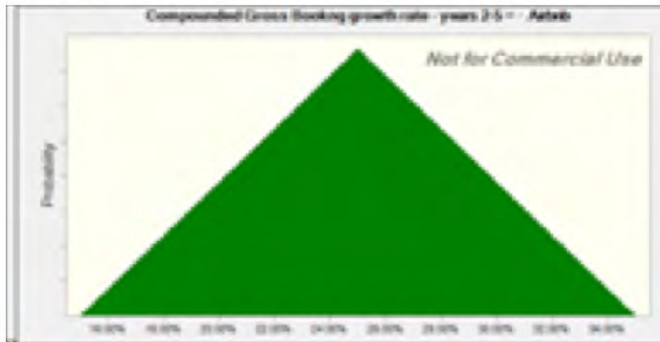
	Gross Bookings	Revenues	Operating Margin	EBIT (1-t)	Reinvestment	FCFF
1	\$ 37,088,524.20	\$ 4,691,698	-10.00%	\$ (469,170)	\$ 532,984	\$ (1,002,153)
2	\$ 46,360,655.25	\$ 5,989,797	-3.00%	\$ (179,694)	\$ 649,049	\$ (828,743)
3	\$ 57,950,819.06	\$ 7,565,479	0.50%	\$ 37,827	\$ 787,841	\$ (750,014)
4	\$ 72,438,523.83	\$ 9,554,641	4.00%	\$ 382,186	\$ 994,581	\$ (612,395)
5	\$ 90,548,154.79	\$ 12,065,542	7.50%	\$ 777,799	\$ 1,255,450	\$ (477,651)
6	\$ 109,019,978.36	\$ 14,674,089	9.52%	\$ 1,047,952	\$ 1,304,274	\$ (256,322)
7	\$ 126,245,134.94	\$ 17,163,026	13.39%	\$ 1,723,792	\$ 1,244,469	\$ 479,323
8	\$ 140,384,590.06	\$ 19,274,804	17.26%	\$ 2,495,269	\$ 1,055,889	\$ 1,439,380
9	\$ 149,649,973.00	\$ 20,748,969	21.13%	\$ 3,288,271	\$ 737,082	\$ 2,551,189
10	\$ 152,642,972.46	\$ 21,370,016	25.00%	\$ 4,006,878	\$ 310,524	\$ 3,696,354
Terminal year	\$ 155,695,831.91	\$ 21,797,416	25.00%	\$ 4,087,016	\$ 817,403	\$ 3,269,612

The Value

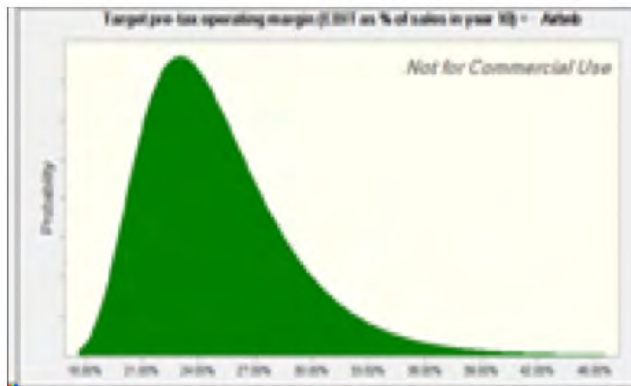
Terminal value	\$ 62,516,491		
PV(Terminal value)	\$ 32,633,194		
PV (CF over next 10 years)	\$ 1,234,582		
Value of operating assets =	\$ 33,867,776		
Adjustment for distress	\$ 1,693,389	Probability of failure =	10.00%
- Debt & Minority Interests	\$ 2,192,381		
+ IPO Proceeds	\$ 3,000,000	Based upon early news stories. May change as final offering details are set.	
+ Cash & Other Non-operating assets	\$ 4,495,211		
Value of equity	\$ 37,477,217		
- Value of equity options	\$ 1,351,835		
Number of shares	935,298.09	Filler for the moment. Will update when final prospectus is filed	
Value per share	\$ 38.62	Stock was trading at =	\$35.00

