

TRANSCRIPT

Whale watching: Tracking the activity of large investors

Presenters: Troy Mahon and Jacob Ellis

Troy Mahon: It's great to be with you. Welcome, everyone. Thanks so much for joining us. As Trey said, my name is Troy Mahon. I'm joined today with Peter Janssen, and we're both part of Fidelity's Trading Strategy Desk Team.

We've got some great stuff for you today, which I'm guessing you've probably either never seen before, or at least never used to the depth we're going to show you today. Just make sure you stick around to the end. We're going to share also some great resources for you.

A big part of what we do here at the Trading Strategy Desk Team is we provide daily educational coaching and insightful content for retail clients just like yourself. And of course, if you're somebody who after watching today-- if some of this goes over your head, just know that every month we will host classes on teaching trading, investing basics.

We also have a class on options trading, technical analysis, some of which we'll actually show today. And that's going to be, again, very helpful for you. If you're somebody that has been trading and investing for many years, for a long time, we do have more advanced coaching sessions where we demonstrate, again, more

sophisticated risk management techniques, different trading styles-- again, that are going to be helpful and useful for you.

And what's also really popular for just about anybody is we do also host daily market briefings. We talk a lot about what's happening in the markets, sharing some news, and key events. It's a great way to stay in the know and to keep tab on the daily pulse of the markets. But with that out of the way, what are we talking about today? We're talking about whale watching, right?

What's the big money doing? What's the institutional money doing? There's so many different things we can look at, and I think there's always kind of this mysterium or this mystique about what's happening in the boardroom, right? What are the executives doing with their money? Are they buying, are they selling?

What's happening at some of those Wall Street firms, right? Are they accumulating shares? Are they reducing exposure? So there's so many things we can look at, but we're going to spend some time and focus on just two key things today.

We're going to look at institutional ownership structure and changes to institutional ownership, and we're also going to look at insider transactions. So where we're going to go is, if you're familiar with fidelity.com and kind of you've navigated this before, we're going to go into the Stock Research area of the website.

So I'm going to go to the News and Research tab right at the top-middle part of the screen, and I'm going to go down to where it says Stocks just to get started. So normally, this is where you'll see the very big and powerful Stock Screener tool; we'll show that a little bit today.

You'll also see a lot of other interesting tools, information. What we can do is, I like to come to this page first. You can always go to the upper right-hand corner and type in a ticker symbol. I like to just come here first, and we can type in our ticker symbol of interest right here.

We're going to be showing different symbols today. Again, just to illustrate some of these tools. Please keep in mind, a lot of these symbols have been prepped just because they're going to be useful to illustrate. So of course, we're not making any recommendations of any kind here.

But I'm going to look at a stock that actually has had really vibrant insider activity, and that's going to be Occidental Petroleum ordinary shares. So I'm to type in OXY and then hit Enter, or we can just click on the first dropdown there.

Now again, if you're familiar with the website, if maybe you've never been here, this is where we go to do a lot of the fundamental research, or a lot of the stock or company specific research. So where we're going to spend some time is, we're going to go all the way over here to where it says Statistics. The Statistics tab.

So I'm going to go ahead and click on that, and we'll just scroll down a little bit here today. Now, we're going to spend a good deal of time on these two different tiles. The first is on the upper right-hand side, you're going to see Ownership & Insiders. There's going to be a More link here, that's going to give us a huge wealth of information, which can be really, really interesting.

And trust me, this is going to be a good use of your time here. If we scroll a little further down, on the bottom left-hand side, there's a tile that says SEC Filings. And this is where we're going to go to actually see-- it's going to give us access to what's called the Edgar System, which is from the Securities and Exchange Commission.

And whenever there's insider transactions, there's going to be the appropriate filings or forms here. You don't have to be a legal expert in corporate finance. And believe you me, neither are Peter or myself. So you don't necessarily have to know what a Form-4 is, what a Form-3, a 5, a 144.

But basically, what it's going to do is it's going to tell you a brief description about what the form is, what it does. You can sort by specific forms if you know, kind of, exactly what you're looking for. Basically, most of what we're going to be looking at is going to be dealing with Form-4.

That's basically an insider makes a trade and they're required to disclose it shortly after making the trade. There's Form-3, that's usually when somebody becomes an insider. Then there's some other forms. There's a Form-5, that's a little bit less

common. And then sometimes you'll see something like a 144. It's called an intention to sell.

But before we kind of jump right into everything here, let's first just kind of clarify a few things, right? So we're talking about insider transactions. When you hear the word "insider," let's clarify-- what probably comes to mind, right? You probably think of insider trading, right?

Well, insider trading, you know, what that basically is, is if somebody has too many chardonnays at a cocktail party, sometimes they'll share information that they otherwise shouldn't have. If that turns out to be material, non-public information somebody hears it, and somebody makes a trade on that, that's illegal; you can be fined. You can also, potentially, face jail time.

