

# CFA SOCIETY INDIA Practitioners' Insights: Researching and Investing Like a Pro

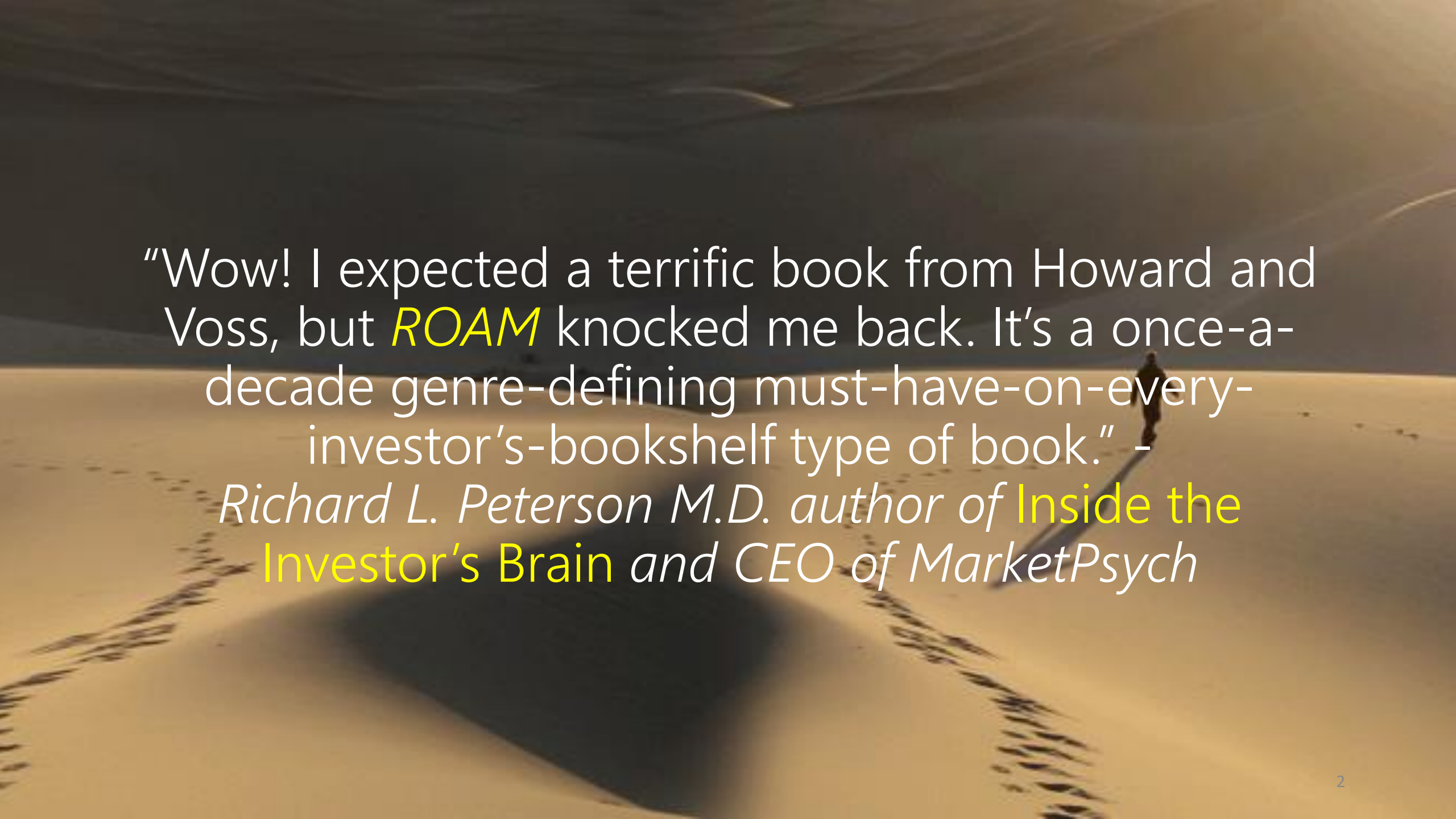
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A person is walking away from the viewer on a vast, flat, sandy landscape. The sky is dark and overcast, with some faint clouds. The person is wearing dark clothing and is walking towards the horizon. The ground is a mix of light and dark sand, with some tracks visible. The overall mood is somber and contemplative.

