
THE WALL STREET TRANSCRIPT

Connecting Market Leaders with Investors

Long-Term Value Investing



J. JEFFREY AUXIER is President and Chief Executive Officer of Auxier Asset Management LLC, and a Portfolio Manager with and founder of the Auxier Focus Fund. In an era when the experience of many fund managers is just five years, Mr. Auxier offers his clients a proven and seasoned perspective on the ever-changing market. With over 25 years in portfolio management and research analysis, he believes in the power of daily, grind-it-out research, independent thinking and respect for his investors of all sizes. He began his lesson in finance early — at age

11 while mowing the lawn of Robert Pamplin Senior, the former long-time CEO of Georgia Pacific and recipient of the World's Top CEO Award from *Financial World*. In 1981 Mr. Auxier graduated with honors from the University of Oregon with a degree in Finance and an emphasis in Accounting. In 1982 he began his career at Foster Marshall-American Express (now Smith Barney) in Portland, Oregon. He became a member of the Smith Barney Portfolio Management Advisory Board, the Chairman's Council from 1990 to 1996, Senior Vice President of Investments and Senior Portfolio Management Director. In 1993 he was awarded the Consulting Group Bob Dwyer Award, which honors the Portfolio Manager whose "integrity, knowledge and commitment to discipline of investment management exemplifies the highest standards." *Money* magazine named Mr. Auxier its "All-Star Broker" two years in a row (1997/1998). Fulfillment of Mr. Auxier's professional dream came when, in 1998, he left Smith Barney to start his own investment advisory, Auxier Asset Management. Mr. Auxier and his family choose to live far from the wilds of Wall Street, on a 108-acre, profitable farm just outside of Portland, Oregon.

SECTOR – GENERAL INVESTING

(ZHT501) TWST: Would you start with a short history of Auxier Asset Management? What is your investment philosophy?

Mr. Auxier: I started in the investment business in 1982, to master the skills of capital allocation. One of my first calls out of college was to Warren Buffett, who was considered the best investor in the country at that time. He recommended Ben Graham's books *The Intelligent Investor* and *Security Analysis* and in addition, two books by Phil Fisher, *Common Stocks and Uncommon Profits* and *Conservative Investors Sleep Well*. He also mentioned Lou Simpson as being an investor he admired. I have really tried to adhere to those principles and the discipline, and have just tried to be a voracious student of investing.

in the game, you have to keep your emotions out of it. I think too little attention is paid to compounding; to me it is the cornerstone of investing.

It gets back to the two Warren Buffett principles. The first rule is don't lose your principal and the second rule is never violate the first rule. We try to always quantify the downside of each investment and make sure we get paid for the risk. If we are not getting paid for the risk, we feel we will stay in a market agnostic position until we actually get paid for the risk. We tend to "price" our investments. We identify ahead of time the businesses and managements we want to own and then wait for the right price.

TWST: Is the Focus Fund still the flagship product at Auxier Asset Management?

Mr. Auxier: We set up the Auxier Focus Fund as a vehicle

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In 1998 we set up Auxier Asset Management to focus primarily on research and to outperform markets through a committed research effort. I started with Foster Marshall back in 1982. They were a value-oriented stock-picking firm in Seattle at the time, and I pretty much stayed with that firm through 1997. My interest was in having the freedom to study great business leaders, great business models, great investors and to have that flexibility to spend most of my day on research. That's the main reason for setting up the firm, because I have a passion for the research process.

TWST: You always focus on compounding at higher rates of return. What is your approach to investing?

Mr. Auxier: We have a huge appreciation for the power of compounding and that leads us to always look down first, in quantifying the risk of loss. In other words, if you go down 50%, you have to go up 100% in order to get even. If you are up 50% in year one, and up 50% in year two, and you are down 50% in year three, a steady 8% beats that. I think a lot of times people are promoting returns, but what we try to do is focus on protecting in the down markets. We strive to outperform the market by beating it handily in the down periods, and then matching in the up periods. We've found that investor pain on the downside is acute and we want to keep the compounding going. You have to stay in the game and to stay

for people to see how we do versus the indexes. We are really hired to beat the indexes with a lot less risk. When we started the Fund, I was the single largest shareholder. It is a privilege to be a steward of other people's money and I feel strongly that as the manager, I should be locked in with the shareholders.

