

# PATIENT VALUE-BASED INVESTING DELIVERS THE GOODS FOR CAPITAL COUNSEL

Tom Burroughes of *Family Wealth Report* talks to Terence Greene, President, Capital Counsel, about what the award success means.

## What do you think is the main reason you have reached this award-winning stage? What sort of challenges did you have to take on?

Capital Counsel's experienced cohesive investment team and our intelligent loyal clients are responsible for our firm's success. Our investment team has worked together since the founding of the firm twenty years ago, which meant we had to grow our business by listening to our clients and providing sensible investment advice that protected and increased their wealth. Working closely with them has made us better investors and helped us build the necessary capabilities to serve them and their families well.

The firm was founded on the belief that fundamental valuation-based analysis can produce consistently good long-term investment returns. Historically, our patient adherence to a rigorous valuation discipline has provided clients with good long-term results and protection in declining markets. We have lived through rising and declining markets and have been able to protect and grow our client's wealth throughout.

## What can you tell us about how your colleagues contributed to this success?

The four members of our investment team are responsible for our investment research and portfolio management. They are generalists who are knowledgeable about the reasons for the profitable growth and occasional disappointment in the companies in which we have invested for clients and ourselves. We carefully review the results of these companies along with the others we are evaluating and regularly meet with their management. Two of us attend these meetings because discussing our findings with one another is more useful than a report from one of us. We make our investment decisions unanimously.

## How have you dealt with the changes taking place in the North American wealth management market and in what way did your award reflect that?

We work to provide a client experience that separates us from the competition. In 1999 Randy, Jim, Lauren, and I founded the firm to focus on the investment strategy that we employ to this day. At that time many investors began following the growing market trend of

owning untested technology companies with weak balance sheets and high price/earnings multiples. The recession created by this tech bubble decimated many of these investors, who acquired shares in these companies in their quest for outsized returns. We once again may be about to see the valuations of popular unprofitable tech companies shrink.

## What sets you apart from your peers this year?

Our risk adjusted returns have separated us from our peers for many years. Our concentrated investment strategy has performed better than the current allocation methodology that attempts to decrease risk through diversification. We have achieved these results with a portfolio of about 15 companies and have provided our clients with above market returns with less risk by concentrating our research efforts on businesses that we understand and that are run by exceptionally good managers. They are intent upon building these businesses to provide opportunities for growth which helps them keep good young managers. We believe that our ability to reduce risk for our clients by investing in companies that we know thoroughly is sustainable due to the strength of our investment team and the focused approach of our fundamental investment process.

## What will you do to keep to the standard of an award-winner and push ahead in the future?

We will maintain the standard by addressing our clients' needs quickly and thoughtfully. We will continue to improve our client service and to learn how the companies we have invested in and those we examine carefully change with time to become even better investments. Our track record demonstrates that this investment strategy supported by responsive client service has allowed our clients to meet their financial goals.

## How will you use the award to raise your profile in the industry and among clients?

We hope this award will encourage our clients to ask us why we won it. That gives us the chance to ask them if they know anyone whom they might refer to us. We have found that people referred by our clients best understand our investment approach and, like us, want to be long-term investors. ■

"WE WILL MAINTAIN THE STANDARD BY ADDRESSING OUR CLIENTS' NEEDS QUICKLY AND THOUGHTFULLY. WE WILL CONTINUE TO IMPROVE OUR CLIENT SERVICE AND TO LEARN HOW THE COMPANIES WE HAVE INVESTED IN AND THOSE WE EXAMINE CAREFULLY CHANGE WITH TIME TO BECOME EVEN BETTER INVESTMENTS."

