

## Richard de Lisle – The Greatest Game

**Tom Yeowart:** Thank you very much for coming on the podcast. It's great to have you on. So, I think you started investing at quite an early age and I'd love to hear how you got into investing and what fascinated you about investing?

**Richard de Lisle:** Tom, thank you very much for inviting me. And yes, I did get into a very early age because I saw my father lose the prospects for a comfortable retirement when the bear market of the early seventies hit. And I wanted to understand what this bad thing was that had happened to my family as everything got lost. So, I was examining this for my really early, early teens onwards. I was 13 in 1970, so perfectly prepared to go straight into that 1970s bear market. And I collected up my newspaper round money and made my first investment.

I brilliantly got the 1974 low. And I bought this really cheap stock and the market surged. And my stock went bust. So that was the first lesson. The first lesson was that when you're at the bottom of a bear market, you don't have to be smart. You just have to buy the quality and away you go. So, I bought the cheapest stock and of course it was far too leveraged and couldn't get around that U-turn.

So, everything really about my life was pushed that way. I went to college and I read economics because that was the subject you were meant to read. I found it terribly dry, but I didn't actually go to the lectures. So, I sort of struggled by because I would be in the reading room reading the Financial Times because I collected together my friends student grant checks. We had grant checks back then in the 1970s, we were paid to go to university, and I invested them in the stock market. And of course, that was an incredibly risky strategy because we had college bills at the end of term. So, I was really doing it with about an eight-week window to get success. But fortunately, we always did get success. And so, I wasn't duly punished as I should for that high-risk strategy, but that was my time at college and the friends that I made there are, they're all invested in the fund today. So, they enjoyed it, let's put it that way.

**Tom Yeowart:** Did your father's experience make you want to approach investing in a certain way to, I guess, minimize the risk of a repeat experience?

**Richard de Lisle:** What it told me really was not to follow others because what had happened was he'd had a house in London in the late sixties, inherited, and his bank manager told him to sell it and put the proceeds into Barclay's unicorn unit trust. And so, he did, and of course the price of the house was, 30 years later up more than a hundred-fold because it was in a park in Pimlico. And the investment in the stock market went from 20,000 pounds to 4,000 pounds. So, what that told me was that the experts are self-serving and one has to be clearly thinking what you want to do and why.

**Tom Yeowart:** You got through university and then you entered a career in the industry and I believe you started on the sell side. What were you focused on?

**Richard de Lisle:** I feel I've always been lucky. At college, I was friends with an American. We had one American scholar every year and they were like super humans because a Harvard scholar, they can do everything better than we can. They play every sport better than we can, they're very clever. Anyway, he sent me off to see his father who ran a US broking office with Kinder Peabody, and that was a life changing event. And he said to me one day, this firm Merrill Lynch, which didn't look very flashy, that's the one you want to get.

The second piece of luck was walking into this wonderful office in the city with wonderful people in and watching as they all got excited, this is at the end of 1979, and they were excited that they'd never seen the dollar premium be so low. This was how you invested overseas. You bought premium dollars. That'd been in place since 1939, protecting money going out of the country. You had to buy in premium dollars, which was set by supply and demand. One of the experienced brokers, he said, I've never seen the dollar premium only 7%. I'm buying a lot of it. And everyone was crowded around a screen. They couldn't understand it. And one hour later, Geoffrey Howe abolished the dollar premium. So, he lost his 7%.

Shortly after that, as the junior I'd be picking up the line and you'd pick up a line like, we're Royal insurance. We'd like to invest in the US market. You can imagine this is a bit of a stockbroker's dream, as in how much would you like to invest? Well, we've got 500 million, you know, what should we buy? So, it was a wonderful time. But the other thing about the sell side back in those days, and this is very important to imagine, because it's hard to imagine today, it was the glamorous place to be. In the UK, there were very powerful brokers like Cazenove and James Capel and essentially, they dictated the market. If you picked up a magazine, it wasn't what the fund managers were saying, it was what the brokers were saying. They were the stars that were interviewed, they were the ones that knew what was going on. And it was very much the same on the American side as well. Especially as it was all new to a lot of the UK clients. And of course, there we were Merrill Lynch, the great experts.

