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Ben Graham Centre
for Value Investing



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GREEK CENTRE FOR
VALUE INVESTING

The Ben Graham Centre's 1st European Value Investing Conference

October 1, 2021

Virtual (Zoom)

Time Zone: Athens, Greece



IMPROVING LONG RUN INVESTMENT PERFORMANCE

greekvalueinvestingcentre.com



Mission of the Conference

- to promote the tenets of value investing as pioneered by Benjamin Graham;
- to expose Conference participants to the various value investing methods used by practitioners;
- to encourage and support academic research and study in the area of value investing.

The Conference will provide a forum to explain, discuss and debate the principles, practices and various applications of value investing from a global context with emphasis on the European markets.

Corporate executives will offer an industry perspective of how to look for value creating opportunities and how to create value.

Conference Organizer and Chair

George Athanassakos

Founder & Managing Director, Ben Graham Centre for Value Investing, Ivey Business School and Greek Centre for Value Investing





A Message from the Director

I am a firm believer in stock picking. I think stock picking, with the right process and the right temperament, works. And, contrary to popular claims, value investing is not dead. Those who claim it is dead, substantiate this by providing evidence that picking cheap stocks, meaning stocks with low price-to-earnings or price-to-book ratios, has been ineffective since the onset of the great recession.

What is going on? Is value investing dead or not? It all depends on how one defines value and growth investing. Investors widely use the terms value stocks and growth stocks, but many do not know what they mean. Academic researchers sort stocks by price-to-earnings, price-to-book or other valuation metrics from low to high and form a number of portfolios from the sorted stocks. They call the lowest price-to-earnings stocks value stocks and the highest price-to-earnings stocks growth stocks. While academics do not know which stocks from the value group value investors will eventually buy, they do know that value investors mostly choose stocks from the low price-to-earnings group, the so-called value stocks, and avoid stocks from the high price-to-earnings group, the so-called growth stocks. This is what I call the naive value investing approach.

But let's look more closely at this naive definition of value investing and examine the reasons why low price-to-earnings and price-to-book stocks have not performed very well in recent years. Both ratios are a function of interest rates. As rates currently converge towards zero, these ratios of all stocks rise significantly above historical levels. In this setting, companies with very low price-to-earnings and price-to-book ratios tend to be bad companies and investing in them by definition leads to underperformance. My research has demonstrated this clearly.

At the same time, these ratios are also a function of the growth rate of earnings going forward. This relationship can be found in a mathematical formula derived from the equity valuation model taught at universities around the globe. Companies have low or high multiples because markets expect low or high earnings growth. However, the way growth comes into the mathematical formula implies that high multiple firms are expected to sustain high growth forever; vice versa for low multiple firms. The markets tend to be over-optimistic about growth for high multiple firms and over-pessimistic about growth for low multiple firms. Moreover, growth stocks' optimistic growth rate assumption interacts with current record-low interest rates. Such interaction benefits growth stocks the most, as their future growth opportunities look very high in present value terms. As a result, particularly in the current interest rate environment, investors tend to overvalue, and overpay for, high multiple firms and undervalue low multiple firms. Hence, the growth stocks', namely the high price-to-earnings stocks', higher returns.

Which leads to an interesting conjecture: What if we are, for the foreseeable future, in a low inflation, low interest-rate environment? What does this mean for an investing strategy that naively considers only low price-to-earnings or price-to-book stocks? The news on this front is not good. And it is supported by historical evidence, too. Since 1966, naive value investing has had two long periods of underperformance, 1967 to 1974 and 2012 to 2019. This underperformance coincided with periods of markedly low inflation and interest rates and supports the argument that the real culprit and the common denominator for such underperformance may have been low inflation and by extension low interest rates. Indeed, the correlation between a measure of expected inflation and the value premium is 50 per cent, which quite high for such data.

