



**DANIEL  
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USA



**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.

Many of the boards we have come across are populated by individuals who rely on the stipends they receive from numerous corporate

boards and thus appear motivated primarily to ensure continuing board fees, first-class air travel and accommodations, and a steady diet of free corned beef sandwiches until they reach their mandatory retirement age.

I have learned a very painful lesson about investing in less liquid positions. Needless to say, we will not be making these types of investments again.

The only thing we are 100 % confident in is that we are fallible, we don't have all the answers, and we will make some mistakes. However, if we are honest with ourselves and our colleagues, remain attentive to our own biases and deceptions, focus on process, attempt to understand why we erred, and engage in deliberate practice and self-observation to improve our decision-making ability, we will not only minimize our errors, but also ultimately become better people and better investors.

BORN Santa Monica, California, USA 1961.

EDUCATION Loeb graduated in Economics in 1984 from Columbia University.

CAREER He began his career as a lawyer at E. M. Warburg Pincus & Co. After a brief period as a corporate developer at Island Records, Loeb started to work for the New York-based hedge fund Lafter Equity Investors and later moved on to the investment bank Jefferies and Co. to work as an analyst. Before founding the hedge fund Third Point LLC in 1995 he gained further industry experience working at Citicorp as vice-president of high yield sales.

**INVESTMENT PHILOSOPHY** Loeb is a hedge-fund manager with a strategy best described as event-driven and value-based – nimble, opportunistic, and especially situation-focused. The analyses concentrate on legal, regulatory, and accounting issues. Besides equities, Third Point invests in corporate credit, mortgages, currencies, and commodities, mainly in the US market but he has made money betting on Greek sovereign debt. He uses a bottom-up analyzing approach and puts risk on or off quickly and decisively. Due to his background in bankruptcies he likes to invest in companies in extreme financial difficulties. He spends considerable time thinking about the macroeconomic environment and betting on market direction. In addition, Loeb also uses shareholder activism as a part of the portfolio and joined therefore recently Yahoo's board of directors. Sony is his latest activist target. His is sometimes a rocky road: in 2008 the fund lost 38 %.

**OTHER** Third Point is one of the biggest hedge funds, with around \$10 billion in assets. Loeb is well known in the financial world for his sharp pen, especially in his public communications expressing his disapproval of the performance and conduct of other financial executives. In a 2005 letter to Star Gas Partners, a fuel distributor, Loeb called its chief, Irik P. Sevin, 'one of the most dangerous and incompetent executives in America'. He has hosted fundraising parties and sits on the boards of Prep for Prep and Third Way, a non-partisan political think-tank. It's said he first became interested in stocks at the age of 5, and actively traded stocks before even graduating from high school. Forbes estimated 2013 his wealth to \$1,5 billion. Loeb reportedly enjoys art collecting, yoga, and surfing.

*Sources: Daniel Loeb; Third Points quarterly letters; Valuenwalk; Wikipedia.*