Airbnb IPO: Simulation of Equity Value in November 2020

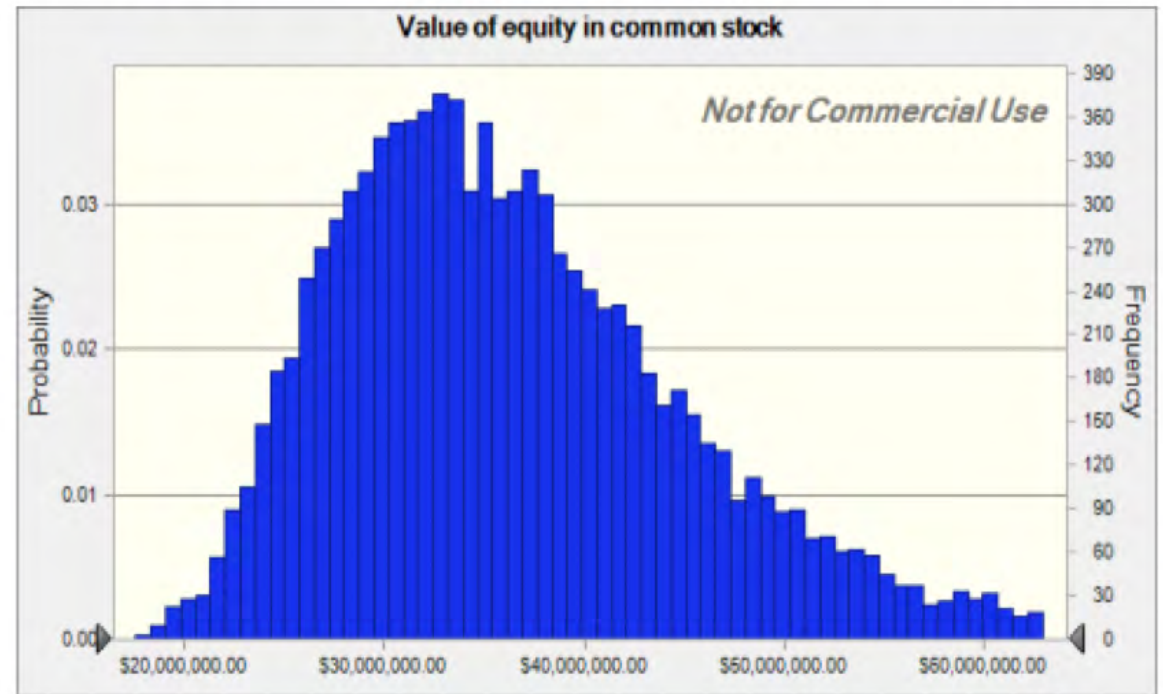
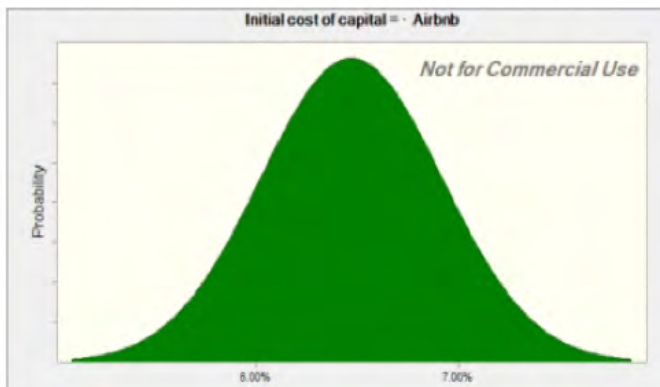
Growth rate in Gross Bookings: 2022-2025
Expected = 25%, Max = 35%, Min = 15%



