

What's on Their Shelf - MOI Global Book Recommendations

What's a habit all successful value investors have in common? They read.. and they read, and they read. Warren Buffett says he reads approximately [five to six hours per day](#). That's almost 2,200 hours every year. Which means at Buffett's young age of 85, that's somewhere around 132,000 reading hours throughout his career. What does he do in all that time? He hunts for deals.

The *New Yorker* essayist and author, Malcolm Gladwell, famously popularized what he called, the [10,000 hour rule](#) in his book, *Outliers*. The concept essentially says that in order to truly master something: a sport, profession, artistic craft, etc. you've got to invest this critical number of hours practicing or performing that thing. In doing this, you train your brain to a degree of understanding that makes the subject so fluid, that it reduces the amount of required critical thinking. Thus, mastery actually frees your mind and allocates most of the decision-making to your instinctive thinking.

The 10,000 hour rule gets heavily debated online and amongst elite performers. But have a look back at the calculation of Buffett's cumulative reading hours. It's not 10,000 hours, it's well over 100,000 total hours, entrenched in business newspapers, 10-K reports, 10-q reports, industry magazines, and books. Combine that with his notoriously sharp memory and formidable quantitative reasoning skills, and you can start to piece together how Buffett has become... Buffett.

Whenever we do interviews with leading value investors, we always like to ask what they're reading, what they're thinking about, and in what ways this material has shaped their investing process or career. Take for example this exclusive tour of Guy Spier's personal library. Guy is the Manager of [Aquamarine Capital](#) and the author of the 2014 book, *The Education of A Value Investor*.

In the [video](#), Guy walks us through his beautiful office in Zurich, Switzerland. Guy relocated to Switzerland to get away from the financial echo-chamber and idea pollution that surrounds New York City. You'll notice in the video that his office is setup for ultra-pure, original thinking.

I had an extra room available in the office and I set this room up such that it would enable me to think, so there is no phone line into this room, there's no internet and there's no computer. All we have is books and the only things I can do here is read, have conversations and maybe doze off if I want to doze off.

What are some of Guy's favorites? *Security Analysis* by Benjamin Graham, Marty Whitman's book, *The Conservative Aggressive Investor*, Seth Klarman's rare book, *The Margin of Safety*, and George Soros' book, *The Alchemy of Finance* have all found their way onto Guy's permanent shelf.

Start With Annual Reports

It's amazing how quickly the information age has changed the way portfolio managers acquire information and make their investment decisions. In the past, to get your hands on a company's annual report, you'd have to send a letter, requesting a copy be sent back through mail. Then several weeks later, you'd get a fat envelope containing the report.

Those lucky few with access to more information had the competitive edge. In a way, this is still true, but now it's not so much the quantity of information that investors care about, information is every. It's the quality of information that makes the difference. Instead of going thirsty in a drought of ideas, investors are flooded. Thus, the art of gaining the informational edge is less about the acquisition of

information, and more in the filtration process.

Where's the best place to start reading when looking for investment ideas? Brian Bares, Chief Investment Officer for [Bares Capital Management recommends](#) starting with annual reports.

Along with recommending the essential [writings of Buffett and Munger](#) as well as biographical books on business owners, Brian remarks that reading "as many annual reports as you can get your hands on" is the best way to see what's actually going on in business, and to build your taste for what an exceptional business looks like. Once when asked, "How to get smarter?", Buffett held up his thick stack of reports, and replied, "Read 500 pages like this every day."

Summary

In the same way that your physical environment shapes who you are as a person, your mental ecosystem plays a similarly influential role. This is the reason why top value investors like Guy Spier or Warren Buffett have moved far away from financial capitals like New York City. To find the best ideas, there needs to be clarity and independence in your thinking.

One of the most frequently cited contributors to the idea generation process is reading. Knowledge, like interest, compounds over time. This is why Buffett is willing to invest five to six working hours each day pouring over papers and reports. The ultimate aim of all this reading is to expand your investing universe and refine your taste for superior companies. Developing this habit takes practice and patience, but aside from nourishing the latticework of mental models, something tells me the dividends from a life-long commitment to reading are well worth the effort.

Best Investment Books, by The Manual of Ideas Interviewees

Over the years, we have solicited the input of hundreds of successful investors to help us build a list of the best investment books. Included below are some of those recommendations.

