**[Mike Burry’s Scion Capital investor letters](http://greenbackd.com/2010/03/04/mike-burrys-scion-capital-investor-letters/" \o "Permanent Link to Mike Burry’s Scion Capital investor letters)**

March 4, 2010 by [greenbackd](http://greenbackd.com/author/greenbackd/)

[Dr. Michael Burry](http://greenbackd.com/2010/03/02/dr-michael-burry-and-the-greatest-trade-ever/) has received a great deal of well-deserved attention recently as a result of Michael Lewis’s [The Big Short](http://greenbackd.com/2010/03/02/dr-michael-burry-and-the-greatest-trade-ever/) and the Vanity Fair article [Betting on the Blind Side](http://greenbackd.com/2010/03/02/dr-michael-burry-and-the-greatest-trade-ever/). Yesterday a reader provided a link to [Burry’s techstocks.com “Value Investing” thread](http://greenbackd.com/2010/03/03/mike-burrys-silicon-investor-value-investing-thread/) (now Silicon Investor) and today another reader has supplied a link to [Burry’s Scion Capital investor letters](http://scioncapital.com/index__letters.html). The site also sets out a time-line of Burry’s commentary on the financial crisis illustrating that, though it was not prevented, it was “eminently predictable and preventable”.

Burry is a superb writer. Here is a brief extract from the first quarter 2001 letter:

When I stand on my special-issue “Intelligent Investor” ladder and peer out over the frenzied crowd, I see very few others doing the same. Many stocks remain overvalued, and speculative excess – both on the upside and on the downside – is embedded in the frenzy around stocks of all stripes. And yes, I am talking about March 2001, not March 2000.

In essence, the stock market represents three separate categories of business. They are, adjusted for inflation, those with shrinking intrinsic value, those with approximately stable intrinsic value, and those with steadily growing intrinsic value. **The preference, always, would be to buy a long-term franchise at a substantial discount from growing intrinsic value.**

However, if one has been playing the buy-and-hold game with quality securities, one has been exposed to a substantial amount of market risk because the valuations placed on these securities have implied overly rosy scenarios prone to popular revision in times of more realistic expectation. This is one of those times, but it is my feeling that the revisions have not been severe enough, the expectations not yet realistic enough. Hence, the world’s best companies largely remain overpriced in the marketplace.

The bulk of the opportunities remain in undervalued, smaller, more illiquid situations that often represent average or slightly above-average businesses – these stocks, having largely missed out on the speculative ride up, have nevertheless frequently been pushed down to absurd levels owing to their illiquidity during a general market panic. I will not label this Fund a “small cap” fund, for this may not be where the best opportunities are next month or next year. For now, though, the Fund is biased toward smaller capitalization stocks. As for the future, I can only say the Fund will always be biased to where the value is. If recent trends continue, it would not be surprising to find the stocks of several larger capitalization stocks with significant long-term franchises meet value criteria and hence become eligible for potential addition to the Fund.

[**Mike Burry’s Silicon Investor “Value Investing” thread**](http://greenbackd.com/2010/03/03/mike-burrys-silicon-investor-value-investing-thread/)

March 3, 2010 by [greenbackd](http://greenbackd.com/author/greenbackd/)

Yesterday I ran a post on [Dr. Michael Burry](http://greenbackd.com/2010/03/02/dr-michael-burry-and-the-greatest-trade-ever/), the value investor who was one of the first, if not the first, to figure out how to short sub-prime mortgage bonds in his fund, Scion Capital. In [The Big Short](http://greenbackd.com/2010/03/02/dr-michael-burry-and-the-greatest-trade-ever/), Michael Lewis discusses Burry’s entry into value investing:

Late one night in November 1996, while on a cardiology rotation at Saint Thomas Hospital, in Nashville, Tennessee, he logged on to a hospital computer and went to a message board called techstocks.com. There he created a thread called “value investing.” Having read everything there was to read about investing, he decided to learn a bit more about “investing in the real world.” A mania for Internet stocks gripped the market. A site for the Silicon Valley investor, circa 1996, was not a natural home for a sober-minded value investor. Still, many came, all with opinions. A few people grumbled about the very idea of a doctor having anything useful to say about investments, but over time he came to dominate the discussion. Dr. Mike Burry—as he always signed himself—sensed that other people on the thread were taking his advice and making money with it.

