

August 31, 2011

# FINANCIAL NEWS

## Fund manager focus: Vulcan Value Partners

### William Hutchings

A US asset manager focusing on US value equities said its policy of waiting for the right moment to buy, even if the wait lasts 20 years, is the reason for its success.

Vulcan Value Partners' Focus Plus strategy has generated 16.96% for its investors, in sterling terms, over the three years to the end of June, according to tables collated by data provider Camradata.

In dollar terms, its return for the three year period is 29.04%. This is more than 25 percentage points greater than the S&P 500 index of US equities which, over the same three years, has risen by 3.18%.

Investment at Vulcan Value Partners is a waiting game, according to the firm's founder, chief executive and chief investment officer, CT Fitzpatrick - a colleague said he only ever uses the initials of his first two names, which according to the colleague are family names and which, according to the disclosures published on the SEC's website, are Clement Truman.

Fitzpatrick said: "What differentiates us is that we focus on high-quality companies with stable value and we wait until their shares become available at a discount. We follow several hundred companies that we potentially could own. It's very rare that these companies are attractively discounted, but every now and then, maybe once every 10 years or 20 years, the opportunity arises."

Fitzpatrick said he had been following this investment strategy for more than 20 years. He founded Vulcan Value Partners in 2007, and he said it has \$200m of assets under management.

The focus plus portfolio is fully invested, he said, so if he wants to buy shares in a company he has to sell a holding he already has. He said: "It's painful to sell the companies in our portfolio." However, he said, he is "very disciplined" in following his investment philosophy.

He admits to making investment mistakes, but not big ones. He said: "We're human beings. But the reason we limit ourselves to these companies is that their values are inherently stable. When we make a mistake, it's not disastrous."

He said he shares the general concerns about the future - "political leadership is poor, the developed economies have a lot of problems", he said - but he is bullish about his investment strategy.

He said: "At the start of 2000, the world looked pretty good, there was a lot of optimism. But actually the returns since then have been disappointing."

"Today, it's the opposite. Investors have thrown the baby out with the bath water. The companies we like are trading at lower values, and when you're able to buy at incredibly discounted prices businesses that can grow their values, and you have a five-year horizon, it gives us a lot of confidence. We're quite bullish."



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