

In our July investment view, we discussed recent company results, the economic, political and stock market 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 2024. Not all of these texts are obvious light-reading material for the beach, but we hope you find the list of interest!

Economics, Business and Investment

Trillion Dollar Triage - Nick Timiraos (2022)

(Evenlode Reviewer - Chris Moore)

This book provides a detailed account of the Fed's response to the pandemic. The author, Nick Timiraos, is chief economics correspondent for the Wall Street Journal, which gave him extensive access to the events and key actors. Following a brief history of the Federal Reserve and its Chairman, Jay Powell, the book provides a brilliant day-by-day account of the policy response at the height of the panic. This section includes tables showing fluctuations in key market data, which are still hard to believe looking back after four years. The book highlights the success of the initial response, crediting the Fed with saving the financial system from collapse. It paints Powell in a positive light, highlighting the importance of his pragmatic approach, and contrasting this with other Fed governors, particularly "The Maestro", Alan Greenspan. However, the author is critical of the Fed's easy money policies and support for huge fiscal stimulus in 2021, which may have contributed to the high price inflation in recent years. With Powell still in position, his legacy remains to be seen, but this book provides an excellent account of how the pandemic period unfolded in financial markets.

The Coming Wave - Mustafa Suleyman, with Michael Bhaskar (2023)

(Evenlode Reviewer - Ben Peters)

Artificial Intelligence (AI): If you're like me then you've possibly had quite enough of hearing about it for now. But it's here to stay, and from here on in we will all undoubtedly be using AI-derived tools as part of our technological lives, knowingly or unknowingly. Mustafa Suleyman knows a bit about the subject having started Deep Mind, the company that famously developed the AlphaGo algorithm that beat the world's best players of the mind-bendingly complex Chinese board game Go. His book aims to set out what an AI-driven future could look like, particularly the pitfalls, and is Suleyman's call to the world to think about how we will manage the risks, in order to unlock the potential of the technology. His grasp of a range of subjects is helpful in synthesizing what the risks are. AI-driven biohacking allowing lone wolf terrorists to develop terrifying new pathogens in their garages with kit bought off Amazon? You heard it here first. I enjoyed Suleyman's historical asides, such as a section on the development of the stirrup being instrumental in transforming an old technology, the horse, into an offensive weapon. My own guess is that in the near term the technology of AI will fall short of some of the more powerful descriptions of what it might do, both in this book and elsewhere. But for a thought-provoking prediction at what might await in the long run, and what we might do about it, the book is certainly worth a read.



Where is My Flying Car? – J. Storrs Hall (2021)

(Evenlode Reviewer – Cristina Dyer)

The book combines physics, economics and policy to examine why progress in certain areas, particularly energy and transportation, has stalled. Hall attributes the stagnation to factors like increased regulation, a backlash against nuclear energy and what he terms “Eloi agonistes” – after the lazy post-humans in H. G. Wells’s *The Time Machine*. Although the book is about much more than flying cars, it does go through a detailed engineering analysis of flying car designs and how economically valuable they would be. The autogyro, a plane-helicopter hybrid capable of using small areas for landing and take-off, is a prime example. Autogyros were very much in the ascendancy in the 1930s and 40s but their development was stunted by the rise of tort law in the 1970s and 80s. This legal shift dramatically increased product liability costs for private aircraft manufacturers and made companies like Cessna unsustainable. A Cessna Skyhawk, the most widely produced light aircraft in history, cost \$25k in 1980 but over \$300k today, illustrating the extent of these liability costs. While technical in parts, Hall’s writing is accessible to anyone interested in science and technology. His views on some topics may be controversial, but the core arguments for embracing technological advancements, as a way to overcome stagnation and poverty, are persuasive. When I first picked up the book, I was certain the answer to the titular question was that we just didn’t have the required technologies, but Hall’s argument convinced me otherwise. The technology for flying cars may have been within our reach and the reason for their absence, according to Hall, lies elsewhere.

The Deals of Warren Buffett, Volume 1: The First \$100m – Glen Arnold (2017)

(Evenlode Reviewer – Leon Cyril)

Arnold is an academic and long-term Buffett observer. This book is the first in a trilogy covering Buffett’s career, from his first investment in Cities Services – aged 11 – when he bought three shares in the natural gas company with his pocket money, eventually pocketing \$5.25 in profit and selling up quick, after a lucky rebound in the share price. Thankfully, things got better from there. This first volume is especially interesting because it tracks the changes that Buffett underwent in his thinking, from speculating early on, to charting, and onto bottom-up, fundamental value investing. What I hadn’t appreciated before this book was quite how “activist” Buffett was in his early days. For example, in his 1956 Dempster Mill deal, in a bid to get rid of stubborn inventories, Buffett hired a painter to draw a six-inch-wide white line ten feet off the ground, and notified the warehouse that everyone would be fired if the mounting inventories ever reached it. Arnold’s exegesis of the deals is unfailingly methodical, clear and enjoyable to follow.

