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Carol Brewer's Investments

Carol Brewer had learned a great deal about investing in the past decade. In 1994, following her husband's death, Brewer had taken over the management of the portfolio her husband had built. A social worker with a background in family therapy, Brewer had no prior experience with investment but had taught herself as much as she could, and had enlisted the help of an investment management company. She combined her new financial knowledge with her professional background in family therapy and became a senior consultant for The Metropolitan Group,¹ a company that helped families resolve interpersonal conflicts around managing shared assets, including family businesses and family philanthropies. In this capacity, Brewer had coached many widowed and divorced women who were struggling with questions of investment management for the first time in their lives. The struggles of these women reminded Brewer of the many difficult decisions she had made following her husband's death. Now 64 years old, Brewer hoped to retire in six years and live on the income from her investments, while leaving some inheritance for her children and grandchildren. She wanted to review her decisions and make any changes needed for the future financial well being of her family.

Personal History

Carol and Jason Brewer were married in 1965 and settled in Washington, D.C., where they bought a house and raised four children. Jason Brewer was a career officer in the U.S. Foreign Service. Carol Brewer, a graduate of Radcliffe College with a master's degree in social work, worked for various psychiatric hospitals until 1982, when she started a private practice as a family therapist. She earned her doctorate in social work at Catholic University in 1985.

In 1985, Jason Brewer retired from the Foreign Service and began to work for a policy think tank in Washington, while Brewer continued in private practice. During the late 1980s and early 1990s, their young adult children left for college and graduate school before launching into their own professional lives. In 1987, Jason Brewer was diagnosed with cancer, and he and his family devoted themselves to finding a cure. Jason Brewer struggled valiantly against his illness for seven years, finally succumbing in August 1994.

¹ For additional information on The Metropolitan Group, please see the company Web site at www.relative-solutions.com.

Professor Richard S. Ruback and Research Associate Julia D. Stevens prepared this case. Certain details have been disguised. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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During their marriage, Jason Brewer had handled the couple's investments while Carol Brewer had handled their day-to-day finances. A few months before Jason Brewer's death, the couple hired a financial planner from an insurance company to review the way they were managing their finances and to run some financial projections. They also met with an estate-planning lawyer who set up trusts for them and updated their wills. As Jason Brewer reviewed his investments with the financial planner, Carol Brewer learned about her husband's investment choices and began to think about how to proceed with the management of their investments after his impending death.

In spite of her deep grief at the death of her husband and her own lack of experience with financial issues, Brewer read up on different philosophies of investment and learned that she could choose between passive and active account management strategies. She decided she wanted the benefit of the advice of an active account manager, and began to interview financial advisors recommended by several older friends who had lost their husbands. As Brewer interviewed advisors, she was surprised to discover that there was a wide range of support available, from people "who do everything for you except tie your shoelaces" and people who say, "tell me what you want to do and I'll do it." Brewer concluded that she did not want to independently manage her assets as her husband had. She decided to find an expert who would work with her collaboratively, providing advice on investment decisions while helping her to expand her knowledge of investments.

Brewer wanted to manage her investments conservatively to preserve assets for her four adult children and their young families. She knew that her cautious investment approach was influenced by the example of her parents. Jason Brewer, who had also been influenced by the conservative investment behavior of his parents, had given significant gifts to each of their children for educational expenses and even helped with downpayments on two new homes. Carol Brewer decided not to try to equalize these gifts after his death, but to treat all her children as equitably as possible in the future through her own good relationships with each of them.

Brewer continued to investigate the market and eventually settled on Marshfield Associates, based in Washington, D.C. Marshfield's asset base was small enough that Brewer felt she would get the personal attention she wanted, and she felt that she could work well with the company's advisors. In addition, the company's value-based investment philosophy made sense to her, and the fee was competitive. (See **Exhibit 1** for data on passive and active management fees.) It was important to Brewer that her adult children also liked Marshfield's approach and supported her in her decision.

