

S Naren, Nilesh Shah, Raamdeo Agrawal: Here's what India's top fund managers are reading.

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From Left S. Naren, executive director and chief investment officer, ICICI Prudential AMC; Nilesh Shah, managing director, Kotak Mahindra Asset Management Company; Raamdeo Agrawal, chairman, Motilal Oswal Financial Services; picture collage by Sadhana Saxena.

Synopsis

It is widely believed that what you read is what you become. No wonder then, one common habit among most successful people around the world is reading. ET Prime spoke to some of the top CEOs, CIOs, and fund managers of India to find out their book recommendation list.

As we walk into 2024, when the small-cap segment is up almost 50% and valuations are high, many fund managers went back to *The Intelligent Investor* – a book written in 1949 by Benjamin Graham — and read its Chapter 8, again and again!

The Intelligent Investor is not an ordinary book. It is thick, full of numbers and

riddled with anecdotes that may not work for the modern reader. However, **Warren Buffett** considers it to be his investment bible. He particularly tells his followers to read the aforementioned chapter wherein Graham has created one of the greatest metaphors (Mr Market) explaining how the stock markets work and investors react to extreme situations. The idea is to bet against Mr market, a person who is bipolar and more often acts in extreme ways. If the market is trending high, the smart fund manager should sell, or at least not act. Today, as the market trends at a high valuation, this book offers many lessons.

The year 2023 also saw the release of Pulak Prasad's *What I learnt about **Investing** from Darwin*. Prasad is the founder of Nalanda Capital that manages USD5 billion. In his book, Prasad takes lessons from evolutionary Biology and applies them to the philosophy of long-term investing.

It is always good to have fund managers writing books from their own experiences as they can concentrate on the big picture as well as the finer details to understand the process of investing. While we would like to see more and more Indian fund managers writing about their experiences, it's also important to know what they are reading. Hence, ET Prime approached some of them and asked about their 2023 reading list. Here's a compilation of the same, which, we believe, would keep most of us busy throughout the year.

S. Naren, executive director and chief investment officer, ICICI Prudential AMC Naren's recommendations (and there are three!):

The Most Important Thing: Uncommon Sense for the Thoughtful Investor by Howard Marks.

"This book emphasises the significance of understanding risk and market cycles. The key lesson is to be mindful of market psychology, assess risks thoroughly, and be the contrarian, when necessary, rather than following the crowd," says Naren.

His second recommendation is *The Little Book on Value Investing* by James Montier. According to Naren, the book provides a prominent lesson on the importance of having a margin of safety when making investment decisions. "Montier emphasises the need to buy assets at a significant discount to their intrinsic value, providing a safety net against uncertainties and potential risks in the market," he says.

The third book in his list is the *The Checklist Manifesto* by Dr. Atul Gawande.

"The primary lesson (of the book) is the effectiveness of using checklists to improve performance and reduce errors in complex tasks. The book illustrates how simple checklists can enhance efficiency, communication, and decision-making across various professions, emphasising their value in preventing avoidable mistakes,"

Naren says.

Nilesh Shah, managing director, Kotak Mahindra Asset Management Company

His top recommendation for the year (a repeat read) is *Poor Charlie's Almanack: The Wit and Wisdom of Charles T. Munger* by Charles T. Munger.

“It is a tribute to Charlie Munger. The learning is no different from the last time about price is what we pay, and value is what we get. This kind of reconfirmation is necessary in today’s market to keep one grounded,” says Shah.

Lakshmi Iyer, CEO - investment and strategy, Kotak Alternate Asset Managers.

The book she has been reading in 2023 was *The World for Sale: Money, Power, and the Traders Who Barter the Earth's Resources* by Javier Blas and Jack Farchy.

According to Iyer, the book’s genre had been different to the others that she was reading through the year.

“The book offers a tour through global economy and a peek sneak into how capitalism actually works. It also unravels stories of international trade, indispensable businessmen in global markets, political power and more. While an open secret, a key learning for me from this book is how much money is concentrated in the hands of a few groups,” she says.

Rajiv Thakkar, CIO and director, PPFAS Asset Management

Thakkar’s top recommendation is *Power Failure: The Rise and Fall of General Electric* by William D. Cohan

So, what makes it an interesting read? The book talks about “how short-term thinking and financial engineering destroyed what was once one of the most valuable companies in the world,” he says.

Swarup Mohanty, vice-chairman and CEO, Mirae Asset Investment Managers (India) Pvt Ltd.

Mohanty’s top-of-the-list recommendation is *The Little Book of Common Sense Investing* by John Bogle.

And why? “Let me start with a confession. Having read and followed Warren Buffett for most of my work life, it was indeed a challenge to finish the book. It was incredible to see how two individuals, Buffett and Bogle, talk about investing in the same underlying market in such an opposite manner. And the best part is, both are right in their own place,” says Mohanty.

He further goes on to elaborate that the book starts with, “Don’t allow a winner’s

game to become a loser's one: and this makes one reflect."

"He hits hard when he says, 'money flows into funds after good performance and goes out when bad performance follows,' reflecting on basic investor behaviour. When he ends humbly saying that "for all inevitable uncertainty amidst the eternal dense fog surrounding the world of investing, there remains much that we do not know', it seemed he was telling himself and to me that we should continue to learn even more," Mohanty says adding that the book has been an eye opener to him. "I feel it came to me at the right time in my life."

Raamdeo Agrawal, chairman, Motilal Oswal Financial Services

His top pick is *Strategy Beyond the Hockey Stick: People, Probabilities, and Big Moves to Beat the Odds (Hardcover)* by Chris Bradley, Martin Hirt, and Sven Smit.

