Exclusive Interview with Fernando del Pino

We recently had the privilege of interviewing Fernando del Pino, private investor and former board member of Ferrovial (Madrid: FER), which was founded by Fernando's father, Rafael del Pino y Moreno, in 1952. Fernando helped manage the family's proceeds of the Ferrovial IPO in 1999. After serving on Ferrovial's board for eight years, Fernando left the company in 2007. He has since then focused on investing his private capital via Myway Investments.

The Manual of Ideas: Please tell us about your background. How did your multi-year involvement with Ferrovial influence your approach to investing?

"Sitting on the Board and Committees of Ferrovial taught me a lot about how businesses are really managed and how Boards work in the real world, and also about the big challenges they face, such as the immense power of what Buffett calls the institutional imperative, and the permanent threat of group-thinking."

Fernando del Pino: I studied business administration and economics in Madrid and then worked for an American bank for a few years. During my stay there I was asked to start the equity research department in its Madrid branch; a friend lent me *The Intelligent Investor* and as I closed the book after reading it (or rather devouring it) I decided that was what I wanted to do professionally. Since that providential read, realizing university hadn't taught me anything too useful as far as successful investing was concerned, I have read maybe a hundred other books on investment and a few on behavioral finance, family businesses and strategy. I left the bank as soon as I understood that my realm of analysis would be constrained to only certain sectors within the Spanish stock market. Wanting to invest globally, I then went to work at my father's family office to help invest the proceeds of Ferrovial's IPO, which was soon to take place. After a few months, in early 1999, my father offered me the chance to join Ferrovial's Board, which I happily did; I also joined the Executive and the Audit Committees. My father was the most anti-nepotistic guy you'll ever find and even though the family held 58% of the company's stock immediately after the IPO, at the beginning only three out of the eleven Board members belonged to the family (my father, Founder & Executive Chairman, my eldest sibling, CEO, and I).

After six years, even though I was working with a terrific small team in the family office, had a great relationship with its CIO (my direct boss and a great investor) and had a very pleasant working environment, I couldn't resist the call of the wild and decided to go independent, much to my father's surprise (though he fully backed my decision). Two years later, in 2006-07, I sold my shares in Ferrovial and left the Board, after belonging to it more than eight intense years. I have been managing my net worth as a global value investor since then.

Sitting on the Board and Committees of Ferrovial taught me a lot about how businesses are really managed and how Boards work in the real world, and also about the big challenges they face, such as the immense power of what Buffett calls the institutional imperative, and the permanent threat of group-thinking. I also witnessed the deep, lasting cultural effect of a private business going public, the huge importance of the reward systems and the risks of debt-financed, fast M&A-based growth. I feel very grateful to my father for having given me that fantastic opportunity at such a young age.

MOI: Let's stay with Ferrovial for just a moment: What are the main business lessons you have gleaned from the tremendous growth of the company since the founding in 1952? Ferrovial now has more than 50,000 employees and generated roughly $1 billion in operating income in 2012…

del Pino: Before sharing my personal experience with you, a bit of history is required, because the business lessons I learned are influenced by the very