But even if this is the case, it tells us nothing about the performance of value investors as fortunately, this is not what true value investors do. The process they follow goes beyond naively investing in low price-to-book or price-to-earnings stocks. Sorting by these ratios (or other metrics) is only the first step in the value investing process. Next, they value each of the lowest price-to-earnings stocks to find their



intrinsic value. Finally, they compare the intrinsic value of each stock to the market price. If the stock price is less than the intrinsic value by at least the so-called “margin of safety” (normally around 33 per cent of the intrinsic value), the stock is considered to be truly undervalued and is worth investing in. Most people believe that the only thing that value investors do is sort stocks by price-to-earnings and invest in the lowest price-to-earnings stocks. This cannot be furthest from the truth. True value investors follow with discipline and patience the three-step process referred to above.

On a more optimistic note, however, there is some evidence to indicate that naive value investing seems to shine after a long period of underperformance. For example, the bleak years between 1967 and 1974 were followed by a long stretch, with small interruptions, of outperformance of a low price-to-earnings or price-to-book strategy between 1974 and 2011. If this is the case and given the 2012-2019 period of underperformance of naive value investing, this means we may be at the threshold of a golden period for value investing once more.

On behalf of the Ben Graham Centre for Value Investing (Europe) and the Greek Centre for Value Investing, I would like to welcome you all to the 1st European Value Investing Conference. The Conference will provide a forum to explain, discuss and debate the principles, practices and various applications of value investing from a global context with emphasis on the European markets. The mission of the conference is (a) to promote the tenets of value investing as pioneered by Benjamin Graham; (b) to expose Conference participants to the various value investing methods used by practitioners; and (c) to encourage and support research and study in the area of value investing.

I proudly welcome our panel of professional value investors who will speak about value investing around the world, with emphasis on European Value Investing, and who are a living testament of what I have described. They will tell us how they put what I detailed above into practice in their own portfolios in a global setting. Similarly, I proudly welcome our panel of corporate executives, who will discuss how they look for and create value for their shareholders. As investors, we all want to buy companies that create value and these are well run companies with executives, who themselves are value investors, and know how to create value.

I am also delighted to have as keynote speaker at the Conference Mr. Fokion Karavias, CEO of Eurobank S.A., who will give us a view of the world that is different from what we are exposed to in our everyday norm.

I would like to thank you all for joining us and hope you have an enjoyable experience at the Conference.

George Athanassakos

Founder & Managing Director, Ben Graham Centre for Value Investing, Ivey Business School and Greek Centre for Value Investing



Panel of Speakers

The 1st European Value Investing Conference offers a panel of speakers with a proven record of success in the field of value investing. Featured speakers participating at the Conference are:

Keynote Speaker

Fokion Karavias, Chief Executive Officer, Eurobank S.A., Athens, Greece

Panel of Value Investing Professionals

Guy Spier, Founder and Managing Partner, Aquamarine Capital, Zurich, Switzerland

Francisco García Paramés, Chairman and CIO, Cobas Asset Management, Madrid, Spain

Thomas Konstantinidis, Managing Director, European Reliance Asset Management, Athens, Greece

José Luis Jiménez Guajardo-Fajardo, Chief Investment Officer, MAPFRE, Madrid, Spain

Goran Vasiljevic, Chief Executive Officer and Chief Investment Officer, Lingohr & Partner Asset Management, Düsseldorf, Germany

Richard Oldfield, Chairman, Oldfield Partners LLP, London, UK

Panel of Corporate Executives

Eftichios Vassilakis, Chairman, AEGEAN and Olympic Air and Chief Executive Officer Autohellas S.A. / Hertz, Athens, Greece

Apostolos Georgantzis, Chief Executive Officer Quest Holdings and Vice President, Quest Technologies, Athens, Greece

Alexander Sarrigeorgiou, Chairman and Chief Executive Officer, Eurolife FFH Insurance Group, Athens, Greece



The Ben Graham Centre's 1st European Value Investing Conference (Virtual)

Event Host

Dr. George Athanassakos, Founder & Managing Director, Ben Graham Centre for Value Investing, Ivey Business School and Greek Centre for Value Investing

Keynote Session

13:00 - 13:10	Zoom Waiting Room Open
13:10 - 13:30	Dr. George Athanassakos (Host) - Welcoming the Delegates, Introductions and Opening Remarks
13:30 – 14:15	Keynote Speaker Fokion Karavias – “The Challenges and Opportunities for the Greek Banking System”
14:15 – 14:30	Q&A
14:30 – 14:32	Host

