




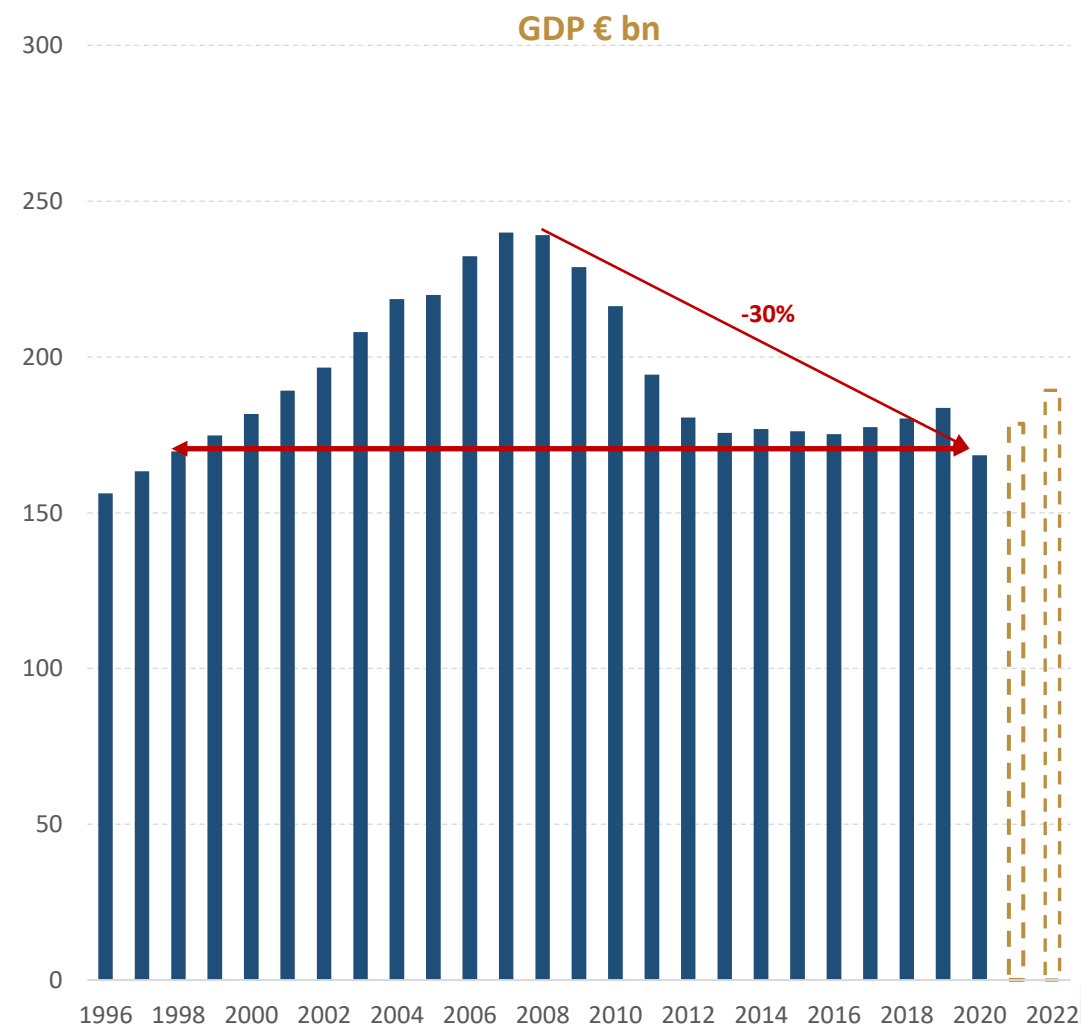
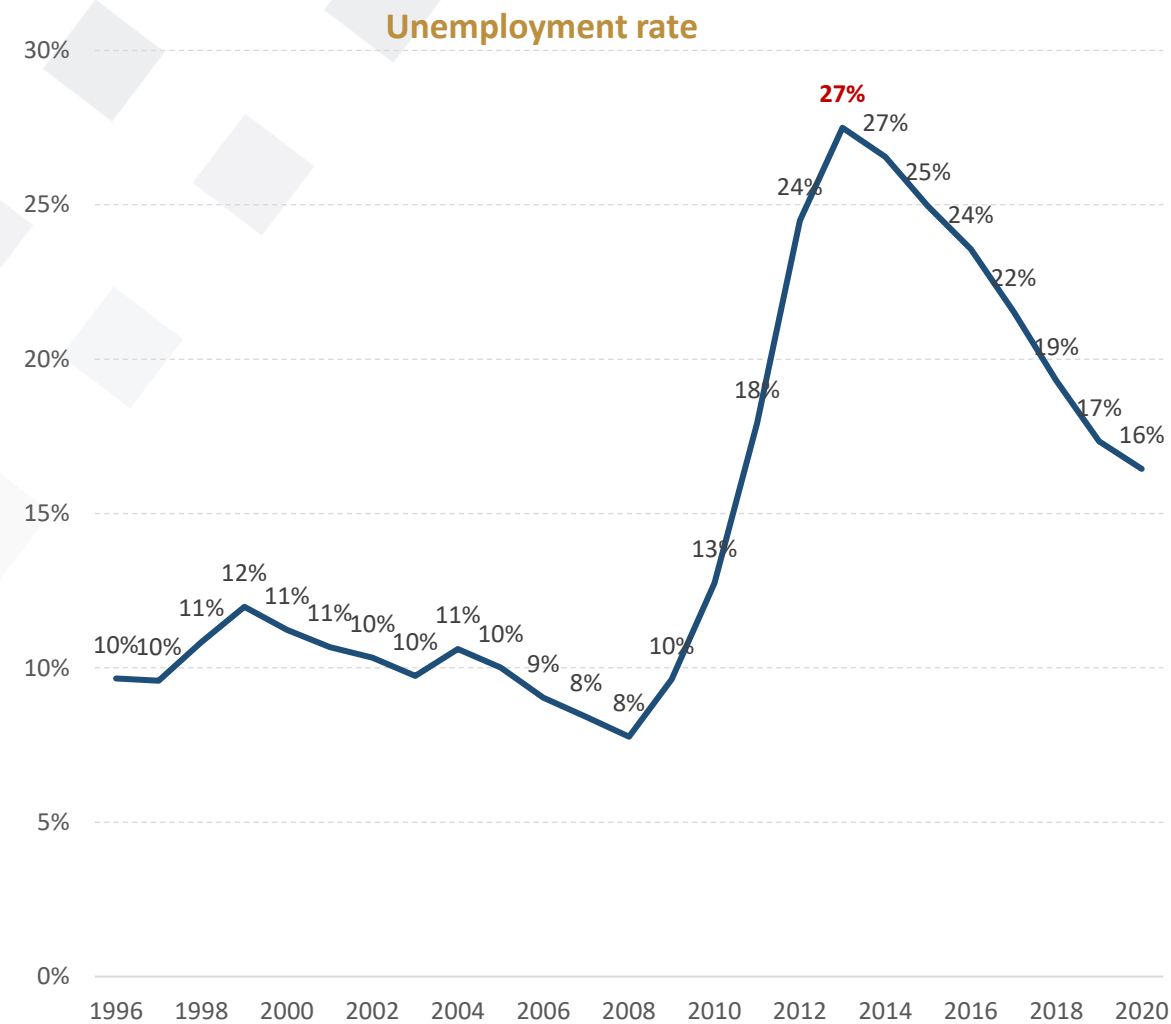
# **Value Investing During an Economic Crisis: The Case of Greece**