And it was a very fast-growing industry as well, as you can imagine, because the first place anyone goes to, when you are investing overseas for the first time is the American market, because it's the biggest place. And there was this evolving phenomenon whereby by the mid-eighties, people were saying, we must invest in Europe, it's so cheap. And then by the end of the eighties, it was emerging markets suddenly came to the fore, and, but then in those days, emerging markets meant Southeast Asia. So, I had a good friend, Hugh Young, he said to me let's go to Singapore and make a lot of money. And I said, I'm not going, I'm staying here in the American market, and he went off and started what became Aberdeen asset management. I said, why are we going to Singapore, Hugh? He said, because everyone else has gone to Hong Kong, and it was that sort of feeling to it. Let's go and have some fun.

**George Viney:** It was a great time generally for equity markets. You saw off the tail end of a secular bear market in the late seventies and bottoming out in '82 and then it's the big bang and a fantastic time for equities for a long time.

**Richard de Lisle:** It was a wonderful time. And once I passed a few really perfunctory exams ended up being let loose on these clients and going and saying, this stock is so cheap, you could buy Coca-Cola on 9x earnings, you know, Kellogg on 7x earnings in 1980/81. And they say, no, no, we don't want to do that because they always go down. The idea was that everything always went down and I'd get these fascinating insights as to what it had been like. Because I'd sit down with these people and I said, well, you say this. So, what was it like, what did you do? What did you do in 1974? And I remember Bill Seddon, who was at the central finance board of the Methodist church, said we just sat around and talked really, because nothing really happened. These good experienced fund managers, they were used to always having another chance to buy cheaper. There was a strong feeling that they were not in a very interesting asset class. It was felt as a backwater and you get this in the Michael Lewis book, Liar's Poker, when Salomon Brothers, he describes how the worst place you can go is equities. So, there was this great disparity between looking at this situation the way you could see, and it was exciting, and nobody really caring.

**Tom Yeowart:** You were lucky enough to always focus on US equities in particular?

**Richard de Lisle:** Yes. I've always been in US equities. No siren voices have ever led me astray after I walked into that Merrill Lynch office in 1979, because they're so addictive. I remember Hugh telling me, look, he said, it'll be so much easier. We'll go off to Southeast Asia. All we need to do is buy the cement company, the newspaper and the telephone company. And, Bob's your uncle, you've got a fund. And I said, well, that's the reason I'm not going. Where's the intellectual satisfaction in that. I mean, the American market is just so wonderfully complicated that you sort of get hooked on its intricacies and that's the fascination really.

**Tom Yeowart:** It'd be great to hear how you came to manage money for your old Cambridge college. But secondly, I'd be interested in hearing, the lessons you took from the sell side and applied to the buy side as an investor and how you've evolved as an investor over the arc of your career.

**Richard de Lisle:** The big one that changed everything. For people in the UK market it was the big bang, for the people on the American side, it was the '87 crash. It washed away a generation of fund managers. So, on the post-'87 crash market, I was obviously tired and sad, so they kicked me to be manager in the early nineties. And one day in the mid-nineties, one of our eager young brokers had managed to go up to Cambridge and go knocking on doors and managed to bring back my old college's scholarship fund to Harvard. This was a fund to send them back from Emmanuel to Harvard. But unfortunately, Emmanuel isn't quite like Harvard, which has a foundation running billions, this fund was \$2 million and had to

get them all into Harvard for perpetuity. And in the hands of my young trainee, who thought he ought to do a trade a day to keep his commission figures up. I thought we better have every trade signed off on by me pretty quickly as the manager. And I did that. And when the bursar came down to see me, he asked if I'd run it.

