



ELEMENTS KEY TO SUPERIOR PORTFOLIO PERFORMANCE – ‘Timeless, Not Trendy’

The investment management industry is not ‘set up’ to serve investors well.

These are the reasons why – too many too’s. Most firms are: too large; too diversified; too institutional; too conflicted; too commission / sales driven; too macro-oriented; too short term in thinking; and too complacent. The clients continue not to have yachts; the proprietors do – not the correct recipe for investor success.

There is an overriding, curious phenomenon in our industry. Namely, that Warren Buffett is the most successful and most studied investor in the world – and the least followed. Almost nobody buys and holds quality businesses, for even the medium term, let alone longer! Almost nobody (under 50) cares about cash flow and dividends – the key success variables (instead focused on earnings every 90 days)! Curious! Commissions, the capitalist culprit?!

P.S. Exchange Traded Funds (ETF’s) worry us – another derivative / proxy instrument; diverting, again, from the essence of our business – buying ownership directly, in good companies.

We Would Submit the following Key Success Elements for your consideration, in selecting an investment firm:

- Independent; of all tangential and diversionary pursuits.
- Managers own the firm – incented to stay.
- Managers co-invest – incented to be right.
- Manager size (small enough) to take advantage of all relevant opportunities.
- Manager focused on individual private clients only; i.e. not institutional or retail.
- Manager fee structure designed to build the portfolio, not trade it.
- No loads, front or back, and no lock-ins; perfect client liquidity.
- Portfolio structured for each individual – not impacted by a pool or funds.
- Portfolio focused, yet diversified.
- Portfolio strategy matched to clients’ needs and expected outcome, i.e. time horizon; income needs; capital objective, etc.
- Clear focus on quality, management, and financials, at all times.
- Investment time horizon.

Few investment managers are set up to meet these Success Elements. One last 'curiosity' – **Georgian Capital is!**

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