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peculiar period of time I lived while at Ferrovial's Board. My father, who sadly passed away in 2008, started Ferrovial from scratch in 1952 when he was 32 years old. He was a very brave man and had a hard youth. A very intelligent and highly cultured civil engineer (he spoke Spanish, French, English and even Latin quite well), he possessed an inquisitive spirit and his was a relentless quest for knowledge. Working extremely hard, he built a large business in a small, poor country, placing a lot of importance on integrity, on two-way loyalty with his employees and on work being well done, running a very tight ship. For the most part of his career, he was debt-averse and fond of always having a sound financial position in order to avoid dependency from banks. Growth was organic until the mid-nineties, based on projects finished on budget and on schedule. In 1999 Ferrovial took a big risk and bought the 407 ETR, a 99-year highway concession in Canada, which turned out to be a huge step forward and a great investment. In 2000, my father retired, being succeeded by my eldest sibling, who had spent his whole career in the business. From 2000 to 2007, Ferrovial engaged in a buying spree with the goal of diversifying away from both the civil construction sector and the Spanish geographical market. Some investments worked well, others didn't. In 2006 Ferrovial bought out BAA, back then the owner of Heathrow, Gatwick and most British airports, in a deal valued at 15 billion euros. I had strong convictions on this deal. I liked the quality of BAA's assets, but I was worried about the credit orgy we were witnessing worldwide, thought that the asking price was far too rich and that the immense amount of debt needed to fund the deal would weigh so much on our balance sheet that it would unnecessarily put the business at risk. I vehemently advocated the opposite strategy: taking a contrarian course, selling assets, raising cash when everyone else was getting ever deeper into debt and taking advantage of the impending, inevitable disaster by buying on the cheap at the right time and price. I was convinced the opportunity cost would be so high. The proposal went through many Board meetings and lots of discussion, and in the end it was approved with only one vote against – mine. This intense debate coincided with a growing, even burning desire to fully follow my own path in life, with total freedom, pursuing my investor vocation. With all this in mind, added to other personal reasons, I sold my shares in the following months and left the Board in June 2007. Thankfully, my father fully understood my reasons and generously backed my decision to leave. It was a tough decision, as Ferrovial is a fine business and I had felt it as a privilege to sit there, but it's been the best decision I've taken so far. Unfortunately, when the bubble burst in 2008-09, Ferrovial suffered great financial strain due to its over leveraged balance sheet, like many other businesses. Four years later, after many asset sales (its stake in BAA having been reduced from 60% to 25%), operating improvement in BAA and other affiliates and debt reduction, Ferrovial is now clearly out of the woods and doing very well in the stock market. The lesson is that, in any business, good, even brilliant managerial capabilities do not suffice when you buy expensive assets with tons of debt: wrong capital allocation decisions are a heavy burden. I still hold a small stake in Ferrovial and continue to have personal contact with a few ex fellow Board members, but have no involvement in the company otherwise whatsoever.

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Summarizing the business lessons I learned in a short answer is a difficult task. I might mention just a few points that marked my personal experience, though: pay a lot of attention to reward systems, because they might lead you where you don't want to be; beware of empire building and excessive debt (to me,

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"excessive" starts pretty soon); promote independent voices in the Board; do not make bet-the-farm investments and be disciplined to only buy assets at a good price, walking away when they are not; stick to what you know; and try to bring strong capital allocation capabilities into the Board, because CEOs in general are not known for being good capital allocators – rather the opposite is true. I would also emphasize that resisting the institutional imperative is extremely important: being contrarian works in business as well as in the stock market. Keep the concepts of fragility and robustness always in sight, and do not obsess about growth and size. Finally, beware of hubris, particularly when you have had a good, long lasting streak. We are all just simple human beings subject to the very same weaknesses. This last lesson is 100% applicable to the world of investment as well, of course.

MOI: What are the key principles underlying your investment philosophy?

del Pino: First of all, there are many ways of making money in the investment world (and many more of losing it!). The more I learn, the more humble I become, as I understand that my approach is just that: one particular approach. And my circumstances are my individual circumstances, which affect my way of doing things (in fact, my company is called Myway Investments). Therefore I must first talk about my circumstances.

"My investment style is disappointingly simple: I only buy cheap assets when I find them on a global basis, that's all… If I had clients, perhaps I would feel impelled to add some bells and whistles to this description, such as saying that I only buy great businesses with durable competitive advantage, high ROIC, recurrent cash streams and management teams resembling Mother Theresa of Calcutta."

Once I became independent, my first big decision was whether I was going to accept third parties' monies or not. I finally decided against it, which turned out to be the right decision. Therefore I don't have to put up with that ambivalent creature called the client: on the one hand, third-party money management allows the asset manager to make a living and to turn what is probably not a high calling (as compared to that of a priest, a doctor, a teacher or a thinker, for example) into a worthwhile service to others. On the other, the client, having always sworn that he is there for the long term, will invariably call in with every single media-amplified mini panic, run to the exit at precisely the wrong time and require lots of admin and compliance work. The only thing I miss from not having clients is the concept of serving others through my work. I do miss that, although there are indirect ways of rendering that service. I also think of my monthly columns in Spain's leading business journal as a service (you may read them in English at www.fpcs.es).

