



IFB268: Beyond Books: The Best Reading Resources for Investors

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Dave

0:00

All right, folks, welcome to Investing for Beginners Podcast. Today we have episode 268. Today, Andrew and I are going to talk about some great resources that you can learn more about investing from reading. Yes reading. And we've talked in the past about books today, we thought we would talk about other investors that you could learn from. And I think this will be a great conversation.

And we're not going to like dive deep into all these things. But maybe just give more of a brief overview, and then give you some areas that you can go find these things, and then you can dig in yourselves when you have time. So without any further ado, I'll turn it over to our friend, Andrew, and we can go ahead and get started.

Andrew

0:38

When I think of inspiring investors to follow. One of the first guys that always comes to mind is Peter Lynch. And if you've listened to us for a while, you'll know it's like, okay, it's the most broken record he could say. But it's true, because he's just got a gift for making things very relatable. And if you like the idea of being very immersed in your investing, I think you'll like Peter Lynch, because he kind of popularized this idea of just know what you own. Like he said, his wife came home from the mall one day, or it was some mall or some store and told him about how the line was out the door. So he went to check it out. And I can't remember if he said he invested in it or not.

But it was a great stock. And he had another story about how he was researching pantyhose companies. So he ended up buying like, a bunch of packs of pantyhose and distribute them around his office and tell him people like tell me what you think of these. So it's that kind of stuff that makes investing a lot of fun. And if you find that kind of idea, fine, you'll find his books, and I think he's written some articles to those would be very interestingly, his name's Peter Lynch. He

Dave

1:50

used to be the fund manager at fidelity. Yeah, he's great. And he also kind of brings a little bit of a sense of humor and a light heartedness to it, too. So it's not just dry reading. Yeah, I'm a big fan of his, I guess the guy that I'll throw out is, you know, Captain Obvious, you know, big number numero uno would be the buff dog on Warren Buffett, his collection of letters, his speeches that he's given to different universities through the years, are timeless and priceless.

And you can learn more about investing, literally just by reading through his investor letters, and listening to his speeches, both at Berkshire Hathaway, as well as places like Notre Dame, he gave a three day series at Notre Dame that's on YouTube, that is awesome. Just all kinds of great nuggets throughout there. And he tends to write in a way that has humor, but he also is really good teacher, and explains things really well. And he's very humble about things.

He's the greatest investor of our generation. And he makes mistakes, and he owns up to him. And it's awesome. And it's kind of refreshing to see somebody established that well known with that much ability and talent and admitting that they make mistakes, it makes us mere mortals feel far more empowered to do what we're trying to do. And you can easily go to Berkshire hathaway.com, and find all the letters there, from his partnership back in 1957, all the way to today. So it can take a while. But I actually just read through 1957 to 1987 by reading 25 pages a day, and it took me less than a month. So you can display you know, little pieces you can get through it. It's amazing stuff. I can't recommend his papers more than anything.

Andrew

3:33

That's awesome. I didn't know you could do it in less than a month. That's very achievable. Well, I'm gonna throw back with another investor who has a lot of great speeches. And that's Warren Buffett's partner, Charlie Munger. Munger has this really popular speech called the psychology of human misjudgment. And it really talks about the different things that we all screw up as investors.

And sometimes, a lot of the investing stuff is really nice. And it's really important. And you know, you can dive way too deep into the numbers like, I can tell you from firsthand experience, I do way too often. But we remember that investing is also a behavioral sport more than anything else. And he really talks about, like, I feel like that's one of his passions is behavioral psychology. And he talks in depth about it. And it's just really inspiring and it's cool to see how you can take just passion for curiosity and passion for learning. And that's literally with Charlie Munger has lived his life as an IT can actually make you a really, really great investor.

