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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



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 and Managing Partner, 3G Capital Management LLC., Toronto, ON

Larry Sarbit, Chief Executive Officer and Chief Investment Officer, Sarbit Advisory Services, Winnipeg, MB

Panel of Corporate Executives

Alan Kestenbaum, Executive Chairman and Chief Executive Officer, Stelco Holdings Inc., Hamilton, ON

Charles Fabrikant, Executive Chairman and Chief Executive Officer, SEACOR Holdings Inc., Fort Lauderdale, FL

Joseph D. Randell, President and Chief Executive Officer, Chorus Aviation Inc., Dartmouth, NS

John Chen, Executive Chairman and Chief Executive Officer, BlackBerry Limited, Waterloo, ON



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 – Opportunities and Risks in the World Economies and Stock Markets: A Conversation with 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	Luncheon Keynote Speaker Lawrence A. Cunningham – Getting the Shareholders You Deserve: How Quality Companies Attract Quality Shareholders Introduction: Prem Watsa, Chairman and CEO, Fairfax Financial Holdings Ltd
2:40pm – 4:40pm	Corporate Executive Panel Presentations and Q&A Topic: Looking for and Creating Shareholder Value – Industry Perspective
2:40pm – 3:05pm	Alan Kestenbaum – Stelco Holdings Inc.'s Perspective
3:05pm – 3:30pm	Charles Fabrikant – SEACOR Holdings Inc.'s Perspective
3:30pm – 3:55pm	Joseph D. Randell – Chorus Aviation Inc.'s Perspective
3:55pm – 4:20pm	John Chen – BlackBerry Limited's Perspective
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. and Pulse Seismic Inc. 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.

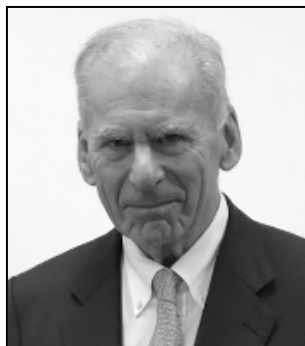


Panel of Corporate Executives



Alan Kestenbaum

Mr. Kestenbaum is the executive chairman and CEO of Stelco Holdings Inc. He has held these positions since September 25, 2017. Mr. Kestenbaum has over 30 years of experience in the metals and mining production, trading, distribution and finance business. He founded Bedrock in 2015 in partnership with Lindsay Goldberg. He was also the founder of Globe Specialty Metals and was the former Executive Chairman of Ferroglobe PLC. Prior to forming Globe Specialty Metals, Mr. Kestenbaum founded Marco International, a leading international metals trader and investor, and led its expansion in North America and around the globe. He has extensive investing and operating experience in the natural resources sectors as well as a successful track record in turnarounds and restructurings. Mr. Kestenbaum is the Chairman and Chief Executive Officer of Bedrock where he is responsible for setting the vision, strategy, investment objectives and providing direction to achieve the strategic objectives of the company. In addition, he serves as an independent consultant to Ferroglobe PLC, advising on matters relating to international trade, contract negotiations, legacy customer relationships and business development opportunities.



Charles Fabrikant

Mr. Fabrikant is Executive Chairman and Chief Executive Officer of SEACOR Holdings Inc. and has been a director of the Company and several of its subsidiaries since the Company's inception in 1989. He has served as a director and member of the Audit Committee of Diamond Offshore Drilling, Inc., a contract oil and gas driller, since January 2004. Mr. Fabrikant also serves as the Non-Executive Chairman of the Board of the Company's former offshore marine services division, SEACOR Marine Holdings Inc., an operator of offshore support vessels primarily servicing major integrated national and international oil companies, large independent oil and gas exploration and production companies and emerging independent companies, as well as serves as the Non-Executive Chairman of the Board of the Company's former aviation division, Era Group Inc., an international helicopter operator providing transportation services to the offshore drilling industry. He served as the President and Chief Executive Officer of Era Group from October 2011 through April 2012 and as a Director of Dorian LPG Ltd., a liquefied petroleum gas shipping company and leading owner and operator of modern Very Large Gas Carriers, from July 2013 through December 2015. Mr. Fabrikant is also President of Fabrikant International Corporation, a privately owned corporation engaged in marine investments. FIC may be deemed an affiliate of the Company. Mr. Fabrikant is a graduate of Columbia University School of Law and Harvard University.




Joseph D. Randell

Mr. Randell is the President and Chief Executive Officer of Chorus Aviation Inc., an aviation holding company that owns Jazz Aviation LP, Voyageur Airways, and aircraft leasing companies. With its headquarters in Halifax, Nova Scotia, Jazz employs approximately 4,100 people from coast to coast in Canada, and operates to over 70 destinations in North America. Joe began his career in the airline industry with Eastern Provincial Airways in 1974, and co-founded Air Nova in 1985, serving as its President. Beginning in 1999, he led the consolidation of Canada's regional airlines for the eventual creation of Jazz in 2001. Joe is presently a Director of Chorus Aviation Inc., and the Multiple Sclerosis Scientific Research Foundation. Joe holds a Bachelor of Industrial Engineering Degree with distinction from Dalhousie University in Nova Scotia and a Master's Degree in Business Administration from Memorial University in Newfoundland.



John Chen

Mr. Chen is the Executive Chairman and CEO of BlackBerry Limited, and in this position he is responsible for defining the company's vision and goals, setting its strategy, and ensuring the team's execution matches corporate objectives. Appointed in November 2013, John has led BlackBerry through a successful pivot from hardware icon to software leader. Today the company is poised to leverage its brand strength and heritage in mobile security along with its enterprise cybersecurity and embedded software growth engines to accelerate into the Enterprise of Things, an emerging category with billions of connected devices and massive market potential. John has more than 30 years of engineering and management experience including serving as Chairman and CEO of Sybase Inc. along with executive roles at Siemens Nixdorf, Pyramid Technology Corp., Unisys, and Burroughs Corp. John graduated magna cum laude from Brown University with a bachelor's degree in electrical engineering and a master's in electrical engineering from the California Institute of Technology (Caltech). In addition to BlackBerry, John serves on the board of directors for The Walt Disney Company in addition to several non-profits and previously served on the board of directors for Wells Fargo, CIT Group Inc., Beyond.com, Niku Corporation, Wafer Technology, and Turbolinux.



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