

# WATHEEQA INVESTOR DIGEST

## About WID

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Some of the world's renowned investors when asked what makes them great – the unusual but common answer is “We read and think”. The main goal of WID is to bring our clients the best interviews, articles, research and thought provoking material that we come across, read and thoroughly enjoy. Our collections are old, nevertheless timeless treasures while some are recent and highly recommended.

We thought; why not put these gems together each month and share the collective wisdom of what we read. WID is our contribution from that inspiring idea. We truly believe – what you read and how much of that you internalize; reflects who you are. We suggest you archive our premium collections; read them and re-read them.

## A few simple rules for money managers

Vitaliy Katsenelson writes “One of the biggest hazards of being a professional money manager is that you are expected to behave in a certain way: You have to come to the office every day, work long hours, slog through countless e-mails, be on top of your portfolio (that is, check performance of your securities minute by minute), watch business TV and consume news continuously, and dress well and conservatively, wearing a rope around the only part of your body that lets air get to your brain. Our colleagues judge us on how early we arrive at work and how late we stay. We do these things because society expects us to, not because they make us better investors or do any good for our clients.

Investing is not an idea-per-hour profession; it more likely results in a few ideas per year. A traditional, structured working environment creates pressure to produce an output — an idea, even a forced idea. Warren Buffett once said at a Berkshire Hathaway annual meeting: “We don't get paid for activity; we get paid for being right. As to how long we'll wait, we'll wait indefinitely.” **WID**

Source: <http://contrarianedge.com>

## Graham and Doddsville – Interview with Value Investors

Mario Gabelli's advice to novice analyst's “The key is to start by getting to know an industry ex-tremely well. That gives you a great perspective. For example, we have a conference on the auto parts industry. Start off by reading everything that's happened in the last 20 years in an industry. So you read all the trade info and then you cross check. Then understand how that industry relates to other indus-tries. And then you need to understand the stock. First understand the business and then understand the stock. Those two things don't al-ways go in lockstep.” **WID**

Source: [www.grahamanddodd.com](http://www.grahamanddodd.com)

## Warren Buffett Buys IBM

Buffett's interview to CNBC was for three long hours. More specifically, in the below link (CNBC interview) – Buffett explains what attracted him to IBM, what he looked for in IBM; before committing a whopping USD 10.7 billion (for a 5.5% stake). Most notably, Buffett did not speak to IBM Management or any of the senior executives. Till the SEC disclosures were released, IBM management had no clue that Buffett was buying their stock.

[CNBC Transcript: Warren Buffett Explains Why He Bought \\$10.7B of IBM Stock \(Part 5\)](#) [20 Minutes interview – Well worth your time]

## Returns and how they get that way – Howard Marks

In my opinion, superior returns come most dependably from buying things for less than they're worth and benefiting from the movement of price from discount to fair value. Making money this way doesn't require increases in intrinsic value, which are uncertain, or the attainment of prices above intrinsic value, which is irrational. **WID**

Source: <http://www.oaktreecapital.com>

## Exclusive interview with Michael Mauboussin

At the end of the day, successful investing is about buying something for less than its worth. Saying it somewhat differently, the idea is to always look for gaps between fundamentals – for example, the financial performance of a company – and expectations, which is the stock price. While that may be stating the obvious, the devil is in the details. How do you know that price and value are misaligned? Why are markets inefficient? What makes it so difficult to go against the crowd. **WID**

Source: [www.manualofideas.com](http://www.manualofideas.com)

## Personal Best – Atul Gawande

Not only surgeons, we think, investors too can learn a lot from this thought provoking article. “Top athletes and singers have coaches. Should you?” asks Atul Gawande.

Gawande begins “No matter how well trained people are, few can sustain their best performance on their own. That's where coaching comes in.

I have been a surgeon for eight years. For the past couple of them, my performance in the operating room has reached a plateau. I would like to think it's a good thing—I have arrived at my professional peak. But mainly it seems as if I have just stopped getting better.” **WID**

Source: <http://gawande.com>

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## Share the wealth

In this age of information bubble, reading materials that truly inspire and further our learning – are far and few. That's the reason we chose to identify the best and share the wisdom with our readers.

Please send us your feedback and any article, reports, links that you find are valuable keeping in mind the spirit of WID.

This way we can learn together and much faster.

You may email us at: [intelligentinvestors@watheeqa.com](mailto:intelligentinvestors@watheeqa.com)

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## *Investments.*

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