Thomas Konstantinidis

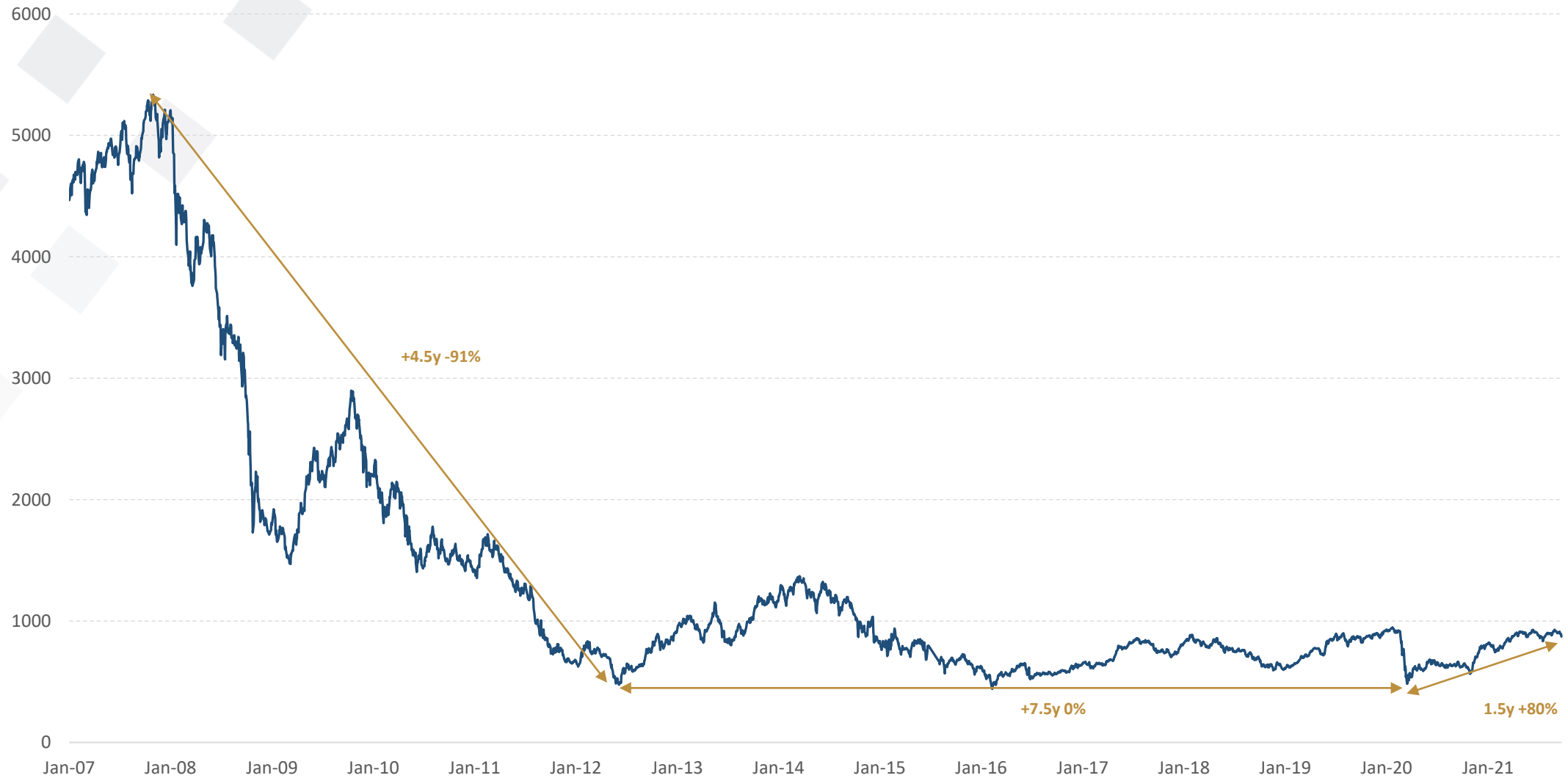


# The Economic Crisis and the Market Collapse

# Greece: GDP & Unemployment rate 1996 - 2020



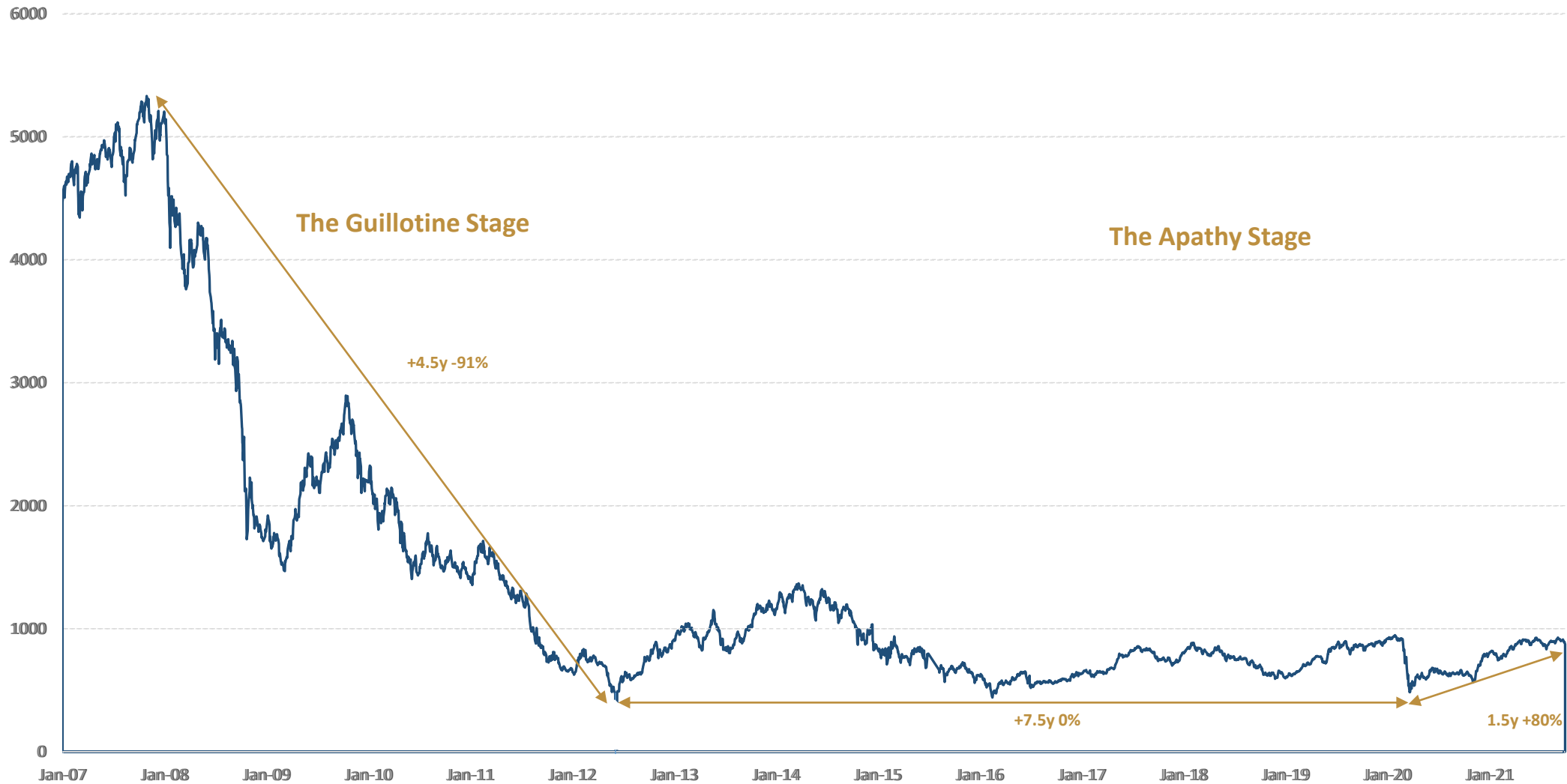
# Athens Composite 2007 – 2021





# The Anatomy of a Bear Market

# Athens Composite 2007 – 2021





# **THE LESSONS!**



# FINANCIAL TIMES

TUESDAY 30 JUNE 2012

WORLD BUSINESS NEWSPAPER

UK £3.50 Channel Islands £2.00 Republic of Ireland £2.00

Ready for takeoff

The case for a third runway at Heathrow — JANAY GANESH, PAGE 11

Just like the others

How a young Tunisian breakdancer turned into a jihadi killer — PAGE 4

C-suite smarts

Do big brains make good bosses? — ANDREW HILL, PAGE 10

## Greek voters warned that bailout rejection would spell 'No to Europe'

• EU leaders say decision is on euro membership • Tremors across continent's markets

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Anniversary edition  
Today The Telegraph  
celebrates 160 years

Wimbledon 2012  
Inside 9 pages of  
unrivalled tennis  
coverage

Feeling low?  
It could be  
hormones  
to blame

# The Daily Telegraph

## Greek crisis ignites as banks shut



### Briefing

• Cameron warns of general election  
David Cameron has said his health's  
extension is "the struggle of our age"  
and Theresa May brought together  
and the Foreign Office warned of its  
strategy, says a senior diplomat

• Councils block UK bank  
British bank explores, says  
"locking" loans, have been dealt a  
after London's Royal Bank of Scotland  
died up to four with near collapse

• Prosecutors eye Deutsche  
Prosecutors are eyeing  
by individuals connected with the  
movement in the last weeks, a  
could lead to criminal charges, say

• CHI unveils strategy as  
Carlye Johnson, a former BBC  
TV director of strategy and  
McGraw-Hill management consultant,  
is to be the next director general of  
the CHI, the first woman to run the  
business lobby group — see p. 10