So that's not what we're talking about today. So we're talking about legal transactions that come from insiders. These are board of directors, these are executives, or also beneficial owners; and I believe they're characterized by owning at least 10% of the outstanding shares.

So again, when we're talking about insider transactions, we're talking about legal transactions. And these are transactions that the insiders have to disclose. There's a number of hoops they have to jump through to be compliant, and a number of different paperwork. So just wanted to clarify that, and thought I'd clear up any confusion there.

But we can click into the forms. Again, you don't have to know exactly what you're looking at here. The SEC does provide a number of investor education bulletins that you can look at, at your leisure. But what's really great is when you pull this up, it's going to tell you a lot of the information. But we've got some tools that are going to pull a lot of the data from these reports, and put it in a format that's going to be far more palatable.

But real quick, what do we see here? We see Warren Buffett, right, the Oracle of Omaha, right? If we click on some of these hyperlinks, again, it's going to give us the actual forms. It tells us are they a director, an officer, 10% owner. It's going to give us some of the transaction data.

Again, there's a lot of information here. If your eyes start to glaze over a little bit, trust me you're not alone there. So I just wanted to show that briefly, but with that out of the way, we're going to now go into where a lot of this information is pulled from.

And that's going to be in this upper right-hand tile that says Ownership & Insiders.

So Peter, I'm going to turn it over to you. Why don't you take us through some of that information, and maybe introduce yourself here?

Peter Janssen: Yeah, of course. No, I'd be happy to. And I think that's a perfect segue in going through the ability to pull the information, just like you were referring to; and then the fact that some of this is going to be very data-heavy, so to speak.

I mean, we're talking about SEC filings just like you were walking us through. And I think the point of emphasis that I always have enjoyed making, especially with conversations over the years working with Fidelity clients like many of you out there in the audience, is the fact that this information is here, that's fantastic.

We want to be aware of it. Perhaps, we want to know some of those definitional aspects. OK, what does four mean versus three, versus five? Maybe once you've seen that once or twice, you are familiar enough, but also driving the other availability of information that Fidelity has to offer.

We're trying to make it easy. We're trying to kind you out of the weeds, so to speak, unless you really want to dive in further. Going back a number of years in the past, as far as SEC filings are concerned, is going to be at your disposal. Is that something that I think I personally, or maybe Troy, or many of you in the audience are going to do on a daily basis?

I would venture a guess that more than likely not, but at least knowing that information is there can be helpful if you find yourself in a scenario where you'd want to actually do a little bit more of a deep dive. Having that said, let's go ahead and focus, as Troy was mentioning and teeing me up for.

On the Ownership & Insiders tab, as he had said, this is going to be under the statistics for a specific company. I'm going to continue that example of Occidental.

And if we click on the More tab here, what that will do is actually dive us straight into a few different avenues of information.

We've got the Ownership Summary, Insider Transactions, as well as Insider Trends.

I'm going to try to highlight some of those things that you should be aware of, more or less being your tour guide, so to speak. But as we are discussing ownership summary, it's a great place to start.

What we're noticing down below, colorful pie graphs, different types of charts. And then we're starting to see some of those definitions that Troy had already discussed a bit with us. We're seeing institutional ownership, institutional mutual fund ownership, we've got mutual fund ownership.

You might be scratching your head; OK, well what's the difference between the two?

Some of this can get a little bit granular, folks. It's really just the size and scale of different mutual funds, but it's a little bit more nuanced. The whole theme is, if we're thinking about institutions in general, well, why might that be noteworthy?

Why might you want to observe, perhaps, how much of a company is owned by institutions or mutual funds versus maybe just a general retail population? And much of that gets back to the thought process of, well, when we're looking at some of these institutional details, or some of the institutions themselves down below, Troy's already mentioned Berkshire Hathaway, kind of Warren Buffett's company there.

That's a tremendous share. We're going to look into how this 25% of shares outstanding in this publicly traded name kind of came to be as our example, or case study. But nonetheless, there's a number of other institutions that I'm sure you have heard of before. And when we say institutions for thinking about that-- think hedge funds, pension funds, different types of endowments, insurance companies, banks.

Here we see Morgan Stanley. Privately held companies are going to fit the mold. You can certainly click on a number of these different categories, title headers, for more information. It'll talk a little bit more about the filings that are required, as well as maybe some of those minimums that are the kind of definitional purposes that the SEC has as far as filing standards are concerned.

But we're, I got to admit, less concerned about what is going to constitute those filing standards or institutions. We're more interested in what these numbers are. What are we seeing? And we're able to break this down a couple different ways. We observe institutional shares that are purchased, institutional shares sold, what the net result of those buys and sells over the period had been-- in a share amount, as well as a percentage amount as well.

