John Templeton Resource Page

“If you want to have a better performance than the crowd, you must do things differently from the crowd.” -- John Templeton

John Templeton: Background & bio

John Templeton was born Nov. 29, 1912 to a poor family in Tennessee. He attended Yale University and graduated in 1934 near the top of his class with a degree in economics. Afterwards he attended Oxford University and graduated with an M.A in law. After getting his degree at Oxford, Templeton started working for Fenner & Beane, one of the predecessor firms of Merrill Lynch.

He married in 1937 and had three children. His wife tragically died in automotive accident in 1951. He subsequently remarried and was together with his second wife until she died in 1993.

During the depths of the Depression in 1937 Templeton co-founded an investment firm that would become Templeton, Dobbrow & Vance. He was active in investing until the 1990s and during these many decades made some phenomenal investments. In 1999, Money Magazine called him “arguably the greatest global stock picker of the century.” Templeton became a billionaire by the end of his life through his investments.

After he retired he devoted his life to philanthropy. He became more spiritual later in his life and wrote several books on his faith. John Templeton was knighted due to his charitable contributions. Templeton died on July 8, 2008 at the age of 95.
John Templeton: Investment philosophy

John Templeton was unique in his classification as a value investor. I say this because he was not from Graham and Doddsville, or part of Graham’s school of investing. However, he shared many characteristics with other legendary value investors and their ideas have influenced many of the great value investors of our time.

Investors like Templeton utilized fundamental techniques in their investment approach and did not rely on technical or momentum based investing. He always looked for cheap stocks and buying at times of pessimism. Templeton was a contrarian and therefore would be classified a value investor.

When thinking of Templeton’s investment philosophy two thoughts really come to mind: Cheap and global.

First let’s start off with cheap. In one of Templeton’s most famous transactions, he made a daring move in 1939. At the start of WWII Templeton called his broker and asked him to buy 100 shares of every stock trading under a dollar. He bought a total of 104 companies for a little over $10,000. Four years later he sold this portfolio for $40,000. Templeton, like a typical value oriented investors, always thought the best time to buy was when people were scared and stocks were on sale. He did not limit his investments to a certain market capitalization. Many times he would purchase shares in tiny companies that his clients never heard of.

Templeton was also one of the first true international investors. Many times he found the best bargains were outside of the united states. For example in the early 1960s, he realized the Japanese market was extremely cheap and started investing there. He also found some bargains in small Canadian real estate estate companies which were selling at very low multiples to earnings.

However, Templeton did not simply look for bargains he looked for the best bargains. He also searched for countries and stocks where regulation was limited or sometimes even impossible i.e. newspapers due to freedom of press. In fact, Templeton looked for countries which were more capitalistic and had inflation under control.

In 1962, Templeton found companies in Japan selling at two to three times earnings. He found so many bargains in Japan that by 1970 60 percent of his portfolio consisted of Japanese equities. Besides Japan and Canada, Templeton also looked to several European countries, Australia, New Zealand, and some Asian countries when they were attractive at certain times. Towards the end of his life he expressed interested in Chinese equities.

Templeton believed that there were no simple formula for finding good stocks and there are over 100 factors that can be considered. However, Templeton had four criteria which he considered to be very important.

1. P/E ratio
2. Operating profit margins
3. liquidating value
4. Consistency of growth rates

In 2000 for the first time ever Templeton said he could not find bargains since markets were overpriced worldwide. He therefore recommended putting 75 percent of one’s money in bonds. He also recommended diversifying into other currencies as he expected the American dollar to fall. History proved Templeton very right on both those calls.

Books about John Templeton

Money Masters of Our Time by John Train.

Investing the Templeton Way: The Market-Beating Strategies of Value Investing’s Legendary Bargain Hunter By Lauren Templeton

John Templeton: Quotes

The four most dangerous words in investing are "This Time is Different".

“You must be a fundamentalist to be really successful in the market.”

“Invest at the point of maximum pessimism.”

“Before this century is over, the Dow Jones Industrial Average will probably be over one million versus around 10,000 now. So for the long-term, the outlook is tremendously bullish if you buy stocks blindly to keep for a century.”

“The other boys at Yale came from wealthy families, and none of them were investing outside the United States, and I thought, ‘That is very egotistical. Why be so shortsighted or near-sighted as to focus only on America? Shouldn’t you be more open-minded?’”

“See the investment world as an ocean and buy where you get the most value for your money. Right now the value is in non-callable bonds. Most bonds are callable so when they start going up in price, the debtor calls them away from you. But the non-callable bonds, especially those non-callable for 25-30 years, can go way up in price if interest rates go way down.”

“If you buy all the stocks selling at or below two times earnings, you will lose money on half of them because instead of making profits they will actually lose money, but you will only lose a dollar or so a share at most. Then others will be mediocre performers. But the remaining big winners will go up and produce fabulous results and also ensure a good overall result.”

“How about no income tax at all on people over 65? People would continue working, remain healthier, not be an economic and social drain on society. Then the elderly would also have more disposable income to help charitable activities.”
“In my 45-year career as an investment counselor, humility did show me the need for worldwide diversification to reduce risk. That career did help me to become more and more humble because statistics showed that when I advised a client to buy one stock to replace another, about one-third of the time the client would have done better to ignore my advice. In other endeavors, humility about how little I know has encouraged me to listen more carefully and more wisely.”

“If governments encourage people to become more spiritual, there will be a reduction in healthcare.”

**John Templeton: Articles**

- John Templeton's Global Value Quest
- John Templeton, pioneer investor, dies at 95
- Franklin to acquire Templeton mutual fund
- Mutual Funds: John Templeton's Faith and Patience
- Sir John Templeton's 16 rules - Franklin Templeton
- How to invest like ... Sir John Templeton
- How To Invest, Think and Live Like Sir John Templeton
- The Greatest Investors: John Templeton | Investopedia

**John Templeton: Video**

- John Templeton from 1989
- Sir John Templeton Life Story
- Sir John Templeton and Peter Lynch
- Sir John Templeton 100th Birthday Tribute
- The Wisdom of Sir John Templeton
- Documentary on Famous Contrarian Investor – Sir John