“Wow! I expected a terrific book from Howard and Voss, but **ROAM** knocked me back. It’s a once-a-decade genre-defining must-have-on-every-investor’s-bookshelf type of book.” -

*Richard L. Peterson M.D. author of **Inside the Investor's Brain** and CEO of MarketPsych*

# JASON APOLLO VOSS, CFA BIOGRAPHY

- ↑ Sr. Consultant, Focus Consulting Group
- ↑ co-PM, Davis Appreciation + Income Fund (retired)
  - ↑ Bested S&P 500 by 49.1%
  - ↑ Morningstar, Stewardship Grade "A", 1 of first 10
- ↑ Author...*Return of the Active Manager\**, *The Intuitive Investor*, etc.
- ↑ Research interests: FSA, valuation, lie detection, creativity, and meditation

# RESEARCHING and INVESTING LIKE a PRO

OVERVIEW

- ↑ Using creativity for generating investment ideas
- ↑ Alpha hidden in accounting statements
- ↑ Ways of evaluating executive management of businesses
- ↑ Techniques for controlling emotion & overcoming bias
- ↑ Q + A

A sunset over a beach with sand dunes, a dead tree, and driftwood. The sun is low on the horizon, casting a golden glow over the scene. The sky is filled with soft, orange and yellow clouds. The sand dunes are in the foreground, with a dead tree standing on one of them. A piece of driftwood lies on the sand in the lower left. The water is visible on the left side of the image.

# USING CREATIVITY FOR GENERATING INVESTMENT IDEAS



# USING CREATIVITY FOR GENERATING INVESTMENT IDEAS

$\alpha$  IS CREATIVITY

- ↑ Creativity defined... the ability to produce work that is novel (that is, original, unexpected), high in quality, and appropriate (that is, useful, meets task constraints).
- ↑  $\alpha$  is essentially the same



# USING CREATIVITY FOR GENERATING INVESTMENT IDEAS THE "BIG 5"

- ↑ IQ/expertise
- ↑ Discovery/curiosity
- ↑ EQ/Emotional Safety
- ↑ Attention
- ↑ Support



$\alpha$  HIDDEN IN  
ACCOUNTING  
STATEMENTS



# α HIDDEN IN ACCOUNTING STATEMENTS ABCDE

- ↑ Actions
- ↑ Behaviors
- ↑ Choices
- ↑ Decisions
- ↑ Ethics

# $\alpha$ HIDDEN IN ACCOUNTING STATEMENTS TOP FIVE MISTAKES

- ↑ 1. Using generalized financial statements
- ↑ 2. Not understanding reflexivity
- ↑ 3. Unified temporality
- ↑ 4. Not adjusting for distortions
- ↑ 5. Not reading the footnotes
- ↑ BONUS



# EVALUATING EXECUTIVE MANAGEMENT



# EVALUATING EXECUTIVE MANAGEMENT INTERVIEW TECHNIQUES

- ↑ Author questions as you do fundamental analysis
- ↑ Ask them about their ideal shareholder
- ↑ Structure the conversation
- ↑ How to access top management
- ↑ BONUS



# EVALUATING EXECUTIVE MANAGEMENT DECEPTION AND TRUTH ANALYSES

- ↑ Text-based analyses... +84 bps
- ↑ Indirect Context questions
- ↑ Strategic Use of Evidence

A wide-angle landscape photograph of Meteora, Greece. The scene is dominated by massive, dark grey rock pillars of varying heights and shapes. In the foreground, a dense forest of trees with autumn-colored foliage covers the lower slopes. To the right, a small village with buildings featuring bright red-tiled roofs is built on a rocky outcrop. The background shows a vast valley with rolling hills and distant mountain ranges under a sky filled with large, dramatic clouds. The overall atmosphere is one of natural grandeur and historical significance.

# CONTROLLING EMOTION & OVERCOMING BIAS



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SIMPLE TECHNIQUES

- ↑ Solid foundation underneath
- ↑ Stimulus...and...response
- ↑ Get a second opinion
- ↑ Software
- ↑ BONUS



# CONTROLLING EMOTION & OVERCOMING BIAS MEDITATION

↑ FOUR...

↑ Fictions

↑ Reasons

↑ Evidence

↑ Styles



# MEDITATION

## FOCUSED ATTENTION



# TAKEAWAYS

- ↑  $\alpha$  is creativity
- ↑ FSA still pays
- ↑ DATA
- ↑ Fours
- ↑ Have fun!

YOUR QUESTIONS +  
MY ANSWERS

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