platt

platt created an internal fund and move all of his star traders from the firm fund into the internal fund, and the investor fund chronically unperformed because it was managed by an algo. copying the trades of the internal fund with a one day delay for a period of 4 years.

icahn

the earnings U.S. corporations have been reporting in recent years are a **mirage and earnings guidance often doesn't account for stock compensation**, **neglects to amortise intangible assets**, and **ignores restructuring and takeover costs**.

big buybacks at companies like apple for years, said in an interview that share repurchases are not appropriate for all companies and should not be as ubiquitous as they are these days.

a lot of midget CEOs/companies that are going 30/40x earnings via buying back stock. They buy back these stocks at very low interest rates in order to financially engineer and inflate earnings.

many companies don’t amortise intangible assets (overstated earnings)

companies are not depreciating accurately. they disregard GAAP earnings. They go and acquire companies that has a product (the compound) however its going off patent relatively soon. they disregard amortising this as they believe they are so good and proceed onto purchasing even more companies. alot of these companies are not R&D so they’re at expense to it.

investment made into a pool -> high-tax income -> low-tax

napoleon: battle of friesland before he lost it all due to hubris.

doesn’t stay forever if you’re not careful.

icahn (cont)

a lot of people become neurotic when they attain what they long desired.

what is the gap? (The difference between the current stock price and your valuation).

greenmail (Acquire large interest + threaten hostile takeover).

“Had a nice conversation with [X] today. Discussed my opinion that a larger buyback should be done now. We plan to speak again shortly.”*

hohn

fund	(0.5% of fund value)-->	charity foundation
	(0.5% donated, if earn more than 11% gain)⬏	

to be success in fi

good memory:	to recognise patterns
need to be curious:	obsessed with how businesses make money and efficiencies everywhere
sell fast:	don't be emotionally attached, you can always buyback
grow:	focus on your personal growth curve
doubt yourself:	allow fluidity for your thesis to change
mentors:	find mentors who you can learn from
deals, deals, deals:	be focused on where deals can be made - where can you make more money or make more savings?
remain hungry:	be competitive

to be success in fi (cont)

try not to solely focus on time:	when you plant the seed ensure you do all the right things. now the market will do what it does and triple the assets value in three weeks however that is not due to my skill.
be wary of undeserved confidence:	one of the biggest mistakes you can make is to make a lot of money by doing the wrong process(es) as the fool starts to proceed with the hubris that they were actively knowledgeable on the subject and in turn, lose all that was accumulated.

druckenmiller

- 60 hour weeks
- buy the market 2 years before the general election and sell it on the general election because they always rig things to be good on election year. (The US had major bottoms in 1978, 82, 86, 90, 94, 98 and 2002).
- when you’re right and you know something, you really feel it. you can’t have enough. It’s not whether you’re right or wrong, you just have to have the max on when you’re right.
- in the midst of crisis, purchase many bank debts right before the country is about to recover.
- trades with large margin of safety.
- no leverage.
- the one year trend starts in January.

druckenmiller (cont)

influencers are: news, spread, price liquidity, volume

debt

- distressed debt/bonds (common, preferred and junior subordinated debt)

druckenmiller (2)

passion:	finding passion can make an average person great.
novel approach:	fresh mind who does not have the battle scars of the older people within the firm that is too stupid to not know how to charge in anticipation of bull market.
in the event of war:	70% in oil and 30% in defence stocks in event of war.
strong econ + interest rate increase = up:	if you have a strong economy and a central bank that is radically raising interest rates to resent inflation, your currency is going to go up.
great performers:	if you have a great performer, get out of the way and let them run.

druckenmiller (2) (cont)

managing people:	if they're having a difficult time, first reaction should not be screaming. Be supportive.
handling emotions:	the number one cardinal sin in money management is unchecked emotion.
always understand the math:	the math works against you. If you perfect on a short, you can double your money. If you're wrong on a short, you can lose ten times your money. If you're dead wrong on a long, you lose your money. If you're right, you can make ten times your money.
nuggets	
be quick, markets don't wait:	invest and then investigate.
eggs in one basket, watch like an owl:	put all your eggs in one basket and watch it carefully.
alpha:	what's obvious is obviously wrong and it's already reflected in security prices.(if everything is rosey, there's nobody left to buy).

druckenmiller (2) (cont)

cause of the great economic problem:	every big economic problem in modern history has been proceeded by an asset bubble.
raising children:	with children quantity is better than quality. If you're good and they're around you eventually they'll get it.
	if you have more than one child. Spend one-on-one time with each person as they're all competing.

