

**Bevelin, Peter – A Few Lessons For Investors and Managers From Warren E. Buffett**

PCA Publications, 2012, [Equity Investing] Grade ★★★★★

*“I think you’ll also like a short book that Peter Bevelin has put together explaining Berkshire’s investment and operating principles. It sums up what Charlie and I have been saying over the years in annual reports and at annual meetings.”* If you could have one person endorsing your newly released book on investments, who would you choose? Swedish investor, author and long term Berkshire Hathaway-shareholder found the above lines published in Warren Buffett’s 2011 shareholder letter, read by a whole investing world. On top of it Buffett ordered 25.000 copies. Quite a start!

My main objection to this book is that it already exists. In *The Essays of Warren Buffett* Lawrence Cunningham (number ten on eqtbook’s classics top list) uses the same concept of cutting pieces from Buffett’s writings over the years and reorders them into chapters on various topics. The topics in the two books are rather similar. Cunningham covers a broader set of issues while Bevelin focuses more on investing and corporate management. Neither of the books makes any ongoing comments to the text and as Buffett’s writing combines clarity with wittiness this usually works.

However, as much of what Buffett is saying sounds so obvious when read, there is a risk that the reader doesn’t appreciate how debated and complex the issues sometimes are. Cunningham includes longer paragraphs into his book which gives the reader a better chance to form an opinion on the various subjects. *A Few Lessons* at times becomes more of a collection of quotations. I think the book could have benefitted from some helping commentary from Bevelin. The author’s first book called *Seeking Wisdom - From Darwin To Munger* was in that way much more personal. It is a reflection on how to live life as a cultivated Renaissance Man – very much in line with Munger’s thoughts of a mental latticework of diverse pieces of knowledge.

I prefer Cunningham’s book to Bevelin’s but it would be unfair to be overly critical. It’s a good book and it is always a joy to read Buffett’s texts. There’s so much wisdom packed into his concise wordings. Most of anybody’s Buffett-favorites are included (“Time is the friend of the wonderful business, the enemy of the mediocre.” “[...] they should try to be fearful when others are greedy and greedy when others are fearful.” “Turnarounds seldom turn.” “Degree of difficulty doesn’t count.” “You only learn who has been swimming naked when the tide goes out” and the retelling of the story of Mr. Market are all great but my favorite is “what the wise do in the beginning, fools do in the end.”). It’s also the case that over ten years has passed since Cunningham’s book and Buffett has hardly been silent meanwhile. An update hence serves its purpose.

Bevelin’s cocktail of quotations delivers a persuasive arguing for estimating an absolute – albeit uncertain – intrinsic value instead of only using multiples and I also like the rightfully multifaceted chapter on risk. I also think he nicely depicts Buffet’s and Munger’s solution to the paradox that investment results depend on future cash flows, but on the other hand the future is hidden in the mist. The obvious solution is to only invest in companies that change very little over time. Only then can you with good confidence judge the margin of safety you are getting.

It is appropriate to end a review of this book with a quotation from 1996; “[...] you should simply want to acquire, at a sensible price, a business with excellent economics and able, honest management. Thereafter, you need only monitor whether these qualities are being preserved.” Now that is all the investment process a man could need delivered in one sentence! Buffett rules.

Mats Larsson, July 16, 2012