

In our July investment view, we discussed recent company results, how companies are coping with the challenging economic backdrop, and our optimism on long-term prospects given the combination of quality and future return potential that we see in fund holdings.

This month, as it is holiday season, members of the Evenlode investment team have compiled a selection of books that we have read and found interesting over the first half of 2023. Most, but not all, are recent. I'm not sure all these texts are obvious light-reading material for the beach, but we hope you will find something of interest!

Investment, Business and Economics

The Joys of Compounding - Gautaim Baid (2019)

(Evenlode Reviewer - Rob Strachan)

Baid has condensed the collective wisdom of many of the most admired people in the investment world into a short book that is an ode to compounding. He approaches investment from a holistic perspective, taking into account lifestyle choices and philosophy as well as portfolio management. Among the principles recommended are reading a lot, thinking a lot, humility, long-termism, 'kaizen' (taking small steps consistently), focusing on temperament over intellect, sticking to a process and stress-adjusted returns. A great guide to the implications of long-term compounding.

Quit - Annie Duke (2022)

(Evenlode Reviewer - Cristina Dyer)

As Kenny Rogers sang in *The Gambler* "...know when to hold'em, know when to fold'em, know when to walk away and know when to run" - three of these four actions are about quitting. One of the key concepts presented is the idea of 'escalating commitment', the tendency that when we are in the losses, we are not only more likely to stick to a pre-set course of action, but double or triple down on our commitment. Drawing upon real-life stories from athletes, comedians and investors, the book illustrates how 'optimal quitting' could be a crucial skill separating amateurs from successful professionals. To perfect the art of 'optimal quitting' the author suggests several strategies. Tackle the hard parts of a challenge first, so you can learn something but have pre-defined 'kill criteria', that, when recognised in the future, prompt you to reconsider the current course of action. Additionally, having a quitting coach, someone looking from the outside that can see your situation more rationally than you, also helps combat biases and allows for better professional and personal decisions. Overall, the book offers a refreshing perspective on decision-making and provides a more nuanced understanding of goal achievement.

The Price of Time - Edward Chancellor (2022)

(Evenlode Reviewer - Rob Strachan)

If one could reduce macroeconomics down to an equation of state, of its fundamental variables interest would be one of them. *The Price of Time* is a brilliant guide to the role and impact of interest in the economy throughout history, and challenges modern dogmatic views on topics like inflation targeting



and monetary policy. The book is also a superb account of macroeconomics in general and how it can be a lens through which to understand historical events. This is useful when analysing economic cycles in the past century and their impact on today, particularly relevant given we are in the middle of what feels like, by recent standards, unprecedented inflation and rate hikes to levels that have not been seen for a long time. Chancellor ends with a warning to policy makers about second-order, unintended consequences of applying basic economic theory on a mass scale in the real world. Policy mistakes that encourage excess, such as sustained ultra-low interest rates, entrench and compound a state of economic obesity that leads to all manner of problems for society, both economic and political.

The Fearless Organization – Creating Psychological Safety in the Workplace for Learning, Innovation and Growth - Amy Edmonson (2018)

(Evenlode Reviewer – Bethan Rose)

The Fearless Organization is written by thought leader and pioneer in the psychological safety space Amy Edmonson, who is currently professor of leadership and management at the Harvard Business School. It's a good starting point for anyone who is new to the world of cognitive diversity and psychological safety. As an intro, psychological safety is the shared belief that it's safe to take interpersonal risk in a team. The book is designed for leaders and teams, though I believe a good amount of the teachings and advice can be applied through many areas of life - not just those relating to business operations and culture. The book starts by giving an introduction into some of the research and empirical evidence that spurred further research into the area of psychological safety. It then goes on to talk about some of the interesting and high-profile examples of corporate failures, and what role psychological safety (or lack thereof) could have played in these downfalls. This is then followed by some best-in-class scenario-based examples of psychological safety in action, with the book finishing on practical advice that everyone can use. Overall, it's an easy introductory read for anyone wanting to dip their toe into the increasingly discussed area of psychological safety.