In 1998, Brewer remarried. She and her second husband, Stan Troutman, a psychologist practicing in western Massachusetts, sold their houses and jointly bought an old farmhouse closer to locations where their children had settled. Brewer took a consulting position at The Metropolitan Group, helping families and family-owned businesses manage the relationship aspects of shared assets. In 2003, Brewer lived on her earnings from her consulting job, Troutman's earnings, and half of Jason Brewer's U.S. government pension.

Marshfield Associates

Marshfield Associates was an investment management firm located in Washington, D.C, which managed approximately \$1.2 billion for 500 clients in 2003, including individuals, associations, and foundations. Marshfield focused on a research-intensive, value-based philosophy of investment that

could be summarized as “finding built-to-last companies in high return businesses that are selling, for temporary reasons, at bargain prices.”² (See **Exhibit 2** for Marshfield’s Investment Philosophy.)

Marshfield focused on developing and managing concentrated stock portfolios for its clients, with the belief that too much diversification could negatively impact portfolio performance. Marshfield held approximately 30 companies across all accounts, and invested primarily in the top 15 of these companies, known as core holdings. (See **Exhibit 3** for Marshfield Core Holdings.) Individual portfolios generally held between 15 and 20 individual stocks and had a turnover rate of less than 15%. Marshfield chose its holdings according to a discipline of “great companies at value prices.”³ This discipline included a careful evaluation of business and management quality, and a financial assessment that indicated a company was priced at a “bargain” relative to its value. Central to the Marshfield philosophy was the focus on the long term. The company emphasized the importance of patience in the investment process, expressing a willingness to “tolerate the discomfort of waiting for opportunities, for temporary problems to right themselves, and for out of favor stocks to regain favor.”⁴

In accordance with their deliberate investment philosophy, Marshfield typically took two to three years to fully invest a new account to its target allocations. This was especially true for equities, because Marshfield preferred to wait to invest in a security until it was priced at a discount relative to its actual value. This strategy helped avoid loss in the portfolio and preserved a “margin of safety” for the client.⁵

Marshfield’s performance relative to the stock market had been favorable for the 13-year period between 1990 and 2002. The company’s stocks had outperformed the S&P 500 for 9 of these 13 years, and had also outperformed the Russell 3000 Value for 9 of these 13 years. (See **Exhibits 4** and **5** for composite annual and monthly returns for Marshfield stocks.)

The Investment Process

Assets At the time of his death, Jason Brewer’s portfolio included an irrevocable trust, several life insurance policies, two IRAs, a rental property, and a brokerage portfolio. Following his death, Brewer sold the real estate and transferred the remainder of the estate—the two IRAs and the Jason Brewer trust, which contained his irrevocable trust, life insurance policies, and stock portfolio—to Marshfield. Brewer worked with her Marshfield advisor to evaluate Jason Brewer’s stock portfolio, which was allocated 77.6% to equities, 19.6% to fixed income mutual funds, and 2.8% to cash at the time of his death. The portfolio contained many holdings in small start-up companies. Carol Brewer knew that Jason Brewer had been a “venturesome” investor with a medium to high-risk tolerance and had enjoyed investing his extra income in “nutty schemes,” especially new scientific technologies. Brewer remembered when Jason Brewer had lost almost \$50,000 in one such investment, but she knew that some of his other investments had been fairly successful. She, however, preferred the more conservative value-based approach advocated by Marshfield, and asked her advisor to gradually sell the holdings and purchase positions in Marshfield stocks.

² Letter sent to casewriter from Marshfield Associates on February 11, 2003.

³ Marshfield Associates brochure, p. 5.

⁴ *Ibid.*

⁵ Carolyn Rosen, Marshfield Associates, phone interview by casewriter, June 19, 2003.

At the time of her husband's death, Brewer's portfolio included a revocable trust of her own, a life insurance policy, and an IRA. Her assets also included the couple's Washington, D.C. residence and a vacation home in Maine. After Jason Brewer's death, Brewer gradually gifted her vacation home to her children. She transferred her trust and IRA to Marshfield's management.

