

Impressions from Ideaweek St. Moritz 2020

The following update is shared by John Mihaljevic, chairman of MOI Global, with input from fellow Ideaweek participants.

Be sure to review timeless insights from [Ideaweek 2018](#) and [Ideaweek 2019](#) as well.

"I got more out of Ideaweek than any other investing-related event I've been to since 1986."

-Peter Leacock, Senior Portfolio Manager, CIBC Wood Gundy, Vancouver, Canada



The mostly frozen lake, with St. Moritz in the background

"A single conversation with a wise person is worth a month's study of book."

-Chinese proverb

I am pleased to include below selected Ideaweek impressions, shared by this year's participants. I hope you'll pardon the hyperbole in some of the takeaways — it was a fabulous week, but this was entirely due to the quality of the participants themselves. My job was easy: Get smart people together and don't stand in the way of serendipity!

UK-based portfolio manager David Seaman summed up his key takeaways: "A welcome reminder of the power of simplicity in an investment thesis, portfolio construction, and life. This is the benefit of a week away from the markets, sharing time with like-minded individuals discussing timeless principles. Clarity and community."

Returning participant Elliot Turner, Managing Director of RGA Investment Advisors in Stamford, Connecticut, reflected on his Ideaweek experience:

"Last year I returned home from Ideaweek 2019 knowing I had pushed both my intellectual and physical boundaries in an invigorating experience. I knew I would be back for 2020, ready to explore new terrain, both intellectually and on the mountain. One of the hallmarks of great people is that they attract great company. The community in MOI Global is a testament to John as an individual and John's ambition in building something unprecedented and unique in the investment world."

"I enjoyed the wonderfully diverse company of the returning and new attendees alike. Conversations were wide ranging, including topics like active vs passive, breakdowns of business models both in the abstract and specific, and the benefits (or detriments) of deploying technology to capture data on one's body."

"When I left Connecticut for St. Moritz, the mountain was lacking in snow, but the forecast was promising. Each of my three ski days had distinctly unique character: Day 1 was a blizzard; Day 2 most of the mountain was closed for avalanche control; and Day 3 was one of the best powder days of my life."

"Our relationship with the mountains is a bit like our relationship with the market — we cannot control Mr. Market's mood and instead must adapt our behavior and activity to what Mr. Market has to offer us at any given time. When opportunity is most abundant, it is our duty and obligation to seize it and to that end, I skied Day 3 until my quads could no longer guide my body through a turn."

"Something everyone at Ideaweek can agree on is how indulging in nature and physical activity with an inspiring collection of individuals leaves the body and mind enriched and the path forward renewed. As I return home, my reading list is refreshed, my research list includes a slew of new stocks I never encountered or dug into for various reasons, and my memory is full of experiences with old and new friends alike."

In his Ideaweek talk, Elliot [presented](#) case studies on the topic of "Finding Paths to Simplifying an Investment Thesis, and The Relationship to Position Management." He focused on three companies: PayPal (Nasdaq: PYPL), Roku (Nasdaq: ROKU), and GrubHub (NYSE: GRUB).

Elliot summed up simplification as follows: "Our goal becomes finding the one variable in a company's drivers (both top and bottom line) that matters more than any other. If we can synthesize our entire thesis to just *one thing*, we position ourselves to maximize conviction amidst the noise. That means when bad news or earnings hit a stock, we can analyze the business in light of what really matters."

Simplification results in a more focused research process: financial modeling should be geared around “understanding what moves the *one key variable*,” while scuttlebutt should focus on “understanding how the company’s strategy and relationship with customers is geared around the *one key variable*.”

“If Bill Gates can have a ‘think week’, then Ideaweeek is mine.”

–David Seaman, *Portfolio Manager, London*



Powder paths, near St. Moritz, Switzerland

The experience of returning participant Kaushal “Ken” Majmudar, Managing Partner of Ridgewood Investments in Short Hills, New Jersey, reflects the serendipity of Ideaweeek:

“Enjoyed the week in St. Moritz — my second time attending. By a happy coincidence Elliot and I both had (separately) booked the exact same flights to and from Zurich so we had plenty of time to chat and converse on the way to and from Ideaweeek, sharing investment thoughts and comparing notes the whole way there and back.”

“The sessions were equally insightful. Learned the vital difference between search brands and identity brands at a morning discussion session, and the superiority and durability of the latter. Other highlights included a member’s thoughts on the four pillars of a good life, Elliot’s presentation on

finding conviction in a complex world, and Serge's experience share on unlocking the power of the subconscious mind."

