

# Quality as a diversifier



**EVENLODE**  
INVESTMENTS FOR LIFE

**Hugh Yarrow**  
Co-founder



# Compounding and patience: The rule of 72



**The Rule of 72:**  
Length of time until value doubles

$$t = \frac{\ln(2)}{\ln(1+r/100)} \approx \frac{72}{r}$$

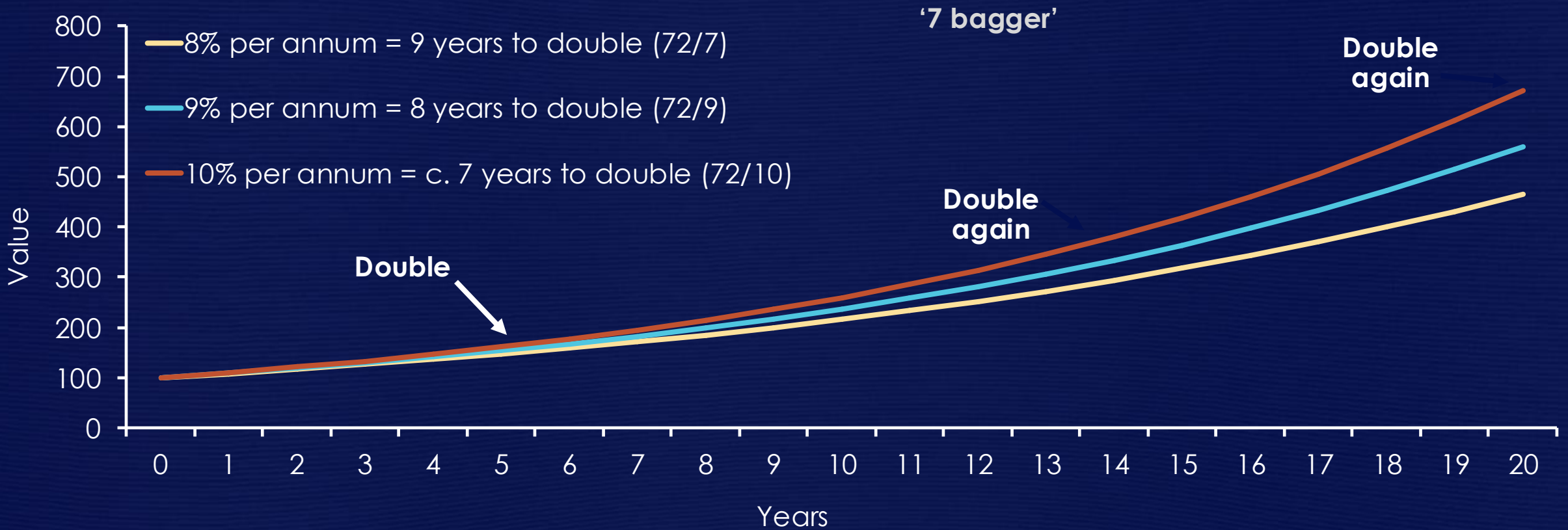
t = time      r = compounding rate



**Luca Bartolomeo de Pacioli: 1447 to 1517**

Source: Evenlode Investments. Fra. Luca Bartolomeo de Pacioli (sometimes Paccioli or Paciolo; c. 1447 to 19 June 1517) was an Italian mathematician, Franciscan friar, collaborator with Leonardo da Vinci, and an early contributor to the field now known as accounting.