• China rate cut fails to stem  
A weekend rate cut from China's  
to do the country's domestic and  
refers to, with shares ending  
ending with another significant rise

• Davis eyes Rio's Australian  
Mark Davis, the former head of  
KPMG, talks with Rio's state about  
offer to buy some of the glitz  
Australian road network — see p. 10

• British group targets Alpha  
UK private equity group has taken  
on "pre-emptive" measures, but  
seems to have been successful. "There's  
a lot of things that have clearly risen, the  
day has not fallen," says one leading  
currency strategist at Reuters Investment

• Datawatch

### INSIDE THIS WEEK: INTELLIGENT LIFE

The  
Economist

Dick Lugar, the tea-parties' latest victim  
Valuing Facebook  
David Cameron's mid-term crisis  
The rise of the Sunnis  
Amarillo Slim folds at last

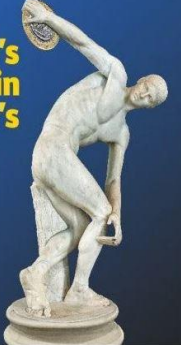
## Europe's Achilles heel



The  
Economist

Start digging at Heathrow  
Why Indians go hungry  
Obama's Amazing Grace  
Uber jobs and the modern worker  
Shale's fractured finances

## Europe's future in Greece's hands



# DER SPIEGEL

Nr. 20  
14.5.2012

## AKROPOLIS ADIEU!

Warum  
Griechenland  
jetzt den  
Euro verlassen  
muss



MIT SPIEGEL TV  
DOKUMENTATION

DAS NETZWERK DER SALAFISTEN

# The Economist

The decline of the public company  
California's big prison reform  
Egypt's promising election  
What's going wrong with Brazil  
Turkey's culture war

## The Greek run



## Greek banks on brink of collapse as savers panic

• Alpha Bank's collapse in EU stock • Hellenic Bank's Euro Bank of Greece

### INSIDE: A SPECIAL REPORT ON MENTAL ILLNESS

The  
Economist

China's market bust  
Turkana, a glimpse of Africa's future  
How to stub out smoking  
Britain's new Conservatism  
The travels of an Indian towel

## The way ahead



# the guardian

## Greece: can't pay, won't pay



-25% Drop in gross domestic product

-28% Reduction in public sector employment

## GREXIT FROM EUROPEAN CHAMPIONS TO TOTAL CHAOS

Financial disarray, fan violence, a national team in turmoil — Euro 2004 seems a long time

## No vote means you are out of the euro, Greece warned



# The Daily Telegraph

## Greek drama engulfs the euro

• 'Earthquake' as far-Left triumphs • EU warns over threat to austerity • Athens faces financial collapse







# THE LESSONS

1. You need an *Investment Process*

# Investment Process

## a. When to buy

- Buy when the market is falling
- Don't wait for the bottom to be reached
- A few large steps
- Don't bet the "farm"
- Embrace volatility

## b. What to Buy

- Establish a program to buy below intrinsic value
- Valuation Rules
- Fundamental Analysis – Intrinsic Value
- Time Arbitrage
- Pre-Commitment



# **THE LESSONS**

## 2. Mental Weapons

# Mental Weapons

***“Intelligent investment is more a matter of mental approach  
that it is of technique”***

Ben Graham

1. Contrarian



a) “... on sales”

b) “mind our own business”

2. Patience

3. Discipline

# Our Philosophy

- **Bottom-Up Valuation & Fundamental Analysis**

We implement an investment process which focuses on bottom-up fundamental analysis and seeks to invest in good businesses with sound management that trade at a discount to their intrinsic value. We calculate intrinsic value based on the no-growth value of normalized earnings, asset-based valuation and Private Acquirer Valuation methods. We invest in good companies whose value is substantially lower from our appraised intrinsic value, ensuring that a margin of safety is achieved.

- **Long Term Stock Investors**

We aim to be long-term investors in our chosen stocks.

- **High Conviction Portfolios**

We maintain concentrated portfolios of our best ideas. When there are not enough investment candidates available, we prefer to hold cash.

- **Across the Capitalization and Industry Spectrum**

We take an unconstrained investment approach investing across the capitalization spectrum from micro-cap to large cap and across all industries if there is a strong conviction for the purchased security. We are not tied to index or sector weightings, but we maintain a fair industry diversification.



