2025

WR Capital

An Introduction

"Wealth gained hastily will dwindle, but whoever gathers little by little will increase it."
Proverbs 13:11 ESV

The purpose of WR Capital is to work with investors embodying deliberate patience. For clients who find WR Capital suitable we will seek to invest in the securities of companies with the characteristics to compound our capital over long time horizons. The hunt is for companies who earn high sustainable returns on invested capital, can invest more capital back into their business, and most importantly— are available at a discount.

"He was happy with his horses, but extremely unhappy in the racing environment."
Charles Goodnight: Cowman and Plainsman by J. Evetts Haley

WR Capital will locate and invest client funds in securities on an absolute basis, evaluating every investment on its own merits and suitability. I will not choose securities by comparing them to other available securities in the market environment (relative basis). The market can be broadly overpriced, or broadly underpriced at any given time; therefore, I see the strategy of relative investing as dangerous trap. There will always be booms and busts, I look at both as a source of opportunity not as yardsticks for comparison. I will focus on our "horses" and not let the "racing environment" dictate our decision making.

"...you may only get to invest in a really good business at a cheap rating when they have a problem."
Investing for Growth by Terry Smith

I will begin my investment search by examining the *unloved*— securities who are out of favor or unable to attract buyers at the given moment. In my experience worrying about the downside when locating investments is far more beneficial than attempting to calculate possible upside. Securities who find themselves *unloved* may be plagued by a multitude of issues. It is my job to dissect the issues and locate margins of safety by determining what is known, unknown, and unknowable before investing your capital. When I have located securities aligning with the goals of WR Capital's clients I will make purchases and continue to monitor the underlying businesses.

'When done well, investing involves learning how to process information in order to determine when the odds are in your favor; the goal is to make educated bets based on facts and not stories. In investing, and in life for that matter, you can't choose outcomes, but you can choose the decisions that may get you the outcomes you want."
Finding Value in Common Stocks by Todd Combs in the 7th Edition of Security Analysis

I am starting WR Capital in order to spend all my time turning over stones in pursuit of compounders at a discount for my family and clients. In his 2022 Annual Letter Warren Buffet wrote: "*Our satisfactory results have been the product of about a dozen truly good decisions – that would be about one every five years – and a sometimes-forgotten advantage that favors long-term investors such as Berkshire*". The rewards of contrarian investing can take many years to accrue. A mere handful of investments will have an impact on the financial security we provide our families. This process is only for the patient and will invariably produce lumpy short-term results making the WR Capital style of investing advisable for select investors.

At WR Capital I will be working for the type of investors described above. If the WR Capital process interests you, please reach out so we can discuss whether my process is suitable for you and aligns with the goals of your family.

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