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Ben Graham Centre  
for Value Investing

## Ben Graham Centre's 2019 Value Investing Conference

April 10, 2019  
Ritz Carlton  
Main Ballroom  
Toronto, Ontario



**IMPROVING LONG RUN INVESTMENT PERFORMANCE**

[www.bengrahaminvesting.ca](http://www.bengrahaminvesting.ca)



## Mission of the Conference

- to promote the tenets of value investing as pioneered by Benjamin Graham;
- to expose conference participants to the various value investing methods used by practitioners;
- to encourage and support academic research and study in the area of value investing.

The conference will provide a forum to explain, discuss and debate the principles, practices and various applications of value investing from a global context.

Corporate executives will offer an industry perspective of how to look for value creating opportunities and how to create value.

## Conference Organizer and Chair

George Athanassakos, Director, Ben Graham Centre for Value Investing, Ivey Business School





## A Message from the Director

I am a firm believer in stock picking. I think stock picking, with the right process and the right temperament, works. In past conferences, I have spoken extensively about the technical, more quantitative, aspects of the value investing process, such as screening for and valuing low price-to-earnings ratio (P/E) or price-to-book ratio (P/B) stocks. These steps of the process are now well understood and documented. Today, I would like to discuss the softer and more qualitative aspect of the Value Investing process, the part that has to do with *temperament* and the role temperament plays in investing success. There is some anecdotal evidence which points to the importance of temperament. For example, James Montier, an investing strategist and member of the asset allocation team at investment firm GMO, believes that successful value investors are contrarian, patient, disciplined, unconstrained and skeptical. And famed value investor Warren Buffett has frequently indicated that his successor must have the right temperament and a keen understanding of human psychology and institutional biases.

But do not all successful investors share similar traits? And if so, then how do value investors really differ from other investors who follow different investing styles? I wanted to develop a less anecdotal and more formal and systematic understanding of what character strengths and virtues value investors embody.

A few years ago, I conducted in-depth interviews with 19 successful value investors in Canada and the United States and found overwhelming support for the importance of character in value investing. One of the questions asked was "How different are value investors from other investors?" Interviewees felt that value investors tend to be low-key, not necessarily anti-social, but certainly asocial; they are contrarian, patient and disciplined and willing to do things out of the ordinary. Humility, integrity and independence are also important to value investors. Also interviewees felt that genetics play a big role, as well as family upbringing. But they also felt that character has to be honed in the right environment. It is difficult to teach the behaviour, as it is not an attribute of your IQ. It is more a frame of mind in making decisions. If one has the right frame of mind, everything falls into place. And so interviewees felt that value investing is closer to being a profession whereas running a money-management firm is a business.

In a more recent research project, I wanted to go further, particularly on the question of the differences between value investors and others. And I wanted to directly compare value investors against others as opposed to just talking to value investors and assuming what they are telling me is different from what others may have told me. I examined two groups of investors. One consisted of the attendees at the Ben Graham Centre's 2017 value-investing conference. Attendees at the conference paid a good amount of money to attend and listen to outstanding professional value investors talk about their philosophy and how they put it into practice. One has to assume that this group of people was mostly value investors. The other group I approached was through a company that runs surveys for a fee. I asked them to survey people who work in the financial sector and who own personal trading accounts. As value investors tend to be a small percentage of the population, according to Mr. Buffett, I assumed that this group of surveyed professionals was mostly non-value investors.

To keep the survey short, I used an abbreviated questionnaire of personality which focuses on the belief that (a) there are five basic dimensions of personality, often referred to as the



“Big 5” personality traits, and (b) that personality characteristics that are important in peoples’ lives will eventually become a part of their narrative. The five broad personality traits described by the “Big 5” theory are: (a) extraversion (for example, outgoing/energetic versus solitary/reserved), (b) agreeableness (friendly/compassionate versus challenging/detached), (c) openness to experience (inventive/curious versus consistent/cautious), (d) conscientiousness (efficient/organized versus easy-going/careless), and (e) neuroticism (sensitive/nervous versus secure/confident).