Patience

Discipline

Consistency





# Points of Maximum Pessimism

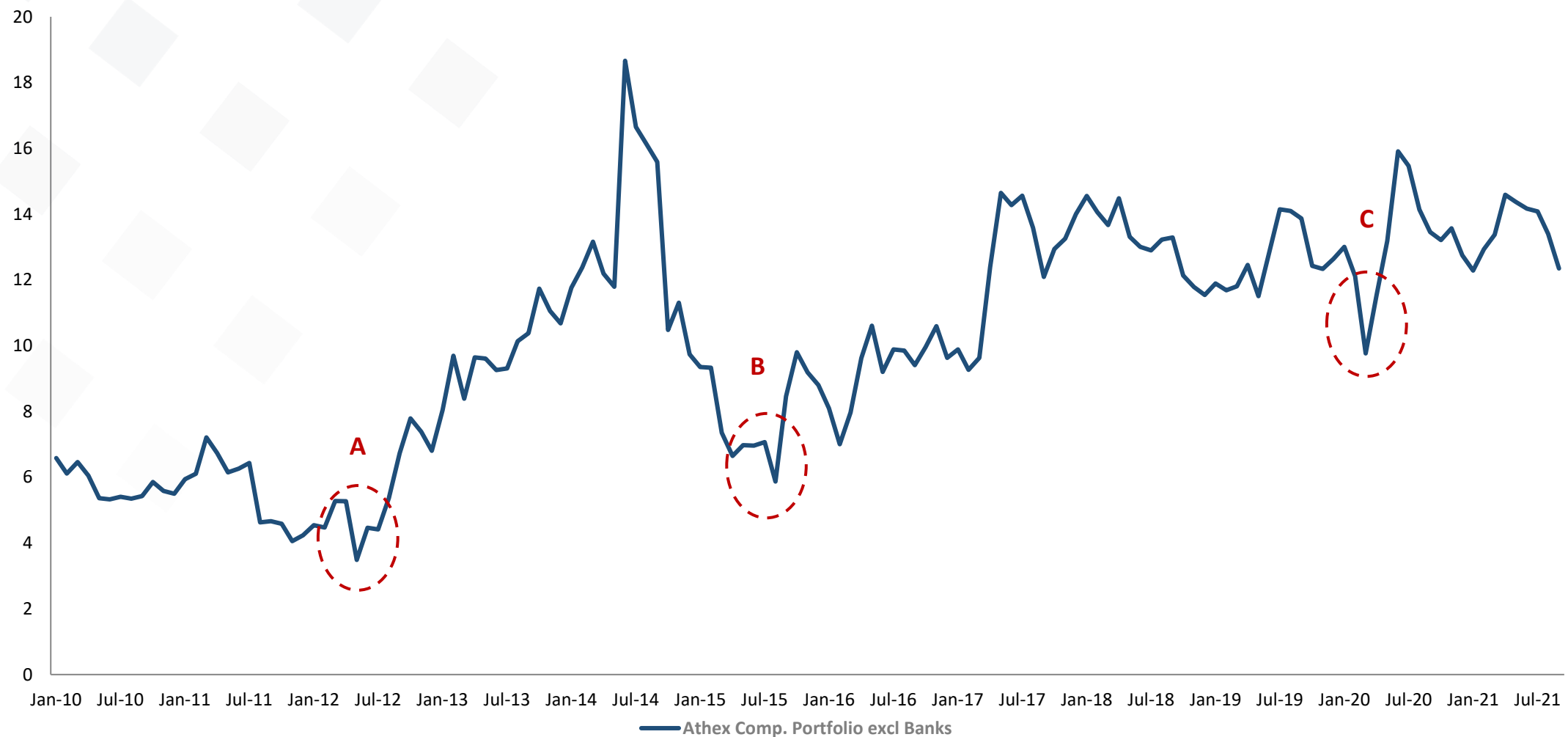
*“In a well-defined bear market many sound common stocks sell temporarily at extraordinary low prices. ”*

