Lessons Learned the Hard Way from Sir John Templeton and Other Famous Investors

Jane Siebels
Green Cay Private Client
Kids were asked about the Bible.

Here’s a few of their comments:

- The 7\textsuperscript{th} commandment is thou shalt not admit adultery.
- Moses died before he ever reached Canada then Joshua led the Hebrews in the Battle of Geritol.
- Solomon, one of David's sons had 300 wives and 700 porcupines.
- Jesus was born because Mary had an immaculate contraption.
- Christians have only one spouse. This is called monotony.
Do It Differently than Anyone Else

“It is impossible to produce a superior performance unless you do something different from the majority.” Sir John
Thank You
Sir John did it differently by:

1. Investing Internationally

2. Using hand-written spread sheets to calculate 5 year P/Es.

3. Taking a long-term perspective.

4. Having large country risk versus the index.

5. Concentrating his portfolios.
Julian Robertson: Know more than anyone else.
How we do it differently

1. In depth industry studies.
2. Quantitative Analysis and Check List
3. Open Outsourced Qualitative Analysis
4. Concentrated Portfolios with Low Turnover
Why How We Do It Differently Works

Assume a company is correctly priced by the market 80-90% of the time. In order to find the 10-20% we look for

a) Mismatches between real and perceived threats and their impact on value.
b) What insight do we have that is not reflected in the stock price.
c) Do a deep dive into business segments, cash flow, earnings and capital expenditure.
d) Find the most inexpensive way to own the company.
e) Look for new and/or controversial management.
How do you do it differently?

• Your unique vision.

• Your unique core competences

• Your unique network

• Be innovative
To Minimize Threats and Risks

1. Rigorous Analysis
2. Concentrate Forces
3. Build Networks
4. Don’t Overleverage
5. Have a Plan and a Process
Thank You

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