INVESTOR REPORT

JAN - APR 2020 IP-Participações

INDEX

IP-PARTICIPAÇÕES

The pandemic caused by the new coronavirus affects the entire world today. We hope all who read this report, and their loved ones, are safe and well.

During the first four months of 2020, the shares of our IP Participações and IP Value Hedge funds[1] posted returns of -2.3% and -3.8%, respectively. This compares to a -30.4% return for the Ibovespa[2] and -9.3% for the S&P 500.

Turbulent times like the one we've been experiencing over the past few months will put any fund manager to the test. As the storm sets in and liquidity dries up, investors' deepest convictions and fears are tested. When the music stops playing, the seemingly endless fads are immediately questioned, and stocks are evaluated for what they truly are: part ownerships in companies.

Throughout our history, we learned that the best way to deal with crises is to always be prepared for them – which we do by investing in high-quality businesses run by exceptional managers. In the months leading up to the correction, though, we were becoming increasingly concerned with the general optimism of Brazilian investors. From our September 2019 report:

"The consensus argument is that the recent market appreciation will be justified by the substantial growth expected to future earnings. The logic is reasonable and pertinent. The question, as always, is whether the future will live up to the extent implicit in current prices.

We have also been seeing some market participants justifying their optimism with local equity markets with the expectation that, given lower interest rates, a massive shift from fixed income securities to equities is expected over the next few years. We consider this line of reasoning quite dangerous. Money flows affect prices, but they do not support stock valuations – earnings do."

No one could have foreseen the COVID-19 meteor. However, the unabated optimism of Brazilian investors was quite clear. Anchored by the expectation of a long growth cycle, local asset prices left little room for mishaps and seemed at odds with the country's sinuous history. The euphoria kept growing during the end of 2019 and beginning of 2020.

Contrary to Brazil, the fear of recession has endured in the U.S. market for years. Combined with greater diversity and business quality, we were able to find more favorable risk/return opportunities. To avoid permanent losses if the more auspicious scenarios didn't materialize, we had gradually reduced our investments in Brazilian assets. In February, IP Participações and IP Value Hedge had only 23% and 5% of their portfolios, respectively, allocated in Brazilian companies.

Amid a whirlwind of troubling events, many investors sell their stocks to increase their cash position. That is what fear, one of our most primitive instincts, tells us to do. The relief is instantaneous, but temporary. Over

[1] Both funds are denominated in Brazilian Reais.
[2] Benchmark index of roughly 60 stocks traded on the Brazilian stock exchange.

time, the decision hardly ever proves right. In reality, moments of panic are fertile ground to find assets with a small risk of permanent loss but huge return potential. During the more pronounced decline in the Brazilian market, several companies we admire – but whose valuation offered little room for error – became attractive once again. As such, we significantly increased our exposure in both funds.

Overall, though, our portfolios were already primarily invested in companies capable of not only weathering the storm but also taking advantage of it. Our focus on businesses that grow for structural reasons – generally linked to technological diffusions – rather than companies at the mercy of economic trends, helped protect our portfolios throughout the downturn. These trends have mostly accelerated during the pandemic.

OUTLOOK

It is a common market perception that to obtain superior returns, greater risks must be incurred. Markets seek to price assets balancing risk and return. For instance, a high-yielding asset is usually offered by a higher risk company. Assets of inferior quality, with more leverage or weaker governance, tend to trade at discounted prices which *supposedly* provide greater returns to offset the higher risks.

In the long run, these discounts rarely outweigh the dangers of investing in lower-quality businesses. Sooner or later, the risks materialize and claw back any previously attained returns[3].

Instead of incurring high risks in aiming for high returns, the key to long-lasting investment success is to find idiosyncratic situations that combine a small risk of permanent loss with high potential returns. This is the sweet spot we search for.

To achieve this, we focus solely on exceptional business models. Contrary to what common perception suggests – that great companies are always accompanied by high valuations and thus low returns – following a select group of extraordinary businesses often offers highly asymmetric opportunities for the alert investor. Hence our decision to exclusively dedicate ourselves to this endeavor, which, due to the scarcity of alternatives in Brazil, led us to invest abroad.