- **Alan Zafran** of Luminous Capital: David Swensen's Pioneering Portfolio Management, Roger Lowenstein's When Genius Failed, Andrew Sorkin's Too Big to Fail, Bethany McLean's The Smartest Guys in the Room, Michael Lewis's Liar's Poker, and Michael Lewis's The Big Short
- **Alberto Finali** of Symposium Capital Management: Philip Coggan's Paper Promises
- **Allan Mecham** of Arlington Value Management: Dan Ariely's Predictably Irrational, Richard Thaler's Nudge, Jonah Lehrer's How We Decide, Michael Mauboussin's Think Twice, Michael Lewis's The Big Short, Roger Lowenstein's The End of Wall Street, Oldham Appleby's The Relentless Revolution
- **Alon Bochman** of Stepwise Capital: Michael Lewis's Travels in the New Third World
- **Amitabh Singhi** of Surefin: Gurucharan Das's India Unbound and Ramchandra Guha's India after Gandhi
- **Andrew Williamson** of Hawkwood Deep Value Fund: Seth Klarman's Margin of Safety
- **Barry Pasikov** of Hazelton Capital Partners: Malcolm Gladwell's Outliers, Geoff Colvin's Talent is Overrated, and Daniel Coyle's The Talent Code
- **Brian Boyle** of Boyle Capital: Seymour Schulich's Get Smarter
- **Brian Gaines** of Springhouse Capital Management: John Helyar and Bryan Burrough's Barbarians at the Gate, Hilary Rosenberg's The Vulture Investors, George Anders's Merchants of Debt, Jack Schwager's Market Wizards, and Liaquat Ahamed's Lords of France
- **Charles de Vaulx** of International Value Advisers: Peter Benstein's Against the Gods, Charles Kindleberger's Manias, Panics and Crashes, Charles Kindleberger's The Financial History of

Western Europe, David Kynaston's City of London, Charles Munger's Poor Charlie's Almanack, John Train's The Money Masters, and John Train's The New Money Masters

- **Ciccio Azzollini** of Cattolica Partecipazioni: Robert Cialdini's Influence: The Psychology of Persuasion, Seth Klarman's Margin of Safety, Whitney Tilson and Glenn Tongue's More Mortgage Meltdown, Benjamin Graham's The Intelligent Investor, Benjamin Graham and David Dodd's Security Analysis, Charles Munger's Poor Charlie's Almanack, Warren Buffett and Lawrence Cunningham's The Essays of Warren Buffett, Thornton O'glove's Quality of Earnings, Atul Gawande's The Checklist Manifesto: How to Get Things Right, Peter Lynch's One Up on Wall Street, and Martin Whitman and Fernando Diz's Distress Investing
- **Dan Sheehan** of Sheehan Associates: Benjamin Graham's Security Analysis
- **Don Fitzgerald** of Tocqueville Finance: Benjamin Graham's The Intelligent Investor and Joel Greenblatt's You Can Be a Stock Market Genius
- **Eric Khrom** of Khrom Capital: Ayn Rand's Atlas Shrugged and Walter Isaacson's Steve Jobs
- **Francois Badelon** of Amiral Gestion: Geoff Colvin's Talent is Overrated
- **Guy Spier** of Aquamarine Capital: Napoleon Hill's Think and Grow Rich, Dale Carnegie's How to Win Friends and Influence People, Anthony Robbins's Awaken the Giant Within, and Matt Ridley's The Rational Optimist
- **Igor Lotsvin** of Soma Asset Management: Seth Klarman's Margin of Safety
- **Jake Rosser** of Coho Capital Management: Howard Marks's The Most Important Thing
- **James Montier** of GMO: David Dodd and Benjamin Graham's Security Analysis, Seth Klarman's Margin of Safety, and Howard Marks's The Most Important Thing
- **Jeroen Bos** of Church House Deep Value Fund: Benjamin Graham's The Intelligent Investor
- **John Lambert** of GAM: Howard Marks's The Most Important Thing
- **Jonathan Mills** of Metropolis Capital: T.J. Stiles's The First Tycoon: The Epic Life of Cornelius Vanderbilt, Ron Chernow's Titan: The Life of John D. Rockefeller, Sr., James Alexander Mackay's Little Boss: a life of Andrew Carnegie, and Sam Walton's Made in America
- **Josh Tarasoff** of Greenlea Lane Capital Partners: Atul Gawande's The Checklist Manifesto, Steven Levy's In The Plex, Ken Auletta's Googled, and Daniel Kahneman's Thinking Fast and Slow
- **Ken Shubin Stein** of Spencer Capital Management: Whitney Tilson and Glenn Tongue's More Mortgage Meltdown, Michael Lewis's The Big Short, and David Einhorn's Fooling Some of the People All of the Time
- **Lisa Rapuano** of Lane Five Capital Management: Howard Marks's The Most Important Thing, Peter Benstein's Against the Gods: The Remarkable Story of Risk, and Norman Doidge's The Brain That Changes Itself
- **Mark O'Friel** of MOF Capital: John Dower's War Without Mercy, John Dower's Embracing Defeat: Japan in the Wake of World War II, and Ronald Dore's Stock Market Capitalism: Welfare Capitalism
- **Massimo Fuggetta** of Bayes Fund: Daniel Kahneman's Thinking, Fast and Slow, Benjamin Graham's The Intelligent Investor, Benjamin Graham's Security Analysis, and David Dreman's Contrarian Investment Strategies
- **Michael Godby** of FIG Partner: Peter Lynch's Beating The Street
- **Mike Pruitt/Matt Miller/Joe Koster** of Chanticleer Holdings: Howard Marks's The Most Important Thing and Ed Easterling's Unexpected Returns
- **Ori Eyal** of Emerging Value Capital Management: Jim Rogers's Investment Biker, Jim Rogers's Adventure Capitalist, Jim Rogers's Hot Commodities, Mohnish Pabrai's The Dhandho Investor, Joel Greenblatt's You Can Be a Stock Market Genius, Milton Friedman's Capitalism and Freedom, Milton Friedman's Free to Choose, Ray Kurzweil's Fantastic Voyage, Ray Kurzweil's The Singularity Is Near, Mark Hughes's Buzzmarketing, and Robert Cialdini's Influence
- **Paul Johnson** of Nicusa Capital: Howard Marks's The Most Important Thing, Steven Pressfield's The War of Art, and Scott Belsky's Making Ideas Happen

