

**Kelly, Michael & Teufel, Andrew S. – Fisher Investments on Health Care**

*John Wiley & Sons, 2011, [Equity Investing] Grade* ★★★★★

The towering giant behind this book is Ken Fisher, son of investment legend Philip Fisher and one of the world's premier GARP-investors. Fisher and his investment firm analysts have the last few years been publishing guides on how to invest in all the ten GICS-sectors (apart from the book on the financial sector that is due next year). This time they turn to the international health care sector.

The book explains the macro drivers of the sector and its defensiveness. Furthermore it breaks down the sector in its major parts and gives an account on how they function (the most important parts being pharmaceuticals, health care equipment and biotechnology). The health care systems of the most important markets are described and the balance between innovation and launches of new drugs versus patent expiries and competition from generics is explained.

The book is divided into three parts. The first two cover the specifics of the sector and the environment it operates in. You don't need a medical degree to understand the discussion. The last part instead turns to investing in the sector. The method presented is a combination of top down and bottom up analyses. First the investor should identify political and economic drivers and make a country and sector decision. Within the targeted parts of the sector, a quantitative screen of the characteristics of the stocks is done and the weakest are weeded out. Amongst the stocks that are still standing the method turns to fundamental analyses in a five step process: understand business and earnings drivers, identify strategic attributes, analyse fundamental and stock price performance, identify risks and finally analyse valuations and consensus expectations.

Investment banks now and then publish papers like "Autos For Beginners" "Basics of the Tobacco Industry" etc. They are often very good but they tend to be published for one sector or sub sector at one time, another sector at a totally different time and a third sector not at all. For those who aren't a large client of a Morgan Stanley, Citi, Deutsche Bank etc. the books from Fisher Investment offer a great alternative. They cover the full investment universe and to be honest, it's easier to keep track of ten books than a multitude of papers from different banks. The language is never too complex and the industries jargon that is used is explained. I will most certainly buy the last book in the series next year.

Being part of a series is also the major weakness of this book. The outlay of the books is identical. The content of the last third is almost identical between the books. In some ways you really would have wanted one (and consequentially very long) book with all the sectors described in the beginning and then the investment process only being described once in the end. For those not reading the whole series this should not be a problem. However, I'm afraid it rubs off. The writing in all of these books becomes routine like. The analysts that provide the body to the books are merely going through the motions. Don't get me wrong, this is high quality work but it's not very inspired.

This series of books from Fisher Investment fills a gap in the investment literature in that they are the first to present a comprehensive review on how to invest in all the sectors on the stock market. The generalist PM will gain plenty from reading them. The sector specialist will have little to learn from them.

Mats Larsson, September 23, 2011