Target Operating Margin in year 10
Expected = 25%, Std Dev = 4%



Cost of Capital (initial)
Expected = 6.50%, Std Dev = 0.45%

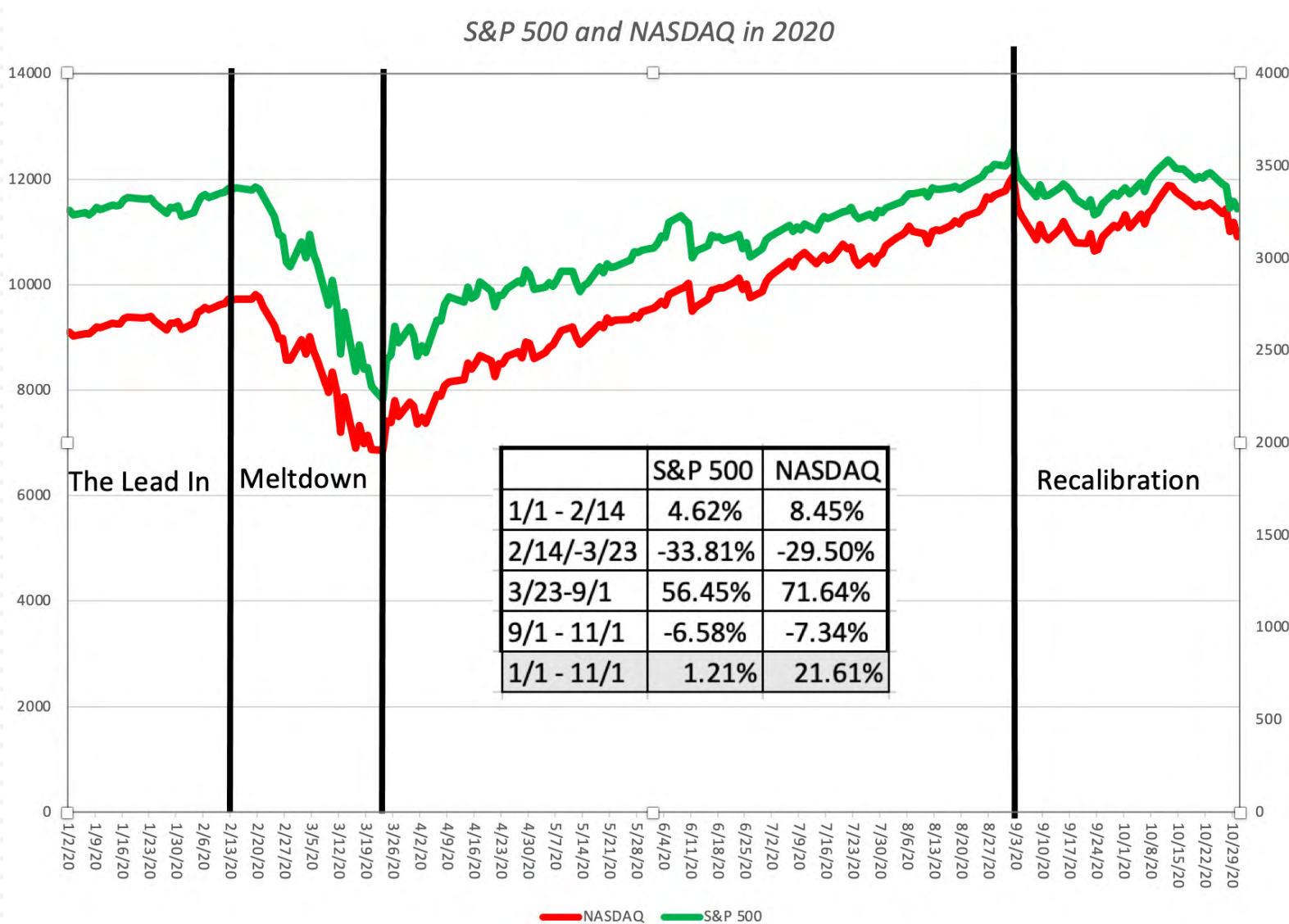


Percentile	Forecast values
0%	\$17,591,165
10%	\$26,150,864
20%	\$28,790,133
30%	\$30,952,251
40%	\$32,981,840
50%	\$35,114,898
60%	\$37,463,932
70%	\$40,181,915
80%	\$43,595,272
90%	\$49,120,328
100%	\$100,382,037

When a crisis hits, the dark side beckons...

- During a crisis, you will be told that you can no longer value companies with fundamentals, and that you have to play the trading game.
 - ▣ If your concept of valuation is downloading last year's financials for a company into a spread sheet and then using historical growth rates, with some mean reversion thrown in, to forecast future numbers, they are right.
 - ▣ If your notion of valuation is more dynamic and forward-looking, it is precisely at times like these that you need to go back to basics.
- More importantly, your story for the company matters more than ever before, since the numbers can no longer be used as a crutch.

The COVID Crisis: US Equities, from February 14 to November 1, 2020



Global Equities: By Region (in US \$)