Investment Allocation When Brewer opened her account at Marshfield in 1994, she planned to continue working, and knew that she would be able to live comfortably on her earnings and the income from Jason Brewer's pension. Because she would not need to draw on investment income until she retired, she wanted to focus the portfolio on growth to build assets for the next generation. She set a portfolio allocation target of 100% equities, to be purchased over time according to Marshfield's deliberate investment philosophy. Marshfield selected the securities.

When Brewer remarried in 1998, she and Troutman opened a second account at Marshfield. This joint account contained the revenue from the sale of Brewer's Washington, D.C. residence and Troutman's Massachusetts residence. The couple allocated their joint account 100% to fixed income and used the income from this account to pay for college tuition for Troutman's two children. Once the tuitions were paid off in 2001, the couple reallocated the account. The new allocation target was 100% equities. In 2003, the account was heavily invested in cash while awaiting reinvestment in securities according to Marshfield's deliberate investment strategy. (See **Exhibit 6** for the joint account portfolio.)

Evaluation of Performance Brewer reviewed the performance of her individual and joint portfolios every month and met with her Marshfield advisor several times per year. She was pleased that her portfolio had consistently outperformed the market and felt confident that Marshfield had been the right choice for her and her family. In a little less than six years, Brewer planned to retire and live on the income from her investments. She knew that she needed to reevaluate her portfolio to make sure the account would provide the income she would need to continue to live comfortably, maintain her current lifestyle, and provide for the future needs of her children and grandchildren. After reviewing her needs, Brewer revised the allocation target for her trust and retirement portfolios to 70% equities, 25% bonds, and 5% cash. In 2003, the account was in transition to the new allocation targets. (See **Exhibit 7** for Carol Brewer's Portfolio.)

Exhibit 1 Fees for Passive and Active Management

Investment Company	Asset Requirement	Fee
Active Asset Management		
State Street Global Advisors Private Asset Management	First \$3 million	1.00%
	Next \$2 million	0.75%
T. Rowe Price Private Asset Management Services	First \$2 million	1.00%
	Next \$3 million	0.75%
	Over \$5 million	0.50%
The Vanguard Group Asset Management & Trust Services	First \$1 million	0.65%
	Next \$1 million	0.35%
	Over \$2 million	0.20%
Fidelity Private Portfolio Services	First \$.5 million	1.10%
	Next \$.5 million	0.80%
	Next \$1 million	0.70%
	Next \$1 million	0.40%
Active Fund Management^a		
State Street Research Large Cap Value C	\$2,500	2.00%
T. Rowe Price Institutional Large Cap Value	\$1,000,000	0.65%
Vanguard Capital Value	\$3,000	0.42%
Fidelity Advisor Equity Value I	\$2,500	0.58%
Passive Fund Management		
State Street Global Advisors S&P 500 Index	\$10,000	0.16%
T. Rowe Price Equity Index 500 Fund	\$2,500	0.35%
The Vanguard Group 500 Index Fund	\$3,000	0.18%
Fidelity Blue Chip Growth Fund	\$2,500	0.77%