*give me the key figures that Volker used to curb inflation!**

lynch

invest and integrate tech to boost shareholder equity

growth, but if we find someone that has an amazing piece of technology, once we know that it works, customers love it, and it's the right way, do you then spend ten years building a Salesforce? Or do you go and buy, for a billion dollars, the existing player who's number four in that market, has all the customers and everything, and put the technology in, reversing it into the vehicle? It's really about using capital in a way that maximises it when you have a true technology advantage.

magnitude of order difference

something that either can solve a problem that hasn't been solved before, something where it can be done at literally a tenth of the cost - you want to see an order of magnitude difference.

lynch (cont)

intuition over convoluted spreads

for a hard-headed academic his view of intuition made sense in terms of data processing and how we predict things happening. He was adamant that “hunches, gut feeling, intuition” were all sophisticated measures by which decisions are taken, “not boring spreadsheets. This is why big companies make such bad decisions. The danger of analysis drives me nuts but I’ve had to learn this.”

missed opportunity

a “posh dreamer” came to him with a great idea to download music over the internet. Lynch said he spent a long time explaining to him why his vision wouldn’t work. That it would take four days to download a single over the internet and the disc to store it on would cost the same as the average house.

reflecting on his response, he said: “of course, what I should have done is said all of that and then gone away and plotted the cost of disc drives and realised he could be on to something. however, the over-analysis stopped it happening and I missed out.”

lynch

accounts:

- putting hardware sales as software sales.

- ochestrate transactions with value-Added Reseller (VAR) to prematurely recognise revenue. (hitting targets by using 3P/VAR to make it look like the sales were earlier than they were).

- not removing records of sales when they failed to go through.

griffin

the intangible:	intangible assets valuable derive from intangible aspects.
good research:	because here's the fun thing about the business: the job is fundamentally a research job. It’s gathering information, drawing conclusions, understanding business models, understanding products, and understanding which elements of those are not reflected in the price of stocks.

fote.

1. foresight	2. no enemy, no friend, 3. there’s a will, there’s a wayjust competitors
3. there’s a will, there’s a way	4. the diesel oil monopoly
5. sold most of assets to get back on track (comeback)	6. patience
7. diversification (insurance, shipping, real estate)	8. family connection

adamo (directing)

- knots and bolts (operators).

- remodels / transformations.

- emotional control is built by going though hard things for a long time.

- strategy shouldn’t be changing often (core missions), tactics can and should change within quarters where applicable.

- transparent culture.

- quick + important - do first.

adamo (directing) (cont)

- take time + important - do second.

keys

the real wealth is in sovereign wealth funds and the counties and custodians need to put that money to work.

you can make a lot of money when you pick the inflection point of markets.

quality wins always.

laffont

invest in 3's:	invest the first third immediately, keep a third if the stock market goes down 10-15% and use the last third if the market goes down 30%.
investors advantage:	being an investor is great as you get to live vicariously
know when to speak:	vengeance at times is best served by not saying anything.
cash is vital:	liquidity is the vital element of any business.
the golden cfo:	the CFO’s of today have to be far much more than a mere bookkeeper.
patience is virtue:	people tend to overestimate what they can do in the short-run and underestimate what they can do in the long-run.

marks

"It's not what you buy, it's the price you pay that makes a good investment."

the qualitative factors that promote and sustain high levels of ROIC and growth - the key metrics driving high cash flow generation and shareholder returns.

