

When asked how he became so successful, Buffett answered: "we read hundreds and hundreds of annual reports every year."



Edited by the
**Manual of Ideas
Research Team**

"If our efforts can further the goals of our members by giving them a discernible edge over other market participants, we have succeeded."

Top Ideas In This Report

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About Portfolio Manager's Review

Our goal is to bring you equity investment ideas that are compelling on the basis of value versus price. In our quest for value, we analyze the top holdings of top fund managers. We also use a proprietary screening methodology to identify opportunities that are not yet widely followed by institutional investors.

John Mihaljevic, managing editor, is a fund manager, former banker and analyst. He is a member of Value Investors Club, an exclusive community of top money managers, and has won the Club's prize for best investment idea. John is a trained capital allocator, having studied under Yale chief investment officer David Swensen and served as research assistant to Nobel laureate James Tobin. John holds a BA in Economics, *summa cum laude*, from Yale and is a CFA charterholder. He resides in New York City with his wife and two kids.

THE SUPERINVESTOR ISSUE

- ▶ Snapshot of 100 companies owned by superinvestors
 - ▶ 22 companies profiled and analyzed
- ▶ Proprietary selection of Top 3 candidates for investment
 - ▶ Plus: Latest holdings of top investors
 - ▶ Plus: Exclusive Interview with Brian Bares
- ▶ Plus: Exclusive Notes from Value Investing Seminar, Italy

Superinvestor companies mentioned in this issue include Abbott Labs, Abercrombie & Fitch, Alleghany, Allegheny Energy, Allergan, Alliance One, Allied Healthcare, Allstate, AmeriCredit, Apollo Group, Aspen Insurance, Automatic Data, AutoNation, Bank of America, Becton, Dickinson, Bel Fuse, BioFuel Energy, Brookfield Prop., Burlington Northern, Campbell Soup, Capital Southwest, CapitalSource, Cardinal Health, CF Industries, Coca-Cola Company, Comcast, Contango Oil & Gas, Coventry Health, Crosstex Energy, Dell, DIRECTV Group, Discovery Comms, DreamWorks Animation, EMC Corp., Exterran Holdings, Fairfax Financial, Forest City, General Electric, Genworth Financial, Health Net, Hertz Global, Hewlett-Packard, Humana, Intelligent Systems, International Assets, International Coal, Jefferies Group, Johnson & Johnson, Leucadia National, Level 3 Comms, Liberty Acquisition, Liberty Entertain., Lockheed Martin, Magna International, Market Leader, McDonald's, MI Developments, Microsoft, ModusLink Global, Monsanto Company, Nabors Industries, News Corp., Northrop Grumman, Odyssey Re, Omnicom Group, Overstock.com, Pfizer, Philip Morris, POSCO, Potash Corp., Procter & Gamble, Republic Airways, SAP, Sears Holdings, Smithfield Foods, Spirit AeroSystems, St. Joe, Stanley Furniture, Strayer Education, Sun Microsystems, Sycamore Networks, TAL International, Target, Tejon Ranch, Theravance, Transatlantic, TravelCenters, tw telecom, U.S. Bancorp, United Am. Indemnity, Varian Medical, Visa, VistaPrint, Wal-Mart, Walt Disney, WellCare Health, Wells Fargo, Wyeth, Yahoo!, Yum! Brands, and more.

(profiled companies are underlined)

Portfolios With “Signal Value”

Revealing the Top Ideas of Top Investors

“Signal value” as opposed to “noise.” We present the holdings of some of the world’s top investors. We look for investors who have amassed impressive track records over long periods of time. We choose these investors carefully to avoid the noise inherent in most 13F-HR filings.

Top investors included in this section:

- William Ackman, Pershing Square
- Zeke Ashton, Centaur
- Bruce Berkowitz, Fairholme
- Warren Buffett, Berkshire Hathaway
- Ian Cumming & Joe Steinberg, Leucadia
- David Einhorn, Greenlight
- Glenn Greenberg, Chieftain
- Brian Gaines, Springhouse
- Tom Gayner, Markel Gayner
- Mason Hawkins, Southeastern
- Chris Hohn, Children’s Investment Fund
- Carl Icahn, Icahn
- Seth Klarman, Baupost
- Eddie Lampert, RBS (ESL)
- Dan Loeb, Third Point
- Steve Mandel, Lone Pine
- Mohnish Pabrai, Pabrai Funds
- Rich Pzena, Pzena Investment
- Kenneth Shubin Stein, Spencer
- Prem Watsa, Fairfax
- Wally Weitz, Weitz Funds
- Marty Whitman, Third Avenue

*Missing your favorite superinvestor?
Let us know at editor@manualofideas.com.*

MOI Signal Rank answers the question, “What are this investor’s top ten ideas right now?” Rather than simply presenting each investor’s largest holdings as of the recently filed quarter end, the *MOI*’s proprietary methodology ranks the companies in each investor’s portfolio based on the investor’s current level of conviction in each holding, *as judged by the MOI*.