We break this down for the current quarter, at least with the information that's been provided so far, as well as what the previous quarter had been with a glimpse into, maybe, a little bit of the trend, or perhaps trend change that's being observed.

What I mean by that is our shares net net being acquired by institutions, or maybe our institutions actually beginning to unload or distribute some of their shares. It's kind of that thought process of accumulation or distribution, and where the chips are landing.

Now, keep this in mind, a little bit later today Troy is going to walk us through the Stock Screener where you can actually take a look at different previous quarter, current quarter results, as far as institutional shares being purchased or sold.

So keep these kind of columns in mind. But more or less, the thought process here is being able to consider, well, if these are extremely large money managers that are out there, we're talking massive amounts of assets under management, why it might be important to observe if they are, maybe, accumulating shares or distributing shares at certain points in time. And the same is true for mutual funds; is that they have large scale.

In theory, they should have highly trained teams of individuals that are able to, I guess, for lack of a better term, kind of get boots on the ground; actually spend time researching these companies. Actually spend time, perhaps, even with the management teams in order to hopefully get a better understanding as to the kind of future of the company.

All in all, said to be that they are looking for a better decision-making process than maybe you and I as a retail investor are privy to, or have the capacity to be doing.

Now, of course, that being said, keep in mind that a number of these names, even the Warren Buffetts of the world, have admitted that not every single opportunity that they vet is going to be a profitable situation.

Also, the reason that Warren Buffett is investing, or maybe a company like State Street or Vanguard is investing in some of these might be starkly different than what your outlook could be, what your risk tolerance might be, what your time horizon might be.

But the thought process remains that we are, essentially, looking for any types of transactions or trends that might give us a little bit of, maybe, swing in our decision-making process as to, OK, are folks that should be, quote unquote, "in the know," or at least do this for a livelihood and living-- are they actually looking to acquire shares, or perhaps be removing shares?

Now, down below, I don't want to be redundant. The mutual fund ownership details presented to us a very similar fashion, as far as shares purchased, sold, net changes, and ownership for the current and previous quarters. I used to use this quite a bit on the phones with clients and thinking about, maybe, for instance, some of you in the audience maybe like a individual name, but you're not necessarily looking to put all your eggs in one basket.

Being able to identify a name, or perhaps an industry, maybe a broader sector that you're interested in maybe getting some exposure on could be important to you.

Being able to observe some of those mutual fund holdings that have a portion invested in a specific name, but then might also cater towards a specific theme, objective, industry, or sector, as I mentioned, might be important to you as well in order to gain exposure into certain areas in your portfolio without having to just buy an individual name.

Now, as we begin to scroll upwards, I want to transition over to the Insider Transactions tab that we have here. And the reason being is, as Troy had mentioned, the purpose of this type of tool or kind of information is to make digging into those SEC filings that much easier for us.

It's there to really kind of expunge some of that information and put it in a more, I guess, visually appealing type of graph that we're observing. Here what we're going to see are different types of weekly insider transactions. Down below, it actually has kind of a key listed for us as to the different types of transactions that can occur.

You know, are these automatic sells or buys that take place periodically, regardless of the ebbs and flows in the market? Are these buys or sells that are taking place in the open market themselves that need to get reported? You can click on the Learn More functionality to see the subtle differences between, say, a sell versus a private sell or disposition. That's a little bit of food for thought for you to look at on your own.

But here down below, really, the reason we're using this as a case study is just the overwhelming number of open-market purchases and buys that took place. Here as

of late, we observed that on October the 25th, 24th, 23rd, Berkshire Hathaway added again, making large purchases of Occidental. So this is breaking down for us the name of the company that's doing a transaction, what type of transaction it is, whether it's a buy or sell, the number of shares, as well as the market value, and then the total holdings, looking at Berkshire Hathaway owning roughly 228 million shares out there of Occidental Petroleum.

Certainly didn't start this way. You can observe these purchases that have been taking place as of late. But just look at the sheer scale of the transactions that were taking place, roughly around March the 1st, 2nd, 3rd, 4th or so. And if you were to scroll backwards on this information, probably get all the way up to about page 20 or so, I think it was when I was looking at this, to find that at that point in time, March the 1st of 2022, Berkshire at that point in time, only owned about 30 million shares or so of Occidental when their accumulation period really began.

Now, what I did want to draw on, at least to just drive this point home as to the benefit of this page and kind of the visualization that this is providing us is that, as Troy mentioned previously, if we were to hop back over to these SEC filings, we can observe through the form 4 filings that there on October 25 was a form 4, for a period beginning October 23, received on the 25. And if we were to actually pull up this form and take a look at it, like Troy mentioned, your eyes might gloss over. But the

information that is contained here within this page is what's being disseminated on the page previously that we were showing on that insider transactions page.

