

Oldfield, Richard – Simple But Not Easy*Doddington Publishing, 2007, [Equity Investing] Grade*

Simple But Not Easy might very well be the best book written by a practitioner that you've never heard of. It certainly competes very well with the likes of the more widely acclaimed *Investing Against The Tide* (Anthony Bolton) and *The Dhandoo Investor* (Mohnish Pabrai). In certain aspects, I would even be so daring as to suggest that time will put it in the same vicinity as the cult-laden *One Up On Wall Street* (Peter Lynch). The problem with such a comparison is, of course, the constant advancement of things. In the same way that comparing which is the better player of John McEnroe and Roger Federer is utterly meaningless, *One Up...* was certainly a better book of its time. One of the great findings in Lynch's book was that he kept a list of "hundreds of corporations" that he would pounce on, would they reach a low enough p/e valuation. That is a bare minimum requirement in today's hyper-competitive world. The very term "Simple But Not Easy" is one of my absolute favourites from the fully stocked library of Warren Buffett quotes, as it encompasses so many complexities hidden within a mere playing with words. So this book literally had me at hello.

Within the field of financial literature, it is often opined that books by practitioners carry more weight than those by academics. I have never quite settled with this blunt way of classifying literature; surely a book should not be judged by (the name on) its cover, but rather by its insights and content? In this particular instance, however, I am inclined to agree. The book is immensely aided by the virtue of Oldfield's wide array of positions as an investor over the last couple of decades. Most notoriously, he was the head of the Hans Rausing family office while practicing value investing at his own firm Oldfield Partners. It is obvious that Oldfield had stored up a lot of prejudices about the investment industry that he wanted to get off his chest. And the book has greatly benefited from the fact that it was written and re-written over the course of more than two years. *Simple But Not Easy* starts rather unconventionally as Oldfield talks about his mistakes first. Among these are; "Travel Narrows The Mind", "Ethics Matter" and "Avoid Large Dogmatic Views". These errors, as

is the case for the entire book, are brim-filled with specific examples, anecdotes and actual illustrative events from Oldfield's career as a stock-picker. The discussion around the investment industry's peculiar mistake-led reality is key. What is different with investing, visavi almost any other profession, is that mistakes are such an integral part of the outcome itself, that they should also have bearings on the processes and decisions. If you are the postman in your area, you probably have a 99,9 per cent success rate. A top notch investor? How about 60 per cent? The investors who know they're going to be wrong repeatedly, and therefore proceed to invest along the lines of probabilities instead of firmly believing every single idea will knock the ball out of the park definitely have a head start.

Patience literally being the art of suffering is also a part that ought to be put in the memory bank, as is the chapter about "What to look for in a manager" (Oldfield has also chaired the Oxford University investment committee). The importance of convictions as part of successful portfolio management, I would personally put on "Top 3 Beliefs About Investing". Convictions are your best friend when the going gets tough, they allow for a concentrated portfolio, they focus the mind and they stiff-arm most people's heavy action bias. Simply put, if you don't stand for something, you will fall for anything. And a gullible, trend-following investor is not a good investor. Instead, have well thought-out beliefs, bring out your inner calmness (how many frenzied, great investors have you met?) and remember to stay humble. Much too brilliant people tend to become too dogmatic, which often leads to one-decision portfolios.

If you are a relative newcomer to investing, read this book for the great narrative of a career in portfolio management. For the more seasoned investor – after you've overcome that "it should have been me-feeling" – read it so that all those valuable insights are actually stored in the investing-part of your brain, and for the lessons to be learned from the Russia vs Coke-incident.

Henrik Andersson, October 9, 2012