He's made very big bold bets with his finances, and he bet a lot of money on Costco and he bet a lot of money on Berkshire Hathaway. And those were some of the best ones you could bet on for a long period of time. So he knows what he's doing. He knows the limitations of what he doesn't know. He's just always curious. One of his quotes is when people would talk about, or when people do talk about like, what he is like they say he's a book with legs. That's that basically encapsulates Charlie Munger. So he's very, very educated. And he has this great way of sharing that education with people. So you can again, I mean, there's a great transcript from James clear on that speech, and looks like right below it, somebody from Shane Parrish, his team also did a transcript so you can easily Google this stuff.

Dave

5:30

Yeah, he's awesome. He's kind of like the Warren is like the cuddly bear that, you know, the grandpa the love, and then Charlie's more of the crusty chromogen that, you know, can be a bit grouchy and a lot more direct to than Warren is. And when you see them side by side, at the Berkshire meetings, when I've watched them in the video, it's always entertaining the Charlie, I have nothing else to add, just saw, he's just very direct and to the point, but his latticework of mental models is brilliant stuff.

And if you want to become a better investor, reading through that speech alone will improve your investing, as well as just your life because a lot of the things that he talks about can translate to regular life as well. life outside of investing, I guess, is a better way of putting it in. Yeah, I'm a huge fan of his and that that speech in particular, I have actually listened to it numerous times on Spotify. So they he actually somebody put the recording on Spotify. And so I listened to it all the time. So it's yeah, it's awesome. All right. So I think the one that I would like to move on to next would be Howard Marks. So Howard Marks, if you're not familiar with Howard Marks is Howard Marks runs the oak tree fund. And he specializes in distressed debt and other kinds of special situations. And he is a value investor through and through.

And he has written these great memos over the years. And Warren Buffett has said many times that when he sees a memo, from Howard Marks, that's the first thing he reads every day. And because Howard has, he just has a way of explaining things that make a lot of sense and are very logical, and very even keeled, and very informational, without being overly technical and overly boring. And he comes out with these memos. Sometimes it's quarterly, sometimes it's a lot. It just kind of depends whatever mode hits him. But you can find a collection of them on the internet, going back to the 90s. And I've read through them. And it's a fantastic resource.

He's a smart, smart cookie, he always provides a good counterbalance when things are going crazy. He's always like kind of the same voice in the ocean of disruption. And I love listening to his speeches. I love listening to him talk. He's done a lot of great interviews on YouTube. I've watched those, those are a lot of fun, too. So I highly recommend anything from Howard Marks, his books are great, as well as his memos,

Andrew

7:58

I had happened to subscribe to get updated every time he posted the memo sometime in 2020, or something, maybe 2021. But that was very great time to subscribe to that. Because like you said, he tells you about all the craziness that's happening. And it's very reassuring to see somebody else going through that. And then also saying, Yeah, I understand all of this is happening this, this and this. But here's what's really important. And he has just a great way of doing that.

And to my favorite things about Howard Marks is how he's talked about his background and going back to the history of the nifty 50s as it was back in the day and this thing from the 70s and how he relates what happens today with what happened in the past, but then also what's different. And I also really enjoy that he talked about how his son who's like, takes a very different approach than he does to investing, how he's learned a lot from his son and how that's affected the way he thinks about investing. And I think that showed a lot of maturity and humility that he's able to learn even after having decades and decades of experience.

So I would like to talk about investor who has been on a podcast with Howard Marks several times. I don't know if he's the one with the podcasts or power Marx's but it's Joel Greenblatt. And he was a guy who had the funds that returned something ridiculous like 45 47% a year like stupid, stupid returns. He ran the Gotham fund, and then he stopped doing that. And then he's kind of done a lot more teaching now and he has a couple of good bucks. But Dave, actually for this to me, it was his I think it was like it was those lecture notes from Columbia University. Yeah, thank you. It wasn't quite a transcript, but it was kind of like a transcript. Right?

And that one's really cool because you got to what he did during his lectures was take examples of that time period. One of them being this homebuilder called NVR. And they I love the way He presented this business because he really tried to hit it emotionally attached to the idea he just used as a teaching opportunity to say, we're going to look at some pros, we're going to look at some cons, and then try to make a determination about the business.