Our local funds began to invest internationally in 2008. We are privileged to be able to dedicate ourselves entirely to seeking opportunities only among the best companies in the world. It is truly a dream team we have assembled over the years.

We are glad to see that our investment philosophy, hard-learned over the years, was again decisive in overcoming this turbulence and containing losses.

It is important, however, to recognize that we are only through the first phase of this crisis. The

[3] In this regard, the last few months have been especially instructive.

IP-PARTICIPAÇÕES

uncertainty of its duration leads to a great number of possible outcomes. Additionally, the capital injection performed by the Fed, though fundamental to restore liquidity and stabilize the market, is unprecedented in its scale. One can speculate, but no one truly knows what the consequences will be.

However, between catastrophists and optimists, we choose the latter. We have humanity's best on our side: experience, energy, intelligence, and abundant capital at war against the virus.

Amid this acute crisis, progress is still possible. In this report, we discuss a company that is particularly thriving: Netflix. Over the past year, the company has held one of the top positions in our funds.

"Most entrepreneurial ideas will sound crazy, stupid and uneconomic, and then they'll turn out to be right ".

— Reed Hastings, founder, and CEO of Netflix

We have followed the U.S. media industry for a few years. Today, we face a historic turning point in how the industry is organized and a secular decline of its main cash generator: cable TV.

Cable TV's extraordinary profitability was the key growth driver behind the world's leading entertainment conglomerates. For decades, TV was essentially free. The original business model for broadcasting networks, such as ABC, NBC, and CBS, was to distribute content for free and monetize through advertising. Consumers, however, could only capture signals from stations nearest to their antennas. Since the 1980s, transmission through coaxial cables – and, to a lesser extent, via satellite since the 1990s – led to an explosion of new channels, offering an immense variety of entertainment options in exchange for a monthly subscription fee.

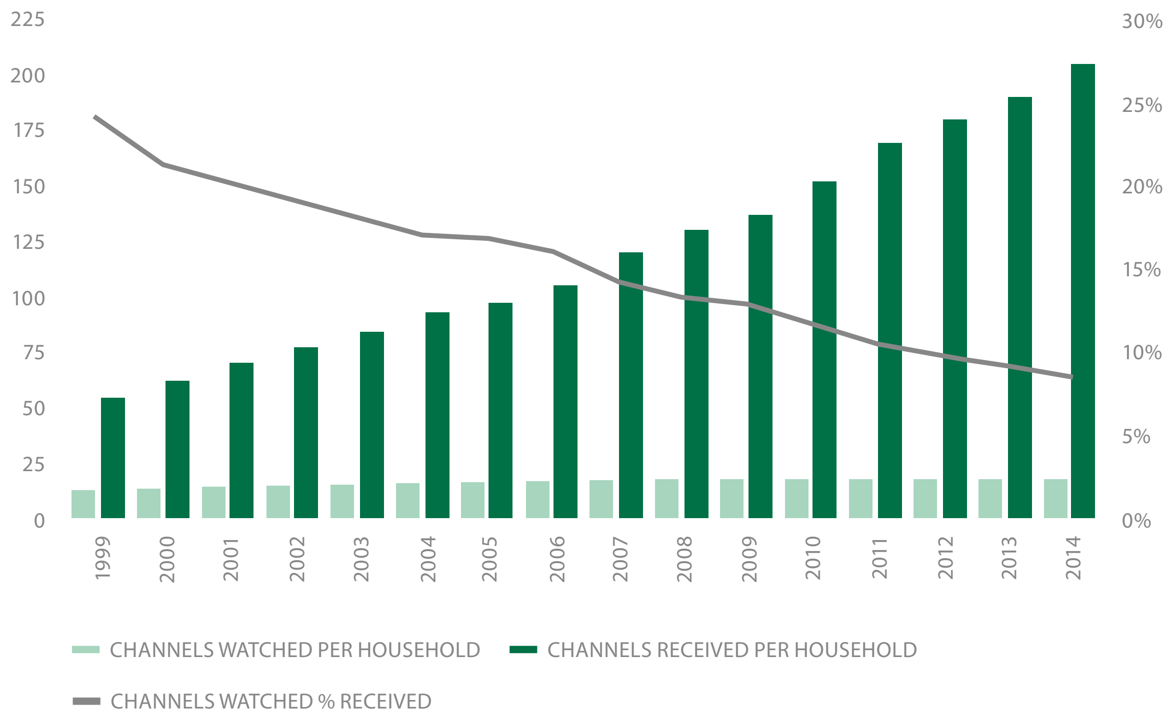
The cable bundle soon became pervasive. The economic logic was solid: if consumers have different tastes, a single monthly plan that met (almost) all preferences would benefit both consumers and content providers[4]. Growth was explosive. In 1980, only 20% of American families had a pay-TV subscription plan. By 1990, penetration reached 60% and, in 2010, nine out of ten families paid for the bundle.