The Little Book of Valuation – Aswath Damodaran (2024)

(Evenlode Reviewer – Leon Cyril)

Damodaran, dubbed the “dean of valuation”, is Professor of Finance at the Stern School of Business, in New York. His valuations, sometimes of topical companies such as Tesla and Nvidia, are often posted online for free, and have become a thorn in the side of bulls and bears alike. He is an equal opportunities myth-buster. Being an academic, he has written numerous high-quality texts on valuation and corporate



finance, but this book was an attempt to show a broader public how companies and equity are valued, which can only be a positive step. He is always interested in underlying biases and assumptions, probing the reader to question such basic topics as “why did you pick this company to value?”, and encouraging us to put our biases down on paper, if we can identify them. Damodaran does a very good job of outlining the fundamentals of how to value companies - not skimping on quantitative details - unlocking the door to this arcane art which is too often the preserve of inexpert “experts”.

Plunder: Private Equity’s Plan to Pillage America – Brendan Ballou (2023)

(Evenlode Reviewer – Hugh Yarrow)

Ballou (an employee at the US Department of Justice) provides an overview of the US private equity industry in this book - a sector that owns more businesses than the number of US-listed companies but tends to fly under the radar. The aggregated portfolio companies of the top three private equity shops (KKR, Carlyle and Blackstone) are the third, fourth and fifth largest employers in the US, after Walmart and Amazon. Ballou explains how private equity firms make their money, examining typical private equity tactics such as leasebacks, dividend recapitalisations, strategic bankruptcies and roll-ups. He acknowledges the benefits these firms can bring (access to funding, management by industry specialists, operational improvements etc.), but also argues that the risks from short-termism and indebtedness can lead to negative economic and societal consequences over the longer-term. He also notes that murky corporate structures are often employed, helping to insulate the ultimate holders from the consequences of adverse outcomes for individual companies. Ballou argues that more thoughtful regulation is required to curb the industry’s more lamentable practices.

Dot.Con - John Cassidy (2002)

(Evenlode Reviewer – Rob Strachan)

A detailed account of the wild times of the dot com bubble, when the internet started to change the world and hit the big time in equity markets. Cassidy is careful to give a broad view of the drivers of events, including US monetary policy and the boom in retail trading. There are endless anecdotes and quotes from company executives, analysts and traders that form valuable lessons for rationality and risk. The book was published in 2002, relatively shortly after peak of the bubble, and a few of the companies have gone on to be world beaters, but most have dissolved. Insightfully, Cassidy notes that the speculative euphoria was partly due to the internet and its outputs being very broad, uncertain and loosely defined, which left a lot of room for people to imagine.

Going Infinite - Michael Lewis (2023)

(Evenlode Reviewer – Ben Peters)

The story of Sam Bankman-Fried and his cryptocurrency exchange FTX has something of a folkloric quality to it, and Michael Lewis’s book promised an insight into one of the biggest financial news stories of the last few years. Lewis was fortunate in his timing of latching on to the story just before everything went south, so had something of a ringside seat for the collapse, but his initial interest was in the man himself, ‘SBF’. From the news reports it seemed that Bankman-Fried had some incredible powers of persuasion that meant that investors, celebrities and authorities fell over themselves to



facilitate his business endeavours. From the book though it seems that, whilst clearly very mathematically intelligent, SBF's social skills were somewhat limited. I didn't come away from reading it really understanding why it was that the man managed to gain so much trust; this might be because it is genuinely a bit of a mystery, and Lewis himself seems to struggle to put his finger on it. The account of Bankman-Fried's early trading career provided some interesting insight into the mindset of the trader, although this elicited an emotion in me. Or rather, a non-emotion: I just didn't really care that much about the guy. Maybe being steeped in the idea of financial assets being investments, rather than something to be traded at someone else's expense, means it's all just a bit alien to me.

Two Hundred Years of Muddling Through – Duncan Weldon (2021)

(Evenlode Reviewer – Hugh Yarrow)

If you want to understand the British economy of today, Weldon's very readable (and short) history of its last two hundred years is a great starting point. Beginning in the golden era for British economic power and global influence, it traces the reader through the contours of subsequent economic developments – from the Industrial Revolution, the Corn Laws and the colonial era, to the beginnings of the welfare state, the shattering impact of the First World War on Britain's power, and onwards to the difficult inter-war years, the Second World War, the Atlee government of 1945, the rise and fall of organised labour, Thatcherism, New Labour, austerity and Brexit. Weldon is a political economist by nature and so – though he weaves in the influence of the great economic intellectuals such as Keynes and Hayek – he is particularly interesting on the impact that political and social developments (such as the extension of the democratic franchise in the nineteenth century and the two world wars in the twentieth) have had on the British economy of today.