- **Paul Malcolm** of Wilshire Capital Allocation: Murray Rothbard's America's Great Depression
- **Paul Sonkin** of The Hummingbird Value Funds: Paul Strebel , Steven Cavell's In the Shadows of Wall Street, Hermann Simon's Hidden Champions, and Benjamin Graham's The Intelligent Investor
- **Pavel Begun** of 3G Capital: Lou Gerstener's Who Says Elephants Can't Dance and Atul Gawande's The Checklist Manifesto: How to Get Things Right
- **Phil Ordway** of Chicago Fundamental Investment Partners: Daniel Kahneman's Thinking Fast and Slow
- **Pier-Alberto Furno** of Nemesis Asset Management: Benjamin Graham's The Intelligent Investor, and David Dodd and Benjamin Graham's Security Analysis
- **Professor Max Otte** of Facchochschule Worms: Patrick Buchanan's The Unnecessary War, Nicholson Baker's Human Smoke, Benjamin Graham's The Intelligent Investor, and Bruce Greenwald's Value Investing
- **Randall Abramson** of Trapeze Capital: James Montier's Value Investing and Ken Fisher's Market Never Forgets
- **Richard Cook and Dowe Bynum** of Cook & Bynum Capital Management: Charles Munger's Poor Charlie's Almanack, Benjamin Graham's The Intelligent Investor, Steven Levy's In The Plex, and Michael Barone's Our First Revolution
- **Sahm Adrangi** of Kerrisdale Capital Management: Roger Lowenstein's Warren Buffett Biography and Michael Lewis's The Big Short
- **Scott Callon** of Ichigo Asset Management: Gillian Tett's Saving the Sun, John Dower's Embracing Defeat, and Junichiro Tanizaki's The Makioka Sisters
- **Scott Barbee** of Aegis Value Fund: William Greider's Secrets of the Temple, Bob Thompson's Stock Market Superstars, and Charles Ellis's The Partnership
- **Simon Denison-Smith** of Metropolis Capital: Seth Klarman's Margin of Safety, Vitaliy Katsenelson's Active Value Investing, T.J. Stiles's The First Tycoon: The Epic Life of Cornelius Vanderbilt, Ron Chernow's Titan: The Life of John D. Rockefeller, Sr., and Richard Oldfield's Simple but Not Easy
- **Tim McElvaine** of McElvaine Investment Management: Christopher Risso-Grill's There's Always Something to Do
- **Tom Gayner** of Markel Corporation: David Dodd and Benjamin Graham's Security Analysis and Benjamin Graham's The Intelligent Investor
- **Zeke Ashton** of Centaur Capital Partners: David Einhorn's Fooling Some of the People All of the Time and Whitney Tilson and Glenn Tongue's More Mortgage Meltdown