According to Agrawal, "The book is targeted primarily towards corporate managers, but we unearthed quite a few insights for equity investors. Economic profit is a superior metric to accounting profit. All companies can be mapped to an Economic Profit Power Curve. Companies which move up the power curve generate healthy returns to shareholders and vice-versa."

Anthony Heredia, managing director and CEO, Mahindra Manulife Mutual Fund. He is also the vice-chairman of AMFI.

He has three recommendations. The first one being *Invincible* by Amy Lawrence.

Heredia says, "It is a story about the 2003-04 unbeaten season of Arsenal F.C. in the Premier League — great learnings on what it takes to create the chemistry and team spirit to turn a squad into winners."

His second favourite is *Blue Blood and Mutiny* by Patricia Beard. The book is an inside story of the power struggles that rocked one of the Wall Street's most prestigious financial institutions and depicts a ringside view of the 2008 financial crisis, says Heredia.

The third one in his list is *Chronicles of Chaos* by Rayhaan Heredia.

"This is soon-to-be-published book by my son that I have pre-read. It deals with the lesser-known stories from modern and ancient history that serve up lessons and takeaways that are as relevant today as they were back then," he says.

Krishna Sanghavi, CIO – equities, Mahindra Manulife MF.

Sanghavi too gave his top three list. And the top recommendation is *Ikigai* by Héctor García and Francesc Miralles, which he has recently started reading. "I hope to learn the Japanese roadmap of living a long life that is satisfying and helps me remain at peace with self and others," he says.

The second book from his list is *Reminiscence of a Stock Operator* by Edwin Lefèvre.

“This book serves as a ‘History textbook’ for investors. This 100-year-old book is anytime re-read and refresher on ‘hows’ and ‘whats’ of markets. Learning can be that same old stories work in markets as long as we have a “new” storyteller and or the “new” story listener,” he says.

The third recommendation is *Art of Thinking Clearly* by Rolf Dobelli.

According to Sanghavi, it is a short book highlighting 99 of the many irrational behaviours that we see/display in real life.

Rajesh Bhatia, CIO at ITI Mutual Fund

Bhatia’s top three books are:

The Essays of Warren Buffett: Lessons for Corporate America.

Bhatia says that Buffett’s writings emphasise using “common sense” to make decisions on investing. “His examples of investments that he made, brought out focus on knowable variables and common sense understanding to arrive at an investment decision. Don’t analyse a company as a stock which trades in the stock market but like as a partner in the business that you intend to be invested in for the long term,” he says.

Margin of Safety by Seth Klarman.

“A good investor is a contrarian with a calculator. Seth argues that the best value investments are made when you are thinking ahead of the market,” Bhatia says.

Learnings from One Up on Wall Street by Peter Lynch. “Never invest in an idea that you cannot illustrate with a crayon,” Bhatia adds.

Rupesh Patel, senior fund manager - equity investments, Nippon India Mutual Fund

Patel’s first recommendation is *Same as Ever* by Morgan Housel, which he thinks is very similar to author’s earlier book *The Psychology of Money*. “The book is easy to read, full of very thoughtful ideas around money, risk, randomness and living a good life,” says Patel.

His second favourite is *Market Wizards: Interviews with Top Traders* by Jack D. Schwager.

Patel says that the book has “interesting insights from some of the most successful traders with common themes around riding your winners, position sizing and learning to take losses.”

Shridatta Bhandwaladar, head-equities, Canara Robeco MF

Bhandwaladar recommends *Your Money & Your Brain* by Jason Zweig.

“I generally prefer reading /listening to anything related to investing including podcasts by local and global investment managers. The book I am currently re-reading is among my most favourites and talks about how the human brain is trained for decision making neurologically and its implications for the kind of investment decision we tend to make, lots of which are completely irrational. However, at the same time they are very human, given the way our brain is trained for thousands of years for survival. It goes into detail about how we experience greed and fear, and how we think risk, predictions etc.”

Sandeep Bagla, CEO, Trust MF

Bagla's list includes three top reads.

Manias, Panics, and Crashes: A History of Financial Crises by Charles P. Kindleberger and Robert Z. Aliber.

Bagla says that the financial world is replete with stories of irrational exuberance in which there is a huge run-up in prices of one or more asset classes, a build-up and spread of a seemingly irrefutable narrative, increased speculative participation by the retail junta, and an eventual market crash and overall disappointment. “Whatever be the asset class, and whichever be the era, one needs an ever-increasing supply of credit to expand and support the bubble. The crash typically occurs once the fund providers stop further money flows and the house of card collapses, unable to stand on the speculative excesses, empty promises, and harsh ground realities,” he says.

His second read is *Megathreats: Our Ten Biggest Threats, and How to Survive* by Nouriel Roubini.

Bagla says that while many fund managers like to talk about identifying megatrends, Roubini — the global risk pointer, thinker, and author — highlights ten adverse trends which could imperil human survival if we do not take care now. “The book lists narratives ranging from the dangerous build-up of debt in our societies to climate change impacting city life to the threat of losing jobs due to AI in the future. I learned so far that many of the dangers highlighted in the book are already in play and one must keep an eye on their potential impact while making one's business and personal plans for the future,” Bagla says.

His third book in the list is *The World's Religions* by Huston Smith.

According to Bagla, he has learned so far that as per Hinduism, humans desire:

- a) Pleasure, which creates boredom after a while
- b) Success, which is more sustainable, involves others, but can lead to hedonism and disillusionment
- c) To serve the community that brings rewards like self-respect and gratitude from peers, but still raises the question - Is this all?; and
- d) Liberation (Moksha), the release from the finitude, leading to consciousness and bliss.

“However, till the true seeking arises, all pursuits will eventually prove futile,” he says.
