

Ben Graham Centre's 3rd European Value Investing Conference

October 13, 2023
Megaron Bodosaki
20 Amalias Ave
Athens, Greece



IMPROVING LONG RUN INVESTMENT PERFORMANCE

www.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.

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. Unfortunately, academics have paid little attention to value investing and stock picking over the years and so they lack a basic understanding of what value investing is. For example, one misunderstanding perpetuated by academics is the idea that value investing is only about a particular style of investing. But it is not. Value investing is also about corporate finance. In fact, value investing incorporates two points of view, one is that of an investor (the value seeker) and the other that of a CEO (the value creator).

Chief executive officers perform two roles. One is that of an operator and the other is that of capital allocator. Most CEOs focus on managing operations and tend to be good at that. They acquired the skill of managing operations through years of working in various functions within their organization. And they have risen through the ranks of their organization because they excelled in this role. Capital allocation, however, is a skill that most executives do not learn on their way up, and so they become CEOs without mastering capital allocation. In William Thorndike's celebrated book on the topic, *The Outsiders*, he refers to capital allocation as "a CEO's most important job."

What exactly does it mean to be a good capital allocator? It means for the CEO to have the skills necessary to take the cash that the company generates and deploy it to the best value-maximizing opportunity for the company, be it buying another company, buying back shares, paying higher dividends, reinvesting within the company and so on. In other words, successful CEOs are those who are good value creators (they must know how value is created), as well as good value seekers. To be a good value seeker, the CEO must be a good investor, most importantly, a value investor. I find that the best CEOs are those who are behaving like value investors.

No prior academic study has examined the long-term performance of value investor CEOs (i.e., good capital allocators) and compared it with the performance of those CEOs who are not good capital allocators. The challenge has always been to be able to devise a metric to identify good capital allocators and separate them from those who are not.

In my research, I examined the ratio of goodwill to assets in conjunction with operating margins as a composite metric to separate good asset allocators from those who are not.

Merger related goodwill was amortized up until 2000. Starting 2001 merger goodwill is no longer amortized. Instead, goodwill is tested for impairment and if found impaired it is written down. What this means is that the goodwill we observe on the company balance sheet is of much better quality and information starting in 2001. High goodwill/assets implies that goodwill had been tested and found to have value. Low goodwill/assets, on the other hand, implies one of two things, either that companies had not been involved in mergers (i.e., only organic growth) or that they had overpaid for a target and consequently goodwill was written off. That is why in my study I covered the period 2001-2020 and I used U.S. data which enabled me to have a larger sample. I examined individual company changes in goodwill/assets over 5-year periods to further justify my thesis that high goodwill/assets reflect a value CEO. If goodwill to assets remained high and/or increased over a 5-year period, these companies will remain in our value CEO sample. They will be removed from the value CEO sample if sharp declines of goodwill/assets occurred over the same period. At the same time, CEOs who did not overpay for an acquisition are frugal, as value investors are, and mindful of controlling costs, and avoiding keeping excess labor or assets on the balance sheet.



This will ensure that operating margins will remain high. That is why I examined companies with high goodwill/assets in conjunction with high operating margins with the combination of both reflecting a value CEO. Companies with high goodwill to assets and high operating margins must be those that are managed by good asset allocators, whereas companies with high goodwill to assets that declined over time and low operating margins must be those that are not managed by good asset allocators.

Does good asset allocation by a CEO lead to superior stock returns and, if so, how might one be able to identify CEOs that are good asset allocators? To answer this question, I calculated one-two- and three-year cumulative total stock returns for good and bad asset allocator companies. I found that companies managed by CEOs who allocate company cash flows according to a value-investing style seem to outperform companies that are not managed by value investor CEOs. For example, between 2001 and 2020, on average, the portfolio of good asset allocator companies outperforms the portfolio of bad asset allocator companies by 33 percent in terms of cumulative three-year returns. When buying other businesses, value investor CEOs ensure that their consolidated operating margins remained high, as opposed to other firms managed by poor asset allocator CEOs who buy businesses that bring down operating margins, either because they overpay or due to inability to realize expected synergies. Buying businesses cheaply allows value investor CEOs to create value for their shareholders.

The findings of my research can also help investors anticipate a company's future stock performance by identifying companies whose CEOs allocate assets like value investors. For example, I find that, on average, if a company had goodwill-to-assets of around 28 percent, and operating margin of at least 19 percent, the firm would most likely be at the top quartile in terms of stock return performance over at least the next three years. These are the companies an investor should buy and hold for the long run, as these are indeed stocks Warren Buffett would like. And as Buffett likes to say, he is a good businessman because he is a good investor and a good investor because he is a good businessman.

