

# Ideas from John Sevier

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Readers will know John Sevier as one of Australia's best analysts with a career including journalist and stock-picker with Perpetual. He is now starting up his own fund management business. On 28 September 2012, there was an article in *Financial Review Magazine* about him, from which I have summarised these ideas:

## Investment in one sentence

Avoiding mistakes with a repeatable method that is based in common sense.

## His method

Take large positions in a few stocks.

## Successful investors in the stock market are different

The psychological challenge in investing has two facets:

1. We have to sell when everyone else around us is exuberant.
2. We have to buy stocks when everyone else around us is afraid.

He thinks that finding people with this kind of judgement is difficult because it requires an ability to make uncomfortable decisions in challenging conditions.

## His mantra

Investment performance is all that matters.

## His rare quality

Shared with other great investors - two facets again:

1. Can the management run the business well?
2. Do the fundamentals of the business give promise of strong earnings?

This is the basic approach of the old-style merchant banker, rather than the modern investment manager. The people are very important, especially the CEO and the chairman. "I think good people run good companies". He also relies on his journalist's "bullshit meter".

## The outlier

Sevier is never part of the crowd. He ignores "noise" in the market and forms his own view. He is detached, while still deeply involved in the detail. "People may call it tough – it is actually just clear and brave" Robert Whyte.

## Is his day over?

Many people now think that stock-picking has had its day. Sevier disagrees: "... if you had been in the right stocks in the GFC you would have saved yourself a lot of money".

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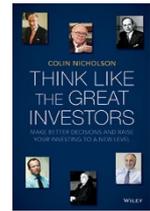
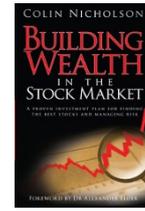
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