

WATHEEQA INVESTOR DIGEST

About WID

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Some of the world's renowned investors when asked what makes them great – the unusual but common answer is “We read and think”. The main goal of WID is to bring our clients the best interviews, articles, research and thought provoking material that we come across, read and thoroughly enjoy. Our collections are old, nevertheless timeless treasures while some are recent and highly recommended.


We thought; why not put these gems together each month and share the collective wisdom of what we read. WID is our contribution from that inspiring idea. We truly believe – what you read and how much of that you internalize; reflects who you are. We suggest you archive our premium collections; read them and re-read them.

Why Walter J. Schloss is such a great investor


Investing isn't complicated – at least that is the message we took from this gem of an interview. Barron's questions to WJS had a lot with *how* – and *what* he's doing with his money. Though the interview is dated 25 February 1985, the investing principles are timeless, in our view.

WJS nonchalantly answers “I'm not very good on timing. In fact, I've stayed away from it. I think it makes life much easier – people come to me and say, “Well, what do you think the market's going to do?” And I always say, “*I've got no idea; your guess is as good as mine.*” I stay away from the game that everybody's trying to do. If you buy value – and you may buy it too soon, as undoubtedly I do – then if it goes lower; you buy more. You have to have confidence in what you are doing. You have to have *patience* in this field. But quite often stockbrokers aren't too interested in a stock you can sit there for five years with” – no wonder Barron's profiles WSJ as a self-deprecating and charming fellow.

WJS sums up his investment philosophy as “Graham liked the idea of protection on the downside, and basically, that's what I do. *I try not to lose money.*” **Read more** 

Source: Barron's National Business and Financial Weekly, 25 Feb, 1985 


Factors needed to make money in stocks - Walter J. Schloss

Wisdom packed in one page and 16 points. Put this right in front of your table. **Read more** 

Source: Walter & Edwin Schloss Associates, 10 March, 1994 

Valuing equities in an economic crisis


Ben Inker in this thoughtful essay argues that investors waiting for the perfect entry point may miss the best opportunity to buy

equities in over 20 years. Ben Inker writes “Having spent the last decade decrying stocks as overvalued despite what has generally been an extremely benign economic backdrop, some of our clients are a bit bemused to find us more bullish than many of their other managers today. After all, isn't this the worst economic crisis since the Great Depression? If we could hate stocks when times were great, shouldn't we hate them even more when the world seems to be going down the drain? But given our basic set of beliefs – mean reversion happens, the economy is driven by the skills of the workforce and the physical and intellectual capital of companies, equities are long duration assets – both stances are completely consistent. To us, the true value of the stock market changes very slowly and smoothly. It is the myopia of investors that causes market prices to vary so wildly.” **Read more** 

Source: Grantham, Mayo, Van Otterloo & Co., (www.gmo.com), 6 Apr, 2009




The End

Michael Lewis – author of *Liar's Poker* is back with this gripping essay on *the end* of Wall Street and figure's out *what went wrong*. It is a must read for investors who are in awe of the machinations of the Wall Street. Michael Lewis has the knack of transporting you right amidst the scene there. Lewis begins “To this day, the willingness of a Wall Street investment bank to pay me hundreds of thousands of dollars to dispense investment advice to grownups remains a mystery to me. I was 24 years old, with no experience of, or particular interest in, guessing which stocks and bonds would rise and which would fall. The essential function of Wall Street is to allocate capital—to decide who should get it and who should not. Believe me when I tell you that I hadn't the first clue.” **Read more**  (Note: *The Essay is nine pages*)


Source: www.portfolio.com Dec 2008 

What went wrong with economics...


...And how the discipline should change to avoid the mistakes of the past. Read this and the below top-notch essays together.

Read more 

The other-worldly philosophers

A first class essay from The Economist on the evolution of macroeconomics, how the financial crisis in the last two years has exposed bitter divisions among economists and provoking a crisis of confidence in macroeconomics. Paul Krugman of Princeton and the New York Times fears that most macroeconomics of the past 30 years was “spectacularly useless at best, and positively harmful at worst.” **Read more** 

Efficiency and beyond **Read more** 

Source: The Economist, 18 Jul 2009 

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Share the wealth

In this age of information bubble, reading materials that truly inspire and further our learning – are far and few. That's the reason we chose to identify the best and share the wisdom with our readers.

Please send us your feedback and any article, reports, links that you find are valuable keeping in mind the spirit of WID. This way we can learn together and much faster.

You may email us at: intelligentinvestors@watheeqa.com

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