Sources: Compiled by casewriter from the following sources: Michael Lindquist <Michael_Lindquist@ssga.com>, "Re: Private Asset Management," to Julia Stevens <jstevens@hbs.edu>, May 15, 2003; Sherry Tillett <Sherry_Tillett@troweprice.com>, "Re: Private Asset Management," to Julia Stevens <jstevens@hbs.edu>, May 13, 2003; "Vanguard Asset Management & Trust Services Fee Schedule," The Vanguard Group Web site, <<http://flagship5.vanguard.com/web/corcontent/scatFinPlanAMTSFees.html>>, accessed February 21, 2003; "Fidelity FundsManager Program," Fidelity Investments Web site, <<http://personal.fidelity.com/products/wealth/content/psofees.html>>, accessed February 21, 2003; "Fidelity Advisor Equity Value I," Morningstar, Inc Web site, <<http://quicktake.morningstar.com/Fund/Snapshot.asp?Country=USA&Symbol=FAIVX&qttab=snapshot>>, accessed May 23, 2003; "Vanguard Capital Value," <<http://quicktake.morningstar.com/Fund/Snapshot.asp?Country=USA&Symbol=VCVLX&qttab=snapshot&hsection=>>>, accessed May 23, 2003; "T. Rowe Price Instl Large Cap Value," Morningstar, Inc. Web site, <<http://quicktake.morningstar.com/Fund/Snapshot.asp?Country=USA&Symbol=TILCX&qttab=snapshot&hsection=>>>, accessed May 23, 2003; "State Street Research Lg Cap Val C," Morningstar, Inc. Web site, <<http://quicktake.morningstar.com/Fund/Snapshot.asp?Country=USA&Symbol=SSDVX&qttab=snapshot&hsection=>>>, accessed May 23, 2003; "SSgA S&P 500 Index," Morningstar, Inc. Web site, <<http://quicktake.morningstar.com/Fund/Snapshot.asp?Country=USA&Symbol=SVSPX&hsection=>>>, accessed May 30, 2003; "T.Rowe Price Equity Index 500," T.Rowe Price Investment Services, Inc. Web site, <<http://www.troweprice.com/fundfacts/PREIX.html>>, accessed May 16, 2003; "Vanguard 500 Index," Morningstar, Inc. Web site, <<http://quicktake.morningstar.com/Fund/Snapshot.asp?Country=USA&Symbol=VFINX&hsection=>>>, accessed May 30, 2003; "Fidelity Blue Chip Growth Fund," Fidelity Investments Web site, <<http://content.members.fidelity.com/mfl/21/content/1,316389303,00.html>>, accessed May 16, 2003.

^aAsset requirements for Active Fund Management reflect the minimum initial investment. Minimum initial investments for IRAs and AIPs may differ.

Exhibit 2 Marshfield Investment Philosophy

- We believe that our investment process and the performance it yields distinguish us from comparable firms. Specifically, our price discipline and patience prevent us from overpaying for a stock and burdening our performance with good ideas at uneconomic prices. Our willingness to buy out-of-favor stocks allows us to side-step the market's group psychology, and our research intensive approach permits us to engage in an objective analysis in support of those purchases. Concentrated portfolios allow our best ideas to drive performance, while the impact of our worst is tempered by our price discipline. We believe that these distinguishing features underlie the excellent performance with low risk that we have been able to offer our clients over time.
- Marshfield's investment philosophy is based on the premise that there are two factors necessary to build wealth while minimizing the risk of sizable loss. One is to limit investments to companies with enduring competitive advantages that are difficult to duplicate. The other is to insist on a margin of safety between price paid and a conservative estimate of what our research indicates a company is worth. In short, Marshfield focuses on finding built to last companies in high return businesses that are selling, for temporary reasons, at bargain prices.
- Marshfield believes that a good company has value-creating and/or cost advantages that are difficult to duplicate: strong financials; simple clean core values; proven ability to adapt to new circumstances; past commitments that create unique capabilities; shareholder-oriented management; ample reinvestment opportunities.
- Marshfield believes that companies in good businesses have enduring bargaining power relative to customers and suppliers: barriers to entry are high; product substitution opportunities are low; competitive rivalry is low.
- Marshfield believes that bargains occur when the market mistakes the normal ebb and flow of a business or an adverse event for fundamental adverse changes in business structure and when the market is slow to perceive significant changes in structure that strengthen a company's bargaining power.
- The key common characteristics of Marshfield's portfolio companies are structure, strategy, and management. With respect to measures such as capitalization we are largely indifferent, save insofar as liquidity is implicated. With regard to yield, we are also indifferent, although we prefer to trade yield for higher investment. With regard to cash positions, we do not attempt to time the market when raising or employing cash. An account's cash balance at any point in time reflects a lack of buying opportunities at bargain prices and the rate of new infusions of cash.
- Marshfield pursues a concentrated approach to stock holdings, typically holding between 15 and 20 stocks in a mature account. While we do not have inflexible rules about position/sector concentration, we do not ordinarily invest more than 10% of a portfolio in one security or 40% in one industry sector.
- By conducting independent research, Marshfield is able to think analytically but creatively, and by casting ourselves as buy-and-hold owners rather than traders, we are able to find companies that have enduring value propositions which, in a concentrated long-term portfolio, can provide high returns.
- With respect to sell discipline: we sell under three conditions: 1. When we make a mistake in our original purchase decision; 2. When the investment thesis is violated (business structure deteriorates, corporate strategy changes, etc.); or 3. When good stocks have become so overvalued that there are better opportunities to conserve capital and increase wealth.