And again, this is another huge piece of luck in my life, because now we're in 1996 and then a year later having told all the head-hunters for a decade that I would never leave my firm, my firm then left me. I came into work one morning to find that we'd merged with Morgan Stanley. One of those conversations between two powerful people on an American golf course! And I thought I better tell the college that their money wasn't being run under the auspices of Dean Witter anymore, it was not being run under any auspices at all. And the response was, that's absolutely fine. We want you to keep doing it. So that was my other piece of luck because I'd therefore made the transition on this tiny fund from the sell side to the buy side.

I keep using this word luck, but right at the start of my career was the start of what they call the disinflation era and suddenly these growth stocks, these steady growth stocks are the place to be. So, in the eighties and nineties, we just rolled around this sort of, if you like Nifty 50 of steady growth. And so that made it all quite easy I suppose. And, I think what made things more difficult was in the 2000's.

The relative high PE for things like Merck and Pfizer and Coke and that was the summer of '98. And that had a bit of a tail on it that went on to the tech bubble of March 2000.

**George Viney:** Was it that late nineties experience, Richard, which cemented in your mind, the attractions and ongoing relevance of investing in small and medium-sized businesses? You had these big growth stocks, you had the internet bubble, you had well known household companies like Coca-Cola reach stratospheric P/E multiples. And a lot of the small and medium-sized businesses just became utterly neglected. And that was a wonderful opportunity and subsequent opportunities in small and midcaps have emerged because of the herding behaviour towards big, well known popular companies.

**Richard de Lisle:** Absolutely. What was really formative was knowing the power of these things. Small and value are the best performing asset class, long term. But if you take the period 1975 to 1983 out for small stocks, their outperformance goes back to the norm. So therefore, this period was absolutely extraordinary. So, I know what they can do. And yes, they've been neglected. They've gone to cheaper and cheaper multiples. When I started the fund, I thought where should we be really overweight. And so, I just looked at the long-term data and I think the world changed a bit when Fama and French set out to prove the efficient market hypothesis and found that these various types of stock actually were long term outperformers. That affected me. So, I thought, well we want to have a tailwind behind us. Let's be in this class of stocks.

**Tom Yeowart:** Richard, just returning to your comment about how a lot of the long-term outperformance came in that eight-year period from '75 to '83, was that a function of small cap value in the US just being extraordinarily cheap at the beginning or are there other things going on? Was it a very good period for earnings growth?

**Richard de Lisle:** It was a period of low real interest rates. As these companies could take advantage of the inflationary background and they had pricing power. And so, they were able to earn money at the same time as the large cap growths were just going steadily lower. These companies were profiting from the inflationary background and the thing took on a momentum of its own. Another factor that Fama and French discovered, momentum is a good predictor of stock prices. And so, from 1975 in the lower real interest rates, high inflation background, these types of stocks were doing well. And then they had this momentum and everyone wanted some of it. And then of course the earnings stopped coming through. And that's the end of that.

**Tom Yeowart:** There have been periods where you've had to hang on in there and you are fighting against parts of the market, which you typically don't invest in, doing extremely well. And I guess the last decade or more has been exactly that experience, so it'd be interesting to hear how you've approached the last decade, how you have hung on in there and generated very good compound returns in the face of, frankly, large cap growth outperforming pretty much everything else and US small cap value being out of favour.

**Richard de Lisle:** I think the answer to that is ducking and weaving. Large cap growth has been the best place to be for certainly more than a decade. I've seen all sorts of clever articles saying that this was quite likely to happen, wasn't it? Because as soon as it became proved that small and value were the best place to be over a hundred years, they were bound to underperform. And I don't believe a word of it. I think it's been a function of interest rates has driven it.

I find it very difficult to pay up high multiples. Having seen this distant past, having lived in a world where Coca-Cola and so on is on a single figure multiple, its always been difficult for me to pay up. So yes, its been a difficult period to keep up. And so even when it's been reasonably clear that there will just be a continuation of the multiple expansion, which you'd see when there was just continued quantitative easing, I haven't been able to say, oh, well, that's it let's buy Adobe because clearly that will go from 50x to 60x earnings. We're all a product of the investment environment we grew up in, I think.