"The informal friendships and chance conversations during our many meals and activities were another highlight of the week. This year I will be launching a video podcast tentatively titled 'The Intelligent Investor Show' where I interview diverse guests through one-on-one conversations. I already invited a few participants from Ideaweek 2020 to be guests and invite anyone in the MOI Global community with interesting perspectives to share to reach out to me to be a guest."

Returning participant David Eborall, Managing Director of SaltLight Capital in Johannesburg, South Africa, shared lessons learned in a "zero beta" market. David discussed "stuff I wish I had known," how to handle liquidity, and quality companies. View the [slide presentation](#).

Learning is a big part of Ideaweek — the idea of finishing the week a little wiser than one started it. Fatima Dickey, Managing Partner of Lagoda Investment Management in New York, reflected on this aspect:

"I learned about a special type of yoga from the woman-writer during one of the dinners. I had a conversation with Serge during another dinner about the subconscious mind, which definitely made me think (I've already ordered the book he talked about). I learned from another participant about the short-seller way of thinking, and how he interviews management when he suspects they are hiding something. He made me laugh with his ideas about raising capital — which is my least favorite topic — but his bold and at times humorous point of view made me think. I learned about an interesting micro-cap in the UK and a an owner-operated company in Mexico during another dinner. I was learning something every time I sat next to someone, actually. It was a real thought feast!"

Fatima shared her journey(s) of investing with the group and profiled the most interesting public company "startups" in the Lagoda portfolio: small-caps that are developing into "owners and dominators."

As specific "live" case studies, she highlighted Clinuvel Pharmaceuticals (Australia: CUV) and Digimarc (Nasdaq: DMRC). Both companies are run by owner-operator CEOs with a long-term value creating mindset.

"A magnificent event. A real community to share thoughts, doubts, and learn from others. Ideaweek changed me."

-Nicolas Litvan, Chief Executive Officer, Prili S.A., Uruguay

On the topic of investment research, David Seaman gave an eye-opening talk entitled, "The Use of Open-Source Intelligence Techniques." Open-source intelligence (OSINT) can be defined as "any intelligence produced from publicly available information" ([Bazzell](#), 2019).

A few pieces of advice for applying OSINT in an investment process:

- Write a question that is solvable without recourse to a specific forecast
- Structure a simple thesis for feedback loops to allow early assessment
- Maintain a living counter-thesis

- Develop a network of diverse signals for assessing thesis vs. counter-thesis
- Insist on a margin of safety

“Ideaweek is by far my most inspiring week of the year. After five days in St Moritz, I left with new, exciting ideas, a mile-long reading list, and new friendships.”

— Txomin Zaratiegui, Portfolio Manager, Arlas Capital, Geneva, Switzerland

Another fascinating topic discussed at Ideaweek was the power of stories, i.e., narratives. Returning participant Paul Varotsis, Senior Independent Director of Volta Finance Limited in Monaco, sparked this thread of discussion by asking, “Can value investors learn something from narrative economics?”

Specifically, Paul referred to Nobel Laureate Robert Shiller’s [book](#), in which Shiller examined how narratives (stories), despite being generally ignored by the economics profession, influence economic activity.

“It was refreshing and invigorating to learn from others’ perspectives in some very personal ways. It was this openness to sharing that left the most lasting impression on me.”

—Chris Campbell, Director, Sunforth Pte. Ltd, Singapore

Peter Leacock, Senior Portfolio Manager at CIBC Wood Gundy in Vancouver, Canada, shared perspectives from three decades in the capital markets. He also discussed an investment idea, Canada’s VersaBank (Toronto: VB).

In sharing his impressions of Ideaweek, Peter reflected on the diversity of people and insights:

“The presentations had some terrific content and several actionable ideas. The aspect that turned out to be the most enjoyable for me, however, was the opportunity to meet some very interesting people of diverse backgrounds from all over the world. Having several days together meant that we had the opportunity to form more of a bond through multiple engagements at the presentations, sharing meals together, and in the outdoors.”

“One particularly enjoyable afternoon had a group of five of us gathered around drinking tea and talking at the fabulous Badrutt’s Palace Hotel. Each person lived in a different country — India, Slovenia, Uruguay, the United States via South Africa, Canada — and had quite varied professional backgrounds, which aside from investment management included running a significant family-owned manufacturing business and representing European professional football players. All five individuals contributed actively to the conversation, and after the better part of two hours we still had lots to talk about but had to move on to a different location for dinner. I found the interaction to be intellectually stimulating to the point of being almost magical.”

