
Planet Micro Cap Podcast - Episode 89 – Vitaliy Katsanelson

The Planet Micro Cap Podcast is hosted by Robert Kraft. The podcast's main topic is interviewing thought-leaders in the micro-cap space but from time to time other guests take part. This time I was thrilled to see that Kraft had interviewed [Vitaliy Katsanelson](#).

For those of you who are avid readers of InvestingByTheBooks will know what we think of Katsanelson and his books. Both his first book [Active Value Investing](#) and his second [The Little Book of Sideways Markets](#) are top-rated at the site.

For those who have read Katsanelson's books this episode is partly a repetition of how he views investing, but it also gives another angle as he discusses his own views of his books, how the last years have shaped him as an investor, his current view of the market, and his advice for young investors. He also mentions a 15-page article he hasn't published yet about the pain and suffering he has experienced as an investor.

In the beginning of the episode Katsanelson describes how he became interested in investing, the six general value investing principles and the importance of finding an own style of investing. Intelligence and emotions are tightly intertwined and if you become too emotional investing in certain sectors, distorting your thinking, you should stay away from them.

A central theme of his books is that he does not think buy and hold is such a great strategy. That doesn't mean that it's wrong to hold a stock a whole life if it's constantly undervalued but instead that it's important to be active and sell stocks that become overvalued. If it's not possible to find stocks meeting his criteria, he thinks it's best to hold cash.

Speaking about his books, he states in the podcast that his second book *The Little Book of Sideways*

Markets is a condensed and better version of his first book. Interestingly, he discusses that his thesis was that stocks as a whole would not do well in the decade from 2011 and onwards but that he hadn't calculated with the ultra-low interest rates. He thinks that the book is even more valuable today (and even mentions why it would be a good idea to publish the same book but in a 2.0 version). Katsanelson views the current market levels as similar to 1929 and 1999. Investors beware.

Katsanelson, as most investors, has been experiencing investment pain during times of his career and mentions 2013 as the worst in recent years. He has written a 15-page article of investment pain that he has not yet shared (if you read this Katsanelson, please publish it). He thinks pain is what shapes an investor and mentions the book about Peter Cundill [There is Always Something to Do](#) as a great resource on understanding how pain can form an investor.

Lastly, Katsanelson gives some great advice to the young investor. He recently published an article called [Letter to a Young Investor](#) where he describes why passion is the most important factor in determining if one will succeed as an investor. I highly recommend you to read this if you are interested in a career in investing. An example from the article which I found hilarious was about the strict application demands he has and how some thought it was too demanding:

"We contacted local universities and posted this position on social networks. Someone on Facebook opined that he would not want to apply for a job that required so much effort. My reply was, I only need one person (and it was not him)."

A large thanks to Robert Kraft for making this interview available and thanks Katsanelson for sharing even more of your investment wisdom.

Niklas Sävås, July 8, 2019