Source: Marshfield company documents.

Exhibit 3 Marshfield Core Holdings

Company	Company Description	Revenue ^a (\$ billions)	Net Profit Margin ^b
Berkshire Hathaway	Holding company in diverse business activities, including insurance nationwide and reinsurance worldwide.	\$42.70	10.00%
CCC Information Services	Company automates the process of evaluating and settling automobile claims by integrating information into organized electronic files.	\$0.20	11.90%
Citigroup	Diversified holding company that provides financial services to consumer and corporate customers worldwide.	\$92.60	16.50%
Duke Energy	Company provides physical delivery and management of both electricity and natural gas nationally and worldwide.	\$15.70	6.60%
Gannett Inc.	Newspaper publication, broadcasting, and the marketing of commercial printing, a newswire service, data services, and news programming.	\$6.40	18.10%
Leucadia National	Banking and lending, manufacturing, winery operations, real estate activities, copper mine development, and insurance and reinsurance.	\$0.30	54.50%
Markel Corp.	Company markets and underwrites specialty insurance products and programs to a variety of niche markets.	\$1.80	4.30%
Martin Marietta Materials	Company manufactures chemicals, aggregates used in construction, and magnesia-based products used in the steel industry.	\$1.70	5.10%
Mohawk Industries	Company manufactures carpets and rugs, and manufactures, markets, and distributes ceramic tile and natural stone in the U.S.	\$4.50	6.30%
Odyssey Re	Offers reinsurance and insurance capacity for property and casualty products to insurance and reinsurance companies worldwide.	\$1.70	12.30%
Sealed Air	Company manufactures and sells a range of food, protective, and specialty packaging products.	\$3.20	--
Washington Mutual	Consumer and commercial banking, mortgage lending, consumer finance, and financial services offices in the U.S.	\$1.90	20.50%
Wells Fargo	Diversified financial services company in banking, insurance, investments, and mortgage and consumer finance worldwide.	\$28.50	19.10%
White Mountains	Financial services holding company in property, casualty insurance, and reinsurance.	\$4.20	17.80%
YUM! Brands	Quick-service restaurants including A&W, All-American Food Restaurants, KFC, Long John Silver's, Pizza Hut, and Taco Bell.	\$7.80	7.50%

Source: Adapted and compiled by casewriter from "White Mountains Insurance Group," "YUM! Brands Inc.," "Washington Mutual Inc.," "Berkshire Hathaway," "Odyssey Re Holding Corp.," "Martin Marietta Material," "Duke Energy Corp.," "Citigroup," "Markel Corp.," "Wells Fargo & Co.," "CCC Information Services Group," "Leucadia National Corp.," "Sealed Air Corp.," "Mohawk Industries Inc.," and "Gannett Co Inc.," available from Factiva, <<http://global.factiva.com/en/cqs/cqs-results.asp>>, accessed June 5, 2003 and Hoover's Company Capsule Annual Financials, available by company name from Hoover's, <<http://www.hoovers.com>>, accessed June 6, 2003.

^aAnnual revenues for 2002.

^bNet profit margin for 2002. Net profit margin is equal to the total net income divided by revenue, expressed as a percentage.

