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Date: December 12, 2012 (updated)

To: Anyone interested in reading and learning about investing

From: George Luste
Emeritus Professor of Physics,
Past-President University of Toronto Faculty Association (UTFA)
Current Chair of the Pension Committee of Governing Council

Re: My “top ten” names to recommend for investments

Why? I am now 72 and given my present medical condition cannot be certain how much time remains for passing on information I have learned – from ten wiser investment individuals listed below. Over the last 48+ years I have read many financial books and reports, and invested personally in funds and individual stocks. You can learn more through Google and other sources.

(1) JOHN (JACK) C. BOGLE:

- Founder of Vanguard in 1974, low cost index funds, valued at about \$2 trillion today
- Age 82, see attachment listing of 10 books, website, articles, videos etc for serving the public
- Bogle’s recent book (2012), *The Clash of the Cultures – Investment vs Speculation*
- Attached is a letter from Jack in 1995 – a response from him after I read his first book
- Jack Bogle is a great individual, great writer, with great clarity

(2) WARREN BUFFETT

- No book written by Buffett but on the web has great annual Berkshire letters, a few great articles, and videos of his interviews and presentations to students
- He is a remarkable value investor – but to the public also recommends the opposite - Vanguard low cost index investing
- I read anything I can find from or by him – both understandable and solid
- By age 60 in 1990, Warren’s personal worth in Berkshire was over a billion dollars
- (My luck? - in the 1990s, based on a computer consortium I had organized and oversaw for ten years in Physics and my later concerns about the Cray - my understanding of computer and software at the time (not today) – plus a careful reading and re-reading of Buffett’s wisdom - resulted in my own over a million dollars personal investment gain in Microsoft, starting with about \$20,000 in SGI, then SUN and then MSFT.)

The above two are the best of the best today. Both are necessary and sufficient. Neither enriched themselves via substantial management fees.

There are other good names. Plus two UTFA website pages that might be of interest. See <http://www.utfa.org/content/pension-issues> and <http://www.utfa.org/content/financial-workshops>

- (3) WILLIAM BERNSTEIN**
 - Initial practicing neurologist
 - Starting financial website in 1996, “Efficient Frontier”
 - Later wrote some excellent books on investing matters
- (4) BURTON MALKIEL**
 - Basic excellent classic early book “A Random Walk Down Wall Street”
 - Age 80 in 2012, plus many other writings
- (5) CHARLES D. ELLIS**
 - Book “Winning the Loser’s Game” - 5th edition in 2012 - excellent
 - And other books and great investment articles
- (6) JASON ZWEIG**
 - Writing about investing since 1987
 - Columnist, recently a column writer for Wall Street Journal
 - Books
- (7) HOWARD MARKS**
 - Recent book, “The Most Important Thing” – excellent and insightful
 - Writer of memo letters over many years for Oaktree Capital Management
 - Warren Buffett reads his letters first, before others
- (8) DAVID SWENSEN**
 - Second book, “Unconventional Success: A Fundamental Approach to Personal Investment”
 - Ph.D. in economics at Yale and later Chief Investment Officer at Yale University, since 1985
- (9) JAMES MONTIER**
 - His recent book (2009) - “Value Investing” is exceptional – and not always easy to follow.
 - He has been “described as a maverick, an iconoclast, an enfant terrible by the press”.
 - Many articles and white papers – see GMO’s listings – and recent invited presentation at CFA
- (10) NASSIM NICHOLAS TALEB**
 - Different insights, “Fooled by Randomness” and then “The Black Swan”

The above list of ten names is not intended to be complete. The ten names represent what I value today and what comes to mind today as I type this memo.

Two classics that should be added:--

- Benjamin Graham (1894-1976). “The intelligent Investor” book. It is available as a revised edition in paperback today.
- John Maynard Keynes (1883-1946). “was a British economist whose ideas have profoundly affected the theory and practice of modern macroeconomics, and informed the economic policies of governments.” (I admit not having studied him – physics was my academic study.)