In the 1990s, a broad flexibilization of the regulatory framework led to a more consolidated sector where TV networks had ever-increasing bargaining power over cable operators. ESPN's strength helped Disney secure the distribution of less popular channels, such as the Disney Channel and ABC Family[5]. This dynamic occurred through the whole industry: CNN helped Time Warner distribute the Cartoon Network, MTV and Nickelodeon carried Viacom's less popular channels, and so on.

The result was a meteoric growth in the number of channels offered within the bundle, which resulted in a remarkable transfer of value from consumers' pockets to TV networks. From 1980 until today, the average cable TV subscription increased from $15 to $100, well above inflation. In 1999, the average cable customer paid for 50 channels (and watched only 13). Fifteen years later, the same subscriber, who now watched 18 channels on average, financed more than 200:

[4] Chris Dixon wrote the best article on the subject, in "How bundling benefits sellers and buyers". Link: https://cdixon.org/2012/07/08/how-bundling-benefits-sellers-and-buyers
[5] In 2016, the channel changed its name to Freeform.

NETFLIX

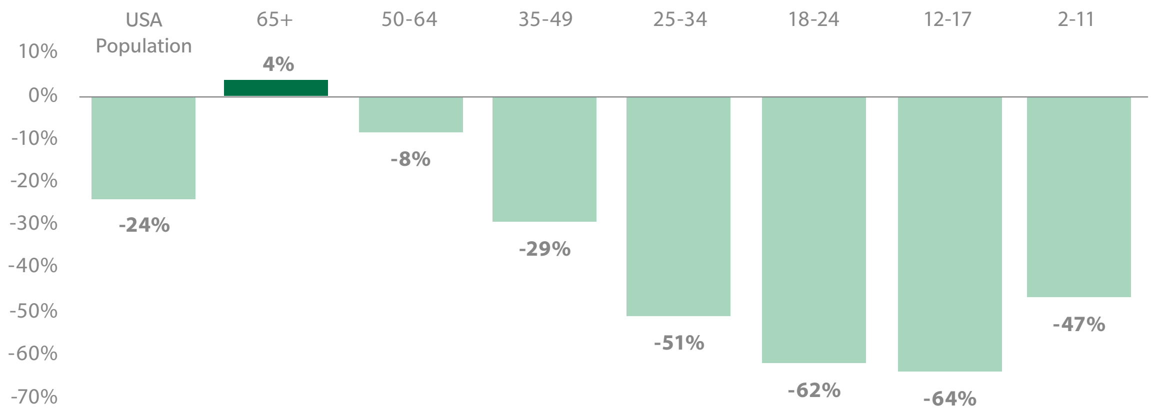


Source: Nielsen and MediaREDEF

This asymmetry was made possible due to the control that TV networks exerted over the distribution of content for the past decades. As in several other industries, the internet subverted this competitive advantage, paving the way for the disruption of these business models.

