

## ANDREW HOWELL – THE HOWL’S EM READING LIST

Background reading for anyone interested in investing and emerging markets

*The Top “Must Reads” (by order of publication date)*

**1. *Reminiscences of a Stock Operator* (Edwin Lefèvre, 1923)**

Classic semi-fictional story of a trader, filled with anecdotes about market behavior that seem spot-on today.

**2. *Where are the Customers’ Yachts?* (Fred Schwed Jr, 1940)**

Entertaining, timeless, captures “the lunacy at the heart of the investment business”.

**3. *The Intelligent Investor* (Benjamin Graham, 1949)**

The value investing classic, hugely influential on generations of investors.

**4. *Liar’s Poker* (Michael Lewis, 1989)**

Great yarn about the rip roaring 1980s on Wall Street; launched Michael Lewis’s writing career. (Alternate: Tom Wolfe’s *Bonfire of the Vanities*.)

**5. *The Prize* (Daniel Yergin, 1990 updated 2009)**

800-page history of the oil industry. Makes a convincing case that much of 20th century history really was just about oil. (Alternate: Yergin’s 2011 sequel *The Quest*.)

**6. *A Short History of Financial Euphoria* (John Kenneth Galbraith, 1994)**

Pithy text on speculative episodes. (Alternates: Charles Kindleberger’s *Manias, Panics and Crashes*.)

**7. *Against the Gods: The Remarkable Story of Risk* (Peter Bernstein, 1996)**

A history of human efforts to understand and quantify risk, told in a readable fashion by this great financial writer. (Alternate: Bernstein’s *Capital Ideas Evolving*)

**8. *The Shadow of the Sun* (Ryszard Kapuściński, 2000)**

Beautiful, moving book on Africa’s troubled postcolonial history by the Cold War-era Polish journalist. (Alternate: Kapuscinski’s *Travels with Herodotus*, or anything else he wrote.)

**9. *The Tipping Point* (Malcolm Gladwell)**

Extremely readable mixture of social science research and journalism, focusing on “social epidemics” ... not really an investment book but many great frameworks in here. Audiobook is read by the author.

**10. *Good to Great* (Jim Collins, 2001)**

This book continues to sell well, for good reason. Packed with clear insights about what makes a lastingly successful organization, relevant for any investor. (Alternate: Collins’s earlier book, *Built to Last*.)

**11. *Triumph of the Optimists* (Elroy Dimson/Paul Marsh/Mike Staunton, 2002)**

Careful analysis of market returns over the previous century. Essential starting point for any study of long-term financial market performance; this book is expensive and needs an update however.

**12. *The Chastening* (Paul Blustein, 2003)**

A play-by-play analysis of the 1997-2001 EM crisis and rescue efforts of the IMF. Lucid overview of the problems that countries can get into. (Alternate: Paul Krugman's *The Return of Crisis Economics*.)

**13. *Tomorrow's Gold* (Marc Faber, 2005)**

Faber is long-winded but entertaining and has lots of useful thoughts about investing and EM. (Alternate: Jim Rogers's *Investment Biker*.)

**14. *Stock for the Long Run* (Jeremy Siegel, 2007)**

Wharton professor's definitive case for stock market investing, bringing together strategies for building a portfolio. Sensible and clear, but starting to show its age.

**15. *Riches Among the Ruins: Adventures in the Dark Corners of the Global Economy* (Robert P. Smith, 2009)**

Packed with entertaining war stories from this legendary frontier market debt investor. Ah if only EM were always this romantic and adventuresome...an inspirational read.

**16. *The Black Swan: The Impact of the Highly Improbable* (Nassim Taleb, 2010)**

Discussion of common errors in thinking about probability and risk. Smug writing style, but makes many good points. (Alternate: Taleb's earlier *Fooled By Randomness*.)