My investment philosophy (maybe this word is a bit too pretentious for a field like investing) is mainly based on Ben Graham, and probably even more so, the Ben Graham in his seventies (already retired and ever wiser) than the one who wrote *The Intelligent Investor*, although I consider it to be the best book available on investing – by far. My investment style is disappointingly simple: I only buy cheap assets when I find them on a global basis, that's all. I understand this is too short a statement to impress clients and increase AUM – but that's not my case. If I had clients, perhaps I would feel impelled to add some bells and whistles to this description, such as saying that I only buy great businesses with durable competitive advantage, high ROIC, recurrent cash streams and management teams resembling Mother Theresa of Calcutta. But being as skeptical as I am about the ability of the average investor – even the average good pro – to spot this kind of businesses a priori, and skeptical as well of the usefulness of doing so, I am glad to stick to the shorter version. You know, outstanding companies do not always make outstanding investments – more often than not, they don't, because of one single irritating factor: expensive prices. Very few investors can follow this path consistently and successfully – in

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a more Phil Fisher way, so to speak, but Buffett has, wrongly in my view, made this approach appear easier than it is and independent from his individual circumstances as an investor (the Berkshire business model). Now the wide-moat idea has become a fad.

I also find it difficult to understand why an investor should worry that much about sustainable competitive advantage if the average stock sits in his portfolio for just two or three years (often much less). But again, there are different approaches to successful investing. Although I am not sure that I understand this one, that doesn't mean that some (few) investors cannot be consistently successful using it, of course. Good for them!

I've also been extremely influenced by David Dreman (thanks to whom I came to understand that we are not rational but emotional, an extremely powerful idea), Nassim Taleb (Fooled by Randomness simply changed my way of thinking, as I started to take cause-effect relationships with a grain of salt), Phil Rosenzweig (The Halo Effect is probably the most realistic book on management I know of) and Peter Lynch (with his great approach of different types of stocks with different features and performance expectations, backed by a 30% IRR during 13 years). I could also mention many other great investors and thinkers that I have learned from, dead and alive, and to whom I feel extremely grateful, but the list would be long.

Of course, an investor's investment style evolves with him through the years, but the main tenet of "buy cheap or otherwise do nothing" stands. Low valuation entry points are the key to nice (and easier) returns.

MOI: How do you generate investment ideas?

del Pino: I run value screens mainly focused on valuation rather than on business quality-oriented measures. For instance, high ROE is nice, but statistically high ROE stocks have not proved to perform better than the market. I also avoid extremely indebted businesses, except when the market is pricing a bankruptcy that I see improbable, making the risk-reward ratio extremely asymmetric and, therefore, attractive.

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I try to read as few newspapers as possible. Maybe 80% of what you read is just entertainment, 10% is pure propaganda and 10% is information, some true, some false. Therefore, I think that reading daily news is a terrible waste of time and a dangerous source of noise and distraction. I follow a few outstanding investors (partly through MOI) and a few selected newsletter writers from around the world whom I've followed for many, many years. I also keep reading a lot of books on anything from religion (I'm Roman Catholic), psychology or history to investment, economics or medicine. Apart from enjoying reading from the point of view of culture, I hope (and believe) that it builds the right mental model overtime. Information is the lowest use of man's intellectual capabilities; then higher up you find knowledge; and at the summit, there is wisdom. You have to aim at the latter. Too much information hinders knowledge, and very often, too much knowledge hinders wisdom – because of hubris. Today we live in a world with overwhelming loads of stupid information and very little wisdom, I'm afraid.

MOI: Help us understand the process you go through from idea generation to the investment decision — what do you consider to be of critical importance?

del Pino: I always bear in mind some sort of 80/20 principle (a sort of Koch's application of the Pareto rule), that is, that 20% of effort brings 80% of outcome.

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I try to make things as simple as possible. In fact, simplicity is one of my most beloved guiding lights. I try to focus on what is truly important and forget about the rest. Many times asset managers engage in extremely detailed analyses, ending up in 80-page presentations and unending spreadsheets for a single stock. In general, I doubt the usefulness of that approach in terms of substantially improving performance. I think that has more to do with feeling psychologically in control of a situation than with exceeding performance. Also, there seems to be a human need to appear busy (aimed at oneself for a feeling of self-worth, at colleagues for career advancement and at clients for complexity selling). "There are so many ways of keeping busy," Ben Graham wrote. Unfortunately, complexity sells better than simplicity, and trying to feel in complete control of our life is a very understandable (though chimerical) human desire. The only positive aspect I can think of when taking such a detailed view of an investment is that it might provide psychological support if in the short term the investment appears to work against the investor's expectations and the evil of self-doubt (always there) rears its ugly head. Take the importance placed on management. If the average Fortune 500 CEO tenure is around four years and the horse is more important than the jockey, why bother? CEO turnover is similar to that of politicians. This fact notwithstanding, I even know an asset manager, smart and with a decent track record, who told me he went through the divorce statements of a CEO's ex-wife to get a "true" grip on his character. There are so many ways of keeping busy!

