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## 3G Capital Markets Concentrated Global Value Product To Institutions

Concentrated global value equity manager 3G Capital Management has reached its five-year track record and has begun to focus on marketing its fund to the institutional space.

The firm, which invests in just 10-15 positions, of which five core holdings typically account for 40-70% of the portfolio, was founded by former Fiduciary Asset Management equity research analysts Pavel Begun and Cory Bailey and currently has less than \$50 million in assets under management.

Bailey said that the firm, which reached its five-year track record last month, has started to talk to various pension plans and believes that the firm's offering is a unique proposition in the emerging manager space.

3G stands for good business, good management and good price, which is how the firm evaluates potential investment opportunities. "We don't necessarily get into the macro at all," Bailey said. "What it comes down to is if we can buy a business that has a competitive advantage and we can get it at a good price."

The pair said that in the current environment, the portfolio would fit very well in an institutional investors' opportunistic bucket, where their concentrated strategy wouldn't be hindered by sector allocation requirements.

Bailey said the firm takes a concentrated approach to investing because "there is not a ton of great businesses out there that you can buy at a good price" and "you have to buy those good businesses and put a meaningful amount of money in it."

"We are in the mindset that if the price of a stock



**Cory Bailey and Pavel Begun**

goes down and we liked it at a higher price, we are going to like it a whole lot more now," he said, explaining that if you are going to buy a car at one price and the dealer lowers the cost by \$5,000 and it is still a great car, you buy the car.

Begun also said the firm stays away from sectors that are hard to predict, such as technology, because typically money is lost when an investor made a mistake on that specific business and what its competitive advantage was.

"You have to be able to understand that business. I have no idea with bio tech, I couldn't tell you the faintest thing about that. What I do know is if you are buying a furniture maker, you are going to be able to understand it," he said.

Looking forward, the firm's strong performance through the first half of 2009, including returning 43% year-to-date, should also open some doors. Also, in 2008 the firm was down just -22.7%.

"What is nice with the market this year and last, Warren Buffett said it best, 'when the tide goes out you can see who is swimming naked,'" Bailey said.