LOH-GRONAGER
PARTNERS

WHAT MAKES A SUCCESFUL VALUE INVESTOR?

PART IX – DECISIVENESS

In this, Part IX of our Multi-Part Series (published monthly), we tackle the art of decisiveness. As such, this will be our shortest publication to date, to help to answer the question:

What makes a successful value investor?

In our last publication we discussed the importance of patience in the investment process so it may now seem entirely counter intuitive to be discussing the importance of decisiveness or speed of decision making. Although the investment process is usually a slow and methodical one to uncover great businesses, many of those that we find may for whatever reason be too highly prices for us to buy currently despite being recognisable as great businesses. As the saying goes 'a rising tide lifts all boats' so as the market rises it lifts all prices with it. This presents a significant obstacle to any serious investor who wishes to deploy their capital. This is where patience is required to continue identifying great potential businesses but holding fire until the price is right. Often times great businesses can stumble, or the market as a whole can fall precipitously, and it is at these moments that Value Investors spring into action.

As Buffett has demonstrated on multiple occasions during times of market panic, he doesn't take weeks or even days to reach conclusions on investment decisions, he knows intuitively through all his experience and previous work what is a bargain and what is not. He to a certain extent ignores all the news (usually about the world ending) and focuses instead on remaining rational when all around him are losing their heads. He doesn't need to know everything about the business, just the things that he has previously identified as key for that particular business. His knack comes from knowing what these are and then acting with impressive speed or in his own words:

'The best thing that happens to us is when a great company gets into temporary trouble...We want to buy them when they're on the operating table....in the meantime we sit on our hands.'

In the same vein, Stan Druckenmiller, who managed George Soros' Quantum Fund and famously made over $1 billion by 'breaking the pound' when the UK crashed out of the ERM on Black Wednesday (16 September 1992) wrote 'The key to being a successful investor and to building superior long-term returns is to preserve capital and wait patiently for the right opportunity to make extraordinary gains, the waiting is the hard part!' This is an essential component of any investor's toolkit, the ability to react quickly and decisively when favourable prices unpredictably appear. Experienced investors are far less likely to panic and therefore likely to view market declines as an opportunity to buy. It is these investors that succeed in the long run at the expense of everyone else. Many attribute 'market timing' with 'luck', but as the first century Roman Philosopher Seneca wrote and as all three successful investors mentioned here (Buffett, Druckenmiller and Soros) have demonstrated 'Luck is what happens when preparation meets opportunity.'

I trust you have enjoyed our journey together so far however, if our paths diverge from here, then as the investing legend, Charlie Munger says, ‘In the investment business, all knowledge is cumulative’ and in this spirit, we wish you continued success on your journey!

Yours sincerely

Ardal Loh-Gronager
Managing Partner
LOH-GRONAGER PARTNERS

DISCLOSURES

To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document is provided for informational purposes only, and has been approved by Loh-Gronager Partners Limited a limited liability company registered in England and Wales with number 13519621 and is authorised and regulated by the Financial Conduct Authority under FCA number 956608 for the conduct of investment business in the UK.

The registered address of Loh-Gronager Partners Limited is 23 Berkeley Square, Mayfair, London W1J 6HE. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you as a professional client and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

The information provided herein constitutes marketing material. It is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee nor is it the result of objective or independent research. Any information including facts, opinions or quotations, may be condensed or summarised and is expressed as of the date of writing. The information provided herein is not legally binding and it does not constitute an offer or invitation to enter into any type of financial transaction.

If you are not a client of Loh-Gronager Partners Limited (hereafter "LG Partners"), please note that this document has been provided to you for information purposes only as an example of the type of products we are able to offer to you should you become a client of LG Partners. This document is provided to you for your information and discussion only. The provision to you of this document does not constitute an invitation or inducement to buy or sell any security or other financial investment, nor does it constitute an advice or personal recommendation. Should you wish to invest in any products, you will have to go through our KYC, Compliance and Due Diligence procedures, which can be initiated by contacting: ir@LohGronagerPartners.com.

The information provided herein was produced based upon information, including market prices, data and other information, believed to be reliable by LG Partners with the greatest of care and to the best of its knowledge at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable. LG Partners is under no obligation to ensure that such updates are brought to your attention. The product(s) mentioned in this document will put your capital at risk. Past performance is not a reliable guide to future performance. Potential investors should refer to the fund documentation before considering any investment and read the relevant risk sections within such documentation.

LG Partners provides no guarantee with regard to the content and completeness of the information and where legally possible does not accept any liability for losses that might arise from making use of the information. If nothing is indicated to the contrary, all figures are unaudited. The information provided herein is for the exclusive use of the recipient. It may not be reproduced, neither in part nor in full, without the written permission of LG Partners.

Your Personal Data will be processed in accordance with the LG Partners privacy statement accessible through the official LG Partners website https://www.LohGronagerPartners.com. In order to provide you with marketing materials concerning our products and services, LG Partners may process your basic Personal Data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can opt-out from receiving these materials at any time by informing LG Partners: info@LohGronagerPartners.com.