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 3rd 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.

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.

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

Dr. George Athanassakos

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



Panel of Speakers

The 3rd 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

George Athanassakos, Founder & Managing Director, Ben Graham Centre for Value Investing, Ivey Business School, Western University, London, Ontario, Canada

Panel of Value Investing Professionals

Andrew Brenton, Chief Executive Officer, Turtle Creek Asset Management, Toronto, Ontario, Canada

Kim Shannon, Founder & Co-Chief Investment Officer, Sionna Investment Managers, Toronto, Ontario, Canada

Panagiotis Antonopoulos, Vice Chairman & Chief Executive Officer, Alpha Asset Management, Athens, Greece

Ronald Chan, Chief Investment Officer, Chartwell Capital Limited, Hong Kong

Alex Grispos, Investment Director, Ruffer LLP, London, UK

Julian Harper, Chief Investment Officer, Tico Capital Management, London, UK

David Mayer-Heinisch, Founder & Chief Investment Manager, Life Tree Asset Management, Vienna, Austria



The Ben Graham Centre's 3rd European Value Investing Conference

Conference Agenda

09:15 am – 10:00 am	Registration & Coffee
10:00 am – 10:15 am	Welcoming the Delegates, Introductions and Opening Remarks George Athanassakos – “Value Seekers vs Value Creators: The Two Sides of Value Investing”
10:15 am – 11:00 am	Keynote Speaker George Athanassakos – “Value vs Growth Investing and the Future of Stock Prices”
11:00 am – 11:20 am	Q&A
11:20 am – 1:20 pm	Value Investor 1st Panel Presentations and Q&A
11:20 am – 11:50 am	Andrew Brenton – “A Better Kind of Private Equity”
11:50 am – 12:20 pm	Kim Shannon – “Macro Value Investing: Lessons from History- Navigating this Changing Market Environment”
12:20 pm – 12:50 pm	Panagiotis Antonopoulos – “The Case of Alpha Global Allocation Fund”
12:50 pm – 1:20 pm	1st Value Investor Panel Q&A
1:20 pm – 2:20 pm	Light Lunch
2:20 pm – 4:50 pm	Value Investor 2nd Panel Presentations and Q&A
2:20 pm – 2:50 pm	Ronald Chan – “The GBA Dream: From Vision to Reality”
2:50 pm – 3:20 pm	Alex Grispos – “Investing with Margin of Safety – Betting on People”
3:20 pm – 3:50 pm	Julian Harper – “Investing in Times of Crisis: The Case of Greece”
3:50 pm – 4:20 pm	David Mayer-Heinisch – “Decoding Value in the Artificial Intelligence Age: The Journey of Human-Machine Collaboration in Investment Wisdom”
4:20 pm – 4:50 pm	2nd Value Investor Panel Q&A
4:50 pm – 7:00 pm	Concluding Remarks followed by Reception