Sub Region	Number of firms	Market Cap (\$ Millions)				\$ Change in Market Cap				% Change in Market Cap			
		2/14/20	3/20/20	8/28/20	11/1/20	2/14 - 3/20	3/20- 9/1	9/1-11/1	2/14 - 11/1	2/14 - 3/20	3/20- 9/1	9/1-11/1	2/14 - 11/1
Africa	775	\$ 551,313	\$ 347,724	\$ 453,676	\$ 450,891	\$ (203,590)	\$ 105,953	\$ (2,785)	\$ (100,422)	-36.93%	30.47%	-0.61%	-18.22%
Australia & NZ	1,544	\$ 1,460,485	\$ 867,789	\$ 1,457,249	\$ 1,377,797	\$ (592,696)	\$ 589,460	\$ (79,452)	\$ (82,688)	-40.58%	67.93%	-5.45%	-5.66%
Canada	2,396	\$ 2,069,846	\$ 1,263,949	\$ 2,025,929	\$ 1,874,426	\$ (805,897)	\$ 761,980	\$ (151,503)	\$ (195,420)	-38.94%	60.29%	-7.48%	-9.44%
China	6,293	\$13,955,224	\$12,367,237	\$16,742,877	\$16,405,890	\$ (1,587,987)	\$ 4,375,641	\$ (336,988)	\$ 2,450,666	-11.38%	35.38%	-2.01%	17.56%
EU & Environs	5,190	\$13,195,783	\$ 8,955,805	\$12,849,117	\$12,356,947	\$ (4,239,979)	\$ 3,893,312	\$ (492,170)	\$ (838,836)	-32.13%	43.47%	-3.83%	-6.36%
Eastern Europe & Russia	494	\$ 820,322	\$ 495,278	\$ 630,915	\$ 543,773	\$ (325,044)	\$ 135,637	\$ (87,142)	\$ (276,549)	-39.62%	27.39%	-13.81%	-33.71%
India	3,314	\$ 2,189,647	\$ 1,510,005	\$ 2,137,221	\$ 2,074,926	\$ (679,642)	\$ 627,215	\$ (62,295)	\$ (114,721)	-31.04%	41.54%	-2.91%	-5.24%
Japan	3,732	\$ 5,857,677	\$ 4,367,763	\$ 5,806,406	\$ 5,793,928	\$ (1,489,914)	\$ 1,438,644	\$ (12,479)	\$ (63,749)	-25.44%	32.94%	-0.21%	-1.09%
Latin America & Caribbean	1,164	\$ 2,420,178	\$ 1,418,615	\$ 1,889,419	\$ 1,764,617	\$ (1,001,563)	\$ 470,804	\$ (124,802)	\$ (655,561)	-41.38%	33.19%	-6.61%	-27.09%
Middle East	1,430	\$ 3,072,356	\$ 2,555,641	\$ 3,130,835	\$ 3,056,482	\$ (516,716)	\$ 575,194	\$ (74,353)	\$ (15,875)	-16.82%	22.51%	-2.37%	-0.52%
Small Asia	8,625	\$ 4,993,589	\$ 3,496,975	\$ 5,048,960	\$ 4,995,842	\$ (1,496,614)	\$ 1,551,985	\$ (53,118)	\$ 2,253	-29.97%	44.38%	-1.05%	0.05%
UK	1,130	\$ 2,899,163	\$ 1,826,761	\$ 2,506,942	\$ 2,306,805	\$ (1,072,402)	\$ 680,181	\$ (200,137)	\$ (592,358)	-36.99%	37.23%	-7.98%	-20.43%
United States	6,357	\$33,844,978	\$22,773,956	\$35,589,058	\$33,525,453	\$ (11,071,022)	\$12,815,102	\$ (2,063,605)	\$ (319,524)	-32.71%	56.27%	-5.80%	-0.94%
Global	42,445	\$87,330,562	\$62,247,496	\$74,920,290	\$87,744,240	\$ (25,083,065)	\$12,672,794	\$12,823,950	\$ 413,679	-28.72%	20.36%	17.12%	0.47%