What I found was that in general and, on average, the responses from the two groups were similar in the sense that there were no statistical differences in the average answers to most of the questions. One area with some difference was that value investors tended to be more conscientious than others.

However, in my opinion, the most interesting finding was the magnitude of dispersion in the answers. Value-investor answers were grouped within a very narrow range, whereas those of the other group spread out more. That is, value investors tended to have a greater similarity of beliefs than the other group. And this is consistent with what Mr. Buffett says in the sense that either you get value investing right away or not, and if not, there is nothing one can tell you to get it. This is also consistent with what I found when I interviewed professional value investors in that value investing is closer to being a profession, whereas running a money-management firm is a business.

Research is continuing. Stay tuned.

I would like to welcome you all to this year’s conference. Thanks to your support of the Centre over the past fourteen years, we’ve built a successful value investing program offering student apprenticeships through the Ivey Value Fund, as well as many successful annual events such as conferences, stock picking competitions, whose 2019 finalists join us today, academic symposiums, and value investing seminars. This year, the last two events will be held in Toronto on May 17 and July 22 to 26, respectively.

I am really excited about our panel of professional value investors. They are a living testament to what I have described and will tell us how they put what I detailed above into practice in their own portfolios. Same holds for our panel of corporate executives, who will discuss how they look for and create value for their shareholders. As investors, we all want to buy companies that create value and these are well run companies with executives, who themselves are value investors, and know how to create value.

I am also delighted to have as key note speakers at the conference Kiril Sokoloff and Lawrence A. Cunningham, who will give us a view of the world which is different from what we are exposed to in our everyday norm.

I would like to thank you all for joining us and hope you have an enjoyable experience at the conference.

**George Athanassakos**

Director, Ben Graham Centre for Value Investing  
Ivey Business School



# Panel of Speakers

The Ben Graham Centre's 2019 Value Investing Conference offers a panel of speakers with a proven record of success in the field of value investing and the corporate sector. Featured speakers participating at the conference, in the order they will speak, are:

## Morning Keynote Speaker

**Kiril Sokoloff**, Founder and Chairman, 13D Research LLP, St. Thomas, USVI

## Luncheon Keynote Speaker

**Lawrence A. Cunningham**, Scholar and Author, Henry St. George Tucker III Research Professor of Law, George Washington University, Washington, DC

## Panel of Value Investing Professionals

**Robert Robotti**, Founder and Chief Investment Officer, Robotti & Company Advisors LLC, New York, NY

**Barbara Ann Bernard**, Founder and Chief Investment Officer, Wincrest Capital, Nassau, NP, The Bahamas

**Josh Tarasoff**, Managing Member, Greenlea Lane Capital Management, LLC, New York, NY

**Pavel Begun**, Co-Founder & Managing Partner, 3G Capital Management LLC., Toronto, ON

**Larry Sarbit**, Chief Executive Officer, & Chief Investment Officer, Sarbit Advisory Services, Winnipeg, MB

## Panel of Corporate Executives

T.B.A



## The Ben Graham Centre's 2019 Value Investing Conference

### Morning Agenda

7:45am – 8:30am	Registration & Breakfast
8:30am – 8:45am	Welcoming the Delegates, Introductions and Opening Remarks  Dr. George Athanassakos, Director, Ben Graham Centre for Value Investing, Ivey Business School
8:45am – 9:25am	Morning Keynote Speaker  Kiril Sokoloff - Investing in Hong Kong & China: A conversation with Mr. Prem Watsa  Introduction: Prem Watsa, Chairman and CEO, Fairfax Financial Holdings Ltd
9:25am – 12:45pm	Value Investor Panel Presentations and Q&A
9:25am – 9:55am	Robert Robotti – Cyclical Investing: Mr. Market Goes to Rehab
9:55am – 10:25am	Barbara Ann Bernard – The Ability to Take a Long Term View is One of the Few Enduring Competitive Advantages in Investing
10:25am – 10:45am	Coffee Break
10:45am – 11:15am	Josh Tarasoff – Lessons From My First Dozen Years
11:15am – 11:45am	Pavel Begun – Value Investing in a Global Setting
11:45am – 12:15pm	Larry Sarbit – Invert, Always Invert
12:15pm – 12:45pm	Q&A