Michael Burry’s blog, www.valuestocks.net, seems to be lost to the sands of time, but Burry’s [techstocks.com “Value Investing” thread](http://siliconinvestor.advfn.com/subject.aspx?subjectid=10036&LastNum=10&NumMsgs=10) (now Silicon Investor) still exists. The original post in the thread hints at the content to come:

Started: 11/16/1996 11:01:00 PM

Ok, how about a value investing thread?

What we are looking for are value plays. Obscene value plays. In the Graham tradition.

This week’s Barron’s lists a tech stock named Premenos, which trades at 9 and has 5 1/2 bucks in cash. The business is valued at 3 1/2, and it has a lot of potential. Interesting.

We want to stay away from the obscenely high PE’s and look at net working capital models, etc. Schooling in the art of fundamental analysis is also appropriate here.

Good luck to all. Hope this thread survives.

Mike

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| To: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) who started [this subject](http://siliconinvestor.advfn.com/subject.aspx?subjectid=10036) | | | | | | | | 11/16/1996 11:01:00 PM |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | | | of 36839 |
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| Ok, how about a [value](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=455844) investing thread?   What we are looking for are value plays. Obscene value plays.In the Graham tradition.   This week's Barron's lists a tech stock named Premenos, which trades at 9 and has 5 1/2 bucks in cash. The [business](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=455844) is valued at 3 1/2, and it has a lot of potential. Interesting.  We want to stay away from the obscenely high PE's and look at net working capital models, etc. [Schooling](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=455844) in the art of fundamental analysis is also appropriate here.   Good luck to all. Hope this thread survives.  Mike | | | | | | | | |
| To: [Harlan Huber](http://siliconinvestor.advfn.com/profile.aspx?userid=2721267) who wrote ([1](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=458018)) | | | | | | | 11/18/1996 10:44:00 PM | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | |  | |
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| To all:  PROVIDENCE, R.I., Oct. 28 /PRNewswire/ -- At the Nortek, Inc. (NYSE:  NTK) annual shareholder meeting, Richard L. Bready, Chairman and Chief Executive Officer, announced that the Board of Directors has authorized a program to repurchase up to 500,000 shares of the Company's common stock, subject to market conditions and cash availability.   Citing a belief shared with Nortek's Board, Bready said, "At the current market price our common stock continues to be significantly undervalued and does not properly reflect the current or potential value of our Company." Nortek shares closed Friday at $14.50. Bready said the Company expects to make purchases in open-market or negotiated transactions. This is the third buy-back program Nortek has announced in the past 12 months. Altogether, 2.4 million shares were purchased during the two previous programs.   In his annual address to shareholders, Bready reported strong earnings gains for Nortek and an improving economy in 1996. He also said he was "bullish" about Nortek's future, noting the Company's leading role in indoor- air-quality technology and the growth prospects arising from its presence in the global marketplace.   During the regular business portion of the annual meeting, the following Directors were re-elected to three-year terms onNortek's Board: William I. Kelly, Director of Northeastern  University Graduate School of Professional Accounting; and J. Peter Lyons, President of the J. Peter Lyons Companies. A shareholder proposal to amend the By-laws of the Company, which would have changed the current mechanism for shareholder nominations of directors, was defeated.   Nortek, Inc. manufactures and markets residential, commercial and industrial building products. This release contains forward-looking statements relating to future financial results. Actual results may differ as a result of factors over which the Company has no control, including the strength of domestic and foreign economies, slower than anticipated sales growth, price and product competition and increases in raw material costs. Additional  information which could affect the Company's financial results is included in the Company's annual report and on Forms 10-K and 10-Q,on file with the Securities and Exchange Commission.   SOURCE Nortek, Inc.   CO: Nortek, Inc.   ST: Rhode Island   IN: CST   SU:   10/28/96 08:57 EST <http://www.prnewswire.com>   \*\*\*\*\*\*\*\*\*\*\*\*  Just some news for readers of the thread--the story behind Harlan's comments.  Mike | | | | | | | | |
| To: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) who wrote ([3](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=461419)) | | | | | | 11/19/1996 10:29:00 PM | | |
| From: [David Lawrence](http://siliconinvestor.advfn.com/profile.aspx?userid=726949) | | | | | | of 36839 | | |
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| I marked NTK in the last Value Line report. Still debating a position. A pretty decent report, but with some caution looking forward...  "However, the real test will be 1997. Given its cyclical nature, the company often follows a strong year with a mediocre one. Nortek is attempting to combat this problem by shifting its product mix towards higher-end goods and expanding overseas. The company has gained access to a number of potentially lucrative foreign markets through its 1995 acquisition of Best SPA, a range-hood manufacturer headquartered in Italy. Best SPA sells premium Euro-style range hoods throughout Europe, the Middle East, Australia, New Zealand, and Asia. Nortek also purchased two other home-furnishing businesses last year, Raingaire and Venmar Ventilation. All told, these acquisitions have boosted revenues by close to 15% this year, and they are already making a solid contribution to the bottom line. Still, the company has yet to prosper during an economic slowdown, a distinct possibility in 1997."   Decent upside potential, limited downside, FMPOV. | | | | | | | | |
