

Dear Potential Investor,

Warren Buffett calls '**The Intelligent Investor**' by Benjamin Graham (1949) 'the best book on investing ever written'. It ends 'To achieve satisfactory investment results is easier than most people realise; to achieve superior results is harder than it looks'.

If you want a satisfactory return, then things have improved since 1949. How? One word: Vanguard.

Vanguard Group, founded by Jack Bogle, pioneered index funds. These deliver market returns at very low cost. Yes, you get the ups and downs. But, prepared for these by the excellent Vanguard website, you should stay the course and earn a satisfactory return.

Thistledown aims for superior returns. How? By dealing with Mr. Market, the manic-depressive.

Mr. Market is a mythical character from '**The Intelligent Investor**'. He is manic-depressive, and as his mood swings, so does the price he offers to buy and sell parts of businesses (shares). Happy he offers silly prices for our shares; sad, he'll sell to us at silly prices.

Who is Mr. Market, and how can we avoid being like him?

He doesn't exist but stands for 'groupthink' in the financial market. Think of the Dotcom mania of 1999/2000, or the financial boom and bust of 2008/09. One year the crowd believes good times will last forever, the next that the recession will never end. Thistledown does its best to stand apart, focussing on what a company is worth, its intrinsic value, not the market price which the crowd determines. We aim to buy below intrinsic value. We don't try to forecast in a conventional sense; '**forecasts tell you more about the forecaster than the future**' as Warren Buffett wrote. But broadly we believe that intrinsic value acts as a magnet, which pulls prices to it over time—a view supported by the work of the Nobel Economist Robert Shiller*.

The chef eats here.

Although this approach sounds easy, it isn't. Ignoring current opinion is hard, results aren't guaranteed, and superior returns are not delivered consistently. Yet this approach is behind numerous successful investment partnerships. And it is supported by academic studies showing cheap companies and cheap markets provide better returns than expensive companies or markets. Finally, I invest the bulk of our family's savings in the fund.

Yours sincerely,

Dominic Fisher

Founder

Thistledown Investment Management Ltd

* Market Volatility. Robert J. Shiller MIT Press 1989