
WHERE WE STAND

Our guiding principles

We believe that any successful relationship demands a profound sense of personal compatibility. This implies a clear understanding of goals and objectives and a mutual appreciation for common and permanent values.

ON DUTY TO SHAREHOLDERS

- Our capital represents the savings and lifetime work of our shareholders. We have the utmost respect for its irreplaceability. Capital is scarce. To accumulate savings requires time, effort and sacrifice. To keep it is quite difficult.
- We value responsibility and accountability in corporate governance as well as the avoidance of conflicts of interest consistent with the duty of loyalty and the duty of care.

ON OUR PRACTICE

- All our decisions are rooted in the avoidance of a permanent impairment to our capital. This is central to our purpose.
- We do nothing complicated or formulaic. We invest in businesses and people we understand and avoid those we do not, no matter how compelling they may appear to be. Our emphasis on the qualitative may not be fashionable but we believe it to be correct.
- We believe that capital survival is a prerequisite to capital growth and that the choice between the two is an easy one.
- We operate in the financial industry but we are not of it. We reject its principles, its practices and its methods. We are owners rather than investors and deploy our capital alongside owners as well. The attributes we prize most—scarcity, endurance and independence—are rare. When we do come across them together, we're not looking to sell.
- Permanence means we prefer what is firm, durable, earned, and designed for continuity, rather than what is fragile, fleeting, and unsure.
- We believe that wealth creation comes in spurts and not in the tidy logic of financial models. Great opportunities come only once in a while.
- We do not engage in practices that can result in sudden demands for large sums, either from debt maturities or derivative contracts.

- We have no predetermined investment horizon or exit strategies and are keen to participate long-term in the compounding of earnings.
- We are neither bearish nor bullish but rather keen to distinguish what is real and true from what is not.

ON INVESTMENT SUITABILITY

- We seek to hold a diverse collection of assets, but do not rely on diversification to compensate for risks we don't understand.
- We like natural monopolies and economic niches having scale, barriers to entry and pricing power, but also owned and managed by similarly minded and motivated persons.
- Although very sceptical of the financial world, we trust individuals who have demonstrated responsibility, accountability and honourable actions.
- We think that endurance is valuable and that it is the result of focusing on the customer rather than financial rewards that ensue. A company that places shareholder value ahead of customer satisfaction destroys both.
- We avoid all finance-related endeavours, the idea of growth for its own sake, short-term thinking, financial engineering, and endeavours we don't understand.