The consumption habits of the American market are a good indication of what is to come: in 2019, a cable TV subscriber spent, on average, 24% less time watching television than in 2010. This decline was even greater for consumers under 34 years old, decreasing by over 50%, while consumers between 12 and 17 reported an incredible 64% drop:

CHANGE IN TIME SPENT WATCHING CABLE TV PER MONTH BY AGE (2010-2019)



Source: Nielsen, MediaREDEF

From a peak of 88% in 2010, the penetration rate of cable TV has dropped to around 68%. The rate of decline continues to accelerate: in the last three years, the subscriber base has decreased by 3%, 4%, and 7%, respectively.

Netflix is the main beneficiary of this structural trend.

THE RISE OF THE ALBANIAN ARMY

"Is Netflix a threat?"

"It's a little bit like, is the Albanian army going to take over the world? I don't think so."

The infamous quote was uttered in 2010 by Jeff Bewkes, CEO of Time Warner, who at the time owned HBO. At the end of 2010, Netflix had 20 million subscribers, less than HBO's 30 million U.S. subscribers. Today, Netflix has over 180 million subscribers and last year spent $15 billion on content, about 5 times HBO's total budget. Advantage, Albanian army.

The rationale behind our Netflix investment is simple: today, roughly 800 million households around the world, excluding China, have a pay-TV subscription[6]. Streaming is superior to linear TV in almost all aspects: it offers better and more diverse content, delivered on-demand to any device, without advertising and at a fraction of the cost[7]. Over time, most of these TV subscribers will switch to streaming, where Netflix has constructed a virtually unbeatable – and often underestimated – competitive advantage.

This competitive advantage is based on nine main factors:

[6] The addressable market is not necessarily contained within the universe of TV subscribers. In many countries, Netflix is creating demand that was inexistent, such as in mobile-centric markets (Indonesia), and countries with low penetration of pay-TV subscribers (Japan).
[7] Traditional TV retains part of its value proposition through the distribution of live content, such as sports and news channels.

NETFLIX

1. An incomparable value proposition

In the U.S., the average TV subscriber[8] watches about 4 hours of content per day and, as previously mentioned, pays about $100/month for its cable plan, which equates to $0.83 per each hour of content. On the other hand, a Netflix subscriber watches an average of 2 hours[9] of content per day and pays $13/month for the service, which corresponds to $0.22 per hour. In other words, Netflix charges 70% less per hour watched while offering a superior service.

In Brazil, the average subscriber watches 3 hours and 24 minutes of TV per day[10]. Claro/NET, the largest operator in the country, offers monthly plans for R$79.99 (50 channels), R$109.99 (110 channels), and R$149.99 (140 channels). Considering the standard Netflix plan (R$32.90) and the same 2 hours/day of viewing per average subscriber, the per hour cost savings amount to 30% versus the basic plan, 49% versus the intermediate plan and 63% versus the most expensive plan.

Whether in the U.S., Brazil, Europe, or Japan, each hour of TV includes 12 to 20 minutes of advertising. Without commercials, 2 hours of Netflix saves users from 24 to 40 minutes of advertising per day. This means that, on average, a Netflix subscriber is spared from watching 200 hours of commercials per year - equivalent to more than 8 full days. How much is your time worth?

2. A decade-long head start

Jeff Bezos has always said that one of the reasons behind AWS'[11] extraordinary growth was the "unusual advantage of a seven-year head start before facing like-minded competition". The same goes for Netflix, which launched its streaming service over 13 years ago, in January 2007. In a subscription business model, this means that, even before accounting for other competitive advantages, the company already starts off with lower churn than any potential competitor. Barry McCarthy, the current Spotify and former Netflix CFO explains:

"As the average tenure of the subscriber base increases, the average churn rate falls. So, if you and I both run competing subscription businesses and yours is older than mine, then even if our services are equally liked, with exactly the same churn curves by customer cohorts, your average churn rate will be lower than my average churn rate. Which means that more of your marketing dollars are going to support new subscriber growth. And more of my marketing dollars are going to replace churn subs. Which means you can grow faster than I can and beat me like a drum."

