CLARENCE DRIVE CAPITAL

CLARENCE DRIVE CAPITAL PARTNER'S MANUAL

This manual is the blueprint for our partnership, setting out the principles that define the firm and the spirit in which I hope we will work together.

I wrote it because it is what I would want to know if our roles were reversed. Before you commit your capital, you should be able to see what discipline will steward it.

In the partner's manual you will discover:

The partnership:

Our alignment, investing together, why you capture the economies of scale, our economic goal, and why I succeed only when you do.

How we invest:

How we use a long-term temperament as our edge, how the firm is structured to protect it, and why we run a single, concentrated, unconstrained global equity strategy of our best ideas: investing bottom-up, targeting absolute returns, and embracing market volatility.

The discipline:

How I find exceptional businesses led by exemplary management with a wide margin of safety, the kinds of business I avoid, how I pursue rationality and manage risk.

The operations:

My commitment to transparency, how to evaluate my performance, how to invest with the firm, and fees.

About:

Who I am after more than fifteen years as an investor, and the convictions behind building a firm on temperament, strategic edge, and true partnership.

PART I — THE PARTNERSHIP *Who we are to each other, and what success looks like.*

1. Our approach is partnership

I view you not as clients, but as partners in the long-term ownership of exceptional businesses. I hope you feel that you're joining a venture akin to owning a private business, home, or farm in partnership with your family.

Partnership here is not just a mindset; it is built in. I invest virtually all my capital alongside yours, sharing the same risks and rewards.

The economics are aligned in the same spirit. I operate Clarence Drive Capital at low cost and pass that on to you, capping management fees to cover only operating expenses so that your costs fall as the firm grows. You capture the economies of scale, not the manager, and the firm earns a profit only by delivering returns above the hurdle rate. Partnership means sharing the downside as fully as the upside, and the firm has been designed so that I succeed only when you do.

2. My economic goal: outperformance

My goal is to deliver exceptional long-term returns, adjusted for risk, and to build a track record on par with the investors I admire most.

To justify this partnership, we must clear two hurdles: the return on risk-free capital (government bonds) and the return of the global stock market — a benchmark that, over time, also reflects the results of most professional investors. If I cannot beat the stock market average over time, the firm should not exist; you can achieve that result in a passive index fund at a fraction of the cost.

While the next sections describe how our setup supports this pursuit, no rate of return can be guaranteed. My approach to managing risk is set out in Section 17.

PART II — HOW WE INVEST: PRINCIPLES *The tenets that shape how we invest.*

3. We are long-term investors

A long-term horizon is one of the few durable edges in markets, because it exploits a constant: human behaviour does not change. Most participants trade on short-term expectations, where competition is fiercest. We invest on long-term expectations, where competition is thinnest. The market's obsession with the next quarter often creates significant mispricing and opportunity for those willing to think in years; I typically invest only when I assess a business is worth at least twice the current price.

Behaving this way requires diligence and patience, and the firm is structured to make it possible:

1. **Independence in the ownership structure.** Many investment firms are pressured by external owners, which leads to short-term thinking and reactionary decisions. Clarence Drive Capital is 100% owned by the investment decision-maker. This insulates investment decisions from outside influence and builds in a commitment to a long-term strategy.
2. **Aligned partners.** I seek partners who share this temperament — investors who look to the horizon and want to take advantage of short-term volatility, not flee it. The market should serve us, not instruct us: fearful when others are greedy, greedy when others are fearful. When share prices fall and I see extraordinary opportunities, I will encourage partners to consider deploying additional capital rather than succumbing to the urge to redeem.

Ultimately, this patient, contrarian discipline is the foundation of superior long-term reward.

4. We are global investors with a broad opportunity set

We have an unconstrained global equity mandate. While most fund managers are bound by attributes such as asset class, geography, sector, investment style, and the degree to which their fund tracks an index, I can look far and wide and am not forced to hold anything that does not meet our strict quality and value criteria.

Many investors concentrate their wealth in the equity market of their home country. This home bias strikes me as irrational. Our mandate lets me select from tens of thousands of companies worldwide, which dramatically increases the probability of finding exceptional opportunities. The advantages are concrete:

- We can own terrific businesses that simply do not exist in the local market.
- We gain a real edge when comparing similar businesses across geographies.
- We diversify across economies and political regimes, hedging the risks of being tied to a single country.

