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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.

- You make most of your money in a bear market. You just don't realize it at the time.
- Great companies bought at great prices should be like great friends—you do not want to drop them precipitously.
- History provides a crucial insight regarding market crises: they are inevitable, painful, and ultimately surmountable.

BORN Peoria, Illinois, USA 1909. Died 1994.

EDUCATION Davis graduated from Princeton University and took a Master's at Columbia University in 1931. He earned a Ph.D. in political science at the Graduate Institute of International Studies, Geneva, in 1934.

CAREER His studies complete, he first worked at his brother-in-law's investment firm for five years before becoming a freelance writer. Aged 38 he got \$50,000 in seed capital from his wife and founded Shelby Cullom Davis & Company, mainly to manage insurance stocks. Between 1969 and 1975 he was also US Ambassador to Switzerland.

INVESTMENT PHILOSOPHY Davis was a specialized stock market value investor. He only invested in companies he knew well and where he had an edge (insurance companies in most cases). He focused on fundamentals, and especially looked for a solid balance sheet making sure the insurer did not hold risky assets such as junk bonds. He then measured the management quality and made trips to meet with management and drill them. He searched for what he called ‘compounding machines’, but equally he liked a boost from earnings and from investors bidding up the multiple. The strategy was known as the ‘Davis Double Play’. It was a buy-and-hold strategy, and he kept a long-term perspective through bull and bear markets. He was probably one of the first US investors abroad when he invested in Japanese insurance companies in the early 1960s. He recommended diversification, so that the ones you were wrong about were balanced by the ones you were right about.

OTHER By the time of his death in 1994, he had turned the original \$50,000 stake into \$900 million. In 47 years he had increased his stake 18.000 fold! The strategy of focusing on the insurance industry came to him after he had studied Benjamin Graham’s writings. Davis made the Forbes 400 list in 1988, and other than Warren Buffett he was the only one to make the list by picking stocks for a living. He gave all his wealth to a charitable trust and was known for extreme frugality – instead of playing tennis with new balls he used old, ratty ones.

Sources: John Rothschild, The Davis Dynasty (2001); Investopedia; Wikipedia.