Peter also found inspiration in some of the broader exploration taking place throughout the week:

"Another surprising feature was listening to contributors who had reached a significant degree of success in their professional life, but felt less than fulfilled, and chose to take a step back and contemplate what their purpose in life was, how they could work on their self image, and how they might move closer to an existence in line with their true self. These discussions got into the realm of exploring the subconscious, meditation, stoicism, and so on. I was so interested in these discussions that I ordered five books prior to my return home in order to further explore these subjects. A fascinating area of future study that I would not have initially expected to come from discussions on value investing."

"Ideaweek is one of the happiest moments in my life, because it provides a unique setup to engage in meaningful interactions with experienced, open-minded, and thoughtful people. With every passing MOI Global event, I feel like I am a much better person. This is how I would sum up the magic of MOI."

-Serge Belinski, Entrepreneur and Investor, Paris, France

A returning participant echoed Peter's take on the broadness of discussions with fellow participants:

"Ideaweek is an excellent platform to not only share business ideas, but also talk about life. I especially enjoyed the personal anecdotes and lessons learned from fellow participants, be it why to stop managing other people's money, or how to heal yourself by unlocking the power of the subconscious mind. I've experienced that if you open up and share from the heart, you will be rewarded with fruitful connections and conversations afterwards. It is this human connection I enjoyed the most."

A member's takeaway regards ESG (environmental, social, governance) investing, echoing a talk by returning participant Daniel Gladiš, Chief Executive Officer of Vltava Fund, based in the Czech Republic:

"ESG investing is in vogue. But be careful. The criteria are somewhat loose and a lot of money will be diverted/wasted. Investors are using ESG 'to feel good,' without really understanding what they are buying. Always think for yourself, and don't blindly trust things just because they have shiny labels."

"I was learning during all the interactions. This is the magic of your gathering."

— Fatima Dickey, Managing Partner, Lagoda Investment Management, New York

Returning participant Edwin de Bruijn, Managing Partner of NGEN Capital in the Netherlands, summed up his impressions as follows:

"Listening to people like Serge and Stefan, it shows that one should not necessarily have a degree in finance to be a good investor. In fact, it may be an advantage. Common sense and the right experience get you a long way. As Charlie Munger once said, 'Beta and modern portfolio theory and the like —

none of it makes any sense to me. We're trying to buy businesses with sustainable competitive advantages at a low, or even, a fair price."

During one of the morning sessions, Edwin spoke on the topic of brands as a source of outperformance. He shared insights into brand value and the historical outperformance of companies with strong brands. Edwin also raised the possible "death of brands" and how brands might remain valuable in the future. During the ensuing discussion, an interesting point was raised on "identity" versus "search" brands, echoing an [article](#) by Sean Stannard-Stockton, President and Chief Investment Officer of Ensemble Capital Management.

"As wisdom seekers and capital allocators, we question ourselves continuously about our blind spots. What are we not noticing? What are our best-held beliefs and ideas that we are ready to sacrifice and destroy if the facts prove otherwise."

-Abdallah Toutounji, Chief Capital Allocator, Cordoba Fund, Accra, Ghana

Handling the ups and downs of managing money was also a topic of discussion. Jacco Reijtenbagh, Managing Director of Plaza Management in New York, reflected on this aspect:

"I discussed how to deal with setback(s) and how to bounce back. Investors require, in essence, market-beating results every single year; investors view one or two years of even slight underperformance as problematic. I had numerous conversations on how to deal with (1) convincing investors you haven't lost your way, (2) you are able to bounce back, and (3) the intense pressure upon oneself. As such, an anecdote on tough times might be, 'Adversity makes you mentally stronger and, generally, we have a 100% track record of getting through adversity.'"

A talk on rationality by returning participant Mark Hammonds, Portfolio Manager at Guinness Asset Management in London, sparked discussion, as Mark explored the following questions:

- What is rationality?
- Why is it important?
- Can it be taught, acquired, improved?
- Can it be measured or tested?
- How do we acquire tools for making better decisions?

On the topic of tools, Mark pointed to Annie Duke's [Thinking in Bets](#), which surfaces two ideas: (1) becoming more sensitive to probabilistic thinking in general, and (2) encouraging us to "catch" irrational thoughts as they occur.

