Twitter Thread by Joe Frankenfield

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"I think you can predict the future in a few places best if you understand a few basic ideas that come from a good general education"

I love Munger's speech "Practical Thought About Practical Thought?" where he breaks down his $KO analysis.

https://t.co/1Hmzryb3vl

Touching on part of the IV analysis, TAM analysis is often considered nonsensical in certain value investing circles

Yes, TAM can be twisted around to make any investing thesis look better or worse, just like any DCF, but I found it instructive how Munger thinks thru $KO's TAM

"We can guess reasonably that by 2034 there will be about eight billion beverage consumers around the world. On average, each of these consumers will be much more prosperous in real terms than the average consumer of 1884. Each consumer is composed mostly of water and must ingest about 64 ounces of water per day. This is eight eight-ounce servings. Thus, if our new beverage, and other imitative beverages in our new market, can flavor and otherwise improve only 25 percent of ingested water worldwide, and we can occupy half of the new world market, we can sell 2.92 trillion eight-ounce servings in 2034. And if we can then net four cents per serving, we will earn $117 billion. This will be enough, if our business is still growing at a good rate, to make it easily worth two trillion dollars."