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River Oak Capital Investment Philosophy and Process

June 2017

Cornerstone Principles that have formed our philosophy

- **Buffett – Be content with moderate gains.**
- **Marks – Second level thinking**
What is obvious to everyone is not profitable. If you want to do better than the average, you have to do something different than the average. Always ask yourself if and how you are adding any value. Everyone is a good downstream swimmer.
- **Buffett – Ignore the macro**
“I wouldn’t change a thing if Janet Yellen whispered in my ear what they will do with interest rates over the next year.”

Unless your last name is Soros and first name is George, I think you should focus your time on studying businesses and business models rather than interest rates, inflation, consumer confidence, currencies, unemployment etc.

- **Fisher – Forego the small profits; confine all efforts solely towards finding the really big opportunities.** He called this the “most valuable decision in my business life”.
- **Lynch – Scuttlebutt**
Go out there and try different products and services. One of the best ways to get an edge is to invest in areas that you are very familiar with, preferably in your own industry or other areas that you are interested in.
- **Munger – Make fewer and bigger investments**
Investing successfully over time is very hard, but you can beat the averages by making fewer and bigger investments.
- **Buffett – Power of compounding**
His record is astounding because it's so long but there are many other investors that have had higher returns in specific years and during specific periods. The key is consistency.
- **Dorsey – Understanding of moats.**
- **Things that are obvious to me today meant nothing a couple of years ago. It takes time to become good at filtering between important and unimportant information.**

(One of the best living examples of this is Buffett that now makes multi-billion dollar decisions in under an hour.)

Investing essentials

a) **Understand that the market goes up and down but mostly up**

Accept that you can't predict the moves, don't spend much time and energy thinking about those things. The market does go up over time as productivity and humankind advances. If either stops to advance permanently, we will all have bigger problems than our investment portfolios.

- Do you know anyone that successfully predicted the last three big market drops – and, did not predict ten other big drops in years between that never materialized?
- Forbes list – no one has title 'market timer'. There are primarily entrepreneurs and investors.
- Markets over past 200 years: i) Stocks are by far the best asset class ii) The market has mostly been going up but if you missed the 7% best days your returns would have been close to zero.

b) **“Offense wins games, defense wins championships.”**

Never expose yourself to the risk of going broke, be humble and flexible, and learn to be content with moderate gains. If the downside is ok, all the remaining alternatives are good ones.

c) **Know your Circle of Competence**

Work on expanding your Circle of Competence but only invest inside of it, no one cares how many things you put in the “I don't know” basket. Most companies are not great investments for you. This is crucial to understand. (e.g. Isaac Newton South Sea Company bubble)

d) **Make big investments, but not too often**

Berkshire Hathaway's record without their 10 best and biggest investments would have been average.

e) **Always get the facts**

Sometimes the important facts are not conveniently served up to us – that doesn't make them less important.

Sometimes the facts falsify our previous conclusions and we badly want to reject them – this is when recognizing them becomes even more important.

f) **Focus your time in areas that you find interesting and fun**

This will speed up your learning, improve your understanding and more importantly, improve your life.

We are here to have fun and to spend our time in areas that we find interesting and fascinating. No amount of money will outweigh a boring existence.

Process

- You need to decide on a couple of basic things regarding strategy: Do you want to do the macro and invest top down or do you want to focus on companies and invest from a bottom up perspective? Do you want to be concentrated or not? Do you want to be short term or long term? What types of businesses do you like and don't like?

But then: Focus on the actual investments prospects.

There are thousands of articles out there on investment process. Once you have decided on the basic principles, we don't believe all these articles are the best use of your time anymore.

There's no substitute for sitting down, focusing and doing the real hard work on your investment prospects, which means reading a lot, thinking a lot, perhaps do some modeling and then forming a conclusion.

- We should always evaluate how we spend our time. Time is much more valuable than money, it's not even close. Time is our life currency. Investors worry very much about permanent loss of capital. We have permanent loss of time every day.
- ***At the end of a year, ask yourself which activities helped your returns and made you a better investor. During which activities did you learn the most? Which activities made you feel good?***

The type of companies we look for

Before putting in even one minute, a requirement is that I can roughly understand the essence of the business right away. If it feels like Chinese to you at first glance, it will most often feel like Chinese after a month of research as well.

1. Companies with a sustainable competitive advantage that we can understand well. The competitive advantage will usually come from one or more of the following:

Switching costs, Network effects, Brand/mindshare, Proprietary technology, Economies of scale, Low-cost operator, Regulatory, Dominate a local niche market.

2. Companies that can handle tough markets, i.e. if times get really bad the company will still survive, and possibly even thrive if some of its competitors go bankrupt during downturn.
3. Companies that we believe will have a greater earnings power in the future than they have today. To accomplish this, our preference is for companies that have a highly scalable business model and/or are market leaders, but we will also invest in the occasional low-cost operators which are often able to achieve profitable growth.

(side benefit: earnings growth is often accompanied by multiple expansion)

4. Companies where we are paying a good price based on our estimate of future earnings power (free cash flow).
5. Companies with management that we trust. Our preference is that the people running the company have sufficiently large stakes to make a difference in their lives if the company is successful. Running a business is very hard and sometimes grueling; it's never going to be a very successful business unless the people running it are highly motivated.

Finally, to decide weighting, I basically go through 4 steps:

1. What do I believe free cash flow + net assets will be in 2 to 3 years?
(I don't put much weight on div. yield, never do DCF or other advanced modeling)
2. Multiple on FCF based on how strong the moat is and how long the company's growth runway is. The more confidence I have in the moat and the growth runway the higher the multiple.
3. What CAGR will the investment return if the lower boundary of my intrinsic value estimate is reached?
4. **"How sure are you?"** I always prefer a 20–30% return where I am very sure vs a potential 100% return where I'm not sure at all.



River Oak Capital

Uppsala, Nov 2017

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Agenda

1. Övertyga er om vilket som är det bästa sättet att investera under en livstid.
2. Förklara hur River Oak tillämpar det.
3. Er möjlighet att vara med.

Kort bakgrund om mig

- Investerare och egenföretagare sedan 2010
- Sambo och 2 barn (4 år & 1 år)
- Fd elitidrottare och landslagsman i badminton
- Civilingenjör Teknisk Fysik med inriktning Optimeringslära
- Exjobb Optimering av Cancerbestrålning vid University of Gainesville i Florida, USA

Hur fastnade jag för investeringar med denna bakgrund?

- Frågade min chef om hur man värderade företag. Hans svar: Titta på PE-talen.
- Började fundera lite mer själv, 2 år senare bad en kompis om hjälp, jag hjälpte, fastnade.
- Hade flera lockande alternativ under dessa år:
 - *Stående jobberbudande ViewRay Inc. i USA Optimering av cancerbestrålning
 - *Chef KI-projekt med mål att korta vårdköerna
 - *Satsa fullt ut på Nutris som hjälper dig äta rätt och gå ner i vikt
- På all ledig tid och semestrar satt jag och läste om företag och investeringar.
- 10x bättre resultat när man gör något man verkligen tycker är roligt och fascinerande – lätt val i slutändan.
- Jeff Bezos (Amazon's grundare) fick frågan varför han spenderade en massa tid och miljarder på att bygga rymdraketer i sitt andra företag Blue Origin:

"You don't choose your passions. Your passions choose you."

Aktier, Obligationer, Guld eller Kontanter??

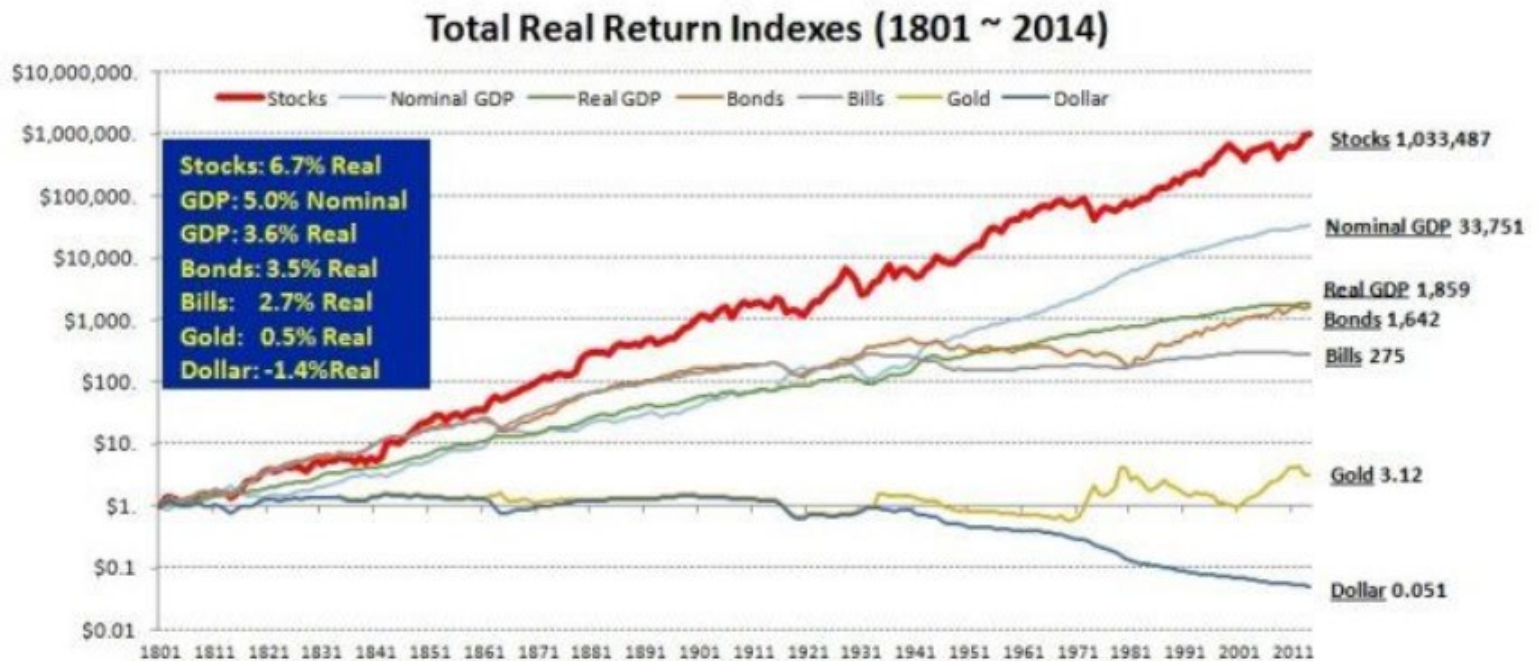
Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

