
Value Fund Performance

I received this comment on an [earlier Bristlemouth](#) post over the weekend. I thought it and my response might be of wider interest.

Hi Steve,

I would like to see on the yearly report or review whatever you call it a list of all the stock the fund holds and their purchase price. I cannot see reason why this should be kept confidential.

Just to say all are doing well and it is only PGA which causes the Value Fund erosion is really not enough.

Once the portfolio is posted it is then easier for those people who want to evaluate on their own to decide whether to continue staying invested or cut their losses.

I suppose some people invest in a fund because they lack the knowledge to invest on their own but not everybody falls in that category.

Should the disclosure of the funds share purchase prices and percentage holding not be possible I would like to know, because then I am out.

Thanks

Hans

Hi Hans,

Given the overall portfolio was flat for the quarter and Photon contributed a 12% loss, it's fairly obvious everything else performed well.

I've been very clear from the start that I wouldn't disclose everything we own. We have a few stocks that I'm struggling to get enough volume in as it is - the last thing I need is a few thousand people knowing I'm trying to buy them.

I also want to emphasise that I was clear from the start that this would be a concentrated fund and that concentrated would likely lead to lots of volatility. If you're thinking of 'cutting your losses' because of a 4% loss in a year, you need to consider how you would feel given a 20% loss - it's possible in any portfolio but particularly in one like this. (In fact, the issue here is not that there's not enough disclosure, but too much. If I had never mentioned Photon and reported a -0.04% return for the quarter, I doubt you would be concerned?)

I'm going to run the fund to maximise the returns for investors, not to maximise my funds under management. The reason I am good at this job and the reason many people have chosen to invest with me is that I can deal with volatility and invest in a way that many other investors are

psychologically unable to do. They recognise the benefits of this approach and are happy to allocate a relatively small portion of their portfolio to me.

If that's not for you, it's not a problem. But I'm not going to be changing the fundamentals of what I do.

Regards,

Steve