

Investment Philosophy

Valuation

Our investment process is centered around the fundamental valuation of businesses. Valuation marks the cornerstone of our analysis, investment decisions, portfolio construction, and risk considerations.

Invest into businesses

Rather than following a top-down approach formulating opinions on currencies, interest rates or economies, we analyze individual businesses bottom-up from an entrepreneurial point of view, company by company. We seek to buy above-average businesses, run by prudent management, at below-average prices.

Buy at a discount, have a margin of safety

When investing we allow for a «margin of safety» by buying into securities at prices below their intrinsic value. This provides us with some degree of protection even if things do not go our way.

Stay within our circle of competence

We only enter competitions in which we think we are strong and where we have a proven track record. What we do not understand, we will not buy.

Avoid permanent capital losses

Risk management, for us, is not about reducing price volatility. Rather, it is about the avoidance of permanent capital losses (defined as the loss of capital over a full investment cycle). Permanent capital impairment can occur if a business is fundamentally deteriorating, dangerously leveraged, or bought at an excessive price.

Think long-term

Investing is a marathon rather than a sprint. We trade short-term temptation for long-term opportunities. Our time horizon is long-term, i.e. 3-5 years and longer, not months.

Stay away from the herd

We do not follow the herd which applies optimism at the top and pessimism at the bottom. Instead, we strive to maintain independent, original thinking.

[Stocks](#)

[Bonds](#)

[«Bottom-up» instead of «Top-down»](#)