[8] One subscriber represents approximately 2.5 individuals, in line with the average family size in the U.S.. Thus, when we compare a pay-TV subscriber with a Netflix subscriber, we are comparing the same number of people.
[9] These numbers do not reflect the explosive growth in viewership during the pandemic.
[10] According to an Ibope survey presented at the 2019 Pay-TV Forum.
[11] Amazon Web Services, Amazon's cloud service, multiplied its revenues by more than 40x in a decade, leaping from $1 billion to over $40 billion in 2020.

3. The lowest content cost per subscriber

Scale is the key determinant of success in a fixed cost business. With nearly 200 million subscribers, every dollar Netflix spends on content is amortized over a subscriber base that is substantially larger than any other streaming service.

This dynamic, coupled with the increasingly relevant competence of originating local content (produced at a fraction of the cost of Hollywood productions), provides the company with the lowest content cost per subscriber in the industry. This gives Netflix the ability to spend more than a potential competitor while generating a higher return.

Aware of this prerogative, the massive size of its potential market and its head start advantage, Netflix correctly chooses to accelerate the pace of its content investment. Competing directly with it, in turn, becomes an almost prohibitive endeavor.

If content spending had been slightly lower over the past few years, it is perfectly plausible that the company would have generated similar growth while reporting more exciting financial results for investors with shorter investment horizons. However, this would have come at the cost of a diminished competitive advantage. We are happy to see Hastings maximizing shareholder value in the long-term.

The attractiveness of this strategy is further amplified by the company's low cost of debt. In a rare and revealing example, the current credit market demands a lower return to finance cash-burning Netflix's junk bonds than most investment grade incumbents in the industry.

4. A virtuous growth cycle

There are important virtuous cycles boosting Netflix's growth.

Netflix's subscription revenue finances its content investment, which attracts new subscribers while also increasing the satisfaction of existing subscribers, creating a positive feedback loop. Ted Sarandos, the company's Chief Content Officer, puts it more clearly: "More shows, more watching; more watching, more subs; more subs, more revenue; more revenue, more content…"

At the same time, the growth in subscribers makes the platform an increasingly attractive place for content producers, who realize that Netflix offers the possibility of gathering an unrivaled global audience.

There are plenty examples of utter audience failures that became instant hits after launching on Netflix. Take, for instance, the case of the psychological thriller You. The series, produced by Lifetime, failed to achieve 700,000 daily viewers and was canceled after its first season. Sarandos, always vigilant, purchased the rights and quickly launched it on the platform. You was an immediate success, reaching over 40 million viewers in less than four weeks.

The scale advantage Netflix has built delivers further benefits. For example, the probability of launching a viral hit on the platform is exponentially greater, which contributes to further subscriber growth without the need for additional marketing expenses, reducing the cost of acquiring new subscribers.

5. A visionary leader

"What percentage of revenue currently comes from rental right now?"

"Roughly three percent," I said, signaling to the flight attendant for a much-needed gin and tonic.

"That's horrible", Reed said. "But sales are like a Band-Aid. If we rip it off..."

— excerpt from That Will Never Work, an autobiography of Marc Randolph, co-founder of Netflix

An essential factor in explaining Netflix's success is the unbelievable capacity for self-disruption the company has demonstrated since its founding in 1997. The difficulties faced during its startup days shaped a culture that mirrors the motto coined by Andy Grove, Intel's legendary CEO: "only the paranoid survive"[12].

On more than one occasion, Hastings proved willing to wipe out the company's main source of revenue to ensure Netflix kept ahead of the curve.

The most emblematic example came in 2011. After fighting for survival through the dotcom bubble bust, Netflix soon found itself in a war with Blockbuster over the DVD rental market. After a bloody, decade-long battle, which culminated in Blockbuster's 2010 bankruptcy filing, the company could finally breathe a sigh of relief.

Hastings, however, did not allow himself the luxury of complacency. A mere year later, convinced of the need to emphatically pivot the business towards streaming, he stepped on the gas and dramatically increased Netflix's content investments[13]. As a result, the company, which generated almost US$300 million in cash in 2011, reported cash consumption as early as the following year. Its share price dropped by 80%.

