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It is only in the last couple of months that I have come to realise that there is a great free resource available to investors on the website of the investment company Third Avenue. This free resource is the quarterly letter to shareholders written by the founder Marty Whitman. (In fact all letters written since 1998 are available at <http://www.thirdavenuefunds.com/ta/shareholder-letters-mf.asp> .)

Nearly everybody interested in investment has heard about Warren Buffet's annual newsletter (I've done my bit to highlight the fact that I regard this as essential reading) but I think a much smaller number of people know about Marty's quarterly. I stumbled upon these newsletters when I was researching the Swedish company Investor (I wrote about this in opinion piece 65). I had noticed that Third Avenue was a large shareholder in Investor and so I went on to their website to see if they explained their reason for buying. I was delighted to find that Marty had written in great detail about many of their largest investments and many other highly relevant subjects as well.

I have just finished reading all fifty three letters and I have to say that I wish I had known about them a long time ago. There is an enormous amount of wisdom to be learned from tapping into the wealth of knowledge accumulated by Marty over the years.

I am tempted to highlight some of my favourite parts from the letters but I believe that it would be far better to recommend that people take the opportunity to start back at 1998 and work their way up to the present day. I think that this is the only way to do full justice to the quality of the writing. There are, however a couple of things I want to mention.

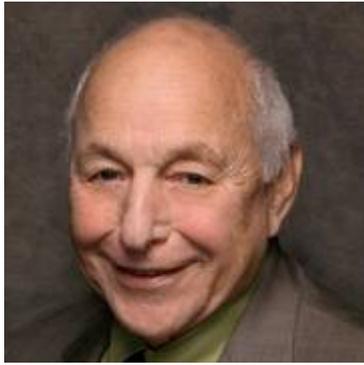
If you do get the opportunity to read the letters you will notice that for many years Marty has been far more positive on Japanese investments than I have. I get the impression that he is going through the same learning curve that I went through in the early part of my career. He found these really cheap Japanese companies and he thought that if he was patient that he would ultimately make a decent return. I used to think the same way but I learned to my cost that Japanese culture prevents that value from being unlocked (see opinion piece 7).

It took me seven years (1988-1995) to change my mind about Japan. It appears to have taken Marty many more years but it does now seem as if he is coming around to having a view closer to that of my own. I think both of us would love to see that culture change because it would open up an enormous number of exciting investment opportunities.

I also want to mention that in his current portfolio he has significant exposure to Hong Kong and Chinese property through a number of Hong Kong family controlled conglomerates like Cheung Kong, Henderson Land and Wheelock. At the moment I do not have exposure to any of the companies in this sector because I do not have a strong view on property prices in Hong Kong or China. There are plenty of analysts suggesting that property prices in that part of the world are a bubble that will burst. I

feel that I would need to travel out there to formulate a proper view and I am not in a position to do that in the foreseeable future.

Marty gives the impression that these companies already have a significant property price decline built in to the share price. In other words they are so cheap that they have a sufficient margin of safety. He might be right but I do not feel comfortable enough to follow his lead. I believe that I should stick to investing in things that I feel comfortable with and I have to accept that I might be missing out on a great opportunity.



Marty Whitman

In conclusion I want to say that Marty has done the investment world a great service by committing his thoughts to paper. Hopefully he will continue to have good health because now that I know his letter exists I am looking forward to reading further editions for many years to come. I know I will have it near the top of my reading list.