Twitter Thread by Ram Bhupatiraju



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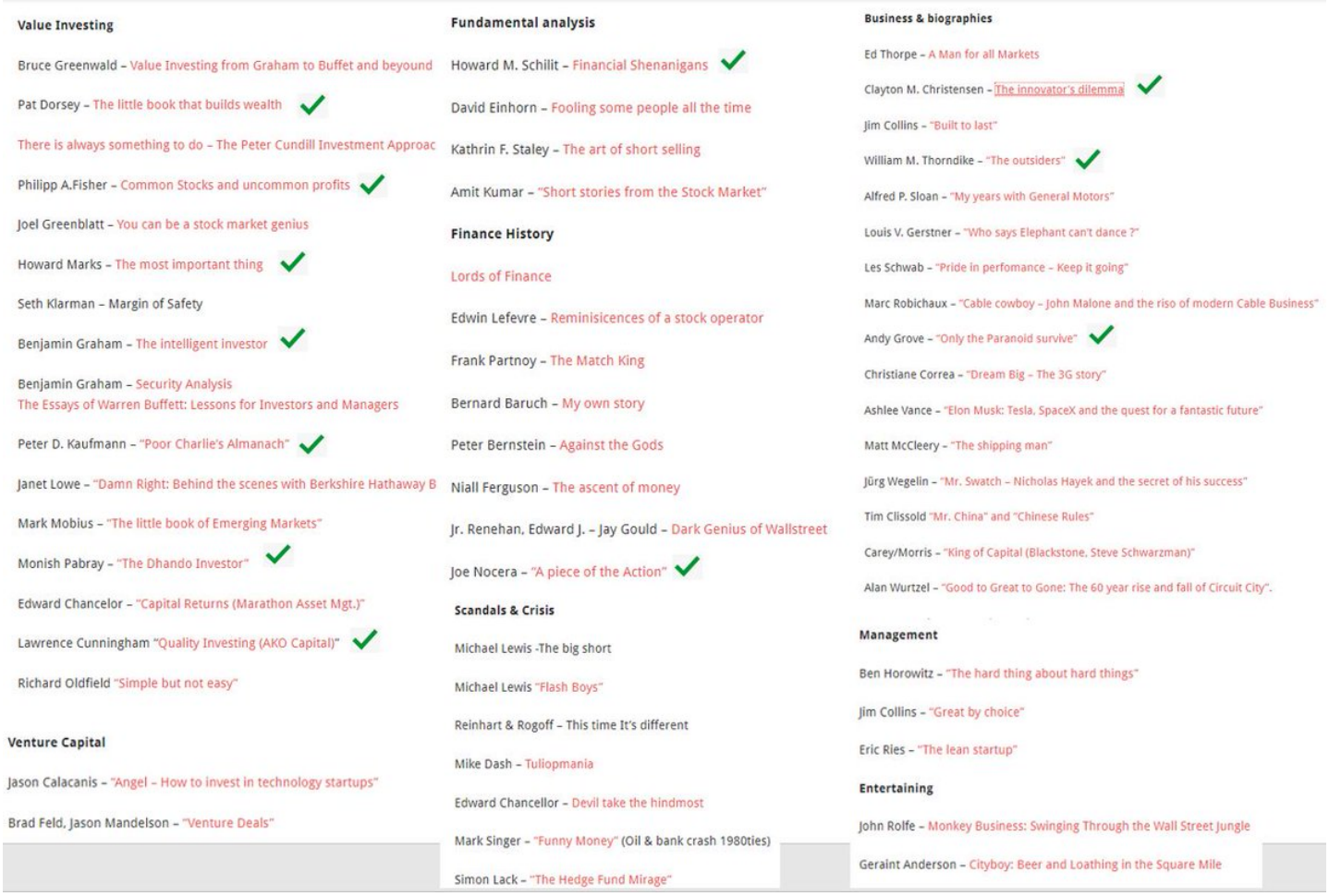
Excellent short summaries of many good investing books. ■

cc: @dmuthuk @Gautam__Baid

(Some of the pages might open in German. Use the Translate to English option on the

List ■



Value Investing

Bruce Greenwald – Value Investing from Graham to Buffet and beyound
Pat Dorsey – The little book that builds wealth ✓
There is always something to do – The Peter Cundill Investment Approac
Philipp A.Fisher – Common Stocks and uncommon profits ✓
Joel Greenblatt – You can be a stock market genius
Howard Marks – The most important thing ✓
Seth Klarman – Margin of Safety
Benjamin Graham – The intelligent investor ✓
Benjamin Graham – Security Analysis
The Essays of Warren Buffett: Lessons for Investors and Managers
Peter D. Kaufmann – "Poor Charlie's Almanach" ✓
Janet Lowe – "Damn Right: Behind the scenes with Berkshire Hathaway B
Mark Mobius – "The little book of Emerging Markets"
Monish Pabray – "The Dhando Investor" ✓
Edward Chancelor – "Capital Returns (Marathon Asset Mgt.)"
Lawrence Cunningham "Quality Investing (AKO Capital)" ✓
Richard Oldfield "Simple but not easy"

Venture Capital

Jason Calacanis – "Angel – How to invest in technology startups"
Brad Feld, Jason Mandelson – "Venture Deals"

Fundamental analysis

Howard M. Schilit – Financial Shenanigans ✓
David Einhorn – Fooling some people all the time
Kathrin F. Staley – The art of short selling
Amit Kumar – "Short stories from the Stock Market"

Finance History

Lords of Finance
Edwin Lefevre – Reminisicences of a stock operator
Frank Partnoy – The Match King
Bernard Baruch – My own story
Peter Bernstein – Against the Gods
Niall Ferguson – The ascent of money
Jr. Renehan, Edward J. – Jay Gould – Dark Genius of Wallstreet
Joe Nocera – "A piece of the Action" ✓

