“The best CEOs are “masters of capital allocation—the process of deciding how to deploy the firm’s resources” … capital allocation is investment, and as a result all CEOs are both capital allocators and investors. They have the investor’s mind set”

William Thorndike, The Outsiders
“It’s remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent.”

Charlie Munger
“Often, we are not capable of predicting a business’ earnings power over an extended period of time. These investments typically end up in the ‘Don’t Know’ pile.”

Bill Ackman
Four Bedrock Value Investing Principles:

1. Treat a share of stock as a proportional ownership of the business.

2. Buy at a significant discount to intrinsic value to create a margin of safety.

3. Make bi-polar Mr. Market your servant rather than your master.

4. Be rational, objective and dispassionate.
“The entire strategy can be concisely described as buy a bargain and wait.”

Seth Klarman

Photo source: xxxxxxx  xxxxxxx  xxxxxxxx
“For a security to be mispriced, someone else must be a damn fool. It may be bad for the world, but not bad for Berkshire.”

Charlie Munger
“There's no one easy method that can simply be mechanically applied by a computer that will make someone who pushes the buttons rich.”

Charlie Munger
Variations in value investing “style” are created on top of the value investing bedrock Principles. These variations are possible on 7 different dimensions:

**VALUATION**
- Determining a specific company’s “intrinsic value”

**Amount of MARGIN OF SAFETY**
- Determining the appropriate amount of the “margin of safety” for a given investment

**COMPETENCE**
- Determining the scope of each investor’s “circle of competence”

**QUALITY**
- Determining whether quality of a business should be considered
Variations in value investing “style” are created on top of the value investing bedrock Principles. These variations are possible on 7 different dimensions:

**CHOICE of business**
- Determining what businesses to own (in whole or in part)

**DIVERSIFY?**
- Determining how many securities to buy

**HOLDING PERIOD**
- Determining when or whether to sell a security
“Listen, business is easy. If you’ve got a low downside and a big upside, you go do it. If you’ve got a big downside and a small upside, you run away. The only time you have any work to do is when you have a big downside and a big upside.

Sam Zell
“It’s unlikely you will gain insight if your inputs are identical to everyone else’s.”

Michael Mauboussin
“In any probabilistic situation, you must develop a disciplined and economic process you must recognize that even an excellent process will yield bad results some of the time.”

Michael Mauboussin
“The biggest investing errors come not from factors that are informational or analytical, but from those that are psychological.”

Howard Marks
“Master the best that others have figured out. Don’t [try to] dream it all up yourself. Nobody’s that smart.”

Charlie Munger

Photo source: xxxxxxxx  xxxxxxxx  xxxxxxxxx
“Few are willing and able to devote sufficient time and effort to become value investors, and only a fraction of those have the proper mind-set to succeed.”

Seth Klarman
“Most people who try [investing] don’t do well at it. But the trouble is that if even 90% are no good, everyone looks around and says, ‘I’m the 10%.’”

Charlie Munger
“[Ben Graham] was trying to invent a system anybody could use.”

Charlie Munger