Keynote Speaker

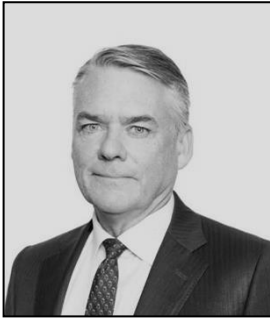


George Athanassakos

Dr. Athanassakos is a Professor of Finance and the Ben Graham Chair in Value Investing at the Ivey Business School, which he joined in July 2004. He is also the Founder and Managing Director of The Ben Graham Centre for Value Investing, which he launched in 2006, and the Founder and Managing Director of the Center for the Advancement of Value Investing Education, which he launched in 2008. Prior to joining Ivey, Dr. Athanassakos spent a number of years at various research-related positions with banking and trust companies in Canada and Greece, and taught at York University and Wilfrid Laurier University, where he was professor of Finance and Founder & Director of Laurier's Financial Planning Program. He has a BA in Economics and Business Administration from the University of Macedonia, Thessalonica, Greece, and an MA in Economics, an MBA and a PhD in Finance from York University. The Financial Planning Standards Council has bestowed Dr. Athanassakos with the FP Canada™ Fellow distinction for his outstanding contribution to furthering FPSC's mission and for advancing the financial planning profession. Dr. Athanassakos is also a Fellow of the Quality Shareholder Initiative at the Law School of George Washington University in Washington, DC. He is the only Canadian to receive this distinction. Dr. Athanassakos has been ranked among the top 10 researchers in Canada by research published in Financial Management and among the top 10 Canadian professors by the Globe and Mail. He has researched extensively the institutional attributes of the Canadian capital markets, the effect institutional trading and analysts' forecasts have on stock market performance, stock and bond market anomalies and bond and equity valuation issues. He has prepared studies on the Canadian capital markets and industry analyses for Greece and Canada. His cases have been published in Canadian Cases in Financial Accounting, Cases in Hospitality Management and Case Research Journal. Dr. Athanassakos has published in numerous journals including Journal of Banking and Finance, Applied Financial Economics, Journal of Business Finance and Accounting, Journal of Financial Research, Financial Analysts' Journal, Canadian Journal of Administrative Sciences, Journal of Economics and Business, Review of Financial Economics, Multinational Finance Journal, Advances in Futures and Options Research and others. His books include Derivatives Fundamentals (available through the Canadian Securities Institute), Equity Valuation: A Guide to Discounted Cash Flow and Relative Valuation Methods and Value Investing: From Theory to Practice – A Guide to the Value Investing Process. Dr. Athanassakos has also written articles for the Financial Post and currently writes, as a guest columnist, about investments and economic and financial topics in The Globe and Mail, Canada's largest daily newspaper, and the Canadian Investment Review.



Panel of Value Investing Professionals



Andrew Brenton

Mr. Brenton is the CEO and a co-founder of Turtle Creek. Previously, Mr. Brenton founded and was the CEO of the private equity subsidiary of The Bank of Nova Scotia where he invested in control positions of a dozen Canadian private companies. Mr. Brenton was head of the high-technology investment banking practice of Scotia Capital in the early 1990s and prior to that, he was a founding member and Managing Director in the firm's mergers and acquisitions practice. Mr. Brenton joined McLeod Young Weir (the predecessor to Scotia Capital) in 1984. Mr. Brenton received his MBA from the Richard Ivey School of Business (University of Western Ontario) in 1984 and his B.Sc. from Mount Allison University in 1980.



Kim Shannon

Ms. Shannon founded Sionna, one of the largest independent investment firms led by a woman, in 2002. Ms. Shannon is the lead Portfolio Manager on Sionna's large cap, all cap and focused Canadian value strategies and co-lead on Sionna's high conviction strategy. Since joining the industry in 1983, she has received numerous awards, including the Rotman Alumni Lifetime Achievement Award (2021), Rotman Women in Management Association Top 10 Award (Entrepreneur Category, 2015), RBC Canadian Woman Entrepreneur Award (2007), Canada's Most Powerful Women: Top 100 Award (2007, 2017) and Morningstar Fund Manager of the Year (2005). Ms. Shannon was inducted into the IIAC Investment Industry Hall of Fame in 2022. She is on the board for United Corporation, Canada Arts Council, Ontario Arts Foundation, the Brandes Institute and Canada Company. She is a past President of the CFA Society Toronto, a member of the CFA Institute Board of Regents, and served as a board member with the Canadian Coalition for Good Governance. Ms. Shannon co-hosted the female-led Variant Perspectives Value Investing Conference in 2019, which featured Warren Buffett as a keynote speaker supporting greater equity for women in the industry. Ms. Shannon is a sought-after speaker and commentator, sharing perspectives on value investing at conferences and in the media including TV, podcasts and newspapers.



Panagiotis Antonopoulos

Mr. Antonopoulos is the Chief Executive Officer of Alpha Asset Management M.F.M.C. since 1/1/2022. He was born in 1970 in Athens and holds an MBA in Finance from London's City University Bayes Business School and a BSc in Mathematics from the University of Patras. Mr. Antonopoulos began his career at the Bank of Greece, working on banking supervision and assigned with the working groups of the European Central Bank and the European Council. This was followed in by his 15-year term in investment management at Alpha Asset Management to the place of Chief Investment Officer and member of the Board of Directors of Alpha Asset Management and was consistently ranked first among all Greek fund managers in Extel survey. For the last 5 years, he was with Alpha Bank's Group Finance heading the Budget Division. On 30/1/2023 he was elected 1st Vice President of the Hellenic Fund and Asset Management Association.