extracting the value in distressed assets

there is value -- including margin of safety -- to be found in bankrupt or distressed companies because people panic or are forced to sell those companies' debt at distressed prices, even though there may be considerable marginal value in the underlying assets or businesses that can be realised by those with the patience and liquidity lend money or buy debt when nobody else will.

tailored:	have a sense of what is the right balance for you.
understand the risks:	which is more important to you. keeping what you have or making more? One cannot do both. Every attempt to make more introduces the possibility of not having anymore of what one possess today.
credit:	can accomplish much more in credit than before (distressed credit +)

marks (cont)

top down (strategic):	= what is the economy, rates going to do. Which sectors of the economy are going to do best
bottom up (less strategic):	= what's cheapest today, where are the sales?
non-performing loans:	example of this. china
mercy of the markets:	if you are investing in stocks and bonds, you are mainly putting yourself at the mercy of the market.
	*most investors efforts to improve on the results of the market don't work (short term trading, market timing etc.) hence why most mutual funds historically have not outperformed the S&P. (Referred to as beta market, if most of your returns come from the market)**

marks (cont)

alpha via manager:	alternative investments are much more an alpha market. Meaning that returns are produced from the skill of the manager. *(alt. investments = higher returns)*
niche:	high degree of specialisation
broad prospective:	do not base performance on market forecast/macro forecast as it is difficult to do correctly.
equity type returns from credit instruments:	(loans, corporate loans, loans for buyouts). Can get high single digits on high yield bonds and leverage loans (public, highly liquid) or low double digits on private loans for buyouts.

marks (cont)

	*returns on credit instruments are much safer as oppose to equities who get the residual after everybody gets paid they get what's left. Credit gets paid early in the process and if people don't pay you, you get the company as they go bankrupt.**
true reason of bankruptcy:	most bankruptcies don't occur because a business is continuously loosing money but from when a business borrows money, times get though and when they go to re-finance their loan the bank assesses them less creditworthy, bank does not have enough more or they have adjusted there standards to match the current economic climate.
risk on high yield:	the longterm average default rate on high yield bond has been ~4%

marks (cont)

	*the more risk you take, the higher a return you may achieve.**
nobody really knows for certain:	people believe in the ability to predict the future. Either their own ability or others that they can identify. There are two types of forecasters: the ones who don't know and the ones who don't know they don't know. People need to know what the future holds and nobody else does.

marks (cont)

others' perception is what moves:	people believe there is a direct and mechanical link if a company has a good event the securities do well and if they have a bad event such as earnings the security does poorly. However, that is not the case as there is a intermediate step which is other market participants reactions. It is not solely whether the event was prosperous but how participants react to the event that determines the impact on the security prices.
know when to be still:	if there is nothing clever to do. It's a mistake to try and be clever.
inflation:	= too much money cashing too few goods causing prices to rise.
respect the money:	respect your money or other market participants will take it from you.

marks (cont)

be calm to outperform the herd:	do not let your emotions dictate your trading. If your thinking and emotion is the same as everybody else then you cannot do the “out-thinking” or “second level thinking” which is required to act against the herd to sell at high prices which are high because others are optimistic and buy at low prices because others are depressed.

market summary

- Investing comes down to two things: **fundamentals** and **attitudes** (psychology).

fundamentals:	= things that will happen in economy and companies (sales, profits etc.)
attitudes:	= how will people view the fundamentals

thorp

“Chance can be thought of as the cards you are dealt in life. Choice is how you play them.” “A lot of big choices that you make at some point or other, and then there are things that you can’t control like who your parents were, and what kind of economic circumstances you were brought up in, where you started. Did you start 20 yards behind the start line or 20 yards ahead of it, or right on it? People start in different places. Those are cards that are dealt.”

thorp (cont)

***figure out your skill set and apply:**	“If you are really good at accounting, you might be good as a value investor. If you are strong in computers and math, you might do best with a quantitative approach.” “If you aren’t going to be a professional investor, just index.”
circle of competence:	stay within your circle of competence, this is the hallmark of people who are rational.