5. I offer only one product

Many asset managers launch new funds to capture every passing trend or marketing narrative. It maximises fees; it rarely serves the investor. I run a single portfolio that shifts our capital toward the most favourable opportunities as they arise. You get my best thinking, undiluted.

6. We hold a concentrated portfolio to outperform

Most fund managers own dozens or even hundreds of stocks, often to avoid straying too far from the market average. I focus only on my best ideas. The reality is that compelling investment opportunities are rare and do not come in the dozens or hundreds at a time; we often wait a long time for one to appear. When one does, we want a position large enough to matter. The intended result is a concentrated portfolio of exceptional businesses purchased well. The portfolio typically holds around ten securities, and in rare instances a single position may go as high as 30%.

This can result in higher volatility than the market average in the short term, but it improves our potential for superior long-term results. Volatility, however, is not the same as risk. Risk is buying overpriced businesses you don't understand, or structurally disadvantaged ones with deteriorating long-term fundamentals. Sections 15 and 17 explain how I guard against that.

I will diversify further when many outstanding opportunities are available. Usually they are not, and I would rather own more of my top idea than introduce my thirtieth best one for the sake of a smoother ride. Investing globally already gives us more diversification than most local funds. A portfolio of ten high-quality businesses across the world is better diversified than fifty companies all exposed to the same domestic risks.

7. I do not time the market; I invest bottom-up

When I find a business that is attractively priced, it would be foolish not to act because of some short-term prediction of what the market might do. Terry Smith observed that there are only two kinds of investors who try to time the market: those who can't do it, and those who don't know they can't do it. Consistent market timing is not achievable and not essential. That is why I do not first forecast market movements top-down and then adjust the portfolio. Instead, I invest bottom-up, working from a list of businesses I have valued. Changes in our equity balances are a natural outcome of the search for individual opportunities. When investments reach intrinsic value and attractive opportunities are scarce, the portfolio may temporarily hold more cash. This may look like a market view; it is simply the disciplined result of a bottom-up approach. I aim to remain fully invested whenever possible.

8. The partnership follows an absolute return mindset, not a relative-to-the-market one

Cash is the right starting point. From there, it is rational to invest only in businesses that are substantially undervalued and whose expected returns meaningfully exceeds cash. I will not own a business merely because it is a large index weight, nor trim a winner merely because it has outgrown its benchmark position. Most professional investors care deeply about tracking error, and for understandable reasons. The career risk of underperforming the market even over short periods is real. Because I invest alongside you, I am content to bear it. I would rather underperform an arbitrary index than chase overvalued shares and risk a permanent loss of capital. As Jean-Marie Eveillard put it memorably: "I would rather lose half of my clients than half of my clients' money." Over time, I believe the absolute-return approach outperforms the indices as well.

9. We embrace market volatility

Over the long run, common stocks have proven the most reliable asset class for building wealth, and we should expect the market value of our investment to grow meaningfully over time. The necessary price of admission for these returns is volatility. In a typical year, the average stock's high sits roughly 50% above its low (the average!), even though the underlying business has changed little if at all. Even the best performing portfolio assembled with perfect foresight would have put its owner through recurring declines of a third or more along the way. Periodic drawdowns are a promise. Rather than fear these fluctuations, we look to exploit the mispricing they create. Most investors see volatility negatively; we see it as our basic advantage — a key source of the long-term returns we aim to generate.

10. Expect lumpy results

Even the very best long-term investment track records involved underperforming the market 30–50% of the time. There will inevitably be years when my performance falls short of the global stock market, sometimes by a wide margin. This is not a flaw in the strategy; it is a mathematical certainty of doing something different from the index. In the short term, results are unpredictable and as likely to disappoint as to please. In the long term, they will reflect the performance and value of the businesses we own. Clarence Drive Capital is therefore not suitable for investors with horizons of less than five to seven years. We need that long for the compounding power and value of our businesses to outweigh the randomness of market sentiment.

PART III — HOW I INVEST: THE DISCIPLINE *For partners who want to understand the investment process.*

The strategy is to own exceptional businesses led by exemplary management, acquired when they fall out of favour and can be bought at an attractive price.

As long-term investors, we target quality because when you own a business long enough, your return becomes its return. As value-oriented investors, we wait for the chance to step in at a meaningful discount. The quality and the value work on both sides of the ledger: higher return and lower risk. It is an effective way to compound capital.

In practice, this means studying good businesses closely to assess what they are worth, investing when they are unpopular and trade at a significant discount to intrinsic value, and selling when they become popular and the price reflects their full potential.

