

## The Buyside Notes Investment Approach

Date: February 25, 2014

As you can probably tell by my notes to date, in the hedge fund research world I am considered a generalist, which means I am unconstrained in my investment approach – I can invest in any asset class and in any geography. This approach has many positives, the biggest of which is being able to go where the value is. But it also has one big drawback: focus. When you are free to invest absolutely anywhere, how do you winnow down the investable universe so that your brain doesn't explode at the sheer number of opportunities? The way I deal with this problem is by taking a thematic approach: at any given time I will have 3 – 7 investment themes that help guide and concentrate my research efforts. **Themes are cyclical or secular forces of change that create opportunities for investors.** Generally, the themes I pursue are longer-term in nature (6 months to 6 years) but there are short-term tactical opportunities that arise due to market dislocations – these can range anywhere from 1 month to 6 months in duration. While I can – and do – invest outside of these themes, I've found that identifying large trends and riding the wave not only helps me focus but provides an Olympic-sized pool of money-making opportunities.

Once a theme is identified and researched, I do a deep dive into the opportunities within each theme. And since my background is deep value investing, I generally focus on mis-priced / mis-understood situations where I believe the market is providing a compelling risk-reward opportunity. I'll invest anywhere in the capital stack (senior debt, unsecured debt, prefs, etc) but tend to prefer equity given its asymmetric return profile.

The secular themes currently driving my research efforts are:

1. Unconventional Oil
2. Couch Commerce
3. Ten Billion Humans
4. Global Warming
5. Internet of Things
6. Mobility

In future notes, I'll cover these themes in detail and showcase write-ups of the more interesting opportunities within each theme.

**Get my notes via email the second they are published:**

[subscribe2 hide="unsubscribe"]