thorp (cont)

four groups of investors:	the **first group prefers minimal work and should invest in indexes**, as they perform better than most active investors paying adviser fees. the **second group enjoys learning about and analysing securities and can experiment with investing, but should not risk most of their resources**. the **third group consists of professionals who may gain an edge, build skills, and earn excess returns**, while the **fourth group focuses on collecting fees and wealth**, however there’s nothing really interesting in what they do.

thorp (cont)

tilt the playing field:	maybe the majority of wealth is accumulated because of tilted playing fields. not because of merit. **It should not be seen as gambling if you define it as a negative NPV activity**. only invest when you have a statistically generated advantage or an “edge”.
the bigger the edge:	the **greater the risk you take, the more cautious you must be**. Charlie Munger compares this to poker, where **knowing when to fold a beloved hand is crucial**. he advises folding early when the odds are against you and betting heavily when you get big edge as you don’t often.
distrust of the whisperer:	**the longer he operated in wall street the more distrustful he became of tips and “inside” information of every kind**.

thorp (cont)

most stock-picking stories, advice, and recommendations are worthless, and it's difficult to identify and predict asset bubbles. the book "Superforecasting" by Dan Gardner and Philip Tetlock reveals that **experts often don't provide valuable insights and tend to make inaccurate claims**, they receive a lot of media attention because they make definitive claims. **people who consider various possibilities can make slightly better predictions** than chance. **inside information can be dangerous, as it often leads individuals to ignore obvious economic facts and act overconfidently**. “given time, **I believe that inside information can break the Bank of England or the United States Treasury**. a man with no special pipeline of information will study the economic facts of a situation and will act coldly on that basis. give the same man inside information and he feels himself so much smarter than other people that he will disregard the most evident facts.”

*most market professionals think card games are too risky, they do not understand its safer than stocks when done right.**

thiel

hero/o-utcast model:	says that the best entrepreneurs are going to be out on the edge of the bell curve on a lot of different axes. Either they’re excellent students or they’re bored by school and pay minimal attention to grades. Either they’re star athletes or they won’t have anything to do with sports.
	*exceptional behaviour, either good or bad, yields exceptional results. conventional behavior, on the other hand, yields conventional results.**
am i better off?	am I better off by engaging in dialogue with you?
needs to be novel:	the something or somewhere is really mostly the nothing of nowhere.
if you're copying, you're not learning:	if you’re copying someone 1:1 you’re not learning from them.

thiel (cont)

all the best companies are different:	the opening line in Anna Karenina is all families happy are alike, all unhappy families are unhappy in their own special way.
	in business is the opposite whereby: all happy companies are different and all unhappy companies are alike because they fail to escape the essential sameness, namely, competition.
	invest in companies with durable competitive advantage.
network effects:	network effects is hard to get started. Whilst many understand it there's always the tricky question; why it is valuable to the first person doing something.
monopoly and the last mover:	it's not enough to have a monopoly that last just a moment. The critical thing is to have one that lasts over time. Last mover, the last company standing in a category.

thiel (cont)

value of the future (think longterm:	most of the value in such companies exist far into the future. growth rate is much higher than the discount rate. Growth rate = 100% and was discounting cash flow by 30% at PayPal. 3/4 of the value of the business as of 2001 came from cash flows from 2011 and beyond.
	*what is typically undervalued is growth rates and what is overvalued is durability.**
monopolistic durability:	the question of whether a company is still going to be around, dominates the value equation, and is a qualitative task. there's a time dimension that is usually overlooked, are these things going to last over time. (network effects is a good manifestation of this).

characteristics of monopoly

> proprietary technology
> network effects
> economies of scale
> branding

thiel (cont)

the first mover in chess is someone who plays white. white has about a one-third of a pawn advantage, so there's a small advantage to going first. **you want to be the last mover—the one who wins the game**.

