

know how to play bridge. I asked the woman who was one of Buffett's friends if she could teach me for tomorrow and she goes, "No its not a game I can teach you in a day so you're out of luck," and then I never saw her again.

What's a key thing in my opinion to take away from it, is my passion for value investing came from my inspiration from Berkshire Hathaway and Buffett. This is just another example of how Buffett has created a culture that empowers others to do this kinda stuff. As Charlie said when they get even larger, Berkshire can create a culture that does more than this and actually help transform humanity.

Scott Dinsmore and Mike McCoy

Scott Dinsmore, 27, who went to the University of California Santa Barbara and Mike McCoy, 28 (whose birthday is on the same day, August 30, as Buffett's), who went to the University of California Davis, have been learning about Warren Buffett and Berkshire Hathaway for the majority of their lives.

Dinsmore also studied at the London School of Economics and McCoy at Cambridge and that's where they really got to know one another. As childhood friends, classmates and eventually colleagues, they scoured just about every book they could find on the topic of value—Buffett, Charlie Munger, Ben Graham, Mohnish Pabrai and Joel Greenblatt. Eventually they picked up a couple of class B shares and made it to their first shareholders meeting in 2007.

It would be the weekend that changed their careers (and much of their lives) from that point forward. After hearing Buffett and Munger all day on Saturday and meeting guys like Pabrai and Whitney Tilson among so many other like minded value gurus, it became clear to them that running an investment partnership was the best way to apply their passions to life. Dinsmore and McCoy are fans of and have met with former Stanford University student Tim Bliss, an investor who heads Investment Group of Santa Barbara. "He's the one who got us on track," Dinsmore says.



Scott Dinsmore, left and Mike McCoy

Of Permanent Value

The initial plans for their new business were sketched out on the plane ride home from Omaha that year. Dinsmore and McCoy planned, worked with lawyers, and convinced some supportive friends and family to trust them with a small portion of their capital.

By the end of 2008, Cumbre Capital Partners LLC, of San Francisco now, had been formed and was ready to launch just as the U.S. economy and credit crisis was nearing its darkest hour. Seeing the environment as the best opportunity in their investment history to find bargains, they launched their fund on January 1, 2009, with \$340,000 under management.

Cumbre Capital Partners is named after La Cumbre Peak in Santa Barbara, California, where the fund was founded. Mostly unknown by locals despite “hiding in plain sight,” Cumbre Peak is the tallest and most impressive peak in Santa Barbara County. Cumbre Capital seeks out similar situations in the marketplace—market leaders and opportunities in ignored or out-of-favor niches.

Mike and Scott’s fund, which owns some Berkshire shares, was inspired by the original Buffett Partnerships of the 1950’s and 60’s and is structured almost identically to Buffett’s original partnership rules including charging no management fee and requiring a 6% hurdle before any performance fees are charged for running the fund.

Scott and Mike continue to attend the Berkshire meeting each year and in 2009 Scott took the liberty of using his shareholder discount to buy his girlfriend of 7 years an engagement ring at Borsheims only after receiving a letter from Buffett offering his advice for the purchase. Dinsmore spent about 6% of his net worth on the ring—in line with what Buffett has said he did and what he suggested Bill Gates do.

Cumbre Capital’s first year in business was 2009 and they could not be more excited with the progress thus far—closing the year with a net return to investors of 31% and over \$1.2 million under management. And even more importantly they are working with people they admire and respect, are doing something they love and have the most valuable mentors in the world in guys like Buffett and Munger.