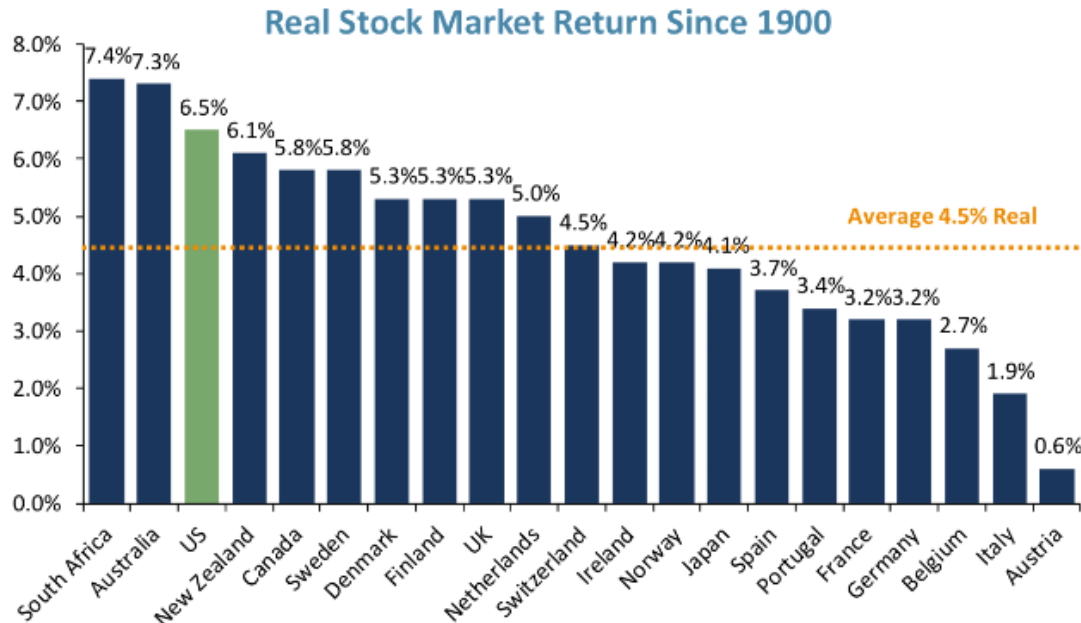
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Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

1900 - 2002: Senaste 100 åren



Source: [Dimson, Marsh, Staunton, Triumph of the Optimists: 101 Years of Global Investment Returns](#)

- Norden & USA där River Oak främst investerare har gett en årlig avkastning på 7-10% sedan 1900.

(*varav ca 3% BNP-tillväxt, 3% inflation, 1-4% förvärv/aktieåterköp mm)

Ränta-på-ränta effekten ger enorma resultat

Årlig avkastning	4%	8%	12%	24%
10 år	1,480,244	2,158,925	3,105,848	8,594,426
20 år	2,191,123	4,660,957	9,646,293	73,864,150
30 år	3,243,398	10,062,657	29,959,922	634,819,933

*baserat på 1 miljon investerat

- **Men om man time:ade maximalt illa och köpte precis innan finanskrisen då?**

Okt 2007 – Okt 2017 har gett 5% genomsnittlig årlig avkastning.

*“Compound interest is the eighth wonder of the world.
He who understands it, earns it... he who doesn't... pays it.”*

- Albert Einstein (enl rykte)

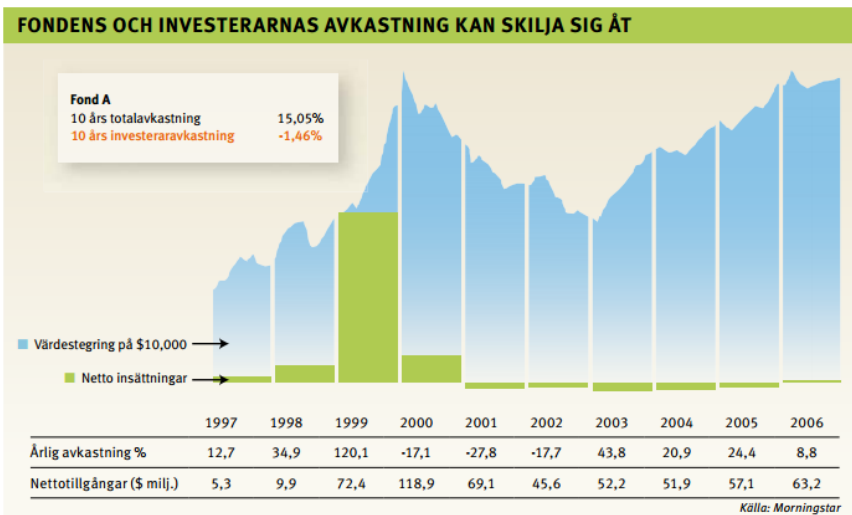
Aktier, Obligationer, Guld eller Kontanter??

Svar: Aktier. Men...

- Index i Norden och USA har alltså gett en genomsnittlig årlig avkastning på 7-10%.
- Men det svänger mer:
Den genomsnittliga årliga skillnaden mellan högsta och lägsta nivån på index har varit 23%.

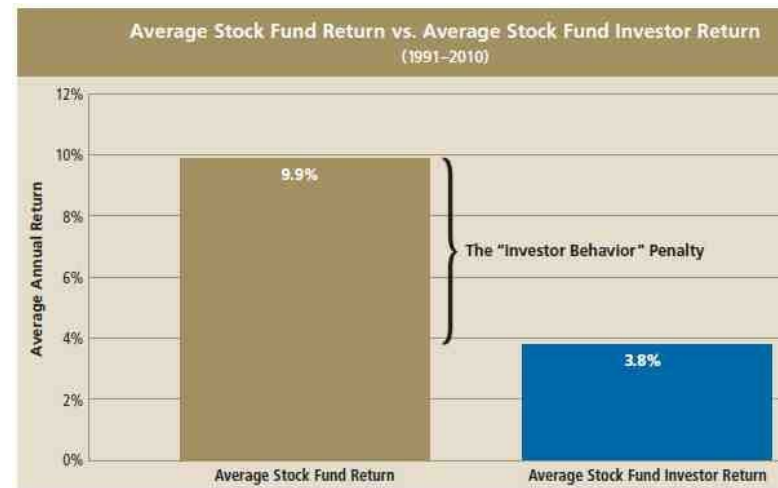
Ska man försöka time:a svängningarna?

Skagen Fonder



Source: [Morningstar](#)

USA fonder 1991-2010



Source: Quantitative Analysis of Investor Behavior by [Dalbar, Inc.](#) (March 2012) and Lipper. Dalbar computed the "average stock fund investor return" by using industry cash flow reports from the Investment Company Institute. The "average stock fund return" figures represent the average return for all funds listed in Lipper's U.S. Diversified Equity fund classification model. Dalbar also measured the behavior of a "systematic equity" and "asset allocation" investor. The annualized return for these investor types was 3.2% and 2.1% respectively over the time frame measured. All Dalbar returns were computed using the S&P 500® Index. Returns assume reinvestment of dividends and capital gain distributions.

*"Jag har en kollega som förutspådde kraschen 1987 och sålde allt.
 Han har suttit likvid sedan dess."*

– Filip Weintraub

Vad säger affärsvärldens Michael Jordan & Scottie Pippen?

*"Microeconomics is what we do.
Macroeconomics is what we put up with."*
– Charlie Munger

*"I never have an opinion on the market
because it would not be any good and it might
interfere with opinions that are good."*
– Warren Buffett

*"If Federal Reserve Chair Janet Yellen came up
and whispered in my ear what she was going
to do for the next two years, it wouldn't make
any difference to what we do."*
– Warren Buffett

*"I think not reading much macro
is very beneficial."*

– Howard Marks
(Oaktree Capital, förvaltar 100 Mdr USD)



Till vänster: Warren Buffett, Chairman & CEO
Till höger: Charlie Munger, vice Chairman

Berkshire Hathaway's värde har ökat från 15/aktie
1965 när Buffett tog över till 275 000/aktie idag
(dvs 10 tkr investerat 1965 hade blivit 183 Mkr idag).

