

# FOREWORD

**Prem Watsa**

My partner at Hamblin Watsa Investment Counsel for 46 years, Roger Lace, and I attended the University of Western Ontario (the Ivey Business School now) MBA program which was key to our success in the future. However, there was no course on value investing but an overemphasis on the efficient market and alphas and betas! But there was a course in the second year taught by Dean Fred Jones, who was a practitioner and had done exceptionally well in the stock market, who made investments and investing come alive for me. After my MBA, I joined Confederation Life Insurance in Toronto as an analyst under John Watson, who ran the Investment Department.

On my first day, John told me that he did not want to hear about the efficient market but gave me a thick book, "Security Analysis" by Ben Graham, and asked me to read it. That was my road to Damascus. I knew then that this was what I wanted to do in my life. I was so smitten by Ben Graham's philosophy on value investing that I asked my wife, if we had a son, could we name him Ben. She agreed and we had a son, Ben, who is now an outstanding value investor in his own right. Roger Lace joined Confederation Life the next year and after about nine years, we were together again at Hamblin Watsa Investment Counsel and Fairfax. Little did I know then that 46 years later a follow up to "Security Analysis" would be published as a "New Testament" to Ben Graham's "Old Testament", with the same influence on students as "Security Analysis" had on me. This is the book "Value Investing: From Theory to Practice" by George Athanassakos.

In early 2000, given how well value investing had served us, we decided to fund a course on value investing at the Ivey Business School. We wanted to find a professor who had an instinct for value investing. But it was almost impossible to find one in the academic field. We persevered. And three years later, in 2004, we found George Athanassakos who was appointed the Ben Graham Chair in Value Investing at the Ivey Business School. John Templeton blessed the program and Irving Kahn (then 96 years old) was the inaugural speaker at George's first class. This was to be a practical course with legendary value investors across the world speaking at George's class. But the course George developed ended up being much more than that. It has helped George write

this amazing book that bridges theory and practice and shows how what value investors do is consistent with what is taught at universities around the world. His book gives academic legitimacy to value investing. In doing so, it may encourage the teaching of value investing at universities, and this is an achievement that even Ben Graham did not succeed in and it cannot be soon enough.

The book covers value investing from alpha to omega – from pure opportunistic Ben Graham investing to quality, “franchise value”, Warren Buffett investing. All questions one has about value investing are answered in the book. Being the first academic book on value investing, the book first explains the theory. In reading the theory part of the book, one learns about value investing. But one will not understand value investing until he/she accesses the valuation model George has developed and apply it to the real-life valuations discussed in the web page to which the book links the reader.

There is one more aspect of the book that further contributes to its uniqueness. It shows how value investing also has corporate finance implications. It links strategy and finance and demonstrates how valuation and value investing ideas can be used as a guide to make better business decisions. In this sense, the book exposes the reader both to the value seekers, and the value creators.

Roger and I could not have been more pleased with what George Athanassakos has accomplished in his 16 years running the value investing program at Ivey. Just like us, he is passionate about value investing. He has developed a rigorous academic program in value investing and introduced students to the best practitioners of the art of value investing (like Irving Kahn, Walter Schloss, Will Browne, Peter Cundill, Francis Chou, and others). In addition to developing value investing courses and carrying out research on value investing themes, George offers apprenticeships to students through his Ivey Value Fund and organizes Value Investing Conferences in Toronto that attract some of the best value investors along with outstanding corporate chief executives who have built shareholder value over long periods of time. George also organizes stock picking competitions, seminars to professionals and symposiums geared towards academics.

It took us and Ivey some time to fill this position as we wanted to find the right professor with a value perspective, a professor like George and boy did we luck out with George. He is a fabulous professor and has done an outstanding job teaching and developing value investing, which we are now expanding globally as George's success has allowed him to spread the concept of value investing internationally. His first step was Greece, where he emigrated from, and his second step was India, where I came from. In both countries, he is extremely well regarded as he develops Value Investing Programs there.

I have read testimonials from students who have attended George's classes. He has changed their lives as he introduced them to his life's passion. It is not an exaggeration to say that George is among the most loved professors at Ivey because of his passion for value investing and his love for his students.

As I write this foreword, I am amazed at what George has done from scratch in a few short years. As Ralph Waldo Emerson said, "an institution (or program) is the lengthened shadow of one man (or woman)". George is exactly that for the Ben Graham Centre of Value Investing at Ivey Business School. He is to be congratulated for all he is doing to advance the craft of value investing.

George is married to the love of his life, Despina, who I have got to know over the years. Despina has supported George whole-heartedly at Ivey and has been instrumental in his success.

Roger and I recommend his book highly and expect it to be on the value investing bestseller list.

I know you will enjoy reading this book.

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