And what I mean by that is October 23, 24, and 25, we have acquisitions that are occurring for a certain number of shares, and also showing us what the total number of shares are. I don't expect any of you to potentially remember these exact numbers. But if we hop right back over to the previous page I was displaying, here, it's breaking it down for us maybe in a more, I guess, visually appealing way that's even easier to access versus having to dig into different SEC filings or forms. So that is I think, in a nutshell the kind of theme of the insider transactions page, some of the benefit to you above and beyond.

Yes, you have access to the SEC filings. But maybe if you glance at this from time to time, periodically, that might go ahead and give you the top-level information, as well as a different way to visualize the trends as to whether there's been purchases and accumulation taking place, or maybe quite the opposite, different sales that have been occurring.

Insider Trends is another tab that is provided. It's a bit interesting. This is one that I would encourage everyone to perhaps take a look at if this is something of note. You can review different types of recaps on a one-week or eight-week basis. Down below, depicted very similarly, it's going to go ahead and show different types of buy and sell transactions.

It's also going to go ahead and list for us some of these top insiders and what some of their holdings currently are and some of their latest transactions. And no surprise, you would expect maybe some of the CEOs, directors, VPs of different companies to be the ones that are maybe holding a number of shares as defined by insiders. And then what's even better is down below, what they've actually kind of created from this vendor is what's referred to as Predictive Insiders. What it's doing, folks, less about predicting the future and more showing a track record. Have these individuals been net buyers or sellers? And on their transactions on average, after a transaction takes place, what has their return been in comparison to a six-month span for what the underlying stock price has been?

Now, some of these are very run of the mill, 2%, 9%, 11%. Some of these actually are extraordinary, 41% returns in comparison to that six-month transaction price difference. So it's more of those that may be a little bit of a healthy curiosity.

However, as Troy mentioned previously, I wouldn't necessarily go out there and be advocating that everyone needs to try to mimic or duplicate what one individual is doing versus another. But information is powerful. It can be useful. And I wanted to go ahead and at least just round out these three different tabs as far as the insider trends, transactions, as well as ownership summary.

Now very quickly, we've shown an example of a tremendous amount of accumulation that was taking place in a name. I wanted to go ahead and actually

show another example of one where there had been a lot of chatter and news and narratives about sales that were taking place. And Tesla is one of those that comes to mind. If you're thinking about Elon Musk's stake, of course, a tremendous amount of his wealth has, and perhaps still is tied up in Tesla ownership. And here, if you click on the More, as far as ownership and insider transactions are concerned, we've got all of these same stats and information as far as institutions. But we also are able to go ahead and very quickly at a glance take a look at different insider transactions that were occurring.

Down below, of course, we're going to notice a tremendous amount of sales transactions that had occurred at various times. I'm not going to go through every single one of these. But perhaps, a little bit later on a chart, we can go ahead and identify the times that the Occidental, the Warren Buffett stakes, began to ramp up, and maybe some of these key dates for insider transactions when Elon Musk was actually needing to sell shares.

And that brings me maybe to one last point before I open it back up to you, Troy, is that when we think about the I guess, a benefit of seeing if there are insider or large transaction buys versus sells, commonly you'll hear that the expression, there's a number of reasons to sell securities, but really, there's only maybe one or two in order to be buying securities. Troy's got more on that in just a little bit.

But when thinking about the classic example with Tesla, the reason I use that-- there are a number of reasons in the kind of sell side of things. Not that he didn't have faith in his company, of course, but lots of his compensation was drawn to shares and needing to maybe sell shares as a form of paying himself. Of course, if you are absorbing a tremendous amount of wealth and you are paying yourself in the form of compensation, you've got to pay taxes. So actually selling shares in order to not only compensate yourself, but then maybe selling some shares to pay taxes.

And then some of these sales that you're observing were actually occurring for another reason that insiders might need to sell, which is looking for other opportunities. Maybe you need to divest some of your wealth in order to look for other opportunities that are out there and raise cash. Of course, I'm referring to the acquisition of at the time, Twitter, which was made in taking that private, and some of the sales that had occurred in order to go ahead and raise capital to fund that deal. So that is why I wanted to at least just depict a few examples, all-in-one kind of example as far as Elon Musk specifically and Tesla, selling not because maybe losing faith in a company, but selling for a number of other reasons, which can be very, very commonplace, which is why in general, when you're thinking about insiders and their transactions, more times than not, you might see a higher ratio of sales to buys. And I think in a nutshell, it's for some of those reasons that maybe even Elon Musk, as a case study, had to do themselves.

Having that said, Troy, let me go ahead and open it back up to you. Any additional thoughts that you had on any of these tabs or some of the, if nothing more importance that they offer or the fact of where this information is?

Troy Mahon: Yeah. Well, like you said, Peter, you know again, there's lots of reasons to maybe sell. And sometimes there's even some reasons to buy as well. But at the end of the day, this data kind of helps tell a story. If we go back to the Occidental Petroleum example for a minute here, I'm actually going to pull up Active Trader Pro here. Again, if you join us in some of our technical analysis classes, I always like to say, the chart tells the story as well.