**17. *The Birth of Plenty* (William Bernstein, 2010)**

A high-level overview of economic history in the west, providing a great framework for thinking about what makes for economic/market success. Well written and researched, thought provoking. (Alternate: Niall Ferguson's *Civilization*.)

**18. *The Most Important Thing* (Howard Marks, 2011)**

A successful value investor's manifesto, synthesizing his investor letters over the years. Simple but powerful ideas, certainly changed the way I thought about investing. (Alternate: Warren Buffet's shareholder letters.)

**19. *Fault Lines* (Raghuram Rajan, 2011)**

Argues that a flawed world order/inequality was at the heart of the 2008 global financial crisis. In a crowded field, one of the best books about the crisis. (Alternate: Alan Blinder's *After the Music Stopped*.)

***Other good reads (alphabetical order within each topic)***

***a. Economic history / biography***

***Anatomy of a Bear* (Russell Napier, 2009)**

CLSA's Russell Napier sets out to spot the bottom of a bear market. A bit dry, but this is a useful study in what to look for in searching out market bottom. Spoiler: watch the copper price and automotive sales.

***Andrew Carnegie* (David Nasaw, 2007)**

Great biography of the great industrialist / philanthropist... very well told.

***The Death of Gentlemanly Capitalism* (Philip Augar)**

Useful background on the City of London, its origins in the "Big Bang" and why London finance looks as it does today. Some cameos by Citi folks like Jim O'Donnell.

*Devil Take the Hindmost: A History of Financial Speculation (Edward Chancellor, 2000)*

An update of Kindelberger. Reasonably well written, this book helped get Chancellor, a lowly journalist, a job on the board of GMO.

*The Everything Store: Jeff Bezos and the Age of Amazon (Brad Stone, 2013)*

If you've ever one-clicked a purchase, you should read this. The definitive story of how a tech icon came to reinvent modern commerce.

*The Great A&P and the Struggle for Small Business in America (Marc Levinson)*

The change in how we buy food -- from the daily walk to the small grocers and markets of the 19th century to the drive to the supermarket and onwards to the hypermarkets of today -- has been a critical part of "progress" in the modern world. As Marc Levinson recounts, many of those changes were pioneered by A&P.

*The House of Morgan / Titan (Ron Chernow)*

Two definitive histories about the great American dynasties in banking (Morgan) and industry (Rockefeller). Chernow is a master biographer, comprehensive and lucid.

*I Invented the Modern Age: The Rise of Henry Ford (Richard Snow)*

Well written, succinct biography of Ford. Snow does not stray too far from his subject, and as such we don't learn too much about the Ford's contemporaries and the broader evolution of the auto industry; for that, Steve Parrissien's *The Life of the Automobile* looks better. But still a good intro into how it all got started.

*Manias, Panics and Crashes (Charles Kindleberger, 1978)*

History of financial explosions over the centuries. Considered a classic... I actually found it a bit soggy.

*The Meat Racket: The Secret Takeover of America's Meat Business (Christopher Leonard, 2014)*

Investigative telling of the rise of Tyson and the US meat oligopoly. A detailed examination of "factory farming" and this costs on small-town life.

*The Power of Gold: The History of an Obsession (Peter Bernstein, 2004)*

Bernstein is a good historian and his definitive history of gold is an important story.

*The Rothschilds / The Ascent of Money: A Financial History of the World / The Lives and Times of Siegmund Warburg / Civilization (Niall Ferguson)*

He has his detractors, but it's hard to deny that Niall Ferguson is an accomplished historian. Of these books, I prefer the Rothschilds (in 2 volumes!), a masterful albeit long chronicle of early European banking. *Ascent of Money* was a little disappointing, *Warburg* a bit too drawn out for my taste.

*The Snowball: Warren Buffett and the Business of Life (Alice Schroeder, 2009)*

I thought this was a phenomenal biography of Buffett, very long but never dull. Filled with interesting side stories on the people and companies that were important to Buffett: Ben Graham, Katherine Graham, Charlie Munger, Bill Gates, Geico, Coca-Cola, Salomon Brothers. Schroeder -- former sell-side insurance analyst -- is a talented writer, and the fact that Warren was (allegedly) displeased with the final result is a powerful endorsement.