But if you live long enough, you'll see every investing environment once. But of course, if you managed to get in very early and you live a long time, you're in position to see it come around again. So, with a lot of people saying we're back in 1970, I may have the good luck to see the world I once saw come back in a different form.

**George Viney:** Richard, many investors. And I'd say most value investors, particularly those maybe that don't have the historical perspective that you do. They really make a virtue of only doing things bottom-up. Only looking at the single stocks and building up a portfolio that way. Whereas you deliberately take a top down approach initially. You have a view of where the markets are going and what the wider environment is and where it's likely to develop. Why is that an advantage?

**Richard de Lisle:** I don't really go with the bottom-up approach with value because the stocks are largely generic. If a growth stock has good earnings, you buy it. If a value stock has good earnings and goes up on it, you sell it because you never bought it for the good earnings. You bought it for the inherent value of the stock. Same way as if a growth company has bad earnings, you sell it because the rate of growth is impacted and it's that rate of growth, which is a determinant of the valuation. If a value stock has bad earnings, that makes it interesting if it comes down. So, I think that pragmatism runs counter to a bottom-up approach on these stocks, because you get more interested in the ones that disappoint if they get cheap.

But I think also with a value-based idea, I think it also lends itself to macro because this whole discussion has been based how its inflation driven and an interest rate driven. If you get involved in something like the commodities super cycle that everyone's talking about, generically, you're going to be buying commodity-based stocks and particularly energy type of stocks. You might nuance it compared to what you think about Europe and America and the gas prices and so on, but essentially, it's a macro decision.

**George Viney:** So what matters is getting the overall direction of markets right. And then picking those companies which are the cheapest expression of that direction and hoping they're not like your first stop pick and go bust on the way through.

**Richard de Lisle:** Well, exactly. I always think of that joke about the two girls and the bear where there's a bear chasing them. And one girl takes her shoes off. And says, why'd you take your shoes off? The bear can run faster than both of us. And she said, well I don't care about that. I just have to run faster than you. And so, when you are picking a stock in an industry, it doesn't matter if it has debt. It just has to have less debt than the other guys in the industry. Having said that I'm going to show off. Morningstar has decided that we're in the top decile on quality. We come out strongly, so I've learned my lesson from the Court Line, travel agent company.

**Tom Yeowart:** You have your three to four overarching themes but how do you go from themes to selecting businesses and then making sure that those businesses meet a basic threshold of quality.

**Richard de Lisle:** When you're involved in value, you just look backwards, you don't look forwards, that's for the growth stock investors. So, what I just do is look what

they've done in the last 10 years. What did they say? What did they do? Which stakeholders do they operate for? You know, do they buy themselves a corporate jet? Does the share count expand like you wouldn't believe? One of the types of stocks that really irritates me is the type of company that is always showing off about their buybacks. And yet you happen to notice that the share count doesn't seem to go down, because they're so busy awarding themselves the share options. And so, it's that sort of character of the company, and all those other things that correlate with outperformance. So, you want some insider ownership, but not too much because if you had too much, they treat it as a private fiefdom. I put probably more store on changes in insider holdings than other people, because that's worked very well over the years for me. So, you identify your corporate executives who actually know what the company's doing. In other words, when they buy it, it goes up as opposed to the starry-eyed ones who sort of buy it anyway, whatever happens.

So, the process is a tick box of finding really quite conservative companies, which have good sales per share, because that's the really important forward-looking predictor. But at the same time not being too leveraged. So, I weigh sales and debt quite highly and ownership.

**Tom Yeowart:** It'd be great to hear examples of how your themes, over last decade, have helped you to identify interesting companies and weave and duck to generate good returns. I remember you once talking to me about an avocado manufacturer that you had bought based on one of your themes. So, I'd love to get some colour around some of those businesses.