It's fun to watch it grow from the standpoint of performance. We beat the market, I think over 70 percentage points since inception. What it represents, again, is more of a public vehicle to show how we can allocate capital. Again, we want to show how we perform versus the markets and I locked myself in, so I cannot sell a share of the Fund as long as I am the manager. We wanted a vehicle that people could study and look at different third-party sources for facts. We wanted a vehicle that would be matched up against benchmarks and where investors could compare through all different kinds of markets and see how we perform. It wasn't really designed to take advantage of any particular segment of the market. It was just designed to show our capital allocation abilities. It's because my passion is research. I wanted to have a track record to show how we are doing, what the research effort has produced.

TWST: We have had a lot of turmoil and extreme volatility in the markets since the subprime collapse and the credit crunch. How has that rapid downturn impacted your investing and how are you handling it?

Mr. Auxier: As a serious long-term investor I live for these periods. We like crisis situations because of the low prices that result. We identify ahead of time the businesses and managements we want to own. Most of the time they are over-priced. We try to appraise our investments outside the market and do the homework ahead of time to decide which managements we like, what business models we like. Most of the time we are waiting for an accident to happen. Right now we are having a major accident, an unprecedented credit crisis. Again, after doing 25 years of research daily, we will hopefully be able to add value. We were very active in the consumer recession in the early 1990s and bought a number of Southern California banks at or below 50% of book value. After the thrift crisis, from 1992 to 2000, the small and mid-sized banks were up 400%-800%. From 1991 through 1998, the banks were the number one performing industry group. We have not been buying those yet, but we are getting more interested as they continue to get killed here.

“No matter what the size, we try to buy those businesses that are enduring. We tend to go into those types of business models that are dull and mundane. Like Peter Lynch always said, we would like to buy the inspired management in the uninspiring industry. But we also watch capital flows; we don’t like businesses where there is lot of excitement or change because floods of capital are one of your great enemies as an investor.”

If you go back through history and you look at crisis situations, you see that crisis is opportunity. In 1930, J. Paul Getty set up **Tidewater** to buy oil stocks and basically never paid over book value during that decade. In 1982, after Mexico defaulted on its sovereign debt, Carlos Slim became an aggressive buyer of quality businesses. You have these situations throughout history where the great investors, those who like to buy assets for 20, 30, 40 cents on the dollar, come alive. We have been working hard for a number of years to prepare for this opportunity. It still requires a lot of humility, a lot of work, and we are not just jumping in there. But I’m convinced we will see compelling opportunities. Any time you have a debt liquidation and people are selling because of a debt gun held to their head — well, to be a buyer in that situation, it just does not happen very often.

If you look at 1982, 1973-1974, the 1987 crash and the last thrift crisis, really the last consumer recession in the early 1990s was very similar to this. However, this one is much bigger because the hidden borrowed money has been much greater — the extreme leverage on the part of investment banks, hedge funds and private equity, together with the bubble in “securitiza-

tion” that has led to a proliferation of toxic assets on the bank balance sheets.

TWST: Are you finding any candidates for purchase with compelling opportunities in this market?

Mr. Auxier: We’re finding a lot of interesting prices due to forced selling by overleveraged institutions. Because of liquidity needs, some of the highest quality businesses have been sold off. We tend to buy businesses that drown in cash. They are dull and mundane. They are not magnets for capital. In other words, they don’t generate a lot of excitement. We generally are in the foods and the beverages and those types of mundane, “necessity,” low-ticket products that endure through difficult economic periods. We like businesses that have low mandatory capital spending requirements.

When looking at common stock, these ownership positions tend not to get diluted because of their strong balance sheets. The problem with a weak balance sheet is, to get through

the tough times, they often have to dilute the common shareholder and/or reduce dividends to keep the business going.

In December we bought a number of corporate bonds, not junk bonds but investment-grade bonds that were trading very, very cheap to the market, because the spreads had widened. In June 2007 we wrote to our shareholders that spreads between high-risk bonds and low-risk bonds were at a historic low, about 2.5%. Then, recently, in December they were up to 21%.

