

THE INVESTOR'S EDGE

DEVELOPING THE TEMPERAMENT OF A VALUE INVESTOR

Deconstructing edge, human irrationality, and the single variable that determines long-term capital compounding.

| SPEAKER PROFILE



PRESENTER INTRO

Founder of RV Capital and Manager of the Business Owner Fund

- **Background:** Born in the UK; Based in Switzerland with wife and three children.
- **Investment Style:** Global, long-only, concentrated equity portfolio. Focus on companies with growing moats and owner-operators.
- **Track Record:** CAGR of 16% p.a. since inception in September 2008 .

Keynote Focus:

How to construct an unshakeable investing temperament in irrational markets.

**IF YOU COULD CHOOSE AN
INVESTING SUPERPOWER...
WHAT WOULD IT BE?**

CANDIDATE #1: RAW INTELLIGENCE?

- **High IQ & Mathematical Brilliance:** I constantly hear that so-and-so is a great investor because he is so smart. It's the equivalent of saying someone is a great football player because they run a fast marathon.
- **Good to Have but not Essential:** If a great investment is obvious, then beyond a certain point, intelligence is superfluous to requirement.
- **The Reality Check:** Smart people are often overwhelmed by chaotic markets as their intelligence lets them down when they need it most.

160+ IQ

ISAAC NEWTON'S ESTIMATED IQ

"I can calculate the motion of heavenly bodies, but not the madness of people."

— Sir Isaac Newton after losing his life savings in the South Sea Bubble.

CANDIDATE #2: ENCYCLOPEDIC KNOWLEDGE?



ENDLESS FINANCIAL DATA

Memorizing SEC filings, balance sheets, supply chain maps, and 10-K disclosures line by line.



INFORMATION ASYMMETRY IS DEAD

Today, AI and Bloomberg terminals deliver real-time data simultaneously to millions of analysts.



DATA ≠ WISDOM

In a world where data is ubiquitous, a good grasp of the business is table stakes.

CANDIDATE #3: AN EXTENSIVE NETWORK?

SOCIAL CAPITAL

CONNECTIONS TO EXECUTIVES, INVESTORS, & INSIDERS

- **Human Contacts:** Access to CEOs, investment fund managers, and thought leaders.
- **Charlie Munger:** Ted and Todd could call any executive or take a NetJets to any company, yet they did not beat the market.
- **Echo Chamber Risk:** High-powered networks often reinforce identical groupthink and consensus bias.



THE UNFAIR ADVANTAGE

THE TRUE SUPERPOWER: TEMPERAMENT

"Investing is not a game where the guy with the 160 IQ beats the guy with the 130 IQ. Once you have ordinary intelligence, [what you need is the temperament to control the urges that get other people into trouble in investing.](#)"

Warren Buffett

| DEFINING TEMPERAMENT

"A person's nature as expressed in the way they **behave or react** to situations or people."

EMOTIONAL REACTION

Panic, fear, greed, FOMO (Fear Of Missing Out), impulse trading, and seeking social validation.

RATIONAL BEHAVIOUR

Discipline, emotional detachment, patience, long-term perspective, and willingness to stand alone.

TEMPERAMENT IN AN INVESTING CONTEXT



HERD BEHAVIOR

MANIC SWINGS: FROM SELL! TO BUY!

- **Market Hysteria:** The crowd moves synchronously from blind panic to unbridled euphoria.
- **Where Wealth Shifts:** Money flows from the impatient and emotional to the patient and rational.
- **Impact of AI:** AI exacerbates this as LLMs are consensus-generating machines.

| WHY TEMPERAMENT MATTERS

DOWNSIDE PROTECTION

AVOIDS PANIC & HERD COLLAPSES

Prevents you from liquidating quality assets at market bottoms during 30-50% drawdowns when panic media screams doom.

UPSIDE DISCIPLINE

RESISTS GREED & BUBBLE MANIA

Suppresses the reckless urge to buy overhyped assets at peak valuations just because everyone on social media is getting rich.

HARD TRUTH

CAN YOU SIMPLY "CHANGE" YOUR INNATE TEMPERAMENT?

NO.

Human DNA and emotional wiring under severe stress are remarkably fixed. You cannot willpower your way out of panic or euphoria when adrenaline spikes.

| THE WORKAROUND: YOU CAN HACK IT

If you cannot change your biological nature, **you must build strict external systems and guardrails** that render your bad impulses powerless.