Value Investing Session

14:40 – 14:45	Zoom Waiting Room Open
14:45 – 18:25	Value Investor Panel Presentations and Q&A
14:45 – 15:15	Guy Spier – “Thinking about Return on Invested Capital: A Framework”
15:15 – 15:45	Francisco García Paramés – “Is it Value or is it Growth?”
15:45 – 15:50	Break
15:50 – 16:20	Thomas Konstantinidis – “Value Investing During an Economic Crisis: The Case of Greece”
16:20 – 16:50	Jose Luis Jimenez Guajardo - Fajardo – “Is Football the Most Interesting Under-the-Radar Value Investing Story at the Moment?”
16:50 – 16:55	Break
16:55 – 17:25	Goran Vasiljevic – “Identifying Value – Focus on Facts not Fiction”
17:25 – 17:55	Richard Oldfield – “Patience, Patience, Patience”
17:55 – 18:25	Q&A
18:25 – 18:27	Host



Corporate Executive Session

18:40 – 18:50	Zoom Waiting Room Open
18:50 – 20:50	Corporate Executive Panel Presentations and Q&A Topic: Looking for and Creating Shareholder Value – Industry Perspective
18:50 – 19:20	Eftichios Vassilakis – AEGEAN'S Perspective
19:20 – 19:50	Apostolos Georgantzis – Quest Holdings' Perspective
19:50 – 20:20	Alexander Sarrigeorgiou – Eurolife's Perspective
20:20 – 20:50	Q&A
20:50 – 21:00	Concluding Remarks



Keynote Speaker



Fokion Karavias

Chief Executive Officer, Eurobank S.A.

Mr. Karavias holds the position of Chief Executive Officer at Eurobank and he is Member of the Board of Directors. He has served at Eurobank as Senior General Manager, Head of Group Corporate and Investment Banking, Capital Markets & Wealth Management and member of the Executive Committee (2014 - 2015), General Manager and member of the Executive Committee (2005 - 2013), Deputy General Manager and Treasurer (2002 -2005). He started his career in banking in 1991, at JP Morgan, in New York, in the market risk management division. In 1994, he joined Citibank, in Athens, responsible for derivatives and fixed income business in Greece. In 1997, he joined Eurobank, as head of fixed income and derivatives trading. In 2000, he became Treasurer at Telesis Investment Bank. He is also Chief Executive Officer (CEO) of Eurobank Holdings and Member of the Board of Directors of Eurobank Private Bank Luxembourg S.A. He holds a Diploma in Chemical Engineering from the National Technical University of Athens, a Master's and Ph.D. in Chemical Engineering from the University of Pennsylvania, Philadelphia. He has published several papers on topics concerning his academic research. He was born in Athens in 1964.



Panel of Value Investing Professionals



Guy Spier

Founder and Managing Partner, Aquamarine Capital

Mr. Spier is the founder and managing partner of Aquamarine Capital, an investment partnership styled after the original 1950's Buffett partnerships. In 2008 Guy, along with Mohnish Pabrai, had lunch with Warren Buffett after submitting the winning bid for Buffett's annual Glide charity auction. Guy completed his undergraduate studies at Oxford and earned an M.B.A. from Harvard Business School.



Francisco García Paramés

Chairman, Chief Investment Officer, Cobas Asset Management

Mr. Paramés was born in 1963 in El Ferrol, Spain. After graduating in Economics, he took an MBA at the IESE business school. A voracious reader, he gets through books as briskly, it seems, as his long daily walks. He is also a keen swimmer, and sometimes plays golf. His track record of 25 years near the top of performance rankings make him one of Europe's leading asset managers in the "value" school. He is a self-taught follower of Warren Buffett's investment approach. His asset management style is based on strictly applying the principles of value investing (Graham, Buffett, Peter Lynch, etc.), within the framework of the Austrian business cycle theory. He is the author of *Invirtiendo a largo plazo* (Investing for the long term), a book in which he explains the underpinnings of his own investment approach and experience.



