

INVESTMENTS, INSIGHTS AND INSPIRATION



Sir John Templeton
1912-2008

Words of Wisdom from Sir John Templeton

Thoughts on building wealth, the power of patience and cultivating appreciation for all of life's riches

The name Sir John Templeton holds a place of honour in the pantheon of the world's great investors. A respected investment counsellor and portfolio manager, he was among the first to bring the wealth of the world to North American investors through global investing. Sir John always maintained that successful investing was about using common sense. Buy when prices are low. Hold your investment until the market recognizes its value. Sell when others are buying. The following pages contain excerpts from numerous articles, letters and books written about and by Sir John over the years that provide insight and inspiration to this day.

What's inside...



Common sense investing	02
Hunt for bargains	03
Invest for the long term	04
Diversify your investments	05
The importance of investment planning	06
Thoughts on life	07
Biography	08



FRANKLIN TEMPLETON
INVESTMENTS

Common sense investing



August
1958

“ A major cause of higher prices is higher prices; but when the trend is reversed, then lower prices lead to still lower prices. This is why for twenty years we have printed in some of our booklets the following motto:

‘To buy when others are despondently selling and to sell when others are avidly buying requires the greatest fortitude and pays the greatest ultimate rewards.’”

November
1979

“ If you want to buy the same thing that is popular with your friends or popular with the investment analysts, you can’t get a bargain. If you buy the same thing they buy you will get the same performance they get. If you are going to have a superior performance, you’ve got to buy what the other people are not buying or even what those are selling. Therefore, we search for those areas that are unpopular and then we study them to see if that unpopularity is permanent.”

July
1987

“ The time to buy a stock is when the short-term owners have finished selling and the time to sell a stock is often when the short-term owners have finished their buying.”

February
1994

“ Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy and the time of maximum optimism is the best time to sell.”

March
1994

“ ‘This time is different’ are among the most costly four words in market history.”

Hunt for bargains



October
1957

“ The best bargains are not stocks whose prices are down the most, but rather those stocks having the lowest prices in relation to possible earning power of future years.”

“Investors are the people who buy for fundamental values. Speculators are those who buy in the hope of selling later to someone else at higher prices.” March 1961

November
1978

“ I never ask if the market is going to go up or down, because I don't know, and besides it doesn't matter. I search nation after nation for stocks, asking: *‘Where is the one that is lowest priced in relation to what I believe it's worth?’*”

January
1995

“ In almost every activity of normal life people try to go where the outlook is best. You look for a job in an industry where the outlook is best. You look for a job in an industry with a good future, or build a factory where the prospects are best. But my contention is if you're selecting publicly traded investments, you have to do the opposite. You're trying to buy a share at the lowest possible price in relation to what that corporation is worth. And there's only one reason a share goes to a bargain price – because other people are selling. There is no other reason. To get a bargain price, you've got to look for where the public is most frightened and pessimistic.”

Invest for the long term



1946

“ Experience teaches us that one of the most common errors in selecting stocks for purchase, or for sale, is the tendency to emphasize only the most obvious factor—namely the temporary outlook for sales and profits of the company.”

“ The most costly errors in selecting stocks are made by people whose thinking is dominated by the question of the temporary short-term trend of earnings.” June 1949

June
1949

“ Now that the bear market for stocks has lasted three years, it is well to remember that both bear markets and business depressions are temporary. People do not remain pessimistic forever.”

December
1950

“ The investor who selects stocks on the basis of long-term intrinsic value must expect certain problems. In the first place, he should expect usually to purchase stocks which are thoroughly unpopular. Only when a stock is unpopular is the price likely to be depressed greatly below intrinsic value. It is not easy to act contrary to popular opinion... In the second place, the investor who selects stocks on the basis of long-term intrinsic value should not expect that the stocks selected will immediately begin to show a profit.”

Diversify your investments



March
1957

“ The only certainty about the future is the fact that it will be different from the past.”