And if you know the history of MBR, it's been one of the best home builders in the last two decades, from the way he was teaching that you can see how you can use those concepts to make a lot of money. So I feel like the if you can somehow I don't know how you found it, Dave, but finding that it was a PDF online that was available online, it just googled Joel Greenblatt's, Columbia class notes,

Dave

10:37

and it popped up a think focused compound or the guys that put it together. And it was it's freely available for anybody to download and read. And it's, it's about 300, some pages, and it's well worth every page. It's awesome. Yeah, Joel Greenblatt is, he's awesome. He's, again, one of those great investors is really good at teaching. Like he's able to break down complicated concepts and explain them so that people like me can understand them. And it's, you know, he's just got that gift for it. And he also has a good sense of humor.

There was speaking of podcasts, that podcast that he did with with Howard Marks during the pandemic, was one of the best shows that I've seen, because you are watching to have, arguably, the better investors ever talk about their struggles, and the things that they were struggling with, during the pandemic that we are all struggling with, like, is this time really different is, you know, the way that we're looking at companies, does that need to change? And they're asking those questions. I mean, I was thinking them. And then here are these two greats talking about the same thing that I'm struggling with, they didn't really come to any conclusions.

But that wasn't what was important was important is that you got to see that they're struggling with the same things that we are, and that they have the same frustrations and struggles and as great as smart as they are, that investing is hard, and you have to work at it. And I love that that was amazing. Joel Greenblatt's amazing, his books are ridiculously good. Okay, so I guess the guy that I'm going to throw out is Terry Smith. Terry Smith is an investor from England, he runs fun Smith, which is a fund based out of England. And Terry is a definite, he's definitely a acolyte of Warren Buffett. But he's kind of gone a little bit farther out on the rope, along Philip Fisher, he's a little more growth than Warren Buffett would be. But he just again, he has

this great way of explaining things. It's very logical and common sense. And he's put together a fantastic portfolio that describes in depth in his letters.

And he talks about the different metrics that he uses to track how well the companies are doing and how poorly they're doing. And he takes full credit for things that don't do well. And again, it's refreshing to see somebody be honest about Yeah, I made this pick, this was my decision. And I was dumb. And he'll just he'll talk about that. But he's also a great educator. He's very eloquent. And he's very good at explaining concepts to people, so that they can understand them. And he's got a great track record, too. I think he's returned 18 to 20% over the last 1015 years. So he's a great resource people to look for as well.

Andrew

13:14

The next investor I would like to talk about is a man called Thomas gainer. And he runs the investment portfolio for an insurance company called marquel. And I like getting his perspective, especially because the way he runs his portfolio I can really relate with where he takes the idea of the money of the insurance company very, very seriously. And he realizes that keeping that money safe and available for the people that are trusting in it is more important than chasing the highest returns.

So he has a very balanced, huge portfolio of like 100, maybe 125, stocks, something like that. And he just targets a small outperformance of the market. And he's got some great writing on stratosphere.io. And I've really enjoyed a few of the interviews he's done on YouTube. And he's just a very down to earth guy and very risk averse. And to me, it shows a good contrast from a lot of people, you see you get famous, because of course people get famous are those who take big risks.

And sometimes the problem with us we don't see the people who took big risks and failed. Thomas Gaynor is a good example of you don't have to take the big risks to become successful. And he very much ascribes to the Warren Buffett idea. I think he talks about Buffett as one of his main mentors from a investment philosophy standpoint. So definitely anything you can learn about Thomas Gaynor as well worth your time.

Dave

14:45

Yeah, absolutely. He's awesome. He's awesome. Alright, the next one I would like to throw out there is Jeff Bezos. So Jeff Bezos letters when he was at Amazon, were some definite must reads, especially his early letters. See, the first few that he put out, were amazing. They showcased how Amazon became the force

that it became, you got to see the driving force behind the focus on the customer, and why they were focusing on the customer, you also got to see the behind the scenes look at how some of the decisions were made to pursue different products and not as well as an explanation on free cash flow and what how important he understood that to be for their business, and really what helped drive the business.