Försök inte förutsäga marknaden

- Du kan göra en briljant och korrekt analys av räntorna men ha fel om den globala tillväxten, inflationen, dollarn, Kina, Indien, Trump.

→ helt oanvändbart för att förutsäga marknaden.

- Var det någon härinne som för 5 år sen förutspådde:
 1. Negativa reala räntor i Sverige, Norge, Danmark, EU och USA?
 2. Oljepriskraschen från \$110 till \$40 tillbaka till \$60 idag?
 3. Brexit?
 4. Trump?
 5. Att börsen idag skulle vara på sitt 10e uppgångsår trots Brexit och Trump?
- *Om man inte lyckades förutspå de senaste 5 årens stora händelser, varför skulle man ha bättre lycka kommande 5 år?*

Det är viktigt att vara med..

- Du vill vara med på världens långsiktiga uppåtgående trend!
- Kan ni tänka er en elitidrottare stå över 2 år pga oro för skaderisken?
- Marknaden har varit fantastisk över de sista 100 åren – men om du hade missat de 7% bästa dagarna så hade din avkastning varit nära noll.
- Mycket pga ovan som River Oak har en till naturen mer permanent kapitalstruktur.

Slutsatser Del 1

- Aktier är fantastiskt att vara investerad i över tid.
- Min bästa gissning är att marknaden kommer ge 6-10% årligen även framöver.
- Ge upp dina förhoppningar om att kunna time:a marknaden.
- Alla framtida krascher ser ut som risker, alla historiska krascher ser ut som möjligheter.

Del 2 - Hur gör River Oak Capital?

Index vs River Oak

Index

- Index = en samling företag

T ex svenska OMXS30-indexet utgörs av de 30 största noterade företagen i Sverige.

Tänk på index som genomsnittsföretaget av dessa 30.
- Genomsnittsföretaget (som överlever och fortsätter ingå i index) har gett 7-10% per år.
- Index är inget dåligt investeringsalternativ.
- Under perioden 2001-2016 så var index bättre än 82% av alla amerikanska fonder.

River Oak

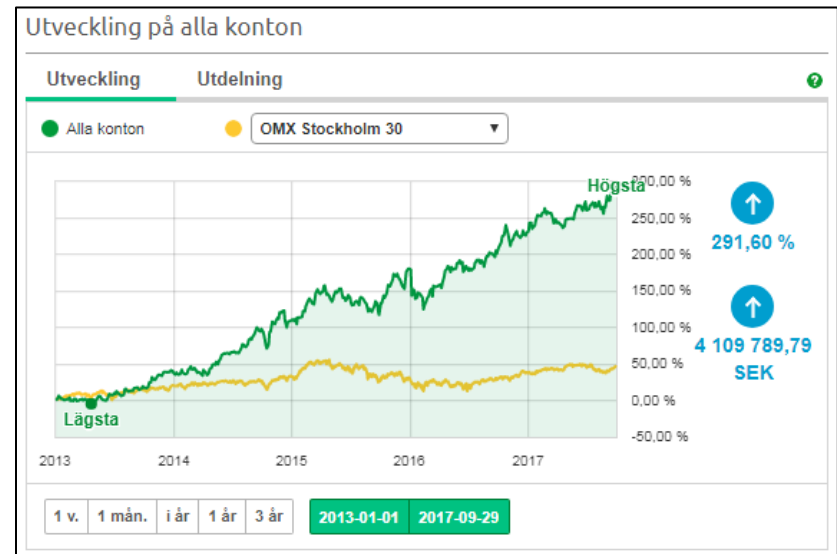
- Hitta företag som är bättre än genomsnittet och/eller som handlas till ett lägre pris.
- För att uppnå målet så investerar vi i regel i företag utanför index.
- Om vi lyckas så kommer vi över tid att nå en högre avkastning än index – hittills har vi lyckats.

Resultat

Jan 1, 2013 – Feb 7, 2017: Zen Capital Family Partnership

Feb 8, 2017 – Sept 30, 2017: River Oak Capital AB

	Brutto avkastning	Partners ² inkl. utd.	OMXS30 ³ inkl. utd.	Skillnad
2013	41.0%	30.8%	25.4%	5.4%
2014	45.0%	33.8%	13.6%	20.2%
2015	35.1%	26.3%	2.5%	23.8%
2016	20.5%	15.4%	9.1%	6.3%
Sept 30, 2017 ¹	19.6%	14.0%	10.6%	3.4%
Total avkastning	298.1%	190.6%	76.1%	114.5%
Genomsnittlig årlig avkastning	33.8%	25.2%	12.7%	12.5%



* Till vänster före skatt, till höger efter skatt.

Skatt

- Företag:**
 Om ett aktiebolag äger andelar i ett onoterat aktiebolag så kallas de för näringsbetingade andelar. En kapitalvinst från en försäljning av näringsbetingade andelar ska enligt 25a kap. 3 § och 5 § Inkomstskattelagen inte tas upp till beskattning hos aktiebolaget.

*Mer specifika skattefrågor hänvisas till respektive persons/bolags egna juridiska ombud och skatterådgivare.

- Privat:**
 Finns möjlighet att investera via Kapitalförsäkring Danica Pension (kostar ca 1% per år).

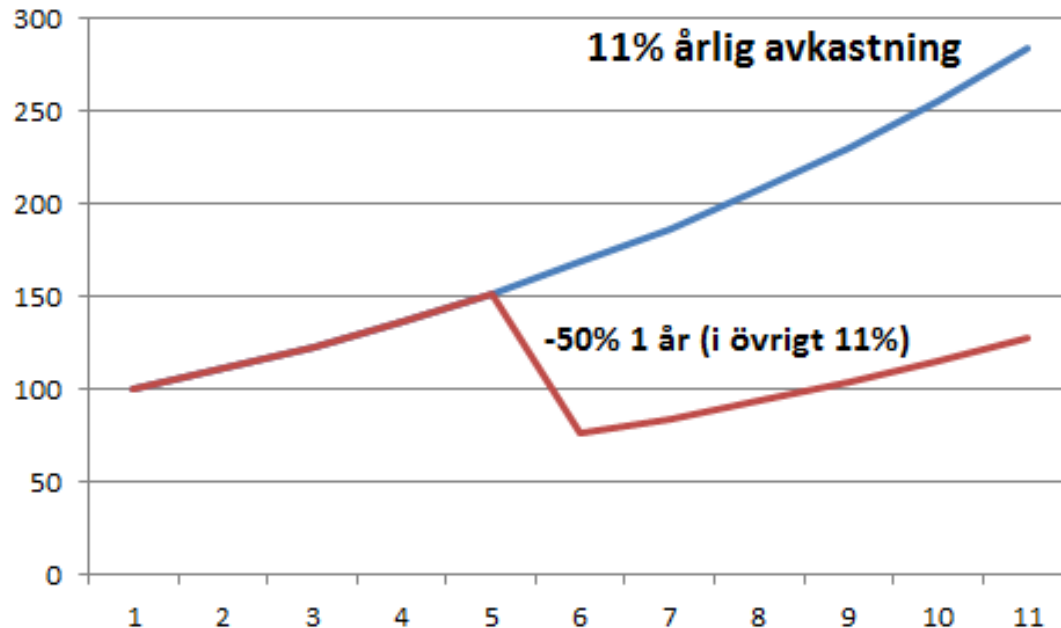
Mål

1. Förlora inte pengar – vi kommer alltid att tänka på nedsidan först.
2. Tjäna 15% (före skatt i SEK) på vårt kapital *i genomsnitt* per år över tid

--> Bolagets värde efter alla kostnader att öka sitt värde med ca 11% i genomsnitt per år över tid.

“Offense wins games, defense wins championships.”

- Vi tänker alltid på nedsidan först.
- Om du förlorar 50% av ditt kapital i en investering så måste du ha en efterföljande uppgång på 100% endast för att nå breakeven.



Vi håller oss till det vi förstår bra

- Inga minuspoäng i investeringsvärlden att säga “Jag vet inte”. Tvärtom.
- Om du inte förstår vad du investerar i, hur ska du då kunna ta framtida beslut?
- 1711 South Sea Company, Isaac Newton
 - 1) Dubblade initialt sina pengar, sålde pga att han såg för stor spekulation.
 - 2) Köpte tillbaka långt högre pga den vilda entusiasm som rådde kring bolaget.
 - 3) Slutade med att han förlorade mer än 3 miljoner USD i dagens pengar.

Ryktas att han förbjöd alla sina vänner att nånsin nämna orden “South Sea Company” i hans sällskap.

"I can predict the movement of the stars but not the madness of man."

...och investerar stort när vi väl investerar

- Bra möjligheter är sällsynta.
- Om man väl tar sig tiden att vara aktiv och välja ut aktier så ska man se till att man får betalt om man har rätt.
- Meningslöst att välja ut 50-100 st aktier, då blir man i stort sett = index! (många banker/fonder gör precis det och kallar sig för aktiva förvaltare)
- Det är visat att fler än 7-8 aktier ej ger någon märkbart ökad riskspridning.