Exhibit 4 Marshfield Composite Annual Returns^a through December 31, 2003

Date	Equities^b	S&P 500	Russell 3000 Value^c	U.S. Treasury Bill^d
1990	0.1%	-3.1%	-8.8%	7.8%
1991	34.3%	30.3%	25.4%	5.6%
1992	11.8%	7.6%	14.9%	3.5%
1993	10.5%	10.1%	18.6%	2.9%
1994	4.8%	1.3%	-1.9%	3.9%
1995	34.9%	37.6%	37.0%	5.6%
1996	24.8%	22.8%	21.6%	5.2%
1997	30.1%	33.4%	34.8%	5.3%
1998	22.2%	28.6%	13.5%	4.9%
1999	7.0%	21.0%	6.6%	4.7%
2000	17.4%	-9.1%	8.0%	5.9%
2001	4.9%	-11.9%	-4.3%	3.8%
2002	-1.6%	-22.1%	-15.2%	1.6%

Sources: Adapted and compiled by casewriter from Marshfield company documents; "Russell 3000 Index," Frank Russell Company Web site, <<http://www.Russell.com/us/indexes/us/3000.asp>>, accessed June 9, 2003; "Russell 3000 Value Index," Frank Russell Company Web site, <<http://www.Russell.com/us/indexes/us/3000value.asp>>, accessed June 9, 2003; CRSP® database. (Center for Research on Security Prices, <<http://www.crsp.uchicago.edu>>).

^aMarshfield returns are after commissions but before fees.

^bIncludes cash to be invested in equities.

^cThe Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. The Russell 3000 Value Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

^dAnnual returns.

Exhibit 5 Marshfield Composite Monthly Returns^a Through April 30, 2003

Date	Equities ^b	S&P 500	Russell 3000 Value ^c
JAN-01	-2.3%	4.1%	0.5%
FEB-01	0.7%	-9.5%	-2.6%
MAR-01	-2.0%	-7.6%	-3.4%
APR-01	3.7%	10.6%	4.9%
MAY-01	1.9%	-0.3%	2.3%
JUN-01	0.1%	-1.8%	-1.8%
JUL-01	0.6%	-1.6%	-0.4%
AUG-01	-2.9%	-6.6%	-3.8%
SEP-01	-3.3%	-8.3%	-7.3%
OCT-01	3.5%	4.5%	-0.6%
NOV-01	1.4%	4.4%	5.9%
DEC-01	3.6%	1.7%	2.6%
JAN-02	0.4%	-2.2%	-0.6%
FEB-02	1.5%	1.0%	0.2%
MAR-02	2.2%	1.4%	4.9%
APR-02	2.5%	-5.2%	-2.9%
MAY-02	-0.1%	-4.1%	0.2%
JUN-02	-5.1%	-6.8%	-5.5%
JUL-02	-2.7%	-8.6%	-9.7%
AUG-02	1.1%	3.7%	0.7%
SEP-02	-6.3%	-7.3%	-10.8%
OCT-02	4.2%	6.4%	7.0%
NOV-02	3.1%	3.9%	6.4%
DEC-02	-1.7%	-5.7%	-4.3%
JAN-03	-2.5%	-2.1%	-2.4%
FEB-03	-2.1%	-2.8%	-2.7%
MAR-03	2.5%	3.0%	0.2%
APR-03	7.4%	6.9%	8.9%

Sources: Adapted and compiled by casewriter from Marshfield company documents; Datastream International, "Russell 3000 Index," Frank Russell Company Web site, <<http://www.Russell.com/us/indexes/us/3000.asp>>, accessed June 9, 2003; "Russell 3000 Value Index," Frank Russell Company Web site, <<http://www.Russell.com/us/indexes/us/3000value.asp>>, accessed June 9, 2003.

^aMarshfield returns are after commissions but before fees.

^bIncludes cash to be invested in equities.

