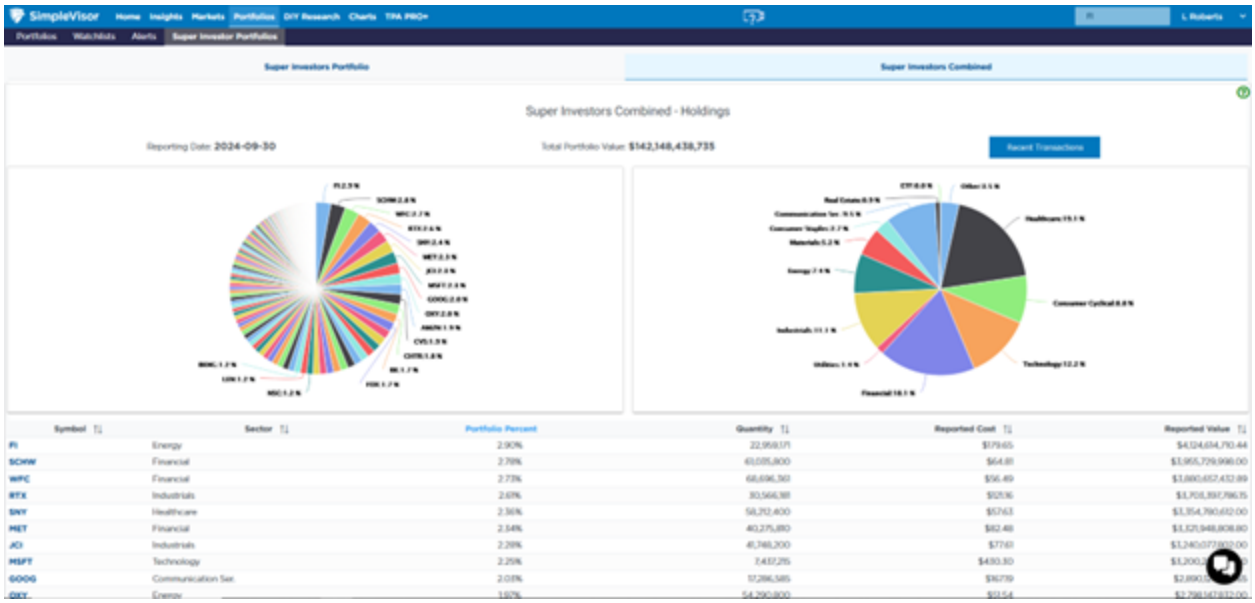
Friday Favorites: Fiserv (FI)

Fiserve (FI)

Within the Portfolio tab of SimpleVisor, we share the portfolio holdings of some of the largest and most well-known investors. These ?Super Investors? portfolios provide insight into the stocks they like and the overall exposure to the market they are taking. As we share below, we segregate the portfolios by investor and aggregate them into one portfolio.

Fiserv (FI) is the largest holding amongst our Super Investors. Let?s dig into Fiserv?s fundamentals and technicals and see if we can better appreciate why the supposed best investors like it.



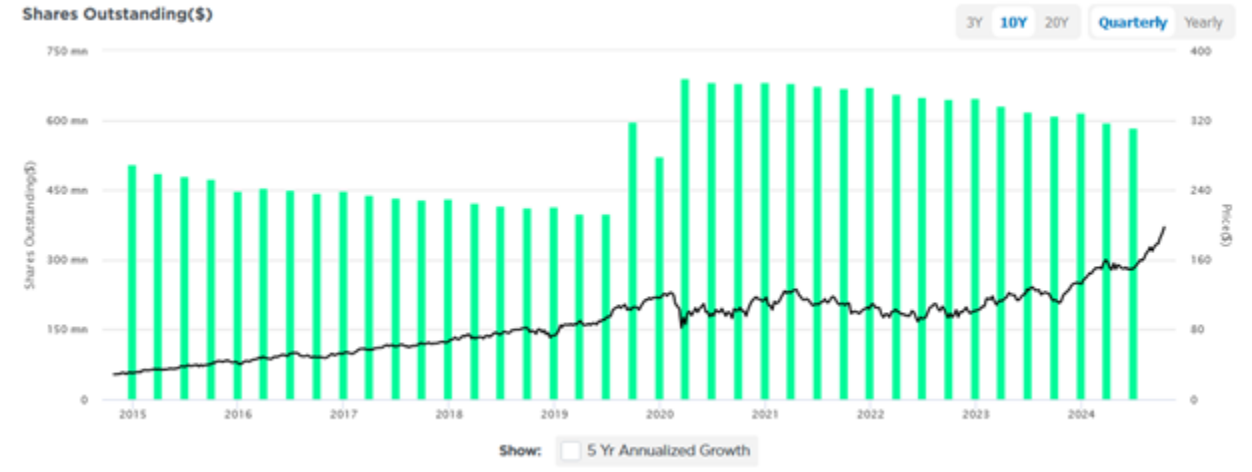
Fundamental

Fiserv is in the payment processing industry. While the industry is very competitive, FI has aggressively purchased other companies and payment platforms. The growth strategy started in 2019 with its purchase of First Data for $22 billion.

The EPS graphed below shows the benefits to the company?s bottom line of its growth strategy. Bear in mind that the aggressive strategy comes with a cost, as demonstrated by the significant increase in their liabilities, as shown in the second graph below. It?s also important to note that its outstanding shares doubled with the First Data purchase but have declined since.







The graph below shows free cash flows, along with rising EPS, highlightis the net benefits of the First Data purchase.



The company trades at reasonable valuations despite the strong performance of its stock, as we detail in the technical section. Its PEG ratio of 1.39 demonstrates that its trailing P/E is not too high when factoring in expected growth.

Business Health	Stock Transaction Stats	Returns
Dividend & Splits	Earnings - Actual	Earnings - Estimates

Valuation	
Forward P/E	19.31
Trailing P/E	34.11
PEG Ratio	1.39
Price/Book	4.01

Lastly, the SimpleVisor average fair value is about 15% below current prices.



Technical

FI looks overbought and likely due for a correction on a short-term basis. Its MACD in the upper graph is high and appears very close to becoming a sell signal. Its RSI peaked last week at a very high level and is turning down. More concerning, the stock is trading about 25% above its 200dma and well above its 20 and 50 dma?s. The share price will likely return to at least test the 20dma and possibly the 50dma. Such a correction would provide a safer place to nibble on the stock. However, its long-term techinicals are also very overbought, so a correction may be deeper than

the short-term technicals portend.

While the long-term situation is also very overbought, it can get more overbought, as shown by the MACD and RSI in 2019. Like the short-term graph, there are wide gaps between the current price and critical moving averages.

Based on both time frames, we advise caution. FI may have a promising fundamental growth story, but the share price seems to be getting a little too far ahead of itself.





Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our disclosures carefully and do your own research before investing.