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Time is a fundamental part of the investment equation. We invest today with the goal of greater purchasing power later. Time is a scarce resource. And though time is the ultimate leveller it is also, through the power of compounding, a great lever. Time is a financial fulcrum.

I describe my role at Capstrive as that of a capital allocator. Perhaps it would be better described as a time allocator. The power of time pervades all professions; “know thy time” was Peter Drucker’s clarion call.

So how do we make the most of our time? How do we befriend time? To make time our friend, or at the very least to protect against the ravages of time, we must understand the nature of time, the circumstances in which it is helpful and the circumstances where time is corrosive. What follows are some suggestions.

Quality of Focus: Simultaneously attempting to do many things well is futile. Do one thing well and then move to the next thing.

Focus on Quality: Buffet said that time is the friend of the wonderful business and the enemy of the poor one. Quality is durable. In tough periods, which always occur, better businesses typically emerge disproportionately stronger. A poor business eventually gets in trouble; it is more speculation than investment. The quality business improves over time, the poor one implodes. The same goes for people and relationships.

The highest quality business earns high returns on capital and has the capacity to re-invest profits. Time is your friend with such businesses. By contrast if you purchase an average business that is trading at a discount, even a large discount, to its true value, time is not your friend because the longer it takes for the valuation gap to narrow, the worse your result (in terms of IRR). All else being equal, time favours ‘growth’ investing (let compounding do the work), over ‘value’ investing (seeking to close an intrinsic value gap in the shortest possible time).

Time spent understanding quality businesses has a long shelf life. If the current valuation is not attractive, the understanding is not wasted as there is a reasonable prospect of it becoming attractive at some point.

More Sharpening, Less Chopping: Time spent improving process trumps overtrading. We make time our friend by continually improving our process. Process is preparation. The sowing always precedes the reaping.

Lengthen the Lens: It is a big advantage in investing to be able to examine opportunities through a medium to long term lens. Lengthening the lens applies the focus to the thing that matters most, long term sustainable earnings power. We frequently forget that a company's earnings over the next few years represent but a small fraction of overall value. We make time our friend when we focus on the long term.

Limit Leverage: Leverage can't make a bad investment good but it can make a good one bad. The old adage, to finish first you must first finish, applies. More great fortunes have been lost through the use of leverage than in any other way.

Insure: Storms eventually come. Time is the enemy of the un-insured. Cash is insurance, as is diversification. While most of the greatest fortunes have been made through concentration, bad luck happens. You need sufficient insurance/diversification to survive the inevitable periods of poor luck, so you stay in the game long enough for your investment process to produce performance.

Be Equitable: Getting one up on the other guy may give a short term sugar fix but it is not wholesome. Our past decisions follow us around. Human interactions create friction, honesty and manners are the oil, dis-honesty and rudeness are the grit. Treat people with respect, be true to your word, don't burn bridges and build trust-based relationships with high quality people.

Look for good character in the management of companies in which you invest. Time is truly the friend of a good business run by honest and competent management.

Stay curious and open minded: Time will kill the closed mind. Things change. Once we feel that we have figured everything out someone else is leaving us in the dust and we are too blind to notice until it's too late to address. Treat the investment journey as a voyage of discovery. Continuous learning compounds quite astonishingly. Time is the great friend of the continuous learner.

Start early: Time is the enemy of the procrastinator. The opportunity cost of time forgone is experience foregone. The only way to get experience is to start. You could read every book on medicine ever written but that would not make you a good surgeon. The same is true for investing.