So between his intense focus on the customer, and creating products and services that people would like and want and keep coming back for, as well as his just general personality of being very forceful, was a huge driver, but also his idea behind free cash flow, and how important that was to the business. And using that money to reinvest and grow was critical to Amazon's success. And they're reaping they've been reaping the benefits of that idea for many, many years. And his letters are, again, freely available. And those are an amazing resource. And they

Andrew

16:10

certainly were the next one I would throw out which hopefully doesn't feel like talking my own shop, but its CEO for a company that I'm invested in, and that's the CEO of JP Morgan. And his name is Jamie Dimon. And he's, he does shareholder letters every year for JPMorgan Chase. And, man, they're just they're good. Like, he's just a brilliant guy. I know him and Warren Buffett have talked about different things. And he just has, I feel like a good perspective again on like, the responsibilities of big corporations. And he takes he sees the role of JPMorgan in the ecosystem, and how much of a big part of the economy that they really are.

And to me, it's an enlightening viewpoint of I feel like big capitalists and big banks sometimes get a really bad rap. But if you start to unpeel the onion a little bit and you see that some of the people at the top are actually doing their best to help stimulate the economy. So you get a lot of that from the leathers that diamond does. And I think it's cool to see how he balances investing for growth. But while also staying conservative, having a fortress balance sheet, and just really taking a balanced approach to running that company. And I think it's it's refreshing and they're good leathers.

Dave

17:31

Yeah, they really are. I read somewhere that there are probably the second best to read behind buffets. You know that most people out there think that his letters are right up there with buffets as far as the quality and everything. So yeah, they're awesome. All right, I'm gonna move on to my next one, which is I'm gonna go a little more obscure. So I'm gonna go with Mark Leonard, who is the Wizard of constellation software. He's the CEO that runs the company. For those of you not familiar with constellation software. It's a serial

acquirer based out of Canada, and they buy small software businesses, and they've been around since around the late 1990s. But they've been public for the last 1215 years.

And they've had 35% returns since they went public in. Mark Leonard is the leader of this company. And his letters are very educational. He talks a lot about free cash flow. He talks a lot about ROIC. He also talks a lot about company culture. And, for example, they do not offer shares to any of the people that work for the company. So they don't dilute the company. If you look back at the shares outstanding for Constellation software, it's exactly the same number as when they went public so they don't offer any shares to employees.

When a manager makes a bonus, they are required to pay 75% To buy constellation software stock on the open market as a reinvestment Mark does not take a salary from the company and he hasn't for almost 10 years, because he made his money before he started the company. As a matter of fact, when he flies up until recently, he would fly coach because he didn't want to spend shareholders money. And he would stay in budget hotels. But now Now that he's older, he says the ill health He'll pay for the first class because he's older. But anyway, it's the his letters are amazing. He's really, really smart guy. And he's very, very reclusive.

There's only two pictures known of him on the internet. And he's only appeared in a couple of videos. And he shows up to their annual meetings every once in a blue moon. And so he's a very, very reclusive guy is probably one of the most reclusive billionaires you'll find on the internet. You just if you look for information about him, there's not much out there about him. But his shareholder letters, which he puts out annually every year are definitely worth a read.

Andrew

19:52

That explains all the fanboying Yeah, it's like Batman. Yeah,

Dave

19:57

well, it looks in the funny thing is he looks like Gandalf. He's super super tall and has this really long white beard. And so he just needs us looks like a wizard. That's awesome. Yeah,

Andrew

20:06

I'll throw another name out there. I'll throw out Bill Ackman. He runs Pershing. I don't even know the name of it.

Dave

20:13

I feel virgin capital.

Andrew

20:14

Yeah, Persian capital. He's written some great stuff. I don't know if he's written anything lately. But it's interesting to go back and read through some of the ways he thought about I think it was like JC Penney's real estate targets real estate. And just, you know, you see some of the things that he's gotten wrong. Because when you look back over time, you can see how things have performed since he was in a company or not. And I just enjoy seeing that kind of track record play out.

