

Vice Chancellor, I have the honour to present, for the award of the degree of Doctor of Economic Sciences, honoris causa, Allan William Buchanan Gray.

"If you can keep your head when all about you/are losing theirs and blaming it on you; If you can trust yourself when all men doubt you/But make allowances for their doubting too; If you can wait, but not be tired by waiting...^[1]" Rudyard Kipling might have been describing Allan Gray.

Allan Gray describes himself as ruled more by his head than his heart. He says: "I move slowly. I'm not charismatic. I'm not an extrovert. I'm very rational and cautious, but I'm attracted to risk taking. I like to make only a few decisions, but they've got to last for a long time^[2]."

Paradoxically, he works in an environment that is ruled by emotion; almost irrational – with markets that are subject to the ravages of greed, fear, hope and regret^[3].

40 years ago, academics believed in the "random walk hypothesis": that stock market prices cannot be predicted and that it is not possible to consistently outperform the market^[4]. Allan Gray did not believe that. He believed that one could make a better judgment; he believed that it was possible to outperform the market and he believed that the way to do it was to go back to the fundamentals.

And what are the fundamentals? Quite simply the actual worth of a company, as reflected in the balance sheet. To establish this requires detailed, careful, methodical research in order to determine the intrinsic worth of a company – not of the stock, but of the company. This strategy requires both time and patience. It's a strategy that has often gone against prevailing practice. (It was severely tested in the dot-com bubble when all around him phenomenal fortunes were being made.) Over the long term, however, it has proven to be spectacularly successful.

When he started his small company, Allan Gray, in 1973, he had no idea that his own name would become globally recognised. In the beginning, he had used his name as a way of showing his absolute commitment to his clients, being prepared to put his own name and reputation at stake. Later, he did try to change the name to Allan Gray Investment Council (AGIC), but his team said: "That sounds like a detergent!" and so today we still have Allan Gray, the company and Allan Gray, the man.

Allan Gray's commitment to making a difference has extended to the founding of the very significant philanthropic Allan Gray Orbis Foundation. The Foundation sees entrepreneurship as the key to unlocking economic and social transformation in South Africa^[5]. His belief in intrinsic value and long term thinking clearly also extends far beyond the stock market to the youth of South Africa.

And so, with apologies to Rudyard Kipling: If you can plan - and not make short term goals your master; If you can focus on the years, and not the hour or minute; If you can free yourself from charging bulls and bear disaster; Yours is the Earth and everything that's in it.

Vice Chancellor, I have the honour to invite you to admit to the degree of Doctor of Economic Sciences, honoris causa, Allan William Buchanan Gray.

1. Kipling, R. and P. Washington, 2013. *Kipling: Poems*: Knopf Doubleday Publishing Group.
2. Gray, A.W.B., *Personal Communication*, 7 November, 2013.
3. Wagner, D. (2013). "The 4 Most Dangerous Emotions For Traders." Retrieved 12 November 2013, from <http://deronwagner.hubpages.com/hub/stock-trading-psychology>.
4. Malkiel, B.G., 1999. *A Random Walk Down Wall Street: Including a Life-cycle Guide to Personal Investing*: Norton.
5. Allan Gray Orbis Foundation (2013). "Investing in a Long Term Legacy of Greatness." Retrieved 18 November 2013, from <http://www.allangrayorbis.org>.