Vi fokuserar på enskilda företag

”Vad har vi för strategi i en nedåtgående marknad?”

Lite förenklat så finns det 3 huvudscenarion:

1. Det finns många undervärderade företag som jag förstår väl.
2. Det finns några undervärderade företag som jag förstår väl.
3. Det finns inga undervärderade företag som jag förstår väl.

När 1) gäller så kommer vi ligga så gott som fullinvesterade.

När 2) gäller så kommer vi troligen ha aningen högre andel kassa.

3) har jag ännu aldrig varit med om men om det skulle inträffa så kommer vi ligga med 100% kassa.

Vilka företag letar vi efter?

Innan jag lägger mer än 5 minuter: Vill kunna förstå verksamheten hyfsat vid en första anblick.

1. Företag som har en stark konkurrensfördel (eller flera).
2. Företag som har en god ekonomisk grund – balansräkning och affärsmodell.
3. Företag som jag tror kommer tjäna mer pengar i framtiden än vad de gör idag.
4. Företag där vi betalar ett attraktivt pris baserat på vårt estimat av företagets värde.
5. Företag med en ärlig och kompetent ledning.

Föredragsvis har ledningen ett tillräckligt stort aktieäggande för att göra en skillnad i deras liv – att driva ett företag är tufft och ibland gaskramande – motivation behövs.

Hur värderar vi företagen?

- Uppskattar kassaflödet och nettotillgångarna om 2-3 år
(inte på något sätt avancerade modeller)
- Sätter multipel baserat på hur stark konkurrenssituation företaget har, tillväxtmöjligheter, förutsägbarhet i vinsterna
(mkt erfarenhet som används här)
- *Investing is as much art as science.*
- *You don't need to know a man's height to know he is tall.*

Hur väljer vi?

- Vilken årlig avkastning får vi om den nedre gränsen av mitt uppskattade företagsvärde nås?
- Ibland är det svårt att skilja två företag åt: Vi tar alltid det mer försiktiga alternativet.
- Jag föredrar alltid ett alternativ där jag känner mig väldigt säker på 20-30% årlig avkastning än där det finns en chans till 50-100% avkastning men där jag inte alls är säker.
- ***“How sure are you?”***



FORTNOX

Småföretagens bästa vän

Investering 2014:

- Fiat hade precis förvärvat sista delen av fd Chrysler och ägde nu Ferrari, Maserati, Jeep, RAM mm
- Bästa VDn i bilbranschen Sergio Marchionne men värderades ändå extremt lågt i förhållande till nästan identiska Ford och General Motors.
- Uppbyggd efterfrågan på bilar i USA efter finanskrisen.
- Hela Fiat-koncernen värderades till 15 miljarder när jag investerade.

Jag uppskattade att Ferrari ensamt var värt 5-10 miljarder och samtidigt gjorde hela koncernen ett EBIT-resultat på 3 miljarder.
- Idag värderas hela koncernen till 48 miljarder. (Ferrari har delats ut till ägarna)

Investering 2015:

- Från Fortnox 2014 ÅR:
“Endast 15% av de större företagen och 11% av de mindre som köper molntjänster för bokföring, redovisning och ekonomistyrning. Den vanligaste orsaken till att företag inte använder molntjänster är bristande kunskap, visar SCB:s undersökning.”
- Kollade upp att Fortnox hade ca 100k kunder och att det fanns ca 1M företag i Sverige varav 99% småföretag.
- Stark nätverks- och inlåsningsseffekt
- Stora möjligheter till merförsäljning → intäkt per kund
- Betalade ca 8x 2018E vinst
- Handlas idag ca 25x 2018E vinst
- Lite förenklat ser jag att ett noterat genomsnittsföretag handlas till 10-16 ggr årsvinsten – Fiat till 18x årsvinsten vore väldigt dyrt, Fortnox till 8x väldigt billigt.

Kan de senaste årens höga avkastning fortsätta?

- **Argument för:**
Som investerare blir man bättre och bättre för varje år med ökad erfarenhet.
- **Argument emot:**
Sunt förnuft.

Om nuvarande takt fortsätter...

Årlig avkastning	4%	8%	12%	24%
10 år	1,480,244	2,158,925	3,105,848	8,594,426
20 år	2,191,123	4,660,957	9,646,293	73,864,150
30 år	3,243,398	10,062,657	29,959,922	634,819,933

- Vad tror ni världens bästa investerare genom alla tider Warren Buffett har haft för genomsnittlig årlig avkastning?

31.6% brutto i 12 år när han var ung, ca 20% de senaste 50 åren.

- Jag tror det är möjligt att fortsätta ha en riktigt bra avkastning åtminstone upp till 50-100 MSEK i kapital (om än inte lika bra som hittills).

Sammanfattning

DEL 1

- Marknaden går upp över tid i takt med att produktiviteten och mänskligheten går framåt. Om det slutar så kommer du ha större problem än dina aktier. ***Aktier är fantastiskt att vara investerad i över tid.***
- Försök inte time:a marknaden.
- Alla framtida krascher ser ut som risker, medan alla historiska krascher ser ut som möjligheter.

DEL 2

- River Oaks mål är att nå en högre avkastning än index genom att investera i företag som är bättre än genomsnittet och/eller lägre prissatta.

En investering i River Oak kan vara intressant för dig som:

1. Har överskottskapital du ej kommer behöva kommande 2-3 år. (t ex pensionsundansättningar från ditt företag) Se till att ha marginal – en god nattsömn är viktigare än att tjäna några extra kronor.
2. Vill ha en väldigt låg nedsida över tid och samtidigt chans till en god uppsida.
3. Tror på vår investeringsfilosofi och litar på mig och vår styrelse.

Emissionen

Teckningskurs

100.5% av Bolagets substansvärde på Likviddagen.

Bolagets substansvärde per den 30 september 2017 var 108.35 kr per aktie vilket då skulle ha motsvarat en teckningskurs på 108.90 kr per aktie.

Teckningsperiod

1 november – 1 december 2017

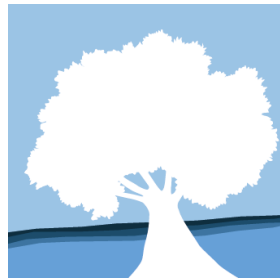
Likviddag

8 december 2017

Tack för er tid!



River Oak Capital



River Oak Capital

Streamsong, Dec 2017

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Background

- Investor since 2010, small business owner since 2013
 - Fiancée & two kids (4 yo & 1 yo)
 - Former athlete, Swedish National Team in Badminton 1992-2006
 - M.Sc. Engineering Physics; Specialization in Optimization Theory
 - Master's Thesis: Fluence Map Optimization for Cancer Radiation Treatment Planning at University of Gainesville, Florida
- => My supervisor founded ViewRay, Inc. in 2006; listed on Nasdaq in 2016

Why investments?

- Asked my boss if he knew how to value companies. His answer: Compare P/Es.
- I thought some more about it, read Snowball & Security Analysis, 2 years later a friend asked for my help valuing a special situation company, I got hooked.
- Had other tempting offers:
 - *ViewRay, Inc.
 - *Karolinska Institutet
 - *Family-owned business Nutris
- On all vacations and spare time I was reading about companies and investments.
- 10x better result if you do something that truly fascinates you.
- Had doubts quitting all help-people-with-their-health projects – Interview Jeff Bezos on why he spent a lot of time and billions on Blue Origin:

"You don't choose your passions. Your passions choose you."

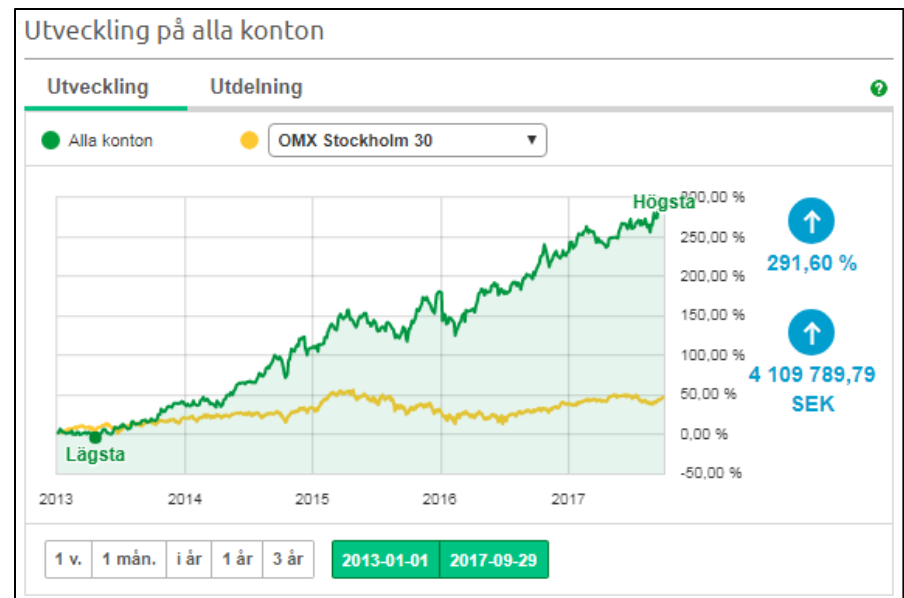
River Oak Capital

- River Oak Capital AB started operations in Feb 2017.