# Compounding and patience: The rule of 72



**The first rule of compounding: Never interrupt it unnecessarily**

# Unilever: In a desk drawer since 1966



Unilever

1 August 1966:  
Purchase of  
700 Unilever shares  
at 19s 6d

**£1,032**  
initial investment

Source: Evenlode Investments, Unilever,  
Financial Express, December 2025

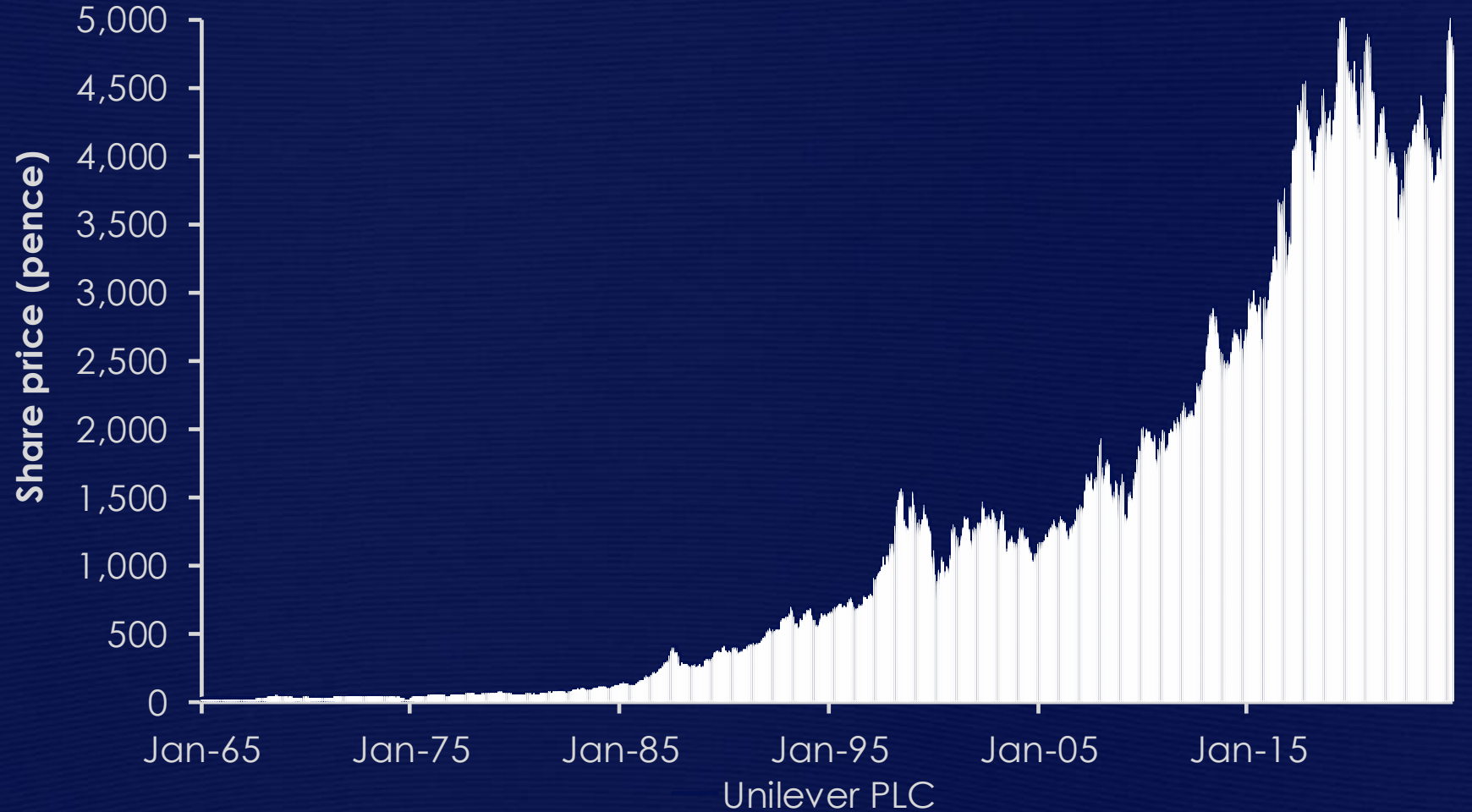


# Unilever: In a desk drawer since 1966



Unilever

This period spans  
a huge variety of  
macro-economic  
and geopolitical  
events



"BY FAR THE BEST BOOK ON INVESTING EVER WRITTEN."  
—WARREN BUFFETT

# THE INTELLIGENT INVESTOR

THE DEFINITIVE BOOK ON VALUE INVESTING

REVISED EDITION

**BENJAMIN GRAHAM**

Preface and Appendix by Warren E. Buffett  
Updated with new commentary by Jason Zweig