| To: [David Lawrence](http://siliconinvestor.advfn.com/profile.aspx?userid=726949) who wrote ([5](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=465495)) | | | | | 11/19/1996 11:01:00 PM | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | of 36839 | | | |
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| David,  Fancy [meeting](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=465646) you over here. I think we've met on several other threads. In any case, thanks for the contribution. Too late for me to be cautious; I bought in 1600 shares today. That [management](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=465646) has bought in 2.4 million shares and wants to buy [more](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=465646) back at current levels just blows me away. You just don't see many companies doing that in this often overpriced market. I am also counting on the overseas expansion -- another point that sold me -- to help buffer any US recessionary sequelae.   Mike | | | | | | | | |
| To: [Harlan Huber](http://siliconinvestor.advfn.com/profile.aspx?userid=2721267) who wrote ([10](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=470474)) | | | | 11/21/1996 12:21:00 PM | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | of 36839 | | | | |
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| Harlan,  Thanks for the info. I agree with your assessment of the [current market[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=471655)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=471655) risk to NTK. The thing that I appreciate about their buyback is it shows a definite interest in [stock price[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=471655)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=471655), and a lessening of the gap between shareholder and [management](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=471655) interests. If the management are big shareholders and highly focused on return on equity, this can only be a good thing.  Mike | | | | | | | | |
| To: [White Shoes](http://siliconinvestor.advfn.com/profile.aspx?userid=1720480) who wrote ([16](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=490863)) | | | 11/29/1996 12:06:00 AM | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | of 36839 | | | | | |
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| All,  Benchmark Electronics (BHE)  About 46% of its sales are in Europe, 25% in the U.S. and the remainder in Asia, he says. Most of its manufacturing is done in Europe. The company has a strong balance sheet and "trades at very attractive valuations relative to its peers and to its own historical record," Mr. Meyer says. "It meets all of our [value](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=496064) criteria."  Benchmark makes printed circuit boards used in electronic, telecommunications, medical instrumentation and testing and measurement equipment products. No one company accounts for [more](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=496064) than 15% of its business, he says.  He calls Benchmark "a very undervalued growth play," because it sells for about 10 to 11 times earnings, compared with about 14 times earnings for many of its competitors. He says its [business](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=496064) is growing about 30% a year. The company's pending acquisition of EMD Technologies will move Benchmark into the top 10 companies in its industry in the world, Mr. Kennedy says. \*\*\*\*\*\*\*\*  No long term debt, recent price fall due to plan to issue 20% more shares, 48% institutions, PE 16, Last 5 years 16% growth, Next 5 years 25% growth. P/B of 1.6.   Mike | | | | | | | | |
| To: [Harlan Huber](http://siliconinvestor.advfn.com/profile.aspx?userid=2721267) who wrote ([14](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=489733)) | | 11/29/1996 12:23:00 AM | | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | of 36839 | | | | | | |
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| Re: Benchmark Electronics (BHE)  J C BRADFORD & CO 11/21/96 STRONG BUY NATWEST SECURITIES 10/14/96 HOLD WILLIAMS MACKAY JORDAN 10/31/96 BUY STEPHENS INC 11/01/96 N/A WHEAT FIRST BUTCHER SING 10/30/96 BUY  These are all the [analysts[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=496103)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=496103) following BHE.  \*\*\*\*\*\*\*  Mike | | | | | | | | |
| To: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) who wrote ([0](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=455844)) | 11/29/1996 12:37:00 AM | | | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | of 36839 | | | | | | | |
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| Dynamics Corp (DYA)  PE 11.6, P/B .99, D/E 5%, last 5 yrs growth 16%, next 5 yrs est. 20%. Debt levels trending higher, but still very low debt/equity. 47% institutions. Beta .59.   Stock trending higher near all-time highs. Monthly chart strong, with recent emergence from base.   This (intent is to increase shareholder value according to SEC filing):  WASHINGTON (Dow Jones)--A group including Steel Partners II L.P. reported a 5.5% investment stake in Dynamics Corp. Of America (DYA) in a filing with the Securities and Exchange Commission. The group said it may attempt to influence the company's management as to future policies and may also seek board representation, possibly through shareholder proxies. The group holds 209,700 common shares of Greenwich, Conn.-based Dynamics Corp.  Just another idea.   Good luck,  Mike | | | | | | | | |