Structured as investment company, 11 initial shareholders, will be close to 20 shareholders after Nov 2017 equity raise.

- Jan 1, 2013 – Feb 7, 2017: Zen Capital Family Partnership.
Feb 8, 2017 – Sept 30, 2017: River Oak Capital AB.

	Gross Return	Partners incl. div.	OMXS30 incl. div.	Difference
2013	41.0%	30.8%	25.4%	5.4%
2014	45.0%	33.8%	13.6%	20.2%
2015	35.1%	26.3%	2.5%	23.8%
2016	20.5%	15.4%	9.1%	6.3%
Sept 30, 2017	19.6%	14.0%	10.6%	3.4%
Total Return	298.1%	190.6%	76.1%	114.5%
Compounded Annual Return	33.8%	25.2%	12.7%	12.5%



* Left: Pretax. Right: Aftertax.

* Currency effects on gross returns positive 7% in 2014, positive 2% in 2016, negative 8% per Sept 30, 2017; other years <1%

Goals

1. Don't lose money – always consider the downside first.
 2. Earn 15% (pretax in SEK) on our capital on average per year over time.
- => Book value CAGR ~11% per year after costs (mainly salary).

We are long only

Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

We are long only

Performance of Financial Assets in America from 1801 to today



Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

We primarily invest in the Nordic countries and the US

7-10% (nominal) return per annum since 1900 – we're in a very favorable game!



Source: [Dimson, Marsh, Staunton, Triumph of the Optimists: 101 Years of Global Investment Returns](#)

We don't try to predict the market..

- Brilliant analysis of interest rates but wrong about global growth, inflation, China, India, Trump.

→ Useless when trying to predict the market.

- Did anyone here foresee:
 1. Low/Negative real interest rates for so long?
 2. Oil price?
 3. Bitcoin?
 4. Brexit? Trump?
 5. That stocks would be on 9th up year despite Brexit and Trump?
- ***I know I didn't predict past five years, and see no reason why I would have better luck with next five.***

However, I did roughly predict the earnings growth of a small number of companies.

WB & CM put in combined ~140 years...

*"Microeconomics is what we do.
Macroeconomics is what we put up
with."*

– Charlie Munger

*"I never have an opinion on the market
because it would not be any good and it
might interfere with opinions that are
good."*

– Warren Buffett

*"If Federal Reserve Chair Janet Yellen
came up and whispered in my ear what
she was going to do for the next two
years, it wouldn't make any difference
to what we do."*

– Warren Buffett

*"I think not reading much macro is very
beneficial."*

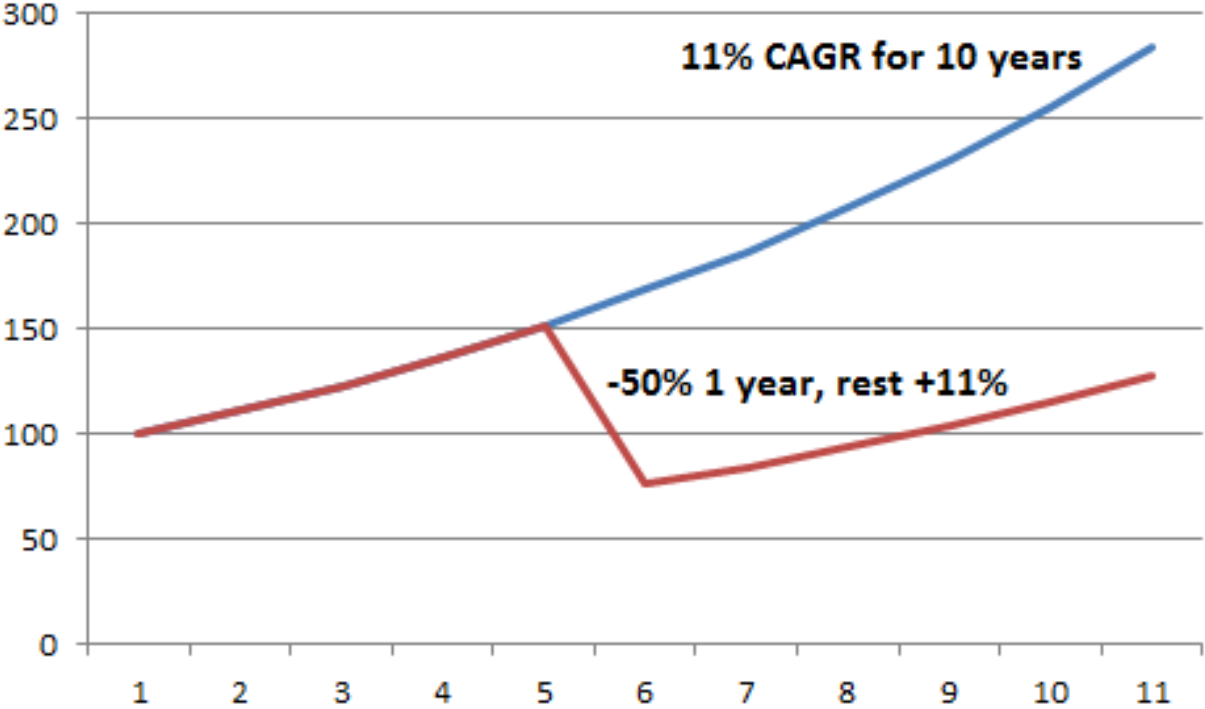
– Howard Marks



It's important to be in the game..

- Can you imagine an elite athlete skipping two years because he/she is worried about injuries?
- Market has been fantastic over past 100 years – but if you'd missed the best 7% of days in the market, your return would have been close to zero.
- One big reason why River Oak is structured as an investment company.

Offense wins games, defense wins championships



High concentration

(5 to 8 holdings, top 5 usually >75% of portfolio)

- If you make decision to be active investor – make sure you get paid if you're right.
- I believe high concentration and few losers are main reasons for our good results so far.
- Portfolio with 30+ stocks becomes almost impossible to know well.
- More than 7-8 stocks does not give meaningful volatility reduction.
(Source: [Concentrated Investing by Allen Benello, Michael van Biema, Tobias Carlisle](#))

TABLE 4.1 Effect of Diversification

Number of Stocks in Portfolio	Expected Standard Deviation of Annual Portfolio Returns (%)	Ratio of Portfolio Standard Deviation to Standard Deviation of a Single Stock
1	49.24	1.00
2	37.36	0.76
4	29.69	0.60
6	26.64	0.54
8	24.98	0.51
10	23.93	0.49
12	23.20	0.47
14	22.26	0.46
16	21.94	0.45
18	21.20	0.45
20	21.68	0.44
25	21.20	0.43
30	20.87	0.42
40	20.46	0.42
50	20.20	0.41
400	19.29	0.39
500	19.27	0.39
1,000	19.21	0.39
Infinity	19.16	0.39

High concentration

I encourage you to:

1. Take note of your 6 highest conviction ideas at the beginning of next year and decide on appropriate weights.
 2. Take note of your 15 highest conviction ideas at the beginning of next year and decide on appropriate weights.
 3. At end of the year compare the results.
- Personally I saw a very clear improvement (it's possible you won't).
 - I want to own as few holdings as possible but enough to sleep like a ~~baby~~ teenager.
 - A potential downside to high concentration is a black swan event in one of your largest holdings, harder to keep your poise when it's a 20% position than a 5% position.

What companies do we look for?

Before putting in >5 minutes I want to roughly understand the business right away. If I don't, one month of studying usually won't help (enough to get high conviction).

1. Companies with competitive advantage that I understand well.
2. Companies with solid base to survive downturn – balance sheet and business model.
3. Companies that I believe will make more money in the future than they do today.
4. Attractive price.
5. Honest, capable and competent management.

Prefer if management owns enough stock to make a difference in their lives if all goes well – running a business is tough and sometimes grueling – you need to have a management that really cares.

* Exceptions can be made, think it's a bad idea to religiously try to fit all your holdings into the same checklist.

In particular we like:

- Software & Online based businesses
- Business services
- Market leadership in niche market
- Cost of product/service small in relation to customer's total costs
- Low ARPU, prefer many customers
- Simple companies – want to be able to understand main drivers/risks well
(Focus is always on the big picture, don't spend much time diving into details.)

How do we value a company?

- Estimate cash flow and net assets in 2-4 years.
(usually back-of-the-envelope, no advanced models in any way)
- Multiple based on business model, competitive position, growth runway, predictability of cash flow.
- *Investing is as much art as science.*
- *You don't need to know a man's height to know he is tall.*

How do we select?