Here's a five-year chart of Occidental Petroleum. And we can see, all right, there was a precipitous decline here. And this was March of 2020. That was COVID. We know what transpired there. But we see there's a huge volume spike here right in March of 2022.

If we go back into those tools, and I'll show you in a minute here, that's where Buffett became a 10% or larger holder of Occidental, right? If we use some very basic techniques of technical analysis, we'll see that the chart was actually in a wedge pattern, building up, up until it became public knowledge that Buffett was interested in this stock. We'll use some basic concepts of trend lines, the idea of higher lows and higher highs. And we can see again, the price of the stock is coiling towards a convergence point.

And then it breaks out. It has a small check back, and then it takes off. And at this point again, it was the beginning of March that actually that form 3 was filed, where it said, hey, Buffett is now, and Berkshire Hathaway is now more than a 10% holder of the shares of this stock. So now they're considered an insider. And now from henceforth, any of their transactions have to be disclosed on a form 4.

So we can see the huge again, the volume spike. We can see the huge price action, right? But during this time, we don't really know when, but Buffett was buying shares around this area. We don't know. They weren't disclosed. Why? Because he wasn't a 10% beneficial owner yet.

The big takeoff happened once it was disclosed that, hey, now he's a big-- now he's a 10% owner. If you do a Google search and you filter by dates, you'll see there was some CNBC articles, there was Bloomberg News saying, Buffett has recently taken interest in a new stock. But what's cool is that you can stay on top of that. The news outlets, they're going to use the same data that you can have access to right here on fidelity.com.

Now, an important aspect-- we couldn't have predicted that this is going to happen, right? We didn't know it was going to happen before the fact there. And of course, if we look at the insider transactions, Buffett has continued to buy. He didn't just buy here and then has kind of sat patiently. After it's been taken off, he has been buying. And we can even see at what prices he's been buying as well.

Of course, the point Peter made, which I'll go ahead and just re-echo here is, we have to be careful about just blindly following what somebody else is doing. We don't really know the full story. We don't know their time horizon, how this stock fits into their portfolio, what kind of a portfolio they have, et cetera, et cetera.

So this was a really great example, again, Occidental. But maybe you're asking yourself, OK, Troy, this is interesting. This is cool. We can go back. We can see how it happened. How do I find maybe, opportunities where this has recently happened? And how can that affect me in how I make stock buying and selling decisions?

So let me go back to fidelity.com. What we're going to do is, I'm going to go back to the Stock Research Center. And we're going to go up to News and Research. And I'm going to go over here to where it says Stocks. And that tool that we showed at the beginning, the Stock Screener tool, it does have screening criteria for net buying of insider transactions.

Keep in mind, like Peter said, right, there's always a lot of reasons to sell. There's not a ton of reasons, maybe like a couple to buy. If we're selling, do we need liquidity? Are we going to buy a house? Maybe an executive or a high-net-worth individual wants to diversify.

But if we're buying, we're putting more capital at risk. We're increasing probably, an already pretty hefty stake in a company. So a lot of times, we're more typically more

interested in the buys than the sells. So I'm going to go ahead and launch the Stock Screener tool. It's a great tool. We can screen for many different metrics and criteria.

But I went ahead and I've used this tool for our session today. So I've got some stuff prepared. What I'm going to do again-- there's no perfect screen out there. Feel free to play around with the tool yourself-- But what I'm going to say is, let's stick to some companies that are pretty well known, that are on some of the major indices. So let's say, show me companies that are only on either the Dow, the NASDAQ, or the S&P.

And then what I'm going to do is I'm going to go down towards the bottom here. You're going to see Trading Characteristics. So I'm going to click the plus here, just the dropdown. And you're going to see here, Net Insider Shares Bought. So this is another filtering criteria. I'm going to go ahead and click on that.

And again, it's just showing us the net. There might be some executives who are selling. There might be some who are buying. But we want the net result to be net buys, more buys than sells. So I'm going to say, show me medium to potentially very high ratios of net insider shares bought.

Now, what we're going to see is we're going to see a short list. Out of a universe of over 500 companies, we're narrowing it down to only 12. On the right-hand side here, you'll see there's-- I have a tab here. I have a header that says, "net insider shares bought." And I'm going to just sort it from greatest to least. Now keep in

mind, if we're sorting by net shares, keep in mind, different companies have a different per share value.

So for example, the top company on this list for right now is Carnival, Carnival Corporation. It's a cruise liner, right? Their stock is, as of just the most recent transaction here, is about \$12.87. So if we take \$12.87 times about 450,000 shares, we can think about the value of those shares.

