


Contrarian Investing

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Agenda

- Traditional Investing
- Herd Mentality
- Contrarian Investing (CI)
- Examples of CI
- Opportunities and risks
- Personal investment example of CI
- Reading material

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Traditional Investing

- Bonds
- Cash
- Stocks and Shares
- Real Estate
- Become a business owner

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Herd Mentality

Bubbles in the stock market

- Tulip Mania (1637)
- South Sea Bubble (1720)
- Railway Mania (1840)
- Roaring Twenties (1920)
- Dot-com Bubble (Late 90's – Early 2000s)
- Real Estate (2008)

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Contrarian Investing (CI)

- Key Principle: “Be fearful when others are greedy, and greedy when others are fearful.”
– Warren Buffet
- How can you be a Contrarian Investor
 - Independent thinker
 - Research and Analysis (BI Methodology)
 - Patience and Long-Term View
 - Risk Tolerance and management
 - Be a value investor
 - Understanding of Goals and Time Horizon

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Contrarian Strategies

- Bottom Fishing
- Sector Rotation
- Value Investing
- Short Selling



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Case Studies

- Goldman Sachs & Bank of America
- Investing in Japan in 1960
- Investing in distressed debts
- Real estate
- Oil price collapse



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Opportunities

- Buying undervalued assets
- Profit from market overreaction
- Long-Term Growth potential
- Buying at Market bottoms
- Higher potential returns
- Psychological discipline

Risks

- Risk in timing the market
- Underperformance in trending markets
- Value Traps
- Change in market sentiment
- Liquidity risk
- Bias

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Personal Examples of CI

Not so pleasant experiences

- JCPenney – capital wiped out
- Valeant Pharmaceuticals/Bausch Health Care – down 60%
- SOFI – down 40%

Positive experiences

- Conoco Phillips – 188%
- Exxon Mobil – 185%
- Flour – 134.55%
- Barclays – 63.5%
- JP Morgan (39%) and Bank of America (26%)

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Reading Material

- “Intelligent Investor”
– Benjamin Graham
- “The Most Important Thing: Uncommon Sense for the Thoughtful Investor”
- Howard Marks



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Questions or Comments?



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