Profile

In 2007 a publishing mogul by the name of Conrad Black, who was the former owner of The Daily Telegraph and Chicago Sun-Times, was charged with fraud and sentenced to 6 1/2 years of imprisonment.

What led to the fact that Black was running a ‘corporate klepocracy,’ and prompted the board to investigate was a question posed by Christopher H. Browne, the former Principal of Tweedy Browne & Co.

In 2001, Chris Browne raised numerous questions regarding the managerial and accounting aspects of Mr. Conrad Black’s company Hollinger International. According to Browne, Black was utilizing Hollinger’s stockholder’s money to fund his family’s lavish lifestyle. He is famously quoted in BusinessWeek in 2004 that he is not critical of how people live as long as they live off their own personal wealth.

It wasn't until 2007 that the accused was finally convicted and rightly sentenced to jail, but Browne’s indictments were proved true.

Tweedy Browne & Co., where Browne had been working since 1969 until his death in 2009, was a broker turned investment firm of his father Howard Browne.

The company since before Christopher Browne joined, catered to a renowned niche of Wall Street investors including Benjamin Graham and Warren Buffet.

Browne refers to the firm as ‘the Vatican city of value investing’. It is quite interesting how Browne actually joined the firm as he was offered a summer job one day by Edward Anderson,
an employee at the firm, when he went over to Tweedy Browne to borrow $5 to pay for his train ride.

During the time, he was still a student of History at University of Pennsylvania; he graduated in 1969 without returning to university as they lowered the graduation criteria. In only 5 years, he was promoted to junior partner at the firm in 1974. During his early years, Chris spent most of his time working with Ed scanning through Standard & Poor's, Moody's, and bank directories; looking for stocks trading under book value.

Until his death he served as a Charter (Life) Trustee of the University of Pennsylvania, and established the Browne Distinguished Professorships in the School of Arts and Sciences, and the Browne Centre for International Politics.

He was also a Trustee of Guild Hall, the Long Island Chapter of The Nature Conservancy, and The Rockefeller University where he is also an executive and investment committee member. Chris Browne served at the John F. Kennedy School of Government program in investment and behavioral finance as a member of the faculty advisory committee. Moreover, he has made contributions in the medical field by establishing Christopher H. Browne Center for Immunology and Immune Diseases.

Browne authored ‘The Little Book of Value Investing’, which illustrates his investment philosophy, and a manual ‘What Has Worked In Investing’ (the best free 50 page booklet, I have ever read; plus required reading for any true value investor).

Browne was known for his book and the twice yearly newsletter that he published as a managing director at Tweedy Browne & Co. He retired from the position and became senior advisor at the mutual fund family due to his deteriorating health.

According to Jason Zweig:

*Mr. Browne's philanthropic gifts included $10 million to the University of Pennsylvania, his alma mater. He also funded research into HIV and AIDS at Rockefeller University, New York.*

*A political conservative, he was known for expressing strong views, and "liked nothing more than to discuss them with people who disagreed with him," said Dr. Amy Gutmann, president of the University of Pennsylvania.*

*An enthusiastic amateur architect and aficionado of formal English gardens, Mr. Browne helped design the elaborate grounds of his home in East Hampton on New York's Long Island.*

*In person, Mr. Browne was polite and reserved, but had a quick wit. He spoke frequently at investment-industry conferences, poking fun at professors who think that the market always prices stocks correctly and consultants who claim to be able to identify consistently superior money managers.*

*With a quizzically raised eyebrow, Mr. Browne described efficient-market theory, which holds*
that stock prices reflect all available information, as "garbage in, garbage out." When another investment manager claimed to have made 250 company visits in the preceding year, Mr. Browne muttered, "What did you do? Drive by and wave?"

Chris Browne passed away on Sunday December 13th 2009.

**Investment Philosophy**

Two of Chris Browne’s publications, the book ‘What Has Worked In Investing’ and the manual ‘What Has Worked In Investing’, provides valuable insight into the investment philosophy of Browne. The manual, which is available at the Tweedy website for free, elaborates on the five investment strategies which the company makes uses when selecting companies to invest in. It is evident that his and the company’s investment styles are influenced by Benjamin Graham’s deep value approach.

Determining the acquisition value or estimating the collateral value of the assets and cash flow of every potential holding to dig up companies which offer significant discount of around 40 percent to 50 percent to intrinsic value is considered a good value stock.

Purchasing 40 percent to 50 percent discounted intrinsic value stocks is what Graham referred to as the ‘margin of safety’, the concept which is essential for the success of every value investor.

Stocks with small market caps, low price to asset value, low price to earnings ratio, decline in stock price, and significant insider purchases of company stocks are the approaches or criteria, which Christopher Browne and Tweedy Browne & Co was evaluated before delving further into research of the company. A stock with a low Price to Earnings ratio, usually along with low Price to Book Value ratio consequentially having a significant price decline, signals high margin of safety in relation to its intrinsic value (in terms of earnings and asset value).

Moreover, in order to ensure high performance, it is preferable for these stocks to be purchased and held by the company insiders, so the float remains insignificant enough to be overlooked by large institutions. Additionally, it usually is a good sign if the insiders are buying, since they know the company the best.

Browne linked value investing to purchasing $1 stocks for 66 cents. Being the managing director of the oldest value investing firm on Wall Street, the book written by Chris Browne highly depicts the above-average capitalist thinking with extensive focus on cigarette-butt investing strategy or bottom-up stock investment approach highlighted by Benjamin Graham.

