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 *(These notes are to the best of my recollection and trusty ink pen. Discrepancies are due to my error in understanding & transcribing.)*

**Jeff Stacey, Stacey Muirhead Capital – Global Value Investing**

*Jeff is the Founder and Portfolio Manager for Stacey Muirhead.*

* Investment Process
	+ Global Reach
	+ Independent research (stock pickers)
	+ Concentrated (10-20 positions)
	+ Unconstrained (sector, size, arbitrage, distressed debt)
	+ Absolute return focus
	+ Long term horizon (10 years)
* Main emphasis on long term holdings
* Secondary emphasis on arbitrage, high yield, cash
* Long Term Holdings
	+ Cigar Butts & Good Businesses (Buffett/Munger)
		- Outstanding business economy?
		- Honest & capable management?
		- Attractive price?
		- “Great people, Great business, Great price”
* Example Reckitt Benckiser Group (RB) United Kingdom
	+ Non-Core holdings (Frank’s Hot Dogs & French’s Mustard) potential spinoff/sell
	+ Hi ROE 30%+
	+ Strong Balance Sheet $6B equity/$1.7B debt
	+ Attractive Operating & Net Margins
	+ Significant brand recognition
	+ Growing revenues & earnings power over time (double digits)
	+ Consistent FCF generation
	+ Solid record since merger in 1999
		- Revenue $3B to $9B (10% CAGR)
		- Net Income $200M to $1.8B (20% CAGR)
	+ Solid Brands – Five #1’s worldwide
	+ Management
		- Rakeesh Kapoor new CEO after Bart Becht stepped down in the past year
		- Management required to own certain amount of shares (over £100M currently)
		- Incentives linked to tangible performance targets based on EPS growth
	+ Price - £31 March 2011
		- P/E 12.5x after adjustments for acquisition
		- Dividend yield 3.7%
		- Substantial Food & Pharma Businesses that were non-core
		- Buy opportunity – down 16% in 3 months
* Risks
	+ Raw material cost increase
	+ Retailer consolidation
	+ Private label products (steady at 20% of category)
	+ Margin expansion (continue?) – believe room in emerging markets
	+ Ability to scale globally
	+ Generic competition in Pharma business
* Q&A
	+ Risk with Canada & currencies?
		- Yes, Canada dollar high & has hurt for 5 years
	+ R&D component?
		- More in system innovations than in new product development
	+ Evaluating attractive vs. unattractive: tipping point?
		- Estimate fair value & look for more appealing options
		- Not exact – part art