**Richard de Lisle:** That was fun. I mean, we bought that at eight and we sold it at 100 and now it's back to 25, because Mr. Avocado retired. Sometimes you feel something coming in. We did very well out of coffee in the '90's and early 2000's. I saw what Starbucks was paying and we managed to get this company that made these coffee pods and again it went up like 15-fold and became like maximum weight, 10% of the fund. And this was Green Mountain Coffee Roasters. So sometimes you get these little stocks that absolutely fly. Pets have always been good, just impossible to play, but we got a distributor of all the medicines to vets around America and in this country. And that was something that hadn't been consolidated and again, same sort of tenfold increase and then it got bought out by a big pill distributor, AmerisourceBergen. We did well in funerals for a while. Another consolidating industry, which was rather disgraced by the series Six Feet Under, I don't know if you remember that, but that was essentially telling the truth of the business. And we did very well on that as a roll-up business, but then I realized that there was a secular tendency in America to get cremated and that was taking their margins away. So, we got out of that well.

So sometimes you pick up on a theme. For the last 10 years or so we've been playing leisure. I think that the market treats them as just up and down cyclical and doesn't respect the underlying growth in various individual leisure stocks. We bought Johnson Outdoors at eight. I failed to sell it at 150. Now it's 64. But it's still

beaten the market over the decade we've held it. That doesn't sound terribly clever but these stocks are discounting a recession coming in and they're discounting some idea that people have stocked up with as many paddle boards and boats as they're ever going to buy.

Getting hold of a theme, whether it's leisure or funerals, it's all from the demographic trends. But in the last couple of years, these bigger things have come in, which we've had to respond to more. Demographics are for peace time really aren't they, these gentle things that you can follow along with is great. And then suddenly huge changes need responding to. But the long-term changes in America are profitable things to play along with. That's really how we've done it.

**George Viney:** Coming back to the idea of themes. Interested to hear you talk a little further about that in a value context, because it seems that it keeps you out of trouble insofar it means you don't end up buying value traps. Businesses that aren't growing. The themes ultimately are about growth and expansion. So whatever business you are buying, and it may be cheap and unloved for whatever reason, it has the wind in its back because it's attached to this thematic growth.

**Richard de Lisle:** So, when we say, why is growth an underperforming asset class, even though it's done better for the last 14 years or so on? Why should this be? We are getting into this world of cognitive dissonance. So, one of the main features of cognitive dissonance, was why people overvalue growth stocks is because they revert to the mean more quickly than people expect. And so, they put on that excess growth rate on their anticipations too long. And with value stocks, people don't fully factor in the possibility that the value stock becomes a growth stock. The fact that it can actually grow its earnings, the fact that it does also revert to the mean, and that's what I think you're talking about that you get some dull old stock and it starts growing its earnings because it's got a theme behind it and it's distributing its pet pills and it's growing away at 13 or 14% or even slightly better. And that works very well as that gets re-rated upwards.

**George Viney:** Where do you find inspiration for your themes, Richard?

**Richard de Lisle:** All I do is read. I just read and read. On this work from home and whether people are going to go back to the office, you don't want to trust Wall Street on that. You'd do better off reading something in the weekend supplements of the broad sheets, than you would by reading some Bloomberg report on what the analysts say. So, I think it's a sociological perspective. I've always been the person that if I'm dragged to the theatre is the one watching the audience anyway. I find it more interesting than watching the play.

**George Viney:** Observing life, observing people, but always in the back of your mind you're thinking maybe there's an investment idea here and there may be an opportunity to invest in this phenomenon that I'm observing.