**curate**  
THE ART OF INVESTING

"In the short run,  
the market is a  
voting machine but  
in the long run, it is a  
weighing machine"

# Evenlode Investments

- Oxfordshire-based, independent investment manager founded in 2009
- \$6.7bn AUM across three quality focused strategies:
  - UK equity income and growth
  - Global equity
  - Global equity income



**EVENLODE**  
INVESTMENTS FOR LIFE

London



# Through-cycle risk management



## Surgical Safety Checklist

World Health Organization | Patient Safety  
A World Alliance for Safer Health Care

Before induction of anaesthesia → Before skin incision → Before patient leaves operating room

(with at least nurse and anaesthetist) (with nurse, anaesthetist and surgeon) (with nurse, anaesthetist and surgeon)

<p><b>Has the patient confirmed his/her identity, site, procedure, and consent?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Yes</li></ul> <p><b>Is the site marked?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Yes</li><li><input type="checkbox"/> Not applicable</li></ul> <p><b>Is the anaesthesia machine and medication check complete?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Yes</li></ul> <p><b>Is the pulse oximeter on the patient and functioning?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Yes</li></ul> <p><b>Does the patient have a:</b></p> <p><b>Known allergy?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> No</li><li><input type="checkbox"/> Yes</li></ul> <p><b>Difficult airway or aspiration risk?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> No</li><li><input type="checkbox"/> Yes, and equipment/assistance available</li></ul> <p><b>Risk of &gt;500ml blood loss (7ml/kg in children)?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> No</li><li><input type="checkbox"/> Yes, and two IVs/central access and fluids planned</li></ul>	<p><b>Confirm all team members have introduced themselves by name and role.</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Confirm the patient's name, procedure, and where the incision will be made.</li></ul> <p><b>Has antibiotic prophylaxis been given within the last 60 minutes?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Yes</li><li><input type="checkbox"/> Not applicable</li></ul> <p><b>Anticipated Critical Events</b></p> <p><b>To Surgeon:</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> What are the critical or non-routine steps?</li><li><input type="checkbox"/> How long will the case take?</li><li><input type="checkbox"/> What is the anticipated blood loss?</li></ul> <p><b>To Anaesthetist:</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Are there any patient-specific concerns?</li></ul> <p><b>To Nursing Team:</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Has sterility (including indicator results) been confirmed?</li><li><input type="checkbox"/> Are there equipment issues or any concerns?</li></ul> <p><b>Is essential imaging displayed?</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Yes</li><li><input type="checkbox"/> Not applicable</li></ul>	<p><b>Nurse Verbally Confirms:</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> The name of the procedure</li><li><input type="checkbox"/> Completion of instrument, sponge and needle counts</li><li><input type="checkbox"/> Specimen labelling (read specimen labels aloud, including patient name)</li><li><input type="checkbox"/> Whether there are any equipment problems to be addressed</li></ul> <p><b>To Surgeon, Anaesthetist and Nurse:</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> What are the key concerns for recovery and management of this patient?</li></ul>
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This checklist is not intended to be comprehensive. Additions and modifications to fit local practice are encouraged.

Revised 1 / 2009 © WHO, 2009

# Detailed in-depth qualitative research

Focus on 10 key risk factors



Invests in **high quality, cash-generative companies** at **sensible valuations**

