

Subject: The mecca of Value Investing

From: CSH Investments <steve@cshinvestments.com>

Date: 6/18/2019, 1:44 PM

To: Randy <rjm1955@gmail.com>

[View this email in your browser](#)



Some of you know I'm a big believer in lifetime learning. It wasn't always the case. My early academic years were less than stellar. But I caught on fairly quickly and made do. By my late 20's I knew I wanted to be in finance. I had studied finance and economics in college but it didn't really grab me. Looking back partly it was me but also it was the way it was taught. Stodgy old theories that really didn't make any sense to me. The Efficient Market Theory for instance. EMT says basically that the markets are fully efficient. That stocks are perfectly priced therefore there aren't any bargains. You have absolutely nothing to gain from fundamental analysis and if you do it you are wasting your time. Yeah I thought but I knew there were guys who did exactly that. They did

their own research and found things that were mispriced. Most of them were quite wealthy. If the market is perfectly efficient as you say then how can they do it?

And almost every theory had a list of assumptions you had to make. Here's one I love, every investor has the same information. Well, let's just be logical every investor doesn't have the same information and even if they did they would interpret differently. People sell stocks for different reasons they don't always analyze information. I need to buy a tractor and I'm a little short I'll cash out one of my stocks. And on and on.

But there was one place that taught investing totally differently. And their most famous student was Warren Buffett. But it wasn't just him almost all of his classmates went on to storied careers in investing. And there were people that graduated from their program decades and decades afterward who went on to great success. This fella named Greenblatt had returns of 40% plus for nearly 2 decades. He then retired and joined the faculty at Columbia Business School. Buffett would later write about his experience at Columbia and his star studded classmates in an article entitled **The SuperInvestors of Graham and Doddsville. I won't link it here, just google it. It's a fun read.**

The teacher at Columbia all those years was Benjamin Graham. Graham totally ignored traditional academia teaching the class the way he himself used research to invest his own money. No silly theories were studied just because they were taught elsewhere. Graham said you didn't make silly assumptions. You use the information that was available such as financial statements and industry knowledge. Ben said the financial statements tell a story.

Graham had such a profound affect on Buffett that Warren named his son after him, Howard Graham Buffett. Graham and his assistant, David Dodd's books on investing would become cult classics. Today it's just called Graham & Dodd.

In fact I found Buffett through Graham, well before he was famous and when almost know one outside of Omaha knew who he was. Buffett wrote the intro to Graham's classic book *The Intelligent Investor*, where he talked about his classmates. Unlike Grahams' first book *Security Analysis*, which was written for

professionals, *The Intelligent Investor* was written for the masses. It also got Buffett's name out to the world for the first time. I read it in 1990 for the first time.

The Value Investing program at Columbia today is still the world's most highly respected. In 2006 Columbia started making their flagship Value Investing course available by correspondence. I eagerly signed up and traveled to NY that summer to finish the course and meet my professor, Bruce Greenwald. Bruce carried on the tradition as the dean of the Value Investing school before he retired last year. My study group included people from South Africa, England, Mexico, and Brazil. My study partner had just graduated from Harvard Business School. He wanted the course on his resume before he went home to Singapore.