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In equity investing, performance comes from just four sources: sales growth, margin improvement, dividend yield and multiple expansion. Let me simplify it a lot: if you intend to hold stocks for 2 or 3 years, for instance, multiple expansion is by far the most important factor to consider; if your holding period is 20 years, sales growth and dividend yield are the most important factors to take into account (this is a mathematical explanation – not a financial one). My investment horizon is maybe three years and I try to act accordingly. I try to focus on low valuations and try to make sure that sales growth and margins will not work against me. Very importantly, I try to invest in extremely asymmetrical risk-reward situations, where upside potential is way, way higher than downside potential (risk understood as permanent loss of capital, not volatility). So if you wish to put it this way, I invest where expected value (statistical expectation) is pretty high. There lies one important layer of margin of safety.

Dividends impose a certain capital discipline on management, and dividend yields are important in the long term, so I like to see some. Buybacks, in my view, give too much discretionary power to management, distort profitability measures and have been a great example of misallocation (read: destruction) of capital. You only have to take a look at buyback levels in 2009 (when the market was far cheaper), down maybe 90% versus 2007. Thus, the same way that managements routinely overpay in M&A activity – a bounty for management teams, investment bankers, lawyers and takeover targets at the expense of the shareholders of the acquirer – they seem to wait until the stock is expensive before buying back their own stock. Such is the nature of the beast, I'm afraid.

My close friend Keith Martin - by the way, one of the very best investors I know, with one of the most outstanding track records in Canada, yet a true example of humbleness – taught me about the huge importance of process. An investor should learn from the masters, develop a sound process, compatible

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with logic, contrary to herd mentality and backed by statistical confirmation (and not requiring him to be a genius), and strictly stick to it no matter what, because if the process is right, results in the long term will take care of themselves. I repeat: in the long term. Discipline is key. If the well-known mantra for real estate is "location, location, location," I would say that for investment it is dual: "process, process, process" and "valuation, valuation, valuation" (thanks, James Montier). Believing in process means that it's wrong to judge every single decision on the basis of the results. The focus should be placed on the decision process. Good decision processes provide good results on average over the longer term, but individually taken, luck, fallibility or unexpected events can substantially distort the result. So be careful when engaging in cause-effect analysis: it's always less obvious than it appears at first sight.

In investing, character, discipline and the right process based on low valuations affect performance much more than a close knowledge of inventories, margins, market shares and management. Precisely, one of the things I like about investing is that it is a field where success is often linked to the practice of wise Christian virtues: humility, patience, faith, detachment.

When you approach an investment discipline, sooner or later you come to a fork in the road with a simple question: do you believe you can predict the future? It's crucial to have an honest answer. I am very skeptical of the ability of 95% of investors to forecast the future. Sure everyone reading this will agree with me because they think they belong to the 5%, human nature being what it is! I think that recurrent investor overreaction is much more reliable and predictable than sales, cash flow or – much worse – GDP forecasts. To me, the pillars of simple though profitable investing have more to do with counting on human fallibility, the expectations of instant gratification and the emotional overreaction caused by the frustration of those expectations than with having fantastic business insights or forecasting superpowers. But again, that's just my particular approach: other approaches may work fine, even much better than mine.

MOI: How do you assess the quality and incentives of management, and what CEOs do you admire most?

del Pino: The first part of the question is very interesting. I think the principal-agent problem is very real. In most businesses there's no owner, and management pursues its own agenda. Alignment of interests is particularly difficult in this case, but even when there's an owner, the pressure of the sign of the times can affect the balance of power. Let me give you a personal example. When I had just started working in my father's family office, he called me up one morning and asked me to write an in-depth, reasoned report on stock options, both conceptual and factual. It appears that once Ferrovial had gone public, the executive team had asked him to implement a stock option plan, and he didn't have a clue on that issue. He wanted someone he fully trusted to give a fair, unbiased but knowledgeable opinion. I wrote a twenty page report, duly documented and noted, based both on common sense and empirical evidence. Acknowledging that I was clearly going against the tide, my final conclusion was against establishing a stock option scheme in Ferrovial. He liked it and decided to distribute it to the management and members of the Board. In the end, the pressure was too strong and a stock option plan was put in place, probably more limited in scope and size than would have been otherwise (anyhow, it's easy to imagine that I didn't win any popularity contest among the

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management team with this). Well, my subjective take on this matter is that this scheme did more harm than good to the business, and played a part in the empire building that followed suit.

