



FOCUS CAPITAL

— MANAGEMENT —

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Focus Capital Management

We focus and concentrate our time, energy, and resources on a few select opportunities — allowing us to achieve superior returns.

- Our focus allows us to do **deep research and analysis** and to really understand the company we are investing in
- Our focus drives higher returns because we only pick our **best ideas**
- Our focus **reduces risk** by thoroughly vetting and stress-testing every investment

The Pros (and Cons) of an Ultra-Concentrated Portfolio

Eight Benefits

1

Deep Research

Only 365 days in a year

Analytical bandwidth

“Investors have been so oversold on diversification that fear of having too many eggs in one basket has caused them to put far too little into companies they thoroughly know and far too much in others which they know nothing about.”

—Philip Fisher

2

Monitoring

“Put all your eggs in one basket — and then watch that basket!”

—Andrew Carnegie

3

Move the Needle

“Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble.”

—Warren Buffett

4

**Don't dilute with
mediocre ideas**

“It is undoubtedly better to concentrate on one stock that you know is going to prove highly profitable, rather than dilute your results to a mediocre figure, merely for diversification’s sake.”

—Benjamin Graham

“It’s crazy to put money in your twentieth choice rather than your first choice.”

—Warren Buffett

5

Reduces Risk

“We believe that a policy of portfolio concentration may well *decrease* risk if it raises, as it should, both the intensity with which an investor thinks about a business and the comfort-level he must feel with its economic characteristics before buying into it. In stating this opinion, we define risk, using dictionary terms, as ‘the possibility of loss or injury.’ ”

—Warren Buffett

6

Forces Manager Conviction

“Usually a very long list of securities is not a sign of the brilliant investor, but of one who is unsure of himself.”

—Philip Fisher

7

**Even in frothy markets,
only need a few
undervalued opportunities**

“An investor should act as though he had a lifetime decision card with just twenty punches on it.”

—Warren Buffett

8

**Encourages Long-term
Outlook**

“It is often easier to tell what will happen to the price of a stock than how much time will elapse before it happens.”

—Philip Fisher

Cons

Not a downside
Lack of Diversification

Diversification is a corollary of
CAPM and EMH
Not Value Investing Tenets

Increased Volatility

Better Be Right

Don't get married to a thesis

Black swans can hurt much more

Reduced Investment Universe

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