Global Equities: By Sector

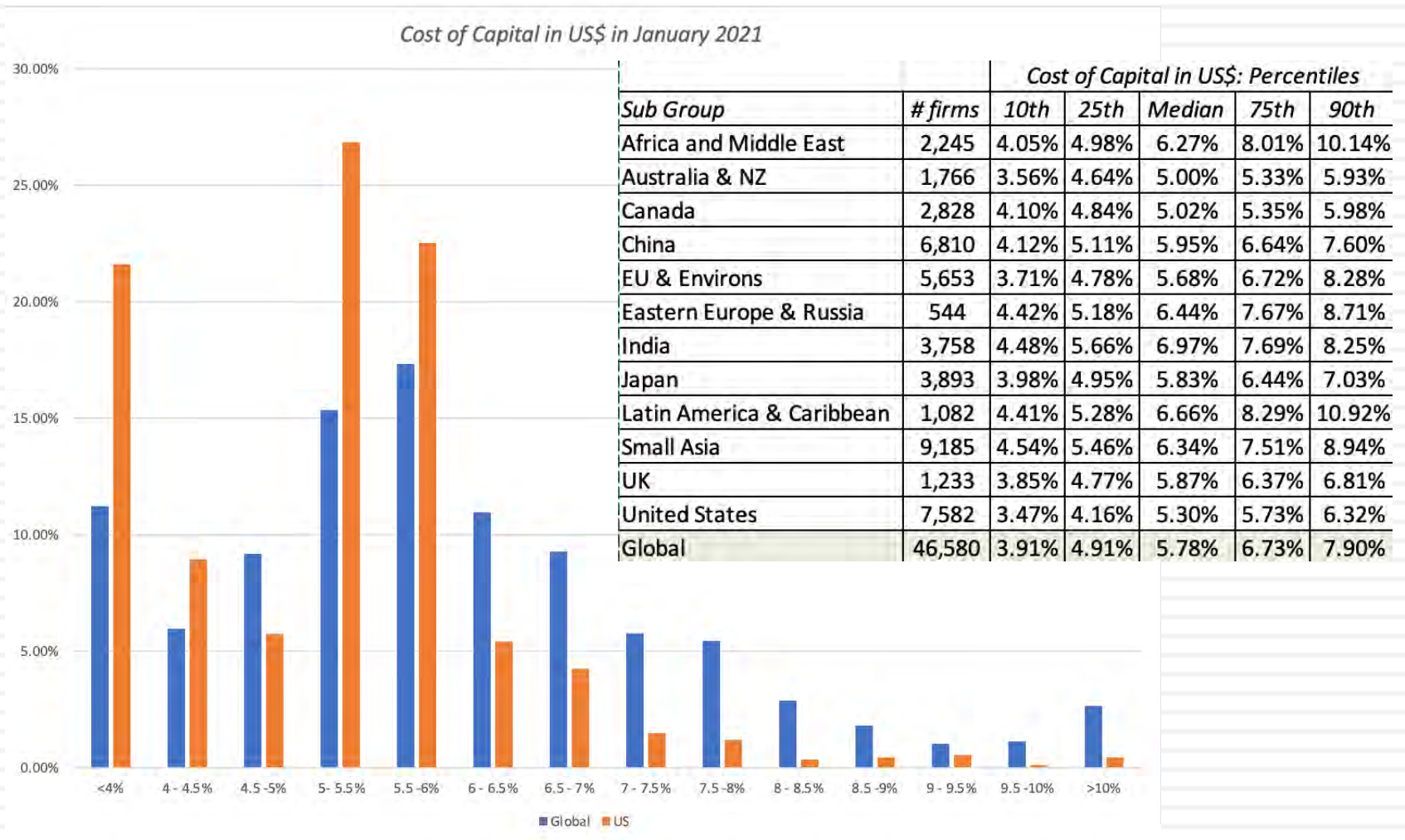
Primary Sector	Number of firms	Market Cap (\$ Millions)				\$ Change in Market Cap				% Change in Market Cap			
		2/14/20	3/20/20	8/28/20	11/1/20	2/14 - 3/20	3/20 - 9/1	9/1-11/1	2/14 - 11/1	2/14 - 3/20	3/20 - 9/1	9/1-11/1	2/14 - 11/1
Communication Services	2,079	\$ 7,291,713	\$ 5,460,948	\$ 7,920,931	\$ 7,605,693	\$ (1,830,765)	\$ 2,459,983	\$ (315,238)	\$ 313,980	-25.11%	45.05%	-3.98%	4.31%
Consumer Discretionary	5,945	\$10,153,097	\$ 7,068,864	\$11,850,184	\$12,063,642	\$ (3,084,232)	\$ 4,781,319	\$ 213,459	\$ 1,910,546	-30.38%	67.64%	1.80%	18.82%
Consumer Staples	2,847	\$ 7,168,482	\$ 5,729,650	\$ 7,641,382	\$ 7,237,898	\$ (1,438,832)	\$ 1,911,731	\$ (403,484)	\$ 69,416	-20.07%	33.37%	-5.28%	0.97%
Energy	1,654	\$ 5,922,675	\$ 3,847,829	\$ 4,991,620	\$ 4,444,401	\$ (2,074,846)	\$ 1,143,792	\$ (547,220)	\$ (1,478,274)	-35.03%	29.73%	-10.96%	-24.96%
Financials	4,356	\$14,234,754	\$ 9,514,353	\$12,061,179	\$11,412,865	\$ (4,720,402)	\$ 2,546,827	\$ (648,315)	\$ (2,821,889)	-33.16%	26.77%	-5.38%	-19.82%
Health Care	3,955	\$ 8,905,753	\$ 6,857,601	\$ 9,949,643	\$ 9,527,764	\$ (2,048,152)	\$ 3,092,042	\$ (421,879)	\$ 622,012	-23.00%	45.09%	-4.24%	6.98%
Industrials	7,560	\$10,081,864	\$ 6,865,944	\$ 9,922,741	\$ 9,576,177	\$ (3,215,919)	\$ 3,056,797	\$ (346,564)	\$ (505,687)	-31.90%	44.52%	-3.49%	-5.02%
Information Technology	5,577	\$13,560,982	\$ 9,707,739	\$15,984,270	\$14,992,176	\$ (3,853,242)	\$ 6,276,531	\$ (992,094)	\$ 1,431,194	-28.41%	64.65%	-6.21%	10.55%
Materials	5,705	\$ 4,976,622	\$ 3,514,149	\$ 5,380,546	\$ 5,200,887	\$ (1,462,473)	\$ 1,866,397	\$ (179,658)	\$ 224,265	-29.39%	53.11%	-3.34%	4.51%
Real Estate	1,842	\$ 1,836,062	\$ 1,353,453	\$ 1,679,779	\$ 1,585,009	\$ (482,609)	\$ 326,326	\$ (94,769)	\$ (251,053)	-26.29%	24.11%	-5.64%	-13.67%
Utilities	917	\$ 3,196,558	\$ 2,325,395	\$ 2,884,510	\$ 2,879,452	\$ (871,163)	\$ 559,115	\$ (5,058)	\$ (317,106)	-27.25%	24.04%	-0.18%	-9.92%
Global	42,445	\$87,330,562	\$62,247,496	\$74,920,290	\$87,744,240	\$ (25,083,065)	\$12,672,794	\$12,823,950	\$ 413,679	-28.72%	20.36%	17.12%	0.47%