In retrospect, these decisions seem obvious. In reality, they were deeply painful. Above all, they exemplify the need to count on a visionary leader with clarity of purpose and skin in the game to make difficult decisions that maximize the long-term value of the business, regardless of the short-term anguish.

[12] Grove wrote a book of the same title, in 1996. A highly recommended read.
[13] In the same year, Hastings predicted that half of U.S. TV subscribers would be through streaming platforms by 2021.

6. **The power of focus**

Netflix's goal is simple: to migrate the largest audience possible onto its platform.

Compare this objective with those of players like Disney or AT&T[14], who must navigate a delicate transition to the direct-to-consumer world while managing the secular decline of other business lines – a decline which is only accelerated by an eventual success in streaming. The challenge of organizing an incentive structure adequately suited to this context should not be underestimated.

Netflix is at the polar opposite of this spectrum, at both the strategic level as well as in consumer perception. According to marketing consultancy firm Siegel+Gale, creators of the Global Brand Simplicity Index, Netflix is the simplest brand in the world. Its brand became the product.

7. **Technology**

It's easy to dismiss the relevance of Netflix's technological capabilities. After all, user interfaces, network architectures, and engagement mechanisms can always be copied.

This conclusion, however, underestimates the value of the technological arsenal the company has developed to ensure the best possible user experience. This includes (i) proprietary recommendation algorithms (which divide the library into 76,897 subcategories and use machine learning to offer personalized recommendations to each profile); (ii) proprietary video compression algorithms (the current system, called Dynamic Optimizer, not only optimizes the transmission quality according to connection speed but also modulates scene-by-scene compression to minimize buffering); (iii) A/B testing that dynamically switches the cover art for each title to maximize conversion; (iv) a list of functions precisely designed to remove all friction from the user experience (recalling where the viewer last stopped, allowing users to skip the introduction or credits, automatically starting the next episode, vertical trailers for mobile users, etc.); and (v) new formats, such as the launch of interactive content that allows the viewer to influence the narrative's direction. The list could go on...

It is reasonable to assume that more observant competitors will attempt to copy these technologies, but the acquired lead is relevant and serves to accelerate Netflix's growth – while the company keeps on innovating.

8. **A model that encourages a monopolization dynamic[15]**

In the pay-TV world, a simple click on the remote was enough to access a competitor's channel. In the streaming world, the discovery process comes

[14] AT&T owns HBO since the acquisition of Time Warner in June 2018.
[15] Credit to the excellent work done by Matthew Ball, which produced some of the most prescient studies on the industry and greatly influenced our analysis: https://redef.com/original/netflix-isnt-being-reckless-its-just-playing-a-game-no-one-else-dares-netflix-misunderstandings-pt-3

with greater friction. To acquire a subscriber, a new service must first convince the consumer to spend extra every month and walk through the sign-up phase. Once a customer is acquired, the retention challenge begins. It is difficult to justify a recurring monthly expense when new and compelling content isn't added regularly – something that even the leading content producers are learning at great cost[16]. Other friction points include the need to manage multiple applications and the complex back-end necessary to guarantee quality transmission despite the enormous diversity of local networks and devices used by subscribers.

A service that has acquired enough scale to meet the preferences of most of its users in all consumption environments tends to become dominant.

9. A global content production platform

The ability to create local content with global appeal is another key aspect of the company's competitive advantage.

Netflix has been developing a content production network in several countries, where it is proving able to generate global audience successes at a fraction of the cost per hour of American productions.

Examples include La Casa de Papel (Spain), Dark (Germany), The Mechanism (Brazil), Peaky Blinders (England), Kingdom (South Korea), Sacred Games (India), Suburra: Blood on Rome (Italy), Fauda (Israel), Trapped (Iceland), Caliphate (Sweden), among others.

In some cases, like with drug-trafficking drama series Narcos, it is even difficult to determine the country of origin: the series was created by an American, filmed in Colombia, the main actor is Brazilian, the dialogue is in Spanish and it is an absolute success in Germany.

Netflix is the only company solely focused on developing these skills globally at scale.