**Richard de Lisle:** Absolutely. I was always a shocker. I didn't like shopping, but I couldn't be taking down Oxford Street without looking which shares to buy. I've always been detached like that. It's a great advantage because if you're not actually materialistic, you therefore got that wonderful thing of when you lose all the money to say, well, you know, that's an interesting thing, isn't it? Oh, look at this stock I hold its just gone down 40% and it becomes intellectually interesting. Where of course someone else that feels that more is maybe more likely to leave the business. Again, I'm fortunate because that degree of separation gives me a tolerance for risk.

I mean, I'm running my friend's money. I can't think of anything more stressful to do. If I fail to do it properly, I've got to see them and the worst thing about that is they'll be nice to me. It is crushing stress, but I can deal with that just because I'm a bit distanced from it.

**George Viney:** And it also sounds like you've never lost your sense of fun with it either. You're always curious as to what the next opportunity might be.

**Richard de Lisle:** I think it's endlessly fascinating. It's the greatest game. I've had to explain over the years to my friends, why I gave up bridge, chess, all those things that used to like to do with people, back when I was much younger, but this is the best game. It's more involved. It's more fascinating. And it's very human but it's not rational. I mean, the human aspect of it is the lack of rationality. For instance, I'll give you a lack of rationality today. Procter & Gamble, all these consumer staples, they're at above market multiples, but we know that from the long term, they grow less than the rate of the market. So, people are so scared of a recession, they'll bid them up to be at a premium rating as a defensive method. Well, I find that fascinating. It's fascinating that the desperation to dodge an earnings shortfall will get you paying 28x for Pepsi or something.

**Tom Yeowart:** Richard, just returning to one of your key themes today and talking about primary producers and some of the more energy and commodity linked investments in your portfolio. I'd love to hear more about the rationale for investing in those businesses and whether that is your response to the risk of higher inflation and higher interest rates?

**Richard de Lisle:** I think in the first place this inflation started with a supply problem and we all know about the bottlenecks and the lack of investments since 2014. And I'm talking about the super cycle here. When the oil price went negative in 2020 the whole industry was effectively bankrupt. So, they were coming from a low base. From a value perspective, they were all attractive coming out of the pandemic. So, we were slightly overweight in all primary producers and so on anyway. Then when on February 24th on the Ukraine invasion, we just upped all those weightings, because it was quite clear that this was a twist that was going to make it go considerably further.

Our biggest weighting is in a stock called Golar. That's really to take advantage of the locked in natural gas price in Europe against the US. It's always more expensive in Europe, but now it's going to be more expensive and predictable. And so, Golar makes these natural gas platforms. They are a key intermediary. So, you've got this amazing arbitration where everyone's going to make a lot of money getting gas out of the ground in Canada and getting it over to Europe and getting it out from like \$6 to \$30 and it only costs one or two dollars to transport it. So, everyone that gets in the middle of that makes a lot of money. And so, we looked at the pipelines, the LNG terminals in America, those big LNG carriers that get it off to Asia and Europe. But it seemed the most profitable was this floating terminal, which takes the gas, gets it to 1/600th of the size, and then you can deliver it. But at the same time, we do it more generically as opposed to saying, well we're completely in love with this one because it's got the highest margins. We've got the company that's got the terminal, we've got the pipeline, we've got the tankers.

And also looking at it from the thematic point of view. The way things are getting worse, the end of the liberal order, the peak in globalization having been seen, the acrimony between the countries is going up. This is all suggesting primary producers, because of the failure of people to cooperate and that, that would appear to be getting worse. It suggests that primary producers should be kept in an overweight position because if you go back to the '70's, everything looks fine and then something else goes wrong. I mean, that was the story of it. So, we look at the situation right now. They're saying, oh, well maybe we've already seen peak inflation, because we've got this huge build-up in inventories, so therefore the economy will slow. The inventories will bring down inflation and everything will be alright. Well, that's fine until then something else comes in because we've got such an instability around that that might be fine for this week, but then something else will happen. Basically, you've got an increased fragility.

**Tom Yeowart:** I think you believe that even if some of the supply side constraints ease, you are starting to see the unionization of labour and maybe labour inflation won't ease as much as people expect.