- Want to see a healthy FCF today or a couple of years hence. FCF doesn't need to show up in reported numbers (e.g. Amazon) if I know it's re-invested well in the business.
- If two companies are hard to separate and promise similar return we always lean towards the more careful choice.
- Always prefer to be very sure of 10-25% annual return than possibility of 50-100% return where I'm not sure at all.
- ***Key question: "How sure are you?"***



FORTNOX

Småföretagens bästa vän

Investment in 2014:

- Fiat had just acquired last part of Chrysler; owned Jeep, RAM, Ferrari, Maserati, etc.
- Best CEO in the car business Sergio Marchionne
- Pentup demand after financial crisis, average age of cars highest ever (deemed big SAAR downturn unlikely)
- Initial thesis: Fiat to be valued more in line with GM, Ford plus Fiat had Ferrari & Marchionne
- Thesis evolved: Jeep, 5-year plan became bigger factors
- Paid: 15B plus 10B debt
- Today: 50B, almost no debt (Ferrari spun off)

Investment in 2015:

- Fortnox 2014 Annual Report:
“Only 15% of large companies and 11% of small companies buy cloud services for accounting and financial control. The most common reason is lack of knowledge, SCB's survey shows.”
- Fortnox had ~100k customers, 1M companies in Sweden whereof 99% are small companies making them ideal for Fortnox.
- Very strong network effect and switching cost
- Many add-on modules → believed ARPU would grow
- Paid: ~8x my 2018E EBT
- Today: ~25x my 2018E EBT

Be different

- ***To get better than average results you need to do something different than the average.***
- At any given time, ask yourself:
 1. Is my portfolio really unique?
 2. Is it a reflection of my interests and ideas?
 3. Do I truly have any insights about these companies and its future that many people don't agree with or see yet?
- Our biggest winners over past 5y have been ideas where I came up with the thesis pretty much from scratch (opposite would be to regularly invest in something like Sohn Conference ideas).
- ***Being yourself goes a very long way towards being different.***
- If you know anyone that own or has owned both Fortnox and Fiat – please let me know!

Thank you for listening!



River Oak Capital

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River Oak Capital

Annual Meeting

April 25, 2019

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Q1-2019 Results

- River Oak book value per share +30.7% vs OMXS30 incl. div. +12.5%
 - Price of share issue March 31: SEK 134.77 per share
(Price of share issue = 101% of book value SEK 133.43 per share)
 - Large drop in share prices in Q418 despite good business performance by our companies
- => Generally results in strong future returns (although normally not as strong as in Q119)

Q4-2018 Historical comparison

There have been 21 bear markets since 1929:

S&P 500 Forward performance after strongly negative quarter: (excl. 1930s Depression)

S&P 500 Bear Markets (defined by 20% Peak to Trough Decline): 1929 - Present					
Bear Market Period	NBER Recessions	Length of Recession (Months)	S&P Start	S&P End	% Change
Sep 2018 to Dec 2018			2941	2347	-20%
May 2011 to Oct 2011			1371	1075	-22%
Oct 2007 to Mar 2009	Dec 2007 to Jun 2009	18	1576	667	-58%
Mar 2000 to Oct 2002	Mar 2001 to Nov 2001	8	1553	769	-51%
Jul 1998 to Oct 1998			1191	923	-22%
Jul 1990 to Oct 1990	Jul 1990 to Mar 1991	8	370	295	-20%
Aug 1987 to Oct 1987			338	216	-36%
Nov 1980 to Aug 1982	Jul 1981 to Nov 1982	16	142	102	-28%
Sep 1976 to Mar 1978			109	86	-20%
Jan 1973 to Oct 1974	Nov 1973 to Mar 1975	16	122	61	-50%
Dec 1968 to May 1970	Dec 1969 to Nov 1970	11	109	69	-37%
Feb 1966 to Oct 1966			95	72	-24%
Dec 1961 to Jun 1962			73	51	-29%
Aug 1956 to Oct 1957	Aug 1957 to Apr 1958	8	50	39	-21%
Jun 1948 to Jun 1949	Nov 1948 to Oct 1949	11	17	14	-21%
May 1946 to May 1947			19	14	-28%
Nov 1938 to Apr 1942			14	7	-46%
Mar 1937 to Mar 1938	May 1937 to Jun 1938	13	19	9	-54%
Jul 1933 to Mar 1935			12	8	-34%
Sep 1932 to Feb 1933	Aug 1929 to Mar 1933	43	9	6	-41%
Sep 1929 to Jun 1932	Aug 1929 to Mar 1933	43	32	4	-86%
Average Without Recession					-29%
Average With Recession					-42%
Average All					-36%

Pension Partners
THE ADAC ROTATION MANAGER

@CharlieBilello

Source: [Charlie Bilello, Pension Partners](#)

S&P 500 Since 1940		Forward Performance		
Quarter Ending	Quarterly Performance	One Year	Three Years	Five Years
Sept 1974	-25.2%	38.13%	72.74%	117.46%
Dec 1987	-22.6%	16.81%	48.82%	108.97%
Dec 2008	-21.9%	26.46%	48.59%	128.19%
June 1962	-20.6%	31.16%	69.20%	94.84%
Sept 1946	-18.0%	6.45%	24.47%	115.41%
June 1970	-18.0%	41.87%	57.39%	56.30%
Sept 2002	-17.3%	0.26%	26.96%	66.32%
Averages	-20.5%	23.0%	49.7%	98.2%

Source: [Ben Carlson, A Wealth of Common Sense, awealthofcommonsense.com](#)

Q4-2018: -14.0%

December-2018: -9.2%

- Worst December month ever for S&P 500 except Dec-1931
- Largest monthly loss since Feb-2009

Results since start: Feb 7, 2017

- The most relevant evaluation of investment results is always to measure over the longest available time period.
- **Feb 7, 2017 – March 31, 2019:**
River Oak book value per share +33.4% vs OMXS30 incl. dividends +10.0%
(adjusted for startup costs our net result is +34.5%)



* River Oak gross investment return

- OMXS30 is not your only alternative to River Oak...

Comparison vs best funds and best investment company

Selection

Four of the most well renowned fund companies in Sweden: Didner & Gerge, Carnegie, Lannebo, Spiltan

Their respective best performing fund from Feb 7, 2017 – March 31, 2019:

1. Carnegie Indien +29.3%
2. Spiltan Aktiefond Dalarna +27.9%
3. Didner & Gerge Global +26.8%
4. Lannebo Småbolag +25.6%

Best listed investment company in Sweden from Feb 7, 2017 – March 31, 2019:

1. Latour +47.0%

Latour has done great over 35 years (Assa Abloy, Fagerhult, Securitas, Sweco, TOMRA etc.)
Controlled by one of my favorite business people in Sweden: Gustaf Douglas.

River Oak +33.4% (gross investment return: 48.6%)

The best performing funds and Latour were selected in hindsight. As investors we need to pick in advance.

Which one should you choose? Don't ask the barber if you need a haircut...

Latour book value SEK 83 billion

River Oak book value SEK 25 million



River Oak Capital

Questions?

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752 37 Uppsala, Sweden



River Oak Capital

Finding that elusive 10-bagger

Daniel Glaser

Cyprus Value Investor Conference

Sept 2019



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Background

- Wife & two kids (5 yo & 2 yo)
- Former elite athlete, Swedish National Badminton Team 1992-2006
- M.Sc. Engineering Physics; Specialization in Mathematical Optimization 2000-2005

Master's Thesis: Built software to optimize cancer radiation treatment plans at University of Gainesville, Florida 2005-2006

Supervisor founded [ViewRay, Inc.](#) in 2006; listed on Nasdaq in 2016

- ... 2006 – 2010
- Investor since 2010
Small business owner and operator since 2013
Started investment family office in 2013 and River Oak Capital AB in 2017



River Oak Capital

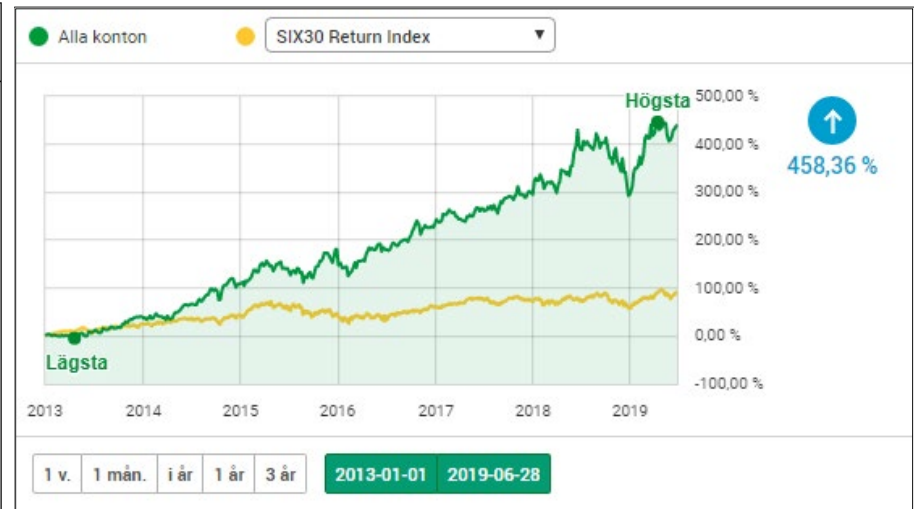
- River Oak Capital AB started operations in Feb 2017.
- Ten co-founders, all friends and colleagues.
- Private investment company: 11 initial shareholders, 33 shareholders today.
- Absolute focus on businesses, not stocks.
- Highly concentrated 5 to 10 holdings, long-only, no leverage, **keep things simple.**

Historical pretax returns

Feb 7, 2017 – June 30, 2019: River Oak Capital AB

Jan 1, 2013 – Feb 6, 2017: Zen Capital Family Partnership

	Investment return	Net return	OMXS30 incl. div.	Difference
2013	41.0%	30.8%	25.4%	5.4%
2014	45.0%	33.8%	13.6%	20.2%
2015	35.1%	26.3%	2.5%	23.8%
2016	20.5%	15.4%	9.1%	6.3%
2017	19.6%	14.0%	7.0%	7.0%
2018	0.0%	(5.6)%	(7.2)%	1.6%
2019 (per June 30)	40.1%	36.2%	19.3%	16.9%
Total gain	457.7%	273.7%	88.6%	185.1%
Compounded annual gain	30.3%	22.5%	10.3%	12.2%



Approx. currency effects on Investment returns :

2014 +7%, 2016 +2%, 2017 -10%, 2018 +5%, 2019 +2%, other years <1%.