But if we scroll down to a company like, for example, Fox, well, its per share value is about \$30.61. And it had about 141,000. So we can do a little bit of math there, if maybe we're interested more in just the net value as opposed to just the number of shares, because that will tend to skew lower priced stocks or securities.

But again, just for illustrative purposes here, we went ahead and prepared this. So again, we're not making recommendations here. But I'm going to click into Carnival here. I'm going to open this in another tab. And with-- now that we've shown you some of these tools, let's look at a situation where, OK, it came up on a screener. Let's dig in a little bit more and let's see what we can find.

So I'm going to, as we did before, go over to the Statistics tab. And once everything loads in here, I'm going to scroll down. And sometimes it takes a minute or two to load. There we go. We'll see on SEC filings, we see a number of different things. We see a form 4. That's an insider transaction. We see a form 3. That's an insider initial filing.

And we see another one. We can sort. We can look back. These are pretty recent, right? This is around the beginning or mid, to about the latter part of October. So for example, let's click on the form 3. That was one we didn't really discuss too much here. What's pretty interesting-- and again, we can get as much or as little as we want into the nitty gritty here-- we can see we have a new insider, Ms. Alejandro, right?

If we click the top form here, we can see, all right, well now, she's an officer of the corporation. She's now the chief human resource officer. That's interesting. A cruise liner is appointing a new chief human resource officer. We can do more research. We can maybe do a little digging. Has she been with the company a long time? Has she come from an outside firm? Did she have industry experience? Did she work at another cruise liner? Did she work at another firm?

But she's a new insider. So when we go back to those tools and we look at the insider trends, we want to keep in the back of our mind there's now a new insider that if we're tracking this stuff kind of more granular, that might be an interesting thing to keep in mind.

So we can also see other form 4s here. But again, the data on the form 4s, it's going to be pulled into this area. So it's a little bit more digestible and palatable here. So I'm going to click More, and I'm going to dig in and see-- let's take a look at what happened here.

I'm going to go into Insider Transactions. And I'm going to scroll down here. And what kind of pops out to me is there's two buys here. There's a buy from a guy of the of Randall Weisenburger. We see Alejandra now, the initial filing. She's now an insider. She now has some holdings. So that's something to keep in mind. We saw that on the Form 3.

But on October 10, there was a buy, 350,000 shares. That comes out to a market value of about \$4.5 million. There is another transaction, another buy, on October 19 for 100,000 shares. And that was about \$1.2 million. Altogether, that's about \$4.7 million.

Now, you might have to ask yourself, wow, that sounds like a lot of money. Well, is it? These people could be multi-millionaires. In some cases, they might even be billionaires. So keep in the back of your mind the idea of relativity. Could it be chump change for them? Could that be fairly substantial? I think \$4.7 is a decent amount of money, certainly it's a lot of money from my perspective. But again for them and their individual financial circumstance, it might not be as big a deal as perhaps you think it is.

So we have the transaction itself here. So we know what happened. We have an idea of price, bought a little bit just under \$13, bought a little bit at about \$11.5. Let's now scroll back up and let's go into some insider trends, and let's see if there's anything we can take away, apart from just the fact that it happened.

So if we scroll down here, again, this chart will tell us just the buys and the sells. The other chart will tell us all the acquisition, distribution-type stuff. So this tends to be a little bit more of what we care about. And typically again, we tend to be a little bit more interested in the buys because there's fewer reasons why that might have happened.

So again, this is showing us many years. It starts at 2018. So from 2023, we haven't had a lot of insider transactions here. We've only had them on basically two different months. So we just had this most recent transaction in October. So we want to be aware of things like recency bias.

But let's scroll down. Well, OK, this guy, Randall Weisenburger. He's not just some schmoo. He's a director. And he actually is one of the top holders in terms of the insiders within this company, right? His most recent transaction, which we just looked at, was October 19. He was buying 100,000 shares.

We can see some of these other officers haven't really had any recent transactions.

So that's interesting. If we scroll down, there's an area called Predictive Insiders, where this is saying, OK, if we understand which insiders did which transactions, have they had a good track record? Is somebody maybe just a talented stock picker and has a good track record? Does somebody get lucky? Do maybe they do a transaction, the stock rallies or they sell, and then suddenly the stock goes down? Sometimes there can be coincidences. There can be luck.

So it turns out from this data here, it turns out that Randall doesn't have an awesome track record. It's just OK. From the last transactions, if we look at the six months, he's only typically-- and again, it hasn't been six months yet because he just made the transaction. But prior to this, he didn't have an awesome track record.

Who did have an awesome track record? Well actually, the CEO, a guy named Arnold Donald, had a much better track record. But we'll see here, his holdings are a little bit lower. Do we want to weigh that? Do we care? So he's been a more predictive insider in terms of just his track record. Will that continue? We don't really know.

