



Hosking Partners[®]

Reading List





BOOKS OF THE MOMENT (JANUARY 2023)

“The Price of Time: The Real Story of Interest”

Edward Chancellor

The most recent publication by ‘friend of the firm,’ Edward Chancellor, *Price of Time: The Real Story of Interest* is an exploration of the role interest rates play in the regulation of all economic and financial activity within society. From capital formation to destruction, boom to bust, Chancellor traces the history of rates back to ancient Mesopotamian times, right through to the recent phenomenon of negative rates. Chancellor depicts how the reality of too low costs of capital, accompanied by excessive liquidity, has resulted in the absence of investment-led growth, declining global productivity, exacerbated societal inequality, and in numerous examples propped up debt-laden, zombie companies. As investors focused on the supply side, we are acutely focused on the lack of investment that certain parts of the ‘old economy’ have received over the past decade plus – including contributing to the burgeoning global energy gap – as well as the incentive that such monetary policy has had on management capital allocation decisions in a world with no discount rate. As we have stated elsewhere, a mean reversion in the long-term interest rates cycle will undoubtedly prompt the elastic that has become increasingly stretched to be powerful in its snap.

“Thinking in Bets: Making Smarter Decisions When You Don’t Have All the Facts”

Annie Duke

Both Annie Duke’s most recent release – *Quit* – and her first foray into becoming an author - *Thinking in Bets* – are the subject of Hosking Partners’ inaugural book club this quarter, an initiative led by our analysts on the back of attending *Investment Decisions and Behavioral Finance*, a course at Harvard led by Richard Zeckhauser. *Thinking in Bets* is an effective reminder to the reader that all decisions are bets – a combination of beliefs, probabilities, payoffs, and risk – and the pitfalls of confusing skill/luck and process/outcome. As students of behavioural finance, the book provides an apt summary of the fallacies many market participants can fall foul of and to which we must be alert as we invest, including hindsight bias and resulting, as well as tools that we can leverage to stack the odds in our favour, such as pre-mortems.



HERE IS A LIST OF ALL-TIME CLASSICS

The Intelligent Investor - *Benjamin Graham*

The Little Book of Common-Sense Investing – *Jack Bogle*

Fooled by Randomness – *Nassim Nicolas Taleb*

The Outsiders: Eight Unconventional CEOs and Their Radically Rational Blueprint for Success – *William Thorndike*

Irrational exuberance – *Robert Schiller*

Winning the Losing Game – *Charles Ellis*

Misbehaving: The Making of Behavioral Economics - *Richard Thaler*

Damn Right! Behind the Scenes with Berkshire Hathaway Billionaire Charlie Munger – *Janet Lowe*

Poor Charlie's Almanack - *Charlie Munger*

Technological Revolutions and Financial Capital – *Carlota Perez*

Thinking, Fast and Slow – *Daniel Kahnemann*

Influence – *Riccardo Cialdini*

The Predator's Ball – *Connie Bruck*

Antifragile - *Nassim Nicolas Taleb*

Where Are the Customers' Yachts? or A Good Hard Look at Wall Street - *Fred Schwed Jr.*

The Money Game - *Adam Smith*

Scale: The Universal Laws of Life, Growth, and Death in Organisms, Cities, and Companies – *Geoffrey West*

Richer, Wiser, Happier: How the World's Greatest Investors Win in Markets and Life – *William Green*

Anthro-Vision: How Anthropology Can Explain Business and Life – *Gillian Tett*

Grow the Pie – *Alex Edmans*

Range: Why generalists triumph in a specialized world – *David Epstein*

The New Map: Energy, Climate, and the Clash of Nations – *Daniel Yergin*

Disorder: Hard Times in the 21st Century - *Helen Thompson*

How the World Really Works: A Scientist's Guide to Our Past, Present and Future - *Vaclav Smil*