## The Ben Graham Centre's 2019 Value Investing Conference

### Afternoon Agenda

12:45pm – 1:15pm	Lunch
1:15pm – 2:15pm	<p>Luncheon Keynote Speaker</p> <p>Lawrence A. Cunningham – Getting the Shareholders You Deserve: How Quality Companies Attract Quality Shareholders</p> <p>Introduction: Prem Watsa, Chairman and CEO, Fairfax Financial Holdings Ltd</p>
2:40pm – 4: 40pm	Corporate Executive Panel Presentations and Q&A
2:40pm – 3:05pm	T.B.A
3:05pm – 3:30pm	T.B.A
3:30pm – 3:55pm	T.B.A
3:55pm – 4:20pm	T.B.A
4:20pm – 4:40pm	Q&A
4:40pm – 4:45pm	Concluding Remarks



# Keynote Speakers



## Kiril Sokoloff

Mr. Sokoloff is the Chairman and founder of 13D Research. 13D Research's major client base includes large-scale money managers, pension funds, sovereign wealth funds, large private and public corporations, family offices, private equity and distressed funds, high-net-worth individuals, hedge funds and business leaders all over the world. Starting in 2001, Kiril and his team began to write *What I Learned This Week*, later adding *What Are The Markets Telling Us?*. These publications are the agnostic interpreters of what the markets are telling us. They are dedicated to detecting change and disruption before others.

*What I Learned This Week* has gained a worldwide audience. Kiril has been an advisor to many of the largest pools of global capital for over 30 years. In early 1992, Kiril co-founded the first pure Asian hedge fund just as the huge bull market in Hong Kong stocks got underway and retired before the Asian financial crisis. In 1994, he co-founded one of the earliest pure technology funds, just before the Internet stock boom began, then retired a few years before the IT bust. In 1983, Kiril founded 13D Research, which began analyzing stocks selling well below break-up value and evolved into a theme-driven investment research firm. Beginning in May 1984, Kiril recommended purchasing 30-year U.S. Treasuries, which at the time were yielding 14% and which Kiril called "The investment opportunity of a lifetime". Barton Biggs once observed: "Kiril Sokoloff is a breath of pure, fresh investment oxygen. He is invaluable because he is an original thinker and is not afraid to take extreme views." Kiril is the author of five investment books. He has also co-authored *Is Inflation Ending? Are you Ready?* (McGraw-Hill, 1982), which correctly predicted disinflation and the long boom in financial assets.



## Lawrence A. Cunningham

Mr. Cunningham is the Henry St. George Tucker III Research Professor at George Washington University Law School, lecturing about corporate governance on its main campus in Washington DC and directing its business law programs in New York City. Among his dozen books and scores of influential articles on corporate life, Larry is best known for collaborating with Warren Buffett in publishing, since 1997, *The Essays of Warren Buffett: Lessons for Corporate America*, as well as for books such as *The AIG Story* (with Hank Greenberg) and *Quality Investing*

(with AKO Capital). Larry is currently a director of Constellation Software (TSX), and a past director of Ashford Hospitality Prime (NYSE). He is a member of the Dean's Council of Lerner College of Business of the University of Delaware and on the Editorial Board of the Museum of American Finance. Previous positions include practicing corporate law with Cravath, Swaine & Moore; Academic Dean of Boston College Law School; and Director of the Heyman Center on Corporate Governance. Larry consults for corporations and boards on corporate culture and governance, serving a wide range of public and private companies.

\*Mr. Cunningham's books, signed by the author, will be available for purchase during the conference.





