

October 2012 Partner Letter

“You can learn a lot from other people. In fact, I think if you learn basically from other people, you don’t have to get too many new ideas on your own. You can just apply what you see.”

-Warren E. Buffett

John D. Rockefeller, the richest American ever, had a net worth of between \$400-\$600 billion in today’s dollars (roughly 10x Warren Buffett’s current wealth). Although much is made of his material wealth, it’s the structure of his day that we found the most fascinating. Rockefeller was known for keeping a strict schedule, down to the second in fact. His reasons for doing so were a

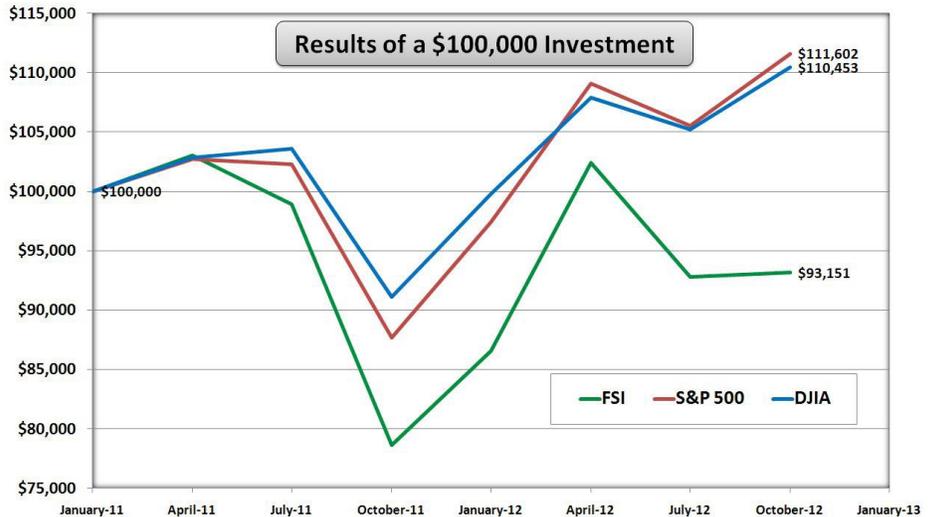
Puritanical need to never squander his most precious resource of time, plus a long-held goal of eclipsing the age of 100. By all accounts, he was surprisingly spry, vigorous, and productive, even into old age. From Chernow’s biography Titan:

“Rising at 6 A.M., he read the newspaper for an hour, then strolled through house and garden from 7 to 8. He then breakfasted at 8, followed at 8:45 by a game of numerica, which gave him time to digest his food properly. From 9:15 to 10:15 he worked on correspondence, mostly devoted to philanthropy and investments. From 10:15 to 12 he golfed, from 12:15 to 1 P.M. he bathed and then rested. Then came lunch and another round of numerica from 1 to 2:30. From 2:30 to 3 he reclined on the sofa and had mail read to him; from 3:15 to 5:15 he motored, from 5:30 to 6:30 he again rested, while 7 to 9 was given over to a formal dinner, followed by more rounds of numerica. From 9 to 10 he listened to music and chatted with guests, then slept from 10:30 P.M. to 6 A.M.-- when the whole merry-go-round started up again. He did not deviate from this routine one jot, regardless of weather.”

What can an aspiring-Rockefeller take away from this? First, notice that he had numerous outdoor activities to keep his body in shape and maintain his vigor. He also spent a lot of his time following his passions; Rockefeller was an avid golfer and an early “speed freak.” He loved racing his cutting-edge automobiles across the countryside, leaving the horse-drawn carriages in his wake. Rockefeller played numerous sessions of numerica, a competitive form of solitaire, to keep his mind agile. There was also plenty of rest time so as not to deplete his reserves. Lastly, there was an ample social element to keep connected to other humans, which research indicates is a necessity for happiness and contentment.

It shouldn’t be a huge surprise that this template is largely what Warren Buffett’s day also looks like. We can’t be certain Mr. Buffett has his schedule timed out to the second (though we wouldn’t be entirely shocked), but the similarities are undeniable. Perhaps the biggest key is that both men dictate their own schedules entirely and follow their interests. It stands to reason that life is rather enjoyable when you’re perpetually doing what you’re passionate about. One last useful observation: regimentation of schedule leads to a conservation of decision making. As we humans only have so many cognitive resources to dedicate to the decisions we make in a day, saving up your “decision points” for the really big ones seems wise. It’s little wonder that both men are considered master strategists and decision-makers. They save it for when it really counts.

Aside from interesting reading, why does your fund manager bring this up? We believe that shamelessly copying great people is one of the most effective means of achieving your goals. As we’re aiming for similar results as our heroes, it stands to reason that we have to follow similar processes, and what’s a bigger process factor than how you spend your time? We don’t think it’s possible to only copy Mr. Buffett’s investment style if you want to approach his stellar results—you have to be more holistic and dig deeper into his lifestyle and emulate that as well.



UC Davis and New Article

"If you wish to better understand seemingly incomprehensible things, help another to better understand."

-- Dalai Lama

We wrapped up another fantastic quarter teaching at UC Davis. We're always impressed with the quality of our students, and this year was no exception. It's a great group of people to lead through the jungles of exploring the investment process. We were graced with some absolutely amazing guest speakers this time and we've captured them for posterity—click the name to watch their interviews with us:

[Scott Dinsmore](#), Cumbre Capital and author of [Live Your Legend](#)

[Mike McCoy](#), Cumbre Capital and Principal at [Mesa Outdoor](#)

[Mohnish Pabrai & Guy Spier](#), Pabrai Funds and Aquamarine Capital, respectively

[Mark Hillman](#), Hillman Capital Management

[Tom Eidelman](#), Eidelman Virant Capital

[Toby Carlisle](#), Eyquem Investment Management

We were fortunate enough to have an article recently published on a leading investment website. We named it "[Mr. Buffett's Investing Advice For Those Nearing Retirement](#)" and hope you'll pass it along to those it may provide value to. There's so much investment noise out there, we attempted to cut through the clutter to help investors actually realize better results.

Investing in the Fund

The next opening to invest in the pooled fund will be January 1st. For new partners, please allow at least 2-3 weeks to complete the paperwork and for funds to clear. For adding money to an existing account, please allow at least a week for everything to process.

For orphaned IRAs, there are no quarterly windows to worry about. We're ready to help when you are. We encourage you to call or send us an email, we'll take it from there to ensure the process is easy, painless, and turnkey for you. Whether it's an IRA from an old job or you're transitioning and need to do something intelligent with your 401k, we're here to help.

Thank you for your continued trust, referrals and support. If you have any questions, please don't hesitate to call or email. We're never too busy to help you or people you care about!

Warm regards,



Jacob L. Taylor, *Managing Partner*

"When you're on to something great, it won't feel like revolution. It'll feel like uncommon sense."

-- Derek Sivers

Risks associated with investing in the Farnam Street Investors Fund include: investing in common stocks, value-oriented investment strategies, investing in smaller companies, foreign securities and a managed fund, risks of political and international crises. This report does not constitute an offer or solicitation of any transaction in any securities. The Farnam Street Investors Fund is offered by prospectus only. Investors should consider the Fund's investment objectives, risks, charges, and expense. The prospectus contains this and other information about the Fund and should be read carefully before investing. To obtain a copy of the prospectus, please call us at (916) 932-2046, or visit our website at www.farnamstreetinvestments.com, where an online prospectus is available.

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