01

ENVIRONMENT

Remove triggers and noise from your physical & digital space.

02

PROCESS

Pre-commit to binding rules before market chaos hits.

03

PEER GROUP

Insulate yourself from panic-prone social circles.

HACK 1: CREATE THE ENVIRONMENT

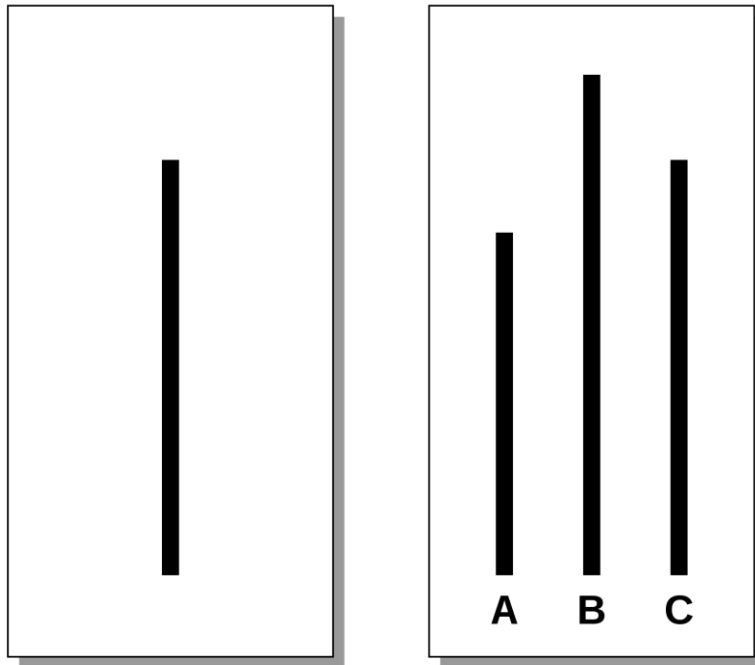
ISOLATION & CLARITY

SECLUSION OVER NOISE

- **Zero Clutter:** Eliminate live ticker screens, financial TV news, and erratic price feeds.
- **No Screaming Colleagues:** Distance yourself from trading floors designed to induce hyper-reactivity.
- **Delayed Execution:** Introduce physical latency between deciding to trade and executing it.



HACK 2: SURROUND YOURSELF WITH THE RIGHT PEOPLE



PSYCHOLOGICAL INSIGHT

THE ASCH CONFORMITY TEST

When actor-peers unanimously claim line **C** matches the test line, **75% of subjects conform** and answer incorrectly despite clear visual evidence that **B** is correct.

Takeaway for Investors:

Surround yourself with truth-seekers who challenge consensus rather than echoing market hype.

HACK 3: BUILD DEEP UNDERSTANDING

CONVICTION ARCHITECTURE

SYSTEMIC FIRST-PRINCIPLES

- **Understand Your Investments Better Than Everyone Else:** Study customer unit economics, moat durability, and management alignment.
- **Conviction Prevents Panic:** If you don't deeply understand what you own, a 20% price dip feels like catastrophe.
- **Study Thinkers, Not Commentators:** Ignore consensus headline regurgitators; seek trusted peers.