What you have is these pendulums that swing between easy money and tight money. We’ve gone from easy money to the pendulum swinging all the way to the other extreme, which is further tightened by regulators. When you are buying assets, you are pricing your assets and you want to buy them cheap. Now the fundamentals are still declining, so what we try to do is watch for fundamentals to turn up. A lot of times we buy the debt of companies and we will track that debt ahead of time. If the debt continues to decline, it’s very difficult for the stock to do well, given that increased cost of capital. But generally there are opportunities when you have liquidations and people are selling, because prices are going down or they are selling because they have too

much borrowed money. That's just a tremendous time to be a long-term investor.

We are excited by the opportunities, but also cautious. Easy money fueled parabolic moves in areas like credit default swaps (CDS). The market went up from \$900 billion to \$60 trillion in six years. Oil went up 600% in six years. What you had was an enormous amount of leverage that increased as prices went up. However, just as the NASDAQ increased 600% between 1994 and 2000, you typically have corrections of over 70% after those kind of moves in six years, because of the unwinding of the borrowed money.

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As an intermediate step, we have parked money in corporate debt securities to generate cash flow and watch for a positive turn in fundamentals. Right now the common stocks we own include **Wal-Mart** (WMT), **Philip Morris** (PM), **Coca-Cola** (KO), **Dr Pepper Snapple Group** (DPS), **Nike** (NKE), **Well-Point** (WLP), and **Tesco** (TSCDY), **Berkshire Hathaway** (BRK.A), **Unilever** (UN), and **Diageo** (DEO). Those are some of the names that are self-funding. Also **Johnson & Johnson** (JNJ) and **Apollo Group** (APOL). About a year ago we bought a basket of education stocks that generate substantial free cash flow and do well when the economy turns down.

Years ago, J.P. Morgan would try to get John D. Rockefeller to borrow from Wall Street. He never would. As a result, Standard Oil Company never had a problem getting through a series of depressions. You have to be mindful of borrowed money and the balance sheet. Wall Street tends to look at earnings growth while minimizing the importance of the balance sheet and cash flows. We are back into a market where you must look at the entire capital structure of each investment. I think it's a great time to be a business analyst/value investor because it's not a momentum market; it's more balance sheet and cash flow oriented. It is a time to differentiate among businesses and determine where there is demand for the product. We've tended to stick to companies that sell necessities. In other words, those are things that people buy based on their daily needs, and so that has helped us outperform. We are still down, but it has helped quite a bit.

TWST: Tell us about the composition of your portfolio and how many stocks you generally have in there. Does the number fluctuate according to market conditions?

Mr. Auxier: We're trying to be very flexible, with a commitment to voracious daily research. If there is any advantage, I think it is just the commitment to doing more research than anybody else, and so the portfolio will have a number of positions that we track. We might have one to 200 what I call "tracker positions." We often watch a company for years before we buy. In 1983 I bought **Waste Management** (WMI) at 9 times earnings, and in 1989, we sold it. It was over 40 times earnings then. We

still haven't bought the common back. We did buy the debt. In fact, I just bought some debt in December. We follow these for years and then we will price our investment. You know if the price is right, we will buy it. If it's not, we won't. A lot of time is spent tracking fundamentals, watching the businesses and then if the price is right and the fundamentals are right, we are on it. It's really important, that day-to-day consistent research, because you need to know the fundamentals. I love newspapers, for example, but if the fundamentals are horrible, we can't buy in that space. The prices are down but the fundamentals are declining rapidly.

We are always looking for those businesses that have improving fundamentals, and then where price is compelling enough to get that double play. You want that double play: low valuation together with improving fundamentals. But generally we try to have a number of tracking positions and then we will buy several times. In a bad market we might buy a stock 50 to 100 times if we like it. It all depends again on the fundamentals and the price. We try to use a lot of humility, because everybody talks about concentration, but the bottom line is, if you are wrong on concentration, you interrupt your compounding. We tend to monitor position size closely. We are mindful of the "torpedo stock." That is a stock that is highly valued, has high expectations, and can torpedo the portfolio if it blows up.

The really tough markets will be where we pay extra attention to position sizes. If one of our positions has grown to a larger percentage in the portfolio, we will really watch it. If it's

overpriced, we will cut it back. We don't tend to hold overpriced businesses. Back in 1999, **Coke** was 50 times earnings. Now it's down to 12 or 13 times earnings. But you've got to sell bubble-priced positions. For instance, if a stock is a good business, but it gets overpriced, we will sell it or pare it back. That keeps us out of the bubble, that keeps us from getting into overpriced industries and then riding those down. Really it's the day-to-day voracious learning, anticipating the problems ahead of time and making sure we get paid for the risk that's important. We like to make sure we're holding undervalued investments, to protect on the downside. We strive to avoid permanent capital loss that interrupts the compounding process.