Ronald Chan

Mr. Chan founded Chartwell Capital in 2007 and currently serves as Chief Investment Officer and Co-Portfolio Manager. As CIO, he steers the firm's investment strategy. As Co-Portfolio Manager, he oversees stock selection and portfolio allocation. Mr. Chan served as a member of the Listing Committee Panel of The Stock Exchange of Hong Kong Limited from 2016 to 2022. He has also been an international committee member of the Hong Kong M+ Museum and a founding member of the Hong Kong Biotech Development Council of the Hong Kong Science and Technology Park since 2020. A frequent contributor to *Bloomberg Opinion* and *Financial Times Chinese*, Ronald is an adjunct professor for the MBA program at The Hong Kong University of Science and Technology and the author of two books: *Behind the Berkshire Hathaway Curtain: Lessons from Warren Buffett's Top Business Leaders* in 2010, and *The Value Investors: Lessons from the World's Top Fund Managers* in 2012 and 2021 (second edition). Mr. Chan graduated with Bachelor of Science degrees in Finance and Accounting from the Stern School of Business at New York University and is currently the President of the NYU Hong Kong Alumni Club and the Vice President of the Pan-Asia Alumni Committee. He is also a member of the Board of Trustees at Malvern College in Hong Kong and at Worcester Academy in Massachusetts, U.S.A.



Alex Grispos

Mr. Grispos joined Ruffer in 2005 focusing on global equities. He started in equity research, and worked in venture capital, with Top Technology Ventures in the UK, and RTF based in London and St. Petersburg, Russia. He graduated from Imperial College in London, UK with a first-class degree in Mechanical Engineering.



Julian Harper

Mr. Harper is the CIO of Tico Capital Management, a value-oriented investment partnership focused on global equities with a long term, contrarian, opportunistic, private equity approach to public markets. The strategy has specific emphasis on idiosyncratic, misunderstood, underfollowed, and unloved small and mid-cap securities. Prior to founding Tico Capital Management in 2021, Mr. Harper was an investment professional at Franklin Templeton Investments, where he focused on global small and mid-cap equity opportunities across industries, primarily in Europe and Asia, with a generalist, concentrated, long term, private equity approach to public markets investment process. Mr. Harper previously worked at AXA Private Equity (a leading private equity specialist with over \$70 billion in AUM) where he evaluated secondary, co-investment, and mezzanine debt investments. He graduated Phi Beta Kappa from Swarthmore College in 2008. He has served on the board of Swarthmore College's Alumni Council, Sure We Can, and the Carnegie Council for Ethics in International Affairs, which he still advises. Tico Capital is named after Mr. Harper's grandfather, Ernest "Tico" Harper, who emigrated from Europe to the United States at the onset of World War II.



David Mayer-Heinisch

Mr. Mayer-Heinisch currently serves as Chief Investment Officer and founder of LifeTree Asset Management (froots.io) and steers the firm's investment strategy. As CIO he oversees the research and portfolio allocation of the quantitative state-of-the-art investment approach. He is a convinced value investor and a strong believer that there is a big symbiosis between man and machine when it comes to investing. Previously, Mr. Mayer-Heinisch held important positions in the investment industry. During his time at Lingohr & Partner Asset Management GmbH from 2013 to 2018, he was Portfolio Manager, Assistant to the Chief Investment Officer and a key member of the Strategy Board. He was co-responsible for managing portfolios totaling €4 billion in around 30 mandates in international long-only equities for some of the best-known SWFs and institutional investors. He was also responsible for research to continuously improve the systematic process and successfully established a Small Cap Equity Strategy. Prior to that, he worked at Raiffeisen Bank International from 2011 to 2013, where he focused on Fund Manager Selection and Investment Strategy Evaluation. Mr. Mayer-Heinisch holds an MBA from IE Business School in Madrid and a bachelor's degree from WU Vienna, highlighting his academic and professional qualifications in the field. His extensive experience and belief in the collaboration between human understanding and technological advancement have made him a well-known figure in the German-speaking investment landscape.



VALUE INVESTING

FROM THEORY TO PRACTICE



GEORGE ATHANASSAKOS

Foreword by Prem Watsa

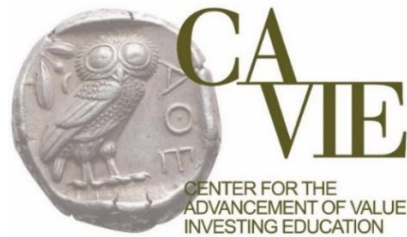


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