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# Nintai Investments LLC

## Portfolio Management Services



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## **Nintai Investments Portfolio Management Services: Overview**

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### **We Invest in the Markets, We Do Not Speculate in the Markets**

Investing in either equities or debt requires due diligence. We feel we can only invest in a company by fully understanding what the company does, how it makes money, and what it's worth. If we cannot reasonably answer these questions (many technology firms come to mind) then we steer clear of such ventures. Any investment under those conditions represents speculation and not investment.

### **We Are Conservative By Nature**

We are an all equity fund that is fully invested most of the time. The companies we invest in share common attributes – high return on equity and capital, generous free cash flow, little to no debt, shareholder friendly management and trading at a discount to intrinsic value. We believe this criteria protects our investors from the inevitable downturns that happen every so often.

### **We Trade Infrequently and Deliberately**

Our portfolio generally has turnover at less than 10% annually. The rest of the time we spend reading, learning, and investigating companies around the world that meet our criteria. We tend to hold on to our portfolio companies like a tiger. Unless management changes its strategy and/or execution we are likely to remain an investor for a decade or more. We exit a position when either the company fundamentals change or valuation is far in excess of intrinsic value



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### **We Evaluate Each Partner's Needs Regularly**

We feel each partner has four essential criteria in investing with us. These include defining a comfortable level of risk, the length of their investment horizon, their income needs, and their tax status. Each of these will be discussed on a quarterly basis to ascertain whether there have been any changes in our partners' attitudes or needs.

### **We Explain in English What We Are Doing**

We feel it is essential to being a good partner that communication is succinct and clearly understandable. To meet those conditions, we endeavor to explain to our partners as much information as they require in non-technical terms. We encourage our partners to consistently ask themselves "What did he just say and do I fully understand its meaning and impact?"

### **We Love Learning and Sharing Our Knowledge**

We tend to spend hours per day learning about new markets, trends, competition, and potential investments. We are passionate about listening to others and sharing our knowledge with our investors and the greater investment community. Everyday we feel fortunate to work in a field that provides such intellectual and emotional challenges



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### FREE CASH FLOW

We seek companies that convert 10-15% of their revenue into free cash. As Charlie Munger said, “Cash and credit is like oxygen. You don’t notice it 99% of the time, but if it’s absent you notice it straight away”.

### NO/LIMITED DEBT

We strongly believe a leveraged balance sheet can lead to significant risk over time. If our investors can sleep better knowing their portfolio has a Fort Knox balance sheet, we’re happy to give up a point or two of performance.

### RETURN ON EQUITY

We seek companies that produce ROE greater than 15% over the past 10 years. This demonstrates managements ability to obtain great financial results from each dollar of common stockholders' equity.

### RETURN ON CAPITAL

We seek companies that produce ROC greater than 15% over the past 10 years. Seeking management who are great allocators of capital is vital to producing adequate investment returns in the long term.

### COMPETITIVE MOAT

We look for companies that have deep competitive moats which are resilient to challenges over the years. The ability to dictate pricing and retain customers makes for a highly profitable and growing investment.

### MARGIN OF SAFETY

Sometimes we make mistakes when we estimate the value of a company. The ability to pay below a determined price provides us with a margin of safety in the case our estimates are off.



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Feel free to reach out anytime if you'd like to discuss or investment services. Investing is our passion and we enjoy meeting others with similar interests. We can be reached at the following contacts.

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