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You know, stock options have much more to do with increasing executive compensation than with alignment of interests of any kind. Stock options are linked to bull markets and favorable accounting and tax rules: in a protracted bear market, they suddenly become less popular than real business performance measures. They are also extremely asymmetric, the life of an option-holder having nothing to do with the life of a shareholder. Finally, they place the bulk of management's reward on something that is beyond the managers' control to a very large extent — interest rates and other Fed actions, sectors going in and out of favor, financial crises, etc. Additionally, if you focus on stock prices, it is inevitable you'll end up with a short-term mindset. All in all, stock options seem to be a bad variable compensation tool.

Therefore, alignment of interests is a very delicate issue even when there's a clear owner, never mind when there's no owner. Capital allocation is maybe where focus should be placed if you want management to think like long-term owners. As Peter Drucker liked to say, dealmaking beats working, because dealmaking is romantic, sexy. You should control that. Also, as general rules, incentives should attract management to the long term rather than to the short term, to cash rather than accrual accounting, to ROIC rather than growth, to robustness rather than size and to real business economics rather than to the stock market. The general sense of these statements is pretty clear.

Regarding the last part of the question, in general I admire entrepreneurs and business founders more than CEOs, the same way that I feel more comfortable with the motivations of a soldier than with those of a mercenary. Entrepreneurs that I admire: my father would come first, of course; Sam Walton was amazing, Ross Perot, Richard Branson (as businessman) and of course the great classics like Henry Ford, Andrew Carnegie or Thomas Edison. Prem Watsa, whom I've known for a number of years, is a great mix of investor and entrepreneur. I know many other unheard of, unbelievable entrepreneurs who own private businesses. Regarding CEOs, more specifically, I would highlight Henry Singleton of Teledyne, Ken Iverson of Nucor, John Bogle and the late Rafael Termes, CEO from 1966 to 1990 of Madrid-based Banco Popular, who made it the most profitable bank in the world several years in a row and was as smart as he was gracious, as intensely professional as deeply spiritual (note: the bank has changed a lot since then).

MOI: What investment-related lessons could you draw from your family's experience with Ferrovial, particularly in the areas of corporate governance and alignment of interests with those of minority shareholders?

del Pino: Corporate governance is not the same in the Anglo-Saxon world as in Continental Europe, not to mention Asia. In general, boards work if the guy in power wants them to work. In order to achieve that, he has to be a self-confident person, capable of accepting being challenged and prone to having independent minds around him rather than yes-men. Board members should bring good reputation to the company, rather than the opposite, and be financially independent. However, I must say that most corporate governance problems in the Western world (in many Asian countries this is different) do not arise from any abuse by majority shareholders of minority shareholders. That's a convenient myth. Most problems come from agency-principal conflicts between

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management and shareholders in businesses where there's no clear owner. Management abuses shareholders much more often than majority shareholders abuse the minority. After all, all shareholders are to a very large extent in the same boat. However, the progressive disappearance of the traditional business owner in the West (the principal) has created a vacuum which management (the agent) is more than happy to fill, acting without any counterweight. One of its consequences is the incredible excesses of executive compensation, which has reached totally absurd levels, very particularly in the U.S. Michael Porter showed great insight when he wrote that managers had the natural instinct of seeking fragmented ownership to preserve their independence from owners in decision-making. On an anecdotal note, the lack of owners is a bounty for parasitic businesses (I use this adjective as descriptive, not as a moral judgment), such as investment banks, consultants or law firms who sing, like Nicole Kidman in the movie Moulin Rouge, "the only way of loving me, baby, is to pay a lovely fee".

In fact, in my screening process, family businesses or high insider ownership are a clear positive in considering a potential investment. In these cases, there is an embedded interest in creating long-term value and earnings power, and there is an aloof attitude towards short-term stock market gyrations. Of course, the mutual fund industry, with its nervous portfolio turnover, joins forces with the parasites to promote the opposite no-owner, short-term focused business model.

MOI: You focus exclusively on investing your own net worth, i.e., without institutional or client-related constraints. How do you protect your portfolio from permanent loss of capital, and what is your take on holding cash?