Investment criteria

Always focus on the big picture, never spend much time diving into details.

(If I feel the need to read 10K footnotes and research CEOs pets, I'm in the wrong place.)

DG's 5 minute rule:

If I don't roughly understand the business in first 5 minutes, I almost never spend more time on it as one month of study won't help me get a high enough conviction.

1. Companies with competitive advantage that I understand well.
2. Companies with solid base to survive downturn – balance sheet *and* business model.
3. Companies that I believe will earn more in the future than they do today.
4. Honest, capable and competent management.

Prefer management that owns enough stock to make a real difference in their lives if all goes well.
Running a company is tough and oftentimes grueling – you need management that really cares.

5. Attractive price.

Value investor?

- Definition has become so wide these days.
- Often confused with low valuation metrics. In Sweden I've seen it described as investors looking for high-free-cash-flow, high-dividend-paying companies.
- What Ben Graham advocated for investors was to:
“Capitalize upon a favorable difference between price and appraised value.”
- Whether a company:
 - 1) has high or low free cash flow *today*
 - 2) has high or low valuation metrics based on *today's* numbers
 - 3) elects to pay a dividend or not

... clearly has nothing to do with the ***difference*** between price and appraised value.
- Correct appraisal of value is all about the future!

It's all about business

- Fast-growing companies in markets with winner-take-all characteristics can be just as undervalued. (Microsoft 1990s, Amazon 2000, Google 2004)

Degree of undervaluation often magnitudes larger than beaten-down “value stocks” in tough industries.

- Ben Graham said so many smart things that some have gotten less attention than they deserve:

“Investing is most intelligent when it is most businesslike.”

- At River Oak, I and the Board of Directors consider ourselves businessmen and women.
- We will look at anything that makes good business sense.
- Instead of looking for beaten-down stocks to revert to the mean, I look for companies with above-average performance that I believe won't.
 - i) These companies operate in industries with strong secular growth, and/or
 - ii) Have a culture that breed and foster above-average performance.

Investment idea for this conference?

- **I never make stock recommendations.**

I've always found broader lessons to be much more helpful, so focus will be on those.

- *Give a man a fish and you feed him for a day.
Teach a man to fish and you feed him for a lifetime.*
- Took a look in our portfolio: Which holding is most interesting to talk about in Cyprus? Fortnox.
- Out of courtesy to River Oak's shareholders I generally don't talk publicly about our investments.

However, I've written many times about Fortnox in my letters to shareholders.

If you're 1 of our 40 monthly visitors you already know all about it so...

FORTNOX

Småföretagens bästa vän

- Online-based software for Accounting and related business management services
- Market leader and operates only in Sweden

Initial investment in 2015

- *“Only 15% of large companies and 11% of small companies buy cloud services for accounting and financial control. The most common reason is lack of knowledge, SCB's survey shows.”*
 - Fortnox 2014 Annual Report
- Fortnox had ~100k customers – There are 1 million companies in Sweden of which 99% are ideal size for Fortnox services.
- Accounting firms cooperation – virtuous cycle
- ARPU likely to increase as customers add more modules like Salary, Invoicing etc. over time in addition to Accounting module.
- Culture entrepreneurial and sports team like; positive and shared happiness in each other's success, but they want to win.
- (See 2015FY Letter to partners)

Today

- Main thesis points pretty much the same
- 286k customers
- ARPU +45% since 2015
 - Should continue to increase over time as long-time customers subscribe to more modules than recently acquired customers.
- Launched many new modules and also new services like insurance, financial services etc. in the past few years
- Potential international expansion

FORTNOX

Småföretagens bästa vän

Earnings up ~11x since initial investment

11-bagger for family office, 5-bagger for River Oak

Lessons?

- Difficulty not in seeing attractiveness, product stickiness, network effect etc.
- But in buying in at optically high price: I paid 800M EV for 2015 Earnings of ~20M.
- What did I really pay? 5x 2019 Earnings
- ... and in holding

Dare to be different

- Most investors don't aim for 10-baggers ... and thus don't tend to own them.
- If you want above average results ***you need to do things differently than the average.***
- Focus your time and energy where you see a 2x to 10x upside over time. If all you see is a 25% upside, move on to the next one.
- All 10-baggers will become optically expensive from time to time.
- Focus on the big picture.
- Focus on your personal strengths and areas of interest – goes a very long way towards being different.

This is where you will find your edge vs the market.

Qualities of multibaggers? My observations:

- Optically expensive on today's numbers.
- Simple-to-understand business.
(no sum-of-the-parts, discount to book value stories)
- Market leader in its industry/niche.
- Its products and services are a very natural part of its customers daily lives.
Their customers literally can't live without it.
- Company culture is positive, innovative and focused.
(few distractions)
- Main thesis points remain roughly the same over time.

Why look for 10-baggers?

Most Obvious Question of the Year Award



But really, do I want to spend my time trying to find 10-baggers when they are so rare?

Example 1

Ten 10% positions that all go up 50% over 5 years

Sounds pretty good, right?

---> **Compounded Annual Gain 8.5%, i.e. market return**

Example 2

90% cash

10% in one company that becomes a 10-bagger over 5 years

Effect on your overall portfolio returns?

---> **Compounded Annual Gain 13.7%**

Imagine if you are able to find two ...

Questions?

Except whether I think Fortnox will be another multibagger from here.

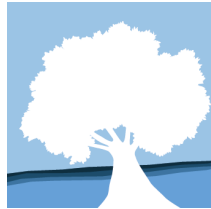
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River Oak Capital



River Oak Capital

Annual Meeting

May 9, 2020

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“Have a good time. Enjoy life. Life’s too short to get bogged down or be discouraged. You have to keep moving. You have to keep going. Put one foot in front of the other, smile, and just keep on rolling.”

—Kobe Bryant

“When something bad happens you have three choices. You can either let it define you, let it destroy you, or you can let it strengthen you.”

— Theodor Seuss Geisel

River Oak shareholders in March

“Do we have a capital raise soon? Finally some sales.”

“I look forward to our next capital raise.”

“Daniel, I definitely would like to participate [in the capital raise]. When can we have a call?”

“Is now a really good time for you to get some extra liquidity?”

Q1-2020 Results

- **River Oak Investment return -11.0%**

OMXS30 -15.7%

S&P 500 -20.0%

MSCI World -21.1%

*all including dividends

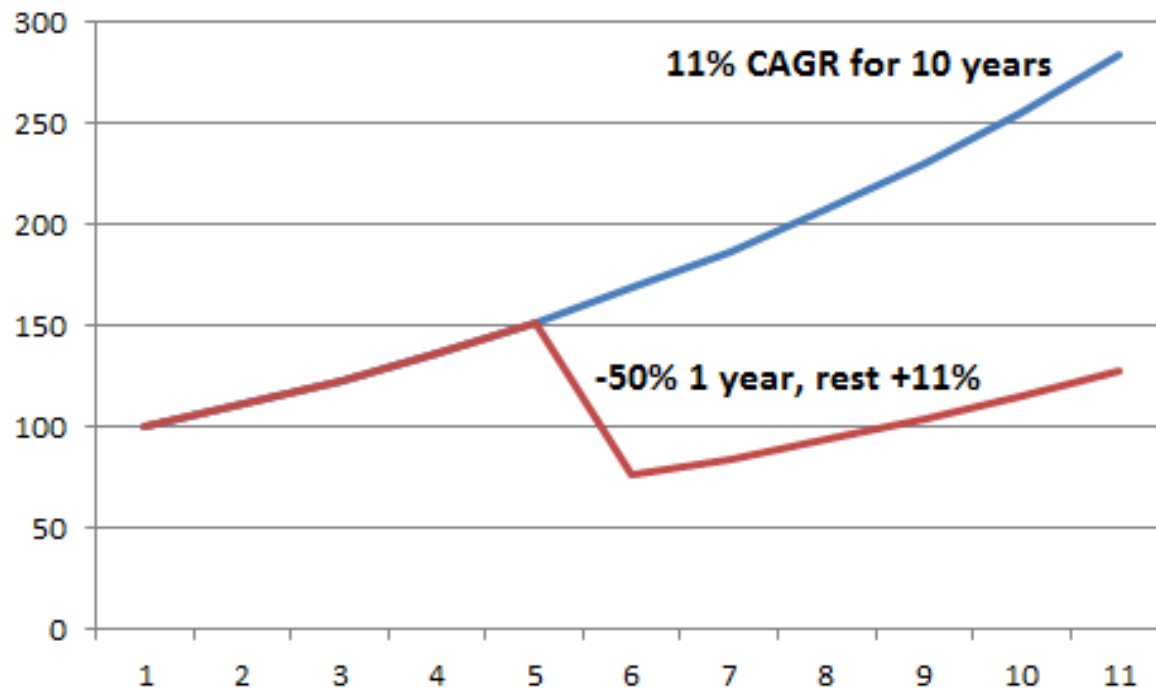
- **Our results since inception Feb 7, 2017 – March 31, 2020:**

Book value per share +35.4% vs OMXS30 incl. dividends +8.0%

Hidden asset: Prepaid salary costs worth 4.5% due to our High Water Mark setup

River Oak Investment return positive for the year per mid-April

- 2020 YTD positive >> 2019FY Investment return +61.7%
- Offense wins games. Defense wins championships.
- Remember this?