as the world chess champion capablanca once said, **"you must begin by studying the endgame."** while I wouldn't say that's the only thing you should study, I think this perspective of asking these questions—why will this still be the leading company 10, 15, or 20 years from now—is a really critical one to consider.

bits allow speed:	world of bits allows faster adoption in comparison to the world of atoms.
don't be decieved by TAM:	what is the objective total market (TAM) as a narrative can be conjured that is fictional and much bigger or smaller. always remember that people have incentives to powerfully distort such figures made public.

thiel (cont)

avoid fad methodologies:	skeptical of lean startup methodologies. great companies did things that were a quantum improvement/leap that really differentiated them from everybody else. No massive customer surveys, not deterred by what others tell to do.
move fast, break things:	there's not enough time to mitigate risk. If you take enough time to figure out what people want, you often would have missed the boat by then.

thiel (cont)

mba v. founders:	studies have been done that usually the people who go to business school is sort of the anti-Asperger's institution. where you have people who are extremely extroverted, generally have low conviction and few few novel ideas. put these people in this place for two years and at the end of it they end up being the largest cohort that systematically tend to do the wrong thing.

thiel (2)

get started

just get started, your idea is going to evolve. most companies started out as a product, many of which were side projects.

zero to one

you should not start a business for the sake of starting a business. "you don't start a company for its own sake, but because there is a large, specific problem that can not be solved in the existing structure when they become too sclerotic, political and stagnant."

thiel (2) (cont)

you should start a business because there is a problem that nobody else is solving. that is what entrepreneurs are, at their best. when I hear about a company that makes a lot of sense that is really fresh and strange, that is often a really promising kind of idea. whereas, when it is the fourth online pet food company or the tenth thin film solar panel company...that is often not as good of an investment.

take risk

in a word changing so quickly, the biggest risk you can take is not taking any risk.

a good board challenges a ceo/founder to think differently. aid them in thinking multi-dimensionally.

successful people find value in unexpected places. If you are looking where everyone else is looking you will be surrounded with competition and it'll be quite difficult to differentiate.

"from the outside everyone wants to get in, but everyone on the inside wants to get out"

team

salary of the founder should be less than 150,000, even post Series A*

thiel (2) (cont)

hire full-time, no consultants, no part time, no working from home, eco should pay himself/herself less than everyone else.

working with people you're close to is underrated.

don't have team members instantly join the team. that will avoid bad hiring to fix short term problems from the team (even up to 3 months)

compassion is offering severance packages (a minimum of 4 months). the legal release you get in exchange for the severance package helps avoid employee lawsuits.

conflicts arise when people want the same thing.

the mission of the company should be sharp differentiated from the rest of the world.

differentiate roles sharply within the company.

NOI (net operating income) of the build.

only 1% growth - with great government stimuli, 0% interest rate, globalisation and tech development. (unfortunately, no one can effectively short the education system.)

equity

be extremely generous with employees, and a lot less generous with investors.

marks (2)

hayes

soros

exploit fallibility and reflexivity

soros (cont)

all humans are fallible, so all investors are not perfect. In situations where you have thinking participants the participants view of the worlds never perfectly correspond to the actual state of affairs. people can gain knowledge of initial facts and truths but when it comes to forming an overall view their perspective is bound to be biased, inconsistent or both.

these fallible views impact the situation to which they relate. Investors imperfect view impacts the market, which in turn reflects its impact back to the investors which again the investors reflects its impact back onto the market.

new markets

huge amounts of money piled in, fuelled with leverage , financing and the greed of fallible humans.

bet large when opportunities come

profit big when right, lose small when wrong (high reward, low risk bets)

make money when controlled markets revert to free markets, used 1B$ to borrow Thai BAHT and converts the BAHT into USD. waited for the Thai BAHT to get weaker so he can pay back the debt at a lower rate (essentially a huge short against the BAHT that needs to devalue)

don't look for rules, look for rule changes

soros (cont)

spot where other investors are making mistakes. where are people applying conventional investing rules to markets where the rules have changed.

be fluid, ready to adapt to change. look for signs that a trend has been exhausted. then disengage from the herd and then look for a different investment thesis.

if the trend has been carried to excess, you have the option to probe against it.