^cThe Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. The Russell 3000 Value Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

Exhibit 6 Joint Account Portfolio, March 31, 2003

Security	Market Value	Percentage of Assets
Cash and Equivalents		
Alliance Capital Reserves	\$ 77,733.63	39.2%
Pershing Government Fund	\$ 853.64	0.4%
	\$ 78,587.27	39.6%
Corporate Bonds		
Mattel Inc.	\$ 7,175.77	3.6%
American Express	\$ 30,385.76	15.3%
Accrued Interest	\$ 616.09	0.3%
	\$ 38,177.62	19.2%
Common Stock		
Duke Energy Company	\$ 11,435.71	5.8%
Martin Marietta Materials	\$ 9,278.34	4.7%
Mohawk Industries	\$ 3,427.71	1.7%
Odyssey Re Holdings	\$ 7,743.45	3.9%
Sealed AirCorp.	\$ 2,008.51	1.0%
TJX Companies Inc. ^a	\$ 6,795.36	3.4%
Washington Mutual Inc.	\$ 17,652.64	8.9%
White Mountains Insurance Group Ltd.	\$ 14,586.00	7.4%
YUM! Brands Inc.	\$ 8,697.98	4.4%
	\$ 81,625.70	41.2%
Total Portfolio	\$198,390.59	100.0%

Source: Adapted by casewriter from Carol Brewer's personal financial documents. Some numbers have been disguised.

^aTJX Companies retailed off-price apparel and home fashions in the United States and worldwide. Marshfield had begun to purchase stock in TJX Companies Inc. in 2003, in an amount that made it a new core holding.

Exhibit 7 Carol Brewer's Portfolio, March 31, 2003

Security	Market Value	Percentage of Assets
Cash & Equivalents		
Alliance Capital Reserves	\$ 54,074.79	3.1%
Pershing Government Fund	<u>\$ 186,175.33</u>	<u>10.7%</u>
	\$ 240,250.12	13.8%
Government Bonds		
Federal Home Loan Bank	\$ 205,385.98	11.8%
Freddie Mac	\$ 50,441.02	2.9%
Accrued Interest	<u>\$ 4,708.59</u>	<u>0.3%</u>
	\$ 260,535.59	15.0%
Common Stock		
Berkshire Hathaway Class A	\$ 91,234.00	5.3%
CCC Information Services	\$ 62,239.61	3.6%
Duke Energy Company	\$ 51,980.50	3.0%
Gannett Inc.	\$ 110,786.39	6.4%
HomeFed Corp. ^a	\$ 2,003.14	0.1%
Leucadia National Corporation	\$ 39,302.21	2.3%
Martin Marietta Materials	\$ 31,585.84	1.8%
Nestle SA ^b	\$ 55,598.40	3.2%
Odyssey Re Holdings	\$ 131,638.65	7.6%
PepsiCo, Inc. ^b	\$ 22,880.00	1.3%
TJX Companies Inc. ^c	\$ 41,527.20	2.4%
Wells Fargo & Company	\$ 96,503.55	5.6%
White Mountains Insurance Group Ltd.	\$ 352,495.00	20.3%
YUM! Brands Inc.	<u>\$ 146,821.82</u>	<u>8.5%</u>
	\$1,236,596.31	71.4%
Total Portfolio	\$1,737,382.02	100.0%

Source: Adapted by casewriter from Carol Brewer's personal financial documents. Some numbers have been disguised.

^aHomeFed Corp. invested in and developed residential real estate projects. The company was spun off from Leucadia National Corporation. Marshfield wanted to wait for its value to increase before selling.

^bNestle SA was the largest food company in the world in 2003, leading world sales of coffee and bottled water. Pepsico, Inc. was involved in the snack food, soft drink, and juice businesses. Both companies were formerly core holdings. As both stocks' prices increased, Marshfield stopped buying them for new accounts and removed them from its list of core holdings.

^cTJX Companies retailed off-price apparel and home fashions in the United States and worldwide. Marshfield had begun to purchase stock in TJX Companies Inc. in 2003, in an amount that made it a new core holding.