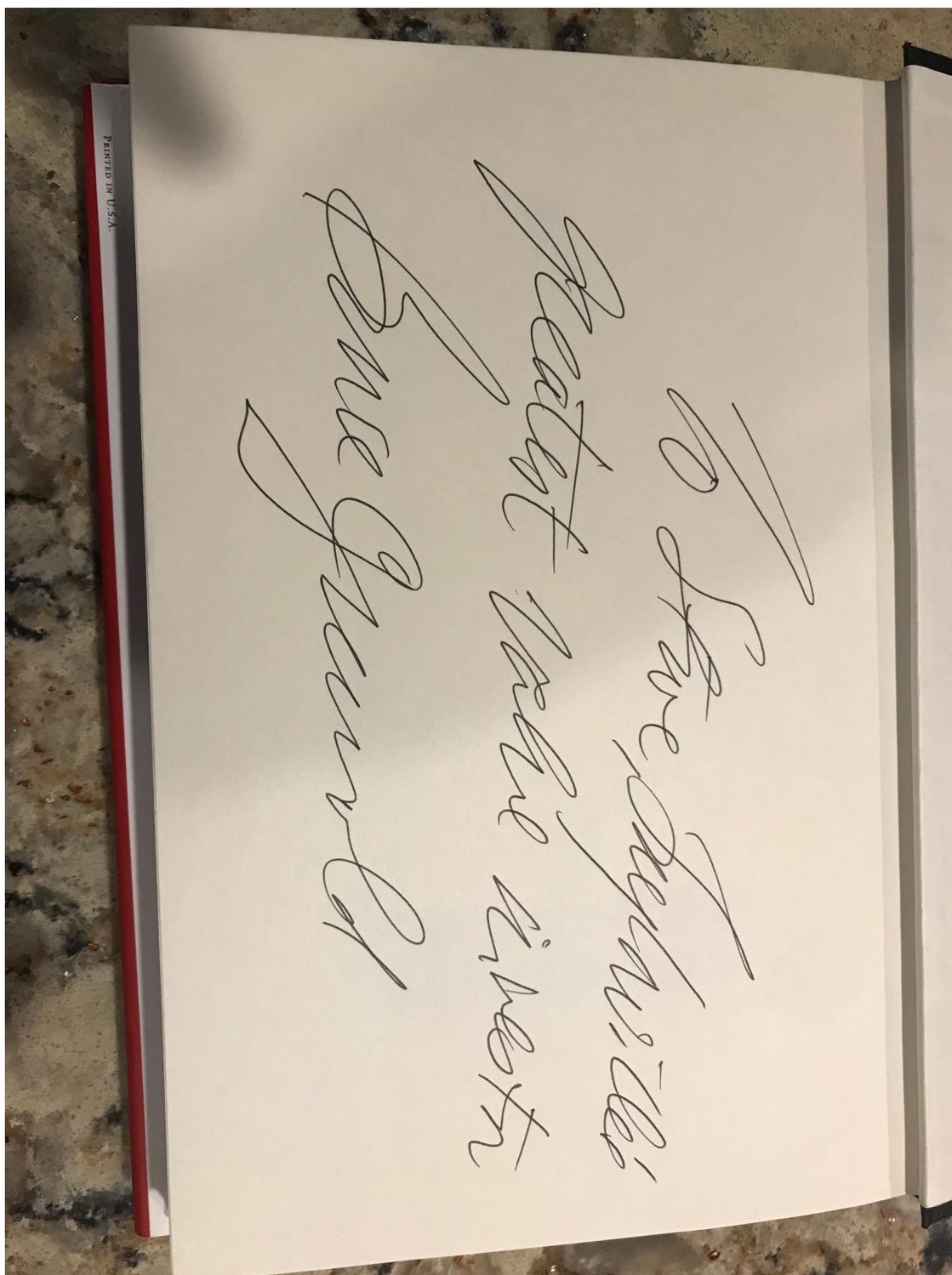
Columbia University is dripping with history. Just to walk along the Hamilton lawn gave me goosebumps. Alexander Hamilton attended Kings College as it was known in the 1780's. It's also been the focus of controversy from time to time. As professor Greenwald told me "There's a lot of wind here." We both laughed.

Today the famous Value Investing course has moved online and is available to the public by satellite. I'm attending this summer and looking quite forward to it. Professor Tano Santos was a student when I visited there 10 years ago. And the case studies have changed, so I can't wait to see the new ones and continue to hone my skills.

The Graduate School at Columbia Business School continues to churn out the great investors of the future. I've gotten to know many of them. Knowledge, especially investment knowledge is cumulative. It's one of the few things you can get better at as you age, even well into your 80's and even 90's.

I would be humbled someday to even be considered in their ranks. Professor Greenwald has authored several books on Value Investing. One, *Competition Demystified*, is a little known and infrequently mentioned tome on how scale build advantages within businesses and how that can be quantitatively assessed by the investor. This is one of my favorite books and told him so. I then cited several points that he said no one else had mentioned before. He

smiled, grabbed the book and penned his final thoughts.





Copyright © 2019 CSH Investment Management LLC, All rights reserved.
you are receiving this email because you are a CSH Investments Subscriber

Our mailing address is:

CSH Investment Management LLC
926 W Spresser
PO Box 736
Taylorville, IL 62568

[Add us to your address book](#)

Want to change how you receive these emails?
You can [update your preferences](#) or [unsubscribe from this list](#).