"If investing is entertaining, if you're having fun, you're probably not making any money. good investing is boring."

"it's not how right to wrong you are that matters but how much money you make when right and how much you do not lose when wrong."

ackman

- the key is owning business that have pricing power.

- many businesses can do well with 3% inflation, it is hard to manage a business in a world were inflation is volatile.

- own royalty orientated business (universal - royalty on music, hilton - royalty on people staying in hotels or going to events etc.)

- value of a business is the present value of the cash you can take out of it over its life discounted back at an appropriate interest rate (most discount using 2%, use 8-15%) as this will discount the uncertainty inherent of investing in equities

- if something changes that makes the predictability of the business extremely difficult from when your initial investment was made, i.e. a big change in business strategy/model, exit.

ackman (cont)

- shoudn't keep a few hundred million dollars sitting in a bank forever. Other than cash one needs for daily needs this number should be kept pretty small, everything else should go into a U.S. treasury money market account or to ownage of U.S. treasury bills directly. Through this, one is not taking bank risk and only facing the U.S. Sovereign.

- the minimal cash that is kept on hand can be parked at J.P. Morgan or a prime broker like Goldman Sachs or UBS and monitor these institutions very carefully.

- in past history there's been a recession every 7-8 years. Assuming tomorrow follows the very same pattern. This is already factored in to the value of the enterprise. The only reason why a recession destroys value is usually due to the fact that a company is highly leveraged. If revenue declines and cash flow goes negative. The company can't support their debt and they go bankrupt, however if it is a well capitalised business a recession shouldn't have a meaningful impact on such company beyond the short term.

- complexity, by its nature, provides more opportunities to be fraudulent. Even more for financial institutions.

the ackman
place short position -> cause panic -> sell the short position -> purchase beat down stock assets -> repeat the process

ackman (pershing principles)

simple:	simple and predictable businesses.
cf:	free cash flow generative.
market share:	dominant market position.
hard to do:	large barriers to entry.
hard return:	high return on capital.

ackman (pershing principles) (cont)

minimal expo. to risk:	limited exposure to non-controllable extrinsic risks.
strong b/s:	strong balance sheet where outside capital is not necessary.
good management:	excellent management and good governance.

*with traditional funds, - People take their money out every quarter.**

*to bypass this utilise permanent capital, if clients want to sell stock they can, but the money stays.***

dredge

on convexity

modern portfolio theory "optimise based on a risk appetite, maximising expected returns".

kelly criterion rule:	formula used to determine the optimal size of a series of bets to maximize long-term wealth, balancing potential profits and the risk of ruin.

agnostic buyer of volatility.

cheap volatility is inherently implicit leverage.

the world isn't about unanticipated exogenous events. The worlds is about built up accumulated endogenous risk in the system (In physics this is known as self-organised criticality).

long volatility, long convexity (defensive side/ tail-risk strategy)

guy with the best brakes wins

denominator is the most important factor in compounding:	the denominator is more important than the numerator

dredge (cont)

"prevention is better than cure"

middle players on football pitch, result is determined within 2% on either end

rarely do you earn asymmetric returns betting on the expected outcome

the longer time passes without anything happening the more risk there is

the endogenous risk is due to the lack of capital behind supporting of the buildup of this risk taking

very leveraged, 0% RWA, slightest change in the assured correlation in those mortgages wiped out all the capital in the whole banking system

who's going to take the 40?

government bonds treated as riskless-risk reducing (levered gilts, LDI, pension schemes)

ask is Sharpe world closing? Is money leaving?

