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CHRISTOPHER H. BROWNE: 1946-2009

A Career Spent Finding Value

By JASON ZWEIG

To thrive as a value investor, Christopher H. Browne once said, you have to "risk being called a dummy from time to time."

Mr. Browne, who died Sunday of a heart attack at the age of 62, was one of the most successful practitioners of buying stocks that the so-called smart money on Wall Street wouldn't touch.

He spent 40 years at Tweedy, Browne & Co., succeeding his father, Howard, as senior partner. The firm and its mutual funds have long been known for finding unpopular stocks at unusually cheap prices.

Mr. Browne helped broaden the investment firm, which manages more than $10 billion, from its roots as a specialty brokerage house. He stepped down as a managing director earlier this year in the aftermath of a severe head injury sustained in a fall in 2007.

In 2001, Mr. Browne raised questions about Conrad Black's company, Hollinger International, which had been subsidizing the press baron's lavish personal life. Tweedy Browne had a sizable stake in Hollinger, then the owner of Britain's Daily Telegraph and the Chicago Sun-Times. Mr. Browne spearheaded a shareholder revolt that eventually led to an investigation by the Securities and Exchange Commission, a fraud conviction and a six-and-a-half-year prison sentence for Mr. Black.

Mr. Black is appealing.

From the 1930s through the 1950s, Tweedy Browne—originally Tweedy & Co.—was the favorite brokerage firm of Benjamin Graham, the founding father of value investing. Its specialty was dirt-cheap shares of closely held companies that rarely traded on major exchanges; Mr. Browne sometimes likened the firm in those days to a "pawnbroker" or "thrift shop."

In the 1950s, Tweedy Browne began to serve Warren Buffett, who in 1965 traded through the firm to amass a controlling position in a tiny textile firm in New Bedford, Mass., Berkshire Hathaway Inc.

Mr. Browne joined his father's firm in 1969, recording trades in Berkshire Hathaway at $25 per share. He came to specialize in such meticulous tasks as scouring financial statements to find stocks selling below the value of their current assets minus all liabilities.

"Investment management is for us a 'grunt work' business," Mr. Browne wrote in a 2001 letter to shareholders. "Were you to visit our offices, you would be reminded more of the reading room in a college library than some frenetic trading room at a major brokerage firm."

Since their inception in 1993, Tweedy Browne's Value and Global Value funds both outperformed market averages.

Those results were achieved even as Mr. Browne's funds held stocks for an average of five to six years at a time—at least five times longer than the typical mutual fund.

"He was something of a collector," said analyst A. Michael Lipper of Lipper Advisory Services. "It took a lot of disappointment for him to get rid of an underperforming stock. Could somebody else have produced better results by getting rid of the losers? One might think so, but it wasn't [Tweedy, Browne's] style."

Mr. Browne's skills didn't come cheap; for years, the Tweedy Browne funds charged above-average expenses. In 1997, Mr. Browne negotiated the sale of a majority stake in the firm to Affiliated Managers Group.

A prolific writer, Mr. Browne produced the twice-yearly letters to fund shareholders that were widely read among professional investors. In "The Little Book of Value Investing," published in 2006, Mr. Browne explained how to analyze financial statements and how accounting principles differ across nations.

He wrote that "value stocks are about as exciting as watching grass grow. But have you ever noticed just how much your grass grows in a week?"

Mr. Browne's philanthropic gifts included $10 million to the University of Pennsylvania, his alma mater. He also funded research into HIV and AIDS at Rockefeller University, New York.

A political conservative, he was known for expressing strong views, and "liked nothing more than to discuss them with people who disagreed with him," said Dr. Amy Gutmann, president of the University of Pennsylvania.

An enthusiastic amateur architect and aficionado of formal English gardens, Mr. Browne helped design the elaborate grounds of his home in East Hampton on New York's Long Island.

In person, Mr. Browne was polite and reserved, but had a quick wit. He spoke frequently at investment-industry conferences, poking fun at professors who think that the market always prices stocks correctly and consultants who claim to be able to identify consistently superior money managers.

With a quizzically raised eyebrow, Mr. Browne described efficient-market theory, which holds that stock prices reflect all available information, as "garbage in, garbage out." When another investment manager claimed to have made 250 company visits in the preceding year, Mr. Browne muttered, "What did you do? Drive by and wave?"

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