11. Exceptional businesses: defining quality

At the heart of capitalism is competition. Companies earning excess returns on invested capital inevitably attract competitors who drive those abnormal profits down — unless the company possesses an enduring advantage, or *moat*, that sustains its higher profitability.

High-quality businesses earn durable excess returns on invested capital, protected by their moats and reinforced by disciplined capital allocation. When these high returns are combined with growth, value compounds at an attractive rate.

I typically look for four kinds of moat.

- **Network effects** occur when a product or service becomes more valuable to each user as more people use it, creating a feedback loop that can lead to a "winner-take-most" market. Meta is a good example: replicating a network of nearly 3.5 billion daily active users is nearly impossible once social graphs are established. Marketplaces like Amazon have a two-sided version: a large buyer base attracts more sellers, which attracts more buyers. Airbnb works the same way. Stock exchanges demonstrate the oldest form: more participants mean greater liquidity, tighter spreads, and faster price discovery, making it irrational to trade on a smaller competing exchange.
- **Other intangible assets** include brands, intellectual property (patents, trademarks, copyrights, trade secrets), and licences. A brand is valuable when it shortens the customer's decision or commands pricing power. Patents are usually less durable because they expire. Government licences (rating agencies, for example) are particularly valuable when they limit the number of players in a market but do not regulate what those players can charge.
- **Switching costs** give a business pricing power when customers face real effort, risk, or expense to leave. The workflows and muscle memory built up around software like Excel are a classic example.
- **Cost advantages** matter most where the product is a commodity and the lowest-cost producer wins. Scale is the most common source. For example, Netflix can spread enormous fixed content costs across a large subscriber base, lowering unit costs and offering a better product at a lower price while being more profitable. Cost advantages can also come from dominating a niche too small for new entrants to enter economically, or from location (a quarry near a city) or geology (a high-grade mine).

These advantages often combine into a powerful moat, resulting in excess returns that are difficult to erode. I look for companies where the moat translates into a genuinely better proposition to the customer, signalling an enduring ability to grow. My goal is to find these businesses when they are out of favour, so we can acquire them at an attractive price.

12. Exemplary management

A wonderful business can sometimes survive poor management, but a wonderful management team is essential to fully realising its potential. I look for able, trustworthy, and owner-oriented managers who treat their customers and shareholders as partners. These questions shape the assessment.

1. Is management able and trustworthy?

Can they deliver on what they promise? Are they honest and candid in their communication, reporting mistakes as clearly and quickly as they report successes?

2. Is management owner-oriented?

a. **Long-term focus:** The best managers are in it for the long-term and take decisions to widen the moat rather than "milk" the business for short-term gain. They tend to be mission-driven, customer-focused, and treat the business as their life's work.

b. **Rational capital allocation:** I assess management's track record across the levers of capital allocation — reinvestment, acquisitions, share buybacks, dividends, and debt repayment. Do they have a clear framework, and the character to resist the "institutional imperative" to grow at any cost?

c. Supported by incentives aligned with long-term value creation: Incentives drive behaviour, so I look closely at how leadership is paid and what they own.

- **Remuneration:** If you want to know how a manager will act, look at how they are remunerated. I assess the compensation plan to ensure it rewards long-term value creation (e.g., Return on Invested Capital targets) rather than just size (e.g., total revenue or EBITDA). Incentives based purely on size often encourage empire-building, leading managers to overpay for acquisitions or spend capital unwisely to "buy" growth.
- **Skin in the game:** I look for significant insider ownership. Managers who own a significant amount of stock think like owners because they are owners. I also watch insider buying and selling as a signal of their own confidence in the value of the business.

Not all growth creates value. Growth only adds value when capital is reinvested at returns above the cost of that capital, otherwise companies grow themselves into mediocrity through low-return reinvestment, overpriced acquisitions, or buybacks at inflated valuations. My analysis of moats (can excess returns be protected?) and management (will they allocate capital wisely?) is ultimately a single question: will this company's growth make us richer or poorer?

13. Buying with a margin of safety

I always acquire assets at a substantial discount to my assessment of their intrinsic value. Buying at a low price, investing with a margin of safety, minimises the risk of loss and maximises the potential for upside at the same time.