Reading inspiration was everywhere at Ideaweek, from returning participant Mallika Paulraj's talk on her book, [How the Best Invest](#), to a small group gathering on Thursday afternoon, as told by returning participant Ben Grenier, Principal of Philippe Ventures in Hong Kong:

"A moment that stood out was a discussion over hot chocolate in the palatial setting of [Badrutts Palace](#), when Pedro challenged us to pick our single most influential book — a fun yet somewhat tricky exercise. I volunteered Covey's [7 Habits of Highly Effective People](#), while a fellow member chose a different kind of classic, Maltz's [Psycho-Cybernetics](#), in line with his earlier talk (a second choice of his

would be the more practical book [Getting Things Done](#) by David Allen). Pedro mentioned [The Road Less Traveled](#) by M. Scott Peck and added [Seeking Wisdom](#) by Peter Bevelin, certainly a sensible choice given its emphasis on Munger and mental models. We reflected guiltily on how some classics have been sitting on our shelves, unread and catching dust, for the past ten or twenty years. Txomin suggested his own picks, [Mindset](#) by Carol Dweck, and [The Art of Learning](#) by Josh Waitzkin, while Henry jumped in to mention his chance encounter with Waitzkin, the former chess child prodigy and Tai-Chi world champion, on a train ride to Connecticut. I learned about Epictetus' influence on Marcus Aurelius, and we debated which Benjamin Franklin biography was the better one. Somehow my to-read list never seems to get any smaller!"

Another anecdote, as reflected upon by returning participant Madhur Rao, a portfolio manager based in Mumbai:

"While walking to Badrutt's Palace, Abdallah shared a story about Bruce Lee, which he had heard from [Bruce's friend] Taky Kimura. It goes like this: Bruce Lee is jogging and an individual starts jogging along him. After running for a few miles, this individual is tired, slows down, and exclaims, 'Oh, I am going to die!' Bruce Lee responds, 'Then go, die.' The point Bruce was trying to make is that the individual was not be willing to pay the price of hard work, sweat, perseverance, and much more. So, the question I pondered was, What is the price I am willing to pay to achieve x (read as any goal)?"

"As much as I want to recommend Ideaweek, I now feel somehow protective to share with too many outside of the 2020 group."

-Jaka Lucu, Chief Executive Officer, L&F Management Group, Ljubljana, Slovenia

Reflecting the diversity of Ideaweek, Jaka drew upon his multi-year background as a professional soccer/football agent to present a value investor's perspective on investing in European football franchises.

This has been a fascinating topic since John W. Henry's Fenway Sports Group took over Liverpool F.C. in the UK in 2010. More recently, in 2018, Paul Singer's Elliott Management gained control of famed Italian club AC Milan. At Best Ideas 2020, Michael Morosi of MAPFRE AM, [presented](#) his firm's investment theses on OL Groupe (France: OLG) and AFC Ajax (Netherlands: AJAX).

With "smart money" interest in European football franchises on the rise, Ideaweek participants had a unique opportunity to learn from someone who knows the business "inside and out" and also has a value investor's mindset.

Ideaweek is not all business, of course. A participant reflected on the rejuvenating impact of the week:

"I have been struggling to find inspiration, joy, and general fulfillment in my career after twenty years in our industry. Conversations and outdoor activities with fellow members provided the spark to realize why I was attracted to investing in the first place. I also realized that to keep it as a source of fulfillment, I need to back away from making it the only thing that is important. I cannot spend all of my 'life energy' on it. Bringing balance and a healthier outlook to my career will improve all aspects of it. I have returned to my desk as a happier and healthier individual working to release that powerful subconscious mechanism we all have."

Returning participant Anuj Didwania, Chief Investment Officer of Redart Capital Advisors in Mumbai, expressed a similar sentiment:

“This year, once again, the breath of discussions that moved beyond just stock ideas was exhilarating. One of the highlights was the talk on the subconscious mind, and how the speaker has managed to overcome a lifetime of illness by following a certain plan, which he shared with the group. This was very personal and moving. Seeing him laughing and smiling made it all the more real. If even a few of us can imbibe that level of change in our lives, it will greatly improve the quality of our existence — far more than any one stock idea could do.”

The breadth of topics covered and the depth of wisdom shared are hallmarks of Ideaweek. Returning participant Abdallah Toutoungi, Chief Capital Allocator of Cordoba Fund in Accra, Ghana, shared a deeply personal story and some of the lessons learned while a student of one of Bruce Lee’s best friends, Taky Kimura.

In the words of Bruce Lee, “You must be shapeless, formless, like water. When you pour water in a cup, it *becomes* the cup. When you pour water in a bottle, it *becomes* the bottle. When you pour water in a teapot, it *becomes* the teapot. Water can drip and it can crash. Become like water, my friend.”

