

Spier, Guy – The Education of a Value Investor

Palgrave Macmillan 2014, [Equity Investing], Grade ★★★★★

“Hang out with people better than you, and you cannot help but improve”. This book by one of the most prolific second-generation Buffetters is about building the appropriate investment foundation, about setting up the right environment, about the triumphs of an inner scorecard over an outer one (or as Buffett would have put it: “Would you prefer to be considered the best lover in the world and know privately that you are the worst – or the other way around?”). First and foremost however, it is about the importance of finding the right role models. Guy Spier has – in collaboration with William Green who has evidently done a masterful job with the prose – written one of the most personal books in the financial arena ever. It can be found in the same corner of the room as Tony Robbin’s *Awaken The Giant Within*, Edwin Lefèvre’s *Reminiscences of a Stock Operator* and *Poor Charlie’s Almanack*, openly sharing lessons learned and human misjudgements, with curiosity and authenticity.

Rarely has a book about investing been more highly touted pre-publication, at least within financial circles. A 2008-lunch with Buffett, stellar investment results over 17 years and a well-read piece in Wall Street Journal by Jason Zweig will do that. A plea to those of you ready to move on to more contrarian pastures: please stay around. Mr. Spier’s journey – chaptered in chronological order – is one of rebooting himself from his own version of Dante’s *Inferno* and not only paying lip service to good advice, but also physically enacting them. End result: a truer value investor in every sense of the words. The author writes about “a meaning that goes beyond money, professional advancement, or social cachet”. Being a Buffett-learner myself since the mid-90s, I fully embrace the notion that those who merely see Buffett as a great stock-picker are clearly missing the point. “The greatest lessons from Warren Buffett have less to do with investing and more to do with being true to yourself”. For sure, it is easier to speak with authority about these issues given a successful investment record – would anyone listen otherwise? But that misses the

point. The great investors of our time did not suddenly open up to ideas like latticework of mental models, reciprocity or worldwide laws of life after their success. Those matters enabled success. Then of course, a wheel of success keeps spinning for longer than a broken one.

Being so open about his willingness to study Buffett, along with Munger, the Sequoia people, and friend-to-be Mohnish Pabrai, in order to reap the benefits from having them revolve around him like guiding planets, is a very likable aspect of the book. Despite Mr. Pabrai’s oft-quoted line of “I have never had an original idea in my life”, copying has always come with a bad breath in the world of investing. But I dare to say that few of us have really considered the genius behind that quote. The strength of the text is found exactly in those parts, about the importance of role models and adapting the lessons to your own mental wiring. That last bit is crucial. “Cloning” a great investor in order to improve your own results is not about buying the same stocks and then leave the office. To that regard, you have accomplished little. The world of finance is full of Buffett-extremes: Apostles preaching the virtues of Coca-Cola or Wells-Fargo without knowing a thing about their businesses, but also Despisers that regularly call out “he’s finished”. Spier shows how a true role model can work instead: by inspiring for betterment, sharing instead of taking, learning the mechanics of how they work instead of staring at the outcome.

Can a good book review be mostly rave, little critique? To some extent, the latter is considered posher, more admirable. But when confronted with work that exerts influence beyond the pages, it is of equal importance to shout out about the excellence. Cognizant of Mr. Spier’s investment record, there will certainly be cries about the lack of fortune’s formulas and stock-tips. Rest assured that impression would be massively false. You just have to read between the lines. Or send Mr. Spier a handwritten thank-you note. The results may surprise you.

Henrik Andersson, September 8, 2014