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| [Public Reply](http://siliconinvestor.advfn.com/reply.aspx?sub=10036&nonstock=False&replytoid=496176&replytype=Pub&OrigType=Pub) | [Prvt Reply](http://siliconinvestor.advfn.com/reply.aspx?replytoid=496176&replytype=Prvt&OrigType=Pub) | [Mark as Last Read](http://siliconinvestor.advfn.com/marklastread.aspx?subjectid=10036&msgnum=20) | [File](http://siliconinvestor.advfn.com/filemsg.aspx?msgid=496176) | Keep | [Previous 10](http://siliconinvestor.advfn.com/readmsgs.aspx?subjectid=10036&msgnum=20&batchsize=10&batchtype=Previous) | [Next 10](http://siliconinvestor.advfn.com/readmsgs.aspx?subjectid=10036&msgnum=21&batchsize=10&batchtype=Next) | [Previous](http://siliconinvestor.advfn.com/go.aspx?subjectid=10036&msgnum=19) | [Next](http://siliconinvestor.advfn.com/go.aspx?subjectid=10036&msgnum=21) |

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| To: [Pullin-GS](http://siliconinvestor.advfn.com/profile.aspx?userid=1925878) who wrote ([21](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=496551)) | 11/29/1996 1:05:00 PM | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | of 36839 | |
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| Paul,  The Nov 18 Barrons had a report on Stephens' strong buy rating of BHE. Try: <http://www.barrons.com/bie/inap/19961116/0039.htm> You may have to register -- it is free.   I can't find a web site. I am still evaluating this stock for a long position.   Good luck.  Mike | | |
| To: [White Shoes](http://siliconinvestor.advfn.com/profile.aspx?userid=1720480) who wrote ([16](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=490863)) | | 11/29/1996 3:12:00 PM |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | of 36839 |
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| Geek Stuff,  Re: Open Text  Thanks for setting us onto this one. Looks like a good one, though I feel it is more a tech/growth pick than a [value](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=497481) play. This is what I found out:  Based in Ontario, went public in early 96 at 15/sh. High price 26.5, now at 6.5, >50% up from its low of 4 1/8. Most recent quarter was a .22/sh loss, 86% of which was an operating loss. But revenues are growing quickly, with plenty of new contracts being added. Lots of momentum. Also, has >2.50/sh in cash and cash equivalents, so the [business](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=497481) is valued at 4.   Optimistic statements from management abound. Couldn't find a report on their debt load, probably because they don't have any.   For [more](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=497481) info, check out <http://www.opentext.com/>  Most recent earnings at   <http://www.opentext.com/corp/pr_q1-97results.html>  Siemens announcement at  <http://www.stocksmart.com:8810/ss-news/CX304982.html>  I for one will look into this one more closely.  Mike | | |