But he hasn't had a transaction in a while. It says here his last transaction was July of last year. So he's got a really good track record, but he's not super active. He's kind of a sleeper. So that's pretty interesting. So again, this is information we can use. We can kind of filter into our own process.

But as we want to really encourage, drive home here is, this is not going to be by itself, stand-alone, actionable information. We're not going to look at this and say, well, I suddenly have to buy now. We want to combine this with some kind of additional research, additional analysis. So I'm going to pull back up our Active Trader Pro platform, and I'm going to go to CCL, or Carnival Cruise Line. And I'm going to take a look at the stock here. I'm going to just go to about two years.

Now, if we zoom in a little bit here, we can see, if we look at, well, when did Mr. Weisenburger, when did he place those transactions? Well, it was towards the

middle, towards the end of October. So that was right about here, right? He didn't call the bottom. He didn't have-- time it perfectly.

But if we zoom out back again, if we use more techniques with things like technical analysis, well, perhaps, the stock is settling in a little bit here. Maybe it's bottoming out. It seems to be respecting a certain trend line. And we know here that it did have an earnings that recently happened. It had a negative reaction to earnings.

But after the earnings came out, the information's out there to the public, the insiders are likely then able to go ahead and place a transaction. There are restrictions. I don't know what all of them are. Insiders can't just willy nilly buy and sell. There's certain restrictions. There's certain rules they have to follow. They can't just, right before information hits the tape do a transaction. They usually have certain windows where they're allowed to perform open market transactions in which they disclose.

But again, going back to Weisenburger, Mr. Weisenburger, he purchased right about here. So the idea is if he bought just under \$13, which is where it is now, and it looks like he bought a little bit, it said at about \$11.5, so a little bit lower than that-- it's been as low here as, looks like \$10.84. I'm seeing a pretty decent low there.

So again, do we want to follow, do we want to say, all right, that's interesting? But from a technical analysis perspective, we would think that, OK, we know that if a stock has a trend, one of those basic concepts of trend is higher lows. From a technical analysis perspective, this looks like a bounce point.

If it were suddenly to turn around and not hold this line, that would be a huge negative. We would have to make sure what reason, what rationale we're invested for. If we zoom out to like a five-year perspective, this stock has been a lot higher and has had a really tough time, right? We can see a really negative multi-year trend that happened. This is right about the start of, call it about June of '21. You have a multi-year downtrend. So it looks like that's been snapped, and perhaps, we're starting a new uptrend. But it's pretty early.

And if we're going to make any type of investment, put our own capital at risk, we need to have more of a rationale than just, well, some dude who is in the know is buying. There can be many examples where we'll see conflicting information. One insider is buying. Another insider might be selling.

But again, we can use a number of different technical indicators. We can look at volume. We can look at things like volume shelves. There's a number of volume indicators that we'll go over in our technical analysis classes. But if we look at where a lot of transactions have happened in this name, we can see it's been right in this area.

This was a prior breakout zone. And we can see that price bounced right in this same neighborhood. So if we're respecting this trend and if we don't want to rehash the price discovery discussions that we've had before, we should go higher if we're going to be bullish. If we don't and we don't respect this trend line, we're threatening and breaking trend, and then we're going back into this range where a

lot of trading and consolidation happened. So anything can happen, right? We don't know if the stock is going to go higher, if it's going to stay where it is, or if it's going to go lower. But like any investment, we should have some kind of a plan and some kind of a method to manage risk if we're wrong.

So I know we're coming up on time. Peter, again, there's a lot of different tools, just here in terms of what I'm showing. I have a news feed here. There's a lot of times you'll see whale watching, third-party news stuff that'll talk about large option trades that just hit the tape. Maybe there's again, some interesting time in sales data. There's so many different things to look at.

But the insider transactions I would say, are pretty interesting. We can screen for them. But at the end of the day, I don't think by themselves they're solely actionable information. We usually have to combine it with some other type of technique or analysis there. Some of your thoughts there, Peter?

Peter Janssen: Yeah, I completely agree. And I think that if some of you are thinking about this information, you're maybe in the camp that says, you know what? This seems very research intensive. It seems like I'm needing to spend a tremendous amount of time going company by company, taking a look at these filings, or maybe even the insider transactions like we were showing. You might be right. Maybe I even agree with you.

There are other types of resources. There's other types of analytics that are out there. And I want to maybe just flash one or two of them that come to mind here. Taking a step back, if we're thinking about why is it important, well, if there's maybe a large holder or institution or insider CEO that's more or less kind of putting their money where their mouth is, for lack of a better term, saying you know what, I'm looking to maybe buy some shares or quite the opposite as we've seen with some examples, maybe I'm looking to go ahead and sell. Perhaps, I'm seeing value at these current levels.

Of course, as we've instructed so far, we can look at this on that per-company basis. But a news resource that we do have access to, Argus, actually, via their market watch and their market digest reports among others, actually, we'll comment on this. And it's more of a kind of broad-based barometer of what the mood of these so-called insiders are.

