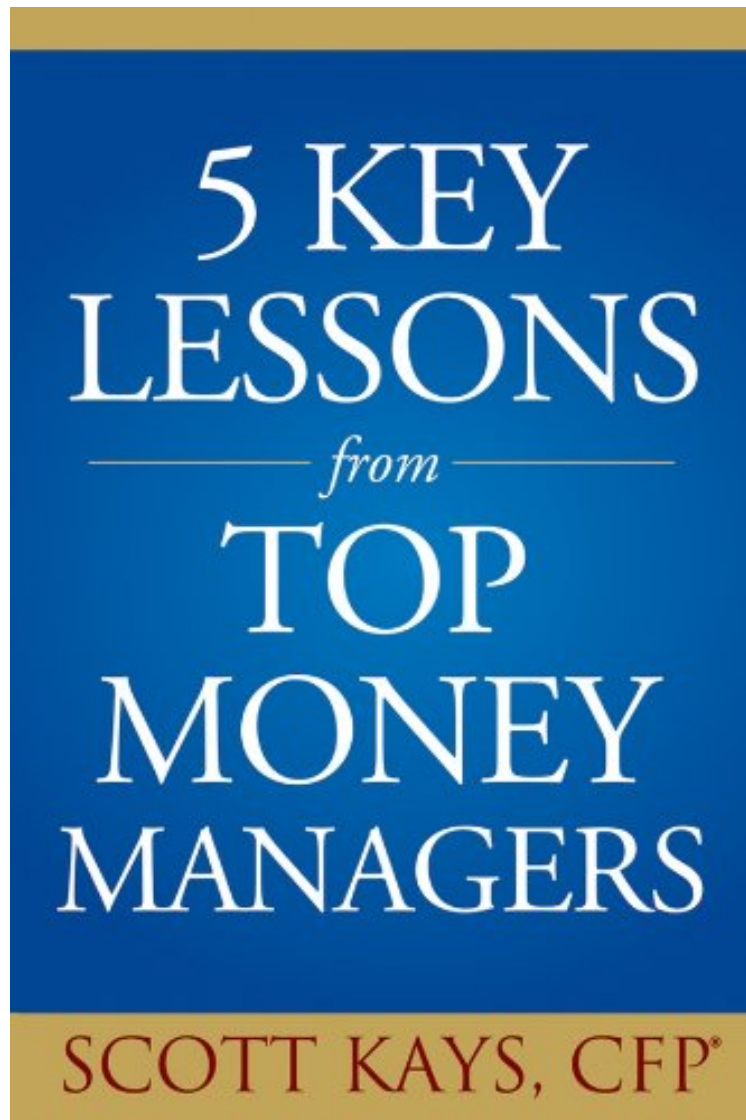


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Five Key Lessons from Top Money Managers

Scott Kays

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Scott Kays : Five Key Lessons from Top Money Managers before purchasing it in order to gage whether or not it would be worth my time, and all praised Five Key Lessons from Top Money Managers:

1 of 1 people found the following review helpful. Practical and easy-to-read.By FrodineMost investment books explain theory without giving you a way to apply it. After reading this book, I not only understand the buy/sell philosophies of the managers interviewed, but I also know where I fit on the spectrum of investing (I think Christopher Davis is my closest match) and how to apply my knowledge. The system of filters set up in the second half of the book offers a way to combine theoretical knowledge and individual investment needs with a solid system of finding stocks. If you've read other investment books and don't have a system for applying what you've learned, this book is for

you! This book is something else you don't always find in the business sector: an enjoyable read that both entertains and informs. For the experienced investor, it offers a chance to pick the brains of the most successful managers in the country. All the managers explain their strategies for purchasing and selling stocks, as well as how they treat timing and value. Just a note: another reviewer mentioned one of the keys, "invest only when the stock price is below fair value," as being obvious. It is. But what is not so obvious--and something all the managers seemed to take very seriously--is how to determine the "fair" price of the stock based on more than simple P/E ratios. The book gives an actual formula for valuing stocks--it doesn't just stop with the concept. Very helpful!