Dead in the Water - Matthew Campbell & Kit Chellel (2022)

(Evenlode Reviewer – Chris Moore)

This is an intriguing true story about murder and corruption in the international shipping industry. The book tells the story of an insurance fraud involving the Greek-owned, Liberian-flagged, Brillante Virtuoso, an oil tanker supposedly captured by pirates in 2011 carrying \$100m worth of crude, in the Gulf of Aden, near Yemen. The book tells the stories of individuals on both sides – David Mockett, a British surveyor living in Aden in charge of inspecting the damaged ship who was sadly murdered for seeking the truth, to the flamboyant and crooked Greek ship owner, Marios Iliopoulos. This is interspersed with insightful detail on the inner workings of the global shipping and finance industries, from the development of global trade, piracy, the lack of law enforcement on the high seas, maritime insurance and the exploitation of offshore labour. Based on more than four years of reporting by two award-winning journalists, Matthew Campbell and Kit Chellel, this is an informative read on an opaque industry that's essential for the global economy.



Alibaba's World, How a Remarkable Chinese Company is Changing the Face of Global Business
- Porter Erisman (2015)

(Evenlode Reviewer - Leon Cyril)

This has been my favourite read of the year. The author, an American national, joined Alibaba in 2000, back when it was still run out of bunkbed-lined apartments, having been hired on the spot by the eccentric Jack Ma after a perfunctory meeting. He eventually rose to the position of Vice-President, one of the only high-ranking foreigners in the company. What I liked about *Alibaba's World* was that Erisman, a longtime resident in China and Chinese speaker, was able to intelligently contrast and convey the complex Chinese business environment to a Western audience. He takes us behind the scenes to the key make-or-break moments in the company's story, evaluating the failures and mess-ups as much as the victories; you realise how cattiness and viciousness, bluffs, sly memos, leaks and sabotage are as much part of the story of great businesses as sober strategizing and R&D spend.

Fool Me Once: Scams, Stories and Secrets from the Trillion-Dollar Fraud Industry - Kelly Richmond Pope (2023)

(Evenlode Reviewer - Leon Cyril)

We tend to think about fraudsters in simple terms: they are evil and greedy. Take Rita Crundwell, a small-town bureaucrat in Illinois, who stole \$54m from the town coffers over 22 years, spending it on horses and jet-setting, leaving pensions and schools underfunded; or Robert Courtney, the trusted Kansas pharmacist, who diluted his patients' AIDS and cancer medicines to boost his profit margins. But what about the less cut-and-dry cases, like Elizabeth Rogers, who re-diverted money from the accounts of her slum landlord boss back into the communities he had been holding ransom? Or Elise Dixon-Roper, who helped struggling families to obtain mortgages by overstating their income on applications? *Fool Me Once* puts a spotlight on the people involved in fraud - the victims, whistleblowers and perpetrators - and shows how their diverse incentives, constraints and motivations aren't captured by the sloppy narratives we use to talk about them ("gullible" "snitch" "evil"). Some "accidental perps" find themselves bankrupt and behind bars for blindly following orders from superiors, and some whistleblowers only decide to speak up to save their own skin. How should we feel about that? One of the aims of the book seems to be to help organisations, which lost an estimated \$5tn to fraud globally in 2022, to understand how and why fraud can arise, and how to avoid becoming victims. Richmond Pope is a professor of forensic accounting, but also a marvellous writer and storyteller.

The Dealmaker - Guy Hands (2021)

(Evenlode Reviewer - Rob Strachan)

Guy Hands is the founder of the private equity firm Terra Firma, who have been involved in several high-profile deals in the UK. An eclectic character, the book gives some revealing insights into the life of a top private equity executive; as much an account of big wins and losses in dealmaking as it is an account of the significant mental, physical and emotional impact of a life lived at full speed in the



city. Hands and colleagues worked 120-hour weeks, he barely saw his children grow up and suffered from serious health issues. The Dealmaker is also about the challenges of building and managing a growing company considering issues like succession, institutionalisation and culture. Despite his descriptions of the problems his severe dyslexia caused him in school, it is a well written and entertaining read.