Margin of Safety: Risk-Averse Value Investing Strategies for the Thoughtful Investor - Seth A. Klarman (1991)

(Evenlode Reviewer – James Knoedler)

Klarman's classic, published in the early years of an illustrious career, has reached legendary status for two reasons: firstly, his record with Baupost, the US investment manager, since its publication; and secondly, he has refused to publish a second edition, resulting in copies of its scarce print run being resold for outlandish sums. Anyone buying the book in expectation of a rapid payback through an instant upgrade to investing skill will be disappointed; this was written more as a general guide to principles intended for the intelligent amateur investor, in order to steer them away from shoals, rather than as a how-to manual. As its case studies demonstrate, investing is a dynamic art like many others in the humanities, where techniques change rapidly but basic principles remain valuable. Klarman's principles are rock solid and expressed with a striking clarity which is sadly unusual in financial literature. Lucid writing is typically a sign of equally crisp thinking and this, more than any technical approach to net-nets or fulcrum securities, is the most important, but also the hardest, lesson to take from the book. When Klarman makes predictions, he is entertaining and often startlingly prescient (as in the discussion of the late 1980s fad for collateralised bond obligations) but equally sometimes distractingly wrong (e.g. on index funds). But when he discusses principles, he is timelessly succinct and valuable; for instance: "*All investors must come to terms with the relentless continuity of the*



investment process. Although specific investments have a beginning and end, portfolio management goes on forever.”

Other Non-Fiction

Get the Picture – Bianca Bosker (2024)

(Evenlode Reviewer – Cristina Dyer)

‘Get the Picture’ is a humorous and incisive deep dive into the underbelly of the contemporary art world. Over a five-year period, Bosker goes to extraordinary lengths to understand the hidden machinations of the industry. She takes on roles as a gallery intern, a guard at the Guggenheim, a painter's assistant and even curates an exhibition. I particularly enjoyed the book's exploration of how art is valued, both culturally and financially. The prices require some faith and the surest sign that a gallery is not serious is that it openly posts its prices. More expensive art is often easier to sell since lots of zeros on a tag could signal that lots of important people approve. However, high prices for an artist who has experienced too much commercial success may mean a certain curatorial set now considers their work bad taste. An institution's stamp of approval can make prices (and demand) for the work of an emerging artist jump. Museum trustees can buy multiple pieces before the museum's endorsement is public - a little philanthropy, a little insider trading - all perfectly legal in the art world. Overall, the book is a masterpiece. It challenges preconceptions about what art is and how to experience it, encourages readers to engage more deeply with art and makes a compelling case for its fundamental role in the human experience.

Outlive: The Science and Art of Longevity - Dr Peter Attia with Bill Gifford (2023)

(Evenlode Reviewer – Ben Peters)

I wouldn't say my years are advanced, but they are inevitably advancing and thoughts on how to stay fit and healthy have risen up my own personal agenda. Dr Attia is a former cancer surgeon who, becoming disillusioned with the poor prospects for those that he treated, turned his attention to the science of wellness and longevity. He describes our current medical paradigm as ‘Medicine 2.0’, in which treatment is only sought and solutions offered once we are already unwell. In his thinking the next phase ‘3.0’ should focus much more on prevention, and he goes into some of the science behind what he describes as the ‘four horsemen’ that kill the vast majority of people: heart disease, cancer, neurodegenerative disease and type 2 diabetes. He also majors on the idea of ‘healthspan’, which covers the quality of life in later years as well as the number of years lived. Actions that seek to minimise the risks from the four horsemen also improve healthspan and come in the areas of nutrition, exercise, sleep, medicines and stress avoidance. Some of the detailed science washed over me, but I found a couple of useful takeaways. On exercise his descriptions helped to provide some context to my own efforts, particularly around low and high intensity training. On diet, the lack of much truly scientifically robust evidence makes most of the arguing about which diet is ‘best’ meaningless; I found that understanding diets as a way to manage our own calorific intake (whilst getting the macronutrients we need) to be a more helpful framing than the classic ‘right or wrong’ arguments that one often hears.



The Medici: Godfathers of the Renaissance - Paul Strathern (2007)

(Evenlode Reviewer - Rob Strachan)

The Medici's reign of influence in 15th century Florence touched on many themes including business, politics, religion, art, war and family. This book is an informative yet entertaining account of all of those, told through the many powerful Medici figures in renaissance Italy, as well as the many legendary artists of the time, such as Michelangelo, Da Vinci and Brunelleschi (to name a few). Strathern portrays a time of huge change and wonder, with the Medici bank at the centre of it all. They were phenomenally wealthy, even by today's standards, but also generally shrewd operators, intellectuals with good creative taste. Alas, not perfect, they suffered from gout and had big noses. There were also times of crisis, like you might expect of any banking-political-power machine in feudal Italy. I would also highly recommend visiting Florence, a trip that inspired me to read this book.