PRICING POWER

This powerful combination of competitive advantages, coupled with the enormous (and growing) value of the service, supports a path of continuous – though modest – price increases. So far, the pace of subscriber growth suggests there is still considerable space to keep applying this strategy.

Fifteen years ago, Netflix charged $22 to allow a subscriber to rent three DVDs at a time (later reduced to $18 due to the price war with Blockbuster). Adjusted for inflation, this plan would cost around $30 today. For comparison, the average price paid by subscribers today is approximately $11/month, which we project will grow roughly in line with its historical trajectory to around $15 in 2025. Access to the best and largest

[16] A recent survey indicated that 37% of HBO subscribers in the U.S. considered canceling their subscription after the Game of Thrones finale: https://decisiondata.org/news/study-37-of-people-likely-to-cancel-their-hbo-subscription-following-game-of-thrones-finale/

content library on the planet for $ 15 will still be a bargain, even with the existence of alternative services that apply more indirect monetization strategies.

Despite multiple price increases over the years, the company still offers extremely low prices compared to the value of its services, prioritizing – correctly – the growth of its subscriber base. As the company further consolidates itself as the dominant streaming service in the world, the importance of excessively low prices will subside.

"STREAMING WARS": A FALSE NARRATIVE

In mid-2019, Disney, HBO, and Apple announced plans to launch their own streaming services. Among the media frenzy, many investors became more concerned about the growing competitive risk and Netflix's share price fell by more than 30%.

Lost in the streaming wars narrative is the critical divergence between the objectives of the alleged competitors' services.

Netflix's goal is to replace television. It aims to offer what anyone in the world might want to watch when at home. Note how Amazon's goal, on the other hand, is completely different: to maximize Prime subscriptions, a service on its e-commerce platform of which content is only a fraction of the total value proposition. Similarly, Disney+ is part of a much broader monetization ecosystem – and one primarily aimed at children.[17] The same goes for Apple: the goal of Apple TV+ is to add value to the company's extensive service package, which includes cloud storage (iCloud), games (Apple Arcade), news (Apple News), support and warranty (Apple Care) and music (Apple Music), with incomparably lower volume ambitions[18]. HBO has the biggest challenge to launch a global service since many of its content rights are encumbered in long-term licensing agreements with local operators (and in some countries, such as Germany or Italy, the brand is inexistent).

The hypothesis that these new streaming services will limit Netflix's growth or pricing power possesses the implicit assumption that these are substitute services. The colossal differences in objectives, the almost non-existent overlap in content, the discrepancy in magnitude of ambitions, and the lack of evidence supporting an impact from competitive services who have coexisted for years, such as Prime Video, point to a more complementary relationship.

In contrast, we believe the main effect of the launching of these new streaming services will be the acceleration in the decline of pay-TV, a phenomenon that disproportionately benefits Netflix.

We took advantage of the share price decline to significantly increase a small investment we had initiated in Netflix in early 2019.

[17] Over 90% of the available content is for children.
[18] While Apple released 11 original productions in 2019, Netflix launched 371.

NETFLIX

CONCLUSION

> *"Scale is very, very powerful when you're producing something that has a high fixed and very low variable cost. So, when you get to a point where your marginal cost is $0, profitability is enormous as you scale up."*
>
> **– John Malone**

Netflix created a superior business model to produce and distribute series and movies on a global scale. Today, the company's financial reality is the result of a conscious decision to heavily invest in order to position the business for the next decade. The size of the opportunity and the likelihood that Netflix will take a disproportionate share of this market justifies this ambition.

No competitor has been willing to commit and invest on the same scale necessary to directly compete with Netflix – precisely because it would be economically irrational to do so.

Despite the streaming wars narrative, the company mostly competes with hundreds of local TV operators around the world, an inferior business model which provides a worse customer experience at a much higher cost. These models will be gradually replaced by streaming, under the leadership of Netflix. Many pay-TV companies seem to have accepted this reality:

We are still at the early innings in this story. At a more mature stage, the operating leverage inherent in the business should prevail. We are willing to bet that, in a not-so-distant future, the company will generate an operating cash flow of similar magnitude to its current annual content expense.

