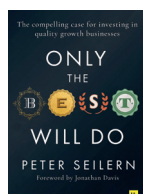


Book of the week

Only the Best Will Do The compelling case for investing in quality growth businesses

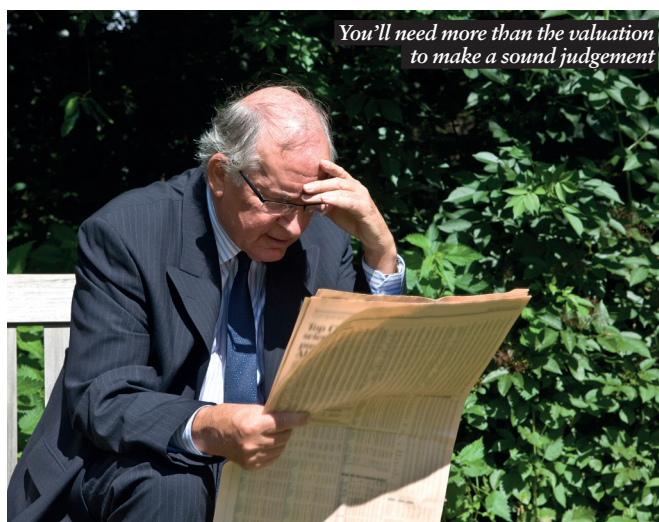
By Peter Seilern
Harriman House, £24.99



The last few years have been good ones for those investing in the stockmarket – valuations are at a record high.

But these valuations, along with concerns about the economy and global politics, have made many people worried about what will happen next. Fund manager Peter Seilern thinks that worrying is pointless. In *Only the Best Will Do*, he argues that the better way to investment success is to tune out short-term worries and focus instead on finding good-quality companies that can keep growing their earnings over long periods of time.

The book is split into three parts. The opening section looks at the reasons it makes sense to focus on quality above other measures. Seilern accepts that, in the short run, economic and monetary conditions, market sentiment, valuation and economic trends do have a big impact on stock prices. But in his view it's pointless to obsess about them too much because in the long run such factors matter far less than whether specific firms are good enough to prosper whatever the economic weather. Seilern looks for the firms that should continue to do well whatever is happening in the wider market.



You'll need more than the valuation to make a sound judgement

“The book should be on every investor’s reading list and will be especially helpful for those who are just starting out”

The book then goes on to explain how investors can set about finding such companies. The four most important factors are: a good record of above-average growth, a strong balance sheet, the quality and transparency of the company’s accounts, and how well the firm is run. Seilern then outlines some other criteria that you should look for in a firm before deciding to invest in it – the top-performing firms in a fast-growing industry, for example, should be promising targets. The final two chapters deal with the questions that might have arisen in readers’ minds by this point – such as what the difference between quality and value investing might be, and why it’s a bad idea for investors to focus on a share’s dividend yield.

Quality/growth investing seems to be a popular topic at the moment – I’d also recommend Phil Oakley’s and Torkell Eide’s books on the subject, both reviewed on these pages in past issues. My view is that valuation matters a bit more than Seilern realises, as investors found out the hard way when the “nifty fifty” bubble in blue-chip growth stocks collapsed in the mid-1970s. Still, *Only the Best Will Do* is an engaging book that deserves credit for spelling out in some detail just why growth investing makes sense rather than assuming readers will want to follow it. The book should be on every investor’s reading list and will be especially helpful for those who are just starting out.

Reviewed by
Matthew Partridge

The Signs Were There The clues for investors that a company is heading for a fall

By Tim Steer
Profile Books, £9.99



There have been a number of high-profile corporate disasters in recent years that have caused the share price of the

affected company to collapse, sometimes overnight. But were these bolts from the blue or could astute investors have spotted something was amiss? In this new edition of his 2018 book, Tim Steer examines case studies of corporate implosion, including recent examples such as those at Patisserie Holdings, Pets at Home and Woodford Investment Management.

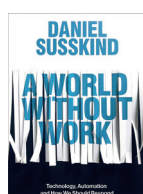
In every case, Steer presents some background on the company in question before diving deep into the balance sheet. He finds a few cases where the management might have crossed the line into outright fraud. Most, however, are more a case of stretching accounting conventions to sustain overoptimistic assumptions. In others, the accounts were honest, but revealed a management that was out of its depth or pursuing a flawed strategy.

In-depth discussion of balance sheets isn’t everyone’s cup of tea and the book would have benefited from more explanation of terms for the layman, but Steer generally does a good job of enabling the non-specialist reader to understand what is going on. The section on the Woodford fiasco is particularly well written. Overall, this is a very good guide that could help save investors a lot of money by teaching them how to avoid potential disasters.

Book in the news... a guide to the coming robot apocalypse

A World Without Work Technology, Automation and How We Should Respond

By Daniel Susskind
Allen Lane, £20



“Centuries of predictions” that machines would put humans out of work for good have “always turned out to be wrong”, says Alana Semuels in *The New York Times*. We may no longer go to work at the mill or on the farm, but the

great-grandchildren of those who did “are now working jobs their forefathers couldn’t have imagined”. But will that always be the case? Daniel Susskind thinks not. What’s different this time around, he

insists, is a new type of artificial intelligence (AI) that challenges the assumption that humans will always be better than machines at certain kinds of tasks. Machines “are getting so smart that they’ll soon replace humans at a growing list of jobs”, from bricklayers to doctors. As a result, millions of people will become redundant, causing “an even greater divide between the haves and have-nots”.

The book is “an explainer rather than a polemic”, written in the “relentlessly reasonable” tone of a “clever, sensible” man telling you what’s what, says Dorian Lynskey in *The Guardian*. Susskind “always has a helpful graph to hand” and a “greatest hits collection” of anecdotes about technology and society, “from Ned Ludd to Deep Blue via the 1890s horse manure crisis”. His reluctance to take a

firm political position on what to do may infuriate some readers, but it at least “makes pragmatism and idealism seem to point in the same direction”.

The decision to spend just three paragraphs on Chinese automation is a “gaping hole” in the book, however, as the People’s Republic is arguably “ground zero” for the spread of industrial robots, says Rana Foroohar in *The Financial Times*. And readers should be aware that many of the author’s assumptions require “a big leap of faith” – “not all technologists or economists agree that AI will be nearly as disruptive to human labour as Susskind posits”. Still, the author deserves credit for explaining precisely what the problem is and providing a ready guide to the “good ideas” circulating about how to deal with the robot apocalypse.