# Valuation matters too!

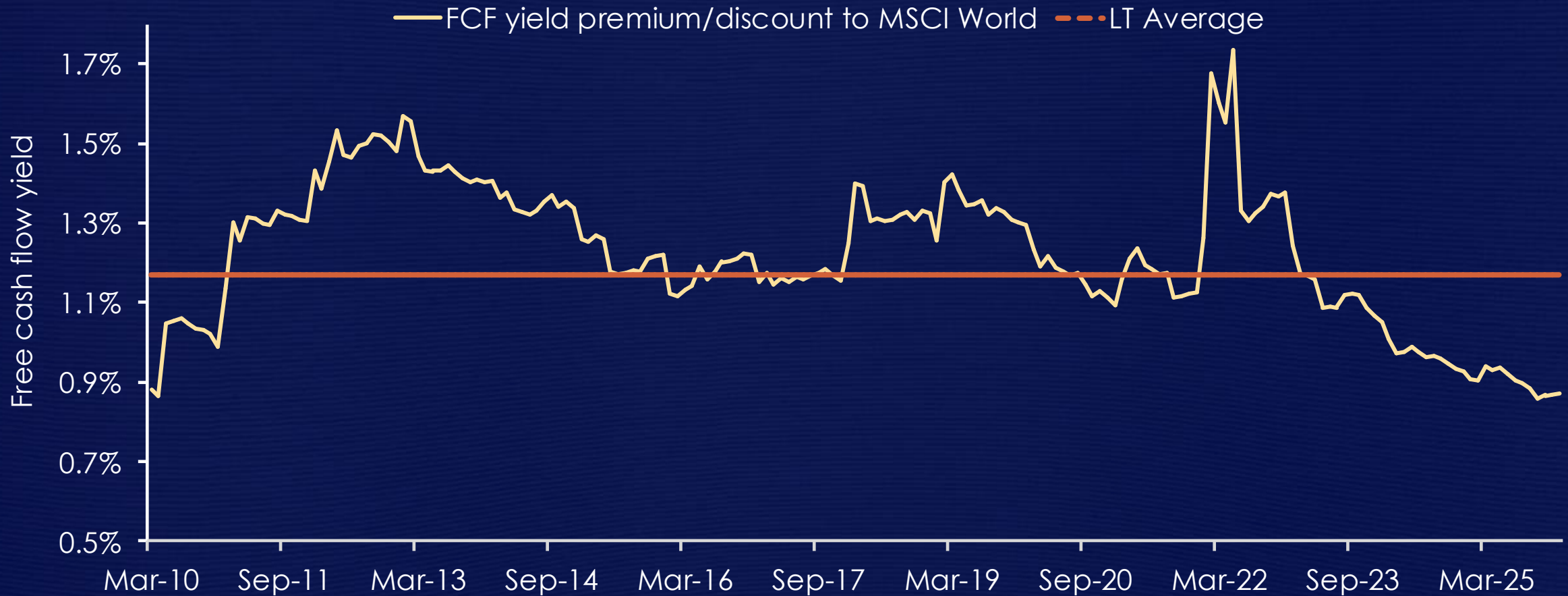


# The current backdrop

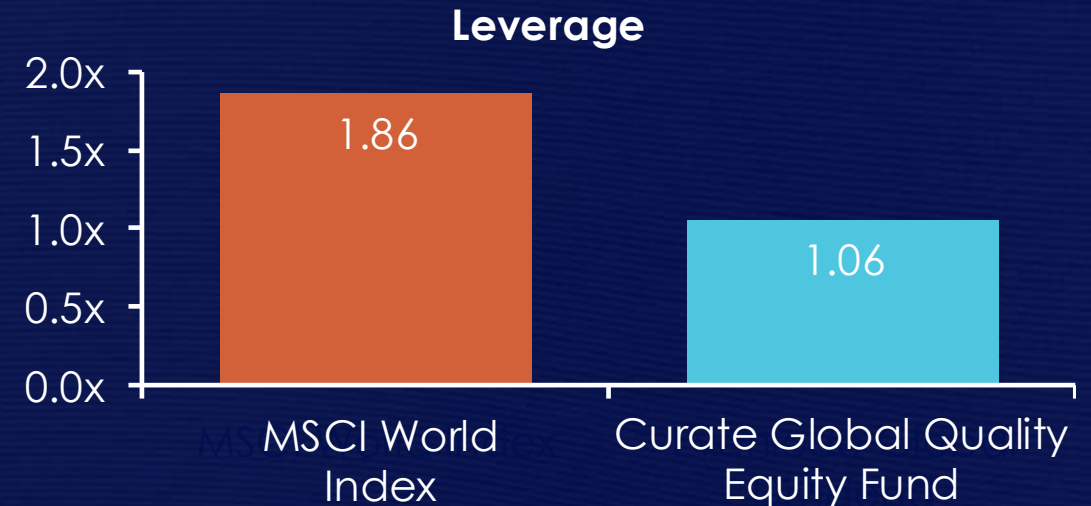
