Robert Rodriguez has earned many titles over the years such as ‘prophet’ by Barron’s, ‘doomsayers who got it right’ by The Wall Street Journal and ‘four horsemen of the market’ by MarketWatch; these titles illustrate his competency in the world of financial markets.

Rodriguez is currently the portfolio manager of FPA Capital Fund and FPA New Income Fund, which he started in 1984. Rodriguez now has ~16 billion under management. The flagship fund; FPA Capital (FPPTX), has returned 15 percent annually over the past 25 years, beating every single diversified equity fund! His bond fund FPNIX has never had a losing year since inception!

Robert Rodriguez is one person who is not afraid to state what he thinks is right regardless of the many cynics and detractors. The prediction made by Rodriguez regarding the internet stock market in the 1990s and the recent financial crisis of 2008 proved to be true overtime despite the public mockery and denigration.

Robert Rodriguez, also commonly known as Bob Rodriguez, hasn’t had it easy since the beginning. After his MBA from University of Southern California, he had to struggle to find a job in the financial sector. He got a job as a stock trader at Transamerica where he eventually became an analyst by covering sectors which his colleagues had dumped or let go. Rodriguez stated that it was hard to get a job with the last name Rodriguez, when he entered the financial field. Time and again he had to prove himself to the financial world, the dot com bubble incident being a prime example.

Rodriguez currently serves as a board member for the USC Center for Investment Studies and the USC Marshall School of Business Board of Leaders. He was also the recipient of the Marshall School of Business 1997 Alumni Award for Business Excellence.

Rodriguez's prior experience includes serving as Vice President and Senior Portfolio Manager in the Chairman Department of Kaufman & Broad, Inc. He was also a Portfolio Manager at Transamerica Investment Services, Inc. He began his investment career in 1971.
During the 1990s when almost every single company was generating unbelievable amounts of cash and fund managers were investing like crazy in internet/technology stocks, Rodriguez, foreseeing the dot com bubble burst, started decreasing his tech stocks.

This conviction regarding the bubble burst and his actions, not only made him lose his reputation in the market, but some of his clients. Some of Rodriguez's clients were taken aback by his then believed 'ridiculous' action of shortening tech stocks and quickly left his two funds. Unfortunately, had they believed in Rodriguez, would those investors would have been among the few who survived the disastrous impacts of the dot com bubble burst.

Initially his decision cost his funds on a short-term basis as his assets decreased from $800 million to $350 million with most stocks in his portfolio underperforming. However, his prediction came true in 2000. While the majority of the country watched their investment return crumble down to an unbelievable low during the period of three years from 2000 till 2003, Rodriguez's funds crushed the market, returning over 38 percent in 2001, -4 percent in 2002, and 39 percent in 2003, far exceeding the returns of the S&P500.

His proficient prediction, or prophecy as some might say, didn't stop there. In 2005 he again saw trouble in the mortgage sector with high default figures. He converted 43 percent of his FPA Capital's holdings and approximately 60 percent of his FPA New Income's holdings to cash, an action which again led to his clients doubting his investment expertise. FPA Capital like every other fund experienced downfall with the market crash, but unlike every other fund, it managed to recover rapidly in, 2009 with 40percent returns.

Rodriguez credits much of his interest and aptitude in stocks to Graham's Security Analysis' which he found in his university library. Rodriguez, is warning of another catastrophic recession due to the high amount of debt that the Government has been taking on.

**Robert Rodriguez Investment Philosophy**

Fresh out of college in 1971, Rodriguez learned his lesson during the initial years of his career in the stock market. He saw the stocks of one of the companies he had invested in go down from an initial price of $22 to as low as 88 cent. Despite the fact that he held on to the company's stock on long-term basis and eventually saw it rise, this experience taught him one of the most valuable lessons, which became an essential component of his investment philosophy: learn from past mistakes and research to better understand the company.

Owing his realization of the profitability of value investing as described by Graham in Security Analysis, he is a staunch believer of determining a company's value by looking past and beyond the price fluctuations and market trends. Rodriguez focuses on investing in undervalued companies with low market capitalization. Strong balance sheet, free cash flow, capable management and comprehensive understanding of company's business are underlying principles of his investment philosophy. Rodriguez also likes companies with a strong moat. He will invest in stocks, high yield bonds and anywhere he finds value.
He believes in high margin of safety to ensure high liquidity to cushion losses in time of crises. When he predicted the 2008 financial crisis, he converted approximately 40 percent of his FPA Capital asset and 60 percent of his FPA New Income asset to cash to maintain and ensure liquidity after the crisis hits.

