



By Cathy Shafran

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Warren Buffett's purchase of 10 million GM shares is no surprise to Grand Blanc investment strategist



David Kudla, CEO and Chief Investment Strategist for the Grand Blanc-based Mainstay Capital Management firm. Kudla's company had been recommending GM stock as a 'buy' prior to Warren Buffett's 10 million share GM investment.

GRAND BLANC, MI -- Grand Blanc-based investment strategist David Kudla is joking these days about having the ear of billionaire investor Warren Buffett.

Kudla's jokes came after the announcement that Buffett's investment company, Berkshire Hathaway Inc., took a new 10-million share stake in General Motors in the first quarter of 2012.

"He must have read my research report on GM stock earlier this year," said Kudla, CEO and Chief Investment Strategist for the Grand Blanc-based Mainstay Capital Management.

Mainstay Capital, which manages and advises on more than \$1 billion in investments, provides insights into 401(k) plans and retirement planning.

In early January the Grand Blanc investment advising company came out with a 'buy' recommendation on both GM and Ford stock. Kudla says multiple factors led to the conclusion that GM was a good investment.

"They had stock down 45 percent in 2011 and we don't think the value of the company declined by half," said Kudla. "They had a depressed stock price, but then in the first quarter the stock traded up 27 or 28 percent. There's a much improved balance sheet

from 4-5 years ago. Their products like the Silverado and Cruze are selling well now, and a lot of new product is coming out in 2013 and 2014. In China, there was 8.6 percent growth in the first quarter. And auto sales are expected to rise by more than 10 percent in 2012."

Kudla says vehicle demand was also factored into Mainstay Capital's 'buy' recommendation on GM stock.

"We're looking at average age of vehicles on the road at nearly 11 years, that's an all-time high," said Kudla. "And that means a pent-up demand that will need to be satisfied in the coming years.

Kudla is convinced Warren Buffett's group - which made a \$256.6 million investment in GM - was looking at the same indicators.

"Warren Buffett is a long-term investor who seeks out companies selling below their intrinsic value," said Kudla. "He buys good companies that are high quality that are currently undervalued and have the opportunity for long-term growth. He's not looking for next quarter performance. He's a long-term holder. I think he is spot on with his purchase of GM shares."