As Netflix's original productions become increasingly more relevant than licensed content, its product catalog also becomes more enduring, contributing to a more moderate marginal growth of this expense over time.

The quarantine caused by the novel coronavirus has proved another short-term tailwind for Netflix, which reported, in the last quarter, the largest net addition of subscribers in its history. The pandemic also accelerated the disruption of the pay-TV ecosystem and resulted in a usage increase of over 100% versus 2019 among Netflix subscribers – which tends to raise average revenue per user as more people migrate to plans with more concurrent streams. Additionally, many competitors and content producers currently find themselves in delicate situations, which should reduce investment in their streaming services and increase Netflix's bargaining power to eventually purchase licensed content at lower prices.

The production delay implies new streaming services will have much smaller libraries for longer, while Netflix has a pipeline of over 12 months of content waiting in post-production. In the short term, the effect should be a significant (albeit temporary) improvement in cash generation, as revenue is maintained but production costs decline. More importantly, the boost in usage helps consolidate Netflix as the main anchor in global streaming, while increasing customers' value perception and accelerating the adoption curve.

The long-term opportunity for the company remains extremely attractive.

MISCELLANEOUS

"Bad companies are destroyed by crisis, good companies survive them, great companies are improved by them."
— Andy Grove

"Our job, and style, is not to pick tops and bottoms with precision (actually, not to pick them at all), but to have a portfolio that can make some money in normal times and *keep it* when the music stops for any reason, the timing of which is always a surprise even if you keep a sharp eye on the disc jockey."
— Paul Singer, Elliott Management

Brazil is upside down and, if you say it is upside down, they will turn it upside down, so you see that it is right-side up."
— Antônio Carlos Jobim, Brazilian composer

"While other countries aim to reopen, Brazil cannot find a way to close."
— headline of The Washington Post

"In bear markets, stocks return to their rightful owners."
— John Pierpont Morgan

"Yes, we did. That's another way to think about it."

— Jerome Powell, ao ser perguntado se simplesmente inundou o sistema com dinheiro.

"Capitalism without bankruptcy is like Catholicism without hell."

—Howard Marks, criticando a disposição "sem limites" a imprimir dinheiro dos principais bancos centrais do mundo.

"For the past five years, my greatest fear at Netflix has been that we wouldn't make the leap from success in DVDs to success in streaming. Most companies that are great at something – like AOL dialup or Borders bookstores – do not become great at new things people want – streaming, for us – because they are afraid to hurt their initial business. Eventually these companies realize their error of not focusing enough on the new thing, and then the company fights desperately and hopelessly to recover. Companies rarely die from moving too fast, but they frequently die from moving too slowly."

— Reed Hastings

"I learned the value of focus. I learned it is better to do one product well than two products in a mediocre way."

— Reed Hastings

MISCELLANEOUS

"This game has migrated from being a domestic game to being a global game. Anytime you get into software, whether it's entertainment or computer, it's all about scale. Reed Hastings, who is a terrific businessman, saw early on that if he could drive a business on top of the internet, he had a global business. If he gets global scale, he's the only guy who'll be able to write the check to create the content at the level and quality that people will get used to. (...) This is a positive feedback engine that he's got going. It's brilliant. He's got a big lead and I don't believe anybody will catch him."
— John Malone

"Once you've built up to 200 million or so subscribers, it's very hard for anybody to come close. Eventually, the dollars will rationalize, and I think Netflix's cash flow will be huge."
— Barry Diller

"What we've learned since fifteen years ago is the importance of the direction of the competitive advantage versus the size of it."
— Paul Black

"There's only three types of companies, right? Companies that are technology companies, companies becoming technology companies, and companies that are being disrupted by technology companies. And so every company in the world needs to go through this digital transformation to make sure that they can produce goods and services in a digital way."

— Scott Farquhar

IP CAPITAL PARTNERS

IP-CAPITAL PARTNERS.COM

RUA DIAS FERREIRA
190 - 702 . LEBLON
RIO DE JANEIRO . RJ - BRASIL
CEP 22431.050