



## Multibagger Portfolio: Goosehead Insurance

ISIN: US38267D1090

Goosehead Insurance claims to be the fastest-growing insurance provider in the United States. As an independent company, it can compare the offerings of all providers. The franchise concept allows franchisees to open agencies with personal advice, offering various insurance policies, including car, home, flood, retirement, and life insurance. Since its inception in 2003, the company has expanded to all 50 states of the US with more than 2,000 franchise agency partners. According to the average forecasts of equity analysts, revenue is expected to increase by 40 to 50 percent per year in the coming years. The profitability currently takes a back seat to growth, which is a good thing.

The fact that Goosehead was able to grow by an average of at least 30 percent is due, on the one hand, to the low cost of a shared, cloud-based technology platform with significantly lower fixed costs than larger competitors. On the other hand, it is undoubtedly decisive that a free broker under the roof of Goosehead earns more than if he were on his own, with the same output and less administrative effort, but for the company, finding and training new insurance agents and building a customer base in the region is a process that takes several years and costs money. Being early is essential, and Goosehead is a classic case where investment must be made today to reap above-average rewards tomorrow. Warren Buffett should love a company like Goosehead, but for Berkshire, the market capitalization is probably too low. That should change.