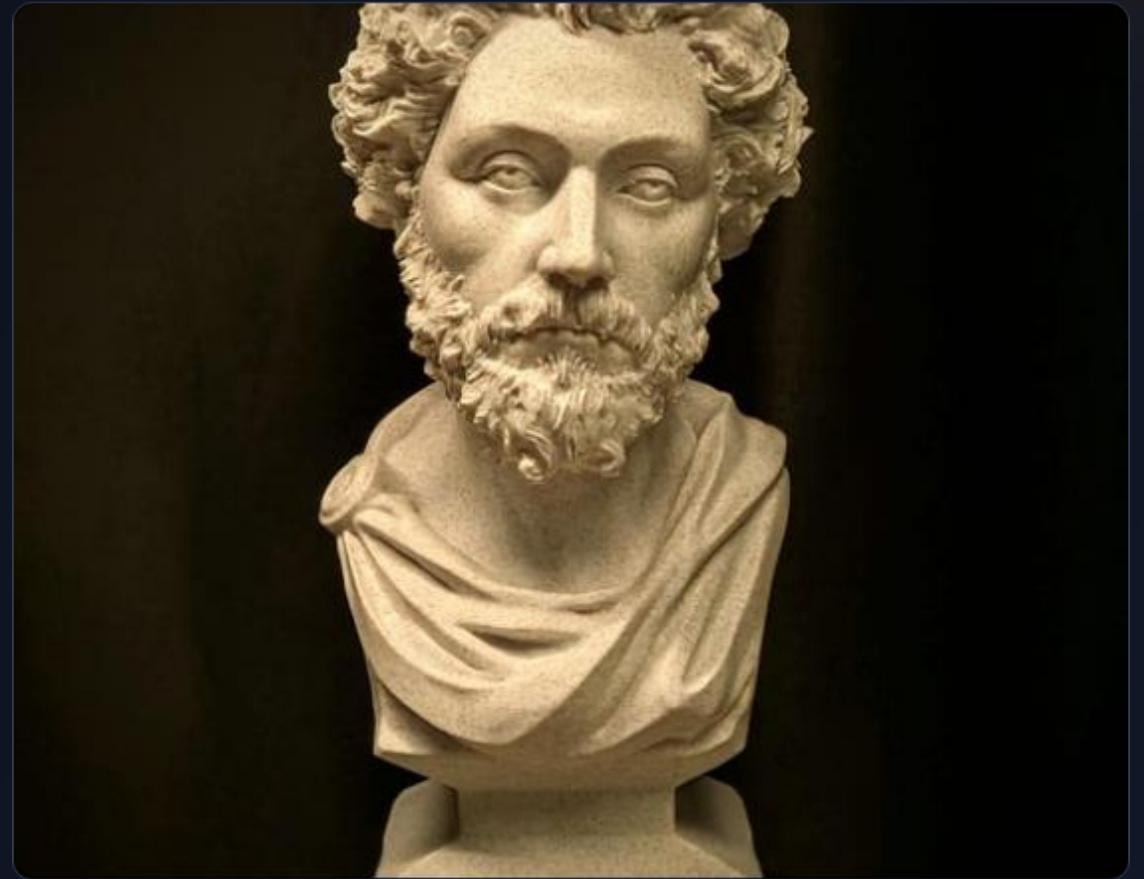


HACK 4: NEGATIVE VISUALIZATION

STOIC PHILOSOPHY

PRE-REHEARSING LOSS (PREMEDITATIO MALORUM)

- **Seneca & Marcus Aurelius Technique:** Explicitly visualize market drawdowns, product failures, and macro shocks *before* they happen.
- **Pre-Rehearsed Responses:** Write out your investment thesis while calm so you don't panic when crises hit.
- **Immunization to Shock:** Emotional shock occurs when reality diverges from expectations. Eliminate surprise.



HACK 5: INVEST IN PEOPLE YOU LIKE



ALIGNMENT

It is easier to remain calm in a storm if you trust your managers.



LIKING

We have a superpower for recognising people who share our values - Liking.



THE CATCH

We will only attract the people who exhibit the values we seek if we live by them ourselves.

PUTTING IT INTO PRACTICE

REAL-TIME MARKET DYNAMICS

Where Temperament Is Tested in Today's Market Environment:

PEAK EUPHORIA



THE AI WINNERS

- **Psychological Drivers:** Massive FOMO, consensus overcrowding, and momentum chasing.
- **The Threat:** Paying extreme valuation multiples because sitting out feels like career failure.
- **Temperament Test:** Resisting the urge to buy story stocks at any price.

BEHAVIORAL RISK: Unchecked Greed & Overconfidence

PEAK PESSIMISM



CHINESE EQUITIES

- **Psychological Drivers:** Extreme apathy, narrative rejection, and structural fear.
- **The Reality:** Historical valuation discounts created by group sentiment & headlines.
- **Temperament Test:** Having the stomach to buy quality assets when the room screams "SELL!"

BEHAVIORAL OPPORTUNITY: Disciplined Value & Patience

"Rationality isn't predicting tech in 2030—it's resisting crowd momentum in today's darlings and having the fortitude to look where everyone else is turning away."

| THE SUPERPOWER PLAYBOOK

1. INTELLECT IS OVERRATED

Market edge isn't IQ or data accumulation—it's behavioural control.

2. TEMPERAMENT RULES

The ability to remain rational at market extremes compounds wealth.

3. YOU CANNOT 'WILL' CHANGE

Don't fight human nature; engineer environment & system guardrails.

FINAL KEYNOTE TAKEAWAY

"Build the fortress around your emotions before the storm arrives."