Thomas Konstantinidis

Managing Director, European Reliance Asset Management

Mr. Konstantinidis is the Managing Director of European Reliance Asset Management, a subsidiary of European Reliance Insurance Group. European Reliance Asset Management has more than 400 ml euro under management in both European bonds and equities and follows value investing philosophy in managing its funds. The last few years the company has received multiple awards. Furthermore, Mr. Konstantinidis is the president of the European Reliance Insurance Group Investment Committee reporting to the Board of the Directors of the Group. He is a member of the European Reliance Asset Management Board of Directors as well of a member of the Alter Ego Facilities Management Company Board of Directors. During the period 1998 to 2005, Mr. Konstantinidis has held various positions in the financial sector in Greece and abroad. Mr Konstantinidis holds a B.Sc in Business Administration from Boston University School of Management, where he finished Magna Cum Lade. He also holds an M.Sc in Finance from Boston College, Carroll Graduate School of Management and an Executive M.B.A. from London Business School.



José Luis Jiménez Guajardo-Fajardo

Chief Investment Officer, MAPFRE

Mr. Guajardo-Fajardo was born in Madrid in 1968 and is an Economics graduate from the Universidad Complutense. He has a diploma from the London School of Economics and attended the Global Senior Management Programme (GSMP) at the IE Business School and Chicago Graduate School of Business. Finally, he attended also the Oxford Strategic Leadership Programme at Oxford Said Business School. Jose Luis began his professional career as an economist in the Research Department of Caja Madrid before joining Skandia Vida as a Chief Economist. He later became Chief Investment Officer at Skandia Link in the European and Latin America Division- first in Madrid and then in Paris. Finally, he became Head of Asset Allocation at Skandia Investment Group – Skandia’s global investment arm – based in the United Kingdom. José Luis joined March A.M., the boutique asset manager of Banca March, as CEO in 2009 returning to Spain. Finally, he moved to MAPFRE as Chief Investment Officer in September 2015, where he is in charge of the Investment Unit. Founder and Chairman of the Group of Boutique Asset Managers (GBAM): an international network of specialized asset managers with more than 17 members Worldwide. José Luis Jiménez has combined his professional work with lecturing in Macroeconomics at the IE Business School.

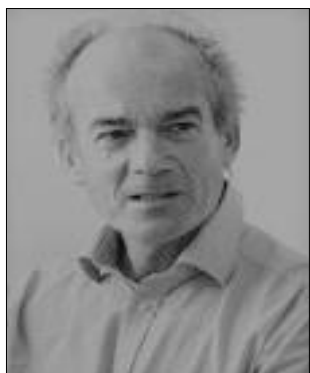


Goran Vasiljevic

Chief Executive Officer and Chief Investment Officer, Lingohr & Partner Asset Management GmbH

Mr. Vasiljevic is the CIO and Speaker of the Management Board (CEO) at Lingohr & Partner Asset Management GmbH in Germany. In his capacity he is responsibility for the strategic outlook of the company, monitoring the implementation of the company's investment philosophy as well as leading the portfolio management.

The company's main focus is to identify undervalued companies as a result of human misjudgement. The identification of undervalued companies is a result of a systematic screen and a human overlay. Thereby the process is combining the best of two worlds – the man & machine. Mr. Vasiljevic and his team is consistently driving research and developing new sophisticated methods of research while relying on “old” fundamental insights from Ben Graham and other Value Investing great. The implementation of the disciplined approach is as team approach. Currently, the company manages over 2 Billion USD in a wide variety of different strategies across the globe in the large and small cap space. Mr. Vasiljevic holds B.A. and a Masters in Finance from Tulane University. Prior to joining Lingohr & Partner in 2011 he held positions on the sell side at Roth Capital Partners and worked in M&A advisory at FMV Opinions. He is a passionate learner and value investor and therefore active in frequent speaking engagements and publishes Value Insights on a regular basis.