Technology and Innovation

Human Compatible: AI and the Problem of Control – Stuart Russell (2020)

(Evenlode Reviewer - Hugh Yarrow)

Stuart Russell, a British computer scientist, has played a key role in the development of artificial intelligence over the decades. This book provides a readable whistle-stop tour on the field. The first half of the book includes an overview and a history of the topic, from Alan Turing's landmark 1936 paper to the development of the first chess computers in the 1950s, and all the way up to the significant developments of recent years. Russell is effective at highlighting both the incredible power of AI systems, but also their significant differences and shortcomings relative to human intelligence. As he puts it 'we don't yet know how to make a machine really intelligent, even if it were the size of the universe'. This leads him to make some interesting points on the quest for 'general AI', which he considers to be a long way off. The book is rounded off with a discussion on the future of AI development, the potential opportunities, and the risk of misuse that it poses, as well as some key questions for society in terms of how we regulate and control its development. In terms of its opportunities for society, the philosopher Alfred North Whitehead's 1911 assertion is relevant: 'civilisation advances by extending the number of important operations which we can perform without thinking about them'. In terms of the risks, Russell thinks that the current definition of AI as he sees it - that 'machines are **intelligent** to the extent that their actions can be expected to achieve **their** objectives' - should be reframed. Instead, he thinks society's basic ground rule should be that 'machines are **beneficial** to the extent that their actions can be expected to achieve **our** objectives'.

YouTubers, How YouTube Shook Up TV and Created a New Generation of Stars - Chris Stokel-Walker (2019)

(Evenlode Reviewer - Leon Cyril)

Founded in 2005 by three geeky American friends as a ramshackle video sharing venue, YouTube has grown into a digital encyclopaedia ("70% of millennials log on to learn something new"), entertainment hub, and maker of considerable fortunes - generating over \$29bn in revenues (2022). Stokel-Walker's analysis is as much about the platform itself as about the YouTubers who upload more than 82 years' worth of video content every day. Some of the most interesting detail (as in his book on TikTok) teases out what makes YouTubers appealing to audiences, how they make money (and how much) and the fuzzy, ill-defined boundaries between content sharers and consumers - which can, and have, turned deadly. YouTube has spawned a labyrinthine ecosystem of multichannel networks, legal experts, agents, unions and financial interests that aren't visible to viewers, but that



determine the success or failure of YouTube hopefuls. Coming from a pre-YouTube generation, the writer is able to appreciate the revolution that the site, and social media more generally, has engendered: “We’ve turned 180 degrees from when oversharing was regarded as uncouth. Now, not to share is suspicious”. At a time when traditional modes of media consumption are giving way to new models, it is probably worth taking his discussion seriously.

TikTok Boom, The Inside Story of the World’s Favourite App - Chris Stokel-Walker (2023 edition)
(*Evenlode Reviewer* - Leon Cyril)

Now knowing something about how the TikTok algorithm works, I’m determined never to log in. Stokel-Walker talks us through how the app’s frighteningly advanced technology is able to “read” a user, for example by detecting what kinds of things he lets his eye linger over for a millisecond longer than usual and uses that data to concoct up an endless stream of personally tailored content that can literally be addictive. He traces the app’s history, drawing insightful psycho-biographical sketches of its founders and thought-leaders, and details the app’s gyrating road to the top. Rumours about TikTok abound. After all, it is a Chinese tech company, backed by a murky corporate structure (who’s ever heard of ByteDance?). Is it spying on us? Does it suck data from our phones as we line up and dance? Does it all end up on President Xi’s desk? Stokel-Walker treats these questions in detail - we may not agree with all of his conclusions, but *TikTok Boom* is a hefty contribution to the debate.