Further, to avoid overpaying, I analyse the reasons behind any mispricing and ask whether I have a real edge over the market. I do not expect to achieve such an edge based on information that others don't have. That has largely been competed away by the instant availability of information through the internet, and what remains sits uncomfortably close to insider trading. Our insight is typically analytical and, above all, behavioural. Looking at the same public information as everyone else, we may reach a different conclusion about a business's long-term position than is implied by the prevailing share price. Our behavioural edge is the temperament to act on those conclusions — weighing what a business is worth and investing, when the market votes on the crisis of the day. It is the long-term horizon of this partnership that makes that arbitrage possible.

14. The capital cycle

The capital cycle is a mental model for how an industry's prospects shift as capital flows into and out of the sector. When profits and optimism are high, capital rushes in, competition rises and returns decline. When conditions are tough, investment dries up, weaker players exit, and the survivors' returns improve. Understanding where a business stands in its cycle reveals the likely long-term direction of its returns and protects against the mistake of extrapolating recent earnings into the future. This is also why I value durable moats: they let a business earn good returns even when capital is flowing in and protect it when capital cycles against the industry.

15. Businesses I aim to avoid

As Charlie Munger put it: "All I want to know is where I'm going to die, so I'll never go there." Applied to investing, this means inverting the question. Instead of asking only "what will make us rich?", I ask first "what will make us poor?" and then studiously avoid those situations.

I avoid three kinds of business in particular:

- **Structurally disadvantaged businesses:** companies in industries with fierce competition, chronically low returns on invested capital, or long-term fundamentals pointing to declining business value.
- **Incompetent or misaligned management:** companies whose leadership lacks skin in the game, has a history of enriching itself at the expense of shareholders, or is currently misallocating capital.
- **Fragile balance sheets:** companies with excessive debt. Debt reduces staying power in hard times, turning temporary problems into permanent ruin.

For poor businesses the choice is easy. I avoid them completely. For businesses of fair quality, I insist on a wider margin of safety and sell as soon as the price approaches fair value. For high-quality businesses capable of compounding intrinsic value over time, the approach is different. Here, the goal is to hold on.

A note on cyclicals. I only consider investing in cyclical businesses at the low point of the cycle, when returns on capital are depressed, capital is exiting the industry, and the business trades at a significant discount to its mid-cycle earnings power. This rules out some cyclical opportunities, but it protects us from buying at the top of a cycle.

16. The pursuit of rationality

Investing well requires balancing confidence with humility: acting decisively when the work has been done and the crowd is paralysed, while staying open to the possibility that the other side of the trade may be right.

A few habits guard against my own overconfidence. The first is leading with risk: asking what can go wrong before what can go right. The second is reserving judgment until I have worked carefully through the case, rather than jumping to a conclusion on one appealing feature of a thesis. As Mark Twain put it, "It's not what you don't know that gets you into trouble, but what you know for sure that just isn't so." The third is striving to avoid inertia.

To stay rational where others are not, I rely on a small toolkit:

- Valuation checklist: an independent framework for thoroughly evaluating businesses before forming an opinion.
- Probabilistic thinking: I avoid thinking in certainties, focusing instead on probabilities and asymmetry, where the reward of being right far outweighs the cost of being wrong.
- Thesis tracking: I track each investment thesis against new information, so I can change my mind when the facts change.
- Decision journal: I record the rationale for every investment decision at the time I make it. This mitigates hindsight bias and lets me learn properly from outcomes.
- Behavioural checklist: a list of questions designed to guard against common cognitive biases.

17. How I manage risk

My primary litmus test is the ability to sleep soundly at night.

I reject the academic assumption that risk and return are always positively correlated. The riskiest assets do not necessarily deliver the highest returns. Taking on more risk can *reduce* returns if it leads to losses. The opposite is often true: buying an asset at a lower price reduces risk and increases potential return at the same time.

My goal is to make money with limited risk. As Warren Buffett put it, "Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1." Consistently avoiding losses paves the way for healthy gains.

I take a common-sense view of risk, distinct from the academic definition of risk as volatility. I define risk as the probability of a permanent loss of capital — how likely a loss is, and how much I could permanently lose if my thesis proves wrong. I manage this risk at two levels.

