



LOH-GRONAGER
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WHAT MAKES A SUCCESSFUL VALUE INVESTOR?

PART VI – PASSION

PASSION! (attention grabbing isn't it!) In this, Part VI of our Multi-Part Series (published monthly), we are going to be looking at how passion can help us to answer the question...can Manchester United find the passion to ever win a trophy again...sorry...I mean:

What makes a successful value investor?

What does the word 'passion' mean to you when you read it or when you say it out loud? For me, I feel it in my gut, it's like a drive, a force to achieve something, a win-at-all-costs attitude. Daley Thompson was an athlete who broke four world records and won two Olympic gold medals, three Commonwealth titles, as well as securing wins in the World and European Championships. He is considered by many as the greatest decathlete of all time. People were rightly fascinated by his work ethic and one reporter posed him the question of what his favourite day to train was and Thompson replied: 'Christmas Day, as I know this is the only day that my competitors won't be training'. Now to me, that is true commitment, that is passion, and it is no doubt a key part of why he won so much.

I am yet to meet a single person who is happy in life who is not passionate about what they spend their time doing. In fact, I would say that the single biggest differentiator between people who are successful at investing, or anything else for that matter, be it business or relationships or life in general versus those who are not, is passion. The correlation between passion and success is unmistakable, passionate people will undoubtedly work harder and invest more physical and mental energy in achieving their goals. Passionate people tend to read more and think more, to further develop their mastery over a subject when compared to those who do not care as much. It is this drive to go one step further that forms the clear distinction between the good and the great.

Investing in financial markets is a zero-sum game, meaning that every time you buy something, someone else must be selling and vice versa. Therefore, every time you make money someone else has 'lost' money. The market is relatively efficient and we believe that over time stock prices will tend to reflect the underlying fundamentals of the business, despite long stretches where they may diverge. If you are participating in a game like this, then surely the edge both psychological and informational goes to those who work the 'smartest' and the odds of success will be resolutely in their favour.

This is not to say that if you just work harder than everyone else, you are guaranteed to be successful. That said, I challenge you to find an example of someone who became widely recognised as 'great' without a significant part of their success coming from outworking everyone else. The fund manager Howard Marks surmised it well when he said: 'Look, luck is not enough, but equally intelligence is not enough, hard work is not enough, and even perseverance is not necessarily enough. You need some combination of all four.' Long term, you will not be able to outperform if you do not have passion, to, bordering on an obsession, how else can you self-motivate yourself to outwork everyone else?

In [The Investor's Manifesto](#) (a great read available [here](#)) William Bernstein a successful investor in his own right, outlines that he believes:

'Successful investors...must possess an interest in the process. It's no different from carpentry, gardening or parenting. If money management is not enjoyable, then a lousy job inevitably results.'

Many an investors best returns have been generated by allowing their passions to guide their investment research. If something piques your interest, then this is the first sign that you may be onto a winner! Research the idea, learn about the idea and if you are passionate and interested in it, it will not be any work at all. Don't be concerned with what others are buying, that is their business, trust your instincts, follow your passion.

My view is that if you want to be a successful investor, then investing must be one of if not your single greatest passion. For anyone that was truly gifted at anything, and I believe each of us has our own calling, you know in your core when something connects with you and every fibre of your being and when it does not. Allow your passions to guide you in life and have the patience to allow them to help you to accumulate and compound knowledge, to be the very best that you can be. As Nelson Mandela said: 'There is no passion to be found playing small - in settling for a life that is less than the one you are capable of living.'

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



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