History

The Restless Republic: Britain Without a Crown - Anna Keay (2022)
(*Evenlode Reviewer* - Hugh Yarrow)

Anna Keay’s acclaimed 2022 book takes her readers on a very colourful, birds-eye tour of Britain during the interregnum – from the execution of Charles I in 1649 to the restoration of his son Charles II in 1660, perhaps the strangest and most uproarious decade in Britain’s history. The book is organised into eclectic vignettes - full of humanity - that build up a wide variety of perspectives on the decade. The big historic figures such as Charles I and Oliver Cromwell are covered, but Keay also gives pencil sketches of a much wider range of characters. From Marchamont Nedham (one of the first newspaper men, brilliant and scurrilous, whose switching allegiances didn’t stop him serving a spell at Newgate prison), to Gerard Winstanley and the Diggers (attempting to start a commune movement by growing vegetables in Surrey), to an aristocratic family in Norfolk trying to keep their own personal show-on-the-road amidst political chaos and aching high levels of taxation for out-of-favour former royalists. Though Britain’s republican project ultimately failed, Keay makes a compelling case for the period’s lasting impact on British history. Parliamentary assertiveness, religious tolerance and freedom of speech all emerged emboldened, and were then further enshrined by William and Mary’s Glorious Revolution. High levels of taxation and a constant state debt also became commonplace for the first time in the 1650s. These newly established fiscal norms led to developments in the London banking system that would ultimately help fund innovations such as the steam engine - setting the stage for Britain’s forthcoming industrial revolution.



American Nations: A History of the Eleven Rival Regional Cultures of North America – Colin Woodard (2011)

(Evenlode Reviewer – Chris Elliott)

Woodard gives a fascinating insight into the formation of the United States and the distinct religious, political, and ethnographic characteristics that dictate political alliances even today. The eleven settler groups held remarkably different philosophies. In the north we meet the puritans of Yankeedom, with a focus on community and universal education; the liberal New Netherlanders, who valued multiculturalism and free markets; and the Borderlanders of Greater Appalachia, who carried a deep distrust of centralised government. While the south is populated by Tidewater Cavaliers, seeking to replicate the British aristocracy, and the Deep Southerners, formed by plantation owners with a focus on free markets and slave ownership. Woodard confronts how these philosophies have shaped the history of the American Experiment, including the displacement of the native population, the abolishment of slavery (and resistance to it) and the unification of the country in the War of Independence. However, Woodard's greatest insight comes from the explanation of the historic alliances around which the modern political parties have formed. Understanding these regional and cultural underpinnings is invaluable to an outsider trying to understand US politics and the country's increasing bifurcation.

Health and Medicine

Food For Life: The New Science of Eating Well – Tim Spector (2022)

(Evenlode Reviewer – Pheobe Greenwold)

Tim Spector's latest book, "Food for Life," presents an eye-opening exploration of the profound impact of our dietary choices on health and longevity. The book begins with a general overview of key concepts, like the gut microbiome, which underpin the latest research in nutrition. It is then followed by a chapter-by-chapter deep dive into each imaginable food group. You might be thinking this sounds like a rather dry book, but Spector is able to skilfully interweave scientific research with nutritional myth-busting and entertaining anecdotes, making it a surprisingly easy read. One aspect I particularly enjoyed is the book's practicality, offering accessible and actionable advice for cultivating a more nourishing and sustainable diet with a holistic approach. Whilst the narrative gets a little repetitive at points, the number of fun and often surprising facts, such as the number of biscuit packets consumed by the UK population in a given year, keeps things fresh and makes for an interesting basis for quiz questions whilst on holiday (much to my family's frustration at my constant interruption of their sunbathing).

Just One Thing, How Simple Changes Can Transform Your Life - Dr Michael Mosley (2023)

(Evenlode Reviewer – Leon Cyril)

Dr Mosley argues in this enjoyable book that we can make tiny additions to our daily schedules that will dramatically improve our health. Helpfully, his tips are structured chronologically from morning



to night, and he takes us through the health benefits of everything from a brisk early-morning walk to napping, chocolate and even playing video games. Throughout, Mosely cites the latest scientific research behind his tips, and includes anecdotal witness testimonies. Apparently, an apple a day does indeed keep the doctor away.

