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**Subject:**

*«The Warren Buffett Philosophy of Investment: How a Combination of Value Investing and Smart Acquisitions Drives Extraordinary Success».*

**Abstract:**

The book offers a comprehensive and detailed assessment of the intellectual backbone of Buffett's investment methodology of the kind that has never been accomplished previously. “The Warren Buffett Philosophy of Investment” differs from other books in the subject in a number of material ways.

The  author  analyses  not  only  Buffett’s  investment  principals,  but  also  the tactics that Buffett uses when acquiring companies and making  large portfolio investments, or positioning Berkshire as a white knight and “the right home for the right people”.

The author  also discusses  Buffett’s views on how the financial markets function and his position on key questions of corporate finance. These issues have not been assessed analytically in the available literature.  The book compares  Buffett’s views on corporate finance with mainstream concepts that are the current consensus among scholars. The author finds that Buffett’s better conceptual foundation is the cornerstone of his successful strategy. The  book also discusses how Buffett’s different investment principles are logically interconnected; for instance, how Buffett’s concept of risk, where he disagrees with its traditional interpretation as volatility, or his suspicions about investing in technology companies and his long-term investment horizon are linked to one another.

 The  author  argues  that  replicating  Buffett’s  success  may  be extremely difficult.  Investment principals  are  only  a  small  component  of  Buffett’s  strategy.  Other factors are  also  critical:

* advantages  connected  to  Berkshire’s  organizational  structure  as  a corporation as opposed  to  a  mutual  fund;
* the  reduction  of  the  cost  of  debt  through achieving a negative cost of borrowing in the insurance business;
* additional  return  earned  on  Buffett’s  reputational  advantage as a “white knight” when  positioning himself for  large  portfolio transactions and company acquisitions, refusing  to  restructure acquired business and allowing them to remain in their original form and becoming the prestigious acquirer of choice who thus obtains low prices from sellers.
* the  role  of "luck" factors where, for instance, the start of Buffett’s activity coincided with  the onset of a  long-term  bull  market, among other considerations.

The  author  concludes that  Buffett’s  success  is  explained  not  only  by  his ability to buy companies  with  competitive  advantage, but also by the fact that as a buyer, he has an equivalent competitive advantage with respect to other buyers. Buffett developed a strong personal brand, where the essence of his business is his personal guarantees. A person without such  a  brand  will  not  be  able  to  replicate  his success. From this assessment follow the far-reaching radical conclusions about a broad range of possible outcomes once Buffett steps down as CEO. The factors determining Berkshire’s prospects after Buffett are discussed in the Conclusion of the book.