And he's had some really, really great stock picks. And he's made a lot of money for a lot of the people. But he's also had those mistakes, like, kinda like you were saying, and it's cool to see that a guy can be so smart, and so convicted on an idea and still get it completely wrong. And still do really well. Yeah, I enjoy going, taking the time machine and looking at some of those. It's fun.

Dave

21:07

Yeah, it is. I like his writing. And I like him, he can be a bit of a polarizing figure, which is kind of I don't get, but he rubs some people the wrong way. But I do enjoy his reading. And I've listened to several of his speeches, and different talks and stuff he's given on YouTube. And I just find them an interesting guy. And he's very, very smart. And I like it a lot. The last one I'm going to throw out there is going to be Nick's sleep.

So this is again, another one that definitely flies under the radar. He's gotten a lot more popularity and publicity as of recently. But prior to the last year or two, he was very, very relatively unknown. And Nick sleep and his partner, Zack ran a fund out of England for 1415 years. And they returned around 20 Some percent. And they ran very concentrated Fund and the top three holdings were Costco, Berkshire, Hathaway and Amazon. And they own they still own them today, even though they've stopped the fund and given money back to the to the other shareholders, they still hold those companies in their personal accounts, his next sweeps, shareholder letters are a fantastic resource. And he's again one of those people that's very

eloquent. And he explains things in a very easy, casual way that makes it easy to understand. And he has a lot of great principles that can really help you understand investing in companies like Amazon, or Berkshire or Costco that maybe other people may not have thought of. And so he comes at things from a little bit of a different slant. So kind of a fun fact, he did not grow up in finance, per se, he actually wanted to be a gardener.

That was his dream job was to be a gardener. And he got a job as a gardener after graduating from college, and he ended up hating it. And so he ended up segwaying into he read *The Art of Motorcycle Maintenance*, which is a book kind of about Zen and whatnot. And he basically took that and translated it into becoming an investor. And he's really, really smart guy. He's very eloquent. And he again, he's kind of a reclusive guy. There's not a lot out there about him. Not a lot of information about his personal life. He's there's not a lot of pictures. He doesn't give many interviews. And so he's just one of those people that is more reclusive. But because of his returns, and because of the quality of his letters, he's gained a bit of notoriety over the last few years. He's definitely worth a read

Andrew

23:28

William Green profile to him and Zach and his book, *Richard lives are happier*. Yeah, that was a great chapter.

Dave

23:35

It was one of the better ones in the book. There were there was lots of the book but that was a really I, that kind of opened my eyes to him because the frankly, I was familiar with him before I read that chapter.

Andrew

23:44

Yeah, that was my favorite chapter. burnin. I liked the idea is just like, you can do all this trading. And trying to figure out where the best place for your capital is all you can just delegate it to the best CEOs. And you know, those have been at companies like Amazon and Costco,

Dave

24:04

and Berkshire. Yeah, it's a great idea. Instead of struggling to find all these great ideas, why don't you just give it to the people that knows their businesses the best and are the best operators and let them do all the hard work. All right, well, with that, we will go ahead and wrap up our conversation for today. 99.9% of all the letters that we were discussing today, you can find@stratusphere.io If you go to the left hand side of the page, at the bottom, there's a hedge fund letter section.

And under there, they have a curated list of all the different resources that we're talking about. So you can find a collection of 5000 pages, for example, of all of Warren Buffett's writings. So if you want to dive into Warren Buffett, there you go. So all the different people we talked about today are available there so you can check all that stuff out. If you're also looking for additional resources on things that they discover and discuss in these different letters. Check out our website investing for beginners.com at the top of the page So we have this huge search bar.

And Andrew and I have both written about Nick sleep and Zack who run the fund that we were talking about earlier, as well as lots of conversations about Warren Buffett and his investment ideas and philosophies. And those all can be great resources to help you earn more and as a reference as you're reading through Warren Buffett's letters, for example. So without any further ado, I'm gonna go and sign us off you guys go out there and invest with a margin of safety. Emphasis on the safety. Have a great week, and we'll talk to you all next week.

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