TWST: The volatility in the market actually is a good thing for you. Are you finding more compelling opportunities?

Mr. Auxier: Yes. You want volatility because you are looking to buy the misappraised asset. The benefit of investing in the auction markets is that you have occasional bouts of fear, greed and folly. People don't realize that the average NYSE stock fluctuates 50% over the course of a year. You want to be very rational and businesslike when everybody else is losing his head.

We try to beat the market with about 60% or 70% exposure to common stocks. That's what we have done since inception and it's worked, because if you are full on and if all of a sudden credit tightens like it has, it can be devastating. If you are down 50%, you have to go up 100%. We really like tight money and we try to have the liquidity to take advantage of it, but we are sitting on a lot of liquidity and we are in a firm where we are totally debt-free. We tend to like these periods. Volatility is the friend of the long-term investor who is serious about buying quality businesses at compelling prices. We do try to make it on the buy side, so we need that volatility to get price points that are attractive on a risk/reward basis.

TWST: What type of companies do you like to invest in?

Mr. Auxier: We think there is a big advantage to having smaller sums of money. The trend is to buy the big funds. If you are small, your universe includes all the companies, small, mid-and large. There is a huge advantage to being able to buy the smaller companies when they become available. No matter what the size, we try to buy those businesses that are enduring. For

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When the money is tight, your volatility goes way up. We had years of easy money and volatility was low. The VIX Index was 12, 13 and 14 and then money gets tight and everybody panics. Last year the VIX traded briefly over 80. That's just a normal cycle, tight money and volatility kind of go hand in hand. You want to be shopping for assets when money is tight. You just want to make sure you've got buying power. When money is easy, we tend to have more market agnostic positions, what we call "workouts," that are not tied to the supply/demand of the stock market. People don't realize that when money is tight, the correlation can be close to 100% on ownership asset classes. You can't be full on in an easy money environment, because when money gets tight, it takes down stocks, art, real estate, etc. There is a mentality, "I've got to be full on every minute," but if money gets tight, you must have a liquidity store to take advantage of the corresponding downturn.

example, we might look back to 1920 to see what's endured through thick and thin. We tend to go into those types of business models that are dull and mundane. Like Peter Lynch always said, we would like to buy the inspired management in the uninspiring industry. But we also watch capital flows; we don't like businesses where there is lot of excitement or change because floods of capital are one of your great enemies as an investor.

When telecom was deregulated in 1996, it ultimately proved devastating to investors; Just like when they deregulated financial services. You have too many entrants. When there are floods of capital and floods of competition, it is very difficult. But we like companies that have very strong, what I call "virtuous cycles" like **Wal-Mart** or **Costco** (COST), companies that are trying to get a better deal for their customer all the time and trying to really drive value all the time, and they sell products that are needed, small low ticket items. We've tended to stay mostly in products that are disposable, like

foods and shampoos, those kinds of things that people buy no matter what. When you get into larger ticket items, you run the risk of demand destruction, especially in recession. We look at businesses that don't require a lot of capital to operate, that generate lots of free cash flow. We also look for strong balance sheets with financial flexibility, especially in these times. Then we look for businesses that are more organic growers versus what I call "roll-ups," where they grow through acquisition. It's hard to find those and you are always searching.

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TWST: Would you give us some idea of those companies that you have found attractive in this environment?

Mr. Auxier: Wal-Mart. We've been in Costco, have had clients actually in Costco since 1985, if you can believe that. Again, Philip Morris we have been in since 1983. Travelers (TRV), Dr Pepper, Coca-Cola, NIKE, WellPoint (which is Blue Cross/Blue Shield), Berkshire Hathaway, a basket of education stocks like Lincoln Educational (LINC), Universal Technical Institute (UTI). We like education because the US ranks near the bottom of developed countries in terms of resources dedicated to retraining people. We see a big need to re-educate the population every so many years. These businesses are just very aggressive in terms of matching the needs, making sure that the students are actually learning applicable skills that they can get paid for, so it's companies like ITT Educational (ESI), Apollo, Universal Technical and Lincoln. We also like low cost supermarket chains like Tesco and Kroger (KR). CVS Caremark (CVS) is another core holding, a seller of everyday necessities.

