

# open road

MOTORING + TRAVEL



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## Australia's BEST CARS

All the winners and why they

### GREAT TRAVEL WRITING

- Confessions of a coach tour sceptic
- World's smallest motoring holiday
- Scenes from a West Cork summer
- An Outback takes on the outback

Wild Car  
UP CLOSE  
WITH  
BEARS

### BUY-OLOGY

Value investing with  
Roger Montgomery

#### Get started... with scissors

Many years ago I discovered what I think is the key to successful long-term share market investing. It is easy to follow, simple to explain. You'll need scissors.

For many investors, the share market is confusing; down one day on fears interest rates might rise and up the next day on confirmation they have. Your returns and emotions are destined to rise and fall with the market. But I have made share market falls a time of great joy – much like discovering, for one day only, the Bugatti I always dreamt of can be bought for the price of a Camry.

This year in *Open Road* I will be detailing the steps you can take to outperform the market.

First, don't treat shares like bits of paper that wiggle up and down, hoping the next wiggle is up. That's gambling and a recipe for disaster. Second, don't obsess over share prices. They simply reflect what someone else, perhaps foolishly, is willing to pay. Instead, treat the stock market as a place to



purchase shares of some of Australia's best businesses for less than they are worth. Price is what you pay and value is what you get. Your job is to pay a lower price than the value you receive.

I will show you how to identify good shares – they earn profits, have little or no debt, high rates of return on equity and sustainable competitive advantages; companies like CSL, Cochlear, Reece and JB Hi-Fi. I will also give you a formula for calculating what they're really worth because a great company, bought at the wrong price will be a lousy investment.

Treat shares as pieces of business rather than chips at a casino. And the scissors? Use them to cut this column out. At year's end, you will know your buy-ology.

**Roger Montgomery is writing a guide book to safely buying the best stocks. Go to [www.rogermontgomery.com](http://www.rogermontgomery.com).**

*The independent advice in this column is not necessarily supported by NRMA.*