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del Pino: I love cash. Of course, holding large amounts of cash makes no sense strategically, but it does make an awful lot of sense tactically, even when our extravagant central bankers make it so hard, having arbitrarily killed the notion of risk-free return, and created an ugly-looking monster called return-free risk. Here we get into the difficult territory of asset allocation, on which I still have not found the Rosetta stone. Asset allocation (based on pricing, not timing, of course) is a key element of performance in sideways markets, like the 1966-1980 period or the one we seem to be living through in the last few years, and tends to be forgotten in bull markets when it systematically lowers returns. The difficult issue with asset allocation (and I mean an oversimplified decision between, say, equities, cash and precious metals) is that not one, but three questions have to be answered correctly, and being right in all three is quite complicated: when to reduce exposure, by how much, and when to come back. Therefore it is an open debate for me. Historically I have been better at answering the first question than the second one, and the second one better than the third one. However, asset allocation worked extremely well for me during the financial crisis – and there's nothing more dangerous than being right, because you either overstay or get too excited and lose focus. Hubris is waiting for the investor at the other side of success, and you'd better be aware of this. This is especially the case when you are right being contrarian. It's time to go for a long vacation, take a very deep breath, view things from the aspect of eternity, as Spinoza said, and free yourself from taking yourself too seriously in such a small endeavor as an ephemeral professional victory.

It's easy to say when the market is expensive (as it is now: some things remind me of 2007); it's more difficult to say whether it will get even more expensive or for how long, and it's very hard to overcome the temptation of throwing in

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the towel after being wrong for a while. But, either on a stock-by-stock basis or on an asset allocation basis, you are usually wrong before being right. It's a question of patience and fortitude, though it's easier to say than to do.

MOI: Given your global approach to investing, how do you assess competing opportunities in the many investment jurisdictions available to you?

del Pino: Let's try first to give the global view. The West is getting worse and worse, rolling with exceeding smoothness downhill, printing money and spending it. For a while, nothing seems to happen, and the treatment looks efficient and harmless. But then, inevitably, all hell breaks loose. Politicians are robbing our liberty with the excuse of providing security (financial or physical). That's what happened in communist countries: they said, "give us your freedom and we will give you security", and the people ended up without either. This is precisely what is happening in the West in slow motion. Most Western governments (plus Japan) are essentially broke. Taxes and all sort of bureaucratic rules are going up, and tough decisions are being postponed because of fear of losing elections. The Welfare State is in crisis (more promises than money), the democratic political model is in crisis (votes in exchange of subsidies), the fiat money experiment is in crisis (central bankers gone totally crazy) and the fractional reserve system is in crisis as well (highly leveraged banks, imaginary deposits). The U.S. is no longer the U.S., I'm afraid, and I miss it as a role model. Canada is a country where I feel very comfortable, liking the people and the jurisdiction better than the climate. My goodness, Canada even exports central bankers! However, I think that specific export item has left a ticking bomb behind – but time will tell. Singapore is a country I very much admire; I also like the Nordic countries, Switzerland, Austria, Poland, Chile... The fragility of the euro hasn't changed: it remains a political French invention with a flawed economic model and a Soviet-style mammoth-like bureaucracy. The UK, which is out of the euro not because of special insight but because Soros expelled the pound from the ERM, is serious and strong enough to become a role model, but it's in dire straits and following the wrong path by reigniting the real estate bubble, with the BoE being the champion of all money creators. Japan, having defied the law of gravity for a long time, seems to be looking for a second iceberg to run into as if the first one were not enough. Unfortunately (because I like and respect Japanese culture a lot), I think Japan will prove to be an example of how incurable monetary and fiscal excesses really are, and maybe when this becomes apparent the West will stop before destroying its own system likewise. When I was younger, only banana republics created money to buy public debt. Today, we are all banana republics. Interesting times, no doubt!

With this in mind, whether you like it or not, you have to think and decide about currencies and jurisdictions where property rights are respected, where there's rule of law and where public indebtedness does not all but assure outright confiscation. Or maybe all you can do is search for the lesser evil within a truly hostile environment.

MOI: Can you recommend one or two books that have given you new insights?

del Pino: Well, I love western movies, and to me there's John Wayne and then, there's rest; I like classical music, and to me there's, similarly, Beethoven and then, the rest. In terms of investment books, there's *The Intelligent Investor* and then, the rest. If I had to mention the next one I'd include Dreman's *Contrarian Investment Strategies* (the 1998 edition). ❑

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