

Tsoi, Tony - Living Value Investing: The Story of Cheah Cheng Hye*Enrich Professional Publishing, 2016 (English edition 2018) [Equity Investing] Grade ★★★★★*

Right off the bat, it would be appropriate to bring some preconditions to this review out in the open: The author of the book, Tony Tsoi, has previously worked at Value Partners, the investment boutique founded by Cheah Cheng Hye – the very person profiled in *Living Value Investing*. And it is obvious he holds Mr. Cheah in very high regard. Furthermore, this reviewer owns shares in Value Partners in his day job as a fund manager – in no little regard due to the appreciation of Mr. Cheah's capabilities and the brand name Value Partners has built. So, with that out of the way: this is a fascinating rags-to-riches story, profiling a person that have built a company labelled "The Temple of Value Investing in Asia" and been invited to hold the keynote presentation at The Ben Graham Centre as the first person from Asia to do so. But this outcome was certainly not written in the stars. It is perhaps his ability to surprise in his success that has left people around him - including the author - the most impressed. As he states early on: *"Throughout the history of Value Partners, there has never been a shortage of doubters - not even now"*.

Living Value Investing was originally published in Chinese in 2016 but after some persuasion an English version came out early this year. The first half of the book is broadly organized in chronological order, starting with Cheah's early life in a poor Malaysian rural area, through the 17 years as a journalist in both Malaysia (editor at age 19!) and for WSJ in Hong Kong, concluding with the formative period of building Value Partners. The remaining four chapters then deal with certain aspects of Value Partners, including the decision to go public, its focus on China and Cheah's evolving role at the company he created. This last part was no walk in the park as many founders can attest to - particularly after trying to sell the company a couple of years ago, but then reversing course as the take-over price could not be agreed upon. Probably because of the "currentness" of the situation, but also due to my appreciation of the other topics covered in the latter half of the book,

I tended to like that part more than the biographical chapters. In no way should they be viewed as fly-over chapters however. The experiences Cheah made in early life has certainly had a tremendous impact on his investing beliefs and how Value Partners was built. The feeling of always being the outsider wherever he went, the lone wolf, looking in from the outside – isn't that the perfect description of a dyed-in-wool value investor?

One of the more fascinating discussions revolve around the future role of Hong Kong, its diminishing role since 1997 and what its competitive edge ought to be going forward. The author argues convincingly that what the island needs is not another Li Ka-shing (property and trade) but rather several new Cheah Cheng-Hye's (financial services). A part I have re-read several times. Another topic that the author covers well is the corporate culture Cheah and the early partners have (figuratively) built into the walls of Value Partners. The pragmatic says *"performance is all that matters"*, but as everybody working in the industry knows, performance is far from everything and the examples and standards you set early on impact the quality of people you attract. There is much to learn from the examples set forth in the book, despite the obvious translational differences in business conduct between East and West.

Another trait of Cheah, avidly described throughout the book, is his image as a bookworm. Almost every person interviewed brings this up. At no time is Cheah not reading something, even occasionally in the shower. To no surprise, this certainly adds to our appreciation of the man! He and VP has surely come a long way since having to sneak into an invitation-only seminar behind the back of a good friend working for Fidelity. Today, \$17bn later, Cheah and Value Partners are working hard to be the ones leading the way, creating the Asian version of Fidelity. *"Today in China is similar to the US (financial markets) in the 1950s. The opportunity-set is there"*.

Henrik Andersson, November 25, 2018