**Richard de Lisle:** I think there's been a complacency because they haven't seen labour be strong for 50 years. But in America and this country, the rate of union formation is as strong as it's been for 50 years. So that again is one thing leads to another. I think there was a watershed moment. I certainly thought it was a watershed moment in 2021 when Boris gave the nurses 3% and nobody complained. I thought, how did you get away with that? And they all settled. And I thought, well, this is completely out of touch with the times. Just thinking about it, they wouldn't settle for that today. And it's only a year or so later, so that sort of gives you a marker about how times change and how one thing leads to another.

On the sociology of labour, I'm not really sure how it will evolve, but it would seem to me that it's just starting. You get so many stories, don't you about how well there's no baggage handlers because the airlines are too squeezed to pay them what they can get in almost anything else. That hasn't played out. The airlines

haven't solved the problems of the fact that they can't compete for labour. All you've got is the fact that everyone's unhappy with them.

**George Viney:** Many of these low P/E stocks, and I think some of your literature talks about companies on one- or two-times earnings. Clearly the market is highly sceptical of future earnings and essentially predicting a deep recession for these businesses. Are you concerned about that risk or do you think that it's to a large degree already reflected in the price of these businesses and if, as you suggest with some of these primary producers, the situation goes on for longer than people expected, they'll continue to earn supernormal profits and justify their current multiples?

**Richard de Lisle:** Well with the primary producers, I think it comes back to the fragility. Something will come up, they'll earn super normal profits for longer. We've got a building supplier that we bought on less than one times earnings. I didn't know that when we bought it, but it was \$16. In the next 12 months, they earned \$23. So, we bought it on less than one time. So now it's \$70 and the trailing earnings are, I think they're \$30. It's still on less than three times earnings. That's BlueLinx. And the idea is that they get this lumber and other things that builders need and the builder's merchants sell them. Well, if you consider for the public, who go to Home Depot and Lowe's, those companies are on growth stock ratings. And yet for the builder's merchants it's presumed that there'll be either a crash, because the builder's merchants will do badly, or the lumber price will go down and they'll lose a fortune on their inventory. That's the reason the stock is on this sort of rating, but already to a certain extent, it doesn't matter because they've paid off the debt, they're buying back the stock. It is this idea of short duration. This idea that if you make enough money quickly enough, it doesn't matter too much.

This is a bet on management. If you had weak management here, you give them the money and they go and blow it on the next acquisition and retain the debt. These are companies which have got old timers at the head of the company, which have been around the block in their industries a number of times. And they seem so well connected and they're using this to actually reduce the size of the share count. And so, it's, it's a call on the idea of the market may well be correct, but I think we're going to get away with it because the stocks are too cheap.

**Tom Yeowart:** Turning to our final question. What piece of advice would you give a young Richard de Lisle at the beginning of his career?

**Richard de Lisle:** I would get into fund management earlier because that's a wonderful place to be. I had a wonderful life with the glamour of stockbroking in the 1980s. But the real satisfaction, the intellectual satisfaction was on the fund management side. So, although maybe not so easy to do, I think the idea is try and work out what you want and set a plan to get to it in the course of time and a very wise young man, who was our librarian, Ben Rogoff who became good at Polar, I got him a job at Morgan Stanley. They said, we'll take three out of your 30 people.

So, I said to them, right, that's it. You're going to take Ben, because he is a good boy. Ben went to see them and he came back and he said I didn't take it. And I exploded. I said, there's people here that really want that job, that really need it. I do this for you and you just throw it back in my face. And he wanted to be a fund manager and they would've had him selling European equities. So that was very wise of him. He knew himself. And he was absolutely right.

**Tom Yeowart:** That's a great answer, Richard, and I certainly learnt a lot from this conversation, so thank you very much.

**Richard de Lisle:** That's extremely kind of you. Thank you, George. Thank you, Tom. Thank you so much for having me. I will hope to catch up with you one day in the future.