Phil Carret Resource Page

“The contrary opinion school has a great deal of validity. When everyone is bullish, why, you should be very concerned” -- Phil Carret

Phil Carret Background & Bio

Philip L. Carret started one of the world's first mutual funds and his investment career spanned eight decades, encompassing dozens of cycles of bull and bear markets. He died at the end of May 1998 aged 101.

Carret was born on Nov. 29, 1896 and graduated from Harvard College in 1917 with a degree in chemistry. Soon after he enlisted in the Army Signal Corps, where he was trained to fly. He was sent to France but the war ended before he saw combat.

Carret was known as a long time value investor. For over 55 years he managed the Pioneer Fund, a mutual fund he founded in 1928. The initial idea for a fund of pooled investments came while he was working as a financial reporter at the Boston News Bureau. The news bureau’s publisher, Clarence W. Barron, later lent his name to the financial weekly Barron's, where Carret also worked for a time.

With an initial bank roll of $25,000, from friends and family, Carret set out managing money. Unfortunately, 1928 turned out to be one of the worst possible times in history to start a new fund as the market crash and subsequent depression inflicted heavy losses. Nevertheless, from the mid-1930's through his retirement as its manager in 1983, Mr. Carret led the Pioneer Fund to some of the best long-term returns in the fund industry.

Phil Carret sold control of the company that managed the Pioneer fund in 1963, although he remained manager until 1983. Soon after selling control of the fund, Carret set up Carret & Company, which oversaw investment portfolios for wealthy individuals and institutions. He worked at Carret & Company until a month before his death commuting three days a week.

Carret actually played an important part in Warren Buffett’s education as well. As the story
goes, in the mid-1940's, Mr. Carret traveled to Omaha, where he met a broker named Howard Buffett. Mr. Buffett recommended a company named the Greif Brothers Corporation, a barrel maker to Carret, who brought the stock for 68 cents. Carret & Company continued to hold the stock until at least 1997, when the stock traded at $36.50.

Philip Carret has also been a longstanding shareholder of Berkshire Hathaway, which is run by Howard Buffett’s son, Warren. Carret usually traveled to Omaha for the company’s annual meeting, where the younger Mr. Buffett, Berkshire’s chairman, once introduced him as “one of my heros.”

But while Carret built his reputation as a long-term value investor, he also made speculative bets, trading for short-term gains. In 1939, after drawing on his grandfather’s experience as owner of a sugar plantation in Trinidad, Carret bought shares of a Cuban sugar company, expecting that the price of sugar would soar during wartime. He sold the shares, purchased for $1.75 each, for $65 to $200 apiece in the 1940’s.

**Phil Carret 12 Commandments of Investing**

Phil Carret had 12 basic ‘Commandments of Investing’:

1. Never hold fewer than 10 different securities covering five different fields of business;
2. At least once every six months, reappraise every security held;
3. Keep at least half the total fund in income producing securities;
4. Consider (dividend) yield the least important factor in analyzing any stock;
5. Be quick to take losses and reluctant to take profits;
6. Never put more than 25% of a given fund into securities about which detailed information is not readily and regularly available;
7. Avoid inside information as you would the plague;
8. Seek facts diligently, advice never;
9. Ignore mechanical formulas for value in securities;
10. When stocks are high, money rates rising and business prosperous, at least half a given fund should be placed in short-term bonds;
11. Borrow money sparingly and only when stocks are low, money rates low and falling and business depressed;
12. Set aside a moderate proportion of available funds for the purchase of long-term options on stocks in promising companies whenever available.

**Phil Carret - Carret Asset Management**

**Carret Asset Management LLC**

*Founded in 1963, Carret Asset Management’s fundamental goal is to build sound, customized, diversified portfolios structured to meet the unique investment needs of our Individual and Institutional clients. Our capabilities span a broad range of investment strategies across multiple asset classes:*
Municipal Fixed Income

Taxable Fixed Income

Opportunity Fixed Income

Large Cap Equity

Custom Balanced

A conservative, Customized Investment Strategy

At Carret, we put the needs of clients first. We work with you or your financial advisor to construct a portfolio based on your unique investment goals and risk tolerance. Our clients’ objectives range from 100% equity portfolios with a growth oriented total return emphasis to 100% bond portfolios with a focus on preservation of principal and tax-efficient income generation. Many of our clients have a custom balanced portfolio that has an asset allocation that can change over time as their goals and objectives change. In addition, we believe in the highest standards of transparency and independence. Client portfolios are managed separately and all securities are held by independent custodians as directed by the client.

Performance Oriented

Operating as a team, Carret's Portfolio Managers develop and implement the firm’s investment process and strategy. At Carret, our performance-driven culture focuses on meeting the investment goals and objectives of each client. The key distinguishing characteristic of our investment approach is our use of “high-quality” stocks and bonds. Our research indicates that high-quality securities provide attractive long-term investment results with reduced volatility. Our investment process combines top-down economic analysis with bottom-up fundamental company analysis to construct diversified portfolios.

A Focus on Quality Service

At Carret, we place great value on understanding and serving our clients' individual needs. Your investment portfolio will receive the day-to-day care of one of our seasoned portfolio managers, who average 20+ years of investment experience.

Moreover, your portfolio manager will serve as your primary contact at our firm. We
believe that it is best for our clients to have direct and regular communication with the person responsible for managing their portfolios. Each portfolio manager works closely with their clients and design a portfolio that is customized to address each client’s specific needs.

Quarterly commentary

Carret Credit Insights - October 2014
Carret Equity Insights - October 2014

http://www.carret.com/news

Phil Carret Books

Philip Carret was the author of several investment books, including "Buying a Bond," and "The Art of Speculation," both originally written as a series of articles for Barron's magazine and published as books in 1924 and 1930, respectively. In 1991, the Fraser Publishing Company of Burlington, Vt., released "A Money Mind at Ninety," an anecdotal autobiography.

The Art of Speculation
A Money Mind at Ninety

Phil Carret quotes

“The usual way I lose money is by buying concept stocks.”

“Seek facts diligently; advice never.”

“There are styles in securities as there are in clothes. A security may be undervalued, but if it is also out of style it is of little interest to the speculator. He is, therefore, compelled to study the psychology of the stock market as well as the elements of real value.”

“Successful speculation requires capital, courage and judgement. The speculator himself must supply all three. Natural good judgement is not enough. The speculator's judgement must be trained to understand the multitudinous facts of finance.”

“If you are doing the right things, a bear market is not going to kill you.”

“If you have a good stock, sit on it. Unless you find something that's obviously much better, cheaper.”

Phil Carret - Articles

INVESTING IT - Patience? This Man Practically Invented It
Insights from Philip Carret, from Steve Ellison
Phil Carret, Money Manager, Dies at 101
Wisdom is Profit: Philip Carret, A Pioneer Of Fund Gains
Phil Carret: The Pioneering Investor
Financial Innovator Phil Carret '17 Dies at 101

Phil Carret - Videos

PhilCarret, Value Investor on Wall Street Week
PhilCarret - First 100 years - © Pioneer Investments 1996