“When you are inspired by some great purpose, some extraordinary project, all your thoughts break their bonds: Your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great, and wonderful world. Dormant forces, faculties, and talents become alive, and you discover yourself to be a greater person by far than you ever dreamed yourself to be.”

-Patanjali (from Arnold Van Den Berg’s Timeless Thoughts), shared by Abdallah Toutoungi

Pedro Zuloaga, President of Zumacon LLC, based in Miami, gave a wonderfully insightful talk on “Latin America: Culture as an Edge.”

Pedro views culture — the way things are done when no one is looking — as a key edge for growing businesses, allocating capital, and investing. He highlighted a business that fits this cultural framework for investing in Latin America — Copa Airlines (NYSE: CPA).

Pedro has also generously shared his Ideaweek notes (edited slightly):

Topics:

- You don’t have to finish a book
- Don’t underestimate companies with a crazy, determined owner-operator
- Vietnam as an attractive market
- Search brands versus identity brands
- Brands have outperformed — will they continue to do so?
- See Sean-Stannard Stockton on [brands](#)
- Narrative changes or narrative confirmations
- An idea needs to have a testable hypothesis
- Positive feedback is self-reinforcing

- The longer you know a company, the deeper the insights
- The more decisions we make, the worse off we are
- Find one key variable — what is the single most important KPI?
- Culture as an edge
- “Tall, dark, handsome, sensitive, rich” — like world’s best companies
- Cash is a commodity with unlimited supply (central bank printing)
- Nothing we do matters — the “hipster effect” [paper](#)
- Iron ore 80% on long-term contracts; oligopoly pricing power
- Steel mills are competitive price takers
- Check out lithium, it’s the “iron ore of ten years ago”
- Envision success, have humility, persevere
- Steve Jobs [commencement speech](#)
- Study life, put health first; wealth buys freedom, time, and space
- Concept of “life energy-adjusted returns”
- Hedgehog concept
- Explicit formulation of hypotheses directs more effective info search
- What does the world need that you are good at?
- Intermittent fasting; listen to your body
- Destroy your best idea
- Soros: reflexivity
- Pinker: stochastic process
- Dalio: cycles
- Rationality in equanimity
- Reprogram brain; meditation; awareness; fully relax before sleep
- Mental models
- Park ego outside — humility
- Be a race horse, not a work horse (race horses get more output)
- Create a life handbook
- At the end of the day ask your children,
 - What made you happy?
 - What made you sad?
 - What do you look forward to tomorrow?

Tools:

- [Reddit](#): Quarterly investor letters
- [Roam Research](#): note-taking tool that tags and integrates
- [Airtable](#): supercharged spreadsheet/database
- [Pocket Casts](#): optimize podcasts
- [Twitter](#): Create lists to curate content

Books on Investing and Research:

- [How the Best Invest](#), by Mallika Paulraj
- [Open Source Intelligence Techniques](#), by Michael Bazzell
- [Expectations Investing](#), by Michael Mauboussin
- [More Than You Know](#), by Michael Mauboussin
- [Mind Maps](#), by Kam Knight
- [The Art of Learning](#), by Josh Waitzkin

Books on Life and Self-Improvement:

- [*Levels of Energy*](#), by Frederick Dodson
- [*The Enchiridion*](#), by Epictetus
- [*How to Write a Sentence*](#), by Stanley Fish
- [*Pierre Menard, Author of the Quixote*](#), by Jorge Luis Borges
- [*The Secret of Our Success*](#), by Joseph Henrich
- [*The Power of Now*](#), by Eckhart Tolle
- [*The Surrender Experiment*](#), by Michael Singer
- [*The Untethered Soul*](#), by Michael Singer
- [*Psycho-Cybernetics*](#), by Maxwell Maltz
- [*Man's Search for Meaning*](#), by Viktor Frankl
- [*Think and Grow Rich*](#), by Napoleon Hill
- [*7 Habits of Highly Effective People*](#), by Stephen Covey
- [*The Nurture Assumption*](#), by Judith Rich Harris
- [*A Guide to the Good Life*](#), by William Irvine
- [*Letters from a Stoic*](#), by Seneca

Other:

- Professor Valter Longo on [longevity](#)
- Rhonda Patrick on ["healthspan"](#)
- Sam Zell / Peter Attia [podcast](#)
- Derek Sivers on [minimalist living](#)

"I loved Ideaweek! In fact, it is the best event I have ever attended."

-Stefan Grater, Managing Director, Avalon Advisors, San Antonio, Texas

Here's to a terrific year and to seeing you at Ideaweek St. Moritz 2021!