The book elaborates on a few important questions which every value investor should get answers to. These questions probe into the internal and external company performance to get
in-depth information regarding the future prospect of value increase: Can the company further raise prices? Sell more product units? Increase profits through cost cutting techniques? What price would the company sell for today? are among the 17 questions discussed in What Has Worked In Investing.

Moreover, competitor analysis, comparative analysis, financial analysis, company growth potential, company’s ability to sell off unprofitable divisions, insider purchase behavior, company value analysis and research on company strategies are important aspects to consider along with the above mentioned queries. Christopher Browne stated in his book that the “stocks with insider buying outperformed the stock market by at least a two-to-one margin.”

There are few lessons which help better understanding Browne’s investment strategy. The book states that long-term investment is the only way to realize high gains by taking full advantage of the market best performance. Browne, focusing on the behavioral aspect of investment, also states that the reason why women are better investors is because they tend to stick longer to the stocks, unlike men who tend to sell stocks due to over-confidence and impatience.

Moreover, the book states that only 5 percent to 10 percent of all professional money manager are value investors while others are distracted by stocks which are commonly referred to as ‘glamour stocks’.

Value investors, like Browne, outperform growth funds by a 5 percent compounded rate of return. Furthermore, Christopher Browne in his book, confirms the existence of plenty value opportunities which can be availed. He has mentioned finding 751 stocks selling below book value, 752 cheap stocks based on earnings, and 96 companies with a 50 percent decline in the price during 2006.

Browne also underlined the importance of holding international stocks along with domestic ones, and found European stocks to have high value potential. The example being his 2003 investment in shares of Volkswagen stocks at 50 percent of book value which eventually doubled in price, while the U.S. auto-manufacturers went bankrupt (except for Ford, which was close to bankruptcy). Discovering value stocks in Europe was more like a treasure hunt for Browne, and the very interest in international stocks is part of the reason for Tweedy Browne’s high stock performance compared to the U.S counterparts.

Tweedy Browne's Global Value fund has returned 10.24% since 1993, versus 5.29% for The MSCI EAFE (Europe, Oceania and the Far East).

**Books**

*The Little Book of Value Investing* (2006) presents techniques which gives a basic framework for finding cheap companies: companies with predictable future earnings, low P/E ratio, high margin of safety, small capitalization and extensive insider stock buying are mentioned in the book as being preferable indicators of value stocks. The book roughly sketches an outline of value investing and through various real-life examples justifies the reason why it is a superior
form of investment.

**Quotes**

“If you’re comfortable with the stocks you own, if they’re solid businesses and you haven’t borrowed a lot to buy them, let the market do its worst. You don’t have to do something dramatic just because the market had a bad day.”

"Value stocks are about as exciting as watching grass grow. But have you ever noticed just how much your grass grows in a week?"

"garbage in, garbage out." (in reference to the efficient market theory)

**Interview/Speech/Article**

**VALUE INVESTING and BEHAVIORAL FINANCE**

Christopher H. Browne Examines Investor Psychology

A Career Spent Finding Value

**News**

**NEWS**

Latest news:

[gnews search="Tweedy+Browne"]

2009

Christopher Browne: A Tribute

*Christopher H. Browne Dead at 62 - WSJ.com*

Christopher H. Browne, Value Investor, Dies

Tweedy Browne principal Christopher H. Browne dies

2007

Value manager Chris Browne steps down from Tweedy Browne

The prince of value (CNN Money profile on Chris Browne)

When the Garden Designs the House

5-Star Stocks in the Bargain Bin
Spring 2007 Lecture (guest lectures by Christopher Browne in Bruce Greenwald's class)

Spring 2006 Lecture

2006

Browne's Chatty Primer Makes Case for Value Investing (Update1)

SUNDAY MONEY: INVESTING: Some Mutual Funds Are Joining the Activist Bandwagon

Before Its Time, the Death of a Newspaper Chain

2005

Rebuked, Even Sued, a Board Remains in Place

2004

Pro?les in Investing: A Legacy of Value Great interview with Browne.

Not So Fast, Lord Black: Investor Chris Browne's persistence put a spotlight on the Hollinger CEO

2003

Mutual Funds Report: What's in a Name? A Clue to Quality

Chief Agrees To Salary Cap Of $6 Million At Hollinger

2000

Value Investing and Behavioral Finance by Chris Browne

Chris Browne Columbia Speech 2000

Alum donates $10 million to SAS

1999

Heard in the Hamptons: "The Earth Moved"

1998

INVESTING WITH: Tweedy, Browne & Co.

1997
AFFILIATED MANAGERS ACQUIRING 70% OF TWEEDY, BROWNE

1996

TWEEDY, BROWNE ON THE PROWL FOR UNDERVALUED STOCKS THIS SUMMER'S MARKET STUMBLE DIDN'T OFFER UP MANY TEMPTING STOCKS, THE MUTUAL-FUND COMPANY SAID.

Tweedy, Browne Avoids the Hot Spots and Hunts for Value

1994

5 FUNDS WORTH A LOOK HUNTING FOR THE NEXT MAGELLAN SUCCESS STORY ON THE OCEAN OF MUTUAL FUNDS? WITH HISTORY AS YOUR GUIDE, THERE ARE WAYS OF FINDING OUT

1989

DISCUSSION SLATED BY FALLS CHAMBER

1988

Jefferies Reveals Suitor's Move, Poison Pill

1984

FOUR BUYERS CORNER 45% OF BANK'S STOCK