Hope this is helpful. All the best and do good. George

JOHN (JACK) C. BOGLE and VANGUARD sources

(A) Blog extensive website at <http://johncbogle.com/wordpress/>

(B) Books by John C. Bogle

- 1994 *Bogle on Mutual Funds: New Perspectives for the Intelligent Investor* - - -
Forward by Paul A. Samuelson
- 1999 *Common Sense on Mutual Funds: New Imperatives for the Intelligent Investor*
- Forward by Peter L. Bernstein
- 2001 *John Bogle on Investing: The First 50 Years*
- Forward by Paul A. Volker
- Introduction by Chancellor William S. T. Allen
- 2002 *Character Counts: The Creation and Building of The Vanguard Group*
- 2005 *The Battle for the Soul of Capitalism*
- Forward by Peter G. Peterson
- 2007 *The Little Book of Common Sense Investing: The Only Way to Guarantee Your Fair Share of Stock Market Returns*
- 2008 *Enough. True Measures of Money, Business and Life*
- Forward by William Jefferson Clinton, Prologue by Tom Peters
- 2010 *Common Sense on Mutual Funds: Fully Updated 10th Anniversary Edition*
- Forward by David F. Swensen
- 2011 *Don't Count on It! Reflections on Investment Illusions, Capitalism. "Mutual Funds". Indexing, Entrepreneurship, Idealism, and Heroes*
- Forward by Alan S. Blinder
- 2012 *The Clash of the Cultures: Investment vs. Speculation*
- Forward by Arthur Levitt

(C) Vanguard Websites

- Canada ETF website –
<https://www.vanguardcanada.ca/individual/portal.htm>
- USA Mutual and ETF website -
<https://personal.vanguard.com/us/home>

(D) Boglehead public forum at <http://www.bogleheads.org/forum/index.php>



John C. Bogle
Chairman of the Board

October 18, 1995

Mr. George J. Luste
139 Albany Avenue
Toronto, Ontario
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Canada

Dear Mr. Luste:

What a generous letter! I can't tell you how much I appreciate your taking the trouble to write with such praise for Vanguard, and for me in particular.

With regard to your question about Vanguard's presence in Canada, at the moment we do not have any definitive plans to begin offering shares of the Vanguard Funds directly to Canadian investors. We have been following with interest the progress that Fidelity has made in establishing a presence in Canada, but it's still unclear at this point whether the investment will bear fruit for them. For the time being, then, the best I can tell you is that we will continue to explore and consider our opportunities for expansion into Canada.

Before I sign off, I do want to thank you for your strong endorsement of my book, *Bogle on Mutual Funds*. It sounds like you have evolved into precisely the kind of intelligent investor for whom the book was intended. I am sorry the book couldn't have come 30 years earlier, but I'm afraid I wouldn't have had much insight to provide at that stage!

Thanks again for your thoughtful letter.

Sincerely,

WARREN BUFFETT and BERKSHIRE HATHAWAY

(A) Berkshire Hathaway and Warren Buffett

- shareholder letters – from 1977 to 2011
<http://www.berkshirehathaway.com/letters/letters.html>
- or home page
<http://www.berkshirehathaway.com/>

(B) Main articles by and about Warren Buffett

1977 – May, in Fortune Magazine

“How inflation swindles the equity investor”

<http://features.blogs.fortune.cnn.com/2011/06/12/warren-buffett-how-inflation-swindles-the-equity-investor-fortune-1977/>

1984 – in Hermes, Columbia Business School Magazine

“The Superinvestors of Graham-and-Doddsville”

http://www4.gsb.columbia.edu/null?&exclusive=filemgr.download&file_id=522

1999 – November 22, with Carol Loomis in Fortune Magazine

“Mr Buffett on the Stock Market”

http://money.cnn.com/magazines/fortune/fortune_archive/1999/11/22/269071/

2001 – December 10, with Carol Loomis, Fortune Magazine

“Warren Buffett on the Stock Market”

http://money.cnn.com/magazines/fortune/fortune_archive/2001/12/10/314691/

2008 – October 17 – The New York Times, op-ed contributor

“Buy American. I am.”

http://www.nytimes.com/2008/10/17/opinion/17buffett.html?_r=0

2009 – November 23 by Carol Loomis in Fortune Magazine

“Buffett’s big bet”

http://money.cnn.com/2008/06/04/news/newsmakers/buffett_bet.fortune/

2012 – February 9 by Warren Buffett in Fortune Magazine

“Why stocks beat gold and bonds”

<http://finance.fortune.cnn.com/2012/02/09/warren-buffett-berkshire-shareholder-letter/>

(C) One quote by Warren Buffett in 2005 annual letter

“How to Minimize Investment Returns”

http://www.utfa.org/sites/default/files/webfiles/pdf_files/2005-Buffer-letter-re%20COSTS.pdf