I'm going to flash for you a couple different reports that I am referring to. And specifically, or I guess I should say more specifically what's referred to as Vickers insider transaction data. Now, a couple of things I do want to point out. This market watch report was pulled from Thursday, August the 10th of this year. So some of this information you might be seeing off towards that left-hand side. This is not today's action.

But the Daily Spotlight and what they are referring to is the topic that we are discussing here and now, but on that broad perspective, looking at insiders in general, or a kind of conglomeration of all of the different kind of criteria that would meet the definitional term of an insider transaction. What they do then is give a certain type of measure or ratio.

And if you were to read more about this, in their opinion, what they would actually cite is that below 2 would be really a bullish reading. Between about 2 and 2 and 1/2 is more or less neutral. Above 2 and 1/2 perhaps, bearish. But really, when you're getting above 5 on this metric, more or less like this red line is depicting here, that was a little bit more of a very bearish reading as they discuss here.

And why might that lower ratio be better? Oftentimes, we're in finance, we're thinking, hey, we want a bigger number, right? Well, quite the opposite. Here, they're taking the approach in their ratio that, like we talked about, there are a number of reasons for insiders to be selling. So you would expect that maybe a ratio of 2 to 1, 3 to 1 of sales versus buys might be more commonplace or neutral.

But what they're trying to get a gauge on is that if the number of buys is actually starting to keep up with, to a relative degree the number of sales, which are more commonplace for those compensation measures like we talked about, or a number of other reasons sales might take place, that is then seen as that bullish reading.

Whereas, if there's a tremendous amount of sales in comparison to a lackluster

amount of buys, then overall, maybe the tone of insiders, be it CEOs, large holders, institutions, that would actually be a kind of a bearish reading.

So once again, this is something that in their Market Watch report gets discussed probably on maybe monthly or quarterly basis. As you see here, they break it down to a eight-week rolling average. And for what it's worth, they also have a Market Digest. These reports can be found online. This one came out just yesterday. It is a 21-page report, folks. I don't expect everyone to go out there clamoring for it and read all 21 pages by the end of the afternoon.

But here we see it again, front and center in their Market Review. It's actually that same information that we are referring to, but more updated. And that's more or less, just a thought that if the individual name research is perhaps a little bit much but you like the theme of what we're talking about, maybe glancing at these reports from time to time, or trying to observe what these insider ratios are given their scale, perhaps bearish versus bullish, might be something that helps you in your longer-term decision-making process.

One last thing I wanted to say-- I know we are pushed for time-- just in general and taking a step back as to whales-- well, we talked about insiders. We talked about institutions. When we're thinking about transactions that take place, don't forget that companies themselves are looking to sometimes gain share or deplete share exposures via their treasury stock that they have, stock buybacks, or repurchase

programs, I'm sure during quarterly earnings announcements or ones that you all were keenly watching, or at least might have heard about.

Under the statistics, same tab, you can actually view some of this, maybe not as refined, but I think it gets the point home. If you were to look at the financial statements for a company like Apple, which has a very robust share buyback program, on the balance sheet, you can look at it on a quarterly or annual basis. And if you scroll towards the bottom here, folks, what I'm really trying to drive home is common shares outstanding. If a company like an Apple or Google, Microsoft, out there has a very robust repurchase program, not necessarily going to show up on those kind of Insider tabs or transactions.

But if they are out there in the open marketplace, buying back shares from the open market for Treasury stock, you can see how the number of shares outstanding goes from 2018, '19, and so forth from something like 19 billion shares out there in the open market, dwindling down as those repurchases take place, roughly to maybe 15.9, 16 billion as of recently, dating back to that September 2022 on that annual basis. And if you were to look at that on a quarterly basis, how that number is even shifting lower and lower to about the 15.6 reading that we are observing here and now.

So I just wanted to throw that in. Troy, we get so many questions about share buybacks. You hear that in the news, a company may be buying back their stock,

thinking, hey, we can pour this into research and development. We can pay out dividends, or maybe we can go ahead and actually buy back some of our stock. We think that it is cheap. Maybe share buybacks is adjacent to the topic that we're talking about, albeit doesn't necessarily have its own category, so to speak, given those forms, filings, or the ownerships and insiders tab, at least at this point in time.

All right, those are at least a few other kind of examples I wanted to give. Your mind might be going to a few other examples, like index inclusions, if you're thinking about maybe a number of stocks that are getting added to an index or specific benchmark. Maybe that might increase exposure on these pages. Interesting to think about, food for thought. There is much, much more out there than we had just talked about today.

But hopefully, what we had ventured into is kind of equipping you with a kind of vast, I guess, array of different avenues for additional research that you can go into should you find this topic interesting like we do. I'll leave it at that though.

END OF AUDIO FILE

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