1. Risk management at security level

- **Clearing a high bar:** every business must meet a minimum set of criteria before I invest. I may disqualify a business that does not show all of the following: a strong competitive position or moat; fundamentals that imply stable to growing business value; an able, trustworthy, and owner-oriented management team; conservative financing; a low position in the cycle; an out-of-favour price; and a clear edge over the market.
- **The margin of safety:** buying undervalued securities is our primary defence. A meaningful discount to intrinsic value builds a buffer against errors and bad luck.
- **Asymmetry:** risk means many outcomes are possible but only one outcome will occur. Therefore, I only enter situations where the probability of being right is high, and even if I'm wrong and the low probability worst case event occurs, the downside is limited.
- **Risk-adjusted hurdles:** I require a significantly wider margin of safety for a business with less predictable cash flows than for a more predictable business. The reward must always justify the risk.
- **Conservative assumptions:** when valuing a business, I lean toward conservatism. I would rather be pleasantly surprised by the upside than blindsided by the downside.
- **Ongoing monitoring of positions:** I track positions continuously, knowing the specific reason each investment is mispriced and reassessing as the facts change.
- **Sell discipline:** I typically sell near intrinsic value. Holding an overvalued asset is a drag on returns and can lead to a permanent loss when it ultimately corrects back to or below fair value.

2. Risk management at portfolio level

- **Conviction-based position sizing:** I allocate capital based on conviction and safety. The best ideas (highest quality, lowest risk of loss) receive the highest weight. Few positions will exceed 10% of assets at cost.
- **Diversification:** I further reduce risk through diversification across business, sector, and geography. The combination of individual margins of safety, in variety, creates a portfolio that is itself safer than its parts.
- **Cash:** I may reduce risk by my willingness to hold cash when I am unable to identify attractive opportunities.

PART IV — HOW WE OPERATE Reporting, evaluation, structure and fees — the practical terms of the partnership

18. I commit to radical transparency

I will report to you openly, on the good and the bad, so you understand both how we are doing and how I am thinking. Investments will sometimes not work out as intended, and you will hear about them when they don't.

It is worth understanding the base rates of investing: even the best investors outperform the market only about 60% of the time. What matters more than the hit rate is the magnitude of wins versus losses. A few large winners can comfortably make up for many smaller errors. But errors are inevitable. Documenting them is uncomfortable but essential; the alternative is selective reporting, which corrupts the feedback loop the investment process depends on.

I will discuss new ideas to the extent that doing so does not interfere with my ability to acquire them at attractive prices. Good ideas are rare and subject to appropriation. I am also mindful of commitment bias, the tendency to defend a view simply because I have declared it publicly. When the facts change, I need to be able to change my mind. For both reasons, I may reserve commentary on a new position until it is fully established.

You can expect three things from me: an annual letter, an interim update, and ad hoc investment articles sharing my latest thinking. Frequent reporting risks encouraging partners to focus on short-term performance, which is usually noise rather than signal. I ask that you read each update with a long-term lens. From our administrator, you will receive a monthly report showing all holdings, transactions, and the current value of your account.

Together, these documents should give you everything you need to assess my actions and our performance. Beyond them, I remain accessible. Questions about the portfolio are always welcome.

19. How to evaluate my performance

Over the long term, the right yardstick is the absolute return on your capital. Does it meaningfully exceed the opportunity cost of capital? I would like that assessment made over ten years; a rolling five-year period is the minimum I consider fair.

In any given year, the right yardstick is different. Short-term results are unpredictable, and the question is not whether I delivered a positive or negative return, but how I performed relative to the global stock market. If we beat the world stock market average for the year, I consider it a successful year, whether the headline number is a gain or a loss. If we lag the market average, I consider it a year that fell short, even if the headline number is positive.

20. Structure and how to invest

Clarence Drive Capital offers two primary investment vehicles.

1. **Direct Offshore Account.** You own an account in your own name through Interactive Brokers, a leading US brokerage offering low trading costs and the broadest access to securities. Clarence Drive Capital, as advisor, has the authority to place trades on your behalf. Because you retain direct custody, your assets remain safe and accessible through Interactive Brokers regardless of what happens to me. Should I become incapacitated, I have arranged for recommendations to be provided so you can appoint another manager smoothly.
2. **The Tax-Efficient Life Wrapper (Old Mutual).** An optional tax-efficient structure via an Old Mutual International life wrapper. It is generally worth considering for investments of R2 million or more. The wrapper offers two significant advantages:

- **Tax efficiency:** capital gains tax at a flat corporate rate of 12%, automated recoupment of dividend withholding tax above the standard 20% rate, and automated tax administration and reporting to SARS.
- **Estate planning:** estate duties abroad are bypassed entirely, South African executor fees (typically 3.5%) are avoided, and funds remain accessible almost immediately. With a spouse named as beneficiary, South African estate duties (20%+) are avoided in the usual way.