Ben Graham

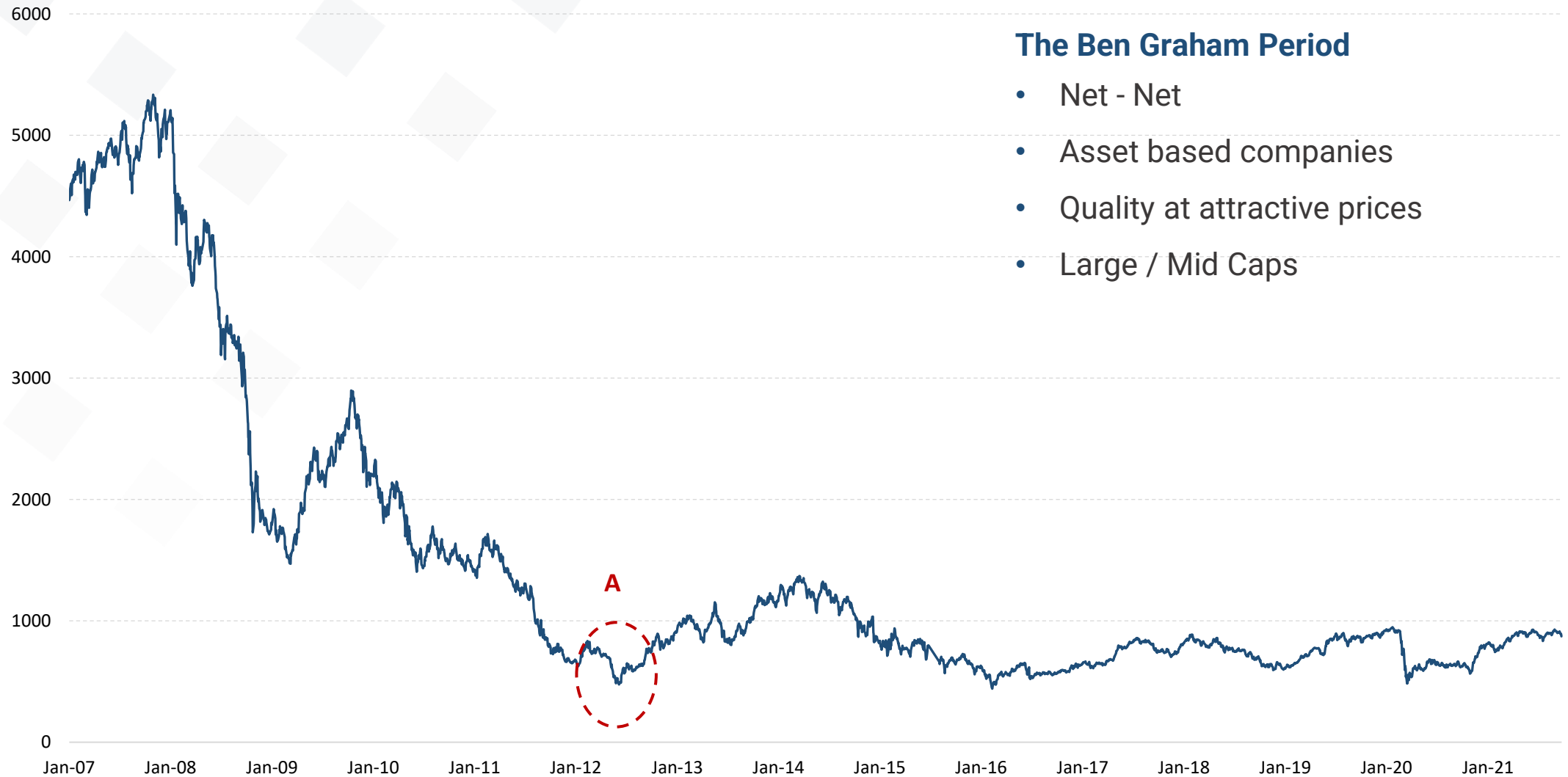
# Athens Composite – Points of Maximum Pessimism



# P/E Ratio Athens Stock Exchange 2010 - 2021



# Athens Composite – Points of Maximum Pessimism



## The Ben Graham Period

- Net - Net
- Asset based companies
- Quality at attractive prices
- Large / Mid Caps

# Athens Composite – Points of Maximum Pessimism





# Athens Composite – Points of Maximum Pessimism





# **Greek Markets Today**

# Greek Market Today

## The perfect search ground for a value investor

- Almost zero index representation
- Technically considered as an EM despite being in the Euro
- Not covered by analysts
- Illiquid
- It has inflicted a lot of pain to the investors in the past



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