there is no transitory part in the debasement of a currency

s. klarman

overview

do a typical value style npv analysis:	klarman prefers **cashflows not dividends**.(†)
liquidation value:	estimate the liquidation value of the assets.(††)

s. klarman (cont)

find comparables:	try and find stock market comparatives it is trading more cheaply based on (†) and (††). For more complex companies break the company into pieces and compute the value of parts.
strive for a margin of safety:	when investing, always aim to purchase assets at a significant discount to their intrinsic value to protect against potential downside risk. This is especially critical in volatile or uncertain market conditions.
understand intrinsic value::	know the true value of an investment, rather than relying on market prices or trends, to make informed decisions and avoid overpaying. By understanding intrinsic value, you can make better-informed decisions and avoid overpaying for an investment.

s. klarman (cont)

be a contrarian:	seek out undervalued assets that the market may be overlooking, to find hidden gems with substantial growth potential.
mind the market psychology:	understand how emotions and perceptions can influence market trends, so you can better anticipate market movements and make informed decisions.
be ready to act:	don’t miss out on potential investments due to hesitation or procrastination. Be prepared to act when opportunities arise. By being ready to act, you can capitalise on market opportunities and achieve superior returns.
Practice discipline:	true value investors must be unemotional and willing to hold onto their investments for the long term, even when others are panicking.

s. klarman (cont)

conduct due diligence:	analyse the financial and qualitative aspects of a business, such as its management, competitive position, and industry trends, before making any investment decisions.
maintain a long-term perspective:	focus on building wealth over time, rather than trying to make quick profits or time the market.
be patient:	avoid hasty decisions and remain patient, even during short-term market fluctuations. This will help you avoid costly mistakes.
avoid speculation:	steer clear of high-risk investments and focus on finding undervalued assets with a margin of safety for better returns in the long term.

cohen

biggest mistakes

- they make trades without good reason (for instance, buy every 5% or more drop during a crisis)
- stepping in front of freight trains
- shorting stocks that are up
- know what you are and what you are not

- plan before, not during a crisis

cohen (cont)

- the stock price changed for a reason (there's always a reason and the real question is whether it's worthwhile to find out, as this takes precious time)
- policy makers play by their own rules (rookies say "they can't do that")
- valuations don't matter (math is not an investment edge). the most important thing is why its cheap or expensive and "how" that changes
- misunderstanding time frames (only look at charts where the time period shown matches your holding period. If you plan to hold US equities for 20 years, look at a 20-year chart).

avoid being too illiquid:	this means having a comfortable share of your portfolio in assets you can sell quickly for a fair price. Some illiquid assets might include real estate and fine art. Having a high level of liquidity allows investors to swiftly move their money when and to where they see fit.
don't be over-leveraged:	using leverage means investing with borrowed money. The upside can be substantial when using leverage, but this also means that the downside can be disastrous.
focus on your losers:	if you feel like something is changing or feel like you don't know why, reduce positions.

cohen (cont)

extra time to analyse:	use the weekend to analyse why its happening and be thoughtful about it as oppose to attributing it to "I'm not working hard enough, I'll just work an extra two hours."
remain calm:	lean into crisis' with equanimity instead of being reactionary
managing drawdowns:	if you have drawdowns at the start of the year it's the toughest as you don't have any profits to off-set them.

trades

a stock's move is 40% down to the market, 30% to the sector and only 30% down to the stock. Conceptually the idea makes sense.
the **best trader makes money 63% of the time**. Most are 50% to 55%. So you must ensure your losses are as small as they can be and that your winners are bigger.
move with your feet if you think you're wrong. **if you think you're wrong on a position - half it**...
know who you are as a trader.
you can't control the market, but you can control your reaction. We can't control whether the market is going to crash or rally but we can control our response to the market.

*if you have drawdowns at the start of the year its the toughest as you don't have any profits to off-set them.**

buffett

stable/general stocks like sector funds	take 20-50% (compounded ~20% a year)
leverage trades, 2x-4x	
good basket of equities, strong cash, flow returns(use to pay down debt should you have to sit on it a while)	
acquisition of insurance companies (bypass LP/GP partnership and perfect the concept of capital allocation)	

"I'd rather buy a great business at a reasonable price than a reasonable business at a great price."