

## **Value Investing: Market inefficiencies reap big rewards**

**By Ivey Communications**

There aren't too many disciplines where inefficiency is admired and desired. Value investing isn't like most disciplines though. An inefficient market is the bread and butter of California-based investment company Oaktree Capital.

Howard Marks, Chairmain of Oaktree Capital and author of the investment book, *The Most Important Thing*, spoke to Ivey's value investing students about how market inefficiencies, such as mispricings, misperceptions or even people's mistakes, give rise to opportunities for superior performance.

"An efficient market attracts a lot of people and drives out the bargain," he said, via a videoconference presentation to students on February 14. "The best bargains are when you do things that others don't want to do. When people are against them, we are for them."

Marks also outlined the three key attributes for success in value investing:

- **Patience:** Value investors must be able to wait and let things come to them and buy when people are desperate to sell;
- **Opportunism:** Value investors must be able to pounce when people start to look to sell;
- **Readiness:** Although sometimes it's difficult to be equipped with all the necessary information on a stock, whenever possible it's imperative to have analytics and data in place so that a stock can be properly evaluated.

Marks also discussed the importance of "second level thinking," whereby investors consider why a company is being sold at the particular price and why the asset is positioned this way.

For more on Marks' philosophy, visit <http://www.oaktreecapital.com>.