  The cost of the wrapper is a sliding scale from 0.20% to 0.55% per annum, depending on the size of the investment.

21. Partnership Fees

Investors who invest directly pay no initial or redemption fees. I welcome direct communication, and entry or exit fees unnecessarily hinder performance. Portfolio turnover will be low, which keeps transaction costs and taxes to a minimum.

My approach to fees is inspired by the original Buffett Partnership and reflects a simple philosophy: I should be compensated only when I deliver value. The management fee is designed solely to keep the lights on; it does not generate a profit for the firm. I earn a profit only when I produce results.

The performance objective is to deliver absolute returns that meaningfully exceed inflation and the opportunity cost of capital. For reference, long-term government bond returns have historically been around 5–6% in US Dollars, or 9–10% in Rand.

You may choose between two structures.

1. Performance-based fee.

- **Management fee:** strictly limited to covering the firm’s fixed operational costs, capped at 0.8%. As assets under management grow, this fee falls as a percentage of capital toward zero, since the fixed costs are spread over a larger base. The fee is reviewed each October, and any adjustment is permitted only downwards.
- **Performance fee:** I earn 20% of profits above a 6% US Dollar hurdle (approximately 10% in Rand).
- **High-water mark**: a high-water mark applies, ensuring I do not earn performance fees on the recovery of past losses.

2. Fixed fee.

A flat 1.4% per annum, for investors who prefer predictability.

Note: revenue from fixed-fee investors contributes to covering the firm’s operational costs, which reduces the effective management fee paid by performance-based investors.

The choice is yours, and each suits different return environments:

- **Performance fee structure:** lower fees when returns are modest, higher fees when returns are strong.
- **Fixed-fee structure:** relatively higher fees when returns are low, relatively lower fees when returns are strong.

This structure reflects a true partnership. By passing on the benefits of scale to you and tying the firm’s profitability directly to your results, I succeed only when you do.

ABOUT & CONTACT

22. About Clarence Drive Capital

Clarence Drive Capital is an independent investment management firm, established in 2024. I founded it after fifteen years as an analyst, head of research, and global portfolio manager at leading boutique asset managers in South Africa. The firm exists to be the investment vehicle I would want to invest with: one built on temperament, strategic edge, and true partnership.

Over time, I came to see how much investment outcomes depend on temperament**.** The work of investing is mostly mental, and the deer-in-the-headlights position is the most mistake expensive in our business. Temperament is harder to verify in advance than strategy or partnership; the only evidence I can offer is how I have acted in the past, and my commitment to act the same way in the future.

The firm's independence is built to protect it. I operate alone, and the portfolio expresses my judgement undiluted. Buffett identified the culprits for average performance in his 1964 partnership letter: group decisions, conformity, the safety of the average, irrational diversification, and inertia. The answer is an investor who acts alone, holds a concentrated portfolio of compelling opportunities, and stays nimble. I founded Clarence Drive Capital to be that investor. The humility this business demands forbids any stronger claim.

The unconstrained global equity strategy is a genuine advantage. In every previous role, I found it easier to source attractive opportunities abroad than at home — not because domestic businesses lack quality, but because the global opportunity set is many times larger, and a larger pool lets us hold a higher bar.

On true partnership. Most asset managers run products they do not invest in themselves, manage their own wealth differently from their clients', and gather assets in ways that pay them regardless of how investors do. Rare exceptions like the original Buffett Partnership gave me the confidence to build what I had always believed was right: a firm in which I invest my own capital alongside my partners' and do well only when they do.

The firm cultivates select partnerships with aligned investors. Ultimately, it is patient capital and the firm's independence that support rational behaviour. Together they let us express our shared competitive advantage in the portfolio. This edge stems from our long-term temperament that lets us take advantage of short-term swings in sentiment, and the high selectivity that comes from looking across the world for ideas.

Our strategy is to buy exceptional businesses from around the world, run by exemplary people, when they are temporarily out of favour and available at attractive prices. Done well, it is not only sound from a return standpoint but also carries lower risk. For a longer account of how I came to these three tests, see the accompanying essay, *On How I Came to Invest This Way***.**

23. Contact

If you would like to learn more about the partnership, I would welcome a conversation.

Email: johannes@clarencedrivecapital.com

Johannes Visser
Managing Partner
Clarence Drive Capital