We also have a number of international telecoms. We've been in Telmex (TMX) with Carlos Slim since the early 1990s. We have owned Tele Norte (TNE) for over 15 years, which is the largest phone company now in Brazil. Forty-two countries currently have only one phone carrier. We like those types of businesses. We like Boeing (BA) and Precision Castparts (PCP) because of their positioning in aerospace. We also have Franklin Resources (BEN), which we have had for years. Nestle (NSRGY) and Illinois Tool (ITW) are generally pretty high quality businesses. Then we just try to buy when companies are on the "operating table," when there is some distress. We tend to be more aggressive in times of crisis than when things are going good, mostly because of price. We like to buy businesses at low multiples of earnings.

TWST: Jeff, you are a farmer. Have you been following the agricultural commodities lately?

Mr. Auxier: Yes, and it really helps having lived on a farm for 20 years. Operating a farm teaches you fast the laws of supply and demand. You are always watching supply and demand and so when money is easy, supply tends to go way up and when money is tight, supply goes down. You want to invest when money is tight and prices are low. In our Fund and with our clients, being an operator and an investor has helped us on agricul-

ture-related investments. The research helps on both sides. You can see the trends. We could see the food pricing with bio-diesel demand, and the move toward protein globally. What started as a good idea attracted so much money from the investment community that the space was flooded with capital. Oil went up 600% over six years, just as the NASDAQ did from 1994 to 2000, and just as credit default swaps went from \$900 billion to \$60 trillion in six years. It's kind of a six-year phenomenon. When you have that kind of concentrated move, your corrections are typically over 70%. You have to realize that it is not sustainable. It is a bubble. You need to sell.

We are mindful of cycles. In agriculture, I believe you can't operate with borrowed money. If you do, you run the risk of going out of business in the next down cycle. It is a real tough business, it's a low margin business, and it gives you a huge respect for the perils of borrowed money. If you do borrow, structure it on a long-term, fixed rate basis. However, I would personally plan on being able to pay it off within three years. People get into trouble when they carry too much borrowed money, and then run into these difficult situations. They end up losing everything. In the 1970s, farmland had a huge move. Farmers with their newfound wealth bought new equipment and then they ended up losing the equipment and then losing the farm. The downside of borrowed money is not understood in our society. People are learning the hard way about the necessity of a strong balance sheet, and that's similar with farming. You can see how treacherous undifferentiated commodities are; they are very dangerous, and if you buy them right under production cost and then you sell them, you are okay. But if you get caught in a bubble and you buy high and then you borrow, you run the risk of losing everything.

TWST: How do you go about selling a stock? Do you have sell targets that you stick to?

Mr. Auxier: No. We want to know the business in its entirety. The sell discipline has to do with price and fundamentals. That old Buffett saying, “If money is easy, grab your wallet and run the other way.” That is a great rule. Look at what’s happened to the banks. Eighteen months ago, the banks had the highest dividend yields in the market. However, the money was too easy and lending was reckless. They were in essence borrowing to pay their dividends. It’s critical to study the balance sheet. Also the CEO’s capital allocation mentality can destroy a company. A big overpriced acquisition can decimate shareholder value quicker than anything. The lack of humility by company leadership can be problematic.

care more about the reputation of the product versus just financial engineering. We are correcting the financial engineering, get rich quick schemes. That never works. We are purging all the bad behavior. The game in the financial industry was one of disguising borrowed money and levering up returns, as opposed to creating enduring value.

TWST: What makes your investment approach with the Focus Fund distinct compared with other firms?

Mr. Auxier: One distinction is that we don’t have any committees; we’re free to research all day long. We don’t have any mandates to be in boxes, we have total flexibility to go where

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There are no shortcuts. Every time I’ve seen someone try to invest based on a formula, it fails. If you try to formulize investing, it just doesn’t work. You have to continue to research aggressively, to keep digging and uncovering facts. As an example, **Nortel Networks** just declared bankruptcy. Eight years ago, that company was over \$300 billion in value.

We are always looking at investments from a business standpoint. You need to recognize bubbles and realize there is a reversion to the mean.