“ It seems to be common sense that if you are going to search for these unusually good bargains you wouldn’t just search in Canada. If you search just in Canada you will find some, of if you search just in the United States you will find some. But why not search everywhere? That’s what we’ve been doing for forty years. We search anywhere in the world.” November 1979

1983

“ The only investors who shouldn’t diversify are those who are right 100% of the time.”

March
1994

“ An investor who has all the answers doesn’t even understand the questions.”

July
1994

“ Research shows that a stock portfolio with investments around the world is likely to yield, in the long run, higher returns at a lower level of volatility than a simple, diversified, single nation portfolio.”

The importance of investment planning



1945

“ The stock market always has been, and always will be, subject to wide degrees of fluctuations. When prices decline farther and farther, it is only natural human emotion to become cautious. Investors who have no pre-arranged plan to guide them not only fail to add to their stock holdings at the lower levels but too frequently they add to the downward pressure by selling out part or all the stocks they own.”

“ Any sound long-range investment program requires patience and perseverance. Perhaps that is why so few investors follow any plan. Investment success is the purpose of investment planning; but a by-product of a good plan is peace of mind.” 1945

July
1960

“ For clients thus prepared, a stock market decline is not a calamity, but rather an opportunity.”

Undated

“ After you have prepared the best possible plan for your investments, put it in writing as a constant reminder. Else you will forget it or be tempted to alter it under pressure.”

Thoughts on life



May
1951

“ Do something where you’re performing a real service for people. It’ll be a success. I like investment counseling. And I like helping others. It gives you pleasure you can’t get spending thousands of dollars.”

January
1961

“ We ought to be deeply grateful to have been born in this age and this nation when ages of struggle toward knowledge and freedom have borne fruit in unbelievable prosperity. But our own prosperity, easy living and short-sighted economic theories may turn the clock back.”

“ The more love we give away, the more we have left. The laws of love differ from the laws of arithmetic. Love hoarded dwindles, but love given grows.” September 1987

January
1988

“ When I think of the progress we have made during my lifetime in improving the quality of life and when I extrapolate that progress into the future, I cannot help being optimistic.”

July
1994

“ People focus too little on the opportunities that problems present. We are blessed by the most remarkable achievement—we have ten blessings for every problem. The next 50 years offer great hope and glorious promise—maybe a new golden age of opportunity.”

Biography



John Marks Templeton
was a man of many
accomplishments, yet above
all else, he prized humility
and service.

1912-2008

Born November 29, 1912 in the small town of Winchester, Tennessee, John Templeton learned the value of money in the Great Depression when financial support for his studies at Yale University suddenly disappeared. Drawing on the determination that would serve him throughout his life, he persevered with part-time jobs and scholarships to graduate near the top of his class with an economics degree.

By 1937 he had secured a job as a Wall Street analyst, where he quickly acquired a reputation for astute investing in undervalued stocks. Three years later he opened his own investment counselling firm, Templeton, Dobbrow and Vance. The launch of Templeton Growth Fund Ltd. a little over a decade later marked the first of many outward-looking investments that would make the Templeton name synonymous with global investing.

Financial success allowed him to pursue his other great passion: philanthropy. In 1972 he created The Templeton Foundation Prize to award individual achievement across the pursuits of religion, science and humanitarianism, presenting the first award to Mother Theresa for her work in the slums of Calcutta. Queen Elizabeth of England acknowledged his dedication to humanitarian causes with knighthood in 1987.

In 1992, Sir John Templeton sold his interest in the Templeton Funds to Franklin Resources Inc. and devoted the remainder of his life to philanthropic service until his passage, at the age of 95, on July 8, 2008.

Franklin Templeton is proud to carry on
Sir John Templeton's common-sense
approach to investing through our
Templeton family of mutual funds.
For more information about these
or other investments, visit
franklintempleton.ca or
speak to your financial advisor.