Our proprietary methodology takes into account a number of variables, including the size of a position in an investor’s portfolio, the size of a position relative to the market value of the corresponding company, the most recent quarterly change in the number of shares owned, and the change in the stock price of a position since the most recent quarterly filing date.

For example, an investor might have the most conviction in a position that is only the tenth-largest position in such investor’s portfolio. This might be the case if an investor invests in a small company, resulting in a holding that is simply too small to rank highly based on size alone. On the other hand, such a holding might represent 19.9% of the shares outstanding of the subject company, suggesting a high level of conviction. Our estimate of the conviction level would rise further if the subject company has a 20% poison-pill threshold, thereby suggesting that the investor has bought as much of the subject company as is practically feasible.

Bruce Berkowitz, Fairholme

Bruce Berkowitz, manager of The Fairholme Fund, has been one of the most successful value-oriented investors of the past decade. From inception on December 29, 1999 through December 31, 2008, The Fairholme Fund has delivered a cumulative return, net of expenses, of 153.92%, versus a return of -27.83%, before expenses, for the S&P 500 Index.

MOI Signal Rank™ – Top Current Ideas of Fairholme

Company	Ticker	Market Value (\$mn)	Price (\$)			Shares Owned		Holdings as % of		
			Latest Date	Filing Date	Δ Since Filing	Latest Filing	Δ Since 3/31/09	Co.	Fund	
			1	Spirit Aerosystems	SPR	1,912	13.67	13.74	-1%	22,155,838
2	St Joe	JOE	3,029	32.74	26.49	24%	24,751,543	34%	27%	9%
3	Hertz Global	HTZ	4,511	11.02	7.99	38%	58,817,361	38%	16%	7%
4	WellCare Health Plans	WCG	1,049	24.85	18.49	34%	8,399,763	3%	20%	2%
5	AmeriCredit	ACF	2,283	17.19	13.55	27%	32,307,322	no change	24%	6%
6	TAL International	TAL	309	10.00	10.90	-8%	2,724,862	12%	9%	0%
7	Humana	HUM	5,885	34.69	32.26	8%	9,537,400	41%	6%	4%
8	Berkshire Hathaway	BRK/A	156,589	101,400	90,000	13%	847	>100%	0%	1%
	Berkshire Hathaway	BRK/B	156,589	3,329	2,896	15%	25,707	new position	0%	1%

Top Holdings of Fairholme – By Dollar Value

Company	Ticker	Market Value (\$mn)	Price (\$)			Shares Owned		Holdings as % of		
			Latest Date	Filing Date	Δ Since Filing	Latest Filing	Δ Since 3/31/09	Co.	Fund	
			1	Pfizer	PFE	106,434	15.77	15.00	5%	87,182,848
2	Sears Holdings	SHLD	9,247	77.10	66.52	16%	13,576,439	-5%	11%	13%
3	St Joe	JOE	3,029	32.74	26.49	24%	24,751,543	34%	27%	9%
4	Hertz Global	HTZ	4,511	11.02	7.99	38%	58,817,361	38%	16%	7%
5	Forest Laboratories	FRX	8,308	27.54	25.11	10%	18,147,244	-10%	6%	6%
6	WellPoint	WLP	24,793	52.19	50.89	3%	8,710,710	-13%	2%	6%
7	AmeriCredit	ACF	2,283	17.19	13.55	27%	32,307,322	no change	24%	6%
8	Leucadia National	LUK	6,302	25.86	21.09	23%	18,008,803	-1%	8%	5%
9	Humana	HUM	5,885	34.69	32.26	8%	9,537,400	41%	6%	4%
10	Spirit Aerosystems	SPR	1,912	13.67	13.74	-1%	22,155,838	17%	21%	4%

New Positions

Berkshire Hathaway (B Shares) (BRK/B)
Meritor Savings Bank (MSVP)
RSC Holdings (RRR)

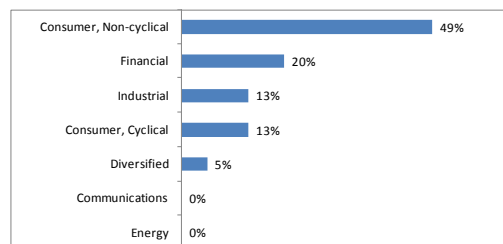
Sold Out Positions

Calumet Specialty Products (CLMT)
Canadian Natural Resources (CNQ)
Markel (MKL)

Portfolio Metrics

Portfolio size	\$7 billion
Top 10 as % of portfolio	73%
Median market value	\$6 billion
Average market value	\$31 billion
Median price to earnings	9x
Median price to book	1.3x

Sector Weightings



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