

# The Education Of A Value Investor Summary

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**1-Sentence-Summary:** *The Education Of A Value Investor is the story of how Guy Spier turned away from his greedy, morally corrupted investment banking environment and into a true value investor by modeling his work and life after Warren Buffett and his value investing approach.*

**Read in:** 4 minutes

**Favorite quote from the author:**



Guy Spier isn't your average guy (haha) – or would you have paid \$650,100 for lunch? To be fair, it wasn't just any lunch. It was lunch with Warren Buffett, and the proceeds of the event went to charity. Believe it or not, Guy gladly paid this price to talk to his idol. At the time, he might've needed that lunch more than you or I do.

He'd been working at an investment bank, and slowly come to grips with the fact that his environment was entirely toxic and slowly poisoning him. He hated the work environment, the shady practices, and found himself to be inauthentic, having traded some of his own ethics for profits.

The lunch was the cherry on top of his education as a true value investor – an approach that would finally move him away from all the negativity and let him go on to turn around his career and life.

Here are 3 of the lessons in *The Education Of A Value Investor* that Guy learned from Warren Buffett about what really makes a great investor:

1. If a business forces you to throw your morals out the window, leave it.
2. Investing doesn't stop at money, so invest in people too.
3. Financial crises are great opportunities for value investors.

Ready to be an ethical investor? Let's go for it!

## Lesson 1: If your work challenges your morals, it's not worth it.

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Investment banks are known for their ruthless salesmanship and dubious strategies to make money. They're playing with other peoples' money and assume zero risk in case of losing it, so they know they can be aggressive.

The company Guy worked at would always make their deals seem more profitable than they actually were to get investors on board. What would you do if you found out? Would you start asking questions? Or would you keep your head down?

Especially when you're new, it's easy to *say* you wouldn't play along, but when actually faced with the dilemma, the decision gets a lot tougher.

Managers expect all of their employees to go with it, and if you're the only one that hasn't closed a deal, because all of your colleagues resort to sneaky tactics, would you just quit? Chances are, you'd feel immense pressure to perform and to prove to yourself that you can do it.

It's very hard to even spot moral fraud when it's happening, and even harder to point your finger and say: "No! To hell with this. Not under my watch!" But even if you've already fallen into this trap, don't do it again. Come back out. Be honest. You know it's the only way to do what's right.

**No job in the world is worth sacrificing your morals, so if you're in such a dilemma right now, take the leap.** The world will be there to take care of you.

## Lesson 2: Don't stop at investing your money, invest your time too – in people!

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Investing your money is one thing, but if you think of the people in your rolodex like a vampire thinks of his victims, there'll soon be no money left to suck out, because people will ignore you.

**A great investor doesn't just invest her money, she also invests her time in the people that helped her get to where she is.**

When Guy started becoming a value investor, he decided to write "Thank you!" cards to all the people that had helped him professionally in the past. A simple "Thank you!" goes a long way and over time, people started to respond and to invite him to events.

If you treat people well, if you show them gratitude, if you're a good friend, if you care, give them respect, and are authentic, honest and helpful, they will remember your name and they'll be there for you when you need help too.

Over time, this not only helps you in business, it also changes you personally. You'll build up what Guy calls *personal goodwill*, a state of mind where you'll care less about money and more about people.

## Lesson 3: A true value investor loves a good financial crisis, because there's always money to be made.

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Value investing is, financially speaking, about buying great, valuable businesses at a discount and then keeping them forever and watching them grow. That means to a value investor, financial crises are awesome!

For one, because when they hit, he won't take major losses, because he didn't invest in risky stocks prior to the crisis, like Guy did in 2007-2008, when his portfolio lost only a little, compared to his colleagues.

Secondly, a crisis always causes a panic. People rush to their brokers and sell everything they've got, which means **a lot of great businesses are on sale**. Even great companies suffer from the financial fallout, which means you can swoop in and pick up their shares at a massive discount.

For example, when Volkswagen was caught cheating on the diesel emission tests in September 2015, their stock price dropped from over \$160 per share to just over \$100. That's over 30%! But this crisis doesn't make VW a bad company. Nor will it make them go bankrupt. So I got myself a bunch of shares at a huge discount. One year later they're up 20%.

Don't panic when everyone else does. Stay calm and there's money waiting to be made.

## The Education Of A Value Investor Review

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Any example of someone in finance with a strong set of morals, ethics and honest values, is a good example. We need more of them. Seriously. If you've tried a lot of investment tactics or are working in finance, I highly recommend you read *The Education Of A Value Investor*.

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## What else can you learn from the blinks?

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- Why having studied at Harvard might actually make you less likely to succeed in the real world
- The name of the morally corrupted company Guy worked at
- How value investing combines being ethical with making money
- What Guy did to develop a positive attitude and venture off on his own path (even inside

the company)

- Why Warren Buffett will give away most of his money after he dies
- The reason Guy moved to Zurich
- What an 80-question checklist allows Guy to do with each investment
- The two major life changes a value investor goes through

## **Who would I recommend The Education Of A Value Investor summary to?**

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The 25 year old, freshly minted finance graduate, about to start his first job at a big investment bank, the 53 year old who's been burnt after putting his money into a hedge fund, and anyone who wants to invest the honest way.