The Wide Wide Sea - Hampton Sides (2024)

(Evenlode Reviewer - Chris Elliott)

"The Wide Wide Sea" by Hampton Sides offers an absorbing, well-researched account of Captain James Cook's last expedition, which set sail in July 1776. Sides is known for his compelling storytelling and extensive historical investigation, painting a detailed picture of Cook as both an esteemed explorer and a complicated individual motivated by endless curiosity and a formidable sense of responsibility. The setting is the 18th-century Age of Exploration, characterized by uncharted and dangerous seas. The author vividly resurrects this era with its grand adventures, while also delving into the grim realities of exploration, including its impact on native peoples and subsequent cultural conflicts. Sides approaches these sensitive areas thoughtfully, providing an even-handed view that recognizes the accomplishments as well as the adverse effects of Cook's endeavours. Cook emerges from the narrative as a leader whose careful planning and resilience traced his journey from obscurity to renown. The book details Cook's versatility, leadership skills, and strategic thinking - from implementing ways to prevent scurvy to embracing cutting-edge navigational tools and interacting with indigenous communities. Matching this was his remarkable composure in stressful situations, a trait that played a crucial role during his journeys but may have also contributed to his tragic end in Hawaii. Side's narrative grants readers an enthralling look at the glory and dangers of Cook's adventures, leaving them with a deep respect for both Cook and the vast oceans he mapped.

Happy Sexy Millionaire - Steven Bartlett (2021)

(Evenlode Reviewer - Leon Cyril)

Bartlett (of Dragon's Den fame) became a millionaire at 25, having founded Social Chain - a Manchester-based social media marketing company - only three years before. Becoming a millionaire had been his earliest ambition, but once he had achieved his goal, he discovered that it did not bring him the happiness that he had expected, which shattered him. He came to realise that "*happiness is now or never*" - that it is harmful to believe that "*I will be happy just as soon as I get X or Y*". Being an entrepreneur, Bartlett has many valuable observations about business, productivity and work. For me, one of his most impactful analogies was about compound interest: it works for everything we try to



do. He advises consistency rather than bursts of intensity, likening the latter to “*dumping billions of gallons of water onto a mountain and expecting a Grand Canyon*”.

Those Fabulous Greeks: Onassis, Niarchos and Livanos – Doris Lilly (1971)

(*Evenlode Reviewer – Leon Cyril*)

Lilly’s wonderfully gossipy book contains biographies of three great shipping magnates. The importance of shipping, especially of oil in the 20th century, is such that the events covered are often of historical import, but thankfully many frivolities and amusements are also covered. Lilly was an American high-society columnist, and so colours her narrative with personal anecdotes: Onassis’ bedroom aboard *The Christina* was without a doubt the most luxurious on the high seas, we learn, and Eva Peron (‘Evita’, who Onassis had a brief relationship with in the late 1940s) was just the most stylish lady in the world. Written in 1970, Lilly’s biographies are amusingly old-fashioned in their confident blanket assertions (“*Germany was a nice place to build ships, but you wouldn’t want to live there*”), but that only adds to the fun of reading about the absurd deeds of three absurdly powerful men.

Fiction

Pendennis - William Makepeace Thackeray (1849)

(*Evenlode Reviewer – James Knoedler*)

It is notoriously hard to follow up a bestseller. When Thackeray started serialising *Pendennis* just a few months after *Vanity Fair* had concluded its run, he had blossomed from a struggling hack a literary lion with an assured readership. Perhaps as a result *Pendennis* takes fewer risks and is the lesser book. *Pendennis* is, for all this, a fantastic novel worth reading for many highlights. Fundamentally Thackeray’s attitude to his non-Irish characters is consistent with the thoughts of Major Pendennis to his widowed sister-in-law: “*He looked at her as she retreated, with a fondness which was rendered more piquant... by the mixture of a certain scorn which accompanied it*”. If this blend appeals, he is endlessly readable. The Major himself is a wonderful creation almost on a par with Becky Sharp (*Vanity Fair*’s main protagonist), constantly misleading his nephew in his blissfully fatuous worldliness, who is himself a bracingly harsh self-portrait of a young Thackeray (except that Thackeray, charmingly, cuts Pendennis down from his own 6’3” to a comparative shrimp). A scene towards the end, when the Major discovers to his amazement that his valet has covertly become his landlord, points towards fascinatingly materialistic interpretations to the novel and its background note of social change as railways grow, financial capital accumulates, and bizarre and shameful things happen in the colonies.

The Evenlode team

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Evenlode has developed a glossary to assist investors to better understand commonly used terms - please see <https://evenlodeinvestment.com/resources/evenlode-fund-assets/Key-Investor-Information/Evenlode-Glossary.pdf>

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