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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