

Train, John - Money Masters of Our Time

Harper Business, 2000, [Equity Investing] Grade ★★★★★

Strikingly often successful investors have had other successful investors as their mentors and you often hear them tell the tale of how they came to realize the insights from Ben Graham, George Soros, Jesse Livermore etc. Since very few are privileged enough to work for a successful investor, books describing their work fills an important void. As a bonus you can also learn from several mentors. Chief amongst books that have brought star investors in front of the general public are Jack Schwager's Market Wizards series and the seasoned investment advisor John Train's books.

These two series of books differ in that the former use interviews to present the investors while Train carefully crafts his own portraits of the persons of his choice – a task much helped by the fact that he through his profession got acquainted with several of them. *The Money Masters* published in 1980 was were a generation of future investors first got to know about Warren Buffett. A few years later *The New Money Masters* brought forward the next set of superstars such as John Neff, Julian Robertson, Philip Carret, Peter Lynch, Jim Rogers, Ralph Wanger etc. *Money Masters of Our Time* took the portraits from both the books and updated them slightly - a best of compilation, so to say.

Save one or two slightly more short-term hedge fund managers, the marvellous and time resistant selection focuses on longer term growth or value investors. Growth investors include T. Rowe Price with his focus on high quality, well managed companies in what he called "fertile fields for growth" and the San Francisco based Philip Fisher who, inspired by the success companies in the Silicon Valley, through a research intensive process called scuttlebutt invested in companies where technology was the engine for future growth. Neither of the two by any means invested in growth irrespective of value.

The classic, well diversified, low multiple value investing is represented by amongst others the intellectual and balance sheet focused Ben Graham

and the more earnings focused Sir John Templeton who searched for a double kicker from both multiple expansion and earnings expansion at the end of a four year forecast period. They both share a flexible intellect and point to the benefit of being – physically or psychologically – detached from the market noise. Interestingly Train has picked up one of Graham's less discussed concepts, time based stop losses, i.e. if the value case hasn't materialized within two years you are on balance better off to sell the stock as you risk sitting on a value trap. Representing the, often less diversified, franchise investing strand of value investors there is Warren Buffett who's chapter is about double the size of the others. Much has been written about Buffett and there is no need to repeat this but I appreciate the author's understanding of Buffett's search for stabile conditions as those enable reasonable forecasts of an essentially unpredictable future.

In a seamless language and with great personal insight Train discusses the many types of investors. The texts are also backed up by a lengthy appendix including material from amongst others Soros and Buffett. In a valuable summary chapter, similarities and differences are presented and the author advises the reader to choose a way of investing that fits his way of thinking and that is not overly crowded. Perhaps due to being an investment advisor Train adds "*Thus the outstanding investor knows when to change styles*". In reality though, most of the presented investors have changed very little over the years ("*Investors should figure out where they have an edge and stray there*" / Charlie Munger) and have then been fortunate to be active during a period that suited their choice. Successful investing is always a blend of skill and luck.

A skilful presenter like Train has the ability to distil much of the core in each investor's philosophy and process but in the end there is still even more value in the real deal. After reading *Money Masters of Our Time* I would recommend moving on to the first hand writings of Graham, Fisher, Lynch and the others. Happy investing.

Mats Larsson, December 15, 2013