Value Transfers

Grouping	Risk On	Returns (2/14/20 - 11/1/20)		Risk Off	Returns (2/14/20 - 11/1/20)	
		% Change	\$ Change (billions)		% Change	\$ Change (billions)
PE	High PE	6.07%	\$313.00	Low PE	-3.23%	-\$57.00
PBV	High PBV	13.96%	\$3,387.00	Low PBV	-16.21%	-\$204.00
Dividend Yield	No or low Dividends	5.20%	\$1,546.00	High Dividend Yields	-16.06%	-\$1,448.00
Corporate Age	Young companies	19.26%	\$466.00	Old companies	-13.96%	-\$3,807.00
Growth	High growth	64.12%	\$2,049.00	Low growth	-27.62%	-\$2,218.00
Size	Small Market Cap	100.40%	\$4,119.00	Large Market Cap	-1.50%	-\$1,150.00
Debt	High debt	-18.62%	-\$459.00	Low debt	20.81%	\$526.00

Returns reported for firms in the highest and lowest deciles of each grouping, except for dividends, reported in quintiles.

The COVID effect on hurdle rates...



How crises affect stories...

- **Stories can expand:** For some companies, a crisis can expand stories
 - ▣ By allowing them to reach new customers and devise new business models that have staying power (Zoom, Peloton)
 - ▣ By being in the right place at the right time (Moderna)
 - ▣ By handicapping or damaging the competition (Tesla, Airbnb)
- **Stories can contract:** For other companies, a crisis can shrink stories
 - ▣ By making their markets smaller (cruise lines definitely, airlines maybe)..
 - ▣ By being in the wrong place at the wrong time (commodity companies)
- **And the risk of failure becomes real and can no longer be ignored:** And for all companies, a crisis can increase the likelihood of failure (story break).

A Roadmap to Story Telling & Valuation in a crisis

1. Separate the near term from the long term: During a crisis, the near-term effects are likely to be both large and unpredictable (negative for most companies, but positive for a few). Estimate the near term effects on earnings and cash flows, using all of the information you have and bringing in views on how the macro economy will evolve.
2. Revisit your story for the company: Evaluate how your story for the company has changed as a result of the crisis, and play out its effect on your long term value inputs (revenue growth, margins and reinvestment)
3. Bring in failure risk: For your story to play out, the company has to survive. Incorporate, as best as you can, the likelihood that your company will not make it through.