

THE ULYSSES CONTRACT

HOW TO NEVER WORRY ABOUT
THE SHARE MARKET AGAIN

Michael Kemp





About the author

Dr Michael Kemp completed an MBA from Monash University before embarking on a stellar career in corporate finance during the mid-1980s bull market, then switching to a career as a pre-eminent periodontist running a successful practice in Brighton, Victoria, for almost 20 years.

Throughout both these careers, Michael maintained a fascination for the share market. As well as managing his own portfolio, he's spent a lifetime reading and researching to find out what works and what doesn't, and what it takes to be a successful investor. He shared some of this thinking in his first book, *Creating Real Wealth* (2010); this was followed by *Uncommon Sense* (2015). By this time, Michael's work had attracted attention in the US, with Robert P Miles, author of *The Warren Buffett CEO*, inviting Michael in 2015 to address fund managers and investors from around the world at the annual Value Investor conference, which precedes the Berkshire Hathaway AGM in Omaha, Nebraska.

From 2011 to 2020, Michael Kemp was the chief investment analyst for Scott Pape's *Barefoot Blueprint* newsletter.

Today Michael spends his time with family and friends, travelling, investing on his personal account, and writing articles and recording podcasts for a business consultancy firm.

To Michael, finance has always been a passion, never a job.

*For my grandchildren, great-grandchildren
and great-great-grandchildren.*

*In finance, like in life, the more things change
the more they stay the same.*



First published in 2023 by Major Street Publishing Pty Ltd
info@majorstreet.com.au | +61 421 707 983 | majorstreet.com.au

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A catalogue record for this book is available
from the National Library of Australia.

Printed book ISBN: 978-1-922611-60-4

Ebook ISBN: 978-1-922611-61-1

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Cover design: Tess McCabe

Internal design: Production Works

Part title page image: *Ulysses and the Sirens*, John William Waterhouse, 1891,

National Gallery of Victoria, Melbourne

Printed in Australia by Griffin Press

10 9 8 7 6 5 4 3 2 1

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Contents

Foreword by Scott Pape ix

Preface xi

Introduction 1

Part I: SIREN SONGS

- Chapter 1: One Now or Two Later? 7
- Chapter 2: Believing What Isn't So 18
- Chapter 3: The Siren of Bias 25
- Chapter 4: The Crowd 33
- Chapter 5: The Soothsayer Siren 43
- Chapter 6: The Market Timing Siren 57
- Chapter 7: Sirens Painting Pretty Patterns 90
- Chapter 8: The Siren Song of Stock Picking 98
- Chapter 9: Sirens in Pinstripe Suits 113
- Chapter 10: The Siren Song of Tech Stocks 130
- Chapter 11: The Siren Song of Day Trading 154
- Chapter 12: The Siren Song of High Returns 161

Part II: GAINING AN EDGE

- Chapter 13: What Is an Edge? 173
- Chapter 14: Speed 189
- Chapter 15: The Graham/Buffett Era 194
- Chapter 16: Quants 212
- Chapter 17: Artificial Intelligence 222

Part III: THE MAST

- Chapter 18: Be Realistic **229**
- Chapter 19: Diversify **234**
- Chapter 20: Reversion to the Mean **237**
- Chapter 21: History **242**
- Chapter 22: Patience **247**
- Chapter 23: Compounding **252**
- Chapter 24: Great Investors Don't Need to Be Champions **259**
- Chapter 25: Passive Management **262**
- Chapter 26: Low Fees **268**
- Chapter 27: Investing Is about Farms, not Casinos **273**

Part IV: THE ULYSSES CONTRACT

- Chapter 28: Investing Is about a Ulysses Contract **283**

- Appendix 1: Index Funds **297**
- Appendix 2: Listed Investment Companies **298**
- Appendix 3: Real Estate Investment Trusts **300**

References **303**

Index **307**

Foreword by Scott Pape

You've lucked onto something very special by picking up this book.

You don't know it yet, but it's going to totally change the way you think about the share market.

Yet I'm getting ahead of myself.

If you're reading this right now, I can guess a few things about you:

You've probably been investing for a while, maybe a long while.

You've got the basics under your belt. And you've been around the block too many times to get greased by gurus' get-rich-quick claims. But there's one fear that's always, somewhere, at the back of your mind...

The 'big one'.

A catastrophic collapse that smashes shares down by over 50 percent (GFC 2007–2009), almost 70 percent (Japan in the 1990s), or almost 90 percent (the Great Depression in the USA).