3 of 4 people found the following review helpful. Trying to Learn from the Successful By Artephius (.I am a devout Index Fund fan, but I always try and keep an open mind and examine active management approaches as well. The author's approach for this book was to interview 5 managers who have beaten the SP 500. He then identified common approaches from these 5 managers, which can be boiled down into a recommended process for individual investors. This style reminds me of a series of 4 books written by John Train across the 70's, 80's, and early 90's (The Money Masters, the New Money Masters, Dance of the Money Bees, and the Craft of Investing). John Train did this same kind of analysis of master investors to try to learn their secrets of success. The author boiled the methodologies of his 5 current day master investors into the following 5 steps: 1. Invest instead of speculate 2. Develop a very defined investment philosophy 3. Follow a detailed, repeatable process every time you analyze a security 4. Limit your investment selections to quality companies 5. Buy stock only when it is selling at or below fair market value

The author then goes on to give a couple of specific examples of how to apply this 5 step methodology. The one issue I have with this approach is step #5 above. It sounds relatively easy to examine a company's historical financial performance, estimate how it will do the next 10 years, and then discount future earnings back to its intrinsic value.....or stock price today. If the current market price is 60% or less than the company's intrinsic value, it is undervalued and you should buy it. Basically Benjamin Graham's method of buying companies for less than half of what they are worth, then selling when they reach full value. I did this approach on a few companies several years ago. What I found out discouraged me from using the calculated intrinsic value approach. I found that the slightest change in inputs (estimates of how the company will perform in the future).....had a dramatic impact on the intrinsic value stock price. I decided that intrinsic value calculations are more art than science at that point.....which probably explains why very few people (except Warren Buffett or Charlie Munger) can accurately identify the intrinsic value of a company. I don't think I have the time or talent to accurately identify intrinsic values.....and therefore am happy to achieve market returns using Index Funds. If you think you do have this talent, and you think you can beat the market indexes every year, more power to you. The value approach of finding companies that you can buy for 50 or 60 cents on the dollar is probably less risky than other stock market investing methodologies. If you are interested in this approach, I would highly recommend you read John Train's Money Masters book.....and the updated New Money Masters book. Also go to the library and retrieve the August 1, 1977 Forbes story titled Ben Graham's Last Will and Testament. It goes into mathematical detail how to screen companies for potential additions to your portfolio. I would suggest companion books to supplement this book including: The Richest Man in Babylon Bogle on Mutual Funds: New Perspectives for the Intelligent Investor The Millionaire Next Door The Four Pillars of Investing: Lessons for Building a Winning Portfolio A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing, Ninth Edition The Coffeehouse Investor: How to Build Wealth, Ignore Wall Street, and Get On With Your Life The Bogleheads' Guide to Investing Wealth: Grow It, Protect It, Spend It, and Share It All About Asset Allocation.

2 of 3 people found the following review helpful. Anecdotes are nice, "advice" is so-so (2.5 stars) By Jijnasu Forever In a very "general" book, the author profiles some of the better known fund managers. The book cover and title suggest that some significant information regarding these managers' trading style is discussed. Nope. The author waits until Chapter 8 to even list what the 5 key lessons are. Two of the lessons is "invest, do not speculate", and "invest only when the stock price is below fair price value (WOW!)". That should give you an idea of the "key" lessons. If you are researching this book for investment ideas, better luck elsewhere. On a positive note, the book offers a very good introductory discussion on present and future value of money and discounted cash flow model. Anecdotes of the managers when they were as young as 8 years old which molded their investment philosophy (isnt that very believable?) is an interesting read. Wont lose much if this book is skipped. If you are an absolute beginner, the book certainly has some merits and is worth a second look.

An in-depth look at strategies and techniques of five of the country's best money managers In Five Key Lessons from Top Money Managers, Scott Kays taps into the investment knowledge of five of the nation's foremost money managers-Bill Nygren, Andy Stephens, Christopher Davis, Bill Fries, and John Calamos. Through extensive interviews with these investment experts, Kays found five principles that are common to all of them. This book discusses each of these five principles in detail-and gives readers specific tools to implement what they've learned by developing a step-by-step process that incorporates all five principles. Kays even teaches readers how to screen for companies that meet the criteria for quality businesses and then analyze three of the qualifying firms to determine if they sell above or below their fair market value.