River Oak #1 goal: Don't lose money

What does this mean in practice?

- If I think an investment is too risky, I don't care what the upside is
- We are *always* conservatively invested
- Business model, Balance sheet & Valuation
... in that order

Key success factors

- **#1 Goal: “Don’t lose money” mindset makes us well prepared**

Normally no extra points for this – only good sleep

- **Demand for our companies’ services stable (so far)**

Hard to think of a larger demand shock

Bias towards business infrastructure/essentials

Our companies will likely grow quite substantially in 2020

- **#2 Goal: Earn 15% average annual return on capital over time**

Too mellow given track record?

We don’t want to revise goals in every unexpected tough period.

- **Goals designed to encourage calm behavior in all situations**

Key success factors

- **Private company & Great shareholder base** ★

Peter Lynch Fidelity Magellan fund open to public 1981-1990:
Returns 22.5% per year, Average Investor in fund ca. 7% per year

Investors withdrew capital after periods of poor performance and added after periods of good performance.

- **High concentration in few holdings**
- **Minor portfolio adjustments before pandemic became mainstream focus**
- **Invested available liquidity in late March at good prices**

In no way based on pandemic prediction – but at River Oak we like good prices!

“You don’t need to know a man’s height to conclude that he is tall.”

What is this?

43.8%	5.2%	-10.0%	31.2%	10.9%
-8.3%	5.7%	23.8%	18.5%	4.9%
-25.1%	18.3%	10.8%	5.8%	15.8%
-43.8%	30.8%	-8.2%	16.6%	5.5%
-8.6%	23.7%	3.6%	31.7%	-37.0%
50.0%	18.2%	14.2%	-3.1%	26.5%
-1.2%	-1.2%	18.8%	30.5%	15.1%
46.7%	52.6%	-14.3%	7.6%	2.1%
31.9%	32.6%	-25.9%	10.1%	16.0%
-35.3%	7.4%	37.0%	1.3%	32.4%
29.3%	-10.5%	23.8%	37.6%	13.7%
-1.1%	43.7%	-7.0%	23.0%	1.4%
-10.7%	12.1%	6.5%	33.4%	12.0%
-12.8%	0.3%	18.5%	28.6%	21.8%
19.2%	26.6%	31.7%	21.0%	-4.4%
25.1%	-8.8%	-4.7%	-9.1%	31.1%
19.0%	22.6%	20.4%	-11.9%	
35.8%	16.4%	22.3%	-22.1%	
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S&P 500 Returns (1928-2019)

S&P 500: Total Returns (1928 - 2019)									
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Source: [Charlie Bilello, https://compoundadvisors.com/](https://compoundadvisors.com/)

S&P 500 during World War II

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Imagine if media reports would provide this perspective

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in the past month ...**

**... and here are the
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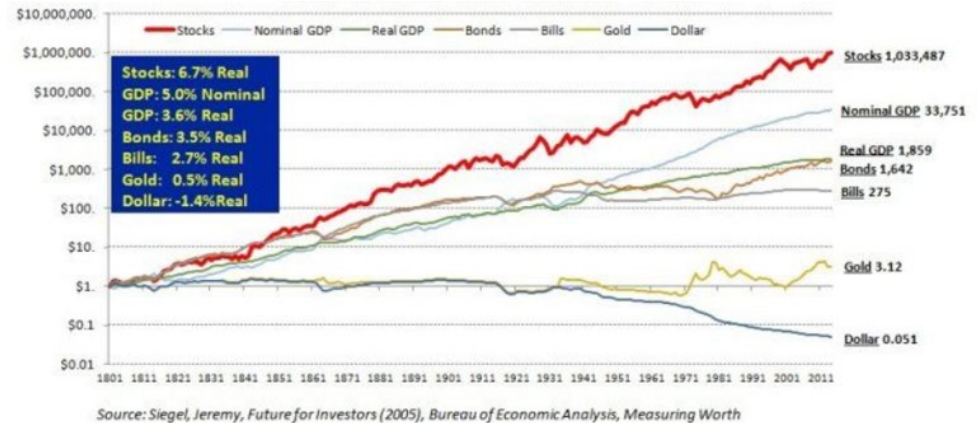
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...or this...

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... and as always we show you the results
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to remind you that in hindsight these
periods tend to look like speed bumps”



Financial Assets in America Total Real Returns
(1801-2014)

Source: [Jeremy Siegel, Future for Investors \(2005\)](#), [Bureau of Economic Analysis, Measuring Worth](#)

"I am an old man and have known a great many troubles, but most of them never happened."

— Unknown old man

Questions?

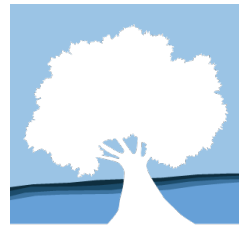
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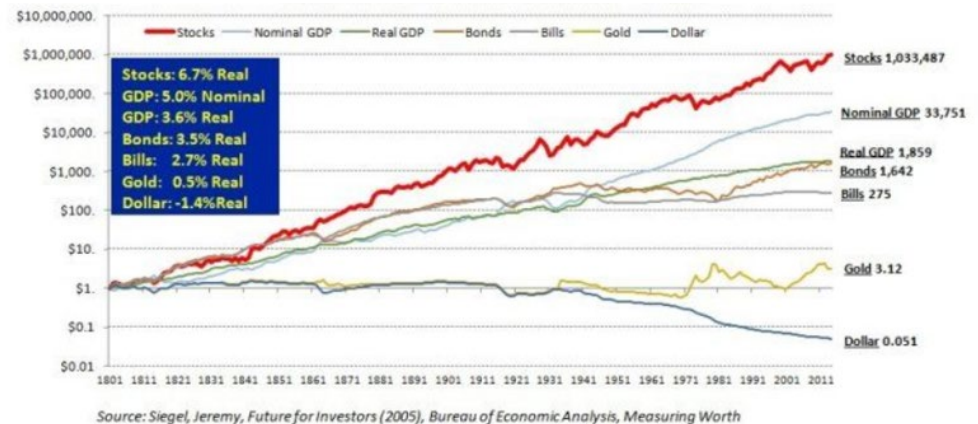
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— Theodor Seuss Geisel

Results are in..

- Optimists have been right far more often

	Investment return (pretax)	Change in Book value per share	OMXS30 incl. div.	Difference
2017 (from Feb 7)	13.2%	8.6%	5.4%	3.2%
2018	0.0%	(6.0)%	(7.0)%	1.0%
2019	61.7%	50.1%	30.7%	19.4%
2020	104.0%	74.3%	7.4%	66.9%
2021 Q1	14.6%	11.5%	18.0%	(6.5)%
Total gain	327.8%	198.0%	62.5%	135.5%
Compounded annual gain	42.0%	30.1%	12.4%	17.7%

Key success factors

- **#1 Goal: “Don’t lose money” mindset**
Positive returns is the only other thing you can get if you manage to avoid losses.
- **Concentrated portfolio with less than 10 investments**
- **Long-term**
- **Focus on micro (not macro)**
- **Keeping things simple**
- **Global**
- **Permanent capital**
- **Great shareholder base**

River Oak has been designed to encourage calm behavior

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Concentrated portfolio more risky?

- Our goal is above average results – which *requires* being different.
- Being different no guarantee for above average results ...
... but it gives you a fighting chance
- So - is a portfolio of 8 holdings riskier than one with 50 holdings?

Exercise: Pick a team you can't change for the next 5 years

If your goal is to minimize risk, what would decide your picks?

- Trust each person 100%
- Your respect for them
- Behave well towards other people
- Believe strongly in their future

Team

- Husband/Wife
- Mom & Dad, brother/sister, kids
- 5 best friends/colleagues

How about your best friend #28?

- What was her husband's name again? What did he work with?
- Does she even have a husband?
- Do they still live in Stockholm or did they move to Australia?

Exercise: Pick a team you can't change for the next 5 years

- **Your family and your best friends are on your team for very good reasons.**
- **There is a reason they are called “best” friends.**
- **Most of us simply don't have the time and energy to have 30 or 50 best friends.**

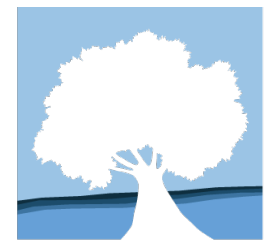
If you are minimizing risk:

- **Going with #28 only makes sense if you are so unsure about your family and your best friends that you feel the need to hedge your bet on them.**

River Oak will keep being different.

Thank you for listening.

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River Oak
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