

Value Investing: What it Takes to Get Ahead According to Robert Robotti

By Ivey Communications

Patience and discipline are at the top of the list when it comes to what it takes to become a successful value investor. This is something Robert Robotti, founder and CIO of Robotti & Company LLC, made clear as the Ben Graham Institute for Value Investing's first speaker of 2013.

Robotti spoke to a full house on his vast experience in value investing and shed light on how to be in the subset of investors that succeed using Ben Graham's principles. As Robotti describes, his experience with a firm like Tweedy, Browne LLC acted like an "on the ground MBA" and set the foundation for his future success in value investing.

Robotti explained that value investments tend to be multi-year commitments where patience is a virtue. "You need to look for a very long runway of opportunity," explained Robotti. It often takes years for the market to recognize and re-price a mispriced security.

Being disciplined is what Robotti describes as the "behavioural edge". Robotti ranks the behavioural edge ahead of analytical and informational; value investors need the temperament to sustain losses. "It gets worse than you expect in cyclical businesses," explains Robotti, and bearing with the cyclical nature is essential.

Other advice from Robotti's experience with companies like Builders FirstSource Inc., Calfrac Well Services Ltd. and Panhandle Oil and Gas Inc. included:

- Search for investments where others aren't looking
- Invest in ideas that others may avoid
- Ensure there's a margin of safety to cover for mistakes
- Value investing needs more than just intelligence
- Anybody can be a successful value investor