



**RICHARD
PERRY**
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.

Richard Perry's investment aphorisms:

- Every investment should be measured on an expected value basis – how much can I make, how much can I lose, and what are the probabilities associated with each outcome.
- Don't listen to what people say or write, try

to intuit what they mean.

- Good investors use a combination of brains and gut. To paraphrase Leonardo Da Vinci, one must understand the science of art and the art of science.
- By the time your analysis is perfected the investment opportunity is probably gone.
- There are many different investment strategies. Focus on the ones you do best and avoid the ones you do poorly.
- Value is buying a dollar for 50 cents and having a business plan that turns that 50 cents back into a dollar. Value traps are buying a dollar for 50 cents and a business plan that makes that dollar worth dramatically less than 50 cents.
- People will behave as they are incented to behave.
- Translate complex theories into simple statements.
- Beware of obsolescence.
- Sales and marketing are critical components of a successful business.
- Invest like a local.

BORN Los Angeles, USA 1955

EDUCATION Richard Perry has a BA from the University of Pennsylvania's Wharton School in 1977, and an MBA from New York University's Stern School of Business in 1980.

CAREER Perry began his career at the options trading desk at the investment bank Goldman Sachs in the mid-1970s. When he left in 1988 to start the hedge fund Perry Capital he was working in equity arbitrage, while lecturing on finance at the Stern School of Business at New York University. He has been CEO of Perry Capital from the start.

INVESTMENT PHILOSOPHY Perry could be described as an event-driven, value-oriented, multi-strategy hedge-fund manager. He controls a number of strategic positions simultaneously, and bases his business model on having several different income streams. One strategy is to seek out companies that have the potential to restructure through acquisitions or disposals, often those in reconstruction after bankruptcy. Another area is investments in distressed loans. However, he also invests in unlisted companies and property, and uses his cash supply to lend money at high returns to investors who are not able to lend from banks. He usually works with a neutral portfolio and with lending. He has called his approach 'expected value analysis': it is based on calculating the percentage likelihood of various outcomes and multiplying them by the current bond price, after which he compares the expected value with the current market price to determine whether he should buy or sell. Every now and again he becomes deeply engaged with a particular investment. Recently, he became the principal owner of Barneys New York, a luxury American chain store.

OTHER At present Perry manages \$10 billion in assets. For the first 19 years, his hedge fund did not have a single deficit year. Perry was also one of a few on Wall Street to start betting against subprime mortgages as early as 2006. He is the chairman of the board of Barneys New York Inc. and a member of the boards of trustees of *Facing History and Ourselves*. His mentor at Goldman Sachs was Robert Rubin, US Secretary of the Treasury during the Clinton administration. Perry is an avid collector of pop art and a triathlon runner.

Sources: Richard Perry; Perry Capital.