Not your mate

"Don't panic about the impending Marmite shortage. Simply make your own by mixing a rotting fox carcass with some tar."

- Tweet by @joeheenan, 12 October 2016.

"..sales of Marmite may be in for a boost after scientists discovered it could hold the secret to making men last longer in the bedroom."

- The Daily Mail, 8 October 2016.

"For sale: a jar of **Marmite**. Cash only. £30 or $4. No time wasters."

- Tweet by @StephenMangan.

Coming soon (for launch 7th November): Investing Through the Looking Glass

"When Tim gives speeches - even informal talks - crowds gather around him. Reading, his new book *Investing Through the Looking Glass* reminds me why. It's a crisp story of how our Alice in Wonderland financial world actually works... told with wit, style and deep insights. George Soros said that there are some books that can make you a million dollars; this could be one of those books."

- Bill Bonner, Founder and President, Agora Inc.

The consumption of financial media can be dangerous. Mixed with overpriced global brands, it can be deadly. In August 2000, Fortune Magazine published an article entitled 'Ten stocks to last the decade'. As befits something written during the latter stages of the TMT boom, Fortune's recommendations concentrated on Technology, Media and Telecoms stocks. Their 'Ten stocks to last the decade', and their stock prices at the time of original publication, were:

Nokia	$41.06
Nortel Networks	$79.25
Enron	$83.75
Oracle	$82.375
Broadcom	$240.75
Viacom	$69.00
Univision	$48.00
Charles Schwab	$40.00
Morgan Stanley	$104.06
Genentech	$167.06

How did these 'Ten stocks to last the decade' fare ? The following table shows their stock prices on 19 December 2012.

Stock	Price as at 14.8.2000	Price as at 19.12.2012
Nokia	$41.06	$4.21
Nortel Networks	$79.25	$0.00
Enron	$83.75	$0.00
Oracle	$82.375	$34.09
Broadcom	$240.75	$33.16
Viacom	$69.00	$54.00
Univision	$48.00	$0.00
Charles Schwab	$40.00	$14.47
Morgan Stanley	$104.06	$19.09
Genentech	$167.06	$95 (Taken Over)

Clearly, Fortune Magazine is unlikely to be winning any investment awards any time soon. Unless it buys them. All in all, the Fortune portfolio lost 65% of its value over the subsequent decade. Three of its favoured companies went bankrupt, and one was bailed out.

In the words of the legendary value investor Benjamin Graham,

"Investors do not make mistakes, or bad mistakes, in buying good stocks at fair prices. They make their serious mistakes by buying poor stocks, particularly the ones that are pushed for various reasons [by Wall Street]. ***And sometimes – in fact very frequently – they make mistakes by buying good stocks in the upper reaches of bull markets***."

(Emphasis ours.)

Is there a chance that investors today run the risk of making the same mistake – of overpaying for good stocks during a period when the stock market is, perhaps, somewhat artificially high, courtesy of seven years of egregious and otherwise ineffectual monetary stimulus ?

Example. Unilever is a good, if boring, company. It sells soap, shampoo and a variety of foodstuffs. It is also extremely popular with equity fund managers who regard the shares as bond proxies – safe, dependable, low volatility earners. The problem with this groupthink is that – as Benjamin Graham warned – once the crowd bids up shares beyond a certain point, they no longer offer any "margin of safety".

Unilever shares have now, arguably, reached that point. They trade on a p/e ratio of 23 times and a price to book ratio of 8. They are not cheap in any Benjamin Graham sense of the word. And in its well-publicised spat with Tesco last week, the company now seems to be behaving like a cynical, opportunistic, price-gouging profiteer. (Marmite, for example, is manufactured in Burton-upon-Trent in Staffordshire. As far as we are aware, Burton-upon-Trent does not have its own currency which has suddenly depreciated against sterling which might justify a 10% price hike.)

Unilever is, of course, free to charge whatever it likes for its products. By the same token, consumers are perfectly free to boycott Unilever products and buy something cheaper, and perhaps more appealing. That goes for the shares, too.

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