Other Non-Fiction

The Genie Within: Your Subconscious Mind - Harry W. Carpenter (2014)

(Evenlode Reviewer - Charlotte Lamb)

A book about your subconscious mind which I picked up after listening to the “We Study Billionaires – The Investor Podcast Network” episode with the founder of Century Management, Arnold Van Den Berg (which I would also recommend). An incredibly interesting read about human psychology and how to use your subconscious mind to your advantage. The author takes you through eight lessons to master including understanding what your subconscious mind is, how it works, and how you can use it. A bit self-help-y in parts and you are given guided meditation sessions at the end of each chapter – so if that’s not your thing I would stay clear!

Fiction

Armadillo - William Boyd (1998)

(Evenlode Reviewer - Ben Peters)

Lorimer Black is a loss adjuster in a timeless London, approximately set in the late nineties when *Armadillo* was first published. The management of financial risk gets a rare spot in the limelight in this novel, loosely a thriller but as with many of the plot elements is not quite that definable. As insurance is the protagonist’s metier there is an inevitable fraud slowly revealed, there is a fantastical love interest that becomes a little more real, and Lorimer’s insomnia makes one wonder whether his narrative arc is entirely based in reality. Some of the characters are quite visceral like Lorimer’s aggressively overbearing boss Hogg who, in his unreconstituted way, delivers a surprisingly comprehensive treatise on the nature of risk and the role of the loss adjuster. If there is a theme that runs through the novel it is that of uncertainty, and Boyd leaves much unresolved. His descriptions of the characters, many of whom are unlikeable in one way or another, and their interactions carry the novel along in a humorous way. I was left with an ambiguous feeling that I couldn’t quite put my finger on after reading the book, which I mean in a good way – this is perhaps by design. The message is that much in this world cannot be nailed down, whether in hard-nosed insurance decisions or in our broader experience of life.



The Thursday Murder Club – Richard Osman (2020)

(Evenlode Reviewer – Charlotte Lamb)

If you are like me and are a bit late to the party for the Richard Osman hype, take this as your sign to get into the series! A very easy read, I would recommend it for a weekend away or to take on your holidays. A good old murder mystery novel filled with wholesome characters. Set in a retirement village where a team of young-at-heart pensioners takes on the task of investigating unsolved murder cases, but chaos unfolds as the group finds themselves in a live case with a murder on their doorstep. As always, it's never who you most suspect...

Warning: It may make you miss your Grandparents and older relatives.

The Godmother/La Daronne - Hannelore Cayre (2019)

(Evenlode Reviewer – Ben Peters)

I'm attempting to learn French and was given this noir novel for Christmas in both the original French and English translation to help me along the way. First reading the translation (as my current grasp of language commands), the book tells the story of Patience Portefeux, an Arabic translator for the French legal courts who stumbles across an illicit business opportunity through her work. Her origins from the immigrant world and her dealings with those Arabic speakers on the wrong side of the law both explicitly and implicitly deal with issues of racism and lack of opportunity and social mobility in France. The recent riots in the country following the death of a teenager in a police shooting show that these matters are all too real and addressing them through a story with a strong female lead is a clever device. This is not some man's world, mafia-like story; Patience's own struggles and unique position in the legal system give a strong sense of the life of the marginalised but industrious immigrant society. It is certainly not organised crime, with Patience comically dealing with street dealers to distribute the product that has come into her possession. Her disdain for the structural racism in the system is worn on the book's sleeve, and it all makes for a wry, punchy and insightful read in English. I hope in the future to appreciate the French language version without reference to the translation.

The Evenlode team

15 August 2023

Please note, these views represent the opinions of the Evenlode Team as of 15 August 2023 and do not constitute investment advice. Evenlode Investment Management Limited is authorised and regulated by the Financial Conduct Authority, No. 767844.

