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## Now you can put Buffett's brain in your computer

By Rick Miller

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CHICAGO - Warren E. Buffett wannabes take note: A mathematics professor claims to have cracked the code on the Oracle of Omaha.

John Price, a visiting professor at the University of New South Wales in Sydney, Australia, is pitching in the United States his Conscious Investor software which he said is already being used by financial advisers down under.

"For financial advisers, we think that helping clients see this broader approach to investing will ensure that they keep their clients," said Mr. Price, who is chairman and chief executive of Conscious Investing USA Inc. in Fairfield, Iowa.

Superb stock selection or snake oil, it can be had for the oddball subscription price of \$747 a year.

While there are quite a few books and websites claiming to unlock the secrets of Mr. Buffett - one of the world's greatest investors - Mr. Price, 61, comes with some academic credentials. A professor of mathematics and finance, he has held positions at the University of Maryland in College Park and the University of Washington in Seattle.

Obsessed with deciphering Mr. Buffett's investment methodology, Mr. Price began parsing the guru's few public utterances for signs.

Picking up on Buffettesque terms such as "margin of safety" and "economic moat," Mr. Price launched his own valuation tool two years ago that allows investors to identify "quality companies" and then calculate "exactly what price to pay."

At InvestmentNews' behest, stock analyst Haywood Kelly of Morningstar Inc. in Chicago checked out Mr. Price's website, [conscious-investor.com](http://conscious-investor.com), which has the bold heading: "Warren Buffett's Methods Revealed at Last ... Who Else Wants the Amazing New Tools That Help You Make Money While You Sleep?"

Mr. Kelly, who covers Mr. Buffett's Berkshire Hathaway Inc. of Omaha, Neb., was dubious.

"It is impossible to boil down Buffett's success to a mathematical formula, because there are so many qualitative elements to it," Mr. Kelly said. "That's not to say that this guy's service might not be a nice service, but there is no way you can [encapsulate] Buffett's stock-picking abilities into a computer program."

Despite Mr. Buffett's secretive ways, Mr. Price wasn't deterred.

For his first 20 years as a researcher, Mr. Price was focused on uncovering "the secrets of nature" in mathematics and physics. Then, after reading a biography of Mr. Buffett more than a decade ago, he was inspired to use his abilities as a mathematician, research scientist and computer programmer to expose Mr. Buffett's ways.

"The very general, apple-pie-type statements that [Mr. Buffett] makes ... most people say there is actually nothing there," Mr. Price said.

"And as my background is in trying to uncover secrets, it was really a question of going through as much as I could about what is written, literally word by word, to see if there were some clues in there to make it into a more systematic, rigorous approach," he said.

The result is software that allows investors to scan through 10 years of fundamental data on thousands of stocks using Buffett-type criteria: high return on capital and equity, debt level ratios, stable and strong growth in earnings and sales.

### Qualitative Screens

Once the number of stocks is whittled down, the system considers more-qualitative screens such as a company's economic moat, defined as qualities that might protect it from competition or changes in the marketplace.

Using the tool, Mr. Price produced an audited investment return from June 1997 until the end of November 2003 that averaged 19.45% a year, compared with 2.82% for the Standard & Poor's 500 stock index, according to his marketing material. So far, the tool has about 2,000 subscribers - half in Australia, half in the United States - with a push under way to boost the number of users stateside.

New York investor Charles Mizrahi is pleased with his results.

A former floor trader on the New York Futures Exchange, he has used the tool for two years to manage his personal investments.

"We don't know what Buffett does, really,"he said. "It is really a tool that if you sat down with Warren Buffett, and you told him what you are doing, the compelling logic makes all the sense in the world."