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| To: [Harlan Huber](http://siliconinvestor.advfn.com/profile.aspx?userid=2721267) who wrote ([13](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=483195)) | | | | | | 11/29/1996 11:19:00 PM | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | of 36839 | | | | |
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| Harlan,  Thanks for the info on REB. I don't invest in [banks](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=498529) or financial institutions because I don't understand them, so I'm afraid I'm no good for feedback on this one. Maybe someone else out there can get some two-way going on REB? :)  Mike | | | | | | | | | | |
| To: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) who wrote ([0](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=455844)) | | | | | 11/30/1996 12:31:00 AM | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | of 36839 | | | | | |
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| Premiere Radio Network (PRNI, PRNIA)  Debt/Equity 0 Price/Book 0.6 $4/share cash and equivalents Current price 11/11.5 PE 25 (actually about 15 not including cash) Long term growth outlook 30% annually Recent approval of $3M share buyback (9 million shares outstanding) Buying up companies, including the following [investment](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=498655) with Motorola: | | | | | | | | | | |
| To: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) who wrote ([28](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=498529)) | | | | | | | 11/30/1996 12:34:00 AM | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | | of 36839 | | | |
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| Re: PRNI  MONTGOMERY SECURITIES 08/13/96 BUY Major [Broker[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=498663)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=498663) 09/20/96 BUY DABNEY/RESNICK 10/28/96 BUY  That's all the broker coverage I can find.   Mike | | | | | | | | | | |
| To: [John Wasikowski](http://siliconinvestor.advfn.com/profile.aspx?userid=2276135) who wrote ([31](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=499373)) | | | | | | | | 12/1/1996 6:10:00 PM | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | | | of 36839 | | |
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| John,  Thanks for the feedback. Here's one that's recommended in Forbes as an [asset play[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=501685)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=501685).   <http://www.forbes.com/forbes/120296/5813258a.htm>  You can buy MDR for $1/sh excluding it's assets in cash and JRM stock, according to the article. Yet that $1 includes about 1.3 billion in short and long term debt, and accelerating losses/flat revenues. Can a new CEO help? I am doubtful, but would appreciate any feedback on how the horrific debt load plays into valuing an asset play.  Mike | | | | | | | | | | |
| To: [Alan Casey](http://siliconinvestor.advfn.com/profile.aspx?userid=2183144) who wrote ([32](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=499929)) | | | | | | | | | 12/1/1996 6:14:00 PM | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | | | | of 36839 | |
|  | | | | | | | | |  | |
| Alan,  I am completely devoid of knowledge on closed end [funds[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=501691)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=501691). It seems like there are a lot of them trading at a [discount](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=501691) to equity, but this has been the case for so long, I wonder how much such a discount predicts future return on investment? Care to [educate](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=501691) me? Thanks in advance.  Mike | | | | | | | | | | |
| To: [judge](http://siliconinvestor.advfn.com/profile.aspx?userid=1910667) who wrote ([40](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=504743)) | | | | 12/2/1996 8:57:00 PM | | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | of 36839 | | | | | | |
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| Justin,  The semi-equips really do seem to bleed true value. They may be starting to awaken. What is your opinion on evaluating semi equips? How does one value them? The PEG has been panned as useless on semi equips. Is this valid, or just a sign of the extreme bearishness that has gripped these stocks for the last year? Also, any book value would seem to be a useless guide, as the technology changes so fast. Inventories seem truly at risk in this industry. Any comments?   I noticed that the Third Avenue Value Fund's heaviest weighting is in semi and semi equip stocks.  Mike | | | | | | | | | | |
| To: [Richard Barron](http://siliconinvestor.advfn.com/profile.aspx?userid=2686903) who wrote ([50](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=518247)) | | | | | | | | | | 12/6/1996 12:09:00 AM |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | | | | | | | | of 36839 |
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| Richard and all,  Here's the link to Richard's posts.  <http://talk.techstocks.com/~wsapi/investor/s-8257/reply-9>  Thanks to Richard and all for keeping the board hopping. I am increasingly convinced that this bull is gasping. Of course we all know a stock falling from PE 9 to PE 5 is just as bad as one falling from PE 90 to PE 50, but I just feel safer in the value sector now. Holding TTELF, NTK, and 70% cash at present. Sold PRMO recently.  Still evaluating BHE.   Good luck all,   Mike | | | | | | | | | | |
| To: [Harlan Huber](http://siliconinvestor.advfn.com/profile.aspx?userid=2721267) who wrote ([54](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=523568)) | | | 12/7/1996 5:15:00 PM | | | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | | of 36839 | | | | | | | |
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| <<Does anyone have an opinion how long before a market correction starts in earnest? >>  I think most reasonable investors realize that this market is overextended. I feel we've all made [money](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=524852) and there's no reason to hold out for the bull's last legs. As I posted before, I am in over 70% cash at the moment. I feel very strongly that there is the potential for not simply a correction, but a crash. Plot the monthly Dow back 40 years, and you'll see what I am worried about. [Interest rates[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=524852)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=524852) are [saving](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=524852) this market for the time being, but for how long? Interesting fact -- if you had put your money in the Dow in the late sixties, even by 1983 you would still be at a loss.  Mike | | | | | | | | | | |
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| To: [kolo55](http://siliconinvestor.advfn.com/profile.aspx?userid=2835421) who wrote ([56](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=525258)) | 12/8/1996 7:29:00 PM | | | | | | | | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | of 36839 | | | | | | | | | |
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| You got me. What I meant was that if one was using the Dow as a barometer for the market you would have lost [money](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=527106) by holding 1969 - 1983 (during which one could die or any number of events could occur). The broader market tends to more or less track the Dow, and most don't have dividends.   As it stands, 5% [annual return[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=527106)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=527106) would still have lost money over that period because inflation was so rampant. Most market historians agree that the crash in the early 70's was worse than even 1929 because inflation was so high. People were losing money on two fronts. Of [course](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=527106), no crash can stand with 1929 when it comes to impact on the country.   I look forward to your analysis.   Mike | | | | | | | | | | |