Richard Oldfield

Chairman, Oldfield Partners LLP

Mr. Oldfield is Chairman of a boutique investment management firm, Oldfield Partners LLP. He is also a Trustee of the Prince's Trust and Canterbury Cathedral Trust and President of Demelza House Children's Hospice. Between 2007 and 2014, he was Chairman of Oxford University Endowment Management Ltd. and Oxford University Investment Committee. He is the author of the book *Simple But Not Easy*, a book about investing that was published in June, 2007, with a second edition being published in 2021.

Panel of Corporate Executives



Eftichios Vassilakis

Chairman, AEGEAN and Olympic Air,
Chief Executive Officer Autohellas S.A. / Hertz

Mr. Vassilakis is the Chairman of AEGEAN and Olympic Air and also the CEO of Autohellas S.A./Hertz. He holds non-executive directorships with Greek listed retailer Furlis, with listed real estate holding company Lamda Development and also with the luxury resorts developer company TEMES. He previously served as a non-executive member of the Board of Directors of Piraeus Bank and TITAN Cement. He has been a member of the Board of Directors of the Greek Tourism Confederation (SETE) since 2011, and in 2014 he has been appointed Vice President. He is both a member of the Board of Directors and the Executive Board of the Hellenic Federation of Enterprises (SEV). Since 2017 he has been a member of the Board of Directors of Endeavor Greece. He is a member of the Board of Directors and one of the founders of "Marketing Greece" as well as of the consortium to enhance the tourism and cultural promotion of Athens "This is Athens". Mr. Vassilakis holds a B.A. in Economics from Yale University (1988) and an MBA from the Columbia Business School of New York (1991). He is married with three children.



Apostolos Georgantzis

Chief Executive Officer Quest Holdings
Vice President, Quest Technologies

Mr. Georgantzis holds the Managing Director position of Quest Holdings SA since end 2015 and since the end of 2003 the Managing Director position of ACS SA. He holds a Bachelor (BEng) and a Master's (MSc) Degree in Mechanical Engineering from Imperial College of Science Technology and Medicine (UK). He has experience as an executive, specialist and entrepreneur / businessman in various positions in the Construction, Investments and Information Technology sectors. Mr. Georgantzis was born in Piraeus in 1968. He speaks English and French and he is married and a father of two children.



Alexander Sarrigeorgiou

Chairman and Chief Executive Officer, Eurolife FFH Insurance Group

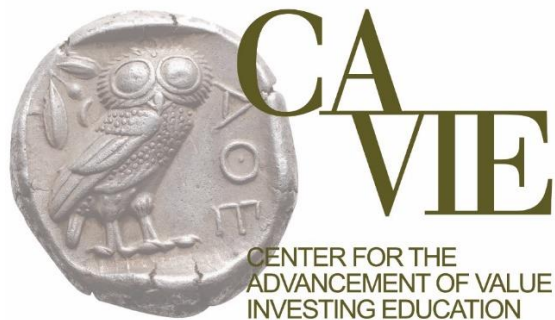
Mr. Sarrigeorgiou is Chairman and Chief Executive Officer of the Eurolife FFH Insurance Group. He is Chairman of the Board of Directors of the Hellenic Association of Insurance Companies, member of the Advisory Board of Directors of A.M. Nomikos Transworld Maritime Agencies S.A., member of the Executive Board of the Wharton School of the University of Pennsylvania for Europe, Middle East, and Africa, Chairman of the Board of the Wharton Club of Greece and Chairman of the Hellenic Advisory Board of the South East European Studies (SEESOX), University of Oxford, member of the Board and the Executive Committee of the Foundation for Economic & Industrial Research (IOBE). He is also member of the General Council of Hellenic Federation for Enterprises (SEV). Amongst other Boards, he was on the Board of S&B Industrial Minerals Holdings S.A.R.L. as well as the Greek Capital Commission (Financial Markets Regulator), the Hellenic Institute for Insurance Studies and on the Board of Grivalia Hospitality S.A. Mr. Sarrigeorgiou holds an MBA in Finance from the Wharton School of the University of Pennsylvania and an MSc and BSc in Civil Engineering, from Columbia University. In the past he has worked for large multinational Groups in Greece and the USA.

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