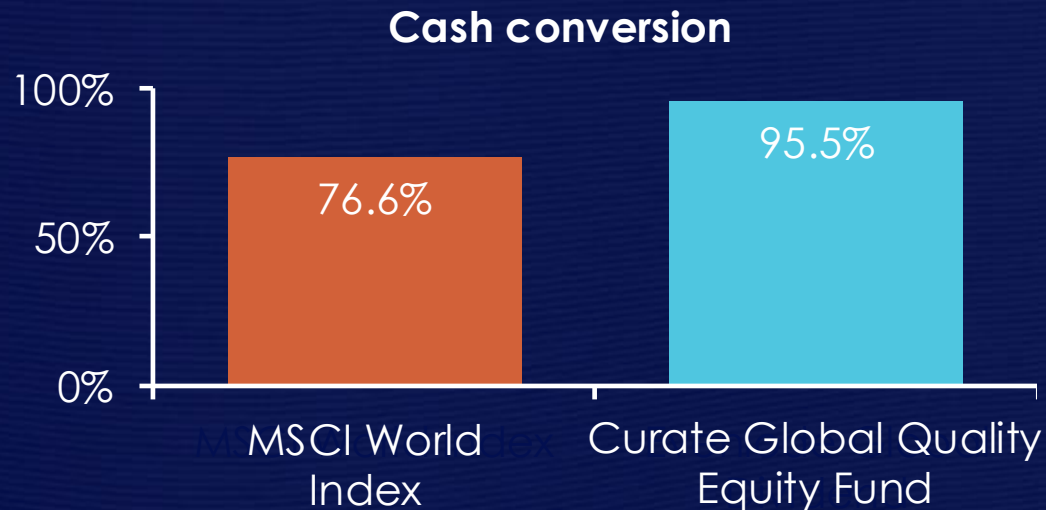
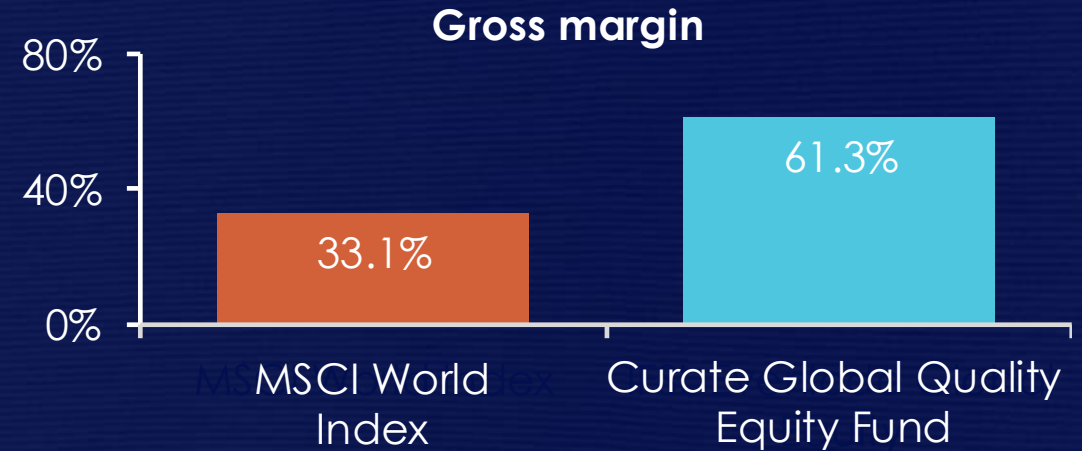
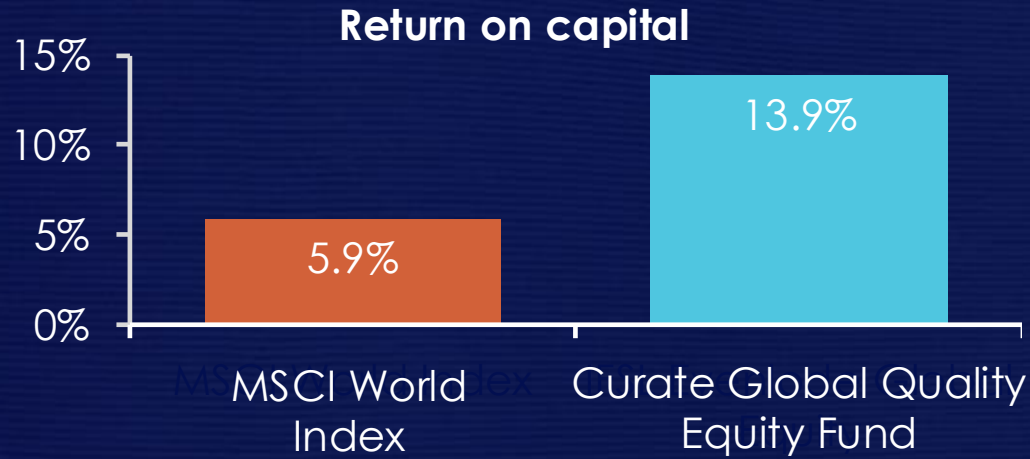


