

Buying dollar bills for fifty cents: Notes from the 2015 McElvaine Partners' Conference

“Value investing is about praying on the emotions of the seller,” McElvaine said, noting that he loves to be a buyer of un-loved securities when their owners need out at any cost.

McElvaine pointed to a Globe and Mail headline about beat-up mining stocks being great tax-loss sale candidates this past December. He bought up shares in Sprott Resource Corp and Anglo American recently for trading at considerable discounts to NAV (more info at chat.ceo.ca/mcelvaine) **Worth a look.**

Six years into the global bull-market and McElvaine's funds are about 25% in cash to provide an opportunity to buy assets if prices return to Tim's liking.

Is the US bull-market over? McElvaine talked about what could go right in the United States, and suggested that a great way to stimulate the US Economy would be to wipe out student loan debt, which is \$1 trillion of \$1.3 trillion owned by the US Government, according to McElvaine. That move could put \$1 trillion back in the hands of the most aggressive consumers.

There was a brief moment before Tim's speech that my dad and I got to share a word with him, and I asked how do they know if a cheaply priced security represents a value gap, meaning it's undervalued and going higher, or is it a value-trap, as so often cheap stocks get cheaper.

“You don't know,” Dad and McElvaine agreed, which reminded me of something Tim taught me 6-7 years ago:

“You've got to kiss a lot of toads in this business to find your prince.”

Vancouver is best known for its real estate, mining and technology sectors, but there is a vibrant community of value investors who convene each year at the [McElvaine Investment Management](#) Partner's Conference, which was held at the Terminal City Club yesterday.

The event is put on by Tim McElvaine, a highly respected and experienced value investor, portfolio manager and former protege of investing icon Peter Cundill.

Because my dad is a stalwart value investor and six or seven years ago I helped Mr. McElvaine design his [web site](#), I received an invitation to today's conference. My dad and a couple friends from CEO Chat joined me at the event.

There were a ton of value investors in the audience ranging from brokers and portfolio managers to individual investors, as well as some CEOs and company directors. In all, about 150 people were on hand for the lunchtime presentation with Tim.

With the exception of myself, there were no promoters in the audience. No momentum investors either. McElvaine's whole thesis is to buy out-of-favor companies with sound businesses. This short video teaches you everything you need to know about Tim's 'buying dollar bills for fifty cents' strategy:

Over at CEO Chat, I created a [#McElvaine](#) hashtag today and liveblogged most of Tim's speech. I encourage you to read the entire stream, as you can read the hour speech in three minutes (that's the beauty of text). Here are a few takeaways:

McElvaine doesn't believe in making forecasts and thinks a forecast of "things are going to stay the same" will likely outperform. He paraphrased John Kenneth Galbraith, "There are two classes of forecasters: those who don't know and those who don't know they don't know."

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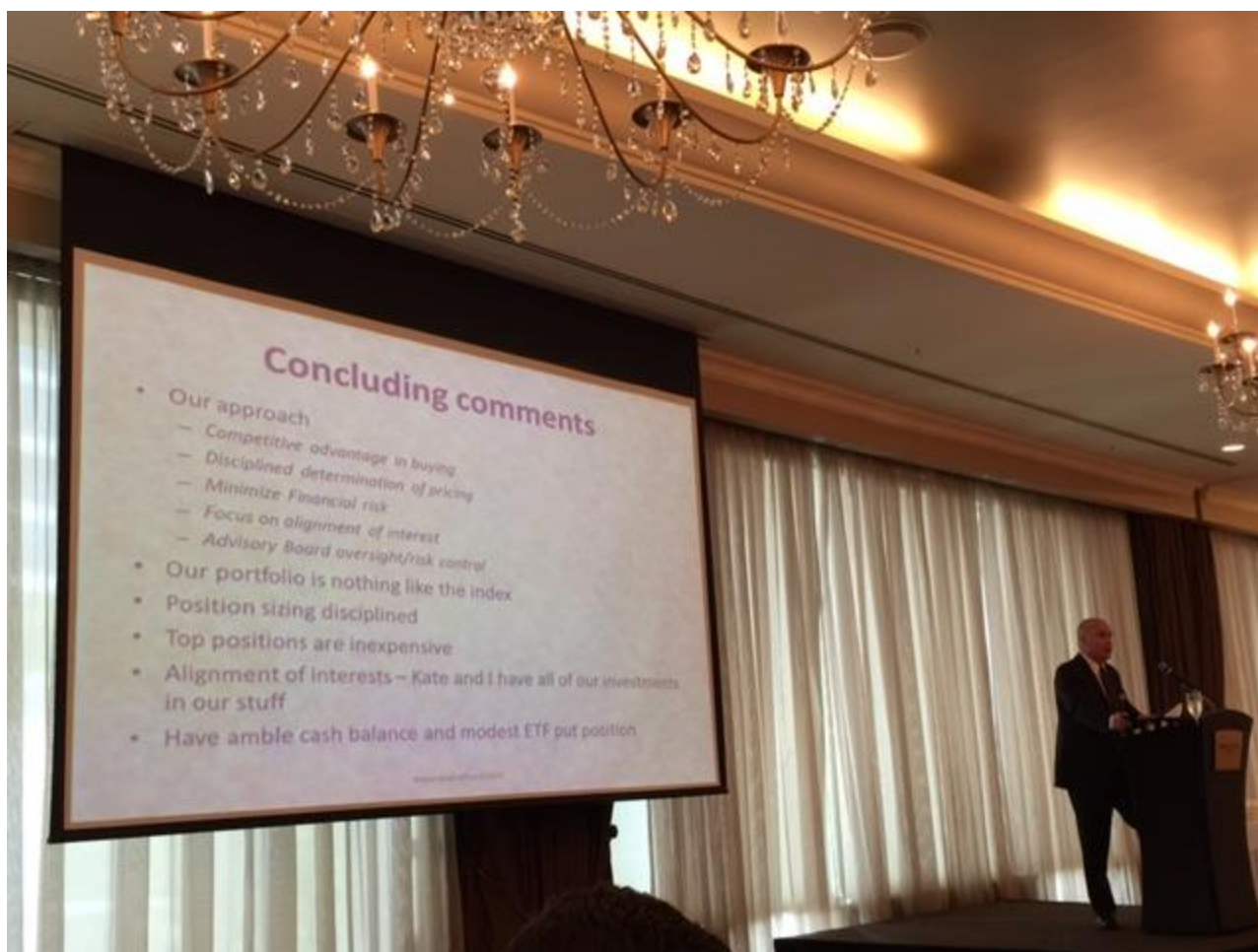
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Tim McElvaine and his final slide from the McElvaine Investment Management Partners' Conference 2015

There's a lot more from the McElvaine partners conference at [CEO Chat](#), and I encourage you to visit Tim's web site www.avaluefund.com to learn more.

All of Tim's personal investments are in his fund, which you can buy directly or through a broker.

It was very refreshing to hear Tim's long-term and hype-free outlook, and be in the company of such esteemed investors.

I hope to see you at next year's McElvaine Partners' Conference: or McElvaineia as I like to call it.

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