From the Inside Flap You can achieve success in the stock market if you follow a set of well-defined investment principles and refuse to abandon them when the market acts irrationally. If you learn how to use them properly, these proven investment principles act as a compass and a map leading you safely through periods of uncertainty, mania, fear, or greed. In *Five Key Lessons from Top Money Managers*, author and financial professional Scott Kays, CFP®, draws from his extensive interviews with five of the nation's preeminent money managers—Bill Nygren, Andy Stephens, Christopher Davis, Bill Fries, and John Calamos. Devoting a full chapter to each manager, Kays explores their unique investment philosophies and discusses the strategies that have made them among the best at what they do. Experienced investors will glean tremendous wisdom from the masters' frank discussions on selecting securities, managing portfolios, and increasing returns while reducing risk. Novices will build a strong foundation from the sound investment principles covered. Although all of the managers exercise very different investment styles, Kays uncovers five common principles they all practice and to which they all adhere. Understanding these five common principles can help every investor improve their results and achieve investment success, regardless of their investment strategy. Specifically, *Five Key Lessons from Top Money Managers* will teach you how to: Invest instead of speculate Develop a personal investment philosophy Build a custom investment process Identify excellent companies Buy stocks only when they sell at, or below, their fair market values Unlike many books that discuss investment theory, but fail to give readers a practical way to apply what they have learned, *Five Key Lessons from Top Money Managers* develops a comprehensive, yet simple, investment process that incorporates all five of the masters' common investment practices. Virtually every investor who has access to a computer and the Internet can learn the process and use it immediately to make intelligent investment decisions. Kays uses examples throughout the book to carefully explain each step. He then examines three companies at the end of the book to demonstrate the model in its entirety. The knowledge you gain from *Five Key Lessons from Top Money Managers* will let you experiment with new techniques as you improve your skills and build your personal wealth. Filled with in-depth insights and expert advice, this comprehensive guide has been acclaimed by investment experts and personal financial advisors as one book you must read to succeed in the investment world.

From the Back Cover Praise for *Five Key Lessons from Top Money Managers* "This book can help you implement and hone a successful investing strategy. Kays distills the strategies of some of the market's best thinkers and shows you how you can put their ideas to work for yourself. Novices and pros alike will find much of value here." —Don Phillips, Managing Director, Morningstar, Inc. "It is rare to find a book like this that is both advantageous for the adept, well-seasoned money manager as well as amateur investors seeking to build their own personal investment philosophies. Kays continues to prove his proficiency in financial insights with the analyses in this book." —Gene W. Henssler, PhD, President and CIO of The Henssler Financial Group Portfolio Comanager of The Henssler Equity Fund "An interesting, informative, and understandable book on investing that is ideal for both the novice and advanced investor. Kays provides a process for evaluating securities that every serious investor should be aware of if they want to improve their investing abilities." —Billy M. Williams, Chairman and founder of National Association of Investors Corporation (NAIC), Atlanta Chapter "Reading this book is like having a private audience with some of the best investment managers in the country. A practical how-to guide for developing a winning investment process." —Peter C. Speros, CFP®, Managing Director, Sullivan, Bruyette, Speros Blayney, Inc. "A serious book for serious investors that deserves shelf space in your library. Read it and profit. You'll be a MUCH better investor." —Harold Evensky, Chairman, Evensky Katz

About the Author SCOTT KAYS, CFP, founded Kays Financial Advisory Corporation in 1985, an Atlanta-based money management firm now with over \$100 million in client assets. He has written numerous magazine articles and presented financial seminars for major corporations, including IBM, ATT, and BellSouth. He has been quoted in the *New York Times*, *Washington Post*, *Investor's Business Daily*, *Bloomberg Wealth Manager*, *Journal of Financial Planning*, and *Money* magazine. Kays earned a BS in industrial management from the Georgia Institute of Technology. He is also a member of Mensa (the international high-IQ society), Gamma Beta Phi National Honorary Fraternity, and the Financial Planning Association.