

Value investing can be uncomfortable. We're looking to invest in companies where something typically has gone wrong. It's a non-consensus view, where people constantly are telling you, "Are you sure about that?" And so doing the fundamental research to get comfortable with that is a cornerstone of our process. We do that by studying the industries and the companies we invest in, and really getting to know the dynamics and our expectations for the long term—such that when things change and we get new pieces of information, we can filter it through that long-term view of what we think the company's earnings potential is.

In some cases, that news flow might be superfluous, but the stock might react negatively, and that creates an opportunity that you're able to take advantage of because of your deep fundamental knowledge. In other cases, it might be a point where you reconsider the investment thesis, and you modify your normal earnings estimate. Either way, it all comes back to having this deep fundamental understanding before you make the investment—such that as things change and evolve, you're able to react accordingly.

Thank you.