Rodriguez would rather hold cash than invest in stocks just for the sake of being fully invested. Where a majority of fund managers aim to increase assets and maintain a wide customer base regardless of the inability to deliver expected returns or quality service, Rodriguez would rather lose his clients than deceitfully lead them into investing in his funds knowing their investment would not reap profitable gains.

His equity fund has a concentrated portfolio of 30 company stocks which Rodriguez buys after extensive research. As mentioned before, he takes a large amount of time investigating and researching companies. For example, before investing in additional stocks of a craft-supply company called Michaels, he extended his research by gathering information regarding the business strategy of the company by consulting many of Michaels' store managers. You can call Rodriguez a practitioner of "scuttlebutt". Right now, Rodriguez is heavily concentrated in several oil and gas companies, and industrials.

In short, Robert Rodriguez can be described as an opportunistic long-term focus investor with the outlook of a short-seller. The market observations and prophecies of this proclaimed ‘prophet’ are all illustrations of his strong belief in his investment philosophy.

**Robert Rodriguez Current Portfolio**


**Robert Rodriguez Books**

Robert Rodriquez is portrayed as the "hero" in Roger Lowenstein's book-The End of Wall Street, (you can see my interview with Roger Lowenstein [here](http://www.valuewalk.com/2013/06/roger-lowenstein-interview/), and my book review-[here](http://www.valuewalk.com/2013/06/20130612-book-review-the-end-of-wall-street-by-roger-lowenstein/)). Lowenstein mentions Rodriguez’s foresight into the coming financial crisis and his decision to make portfolio changes, including pilling up on cash as the bubble got bigger.

**Robert Rodriguez Quotes**

“You have to be smoking dope to think stocks will realize the kind of expectations built into prices.”

"We try to take advantage of other investors' emotional or irrational reactions."

“I try to remind people, whether you have a growth manager or a value manager, you’re going to go through cycles where you think you have a village idiot.”
“You never know the value of liquidity until you need it and don’t have access to it.”

Robert Rodriguez Interviews/Articles

FPA Capital's Bob Rodriguez Says Economic Meltdown Looming: AdvisorOne Interview

Bob Rodriguez: The man who sees another crash

Interview with Morningstar

We will have another crisis...

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Robert Rodriguez's Latest news:

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FPA's Robert Rodriguez: We'll Have Another Crisis

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No Free Bubble

Stimulus deal promising: housing risks still plentiful

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Investors see spillover from subprime loans

The Bear Facts: Mortgage Woes Are Apt to Worsen

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Comments on Transgressions in the Mutual Fund Industry

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Success may diminish value stock funds' appeal

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BUYER'S STRIKE
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Accounting Issues Hiding in Plain View

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Morningstar.Com - Ask the Expert by Alan Papier

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Delusions dying, investors return to the fundamentals (Limited View)

TECH INVESTORS NEED TO GET BACK TO BASICS (Limited View)

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Investors are facing quandary

INVESTING WITH: Robert L. Rodriguez; FPA Capital Fund

1999

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Bear turns to retail, computer stocks (Limited View)

Dow finishes unchanged as investors play it safe

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Beating the index Firms chasing S&P 500 find a slippery slope (Limited View)

MARKETS CLOSE WITH LITTLE CHANGE SOME INVESTORS FEAR THAT RECENT RALLY HAS LEFT SHARES OVERVALUED (Limited View)

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Investment Club Group Expands Its Horizon (Limited View)

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RUNNING OUT OF STEAM: Big Returns On Bonds Expected To Decline (Limited View)
Even Wall Streeters Don’t Know If Worst is Yet to Come

Analysts warn not to push panic button

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1992’s Bond Fund Earnings Contain a Caveat to Investors (Limited View)

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Bond Investors May Find Days of Easy Money Over (Limited View)

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Investors’ Views Suggest Shift on Economy Industrial Shares Benefit From Dramatic Selloff in Consumer Issues Quarterly Investment Outlook (Limited View)

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SMART MONEY/INVESTING BOND FUNDS Fixating on Fixed Income (Limited View)

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Ginnie Mae still a big star (Limited View)

Robert Rodriguez videos:

Choosing the right stocks

Legendary Investor Shuns Stocks

Profit from a Bear Market

Winning Investment Strategy

The Real Estate and Credit Meltdown: How Did We Get Here and Where Do We Go?