TWST: You talk about bubbles, but it seems to me that we have been having bubble after bubble and so on. People now talk about Treasuries being another bubble.

Mr. Auxier: Focusing on price and value helps to avoid overstaying a bubble. Easy money really can destroy industries. Look at the auto industry. We can currently produce 17 million cars and demand is 9-10 million. You had the securitization of loans and Wall Street packaging these into exotic securities, providing extremely easy credit to buyers unable to afford it. The same thing with option ARMs, many of the default rates have exceeded 20%. If someone has “zero” in some asset, that’s a warning signal. Zero down for furniture, houses, cars. Historically you can look back through time, and it always fails. That’s why really you are looking at a holistic valuation approach in this business. You are also looking at the manager. Do they love the business or are they in it for the quick dollar or the quick stock option? Are they looking to build a quality business? Often the best investments over time are family-owned, companies where there is a big block of family ownership; they

the odds are favorable and to focus on price, value, and margin of safety. We can make sure we are getting paid for the risk, and we don’t have parameters on cash or mandates to be fully invested. We can let the market serve us and not guide us.

The other distinction is 25 years of hard research and passion. A lot of times the best managers, as they get older, delegate to younger managers and research analysts. Look at Warren Buffett or Ken Hebener, who both started years ago with a passion for research. They still do the research, pull the trigger and have the benefit of several years of down markets to guide them. That’s the big difference. Investing wisdom is cumulative and you should be a better investor after 25 years than you are after 10 years.

TWST: What about accountability and relationship with your clients?

Mr. Auxier: We set up our firm so that we can’t touch any money. We have everything fully disclosed. I have been able to run money on a fully disclosed basis since 1983. We believe in the choke factor. People need to find out who is running their money and how they are spending their day — who do they choke in bad times? If you are in a stewardship position with somebody’s money, I believe you should be locked in with them. You shouldn’t ever be able to sell, in my view. Look at Henry Singleton of **Teledyne** (TDY), he never sold a share of stock. Warren Buffett has also never sold his stock. They are true examples of how proper capital allocators behave. They are not in it for the quick dollar, they are in it to master the game.

TWST: Looking ahead, do you see any challenges that investors should be wary of at this time?

Mr. Auxier: I think people just want the easy ride. They want to look at a rating, like a Moody's rating or an S&P rating, they want to look at a Morningstar rating, and they want to put things in a box. But I think investing requires a lot of hard work, diligent research, and you need to know what you own. And if you don't and you get clipped, that's the price you pay if you don't want to do the work. I think investors really should have things fully disclosed, at least on a monthly basis. You need to go off your ledger and review daily, weekly and monthly; you need to keep track. As Jim Sinegal, the CEO of **Costco**, always says, "Retail is detail." And the same can be said of investing. I hope people are finally realizing the dangers of debt. The problem is, borrowed money can totally take you out of the game.

Humility is very important. If you don't constantly maintain humility and a kind of introspection, looking at your own animal spirit all the time — if you let emotions dictate your actions, then that's dangerous. I think a lot of people do things based on emotion and they don't want to do the homework. There is an opportunity there, because for those who really want to do the homework and who want to study and know a company over 20-30 years, there is a huge advantage.

TWST: What advice would you give to investors? What mistakes should they avoid?

Mr. Auxier: I think they should understand the perils of borrowed money and realize that it's great on the upside, but it can totally take you out on the downside. I think investing requires commitment to voracious research. It's not looking at quotes on a screen, it's looking at businesses and being a business analyst. It is looking at businesses in their entirety, asking, what makes a good business? What makes a good management? What's an enduring

business? What business has been around for 50, 100 years? Why is that?

We got into a financial engineering era, which included hedge funds and private equity, where the activity centered on taking a business model and leveraging up without really adding any value. I think in the future, it will be important to understand the businesses that will provide exceptional value to their customers and shareholders. More energy will need to be put into providing and building superior products and services, as opposed to financial gimmickry.

TWST: Is there anything that you would like to add?

Mr. Auxier: If you price your investments, bear markets and recessions are periods for the serious long-term investor to come alive. Since 1947, there have been only 11 out of 244 periods where the GDP has turned negative. That is less than 5% of the time. If you look at those 11 periods as a time to buy or sell, clearly it is a time to get serious about diligent homework to invest for the long term.

TWST: Thank you. (PS)

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