# The valuation opportunity in quality compounders

## FCF yield premium/discount



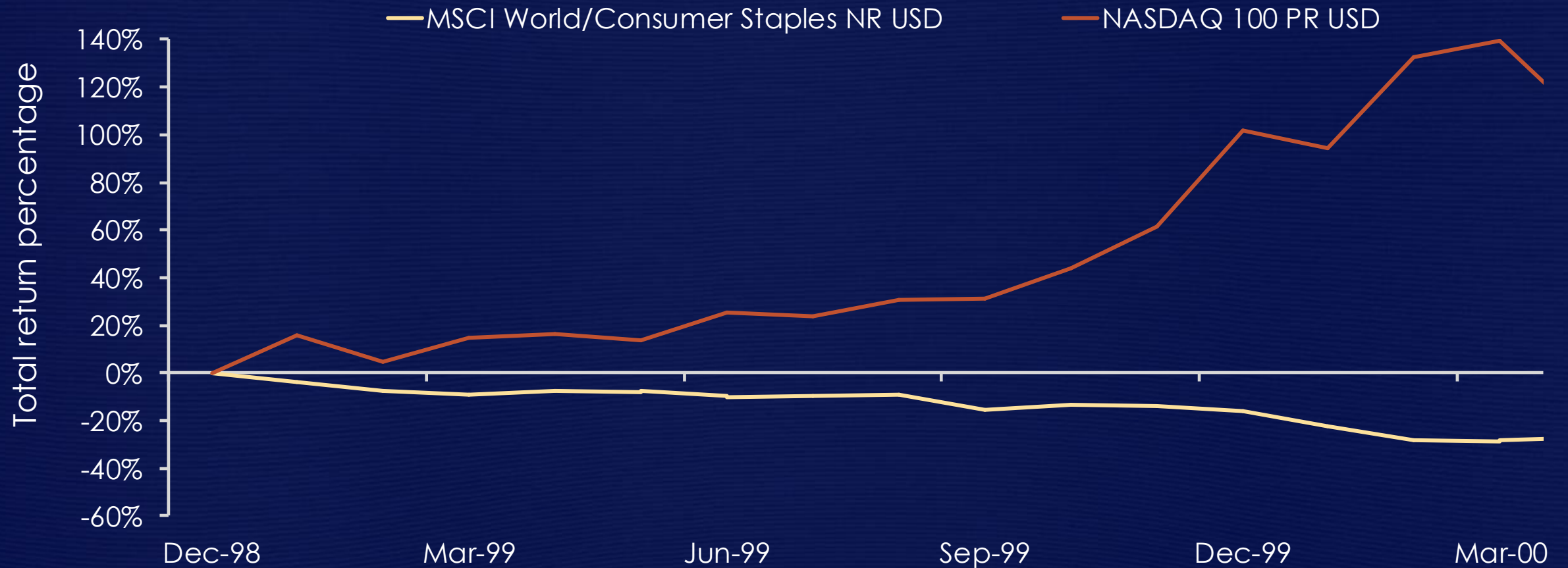
# Financial characteristics compared with the index