# Panel of Value Investing Professionals



## **Robert Robotti**

Mr. Robotti is the founder and CIO of Robotti & Company Advisors LLC, a registered investment adviser, and president of Robotti & Company LLC, a registered broker-dealer. He started his career as an accountant and CPA, and served as CFO of Gabelli & Company. Building on his exposure to other prominent value investors, Bob founded Robotti & Company in 1983. The firm's success over time has been due to his and his team's ability to identify companies trading at a significant discount to intrinsic value. While investing across a wide range of industries, Bob has been particularly active in the energy industry for his entire career. Bob currently serves on the boards of Panhandle Oil & Gas Inc. (NYSE:PHX) and Pulse Seismic Inc. (TSX:PSD). He was a member of the Securities and Exchange Commission's Advisory Committee on Smaller Public Companies, established to examine the impact of Sarbanes-Oxley Act and other aspects of the federal securities law. Bob graduated from Bucknell University and holds an MBA from Pace University.



## **Barbara Ann Bernard**

Ms. Bernard, founder & CIO of Wincrest Capital, has a passion for investing that goes back to her days of growing up in The Bahamas. It was there that a 15-year-old Barbara Ann persuaded legendary value investor Sir John Templeton, a fellow Bahamian resident, to take her on board for the first of what would become a series of summer jobs at Templeton Global Advisors, instilling a fundamental value-oriented investment approach to the public markets. Later, working in investment banking at Goldman Sachs, followed by alternative asset management at Deutsche Bank, and as an investment analyst at Holowesko Partners, she acquired a robust grasp of private market valuation and the hedge fund industry. Today, she is the portfolio manager of the Wincrest Contraria Fund, which is a global long/short equity fund of niche, esoteric investment ideas based on bottom-up "Go-See" research. Barbara Ann was named a Young Global Leader in 2018 by the World Economic Forum. She is a graduate of Li Po Chun United World Colleges in Hong Kong, Lakefield College School in Canada, and the London School of Economics, where she Chaired the LSE Business Society. She currently serves on the Finance Committee of the Lyford Cay Foundation.



### **Josh Tarasoff**

Mr. Tarasoff is the Managing Member of Greenlea Lane Capital Management, LLC, which he founded in 2006. Josh graduated from Duke University in 2001 with a degree in philosophy. He has worked at Goldman Sachs and holds an MBA from Columbia Business School.



### **Pavel Begun**

Mr. Begun is a co-founder of 3G Capital Management LLC, a private investment partnership that invests in undervalued securities around the world. The firm's strategy is to invest at single-digit multiples in a small collection of industry-leading businesses across Frontier, Emerging, and Developed markets. Since inception in 2004 3G Capital Management LLC produced a track record of significant outperformance vs. MSCI ACWI ex USA and the S&P 500.



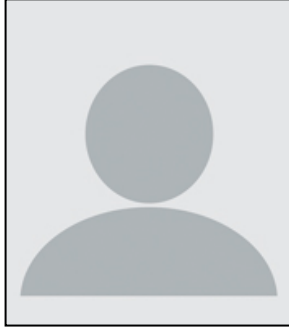
### **Larry Sarbit**

Mr. Sarbit is a Canadian financial services veteran. Starting his career in 1979 with Richardson Securities as an analyst, Larry began his long study of the U.S. market. He went on to become a Portfolio Manager for Investors Group in 1987. Larry managed the U.S Growth Fund (now called the IG Large Cap Value Fund), inheriting just over \$185 million in assets. By the time of his departure in 1998, Larry was managing over \$3 billion in assets. In November 1999, he moved to AIC Ltd. and launched the American

Focused Fund, which he managed until March 2005. During that time, his asset base grew to over \$2.2 billion. In 2005, Larry founded Sarbit Asset Management Inc., which he later sold to IA Clarington Investments Inc. He now manages the IA Clarington Sarbit U.S. Equity Fund (currency hedged) and the IA Clarington Sarbit U.S. Equity Class (currency unhedged) together which grew from \$85 million to over 1.37 billion. With 40 years of experience in financial services industry, Larry is one of Canada's best known and most highly respected asset managers. He is an industry leader with a proven track record and a strong reputation. Undeterred by industry fads, Larry has followed his successful investment philosophy of buying great businesses at a bargain price while managing with discipline and patience. Larry has been a frequent contributor to various magazines and newspapers, including the National Post and The Globe and Mail. He currently has a regular column in the National Post.



# Panel of Corporate Executives



**T.B.A**



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