

## *Investment Philosophy*

# Stocks

When we invest into stocks, we invest in businesses represented by stocks. We try to select good businesses with excellent economics, run by prudent management teams.

Ideally, we want to stay with them for a long time and participate in their growth and prosperity. The market price of the stock is there only as a reference point to see if anybody is offering to do anything foolish, either to pay a price that is too high or to offer the stock well below its intrinsic value.

We have to be skilful enough to understand and evaluate a business better than the market does, otherwise we don't belong in the game.

Beside the analytical skills we have to be patient. Many people do not have the temperament to buy undervalued stocks because it requires so much patience. Every day, the market offers you investments at varying prices. You wait and refuse, wait and refuse until you are sure that you buy a bargain. They are most often found in those areas that are out of favour with the majority of investors. It will take time and discipline for a security selling below its true value to be recognized and increase in price.

It is important that the client is patient and confident too and let the investments work out without forcing the investment manager into unproductive action. Less is more.