

THE STORY OF TWO INVESTORS



Grace Groner was orphaned at age 12. She never married. She never drove a car. She lived most of her life alone in a one-bedroom house and worked her whole career as a secretary. She lived a humble and quiet life. This made the \$7 million she left to charity after her death in 2010 at age 100, all the more confusing. People who knew her asked: Where did Grace get all that money?

Grace took humble savings from a meager salary and enjoyed eighty years of hands-off compounding in the stock market. That was it.

Weeks after Grace died, an unrelated investing story hit the news.

Richard Fuscone, former vice chairman of Merrill Lynch declared personal bankruptcy, fighting off foreclosure on two homes, one of which was nearly 20,000 square feet and had a \$66,000 a month mortgage. Fuscone was the opposite of Grace Groner; educated at Harvard and University of Chicago, he became so successful in the investment industry that he retired in his 40s to “pursue personal and charitable interests.” But heavy borrowing and illiquid investments did him in. The same year Grace Groner left a veritable fortune to charity, Richard filed for bankruptcy.

It is the study of how people behave with money. And behaviour is hard to teach.