



FABIO
ALPEROWITCH
BRAZIL



Investor profile at InvestingByTheBooks:
*The book **The World's 99 Greatest Investors: The Secret of Success** provides a unique opportunity to learn from the most prominent investors globally. In the book they generously share their experiences, advice and insights and we are proud to present these excerpts. Magnus Angenfelt, previously a top ranked sell side analyst and hedge fund manager, will be presenting one investor per month. For those who cannot wait for the monthly columns, we strongly recommend you to buy the book. The investor himself writes the first section below and then Angenfelt describes the background of the investor and comments on his investment philosophy. Enjoy.*

Never believe anyone. People are naturally biased. So you must be convinced yourself before making any investment. For this, you have to double-check (or triple-check) all information with multiple sources. When visiting a company, for example, interviewing the CEO or the CFO will lead you to biased conclusions (I have never heard a CEO say that the business is bad, the company is poorly managed, sales will fall in the long term, and margins will shrink). It is key to talk to the middle management, suppliers, blue-collar workers, main clients, ex-employees, and industry experts (but never sell-side analysts). Without this thorough process, you will see only part of the picture, and you will probably make bad investments. It is not easy; it

takes time. But the results pay off.

Stay close to the real world. You will never make good investments from your office just sitting behind the computer. Get out there, visit supermarkets, interview people in the street, visit malls, fairs, etc. Travel a lot. Despite the fact that our fund invests solely in Brazil, during the past three years we have visited China six times, as well India, Chile, Mexico, the US, Germany, the UK, Russia, and many other places, just to do research. Competition may come from anywhere. New managerial skills could be learned in different companies from different sectors. Open your mind. You have to be focused, but if you narrow your expertise too much perhaps you'll end up a good executive in that sector and not a good investor. Streets have more lessons to be learned than classrooms.

Value creation/destruction. A good company run by good people may create value over time. An Excel spreadsheet will never translate the real value of a company, because no analyst in the world is able to predict what a company is going to make within 5 years (not to mention in perpetuity). All the target prices are wrong. All the spreadsheets and forecasts are wrong as well. So, the qualitative analysis of the business and people is by far more important than the quantitative one. Good management creates value over time: launch new products, enter in new businesses and new geographies, make good acquisitions, bring on good people, and so on

and so forth. On the other hand, bad people destroy value. Never buy a company just because it is a bargain. Cheap could become even cheaper. Select the businesses to invest in for the qualitative aspects, and just check whether you are not paying up front for value creation, by

understanding what the share price is embedding in terms of expectations. Invest for the long run (our average holding period is 10 years), but revisit the case and the valuation very often (every quarter at least).

BORN Sao Paulo, Brazil 1971.

EDUCATION He holds a degree in Business Administration from Fundação Getúlio Vargas (FGV-SP).

CAREER After three years at Proctor&Gamble he founded FAMA Investimentos 1993 when only 22 years old. He is responsible for portfolio management and research.

INVESTMENT PHILOSOPHY Alperowitch is a small-cap stock market investor. He uses fundamental research to identify high quality companies to own for a decade or so. Because he concentrates on smaller companies in the early stages of growth, their products, markets, and company leadership are more important than the raw figures. Alperowitch also takes an active part in running the companies, and usually sits on the board.

OTHER Alperowitch manages around \$1 billion. Even accounting in dollars (+31%) the result is stunning. One of FAMA's internal policies is not to speak with other fund managers or to read sell-side reports. In his free time he is interested in fine wines, astrophotography, and triathlons.

Sources: Fabio Alperowitch; FAMA Investimentos.