*This Time Is Different: Eight Centuries of Financial Folly* (Carmen Reinhardt, Ken Rogoff, 2008)

A look at the types and histories of financial crises, focusing on the role of government debt. One of the best-timed books ever published on the eve of the 2008 financial crisis... an important work, if not exactly a riveting read... and its data and conclusions have come under fire lately.

*When Money Dies: The Nightmare of Deficit Spending, Devaluation, and Hyperinflation in Weimar Germany* (Adam Fergusson, 1973)

A harrowing tale -- if told in a bit more detail than I needed -- filled with insights into how hyperinflation occurs, how it redistributes wealth, how it damage the legitimacy of the state.

### *b. Financial crises*

*The AIG Story* (Maurice Greenberg, 2013)

The origins of the company and its spectacular collapse. In my view, somewhat of a self-serving portrait is served up by Ace.

*The Big Short* (Michael Lewis, 2010)

As usual a very funny account of some of the investors who saw the subprime crisis coming. Also, *Boomerang* is a great (and short) read.

*Too Big to Fail* (Andrew Ross Sorkin, 2010)

Award-winning book about the global financial crisis, written in a journalistic style.

*Making it Happen: Fred Goodwin, RBS and the Men Who Blew Up the British Economy* (Iain Martin, 2013)

Definitive account of the collapse of Royal Bank of Scotland.

*The Map and the Territory* (Alan Greenspan, 2013)

A long-awaited mea culpa by the Maestro.

*When Genius Failed* (Roger Lowenstein, 2000)

Very readable book about the rise of LTCM and its collapse in 1998.

### *c. Developmental economics*

*The Bottom Billion* (Paul Collier, 2008)

A review of the many issues facing the poorest countries and proposals for fighting poverty.

*The End of Poverty* (Jeffrey Sachs, 2012)

Overview of global poverty, key issues and proposed solutions.

*Poor Economics* (Abhijit Banerjee, Esther Duflo, 2012)

An economic look at the challenges of living in poverty and the behavior it brings about.

*Why Nations Fail* (Darren Acemoglu, James Robinson, 2012)

Argues that the key to economic success is robust and responsive institutions.

### *d. Investing*

*Distant Force: A Memoir of Teledyne Corporation* (George A. Roberts, 2007)

Only available in very expensive used editions, this book is about the great manager Henry Singleton.

### *Hedge Fund Market Wizards: How Winning Traders Win (Jack Schwager, 2012)*

A behind-the-scenes look at the world of hedge funds from fifteen traders who've consistently beaten the markets. Also see *Stock Market Wizards*. Schwager is very good at drawing out insights from his geniuses.

### *Investment Biker / Adventure Capitalist / Street Smarts (Jim Rogers)*

It's worth reading at least one of these for Rogers's entertaining stories and very globalized view of the world and investing.

### *Margin of Safety (Seth Klarman, 1991)*

A value investment manual from this smart guy, founder of Baupost... was only available in expensive used versions but [now available for free in scanned version](#).

### *The Manual of Ideas (John Mihaljevic, 2013)*

An overview of nine value investing strategies, including why each one is expected to work, the uses and misuses of each, and how to identify specific investment opportunities for each strategy.

### *More Money than God (Sebastian Mallaby, 2013)*

A history of the hedge fund industry with useful background on some of the world's largest and most successful fund managers, alongside introspection on derivatives, financial risk, asymmetric returns etc.

### *Small Giants (Bo Burlingham, 2005)*

A look inside fourteen companies that have chosen to be great instead of big.

### *The Outsiders (William Thorndike, 2012)*

A view of what makes a successful CEO. In many respects a more succinct version of *Good to Great*, with many similar conclusions. For Thorndike, all the best CEOs are, above all, capital allocators.