Most investors perpetually live with this fear (after all, most economists have predicted nine of the last three recessions!).

But not all of them.

Every now and again you come across an investor who has something most investors don't have:

Confidence. A deep, unshakeable confidence, no matter what happens.

Let me tell you about one:

Mike Kemp.

Mike has seen it all.

The Ulysses Contract

He was standing on the floor of the stock exchange on the day of the 1987 crash. He's been through the Dot.com bubble, the GFC, and every downturn and panic. And through it all... he's kept right on investing.

That's why he's a very wealthy man.

And that's why this book doesn't need to sell you anything.

Mike's passion is simply to share with you what he's devoted a lifetime to learning.

And he sums it all up in one simple idea:

A Ulysses contract.

That's what the book you're holding is all about.

Mike sent me this book in manuscript form to review.

However, after reading the manuscript cover to cover, I circled back to Mike with only *one* edit.

'This book needs a subhead,' I told him. 'Something like "How to never worry about the share market again". Because that is exactly what this book delivers.'

So, you are holding in your hands something very valuable.

If you follow the (admittedly unconventional) steps in this book, you will save yourself tens, if not hundreds, of thousands of dollars in costly fees, *and* you'll earn higher returns because of it. Yet, more importantly, you'll free yourself up from the stress and strain of constantly worrying about share price drops. And the time you have left is your most precious gift, your most valuable asset.

This book will show you how to never worry about the share market again.

Scott Pape

Pape Family Farm

December 2022

Preface

This is my third book, but I only recently worked out why I write the things. For me, writing is a form of self-expression – like when a musician senses a new tune welling up inside and they look for a piano or a guitar in order to express it. But I'm a musical klutz, so I tap away at a computer keyboard instead.

Each of my books has reflected a new stage of my still-unfolding life. Take, for example, my first book: *Creating Real Wealth: The Four Dimensions of Wealth Creation*. It was born from my attempts to resolve an inner conflict between my career and my happiness.

My job was like a bad marriage. While I felt a sense of commitment towards it, it wasn't bringing me the joy that I demanded. I was a practising periodontist (a specialist arm of dentistry), but I had long been in an 'extramarital affair' with investing and the financial markets. I wasn't reading medical or dental journals in my spare time; instead, I was devouring books on financial history and stock valuation. (I had worked in the financial markets as a younger man, and I'd also studied for a couple of tertiary qualifications in finance when I was in my 20s.)

Researching and writing the book was a good move, because it proved to be a catalyst for change both at a professional and a personal level. It resulted in me leaving periodontics and working for nine years as a financial analyst and writer with Scott Pape (aka 'the Barefoot Investor'). I thoroughly enjoyed it. What's more, the career switch delivered the added benefit of fewer work hours and more time to spend with friends and family.

Then came my second book: *Uncommon Sense: Investment Wisdom Since the Stock Market's Dawn*. That book opened more doors, and it elicited an invitation to present at the annual Value Investor Conference in Omaha, Nebraska, USA. The conference is held each year over the days leading up to the Berkshire Hathaway Annual General Meeting.

It was but one of five trips that I made to Omaha. I went there primarily to hear Warren Buffett and Charlie Munger speak at the AGM. The trips were a lot of fun. My visits to Omaha also delivered me the opportunity to meet with a number of the CEOs of Berkshire Hathaway's subsidiaries and hear them talk about their companies. It allowed me to gain precious insight into the modus operandi of investment great Warren Buffett.

As my investment knowledge grew, I was happy – well, sort of. I still needed an answer to a gnawing question. What I didn't know for sure was whether my above-average investment returns were the result of skill and hard work or simply plain, dumb luck.

So, I started exploring the research. The more I looked, the more sceptical I became regarding my investing ability. I became obsessed with the whole question of skill versus luck. What I discovered during that search spawned this book: book number three.

I have come to realise that genuine market-crushing investing skill is rare – so rare, in fact, that you are unlikely to ever develop it yourself or even to meet anyone who has. I have also come to realise that successful investing is more reliant on personal qualities than it is on intellectual ones, and at the top of the list are discipline, consistency and patience.

In this book, I will show you how to put in place an investment plan that embodies these personal qualities, even if you don't feel that you currently possess them. I will show you how remarkably easy it can be for anyone to develop into a successful investor – not necessarily an outperformer but certainly a genuine success.

Yes, that can include you.

That's why I wrote this book.