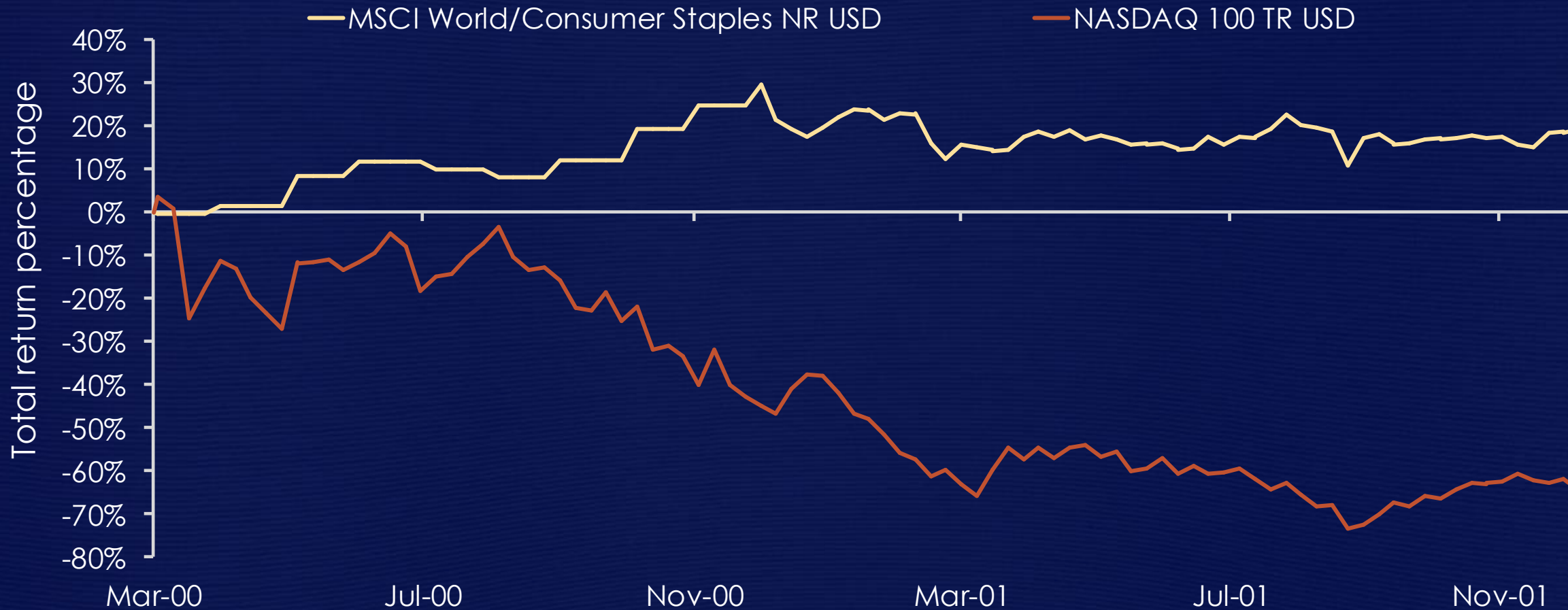
# In the long run



# Quality underperforms in strong bull markets



# ...but tends to be appreciated when downside risk comes to the fore



Source: Morningstar, March 2000 to December 2001. Past performance is not a guide to future performance.



**Thank you**

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