Scandals & Crisis

Michael Lewis -The big short
Michael Lewis "Flash Boys"
Reinhart & Rogoff – This time It's different
Mike Dash – Tuliopmania
Edward Chancellor – Devil take the hindmost
Mark Singer – "Funny Money" (Oil & bank crash 1980ties)
Simon Lack – "The Hedge Fund Mirage"

Business & biographies

Ed Thorpe – A Man for all Markets
Clayton M. Christensen – The innovator's dilemma ✓
Jim Collins – "Built to last"
William M. Thorndike – "The outsiders" ✓
Alfred P. Sloan – "My years with General Motors"
Louis V. Gerstner – "Who says Elephant can't dance ?"
Les Schwab – "Pride in perfomance – Keep it going"
Marc Robichaux – "Cable cowboy – John Malone and the riso of modern Cable Business"
Andy Grove – "Only the Paranoid survive" ✓
Christiane Correa – "Dream Big – The 3G story"
Ashlee Vance – "Elon Musk: Tesla, SpaceX and the quest for a fantastic future"
Matt McCleery – "The shipping man"
Jürg Wegelin – "Mr. Swatch – Nicholas Hayek and the secret of his success"
Tim Clissold "Mr. China" and "Chinese Rules"
Carey/Morris – "King of Capital (Blackstone, Steve Schwarzman)"
Alan Wurtzel – "Good to Great to Gone: The 60 year rise and fall of Circuit City".

Management

Ben Horowitz – "The hard thing about hard things"
Jim Collins – "Great by choice"
Eric Ries – "The lean startup"

Entertaining

John Rolfe – Monkey Business: Swinging Through the Wall Street Jungle
Geraint Anderson – Cityboy: Beer and Loathing in the Square Mile

Some of my fav summaries from the list.

✔■Quality Investing - Lawrence Cunningham

https://t.co/pmVQFPlWby

As the title of the book says, AKO focuses on "High Quality" businesses which they intend to own for the long term. A "High Quality" business in their view is defined as a business **which can earn high return on capital for a long period of time.** In their view, such companies are often undervalued even if they are more expensive than market averages.

The book then walks through different aspects of how to identify "quality". According to them they look for:

- Capital allocation (Growth Capex, R&D, M&A, Dividends, buybacks, working capital)
- Return on capital (asset turns, Gross profit margins)
- growth (market share, geograhic expansion, Cyclical growth)
- Management (Discipline, long term orientiation, communication)
- Industry structure (Barriers to entry, Oligopol, rationality, obscurity)
- Customer benefits (intangible, Convenience, customer types)
- Competitive advantages (technology, network effects,distribution
- Revenue type (Recurring, upfront, licenses, service model, subscriptions, network density)
- the "friendly middleman"
- Toll roads (gold standard, "Magic" ingredients)
- Low Price plus (price vs.differentiation,scale, low cost squared)
- Pricing power
- Brand strength (Heritage, Trust & consistency, scale)
- Innovation
- Forward integration (own stores, Franchising, online presence)
- Market share gainers
- Global cpabilities
- Corporate culture (trustworthiness, long term orientation, execution, family ownership)
- Cost to replicate

✔■The Innovator's Dilemma – Clayton Christensen

https://t.co/VazvMPEE7D

The author makes a very compelling case **that in many cases, especially the "good companies" are not able to cope with innovations** and get destroyed.

The reason is what he calls a "disruptive" innovation or technological change which he contrasts to "sustaining" innovation.

A **sustaining innovation** is a technological change which brings direct advantages to existing products and especially the most important current customers of the company. Good companies which "listen to the customer" do not have big problems with this. If an innovation makes sense for those customers, mostly established companies will be leader in the innovative technology.

A **"disruptive" innovation** according to the author however is a new technology which at first **does not offer anything to the existing customers**. In this case, a customer focused company will not use many resources to develop the new technology much further.

However another company or organization might bring the new technology to new clients which haven't used this type of product before. The new technology then gets developed further for this new clients until the point when the new technology is so competitive that it is better than the old one and those "old customers" start switching. At this point in time it is too late to catch up for the old company.

The author has used mainly the disk drive industry to illustrate his theory in great detail plus some examples from other areas.

Despite being a management book, for me the book contains also some **very valuable insights for any investor**:

1. Value Traps: Whenever you look at a cheap technology company, there will be a high likelyhood that it might be fighting against a "disruptive" innovation and might get "killed" soon. **Current Examples could be RIM, Dell, HPQ or even Microsoft.**

2. Even for great companies with a high moat, there might be already a disruptive innovation out there which might kill the company at some point. So it is not enough to look a direct competitors, but one should also look out "below".

Overall I can highly recommend the book to anyone who is interested in company analysis and wants to better understand how innovation is impacting (and sometimes even destroying) companies.

✔■The Little Book That Builds Wealth - Pat Dorsey

https://t.co/sMJspTTQcA

Pat Dorsey, chief equity analyst at Morningstar, focuses in the book on the ever-popular “moats”, the well-known moats that successful companies use to generate good long-term profits.

Anyone who reads Buffet / Munger immediately knows what it is about.

At the beginning of the book, he defines the 4 types of Moats that, in his opinion, basically exist, as:

- **Intangible assets** (patents, licenses)
- **Switching costs** (make it difficult to **switch** to the competition)
- **Network effects** (the more people use it, the more valuable it becomes)
- **Structural cost advantages**

From my point of view, the following comments were interesting:

- A well-known brand is by no means a Moat
- Cost advantages due to a better production process are not a Moat
- A niche company with a Moat is more interesting than a giant company with a Moat in a large market
- When a company with a Moat has expanded into other areas in one area mostly caution is appropriate.