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| To: [Paul Senior](http://siliconinvestor.advfn.com/profile.aspx?userid=2016625) who wrote ([60](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=527983)) | | 12/9/1996 12:04:00 PM | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | | of 36839 | |
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| Re: OLS  Paul, I have concerns about OLS. In purchasing a [value](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=528868) stock, I usually look for one that has been going sideways for quite some time. This one has taken a recent fall to 14 from over 30. It has just posted it's first [quarterly loss[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=528868)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=528868) in a while, and it doesn't have any cash free of debt. I wonder if you have some comment on why it posted a loss and where the value is. As a temporary services company, OLS probably doesn't have any hidden assets or much [capital investment[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=528868)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=528868). Further, the industry seems so incredibly competitive. I don't see a floor here, but maybe you could enlighten me. I am pretty desperate for some good stocks right now.   Mike | | | |
| To: [Greg Jung](http://siliconinvestor.advfn.com/profile.aspx?userid=2143357) who wrote ([61](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=528750)) | 12/9/1996 12:07:00 PM | | |
| From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | of 36839 | | |
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| <<Stocks in the S & P have what, an average multiple of 24? When the overall economy has growth of 2-3%, inflation at 3-4%, something has to budge.>>   I agree. I didn't read a single bearish article this weekend. It seems every portfolio manager feels that the S&P can hit 30 on basically GDP growth of 3%. The most bearish comments I read were that the current market is valued at 1998 levels. Waiting for the fall...  Mike | | | |
| |  |  | | --- | --- | | To: [Paul Senior](http://siliconinvestor.advfn.com/profile.aspx?userid=2016625) who wrote ([68](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=531950)) | 12/10/1996 1:53:00 AM | | From: [Michael Burry](http://siliconinvestor.advfn.com/profile.aspx?userid=690845) | of 36839 | |  |  | | Paul,  You took me much too literally. I kinda flippantly said I was desperate, but that was really a veiled market commentary more than anything. I'm pretty much ignoring the market right now because I'm starting to feel that no matter how much [value](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=532270) one can buy now, if one waits, there will be a better value  (that is, after the market corrects/crashes/collapses). After, all, the Dow's up about 10% in just over a month. Given that it's been around for decades and decades, and that it's grown over 40% in the last two years, When the slope on the Dow chart starts to approach infinity I [cash[http://images.intellitxt.com/ast/adTypes/2_bing.gif](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=532270)](http://siliconinvestor.advfn.com/readmsg.aspx?msgid=532270) out and tune out.   In any case, what was the reason for the sudden loss last  quarter in OLS?  Mike  Bottom of Form | | | | | |
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