Twitter Thread by pravin palande



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@lonelycrowd

It has been exactly 3 years to "how fund managers .." was released. The book took a lot of time to write. Here is a short thread about how it happened ..

> Bharat shah's Word of wisdom
>
> -Thumb rule to create Value Investing
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> Image Courtesy : @ms89_meet
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> How Fund Managers are Making You Rich: Discover Ways to Tame the Bear and Ride the Bull by @lonelycrowd https://t.co/hKirKY0BtC pic.twitter.com/mbh2gm3luo
>
> — Investment Books (@InvestmentBook1) December 5, 2020

2/n the idea came from @kan_writersside who got me in touch with Dibakar Ghosh at @Rupa_Books .. we discussed the idea that it has been 2 decades to the fund management industry and it deserves a book. A lot was written about about Bharat Shah, Prashant Jain and S.Arora..

3/n but there was not much information about investment philosophies and the overall environment of the mid 90s and later on. Kanishk and Dibakar wanted a broader book for everyone and not just the stock market reader. We went to work

4/n we decided to write about the dotcom boom and bust where it all started. The start fund managers came from there. In Feb 2000 IT index had a pe multiple of 420 and the market cap of the sector was 34% of the market. Banks were 5% and some analysts were still bullish

5/n prashant Jain was one of the few fund managers who was out of the sector in November itself and was quietly watching the index go up. There were others but the legend of Jain was at the top of the mind because it is believed he refused to meet the CFO of a big IT company ..

6/n peak of the market. It was a time of stories..numbers and lots of tears. What hurt us was the retired people who invested money in the market at the top of the cycle. @vikaasmsachdeva had so many stories that it would require another book

7/n after the bust the market did not move anywhere till the listing of TCS. Then a new crop of fund managers came in. Now this new gang talked about midcap. After 2005 it was the age of Madhu Kela, Sunil Singhania , Anup Bhaskar and Kenneth

Andrade

8/n these guys were different. They looked at small companies differently than large companies. With a little bit of risk they knew they can make a lot of return. These guys knew when to get out of these small cap stocks. They became super stars

9/n while this was on, Parag Parikh and Rajeev Thakkar were quietly building an investment philosophy if value investing that they will swear by forever. Parikh passed away in 2015 but he left his legacy in the form of an investment style is working well

10/n then there is Ken Andrade who wrote a piece called dot kaun questioning the growth of software business. His sparring partner was Vetri S. Ken was to later on become a big midcap fund manager where he would take contra positions in stocks of future. Page industry is one

11/n what I like about Ken is his music collection. And also the fact that his head is full of awesome GDP and rural data. He is a man with the memory of an elephant ..he also was the big one to move into PMS

12/n technically Bharat Shah was the first one when he moved from Birla to ASK. All the stars of the dotcom boom are interestingly still holding fort. Then there is S.Naren. a voracious reader. A fan of checklist of Atul Gawande. He built a fund management house that is lean

13/n smart. He does that with the checklist rules. AND then there is Siva of Franklin. He is again a simple guy who made it big only on clean low beta performance. Gave high returns with the lowest risk. Avoided software in dotcom and infra in the 2008 GFC. Apparently he is a

14/n he is a history buff and collects artifacts. He also moved out of the industry at the peak of his career. A moved from IDBI in Mumbai to Chennai to work with Franklin only because his family was there. He was very of companies wanting to be empires

15/n the real game changer was Sanjiv Shah of Benchmark who started the first ETF. The idea was new in 2000 and he was ridiculed for that. But he was cool and rational. He also started the Bank Nifty ETF was was the biggest fund in 2007. Shah was sure that low cost funds will

16/n take over the market. He was right. AFTER 2008 it has been the world of the index funds and ETF. There are many reasons why most active funds will not do well in the future and the principle reason is cost and competition to price stocks. The details are there in the book..

17/n and there is Mahesh Patil. Who is one of the few fund managers who listens more than talk. He was one of the earliest in Bajaj Finance. A special mention. . Chandresh Nigam who believed that India is a growth market and not a value market. So many smart people out there who

18/n can only make the market efficient. Thanks for reading the thread. The book is still available at https://t.co/vcd9n2z7XA.And many thanks to @ms89_meet for doing those wonderful investment threads. And also @InvestBooks who single handedly did so much for this book

Then there is @anishteli and @passivefool who keep me updated in all things investing and mutual funds. Anish was one guy who appreciated the standard deviation chart in the last chapter and has urged me to update it regularly. Thanks guys ■ n/ends