### *There's Always Something to Do (Christopher Riso-Gill, 2011)*

The story of investor Peter Cundill's voyage of discovery, with all its ups and downs, as he developed his immensely successful value investing strategies.

### *Think and Grow Rich (Napoleon Hill, 1937)*

An examination of the power of personal beliefs, and the role they play in personal success. A classic, available on kindle for next to nothing.

#### *e. [Emerging Markets](#)*

### *Breakout Nations (Ruchir Sharma, 2012)*

Overview of today's most promising emerging markets by head of EM at MSIM. Not particularly groundbreaking, but there are some good primers on key issues facing various Ems.

### *Emerging Markets Century (Antoine Von Agtmael, 2007 updated 2011)*

Antoine von Agtmael, founder of EMIC (now Ashmore) is said to have coined the term emerging markets and here shares his observations about their development and profiles some top companies. Not a classic.

### *Private Empire: ExxonMobile and American Empire (Steve Coll, 2012)*

This book is too long, but there is some interesting stuff on how geopolitics are made by oilmen and politicians in smoky backrooms... the Russia chapters are definitely worth a read.

*The State of Africa* (Martin Meredith, 2005 updated 2012)

Very comprehensive postcolonial history of Africa. Well written but frankly a depressing read as it chronicles the cycles of independence, failed leadership, corruption, war and poverty repeated nearly everywhere.

*f. [Psychology, Behavioural Finance](#)*

*How We Know What Isn't So* (Thomas Gilovich, 1993)

A guide to fallacies, biases, systematic errors.

*Quiet* (Susan Cain, 2013)

The world is mostly run by loudmouths, but actually introverts are wise and have made many contributions to society, so try and listen to them.

*Moonwalking with Einstein* (Josh Farr 2011)

Brilliant book about a the author's to become a memory master, a fascinating look at how memory works, the history of memory and tricks to help improve your memory.

*Outliers / Blink* (Malcolm Gladwell)

Along with *The Tipping Point*, these Gladwell books are all readable and insightful.

*Slights of Mind* (Stephen Macknik and Susana Martinez-Conde, 2011)

Two magician/neurologists study the techniques of magicians to understand various facets of how the brain works.

*Thinking Fast and Slow* (Daniel Kahneman, 2011)

Kahneman won the Nobel Prize for his work on cognition, with many applications to behavioural

finance. Lots of interesting information on how different thinking systems works.

*Wisdom of Crowds* (James Surowiecki, 2005)

Argues that that large groups collectively make better decisions than the elite few. Not as good as Gladwell, but interesting.

*g. [Other](#)*

“On Bullsh-t” (Harry Frankfurt)

Article by Princeton professor of philosophy, [available here](#), about just what the title says. Clever, dense.

*You can skip these*

*Exorbitant Privilege: The Rise and Fall of the Dollar* (Barry Eichengreen, 2012)

Honestly I could not get far into this one.

*The Holy Grail of Macroeconomics: Lessons from Japan's Great Recession* (Richard Koo, 2009)

Analysis of Japan's 15-year long recession by Nomura economist. Fascinating topic but frankly, a ponderous read. I'm guessing it was written by one of his associated.

*The Last Tycoons: The Secret History of Lazard Frères* (William Cohan, 2008)

Overly-long, lacking a narrative structure and with too much irrelevant details. However quite interesting on Felix Rohatyn.

*The Sub-prime Solution* (Robert Shiller, 2008)

One of many books about the sub-prime antecedents, written in Shiller's direct no-nonsense style, but probably not the go-to book on this.

*Why the West Rules, For Now* (Ian Morris, 2009)

Interesting topic, but too long and swollen with too much data.

June 29, 2014

Andrew Howell, CFA, is Emerging Market Equity Sales at Citi Global Markets in New York. The list is reprinted with kind permission.