

Three books for a more enjoyable, prosperous 2018

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Many of us may now be in a familiar situation. The kids have disappeared, the drinks cabinet is almost empty (their doing), the bin smells of prawns and we're carrying a few extra kilos, wondering how you'll shift them in the heat. Welcome to 2018.

It's tempting to make a long list of life changes to abide by in the year ahead but we all know that doesn't work. I prefer a different - some might say lazier - approach.

I read. A lot. And so do our analysts. That's why I'm going to share with you three book recommendations that I think will help you lead a more enjoyable, prosperous life, this year and beyond.

This might sound idiosyncratic, pretentious even. But being well read is central to APN's long term performance track record. The process of investing and delivering the returns we do is not just a mechanical process; not just a matter of creating valuation models and investing based on the results. Investing is as much art as it is science.

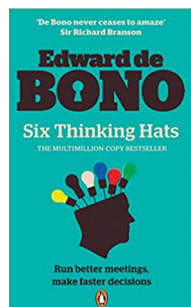
Good investment decisions must be founded on facts, but the initial idea and its sculpting is a creative process. The ability to look at a market and decipher macro and micro drivers, trends, impacts and outcomes, placing them in a cultural, psychological and financial context, is not something taught at university.

What does this mean for a fund manager? We believe that continual learning is the key to superior long term results. This starts with undergraduate and post-graduate technical studies in property, finance and commerce but extends far beyond it. A "dullard mathematician" rarely makes it at APN Property.

We want enquiring minds, people that read a diverse range of technical research on the various topics that impact markets. Research on economic, financial, micro market and technical property sector analysis are the basis of what we study but a creative mind that seeks out diversity of thought is the secret sauce, the difference between average and outperformance.

If you want to become a better investor, and maybe an even more interesting person, here are three books I recommend this summer:

1. Six Thinking Hats by Edward de Bono



The best decisions are the ones made after examining a situation from different angles. Before we buy a stock, for example, we also assess the strength of the argument to sell.

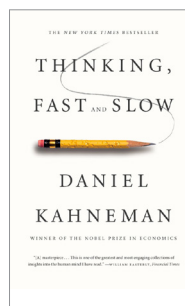
The Six Hats technique identifies six distinct approaches that allow us to challenge our own thinking. The method was successfully used by Speedo to brainstorm ideas to replace the full body LZR suit used by Michael Phelps and I've found it very useful in investing.

2. Porter's Five Forces.

This isn't a book as such, more a tool for understanding the competitive environment of a particular business or industry, although there are lots of books on it. For commercial property investors like us it's invaluable.

Many investors get hung up on short term share price movements at the expense of the long term drivers of business profitability. Porter's tool offers a way past this, examining a business or industry through the threat of new entrants and substitutes, the bargaining power of customers and suppliers and industry rivalry. If you examine high quality shopping centres using these five forces you'll see why we have a positive view on them, using the recent share price weakness of Scentre to top up our portfolios.

3. Thinking, Fast and Slow by Daniel Kahneman.



Economics and decision making is premised on the idea that we all make rational choices. Kahneman's fascinating Nobel Prize winning work explains why that is not always the case.

If you've ever said to yourself, "I'll sell that stock when it gets back to the price I paid for it" and want to know why, Kahneman has the answers, and a whole lot more. Successful investing isn't just about financial analysis;

it's about understanding and mastering our own psychology. Thinking, Fast and Slow helps our analysts to do both.

These three recommendations should keep you going for a while but for a light-hearted but insightful diversion I'd recommend anything by Ben Elton. And for fabulous weekly tips on strategies to maximise happiness Dr Tim Sharp's The Happiness Institute weekly email comes highly recommended.

Happy reading and best wishes for 2018.

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Established in 1996, APN's listed on the ASX and manages \$2.6 billion (as at 30 June 2017) of real estate and real estate securities. APN trades on the ASX under the code 'APD'.

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